



**Suruhanjaya Komunikasi dan Multimedia Malaysia**  
***Malaysian Communications and Multimedia Commission***

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**COMMUNICATIONS AND MULTIMEDIA ACT 1998**

**COMMISSION DETERMINATION ON UNIVERSAL SERVICE PROVISION**

**DETERMINATION No. 2 of 2001**

Pursuant to the Ministerial Direction on Universal Service Provision, Ministerial Direction No.1 of 2000 and Ministerial Direction on Universal Service Provision No.1 of 2001 and in exercise of the powers conferred by sections 55 and 202(1) of the Act, the Commission hereby determines as follows:

**Citation and Commencement**

1. (1) This Determination may be cited as the **Commission Determination on Universal Service Provision, Determination No. 2 of 2001**.

(2) Subject to sub-paragraph (3), this Determination shall come into operation on the date of registration of this Determination.

(3) Paragraphs 6 to 23 of this Determination shall come into operation on 1 September 2001.

**Interpretation**

2. In this Determination, unless the context otherwise requires –

"area" means a district as defined under the National Land Code;

"basic telephony service" means an applications service involving a public circuit switched voice grade interface or any other switch for the delivery of voice and data communications;

"call termination service to overseas operators" means a service in which an international service operator is allowed to terminate its outbound international calls destined for Malaysia through a licensee;

"collective access" means access to basic telephony and public payphone services by the community in a universal service target;

"designated services" means the services listed in paragraph 18;

"freephone service" means a service in which all call charges are borne by the party being called and the person calling the freephone number is not charged;

"individual access" means access to basic telephony services by individuals in a universal service target;

"international call" means an effective call made between any exchange in Malaysia with any place outside Malaysia where the call is subject to international call charges;

"international roaming" means a service in which a person is able to use his cellular mobile access device to access a cellular mobile service in a country other than the one in which he resides;

"leased line" means any facility including wires and cables which connect two or more premises to an exchange without using a switch;

"licensee" means a person who holds an individual licence or undertakes activities which are subject to a class licence or holds a registered licence under section 278 of the Act;

"local call" means an effective call between:-

- (i) two exchange lines which are connected to the same exchange; or
- (ii) two exchanges where the call is not subject to national call charges;

"national call" means an effective call between two exchanges where the calls are subject to national call charges;

"telephonist assisted call" means any call established with the assistance of a telephonist;

"universal service obligation" means the obligation to ensure that collective access or individual access, as the case may be, in respect of a universal service target is fulfilled;

"universal service plan" means a plan indicating how the licensee will fulfil its universal service obligation, the cost it will incur in doing so and such other information as the Commission may require;

"universal service provider" means a licensee designated as such by the Commission in respect of a universal service target and responsible for implementing the approved universal service plan;

"universal service target" means an underserved area and/or an underserved group within the community as defined in paragraphs 8 and 9 of this Determination;

"weighted revenue" means revenue derived from applying different weights to the designated services.

3. Any term used in this Determination shall, unless the context otherwise requires, have the same meaning as in the Act or the regulations made under it.

4. Unless the context otherwise requires, words in the singular include the plural and vice versa.

## Implementation of Universal Service Provision

5. The system of universal service provision shall be implemented in two phases. Phase 1 of the system of universal service provision shall be as follows:

(1) Universal service will be limited to the provision of essential services, comprising:

- (a) basic telephony; and
- (b) public payphones in rural areas;

(2) Telekom Malaysia Berhad is designated as the sole universal service provider for the year 2001;

(3) All fixed and mobile network operators duly licensed under the Telecommunications Act 1950 and who hold a registered licence under section 278 of the Act will share the cost of providing universal service and shall continue to share such cost if granted with licences under the Act, until Phase 1 is completed;

(4) The costing and contribution for universal service shall be based on the formula below:

- (a) Contributions to the net universal service cost shall be proportional to weighted revenues net of payments to the licensees referred to in sub-paragraph (3), by activity;
- (b) The relative weight applied to different sources of revenue shall be related to the margin achieved on those revenues;
- (c) The formula for calculating the individual contributions shall be:

Contribution

=A x local call revenues

+B x national call revenues and international call revenues

+C x cellular mobile service revenues

+D x other revenues

where A=0; B=1; C=0.5; D=1

- (d) Local call revenues and cellular mobile service revenues shall include both rental and call revenues. Other revenues shall include all other revenues derived from telecommunications services, and ancillary services related to those telecommunications services such as data, leased lines and value added services but exclude sale of equipment and related services;

(5) Phase 1 shall have effect from 1 January 2001 and shall continue until 31 December 2001.

6. In preparation for Phase 2 and thereafter for the purpose of promoting the widespread availability and usage of network services and/or applications services throughout Malaysia, the Commission will undertake the matters set out in paragraphs 7 to 23 of this Determination.

#### **Collective Access and Individual Access**

7. The following are the universal service objectives in order of priority:
- (a) Collective access to basic telephony and public payphone services;
  - (b) Individual access to basic telephony services;
  - (c) Collective access to internet access services; and
  - (d) Individual access to internet access services.

#### **Underserved area and underserved group within the community**

8. An underserved area is defined as an area where the penetration rate for basic telephony service is twenty per cent (20%) below the national penetration rate.

9. An underserved group within the community is defined as a group of people linked by similar characteristics from a socio-cultural or economic perspective, within a served area, who do not have collective and/or individual access based on the priorities set out in paragraph 7 above.

