

ORGANISATIONAL BRIEF
FOR
MR MUHAMMAD ASLAM HAYAT,
Pacific ICT Regulatory Resource Centre

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Charles S. Punaha
Chief Executive Officer

Outline of Presentation

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1. BACKGROUND

- PNG Setting



- **Population (2010): about 7 Mil**
- **Mobile penetration: 34%**
- **PSTN penetration: 1.2%**
- **Broadband penetration: 1%**
- **3 MNOs [1-3G (GSM), 1-3G (CDMA), 1-2.5G (GSM)]**
- **1 fixed operator**

1. BACKGROUND (cont-) - ICT Policy Reforms

To assist the growth of ICT in PNG which is needed for Effective and efficient communication, the Government has set a Policy to reform the ICT Sector.

Prior to 2007, Monopolistic ICT sector with Telikom having exclusive rights. Very low penetration, high priced services and the dual regulatory regime was costly and timely.

1994

National Policy on Information & Communication (NPIC)

1996

Corporatisation of PTC (Telecom Act 1996 & Radio Spectrum Act 1996)

2002

Introduction of Dual Regulatory Regime; (Telecom Industry Act 2002 & ICCA Act 2002)

A pro-competitive approach, with a forward looking policy to be implemented by a converged sector specific Regulator was the way to go...

2007

Liberalisation of Mobile sector (2 new mobile licenses)

2008

National ICT Policy (NICTP) 2008 and Amendments to Telecom Act 1996

2009

NICT Policy Phase 2 Reforms 2009 and NICT Act 2009

Set in place legislation for Full liberalisation and formation of NICT Authority

1. BACKGROUND (cont-)

- National ICT Policy 2008

Key Objectives – National ICT Policy 2008

To secure social & economic benefits of an efficient ICT Sector

To substantially increase access to ICT services across PNG with service to be available at affordable prices

To enjoy effective and sustainable competition to deliver market discipline and economic benefits

ICT Policy: Phase 2 Reforms 2009

The Path to
Open
Competition

Community
Services

Supporting
Arrangements

Timing and
Implementation

1. BACKGROUND (cont-) - National ICT Act 2009

The main legislation which provides for the powers, functions, obligations and responsibilities of the National Information and Communications Technology Authority (NICTA) is the:

- **National ICT Act 2009**
 - National ICT (Operator Licensing) Regulation 2010, and
 - National ICT (Radio Spectrum) Regulation 2010.

Objectives

Ensure that the ICT industry contributes to the greatest extent possible to the long-term economic and social development of Papua New Guinea, taking into account constitutional National Goals and Directive Principles

