



INDEPENDENT CONSUMER & COMPETITION COMMISSION

PUBLIC NOTICE

Draft Report Telecommunications Regulatory Contract Review

Telikom PNG Ltd and Pacific Mobile Communications Ltd (jointly referred to as **Telikom**) are currently subject to economic regulation by the Independent Consumer and Competition Commission (the **Commission**). In this regard, the Commission and Telikom are parties to a regulatory contract, which sets out the methodology through which maximum tariffs for regulated service baskets are determined and service standards monitored.

Under the provisions of *clause 11.1* of the *Telecommunications Regulatory Contract* of 16 July 2002, the Commission and Telikom have agreed to review the existing Regulatory Contract with a view to updating various aspects of the Regulatory Contract and price path to reflect current information relating to the future regulated operations and activities of Telikom including recent decisions taken by the government on the telecommunications industry in PNG.

This review of the Regulatory Contract commenced on the 8th September 2003 however was put on hold soon after as a result of a number of important changes in government policy on the overall operations of Telikom and the future aspects of the telecommunications industry in PNG.

The Commission and Telikom have agreed to recommence this review process pursuant to clause 11.1 of the Regulatory Contract to update all regulatory settings to reflect the changed operating circumstances of the business in view of more recent government decisions on the future of the telecommunications industry. In undertaking this review, the Commission has taken into account the Regulatory Principles outlined in the Regulatory Contract and the requirements of the *Independent Consumer and Competition Commission Act 2002* (the Act).

The Draft Report sets out the Commission's preliminary views prior to the release of the final report in relation to Telikom's total revenue requirements and the price path that will apply for regulated telecommunications services over the regulatory period (2007-20110). It is envisaged that this price path will be set in such a way that encourages greater efficiency of operations and provides more certainty to Telikom to plan its investment and efficiency improvements in that achieves over time a higher level of efficiency thereby

resulting in some of these efficiencies being passed on to consumers and to the wider PNG economy.

The report further highlights the minimum service standards and capital expenditures required of Telikom and the likely penalties that it will incur if it fails to meet these requirements.

The paper also provides a brief outline of the timelines the Commission will use in completing this review. Copies of the Draft Report and Draft Regulatory Contract are available from the Commission on the address below.

Submissions are invited from interested persons on Draft Report and possible variations to the settings of the Regulatory Contract. These submissions should be addressed to:

Mr. Thomas Abe
Commissioner & CEO
Independent Consumer & Competition Commission
Post Office Box 6394
BOROKO, NCD

Fax: 325 3980

Copies of the Draft Report and Draft Regulatory Contract can be obtained by writing to the Commission on the above address or in person from the Commission office at Level 1, Garden City Building in Boroko or from the Commission's website on www.iccc.gov.pg

Submissions should be received by the Commission no later than 4pm on the 13th April 2006.

All inquires should be directed to Mr. Fego Ota Kiniafa on telephone (657) 325 2144 or on email fkiniafa@iccc.gov.pg

Authorised by



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THOMAS ABE
Commissioner & CEO

15th March 2006