

National Information and Communications Technology Authority



PUBLIC NOTICE

Specific Pricing Principles – Submarine Cable & Optical Fibre Systems

Earlier this year the Minister for Communications and Information Technology declared wholesale telecommunications services, imposing additional regulatory obligations on the suppliers of those services in the interests of developing a more competitive telecommunications sector in Papua New Guinea. The Minister's decision was taken after considering formal recommendations from National Information and Communications Technology Authority (NICTA).

The services were:

- Wholesale Broadband Capacity Services provided via Optical Fibre Transmission, which includes those supplied on DataCo's Terrestrial Fibre Optic Network and the new National Submarine Cable Network that it is currently constructing; and
- International Submarine Cable Transmission Capacity Services.

Under the *National Information and Communications Technology Act 2009*, a telecommunications company that supplies a 'declared service' must comply with certain non-discrimination obligations. Those obligations help create a level playing field by preventing suppliers of important Wholesale Services from supplying those Services on terms that give preference to themselves and unfairly disadvantage competitors. Such discrimination can impede the development of competition. The Wholesale price charged for a declared Service must also be cost-based in the interests of fair competition.

Since those declarations NICTA has developed and consulted the industry and other stakeholders on Pricing Principles that relate to the specific Services involved. As a result, Service-Specific Pricing Principles have now been determined by NICTA under *Section 135* of the *National Information and Communications Technology Act 2009* and these have now been published on NICTA's website (www.nicta.gov.pg).

In the case of International Submarine Cable Transmission Services, the Pricing Principles contain maximum prices that service providers might charge retail licensed Operators for each year up to the end of 2023. Competition for Submarine Cable Services to and from PNG is virtually non-existent so regulation is needed to provide the constraint that competition might otherwise provide. It is important for all consumers and retail customers that wholesale prices are regulated because higher Wholesale Prices will be passed through to retail customers. Wholesale Broadband Capacity and International Submarine Capacity Services are essential input to many telecommunications services including mobile, business and residential broadband. They are also used to transport large volumes

of data, voice and video. Lower wholesale prices will enable Internet Service Providers and other Operators at the retail level to offer faster and more affordable Broadband Services to their customers, which will benefit all Internet users in PNG.

In the case of National Wholesale Broadband Capacity Services, NICTA has established pricing principles to ensure that retail market competition is fair and equitable, but has not been able to set price caps at this stage.

In the case of both services NICTA will continue to actively monitor market developments and will review the Pricing Principles and price caps as and when required, but in any case, at intervals of more than two (2) years.

The new Declarations will come into operation on 1st January, 2020.

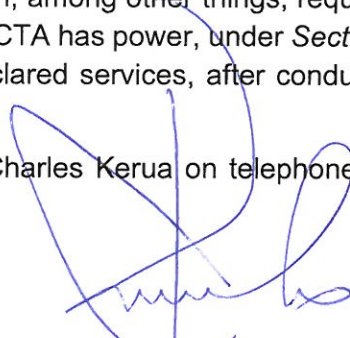
Background

NICTA was established in October 2010 following the enactment of the *National ICT Act 2009* (the Act) which governs the regulation of the information and communications technologies sector in Papua New Guinea.

Part VI of the *National ICT Act* sets out special arrangements relating to the regulation of wholesale telecommunications services.

A licensee that supplies a declared service must comply with the non-discrimination obligations in *Section 136* of the Act. The pricing of a declared service must be consistent with the General Pricing Principles in *Section 134* of the Act which, among other things, require prices to be cost-based. In addition to General Pricing Principles, NICTA has power, under *Section 135* of the Act, to determine service-specific pricing principles for declared services, after conducting a Public Consultation on the matter.

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