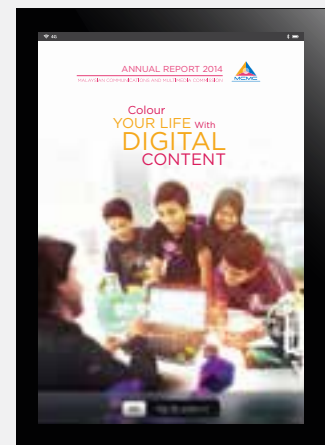ANNUAL REPORT 2014

MALAYSIAN COMMUNICATIONS AND MULTIMEDIA COMMISSION

MCMC

Colour
YOUR LIFE With
DIGITAL
CONTENT

flip to unlock

Penafian
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1MALAYSIA INTERNET CENTRE BRIDGES DIGITAL DIVIDE

The initiative to bridge the digital divide has fulfilled the needs of residents in Kuala Tomani, which has eight villages. Although situated approximately 40km from Tenom, the Kuala Tomani's residents today are able to access high speed Internet. A resident was trained to use computer to look for a job using the Internet. A job application submitted through email led to several interviews. Eventually, he received a job offer.

1Malaysia Internet Centre (PI1M) made all this possible.

Today, on average, more than 100 residents of Kg Kuala Tomani spend their time at PI1M every day. The use of PC and content increased up to 200 hours per day. Memberships surpassed 1,000 people after five months in operation. SK CBC (Community Broadband Centre) opens Monday to Saturday from 8.30am to 4.30pm.

SK CBC is the only broadband community centre in the country fully developed by SK Telecom (SKT) through partnership with MCMC. SKT is South Korea's biggest telecommunications company with nearly 27 million customers.

Thanks to the efforts by MCMC, today there are 306 PI1Ms operating in rural areas across the country since it was first implemented in 2010.   Services provided include access to high speed broadband, WiFi for nearby residents, IT facilities such as 20 computers with software, fax machine, printer as well as ICT workshop, human capital development training programme and other related activities, managed by a manager and an assistant manager.

The use of PI1M computers is monitored by Centralised Monitoring System and the manager to prevent any misuse. In addition, awareness campaign and guide to use the Internet were also carried out.

According to the Minister of Communications and Multimedia, Dato' Sri Ahmad Shabery Cheek, the provision of broadband service widened to remote areas now focuses on Internet speed and coverage. "Our commitment is crucial as we hope that no area is marginalised because they don't have access to 3G, Streamyx and Internet. This is one of our priorities," he said at the launch of SK CBC.

Through PI1M, the provision of information and communication technology (ICT) facilities continues to be the government's priority to ensure people living in rural areas are not left out.

"TODAY THERE ARE 306 PI1Ms OPERATING IN RURAL AREAS ACROSS THE COUNTRY SINCE IT WAS FIRST IMPLEMENTED IN 2010."

10 National Policy Objectives

for the Communications and Multimedia Industry in Malaysia

01	Establish Malaysia as a major global centre and hub for communications and multimedia information and content services
02	Promote a civil society where information-based services will provide the basis of continuing enhancements to quality of work and life
03	Grow and nurture local information resources and cultural representation that facilitate the national identity and global diversity
04	Regulate for the long-term benefit of the end user
05	Promote a high level of consumer confidence in service delivery from the industry
06	Ensure an equitable provision of affordable services over ubiquitous national infrastructure
07	Create a robust applications environment for end users
08	Facilitate the efficient allocation of resources such as skilled labour, capital, knowledge and national assets
09	Promote the development of capabilities and skills within Malaysia's convergence industries
10	Ensure information security and network reliability and integrity

Vision ⊙

A globally competitive, efficient and increasingly self-regulating communications and multimedia industry generating growth to meet the economic and social needs of Malaysia

Mission ⊙

We are committed to:

Ensuring consumers enjoy choice and a satisfactory level of services at affordable prices

Providing transparent regulatory processes to facilitate fair competition and efficiency in the industry

Ensuring best use of spectrum and number resources

Consulting regularly with consumers and service providers and facilitating industry collaboration

Content

Dato' Sri Ahmad Shabery Cheek
Minister of Communications and Multimedia

765,823

Add to   Share   ••• More

30,021   0

Creative industry is the
way forward in the nation's
development agenda.

MINISTER
FOREWORD

" A country's economic growth is not underlined solely by one or two factors. Instead, it is spurred by proper planning and how it is diversified.   If 20 or 30 years ago the country's economic development was driven by agriculture, today the advent of information and communication technology (ICT), coupled with digital and knowledge-based economy, dominates our lives.

The change was evident when government shifted its emphasis towards the development of the country's creative industry. It's not too much to say that the creative industry is the way forward in the nation's development agenda. The country's aspiration is not just to become content users but also exporters of creative contents to generate RM7.2 billion worth of income and create 50,000 new job opportunities by the year 2020. It is encouraging to witness that our export of creative content has reached RM600 million this year, a three-fold increase compared to RM200 million in 2000.

It is clear that the creative and content industry is crucial in realising the country's aspiration to achieve the status of a high-income nation given that it is an enabler to drive our country's economic growth.

The government recognises this potential and has implemented various initiatives such as the establishment of Content Pitching Centre at KL Sentral, the opening of Pinewood Studio in Johor, creative industry fund, KL Converge!, and collaboration with various agencies under the Ministry of Communications and Multimedia to maximise the potential of this industry.

Certainly, the government has provided various forms of assistance and support to those who are interested to grow the creative industry. Hence, they must seize these opportunities.

Therefore, it is very timely that the theme of MCMC's Annual Report 2014 focuses on creative content, inline with government's aspiration to establish Malaysia as a major hub for creative content in this region."

It is clear that the creative and content industry is crucial in realising the country's aspiration to achieve the status of a high-income nation given that it is an enabler to drive our country's economic growth.

CHAIRMAN'S
MESSAGE

Services

2014 was a challenging year for the Communications and Multimedia industry, which comprises the fixed and mobile telecommunication companies, broadcasting companies offering free to air and paid services, as well as the application services industry.

In 2014, there were 54 new and renewed Individual licences issued under the Communications and Multimedia Act 1998 (CMA), consisting of 27 Network Facilities Provider Individual 'NFP (I)' licences, 26 Network Services Provider Individual 'NSP (I)' licences and 1 Content Application Services Provider Individual 'CASP (I)' licence. By the end of 2014, the total number of individual licences recorded were 150 NFP (I), 143 NSP (I), 38 CASP (I). As for the class licences issued in 2014, there were 20 for NFP, 21 NSP, 27 CASP and 505 ASP.

In terms of services, there has been a slight increase compared to the year 2013, with fixed line's household penetration rate at 30.3%, mobile at 148.3% and Internet at 70.2%. With 2020 approaching in five years, there is a need to have sufficient growth of broadband Internet at 95% of households in 2020, with speed of 100 Mbps for urban and 20Mbps for suburban and rural communities.

2014 also marked the year where the country embarked on a new digital TV infrastructure through MyTV.

Social Media

With 9.76 million subscribers on Facebook and 5.49 million on Twitter, social media became an important medium for communication and sharing of information. Harmful content continued to become a source of concern not only for MCMC but society as well. In 2014, there were 2,536 social media complaints. 63 investigations were carried out by MCMC, out of which five were prosecuted in court. An advocacy programme 'Klik Dengan Bijak' was actively carried out to encourage safe use of Internet, particularly among school children.

Content Industry Development

MCMC was also active in promoting the content industry development, not only through funding of content production but also hosting of various programmes to promote creativity, particularly among the young.

In 2014, a grant of RM11.29 million was disbursed for 128 content development projects that include animation, documentary, mobile applications, portals and 1Malaysia related programmes. In 2014, MCMC also organised the League of Creative Teens to identify new talents among school students. In addition Malaysia Developers' Day (MDD) was organised to encourage development of mobile applications.

2014 also witnessed the inaugural hosting of KL Converge! by both the Ministry of Communications and Multimedia (KKMM) and MCMC. The KL Converge! attracted between 25,000 to 30,000 visitors with participation from 12 countries. The success of KL Converge! 2014 has led the Minister to announce that KL Converge! will be an annual event.

Quality of Service (QoS)

With penetration rates, particularly with mobile service reaching 148.3%, quality of service became a bigger concern, not only in rural areas, but also urban. While putting infrastructure is challenging in rural areas, subscribers expect the same level of quality of service since they are paying the same price. In urban areas, with the growth in data consumption, telco networks were constrained, resulting in numerous quality issues. In 2014, MCMC issued 28 summons and RM1.2 million were collected in fines due to the failure to comply with the QoS standards.

Universal Service Provision (USP)

Since the USP Fund was first started in 2003, the total collection has exceeded RM12.15 billion. RM5.05 billion has been used to bridge the digital divide in telecommunication service (both fixed and mobile), community broadband centres for community Internet broadband use, as well as devices to encourage take up of services. The use of the USP funds has helped to increase the penetration rate of communication and Internet services to the rural and underserved areas. In 2014, 250 new towers, 195 Wireless Villages and 89 1Malaysia Internet Centres were added.

Management of MCMC

As of 31 December 2014, MCMC has a staff strength of 679, with an operating budget of RM194.489 million. This is an increase of RM24.108 million over the budgetary figures of 2013. In 2014, two new buildings were added to MCMC's assets. One 20-storey tower located at Jalan Impact, Cyberjaya now accommodates 522 headquarters employees while another 20-storey tower is for our future expansion. Human capital development continued to be our focus and RM2.33 million was spent on training and human capacity development in 2014. Efforts were

also made to enhance the integrity standards of MCMC staff. Cumulatively 3,232 employees participated in 294 workshops or training programmes in 2014.

Future Challenges
The Communications and Multimedia industry is faced with many new challenges. Top of the list is the impact of unregulated Over The Top (OTT) services that causes disruptions in the telco's businesses. There is also the need to make the last big push for 2020, given the challenging broadband targets under 11th Malaysia Plan. New issues such as spectrum refarming and digital dividend of the 200Mhz spectrum will take centre stage. More importantly, the digital dividend for 2020 will no longer be about voice and data but instead, digital services, particularly mobile data services. For that to happen, there is a need not only to focus on infrastructure but also on data enablement platforms such as the e-identity platform and digital services in sectors such as health, education, e-commerce and payment system so as to provide the richness of the digital economy in the near future.

Acknowledgment
Finally, thank you to YBhg Dato' Mohamed Sharil Tarmizi, who retired as Chairman of MCMC at the end of 2014, for his significant contributions to MCMC for 14 years in various capacities - executive, Chief Operating Officer, Commission member and Chairman. Thank you to all Commission members who provided guidance and actively participated in the decision making of the Commission. Thank you to all stakeholders, the Minister, the Ministry and the industry for all the support and cooperation. Finally, thank you to the employees who have worked so hard to make 2014 another meaningful year both for MCMC, the Government as well as the industry.

Thank you.

Dato' Sri Dr. Halim Shafie (From January 2015 - present)
Chairman, Malaysian Communications and Multimedia Commission (MCMC)

765,823

From January 2015 - present

INDUSTRY DEVELOPMENT

BROADBAND MANAGEMENT

To establish Malaysia as a major global centre and hub for communications and multimedia information and content services, continuous development of the Communications, Content and Infrastructure (CCI) sector is the main thrust for Malaysia's transition from middle to high income economy.

Various proactive measures have been drawn up and implemented to ensure that the Government's aspiration to increase the National Gross Income (GNI) by threefold – from RM22.0 billion in 2009 to RM57.7 billion in 2020 – is realised.

MCMC continues to forge ahead and plays a key role to realise the aspiration through three main focus areas as follows:

i. Incentives
ii. Capacity Development
iii. Strategic Initiatives

INCENTIVES

MCMC has allocated RM100 million to the Creative Industry Development Fund (MCMC-CIDF) for a period of three years (2011 – 2013) by focusing on the development of content for TV, mobile and the Internet. At the end of 2013, the fund allocation period was extended till 2015, with the aim to continue the efforts to develop local creative content industry.

The objective of the MCMC-CIDF is to facilitate and encourage participation by Malaysians in the creation and publishing of multimedia content that has global value in creativity and originality.

For the period from 2011 to 31 December 2014, a total of RM67.12 million from the MCMC-CIDF was approved for the development of 128 projects including eight other projects under the Ministry of Communications and Multimedia (KKMM).

For the period from 1 January to 31 December 2014 alone, a total of RM11.29 million was disbursed to the MCMC-CIDF recipients based on the agreed milestones. The total amount disbursed from January 2011 to 31 December 2014 is RM38.73 million.

As of 31 December 2014, MCMC-CIDF received 586 applications, out of which 128 projects were approved. Out of that figure, 53 projects were successfully completed.
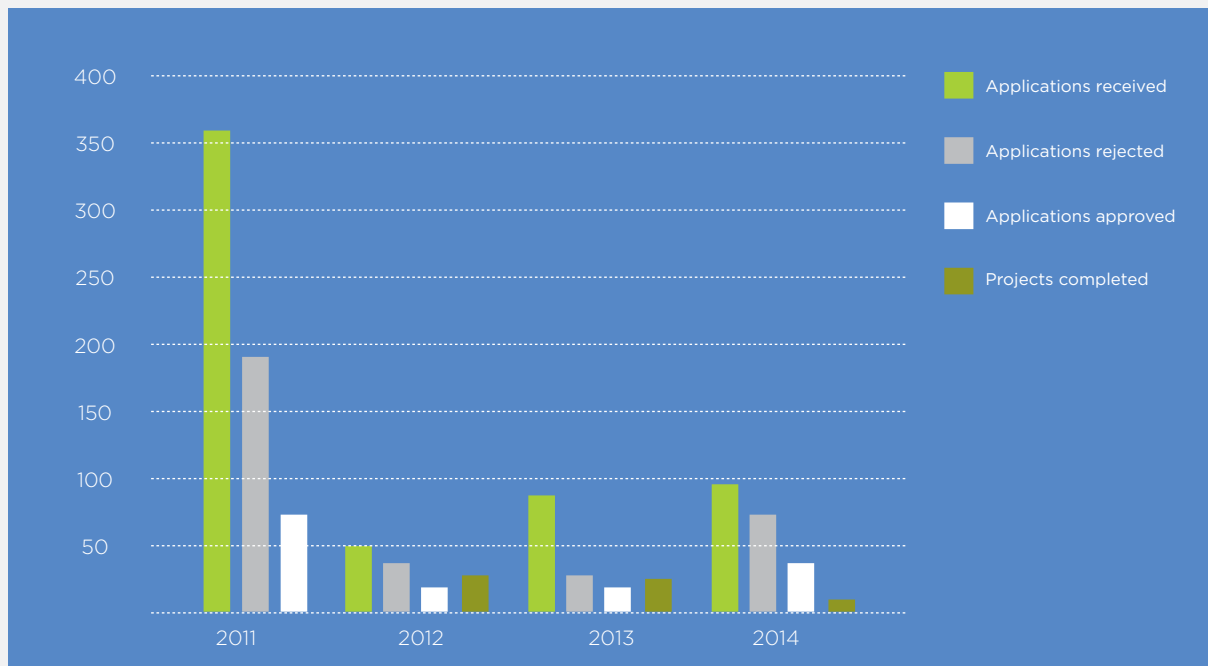

Figure 1: MCMC-CDIF Applications

Documentary

1Malaysia Programming

Portal/Online Game

16%

1%

10%

37% Animation

16%

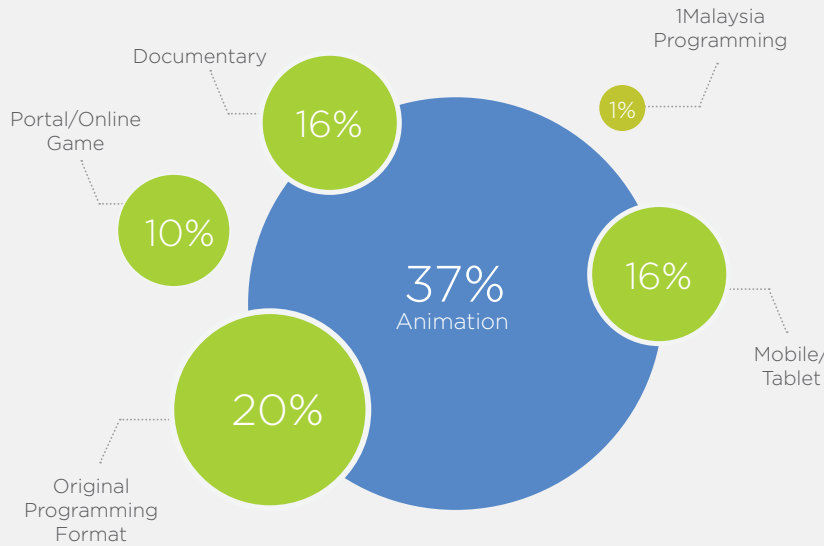**20%**

Mobile/ Tablet

Original Programming Format

Figure 2: Projects Approved According to Focus Areas
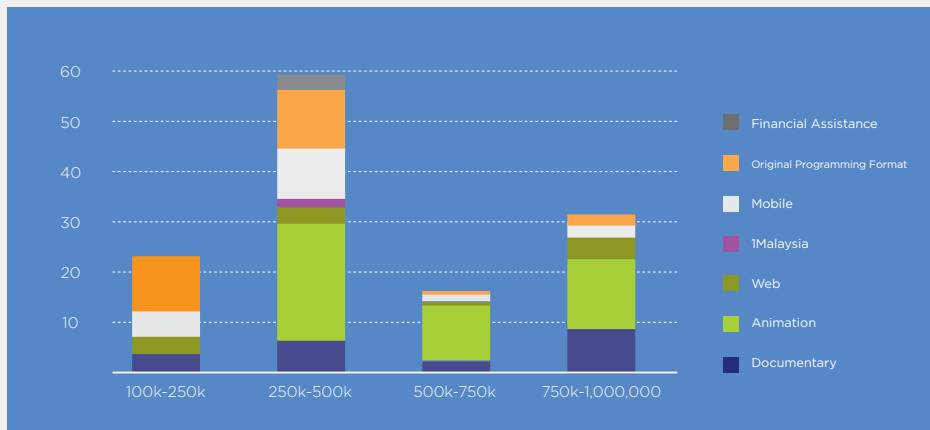
Figure 3: Details of the Amount Approved and Focus Areas

Projects According to Genre and Revenue

Portal
Portal RM1,100,000.00

1

Financial assistance
Financial assistance to Government agencies

5

RTM
Animation (Cartoons) Content Programme under Konsortium Cartoonist at Work (CAW) RM1,058,000.00

3

27
RTM TV1

MCMC-RTM Strategic Partnership for TV1 Channel

RTM, 1Media IPTV
Special Programme for Nationalism Animation RM886,000.00

3

Telco, Advertisement
Mobile Content RM401,915.901

3

RTM, Astro, DAAITV, University of Tennesee
Animated Series RM701,682.00

2

History Channel
Documentary RM560,000.00

1

8

Projects completed but yet to be commercialised
4 animated series
2 documentaries
1 mobile/table content
1 portal

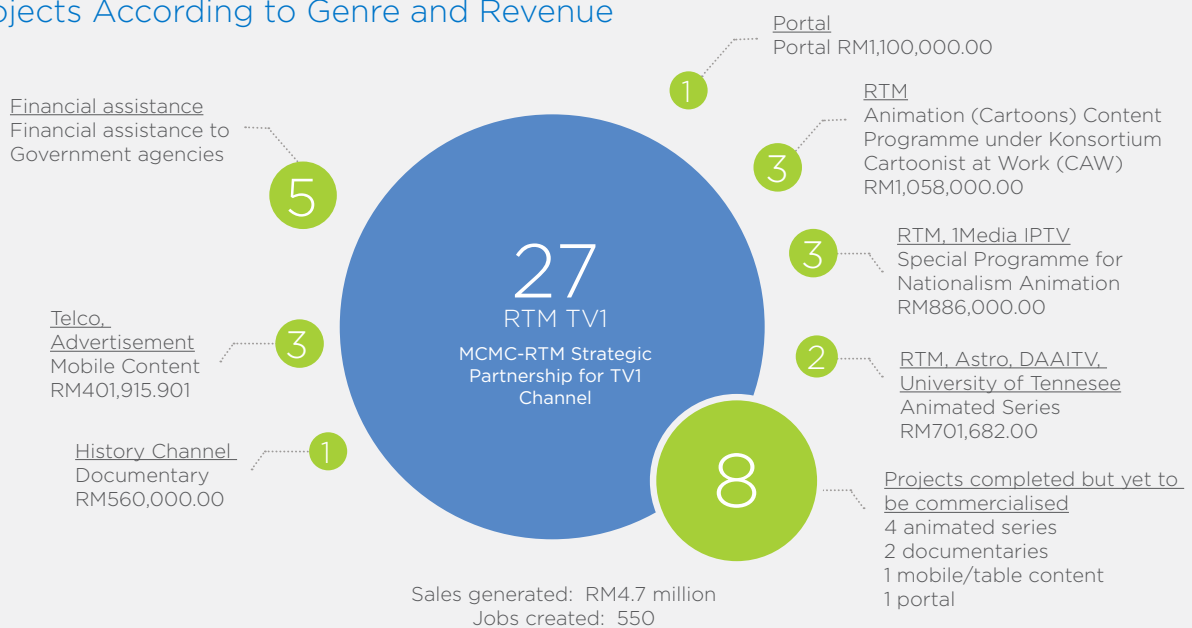Sales generated: RM4.7 million
Jobs created: 550

Figure 4: Projects completed under MCMC-CIDF for the period 2011-2014

LEAGUE OF CREATIVE TEENS 2014

The League of Creative Teens 2014 is one of MCMC's initiatives that encourage the creation of local contents by exposing secondary school students to opportunities in content development in Malaysia. It is a collaboration programme with the Ministry of Education (MOE), Radio Televisyen Malaysia (RTM) and Media Prima Digital (MPD).

The competition is open to all secondary school students nationwide. Each group consists of four participants. Each entry must be an original work and has not been submitted to any other competitions, and must be produced in Bahasa Malaysia.

The theme for League of Creative Teens 2014 was 'Broadband for Education' and in 2014, apart from the video category, two new categories were introduced: application and portal. Participants stand a chance to bring home cash prize of RM224,000, iPhone and a digital camera. They also receive a trophy, participation certificate and the opportunity to join Creative Teens Development Camp 2015. MCMC received more than 4,000 online entries from all over the country. Out of that number, a total of 1,359 videos were evaluated by a panel of jury to select the winners at state and national level.

Overall, the quality of work produced this year has improved in terms of skill level and creative ideas compared to previous years. Continued support from all parties to bring this competition to the next level is very critical in harnessing new talents.

Creative Teens Development Camp 2014 (#KAMERA2014)

Creative Teens Development Camp 2014 is a follow-up programme to the League of Creative Teens. Held for five days, the camp focuses on sharpening students' talents in producing creative content.

A total of five public service announcement short videos were produced by the students and the videos were aired by a local television station.

For more information, scan the QR code and view the video.

2014 MALAYSIA DEVELOPER'S DAY – ASEAN EDITION

MCMC and AT&T collaborated once again to organise the 2014 Malaysia Developer's Day – ASEAN Edition at the Kuala Lumpur Convention Centre from 17 - 19 September 2014, in conjunction with KLConverge! The event attracted more than 120 participants from all over Asia.

Malaysia Developer's Day – ASEAN Edition is a competition that challenges participants from 14 countries, who are part of ASEAN Dialogue Partners, to develop mobile applications in 24 hours. Participants were given access to equipment, knowledge, mentoring support and prizes worth more than USD15,000 (RM47,400), including 12 scholarships for online software training.

Participants developed applications in groups and competed in the following three categories, under the theme 'Building a Digital Ecosystem':

i.   Best Community Involvement Application
ii.   Best Smart City Application
iii.   Best Commercialisation Application

The group known as *Hacktivist* won the grand prize of USD10,000 and was given the opportunity to present their application during the Gala Dinner hosted in conjunction with KLConverge! on 19 September 2014. The winning application, called 'Enact', is modelled after a charity concept where users are able to share information related to corporate sponsorship, based on an idea made viral by the ALS Ice Bucket Challenge. *Hacktivist* also won Best Application in the Community Involvement Category and received USD1,000 cash prize.

Apart from *Hacktivist*, other groups who also won included:

i.   Category – Hacktivist for Enact
     Best Application: Community Involvement
ii. Category – Accordia Global for 'ARMS'
     Best Application: Smart City
ii. Category – Pocket Peristiwa for 'Pocket Events'
     Best Application: Commercialisation

For more information, scan the QR code and view the video.

D3 – DEFINE DESIGN DEVELOP

MCMC also collaborated with various agencies such as Media Prima Digital and Telekom Malaysia to organise a programme called D3.

D3 is a competition that challenges the participants to develop mobile and 'over-the-top' application within 24 hours. The competition was open to all application developers and non-developers, who were tasked to form a team and translate their ideas into a mobile application, and compete for prizes worth more than RM60,000. D3 serves as a catalyst to innovation and entrepreneurship among application developers. For the competition, applications must be developed under the theme Lifestyle, Entertainment and Connected Community.

For the first time, special emphasis was placed on innovation and development of application for rural users under the category Connected Community. The competition was held at Wakalab, Media Prima Digital, in Bangsar on 23 and 24 August 2014 and attracted more than 100 participants with 31 teams successfully presenting their applications to the evaluation panel.

Prizes for the competition were contributed by MCMC, Media Prima Digital and Microsoft Malaysia.

Details of the winners are summarised below:

Winner	Prizes	Application Name	Details
1	RM15,000 + RM10,000 bursary	The Last Words	A short message service recorded by a user for the loved ones before he/she dies
2	RM10,000 + RM10,000 bursary	Strand	A meeting platform between hair stylists and their clients
3	RM5,000 + RM10,000 bursary	Lion Heart	A meeting platform for users seeking charity and donation

MCMC in collaboration with Media Prima Digital then organised D3 2.0, a follow-up to the inaugural D3 on 22 and 23 November 2014 at Telekom Malaysia Convention Centre. The competition was also joined by Telekom Malaysia as an Innovation Partner, and supported by the Malaysian Administrative Modernisation and Management Planning Unit (MAMPU), Ooyala and Microsoft.

The D3 2.0 competition challenged the participants to develop and complete their respective applications within 24 hours through real world integration in the following categories: Mobile Government, Connected Community, and Media and Entertainment. D3 2.0 attracted more than 100 participants and 38 teams presented their applications to the evaluation panel.

The winners of D3 2.0 competition are as follows:

Category	Media & Entertainment	Mobile Government	Connected Community
1	All-expenses paid trip to Sydney & RM10,000 bursary Group: Ideamate Application: Couple Music	RM20,000 cash prize & RM10,000 bursary Group: Team41ss Application: MyPassport	RM20,000 cash prize & RM10,000 bursary Group: Fund A School Application: Fund A School
2	RM5,000 cash prize & RM10,000 bursary Group: Apprunners Application: Go Green Media Application	RM5,000 cash prize & RM10,000 bursary Group: Ichange.my Application: Ichange.my	RM5,000 cash prize & RM10,000 bursary Group: Deafnote Applicaton: Deafnote
3	RM1,000 cash prize & RM10,000 bursary Group: KK Ng Application: Gianz	RM1,000 cash prize & RM10,000 bursary Group: DHD Application: D.H.D	RM1,000 cash prize & RM10,000 bursary Group: Pocket Labs Application: Hustle

IMAGINE CUP 2014

Imagine Cup is a global student technology programme and competition that provides opportunities for students from Institutions of Higher Learning (IHL) across all disciplines to team up and use their creativity, passion and knowledge on technology to create applications, games and integrated solutions that can change the way people live and work.

The competition was introduced in 2008 by Microsoft and has inspired more than 1.7 million students from all over the world to translate their ideas into something creative such as mobile application, portal, robot and so forth.

Three teams won in their respective categories and represented Malaysia at the Imagine Cup 2014 World Semifinals. The winning teams are:

CATEGORY: GAMES
UITM DURIAN RUNTUH

Project: Durian Runtuh!

Campus: Universiti Teknologi Malaysia (UTM)

CATEGORY: INNOVATION
HEARTCATCHER

Project: MINI HEARTCATCHER

Campus: Universiti Teknologi Malaysia (UTM)

CATEGORY: WORLD CITIZENSHIP (TIE)
A-WARE

Project: Mobile Food Planning and Conservation System

Campus: Universiti Tunku Abdul Rahman (UTAR)

STRATEGIC INITIATIVES

Malaysia Documentary Pitch Trailer 2014

MCMC in collaboration with History Channel and Malaysian Documentary Association (MyDocs) ran a competition called the Malaysia Documentary Pitch Trailer 2014 (DocsTrailer). The competition was open to local producers to develop and produce documentary trailers with the aim to bring local content and talent to international stage.

18 selected projects were given a development fund of RM5,000 each. The selection was done through a pitching exercise held at KLConverge! 2014. The companies were given three months to conduct research and develop their 3-minute trailers.

MCMC received a total of 74 applications under the DocsTrailer programme, out of which, 30 were shortlisted to present their ideas to a panel of jury comprising representatives from local and international broadcasting companies on 17 September 2014 at Kuala Lumpur Convention Centre.

The three best trailers stand the chance to go into full production under the Creative Industry Development Fund (CIDF-MCMC) for commercial purpose and will be aired on History Channel as well as local channels. Apart from that, producers are also encouraged to bring their trailers to international forums to qualify for full funding.

Bursary to Students for Intellectual Property (IP) Creation

For the very first time, a bursary programme for the creation of intellectual property (IP) was introduced by MCMC in 2014 with an initial allocation of RM2 million for 100 selected students.

The programme is a pilot project between MCMC and two academic institutions, KRU Academy and Point College. The objective of the programme is to provide partial bursary assistance to students who are qualified to enrol for a Diploma in 3D Animation, Film & TV, Animation & Visual Effects, New Media and Graphic Design, from either one of these institutions. KRU Academy and Point College each received RM1 million, where RM20,000 is allocated to each student for a total of 50 students from each institution.

As at December 2014, 66 students were selected under this programme. Out of which, 16 had enrolled for a Diploma in 3D Animation at KRU Academy while the remaining 50 students enrolled for a Diploma programme at Point College.

Exploring Overseas Markets Programme

Under its market access programme, MCMC continues to collaborate with other Government agencies such as FINAS and MDeC as well as local companies, to explore international markets to bring local IP to the world.

Through this collaboration, Government agencies play the role of providing a platform and opportunities for local companies to bring their content to international markets such as MIPCOM 2014, MyContent Dubai 2014 and Asian Television Forum (ATF) 2014.

Overall, the international market access initiatives supported by MCMC for local content have generated RM145.01 million in sales, with MIPCOM market being the biggest contributor.

Sales Transactions on Local Content in International Markets		
Content Market	Location	Sales Value (RM million)
MIPCOM	France	132.1
MyContent Dubai	Dubai	0.37
ATF	Singapore	12.54
Total		145.01

Source: FINAS & CCAM

BROADBAND PROMOTION AND AWARENESS PROGRAMMES AND HUMAN CAPACITY DEVELOPMENT

In support of the country's aspiration to encourage the use of broadband service, MCMC implemented a few broadband promotion programmes. This is one of the critical elements in creating demand as stipulated in the National Broadband Initiative (NBI).

Apart from promoting nationwide the existing pool of talents among content industry developers, MCMC has also applied a few human capacity development programmes in the area of creative content.

BROADBAND PROMOTION AND AWARENESS PROGRAMMES

| Programme	Description
Seminar and Exhibition on Environment Conservation and Community Service Organised by Malaysia Environment Heritage Organisation (WASM), WASM Activity Centre	MCMC participated in environmental campaign organised by the Malaysia Environment Heritage Organisation (WASM). Among the activities offered to pull in the crowds included Broadband Quiz, which attracted approximately 100 participants. Apart from that, an Internet Corner was also provided for visitors who wished to use broadband service. In addition to talks, visitors were also able to obtain information online regarding environmental preservation through the broadband service.
MCMC-PPM: Klik Dengan Bijak Camping Programme, Series 1/2014	From 8 to 11 September 2014, MCMC organised a camping programme under the Klik Dengan Bijak (KDB) initiative in Sandakan, Sabah. The programme was attended by 1,000 scouts from primary and secondary schools from all over Sabah. MCMC was invited to create excitement and awareness on the use of broadband.
World Telecommunication Day	Held at Lintasan Deasoka, Kota Kinabalu on 24 and 25 June 2014, the World Telecommunication Day celebration was attended by more than 5,000 people from Kota Kinabalu. The celebration was launched by the Minister of Communications and Multimedia, Dato' Sri Ahmad Shabery Cheek.
1Malaysia Broadband Carnival, Langkawi	1Malaysia Broadband Carnival 2014 was launched by the YAB Prime Minister of Malaysia, Dato' Sri Haji Mohammad Najib bin Tun Haji Abdul Razak. The carnival took place on 14 and 15 September 2014 at Mahsuri International Convention Centre. More than 10,000 visitors attended the launching ceremony. Broadband service providers were invited to promote their attractive packages. Government agencies also participated and provided members of the public with explanation and latest information on existing online government services.

HUMAN CAPACITY DEVELOPMENT

Programme	Description
LRK Talk – KLConverge!, KLCC	MCMC organised a League of Creative Teens (LRK) Talk in conjunction with KL Converge! held from 17 to 19 September 2014 at the Kuala Lumpur Convention Centre. Activities included experience-sharing session by the first and second prize winners of the national League of Creative Teens 2013. Participants also learned video production techniques and were encouraged to take part in the League of Creative Teens competition organised by MCMC annually.
Creative Teens Development Workshop 2014 (#BPRK)	200 secondary school students from Selangor and Sabah attended the workshop, which aims to create awareness and generate bigger interest in the development of creative content industry among students in secondary schools. The workshop is also a platform to harness their talent. This initiative will be expanded nationwide in the coming years.
CAPAM 2014	Malaysia hosted the 10th Commonwealth Association for Public Administration and Management (CAPAM) Biennial Conference from 19 to 21 October 2014 at the Putrajaya International Convention Centre (PICC), Putrajaya. To bring more excitement to CAPAM 2014 Biennial Conference, the Malaysian Administrative Modernisation and Management Planning Unit (MAMPU) also organised a conference exhibition using the concept of a pavilion, aptly themed 'Public Service Transformation'. MCMC was invited and took part in the exhibition in conjunction with the conference, from 18 to 21 October 2014, showcasing its initiatives such as the Journey of Broadband, Digital Lifestyle Malaysia, and u-Pustaka.
Technopreneur Open Day (TOD)	MCMC participated in Technopreneur Open Day (TOD), organised by MAD Incubator Sdn Bhd (MAD), by joining two roadshows in Cyberjaya and Perak. At the same time, MCMC also shared its commitment and responsibility in promoting the development of application and creative content.
5th OIC WORLD BIZ & Muslim World Biz 2014	In conjunction with the 5th OIC World Biz & Muslim World Biz 2014, MCMC hosted an exhibition booth at the Putra World Trade Centre (PWTC), Kuala Lumpur, for four days, from 11 to 14 November 2014. One of the programme's objectives is to provide assistance to industries and economic operators. A group of entrepreneurs who received sponsorships under MCMC's initiative shared their experience on their respective businesses' tricks of the trade.

THE GROWTH OF BROADBAND IN MALAYSIA

As of the third quarter of 2014, the number of broadband subscription has increased from 6.4 million in 2013 to 7.1 million. Based on this figure, the biggest contributor is mobile broadband at more than 50% of the subscription. The number of mobile broadband subscription increased from 3.8 million at the end of 2013 to 4.3 million by the third quarter of 2014.

67.8%

Broadband Penetration

7.1 million

4.3 million

Mobile Broadband Subscription

Broadband Subscription
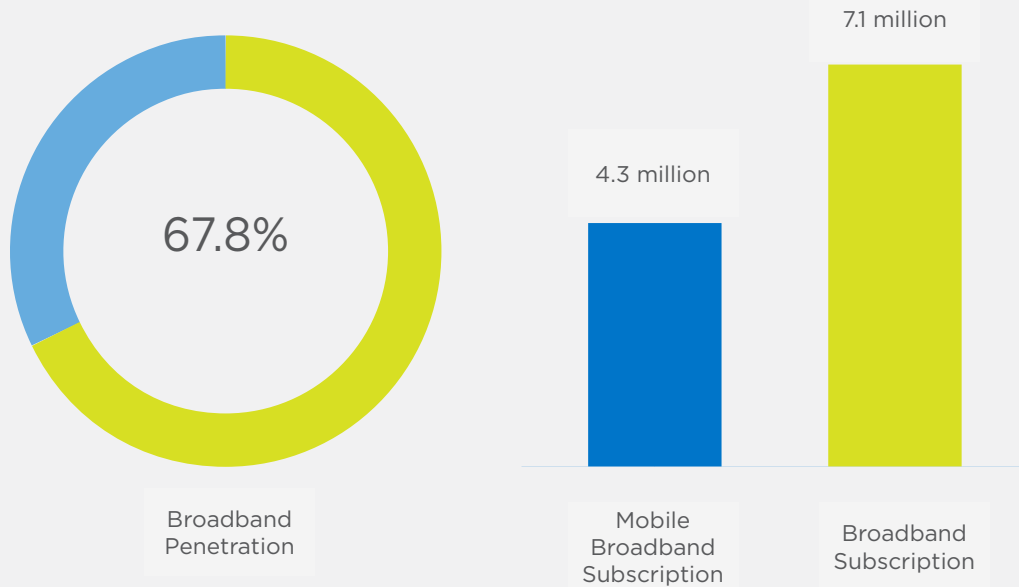
Presently, overall broadband coverage has achieved 84% of populated areas in Malaysia. At the same time, the LTE mobile broadband coverage, which was recently introduced, has achieved 25% of populated areas. Efforts to expand broadband coverage to new areas will continue. Meanwhile, the existing broadband coverage has reached a significant percentage of the population and will continue to be improved to enable higher quality services.
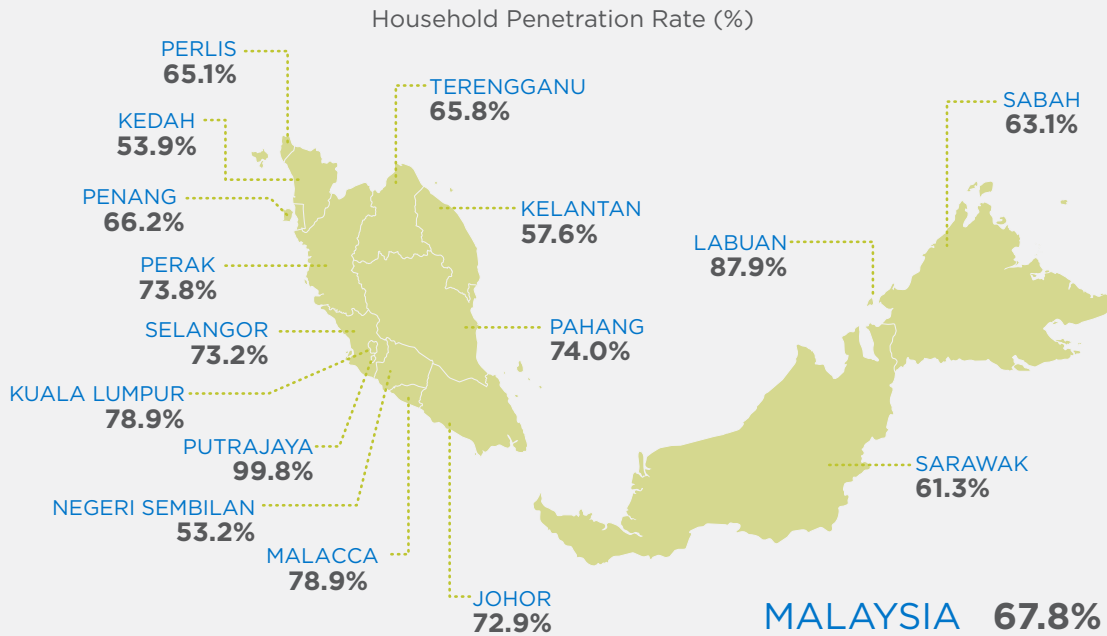
Consumers are now able to enjoy a wider networking coverage as the result of the National Broadband Initiative (NBI). Broadband coverage has also been expanded to remote areas across the country through the implementation of various initiatives.

Through these initiatives, the household broadband penetration rate has equally increased. Continuous efforts will be implemented to increase the household broadband penetration rate to achieve its target.

Broadband Penetration 2010 – 2014

55.6%	62.3%	66.0%	67.1%	67.8%
2010	2011	2012	2013	2014
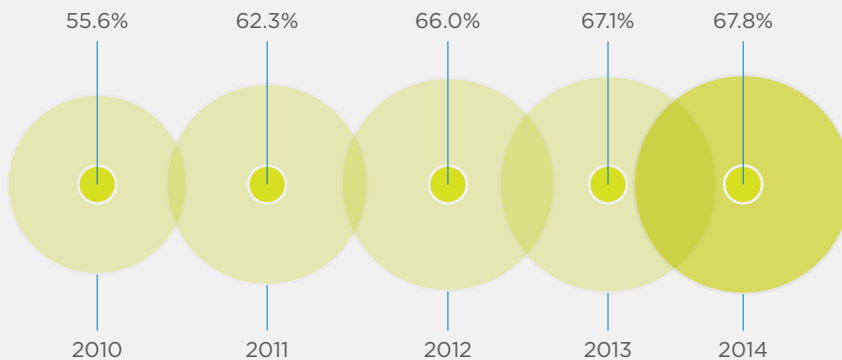
Broadband penetration at each state also showed different percentage compared to the previous year. This happened as the broadband penetration rate at state level has been readjusted according to the results of a study called 'Access and ICT Use by Individuals and Households' conducted by the Department of Statistics Malaysia.

