



Malaysian Communications and Multimedia Commission

PUBLIC CONSULTATION PAPER
Affordable Broadband Packages

13 March 2015

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PREFACE

The Malaysian Communications and Multimedia Commission ("**MCMC**") invites submissions from industry participants, other interested parties and members of the public on the questions and issues raised in this Public Consultation Paper ("PC Paper") concerning **Affordable Broadband Packages**.

Submissions are welcome on the specific matters on which comment is sought and on the MCMC's preliminary views. Submissions are also welcome on the rationale and analysis in this PC Paper where no specific questions have been raised. Such submissions should be substantiated with reasons and, where appropriate, evidence or source references. Written submissions, in both hard copy and electronic form, should be provided to the MCMC in full by **12 noon, 27 March 2015**.

Submissions should be addressed to:

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Malaysian Communications and Multimedia Commission
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In the interest of fostering an informed and robust consultative process, the MCMC proposes to make submissions received available to interested parties upon request. The MCMC also reserves the right to publish extracts or entire submissions received. Any commercially sensitive information should be provided under a separate cover clearly marked '**CONFIDENTIAL**'. However, for any party who wishes to make a confidential submission, a "public" version of the submission should also be provided.

The MCMC thanks interested parties for their participation in this consultative process and looks forward to receiving written submissions.

ABBREVIATIONS AND GLOSSARY

BBGP	Broadband for General Population
BR1M	Bantuan Rakyat 1Malaysia (or 1Malaysia People's Aid)
CMA	Communications and Multimedia Act 1998
DSL	Digital Subscriber Line
GNI	Gross National Income
GST	Goods and Services Tax
HSBB	High-Speed Broadband
ITU	International Telecommunication Union
MCMC	Malaysian Communications and Multimedia Commission
MCMC Act	Malaysian Communications and Multimedia Commission Act 1998
Minister	The Minister of Communications and Multimedia Malaysia
MVNO	Mobile Virtual Network Operator
NPOs	National Policy Objectives
OKU	Orang Kurang Upaya (or Disabled Person)
PC Paper	This Public Consultation Paper
PC Paper on Rates Rules	Public Consultation Paper on Review of Rates Rules
TM	Telekom Malaysia Berhad
UNESCO	United Nations Educational, Scientific and Cultural Organisation

SUMMARY OF ISSUES FOR COMMENT

The MCMC welcomes comments particularly on the following questions and issues raised in this PC Paper:

Table 1: Summary of questions and issues for comment

Number	Question/Issue
1	<p>(a) If the affordable broadband package is to be made available to everyone (which is not restricted to lower income group), do you agree with the proposed timeframe of 6 months? Please provide data to justify your view.</p> <p>(b) Do you agree with the MCMC's view that the affordable broadband package is to be provided to a targeted group for a longer duration? Do you have any constraints on the duration? Please provide data to justify your view.</p> <p>(c) Do you have any views on the proposal by the MCMC to use the same criteria used under the BR1M scheme to identify the targeted low income group? If not, do you have any other proposals? Please provide details.</p>
2	Do you agree with the specifications provided? In the event that you face any constraints in providing the affordable broadband service, please provide details of the constraints as well as an alternative package (which is as close as possible to the original specification).
3	Please provide feedback on the minimum timeframe required to implement the affordable broadband packages identified above.
4	Do you have any views on the MCMC's proposed way forward?

1 INTRODUCTION

In February 2015, the Minister of Communications and Multimedia Malaysia (“Minister”) made a call and suggestion to the telecommunications operators to reduce the price of communications services for the long-term benefit of the end users. The MCMC welcomes the call made by the Minister and has emphasized that affordable broadband is important in reducing the burden of the citizens, to ensure increase in broadband penetration as well as to ensure that the lower income groups are not left behind in the digital age. To this end, the MCMC would work together with the industry providers to develop broadband packages for the long-term benefit of end users, and welcomes the positive response from the telecommunications operators.¹

Subsequently, the MCMC initiated preliminary information gathering and consultation with 14 licensees on developing an affordable broadband package. As there are two types of broadband packages in the market, fixed broadband and mobile broadband packages, two separate criteria were set. For the fixed broadband package, the service provider was requested to provide a package with at least 1 Mbps and a download cap of 1GB. For the mobile broadband package, the service provider was requested to provide a package with a data quota of at least 1GB. Both plans are required for the duration of a month.

