



INDEPENDENT CONSUMER AND
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30th May 2024

Mr. Kila Gulo Vui

Chief Executive Officer

National Information and Communications Technology Authority

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National Capital District

Dear Mr. Gulo Vui,

RE: RESPONSE TO NICTA'S MNP PUBLIC CONSULTATION

The ICCC appreciates the invitation to provide its comments on NICTA's intention to implement and introduce Mobile Number Portability ("MNP") services in PNG telecommunication market.

As you know, the ICCC provided its comments in the initial discussions in 2016/2017 consultation. In that response, the ICCC opened its comments by stating that implementation of MNP should be delayed until such time when competition is effective in the mobile telephony market through either the entry of a big telecommunication company or the merger of Telikom and BeMobile creating the merged entity a stronger competitor. This view was expressed because at that time, competition was not really effective. Eventually, NICTA determined that these two should be the trigger for re-introduction for discussions on MNP and its potential implementation.

Consistent with the above earlier view expressed, the ICCC's general view now is that the industry is ready for MNP introduction and implementation. The entry of Digitec Communications Limited, trading as Vodafone PNG ("Vodafone") has some positive competitive impact in the telecommunication market. The general market observation now is that data and voice rates has decreased and the market share of Digicel PNG Limited ("Digicel") has declined (although careful analysis is needed here).

Since ICCC's core mandate is to promote and protect competition in the market place, and given that MNP would play a significant part in increasing current level of competition, the ICCC supports the introduction of MNP services in PNG. Consistent with this, the comments here would be more to supporting the promotion and protection of competition. Any industry specific technical aspect of the consultation is left to NICTA and industry players to comment on.

"Our Competition Watchdog, Shaping our Market Economy and Protecting our Consumers"

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With regards to the market share discussions and analysis, the ICCC notes NICTA's analysis that Digicel's market share has dropped; hence the indication of competitive landscape of the market. Whilst this seems to be the case with the percentage market share, the ICCC notes from the active subscriber base data provided that Digicel actually increased its share. The table for 2023 Market Update has indicated that Digicel's active subscriber base has increased by 180 000 since 2017, which represents 18%. Vodafone got the bigger size of the 34% market growth by 70%; and Telikom's has increased by 11%. This indicates that Digicel's market share has been growing at a reduced rate, which is a sign of strong competition from particularly Vodafone. However, the ICCC believes Vodafone's number may not be really reflective of the competitive environment because there are customers using dual SIM; hence it is highly likely that there is double counting of subscriber numbers.

As much as we would like to be consistent with our earlier views in 2016/2017 consultation, some responses might differ to reflect the current market conditions and the trend of the industry. Below is the ICCC's responses to each of the consultation questions.

1. *The MNP process of moving a customer's number from one provider to another can be achieved by either recipient led (the customer requests porting through the new recipient operator) or donor led (the customer porting approaches their current operator to seek permission to leave). Please state your preference and outline your reasoning?*

Consistent with its previous view, the ICCC supports recipient led porting which is the widely accepted practice. The ICCC is also of the view that this is pro-competitive and minimizes any potential concerns around possibility of unnecessary or intentional delays from the donor operator when customers make request for porting network.

2. *It is proposed that MNP is to be managed and operated in PNG through a centralised MNP system which will track all PNG mobile numbers, manage the porting process between recipient and donor operators and provides some ancillary administration functionality. This approach enables a standardised porting process to be operated across all PNG providers. Please provide your comments and views regarding this proposed approach.*

The ICCC is of the view that this is something for industry players to provide their opinion as they are better placed to know the challenges that a subscriber might potentially face in the process of switching network. The ICCC's view is that the industry should chose the option that would be less costly and efficiently provide MNP service to end-users because any associated costs are likely to be passed down the supply chain.

