



2nd ITU-TRAI ASIA PACIFIC REGULATORS' ROUNTABLE

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Establishment of Converged Regulator- NICTA

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Outline of Presentation

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BACKGROUND

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THE NATIONAL ICT POLICY

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NICT ACT 2009 REFORMS

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INSTITUTIONAL ARRANGMENTS

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OPERATOR LICENSING REGIME

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RADIOCOM LICENSING REGIME

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WHOLESALE ACCESS REGIME

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UNIVERSAL ACCESS REGIME

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IMPACTS OF REFORMS

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BENEFITS OF CONVERGED REGULATOR

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CHALLENGES GOING FORWARD

1. BACKGROUND- (PNG Setting)



- **Population (2010): about 7 Mil**
- **Mobile penetration: 34%**
- **PSTN penetration: 1.2%**
- **Broadband penetration: 1%**
- **3 MNOs [1-3G (GSM), 1-3G (CDMA), 1-2.5G (GSM)]**
- **1 fixed operator**

1. BACKGROUND - ICT Policy Reforms

To assist the growth of ICT in PNG which is needed for effective and efficient communication, the Government has set a Policy to reform the ICT Sector.

Prior to 2007, Monopolistic ICT sector with Telikom having exclusive rights. Very low penetration, high priced services and the dual regulatory regime was costly and timely.

1994

National Policy on Information & Communication (NPIC)

1996

Corporatisation of PTC (Telecom Act 1996 & Radio Spectrum Act 1996)

2002

Introduction of Dual Regulatory Regime; (Telecom Industry Act 2002 & ICC Act 2002)

A pro-competitive approach, with a forward looking policy to be implemented by a converged sector specific Regulator was the way to go...

2007

Liberalisation of Mobile sector (2 new mobile licenses)

2008

National ICT Policy (NICTP) 2008 and Amendments to Telecom Act 1996

2009

NICT Policy Phase 2 Reforms 2009 and NICT Act 2009

Set in place legislation for Full liberalisation and formation of NICT Authority

Charles S. Punaha, NICTA

2. THE NATIONAL ICT POLICY

Key Objectives – National ICT Policy 2008

To secure social & economic benefits of an efficient ICT Sector

To substantially increase access to ICT services across PNG with service to be available at affordable prices

To enjoy effective and sustainable competition to deliver market discipline and economic benefits

ICT Policy: Phase 2 Reforms 2009

The Path to
Open
Competition

Community
Services

Supporting
Arrangements

Timing and
Implementation

National ICT policy Phase 2 reforms Key structural elements

NICTA

Chairman

Independent
Expert

Third
Member

Chief
Executive
(ex officio)

Institutional arrangements

- NICTA as the new ICT industry specific regulator
- With all ex-ante functions & powers
- PANGTEL to be disbanded
- ICCCL to continue competition role

Wholesale Access Regime

- Extend existing regime to interconnections services as well as other declared services:
- Process for declaring additional services:
 - declaration criteria: balance competition and investment incentives
 - NICTA makes recommendation to Minister
- Negotiate/arbitrate model on terms of access
 - prescribed pricing principles
 - NICTA can determine dispute on terms & conditions

OPEN COMPETITION

Key policy objective, to be:

- Comprehensive
- Timely: subject to new regulatory structures and transition

Domestic

- Not sector specific
- Underpinned by licensing regime

International

- Liberalisation of gateway
- Provides competitive options
- Encourages Telikom commercial response

Retail regulation

- With competition and efficient wholesale regulation may be no need for retail regulation
- NICTA may intervene to protect consumers to regulate retail price and service if there is market power and consumer harm

Operator and Radcom licensing

- Move away from technologically specific, vertical licensing
- Totally new horizontal licensing regime
- Technologically neutral horizontal licensing structure
- Facilitate new entry and expansion
- Create commercial opportunities and consumer benefit
- Radiocommunications licensing permits spectrum market
- NICTA to administer both operator and radcom licensing

Universal Access and Service regime

- Create a new UAS regime for unserved and underserved
- Retains mandatory roll-out
- Establish a UAS Fund administered in an accountable & transparent way
- UAS levy (not before 1 Jan 2011) at rate to be determined