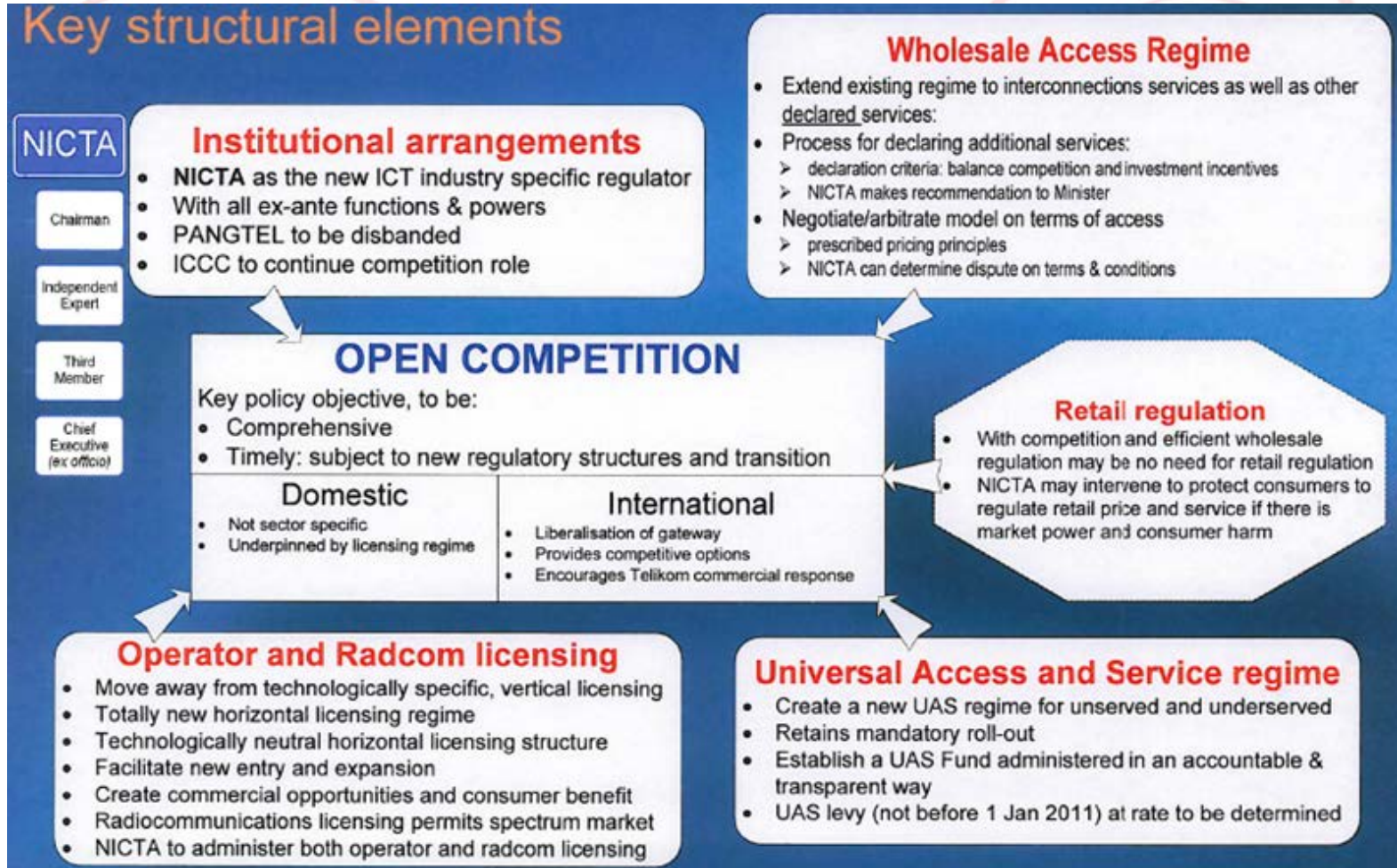
Regulatory Principles

To achieve the objective of the Act, the ICT industry in Papua New Guinea should be regulated in a manner that recognises

- Effectiveness of market forces to promote consumer welfare
- That regulatory measures be:
 - proportional; principled; technologically neutral; transparent; timely; and non-discriminatory.