Household Penetration Rate (%)

PERLIS
65.1%

TERENGGANU
65.8%

SABAH
63.1%

KEDAH
53.9%

PENANG
66.2%

KELANTAN
57.6%

LABUAN
87.9%

PERAK
73.8%

SELANGOR
73.2%

PAHANG
74.0%

KUALA LUMPUR
78.9%

PUTRAJAYA
99.8%

SARAWAK
61.3%

NEGERI SEMBILAN
53.2%

MALACCA
78.9%

JOHOR
72.9%

MALAYSIA **67.8%**

Fixed Line Broadband Growth

Till the third quarter of 2014, a total of 2.5 million fixed line broadband customers were recorded from users of various technologies such as xDSL, Fibre, and Hybrid Fibre Coaxial (HFC). Broadband services through Fibre and HFC are among the new technologies introduced in Malaysia. The number of subscription based on this technology continues to increase due to better services, compared to that of xDSL's.

As of November 2014, 103 HSBB exchanges have been upgraded and 1.6 million new ports installed. As a result, 152,000 new HSBB customers were recorded and expected to continue to increase next year. Subscriptions from other technologies include satellite and wireless fixed line broadband technology.
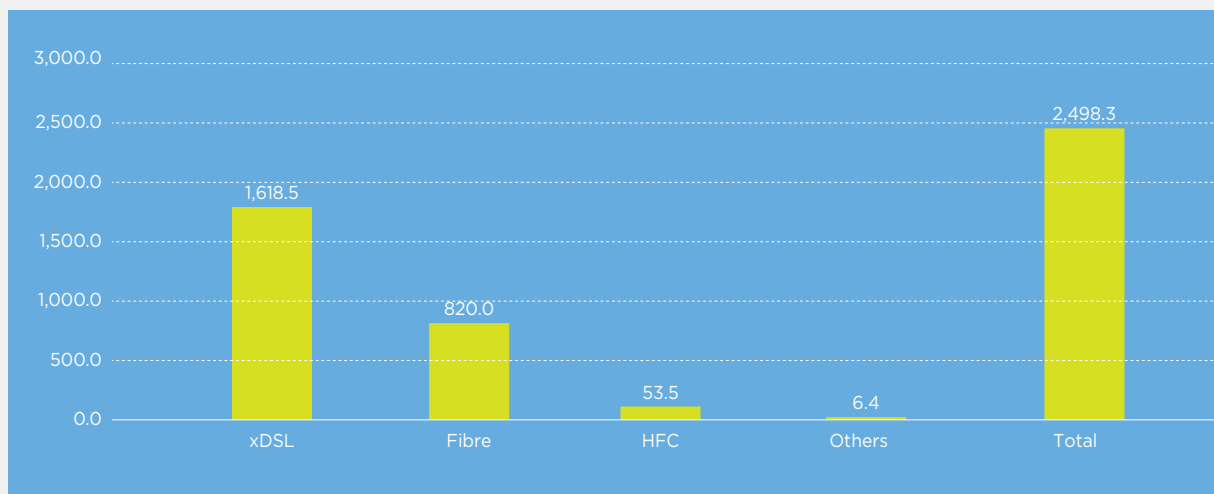

Figure 1: Fixed Line Broadband Subscription by Technology

Growth of Wireless Broadband

Wireless broadband services in Malaysia are served through various technologies such as 3G, HSDPA, WiMAX and LTE, all of which are able to provide higher speed to customers. As of the third quarter of 2014, mobile broadband services (3G, HSDPA and LTE) continue to be the main contributors of broadband connection in Malaysia, with a total of 4.3 million subscriptions.

Apart from that, rural communities were also able to access the Internet through initiatives based on wireless technology such as Wireless Village or Kampung Tanpa Wayar (KTW) and WiFi 1Malaysia (W1M).
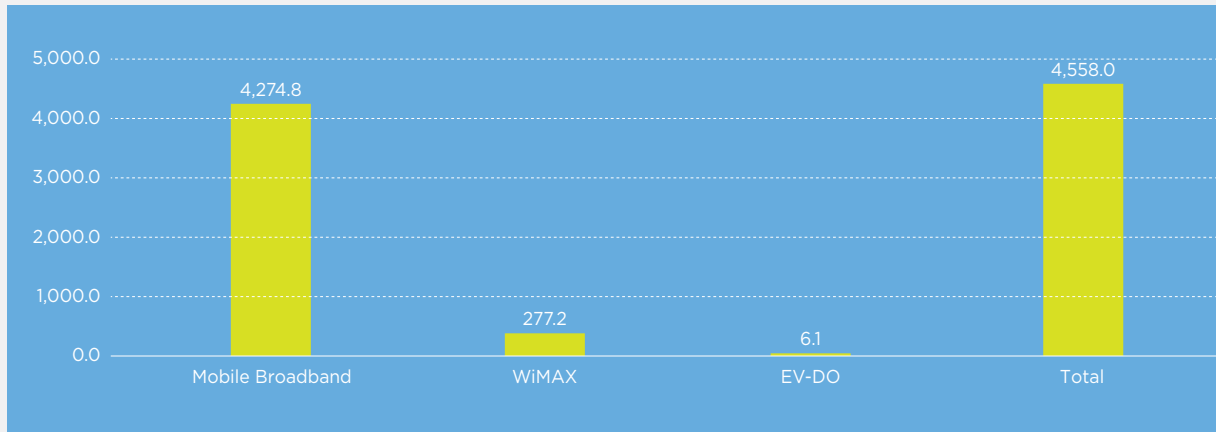

Figure 2: Wireless Broadband Subscriptions According to Technology

Achievements at International Level

Based on a report published by ITU, 'Measuring the Information Society (MIS) 2013', ICT Development Index (IDI) for Malaysia is 5.20, ranking ninth in the Asia and Pacific region. Malaysia has managed to surpass the average IDI level for developing countries as well as world's and Asia Pacific's.
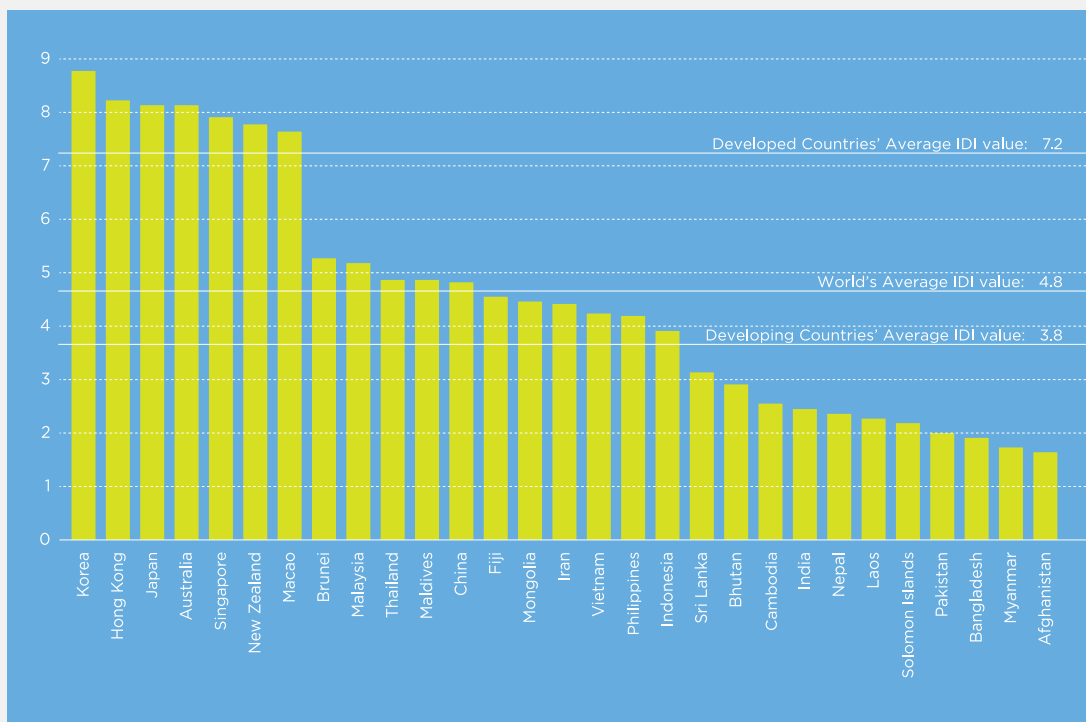

Figure 3: ICT Development Index

BROADBAND INFRASTRUCTURE DEVELOPMENT

High Speed Broadband Infrastructure and Broadband Capacity Enhancement

In the last tabling of Budget 2014, YAB Prime Minister of Malaysia announced a few Government initiatives to widen Internet access. High speed broadband coverage will be improved in major cities through High Speed Broadband Phase Two implementation. In addition, broadband capacity in selected suburban areas will be enhanced according to local market need.

The main projects to be implemented include:-

i. High Speed Broadband (HSBB) Project Phase 2

Scope of implementation:

    a. To upgrade 95 exchanges
    b. To provide 250,000 HSBB connection ports with speed of up to 100Mbps

Implementation cost: RM1.8 billion
Implementation period: three years

ii. Suburban Broadband Capacity Enhancement (SUBB)

Scope of implementation:

    a. To upgrade 400 exchanges
    b. To provide 420,000 broadband connection ports with speed of up to 50Mbps

Implementation cost: RM1.6 billion
Implementation period: five years

Expansion of Broadband Core Network

Under the 10th Malaysia Plan (RMK-10), the Government has allocated RM37.6 million for the implementation of BBGP (Broadband for General Population) Core Network. This project will expand the existing core network to rural areas in Peninsular Malaysia using fibre-based technology. It is a continuation of the implementation in Sabah and Sarawak, which was fully completed in 2013.

The project is divided into two phases: phase one in 2014 followed by phase two in 2015, with a total cost of RM7.6 million and RM30 million, respectively. The expansion of the core network shall enable other service providers to improve the quality of their services.

Project breakdowns are as follows:-

i. Phase One – Peninsular Core Network Project 2014

Scope of implementation:

    a) To expand core network fibre-based connection to rural areas
    b) To provide eight connections with network capacity of up to 1Gbps

Areas: Kedah, Perak, Terengganu and Kelantan
Implementation cost: RM7.6 million
Implementation period: 1 year
Implementation status: fully completed

ii. Phase Two – Peninsular Core Network Project 2015

Scope of implementation:

    a) To expand core network fibre-based connection to rural areas
    b) To provide 11 connections with network capacity of up to 1Gbps

Areas: Johor, Pahang, Kelantan, Perak and Terengganu
Implementation cost: RM30 million
Implementation period: 1 year

ECONOMIC TRANSFORMATION PROGRAMME (ETP): NKEA-CCI

CCI NKEA Achievements in 2014

In 2014, 73 projects under the 10 EPPs were monitored by the CCI NKEA steering committee, as shown in Figure 1.

The projects introduced in 2014 emphasised on the development of application and online Government services as well as the development of integrated security system and interactive platform in public, private and commercial vehicles in Malaysia.

EPP Track & Trace **2**
MY Creative Content **12**
EPP Intelligent Network **3**
EPP E-Government **30**
EPP Expanding Reach **4**
EPP Regional Network **4**
EPP Broadband for All **7**
EPP Connecting 1Malaysia **6**
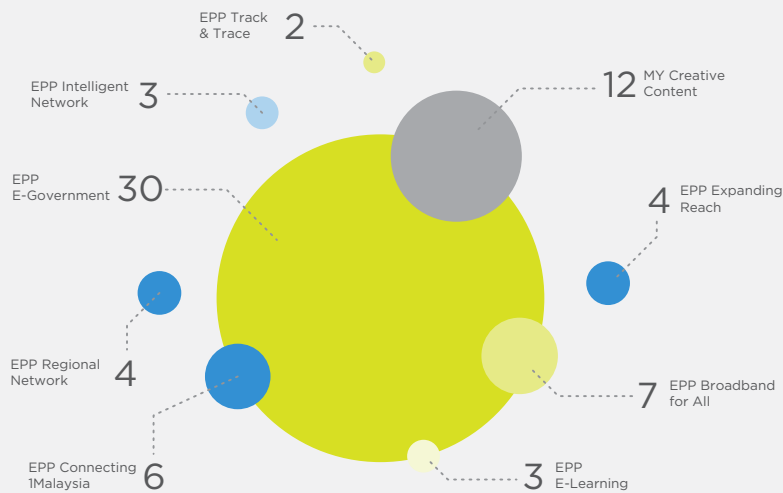EPP E-Learning **3**

Figure 1: 73 identified projects under CCI NKEA from 2010 till now

In 2014, the Key Performance Indicators (KPIs) for CCI-NKEA have targeted to contribute a total of RM33.75 billion to the Gross National Income (GNI). The performance has been impressive where 73 projects have contributed a total of RM27.6 billion, with an achievement rate of 81.78% as of the third quarter of 2014. With this contribution, GNI for the overall NKEA reached RM765.7 billion and is expected to achieve the targeted RM1,038.32 billion once finalised. Up until the third quarter, CCI NKEA has also introduced 13,544 jobs and raked in RM144.70 billion worth of private investment.

KPI	2014 Targets	Actual Achievements (as of Quarter 3)	Score
Total GNI (RM bill)	1,038.32	765.70	73.74
GNI NKEA-CCI (RM bill)	33.75	27.6	81.78
Total Jobs Created	14,000	13,544	96.74
Total Private Investment (RM bill)	189	144.7	76.56

Table 1: Achievements of the CCI NKEA based on GNI, Jobs Created and Private Investment in 2014

Out of the 73 projects introduced under the CCI NKEA since 2010, 36 of them were fully completed, representing 49.3% of the overall achievement. The remaining projects are at various stages of implementation.

Based on the Key Performance Indicators (KPIs) set for the year 2014, the CCI NKEA has shown an outstanding performance at 108%. However, these achievements are expected to experience minor changes once all the KPIs are finalised.

CCI-NKEA KEY ACHIEVEMENTS
IN 2014

The CCI-NKEA recorded a consistent growth in 2014 based on the activities planned by the public and the private sector. This is briefly explained as follows:-

1 Film in Malaysia Incentive (FIMI) and MyCC4dWorld

In 2014, the Film in Malaysia Incentive (FIMI) attracted 22 film productions with a potential value of RM362 million, hence, helping to increase foreign investments into the country.

In addition, 2014 also witnessed the production of 3D animation film, Ribbit, a joint venture between KRU International and an international production partner. The film was shown in more than 80 countries and it also won Best Family Film Award at the Niagara Integrated Film Festival 2014. FINAS launched MyCC4dWorld as part of its efforts to provide a platform for industry players and Government agencies such as BERNAMA, RTM and Arkib Negara to market their creative contents through a website.

2 Telematics Service Platform (TSP)

The biggest achievement by EPP in 2014 is the Telematics Service Platform (TSP) project, which is a collaboration between Telekom Malaysia and Milan Utama. TSP provides a platform for service and content providers to communicate with vehicle owners. One of TSP components completed at the end of 2014 was Automatic Vehicle Location System (AVLS), which is currently being used by more than 600 customers. Meanwhile, TSP Platform and Connected Navigation are still at implementation stage.

3 Education Content

The EPP targeted the development of 10,000 education websites and uploaded to the Virtual Learning Environment (VLE) platform, while aiming of 30% of student population to log into the VLE platform for at least 30 minutes. It was recorded that 11,576 education websites were developed and 51% of student population logged in for at least 30 minutes.

4 Platform Healthnet

EPP also targets to connect selected health facilities to the Internet with the speed of 2-10Mbps through 1Govnet, which was developed by MAMPU and Government Integrated Telecommunications Network (GiTN). As of October 2014, a total of 2,900 facilities were connected and the monitoring of the usage was given special emphasis.

5   e-Government

EPP's e-Government has set its target on paperless government practice by introducing Digital Document Management System (DDMS) to promote and improve the use of digital documents. In 2014, the Ministry of Transport and the Ministry of Youth and Sports started to use the system, following the footsteps of PEMANDU, MAMPU and the Ministry of Human Resources.

To provide Internet access to Government officers in Putrajaya, 65 Federal Government premises in Putrajaya were connected to PutraWiFi service. In addition, approximately 72% of Government services were made available online in 2014.

6   Broadband for All

At the end of 2014, eight states had gazetted amendments to Uniform Building By-Laws (UBBL) 1984, namely Perlis, Kelantan, Malacca, Perak, Selangor, Terengganu, Johor and Pahang. The main aim of this initiative is to include broadband as basic utilities alongside electricity and water. UBBL 1984 was amended to include communications infrastructure as one of the basic needs. The amendments had rendered the construction of mains mandatory in all new residential and commercial areas throughout the country.

In addition, the Long Term Evolution (LTE) coverage reached 25% of population and is expected to increase to 30% by the end of 2015.

7   Extending Reach

This EPP aims to reduce the digital gap in rural areas by 2020, facilitated by a more extensive participation of industry players through public private partnership. As of the end of 2014, 89 1Malaysia Internet Centres (PI1Ms) and 973 Wireless Villages were completed while 163 Time 3 communications towers were built.

8   Regional Network

In 2014, Konsortium Rangkaian Serantau (KRS) secured request for International Internet Bandwidth of more than 20 Gbps from its consortium members. As a result, the wholesale price for the International Internet Bandwidth was reduced by 34%.

In addition, this EPP, through MCMC, is currently finalising the National Blueprint for Action for the International Submarine Cable System, which will set the national broadband's direction and requirements. It is expected to be able to increase the Internet speed and indirectly, will make the broadband price more competitive in the future.

INFRASTRUCTURE DEVELOPMENT AND STANDARDS DIVISION

MyIX

MyIX operation is managed by the Internet Operators Association of Malaysia or better known as MyIX Association, an association registered with the Malaysian Registrar of Societies.

MyIX has undergone positive development in terms of membership and bandwidth usage. From January to December 2014, 10 entities have become association members while one entity terminated its membership. 77 entities had traffic exchanges on MyIX and the highest bandwidth usage recorded was in November 2014 with 78.4Gbps.

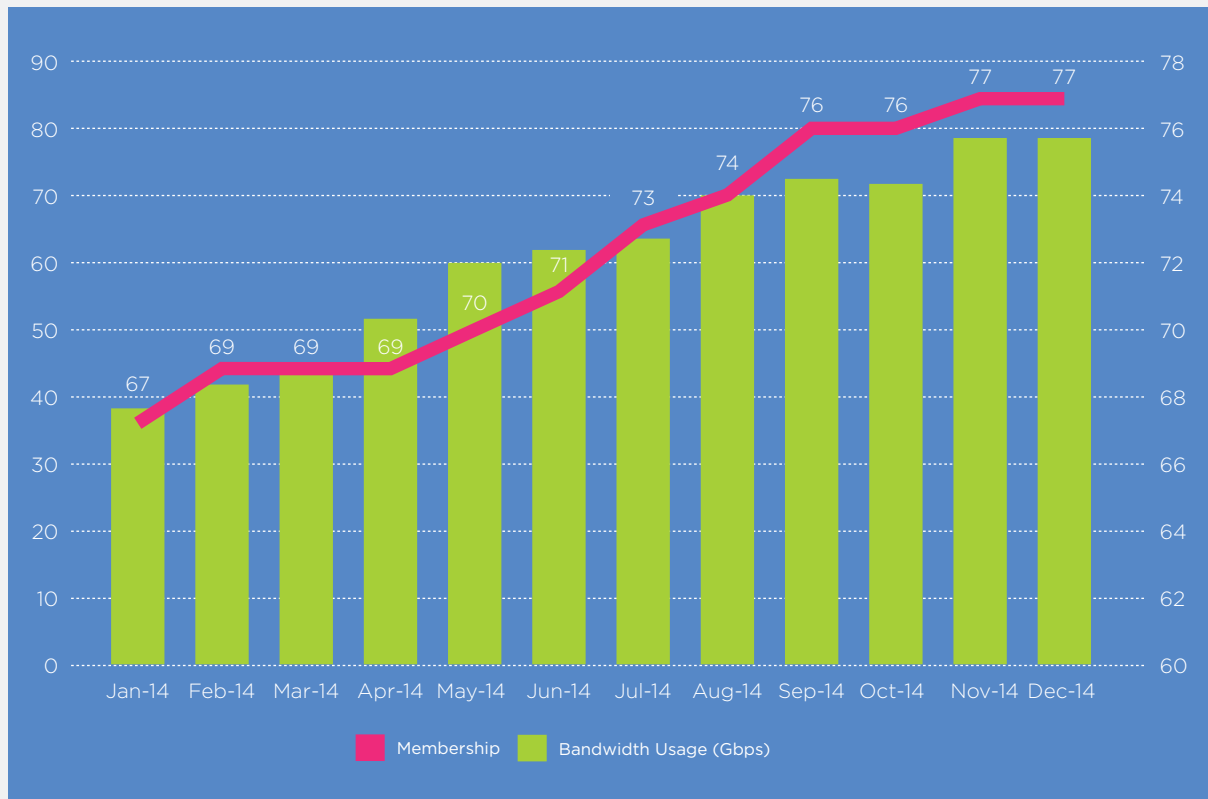Membership growth trend and bandwidth usage in 2014 are shown in Figure 1:-

Figure 1: MyIX Growth Trend in 2014

RESEARCH COLLABORATION

Memorandum of Understanding (MoU) for Research and Development (R&D) between MCMC and Universiti Teknologi Malaysia (UTM)

Collaboration between MCMC and UTM resulted in the establishment of four research laboratories namely Long Term Evolution (LTE), Wireless Industry Emission (WIE), Specific Absorption Rate (SAR) and Radio Frequency and Interference. The lab facilities are located in Wireless Communication Centre (WCC), UTM Skudai, except RF and Interference Lab, which is located in UTM's Kuala Lumpur branch.

The lab facilities are expected to encourage innovation and research in national telecommunication technology inline with the MOU's objectives. It is also in tandem with the nation's aspiration to develop research and scientific development.

CERTIFICATION PROGRAMME

Certifying Programme by MCMC is subject to the Communications and Multimedia (Technical Standards) Regulations 2000. Under the provision of Section 186 of the Communications and Multimedia Act 1998, MCMC may register Certifying Agencies to carry out certifying programmes on behalf of MCMC. As of 31 December 2014, four public organisations have been appointed as MCMC's Certifying Agencies, namely:-

Organisation	Registration Category	Date of Appointment
SIRIM QAS International Sdn Bhd (SQASI)	Certifying of communications equipment	3 September 2003
Akademi Laut Malaysia (ALAM)	Certifying of competency in skill areas set for maritime radio operators	3 September 2003
Teknikal Akademi, Telekom Malaysia Berhad (TA,TM)	Certifying of competency in skill areas set for other than radio operators (cabling provider)	15 July 2002

MCMC also manages its own certifying programme for certifying of competency in skill areas set for Class A and Class B amateur radio operators.

The number of certifications issued in 2014 by MCMC and its certifying agencies are as follows:-

Certifying Agency	Category	Number of Certifications Issued
MCMC	a) Amateur Radio Operator (Class A) b) Amateur Radio Operator (Class B)	19 1670
	Subtotal	1689
SQASI	a) Communications Equipment (Telephony) b) Communications Equipment (Radio)	226 2535
	Subtotal	2761
ALAM	a) General Operator Certification (GOC) b) Restricted Operator Certification (ROC)	664 131
	Subtotal	795
TA,TM	a) Cabling Provider (New Issuance)	5770
	Subtotal	5770
UMT	a) General Operator Certification (GOC)	0
	Subtotal	0
	TOTAL	11,015

For Class B amateur radio certifying programme, MCMC has developed a computerised system to manage amateur radio examination (RAE). The system is called RAE Online (ORAE) and integrated with MCMC Amateur Radio Examination system (SEMS), which was developed in 2011 and began its operation in early 2012. Computerised amateur radio examination is conducted monthly in 2014 as an addition to the existing RAE session.

STANDARDS DEVELOPMENT

In accordance with the provision of the Communications and Multimedia Act (CMA) 1998, MCMC has appointed the Malaysian Technical Standards Berhad (MTSFB) as an Industry Forum effective 27 October 2004. MTSFB is responsible to develop Voluntary Industry Codes, which cover aspects of interoperability and security of network facilities.

MTSFB has submitted five technical codes to MCMC to be registered as Industry Codes under the provision of Section 95 of CMA 1998. All documents were approved for registration by the Commission on 18 December 2014 and listed in MCMC's official website. Details of the documents are as follows:-

| Document Title |
| --- |
| *MCMC MTSFB TC T007:2014 - Specification for Short Range Devices (SRD)* |
| *MCMC MTSFB TC T008:2014 - Specification for Integrated Services Digital Network (ISDN) Using Basic Access* |
| *MCMC MTSFB TC T009:2014 - Specification for Integrated Services Digital Network (ISDN) Using Primary Rate Access* |
| *MCMC MTSFB TC T0010:2014 - Specification for Asymmetric Digital Subscriber Line (ADSL) Transceivers* |
| *MCMC MTSFB TC T011:2014 - Specification on Common Test Suite for Digital Television Receiver Broadcast Receiving Antenna* |

MARKET SURVEILLANCE

The Market Surveillance Programme for communications equipment (Phase 1, 2014) was carried out from 15 October to 31 December 2014. MCMC appointed SIRIM QAS International Sdn Bhd (SQASI) to conduct this programme. The main objective of the programme is to protect consumers by ensuring that all communications equipment in the market always complies with the technical standards and that they are safe to be used.

Secondly, through the liberalisation of market, it is easier for communications equipment to enter the domestic market. In addition, an effective and continuous market surveillance programme must be put in place to monitor the status of certain equipment so that only legitimate products are available in the market.

A total of 32 models were sampled from Central and Southern Region, comprising 17 communications equipment categories including mobile phones, Bluetooth devices, walkie-talkie, GSM alarm system and wireless media players.

All the sampled models underwent specific evaluation and testing as required by the surveillance programmes. The results are shown below:-
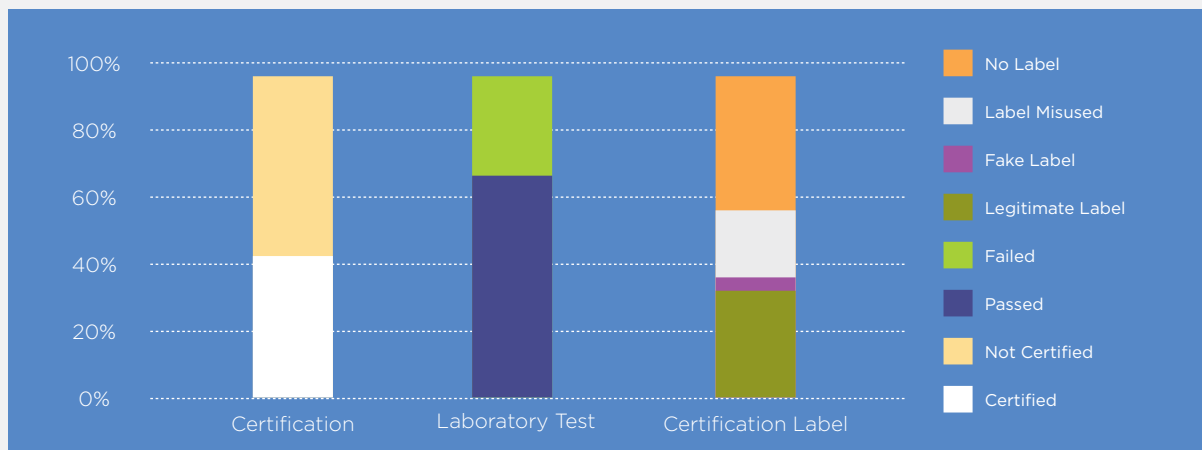
	*Certified	**Not Certified	Passed	Failed	Legitimate Label	Fake Label	Label Misused	No Label
Certification	15 (47%)	17 (53%)	-	-	-	-	-	-
Laboratory Test	-	-	23 (72%)	9 (28%)	-	-	-	-
Certification Label	-	-	-	-	18 (37.5%)	2 (4%)	10 (21%)	18 (37.5%)

Table 1: Overall Statistics for 32 Samples [Quantity (%)]

Note:
*   *Sampled models can be found in the database of models certified by SIRIM QAS International Sdn Bhd (SQASI).*
**   *Sampled models cannot be found in the database of models certified by SIRIM QAS International Sdn Bhd.*

Appropriate legal actions will be taken on parties found responsible for selling/supplying communications equipment that failed to comply with the provision of CMA 1998 and the regulations therein.

QUALITY OF CELLULAR SERVICE

MCMC is very concerned with the cellular coverage issue and Quality of Service (QoS) provided by network service providers in Malaysia. MCMC is also responsible in coordinating improvement plans for the cellular coverage issue and QoS across the country through cooperation between network service providers and network facility providers.

Activities shared between MCMC and service providers to improve the quality of cellular service:-

• Monitoring and coordinating efforts to improve cellular network across the country through Cellular Coverage Improvement Meeting held monthly with cellular network service providers and network facility providers.

• Focusing on in-building coverage (IBC) at strategic locations such as commercial centres, airports, and government offices.

• Implementing big-scale network improvement projects such as the Langkawi Blueprint and Putrajaya Blueprint to enhance the quality and capacity of voice and data service by upgrading existing transmitters' structure and by identifying sites for new transmitters. These big-scale improvement projects also take into account Internet coverage speed and data using latest technology namely Long Term Evolution (LTE).

• The Putrajaya Blueprint is an initiative by Dato' Seri Ahmad Shabery Cheek, Minister of Communications and Multimedia in the middle of 2013. MCMC was trusted to drive the initiative to plan and develop communications infrastructure with service providers and a local authority namely Perbadanan Putrajaya (PPj). The Putrajaya Blueprint is divided into four phases based on Putrajaya's geographic location. Each new site identified will be developed by one company among the service providers and will be then shared with other interested service providers.

Micro Site Status	No	IBC System Status	No
On-air	6	On-air	3
In the pipeline	22	In the pipeline	2
		Proposals rejected	2
Total	28	Total	7

• Helping the industry to secure sites for transmitter structure by issuing support letters to relevant stakeholders such as JKR, LLM, PLLUS, JKPTG, PBT and other agencies so that network quality upgrade can be carried out smoothly.

• Apart from Quality of Service (QoS) issue, MCMC also emphasises on the Quality of Experience (QoE) issue experienced by consumers by conducting network test and evaluation through collaboration with network service providers in specific areas.

ENFORCEMENT ACTION FOR MANDATORY STANDARDS' NON-COMPLIANCE CASES

The Mandatory Standards for Quality of Service (Public Cellular Service) Determination No. 1 2013 effective 9 July 2013 are still required – to reduce dropped call rate to 3% and improve End-point Service Availability (ESA) to 95%.

For 2014, MCMC imposed compounds worth RM1.2 million for Mandatory Standards' non-compliance cases to Celcom (RM310,000 for 7 offences), DiGi (RM480,000 for 11 offences), Maxis (RM360,000 for 9 offences) and U Mobile (RM50,000 for 1 offence). These non-compliances were recorded based on the test carried out randomly by MCMC across the country.

QUALITY TEST ON CELLULAR NETWORK SERVICE

In order to improve the quality of cellular network service, MCMC required three types of test to be carried out periodically throughout 2014, as follows:-

• Quality test on cellular network service nationwide carried out monthly by each regional office. The test results are submitted to MCMC's headquarters for compilation purposes.

• Quality test on cellular network service along main highways in Klang Valley involving 21 highways. The test is carried out monthly by service providers. The test results are presented by service providers to MCMC during the Industry Regulation Meeting.

• Quality test on cellular network service along Protocol Routes carried out monthly by MCMC's Headquarters. Among the routes involved are NKVE, MEX, ELITE highway, Jalan Duta, Putrajaya and Cyberjaya.

The charts below show the results of quality tests on cellular network service for dropped calls, based on the evaluation carried out.
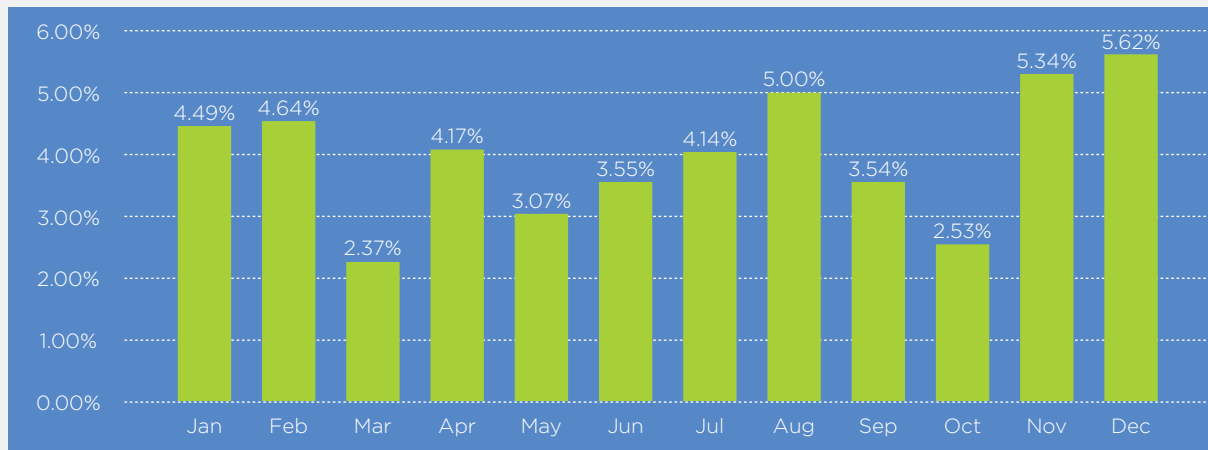

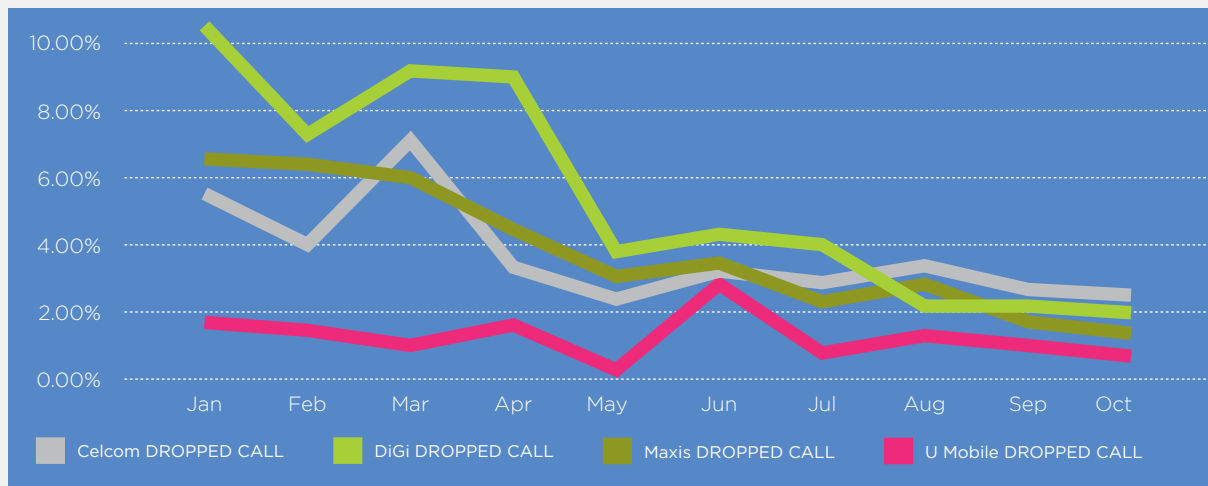Figure 2: Statistics for Dropped Calls Nationwide for the Year 2014

Figure 3: Statistics for Dropped Calls Along 21 Main Highways in Klang Valley for the Year 2014
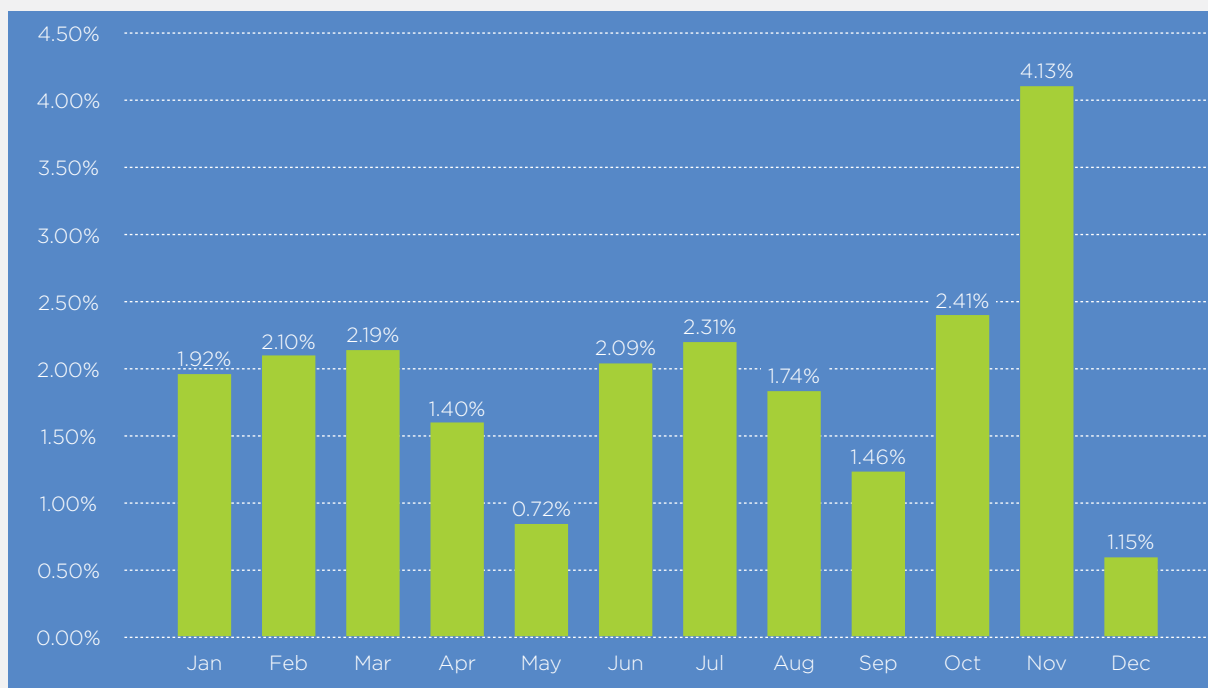

Figure 4: Statistics for Dropped Call Along Protocol Routes for the Year 2014

RURAL DEVELOPMENT DIVISION

The Rural Development Division (RDD) is responsible to ensure effective and systematic planning, project management, implementation, and monitoring for the Universal Service Provision (USP) Programme in accordance with USP Regulations 2002.

For 2014, a few new initiatives under the USP Programme were introduced, including: Cellular Coverage Expansion – Time 3 Extension, Fibre Network Expansion, Enhancement of LTE (Long Term Evolution) Broadband Service, Smart Device Package with Internet and Sistem Kabel Rakyat 1Malaysia (SKR1M).

Meanwhile, existing main initiatives such as 1Malaysia Internet Centre, 1Malaysia Wireless Village, Cellular Coverage Expansion – Time 3, and 1Malaysia Netbook continued to be implemented in 2014.

1Malaysia Internet Centre (PI1M)

PI1M provides Internet access service with the speed of up to 4Mbps at selected premises for users in the rural areas and for groups with limited coverage across the country. PI1M also provides ICT and entrepreneurial training for free to local communities.

Urban PI1M

Starting in 2013, the scope of implementation was widened to include those with limited service in urban areas with emphasis on low-income communities such as those living at the Projek Perumahan Rakyat (People's Housing Project) (PPR).

In 2014 alone, 89 new PI1Ms were built – including six (6) PI1Ms in urban areas – amounting to a total of 513 completed and operational PI1Ms across the country.

1Malaysia Wireless Village (KTW1M)

The KTW1M initiative focuses on the provision of wireless Internet access service through collective hotspots to rural communities, especially the recipients of 1Malaysia netbooks at selected locations with limited coverage.

In 2014, a total of 195 new KTW1Ms were built, bringing the total number of KTW1Ms to 4,874 nationwide.

Cellular Coverage Expansion – Time 3

1,000 telecommunication towers will be built for public cellular coverage in rural and remote areas with population density of 80 people per square kilometre.

A total of 949 towers had been completed and fully operational, offering 2G cellular services across the country. Out of this figure, 250 new towers were successfully completed in 2014.

52 towers are currently under construction and when fully completed, they are expected to increase the national cellular population coverage to 97%.

Cellular Coverage Expansion – Time 3 Extension

Following the implementation of Cellular Coverage Expansion initiative – Time 3 previously, 1,000 telecommunication towers will be built nationwide under the Cellular Coverage Expansion – Time 3 Extension.

400 telecommunication towers will be built under the first phase in the first and second quarters of 2015. The implementation of the first phase adopts the network sharing access (RAN Sharing) approach for the provision of 2G cellular and 3G broadband coverage.

