

Suruhanjaya Komunikasi dan Multimedia Malaysia  
Malaysian Communications and Multimedia Commission

# Why regulator/regulation and what to regulate in the telecom sector ?

Training on competition policy and interconnection in telecommunications market of Mongolia  
5 July 2003

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## Evolution of market structure in Malaysia

	1980-85	1986-90	1990-95	1996 onwards
Fixed line	Monopoly	Monopoly	Two players	Five players
Cellular	Monopoly	Two players	Five players	Eight players
Internet access		Monopoly	Monopoly	Five players
Broadcast	Two players	Two players	Three players	Five players

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## Convergence of the communications and multimedia sector as a national strategy

The rationale for reform of the communications sector and introduction of a convergence legislation

Vision 2020 – to make Malaysia a developed and industrialized nation  
Knowledge is the driver of the New Economy  
C&M related activities would be at the core of the new engine of growth.

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## Global & local trends in 1997

- Technological development in communications moving rapidly with impact of digitalisation – convergence of technologies and services already a reality
- Malaysia's telecommunications, broadcasting and Internet sector was beginning to be more competitive
- Globalisation and commitments to the World Trade Organisation would have an impact on national strategies

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## THE NATIONAL AGENDA

**Agenda:** Move Malaysia into the K-Economy

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    graph LR
      A[Formulate National Convergence Policy Objectives] --> B[Design an institutional framework for convergence sector]
      B --> C[Design a convergence regulatory framework]
  
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The Malaysian Communications and Multimedia Act 1998 (CMA) was a key legislation to facilitate the growth of convergence activities.

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## 10 National Policy Objectives

1. Creating a global hub
2. Building a civil society
3. Nurturing local content and culture
4. Ensuring long-term benefits for end-users
5. Nurturing user confidence
6. Promoting access and equity
7. Creating a robust applications environment
8. Facilitating efficient allocation of resources
9. Developing industry capabilities
10. Promoting secure and safe networking

*NOTE: Abbreviated from Section 3(2) of the Communications and Multimedia Act 1998 (Act 588)*

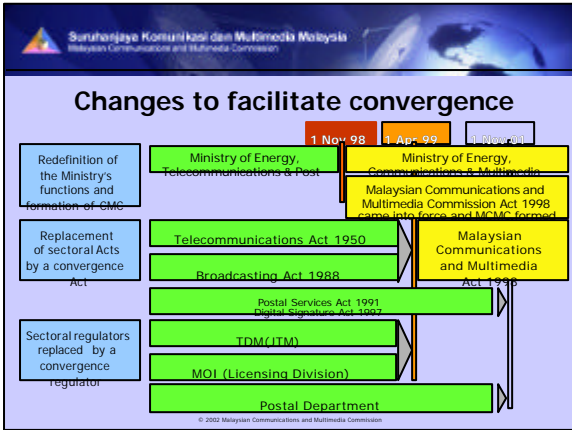
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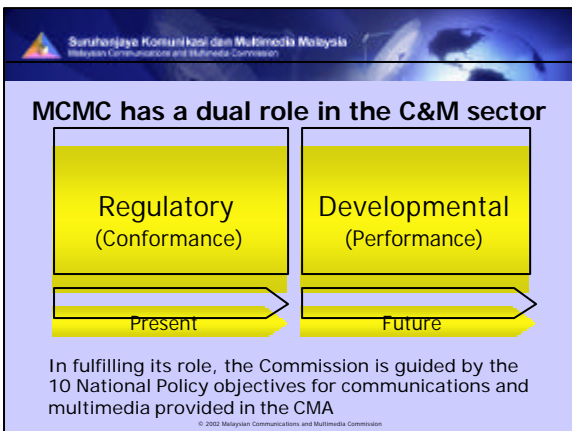
## Principles of the CMA 1998

- Transparency
- Technology Neutrality
- Industry Self Regulation
- Consumer Protection
- Competitive Market Environment

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- The Powers and Functions of the MCMC – under the MCMCA 1998**
- To *advise* the Minister on national policy objectives
  - To *implement and enforce* communications and multimedia laws
  - To *regulate* matters relating to communications and multimedia activities not related to communications and multimedia laws
  - To consider and *recommend* reforms to the communications and multimedia laws
  - To *supervise and monitor* communications and multimedia activities
  - To *encourage and promote* development of the communications and multimedia industry
  - To *encourage and promote* self regulation
  - To *promote* and maintain the integrity of licensees
  - To *render assistance* to persons engaged in communications and multimedia
  - To carry out any function as the Minister may prescribe
- NOTE: Abbreviated from Section 16 of the Malaysian Communications and Multimedia Commission Act 1998 (Act 589)
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- MCMC has management independence**
- Independent operational management
    - Chairman is also the CEO
      - responsible for overall administration and management of day to day affairs & acts under the general authority of the Commission
  - Commission does its own recruitment & sets its own terms of appointment
    - Payment of employees is subject to terms that the Commission determines
    - Commission has disciplinary authority over employees & can make its own regulations subject to Ministerial approval
    - staff not government servants but public officials
  - Free to interact with public and private sector
  - MCMC has powers to appoint agents & technical advisors & carries out consultancies, public inquiries on competition, access, tariff issues etc.
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## MCMC has financial autonomy

