NATIONAL ICT AUTHORITY

Determination No. 2 of 2011 in relation to Domestic Mobile Terminating Access Services

This determination is made by the National Information and Communications Technology Authority (NICTA) in relation to service-specific pricing principles in relation to Domestic Mobile Terminating Access Services pursuant to its powers under Section 135 of the National ICT Act 2009 ('the Act"). Domestic Fixed Terminating Access Services are deemed to have been declared from the Succession Date in paragraph 131(1)(a) of the Act and are described in Schedule 1 of the Act.

The service-specific pricing principles hereby determined are:

1. In determining the efficient costs of providing access to Domestic Mobile Terminating Access Services under the 'cost recovery principle' provided for in Section 134 of the Act, NICTA may make adjustments to actual costs claimed to reflect:

   (a) productive efficiencies available in the operation of the operator providing the access service;
   (b) scale and scope efficiencies available to the operator; and
   (c) other efficiencies available to the operator,

   whichcosts should, in the view of NICTA, be shared with users of the access service.

2. In determining the availability of efficiencies that may be considered and which may reduce the cost of the Domestic Mobile Terminating Access Services, NICTA shall consider:
   (a) relevant information provided by the access provider in relation to its own costs and potential efficiencies; and
   (b) relevant information provided by other operators in relation to their costs and potential efficiencies in Papua New Guinea;

   and NICTA may consider benchmarked information from countries that, in the opinion of NICTA, are reasonably similar to Papua New Guinea for the consideration of telecommunications costs.

3. In determining its view on the economic life of the assets employed in the provision of Domestic Mobile Terminating Access Services, commensurate with the regulatory and commercial risks involved, NICTA may consider:
   (a) the economic lives accorded to similar assets by other regulatory authorities in other countries considered by NICTA to be similar in this regard to Papua New Guinea; and

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(b) the practices of the access provider and other operators in the use and replacement of similar assets in Papua New Guinea and in other countries considered to be similar by NICTA for this purpose.

4. In determining a reasonable return on investment, over the economic life of the assets employed in the provision of Domestic Mobile Terminating Access Services, commensurate with the regulatory and commercial risks involved, NICTA may consider the actual risks and returns accepted by providers of debt and equity capital to the operator providing Domestic Mobile Terminating Access Services, and the actual risks and returns accepted by providers of debt and equity capital to other operators providing such services both in Papua New Guinea and in countries considered by NICTA to be similar for this purpose.

5. The cost standard that shall be applied consistently with the requirements of Section 134 of the Act shall be long run average incremental costs to which shall be added an equi-proportionate mark-up to reflect a reasonable contribution to common costs that have been accepted by NICTA as reasonably needed and appropriate for the provision of Domestic Mobile Terminating Access Services.

6. The cost of the radio access network associated with the mobile network shall be included as a relevant cost for the calculation of the costs of Domestic Mobile Terminating Access Service

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