3. NICT Act 2009 Reforms

Objectives

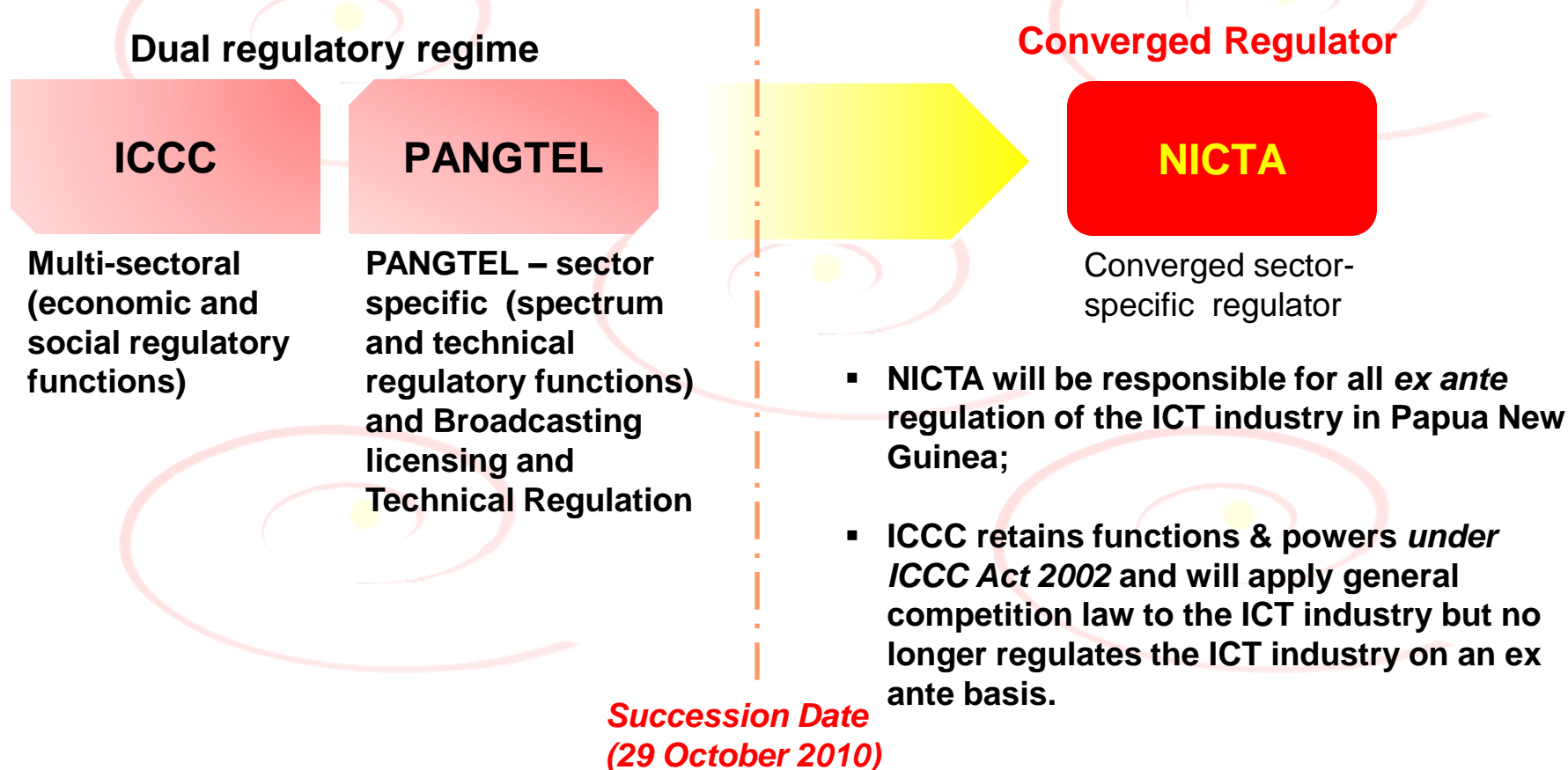
Ensure that the ICT industry contributes to the greatest extent possible to the long-term economic and social development of Papua New Guinea, taking into account constitutional National Goals and Directive Principles

Regulatory Principles

To achieve the objective of the Act, the ICT industry in Papua New Guinea should be regulated in a manner that recognises

