



MEDIA RELEASE

MINISTER FOR COMMUNICATIONS AND INFORMATION TECHNOLOGY

I have today made a Retail Service Determination (Determination) affecting retail mobile service prices on the recommendation of the National ICT Authority (NICTA). The Determination constrains the extent to which Digicel may discriminate in the prices for pre-paid mobile voice calls made by its customers on its network and to customers on other networks.

There is no doubt that people in Papua New Guinea have enthusiastically adopted mobile services, especially in the past five years or so. I am conscious of the need to keep prices for these and all telecommunications services as low as possible so that as many people as possible can afford them. We have adopted a competitive approach to the provision of telecommunications services, along with most of the world, because we consider that robust competition is the way to ensure that service delivery is innovative, efficient and at the lowest possible cost.

Discrimination in many contexts is generally regarded as a bad thing. However in the telecommunications industry, price discrimination is not so easy to characterise – it can have beneficial and harmful effects. The positive effects can include helping service take-up by people who might not be able to afford the standard prices. The negative effects can include foreclosure of markets to competition. We need the motive power of robust competition not only now but on an on-going basis. Drawing the line on how much price discrimination should be allowed is a difficult task without ready-made rules or answers.

The Determination allows for discrimination of up to 40%, with two exemptions. This means that Digicel can charge a price for pre-paid voice calls that are made to subscribers with services on other networks up to 40% more than it charges for calls that are made to subscribers on the Digicel network. In addition Digicel may exceed that percentage figure in two cases – (1) if it has a cost justification that has been accepted by NICTA, or (2) if it is running a promotion which has been cleared beforehand for price-setting purposes by NICTA. Some of Digicel's current prices exceed that differential. Digicel will therefore have to look again at its tariffs. I trust that it will do so with the creativity that has characterised much of its operation in PNG, and ensure that good customer outcomes and good commercial outcomes result.

This level of flexibility will balance off the potential beneficial effects and the potential harmful effects of price discrimination in this area. NICTA will monitor the compliance with the determination and may recommend variations to the Determination if experience suggests that. In any case the Determination will be reviewed in two years' time.

I am confident that this Determination is in the best interests of consumers in PNG. I am also confident that Digicel, Telikom and bemobile will continue to innovate on service and price packaging for the benefit of their customers as part of the competitive process. I am pleased with the industry's achievements for the benefit of the people of PNG so far and I am making the Determination to help ensure continuation of those achievements into the future.

Hon. Jimmy Miringoro, M.P.
Minister for Communications and Information Technology