



INDEPENDENT CONSUMER AND COMPETITION COMMISSION

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Office of the Commissioner/CEO

BY: obeca

06th June, 2019

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Mr. Kila Gulo-Vui

Acting Director - Universal Access Secretariat National Information & Communication Technology Authority Po Box 8444 PORT MORESBY 121 National Capital District

Dear Mr. Gulo-Vui,

REF: ICCC COMMENTS ON DRAFT TOWER SHARING GUIDELINES

The Independent Consumer and Competition Commission ("ICCC") commends National Information Communication and Technology Authority's initiative in drafting the 'Guidelines on Sharing of Telecommunications Towers' and 'Service Specific Pricing Principles for Universal and Access Services (UAS) Funded Towers (Guideline).' The Guideline would give clarity and direction to access seekers and providers when dealing with tower sharing.

After our review of the Discussion Paper on the Guideline, the ICCC makes the following comments:

Declaration of Wholesale Access Services

The ICCC notes NICTA's explanation on this subject and appreciates your decision not to declare tower sharing at this point in time.

However, we reiterate our position in our submission dated 28th September, 2018 on the 2018 wholesale service review; in support of the proposed declaration of tower sharing services. The ICCC's general view in support of tower or infrastructure sharing is the resulting benefits to telecommunication services end users, which includes:

- the levels of cost savings achievable through tower sharing will be substantial (savings can be passed on to the end users);
acceleration of coverage for areas where the coverage cost for a single operator deployment is high, especially in the remote rural areas;
helps drive better network coverage;
leads to increased choice for customers/consumers; and
other related benefits like environmental benefits.

"Our Competition Watch Dog, Shaping our Market Economy and Protecting our Consumers"

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The ICCC notes NICTA's views on pages 5 and 6 of the Discussion Paper, in particular, the data provided on Figures 5.1 and 5.2 which indicates that there has been an increase in towers and infrastructures in the telecommunications sector over the period from 2014 through to 2018. Although these developments are not significant to justify that there exists a competitive environment in the telecommunications sector, this nonetheless shows growth in the telecommunications sector.

To elaborate on the notion of "promoting competition," it involves the idea of creating appropriate conditions or environment for improving competition from what it would otherwise be; and not as requiring satisfaction that an actual increase in the level of competition has already taken place or will definitely take place in the future.

Therefore, despite there being an increase in towers and infrastructures between the periods of 2014 and 2018, the ICCC's view is that, it is not conclusive enough to justify that there exists real competition (or even a competitive environment) in the telecommunications sector. We are of the view that real competition can only be promoted or created through tower or infrastructure sharing in the telecommunications sector.

We also welcome NICTA's proposal to undertake a review of its decision on the declaration of tower sharing after 12 months in order to establish whether the relevant market has changed.

### **Draft Guidelines on Sharing of Telecommunication Towers**

The draft guideline seems to place emphasis on non-discriminatory and non-exclusive conduct which the ICCC notes and is satisfied with. The only minor comments we have relate to:

- the suggestion to change the heading under subsection 4.3 to 'General Terms and Conditions for Sharing UAS funded Tower and Site'; and
- the suggestion to include a new section on 'Procedures for Tower Sharing' to help, especially access seekers, to quickly locate the relevant information.

### **Service Specific Pricing Principles for UAS Funded Towers**

These pricing principles are important for achieving an access price consistent with the requirements of the NICTA Act. NICTA to ensure the following:

- Access prices should be cost based;
- Access prices should not discriminate in a way which reduces efficient competition;
- Access prices should not be inflated to reduce competition in dependent markets; and
- Access price should not be predatory.

The ICCC seeks clarification, in particular, Clause 5(2) of Part II Pricing Principles, which reads "*Where the cost of capital..... the cost of capital employed should be adjusted to reflect that the cost of funds provided from the UAS fund is zero*". The cost of capital is the opportunity cost of the debt and equity funds to finance the operations of a firm. Determining the cost of capital is an important part of determining an access price.

Thank you for giving the ICCC the opportunity to provide its views and comments.



However, should you require further clarification or explanation on any aspect of this letter, please contact Mr. Steven Sugl-Executive Manager of our Competitive Market and Fair Trade Division on 325 2144 or email [ssugl@iccc.gov.pg](mailto:ssugl@iccc.gov.pg).

Yours sincerely,

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**MR. PAULUS AIN**

*Commissioner & Chief Executive Officer*