



TELIKOM PNG LIMITED
“our communication company”

**RESPONSE TO NICTA COMMENTS REPORT ON
INTERNATIONAL CONNECTIVITY MARKETS**

Date: 19/12/2012

Telikom PNG Limited notes all the comments by NICTA in its Response to Comments Report dated 7th December 2012. Telikom wishes to express that its silence on the other comments not included in this response does not necessarily mean that it agrees with NICTA or any other party.

In response to NICTA’s Draft Response Report on International Connectivity Markets, Telikom submits the following comments:

As submitted by NICTA in Paragraph :	TELIKOM PNG RESPONDS ACCORDINGLY:
<p>1, 5, 21</p>	<p>Telikom considers that NICTA by conducting the enquiry in the manner it has done, it did not give due regard to an objective of the NICT Act as regarding Telikom’s position as an incumbent public corporation being introduced to competition; in particular giving it time to transform and compete in the market.</p> <p>Telikom therefore considers that NICTA did not give it adequate consultation prior to 1 July 2012 before it decided to conduct an inquiry in order to declare the proposed service. Telikom notes Mr. Wully Ronald’s comments reflect NICTA’s callous attitude towards Telikom. On this basis, Telikom resubmits that it considers the conduct of the inquiry to be harsh and domineering.</p> <p>In regard to comment no.5, where NICTA requested for Telikom to identify an example or concern Telikom submits that NICTA’s manner of treatment on Telikom is demonstrated by NICTA publicly stating in the Policy and Regulatory Forum in Fiji 23-25 July 2012 that it intends to declare the concerned wholesale services thereby predetermining the outcome of this Inquiry even prior to releasing its discussion paper in September 2012.</p>
<p>8</p>	<p>The point here is that Telikom PNG's decision to invest in submarine optic cable international access as an entity were based on commercial grounds. The relevance of these points lies in the fact that once the services under enquiry have been declared, this/these declaration(s) may also have a direct effect on Telikom's revenues and inevitably our returns on investment by possible regulatory controls as well as the market under consideration being opened to access seekers and competing price regimes.</p>

<p>10</p>	<p>Telikom’s comment on the relevant market is misunderstood by NICTA. The presence of the BU at Alotau is an indication that the potential for a competitor to enter the market prevails and a relative reduction of the cost of installing a new cable, the anticipated minimum cost scenario would be for the landing station to be located at Alotau. NICTA did not adequately address this possibility in the Inquiry for operators it had already provided network operator licenses and their capability/capacity to enter the market.</p>
<p>11</p>	<p>NICTA should not, in its comments, presume that Telikom’s terms and conditions would not include or reflect the principles or requirements under the (s) 132 of the ACT. Furthermore any terms or condition, on Telikom’s part, to any agreement would be made on commercial grounds.</p>
<p>13</p>	<p>Telikom maintains that NICTA's claims still need to be qualified in this further statement. NICTA has failed to provide empirical evidence to support its claim.</p>
<p>16</p>	<p>NICTA does not provide adequate justification that Digicel PNG Ltd cannot enter the submarine cable market and simply relies on Digicel’s statement in its submission.</p>