



**TELIKOM PNG LIMITED**  
*"our communication company"*

**TELIKOM PNG'S SUBMISSION  
ON  
NICTA CONSULTATION PAPER  
ON  
POTENTIAL RENEWAL OF THE DECLARATIONS OF THE DOMESTIC  
MOBILE, FIXED TERMINATING ACCESS SERVICES**

4<sup>th</sup> October 2014



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4<sup>th</sup> October, 2014

**Mr. Charles S. Punaha**  
Chief Executive Officer  
National Information & Communication Technology Authority  
P.O Box 8444  
**BOROKO**  
N.C.D

Dear Mr. Punaha,

**REF: POTENTIAL RENEWAL OF THE DECLARATION OF THE DOMESTIC  
MOBILE TERMINATING ACCESS SERVICES AND THE DOMESTIC FIXED  
TERMINATING ACCESS SERVICE**

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Telikom PNG Limited ("Telikom") acknowledges NICTA's invitation for comments and submissions regarding the above.

The following are our views and comments in relation to the potential renewal of the declaration of the domestic mobile terminating access services and the domestic fixed terminating access service.

**A. EXISTING DECLARATION OF THE DOMESTIC MOBILE TERMINATING ACCESS  
SERVICES AND THE DOMESTIC FIXED TERMINATING ACCESS SERVICE**

The existing declaration was made at the time when the operating circumstances of the industry pertaining to the fixed and mobile service were different. The competition into the mobile telephony service then was newly introduced into the PNG market while Telikom was struggling with its aging fixed telecommunications network issues and Bemobile was grappling with the uncertainty surrounding the potential partial sale of the business by the government.

Whilst the focus then was trying to manage those issues and develop appropriate business strategies to compete effectively in the market, the government quickly in its own wisdom has decided to "Declare" the domestic mobile terminating access services and the domestic fixed terminating access service and have it

legislated under Section 131 of the *National Information and Communication Act 2009* ("the Act").

Such direct government intervention to some extent has distorted a free market that had the potential to provide healthy competition by simply allowing the forces of demand and supply to work and that could have led to competition flourishing. Nevertheless, the decision of the government has been locked into the legislation and the industry has been operating under this market condition for over this period.

Our chief concern is, were there sufficient market assessment conducted at that point in time before a declaration was made; taking into consideration *inter alia* the operating circumstances of the individual licencees, or was it declared because there were two mobile operators (Bemobile and Digicel) and a fixed line operator (Telikom) by simply drawing a conclusion that an implied monopoly exists.

It is, therefore, our view that a proper assessment of the market has been overlooked and a declaration of the domestic mobile terminating access services and the domestic fixed terminating access service were made based on market assumptions.

#### **B. PROPOSED RENEWAL OF THE DECLARATION OF THE DOMESTIC MOBILE TERMINATING ACCESS SERVICES AND THE DOMESTIC FIXED TERMINATING ACCESS SERVICE**

Telikom notes the views and comments offered by NICTA taking into consideration the declaration criteria under Section 128 of the Act and the draft declarations and other annexures.

While we note the terms of reference under this inquiry, Telikom is of the view that the discussion paper has not widely covered the relevant market of the domestic mobile terminating access services and the domestic fixed terminating access service. Much of the discussions have been attempted to satisfy the declaration criteria which in our view also lacks evidence based assessment.

The declaration criteria from (a) to (c) requires extensive assessment of the two distinct markets (mobile and fixed) before a declaration is considered or otherwise. The views and comments offered are general market assumptions and therefore a criteria test is necessary, in our view.

#### **C. ACHIEVEMENTS AND PLANNED ACHIEVEMENT OF THE DECLARATION OF THE DOMESTIC MOBILE TERMINATING ACCESS SERVICES AND THE DOMESTIC FIXED TERMINATING ACCESS SERVICE**

##### **C.1 ACHIEVEMENT(S)**

Over the declaration period, what has been the notable achievements realised in the domestic mobile terminating access services and the domestic fixed

terminating access service. It would be fair and reasonable to inform the licencees of what has been the outcome as a direct result of the current declarations.

Telikom therefore requests that NICTA inform the Licencees and the industry participants the achievements as a result of the current declaration.

## **C.2 PLANNED ACHIEVEMENTS**

Under the proposed renewal of the declaration of the domestic mobile terminating access services and the domestic fixed terminating access service, Telikom propose that NICTA should set out clearly what it intends to achieve as result of the renewal of the Declaration.

It would be unreasonable to continue to make a declaration without knowing what it intend to achieve during the duration of the declaration period. That bench mark should be set so that everyone concerned should work towards achieving it.

## **D. DRAFT REGULATORY INSTRUMENTALITIES**

A series of draft instruments have been attached as annexures to the consultation paper for views and comments. At this juncture, Telikom is unable offer any comments given the above views, however the draft instrumentalities are somewhat similar to the existing instruments.

Should you require any clarification and or explanation on any aspect of this submission please contact Paulus Ain, Manager Regulatory on 300 4017.

Yours sincerely,



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**Mr. David Kulu**  
Company Secretary