In preparing for this Public Consultation, the MCMC has carefully considered all feedback received from licensees listed in Annexure 1. This PC Paper provides the preliminary results of the MCMC’s deliberations and seeks further comment from interested parties.

The MCMC is also conducting a separate and related Public Consultation on Review of Rates Rules.

1.1 Legislative context

Retail rate regulation is set out in Chapter 4 of Part VIII of the Communications and Multimedia Act 1998 (“CMA”). Sections 197 and 198 relate to rate setting by service providers, wherein section 198 provides the principles that service providers should follow in setting their rates. Sections 199 to 201 relate to the powers of the Minister in relation to setting rates, for example, the Minister may make rules under section 201,

¹ MCMC, *Press Release: MCMC welcomes Minister’s call to reduce prices of communications services*, 16 February 2015 <<http://www.skmm.gov.my/skmmgovmy/media/General/pdf/160213-MCMC-REDUCE-RATES-PRESSER-v1.pdf>> and MCMC, *Press Release: MCMC Chairman: Telcos supportive of Minister’s call to lower broadband charges*, 2 March 2015 <<http://www.skmm.gov.my/skmmgovmy/media/General/pdf/CEOs-Meeting-with-MCMC.pdf>>.

i.e. the current Rates Rules or the Minister may determine special rate regulation regime under section 200.

Under subsection 201(1) of the CMA, the Minister may make rules to prescribe the level of rates to be charged for specified or classes of network facilities, network services, applications services or content applications services (collectively referred to in this section as "for specified or classes of licence categories"). Under subsection 201(2), this includes (but are not limited to) rules about the rates and variation of rates for specified or classes of licence categories, publication or disclosure of rates for the specified or classes of licence categories or rate control mechanisms for specified licensees or classes of licensees, or specified or classes of licence categories.

In carrying out its task, the MCMC is guided by the objects and national policy objectives ("NPOs") of the CMA. The NPOs, which are articulated under section 3(2), are as follows:

- (a) to establish Malaysia as a major global centre and hub for communications and multimedia information and content services;
- (b) to promote a civil society where information-based services will provide the basis of continuing enhancements to quality of work and life;
- (c) to grow and nurture local information resources and cultural representation that facilitate the national identity and global diversity;
- (d) to regulate for the long-term benefit of the end user;
- (e) to promote a high level of consumer confidence in service delivery from the industry;
- (f) to ensure an equitable provision of affordable services over ubiquitous national infrastructure;
- (g) to create a robust applications environment for end users;
- (h) to facilitate the efficient allocation of resources such as skilled labour, capital, knowledge and national assets;
- (i) to promote the development of capabilities and skills within Malaysia's convergence industries; and

- (j) to ensure information security and network reliability and integrity.

Secondly, the MCMC is guided by the statutory functions of the MCMC pursuant to section 16 of the Malaysian Communications and Multimedia Commission Act 1998 ("MCMC Act"). The statutory functions that appear to be most relevant for this review are as follows:

- (a) to advise the Minister on all matters concerning the national policy objectives for communications and multimedia activities;
- (b) to implement and enforce the provisions of the communications and multimedia laws; and
- (c) to consider and recommend reforms to the communications and multimedia laws.

The MCMC will take into consideration all submissions received within the Public Consultation period. The MCMC looks forward to this Public Consultation process being informed by the full participation of the public and industry.

1.2 Rationale and purpose of this Public Consultation

As mentioned above, this PC Paper has been issued by the MCMC to solicit views from industry participants, interested parties and members of the public to assist the MCMC to advise the Minister on the following:

- (a) the identification of affordable broadband packages and the low income group to benefit from the introduction of the packages; and
- (b) the manner in which the affordable broadband packages are implemented.

