

Our Ref.: CELCOM/REG/MCMC-11/300819/mm_lky
30 August 2019

The Chairman
Malaysian Communications and Multimedia Commission ("MCMC")
MCMC Tower 1
Jalan Impact, Cyber 6
63000 Cyberjaya
Selangor Darul Ehsan
Malaysia
(Attention: Spectrum Planning Division)

YBrs. Tuan Al-Ishral,

RESPONSE TO PUBLIC INQUIRY PAPER ON ALLOCATION OF SPECTRUM BANDS FOR MOBILE BROADBAND SERVICE IN MALAYSIA

Celcom would like to applaud MCMC's incessant efforts and initiatives in developing effective spectrum allocation strategy for Malaysia to address the growing demand for data and high speed mobile broadband services. We welcome MCMC's effort to consult the industry on the way-forward for spectrum allocations for mobile broadband. We are pleased to submit herewith our comments for the aforesaid public inquiry paper for MCMC's consideration. Key responses are summarized as follows (please refer to the attachment for more details):

Items	700MHz	2300MHz	2600MHz
Award Mechanism	Beauty contest with proposal on evaluation criteria	Beauty contest with proposal on evaluation criteria	Direct conversion based on current actual utilisation
Timeline for Assignment	<ul style="list-style-type: none"> Assignment process to be completed by Q2 2020 SA start date: Q3 2020 	<ul style="list-style-type: none"> Assignment process to be completed by Q1 2020 SA start date: Q2 2020 	<ul style="list-style-type: none"> Assignment process to be completed by Q4 2019 SA start date: 1 January 2020
Optimum Spectrum Block	Fully assign 45MHz x2 in block of 15MHz x2	One 50MHz block & one 40MHz block	FDD: 20MHz x2 each for Celcom, Digi & Maxis and 10MHz x2 for UMobile TDD: 20MHz block each for Webe & YTLC
Range for Spectrum Fee	<ul style="list-style-type: none"> Material but not excessive upfront fee with exception of 2600MHz band because the band is already in use. Annual fee structure which rewards meeting rollout commitments. 		

Underlying principles for our comments:

- a) Wide band assignment, preferably maximum 3 nationwide network providers (with sharing options made available to other interested service providers) to promote cost/ spectrum efficiency
- b) Spectrum Assignment ("SA") for 20 years for business and investment certainty
- c) Earlier Assignment date for 2600MHz band addresses spectrum hoarding and avoids service disruption to millions of LTE subscribers due to possible changes of current spectrum sharing agreement on 31 December 2019
- d) Reallocation of 2300MHz band to larger block size promises faster mobile broadband speed especially at key market centres
- e) Spectrum fees should be material but not excessive to ensure industry sustainability taking into consideration:
 - trade-off between spectrum pricing and investment in network rollout
 - total cost of spectrum including existing 900, 1800 and 2100MHz spectrums as well as future spectrums in relation to mobile operator revenue, and mobile industry's investment in support of NFCP's targets
 - any major increase in annualised cost of spectrum would negatively impact the current economics of mobile broadband service provision in Malaysia
- f) The credibility to deliver the promised coverage rollout should mainly be scored based on historical track record e.g. network rollout, efficiency, capacity to serve and financial strength e.g. ability to raise funds for network rollout, maintenance and spectrum fees
- g) Significant penalties in the form of performance bonds to ensure delivery of rollout commitment and to prevent spectrum hoarding

We are hopeful that MCMC could consider our recommendations. We believe that a good spectrum allocation strategy is able to enhance mobile network coverage/ quality, invite affordable digital connectivity and encourage digital innovation to maximise the socio-economic benefits.

We will be obliged if your good office could kindly refer to Moriani Mohamed (moriani@celcom.com.my) for any clarifications.

Thank you.

Yours sincerely,
CELKOM AXIATA BERHAD



IDHAM NAWAWI
Chief Executive Officer

Attachments:

1. Summarized response as per template
2. Detailed response (Confidential version)
3. Detailed response (Non-confidential version)