2. THE NICTA REGIME - Key structural Elements

Effective from Succession Date of 29th October 2011



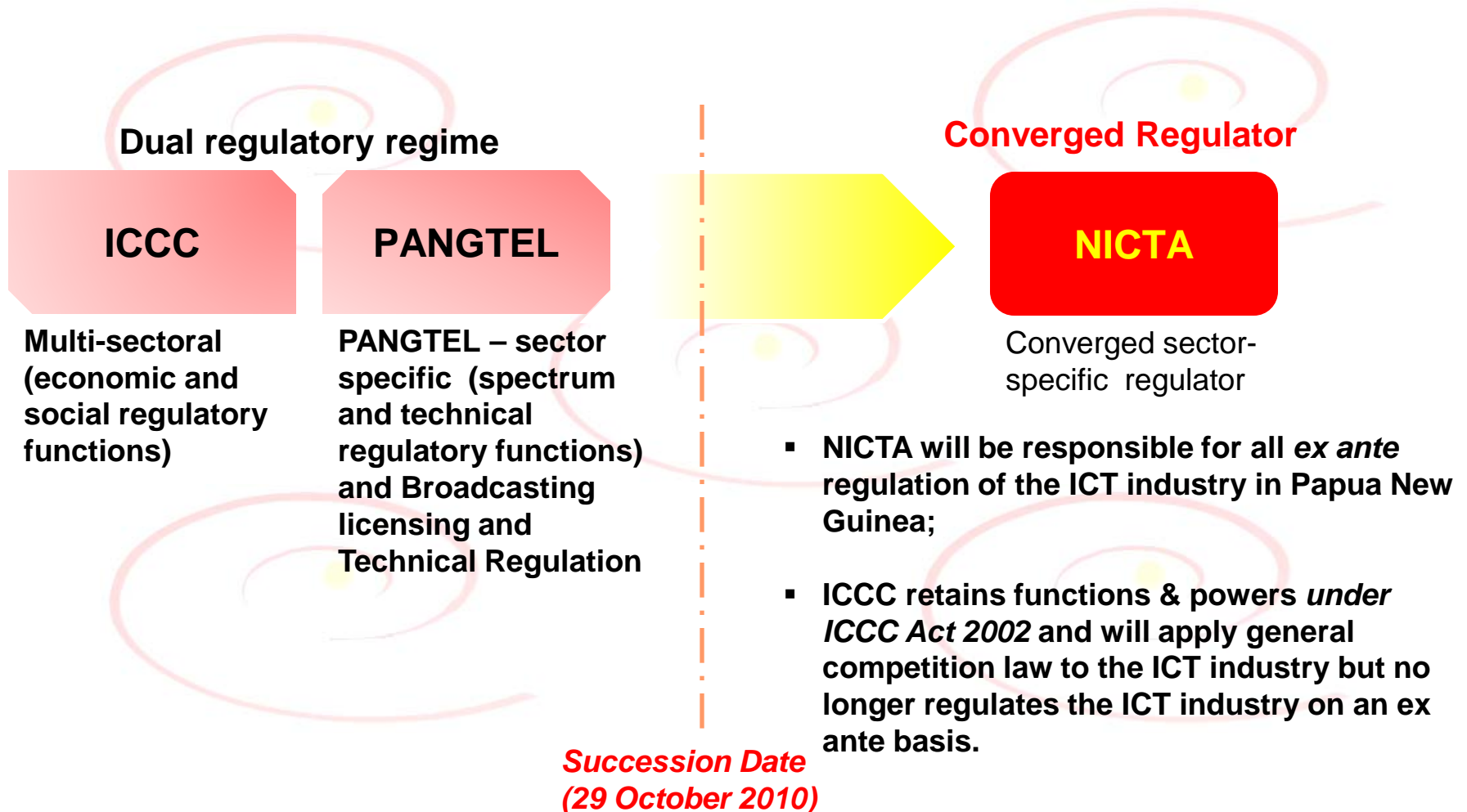
2. THE NICTA REGIME

- Functions of NICTA

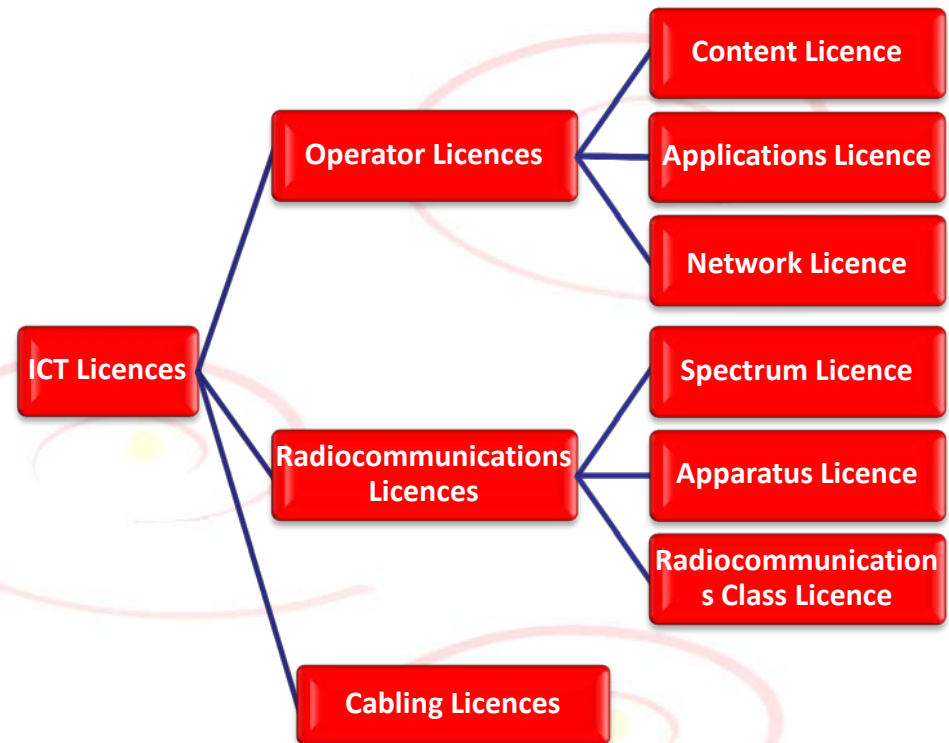
The functions of NICTA as enshrined in the National ICT Act 2009 are as follows:

