



22nd November 2024

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BY: OCEO

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DUAS
For your consideration
and response
Spillhaus
22/11/24

RE: Submission of Comments on Proposed UAS Projects for 2025

Dear Mr Gulo-Vui,

Thank you for the opportunity to respond to the above consultation.

Vodafone PNG (Digitec Communications Limited) welcomes the opportunity to respond to NICTA's consultation on the proposed 2025 UAS Projects, published on 22 October 2024.

Market context

Vodafone PNG considers that it is important to consider plans for UAS Projects in light of the general market context for network deployment.

As NICTA is aware, Vodafone PNG has invested heavily in network deployment as part of its entry as a mobile network operator. This has transformed the market in PNG with 80% reductions in mobile retail prices, thereby contributing significantly to NICTA's vision of increased affordability and connectivity.

Vodafone also wishes to highlight that there are significant challenges and complexities in extending and upgrading coverage in rural areas. These complexities have been accentuated by:

- Vodafone's continued lack of access to 900MHz spectrum – a key low bandwidth spectrum that is most suitable to providing wide mobile network coverage. Vodafone emphasizes that fair access to 900MHz or other low band spectrum is critical for mobile operators to maximise the benefits of the solution deployed. Without a level playing field for spectrum allocation, Vodafone expects that it would not be able to put in compelling bids for UAS projects, and that the issue of fair access to spectrum would need to be resolved on a timely basis to provide an opportunity to bid for UAS Projects for 2025.
- Current proposals to increase fees paid by Vodafone for numbering services and spectrum. Both kinds of fees will harm Vodafone's ability to increase its network coverage.
- The lack of connection between policies designed to enhance coverage, such as licence obligations, UAS funding and infrastructure sharing. Further collaborative discussions between Government and key industry stakeholders are required to maximise coverage using existing infrastructure and funding.



Specific comments on Proposed UAS projects for 2025

Overall, we are satisfied with the direction of the projects that NICTA intends to implement, in the sense that we support devoting most of the funds towards the “Broadband Initiative” and specifically mobile network extensions and upgrades, as these are likely to get broadband to end users most quickly.

Vodafone wishes to make preliminary points about the scope of UAS projects, before turning to comments on the specific UAS proposals in the consultation.

1. Vodafone encourages NICTA to consider how UAS funds can be used to address blackspots in existing network coverage. Coverage quality is a key issue for customers but is not easy to address in all circumstances.
2. While NICTA has understandably focused on larger-scale projects like new mobile towers, Vodafone also considers there is a role for other smaller-scale options in enhancing rural connectivity in areas that are not economically viable. For example, through greater use of satellite backhaul, and through lower cost, smaller footprint, fit for purpose solutions, especially to cover smaller groups of people. Another option is to consider targeted areas to provide coverage first, such as community centres, schools, health centres, etc rather than broader mobile coverage.

Vodafone would welcome further discussions with NICTA on both of these points.

With respect to the specific proposals, Vodafone makes the following comments and observations.

- Vodafone appreciates NICTA’s efforts in providing improved clarity about the particular areas where the projects are to be located, including the use of GPS references for the areas to be covered.
- Vodafone is encouraged by the proposed partnership between the Morobe Provincial Government (MPG) and NICTA for constructing 20 new towers. Allowing ICT service providers to share these towers should encourage broader access to services and fosters competition, which can lead to better service delivery for residents in Morobe.
- Vodafone understands that the 20 sites proposed in collaboration with MPG will have a structure whereby MPG will fund and build the towers, including acquiring sites. Bidders will install active components including power and provide 4G services to the proposed areas, while co-locating and paying a colocation fee to MPG. Vodafone is uncertain exactly what costs are sought to be re-covered with the proposed colocation fee. For example, is it designed to recover operating expenses, or acquisition and build costs for the site?
- Vodafone observes that the colocation fee will be an important determinant of the bidding process, as well as any further decisions by Vodafone to co-locate if Vodafone is unsuccessful in bidding or elects not to bid. Vodafone therefore seeks further details on how the co-location fee is to be set. Moreover, while the NICTA contribution is suggested to cover infrastructure costs associated with power, it is unclear what requirements there will be to power not only the successful bidders’ equipment, but also others that wish to co-locate.
- In situations such as Morobe, where the towers are constructed by provincial governments, NICTA should also consider models for providing ongoing caretaker support to the towers being built rather than leaving this to operators to manage. The recurring costs associated with running a mobile network are substantial, particularly in remote areas where there are issues with power and security. While



