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27th June 2025

Mr. Kila Gulo Vui
Chief Executive Officer
The National Information and Communications Technology Authority
P.O. Box 8444
BOROKO 111
National Capital District
Papua New Guinea

RE: SUBMISSION TO "PUBLIC INQUIRY INTO THE POTENTIAL DECLARATION OF CERTAIN WHOLESALE SERVICES".

Dear Mr Gulo-Vui ,

Digitec Communications Limited T/A Vodafone PNG welcomes the opportunity to respond to NICTA's consultation on the Public Inquiry into the Potential Declaration of Certain Wholesale Services published on the NICTA Website on 14th May 2025 .

Introduction

Vodafone PNG has invested significant sums of money and resources to build out its national telecoms network in just a few short years (no easy feat given the challenging terrain and operating environment). Whilst there is a market for wholesale transmission and Internet capacity services, primarily provided by DataCo, quite often Vodafone is forced to build the transmission link in-house, due to the unreliability of similar transmission links in the same area.

Declaring these wholesale services is critical to ensuring that other operators can compete effectively in retail markets and contribute to Papua New Guinea's digital economy.

Papua New Guinea is no different to many markets globally – retail telecoms prices are falling and yet operating costs are increasing and capex is becoming more difficult to justify and fund, regardless of whether it is for coverage expansion, capacity upgrades or rolling out new technology. Therefore, any initiative undertaken by NICTA to help make a key component of network operators' cost base more efficient is to be welcomed.

From a country economic perspective, significant investment has been made by the Government in the country's international sub-sea cable transmission capacity (Coral Sea Cable System, CS2) and the national sub-sea cable network (Kumul Submarine Cable Network, KSCN) and yet after a number of years in service, utilisation of these key assets remain low. Changes that can improve utilisation will not only benefit DataCo but all national network operators in the country and as a result the Papua New Guinea consumer.

In this submission, Vodafone provides responses to the Questions in NICTA's Discussion Paper:

Question 1: Do you agree with this market definition. If you do not, please explain your reasons.

Vodafone response:

Yes, we agree with the definition for wholesale International Dedicated Submarine Cable Capacity Service. Satellite-based services are not a substitute due to their higher cost and latency. Access to cost-based international submarine cable capacity is critical. The capital expense involved in duplication is impractical.



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Question 2: Do you agree that the proposed declaration fulfils the declaration criteria in Section 128 (a) and (b) by furthering the achievement of the competition objective? If you do not, please explain your reasons.

Vodafone response:

The proposed declaration might/could fulfil the declaration criteria by furthering the achievement of the competition objective, but as stated in paragraph 44, it assumes that there will be cost-based wholesale prices, and this implies that a future Service Specific Pricing Principles Determination will be issued by NICTA. This point is more important to the telecoms sector than it was the last time NICTA undertook a similar review.

We recommend that NICTA include strict non-discrimination clauses and transparent pricing mechanisms in the declaration and it inspects and monitors service provision by DataCo at service set up and from time to time thereafter. This is necessary to ensure compliance and fair competition.

Question 3: Do you agree that the proposed declaration fulfils the declaration criteria in Section 128 (a) and (c) by furthering the achievement of the efficiency objective? If you do not, please explain your reasons.

Vodafone response:

Yes, generally we agree that the proposed declaration fulfils the criteria for furthering the achievement of the efficiency objective in section 128(c).

However, for national network operators, the efficiency benefits depend on reliable service delivery. Unreliable connections require investment in costly backup solutions, undermining efficiency gains. We therefore urge NICTA to require the inclusion of strong SLAs to ensure service reliability, which is critical for retail operators with finite resources to mitigate the risk from outages. It is also important to consider efficient service delivery, as telecoms service providers such as Vodafone PNG should not be burdened with higher prices due to upstream inefficient operating models.

Question 4: Do you agree with this market definition? If you do not please explain your reasons.

