

05 August 2011

Mr. Kila Gulo-Vui
National ICT Authority
PO Box 8444
Boroko, NCD

Dear Kila,

Ref: Public Consultation on the Determination of Annual Operator Licence Fees
issued by NICTA on 8th July 2011

In response to your request for commentary on the proposed method of assessing licence fees, we do not agree with this method of assessment. Following are our issues of concern:

- Fees should be fixed and pre-determined (with certainty), in advance rather than being proportionate or as a percentage of yet unknown and uncertain revenue of the licensee. Licensee ("Operators") need to charge fixed rates to the customer/end user.
- Fees should be a pre-determined, fixed amount whether it is a one-off or annual fee for whatever type or category of the licence. The proposed levying of fees based on the net revenue of the Licensee/Operator is a clear case of discrimination against other Licensees that are being charged with a fixed amount.
- Operators should not be subject to NICTA's recoverable cost. This is an internal NICTA management/efficiency issue and not within the Operators' control.
- Fee calculations based upon margins and percentages rather than flat fees can be viewed as an additional tax. We are not aware of NICTA's rights to levy additional taxes.

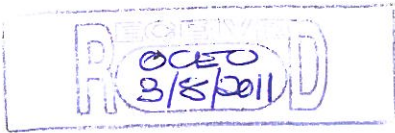
In summary, our view is that a flat fee structure provides a level and transparent playing field for all Operators, as well as providing for fair competition amongst Operators, without causing additional expense to manage the calculation of charges by Operators and by NICTA. Furthermore, Flat fees are not subject to interpretation.

Regards,



Lindsay Jorgensen
HiTRON Limited





DREA
↑

Received
04/08/11 - DREA's office



(675) 325 7322 (675) 325 6991 (675) 325 4450 | PO BOX 443 | BOROKO, NCD | PAPUA NEW GUINEA

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August 2, 2011

Mr. Charles Punaha
Chief Executive Officer
NICTA
PO Box 8444
Boroko NCD
Papua New Guinea

Dear Sir

Thank you for your letter of July 22 concerning the determination of annual operator license fees.

We received your letter this morning.

Your files will show that we responded some months ago to a similar request and our comments today will be substantially the same as we made then.

In our view the process NICTA is following is about right and we appreciate the opportunity to comment.

It is clear that the fees should be relative to NICTA's own activity and now a general fund raising enterprise on behalf of government.

We appreciate that this is so.

For us the paramount concern is what the actual fees are in real terms – and we do not yet have information that would allow us to put a judgment as to where these costs fit in our daily operating structure – it is the actual numbers which will be of most importance to us.

The level of these costs to us should be very similar to those we have been paying in the recent past.

From time to time there has been a suggestion that the fees required would be a percentage of the revenue of the operators – our view of that potential decision is that it would penalize successful operators and be inappropriate.

We are happy to pay an appropriate fee consistent with the method described in your accompanying documents.

We hope this comment has value for you.

Best regards

Yours faithfully

Ken Clark
Chief Executive Officer