1Malaysia Netbook

The distribution of netbooks under the 1Malaysia Netbook initiative was still actively carried out in 2014. This initiative aims to distribute 1.68 million netbooks to the targeted group of secondary school students from low-income families.

At the end of 2014, 1,324,885 netbooks were distributed nationwide. The remaining netbooks are currently being distributed to reach the targeted 1.68 million recipients.

Expansion of Fibre Network

The expansion of fibre network is an initiative to upgrade the existing backhaul network, enabling it to support high speed cellular services. This can be achieved by installing fibre optic cable to the backhaul network. The initiative aims to provide a better broadband service in line with the demand for LTE services.

As of the end of 2014, 130km of fibre optic cable was installed in Kelantan and Pahang, while another 150km of fibre optic cable is still currently being installed in Langkawi.

Enhancement of LTE (Long Term Evolution) Broadband Service

Mobile broadband based on fourth generation technology using LTE (Long Term Evolution) technology is another initiative under the USP Programme. The implementation began in 2013 to improve the quality of voice call and high speed data service in selected areas with limited coverage.

As at the end of 2014, 263 coverage areas were completed nationwide.

Smart Device Packages with Internet

The initiative to offer Smart Device Packages with Internet is a new initiative under the USP Programme. It is jointly implemented with major contributors to the USP Fund. This initiative offers smart devices such as smart phones and tablets at lower rate compared to the recommended retail price. The smart devices offered also come with selected application, together with mobile Internet package.
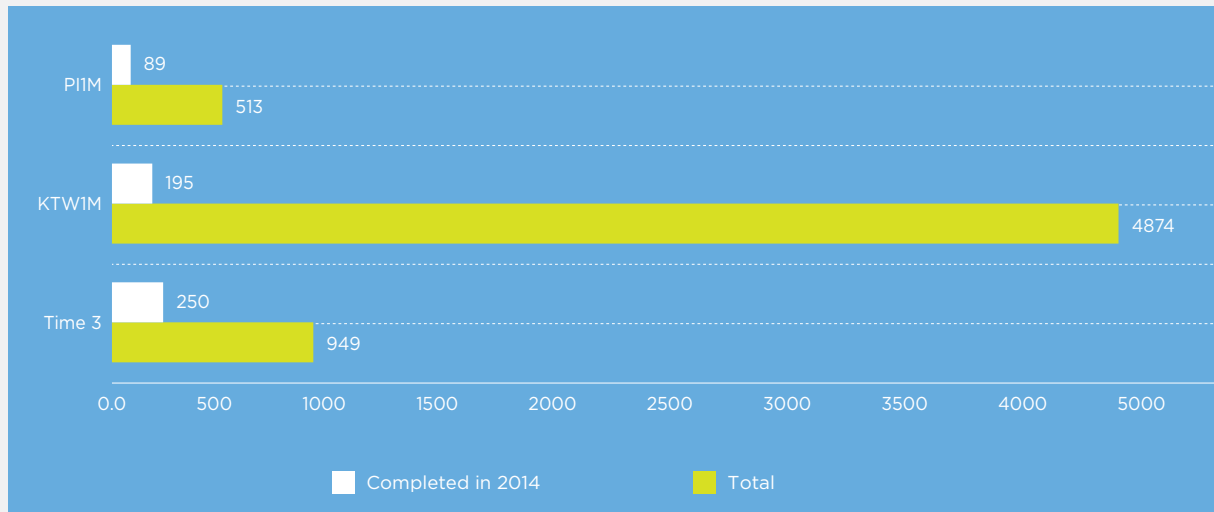
As at the end of 2014, 572,177 smart devices were activated.

For more information, scan the QR code and view the video.

Sistem Kabel Rakyat 1Malaysia (SKR1M)

Another new initiative in 2014 is the implementation of SKR1M, which involves the installation of submarine fibre optic cable, construction of Submarine Cable Landing Centre (SCLC), and related works.

SKR1M will connect Peninsular Malaysia to Sabah and Sarawak through submarine cable with an estimated total distance of 3,500 kilometres.

The achievements of USP Programme's main initiatives are summarised below:-

Initiative	Completed in 2014	Total
PI1M	89	513
KTW1M	195	4874
Time 3	250	949

Legend: Completed in 2014 / Total

The Impact of USP Programmes

Overall, the implementation of initiatives under the USP Programme nationwide has contributed to a significant increase in the national broadband penetration rate. A few initiatives under the National Broadband Initiative have contributed to national broadband penetration rate, up to 67.8% (Q3 2014) at the end of 2014.

Apart from that, the implementation of these initiatives also created an impact in the daily lives of local communities and individuals directly or indirectly involved, as illustrated by the success stories documented in USP's microsite.

The Rural Development Division also published a few brochures on USP initiatives as well as an e-Bulletin, which features success stories and activities related to USP Programme. The brochures and e-Bulletin are available at USP microsite at *http://usp.skmm.gov.my.*

For more information, scan the QR code and view the video.

Brochures on USP Programme initiatives

e-Bulletin published twice a year

RADIO SPECTRUM ASSIGNMENT DEPARTMENT

ASSIGNMENT ACTIVITIES

Types of Assignment
- Spectrum Assignment (SA)
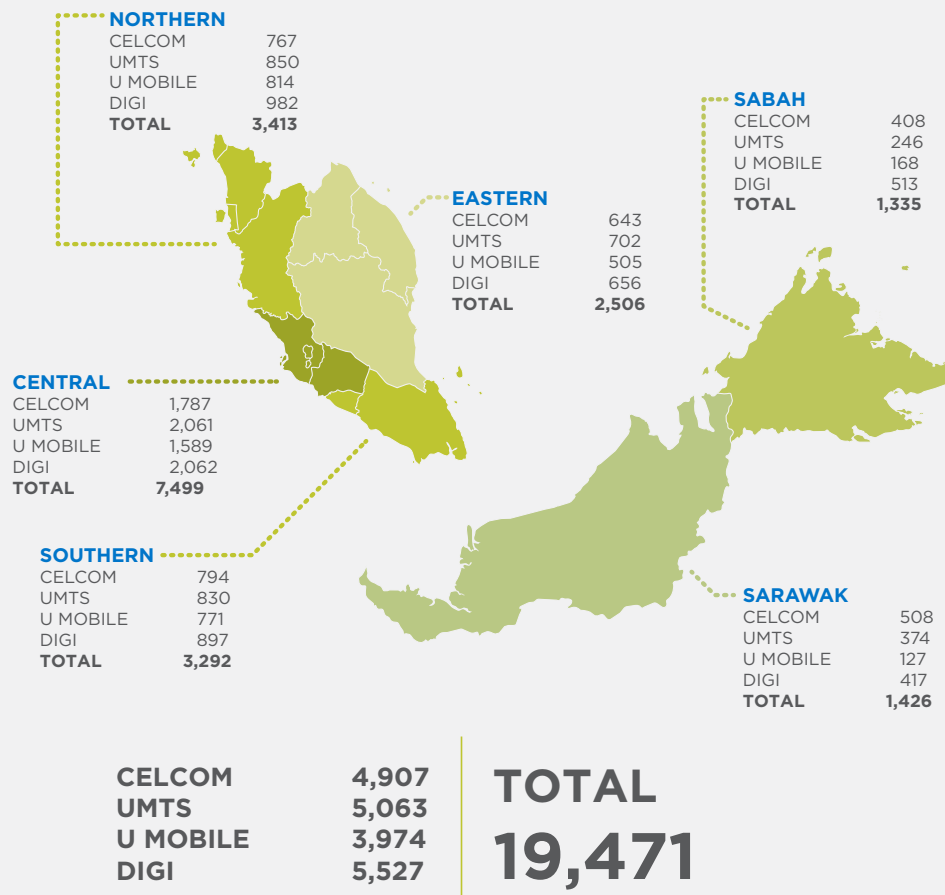- Apparatus Assignment (AA)

OTHER ACTIVITIES

1. AA Inspection and Compliance:-
    - Joint Site Visits
    - AA Inspection Owned by Government Agency/ Department

2. Trial Transmission Verification:-
    - Transmission Trial Verification for e-Long Term Evolution (e-LTE); and
    - Verification for Broadcasting Service Transmission

3. Spectrum Management System (SpMS) Migration
4. Periodic Meetings with Officers from Regional Offices
5. Bilateral Coordination Meeting between MCMC and the Royal Malaysia Police

SPECTRUM ASSIGNMENT - SA (1/2)

Number of base stations for SA IMT2000 according to region

19,471 base stations were installed throughout 2014, as shown below:-

NORTHERN
CELCOM	767
UMTS	850
U MOBILE	814
DIGI	982
TOTAL	**3,413**

SABAH
CELCOM	408
UMTS	246
U MOBILE	168
DIGI	513
TOTAL	**1,335**

EASTERN
CELCOM	643
UMTS	702
U MOBILE	505
DIGI	656
TOTAL	**2,506**

CENTRAL
CELCOM	1,787
UMTS	2,061
U MOBILE	1,589
DIGI	2,062
TOTAL	**7,499**

SOUTHERN
CELCOM	794
UMTS	830
U MOBILE	771
DIGI	897
TOTAL	**3,292**

SARAWAK
CELCOM	508
UMTS	374
U MOBILE	127
DIGI	417
TOTAL	**1,426**

CELCOM	**4,907**
UMTS	**5,063**
U MOBILE	**3,974**
DIGI	**5,527**

TOTAL
19,471

SPECTRUM ASSIGNMENT - SA (2/2)

Total fee collection for SA IMT2000

Total fee collection for SA and maintentance is RM181,188,960 as shown below:-

Operator	SA Fee (RM)	SA Maintenance Fee (RM)	Total Amount
DIGI	-	64,231,440	64,231,440
CELCOM	-	50,966,160	50,966,160
UMTS	-	36,830,640	36,830,640
U MOBILE	7,400,000	21,760,720	29,160,720
Total (RM)	7,400,000	173,788,960	181,188,960

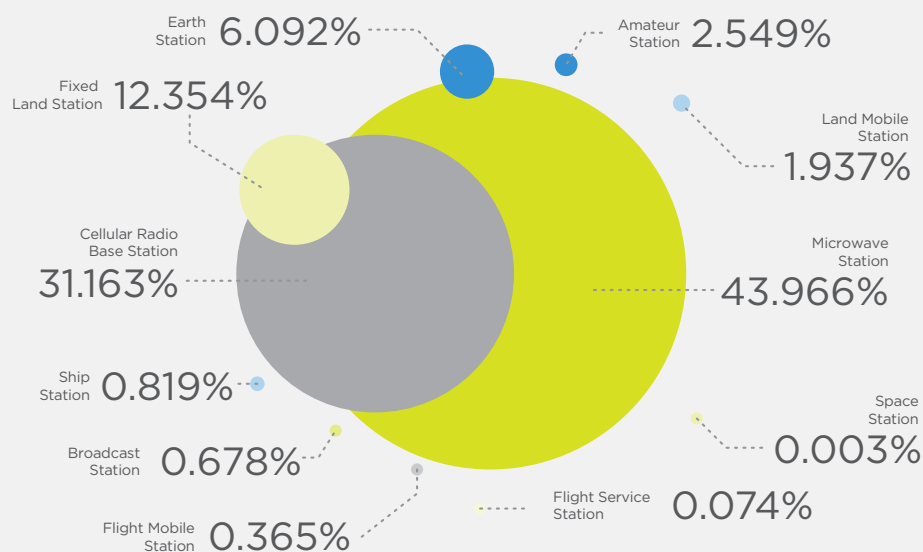# APPARATUS ASSIGNMENT - AA (1/3)

Number of AA applications processed

139,655 applications were processed for both new and renewal applications.

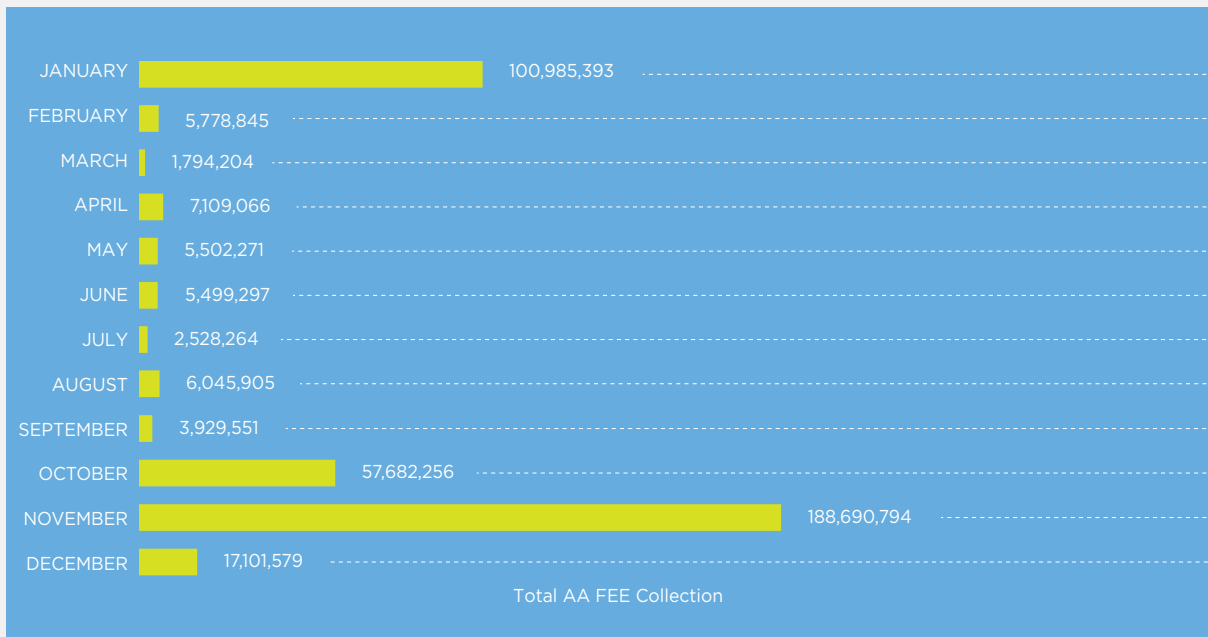| Type Of Service	Total New Application	Total Renewal Application	Total AA
Microwave Station	10,015	51,328	61,343
Cellular Radio Base Station	5,840	37,705	43,545
Fixed Land Station	5,062	12,201	17,263
Earth Station	1,980	6,533	8,513
Amateur Station	1,604	1,958	3,562
Land Mobile Station	1,079	1,627	2,706
Ship Station	284	860	1,144
Broadcast Station	15	946	961
Flight Mobile Station	92	418	510
Flight Service Station	24	79	103
Space Station	1	4	5
Total	25,996	113,659	139,655

APPARATUS ASSIGNMENT - AA (2/3)

New AA applications and renewal applications processed

Earth Station 6.092%

Amateur Station 2.549%

Fixed Land Station 12.354%

Land Mobile Station 1.937%

Cellular Radio Base Station 31.163%

Microwave Station 43.966%

Ship Station 0.819%

Space Station 0.003%

Broadcast Station 0.678%

Flight Service Station 0.074%

Flight Mobile Station 0.365%

APPARATUS ASSIGNMENT - AA (3/3)

AA fee collection

The total for AA fee collection in 2014 is RM402,647,425 and fee collection according to month is shown below:-

Month	Total AA FEE Collection
JANUARY	100,985,393
FEBRUARY	5,778,845
MARCH	1,794,204
APRIL	7,109,066
MAY	5,502,271
JUNE	5,499,297
JULY	2,528,264
AUGUST	6,045,905
SEPTEMBER	3,929,551
OCTOBER	57,682,256
NOVEMBER	188,690,794
DECEMBER	17,101,579

Total AA FEE Collection

SA IMT2000 AND AA TOTAL COLLECTION

SA IMT200 and AA fee collection

The SA IMT2000 and AA fee collection for 2014 is RM583,836,385 as shown below:-

Fee Category	Total Fee Collection (RM)
SA	181,188,960
AA	402,647,425
Grand Total (RM)	583,836,385

JOINT SITE VISITS

Radio Spectrum Assignment Department (RSAD) conducted 613 AA inspections involving fixed service, mobile, earth station and WiMAX throughout the joint site visits.

Date	Location	Number of AA Inspected
18 - 20 Feb 2014	Kuala Selangor and Sabak Bernam, Selangor	123
18 - 20 Mar 2014	Sandakan, Sabah	81
22 - 24 Apr 2014	Kangar, Kuala Perlis and Arau, Perlis	98
26 - 28 May 2014	Miri, Sarawak	137
2 - 5 Sep 2014	Kuantan and Pekan, Pahang	99
13 - 15 Oct 2014	Alor Gajah, Jasin and Merlimau, Malacca	75
	Grand Total Of AA Inspected	613

INSPECTION ON AA OWNED BY GOVERNMENT AGENCY/DEPARTMENT

Throughout 2014, AA inspection was also conducted on AA owned by Government agency/ department as follows:-

Date	Location	Agency/ Department Involved
15 – 16 Apr 2014	Cyberjaya, Serdang, Bangi, Kajang, Banting, Kuala Langat and Sepang, Selangor and Putrajaya Federal Territory	MKN
3 Jun 2014	Kota Bharu, Kelantan	DCA
10 - 11 Jun 2014	Johor Bahru, Batu Pahat and Mersing, Johor	DCA
17 - 18 Jun 2014	Subang and KLIA, Selangor	DCA
24 Jun 2014	Genting Highlands, Pahang	DCA
26 - 27 Jun 2014	Langkawi, Kedah	DCA
11 - 14 Aug 2014	Miri, Bintulu, Sibu and Kuching, Sarawak	DCA
18 – 21 Aug 2014	Kota Kinabalu, Sandakan and Tawau, Sabah	DCA
17 Sep 2014	Bayan Lepas and Permatang Pauh, Penang	DCA
13 Oct 2014	Jelebu, Negeri Sembilan	MKN
16 Oct 2014	Banting, Selangor	APMM
13 Nov 2014	Sungai Udang, Malacca	MKN
17 – 18 Dec 2014	Bukit Kayu Hitam, Kedah and Padang Besar, Perlis	UPP

TRIAL TRANSMISSION VERIFICATION FOR E-LONG TERM EVOLUTION (E-LTE) TECHNOLOGY

Photo: Inspection and verification on trial transmission for e-LTE at base station in Mill Sua Betong, Sime Darby Estate, Port Dickson, Negeri Sembilan.

AA application for trial for e-LTE system using frequency band 1800MHz for a period of three months to test e-LTE system in Malaysia was made by operator. MCMC carried out the trial transmission verification activites to ensure that the base station installed complies with the specified approval conditions.

Date and location of the base station for the trial transmission verification activities are as follows:-

Date	Location
23 Apr 2014	Mill Sua Betong, Sime Darby Estate, Port Dickson, Negeri Sembilan

VERIFICATION FOR BROADCAST SERVICE TRANSMISSION

MCMC also conducted trial transmission verification activities and fixed transmission verification for broadcast service in several locations to ensure the base stations comply with the specified conditions of approval as summarised below:-

Date Of Verification	Location Of Base Station	Service Type	Content	Broadcaster	Purpose
12 Feb 2014	TM Bukit Tampin	Analog TV	TV AlHijrah	AlHijrah Media Corporation	Installation of fixed transmission
17 Mar 2014	TM Bukit Penara	FM Radio	Capital FM	ISY Holdings Sdn Bhd	Trial transmission verification
17 Jul 2014	TM Bukit Besi	FM Radio	1M4U FM	Genmedia Sdn Bhd	Installation of fixed transmission

SPECTRUM MANAGEMENT SYSTEM (SPMS) MIGRATION

The implemention of SpMS migration project kicked off in April 2014 with the first meeting and a session to introduce the officers involved in the system development and migration project.

The first phase of the project development is divided into several stages. For the initial stage, it involves discussions on the design and work process of the new system. The design and work process emphasise on online facilitation and user-friendliness. The document to record the design and work process for fixed service and compliance module were finalised in December 2014.

Specifications for the purchase of third party hardware, equipment and software such as server, and Window, Citrix and Oracle licensing were also finalised. The SpMS migration project is expected to be fully completed in the last quarter of 2016.

PERIODIC MEETINGS WITH OFFICERS FROM REGIONAL OFFICES

Periodic Meeting with all Regional Offices were held in MCMC headquarters, Cyberjaya, on 10 September 2014.

The main agenda of the meeting included briefing and information-sharing on the development of spectrum frequency by various departments. Among the departments involved were:

• Radio Spectrum Assignment Department;
• International Spectrum Coordination Department;
• Finance and Accounts Deparment;
• Strategic Information System Department; and
• Regional Offices.

Among the information shared was the latest project status of the SpMS Migration, improvement in AA renewal process for 2015, and other developments related to the spectrum use at national and international level.

POLICY DEVELOPMENT

Improving legislation compliance framework for installation of Network Facilities under Chapter 1 Part X, Communications and Multimedia Act 1998

In August 2014, MCMC began its collaboration with Malaysian Technical Standards Forum Berhad (MTSFB) and Malaysian Access Forum Berhad (MAFB) to develop industry guideline for compliance with requirements for the Installation of Network Facilities, Access to Network Facilities (Chapter 1 Part X) of the Communications and Multimedia Act (CMA)1998.

The first ever collaboration between these two Forums under the CMA 1998 is crucial as it will assist the industry, and those involved such as developers, building owners and state and local authorities, to tackle issues related to the installation of network facilities and access to network facilities. It is hoped that the industry guideline, as mandated by the CMA 1998, will assist those involved in building even more communication infrastructures, apart from upgrading existing communication infrastructure and improving service quality.

53

Preparation of Strategy Papers under Service Sector for the Eleventh Malaysia Plan (RMK-11).

Starting January 2014, MCMC was involved in assisting and coordinating the preparation of strategy papers for ICT Service under the Service sector, as input for the Eleventh Malaysia Plan or RMK-11 (2016-2020). In this context, MCMC also provided input to Inter-Agency Planning Group and Technical Working Group under the leadership of Economic Planning Unit (EPU). MCMC also coordinated its representatives under ICT Service Technical Working Groups, namely ICT Infrastructure, Digital Opportunities, ICT Industry and indigenous technology.

The Strategy Papers were presented to the Inter-Agency Planning Group and EPU in August 2014. EPU is expected to consider recommendations and Strategy Papers prepared by the Planning and Working Groups prior to Cabinet's approval in the middle of 2015.

Reformation

Quantity to Quality

Internationalisation

Figure 1: Quantity to Quality, and Internationalisation

Improving access and connectivity

Ensuring affordability

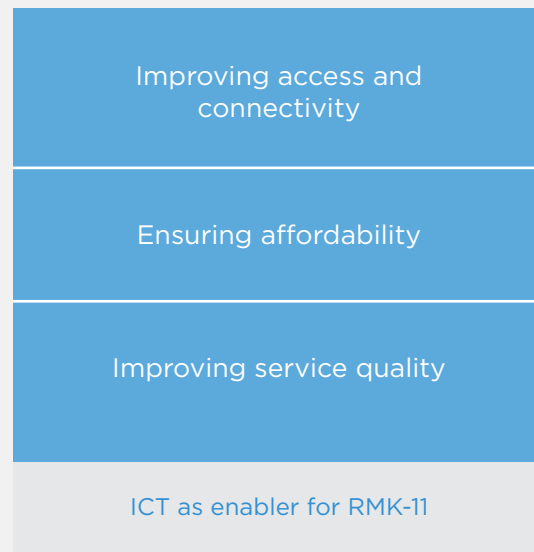Improving service quality

ICT as enabler for RMK-11

Figure 2: Improving access and connectivity, ensuring affordability, and improving service quality

For ICT Infrastructure strategy paper, the policy and action plan put forth are based on the Service sector strategy, namely Reformation, From Quantity to Quality, and Internationalisation (Figure 1). This strategy is translated as the main enabler for RMK-11 initiatives. Hence, focus is given on improving access and connectivity, ensuring affordability, and improving service quality (Figure 2).

STRATEGIC TRADE ACT 2010 (STA 2010)

The Strategic Trade Act (STA) 2010 is the legislation to provide for control over the export, transhipment, transit and brokering of strategic items, including arms and related material, and other activities that will or may facilitate the design, development and production of weapons of mass destruction and their delivery systems and to provide for other matters connected therewith. STA 2010 has been enforced since 1 January 2011.

MCMC has two functions under STA 2010. First, as the licensing agency for the export of two categories of strategic items, in particular, computers and telecommunications items; and network security items.

Apart from the Ministry of International Trade and Industry (MITI) and MCMC, other agencies involved in the issuance of license for the export of strategic items from other categories as gazetted include Atomic Energy Licensing Board (AELB) and Pharmaceuticals Services Division, Ministry of Health. Second, MCMC also acts as enforcement agency for STA 2010, in addition to PDRM, Royal Malaysian Customs Department and Malaysian Maritime Enforcement Agency (APMM).

Strategic Items

Controlled strategic items under the STA 2010 refer to items and technology included under the Strategic Trade (Strategic Items) Order 2010. This order covers all controlled items under the global export control regime and consistent with the United Nations Security Council Resolutions. Strategic items consist of listed items and unlisted items including technology.

Listed items are classified as military items and dual purpose items that are controlled according to various categories as shown in the table below:-

Unlisted Items	Technology Transfer
If the person is notified by the authorities concerned; or if the person knows that the items may be used or related to a restricted activity	If the person is notified by the authorities concerned; or if the person knows, the items may be used or related to a restricted activity

Listed Items	
Category	Item
Category ML	Military items
Category 0	Nuclear materials, facilities and equipment
Category 1	Special materials and related equipment
Category 2	Materials processing
Category 3	Electronics
Category 4	Computer
Category 5	Telecommunications and information security
Category 6	Sensors and lasers
Category 7	Navigation and avionics
Category 8	Marine
Category 9	Aerospace and propulsion

Military Items

DUAL-PURPOSE ITEMS
Items that can be found commercially for public use that might have military applications

*MCMC is responsible for controlling strategic items under Category 4 and 5

ACTIVITIES UNDER STA 2010

In 2014, 955 online permit applications made through E-Permit system were processed for the export of strategic items under MCMC's control. Out of the 955 applications, 921 permits were issued under STA 2010 while 34 applications were rejected due to reasons such as inaccurate information and insufficient information.

To increase the industry's knowledge on the implementation of STA 2010, MCMC organised six Awareness Programme roadshows nationwide in collaboration with MITI, licensing agencies and STA 2010 authorities.

In addition, MCMC also took part in outreach activity by participating as a guest speaker in training programmes organised by companies that are holders of STA permit for strategic items under Category 4 and 5. MCMC also participated in compliance assessment sessions on STA 2010, which were conducted on permit holders, led by MITI.

Apart from communicating with stakeholders and local agencies, MCMC also sought for technical training from overseas export control agencies to increase its capacity for STA 2010 implementation. The technical training was coordinated by MITI.

Communications Server (Encryption Enabled) (Category 5)

High Performance Computer (Category 4)

Access Port (Category 5)

League of Creative Teens Camp:

Exposed Students to Techniques in the Production of Multimedia Application Content

As a continuation of the League of Creative Teens 2013 Competition, the League of Creative Teens Camp 2014 managed to generate larger interest in creative multimedia industry among youths, especially school children. 56 students from 14 schools nationwide were selected and exposed to creative media, and the opportunities offered by the industry. They were taught techniques to produce a short video, from pre to post production.

Unlike other competitions, the League of Creative Teens ensures that youth participation does not end after the competition is over. In fact, all the winners of the League of Creative Teens Competition at state level were selected to participate in this camp.

Students gained valuable experience, which includes receiving advice and guidance from experienced local film directors and actors such as Melissa Saila, Tunku Monariza, Nuad Hj.

directing. His friend, Lau Khai Siang, 17, said that even though he aspires to be a doctor, he loves directing in his free time. "Everytime there's an event in school, I would produce a short video. Through this camp, I get to sharpen my skill and creativity," he added.

Hailmi, a teacher from Sibu, Sarawak, chose a team comprising Form 2 and Form 3 students to represent his school as the State and National Champion. He said, "they are the next-generation talents who are active in video production in my school. Hence, formal exposure such as this is very beneficial to them." After watching the videos during the closing ceremony, he found that, "the productions are impressive. I must say that the quality this year is much better than the short films produced during the camp held last year."

Another significant milestone is the partnership formed between MCMC, Ministry of Education, and Akademi Seni Budaya dan Warisan Kebangsaan (ASWARA). The collaboration introduces students to the development of multimedia application content. This is important as it helps generate human capital that will support the development of Malaysia's creative industry.

In addition, the camp also helps develop the

The League of Creative Teens 2014 Camp provides students with valuable exposure to creative content development in Malaysia.

Othman and Wan Hafiz on the techniques to produce a quality video.

In addition, the camp also organised study visits to a few broadcasting agencies including Media Prima, RTM, Astro and KRU Studios to expose them to production process and broadcasting activities in the country.

For participant, Amirul Arsyad Abdul Malik, 16, the camp gave him a deeper understanding of production techniques as well as exposure to

ecosystem for Malaysia's creative content industry. The proactive measure is crucial in meeting the targets set by National Key Economic Areas (NKEAs), Communication Content and Infrastructure (CCI), in particular through the Entry Point Projects (EPP1) – Nurturing Malaysia's Creative Content.

For more information, scan the QR code and view the video.

INDUSTRY REGULATION
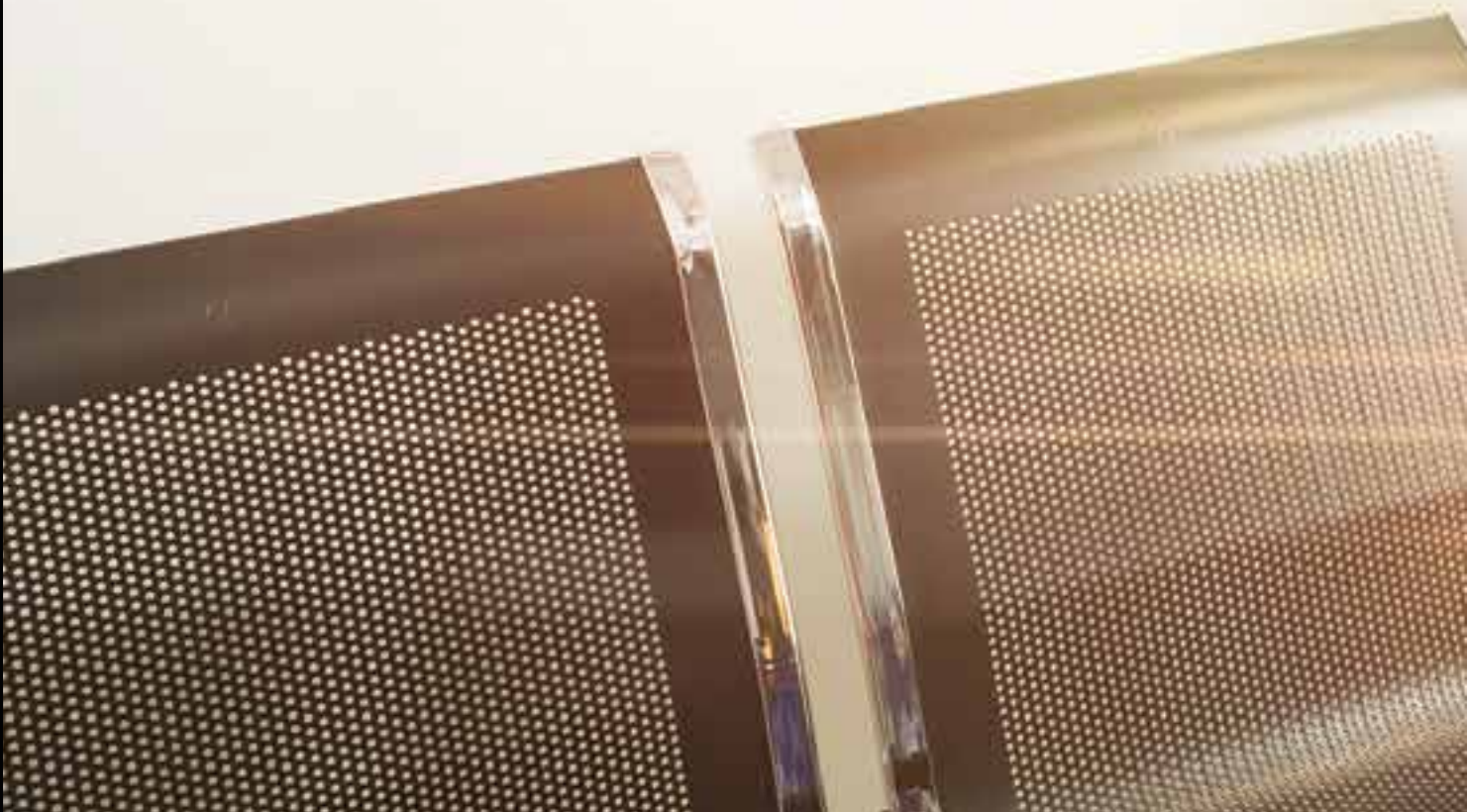
DIGITAL SIGNATURE AND POSTAL AFFAIRS

NATIONAL POSTAL STRATEGY (NPS) 2010-2014

NPS Main Achievements 2014

- Postal and Courier Industry's Carnival and Road Safety Competition (#Sampaidengan selamat) was held from 1-2 November 2014 at Metro Driving Academy, Pulau Meranti, Puchong, in collaboration with JPJ, JKJR, MIMOS, PDRM and PUSPAKOM.

- World Youth Stamp Exhibition (Klwyse) attracted participants from 40 countries at the Kuala Lumpur Convention Centre from 1-6 December 2014.

- 1Malaysia Letter Writing Competition was held for the fifth consecutive year

- Issuance of special stamp and covers in conjunction with President Barack Obama's visit as well as Malaysia-China diplomatic tie

- Final report of a study on universal postal net cost

- Courier Industry Economic Regulation Intervention – minimum price of RM5 for the delivery of letter below 500 grams through courier service on 1 January 2015.

- All licensed Certifying Authorities under Digital Signature Act 1997 successfully obtained Webtrust international recognition

- e-ID Seminar nationwide (Penang, Kuantan, Johor, Kuching and Kota Kinabalu)

On 1 November 2001, the Postal Industry came under the purview of the Malaysian Communications and Multimedia Commission, under the Postal Services Act 1991, empowering the Commission to take over as the regulatory body of the postal industry.

The Postal Services Act 2012 (Act 741) then was passed by the Parliament in December 2011 and enforced effective 1 April 2013 to replace the Postal Services Act 1991 (Act 465). This is based on gazette number P.U. (B) 94/2013. This Postal Services Act 2012 contains new provisions whereby it is intended to regulate the postal services industry in an environment with a lot of players, encouraging orderly development of the industry and protect the universal postal service.

This Act also provides for the regulation of ancillary matters to ensure postal services can be obtained with reasonable rates and quality as well as ensure the continuous development of the postal sector in an increasingly competitive environment.

Two important initiatives the postal sector had recently made are:-

• The implementation of the new postal act on 1 April 2013
• Implementation of new international postal tariffs on May 15, 2013

The rapid growth of the digital economy in Malaysia can be seen with the expansion of broadband lines across the country. Dramatic and sustained development has facilitated the advancement of electronic commerce or e-commerce, e-payment, e-banking and other online services. This growth is supported by the widespread of Internet access at work, home, and school. Its development has managed to increase productivity and facilitate the daily activities of Malaysians.

However, concern arises when online services are widely used without control. Issues such as identity theft and online fraud have been widely reported in the media at this time. Most of the security features used online now (username and password) are not able to provide optimum safety to the users of online services.

To increase the level of safety and confidence in cyberspace or online, Public Key Infrastructure (PKI), which is monitored by MCMC will help consumers and organisations to prevent identity theft and other online fraud incidents. PKI is subject to the Digital Signature Act 1997, an act designed to put the country on a strong foundation in the field of ICT and improving consumer and business confidence in dealing with virtual or online incidents. The use of digital signatures under the Digital Signature Act 1997 is subject to the procedures prescribed by the law and has the effect of 'non-repudiation'. Therefore, digital signatures have the highest level of trust from the use of electronic signatures, such as the use of a PIN, username and password.

Postal Service

As at the end of 2014, there are 991 post offices in Malaysia, including 259 Post Mini and 30 Post On Wheels (POW) equipped with VSAT to enable online service in rural areas.

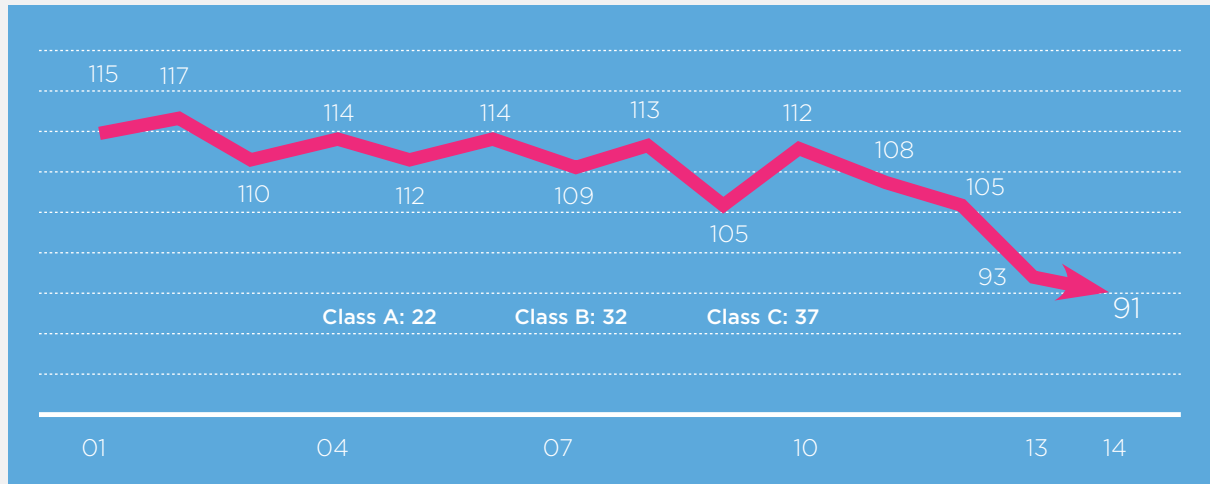| State	Post Office	POW	Post Mini
Perlis	9	-	2
Kedah	48	2	15
Penang	40	1	15
Perak	87	1	18
Selangor	101	1	41
Negeri Sembilan	39	1	5
Malacca	28	1	11
Johor	81	1	27
Pahang	43	1	42
Terengganu	28	1	17
Kelantan	29	1	22
Sarawak	61	8	28
Sabah	47	8	8
Kuala Lumpur	61	3	4
Total	702	30	259

Table 1: State's Postal Service

Postal Transformation Plan Sabah and Sarawak Phase 2

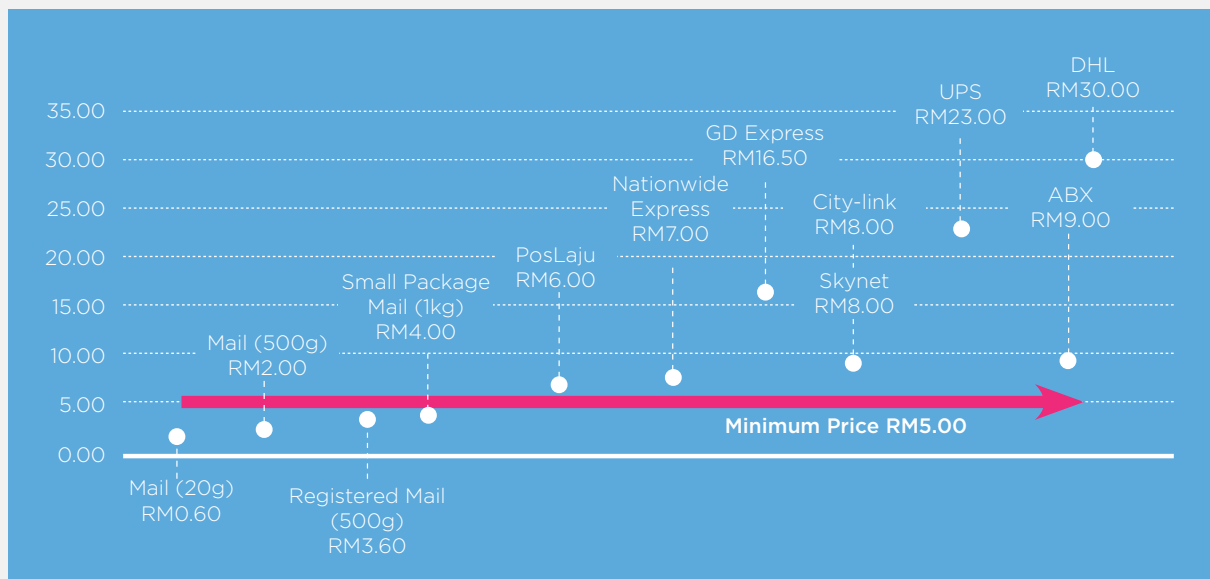| 2013-2014	Community Postmen	Community Post Representative	POW
	Mail Volume Managed		No of Transactions
Sabah	2,164,386	582,267	27,071
Sarawak	2,441,866	643,250	64,246
Total	4,606,252	1,225,517	91,317

Courier Service License Trend

115　117
114　114　113　112
110　112　109　108
105　105
93
91

Class A: 22　Class B: 32　Class C: 37

01　04　07　10　13　14

As at the end of 2014, there are 91 licensed courier companies in Malaysia. The estimated value of courier service industry in 2014 is RM2.5 billion.

