



DISCUSSION PAPER

PNG AIR SERVICES LTD RESPONSE

**Public inquiry into the potential declaration of certain
wholesale mobile telecommunications services**

Question 1: Do you agree with the proposed definition of the relevant market as the market for wholesale mobile access and call origination services? Please provide arguments and if appropriate, evidence to support your views.

Obviously a national market is the relevant for the Market of Convenience (MACO) services for the two services of concern.

Question 2: Do you agree that satellite-based mobile services may be regarded as marginal and therefore of little importance for the purpose of this inquiry? Please support your comments with arguments and where possible, with factual evidence.

We agree as there are very limited parties with such service in PNG. Any party wishing to be an MNO should consider using satellite based mobile services due PNG's geographical terrain, land ownership issues, vandalism as opposed to terrestrial links.

Question 3: Do you consider that the wholesale mobile access and call origination market is susceptible to ex ante regulation for significant market power (SMP)? If not, please provide arguments and if appropriate, evidence to support your views.

As explained by NICTA, we agree.

Question 4: Do you agree with the proposition that Digicel has a position of significant market power in the wholesale mobile access and call origination market? Please explain the reasons for your answers and support it with evidence where possible.

Based on the facts provided, we agree. It is clearly evident that Digicel has made significant commitment allowing them to meet and exceed their license obligations.

Other MNOs should do likewise.

Question 5: Do you agree with the proposition that Digicel's SMP in the wholesale MACO market is potentially harmful to the development of effective competition in the downstream retail mobile service market? Please explain the reasons for your answer and support it with evidence where possible.

No, if Digicel can commit to an initial huge capital investment, we do not see any reason why other MNO's can't do the same. Whilst Digicel's SMP can be seen currently as harmful, in the longer term it would be good to get others to strive to exceed Digicel's feat instead of accepting defeat. This will be good competition as Digicel has now set the benchmark.

Question 6: The views of the operators and interested parties are sought as to whether the declaration criteria would be met. Please explain the reasons for your answer and support it with evidence where possible.

Whilst we note the arguments presented by NICTA, the onus is on each MNO to establish their own networks. However noting the very limited capability of B Mobile and Telikom and the SMP of Digicel, at this time we strongly suggest that it would be appropriate to consider the potential declaration of two specific wholesale MACO services namely – domestic mobile roaming services and facilities access services associated with passive mobile network services. Whilst this will reduce competition, it would only be a smart move to declare the two wholesale MACO services to facilitate the delivery of services to the majority of the PNG population, which should be the main objective of this inquiry.

The declaration would also formalize any arrangements currently existing between B Mobile and Telikom.

It would also be worth considering opening up the MACO market to have competition at both macro and micro level.