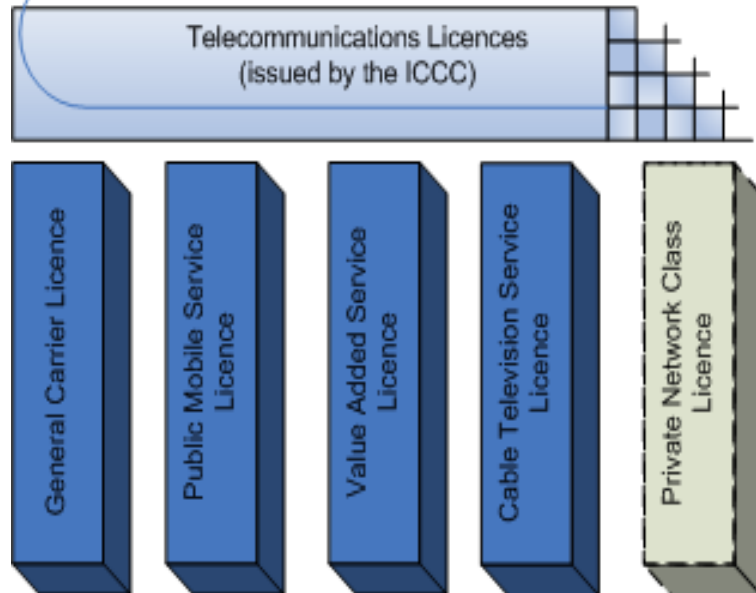
- Effectiveness of market forces to promote consumer welfare
- That regulatory measures to be:
 - proportional; principled; technologically neutral; transparent; timely; and non-discriminatory.

4. Institutional Arrangements



5. The Operator Licensing Regime

Old Carrier Licensing Regime



**Vertically structured,
Technology and service specific**

New ICT Operator Licensing Regime

Content License

Individual or Class
in Market Segment

Application License

Individual or Class
in Market Segment

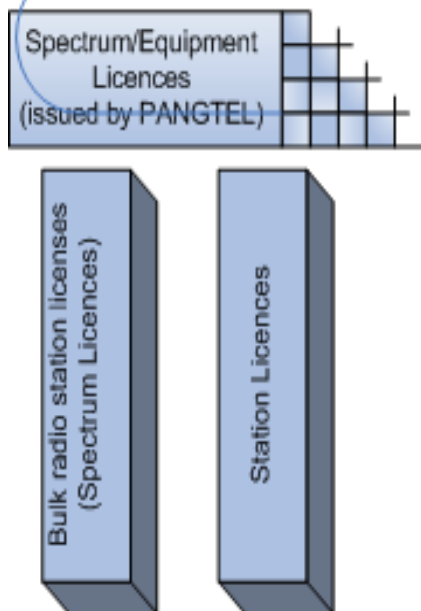
Network License

Individual or Class
in Market Segment

**Horizontally structured,
Technology and Service neutral**

6. The RADIOCOM LICENSE REGIME

Old Radio Station Licences



New ICT Radiocommunications Licenses

Spectrum License

- Spectrum licences are tradeable (Market), long-term licences that delegate management of a segment of spectrum to the spectrum licensee;
- May be allocated by NICTA on a market basis and/or administrative basis;
- Licensees may deploy any apparatus within their designated spectrum;
- Issued for a period of between five (5) to fifteen (15) years;
- Only issued in frequency bands designated for spectrum licensing.

Apparatus License

- Apparatus licences are short-term licences that are issued to an apparatus licensee to authorise the ownership & operation of a particular type of apparatus;
- Only allocated by NICTA on an administrative basis;
- Are processed in the order received, subject to interference issues;
- Issued for a period of up to five (5) years;
- Cannot be issued in bands designated for spectrum licensing.

Class License


- Class licences are generic authorisation that allow any person to operate specified types of equipment within the conditions of the class licence;
- Not issued to individuals, but generic authorisations within terms & conditions;
- Do not need to be applied for and no licensing fees are payable;
- Common frequencies used by apparatus operated under common conditions;
- Can apply to bands subject to spectrum licensing or apparatus licensing.

7. Wholesale & Access Regime

Declared services under the Wholesale and Access Regime


NICTA may hold a **public inquiry** whether a recommendation should be made to the Minister that a wholesale service should be declared.

NICTA may hold such an inquiry on its own initiative or on request from any person, but must hold an inquiry if requested by the Minister.



NICTA must be satisfied that all of the declaration criteria are met before it can make a **recommendation** that a wholesale service should be a declared service.

NICTA must hold a public inquiry and publish a report with its conclusions and recommendation, including the declaration terms.



The **Minister** must either **accept or reject a declaration recommendation** by NICTA (including a recommendation to vary or revoke an existing declaration).