- MCMC Fund set up & controlled by Commission
  - Comes from monies from Telecommunications Fund, sums from Parliament, licence fees, charges, levies, investments etc.
  - Spent on paying expenditure of the Commission in carrying out functions, remuneration, purchases, grants of loans etc.
  - Prepares and controls its own budget but is subject to Ministerial approval
  - Annual Financial Report subject to Parliamentary oversight
- Has powers to borrow and invest, subject to approval of Minister & Minister of Finance
- Power to enter into contract but limited up to RM5million
  - Anything beyond requires approval of Minister & Minister of Finance
- MCMC takes only what it needs for the cost of regulation and the balance is spent on industry development

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## The MCMC and its decision making process

MCMC is central to the convergence sector institutional framework that has been adopted by the Government.

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## Roles of the Key Players in the Industry

**CONSUMERS**  
 Exercise choice of services and service providers  
 Impose market discipline

**INDUSTRY**  
 Responsible for service implementation and delivery

**MINISTER**  
 Sets policies and priorities in legislation, and issues subordinate instruments in accordance with the objects of the legislation

**COMMISSION**  
 Implements policies in legislation and Ministerial directions

**ENABLING LAWS**

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## The Commission members

**Tan Sri Nuraizah Abdul Hamid**  
 Chairman  
 Chief Executive

**Tan Sri Kamarul Ariffin** (Content expert/Lawyer)

**Datuk Gan Kuan Poh** (Economist)

**Tan Sri Zaki Tun Azmi** (Lawyer)

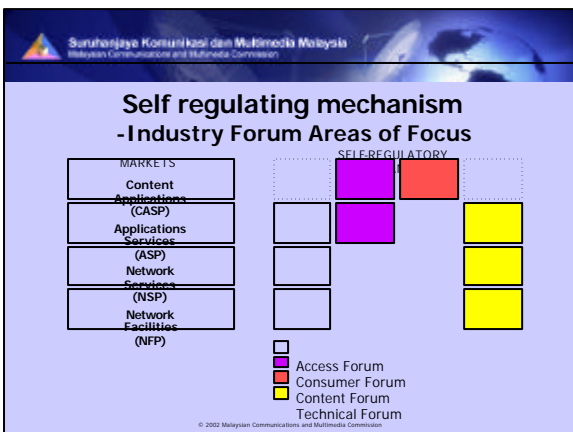
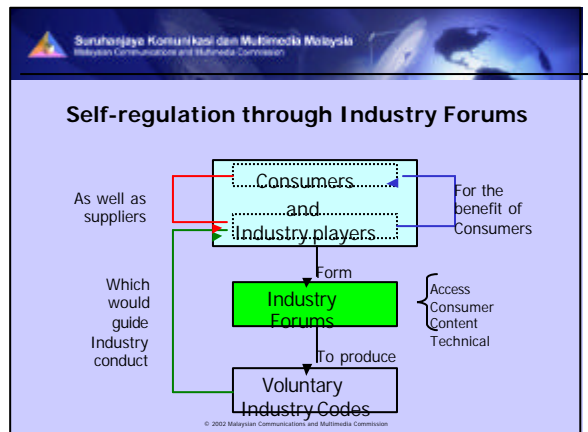
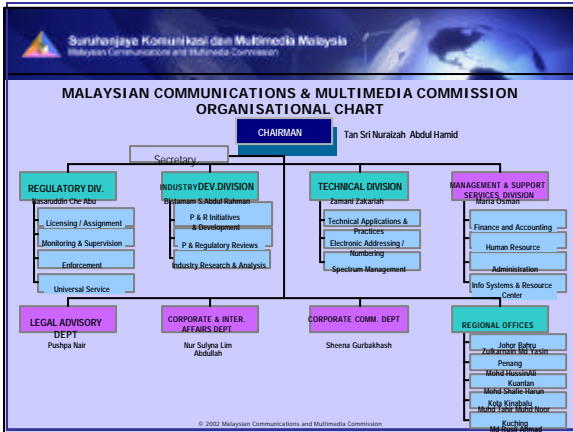
**Datu Dr Sulaiman Mahbob** (Economist)

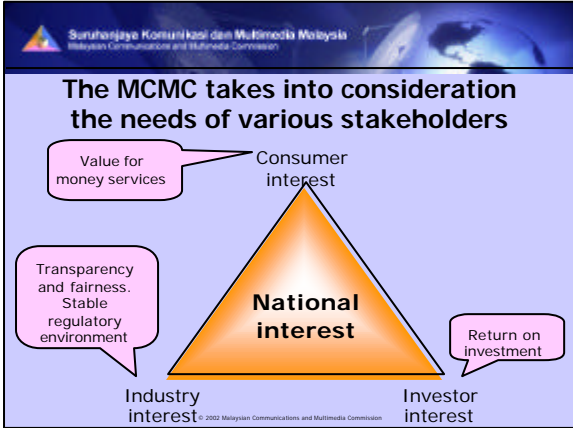
**Raja Dato' Arshad** (Accountant)

**Datuk C. Rajendram** (Finance)

- Commission members appointed by Minister
  - Tenure is for not less than 2 years but not more than 5 years
  - Commission can further appoint committees to carry out its work

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