1.3 Issues for comment

Throughout this PC Paper, the MCMC has identified specific questions and issues particularly relevant to its final decisions. The MCMC encourages comments on these questions in particular and welcomes comments on any other related issues that stakeholders believe are relevant.

It should be noted that where the MCMC has provided a "preliminary view" on any matter relevant to this Public Consultation, this view is provided in the following context:

- (a) it is a proposition only that invites views from parties on whether they agree or disagree, and why; and
- (b) it is not to be taken as a final view of the MCMC.

2 AFFORDABLE BROADBAND PACKAGES

2.1 Introduction

This PC Paper deals specifically with the call made by the Minister to the service providers to reduce broadband prices. It follows on from the approach as described in the Public Consultation Paper on Review of Rates Rules ("PC Paper on Rates Rules"), and some parts of Chapter 8 of the PC Paper on Rates Rules are reproduced or summarised here to provide a context for this Public Consultation.

Affordability of broadband services is not a concern unique to Malaysia, but rather it is an international concern. In fact, the Broadband Commission for Digital Development ("BCDD") was jointly established by International Telecommunication Union ("ITU") and United Nations Educational, Scientific and Cultural Organisation ("UNESCO") in May 2010 to boost the importance of broadband in the international agenda. As such, BCDD has set four new broadband targets for 2015 on making broadband policy universal, making broadband affordable, connecting homes to broadband and getting people online. The BCDD's target 2, which is on affordable broadband, specifies that entry-level broadband services should be made affordable in developing countries through adequate regulation and market forces (amounting to less than 5% of average monthly income) by 2015.

A review was conducted on the international regulatory approaches on broadband services at the wholesale and retail level. Countries, such as the United Kingdom and Australia imposed wholesale regulation in order to ensure competitive broadband services are available at the retail level to consumers. The preliminary view that the MCMC expressed is that any regulation, if required to address competition issues, is imposed at the wholesale level in order to stimulate competition and innovation at the retail level, in line with international experience; whereas retail regulation is more appropriate to ensure affordability.

On the issue of making broadband services affordable to consumers, it was observed that there are different measures taken by countries. Finland and the United States have implemented it through their universal service scheme or a targeted scheme for low income users. Some countries, such as Ireland, Uruguay and Brazil have included entry-level broadband packages, of which some are of a limited duration, i.e. not perpetual, as part of their national broadband plan or national digital strategy to lower the price and to increase broadband penetration. Lebanon, on the other hand, has decided to impose price regulation on different broadband packages.

The MCMC conducted an analysis of affordability of broadband packages in Malaysia. It is observed that as a proportion of household income, for all income categories, whether for an entry-level fixed broadband or mobile broadband package, it is within the goal of affordability as that set by BCDD, i.e. it is less than 5% of the average monthly income of the average household. However, it is noted that when the economic means of the individual consumer group is considered, then it appears that it is more affordable for some segments of society as compared to the others. Hence, it would appear that the lower income group (in this case, it would be represented by the bottom 40% of households) might face a greater burden, as compared to others in society generally.

2.2 Addressing affordable broadband concerns

As broadband is considered as the essential service for the 21st century, issues of affordability of broadband services is at the forefront for the MCMC. In the context of the data above, it appears that broadband services are generally affordable to Malaysians as a whole. However, when income disparity is considered, then the data shows that there is room for further improvement. As such, the MCMC is concerned whether for the lower income group, due to their economic means, affordability of this essential service becomes a challenge.

In this regard, the MCMC has already initiated preliminary information gathering and consultation with 14 licensees on developing an affordable broadband package. As mentioned above, two separate criteria were set. For the fixed broadband package, the service provider was requested to provide a package with at least 1 Mbps and a download cap of 1GB. For the mobile broadband package, the service provider was requested to provide a package with a data quota of at least 1GB. Both plans are required for the duration of a month.