a)	give effect to the objective of the Act and the regulatory principles;
b)	provide advice to the Minister in the formulation of Government Policy;
c)	exercise all licensing and regulatory functions in relation to the ICT industry;
d)	oversee the performance of ICT licensees and their compliance with the Act and mandatory instruments;
e)	assist the ICCC to investigate complaints regarding the market conduct in the ICT industry;
f)	develop and monitor a system for reviewing and responding to customer complaints in relation to ICT services;
g)	consult, where appropriate with ICT Stakeholders about any matter relating to the ICT industry;
h)	Represent PNG at all international bodies or authorities which have the purpose of regulating or administering ICT services;
i)	develop and monitor procedures for ensuring the safety and quality of ICT services;
j)	make available to ICT stakeholders and other interested persons general information for their guidance with respect to the functions and powers of NICTA under the Act;
k)	conduct research in relation to matters affecting the interests of consumers of ICT services;
l)	make available to the public, general information in relation to matters affecting the interests of retail customers of ICT services; and
m)	perform such other functions as are assigned to or conferred on NICTA under the Act or any other law.

3. INSTITUTIONAL ARRANGEMENTS



4. ICT LICENSING REGIME



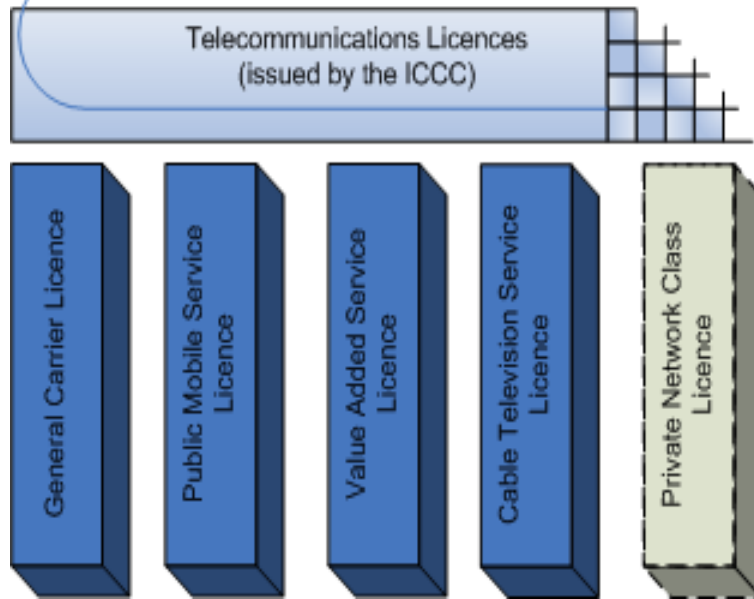
There are two separate regulations under the new regime:

- The **National ICT (Operator Licensing) Regulation 2010**, which focuses on operator licensing and the obligations of operator licensees; and
- The **National ICT (Radio Spectrum) Regulation 2010**, which deals with radiocommunications and the obligations of radiocommunications licensees.

