Access pricing – Malaysian experience

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Agenda

• Access regime in Malaysia
• Costing principles
• Review of Access Pricing (2011-2012)
• Regulated prices for certain services
Upstream and downstream concepts

Vertically integrated operator

Wholesale

Retail

Retail

Consumers

Input required (i.e. bandwidth services)

Upstream

Downstream

Wholesale

Access regulation applies to ensure supply of services at non-discriminatory and equitable terms and conditions including prices to downstream market

Competition from other wholesale providers

By providing the level-playing field, this promotes competition at downstream market
Key players

ACCESS PROVIDERS

Network Facilities Provider

Network Service Provider

ACCESS LIST SERVICES
(network facilities, network services, other facilities/services that facilitate provision of network services or applications services)

Standard Access Obligations

Network Facilities Provider

Network Service Provider

Application Service Provider

Content Applications Service Provider

ACCESS SEEKERS
Standard access obligations

- The obligation to provide access to network facilities or network services *listed* in the Access List on *reasonable terms and conditions*

- The provision of access by Access Provider shall be:
  - Of at least the same or more favourable technical standard and quality as the technical standard and quality provided on the Access Provider’s facilities or services;
  - On an equitable and non-discriminatory basis
Key instruments

**Access List**
- Determined by Commission under section 146
- Contains 19 facilities and services
- Currently under review

**Mandatory Standard on Access**
- Non-pricing terms and conditions consistent with standard access obligations
  - Symmetric obligations and rights to all licensees
- Flexibility is provided to allow detailed terms and conditions to be negotiated
- Will be reviewed in 2015

**Mandatory Standard on Access Pricing**
- Sets maximum prices for 9 facilities and services on Access List from 2013 to 2015
Current Access List

Local access

- Full Access Service
- Line Sharing Service
- Sub-loop Service
- Bitstream Services
- Digital Subscriber Line Resale Service
- Wholesale Line Rental Service
- HSBB Network Service with QoS
- HSBB Network Service without QoS

POI

- Fixed Network Origination/Termination Service
- Mobile Network Origination/Termination Service
- Interconnect Link Service
- Network Co-Location Service

Domestic backhaul

- Transmission Service
- Wholesale Local Leased Circuit

Submarine Cable Landing Station

- Domestic Connectivity to International Services (Connection Services)

Infrastructure Sharing

Digital Terrestrial Broadcasting Multiplexing Service
Costing principles

• Appropriate cost recovery
  • Efficiently incurred operating expenses
  • Cost of capital

• Promotion of economic efficiency
  • Efficient service provider
  • Cost-based prices
  • Competitive market

- MCMC commenced review in Oct 2011
- LRIC approach was used for interconnection and transmission services
- Building block approach was used for fixed access network to ensure there is no risk of significant over-recovery of fixed access cost
Key outcomes

Price regulation

- Fixed Network Origination / Termination (Voice)
- Mobile Network Origination / Termination (Voice)
- Co-location Service
- Interconnect Link Service
- Transmission Service
- Wholesale Local Leased Circuit
- Domestic Connectivity to International Services

No price regulation

- Fixed Access Service, Line Sharing Service, Sub-loop Service, Bitstream Services and DSL Resale Service
- Wholesale Line Rental Service
- HSBB Network Services
- Infrastructure Sharing
- Digital Terrestrial Broadcasting Multiplexing Service
## Fixed Network Termination Service

### PSTN Units 2003 - 2005

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<td>sen/min</td>
<td>2.00</td>
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### IP Units 2007

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<tr>
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<td>1.53</td>
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# Fixed Network Origination Service

## PSTN

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## IP

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<td><strong>National</strong></td>
<td>sen/min</td>
<td>2.63</td>
<td>1.50</td>
<td>1.28</td>
<td>1.25</td>
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# Mobile Network Origination/Termination

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<td>28.05</td>
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<td>15.66</td>
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<td>Local termination</td>
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<td>8.05</td>
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<tr>
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<td>8.86</td>
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<td>5.00</td>
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<tr>
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<td>15.63</td>
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- 2013-2015 prices are applicable for both mobile and WiMAX technologies
Transmission (E1)