2.3 Preliminary feedback received

Most service providers endeavoured to provide feedback within the stipulated timeframe. Unfortunately, due to the short timeframe that was provided, some of the service providers were not able to revert with proposed affordable packages. There were some preliminary indications submitted by some service providers, but due to confidentiality concerns, the exact proposals submitted would not be reproduced. However, for transparency purposes, for fixed broadband packages of 1 Mbps (with no data capping), the proposals received range from RM68 to RM100 per month, and for mobile broadband packages of 1GB and 1.5GB, the proposals received ranged from RM25-30 per month.

Some service providers, such as Altel, REDtone and Tune Talk have commented that they were not able to reduce their prices any further from their already attractive and affordable broadband packages. Other service providers, such as Celcom, DiGi, U Mobile and YTL have indicated that they require additional time to develop affordable broadband packages. The feedback provided by the service providers, except for the proposed packages, are summarised in the following paragraphs.

Altel commended the effort to reduce the broadband prices for the interests of the end users, but highlights that it is a Mobile Virtual Network Operator ("MVNO") and hence is dependent on obtaining inputs from the mobile operator in order to provide its services. As such, it is only able to recommend its current mobile broadband package at RM28 per 1GB per month, which is reasonably affordable and comparatively cheaper than other mobile broadband packages. In addition, it suggested that affordable packages can be offered by demographics (e.g. students, eKasih or OKU) or by download speed (mobile broadband with speed capped at 512 Kbps) rather than across the board. Finally, Altel highlighted for the consideration of the MCMC to regulate access to domestic roaming.

Celcom highlighted that it is already providing affordable broadband packages such as the Internet package with smartphone (USP package) for Lenovo A369i that comes with 16 months of free data and monthly data quota. Further, its Xpax plan for 2GB is at RM38 per month. Unfortunately due to the shortage of time, Celcom was not able to propose a new package.

DiGi highlighted that it currently offers prepaid and postpaid plans at 1GB for RM25 per month. For the prepaid plan, with the subsequent reloads, the effective price per GB reduces to RM21. This is nearly a 50% reduction of the price in the past 3 years. DiGi provided a tentative proposal, however, due to the shortage of time, was not able to provide details on the proposal.

Maxis highlighted that there are regular discounts in its prepaid packages. Its Hotlink prepaid Internet package come with reload bonuses, such as for a reload of RM10, 100MB of 4G-enabled data is provided free of charge. It also has an attractive Hotlink tablet package. In addition, Maxis offers subsidised affordable handset packages bundled with free broadband for Lenovo A316i and Lenovo A7-30. For its postpaid packages for 3GB, it is at RM48 per month, which is effectively, RM16 per GB. Maxis proposed a new affordable package for duration of 3 months and indicated that it is open to further discussion.

Packet One fully supported the move to make broadband affordable to all especially to the lower income group. It highlighted that its lowest package is the Internet for Home

at 1 Mbps with 5GB quota which is available at RM59 with a current recurring promotional rebate of RM20. This means that the package which is available nationwide is effectively only RM39 per month. It also welcomed the review of the Rates Rules and looks forward to providing more feedback during the consultation.

REDtone supported the government initiative, however, it highlighted that it had recently launched promotional packages for new and existing WiMAX customers in East Malaysia. REDtone has three plans for speeds of 1 Mbps downlink and 384 Kbps uplink, namely Flexi, Home Lite and Basic, whilst its Pro package has download speed of 2 Mbps and upload speed of 384 Kbps. For the new subscribers to Flexi, Home Lite and Basic packages, there is a 50% discount applicable on the second, third and fourth months, whilst new subscribers to Pro package would receive 50% discount for 6 months. Existing customers of all packages would enjoy a 5% discount on first year of contract renewal, whilst 10% discount is available for the second year of contract renewal.