4. ICT LICENSING REGIME (Cont..)

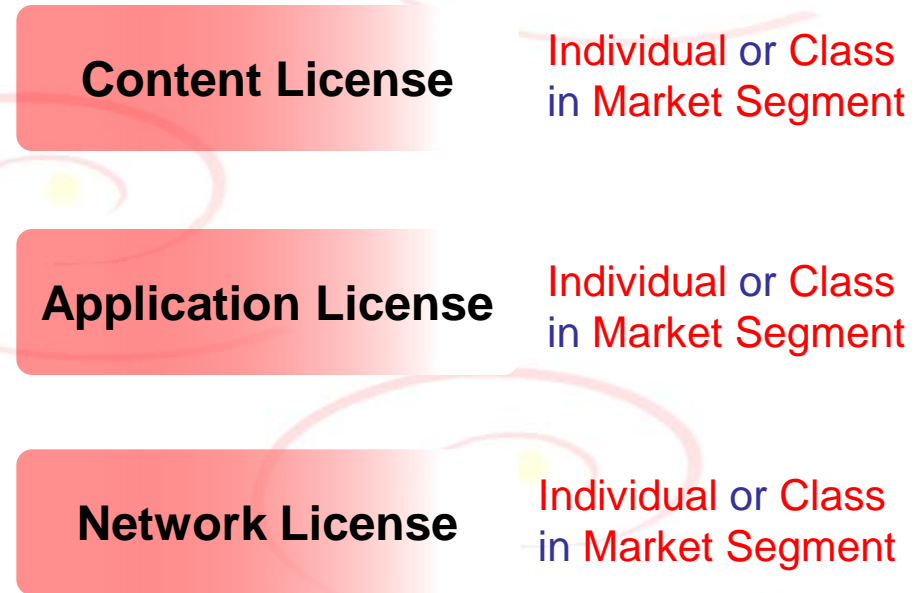
- ICT Operator Licensing

Old Carrier Licensing Regime



**Vertically structured,
Technology and service specific**

New ICT Operator Licensing Regime

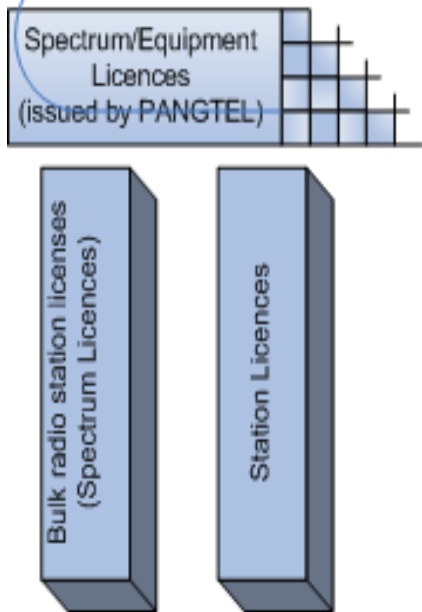


**Horizontally structured,
Technology and Service neutral**

4. ICT LICENSING REGIME (Cont..) - ICT Radiocommunications Licensing

New ICT Radiocommunications Licenses

Old Radio Station Licenses



Spectrum License

- Spectrum licences are tradeable (Market), long-term licences that delegate management of a segment of spectrum to the spectrum licensee;
- May be allocated by NICTA on a market basis and/or administrative basis;
- Licensees may deploy any apparatus within their designated spectrum;
- Issued for a period of between five (5) to fifteen (15) years;
- Only issued in frequency bands designated for spectrum licensing.

Apparatus License

- Apparatus licences are short-term licences that are issued to an apparatus licensee to authorise the ownership & operation of a particular type of apparatus;
- Only allocated by NICTA on an administrative basis;
- Are processed in the order received, subject to interference issues;
- Issued for a period of up to five (5) years;
- Cannot be issued in bands designated for spectrum licensing.

Class License

- Class licences are generic authorisation that allow any person to operate specified types of equipment within the conditions of the class licence;
- Not issued to individuals, but generic authorisations within terms & conditions;
- Do not need to be applied for and no licensing fees are payable;
- Common frequencies used by apparatus operated under common conditions;
- Can apply to bands subject to spectrum licensing or apparatus licensing.

5. WHOLESALE & ACCESS REGIME

Declared services under the Wholesale and Access Regime

NICTA may hold a **public inquiry** whether a recommendation should be made to the Minister that a wholesale service should be declared.

NICTA may hold such an inquiry on its own initiative or on request from any person, but must hold an inquiry if requested by the Minister.

NICTA must be satisfied that all of the declaration criteria are met before it can make a **recommendation** that a wholesale service should be a declared service.

NICTA must hold a public inquiry and publish a report with its conclusions and recommendation, including the declaration terms.

The **Minister** must either accept or reject a declaration **recommendation** by NICTA (including a recommendation to vary or revoke an existing declaration).