Minimum Price Policy for Delivery of Mails Below 500 Grams Through Courier

35.00
30.00
25.00
20.00
15.00
10.00
5.00
0.00

DHL RM30.00
UPS RM23.00
GD Express RM16.50
Nationwide Express RM7.00
City-link RM8.00
ABX RM9.00
PosLaju RM6.00
Skynet RM8.00
Small Package Mail (1kg) RM4.00
Mail (500g) RM2.00
Minimum Price RM5.00
Mail (20g) RM0.60
Registered Mail (500g) RM3.60

This regulation is introduced to protect local courier companies from extreme competition such as dumping and overly discounted price by international companies with bigger financial resources.

It is also introduced to create a more sustainable industry and increase investor confidence as well as creating jobs with higher income.

KLWYSE 1–6 DECEMBER 2014
Kuala Lumpur Convention Centre

The biggest philately event in Malaysia, the World Youth Stamp Exhibition or better known as KLwyse, was co-organised with the Ministry of Communications and Multimedia, Pos Malaysia and Philatelic Society of Malaysia. It is held in conjunction with 160 years of stamp use in Malaysia and to reintroduce the hobby of stamp collecting among the public.

40 countries participated in this exhibition, more than 100,000 stamps were exhibited and attracted 9,640 visitors. 179 stamp collectors below the age of 21 exhibited their collection and 135 exhibitors under Asian category.

Other activities also held during Klwyse were Manga-styled stamp drawing competition, Universal Postal Union (UPU) discussion forums, philately talks and Palmeras Awards Night.

List of Award Recipients

Category	Winner's Name	Exhibition Title
Best of Youth	Mathilda Larsson, Sweden	In the Magic World of Harry Potter
Grand Prix D'Honneur	Stephen Browne, Australia	The Postal History of New South Wales 1801-1849
	Chang Min, China	People's China (1946-1956) – Postal History around the State Founding
Grand Prix International	Chen Yu-An, Chinese Taipei	Chinese Imperial Postal Cards and Letter Sheets
Grand Prix National	Tan Eng Chuan, Singapura	Straits Settlements from Pre-stamp to 1900

*For more information, scan the QR code and view the video.

Stamp Issuance Performance

For 2014, 16 stamp themes and first day covers were issued. The most popular stamps issued are Malay Folk Stories and Horse.

Theme	Date of Issuance	Units Sold
Horse	27.01.14	360,058
Roses Series II	14.02.14	303,920
Museums and Artifacts	13.03.14	285,587
President Obama's Visit to Malaysia	26.04.14	22,081
Museum Cities - Malacca & Jogja	24.05.14	83,455
Joint Issuance Malaysia - China	31.05.14	28,653
World Scout Bureau	18.06.14	355,606
KLIA2	24.06.14	256,019
Malaysian Fruits	17.07.14	322,598
57th Merdeka Celebration	31.08.14	187,517
Joint Issuance Malaysia - Hong Kong	17.10.14	202,610
Malay Folk Stories	27.10.14	417,512
World Youth Stamp Exhibition - KLCC	05.11.14	23,978
World Youth Stamp Exhibition 2014	01.12.14	123,545
Celebration of HRH Sultan Pahang 40 Year Reign	23.12.14	80,581
Sultan Abdul Halim Muadzam Shah Bridge	31.12.14	114,390

For more information, scan the QR code and view the video.

1Malaysia Letter Writing Competition 2014

The 2014 edition was the fifth 1Malaysia Letter Writing Competition organised by MCMC and Pos Malaysia in collaboration with KKMM and KPM.

Held from 1 July – 31 August 2014 with the theme 'Tourism', it was open to Malaysian citizens in four categories:-

- Category A: Primary School (Year 1-6)
- Category B: Secondary School (Form 1-5)
- Category C: Open (18 years and above)
- Category D: OKU (9-45 years old)

Prizes were presented by Deputy Secretary-General II of KKMM, Datuk Che Azemi Haron; MCMC Chief Industry Regulation Officer, Mr. Toh Swee Hoe; and Chief Executive Officer of Kumpulan Pos Malaysia Berhad, Dato' Iskandar Mizal Mahmood.

It was held at the Kuala Lumpur Convention Centre during the World Youth Stamp Exhibition.

Customer Complaint Index for Postal and Courier 2011-2014

Complaints Received 2011-2014				
Category	No of Complaints			
	2011	2012	2013	2014
Late Delivery	19	30	40	58
Unsatisfactory Service	13	10	26	16
Lost Items	9	16	16	23
Postal Delivery Worker's Behaviour	8	2	4	2
Dissatisfaction Over Service Price	1	-	4	1
Unsatisfactory Customer Service	3	4	6	11
Others	4	4	7	2
Total	57	66	103	113

As in the previous years, customers have high expectation on delivery time.

Service Complaint

Customers will not tolerate with either late delivery or lost items that results in financial and business losses.

Access to complaint website and email have made it easier for customers to lodge their complaints. In 2014, MCMC received a total of 113 complaint cases related to postal and courier service, an increase by more than 10 cases compared to 2013.

Complaint channels through which customers can send their complaints include consumer associations, General Complaint Bureau and Prime Minister's Office.

The main complaint resolution method is extending apologies to customers by postal and courier companies while cases involving lost items will involve compensation based on the terms and conditions agreed by both parties.

Unsatisfactory service remains second in the complaint index.

Postal & Courier Industry Championship and Carnival (#sampaidenganselamat Carnival) 1-2 November 2014

The event, which was held at Metro Driving Academy, Pulau Meranti, Puchong, is a combination of road safety championship and a carnival.

It was a collaboration between MCMC and strategic agencies including Road Safety Department of Malaysia (JKJR), Malaysian Institute of Road Safety Research (MIROS), Royal Malaysia Police (PDRM), Pusat Pemeriksaan Kenderaan Berkomputer (PUSPAKOM), Sepang Municipal Council (MPS) and the host Metro Driving Academy (MDA).
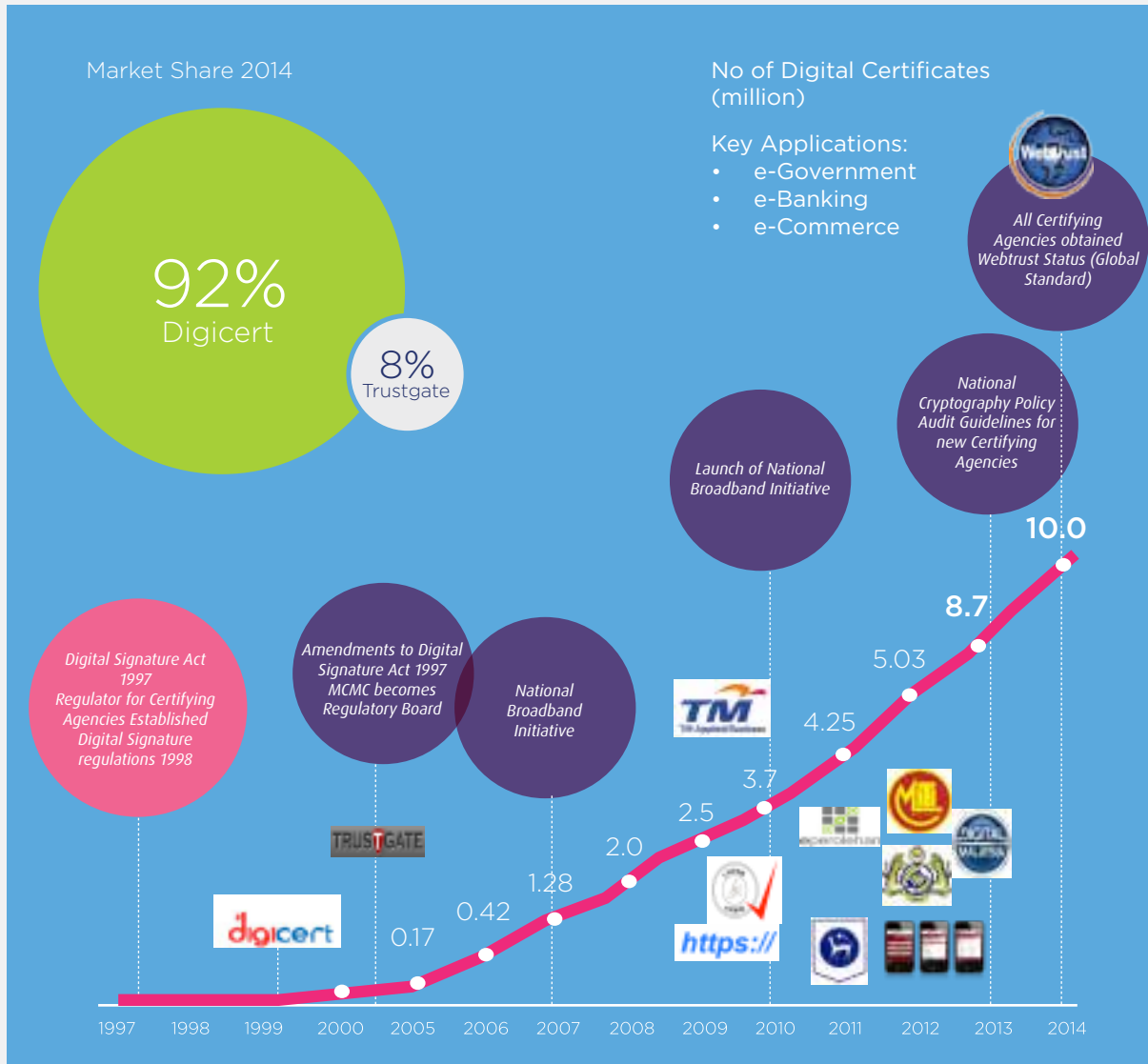
The objective of this carnival is to inculcate road safety and increase professionalism among industry workers that will result in improved driving skills and better safety. The carnival also recognises high performance riders who serve a good example, in line with MCMC's function to ensure the safety of workers, network and postal items under the Postal Services Act 2012.

Demand for postal and courier service workers was also on the rise, following the growth of e-commerce in Malaysia. High performance drivers were also given due recognition.
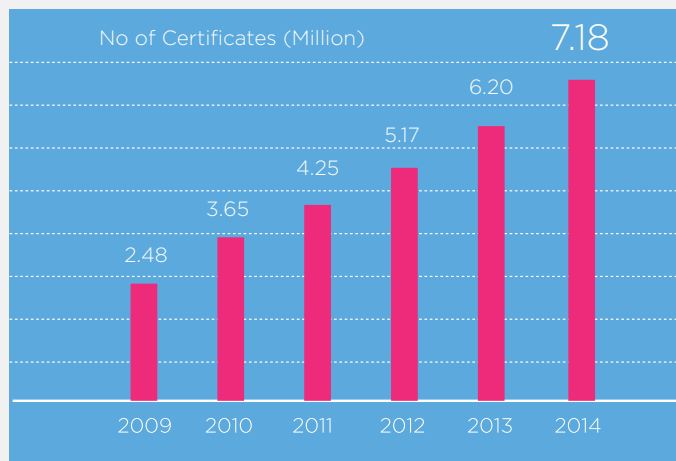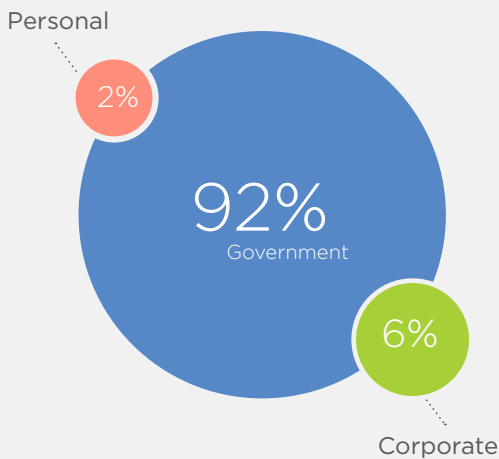
10 winners were selected for driver and rider category, as well as lucky draw prizes for visitors throughout the day.

Public Key Infrastructure Development

Market Share 2014

92% Digicert

8% Trustgate

No of Digital Certificates (million)

Key Applications:
- e-Government
- e-Banking
- e-Commerce

All Certifying Agencies obtained Webtrust Status (Global Standard)

National Cryptography Policy Audit Guidelines for new Certifying Agencies

Launch of National Broadband Initiative

Digital Signature Act 1997 Regulator for Certifying Agencies Established Digital Signature regulations 1998

Amendments to Digital Signature Act 1997 MCMC becomes Regulatory Board

National Broadband Initiative

10.0

8.7

5.03

4.25

3.7

2.5

2.0

1.28

0.42

0.17

| 1997 | 1998 | 1999 | 2000 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |

Types of Certificate Issued

Personal **2%**

92% Government

6% Corporate

No of Certificates (Million)

7.18

6.20

5.17

4.25

3.65

2.48

| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |

Growth of Digital Signature in Malaysia

Public Key Infrastructure (PKA) technology is expected to be the fastest growing tech economy. PKA-based applications are developed by Government agencies and private sector, such as e-passport and e-Court.

From 2011 to 2013, the average increase in number of digital certificates issued is between 10% and 20%.

In term of market share, 92% of certificates in Malaysia are issued by Digicert Sdn Bhd and the balance by MSC Trustgate Sdn Bhd.

In the second quarter of 2014, the number of certificates increased approximately by 13.6% compared to the previous year, reaching nearly 7.2 million and this figure is expected to continue to increase.

In Malaysia, PKA is mainly used in the public sector (92%) while the balance 8% in the private sector (banking and health).

International Webtrust Accreditation

In 2012, MCMC had enforced annual audit compliance that adopted the international Webtrust guideline.

The Webtrust guideline is adopted by most international Certifying Agencies. It gives local Certifying Agencies an advantage and put them at the same level with global certifying agencies.

At the end of the fourth quarter of 2014, all Certifying Agencies were given Webtrust accreditation.

MCMC's Function as Advisory Body in PKI Implementation

Government Public Key Infrastructure

MAMPU is responsible to ensure that each Government e-application and information technology communication uses the PKI method in each Ministry and agency under MAMPU's coordination. MCMC was appointed as an advisory body to MAMPU in the Government PKI initiative implementation.

ASEAN Single Window (ASW)

This is an initiative by ASEAN Member States to develop e-application called ASEAN Single Window (ASW). ASW will enable online activities as well as secure and reliable exchange of data and customs declaration documents among ASEAN Member States. The initiative is expected to be implemented in the fourth quarter of 2015.

MCMC was appointed as advisor in the Technical Working Committee led by the Ministry of International Trade and Industry (MITI) and other ASEAN Member States to develop and implement PKI in the ASW initiative. The Committee is tasked with developing PKI Framework for ASEAN Member States to ensure inter-operational forces and mutual recognition among Member States.

e-Perolehan (NextGen)

The Procurement Unit is an agency under the Ministry of Finance responsible for developing e-Perolehan application for Government tender. MCMC was appointed as advisor in the Digital Signature module use committee. PKI is subject to the Digital Signature Act 1997 and PTD 1998.

Migration of Certificate Key Root to 2048 key bit

MCMC was appointed by MAMPU in the implementation of digital certificate key root migration from 1,024 bit to 2,048 bit to comply with international standard. The purpose of this migration is to ensure all Government online applications will not be affected during the migration process.

Accountant General's Department of Malaysia (JANM) – Unclaimed Moneys Initiative

JANM is currently developing an online application to process the surrendering of unclaimed moneys. The application will use PKI Digital Signature module. MCMC was appointed as advisor in the PKI Digital Signature module use committee as well in the initiative to ensure compliance with the Digital Signature Act 1997 and PTD 1998.

The growth of PKI in Malaysia is in line with the use of Government service applications and online banking in the banking sector for online transactions. Overall, the total use of PKI has reached 7.2 million certificates.

LICENSING

LICENSING ACTIVITY

MCMC is responsible for the issuance of licences under the Communications and Multimedia Act 1998 (CMA 1998), the Postal Services Act 1991 (PSA 1991), and the Digital Signature Act 1997 (DSA 1997).

LICENCES UNDER THE COMMUNICATIONS AND MULTIMEDIA ACT 1998 (CMA 1998)

The licensing regime as provided for under CMA 1998 allows a licensee to undertake activities that are market specific. This creates opportunities for expansion into the industry, particularly in the area of Applications Service Providers; and provides for a more effective utilisation of Network Infrastructure.

There are four categories of licensable activities:
• NFP (Network Facilities Provider)
• NSP (Network Service Provider)
• ASP (Applications Service Provider)
• CASP (Content Applications Service Provider)

Under all four categories, two types of licence are issued, namely Individual Licence and Class Licence. Individual Licence is issued for activities that require a high level of regulation, while Class Licence only requires registration and a low level of regulation. List of licensees is kept in the Register maintained by MCMC.

Throughout 2014, MCMC processed 76 applications for individual licence and 573 applications for class licence under CMA 1998. Table 1 shows the types of application processed under individual licence category.

Individual Licence Category / Type of Application	Number of applications processed
New Licence	41
Licence Renewal	17
Modification of Licence Conditions	10
Re-Assignment of Licence	4
Transfer of Licence Ownership	4
Service Providers Nominated	0
Total Applications Processed	76

Table 1: Types of Individual Licence application processed by MCMC in 2014

Individual Licence – New Application

The Minister approved 37 licences comprising 19 NFP (I) licences and 18 NSP (I) licences as at 31 December 2014. Four licences were not approved by the Minister.

Licence	Licences Approved	Licence Not Approved
NFP (I)	19	1
NSP (I)	18	3
CASP (I)	0	0
Total	37	4

Table 2: Number of individual licence new applications approved/not approved by the Minister in 2014

Individual Licence – Renewal Application

MCMC evaluated eight individual licenses new applications for NFP (I) and NSP (I) licences. MCMC also evaluated one renewal application for CASP (I) licence. The Minister approved all of the renewal applications.

Licence	Applications Approved	Applications Rejected
NFP (I)	8	0
NSP (I)	8	0
CASP (I)	1	0
Total	37	4

Table 3: Number of licences renewed by the Minister in 2014

Individual Licence – Application To Modify Individual Licence Conditions

10 applications to modify individual licence conditions were approved by the Minister, comprising eight modifications for NFP (I) licence, and one for NSP (I) and CASP (I) licence.

Application For Re-Assignment And Transfer Of Individual Licence Ownership

In 2014, three licensees re-assigned their individual licences namely:

1. Rimbun HybridTV Broadcast Sdn Bhd [CASP (I)] ;
2. DTRS Consortium Sdn Bhd [NFP (I) dan NSP (I)]; and
3. PP Integration Sdn Bhd [NSP (I)].

Two licensees transferred ownership of individual licence. The Minister approved the transfer of NFP (I) and NSP (I) licence ownership from Alkarismi Technologies Sdn Bhd to Net2One Sdn Bhd, and from Puncak Semangat Sdn Bhd to MYTV Broadcasting Sdn Bhd [a Special Purpose Vehicle (SPV) that acts as an integrated infrastructure platform provider for digital terrestrial television broadcasting service in Malaysia].

Nominated Service Providers

Pursuant to Section 130 of CMA 1998, the Minister may, on the recommendation of MCMC, determine that a licenced network facilities provider, other than the owner of any network facilities, be a nominated facilities provider for the purposes of CMA 1998, if the Minister is satisfied that the nomination will not impede the achievement of the objects of CMA 1998 and the administration of CMA 1998.

In 2014, no applications for nominated service providers were received by MCMC.

Issuance Of Class Licence Under CMA 1998

A total of 20 applications were received for registration for Network Facilities Provider class licence [NFP (C)], 21 applications for registration of Netwok Service Provider class licence [NSP (C)], 27 applications for registration of Content Applications Service Provider class licence [CASP (C)], and 505 applications for Applications Service Provider class licence [ASP (C)]. The number of applications are shown in Table 4 below:

Type of Class Licence	Number of Licensees Registered
NFP	20
NSP	21
CASP	27
ASP	505
Total	573

Table 4: Number of class licence applications registered by MCMC in 2014

MANAGEMENT OF NUMBERING

In accordance to Section 180 of the Communications and Multimedia Act 1998, MCMC is responsible for developing numbering and electronic addressing plan for network and application services. Hence, the Numbering and Electronic Addressing Plan (NEAP) was published by MCMC on 26 January 2006.

Any use of numbering and electronic addressing for network or application services in Malaysia is regulated through NEAP.

This report provides information related to numbering assignment to service providers, IPv6 initiative and Mobile Number Portability (MNP) for the year 2014.

Numbering Assignment

The following are numbering categories used for network system and application services in Malaysia:-

- Geographic Numbering;
- Non-Geographic Numbering; and
- Other numbers.

Geographic Numbers

Geographic numbers are numbers used for services that rely on a location where digits within the number indicate a geographic location or a service call.

The use of geographic numbers is limited to fixed line and data services such as Public Switched Telephone Network (PSTN), Integrated Services Digital Network (ISDN), High Speed Broadband (HSBB), Direct Inwards Dialling (DID) and other similar services.

In 2014, 438,000 numbers for PSTN, ISDN and HSBB were assigned to various service providers based on Access Code as shown in Table 1 below:-

Access Code	Total Numbers Allocated	Total
03	170,000	
04	20,000	
06	20,000	
07	120,000	
082	5,000	438,000
088	12,000	
089	1,000	
09	90,000	

Table 1: Geographic Numbers Assignment

Non-Geographic Numbers

Non-Geographic Numbers are numbers used for services that do not rely on a geographic area. These numbers are Short Code (SC), Special Service Numbers (SSN) and Mobile Numbers.

Table 2 below shows the assignment of SC and SSN in 2014:-

Type of Numbers	Number Assigned	Total Block/Number
Special Service Number (1-800)	1800 – 00 - XXXX	1
Independent Short Code (ISC)	12273	11
	13131	
	13331	
	13333	
	13334	
	13335	
	13336	
	13338	
	13391	
	13398	
	13399	

Table 2: Assignment of SSN and ISC for 2014

Mobile Numbers for Cellular Services

In 2014, five million mobile numbers were assigned to mobile service providers as shown in Table 3 below:-

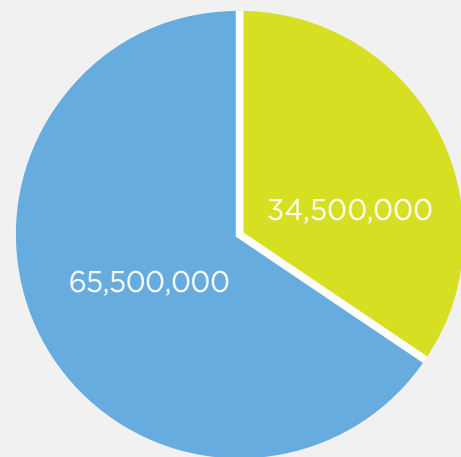| Prefix	Number Assigned	Total Subscriber Numbers	Total Numbers Assigned
011	4000 0000 – 4199 9999	2,000,000	5,000,000
	4200 0000 – 4299 9999	1,000,000	
	5000 0000 – 5099 9999	1,000,000	
	5200 0000 – 5299 9999	1,000,000	

Table 3: Assignment of Mobile Numbers for 2014

As of 31 December 2014, 34.5 million out of 100 million mobile numbers under the 011 prefix were assigned to various Mobile Network Operators (MNOs) and Mobile Virtual Network Operators (MVNOs).

Telephony Service over Internet Protocol (TSoIP)

Voice Over Internet Protocol (VoIP) is a category of hardware and software that enables people to use the internet as the transmission medium for telephone calls by sending voice data in packets using Internet Protocol (IP) rather than by traditional circuit transmissions of the Public Switch Telephone Network (PSTN).

Table 4 below shows TSoIP numbers assigned to new TsoIP players.

Figure 1: Use of 011 Prefix

Prefix	Numbers Assigned	Total Subscriber Numbers
0154	888 0000 – 888 9999	10,000

Table 4: Assignment of TsoIP Numbers for 2014

Other Numbers

Other numbers are different from Geographic Numbers and Non-Geographic Numbers such as International Mobile Subscriber Identity (IMSI), National Signalling Point Code (NSPC) and International Signalling Point Code (ISPC). Table 5 below shows numbers assigned under this category.

Type of Number	Numbers Assigned	Total
International Mobile Subscriber Identity (IMSI)	502 – 157 XXXX XX XXX	1
National Signalling Point Code (NSPC)	15004	13
	15005	
	15006	
	15007	
	15008	
	15009	
	15010	
	15011	
	15012	
	15013	
	15014	
	15015	
	15016	
International Signalling Point Code (ISPC)	5-005-7	2
	5-003-6	

Table 5: Other numbers assigned for 2014

Numbering Audit

Numbering audit is implemented to ensure that the numbers assigned to service providers are used efficiently.

In 2014, MCMC implemented numbering audit for all International Signalling Point Code (ISPC) and International Signalling Point Code (ISPC) used by all service providers.

As a result of the audit, all inactive NSPCs and ISPCs were returned to MCMC, as shown in the table below, for future planning and to ensure that the numbers are not kept by the service providers.

The table below shows NSPC and ISPC numbers that are not used and returned to MCMC.

Sistem Pengurusan Penomboran (NUMSYS)

NSPC Assignment as of 2014

16

36

■ Not Used   ■ Used

The Use of ISPC as of 2014

17

44

■ Not Used   ■ Used
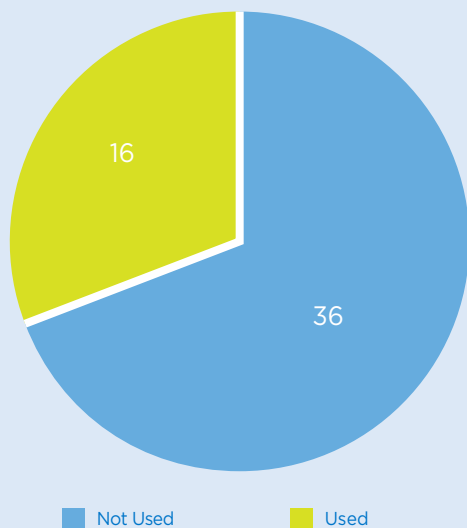
Figure 2: The use of National Signalling Point Code (NSPC) by Service Providers in 2014
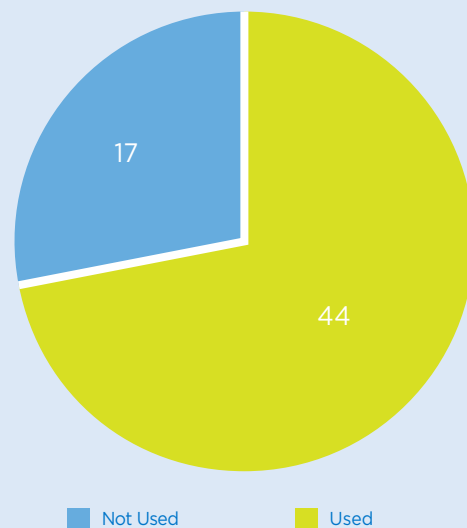
Figure 3: The use of International Signalling Point Code (ISPC) by Service Providers in 2014

Number Management System (NUMSYS)

MCMC had developed a database system for numbering and electronic addressing called Number Management System (NUMSYS). The system development was completed in the fourth quarter of 2013. From the third quarter of 2014 onwards, majority of network service providers started to apply online using NUMSYS.

MCMC continues to improve and enhance the system's performance and design to make it user-friendlier. Additional features will make the system more integrated.

IPv6 Initiatives for Year 2014

Acceptance of IPv6 continues to grow wider in 2014 as shown in Figure 4. The growing acceptance indicates that IPv6 is the best choice for Internet growth in the future. This is the result of MCMC's commitment in providing suitable environment to expedite IPv6 implementation in Malaysia, in particular the management of IPv6 supply and demand.
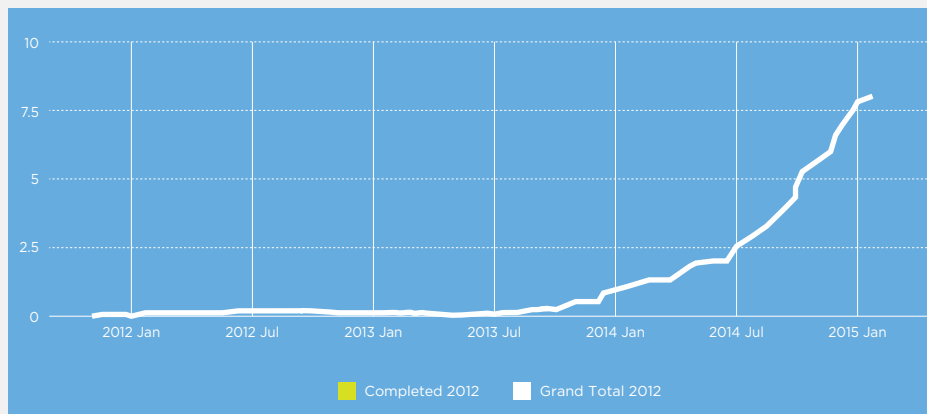

Figure 4: Acceptance of IPv6 in Malaysia (Source: APNIC LAB)

Throughout 2014, MCMC continues to focus on making the country IPv6-ready by the end of 2015 through dual stack implementation. This is achieved through various programmes under four main areas: promotion and awareness, human capital development, surveillance, and consultation service. Among the programmes implemented in 2014 are as follows:-

i.   IPv6 Surveillance

     The latest status of IPv6, web, email and Domain Name System (DNS) is monitored continuously through IPv6 Surveillance System, which was developed by MCMC in 2013.

ii. Human Capital Development

     In September 2014, MCMC and MTSFB's IPv6 Centre of Excellence organised Certified IPv6 Professional Training. Fourteen participants from the SME sector took part in the 5-day workshop.

iii. IPv6 Promotion and Awareness Campaign

     MTSFB's IPv6 Centre of Excellence portal provides the latest references and information on IPv6 and can be accessed at http://mtsfbcoe.org.my/

iv. IPv6 Consultation Service

     IPv6 consultation service programme provides assistance to the industry to implement IPv6 transition for their respective organisations. The programme was placed under the coordination of MTSFB's IPv6 Centre of Excellence.

In August 2014, MCMC took a more aggressive approach to grow the use of IPv6 in Malaysia. The approach, which is known as IPv6 Action Plan 2014-2015, comprises the following activities:-

i.   Internet users in Malaysia must be able to browse IPv6 and IPv5 contents by the end of 2015.

ii. ICT products used are IPv6-compliant where Internet Service Providers (ISPs) and Service Providers (SPs) must provide their subscribers with unique and global IP addresses.

iii. Increasing the number of IPv6 experts especially for data centres and webhosting providers through Certified IPv6 Professional Training. This training is crucial for infrastructure and safety audit work, as well as other matters related to IPv6 implementation.

Mobile Number Portability (MNP)

In 2014, 1,158,391 or 2.6% of mobile subscribers ported their numbers, compared to 2.3% in 2013. This represents an increase of 153,503 subscribers. The increase can be attributed to continuous MNP campaign by service providers. In addition, the increase in the number of mobile subscribers from 42,996,000 in 2013 to 43,789,000 also contributed to the increase in MNP transactions.

Year	Mobile Subscribers	No. of MNP Transactions	Percentage of MNP Transactions
2008	27,700,000	211,692	0.8%
2009	30,400,000	1,074,990	3.5%
2010	33,800,000	696,807	2.1%
2011	35,700,000	704,938	2.0%
2012	41,325,000	880,272	2.4%
2013	42,996,000	1,004,888	2.3%
2014	43,789,000	1,158,391	2.6%

Table 6: Number of Mobile Number Portability Transactions

Subscriber number porting recorded a slight increase, which is 96% or 1,115,871 compared to 95% or 959,794 subscribers in 2014. Meanwhile, the number of non-subscriber porting transactions reduced from 45,094 in 2014 to 42,520 in 2014.

Year	Subscriber Numbers Ported	Non-Subscriber Numbers Ported
2013	959,794	45,094
2014	1,115,871	42,520
Total	2,075,665	87,614

Table 7: Number of Porting Transactions for Subscriber Numbers and Non-Subscriber Numbers

On 1 January 2014, MCMC reappointed Talian Gerak Alih Sdn Bhd (TGA) to operate and manage the Number Portability Centre (NPC) for the next five years. TGA was first appointed on 28 August 2013. TGA's reappointment was based on their good performance and service. Since NPC started its operation in 2008, TGA has proven their capability to ensure that NPC is operating at its optimum capacity.

MONITORING AND COMPLIANCE

NEW MEDIA

New media is a media platform that embodies three main characteristics – integrated, interactive and digital. New media can be seen as a new channel in the world of communications. Based on its interactive and digital nature, Malaysians generally use new media as an enabler in carrying out their daily routine. Among its many uses include:-

• Communication;
• e-Commerce
• Health; and
• Education

Given the current trend, the use of new media in Malaysia indicates that a large portion of Malaysians use it for communication. This is evident from a study conducted on the types of website frequently visited by Internet users in Malaysia. Based on this study, in 2014 Facebook is the most visited website in Malaysia, followed by Google.com and Google. com.my. All three websites feature facilities such as personal message, chat and email for communication. Further details from this study are provided below:-

Crimes Committed through New Media in Malaysia

The rapid growth of new media also exposes Internet users to cyber crime.

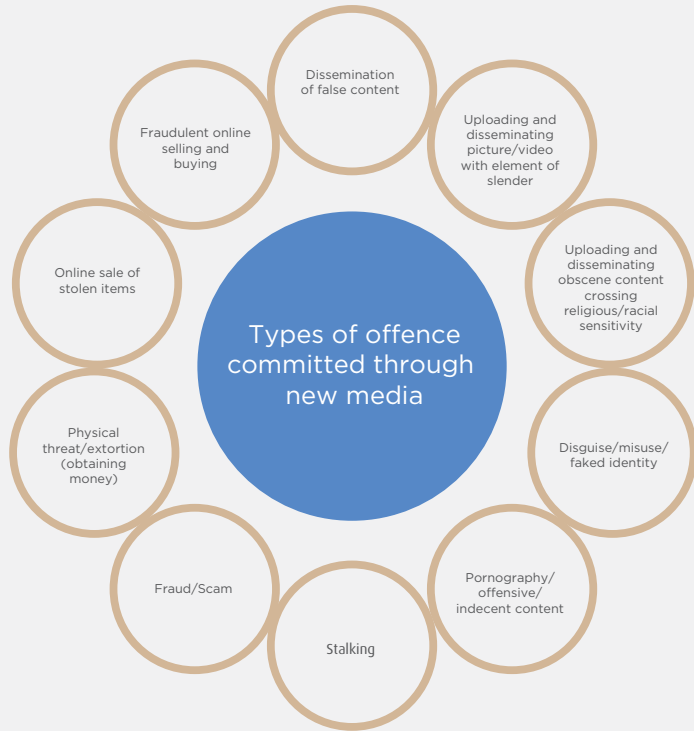The types of offence usually committed through new media are shown here:

Dissemination of false content

Fraudulent online selling and buying

Uploading and disseminating picture/video with element of slender

Online sale of stolen items

Types of offence committed through new media

Uploading and disseminating obscene content crossing religious/racial sensitivity

Disguise/misuse/faked identity

Physical threat/extortion (obtaining money)

Fraud/Scam

Stalking

Pornography/offensive/indecent content

Figure 1: Types of offence committed through new media

MCMC, through the New Media Department, also received complaints from the public regarding various online offence.

The following statistics show the number of new media complaints received by MCMC for the year 2013 and 2014:-

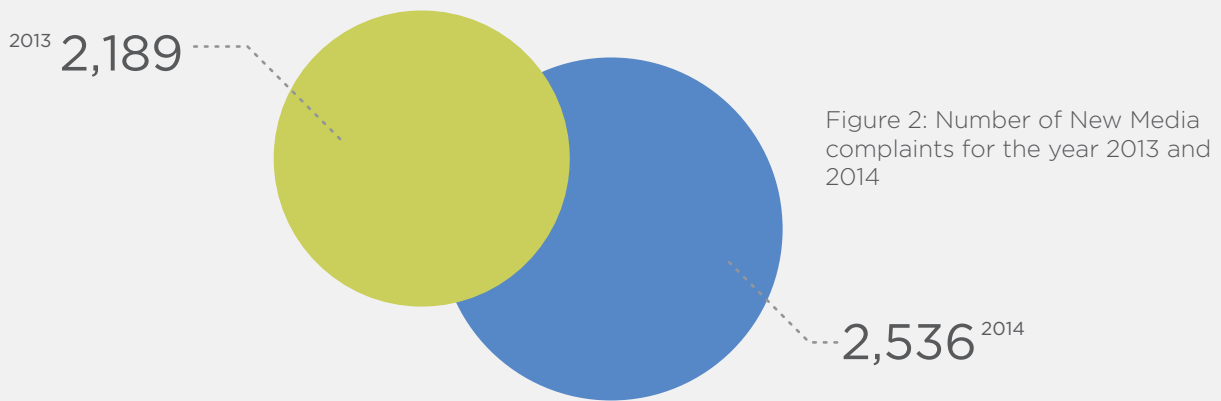
2013 **2,189**

2,536 2014

Figure 2: Number of New Media complaints for the year 2013 and 2014

In 2014, MCMC received a total of 2,536 complaints from the public. Out of this number, a total of 1,833 online offences took place on social media. The breakdown of complaints according to Internet service is as follows:-

e-mail **123**

1,833 Social Media
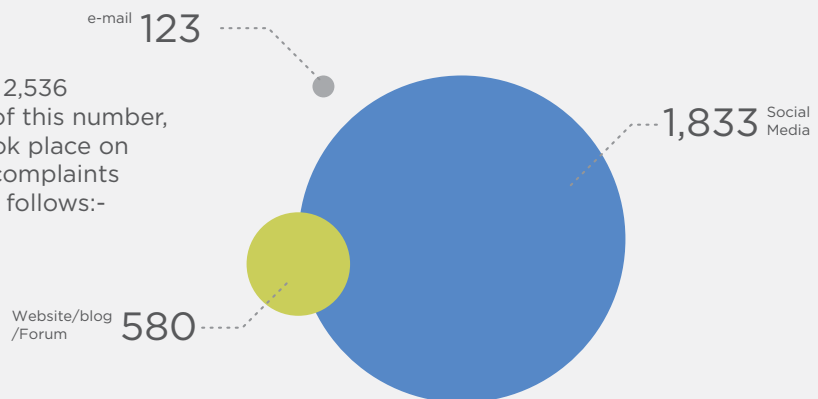
Website/blog /Forum **580**

Figure 3: Breakdown of complaints according to Internet service

Stern action can be taken against new media content that is indecent, obscene, false, menacing or offensive under Section 211 and 233 of the Communications and Multimedia Act 1998 (CMA 1998). If proven guilty, the individual can be fined not more than RM50,000.00 or jailed for a period of not more than one (1) year or both.

Complaint statistics according to offence for the year 2013 and 2014 are as shown below:-
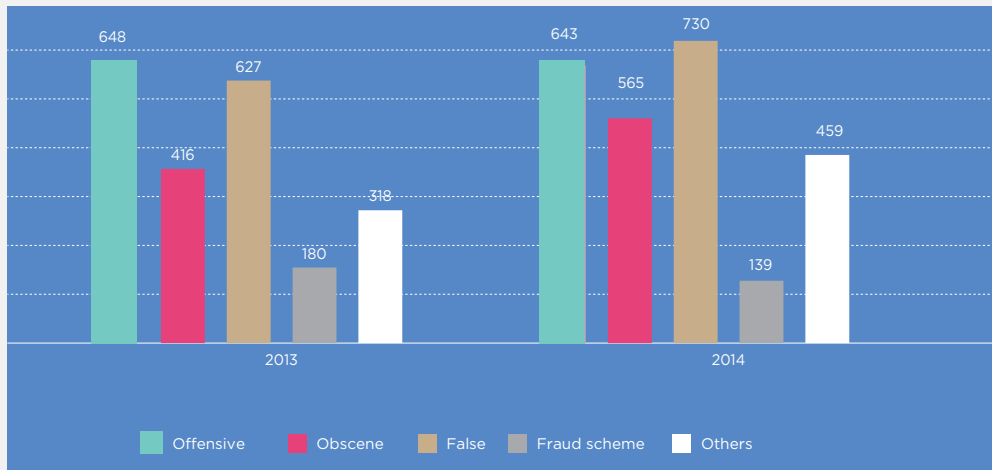

Figure 4: Breakdown of complaints on new media content according to offence for the year 2013 and 2014

However, not all offences committed through new media platform are under the jurisdiction of MCMC. There are online offences that break other laws such as Penal Code, Sedition Act 1948, Copyright Act 1987 and many more.

Enforcement is not limited to court persecution only. MCMC can also take action that is administrative in nature, subject to the provision of CMA 1998, against new media platforms. Among these administrative actions include blocking a website that breaks or attempt to break national law, and filing a report on misuse, as well as serving a notice for removal of content to service operators such as Facebook, YouTube, Twitter, Cari.com, Instagram, Tumblr and others.