3. *By proposing to adopt the centralised driven MNP approach, it is proposed that the successful provider of the NPC will be licenced by NICTA to provide MNP services and will be required to contract directly with the licenced PNG operators. Please provide your comments and views regarding this proposed approach.*

The ICCC appreciates that this would create a new market and business opportunity. However, it is mindful that into the future, the volume might not be sufficient and eventually, we have a single player who can control this space. Furthermore, one NPC should be allowed and required to provide clearing services for any network operator.

4. *It is proposed that the NPC may be either operated from PNG or hosted overseas. Please provide your comments and views regarding your preferred approach.*

The ICCC's view would be that the arrangement that is more efficient and less costly to all parties should be accepted. This is to minimize increase in costs which can be passed on to end-users.

5. *It is proposed that all fixed and mobile traffic to ported and non-ported numbers originated and terminated in PNG will be directly routed by the originating network to the terminating network using the All Call Query approach. All Call Query direct routing is widely used in MNP implementations across the world and is considered to be the most operationally efficient and reliable form of routing in MNP jurisdictions. Please provide your comments and views regarding this proposed approach.*

Our view would be similar to the view expressed under 4 above that whatever model accepted must be the one that minimizes costs to the industry, especially the network operators. This is to achieve a 'level playing field' for the operators and affordable communication services rates for consumers.

6. *Introducing MNP is likely to enhance competition and choice in the PNG telecommunications market. Please provide your comments about this statement.*

The ICCC maintains its previous comments that MNP was proven to enhance competition and benefit consumers and its introduction in PNG might not be any different. MNP would provide PNG consumers with freedom of choice of their mobile service provider and the convenience of having the same number when switching network providers. MNP would substantially eliminate the concerns around subscriber locking to network. It also would lower the costs of changing service providers and as a result gives consumers greater choice of products, services and pricing packages from a range of different providers.

If consumers are not satisfied with the services of their existing network provider, they do not have to stay just to keep their number but they are given the flexibility to switch networks anytime. They also do not have to buy a new SIM card and phone to change their network provider, they only need to port. It also eliminates other potentially anti-competitive conduct such as SIM card swapping conduct.

With MNP, competition would be enhanced because network operators would now have to compete more aggressively by offering better products, new, innovative services and packages in order to retain existing customers as well as attracting new customers. It keeps everyone on their toes to perform and offer better services and packages (in terms of subscription plans). It is the ICCC's view that MNP is an enabler for competition. It removes barriers of customer choice and flexibility. The model accepted must be the one that does not unnecessarily hinder the customer flexibility to switch.

7. *It is proposed that each operator and the successful provider of the NPC will be responsible for their set-up costs to prepare for the implementation and launch of MNP in PNG and that such set-up costs shall not be recoverable from consumers or other stakeholders. Please provide a cost estimate of set-up investment your organisation is likely to incur in preparing for the possible introduction of MNP into PNG, and your comments and views regarding this proposed approach.*

The ICCC notes the proposal that set-up costs shall not be recoverable from customers or other stakeholders. Whilst this is good for end-users as costs may not be passed on, small operators would

be disadvantaged if significant set-up cost is needed. This might contribute to delay in implementing the MNP as all operators might not be ready within the required timeframe due to difficulty in meeting the set-up costs. In the normal business sense, every cost should be recovered, whether fully or partially.

Given NICTA's good intention to introduce MNP to realise the benefits of competition and removing the final barrier of consumer choice in the long term, it is fitting if the government through NICTA subsidise or fully fund the introduction and implementation of MNP.

Despite making the above comments, we understand this question is for the operators in the industry to provide their comments and their cost estimates.

8. *It is proposed that recipient operators will NOT be allowed to charge customers for porting their numbers at the discretion of each recipient operator. Donor operators are not permitted to charge customers for porting out numbers from their network. Please provide your comments and views regarding this proposed approach.*

Whilst recipient network might incur costs (such as administrative cost) to facilitate the switch, we believe it is in their interest to add another new subscriber. Therefore, they should not charge their potential subscribers. For the donor operator, it would be a reduction in their subscriber base; and they would not want that to happen. However, if a charge is necessary to provide seamless switch, the regulator may intervene (as proposed in the next question for donor porting charge).