Vodafone response:

Yes, we generally agree with the proposed market definition for International Submarine Cable Facilities Access Services. However, we would like to see greater emphasis on access seekers being able to interconnect at the cable landing station and the access provider ensuring there is suitable colocation facility available to achieve this. We therefore suggest modifying 57(a) to "Cable landing station colocation facility" and 58(b) to "Physically collocate its facilities in the colocation facility provided by the access provider in the cable landing station".

Question 5: Do you agree that the proposed declaration fulfils the declaration criteria in Section 128 (a) and (b) by furthering the achievement of the competition objective? If you do not, please explain your reasons.

Vodafone response:

Yes, we agree that the proposed declaration fulfils criteria for furthering the achievement of the competition objective.

Question 6: Do you agree that the proposed declaration fulfils the declaration criteria in Section 128 (a) and (c) by furthering the achievement of the efficiency objective? If you do not, please explain your reasons.

Vodafone response:

Yes, we agree that the proposed declaration fulfils the declaration criteria for furthering the achievement of the efficiency objective.

Question 7: Do you agree with this market definition? If you do not please explain your reasons.

Vodafone response:

Yes, we agree with the market definition for Wholesale Long-haul Dedicated Capacity Service. We suggest one small change – to add "may" at the beginning of paragraph 75b in order to provide flexibility to competitors.



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Question 8: Do you agree that the proposed declaration fulfils the declaration criteria in Section 128 (a) and (b) by furthering the achievement of the competition objective? If you do not, please explain your reasons.

Vodafone response:

Yes, overall we agree that the proposed declaration fulfils the criteria of furthering the achievement of the efficiency objective. That being said, DataCo is increasingly active in the large enterprise retail market and could potentially prioritise its retail operations over those of competitors. It will therefore be important that NICTA ensures there is robust wording in a future service specific pricing principles determination, so the theory of improved competition is seen in reality. For example, access terms must be public and NICTA must physically inspect facilities from time to time to ensure equitable access.

Question 9: Do you agree that the proposed declaration fulfils the declaration criteria in Section 128 (a) and (c) by furthering the achievement of the efficiency objective? If you do not, please explain your reasons.

Vodafone response:

Yes, we agree that the proposed declaration fulfils the criteria for furthering the achievement of the efficiency objective. That being said, DataCo's service can be quite unreliable (sometimes due to vandalism which is somewhat outside its control) and this results in the access seeker having to contract a back-up link to have the requisite level of reliability, which adds unnecessary costs to the industry. Increased efforts must be made to reduce cable theft and vandalism so DataCo's service becomes reliable enough that a backup is deemed unnecessary. DataCo should be required to provide stronger SLAs and incur penalties for service disruptions; the current RIO allows for 98.9% service availability which equates to almost eight hours downtime per month. In most cases, this is unacceptable by the end users, which in this case are almost always corporate/enterprise customers.

Question 10: Do you agree with this market definition? If you do not, please explain your reasons.

Vodafone response:

Yes, we agree with the market definition for Wholesale Dedicated Capacity Service. It might be helpful to change the name of the service to "Wholesale Metro Dedicated Capacity Service" so it is clear this is not a long-distance product.

Since at least two other licensees, Telikom PNG and Digicel PNG, also have fibre assets in the main urban areas of the country, would the declaration of this service apply to them as well if they wholesale the service to third party retail service providers?

Question 11: Do you agree that the proposed declaration fulfils the declaration criteria in Section 128 (a) and (b) by furthering the achievement of the competition objective? If you do not, please explain your reasons.

Vodafone response:

The proposed declaration might/could fulfil the declaration criteria by furthering the achievement of the competition objective, but as stated in paragraph 113, it assumes that there will be cost-based wholesale prices and this implies that a future Service Specific Pricing Principles Determination will be issued by NICTA.