noting the requirements of s. 108(4) of the NICTA Act (“whether the UAS Project is sustainable with a one-time capital subsidy”), Vodafone notes that if ongoing operation of sites is unviable then bidding is unlikely.

- Vodafone’s view is also that there is a significant risk that the current Indicative Budget allocation of K 10.65 million is insufficient for the type of tower infrastructure widely rolled out today. This may result in a smaller number of towers being funded than proposed.
- For the 7 Towers not co-funded by MPG, bidders will be required to factor capex for the tower build, site acquisition, and power systems, and also requirements associated with colocation. With respect to other aspects of colocation, Vodafone considers that it is important that the proposed approach is clearly spelled out prior to award and construction. For example:
 - How many collocated tenants should a bidder factor in for a UAS tower?
 - Will there be any guidance provided on power capacity required to be provided and available to each operator (in kW)?
 - What will be the process for an operator to request for colocation?
 - Will there be a guidance provided for colocation fees that will have to be paid to the operator that won the bid and built the site?
 - Will there be guidance provided on tower design to specify the heights for all operator antenna mounts?
 - Who will determine the tower technical specifications? Is there any consideration for feedback from operators on what their requirements are for colocation?

We provide some further specific responses to NICTA’s questions in the following table, highlighting some of the specific challenges with infrastructure deployment and maintenance in PNG and some suggested ideas for further exploration. Vodafone would be happy to discuss these suggestions further with NICTA.

We respectfully request that NICTA consider our submission. We are available to meet and discuss further to substantiate our case, answer any questions, or clarify any aspects of our submission. We look forward to a productive and fair outcome. Thank you.

Yours sincerely,

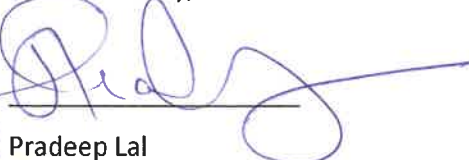

Pradeep Lal
Chief Executive Officer





Table 1: Response to Questions

Focus Areas	Questions	Remarks
Needs Assessment	What are the current ICT needs and challenges in your area	<p>NICTA seeks your views and comments to identify needs and challenges relating to ICT.</p> <p>Between the 3 large operators (and other ISP's), PNG's population coverage is about 80%, however mobile penetration is sub 37%. This suggests it may also be relevant to prioritize increasing mobile penetration to address gaps in existing coverage versus expanding coverage in rural/remote areas.</p> <p>The significant challenges of deployment in rural areas include:</p> <ul style="list-style-type: none">• Most of the rural areas do not have access to grid or reliable/affordable power and affordable backhaul solutions, which is impacting adoption of mobile phone services. We suggest that NICTA work with Government, power providers, other authorities and aid agencies to prioritize expansion of grid or other reliable and affordable power solutions/electrification and licensing affordable satellite solutions, especially for backhaul purposes.• Frequent damage to critical infrastructure including fibre, telecoms towers, etc.• R&M costs are high, especially refuelling, security, satellite backhaul, access, etc, which hinders faster expansion.• A lack of access to spectrum to roll out services, especially in challenging rural terrain, where both Capex and ongoing Opex are significantly higher.• High taxes and duties on telecommunications equipment necessary to expand coverage, especially in UAS and uneconomic areas.• Other barriers to competition which can be addressed by NICTA, including infrastructure sharing, mobile number portability and lower interconnect rates.



Focus Areas	Questions	Remarks