



National Information and Communications Technology Authority

PUBLIC NOTICE

Recommendation for the Minister for ICT on Retail Services Determination on Digicel's Mobile Voice Services

The National Information and Communications Technology Authority (NICTA) today has recommended to the Minister for Communication and Information Technology Hon. Timothy Masiu to make a Retail Service Determination (RSD) in relation to the mobile voice services supplied by Digicel (PNG) Limited ("Digicel").

An RSD is a regulation or ruling made by the Minister, based on the recommendation of NICTA, which can specify retail pricing, service standards or pricing principles relating to the supply of a particular retail service.

The recommended determination aims to ensure that Digicel shall not price discriminate between its On-net and Off-net services. Any price difference between Digicel's on-net and off-net shall be less than or equal to the wholesale termination rates that are set either by NICTA, or in its absence any commercially agreed to rate. This determination applies to both regular (standard) and bundled offers, and for both pre-paid and post-paid services

Price discrimination describes the practice of charging customers different prices for the same product or service. Digicel currently charges its customers one price to make a call to another Digicel customer (described as an "on-net" call) while charging a different and much higher price for calls made to customers on another mobile network (or an "off-net" call).

This practice is not necessarily problematic. However, excessive price discrimination of

this nature can have anti-competitive effects because the high price of off-net calls deters customers from making such calls, which reduces the number of calls that customers of rival networks will tend to receive and hence unduly reduce the attractiveness of those rival networks and their ability to compete. It can foster a "lock in" effect that deters customers from changing their service provider, which can entrench a position of market dominance.

After the public inquiry, NICTA has found that Digicel's dominant position in the mobile services market in PNG, combined with the scale of its on-net/off-net price discrimination, had potential anti-competitive effects that were preventing, and if not addressed would continue to prevent, the development of effective competition.

In line with normal practice, NICTA has posted copies of the Discussion Paper, the Responses to Comments Report, Recommendation Report to the Minister and all submissions on its website. NICTA thanks all of the stakeholders who participated in the public consultation.

Enquiries in relation to this matter can be directed to **Director Economic Consumer & International Affairs, Mr Plume Lume** via email: plume@nicta.gov.pg or contacted on phone number 303 3272.

Authorised by
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