The following are statistics of administrative actions taken by MCMC against offences that took place on the Internet for the year 2013 and 2014:-
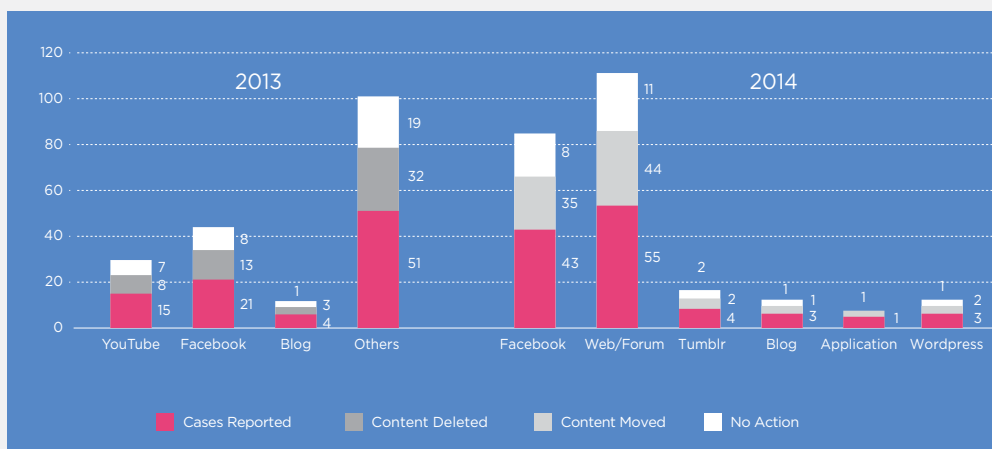

Figure 5: Cases reported and actions taken for notices issued to remove content for the year 2013 and 2014

For more information, scan the QR code and view the video.

4G

Figure 5 shows an increase in the number of actions taken in 2014 compared to 2013. This is the result of a two-way discussion and relationship fostered between MCMC and website operators to improve enforcement against contents that break the laws.

Landing Page System

MCMC also collaborated with other law enforcement agencies to block website in accordance with the provision of laws under Section 263(2) of CMA 1998.

Under Section 263(2) of CMA 1998, Internet Service Provider (ISP) is required to assist MCMC to prevent any offence or attempt to commit offence under any Malaysia written laws or other laws in the effort to enforce Malaysia laws.

Based on this provision, MCMC had launched Landing Page System, which is an initiative to ensure the effectiveness and transparency in the blocking of a website in Malaysia. Internet users who wish to access website that breaches or attempts to breach the provision under CMA 1998 or any Malaysia written laws will be directed to a landing page that has the following information:-

This website cannot be accessed in Malaysia because its content violates the country's laws;

Section 263(2) CMA 1998 – ISP's general obligation as stipulated in paragraph 15 above;

Provision of laws breached; and

Details of enforcement agency that blocks access to the website.

Before MCMC introduced the Landing Page System project, users received only an error message if they wish to access a website that has been blocked.

The following are statistics for the blocking of websites for 2014. A total of 2,268 websites/blogs were blocked based on offences under various written laws.
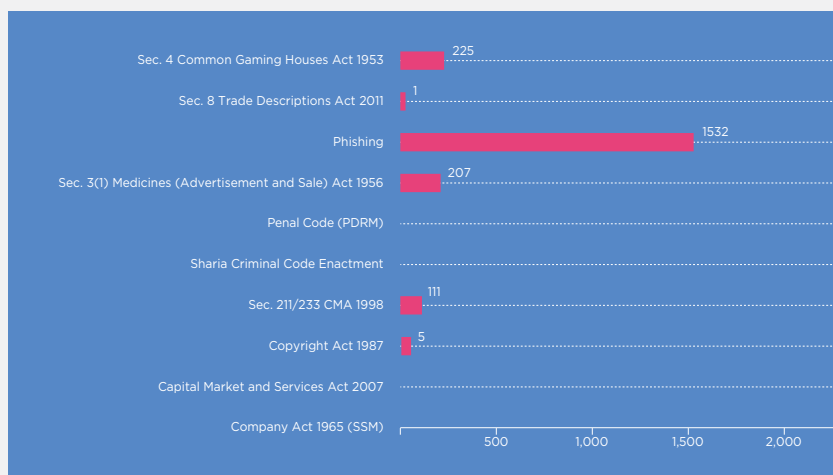

Figure 6: Blocking of Websites/Blogs in 2014

Self-Regulation

Users are advised to practise self-regulation when communicating through new media. This includes being ethical when voicing out their views and criticisms in social media. Users of new media are also encouraged to read and understand the terms and conditions of a social media platform or a website so that self-regulation can take place more effectively.

ENFORCEMENT AND INVESTIGATION

In regulating the communications and multimedia activities, one of MCMC's main functions is to implement and enforce the provision provided by the communications and multimedia law. MCMC's investigation and enforcement role is activated when there is a breach or non-compliance under the communications and multimedia law.

In 2014, MCMC investigated 355 cases involving various offences committed under the Communications and Multimedia Act 1998, Postal Service Act 2012 and their respective subsidiary legislations. Investigation over 197 cases involving the use of network service in an offensive manner covers 56% of the total cases investigated. Out of which, 134 cases investigated were based on offences committed through Short Message Service (SMS) or through Multimedia Message Service (MMS).
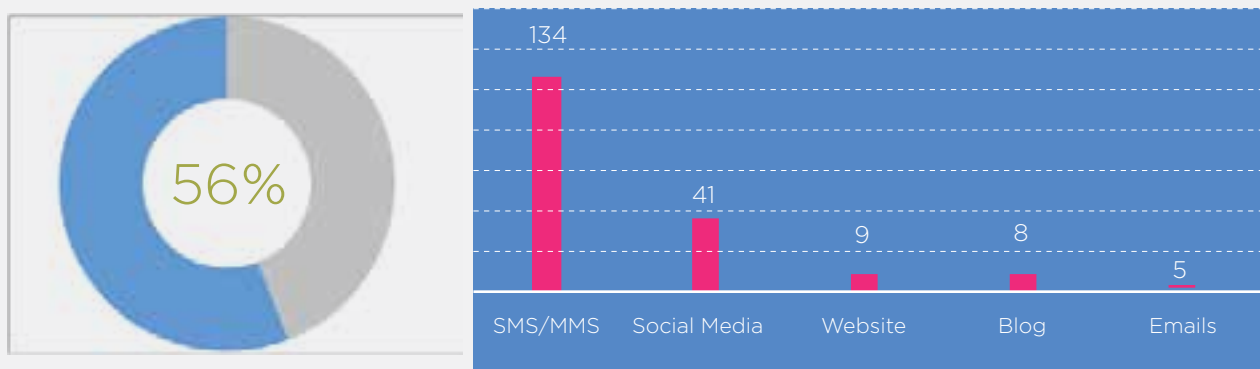

Figure 1: Cases involving various offences committed under the Communications and Multimedia Act 1998, Postal Service Act 2012 and their respective subsidiary legislations

The balance of 158 cases investigated under various offences are shown below:-

Type of Offences	No of Cases Investigated
Non-compliance with Mandatory Standards	69
Non-compliance with license terms and conditions	21
Using spectrum without valid assignment	1
Non-compliance with provision related to consumer protection	3
Any use that is against the law, ownership or supply of non-standard equipment	5
Breaching license terms and conditions, provision, equipment and so forth	29
Any act that is against the law related to uploading of article	1
Fake postal stamp	1
Failure to submit audited account	7
Non-compliance with sale prohibition of communications equipment	20

Table 1: Cases investigated under various offences

MANAGING ONLINE ISSUES

2014 is a challenging year for MCMC in fulfilling its role in the aspects of investigation and enforcement.

Local and international incidents contributed to the increase in the number of cases related to the misuse of Internet. The wide-spreading dissemination of false news and rude Internet users have resulted in stronger cooperation and sharing of information between MCMC and Attorney General's Chambers as well as with Malaysia Royal Police (PDRM) to address these issues more effectively.

Malaysia has witnessed a higher rate for cases involving the misuse of Internet that were prosecuted in court under Section 233 of the Communications and Multimedia Act 1998 compared to the previous years.
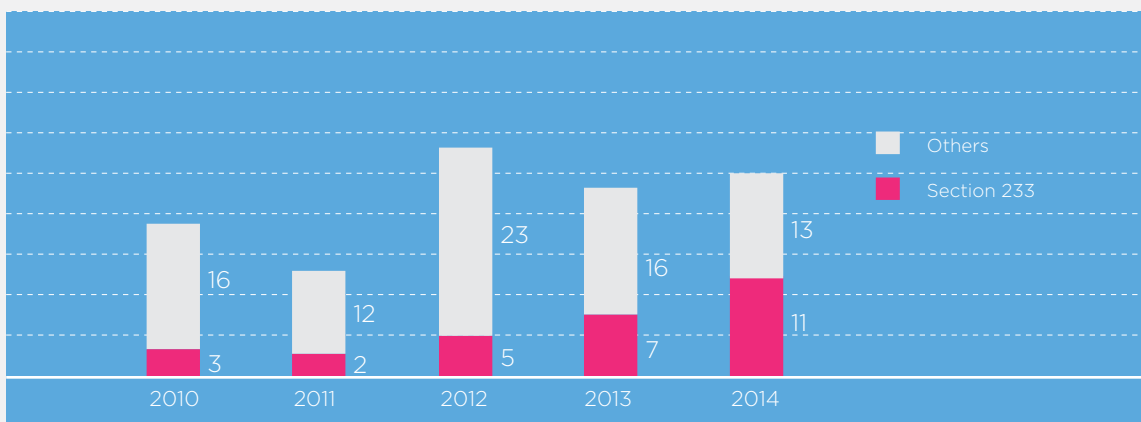

Figure 2: Total Number of Cases Related to Internet Misuse

Enhancing User Experience and Consumer Protection

Fulfilling the national agenda of Universal Service Provision, the implementation of commercial communications services by service providers has enabled Malaysians to benefit from stronger public cellular service. In line with the increasing demand for communications service in the past few years, MCMC must ensure that the industry is ready to meet consumers' expectations.

Therefore, 2014 and the years ahead will witness MCMC march forward to a greater height in ensuring better quality for communications service with the hope that it will provide better protection to end users. As can be seen since 2012, the number of cases compounded by MCMC continue to rise.
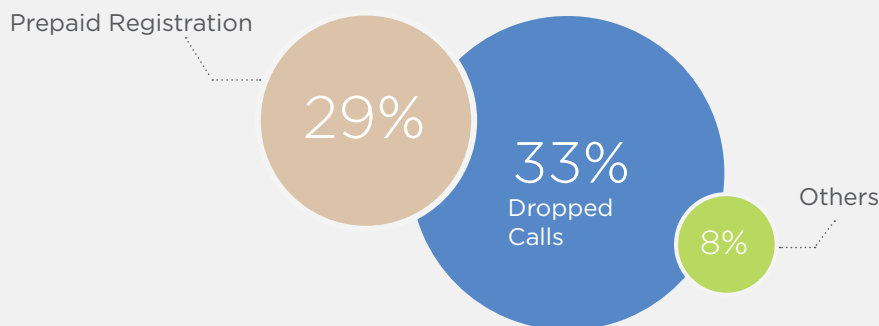

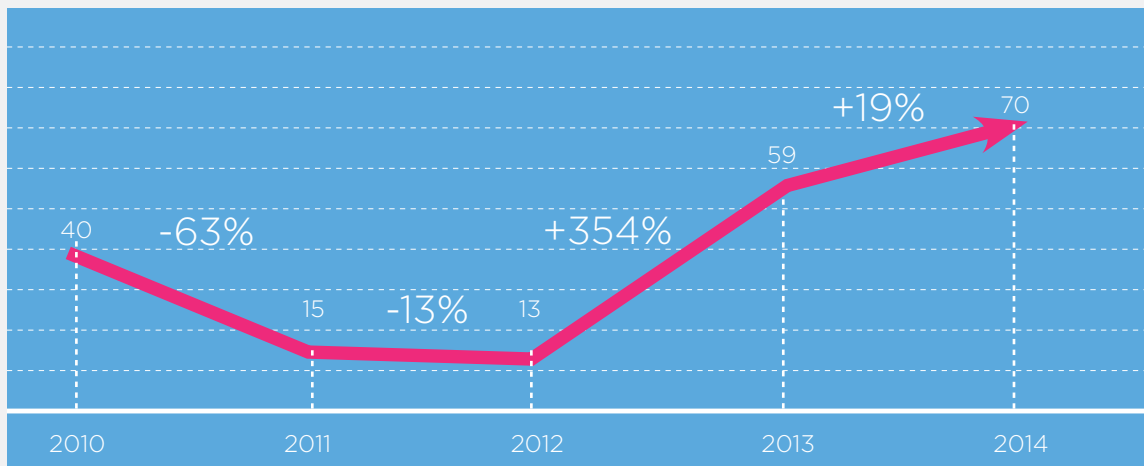Figure 3: Compounded Cases Based on Types of Offence in 2014

Figure 4: Analysis Percentage of annual movement of compounded cases

IMPLEMENTATION MONITORING

The role of Implementation Monitoring Department is to ensure that new individual license holders, whether NFP(I), NSP(I) or CASP(I), comply with several individual license special conditions, which are:

• Implementation of service within 12 months from the date license is issued
• Compliance with the Detailed Business Plan for five years
• Submission of half yearly Progress Report
• Compliance with the requirement of 30% Bumiputra shareholding

Implementation monitoring or spectrum allocation is also given to license holders namely 3G at 2100MHz band and 4G at 2600MHz band. This includes the migration of Digital Channel Radio System using 410-430MHz bands from analogue. The migration must be completed by 31 December 2015. The assessment of implementation performance is based on half yearly progress report, against the targets set in the Detailed Business Plan.

Coordinating visits to service sites is very crucial to ensure that MCMC is able to perform audit on the service implementation and the usage of spectrum bands by the licensed operators. A total of 17 inspection visits were conducted on new individual license holders throughout 2014. Majority of these visits were held in Selangor, Kuala Lumpur and Johor.

MONITORING AND COMPLIANCE (COMMUNICATION)

Consumer Protection

With the rapid growth the C&M industry, there is bound to be complaints from consumers on the quality of services offered. These, among others, include broadband service quality, cellular coverage quality, website/social media content, SMS content, unreasonable service charges, and many more.

Therefore, consumers must empower themselves with knowledge and exercise their rights as smart consumers so as not to expose themselves to any elements of fraud.
Among the rights of a consumer are:-

- Right to be notified;
- Right to choose;
- Right for privacy and protection;
- Right to speak up and to be given attention;
- Right to receive service of good quality;
- Right to fight for justice and resolution; and
- Right to receive useful education.

Service Quality Compliance

Consumers in Malaysia, especially in the C&M industry, are protected by quality of service through the existence of Mandatory Standards.

Mandatory Standards for Quality of Service are enforced by MCMC to monitor and regulate the implementation of service quality by all related service providers.

Consumer Protection in Action – Role and Approach

Channel for Consumer Complaint
www.complaint.cfm.org.my
http://aduan.skmm.gov.my

Certification/Code for example: Consumer Equipment Certification or Code Implemented through Self Regulatory Forum

Mandatory Standards for Service Quality (Implemented by MCMC)

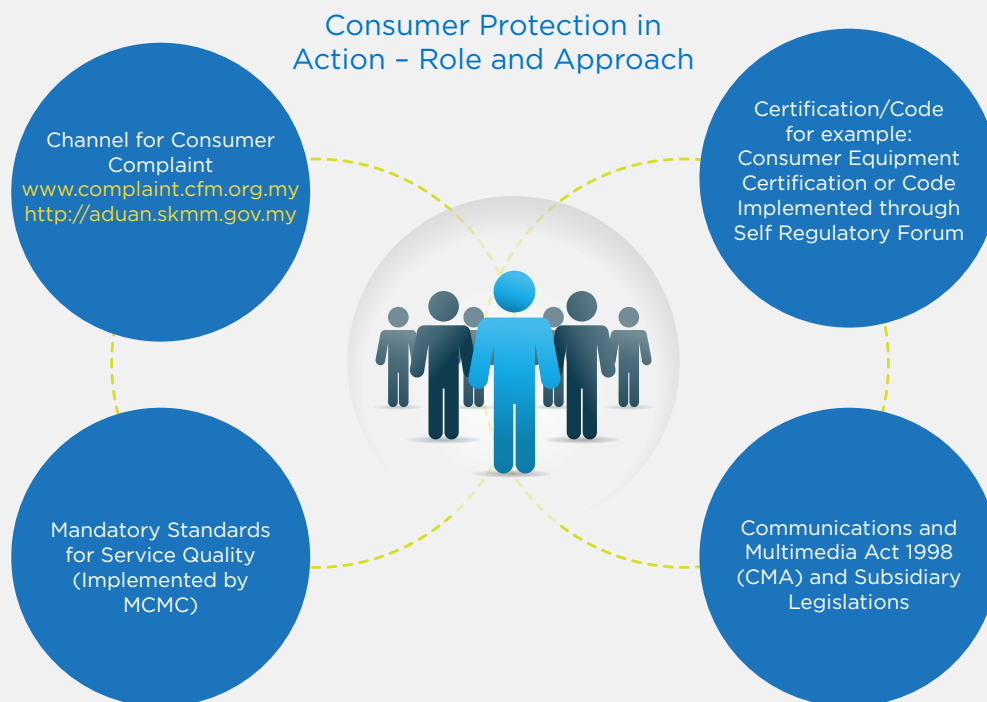Communications and Multimedia Act 1998 (CMA) and Subsidiary Legislations

Figure 1: Consumer Protection in Action – Role and Approach

The Mandatory Standards were established to:-

- enhance and protect consumer rights.
- provide consumers with clear and specific criteria for measuring the quality of service received or used.
- enhance global competitiveness by promoting local industry.

Through Mandatory Standards for Quality of Service, service providers are required to ensure the level of service quality offered to consumers complies with specific standards.

For example, to comply with certain standards, service providers are not allowed to exceed the maximum number of complaints for each set in the Mandatory Standards. Non-compliance with Mandatory Standards for Quality of Service is an offence under Section 105(3) Communications and Multimedia Act 1998. If found guilty, the offender can be fined not more than RM100,000 or jailed not more than two years, or both.

A total of seven Mandatory Standards for Quality of Service have been registered between 2003 and 2011, as follows:-

- Public Switch Telephone Network (PSTN) Service
- Public Cellular Service (PCS)
- Dial-up Internet Access Service (DIAS)
- Content Application Service (CAS)
- Public Payphone Service (PPS)
- Digital Leased Line Service (DLL)
- Broadband Access Service (BAS)

Figure 2: Consumer Protection – Regulation Approach

Mobile Content Service

The burgeoning use of mobile phones is in tandem with the rapid growth of the communications and multimedia industry. This increase is driven by various factors, among others, the expansion of cellular area coverage, competitive and attractive packages offered by service providers, and the use of mobile phone application to send short messages (SMS) and multimedia messages (MMS). As at the third quarter of 2014, the penetration rate of cellular phone service has reached 145% (source: Facts and Figures, MCMC).

In line with the expansion, the role and responsibilities of MCMC have become even more challenging in its efforts to ensure that the development of mobile content service is beneficial to consumers in Malaysia while protecting consumer rights.

Complaints frequently received from users/consumers of mobile content service include spam, SMS promotion, confusing marketing activity and the validity of charges imposed on the consumers.

Complaint Statistics with regards to Mobile Content Service (2014)

MCMC's record indicates that a total of 1,066 complaints were received in 2014. This represents an increase of 33% compared to 2013.

The complaints received are as follows:-

Types of Complaint	No of Complaints
Unsubscribed service	1,050
Confusing SMS promotion	10
Failure to end service	4
SMS spam	1
Misleading contest	1

Table 1: Complaint Statistics with regards to Mobile Content Service

The table above shows that the complaints related to 'unsubscribed service' is the highest at 98.5% out of the total complaints received in 2014. Complaints related to SMS promotion decreased to 10 complaints compared to 12 in 2013.

This is due to MCMC's directive in 2012 requiring Content Providers to stop any promotional and marketing activities through short code for mobile content service.

Approach taken to Address Consumer Issue/Complaint:-

I. **Enforcement of Mandatory Standards for the Provision of Mobile Content Service (Mandatory Standards)**
    For any non-compliance with Mandatory Standards, MCMC will issue a warning letter to the content provider concerned. In 2014, MCMC issued two warning letters to the content providers concerned.

    Should the content provider be found to have repeated the offence, legal action will be taken for the breach of Mandatory Standards. In the event a content provider omits or neglects to comply with such Mandatory Standards, the content provider shall be liable to a fine not exceeding RM100,000.00 or to imprisonment for a term not exceeding two years or both.

II. **Administrative action**
    Another approach taken by MCMC is to suspend short code for various offences that breach the provision of Mandatory Standards. In 2014, MCMC suspended 21 short codes, as follows:-

Short Code	Mobile Content Service Provider	Non-Compliance Case	Date Suspended
32263	Mobile Communication Media Sdn Bhd	Para 11(a) (I) of the MS of MCS	18 Feb
37003	Quick Access Sdn Bhd	*Breach of Para 96 of the Mandatory Standards *ASP License Condition No. 7 on 'Billing Accuracy Requirement'	20 Mac
32355	Macro Kiosk Berhad	Para 11(a) (I) of the MS of MCS	19 Mac
39599	Shrad Computing Sdn Bhd	In non-compliance to MS of MCS	18 Apr
33307	iSentric Sdn Bhd	Para 7 and 96 of the MS of MCS	18 Apr
32278	Macro Kiosk Berhad	Non-compliance on the renewal reminder frequency (from U Mobile platform) which does not match Macro Kiosk advertisement	3 Jul
32355	Macro Kiosk Berhad	Para 11(b) of the MS of MCS	23 Jun
36669	Mobile Communication Media Sdn Bhd	Para 7 and Para 11(b) of the MS of MCS	7 Jul
33115	Alpha Crossing Sdn Bhd	Para 7 and Para 11(b) of the MS of MCS	7 Jul
33307	iSentric Sdn Bhd	Para 7 and Para 11(b) of the MS of MCS	7 Jul
32263	Mobile Communications Media Sdn Bhd	Para 7 and Para 11(b) of the MS of MCS	11 Jul
39332	Java Vest Communications Sdn Bhd	Para 7 and Para 11(b) of the MS of MCS	11 Jul
33060	Zigma Records	Para 7 and Para 11(b) of the MS of MCS	9 Sep
33028	Prima Network Solutions Sdn Bhd	Para 7 and Para 11(b) of the MS of MCS	9 Sep
33370	Macro Kiosk Berhad	Para 50 of the MS of MCS	24 Sep
36630	D Tech Gateway Sdn Bhd	Para 7 and Para 11(b) of the MS of MCS	7 Jul
26666	Celcom Mobile Sdn Bhd	Part 2 Item no. 1.A.1.2 of the General Consumer Code	20 Nov

Short Code	Mobile Content Service Provider	Non-Compliance Case	Date Suspended
32226	MTN Solutions Sdn Bhd	- embedded apps/MO which auto register the user without their approval - misleading application	29 Oct
39799	Megamobile Solutions Sdn Bhd	Para 7 and Para 11(b) of the MS of MCS	7 Jul
33966	Java Vest Communications Sdn Bhd	Para 7 and Para 11(b) of the MS of MCS	
33193	Java Vest Communications Sdn Bhd	Para 7 and Para 11(b) of the MS of MCS	7 Jul

Table 2: Offences that breach the provision of Mandatory Standards

MCMC had also identified 16 cases with regards to various offences and investigation paper was opened on 8 December for further investigation that can lead to court order under the provision provided by the Communications and Multimedia Act 1998.

The details are as follows:-

Non-Compliance Details
Mobile Communications Sdn Bhd • Para 7 and Para 11 of the MS MCS
Celcom Mobile Sdn Bhd • Licence Condition 11 on charging mechanism • Part 2 Item No. 1.a.1.8 of the General Consumer Code
D Tech Gateway Sdn Bhd • Para 7 of the MS MCS • Para 11(b) of the MS MCS
Celcom Axiata Berhad • Licence Condition 11 on charging mechanism • Part 2 Item No. 1.a.1.8 of the General Consumer Code
Shrad Computing Sdn Bhd • Para 22 of the MS MCS • Para 11(b) of the MS MCS
Celcom Mobile Sdn Bhd • Licence Condition 11 on charging mechanism • Part 2 Item No. 1.a.1.8 of the General Consumer Code
iSentric Sdn Bhd • Para 7 of the MS MCS • Para 11(b) of the MS MCS
Celcom Mobile Sdn Bhd • Licence Condition 11 on charging mechanism • Part 2 Item No. 1.a.1.8 of the General Consumer Code
Macro Kiosk Berhad • Para 50 of the MS MCS
Java Vest Communications Sdn Bhd • Para 7 of the MS MCS • Para 11(b) of the MS MCS

Non-Compliance Details
Celcom Mobile Sdn Bhd • Licence Condition 11 on charging mechanism • Part 2 Item No. 1.a.1.8 of the General Consumer Code
Alpha Crossing Sdn Bhd • Para 7 of the MS MCS • Para 11(b) of the MS MCS
Celcom Mobile Sdn Bhd • Licence Condition 11 on charging mechanism • Part 2 Item No. 1.a.1.8 of the General Consumer Code
Zigma Record • Para 7 of the MS MCS • Para 11(b) of the MS MCS
Celcom Mobile Sdn Bhd • Licence Condition 11 on charging mechanism • Part 2 Item No. 1.a.1.8 of the General Consumer Code
Celcom Mobile Sdn Bhd • Part 2 Item no 1.A.1.2 of the General Consumer Code

Table 3: Offences that breach the provision of Mandatory Standards

ENHANCEMENT OF AUTOMATED LOCATION IDENTIFICATION (ALI) OVER EMERGENCY RESPONSE SERVICES 999

Background

Malaysia Emergency Response Services (MERS 999) is a federal government project operated by Telekom Malaysia (TM) in responding to emergency calls and providing emergency responses using a designated number, 999.

 MERS 999 is a centralised system involving five agencies:-

• Royal Malaysia Police (PDRM),
• Malaysia Fire and Rescue Department,
• Ministry of Health Malaysia,
• Malaysia Civil Defence Department (JPAM); and
• Malaysian Maritime Enforcement Agency

Enhancement of Automated Location Identification (ALI)

Automated Number Identification (ANI) and Automated Location identification (ALI) have been integrated into the MERS 999 system in 2010/2011, through Ministerial Determination on the List of Required Application Services (Determination No. 1 of 2010).

Previously, ALI only provides Base Station (BTS) address, where the accuracy is approximately 2 kilometres for urban areas and 10 kilometres for rural areas. This distance proved to be challenging in term of response time for 999 Response Centre and Emergency Agencies in identifying the emergency location and the caller location.

To tackle this challenge, ALI for MERS 999 was enhanced in line with the growth of new technologies for public safety. Apart from that, the tracking of emergency caller location was also enhanced.

The table below shows the differences between the previous ALI system and the enhanced ALI system.

Technology	Urban	Rural/Remote
Previous ALI 2010/2011	• Average 0 to 2km • Depends on the Inter-Location distance at the Cellular Service Providers (Celcos) (500m – 1.5km)	• Average 0 to 10km • Depends on Inter-Location distance at the Cellular Service Providers (Celcos) (2km – 10km)
Enhanced ALI 2014/2015	• Average 0 to 300m • Depends on the Inter-Location distance at the Cellular Service Providers (Celcos) (500m – 1.5km)	• Average 300m to 1.5km • Depends on the Inter-Location distance at the Cellular Service Providers (Celcos) (2km – 10km)

Table 4: The difference between previous ALI and enhanced ALI

To allow the implementation of ALI enhancement, the Ministry of Communications and Multimedia and MCMC will issue two legal instruments to Cellular Service Providers:-

(i) Ministerial Determination on Implementation of Enhanced Automated Location Identification for Malaysia Emergency Response Services 999 (MERS 999) under the Required Application Services (No. 1 of 2014) dated 1 December 2014.

(ii) Ministerial Determination by the Commission on the Implementation of Enhanced Automated Location Identification for MERS 999 under the Required Application Services (N0. 1 of 2015) is expected to be issued in early 2015.

Implementation of Termination of Telephone Line on Illegal Advertisements in Local Council Areas

Figure 1 : PCBS Ecosystem

The termination of telephone lines displayed on illegal advertisements is MCMC's commitment, with the cooperation of telecommunication service providers, to assist local authorities to overcome issues regarding illegal advertisements at public places and facilities by companies or individuals.

This action has been implemented since early 2012 through an official request by local authorities to MCMC. A Standard Operating Procedure was issued by the Ministry of Housing and Local Government (KPKT) with the cooperation of MCMC to coordinate and standardise the work process.

Examples of advertisements without permit are personal loan (ah long), performance enhancing drugs and massage service. As of December 2014, a total of 1,000 lines were terminated.

The termination operation will continue to be supported by MCMC to ensure that the issue of illegal advertisements can be resolved and will not pose a threat to the country's economy, sociopolitics and security.

Public Cellular Blocking System (PCBS)

The increase in mobile phone ownership among Malaysians has indirectly contributed to the increase in crime activities targeted at mobile phones. MCMC has taken an initiative to combat this issue by introducing a system called Public Cellular Blocking System (PCBS).

PCBS is a system that connects all local Mobile Network Operators (MNOs) to MCMC, Royal Malaysia Police (PDRM) and Royal Malaysian Customs Department (KDRM).

Mobile Subscriber report lost device

Mobile Network

Public Cellular Blocking Service (PCBS)

NEIR

'Block' instructions are sent across all mobile networks

1 Mobile Network
2 Mobile Network
3 Mobile Network

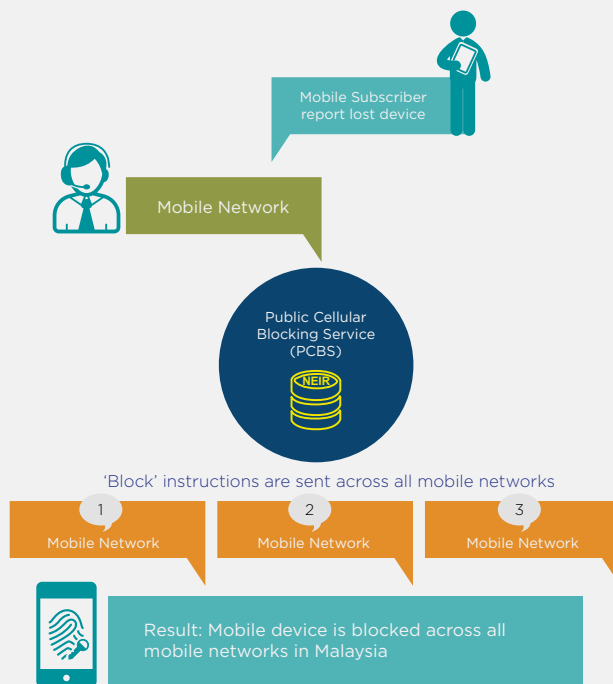Result: Mobile device is blocked across all mobile networks in Malaysia

Figure 2. Steps to report theft/loss of mobile phone using PCBS

At the moment, there are four Mobile Network Operators (MNOs) and eight Mobile Virtual Network Operators (MVNOs) involved in PCBS. The MNOs are Celcom, Maxis, DiGi and U Mobile while the MVNOs are Tune Talk, XOX, Merchantrade, Clixster, Redtone, Tron and Smart Pinoy.

Through PCBS, consumers can make a report directly to their respective Mobile Network Operators, should there be any theft or loss of mobile phone. Mobile phone reported as lost or stolen will be blocked within 3 hours compared to the existing blocking system, which can only block SIM card from functioning within 48 hours.

The steps for consumers to report a theft or loss of mobile phone using PCBS are illustrated in Figure 2.

PCBS will block the unique number called International Equipment Identity (IMEI) assigned when the phone was registered during manufacturing. It is difficult to change the IMEI number because the motherboard has to be changed before the phone can function again.

Blocking an IMEI number requires cooperation from various parties especially the government and private sector. Given that both parties have different roles and functions, an independent third party is therefore needed to bridge both sides to coordinate and operate the PCBS system.

Hence, a public portal is created to encourage the public to pre-register the ownership of their devices. Should they experience theft or loss of devices, they can make a report at the PCBS public portal. The main benefit of pre-registration is to increase the chances of getting back their devices if found.

In addition, PCBS is also connected to KDRM and tax collection agency. With a complete data base and the right equipment, KDRM is able to check the validity of a device imported illegally by matching the device's IMEI number with the IMEI number printed on the import document.

Consumer Empowerment Plan (CEP)

Complaints received from consumers continue to increase from year to year. Four main issues were identified as the major contributors to the increase of consumer complaints received by the Consumer Complaint Bureau (CCB) and Consumer Forum Malaysia (CFM) as shown in Table 1 below.

Issues Identified	Complaint Report (CCB)		
	2011	2012	2013
Unsatisfactory Service Quality	2820	2253	2412
Billing and charges	1228	1515	1437
SMS Mobile Content Service	1052	1175	1266
Dispute over Terms and Conditions as well as Service	218	22	398
Total	5318	4965	5513

Table 1: Consumers' Main Issues

Therefore, MCMC is of the view that the existence of an action plan to overcome these issues is necessary in its efforts to empower consumers and create a consumer-friendly environment. MCMC came up with 14 initiatives, also known as Action for Consumer Empowerment (ACE) as follows:-

Action Activities
Consumer empowerment tools to evaluate service quality
Self evaluation and report by service providers
Compensation mechanism for consumers
Coverage map
Model which is not based on subscription – for Mobile Content Services
Enhancement to Consumer Portal (Mobile Application)
Improvement of Customer Charter by Service Providers
Integrated Complaint Handling System (Service Providers/Consumer Forum Malaysia/MCMC)
Administration/fee processing over Complaint Handling by MCMC
Merit and Demerit "Star Rating" mechanism for Cellular Service Providers
Existence of Critical Information Summary in the Terms and Conditions by Service Providers
Guidelines to Distributors and Agents
Annual Forum/Dialogue
Action for Consumer Empowerment (ACE) campaign

These initiatives are expected to be implemented within three years (2014-2016) and produce consumers who are more alert to the services offered, in addition to protecting their rights and creating a more effective self-regulatory environment.

MONITORING AND COMPLIANCE (BROADCASTING)

Background

Monitoring and Compliance (Broadcasting) Department (MCBD) undertakes the monitoring and compliance assessment of broadcast content by Content Applications Service Provider (Individual) Licensees (CASP-I) in accordance with the Special Licence Conditions (SLC) and provisions of social regulation under the Communications and Multimedia Act 1998 (CMA 1998).

Under the CMA 1998, all private broadcasters need a CASP-I licence to operate in Malaysia and the licensees are required to comply with the licence conditions stipulated in the CASP-I licence. The licensees shall have arrangements in place to ensure compliance with their obligations as CASP-I licensees. The following SLCs imply that licensee has the obligations to ensure that broadcast content does not include anything that offends good taste or decency; is offensive to public feeling, is likely to encourage crime or leads to disorder, or is abusive in nature:

- Licensee shall comply with the content requirements, which require certain proportion of local content and language;

- Licensee shall carry public announcements for the purposes of the Government or for public or national interest;

- Licensee shall comply with the commercial advertisement airtime restriction;

- All the content to be transmitted by the Licensee shall be subject to the Film Censorship Act 2002 and Regulations made thereunder;

- Licensee shall not provide any content that:
  o directly propagates any religious beliefs other than Islam;
  o may upset the sensibilities and sentiments of any race or religion in this country; and
  o contains cultural and moral values that are against the community aspirations of the nation.

- Licensee shall obtain written approval from the MCMC to broadcast live and delayed telecast on their stations; and

- Licensee shall comply with Content Codes and Consumer Codes.

MCBD monitors licensees' compliance by conducting daily off-site monitoring and periodic on-site compliance visit. Furthermore, MCBD also plays a role in ensuring consumer satisfaction and protecting consumer rights. In carrying out this duty, MCBD strives to act on and resolve content-related complaints received from consumers and take enforcement action if necessary. Particularly, complaints related to broadcasting content such as advertisements, and television and radio content.

To achieve effective regulatory governance for the industry and public, MCBD collaborates with various Ministries and government agencies including the Ministry of Communications and Multimedia Malaysia (KKMM), Ministry of Home Affairs (MOHA), Ministry of Health Malaysia (MOH), the Film Censorship Board (LPF), Department of Islamic Development Malaysia (JAKIM) and National Film Development Corporation Malaysia (FINAS).

As a proactive measure to ensure that the legal provisions concerning the content broadcast by the Licensee are observed, MCBD organised three (3) awareness and training programmes to all CASP-I licence holders. The awareness and training programmes were designed to ensure that all the CASP-I licence holders comply with rules stipulated in the Special Licence Conditions of CASP-I and Content Code under the Communications and Multimedia Act 1998, Film Censorship Act 2002, Medicines (Advertisement & Sale) Act 1956, and so forth.

Seminar on Compliance with MCMC's Licence Conditions 2014

As part of its action plan to improve CASP-I licence compliance, MCBD conducted an annual industry awareness programme for the all CASP-I licence holders through a seminar that provides a comprehensive overview of guidelines relevant to content regulation. The seminar also focused on the updating of guidelines and regulations administered by MCMC, Communications and Multimedia Content Forum (CMCF), Film Censorship Board (LPF), Ministry of Health's Medicines Advertisement Board (KKLIU), Ministry of Domestic Trade and Consumer Affairs (KPDNKK) and Department of Islamic Development Malaysia (JAKIM). The guidelines and regulations must be complied with by all CASP-I licence holders.

Program Pemukiman Pematuhan Kandungan MCMC 2014

MCBD organised this capacity building programme to align the interpretations of the regulations and guidelines by all CASP-I licence holders with that of the law enforcement agencies', focusing on the compliance aspects of films and commercial advertisement. The programme included briefings, group activities, presentation exercises, screenings of raw films and commercial advertisement clips and panel session. The programme was organised in collaboration with LPF, CMCF, Ministry of Health (MOH) and Ministry of Agriculture (MOA).
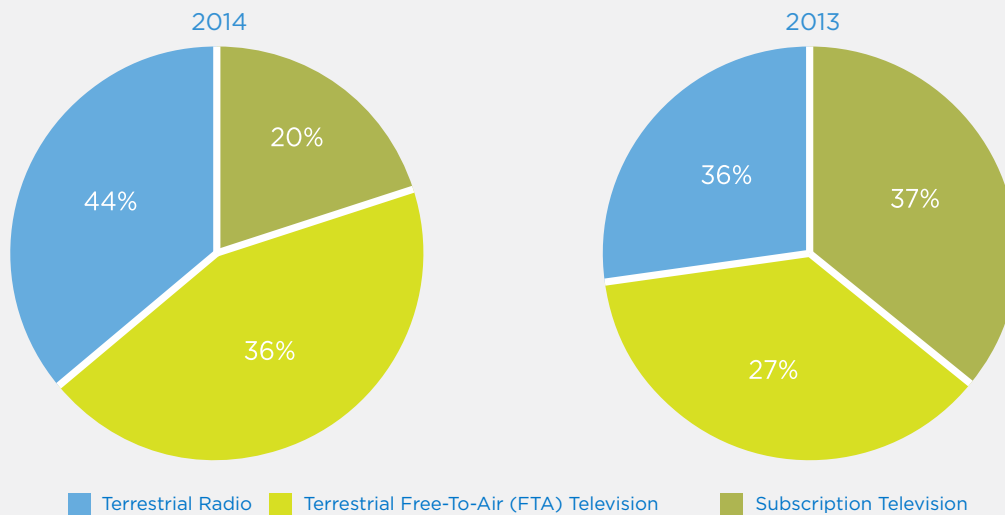
Program Pemerkasaan Bahasa Melayu-DBP 2014

MCBD has been collaborating with Dewan Bahasa dan Pustaka (DBP) since 2009 through a workshop called *Program Pemerkasaan Bahasa Melayu-DBP 2014* for all CASP-I licence holders, in response to the increasing number of complaints on language content. Held in conjunction with *Bulan Bahasa Kebangsaan 2014*, the programme combined comprehensive training workshops, outdoor challenges and panel session over three days. The programme was targeted to those who are directly involved in producing content in Bahasa Melayu, including programme producers, scriptwriters, presenters and announcers.

Complaints Received By MCBD

Table 1: Complaints Received by MCBD in 2014			
	Subscription Television	Terrestrial Free-To-Air (FTA) Television	Terrestrial Radio
Commercial Advertisement	2	12	5
Programme Content (Offensive, menancing, false, violent, indecent and obscene)	8	6	17
Others (Copyright)	-	-	-
Sub-Total	10	18	22
Total	50		

2014

2013

20%

44%

36%

36%

37%

27%

■ Terrestrial Radio   ■ Terrestrial Free-To-Air (FTA) Television   ■ Subscription Television

In 2014, MCBD received a total of 50 complaints on broadcast content, with 44% complaints related to terrestrial radio, 36% to terrestrial FTA television and 20% to subscription television. Out of the 50 complaints received, 31 were on programme content and 19 on commercial advertisement. The number of complaints received on broadcast content in 2014 decreased by 19% from the previous year (62 complaints).

The highest number of complaints received were related to programme contents that are offensive, menacing, false, violent, horrific indecent; as well as contents that upset the sensibilities and sentiments of any race. Most of the complaints on commercial advertisement were related to unacceptable products and services such as betting and gambling, slimming products and false or unsubstantiated claims.

