



PAPUA NEW GUINEA
OFFICE OF THE MINISTER

MINISTRY OF COMMUNICATIONS
INFORMATION TECHNOLOGY
&
ENERGY



24th September 2018

Mr Charles Punaha
Chief Executive Officer
National Information and Communications Technology Authority
P O Box 8444,
BOROKO 111, NCD

Dear Chief Executive Officer Punaha,

**SUBJECT: MINISTERIAL DECISION ON RETAIL SERVICE DETERMINATION
RECOMMENDATION**

I acknowledge and thank NICTA for their extensive efforts in conducting public inquiry and reaching the final recommendation relating to the Retail Service Determinations (RSD) dated 25th July 2018, on a particular Mobile Telephony Service by Digicel PNG Limited, which was submitted to me for my review and decision.

NICTA's RSD Determination recommendation was for me to use my Ministerial powers under section 160(1) of the National Information and Telecommunications Technology Act 2009 to require Digicel (PNG) Limited to charge the same price for on-net calls and off-net calls to be the same unless a difference can be justified by Digicel in terms of cost to the Regulator, NICTA, before the prices are introduced into the market place.

During my review and consulting process, I also received a letter from Digicel PNG Limited dated 5th September 2018 at which I was requested to "reject NICTA's recommendation" and "Instead propose to NICTA that it accept a formal and binding undertaking" which Digicel had proposed.

The letter by Digicel had specifically indicated that: "If the recommendation is permitted to proceed, it would force the removal of our most popular pricing plan [1Tok bundle] right across the entire country... We believe that the removal of 1Tok would result in significant consumer harm and risk a strong backlash not only against Digicel but also against imposition of the RSD..."

I am inclined to accept and endorse NICTA's RSD Recommendation to ensure that prices for on-net calls are the same as off-net calls - making digicel to digicel calls; digicel to Bmobile Vodafone calls; digicel to Telikom calls and vice versa are all charged at the same rate. However, I am mindful that Digicel commands a market share of over 90 %.



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Many of these subscribers are from the rural, remote areas of Papua New Guinea who can ill-afford the costs of mobile telecommunication services which has been eased by 1Tok bundle. Removal of 1Tok bundle has the potential of going against O'Neill Government policy objective of accessible and affordable ICT services.

I am therefore placed in an awkward dilemma as follows:

- 1) Do I approve the RSD Recommendations to address immediate pricing on on-net calls and off-net calls in the monopoly commanded by Digicel PNG Limited? This will immediately reduce prices of off-net calls including those by Digicel's 2.4 million subscribers to other service providers.
- 2) Or do I reject the Determinations as the reduced pricing will be short-lived if Digicel, as indicated in writing, drop their 1Tok bundle resulting in increasing costs of voice telephony, sms and internet costs of some 2.4 million Digicel subscribers.

The O'Neill Government's ICT policy objectives is to provide accessible and affordable ICT Services. The increased costs of telecommunications services for 2.4 million Digicel subscribers in Papua New Guinea is at stake with the RSD Recommendation.

Therefore, I now, based on the powers I have, make the following decision and issue the following directives:

- 1) **DECISION:** I reject the RSD Recommendations of NICTA and direct that the RSD report and recommendations be preserved until other market structure concerns - including but not limited to those - listed below are addressed.
- 2) **DIRECTIVES:** I further direct NICTA to fast-track the regulatory processes in respect of the following:
 - a) **Wholesale Access Regime Determination** - to ensure that wholesale prices of ICT Services are reduced so that ICT retails services are accessible and affordable to subscribers through Ministerial Determination.
 - b) **Price Capping of ICT Retail Services** - to keep prices at accessible and affordable levels for the majority of ICT users in PNG through on-going reviews of the ICT legislations and regulations.
 - c) **ICT Infrastructure-Sharing / Co-location** - to avoid duplication of investments and to reduce infrastructure costs (through tower-sharing as an example) to ensure accessibility and affordability.
 - d) **Mobile Number Portability** - to enhance competition in the markets and empower subscribers to exercise freedom of choice of telecommunication services providers by allowing subscribers to retain and use the same mobile phone numbers through Ministerial Determination.
 - e) **National Roaming** - to enhance competition in the ICT market by allowing subscribers to "roam" in areas where their service provider has no presence using their mobile number provided by their service provider.

I also want NICTA to work in close consultation with the Department of Communications and Information as it takes the lead role to work with other ICT Government Agencies, and stakeholders, including Telikom PNG, DataCo Limited, Bmobile-Vodafone, and ICCG to effect and assist in capacity-building of State-owned ICT companies, to address the current market structure in the ICT Sector.

These includes - but is not limited to - the implementation of the international Coral Sea Submarine Cable and complementing the domestic cables roll-out by DataCo and the National Broadband Network roll-out by Telikom PNG Limited.

Yours Sincerely,


Hon. SAMUEL H. BASIM

Minister for Communications, Information Technology and Energy