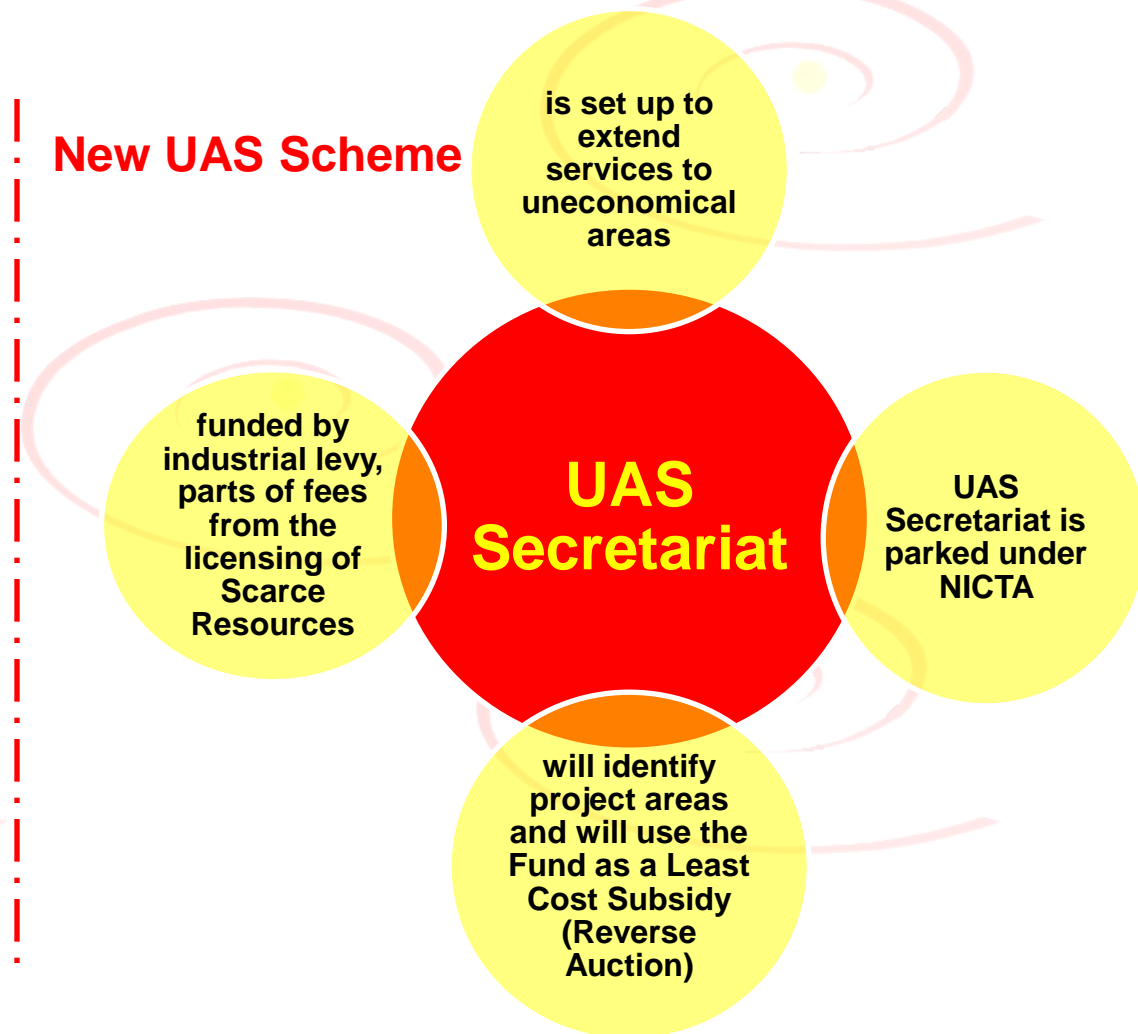
If the Minister does not make a decision within 60 days, the Minister is deemed to have accepted the recommendation.