TIME viewed that if broadband prices to end users are regulated, it would not attract further investment from other service providers in areas where the incumbent is funded for the rollout of broadband, especially in high density urban areas. TIME also provided its comments that if the MCMC intends to regulate broadband prices through the Rates Rules, then non-incumbent operators such as itself, should only be subject to provide digital subscriber line ("DSL") services. However, for TM, the obligation would be applicable to all areas where there is deployment of high-speed broadband ("HSBB") or broadband to general population ("BBGP"). It viewed that the fixed broadband package at 1 Mbps should have a minimum contract of one year. TIME also commented that the Rates Rules should only apply to consumer segment and not the business segment. Finally, it opined that wireless broadband packages with Mandatory Standard of Quality of Service should also be included in the Rates Rules.

TM proposed a package to cater to the low income group with a minimum subscription period of 12 months. This package is open to the residential category and is available to a new subscriber, who has an existing voice plan.

Tune Talk appreciated the effort made to reduce prices, but is unable to provide a proposal to reduce its rates further within the short period of time. Tune Talk would need to discuss further with the mobile operator that is providing wholesale services to it. It pointed out that its current promotion provides a 40% discount on voice/data/SMS, such as a purchase of airtime of RM30 comes with free additional RM10. Further, Tune Talk already offers 5GB for RM48 per month. Finally, it requested for an independent survey to be conducted first, in order to understand the landscape and the expectations of consumers.

YTL highlighted that affordability can be addressed through its existing plans such as Campus Plan, at RM28 per month with a data cap of 1GB (with 300MB of free data) and 100 minutes of voice calls and 400 SMS (with 100 off-net). Other plans include iBestarinet and FIZ Plan, which is an unlimited data plan of 1MB at RM79 per month for the rural areas. YTL is open to discussions on proposed packages, however, such a proposal requires an in-depth study that could not be completed within a few days.

2.3.1 MCMC's preliminary view

The MCMC notes the views provided, and appreciates the difficulty in proposing affordable broadband packages in the short timeframe that was provided. Hence, this Public Consultation provides another opportunity for service providers to provide their feedback.

Secondly, the MCMC notes that many service providers have highlighted that they already provide affordable packages. The MCMC concurs that the prices are generally affordable to most of the population, but there continue to be those who are in the lower income group, and for them, it may be less affordable.

Thirdly, the MCMC also notes that some service providers have indicated that they face difficulty in reducing the rates further. Issues highlighted such as wholesale regulation of domestic roaming would not be addressed in this Public Consultation, and is more appropriate to be directed to the Access List review. The MCMC appreciates the fact that there are costs incurred by all service providers in provisioning broadband services and that some issues cannot be addressed within a short period of time. Nevertheless, the MCMC views that service providers are still in a better position (as compared to the MCMC) to propose affordable packages that meet the criteria.

The MCMC has reviewed the proposals received, and believe that service providers are in a position to propose further reductions. Hence, the MCMC would encourage all service providers (including those that have made initial proposals) to take this final opportunity with due consideration and make proposals that actually reflect an actual price reduction from existing broadband packages for the benefit of the lower income group, in the spirit of adhering to the Minister's call.

2.4 Issues for consideration

Several issues arose as a result of the preliminary consultation that was held, and would be considered in this section in order to provide further guidance for the service providers in developing their respective affordable broadband packages.

2.4.1 Intended beneficiary and duration of package

In the design of an appropriate affordable broadband package, both the intended beneficiary and the duration that the package should be made available are important considerations that would need to be factored in by the service providers.

The availability of the affordable broadband package, whether it should be made available to all, i.e. for existing as well as new subscribers or to be made available to a targeted group, is highly dependent on the intention of the effort. Where the intention is to benefit all levels of society, then it should be available to all. What this could mean is that the existing customers who are already subscribing to broadband services would switch to a cheaper package (if it suits their need). This could augur well to consumers in general, who due to the general and broad-based GST implementation are left with a much lower disposable income. The potential beneficiaries in such a case would be broader, not just the bottom 40% of households or those consumers who receive BR1M subsidies, but all consumers who are hit by the rising costs of living. This however means that it may not increase the broadband penetration rate significantly.