Apart from receiving complaints through the MCMC Consumer Complaints Bureau, MCMC also received complaints from other law enforcement agencies and government agencies such as KKMM, MOH, FINAS, LPF, KPDNKK, and CMCF.

Actions Taken in 2014

Out of the 50 complaints received by MCBD in 2014, only one complaint was forwarded to the Investigation Department (ID) for enforcement action under the CMA 1998. 14 warning/advisory letters were issued to licensees. However, 29 complaints received by MCBD did not breach the CMA 1998.

Table 2: Actions Taken In 2014 for Complaints Received				
	FIR	Warning Letter	No breach	Work in progress*
Subscription Television	0	2	5	3
Terrestrial Free-To-Air (FTA) Television	0	5	11	2
Terrestrial Radio	1	7	13	1
Others	0	0	0	0
Total	1	14	29	6

Note :

pending feedback from JAKIM / CMCF
just-received complaint in December 2014

Communications and Multimedia Content Forum of Malaysia

Communications and Multimedia Content Forum (CMCF) was empowered by the MCMC through the Communications and Multimedia Act 1998 (CMA 1998) as the designated industry body to facilitate industry self-regulation through the preparation of a content code.

The CMCF was established in February 2001 and designated on 29 March 2001 by the MCMC as an independent body with representation from all relevant parties, including the communications and multimedia industry to govern content and address content-related issues, disseminated by way of electronic networked medium.

The CMCF has also established a Complaints Bureau and Content Advisory Centre to address grievances from consumers and industry members

on matters related to content disseminated over the electronic networked medium.

In 2014, the CMCF was involved in 74 public relation initiatives and awareness activities as shown below:

Activity	No of Involvements
Roadshows / Exhibitions	34
Seminars / Workshops / Conferences	40
Total	74

Complaints Received by CMCF

The table below shows the types of complaints received by the CMCF from 1 January to 31 December 2014:

Types of Complaints	Number of Complaints Received
Advertising content	19
Mobile content / services	201
Broadcasting content (TV & Radio)	19
Internet content	372
Others	23
Total	634

In 2014, the CMCF received 634 complaints, an increase of 47% from the previous year (431 complaints). Out of the 634 complaints received, 606 complaints were received from members of the public, 33 from ministries and government agencies (MCMC, KKMM, MOH and so forth), 4 from members of industry, and 1 from CMCF Executive Office. Complaints on Internet content and mobile content/services increased by 62% and 27%, respectively, from the previous year.

NETWORK SECURITY AND SURVEILLANCE

OBJECTIVE

In accordance with one of the National Policy Objectives in the Communications and Multimedia Act 1998, which is to ensure information security and network reliability and integrity, MCMC, through the Network Security and Surveillance Division (NSSD), plays an important role in ensuring the objective is achieved by implementing well-planned initiatives and focusing on cyber security in Malaysia.

In tandem with its objective to become a leader in cyber security in the country, MCMC plans and implements several initiatives such as collecting information and carrying out continous intelligence activities to reduce cybercrime, strengthening the capacity of digital forensics, continous surveillance of national network, as well as strengthening digital security management to enhance the protection of critical infrastructure in the country during the year 2014.

ADDRESSING CYBERCRIME

One of the main challenges in today's cyber world is the noticeable increase of cybercrime activites in Malaysia. To address this issue, MCMC established the Digital Forensics Department and the Network Intelligence Department to assist in the investigation and enforcement of relevant laws related to cybercrime in Malaysia.

DIGITAL FORENSICS

The role of the Digital Forensics Department (DFD) is to continuously advise and assist MCMC and law enforcement agencies in Malaysia in the investigation and enforcement of cyber laws. DFD's primary mission is professionally committed to implementing digital forensics investigation with effective quality services.

Digital Forensics Laboratory

One of MCMC's initiatives in addressing cybercrime is the establishment of Digital Forensics Laboratory. Operating since January 2013, the laboratory offers the following digital forensics services:-

i.   Computer forensics
ii. Telephone forensics
iii. Digital data recovery

Throughout 2014, the department continued its effort to further improve the quality of digital forensics services offered. The department received 122 cases and the number of cases handled according to month are as follows:-
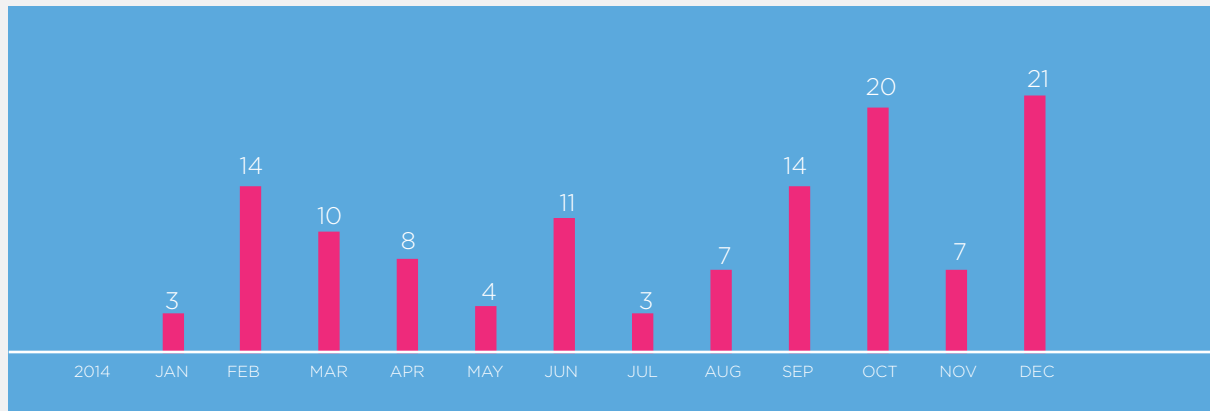

Figure 1: Number of cases handled by DFD throughout 2014

The cases handled were received from MCMC's Investigation Department and other law enforcement agencies. The following statistics were received from the law enforcement agencies.
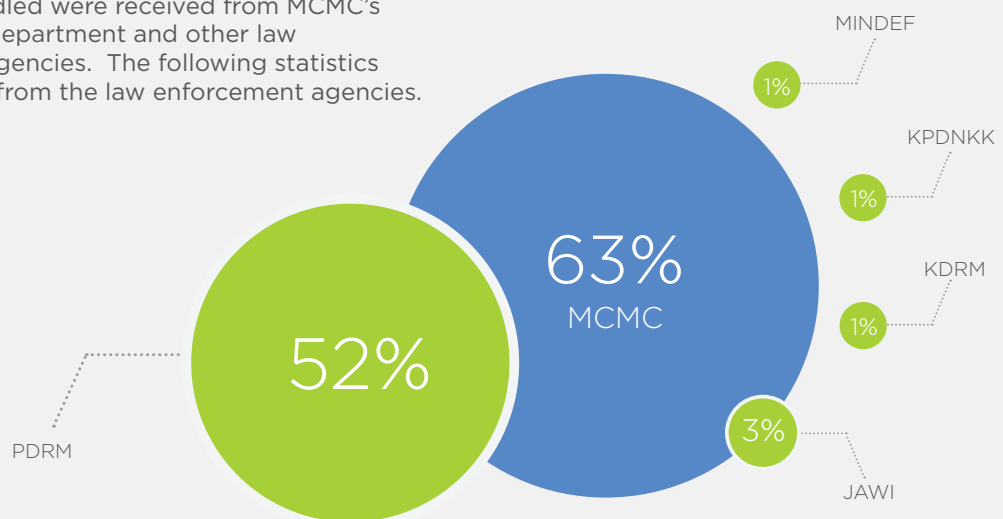

Figure 2: Statistics of cases received from MCMC's Investigation Department and Law Enforcement Agencies

MCMC   - Malaysian Communications and Multimedia Commission
PDRM   - Royal Malaysia Police
JAWI   - Federal Territory Islamic Affairs Department
KDRM   - Royal Malaysian Customs Department
KPDNKK - Ministry of Domestic Trade, Co-operatives and Consumerism
MINDEF - Ministry of Defence

The cases handled are as follows:

i.   Insulting His Majesty the King/Sultan/National leaders
ii.   Insulting religion
iii.   Offensive/obscene content
iv.   Drug smuggling
v.   Copyright abuse
vi.   Dissemination of false information
vii.   Leaking of confidential information
viii. Fraud
ix.   Gambling
x.   Fake call
xi.   Threat
xii.   Sedition
xiii. Heresy

NETWORK INTELLIGENCE

The Network Intelligence Department (NID) plays the role of providing intelligence support to assist investigation and enforcement of cyber laws. NID is also committted to monitoring the Internet and carrying out intelligence activities as well as gathering confidential information to assist MCMC's Investigation Department.

Throughout 2014, NID continued its effort to assist the Investigation Department and enforcement agencies such as PDRM in gathering information through intelligience activities. NID received 864 cases in 2014 and the number of cases handled are shown below:-
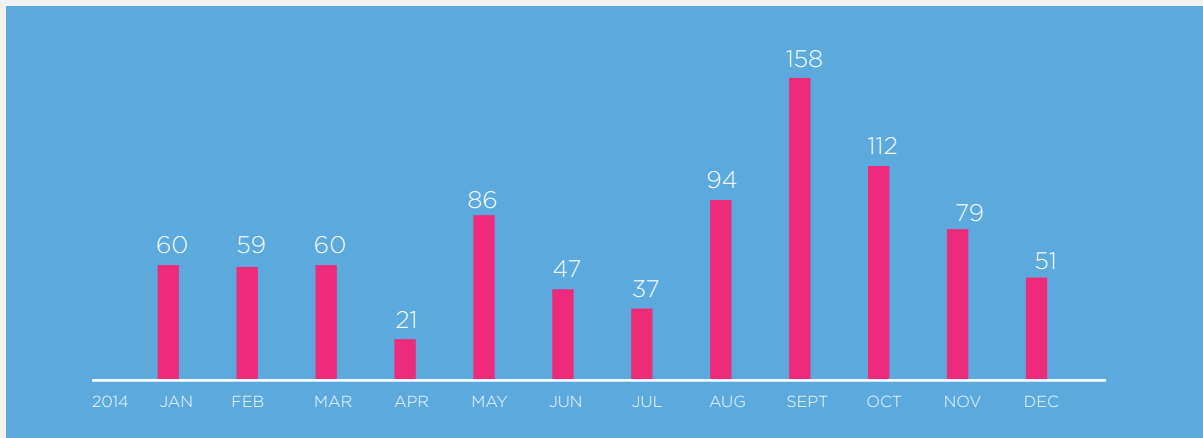

Figure 3: Number of cases received by NID throughout 2014

The statistics of cases received from various law enforcement agencies, including from internal investigation, are as follows:-
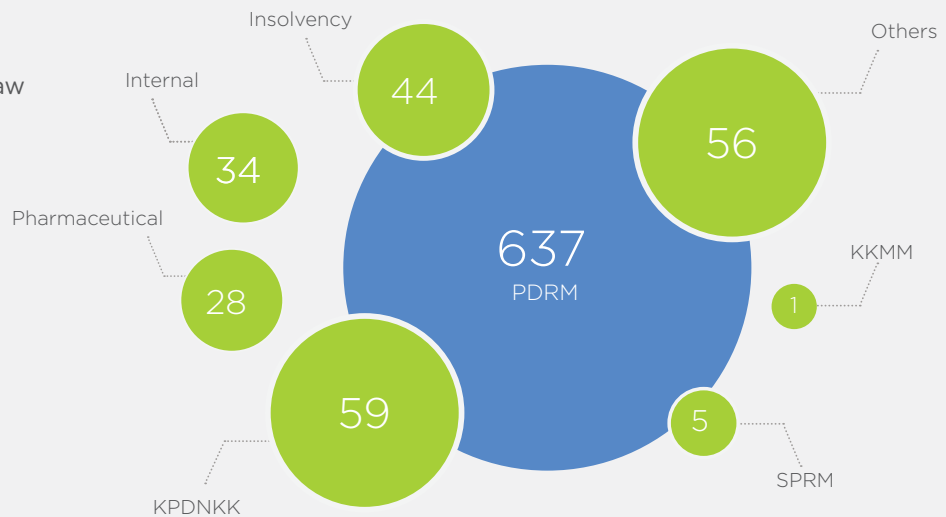
Figure 4: Statistics fo cases received from MCMC's Investigation Department and Law Enforcement Agencies

INTERNAL	- MCMC's Investigation Department
PDRM	- Royal Malaysia Police
INSOLVENCY	- Malaysia Department of Insolvency
PHARMACEUTICAL	- Pharmaceutical Services Division, Ministry of Health
KKMM	- Ministry of Communications and Multimedia Malaysia
SPRM	- Malaysian Anti-Corruption Commission
KPDNKK	- Ministry of DomesticTrade, Co-Operatives and Consumerism

Monitoring National Network Security and Protecting Critical Infrastructure

The monitoring task is undertaken by SNCC (SKMM Network Security Centre), which serves as the national Internet network thermometer to provide overall understanding of macro cyber threat level with the involvement and cooperation of both public and private sectors.

2014 was a challenging year due to the occurrence of several critical incidents such as the disappearance of Malaysian plane MH370 on 8 March 2014. Surveillance carried out by MCMC focused on any false information and news disseminated through social media and the Internet that can interrupt the investigation by the authorities.

Attempt **1,467**

Fraud **1,543**

17,807 MALWARE

Intrusion **27**

Defacement **2,131**

Vulnerability **430**
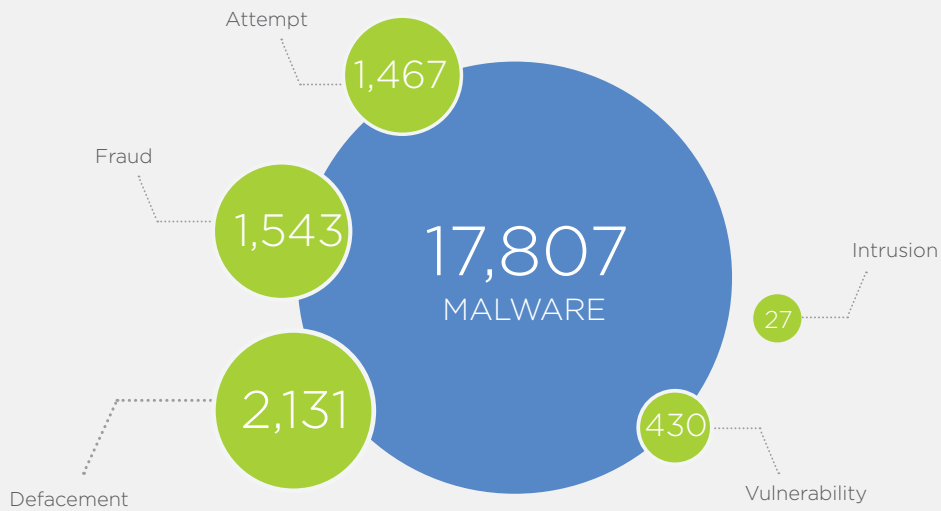
Category	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Denial of Service	0	0	0	0	0	0	0	0	0	0	0	0
Intrusion	0	10	0	0	1	0	0	0	14	0	0	2
Attempt	66	76	25	21	108	199	70	138	227	199	197	141
Fraud	122	206	214	70	112	147	118	126	153	97	91	87
Malware	80	161	452	382	308	459	1455	5603	2569	3254	1740	1344
Defacement	41	139	158	100	156	129	110	201	277	343	244	233
Vulnerability	34	77	5	194	22	0	4	9	7	21	42	15

Cyber Drill 2014

SNC was invited by the International Multilateral Partnership Against Cyber Threats (IMPACT) to participate in International Cyber Shield Exercise, which was held in Istanbul, Turkey in May 2014.

The objective of the exercise is to contribute towards continuous global activites related to building confidence and improving security in the use of ICT.

The cyber drill was also held to provide platform for sharing important aspects of cyber security, focusing on the management of cases by CSIRT / CIRT / CERT. Participants included of CIRT practitioners, senior government officers, cyber security experts, relevant industry players and other stakeholders from the ICT and safety sector.

Regionally, SNCS participated in Cyber Drill Exercise at ASEAN level in September 2014. The ASEAN Cyber Drill (ACID) focused on the cooperation between Computer Emergency Response Team (CERT) and the agencies involved in addressing cyber securiy issues as well as identifying technical capacity of an organisation at ASEAN level. All ASEAN countries are required to participate in ACID, which is organised by IDA Singapore.

MADU.Net and PRACTICE

To improve the capabilities of network security surveillance, SNSC also carried out specific initiatives to enhance technical capacity through two projects, MADU.Net and PRACTICE.

Source: http://www.skmm.gov.my/cybersecurity/

MCMC's MADU.Net project aims to identify the type of attacks and malware breaking into Malaysian network. SNSC will be able to detect the latest threats and malware by analysing the data obtained, thus, providing the necessary equipment in the network analysis carried out by SNSC. MADU.Net installation covers network system of selected organisatons and targets to install 20 sensors for the year 2014.

SNSC collaborated with the Japanese through PRACTICE project, which focuses on the detection and analysis of malware types, the ability to anticipate the next cyber attack and therefore, provide a quick response to Internet security threats. The PRACTICE project was fully adopted by cyber security agencies of neighbouring countries such as Indonesia through ID-SIRTII and Thailand through ETDA.

DIGITAL SECURITY MANAGEMENT DEPARTMENT

Management and Maintenance of .my Domain Names

MCMC appointed MYNIC Berhad (MYNIC) as the administrator to manage and maintain an integrated electronic address database in Malaysia. As a regulatory body, MCMC plays a role in overseeing compliance issues as well as planning strategies in the the development of .my domain names.

The .my domain, which is the Top Level Domain (ccTLD) for Malaysia, is an asset and identity for Malaysia. Therefore, the management of .my domain names must be regulated to ensure that public registration is not against any culture, norm or law of Malaysia. This includes protecting sensitive names, intellectual property, geographical names and regulated names (for example, any domain name containing a word that is associated with finance or bank that will lead to public confusion if left unregulated).

MCMC was also involved in international collaboration and policy development related to Internet through a committee known as the Government Advisory Committee (GAC) in the Internet Cooperation for Assigned Names and Numbers (ICANN).

Increasing the .my domain name take-up

MCMC always encourages the effort to increase the take-up of .my domain names in Malaysia. For 2014, the most registered domain is .com.my with 134,767 registrations, while .my domain recorded 113,811 registrations since 2007.

Meanwhile, the .gov.my, edu.my and .mil.my domain names, which are regulated under the Numbering and Electronic Addressing Plan (NEAP) by MCMC, recorded a small number of registrations because the domain names are specially allocated to relevant government agencies.

The following statistics show the registration of .my domain names for the year 2014:-

.edu.my — 3,701
.net.my — 21
.org.my — 4,024
134,767 .com.my
113,811 .my
.mil.my — 21
.name.my — 9,220
.gov.my — 1,062
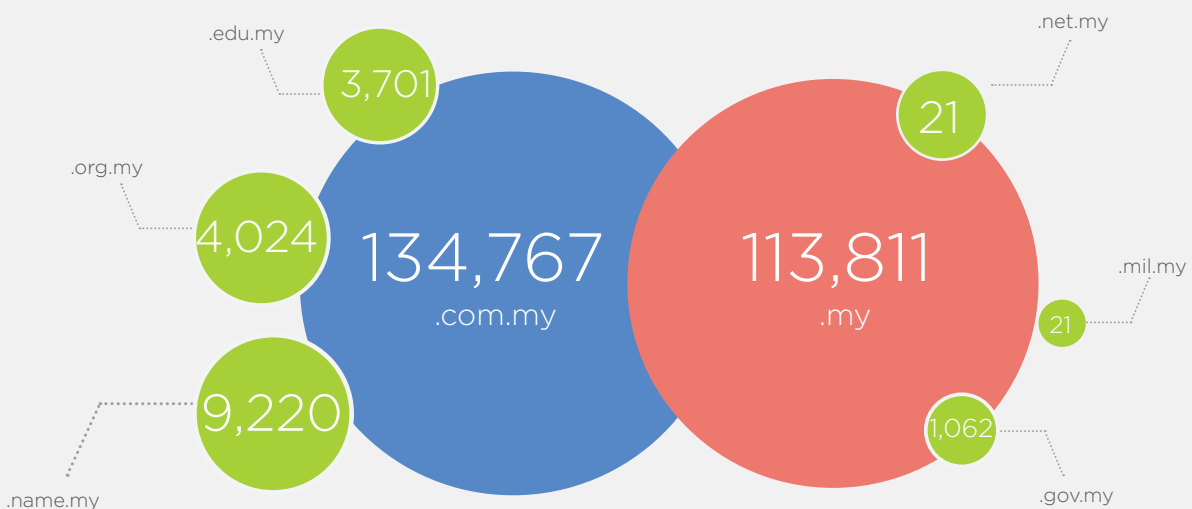
Cyber Security Governance

Implementation of Information Security Management System (ISMS) MS ISO/IEC 27001:2007 Certification for Communications and Multimedia Sector

The Cabinet Meeting on 24 February 2010 took note that the National Critical Information Safety Level must comply with international standard. This can be achieved through the implementation of Information Security Management System MS ISO/IEC 27001:2007 certification.

In accordance to the decision made by the Cabinet, MCMC, as the regulator of communications and multimedia industry, through the Ministry of Communications and Multimedia, identified 11 critical organisations that are required to have the certification.

As of December 2014, all of the 11 critical organisations received the ISMS certification:-

1. Telekom Malaysia Sdn Bhd
2. Jaring Communications Sdn Bhd
3. Time Dotcom Bhd
4. NTT MSC Sdn Bhd
5. Maxis Berhad
6. Celcom Axiata Berhad
7. DiGi Telecommunications Sdn Bhd
8. U Mobile Sdn Bhd
9. Media Prima Berhad
10. Measat Broadcast Network Systems Sdn Bhd
11. .my DOMAIN REGISTRY

Apart from continuous monitoring to ensure the identified agencies implement ISMS within the stipulated scope and timeline, MCMC also organised a series of workshops to assist them in obtaining the ISMS 27001 certification. In early 2014, a new version of ISMS 27001 certification was introduced by an international standard body. The new standard replaces the ISO/IEC 27001:2005 ISMS. Therefore, a few changes and improvements must be implemented by organisations that had implemented the ISMS certification.

MCMC played an active role by organising relevant seminar and training to encourage transition to the new standard. In addition, MCMC also implemented programmes to strengthen physical security as well as introduced business continuity management system to the organisations involved. Among the seminars and training implemented are:-

Date	Programme
21 January 2014	Seminar on the new version of ISO/IEC 27001:2013 Information Security Management System (ISMS)
18 June 2014	Industry Workshop Series – Physical Security
12 - 14 August 2014	Managing Business Continuity From The Information Security Perspective Training
21 October 2014	Managing Enterprise Risk Management From The Perspective of ISO 31000 Risk Management Training
19 November 2014	Industry Seminar Series – Business Continuity Management System

Round Table Discussion between MCMC and Enforcement Agencies

In 2014, MCMC took the initiative to lead a Round Table Discussion with various Commissions in Malaysia. The forum was established to promote information sharing and effective collaboration between MCMC and enforcement agencies to ensure their respective critical information security and network reliability and integrity.

This initiative supports the aspiration of the National Cyber Security Policy (NCSP).

DATA ENCRYPTION

Agencies involved in this forum are:-

- MCMC
- Central Bank of Malaysia
- Energy Commission (EC)
- Land Public Transport Commission (SPAD)
- National Water Services Commission (SPAN)
- Securities Commission (SC)
- Department of Civil Aviation (DCA)
- Petroliam Nasional Berhad (PETRONAS)

Standards Development

Throughout 2014, MCMC was involved in Working Group on Information Security Standard Development. Specifically, MCMC was involved in the following working groups:-

- Information Security System Management (WG/G/5-1)
- Service Control and Services (WG/G/5-4)
- Identity Management and Privacy Technologies (WG/G/5-5)
- Proof of Identity (WG/G/5-8)

MCMC through the collaboration of MTSFB established a Pro-Tem committee to study and set up a Working Group on Network/Information Security. The committee, which consists of members from various organisations in the Communications and Multimedia sector, will study and analyse current need and publish guidelines related to information and network security, as well as business continuity as reference for the Communications and Multimedia sector.


DATA PROTECTION

Programmes and Seminars

In addition to courses, NSSD was also involved in awareness programmes and seminars related to cyber security. The objective is to increase knowledge and to share experience with the public and government agencies on governance and cyber crime.

The programmes participated by NSSD throughout 2014 are as follows:-

Programme	Organised By	Department
PLKN Training with KDB	MCMC	Digital Forensics
Trainee Speaker with UiTM Lecturer	MCMC	Digital Forensics
Basic Course on Commercial Crime Investigation	PDRM	Digital Forensics
Basic Course – Senior Officer, Special Branch	PDRM	Digital Forensics
Briefing on Misuse of Communications Network	PDRM	Digital Forensics
Seminar on Electronics	ILKAP	Digital Forensics
Expert Workshop on Slot Machine	PDRM	Digital Forensics
Briefing on Proof of Cyber Document & Digital Forensic	Health Department Negeri Sembilan	Digital Forensics
MCMC Strategic Briefing with PDRM	PDRM	Digital Forensics
Dialogue Meeting – Department Security Officer, Prime Minister's Department	Prime Minister's Department	Digital Forensics
Cyber Security Course	UiTM	Digital Forensics
OSNIT Seminar	MACC	Network Intelligence
OSNIT Seminar	Maktab PDRM	Network Intelligence
OSNIT Seminar	Pharmacy Department	Network Intelligence
OSNIT Seminar	Veterinary Department	Network Intelligence
Introduction Course on Network Intelligence, Trainee Officer Programme (TOP)	MCMC	Network Intelligence

MARKET REGULATION DIVISION
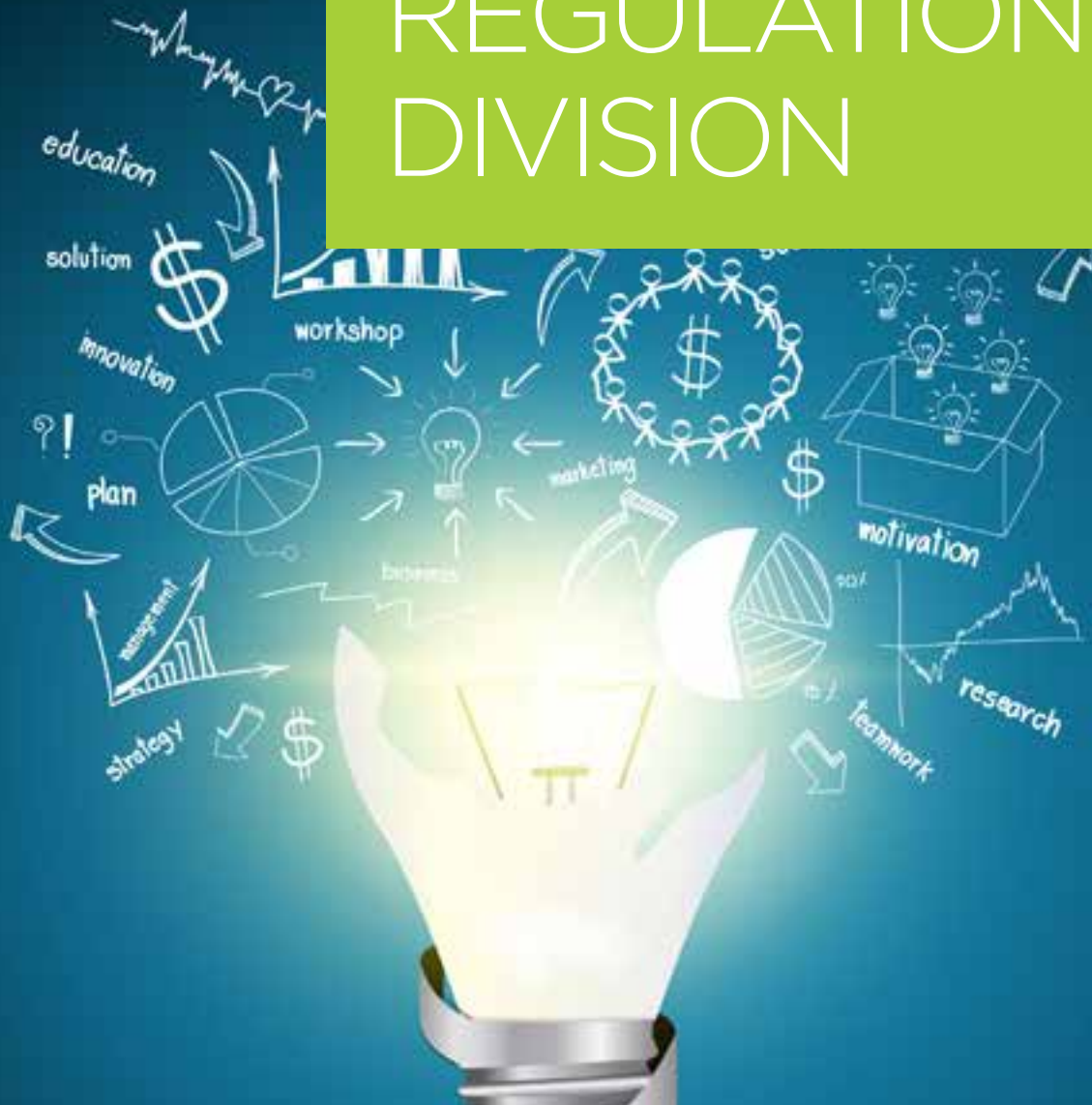
COMPETITION AND ACCESS

Competition and Access Department is responsible for developing and implementing policies related to competition and access, monitoring of compliance with relevant regulatory instruments, and conducting investigations on complaints with regards to anti-competition and access issues.

Competition

Dominance Study

This study started in 2013 with analysis of communications market. It was then followed by another study to identify licence holders that have dominant position in a specific market, in line with the provision under Section 137 of the Communications and Multimedia Act 1998 (CMA 1998). Furthermore, new guidelines (on dominant position and substantially lessening competition) have been produced to replace the existing Guidelines on Dominant Position in Communications Market and Guidelines on Substantially Lessening Competition.

Unofficial consultation process was held in April 2014 to give selected licence holders the chance to review drafts of Market Definition Analysis, Dominant Position Guidelines and Guidelines on Substantially Lessening Competition as proposed by MCMC. MCMC had taken into account all the feedbacks received during the consultation process to fine-tune the drafts and publish them during public investigation. A total of 26 markets were identified, out of which, 11 were retail and 15 were wholesale markets.

The official process of public investigation started on 11 July 2014. At the end of the public investigation period on 25 August 2014, MCMC received a written contention from 15 licence holders. After studying and evaluating the written contention and comparing it to MCMC's initial view, MCMC had published a Dominance Report on 24 September 2014, in line with Section 65 of CMA 1998.

Accounting Separation

The framework for accounting separation was developed in 2012. MCMC has determined that only service providers with income and/or assets amounting to below RM3 million are required to submit regulatory accounts indicating net income and net asset at wholesale and retail level, while other service providers are required to submit regulatory accounts at wholesale and retail level for services that have been identified by MCMC.

In September 2014, MCMC received the first regulatory accounts from service providers. From 3 – 14 November 2014, MCMC conducted a meeting with the service providers to obtain further clarifications on the submitted regulatory accounts and thereafter, requested them to make the necessary amendments.

Rates Rules

MCMC has initiated a review of the Rates Rules by compiling the feedback through a questionnaire distributed to service providers. In addition, MCMC also consulted the Consumer Forum Malaysia (CFM) to obtain feedback from a group or association representing the consumers. Based on the feedback from service providers and CFM, MCMC will conduct a consultation in 2015 before making any decision with regards to the regulation of retail rates.

ACCESS

Registration of Access Agreements

In 2014, MCMC reviewed several access agreements but only two were registered.

Review of Access List

MCMC initiated a review on the Access List in April 2014 and distributed questionnaires to obtain feedback from the industry. In addition, MCMC also conducted a meeting with service providers to understand access issues faced by them. MCMC planned to conduct a public investigation on the review of Access List in the first quarter of 2015.

Malaysian Access Forum Berhad (MAFB)

MAFB was designated to be the Access Forum on 30 March 2003, as stated in Section 152 of the Communications and Multimedia Act 1998.   MAFB's memberships reduced from 27 licence holders in 2013 to 24 licence holders by the end of 2014. In 2014, MAFB organised the first training on the basics of Access and Interconnection (*Sambungtara*). In addition, MAFB also collaborated with the Malaysian Technical Standards Forum Berhad (MTSFB) to publish a hybrid document on Access to Poles, Network Facilities or Right of Way.

CONSUMER COMPLAINT BUREAU

Throughout 2014, 13,663 complaints were received by MCMC. This figure represents an increase of 19.9% compared to 11,395 complaints received in 2013.

Majority of the complaints (99%) were received directly from the public while the rest came from various enforcement agencies, government agencies and consumer associations. Complaints made through MCMC online portal recorded the highest number of complaints at 55.8%.

1800 Line 882
Letter 289
Fax 47
Portal 7,622
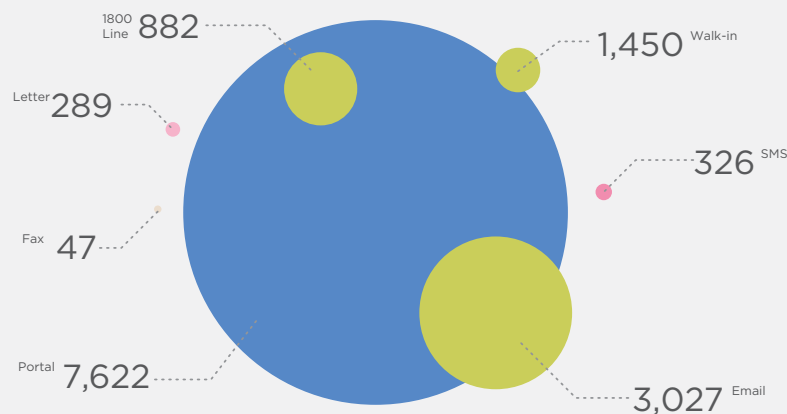Walk-in 1,450
SMS 326
Email 3,027

Figure 1: Number of complaints received according to complaint channel

73.5% of the 13,663 complaints received in 2014 were related to the provision of service provider and service performance. Complaints related to quality of service, unsubscribed mobile content service, bill and charges especially data service, as well as no service or unsatisfactory service coverage were among the main complaints received from the consumers this year.
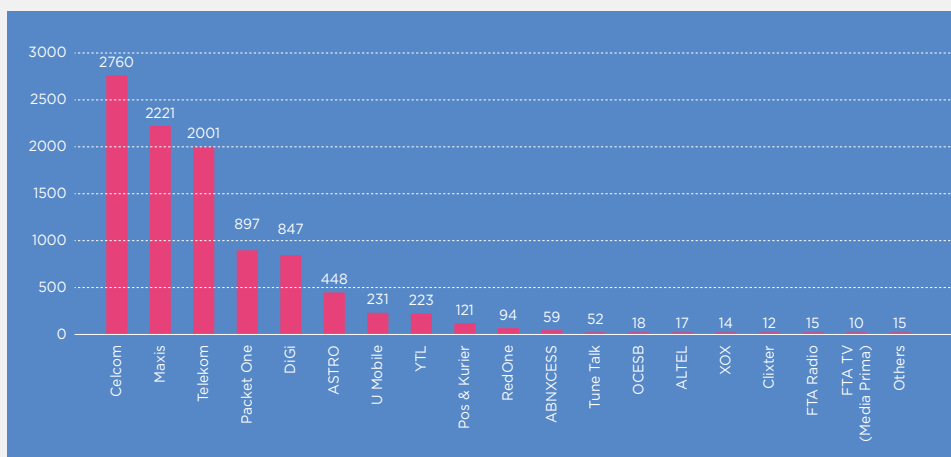
Figure 2: Number of complaints received according to service provider

The remaining 26.5% were related to the provisions and actions under the jurisdiction of MCMC. Issues frequently reported were related to contents on new media and SMS/MMS that contained elements of slander and threats or those that led to the spreading of offensive or false information. Frequently used new media included websites/blogs, social media network such as Facebook, Instagram, Twitter, Whatsapp, Wechat and so forth.

The number of walk-in complaints (handled at MCMC's headquarters and Regional Offices) also increased in 2014 with a total of 3,275 cases, especially cases involving new media content. For

most cases related to social media network such as false account or content misuse, complaint officer from the Complaint Bureau assisted the individual who lodged the complaint in terms of procedures or steps in making a report to Facebook operator. 80% of such cases were resolved during initial intervention by the Complaint Bureau. However, other cases that require further investigation to determine any offences committed under the Communications and Multimedia Act 1998 will be referred to the New Media Department for further action.

MCMC also received complaints that are not under its jurisdiction such as fraud, online purchases, copyright issues, online gambling, Internet investment scheme and so forth. These complaints were referred to relevant agencies for further action. MCMC also assisted Malaysian police in creating public awareness on online gambling offence through the mass media.

As of 31 December 2014, 94.5% of the complaints received had been acted on/resolved. On average, 23.4% were resolved within 72 working hours and this percentage exceeded the Key Performance Indicator (KPI) set by the Ministry of Communications and Multimedia for the year 2014.

In its effort to improve how it manages complaints, MCMC will implement an Integrated Industry Complaint Management System (Complaint System) to monitor the management of complaints by service providers, Industry Forums as well as complaints managed by MCMC in a more systematic and effective manner. The tender for the Complaint System was issued in the last quarter of 2014. The Complaint System is expected to be implemented in the third quarter of 2015.

Complaint Category	No of Complaints
Unsatisfactory service	3709
Content issues – website / blog/ social media, TV, radio, SMS, email	2201
SMS/MMS Service – non-subscription, promotion, spam, fraud	1695
Billing and charging	1644
No area coverage service / less satisfactory – cellular, broadband/3G, fixed line, TV & radio	1538
Disputes over terms and conditions	728
Wireless Village	383
Cyber crime	375
Misrepresentation of service provided – misconduct of agent/misleading promotion	180
Not under the jurisdiction of MCMC	285
Unfair practices by service provider	247
Others	167
Spectrum interference	143
False/fraudulent registration	130
Post and courier	121
Telecommunications structure/radiation	39
Parabolic TV/non-standard communications equipment	31
Amateur radio/apparatus assignment	8
1Malaysia Internet Centre service/Broadband Community Library	5
1Malaysia Computer	4
Total	13,633

Table 1: Category/Type of complaints received in 2014

SPECTRUM ENGINEERING AND INTERFERENCE RESOLUTION

2014 is a challenging year especially on spectrum monitoring in our efforts to create an efficient spectrum environment throughout Malaysia, without any interference. As in previous years, we will continue to face this challenge since spectrum resource is depleting, at a rate made faster by the flooding of new technologies and the extensive use of wireless electronic devices among consumers.

As demand for broadband service using smart phones increases among consumers, service providers are forced to restructure the existing spectrum use to allow consumers to use Internet facility more extensively. The restructuring of spectrum has resulted in the discovery of new interferences experienced by, for example, 3G or LTE broadband services. Previously, these interferences did not have any impact on legacy system such as GSM technology.

In 2014, a total of 147 cases of Radio Frequency Interference (RFI) were handled by the Department through reports made by the licence holders, service providers as well as consumers. The following pie chart shows the RFI categories according to service, based on the International Telecommunication Union (ITU).

Spectrum Interference Report According to Service in 2014
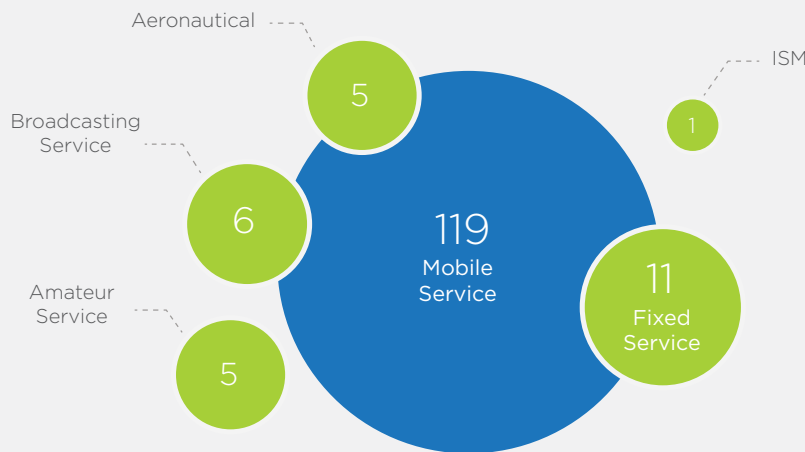
Spectrum Interference Cases in 2014

Category	No of Cases
No of Cases Reported in 2014 (refer to the pie chart)	147
2014 cases resolved	46
Still under investigation as at December 2014	101
Aeronautical	1
Amateur	1
Broadcasting	1
Fixed	7
Mobile :	88
RFI (WiMAX)	62
RFI (WCDMA/3G)	23
Others	3

Table 1: Spectrum interference report according to service in 2014

Overall frequency interference cases investigated and closed in 2014 are shown in the table below. The total number of RFI cases under investigation in 2014, including from previous year, is 352 cases.