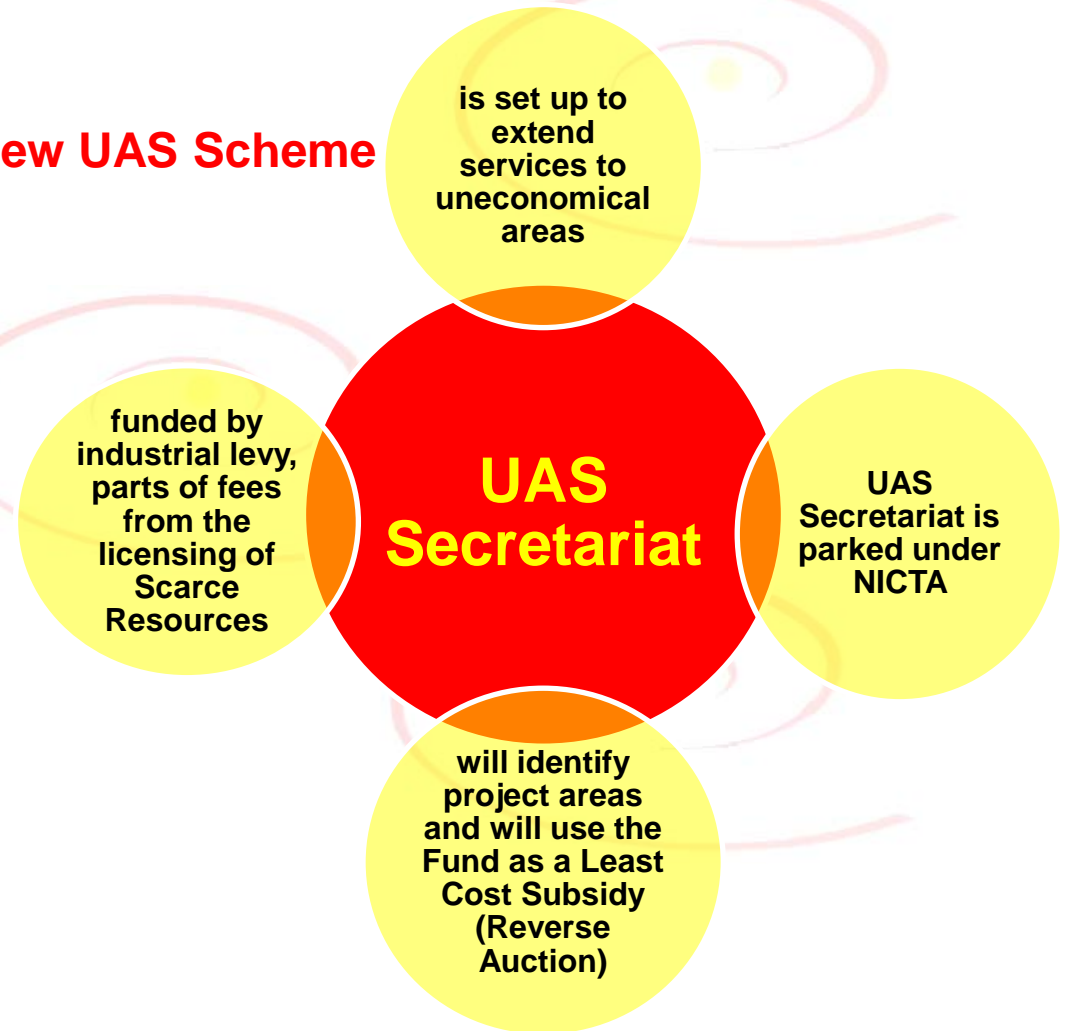
If the Minister does not make a decision within 60 days, the Minister is deemed to have accepted the recommendation.