#### **Delivery of universal services**

10. For the year 2001, the Commission will on or before 1 September and thereafter on or before 1 August of each calendar year, publish a notification specifying the universal service targets for the following calendar year. The notification will include:

- (a) Universal service targets in order of priority;
- (b) Licensees (if any) who have facilities or who provide services in or in the vicinity of the universal service targets;
- (c) The penetration rate for basic telephony services in the universal service targets;
- (d) The demand list in terms of customers and lines required;
- (e) The type of services required i.e. basic telephony, public payphone or internet access services;
- (f) The time allocated for the installation of the network facilities and/or the provision for network services or applications services; and
- (g) Such other matters as the Commission considers relevant.

11. Subject to paragraph 12, the designation of a universal service provider will be based on the following:

- (a) Where only one licensee has network facilities in or in the vicinity of the universal service target such that the licensee is in a position to readily install, in the most efficient manner, the network facilities and provide network services and/or applications services to fulfil the universal service obligation, that licensee shall be designated as the universal service provider for that universal service target and shall submit a universal service plan within a specified time for approval by the Commission, (with modifications, if any, as may be agreed);
- (b) Where there is more than one licensee who has network facilities in or in the vicinity of the universal service target such that the licensee is in a position to readily install, in the most efficient manner, the network facilities and provide network services and/or applications services to fulfil the universal service obligation, the Commission shall invite the relevant licensees to submit a universal service plan within a specified time and the licensee whose universal service plan is approved (with modifications, if any, as may be agreed) shall be designated as the universal service provider; and
- (c) Where there is no licensee who has network facilities in or in the vicinity of the universal service target, the Commission shall invite all the licensees to submit a universal service plan within a specified time and the licensee whose universal service plan is approved (with modifications, if any, as may be agreed) shall be designated as the universal service provider.

12. If the Commission does not receive any universal service plans, the Commission may in its absolute discretion designate the appropriate licensee as the universal service provider in relation to a universal service target. The designated universal service provider shall upon designation submit a universal service plan within a specified time for approval by the Commission.

13. In approving the universal service plan, the Commission shall consult with the relevant licensee.

14. The designated universal service provider, the relevant universal service target and the approved universal service plan shall be published by the Commission in the manner it deems appropriate.

15. A designated universal service provider shall on a periodic basis as required by the Commission, submit a report on the progress of the implementation of the approved universal service plan.

#### **Funding of universal service provision**

16. A licensee (except content applications service provider individual licensees, holders of a registered license issued under the Broadcasting Act 1988 and a licensee whose total revenue derived from designated services in a calendar year does not exceed RM500,000.00) shall annually contribute 6% of its weighted revenue (the "Contribution") to the USP Fund unless the Commission by written notification decides to reduce the Contribution based on the Commission's assessment from time to time of the funds required to fulfil the universal service targets, the ability of the licensees to meet this obligation, the amount of moneys available in the USP Fund and such other matters as may be relevant.

17. Payment of the Contribution shall be made not more than thirty (30) days from the date of the notification by the Commission of the relevant Contribution.

18. The list of designated services and the respective weightage are as follows:-

<i>Service</i>	<i>Weightage</i>
Local call	0
National call	1
International call	1
Call termination service provided to overseas operators	1
Freephone service	1
Telephonist assisted call	1
ISDN	1
Audiotext hosting service	1
Cellular mobile service	0.5
International roaming service	0.5
IP telephony	1
Leased lines	1
Other services as may be determined by the Commission from time to time	1

19. Notwithstanding paragraphs 16 and 17, all licensees except content applications service provider individual licensees and holders of a registered license issued under the Broadcasting Act 1988, shall submit to the Commission the following:

- (a) a certified true copy of their audited accounts for the financial year ending in the previous calendar year; and
- (b) a return of revenues for the designated services based on the previous calendar year as certified by the auditors who audited their accounts,

for the year 2001 on or before 1 October 2001 and thereafter on or before 30 April of each calendar year.

#### **USP Fund**

20. The Commission will keep proper accounts of the USP Fund and will as soon as practicable at the end of each financial year, prepare a statement of accounts of the USP Fund which will include a balance sheet and an account of receipts and

payments. The Commission will cause the statement of accounts to be audited by independent auditors appointed by the Commission and will as soon as practicable publish a copy of the statement of accounts.

21. The USP Fund shall be used to assist the universal service providers in implementing the approved universal service plan.

22. The Commission will conduct a study to ascertain the computation of the net universal service provision cost comprising the net cost of implementing the approved universal service plan and the estimated value of indirect benefits, if any, which the universal service provider derives as a result of implementing the approved universal service plan.

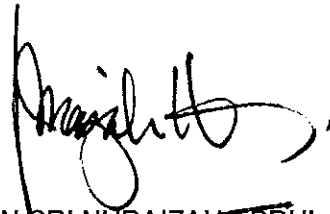
23. The USP Fund shall be disbursed subject to the approval of a committee of the Commission, members of which shall include not less than one licensee.

#### **Revocation**

24. The following parts of the Determination of Cost-based Interconnect Prices and the Cost of Universal Service Obligation, TRD006/98 are revoked:

- (a) the sections under the heading universal service obligations in paragraph 1.4; and
- (b) paragraph 4.

Made 27 March 2001



**TAN SRI NURAIZAH ABDUL HAMID**  
*Chairman*  
*Malaysian Communications and Multimedia*  
*Commission*