We also note that as per Figure 3 in the document, DataCo had only sold 165 of these local wholesale capacity service links by mid 2024. However, the market for these links is significant; they can be used to connect mobile operator base stations and to medium and large enterprise customer premises amongst others. Thus, the fact that a superior service, as outlined in sections 106 to 111, has not resulted in significant market take-up indicates that the current pricing for this wholesale service is not attractive and therefore is unlikely to be cost based.



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Question 12: Do you agree that the proposed declaration fulfils the declaration criteria in Section 128 (a) and (c) by furthering the achievement of the efficiency objective? If you do not, please explain your reasons.

Vodafone response:

Yes, we agree that the proposed declaration fulfils the criteria for furthering the achievement of the efficiency objective. That being said, DataCo's service can be quite unreliable (sometimes due to vandalism which is somewhat outside its control) and this results in the access seeker sometimes having to build its own back-up link to have the requisite level of reliability, which adds unnecessary costs to the industry. Increased efforts must be made to reduce cable theft and vandalism so DataCo's service becomes reliable enough that a backup is deemed unnecessary. We recommend this includes NICTA working alongside lawmakers and law enforcement agencies to introduce and enforce stricter rules and penalties to protect fibre networks against vandalism and theft.

Question 13: Do you agree with this market definition? If you do not, please explain your reasons.

Vodafone response:

We believe the definition should, ideally, be changed so the Wholesale Internet Access Service is only for a non-contended transport of Internet traffic. Contended services degrade end-user experience, particularly for smaller operators serving more price-sensitive retail customers. As per section 130, this service is meant to be purchased by mobile operators and ISPs to then supply mobile and fixed retail Internet services so contention may be included in the delivery of the retail service(s). End user experience will be impacted if there is contention at both the wholesale and retail levels.

Additionally, we request transparency in how points of presence are allocated to ensure that access is provided on a non-discriminatory basis.

Question 14: Do you agree that the proposed declaration fulfils the declaration criteria in Section 128 (a) and (b) by furthering the achievement of the competition objective? If you do not, please explain your reasons.

Vodafone response:

The proposed declaration might/could fulfil the declaration criteria by furthering the achievement of the competition objective, but as stated in paragraph 136, it assumes that there will be cost-based wholesale prices and this implies that a future service specific pricing principles determination will be issued by NICTA.

Question 15: Do you agree that the proposed declaration fulfils the declaration criteria in Section 128 (a) and (c) by furthering the achievement of the efficiency objective? If you do not, please explain your reasons.

Vodafone response:

Yes, in general we agree that the proposed declaration fulfils the criteria for furthering the achievement of the efficiency objective. However, the fact that DataCo sells the wholesale service in a contended manner, sometimes leads to unpredictable retail user experience for their operator customers. We also highlight here the point we made earlier that DataCo's service can be unreliable due to cable theft and vandalism and as a result some operators take a second back-up service, often from a satellite service provider, to support the SLA they have with their retail customers, and this adds extra unnecessary costs for the industry.

Other Comments

Whilst we welcome the initiative taken by NICTA to declare various wholesale markets, we note that when the same was announced in 2019 it took another year before the Service Specific Pricing Principles Determination was published and as a result, there were only four years rather than five where the Determination was effective. We therefore urge NICTA to ensure this time the pricing determination is finalised as soon after the current wholesale markets declaration as possible.



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We also highlight the need for the country to ensure, as best it can, that there is adequate international bandwidth capacity provisioned for seamless failover in the event that connectivity is interrupted on the CS2 cable system and backup is required on the PPC1 cable system.

Finally, Vodafone has a number of points it looks forward to sharing with NICTA at a later date concerning price, SLA etc matters as part of the preparation of the new service specific pricing principles determination.

For any queries to Vodafone regarding this submission, please contact, Mr. Ateen Kumar through email on ateen.kumar@vodafone.com.pg or cell phone (675) 81100008.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Pradeep Lal', is written over a horizontal line.

Handwritten initials 'fw' in blue ink, located to the left of the typed name.

Pradeep Lal
Regional Chief Executive Officer