6. UNIVERSAL ACCESS SCHEME

Before

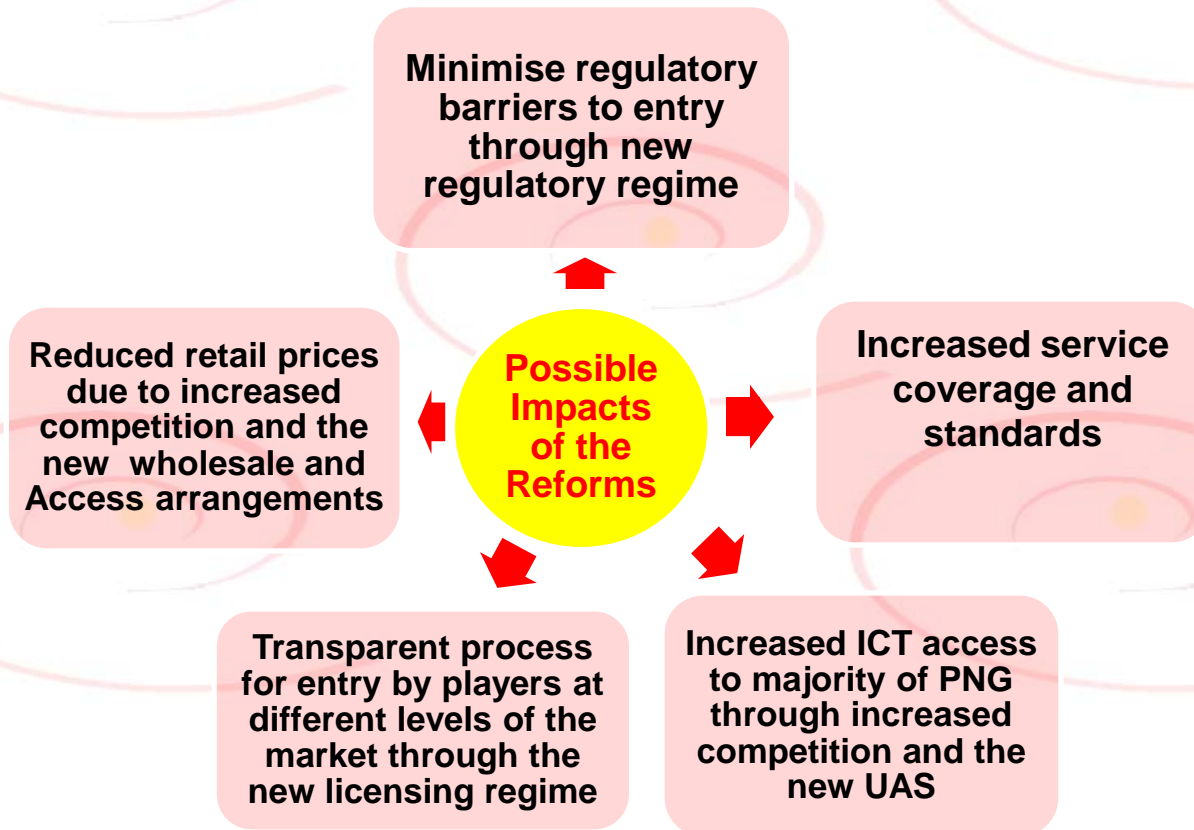
Community Service Obligations were mandated in license conditions in the form of Rollout Obligations

New UAS Scheme



7. IMPACTS OF THE REFORMS UNDER NICTA

While its very early to talk about the future, the current reforms aim to achieve the following:



8. FUNDING OF NICTA

NICTA is primarily self-funding and does not rely on direct annual budgetary appropriations from the Government.

NICTA operates on a principle of cost recovery whereby revenue collected mainly from, among others, operator licensing fees, numbering fees and spectrum usage fees is tied into its annual operational costs as well as for the implementation of its technical regulatory activities.

NICTA has no legal mandate to generate profit, invest or to involve itself in developments that will result in yielding financial dividends.

Section 32(1)(d) of the NICT Act 2009 does provide for “.....sums appropriated by the National Budget.....”, however, this is seen to cover those occasions where the National Government may require a specific project to be undertaken, which would normally be beyond the scope of the NICTA's Operational Budget.

NICTA pays and will continue to pay the State's membership fees for the international organizations on behalf of the State. These organisations include the International Telecommunications Union (ITU), Asia-Pacific Telecommunity (APT) and the Asia Pacific Satellite Communication Council (APSCC).

9. NICTA BOARD

Section 12 of the Act provides for the membership of the NICTA Board, comprising the Chairman, two Non-Executive Members including an independent expert and the Chief Executive, *ex officio*. The Board Members are appointed by notice in the National Gazette by the Head of State, acting on advice and recommendations by the Appointment Committee comprising, the Prime Minister, Leader of the Opposition, Governor of the Bank of PNG and the Minister for Communication and Information.

The current inaugural NICTA Board was appointed by the NICTA Appointments Committee on 29 October 2010 on staggered terms. This is to ensure their respective appointments do not expire at the same time.

Board Meetings

- Required to meet at least once every two months and has so far met on three occasions since 4 March 2011.



