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BY: OCEO  
**TELIKOM PNG**  
Always there!

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16<sup>th</sup> February 2018

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

Dear Mr Punaha,

*Noted in OCEO 21/2/18*

*→ Noted receipt of Submission.  
→ Soft copy to DECIA + MRCP for further Action.  
→ Original to FILE.  
Official Ag DECIA 23/02/18*

**SUBJECT: Submission for NICTA Public Consultation on UAS 2018 Levy & Projects and UAS Strategic Plan 2018 – 2022**

We thank NICTA for the opportunity to provide input comments to the NICTA Public Consultation on the UAS 2018 Levy & Projects and UAS Strategic Plan 2018 - 2022; the discussion paper of which was issued on 8 December 2017.

We greatly appreciate the extension of deadline for comments granted by NICTA from 15 January 2018 to 16 February 2018.

Telikom's submission is attached for your positive consideration.

We look forward to NICTA's report on this phase of the public consultation and further consultation individually and collectively with NICTA.

Yours sincerely,

**Xavier Victor**  
Acting Chief Executive Officer

*DECIA/A/DUAS  
For your attention/action  
21/2/18*

## **Universal Access and Services – Proposed Levy 2018; Proposed Projects 2018 and Proposed Strategic Plan 2018-2022**

### **Introduction**

Telikom appreciates the opportunity given it by NICTA to comment on the NICTA Consultation Paper on Proposed Universal Access and Service Levy for 2018, UAS Strategic Plan 2018-2022 and UAS Project 2018 (NCP).

Telikom submits at the outset that the fundamental issue of the level of funding and appropriate method of funding the UAS remains to be a significant concern for operators including Telikom. This brief paper is mainly centred on this issue. However, Telikom also considers that a UAS roll out plan requires the need to adequately and carefully take into consideration each operator's situation, financial or otherwise, including rolling out or extending their network/services.

Telikom reiterates its position in terms of the government's UAS policy objectives that it supports in principle the need for all people in PNG to have access to ICT services. However Telikom believes that due to different factors including among others, the various issues affecting operators, the inherent operational difficulties due to the geography of the country, the state of the economy and the apparent lack of effective implementation of related and or complementary industry policies, the implementation of ICT UAS to cover most remote areas of PNG is practicably not achievable in a short period of time.

### **Past UAS consultations and experience**

Telikom considers that in the interest of ensuring the government's UAS policy is properly implemented the experiences so far in the past five years, especially the reaction of the main industry stakeholders such as the telecom and broadcasting operators, needs to be taken into account and fully addressed in a forum that is conducive to positive constructive consultation. Telikom notes that as a result of the imposition of the 2016 UAS levy, most main operators objected to the UAS Board approved rate of 2% of net revenues which later ended up in Digicel taking the matter to court, the outcome of which is pending to date. The industry should be obviously mindful of such a pertinent and important court proceeding and its outcome need to be taken into consideration in this and subsequent consultations.

In the 2017 UAS levy consultation issued on 24 August 2017 Telikom emphasised that the then proposed 1% of net revenues was still a substantial sum and further highlighted the need for NICTA and the UAS Board to consider affordability levels of each operator as a factor in setting the levy where each operator in the process of one-to-one consultation with NICTA/UAS Board could go through the financials of the company in presenting their case. NICTA in its 7 November 2017 report to the consultation did not accept the proposed consideration citing its reasons. While Telikom understands the reasons given in that report, it seems Telikom's intentions were misunderstood and that NICTA appears to have refused to take the opportunity to at least allow Telikom to present its case in detail.

It has been expressed at least by Telikom and Digicel in the past public consultations that some information although referenced in consultation documents were not provided and therefore made it difficult to contribute comments. The 2018 UAS proposal also abstracts results arrived at by consultants using their proprietary models but does not give further details.

Telikom is mindful of its experiences in past years where a number of UAS type projects were funded only for build-out but subsequently not sustained by additional operational funding

- The need for an improved inter-stakeholder consultation on project prioritisation. As noted, a bidder (telecommunications licensed operators) will be given a fixed subsidy per project in one of the selected locations. It is also noted in the consultation paper, pg. 10, under 'projects to be funded', that there is no consultation with the public, the operators, and the local officials to determine projects of high priority as yet. Such consultations could limit the number of projects and thus the levy fee. This implies that some UAS projects are not necessarily needed and can be unachievable if allowed. This would also reflect on the budget to be unrealistic to certain degrees.
- The need to address the low income and high tax rate issue; that materials purchased should be tax exempted where clear tax models that exempts such projects in order to minimize recurring taxes including on levies.
- The need to workable infrastructure sharing policy intervention to police it's use apart from ensuring adequate sizing of sites to cater for co-locations in the future.
- The need to realistically budget each remote site costs taking into account logistics, solar power supply, satellite delivery etc. to avoid among other issues those parts of the network being unused/shut down due to high OPEX and low RoI in the long run.

### **Sharing of NICTA Analysis Data**

It would assist operators contribute for the better if NICTA shared their data used by their consultant for analysis. Additionally, whilst there is much to be learned from global markets, PNG's demographics can be quite different hence the use of such data would be of interest to PNG operators. NICTA has been advised previously to consider one source of GIS information for all operators to use to ensure common data are used by all.

### **Conclusions**

Telikom considers that the current UAS funding and projects policy is not working considering the continued negative reactions from licensees; and

That a more effective consultative process between all stakeholders is needed.

### **Recommendations**

That the current imposition of the UAS levy and the proposals for projects and the plan be put on hold; and

That all stakeholders engage further in an improved consultation process to address a better UAS funding and project planning arrangement.