Service providers, on the other hand, may be concerned as they could foresee the churn of customers to cheaper packages. The MCMC acknowledges their concerns, however, under tougher economic circumstances, churn to other packages may be a better alternative than loss of consumer subscriptions altogether.

However, if the intention is to increase broadband penetration and to target those who are not yet broadband subscribers, then a more targeted approach is better. In this case, TM's proposal which is for low-income residential users and targeting new users is a good example. The effect to this approach would not be felt across the board, but would address the needs of the group that is not yet connected to broadband services due to affordability issues. Service providers in general could be more receptive to this approach, as the overall effect is positive, with potential new subscribers joining their networks.

A related issue is the duration that the affordable broadband package should be made available. If the affordable broadband package is to be made available generally to everyone or the entire population, the trade-off is that it would be offered on a limited duration. This was also observed in other countries that introduced affordable or entry-level broadband packages, these packages were not offered perpetually. For example, in Ireland, after the National Broadband Scheme that provided for the affordable broadband services ended, the broadband services were available on a commercial basis. This is explained in more detail in the PC Paper on Rates Rules. The duration should not

be too short, as otherwise, the effect of implementing the affordable broadband package would not be felt. However, it cannot be too long as well, as there are costs that would need to be borne by service providers. In consideration of both, a timeframe of 6 months is proposed.

Conversely, if the affordable broadband package is to be made available only to a targeted group, then the affordable package can exist for a longer time, for example, TM's current Streamyx package for OKU.

The MCMC has considered the implications of having a broad-based approach for a short duration against a more targeted approach for a longer time frame, and tend to lean towards a targeted approach. This is consistent with the approach in the PC Paper on Rates Rules as the way forward in retail regulation. Further, based on the data analysis, the affordability issue affects the bottom 40% of the households more markedly as compared to other levels of society. Hence, an affordable broadband package made available to this lower income group would address their needs directly, and with the package being made available for a longer duration, the effects of this could be more sustainable.

If this targeted approach is taken, then the next issue to be addressed is to identify this lower income group. The MCMC has considered whether the same criteria as that applicable for the BR1M aid scheme could also be applicable in this regard. The criteria for the Malaysian citizens are as follows:

- (a) Gross monthly household income of RM4,000 and below;
- (b) Senior citizens (aged 60 and above) with gross monthly salary of RM4,000 and below; or
- (c) Single aged 21 and above with gross monthly salary of RM2,000 and below.²

Question 1

- (a) If the affordable broadband package is to be made available to everyone (which is not restricted to lower income group), do you agree with the proposed timeframe of 6 months? Please provide data to justify your view.

² Details can be found at the Inland Revenue Board's website <https://ebr1m.hasil.gov.my/login_3.aspx>.

- (b) Do you agree with the MCMC's view that the affordable broadband package is to be provided to a targeted group for a longer duration? Do you have any constraints on the duration? Please provide data to justify your view.
- (c) Do you have any views on the proposal by the MCMC to use the same criteria used under the BR1M scheme to identify the targeted low income group? If not, do you have any other proposals? Please provide details.

2.4.2 Specifications of the affordable broadband package

As there are many packages available in the market currently, whether for fixed broadband or for mobile broadband packages, and whether for data only packages or for bundled packages, there is a need to specify the minimum criteria for an entry-level data only package. It is somewhat similar to the criteria specified during the preliminary consultation. The criteria are as follows:

- (a) Fixed broadband package which is a data only package must be at least 1 Mbps with a download cap at 1GB, and available for duration of 30 days; and
- (b) Mobile broadband package which is at least a 3G data only package, with a minimum data quota of 1GB, and available for duration of 30 days. There should be **both** prepaid and postpaid plans offered by the service provider.

Question 2

Do you agree with the specifications provided? In the event that you face any constraints in providing the affordable broadband service, please provide details of the constraints as well as an alternative package (which is as close as possible to the original specification).