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<th>2 Mbps transmission service</th>
<th>Units</th>
<th>2006</th>
<th>2007</th>
<th>2008-June 2010</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
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<tr>
<td>Through-Connection</td>
<td>RM/year</td>
<td>26,400</td>
<td>14,282</td>
<td>2,165</td>
<td>990</td>
<td>928</td>
<td>873</td>
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<tr>
<td>Above 0 to 5km</td>
<td>RM/year</td>
<td>48,870</td>
<td>26,439</td>
<td>4,008</td>
<td>1,933</td>
<td>1,723</td>
<td>1,575</td>
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<tr>
<td>Above 5 km to 10 km</td>
<td>RM/year</td>
<td>61,560</td>
<td>36,124</td>
<td>10,687</td>
<td>3,780</td>
<td>3,282</td>
<td>2,950</td>
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<tr>
<td>Above 10 km to 20 km</td>
<td>RM/year</td>
<td>76,680</td>
<td>48,693</td>
<td>20,706</td>
<td>6,608</td>
<td>5,669</td>
<td>5,055</td>
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<tr>
<td>Above 20 km to 30 km</td>
<td>RM/year</td>
<td>91,800</td>
<td>62,933</td>
<td>34,065</td>
<td>10,379</td>
<td>8,850</td>
<td>7,862</td>
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<tr>
<td>Above 30 km to 40 km</td>
<td>RM/year</td>
<td>106,920</td>
<td>77,172</td>
<td>47,424</td>
<td>14,149</td>
<td>12,032</td>
<td>10,669</td>
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<tr>
<td>Above 40 km to 50 km</td>
<td>RM/year</td>
<td>122,040</td>
<td>91,411</td>
<td>60,783</td>
<td>17,920</td>
<td>15,213</td>
<td>13,476</td>
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<tr>
<td>Above 50 km to 60 km</td>
<td>RM/year</td>
<td>137,160</td>
<td>105,651</td>
<td>74,142</td>
<td>21,690</td>
<td>18,395</td>
<td>16,283</td>
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<tr>
<td>Above 60 km</td>
<td>RM/year</td>
<td>390</td>
<td>422</td>
<td>454</td>
<td>377</td>
<td>318</td>
<td>281</td>
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- 2013-2015 prices for different speeds in Peninsular Malaysia and East Malaysia
## Transmission (STM-1)

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<tbody>
<tr>
<td>Through-Connection</td>
<td>RM/year</td>
<td>235,124</td>
<td>122,257</td>
<td>9,390</td>
<td>11,173</td>
<td>10,472</td>
<td>9,856</td>
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<tr>
<td>Above 0 to 5km</td>
<td>RM/year</td>
<td>818,666</td>
<td>425,680</td>
<td>32,695</td>
<td>21,812</td>
<td>19,449</td>
<td>17,775</td>
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<tr>
<td>Above 5 km to 10 km</td>
<td>RM/year</td>
<td>862,345</td>
<td>474,765</td>
<td>87,186</td>
<td>42,664</td>
<td>37,044</td>
<td>33,297</td>
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<tr>
<td>Above 10 km to 20 km</td>
<td>RM/year</td>
<td>905,212</td>
<td>537,067</td>
<td>168,922</td>
<td>74,580</td>
<td>63,976</td>
<td>57,056</td>
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<tr>
<td>Above 20 km to 30 km</td>
<td>RM/year</td>
<td>927,010</td>
<td>602,457</td>
<td>277,904</td>
<td>117,136</td>
<td>99,884</td>
<td>88,734</td>
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<tr>
<td>Above 30 km to 40 km</td>
<td>RM/year</td>
<td>933,690</td>
<td>660,288</td>
<td>386,886</td>
<td>159,691</td>
<td>135,792</td>
<td>120,413</td>
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<tr>
<td>Above 40 km to 50 km</td>
<td>RM/year</td>
<td>964,891</td>
<td>730,380</td>
<td>495,868</td>
<td>202,247</td>
<td>171,701</td>
<td>152,091</td>
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<tr>
<td>Above 50 km to 60 km</td>
<td>RM/year</td>
<td>1,093,050</td>
<td>848,950</td>
<td>604,851</td>
<td>244,802</td>
<td>207,609</td>
<td>183,769</td>
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<tr>
<td>Above 60 km</td>
<td>RM/year</td>
<td>4,200</td>
<td>3,952</td>
<td>3,704</td>
<td>4,256</td>
<td>3,591</td>
<td>3,168</td>
</tr>
</tbody>
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- 2013-2015 prices for different speeds in Peninsular Malaysia and East Malaysia
THANK YOU

Malaysian Communications and Multimedia Commission
Off Persiaran Multimedia,
63000 Cyberjaya, Selangor Darul Ehsan, Malaysia

Website: http://www.skmm.gov.my