Category	No of Cases
Cases reported in 2014 (refer to the pie chart)	147
Cases carried forward to 2014 from the previous year	306
Cases under investigation in 2014	453
Total overall cases resolved in 2014	177
Still under investigation as of December 2014	276

Table 2: Overall spectrum interference cases under investigation in 2014

Majority of the cases under investigation are related to interference to WiMAX service, experienced due to interference from the use of AV transmitters by the public. WiMAX service using 2.3GHz frequency was interfered by AV transmitter operation frequency, from 2370Mhz to 2390Mhz.

The AV transmitter is a non-standard wireless device transmitting frequency that is illegal in Malaysia. In addition, the device has not been approved by SIRIM. Most consumers purchased these transmitters online and they were brought in by sellers from countries such as Taiwan or China where the use of frequency is very different from Malaysia.

Apart from that, there were frequency interferences experienced by cellular phone service using WCDMA technology at 900MHz and 2100MHz frequencies. This interference is mostly caused by non-standard electronic devices used by the public and service providers as follows:-

Non-standard Electronic Devices

Device	Use	Interference to
DECT telephone	Wireless telephone used at home/office	WCDMA 2100
Remote RFID transmitter	Residential building/office for automatic gate system	WCDMA 900
Repeater that does not function properly	Installed by operators, hotels and the public to improve cellular signals in the building	All frequency bands for cellular
Wireless CCTV	Premises and house security	WCDMA 900
Baby Monitor	Used by parents to audio-monitor to their babies in another room	WCDMA 2100

Table 3: Non-standard Electronic Devices

To curb the wide spread use of non-standard equipment among the public, MCMC, since 2012, had carried out various public awareness campaigns through the media and advertorials in leading newspapers to highlight the offence of using non-standard devices.

The awareness campaign was continued in 2014 following the increase in the use of non-standard equipment. The same campaign was also published in MCMC website.

Monitoring Service Quality of Cellular Network (EESAT)

EESAT or Extensive End-Point Service Availability Test is carried out periodically or monthly according to area. The Spectrum Engineering and Interference Resolution Department is tasked to conduct EESAT every month for protocol route areas. Through this test, MCMC is able to monitor the service quality of cellular network provided by leading service providers in certain areas by evaluating the rate of dropped calls and blocked calls. Through this monitoring activity, the performance of cellular service can be improved, hence, the consumers who subscribe the service.

The protocol routes that have been established for EESAT are as follows:-

Area	Distance (km)
Cyberjaya	30
Putrajaya	55
MEX highway (both ways)	50
KLIA to Subang Airport through ELITE and NKVE	123
Total	258

Monitoring is carried out through a 'drive test' method where calls are made from a vehicle driving through a main road. Test equipment is operated to make the calls automatically throughout the drive.

Radio environment and signal strength for each service provider's network can be identified using this method. Therefore, when problems are identified in that area, the relevant network operator can be informed so that improvement can be made.

Monitoring of Special Occasions

Over the years, more and more international events are hosted in Malaysia that require extensive use of radio communications. The events that require *SKMM* to monitor the use of frequency in 2014 are:-

i.   FIA Formula One Grand Prix
ii.   Moto GP
iii. FIA Formula E
iv. World Superbike Championship

Prior to approval, the use of frequency by these events will be analysed first to prevent frequency interference on the existing services. A mobile surveillance system is also used at the event site to identify the radio environment in the area. For Formula E, the areas involved were Sepang International Circuit and Putrajaya. MCMC acts as the technical coordinator of spectrum use to ensure the events take place without any disruptions.

Projects Related to Spectrum Regulation

A few projects related to spectrum regulation were implemented in 2014. One of them is the upgrading of Data Collection Mobile Unit (DCMU) where a new vehicle is modified for the purpose of mobile spectrum monitoring. The use of the new vehicle is expected to make the monitoring operation and spectrum regulation more effective, due to the ability of the vehicle to house heavy equipment. The project is still in progress.

In 2014, MCMC also conducted inspection to several building sites, which have been identified as part of the project to upgrade the National Spectrum Monitoring Operation Centre or NASMOC. The project is a continuation of existing NASMOCs, which can be found nationwide. New areas that have been identified for the expansion of NASMOC are given below:-

REGION	AREA
North	Manjung, Perak Taiping, Perak
East	Dungun, Terengganu Besut, Terengganu Tanah Merah, Kelantan
Kuala Lumpur	Wangsa Maju Kepong/Selayang Cyberjaya/Putrajaya Kajang/Bangi
Shah Alam	Subang Jaya/USJ Klang
Seremban	Seremban 2
Sepang	Sepang International Circuit (SIC) KLIA/KLIA 2

MARKET RESEARCH AND INTELLIGENCE DEPARTMENT

The Market Research and Intelligence Department (MRID) provides data and industry analysis for an overview of the Communications and Multimedia (C&M) industry's overall performance in terms of stock market performance, economic achievements, results and market capitalisation. MRID also carries out studies on more specific topics from time to time.

MRID also publishes the Industry Performance Report (IPR) as stipulated in the Communications and Multimedia Act 1998; and Chapter II, Section 6 of Postal Services Act 2012.

The Industry Performance Report 2013 (IPR 2013) included the C&M industry's financial performance; service and expansion; content service; quality assurance and consumer protection; postal and courier service; as well as important information related to the development of C&M services in Malaysia.

The report also covered global trends and prospects in local market for the year 2014 such as challenges and opportunities for service providers, as well as the role of MCMC and industry stakeholders as catalysts of Digital Lifestyle. Cooperation from stakeholders helps expedite efforts to market products and services to meet the ever-changing consumer demands. Therefore, a balanced ecosystem is considered important to maintain a healthy competition and support industry development.

IPR 2013 briefing was held on 11 September 2014, attended by industry leaders, analysts and the media.
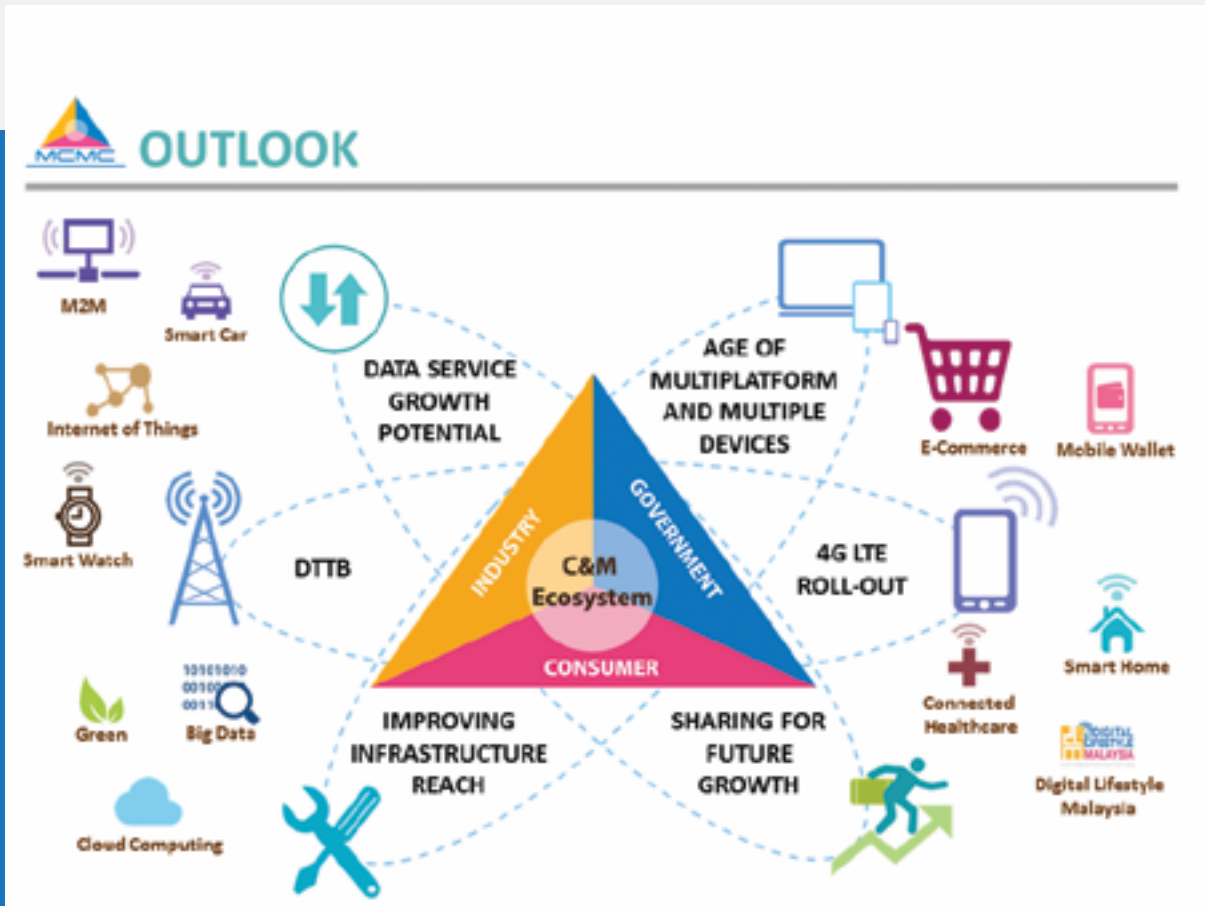
On 5 May 2014, MCMC held a seminar on Network Sharing to create a win-win sphere for all parties, especially telecommunication service providers, mobile service providers, government agencies, suppliers and other MCMC's licence holders. More than 100 participants from the industry attended the seminar, which discussed typical strategic roadmap for network sharing agreements.

INDUSTRY RESEARCH

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DEPARTMENT OF STATISTICS

A total of eight studies focusing on Communications and Multimedia service were carried out in 2014.

Out of eight, two are related to polar and Internet user experience, while four studies focus on the use of broadband.

The main objective of the four studies is to determine the contribution of broadband use to household penetration rate. Penetration rate for the third quarter of 2014 is 67.8%.

Two more studies are MCMC annual surveys, which are:-

Handphone Users Survey and Household Use of the Internet Survey.

These studies have been conducted every year since 2004. The results of these studies have contributed to the effort to provide better service to users. They also provide useful data to users who need them.

Secondary data source is also important to produce statistical information required by groups of user communities. Licence holders submit their reports periodically based on administration record and/or record on their customers. These reports are analysed and totaled before primary data are published in the Book of Statistics series.

The Book of Statistics series is published for two services – Communications and Multimedia industry (every quarter) and Postal and Courier industry (every half-year).

In 2014, the Department of Statistics also participated in international events. The department actively took part in the 2nd Meeting of the Expert Group on Household Indicators (EGH) and the 5th Meeting of the Expert Group on Telecommunication/ICT Indicators (EGTI).

In addition, the department was also involved in the 12th World Telecommunication/ICT Indicators Symposium (WTIS) from 23 – 26 November, 2014 organised by ITU in Tbilisi, Giorgia.

EGH 2014, Geneva

Since 2008, the Department of Statistics represents MCMC as the Secretary General for Asia-Pacific Internet Research Alliance (APIRA). APIRA is a forum for organisations in Asia Pacific that conduct statistical research and studies, among others, on the use of Internet and its relationship with social and economic factors.

WTIS 2014, Tbilisi

RESOURCE CENTRE AND INFORMATION MANAGEMENT DEPARTMENT

Since starting its operation in 2000, the Knowledge Resources and Management Information Department continues to be the main reference centre for MCMC employees, researchers, students and the industry to look for resources related to the telecommunications and multimedia industry.

Open during working hours, the Knowledge Resource Centre (KRC) has a collection of telecommunications and multimedia titles in various formats, including in print, secondary storage media as well as online.

As of the end of 2014, KRC's collection has grown to 5,850 titles.

Throughout 2014, KRC also organised six Tea Talk@3 sessions. Tea Talk is part of MCMC's Knowledge Management strategic initiative to promote networking/informal relationship among those who are in need of knowledge and those who have that particular knowledge.

The Tea Talk@3 presenters were MCMC employees and members of the industry, with each session conducted in an informal and friendly environment. It has attracted many MCMC employees who were keen to deepen their knowledge in the field of telecommunications and multimedia.

In addition, through the help of MCMC Academy, Resource Centre Department also promoted a programme called 'Sharing the Jewel' as part of Knowledge Management Initiative, which puts in place a procedure requiring employees to share knowledge with each other.

Under this programme, MCMC employees were required to share knowledge with their peers, once they have undergone training or attended a course. This ensures that the knowledge and experience are mutually beneficial for both the organisation and the employees for future reference.

OUTREACH & ENGAGEMENT

DIGITAL INITIATIVE DEPARTMENT (U-PUSTAKA)

u-Pustaka continues its activities throughout 2014 to support MCMC's efforts in realising national aspiration of creating Malaysian knowledge-based communities in all-inclusive manner by the year 2020. u-Pustaka also supports the role of the Ministry of Communications and Multimedia Malaysia (KKMM) as the driver of NKEA-CCI (Communications, Content & Infrastructure) comprising 10 Entry Point Projects. In tandem with the Government's aspiration, u-Pustaka service is spread to various communities through many activities organised by MCMC or through collaboration with other agencies.

In 2014, KKMM acknowledged the contribution of u-Pustaka by choosing its service as one of KKMM's initiatives to support the aspiration of the Malaysian National Commission for UNESCO (SKUM) with the theme of 'Access to Information and Knowledge.' u-Pustaka was also acknowledged by the Deputy Prime Minister, Tan Sri Muhyiddin Yassin at SKUM's Annual General Meeting on 4 November 2014 held in the Parliament building.

EDUCATION, TEACHING AND PROMOTION

The education, teaching and promotion approach has contributed significantly towards a better understanding of u-Pustaka. This is part of the efforts to highlight the role of u-Pustaka information service in helping Malaysians to enhance their understanding and skill. Through u-Pustaka, Malaysians are able to improve the quality of their lives. It also helps strengthen community ties. Such approach helps to promote the existence of Electronic Government Service, which inculcates digital lifestyle among Malaysians.

Education

In 2014, u-Pustaka took a different approach by promoting its service through education. The promotion targets children, students from all age groups and communities, especially in rural areas. They are taught to use various facilities offered by u-Pustaka. MCMC's Regional Offices provide full support for u-Pustaka to conduct these activities.

u-Pustaka's involvement in education for the year 2014 is as follows:-

Date	Programme
16 January 2014	'Warisan Alam Sekitar Malaysia' Programme at Sg. Sepang, Selangor
25-27 April 2014	Smart Kids Asia 2014 in PWTC Kuala Lumpur
10 December 2014	Interconnected Communities and Internet of Things Conference at Dewan Tunku Canselor, University of Malaya
26 September 2014	Programme to Empower Community Through Broadband at Felda Bukit Batu, Kulaijaya, Johor Darul Takzim
28 September 2014	Programme to Empower Community Through Broadband at Felda Sg. Tengi, Kuala Kubu Bharu, Selangor

For more information, scan the QR code and view the video.

Promotion

In 2014, the promotion of u-Pustaka service highlighted not only u-Pustaka as a one-stop information hub but also showcased u-Pustaka as information service that inculcates Digital Lifestyle Malaysia benefitting everyone in the country. In addition, the promotion also featured u-Pustaka content collection according to the theme of the promotion, based on the background of the programme's target groups.

Promotional activities for u-Pustaka in 2014 are as follows:-

Date	Programme
30 March 2014	u-Pustaka Officiating Ceremony for Selangor State at Raja Tun Muda Library, Shah Alam
23 April 2014	TMBizFest at Sunway Convention Centre
8 – 10 April 2014	International Digital Library Conference at the Royale Chulan Hotel, Kuala Lumpur
23 – 25 June 2014	CommunicAsia 2014, Singapore
8 – 10 August 2014	Digital Lifestyle Expo 2014 (DLE2014) at Kuala Lumpur Convention Centre
17 – 19 September 2014	KL Converge! at Kuala Lumpur Convention Centre

In addition, the Agent for National Transformation (ANT) Award, which was first introduced by MCMC in 2014, was organised as a continuity to the u-Pustaka Community Transformation Award introduced in 2012.

The award recognises individual or group who drives initiative based on broadband to improve the life of a community from social and economic aspect. Five winners were selected from the nominations received and were judged based on a set of criteria. The Minister of Communications and Multimedia, YB Dato' Sri Ahmad Shabery Cheek presented the awards to the winners during a gala dinner held in conjunction with KL Converge!

Communications and Multimedia Minister, YB Dato' Sri Ahmad Shabery Cheek (middle) with the winners of BEE and ANT Awards 2014

For more information, scan the QR code and view the video.

KLIK DENGAN BIJAK™ (CLICK WISELY) PROGRAMME

Throughout 2014, Klik Dengan Bijak (KDB) programme focused on four main issues to increase and strengthen public awareness of their responsibility when using the Internet, especially in this digital era:-

1. Dissemination of false information
2. Cyber bully
3. Over sharing habit
4. Financial scam

These are major issues that require attention since they are often associated with Internet users in Malaysia.

In 2014, KDB's engagement and activities were focused on its main target group, particularly youth aged 13 to 18 years old and their parents/guardians. Pursuant to this, KDB has developed a website and social media presence such as Facebook, Instagram and YouTube to reach out to the target group.

www.youtube.com/user/klikdenganbijak
16 videos uploaded

www.facebook.com/klikdenganbijak
13,296 likes on 31 December 2014
449 posts uploaded

www.klikdenganbijak.my
Launched on 16 August 2014

Instagram - @klikdenganbijak
767 followers on 31 December 2014
458 post uploaded
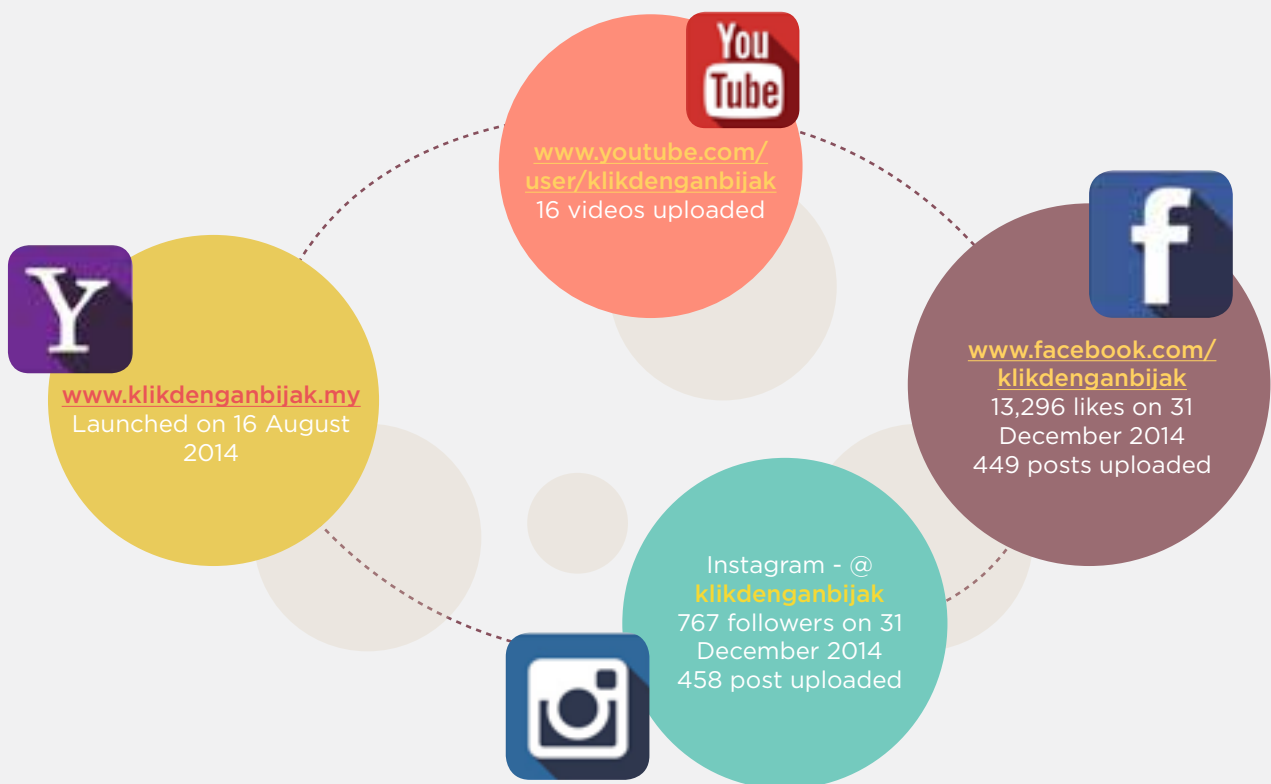
Figure 1: KDB reaches out to users through online channels

*For more information, scan the QR code and view the video.

DEMOGRAPHIC PROFILE OF KDB'S 'LIKERS'

Female 'likers' led the demography with 56% compared to 46% male 'likers'.
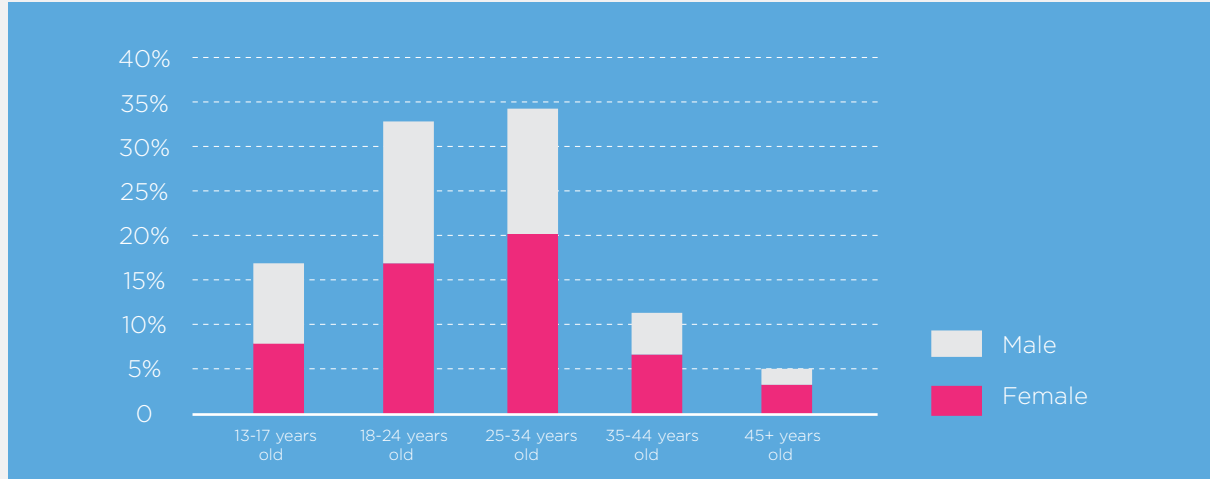
Figure 2: KDB's Facebook 'Likers' according to gender

In 2014, a total of 449 status updates were uploaded to guide and share information with Internet users. The following contents were the most-shared by KDB Facebook's page visitors.

Most-Shared Tips on KDB Facebook Page

Figure 3: Reach according to number of most-shared tips on KDB Facebook page

KDB has launched its website, www.klikdenganbijak.my, and an online game app known as 'Klik Hunter', which can be downloaded for free through App Store and Google Play applications.

Programmes and Activities for The Year 2014

Throughout 2014, 542 KDB activities were carried out and reached out to more than 197,400 participants nationwide, promoting and introducing KDB programme more extensively.
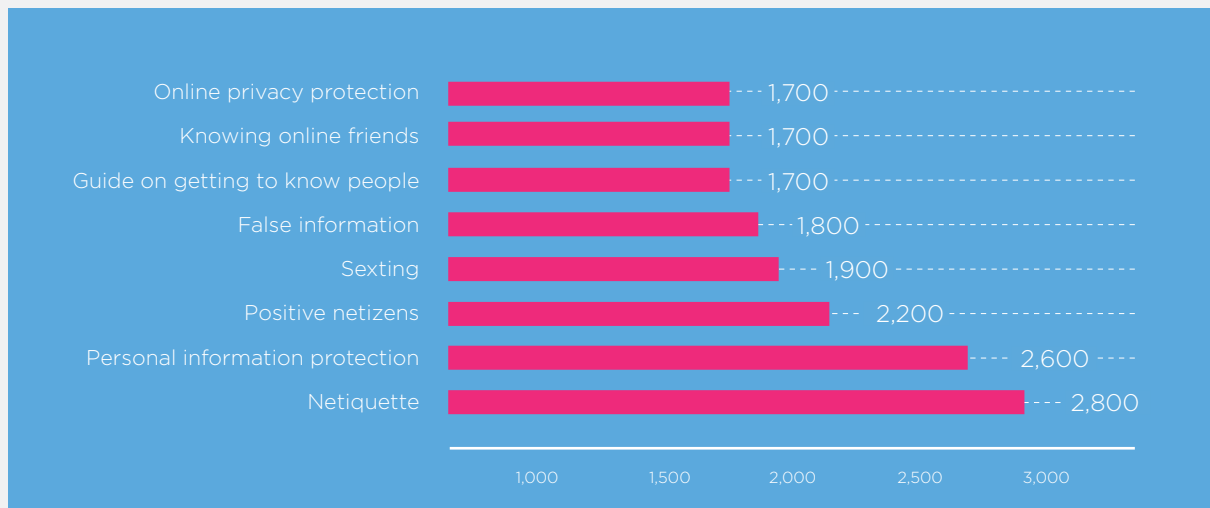
Nearly 90% of programmes and/or activities organised carried comprehensive educational elements. Among the programmes conducted include awareness talks to the target group, programmes with strategic partners, and train-the-trainer programmes.

Programme	No of Programmes
Collaboration with strategic partners	198
Train-the-trainer PI1M Programme	8
Special programmes/briefing to schools/IPTA/IPTS in conjunction with netbook presentation ceremony	65
Briefing to youth and students	112
Others	159
Total	542

Figure 4: Number of programmes carried out in 2014

MCMC's 1Malaysia Internet Centres (PI1Ms) were also mobilised to help implement KDB programmes. A total of 6,266 programmes were carried out involving 133,593 participants.

For more information, scan the QR code and view the video.

2014 HIGHLIGHTS

A few big-scale events were organised by KDB in 2014 including
Klik Dengan Bijak™ (KDB) Meet Up! at The Curve, Mutiara Damansara;
Klik Dengan Bijak Camping with he Scouts Association of Malaysia in
Sandakan, Sabah; 'New Approaches in Child Online Protection' Workshop;
and KDB@KL Converge! in KLCC and SK Sungai Judah (A), Pulau Carey.

Klik Dengan Bijak™ (KDB) Meet Up! is a
one-day programme that invites Malaysians
particularly urban youth to meet and share
views while strengthening unity in a session
with a social media theme.

The second scouts camping called Klik
Dengan Bijak™ Camping Programme
2014' was held at Scouts Nature Park
Sandakan, Sabah in Mei 2014.

Held for four days, the camp was participated by
1,000 young scouts from all over Sabah. Throughout
the camp, the scouts were exposed to various topics
including Internet safety vision, tips and safety
measures. They were also taught on how to produce
creative and informative video.

On 7-8 July 2014, a workshop entitled 'New Approaches in Child Online Protection' was held at MCMC Headquarters, Cyberjaya.

The objective of the workshop is to create awareness among government officers, public and non-government organisations as well as academicians on the importance of promoting a safe online experience to children.

In conjunction with KL Converge!, which was organised by the Ministry of Communications and Multimedia (KKMM) and MCMC, two activities were organised by KDB:-

KDB Pavilion showcased KDB programme through interaction with the public to educate them about Internet safety. Various activities were organised at the pavilion including educational talks, performances by local artistes, interactive games, KDB's strategic partners' booths and so forth.

KDB activities at Pulau Carey were held to show ASEAN Ministers how KDB programme is carried out in schools through interactive activities.

These activities also engaged the villagers from the surrounding local communities in Pulau Carey to introduce them to the concept of Internet safety at home.

Deputy Prime Minister, Tan Sri Muhyiddin Yassin visiting the KDB Pavilion at KL Converge! Also present was the Minister of Communications and Multimedia, Dato' Sri Ahmad Shabery Cheek.

The Minister of Communications and Multimedia, Dato' Sri Ahmad Shabery Cheek, visiting a KDB booth at Sekolah Kebangsaan Sungai Judah (A), Pulau Carey

A new sub-module called Klik Dengan Bijak@ PLKN was introduced to the trainees in 2014.

This is part of the Character Building Module and is based on the Rukun Negara principles, teaching them about safety, vigilance and responsibility when they are online.

MCMC and UNICEF Malaysia jointly launched a report entitled 'Exploring the Digital Landscape in Malaysia: Access and use of digital technologies by children and adolescents'.

The objective of this report is to provide an overview on the use, access and impact of digital technologies and social media on adolescents and young people in Malaysia. The overview is based on research, which has been carried out till the present time in Malaysia.

This report provides an early exposure to the importance of digital literacy to all children, adolescents and youth in Malaysia. Furthermore, the report also serves as a useful reference and helps promote a balanced approach in developing online policies to protect consumers in Malaysia, particularly children and youth – two groups who are the most vulnerable to the threats and risks related to the Internet.

Smart Kids Asia Fair is an annual event held for nearly 10 years in Malaysia.

This marks the second year MCMC participating in the event. A special pavilion was constructed for the event to showcase KDB programme to the public, particularly children and parents. Throughout the three-day event, KDB pavilion managed to attract 100,000 visitors.
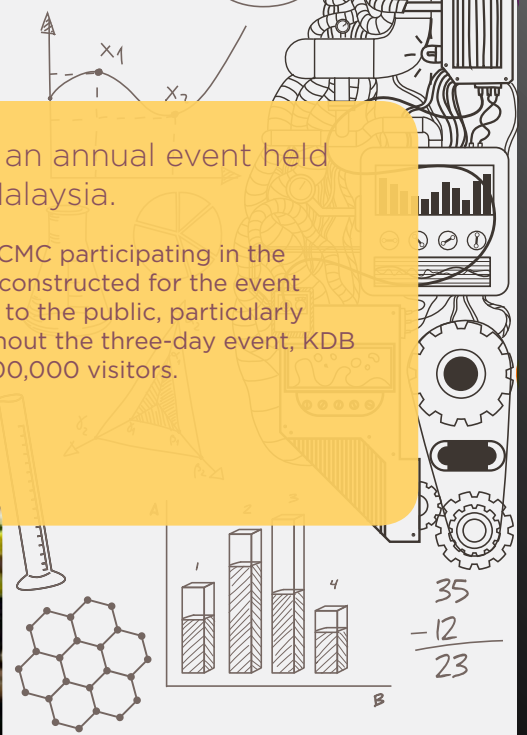
The Ministry of Women, Family and Community Development (KPWKM) launched a national campaign to promote children's safety in schools known as 'Wise Kid's Zone: Safe & Protect'.

The objective of the campaign is to equip school children with the knowledge to protect themselves from all threats and danger, be it physical or online.

KDB's education module for children was included as one of the topics for school children in this campaign. The first phase of the campaign involved five schools in Malacca and was launched by the Minister of Women, Family and Community Development, YB Dato' Seri Rohani Abd Karim; at SJK (C) Cheng, Malacca on 13 October 2014.

In addition to MCMC, agencies such as the Royal Malaysia Police (PDRM), State Education Department, the National Population and Family Development Board, State Health Department, and National Anti-Drugs Agency (NADA) were also involved in this campaign.

KDB Strategic Partners

Throughout 2014, KDB collaborated with a few agencies to increase public awareness on information safety, issues and risks related to the Internet. These agencies include:-

Strategic Partner	Organisation
Ministry/ Department and Government Agency	• Ministry of Communications and Multimedia (KKMM) • Ministry of Education • Ministry of Women, Family and Community Development (KPWKM) • Ministry of Youth and Sports (KBS) • Royal Malaysia Police (PDRM) • National Service Training Department (JLKN)
Non- Government Organisations	• Communications and Multimedia Content Forum Malaysia (CMCF) • Consumer Forum Malaysia (CFM) • Malaysian Scouts Association

In addition, MCMC also worked in partnership with UNICEF Malaysia and the International Multilateral Partnership Against Cyber Threats (IMPACT).

Public Relations

2014 also witnessed substantial media coverage on KDB. Throughout the year, KDB focused on substantive issues to turn MCMC into a reference centre with regards to Internet use etiquette and safety. The aim is to increase awareness on KDB among journalists and editors, apart from fostering closer professional ties in the future.

Summary of media coverage in 2014 is provided below:-
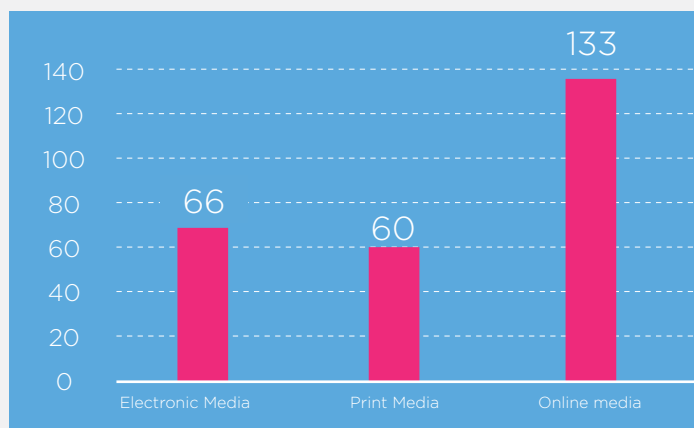
Figure 4: Number of media coverage on KDB programme in 2014

Through a close partnership with the media, KDB programme has managed to receive a comprehensive coverage. Media in various languages are crucial to ensure that KDB's positive messages are spread and reach all levels of societies.

Tips or guide on how to protect users from Internet abuse and the risks when they are online were also highlighted through a series of exclusive interviews. Four main subjects were discussed through these interviews namely, love scam, Klik Dengan Bijak, cyber bullying and the habit of over-sharing information online.

The table below shows the four main subjects discussed exclusively with the media:-

Subject	No of Coverage	Media
Love scam	7	• Berita Harian • Sin Chew Daily • Harian Metro • The Heat • Bella (NTV7) • Utusan Interaktif Online TV • Traxx FM
About Klik Dengan Bijak	6	• Adoi Magazine • Utusan Malaysia • Capital TV • Bernama TV • Bernama Radio • Nasional FM
Cyber bullying	3	• Malay Mail • The Heat • Utusan Malaysia
Information over sharing habit	2	• Majalah Cosmopolitan • Bella (NTV7)

Networked Media Research Collaboration 2014 Programme

The objective of Networked Media Research Collaboration Programme (NMRCP) is to enhance knowledge and research in the area of networked media that can contribute towards policy formulation and regulation, in addition to supporting media literacy initiatives and activities.

To date, NMRCP has funded 15 research projects and will continue to promote and accelerate the pace of development of knowledge resources that will create value and understanding based on facts in relation to the influence and impact of media in society.

On 1 April 2014, MCMC issued the Call for Proposal to the NMRC. A total of 48 proposals were received where 70% of them were related to new media and its impact on society. This shows that researches usually have interests related to new media.

Due to overwhelming response, the evaluation of the 48 proposals had to be conducted in three phases. Evaluation panel consisted of various stakeholders within MCMC, independent academicians and individuals from organisations representing the creative content development industry and content forum. The proposal evaluation was conducted based on (i) the quality of the research proposal; (ii) impact; (iii) suitability of the candidate; and (iv) feasibility of the study.

In November 2014, MCMC awarded research grants to five institutions of higher learning to conduct research related to the use of networked media and its impact on different users.

The research proposals were shared with more than 400 participants from various ministries, non-government agencies, universities and private sector during the Networked Media Research Seminar held at Empire Hotel, Selangor on 4 November 2014.

Chief Industry Regulation Officer, MCMC, Toh Swee Hoe (fourth from right) with the recipients of research grants under the Networked Media Research Collaboration Programme 2014.

Malaysia Developers' Day (MYDD) 2014

OPENED DOORS TO GLOBAL MARKET FOR LOCAL APPLICATION DEVELOPERS

Various MCMC's initiatives to encourage and promote participation by Malaysians in application development are beginning to bear fruit. The second edition of Malaysia's Developers' Day received acknowledgement from one of its juries. Marcos Lara, who is also a consultant for Facebook, recognises that Malaysian application developers have their own strengths. He acknowledges that they are capable of catering to the needs of people from all walks of life through their unique applications.

MYDD 2014 also strengthened Malaysia's credibility in the region as the competition was open for the first time to participants from 14 Asian countries. What's more impressive is the fact that the number of participants increased to 120 compared to the previous year. MYDD also witnessed collaboration with American telecommunication giant, AT&T. This proves that MCMC's initiative also receives international recognition.

According to MCMC's Chief Industry Development Officer, Dato' Mohd Ali Hanafiah Mohd Yunus, "the decision to open MYDD 2014 participation to other countries in the Asian region can help inculcate the culture of innovation and creativity, hence, help push the region forward in term of application development."

With its competitive nature, MYDD is the best platform to discover new talents, apart from sparking unique creativity possesed by local application developers. Among the mobile applications that drew attention are 'ARMS', an application that uses a scanner with SIM card to monitor the level of pollution based on GPS location. Another application called 'Pocket Events' provides direct feedback – be it before, during or after event – to enable the organiser to meet the participants' requirements.

MYDD 2014 sticks to the same competition format where participants are required to develop mobile applications within 24 hours. MYDD2014 also witnessed the top three winners compete during the final round to win the grand prize worth USD10,000.

A group known as Hacktivist comprising five members was named the grand prize winner of MYDD. They also won the Best Application for Community Involvement category through 'Enact', an application that connects sponsors with charity organisations of their choice based on the Corporate Social Responsibility concept.

Their success had enabled Hactivist to win the main prize of USD10,000, in addition to a six-month hand-holding programme provided by venture capitalist Golden Gate Ventures. Hacktivist's victory in the Best Application for Community Involvement category saw them bring home cash prize of USD1,000.   In addition, 12 MYDD2014 participants also received Nanodegree scholarships sponsored by AT&T-Udacity for them to take part in online training.

The prize giving ceremony for three categories – Best Application for Community Involvement, Best Application for Smart

Cities and Best Application for Commercialisation – was officiated by MCMC's Chief Industry Development Officer, Dato' Mohd Ali Hanafiah Mohd Yunus and Executive Director of International External and Regulatory Affairs, Jake Jennings.

One of MYDD's key achievements is opening doors to global market for local application developers. According to MCMC's Division Head of Broadband Management, Puan Nor Akmar Shah Minan, through an exclusive interwiew with Utusan Online, MYDD did so because the competition also drew attention from both local and international investors.

She added, "MYDD gathers application developers, not only those with merely ideas but also those with a complete team including technical expert. They are gathered on the first day of the competition and given the chance to build partnerships among them."

 "In addition, we also evaluate the feasibility of their ideas for global, regional and local market even if the products do not end up winning the first, second or third prize," she explained.

For more information, scan the QR code and view the video.

COMMISSION'S
MANAGEMENT

Dato' Mohamed Sharil
Tarmizi

Dato' Sri Abdul Rahim
Mohamad Radzi

Datuk Idris Abdullah

Dato' Sri Kamaruddin
Siaraf

Mr. Chew Liong Kim

Tan Sri Dr. Madinah
Binti Mohamad

Datuk Mohd Nazri
Abdullah

MCMC'S
MANAGEMENT

1. **Tengku Zaib Raja Ahmad**
   Chief Support and Services Officer

2. **Khaneeza Khalid**
   Head of Division, Human Capital Management and
   Competency Development

3. **Cho Shi Chong**
   Head of Division, Finance, Property and Administration

4. **Nur Sulyna Abdullah**
   Head of Division; International Affairs, Legal and Secretariat

5. **Mohd Hussin Ali**
   Head of Division; State Coordination

6. **Norina Yahya**
   Head of Department, Legal and Commission Secretary

7. **Ahmad Razif Ramli**
   Head of Department, Strategic Information Systems

8. **Sheikh Raffie Abd Rahman**
   Head of Department, Strategic Communication

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1. **Toh Swee Hoe**
    Chief Industry Regulation Officer

2. **Norizan Baharin**
    Head of Division, Licensing and Assignment

3. **Zulkarnain Mohd Yasin**
    Head of Division, Monitoring and Enforcement

4. **Laila Hassan**
    Head of Division, Market Regulation

5. **Aly Shaharom**
    Executive Director, Communications and Multimedia
    Consumer Forum of Malaysia

6. **Eneng Faridah Iskandar**
    Head of Division, Outreach and Engagement

MCMC'S
MANAGEMENT

1. **Dato' Mohd Ali Hanafiah Mohd Yunus**
   Chief Industry Development Officer

2. **Aisharuddin Nuruddin**
   Head of Division, Infrastructure Development and Standards

3. **Bawani Selvaratnam**
   Head of Division, Policy Development

4. **Nor Akmar Shah Minan**
   Head of Division, Broadband Management

5. **Uzer Tajudin**
   Head of Division, Rural Development

6. **Faizah Zainal Abidin**
   Head of Division, Spectrum and Numbering Planning

MCMC CHAIRMAN'S OFFICE

PROSECUTION IN COURT

A total of 31 cases were prosecuted in 2014. Out of which, 23 cases were fined by the court, amounting to RM179,500. The penalty imposed by the court ranges from RM2,000 to RM18,000 for each case.