10. NICTA ORGANISATIONAL STRUCTURE

The Interim Structure with which NICTA currently operates is as follows is shown below. The Structure carried on existing PANGTEL structure with inclusion of additions functions as a result of the reform process.



Office of the Chief Executive Officer

- The CEO is responsible for management of NICTA in accordance with the policy direction of the Board. The CEO is required to advise the Board on matters concerning NICTA and carries out the operational and administrative functions of the organisation with the assistance of the Executive Management Team.
- The Office of the CEO has three (3) branches: Corporate Legal Services, Special Projects and Corporate Secretariat Services,

10. NICTA ORGANISATIONAL STRUCTURE (Cont..)

Corporate Service Department (CSD)

- has three (3) branches: **Human Resource and Administration, Finance and Information Technology.**
- responsible for training, staff development and recruitment functions including administering employees' terms and conditions of employment.
- Also responsible for compiling PANGTEL's annual budget estimates, debt collection, insurance and personnel matters as well as coordinating the information technology (IT) needs and requirements for line technical departments.

Engineering & Resource Planning Department (ERPD)

- has two (2) branches: **Resource Planning and ICT Standards & Policy.**
- Responsible for formulating regulatory polices, plans, guidelines, standards and specifications for all radiocommunications services including broadcasting
- Also responsible for spectrum management in PNG, including the establishment of spectrum usage policies, spectrum pricing, spectrum planning and allocation of the radio frequency spectrum

Economics, Consumer and International Affairs (OD)

- has three (3) branches: **Economic Regulation, and Consumer Affairs & International Affairs.**
- Responsible for promotion of competition through open access regime (Infrastructuresharing, interconnection, national roaming)
- Responsible for enhancing and promoting consumer welfare and encouraging responsible use of ICT services
- Responsible for technical cooperation and activities with donor agencies, foreign governments and international organisations including ITU, APT etc...

10. NICTA ORGANISATIONAL STRUCTURE (Cont..)

Universal Access Scheme Secretariat (UASD)

- Responsible for improving availability of ICT services in PNG particularly in rural and underserved areas
 - By improving affordability of ICT services
 - By improving access and availability of emergency services
 - By ensuring sustainability of implemented projects
 - By managing the UAS fund

Licensing & Enforcement Department (LED)

- has two (2) branches: **Licensing & Business Relations** and **Enforcement and Compliance**
- Responsible for ensuring all ICT Operators have appropriate authorisations (Licenses, permits, certificates, etc...)
- Responsible for maintaining cordial working relationship with licensees and stakeholders
- Responsible for inspecting and surveying all radio and telecommunications equipment and services operating in PNG. It is responsible also for carrying out surveillance of radio frequency spectrum and setting up of equipment standard specifications and consequent testing of radiocommunications equipment imported into PNG

11. BENEFITS OF A CONVERGED REGULATOR

Since Succession of PANGTEL by NICTA – the Converged Regulator, some of the benefits to the ICT sector are as follows:

1. One stop shop for all ICT licensing and regulatory matters (Converged Regulator)
2. Timely decision making processes as only one Converged Regulatory entity to deal with;
3. Reduction in cost of regulation as only costs of one Converged Regulator;
4. Removal of past uncertainties and grey areas due to overlaps between functions of regulators; and
5. Easier to administer the Sector under one entity under the liberalised and converged world
6. Increased entry into the ICT Market
7. Increased subscribers

12. CHALLENGES GOING FORWARD

Though we have in place a converged Regulator and a converged legislation which we believe to be futuristic we still have challenges in implementation like:

1. Development of Content Regulations
2. Building regulatory capacity to meet increasing demands in the market
3. Economic Regulation – Retail regulation, facilities sharing, etc..
4. Analogue to Digital Broadcasting conversion and Digital Dividend;
 - NICTA Board approved the process in July 2011
 - Free up 698-806 MHz for Mobile Service (LTE) – ITU Region 3
5. UAS areas and services need to be redefined as they are shrinking as competition is extending the access.
6. The economy continues to grow with major investment projects in the country placing pressure on the existing ICT infrastructure and demands for new services;
7. With greater broadband uptake and convergence, definitions of licensing categories are diminishing (ie. Applications Vs Content);
8. Development of Regulations, Rules, Guidelines and Codes; and
9. Encouraging industry and consumer groups participation in development of industry codes.

NICTA – The Converged Regulator



-THANK YOU-