2.4.3 Implementation timeframe

Assuming that the affordable broadband package as proposed is accepted, the MCMC would like to know the minimum duration of time that is needed before the package can be made available. This is especially pertinent if the service provider does not provide the service at this point in time.

Question 3

Please provide the feedback on the minimum timeframe required to implement the affordable broadband packages identified above.

2.5 Proposed way forward

Option 1: Service providers to propose affordable broadband packages

This is the MCMC's preferred approach, wherein, the service providers would propose fixed or mobile broadband packages based on the specified criteria. This was the intention during the preliminary consultation, but due to the shortage of time, it was not possible for all service providers to propose a package. Hence, this Public Consultation would be a second and possibly final opportunity for the service providers to propose a workable affordable broadband package.

Option 2: MCMC to specify a maximum price for fixed broadband package and mobile broadband package

In the event that the service providers fail to propose fixed or mobile broadband packages on their own, or if the MCMC views in its discretion that the price offered is not attractive, then this is an option to be considered. In deciding the maximum price, the MCMC would consider the data submitted by the service providers, and may make some necessary adjustments.

Option 3: MCMC to specify a percentage of reduction to be applied to all service providers

This is another default option that can be taken should the industry fail in their task to propose workable affordable broadband packages. This option would need to take into consideration the issues for some of the smaller service providers, hence, at this stage, it is proposed that a 10% reduction is applicable to each service provider's product based on the criteria specified in section 2.4.2.

The advantage to this option is that it is easy for both the service providers to apply, and for the MCMC to monitor on the price reduction. There is a disadvantage to this option, as it assumes that the service providers provide a somewhat homogeneous product. It is clearly not the case for broadband plans. If a service provider does not already have an existing product that fulfils the criteria, then the reduction of price would not be applicable to it.

As mentioned above, Option 1 is the preferred option, provided that the prices provided by the service providers are acceptable to the MCMC. However, if the MCMC comes before the situation where it is called upon to exercise its discretion, then Option 2 is preferable as compared to Option 3. Option 2 is based on data that is submitted by

service providers, and is arguably more reflective of the costs of providing the broadband package, as compared to Option 3.

Implementing affordable broadband packages

The MCMC will closely monitor the implementation of the affordable broadband packages by the service providers. Service providers will be required to submit monthly reports on the implementation of the broadband packages. However, should any issues arise, there are specific provisions under the CMA that can be used to address the situation, including but not limited to the Minister's discretion to set rates under section 199 and section 200 of the CMA or to make rules under section 201 of the CMA.

Broadband services are not homogeneous and there is constant flux and vibrancy especially for mobile broadband services. Where circumstances warrant it, the MCMC can exercise its discretion to conduct another Public Consultation, in order to ensure that the affordable broadband packages are reflective of technological changes.

As mentioned above, the option to regulate affordable broadband service is always available to the Minister under the CMA. However, due to the dynamic nature of this service, regulation would necessitate frequent reviews. As broadband service is not yet mature, this may not be the most effective option for achieving the same purpose if another option, such as voluntary industry participation exists. However, the MCMC would like to clarify that by forbearing to regulate at this point in time does not mean that the Minister cannot exercise this discretion at a later date when the situation warrants it.

Question 4

Do you have any views on the MCMC's proposed way forward?

ANNEXURE 1: PRE-CONSULTATION RESPONSES RECEIVED

Responses to the MCMC's preliminary consultation were received from the following stakeholders:

- Altel Communications Sdn. Bhd.
- Celcom Axiata Bhd.
- DiGi Telecommunications Sdn. Bhd.
- Maxis Bhd.
- Packet One Networks (Malaysia) Sdn. Bhd.
- REDtone-CNX Broadband Sdn. Bhd.
- Telekom Malaysia Bhd
- TIME dotcom Bhd.
- Tune Talk Sdn. Bhd.
- U Mobile Sdn Bhd.
- YTL Communications Sdn. Bhd.