Nevertheless, the overall cost to consumers for switching should not be too excessive as it can scare customers for porting anytime.

9. *It is proposed that donor operators shall be permitted to charge recipient operators for reasonable costs which are directly attributable to the actual efficient processing of porting requests. NICTA reserves the right to set a maximum limit to donor porting charges. Please provide your comments and views regarding this proposed approach.*

As noted above, the overall cost to the consumers who are switching should not be excessive to make it unattractive. If necessary, the regulator should intervene as the donor operator may excessively charge the recipient operator with the intention to increase the latter's costs. Additionally, such charge would force the donor operator to up its game to minimize not only the migration of its subscribers but also the cost of processing the migration.

10. *It is proposed that MNP will be implemented and launched to the PNG public within 20 months of the date of this consultation. Please provide your comments and views regarding this proposed approach.*

The ICCC believes the timeframe proposed should be reasonable to all parties and start from the time the final determination is made by the Minister responsible; and such time frame should not be unnecessarily delayed. The ICCC also suggests that there should be a determination (in this exercise) that any operator who is unreasonably causing the delay of the launching and implementation of MNP should be held accountable.

11. *It is proposed that the implementation and preparations for the launch of MNP in PNG will be managed by a cross stakeholder working group reporting to NICTA, but NICTA shall be responsible for*

setting the key MNP process and functional details and implementation timeframes etc. Please provide your comments and views regarding this proposed approach.

The ICCC supports NICTA to take on this responsibility as a neutral body and regulator.

12. *It is proposed that all customer MNP porting requests will be completed within one working day from the date of the customer's validated and signed porting request. Please provide your comments and views regarding this proposed approach.*

The industry players and regulator are better placed to make a fair judgement on how long such request can be facilitated. The ICCC's view is that longer timeframes (or longer it takes to complete the porting process) can discourage switching. There should be strict timeframe with penalties for failing to comply to encourage faster and seamless switch.

13. *It is proposed that data transfer during the porting process between the recipient and donor operators is minimised to ensure an efficient and robust consumer porting experience with minimal unnecessary porting failures or rejections. It is proposed that porting data transfer will be restricted to MSISDN/ number being ported and donor operator name. Porting process security and integrity will be provided by independent customer validation for each porting request by SMS. Please provide your comments and views regarding this proposed approach.*

The ICCC concurs that general porting process to be fast and efficient to ensure the customer is not waiting for a longer period. Furthermore, there should be less requirements and secondary validation means should be the one that everyone can do. Email validation is good but not all subscribers have email accounts.

Also, while waiting for the porting to complete, the customer should continue to use communication services on the current network. This is to minimize any discouragement to switch for fear that the longer it takes, they would be unable to have access to the services, especially calls and SMS.

14. *It is proposed that once a customer's porting request has been authorised by the customer, validated by the NPC and passed to the donor operator for approval, the porting request must proceed to completion unless legitimately rejected by the donor operator in compliance with the rejection reasons determined by NICTA. Once a validated porting request has been passed to the donor operator by the NPC it cannot be amended or cancelled by any party. Please provide your comments and views regarding this proposed approach.*

The ICCC agrees with this and reiterates any network operator is found to be causing the delay unnecessarily should be held accountable. Again, all these steps should not scare customers.

15. *It is proposed that post-paid consumers can port their number if the total billed and unbilled account balance is less than the deposit held by their current operator, provided their service is not barred or suspended from making outbound calls at the time the consumer's porting request is processed by the recipient operator. It is proposed that debt cannot be used to prevent pre-paid consumers porting their number. Please provide your comments and views regarding this proposed approach.*

The ICCC concurs that this should not be a reason for donor operator to hold back any request for porting. There are other means available to recoup genuine bills.