8. Universal Access Scheme

Before

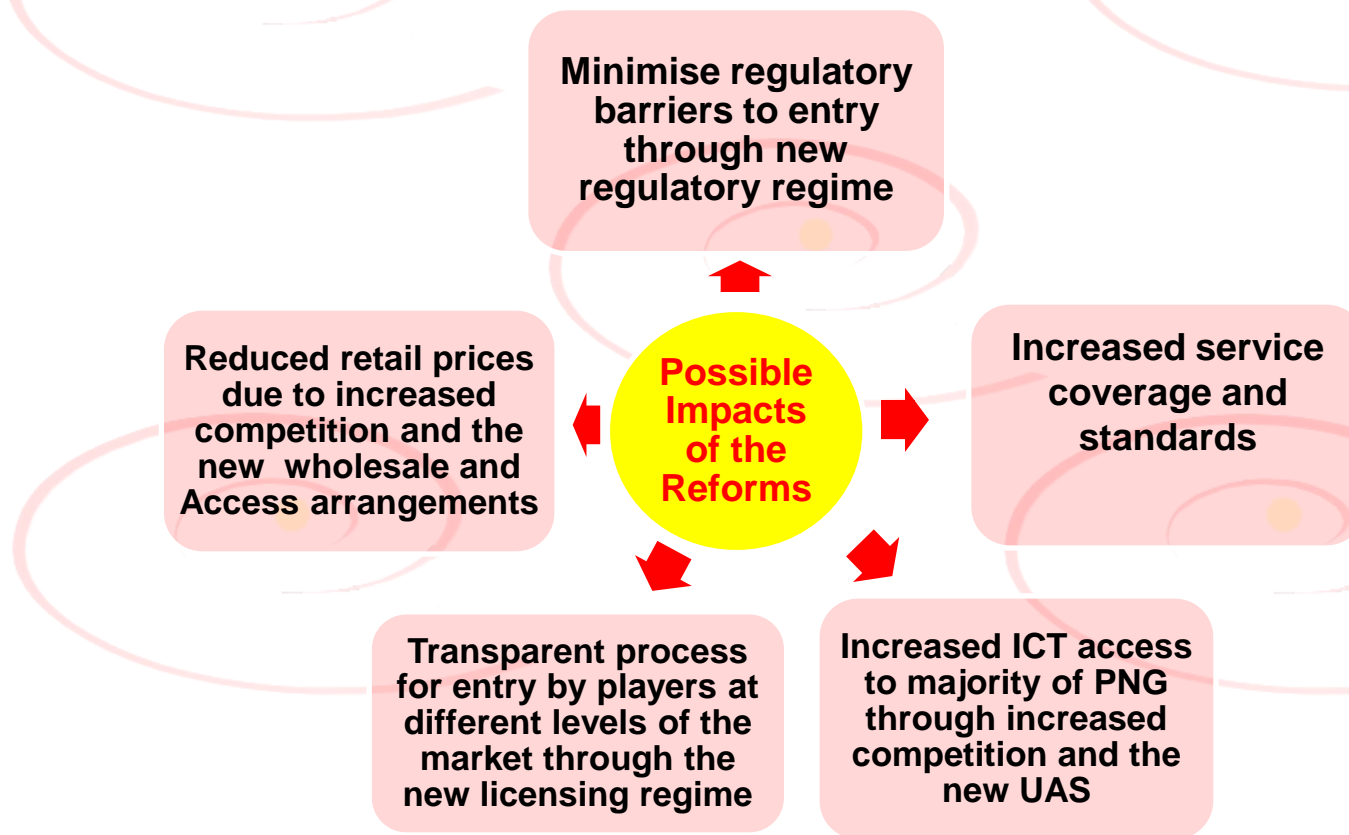
Community Service Obligations were mandated in license conditions in the form of Rollout Obligations

New UAS Scheme



9. Impacts of the Reforms Under NICTA

While its very early to talk about the future, the current reforms aim to achieve the following:



10. Benefits of Converged Regulator

Since Succession of PANGTEL by NICTA – the Converged Regulator, some of the benefits to the ICT sector are as follows:

1. One stop shop for all ICT licensing and regulatory matters (Converged Regulator)
2. Timely decision making processes as only one Converged Regulatory entity to deal with;
3. Reduction in cost of regulation as only costs of one Converged Regulator;
4. Removal of past uncertainties and grey areas due to overlaps between functions of regulators; and
5. Easier to administer the Sector under one entity under the liberalised and converged world
6. Increased entry into the ICT Market
7. Increased subscribers

11. Challenges going forward

Though we have in place a converged Regulator and a converged legislation which we believe to be futuristic we still have challenges in implementation like:

1. Development of Content Regulations
2. Building regulatory capacity to meet increasing demands in the market
3. Economic Regulation – Retail regulation, facilities sharing, etc..
4. Analogue to Digital Broadcasting conversion and Digital Dividend;
 - NICTA Board approved the process in July 2011
 - Free up 698-806 MHz for Mobile Service (LTE) – ITU Region 3
5. UAS areas and services need to be redefined as they are shrinking as competition is extending the access.
6. The economy continues to grow with major investment projects in the country placing pressure on the existing ICT infrastructure and demands for new services;
7. With greater broadband uptake and convergence, definitions of licensing categories are diminishing (ie. Applications Vs Content);
8. Development of Regulations, Rules, Guidelines and Codes; and
9. Encouraging industry and consumer groups participation in development of industry codes.

NICTA – The Converged Regulator





THANK YOU!

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Questions & Answers