

# TELIKOM LIMITED



**TELIKOM**



**bmobile**

**4G<sup>+</sup>**

**Response to NICTA's Public Inquiry into Potential Retail  
Service Determination (RSD) in Relation to Voice and Data  
– On-net/Off-net Voice and Messaging Services**

**30th November, 2022**

## **1. INTRODUCTION**

Telikom responds to NICTA's request for the public to engage in Public Consultation in accordance with Section 229 of the NICT Act in relation to the Inquiry into whether a recommendation should be made to the Minister for a Retail Service Determination (RSD) for voice and data services – On-net/Off-net Voice and Messaging Services.

## **2. BACKGROUND**

Telikom notes from the Discussion paper that this inquiry for a potential RSD in relation to voice and data services – On-net/Off-net Voice and Messaging Services is specific to Digicel's supply of mobile originated national retail voice call services only. This is because NICTA had found out that Digicel alone has a Significant Market Power (SMP) in the retail mobile call services market. The potential RSD will be for a term of 3 years.

## **3. TELIKOMS RESPONSES**

### **A. Telikom's General Position on the Inquiry**

Telikom's supports this inquiry and agrees for a Retail Service Determination (RSD) on Digicel's supply of mobile originated national retail voice call services, as stated in its responses to NICTA' initial inquiry earlier in March, 2022. This is because of the following reasons:

- a. Telikom agrees with NICTA that Digicel has a SMP in retail mobile call services market as evident in the large market share they occupy in terms of revenue and subscription.
- b. Telikom again agrees with NICTA that Digicel uses its SMP to manipulate prices which discriminates between on-net and off-net calls. Therefore, an RSD on Digicel may encourage competition over time.

### **B. Telikom's Specific responses to matters in the Discussion paper**

#### **The Case for RSD to Prohibit On-ne/Off-net Retail Voice Service Price Discrimination 2022**

##### **4.1 Anti-competitive Effects**

- Telikom agrees with NICTA that service providers who have substantial market power (SMP) for calls may enhance that power by charging very high price differentials between on-net and off-net calls. This is evident in PNG's case where Digicel has the SMP in terms of subscription and revenue and has been using its power to discriminate charges between on-net and off-net calls. Therefore, an RSD is encouraged to reduce this price discrimination.
- Furthermore, Telikom suggests that NICTA considers the possible and already occurring price war between the other two operators (Telikom/Vodafone) in its interest of ensuring competition is maintained in this industry. Otherwise, price wars between lesser players could prove detrimental for competition. Therefore, Telikom recommends that a minimum fixed pricing could be applied across all operators for on-net & off-net calls as a protection mechanism.

- In addition to the proposed consideration for a floor fixed pricing for on-net & off-net calls to prevent price wars between the lesser market players, Telikom further suggests that NICTA should look into the regulatory aspect of introducing Number Portability which should give end users more flexibility to switch between networks with ease.

### **4.3 Application of the Legislated Criteria**

#### **Paragraph (b) in relation to the competition objective**

- Telikom agrees with NICTA that Digicel has a substantial degree of power in the retail voice service market in PNG as proven by the largest market share it holds in terms of revenue and subscription. Digicel is a market leader and has the capacity, in the absence of regulation, to set its own terms and conditions for service in the market and for that to persist in the market over the next 3-year period.
- In addition, there is possibility for customers to be exposed to a material risk of higher prices in the absence of regulation because it seems that Digicel has reduced its prices for voice services over the years. Thus, an RSD is necessary to improve competition and prohibit on-net/off-net price discrimination.

#### **Paragraph (c) in relation to the efficiency objective**

Telikom agrees with NICTA that an RSD will not prevent return on investment for Digicel.

#### **Paragraph (d) in relation to the balance of aggregate benefits and aggregate detriments**

Telikom agrees with NICTA that the aggregated likely benefits of the draft determination are significant and outweigh any detriments.

### **The Terms for the Proposed Retail Service Determination**

#### **5.1 Proposed Licensee**

Telikom agrees with NICTA that Digicel has SMP in the retail mobile services market, hence, RSD should apply only to Digicel.

#### **5.2 Proposed Retail Service**

Telikom agrees with NICTA on the proposed RSD to apply only to Digicel's supply of mobile originated national retail voice call services and should not apply to SMS and data services or any other types of retail mobile services that might be introduced during the period the determination is in effect.

#### **5.3 Proposed Period**

Telikom agrees with NICTA for a term of 3 years for this potential RSD.

#### **5.4 Proposed Term**

Telikom agrees with NICTA's proposed terms.

#### **4. CONCLUSION AND RECOMMENDATIONS**

Telikom had mentioned clearly in its submission to NICTA's initial Inquiry into Potential Retail Service Determination (RSD) in Relation to Voice and Data in March, 2022, that it recommends for NICTA to consider regulation on the differential between on-net and off-net mobile voice calls by Digicel. Therefore, Telikom re-affirms its position in this inquiry for a Retail Service Determination on Digicel's supply of mobile originated national retail voice call services to prohibit on-net/off-net price discrimination of retail mobile voice calls.