16. *It is proposed that once the customer's validated porting request has been passed to the donor operator by the NPC, the donor operator will not be permitted to contact the customer during the period the porting request is being processed. Once the porting request has been successfully completed, for a period of 60 calendar days the donor operator will only be permitted to contact the customer for the sole purpose of recovering any outstanding payment or debt and will under no circumstances contact the customer during this period with the purpose of soliciting the customer to return to the donor operator's network. Please provide your comments and views regarding this proposed approach.*

The ICCC is of the view that the decision to switch must left to customers at all times; and not being influenced by any network operator.

17. *It is proposed that customers will not be permitted to port their number to another operator within 60 calendar days of their previous successful porting request. Please provide your comments and views regarding this proposed approach.*

The ICCC concurs. Another way to treat this is, any request from the same number before the expiry of such period as determined should not be processed by either operator.

18. *It is proposed that only real-time porting of customer numbers will be allowed and customers will not be able to defer or delay porting requests to later dates. Please provide your comments and views regarding this proposed approach.*

The ICCC concurs with this. The main aim of MNP is to encourage effective competition; hence porting should be real-time to ensure this is achieved.

19. *It is proposed that the porting process will allow the porting of multiple customer numbers within a single porting request (where "multiple number" is defined as two or more numbers belonging to the same customer account), both contiguous and non-contiguous number ranges, to support the efficient porting of multiple number blocks. Please provide your comments and views regarding this proposed approach.*

The ICCC supports this proposal based it its view that separate request and porting process for each number, particularly for corporate customers, would be costly and time consuming, which can hinder them from switching. As stated elsewhere, the porting process should be efficient for processing request for one customer regardless of the number of phone numbers.

20. *Are you in favour of introducing Fixed Number Portability (FNP) in PNG and if you are would you prefer it be implemented in parallel with MNP or separately? Please provide your comments and views regarding your preferred approach.*

Whilst industry regulator and players would be in a better position to comment on any technical challenges and benefits of FNP, the ICCC's view is that general telephony market has already been exposed to competition; hence all aspect of the market should be opened up for number portability. This would put competitive pressure on everyone to improve service quality with the aim to minimize their customers porting to another network; and also attract new subscribers/customers.

Nevertheless, the ICCC is also mindful of the likelihood of increasing cost to the industry of running them parallel compared to running MNP first. If they are not implemented in parallel, there would

be benefit to take any lessons learnt into FNP as this is the first time to implement number portability in PNG.

21. *It is proposed that the initial set-up costs incurred by the centralised MNP clearinghouse platform provider are simply shared equally amongst the licensed mobile network operators at that time. Please provide your comments and views regarding this proposed approach.*

The ICCC is of the view that its response to Q7 also applies here; i.e., NICTA should assist in the set-up cost as delay in funding from operator's part can affect the implementation of MNP.

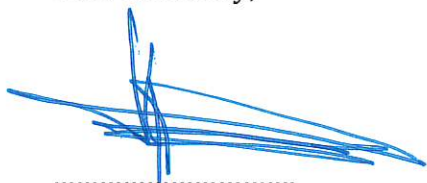
22. *Would you prefer that ongoing operational costs incurred by the NPC provider are invoiced based on actual usage, shared equally or some other basis (please specify)? Please provide your comments and views regarding your preferred approach.*

The industry participants can provide technical comments on this question. The ICCC's general view is to accept the option that has a dimension to put competitive pressure on the network operators. Consistent with this view, the ICCC believes the actual usage approach as this is likely to put pressure on the potential donor operator to game up to minimize migration; hence minimizing its costs and charges.

23. *Are you in favour of NICTA updating the cost benefit analysis undertaken during the initial consultation process in 2017? Please provide your comments and views regarding your preferred approach.*

The ICCC leaves this to the regulator and industry players to agree on a way forward. The ICCC's general view is that introduction of MNP is pro-competitive; and that in itself is already a huge benefit. If the aim of conducting CBA would be to determine that if cost outweighs benefit, there would be no implementation of MNP. The ICCC believes this consultation would be a waste of everyone's time. Consistent with this, the ICCC believes the revision of the CBA should have been done before this consultation.

Your Sincerely,



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MR. PAULUS AIN

Commissioner and Chief Executive Officer