



TELKOM PNG  
Always there!

BY: OCEO

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**Mr. Charles Punaha**  
Chief Executive Officer  
National Information and Communication Technology Authority  
P O Box 8227  
**BOROKO**  
N.C.D

Dear Mr. Punaha,

*No need  
in  
17/9/17*

↓  
DECA  
*for your attention/action*  
*[Signature]*  
CEO

**SUBJECT: UNIVERSAL ACCESS SERVICE LEVY 2017**

**Introduction**

We thank you for the opportunity to comment on the NICTA consultation paper: Proposed Universal Access Service Levy for 2017 dated 24 August 2017.

The introduction of UAS over the past four years was generally appreciated by Telikom considering the general policy of government for all people in PNG, particularly in rural areas, to have access to ICT services. However we have considered that in terms of applying the UAS levy of up to 2% in Section 107(2) of the NICTA Act 2009, the imposition in October 2016 of the highest rate at 2% of net revenues without consulting the operators was harsh and did not appear to adequately take into account the issues some operators if not all were facing. We considered also that operators were already making attempts to roll out the network in rural areas hence the imposition of the levy in the manner it was made caused grave concern as to the plans operators had for network rollout and or improvement.

We understand that this current consultation paper is eventually the result of consultation sought via a consultation paper issued on 23 December 2016 on UAS Project for 2017. We would like to mention that Telikom could not comment on that paper mainly because two particular documents cited in it were sought from NICTA but were not provided; being documents understood by Telikom to have important and relevant information based on which

that consultation paper was written. We joined other industry members in a letter to NICTA in requesting same and proposing deferral of that public consultation until after a meeting on the matter with industry. We understand that NICTA has already addressed the matter regarding those referenced documents in its Report on responses as raised by Digicel in its submission to the said consultation paper.

### **Proposed UAS funding level**

Telikom considers that in light of the issues and difficulties it has undergone over the past five years and the new investment activities it has started, the proposed UAS funding at 1% of net revenues is still substantial.

Telikom believes it is within the scope and meaning of Part [V] and in particular Section 91(2)(d) of the NICT Act 2009 that a suitable level of funding, consulted with each operator, be set for operators to participate in contributing for reasons among others that,

- i) Operators are already in the process of commercially rolling out or expanding their networks and services and in the process contribute to the government internal revenue in the current background of weakening foreign exchange rates;
- ii) Areas where the UAS projects are to be implemented are generally not commercially viable and will add on continued operational costs;
- iii) Future maintenance of those non-commercially viable parts of the network may not be relatively accorded the required level of operational funding by operators defeating the purpose of having them installed in the first place;
- iv) Operators already contribute to the social development of communities and in the case of state-owned operators to the government through dividends;
- v) The contribution of governments at national, provincial and district level through PSIP and DSIP and donor funding needs to be taken into account noting such initiatives impose on an on-going operational cost to operators; and
- vi) The actual current and near-future commercial condition of the operator businesses in light of the state of the market the operator is operating in needs to be understood and taken into account.

Telikom therefore requests that in the spirit of this current consultation which we commend NICTA for enabling, further consultation by NICTA should be had with each operator to assert the level of funding that each operator is able to afford and assist NICTA in realistically recommending an achievable budget and list of projects and associated timelines for the UAS Board and eventually the Minister.

Taking into account Clause 9 of Annex "A" to the Consultation Paper, operators can provide the required financial information in the said individual consultation.

### **Review of current UAS regulations**

It seems obvious that operators in their reaction to the imposition of the UAS levy in October 2016 indicates and possibly also from this current proposed UAS levy consultation calls for a

review of the regulations on UAS particularly in funding the UAS projects. Alternatives to current funding mechanisms could be considered in the process.

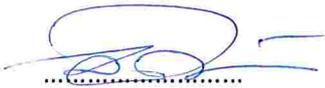
### **Conclusion**

Telikom requests that the current proposal of UAS levy be placed on hold and each operator be given the opportunity to have individual consultation with NICTA with the view to asserting what to them is an affordable contribution to the UAS fund for 2018 projects.

Telikom considers that a review of the UAS regulations including alternate funding mechanisms be conducted.

Lastly Telikom once again thanks and appreciates NICTA very much for enabling a consultative approach towards achieving an important government ICT policy objective of Universal Access and Service and in which regard, we look forward to continuing to work together with NICTA and other operators.

Yours sincerely



**Xavier Victor**

Acting Chief Executive Officer