

A Tale of Two Policies -The need for Suitable and Consistent Policy to take PNG Forward not Back

This is a time of unparalleled change, internationally and in PNG. In the past some countries or regions were able to remain relatively insulated from change. The benefits (and problems) from development have still barely reached remoter parts of PNG, with basic services, taken for granted in much of the world, unavailable or, in many areas, having deteriorated following years of government neglect.

Increasingly isolation is impossible. Aspects of globalisation and technology change are permeating all our lives, and we'll certainly all be affected by major forces, such as climate change (mostly negatively).

PNG has usually been at the receiving end of change, with limited capacity to make much international impact itself. There has, however, been a growing recognition amongst scientists that the diminishing tropical rainforests play a critical role in managing and stabilising the world's climate, notably through storage of carbon. The recent Bali climate talks advanced the principle that preserving existing natural rainforests must be included in post-Kyoto mechanisms to restrain greenhouse gas accumulation, causing global warming. PNG and its forest resource owners potentially stand to gain from increased international recognition of the tropical forests' value, not merely their timber value, but as a retained stock, either conserved in totality or in some cases harvested sustainably.

This opportunity will be lost unless policy is synchronised. PNG has gained recent international commendation from urging international action on addressing climate change, which will so badly affect the Pacific and other lower-lying regions. How can PNG and its communities benefit from the prospective trade in carbon, however, if government on the other hand continues to fast-track 10 "high impact" forestry projects and impose weak sector standards and governance. We need consistent and suitable policies now, safeguarding PNG's credibility and natural resources, whilst ensuring tangible and sustainable benefits to rural communities from conserving their resources.

One area where PNG has seen revolutionary and positive change over the past year has been in mobile phone access. The arrival of Digicel in mid-2007 has brought overdue competition to the market and a rapid extension of phone access.

The incumbent telephone operator, Telikom PNG, has enjoyed 52 years controlling telecommunications. Back in the 1960/70s its forerunner was a showcase amongst developing countries when introducing microwave repeaters across PNG. It had a conviction that, despite poor transport infrastructure in PNG, telecommunications could be a key driver of development. In the early 1980s PTC was increasingly politicised, causing the loss of competent Board and management members. Progressively cronyism infiltrated senior professional and technical positions, with morale and focus becoming casualties, as with other state-owned enterprises. Many competent and dedicated staff remain in Telikom and other SOEs, but working in an atmosphere lacking corporate accountability or the main driving force of innovation and performance: competition.

Last Wednesday an all day workshop on Information and Communications Technology (ICT) was held at UPNG. One participant observed that Australia was the first country whose Government was overturned partly over ICT policy. As the day unfolded, with presentations made to a packed house, it was clear how critical ICT has also become to PNG; how concerned the wider public and businesses are over the issue.

The Morauta Government established the independent regulator, ICCC, licensing authority Pangtel, and pursued Telikom's privatisation, but undertook inadequate consensus building. After an aborted privatisation effort the Somare Government opened the way for new operators in mobile telephony, even advancing the deadline. The benefits have been obvious and dramatic. Mobile phone access has extended dramatically, with major further expansion scheduled during 2008 under Digicel's massive US\$350 million investment programme and B-Mobile's response. Prices for calls (and handsets) have been slashed, although Telikom subscribers would prefer more investment and improved reliability in mobiles, landlines and internet than so much costly advertising.

Competition is the driving force, but Digicel is moving at the pace of a vibrant private sector enterprise, willing to commit capital and take services into rural areas, hitherto seen as too costly by the incumbent, constrained by its moribund public sector ways. We need genuine competition, requiring at least two active players, providing a full range of services. We cannot afford any player being restrained by obsolete public sector ways and lack of capital, or unnecessary operating restrictions.

PNG needs widespread, affordable and reliable telecommunications services. ICT is fast moving. The technology is rapidly converging, so that mobile phones can now provide a wide range of functions, including banking and internet access. In many countries which never had landlines such services are now provided solely through mobile telephony. The major growth in communications access in recent years has been in developing countries, with prices slashed for internet access to a few kina or less per month. Despite some price reductions PNG's phone and internet access is still vastly costlier than most other developed and developing nations, making use of internet for downloading major files prohibitive. Access to internet is less than 1% of the population, with mobile access still low by international standards, although rapidly growing particularly over recent months.

Most find it extraordinary that PNG is still debating the pros and cons of competition. That debate is long over elsewhere, with competition recognised almost universally as providing the needed stimulus for better service, with the users (i.e. the public) being the beneficiaries. Sadly, government here has long given priority to protecting ailing state-owned enterprises in telecommunications and other fields, rather than wider community interests. Last week's workshop demonstrated the major benefits to the community, including small business, from improved mobile access, generating extensive new jobs right to village level, and boosting the country's GDP. Further extending affordable mobile services and opening up other telecommunications, including gateway access for internet, to full competition, will ensure lower prices and greater usage spreading opportunities through urban and rural areas, for business, rural banking and services such as education, health and law and order. It is sometimes argued that SOEs provide services to remoter areas, but in PNG the SOEs

have failed in this regard, with B-mobile providing only urban coverage, PNG Power's rural services largely ceased, and only third-level operators like MAF serving rural airstrips.

Government has taken some positive steps in ICT over recent years, and provided positive assurances on competition, but has so far failed to secure public trust and confidence. Policy-making remains behind closed doors, with new ICT drafts reportedly being drafted currently, but by whom and saying what?

The workshop concluded that: -

1. Connectivity between mobile phone networks is required immediately, with affordable "termination" costs
2. ICT policy formulation must be rational, transparent and participatory – with an effective mechanism for private sector/civil society dialogue (e.g. through CIMC/or restored Impediments Committee/NWGIBI). Transparent and open dialogue is also required for media, including television aspects of ICT policy.
3. ICT policy should be forward-looking, enabling converging technology (mobile/internet/cable/VSAT/main gateways/last mile access, etc), not artificially locking PNG into obsolete, exclusive or current systems
4. multiple independent gateways (for mobile telephony and data/internet), are required to provide competitively greater service and reliability
5. the regulatory environment must be transparent and independent (run by ICCC, with Pangtel as licensing authority)
6. improved rural livelihoods is a primary focus, entailing affordable access to mobiles and internet including for education and banking
7. community service obligations must be fulfilled

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