8

23
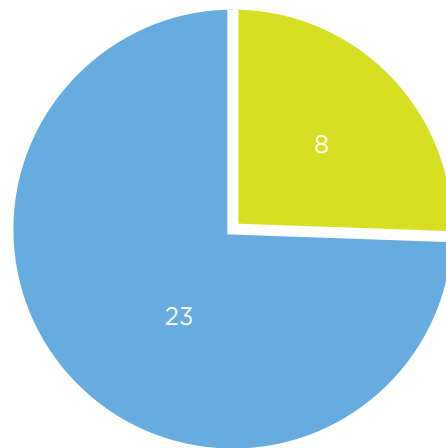
■ Found guilty   ■ Still under investigation

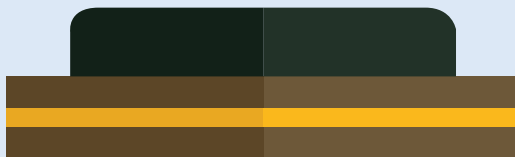| Ks/ Ip	Suspect	Section/ Offence	Penalty Under Section	Case No
71/13	Radius-Ed Sdn Bhd or Ice Mobile Sdn Bhd	S.127(3) AKM 1998	S. 242 AKM 1998	63-4083-12/2013 & 63-4084-12/2013
66/13	Everworks Solutions (M) Sdn Bhd	S.127(3) AKM 1998	S.242 AKM 1998	63-1-1/2014
123/13	Pang Siew Yang (Sun Teleshop Communication)	P. 16(1)(a) PPKM (ST) 2000	P.37 PPKM (Standard Teknik) 2000	63-3-02/2014
122/13	Siow Chee Yeong (JSCY Centre Point)	P. 16(1)(a) PPKM (ST) 2000	P.37 PPKM (Standard Teknik) 2000	63-01-02/2014
125/13	Tan Chin Keong (Audio Point Communication)	P. 16(1)(a) PPKM (ST) 2000	P.37 PPKM (Standard Teknik) 2000	6-63-15-02/2014
116/13	The Soon Chai (Maxwell Trader Enterprise)	S.65 APP 2012	S.65(1) APP 2012	87-191-02/2014
04/12	Mexcomm Sdn Bhd	S.127(3) AKM 1998	S.242 AKM 1998	63-101-03/2014
127/12	Soak Broadcasting Sdn Bhd	P.33A (Pelesenan)		63-1-2/2014
78/12	Tung Lun Tak (Tung Network Trading)	P. 16(1)(a) PPKM (ST) 2000	P.37 PPKM (Standard Teknik) 2000	63-203-03/2014
78/12	Mohd Asri bin Ab Rahim	P. 16(1)(a) PPKM (ST) 2000	P.37 PPKM (Standard Teknik) 2000	63-15-04/2014
115/12	Tew Chin Seng	P. 16(1)(a) PPKM (ST) 2000	P.37 PPKM (Standard Teknik) 2000	63-72-4/2014
91/13	Tiew Khiang Hor	P. 16(1)(a) PPKM (ST) 2000	P.37 PPKM (Standard Teknik) 2000	63-2-4/2014
108/13	Mohd Azlan bin Ibrahim	S.233(1)(a) AKM 1998	S.233 (3) AKM 1998	63-51-05/2014
121/13	Tan Eng Soon (ES marketing)	P. 16(1)(a) PPKM (ST) 2000	P.37 PPKM (Standard Teknik) 2000	63-01-02/2014
84/13	Mohd Zamrudhisyam bin Mohamad	S.233	S.233 (3) AKM 1998	63-02-05/2014
30/09	Heng Swee Cher (591216-10-5037)	P. 16(1)(a) PPKM (ST) 2000	P.37 PPKM (Standard Teknik) 2000	SJ 39-05/2014
92/13	Wan Fatul bin Johari	S.233(1)(a) AKM 1998	S.233 (3) AKM 1998	63-02-06/2014
82/12	Mas Yatim bin Nahrawi dan Aminuddin bin H Affandi	P. 16(1)(a) PPKM (ST) 2000	P.37 PPKM (Standard Teknik) 2000	63-02-06/2014
111/13	Liew Tark Fook	P. 16(1)(a) PPKM (ST) 2000	P.37 PPKM (Standard Teknik) 2000	63-5-7/2014
117/11	Lokman bin Ali	S.233(1)(a) AKM 1998	S.233 (3) AKM 1998	63-85-07/2014
178/14	Rajaretinam A/L Armuggan	S.504 & S.233		63-11-10/2014
109/14	Huat Ming Enterprise Sdn Bhd (92868-A)	P. 16(1)(a) PPKM (ST) 2000	P.37 PPKM (Standard Teknik) 2000	BKI-63-91/8 TAHUN 2014
107/14	Cheong Keng Peng [yang berniaga atas nama CCH Technology (IP0145380-W)]	P. 16(1)(a) PPKM (ST) 2000	P.37 PPKM (Standard Teknik) 2000	63-68-09/2014
108/14	Digimate Sdn BHd [564922-V]	P. 16(1)(a) PPKM (ST) 2000	P.37 PPKM (Standard Teknik) 2000	BLI-60-109/10-2014 (SC2)
521/10	Mohd Zurin bin Yahya (750316-03-5617)	P. 16(1)(a) PPKM (ST) 2000	P.37 PPKM (Standard Teknik) 2000	SKB(S) 63-22-09/2014
122/14	Muhammad Anas bin Mohd Iskandar	S.64 APP 2012	S.64 APP 2012	87-1309-10/2014
104/13	Tan Oeng Kiang	P. 16(1)(a) PPKM (ST) 2000	P.37 PPKM (Standard Teknik) 2000	63-115-10/2014
124/13	Teh Chee Yen (860511-35-5226) dan Chia Bee Eng (450514-02-5044)	P.16 & P.17	P.37 PPKM (Standard Teknik) 2000	63-114-10/2014 dan 63-116-10/2014
110/12	Choo Kee Yok @ Choo Kee Long (450513-02-5069)	P. 16(1)(a) PPKM (ST) 2000	P.37 PPKM (Standard Teknik) 2000	63-12-10/2014
93/12	Effi Nazrel bin Saharudin	S.233(1)(a) AKM 1998	S.233 (3) AKM 1998	
48/14	Hidayat Bin Mohamed	S.233(1)(a) AKM 1998	S.233(1)(a) AKM 1998	61-01-06/2014

Court	Plead	Penalty / Fine	Jailed (Failed To Pay)	Sentence Remarks
Mahkamah Sesyen Kuala Lumpur	Found guilty	36,000.00	12-month prison	First prosecution, RM18,000.00 fine, failed to pay, 6-month prison. Second prosecution, RM18,000.00 fine, failed to pay, 6-month prison
Mahkamah Sesyen (1) Petaling Jaya, Selangor	Found guilty	16,000.00	6-month prison	RM16,000 fine; failed to pay, 6-month prison
Mahkamah Sesyen Jenayah (1) Johor Bahru, Johor	Found guilty	8,000.00	6-month prison	RM8,000 fine; failed to pay, 6-month prison
Mahkamah Sesyen Kuala Pilah, Negeri Sembilan	Found guilty	2,000.00	2-month prison	RM2,000 fine; failed to pay, 2-month prison
Mahkamah Sesyen Jenayah (6) Shah Alam, Selangor	Found guilty	4,000.00	2-month prison	RM4,000 fine; failed to pay, 2-month prison
Mahkamah Majistret Klang	Found guilty	10,000.00	2-month prison	RM10,000 fine; failed to pay, 2-month prison
Mahkamah Sesyen Jenayah (7) Kuala Lumpur	Found guilty	15,000.00	12-month prison	RM15,000 fine; failed to pay, 1-year prison
Mahkamah Sesyen (1) Sepang, Selangor	Found guilty	5,000.00	5-month prison	RM5,000 fine; failed to pay, 5-month prison
Mahkamah Sesyen Jenayah (7) Kuala Lumpur	Found guilty	15,000.00	12-month prison	RM15,000 fine; failed to pay, 1-year prison
Mahkamah Sesyen Kota Bharu Kelantan	Found guilty	4,000.00	4-month prison	RM4,000 fine; failed to pay, 4-month prison
Mahkamah Sesyen Georgetown, Pulau Pinang	Still under investigation			Trial dates on 12 - 13 Mar 2015
Mahkamah Sesyen (1) Sepang, Selangor	Found guilty	2,000.00	1-month prison	RM2,000 fine; failed to pay, 1-month prison
Mahkamah Seksyen Jenayah (1) Johor Bahru, Johor	Found guilty	3,000.00	1-month prison	Trial on 27 - 28 Oct 2014 was postponed due to change of judges. New hearing before new judge Tuan Nor Azlan bin Ahmad on 6 Nov 2014 to determine new trial date. New Hearing Date on 7 Dec 2014, OKS pleaded guilty. RM3,000.00 fine; failed to pay, 1-month prison
Mahkamah Sesyen Kemaman, Terengganu	Found guilty	2,500.00	3-month prison	RM2,500 fine; failed to pay, 3-month prison
Mahkamah Sesyen Kemaman, Terengganu	Still under investigation			New hearing date on 29 Jan 2015
Mahkamah Sesyen Kuantan, Pahang	Found guilty	7,000.00	7-month prison	OKS pleaded guilty; RM 7,000 fine; failed to pay, 7-month prison
Mahkamah Sesyen Temerloh, Pahang	Still under investigation			Trial dates on 21 - 23 Jan 2015
Mahkamah Sesyen (2) Ampang, Selangor	Found guilty	PKW	-	Mas Yatim Bin Nahrawi (Discharged Not Amounting to Acquittal (DNAA)) - 13 Nov 2014 Aminuddin bin H Affandi: Compulsory Attendance Centre for 3 months
Mahkamah Sesyen (2) Petaling Jaya, Selangor	Found guilty	3,500.00	1-month prison	RM3,500 fine; failed to pay, 1-month prison
Mahkamah Sesyen (2) Johor Bahru, Johor	Found guilty	10,000.00	6-month prison	First prosecution, RM5,000.00 fine, failed to pay, 3-month prison. Second prosecution, RM5,000.00 fine, failed to pay, 3-month prison
Mahkamah Sesyen (3) Sungai Petani, Kedah	Still under investigation			Trial dates on 16-17 Feb 2015
Mahkamah Seksyen (5) Kota Kinabalu, Sabah	Found guilty	3,000.00	7-day prison	RM3,000 fine; failed to pay, 7-day prison
Mahkamah Sesyen Jenayah (1), Ipoh, Perak	Found guilty	5,000.00	1-month prison	RM5,000 fine; failed to pay, 1-month prison
Mahkamah Sesyen Jenayah (2), Kota Kinabalu, Sabah	Found guilty	3,000.00	7-day prison	RM3,000 fine; failed to pay, 7-day prison
Mahkamah Sesyen (3) Kota Bharu, Kelantan	Found guilty	3,500.00	7-day prison	RM3,500 fine; failed to pay, 1-month prison
Mahkamah Majistret Selayang, Selangor	Still under investigation	PKW	-	Sentencing order on 7 Jan 2015. Compulsory Attendance Centre for 3 months
Mahkamah Sesyen Jenayah (1) Georgetown, Pulau Pinang	Still under investigation			OKS pleaded not guilty. New hearing date on 27 Jan 2015 for OKS to appoint judge
Mahkamah Sesyen Jenayah (2) Georgetown, Pulau Pinang	Found guilty	6,000.00	2-month prison	OKS The Chee Yen: DNAA because OKS studies outside of Malaysia. OKS Chia Bee Eng: RM6,000.00 fine if fail to pay, 2-month prison. Case item is forfeited to MCMC for disposal.
Mahkamah Sesyen Sungai Petani, Kedah.	Found guilty	6,000.00	2-month prison	RM 6,000.00 fine; failed to pay, 2-month prison
Mahkamah Sesyen Kuala Lumpur	Found guilty	10,000.00	3-month prison	OKS pleaded guilty on 15 August 2014. Judge sentenced RM5,000 fine for each prosecution. There are 2 prosecutions.
Mahkamah Sesyen Selayang, Selangor	Still under investigation			Trial to continue on 13 - 14 April 2015

SERVICES AND SUPPORT

HUMAN CAPITAL MANAGEMENT AND COMPETENCY DEVELOPMENT

MCMC's aspiration and objective rely on the quality of its human capital. To realise this aspiration, the Human Capital Management and Competency Development Division implemented various initiatives to enhance MCMC's human capital capacity and talent management. Training and development programmes were also implemented to continuously enhance both employees' and industry's competency.

No of Employees
683

Contract Employees
3%

HUMAN CAPITAL MANAGEMENT DEPARTMENT

Efforts in the year 2014 started by focusing on employee recruitment to fulfil the additional roles and functions of MCMC. In 2014, the number of MCMC's employees increased to 683.

The number of permanent employees from 2010 – 2014 is as follows:-

Headcounts

	2010	2011	2012	2013	2014
New Intake	32	50	50	117	115
Beginning of Year	415	408	441	476	573
Turnover Rate (%)	39	17	15	20	24

Legend: New Intake · Beginning of Year · Turnover Rate (%)
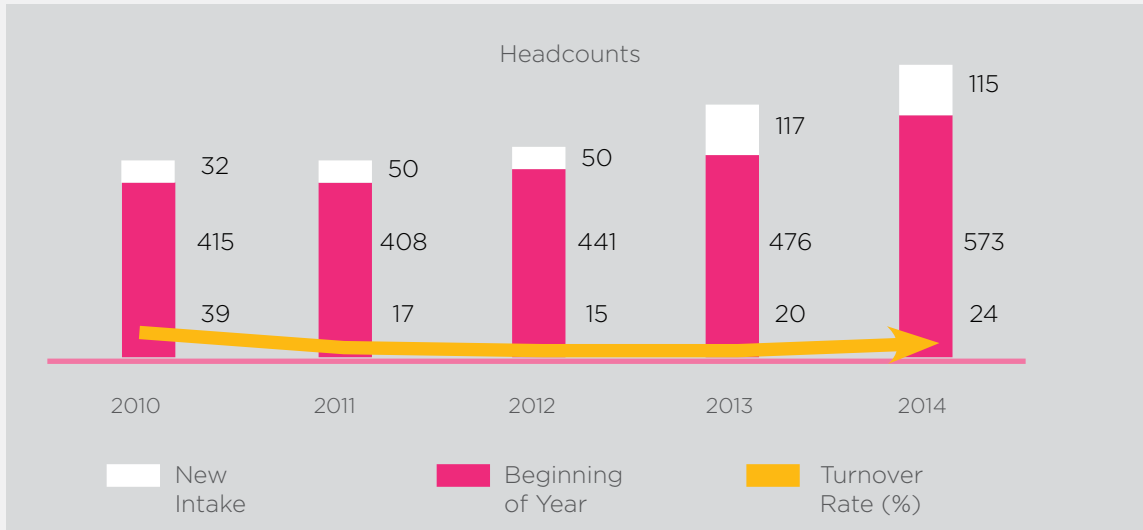
Human capital statistics also show that employee turnover rate is low and below industry's standard level, which is 13.2%. In 2014, employee turnover rate is 3.88%.

Turnover Rate

2010	2011	2012	2013	2014
8.72%	3.71%	3.05%	3.37%	3.88%
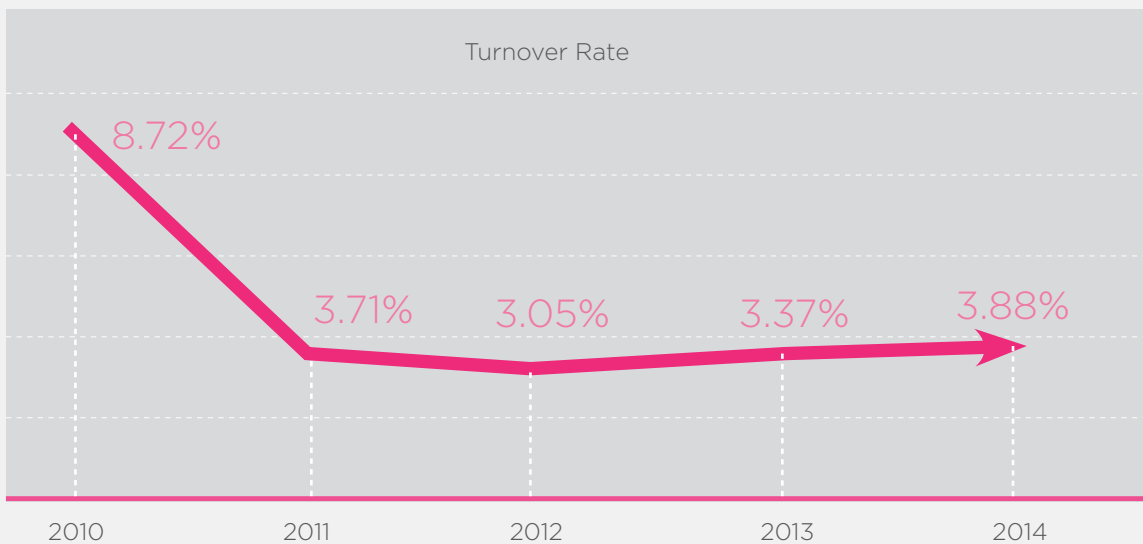
Various talent management efforts and initiatives were implemented to ensure distinguished human capital with leadership quality to meet future demands.

Phase I:
Applications Received
1,012

Phase II:
Candidates Shortlisted
245

Phase III:
Physical Test
135

Phase IV:
PAC
75

Phase V:
Candidates Selected
30

Figure 1: TOP's candidate selection process

Investing in Recruitment of Quality Graduates

Trainee Officer Programme (TOP) is one of many successful initiatives to enhance the quality of employee recruitment, in particular to serve the Enforcement and Monitoring function. A total of 1,012 applications were received. Out of which, only 30 individuals successfully completed the programme.

Through TOP, selected candidates went through an intensive 6-month training. Under this programme, they were exposed to a mixture of classroom learning and on-the-job training. They were also required to organise a community empowerment programme at each regional office.

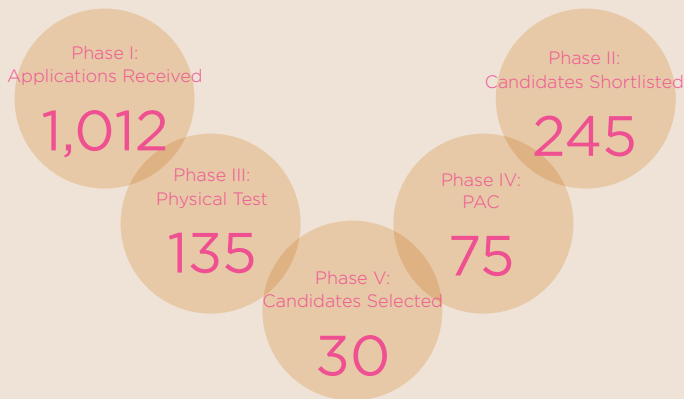## Strengthening the Strategy for Continuity of Workforce Experts

Human capital development is one of MCMC's priorities. The organisation's capability and expertise are very much dependent on the effort to strengthen its strategy for ensuring the continuity of its workforce experts.

MCMC's commitment to this end is proven through the implementation of Human Capital Assessment and Development Project, which assesses and matches existing employees with the right expertise.

MCMC has ensured the effectiveness of its succession planning for those in the management grade by carrying out development and specialisation process involving 123 officers through Leadership Assessment Programme with the cooperation of Public Service Department.

Restructuring and work rotation involving 12% of MCMC employees also took place in 2014.   To ensure that the management of human capital replacement fulfils MCMC's requirements, individual aspiration is also taken into account from time to time to increase work motivation and retain human capital.

Aiming to be the Leading Graduate Employer

MCMC has aimed to be the leading graduate employer. To achieve this, MCMC participated in various career programmes with TalentCorp and local universities, as well as career fairs. As a result, MCMC was voted as one of the Malaysia's 100 Leading Graduate Employers in 2014.

MCMC ACADEMY

INTERNAL TRAINING PROGRAMMES

Throughout 2014, RM2,336,907 (up to November 2014) was allocated for training and capacity development of MCMC employees. A total of 4,760 training days were accumulated involving 294 training programmes.

Summary of Training Days and Number of Training Programmes for 2014

	Internal Course		External Course		Total
	Organised by MCMC Academy	Organised by other departments	Local	Overseas	
Number of Programmes	103	24	119	48	294
Number of Training Days	2,504	1,365	577	314	4,760
Number of Trainees Attended			3,232 attended		
Averaged Training Days for Each Employee			7.19 days		
Achievement (based on the target of averaged 7 days for each employee)			102.7%		

Skill and competency development of MCMC employees remain a key component in our learning and development strategy. A few integrated programmes were specially designed to improve the competency of MCMC employees, as follows:-

Competency Development Programmes for MCMC Employees	
Anti-Money Laundering and Anti-Terrorism Financing Act 2011	A special programme for MCMC officers conducted by Bank Negara Malaysia to provide basic understanding on money laundering, terrorism financing and national initiatives to combat financial offences.
CIDB Green Card	This programme covers laws and regulations, danger, risks and prevention method. It also gives an introduction to personal safety.
Development Programme for Regional Offices	3 programmes for Regional Offices in 2014: Presentation Skill; Protocol and Event Management; as well as Image and Ethics.
Development Programme for Trainee Officers (TOP)	A structured investigation and enforcement programme for trainee officers.
Speed Reading	Training participants on effective reading technique to enhance understanding at a faster rate.
English for Business Communications (EBC)	This programme was conducted to improve English proficiency among MCMC employees.
MS Office Programmes	To improve MCMC employees' proficiency in using the latest version of various MS Office softwares.
Induction Programme	To bolster the readiness of new employees by knowing the organisation, policies, rules, processes, in addition to inculcate team spirit in MCMC.

Continuous efforts are in place to ensure that future training programmes are more structured and meet the competency matrix according to the respective level and work function.

COMPETENCY DEVELOPMENT PROGRAMME FOR INDUSTRY

MCMC Academy is also responsible for the development of competency for the communications and multimedia industry, which includes Government agencies, industry players, Institutions of Higher Learning, and community. MCMC Academy's target is to bridge the skill gap to cater to the demand for skilled workforce in driving the growth of Malaysia's convergence industry.

A total of four competency development programmes involving 144 external participants were implemented throughout 2014 in partnership with relevant departments as follows:-

Development programme for investigation officers from Malaysian Anti-Corruption Commission (MACC)	i. Course on Effective Information Gathering through Internet ii. Course on Private Sector Investigation – Environment and Regulation of the Communications and Multimedia Industry in Malaysia. This is a special programme designed and prepared by MCMC workforce experts.
Long Term Evolution (LTE) Series	A series of partnership development programmes with the Wireless Communication Centre (WCC), Universiti Teknologi Malaysia (UTM)
Network Security Programme	A partnership programme with SANS to conduct network security programme – SEC540: Network Penetration Testing and Ethical Hacking (GPEN) – for MCMC employees and the industry.
Human Resource Professional Conference 2014	A conference organised for human resource experts from the Communications and Multimedia industry to promote development practices based on competency

In addition, a few collaboration plans were implemented specially to bridge human capital gaps in the communications and multimedia sector and as a basis for implementation in the coming years. These collaborations are as follows:-

Structured Internship Programme for Telecommunications Sector	Collaboration with TalentCorp to create industry training programme for the Communications and Multimedia industry
MoU with Communications Convergence Professionals Society (CCPS)	Collaboration with an industry body to develop and adopt Performance Competence Framework (PCF) for the communications and multimedia industry
MoU with the Institute for Labour Market Information and Analysis (ILMIA)	Analysis on the gap between supply and demand for skilled workforce in critical areas identified for the Communications and Multimedia industry
Education Exchange Programme between Malaysia and United States of America	A strategic competency development initiative between MCMC, Malaysian American Commission of Education Exchange (MACEE); and Bureau of Educational and Cultural Affairs, US Department of State through Fulbright-MCMC Programme

In 2014, MCMC Academy was also involved in curriculum development for Master's programmes with Universiti Utara Malaysia (UUM) and Multimedia University (MMU) for Master of Multimedia Journalism and Master of Telecommunications Regulation, respectively.

STRATEGIC INFORMATION SYSTEM

APPLICATION SYSTEM MANAGEMENT UNIT

In 2014, the Application System Management Unit successfully implemented new application systems and performed upgrades on existing application systems to fulfil the following needs:

- Effectiveness in the management of systems and resources for existing application systems

- To take advantage of online banking facility for payment (to employees and providers) and reduce the use of physical cheque as directed by the Central Bank of Malaysia and the Ministry of Finance to all Government agencies

- To provide more online service facilities to the public and service providers (in line with the direction of e-Government set by MAMPU)

- To provide more online facilities to MCMC employees and to continue improving MCMC's operation

Initiatif	Description
QOS – Quality of Service	The new application system is internally developed by the Application System Management Unit. The computerised system is introduced to measure the quality of service provided by telcos/service providers. This system is able to manage reports submitted by Service Providers through online application and to approve/reject reports submitted online by service providers. In addition, all transactions between MCMC and service providers will be notified through e-mail. This includes notifications to both parties on submission deadline, request for latest reports and status of report submission.
eLDTA (electronic Live/Delayed Transmission Application)	The new application system has been developed internally by the Application System Management Unit to allow submission, evaluation, recommendations, review, and approval process to be carried out online for all applications received from radio/TV stations for live/delayed transmission. The system will provide notification to users from relevant departments as well as applicants with regards to each application submitted by CASP-I licence holders.
SIFS – MCMC Integration Financial System Enhancement	Developed internally, the Customised Module in Account Payable or SIFS system integrates CIMB Biz Channel to reduce the use of physical cheque as directed by the Central Bank of Malaysia and the Ministry of Finance to all Government agencies with regards to payment to providers, utility bills and so forth. As part of our efforts to provide more online facilities to MCMC employees and improve MCMC's operation, the SIFSESS module (Employee Self Service) was fully implemented in the second quarter of 2014 for the submission of staff claims and payment (pre and post). The SIFSESS module is an online application that covers submission of staff claims, approval process, integration with Account Payable Module and banking process into individual accounts.
NUMSYS Upgrade	Upgrade on the NUMSYS was implemented to provide online application facility for Numbering Assignment (NA) by telcos/service providers.
MYCONVERGENCE and Aseanconnect website revamp	Revamping the look and feel of the websites in line with the business needs of the organisations.
Upgrading and Enhancing Existing Systems	All the application systems currently operating namely KAIZENHR, SpMS, Epayment, Fault Management System (FMS), online census and statistics, AduanSKMM, CIMS, SEMS have already been upgraded in line with the management need and current technology.

ICT SHARING SERVICE UNIT

This unit is consistently improving the quality of ICT service in line with MCMC's current need. In 2014, a few projects were implemented to upgrade the ICT service and infrastructure including:-

1. MCMC Data Centre – This project was initiated to create a new MCMC Tier 3 Data Centre, located on the first floor of the new MCMC building, which is expected to be completed in the first quarter of 2015.

2. MCMC IPv6 – To create IPv6 protocol for main infra such as e-mail, DNS, selected websites and end-users' computers and laptops.

3. Communication with MCMC – This project was initiated to create and develop a common communication platform using Microsoft Lync to facilitate internal communication within the headquarters and with Regional Offices.

4. Upgrading of MCMC's Wide Area Network (WAN) – The existing 2Mbps line leased for Regional Offices was upgraded to Metro E-solution with minimum connection speed of 5Mbps within the headquarters and Regional Offices.

5. Upgrading of Regional Offices' Network Switch – All network switches located at Regional Offices were replaced with newer models.

6. MCMC Gateway Protection against DDoS – MCMC website is often attacked with a large quantity of DDoS. New DDoS equipment with higher download capacity was purchased to protect and prevent external DDoS attack that enters the MCMC Internet gateway.

7. MCMC F5 Link Controller – To ensure a more balanced Internet connection between internal and external users, an Internet access controller was purchased to balance MCMC Internet access with Internet Service Provider (ISP).

8. Upgrading of Storage and Server – The existing centralised storage capacity was upgraded to fulfil current needs such as for website application, e-mail service and file sharing. The performance of servers is consistently monitored to ensure the quality of service is guaranteed as stipulated in the ICT Service Delivery Policy.

Furthermore, SISD also consistently contributes towards providing the best support service to all internal and external events as well as to MCMC employees to facilitate their daily routines.

INTERNATIONAL AFFAIRS

MCMC'S international engagements are guided by the Communications and Multimedia Act (CMA) 1998. MCMC nurtures engagements with various international organisations as stipulated in the Ministerial Direction provided under Section 269 of CMA 1998.

Throughout 2014, MCMC participated in 142 international meetings and activities, in addition to receiving work and study visits from 16 foreign delegations. However, work activities in 2014 were mostly focused on the preparation to host KL Converge! 2014 and participation in two main international events, namely CommunicAsia 2014 and ITU Telecom World 2014. MCMC also participated in a number of bilateral and ASEAN regional level meetings.

KL CONVERGE! 2014

The Malaysian government, through the Ministry of Communications and Multimedia (KKMM), in collaboration with MCMC and the National Film Development Corporation Malaysia (FINAS), organised KL Converge! 2014 from 17 – 19 September 2014 at the Kuala Lumpur Convention Centre (KLCC) and the Mandarin Oriental Kuala Lumpur. The theme of KL Converge! 2014 incorporated the elements of 'see', 'touch', 'feel', 'present', 'talk', and 'listen'.

KL Converge! 2014 is one of the projects related to the communications and creative content industry implemented under the Economic Transformation Programme (ETP), which aims to bring the industry to greater heights. The objectives of KL Converge! 2014 are as follows:-

i.   To be the leading market for communications and creative content industry in the Southeast Asia region as well as Asia;
ii. To enhance integration/sharing of resources and experiences among entrepreneurs in the industry, apart from providing a platform for trade and economic ties at regional and international level;
iii. To promote the products and create awareness of the country's communication and creative content industry; and
iv. To acknowledge the industry's players and entrepreneurs in growing Malaysia's economy.

Various activities were carried out throughout the three days, including Ministerial Forum, Communications and Creative Content Industry's Exhibition, TV and Film Expo, Digital Theatre, Music and Short Videos Competition, and many more. Other activities included dialogue and interactive sessions, master class and workshops, showcase and award ceremony. KL Converge! 2014 attracted participation from at least 12 countries including Brunei Darussalam, Cambodia, India, Indonesia, Japan, Laos, Myanmar, the Philippines, Singapore, Thailand and Vietnam.

A few government agencies such as the Department of Information Malaysia, MCMC, MDeC, Land Public Transport Commission (SPAD); local and international telecommunication companies such as Telekom Malaysia, DiGi, Maxis, Celcom, CISCO, Intel Malaysia, Huawei; and Malaysia Mobile Content Providers (MMCP) association participated in KL Converge! 2014 to showcase their work and products.

KL Converge! 2014 featured a few renowned industry experts who shared their experiences, including Namit Malhotra, a sound and visual effect specialist for the *Transformers* films and Roger Christian, well known for his work in the *Star Wars* movies. Approximately 20,000 visitors participated in the programmes lined up during KL Converge!

For more information, scan the QR code and view the video.

MINISTERIAL FORUM ON ICT AND COMMUNICASIA 2014

In 2014, Malaysia once again took part in the CommunicAsia in Singapore. The annual event is an exhibition platform to showcase Information and Communication Technology, telecommunication devices and innovation by companies from all over the world, especially from Asia. As in previous years, MCMC was trusted to lead the Malaysia Pavilion.

Ten agencies/telecommunications companies from Malaysia including Celcom, DiGi, Maxis, U Mobile, RedTone, Measat and MajuNusa showcased their products at the Malaysia Pavilion.

Dato' Sri Ahmad Shabery Cheek with Dr. Yaacob Ibrahim, Minister for Communications and Information Singapore during CommunicAsia 2014

ITU TELECOM WORLD 2014, DOHA, QATAR

The International Telecommunication Union (ITU) Telecom World 2014 conference took place in Doha, Qatar from 7 – 10 December 2014. The annual event is a huge gathering of global ICT community and society, attended by Heads of State, Communications Ministers of ITU member countries, chief executives of world's leading telecommunications companies, and industry players from various countries.

The theme for the conference was "Future in Focus" and the discussion revolved around challenges in the telecommunications sector potentially faced by member countries in the near and distant future. Malaysia had participated several times in 2003, 2009, 2011, 2012 and 2013.

Malaysia also participated in the exhibition by hosting a pavilion. MCMC led the Malaysian telecommunications companies to showcase their products and services offered locally and internationally. A few discussions were also held between the Deputy Minister of Communications and Multimedia and leaders of telecommunications companies from ITU member countries during ITU Telecom World 2014. The Malaysian delegation also took the opportunity to promote KL Converge! 2014 to delegations from other member countries.

Deputy Minister of Communications and Multimedia, Dato' Jailani Johari joined the Qatar Prime Minister's delegation to visit the exhibition expo held in conjunction with ITU World Telecom 2014 in Doha, Qatar

ASEAN

Malaysia is actively involved in regional meetings and activities, especially in ASEAN Meetings on Telecommunications. In May 2000, ASEAN Telecommunications Ministers (TELMIN) agreed to pass a motion to create a platform for ASEAN telecommunications senior officials to discuss initiatives to tackle regional telecommunications and ICT issues.

Upon reaching consensus, ASEAN Telecommunications Senior Officials Meeting (TELSOM) was established. TELSOM is attended by telecommunications senior officials from each ASEAN member country and it is held at least once a year. In addition, a Special TELSCOM can be held whenever necessary, or when directed by TELMIN.

On 28 – 29 May 2014, a Special TELSOM was held in Phnom Penh, Cambodia. The meeting discussed unresolved matters from the previous meeting, status of project implementation and projects for 2015 work cycle. In addition, the Special TELSOM also discussed matters related to the preparation of TELMIN-14 and TELSOM-15, scheduled to take place in Bangkok, Thailand from 19 – 23 January 2015.

Apart from TELSOM and TELMIN, Malaysia also plays an active role in ASEAN Telecommunication Regulators' Council (ATRC) since its inception in July 1995. ATRC was established by ASEAN Telecommunication Regulators in their first meeting in Jakarta, Indonesia, to identify and promote areas of potential cooperation amongst ASEAN nations. ATRC also conducts discussion and coordination of policy, strategic and regulatory issues in telecommunications that are of mutual interest to the administrations of ASEAN, including radio frequency coordination, regulation trend and issues, as well as strategy for telecommunication development amongst ASEAN member countries. ATRC meeting is held every year. The 20th ATRC Meeting took place in Pakse City, Lao PDR, from 12 – 14 August 2014. The 21st ATRC Meeting will be held in Malaysia in conjunction with Malaysia's chairmanship of ASEAN.

WTDC-2014

The sixth World Telecommunication Development Conference (WTDC-2014) took place in Dubai, United Arab Emirates from 30 March to 10 April 2014. WTDC-2014 is ITU's platform to discuss issues related to the standardisation and development of telecommunications sector for the benefit of ASEAN member countries. It also discusses the application of telecommunication devices in the Asia-Pacific region. WTDC-2014 in Dubai discussed and deliberated the latest trend in global ICT and telecommunication development and the impact on Asia-Pacific member countries.

WTDC-2014 achieved its objective, which is to establish the work programmes and guidelines for defining telecommunication development questions and priorities and to provide direction and guidance for the work programme of the Telecommunication Development Sector (ITU-D) over the next four-year period (2014 – 2018).

The Minister of Communications and Multimedia Malaysia, Dato' Sri Ahmad Shabery Cheek, presented policy statements at the sixth World Telecommunication Development Conference (WTDC-2014) in Dubai, United Arab Emirates

ROUND TABLE DISCUSSION ON REAL-TIME MONITORING OF FLIGHT DATA

Following the missing of flight MH370 owned by Malaysia Airlines on 8 March 2014, various initiatives were taken by the Malaysian Government to unravel the mystery and ensure such tragedy will not happen again.

The Malaysian Government in collaboration with ITU held an international round table discussion in Kuala Lumpur on 26 – 27 May 2014 to formulate policy, operational and technical approach to tackle issues related to the collection and use of flight data.

The round table discussion saw the participation of several international organisations such as ITU, International Civil Aviation Organization (ICAO), International Air Transport Association (IATA), Aircraft Owners and Pilots Association (AOPA), International Maritime Organization (IMO), Boeing, Airbus and service providers such as Inmarsat PLC and Iridium Satellite Constellation.

The recommendations and report of the International Round Table Discussion will be presented at relevant international association conferences such as Telecommunication Standardisation Advisory Group (TSAG) Meeting; Conference Preparatory Group for WRC 2015 Meeting; ITU Telecommunication and Standardisation (ITU-T) Conference; ITU Plenipotentiary ITU 2014 (PP-14) in October 2014; World Radiocommunication Conference 2015 (WRC-15) in May 2015; and other conferences at ICAO and IMO level.

Participants held a moment of silence for the victims of MH370 tragedy during the opening ceremony in Kuala Lumpur

Experts from the aviation industry and manufacturers of aviation equipment shared their views during the Round Table Discussion on Real-Time Monitoring of Flight Data

APEC TELECOMMUNICATIONS AND INFORMATION WORKING GROUP

APEC Telecommunications Working Group 2014 Meeting

- APEC TEL49, Yangzhou, China (21 – 26 April 2014); and
- APEC TEL50, Brisbane (29 September – 3 October 2014)

APEC Telecommunications and Information Working Group was established in 1990 as one of the working group sectors under the jurisdiction of APEC.

In 2013, Malaysia was given the honour to be the Chair of APEC Telecommunications and Information (APEC TEL) Working Group Meeting for two years from April 2013 to May 2015. Malaysia is committed to achieve the targets set in the APEC TEL Strategic Action Plan 2010-2015 such as bridging digital divide between urban and rural areas, as well as tackling the priority areas set by the Telecommunications Ministers in the effort to promote information sharing and to create information society and digital lifestyle that can help spur the growth of digital economy amongst economies.

APEC TEL Meeting is held twice a year. In 2014, APEC TEL49 was held in Yangzhou, China from 21 to 26 April while APEC TEL50 took place in Brisbane from 29 September to 3 October. Both APEC TEL Working Group Meetings delivered an important value to Malaysia as the Chair. One of the initiatives that became the main focus of discussion was the formulation of APEC TEL Strategic Action Plan 2016-2020. The action plan will be presented for the approval of the Telecommunications Ministers in the Meeting for APEC Telecommunications and Information Ministers, scheduled to take place in the first quarter of 2015 in Kuala Lumpur.

THE ITU-COORDINATED WSIS+10 HIGH LEVEL EVENT 2014

The ITU-Coordinated WSIS+10 High Level Event took place in Geneva, Switzerland from 10 – 13 June 2014. This forum is the highest-level event coordinated by ITU and is co-organised with other international associations/organisations such as UNESCO, UNDP/UNCTAD with the involvement of other United Nations' organisations, including FAO, ILO, ITC, UNDESA, UNODC, UPU, UN Women, WMO, WHO, WFP, WIPO and UN Regional Commission, to discuss issues related to information society development.

Malaysia is considered one of the leading countries and acknowledged by ITU member countries for its initiatives to introduce policy and nurture the development of information society. The celebration of World Telecommunication and Information Society Day (WTISD) held in Kota Kinabalu in 2014 was one of the initiatives that demonstrated Malaysia's commitment.

During the conference, Malaysia urged other member countries to work together to reach collective consensus in ensuring that the right for free flow of information on the Internet is balanced by the right to protect from cyberspace abuse.

The conference ended on 13 June 2014 and member countries agreed to finalize the report on the past 10 years' achievements and to draft new vision and targets beyond 2015.

ITU PLENIPOTENTIARY CONFERENCE 2014

ITU Plenipotentiary Conference 2014 took place in Busan, South Korea from 20 October to 7 November 2014. The Conference is the top policy-making body of ITU. Held every four years, the Conference sets the Union's general policies, adopts four-year strategic and financial plans, and determines the outcomes of important conferences held in between two ITU Plenipotentiary Conferences.

Malaysia is an active ITU member country, participating in meetings, discussions and workshops organised by ITU. Malaysia is also a member of ITU Council for 2010-2014 session, elected to represent Region E countries (Asia and Australasia).

STRATEGIC COMMUNICATION DEPARTMENT

2014 ACTIVITIES AT A GLANCE

As in the previous years, 2014 saw the Strategic Communication Department (SCD) face various challenges in tackling issues involving MCMC. In the same year, SCD was also involved in many programmes or events organised directly by MCMC or indirectly by the Ministry of Communications and Multimedia (KKMM).

Among the activities or programmes involving SCD throughout 2014 include:-

1. KL Converge!
2. Malaysia Developers' Day 2014
3. 'Sampai Dengan Selamat' Carnival
4. World Youth Stamp Exhibition (KLWyse 2014)
5. World Telecommunication and Information Society Day 2014 (WTISD)
6. Reactivation of Malaysia Communications and Multimedia Humanitarian Fund or *Tabung Kemanusiaan Komunikasi dan Multimedia Malaysia* (TKKMM) for flood victims in the East Coast and for the people of Gaza
7. USP Symposium
8. League of Creative Teens
9. Langkawi Communication Empowering Initiative and 1Malaysia Broadband Carnival

1. KL Converge! 2014
   (17-19 September 2014)

   Organised for the first time in Malaysia, KL Converge! was the main focus throughout 2014. SCD collaborates with the Corporate Communication Unit, Ministry of Communications and Multimedia (KKMM) and other agencies to manage and coordinate the three-day event held at the Kuala Lumpur Convention Centre. The event provided a huge opportunity for Malaysia to spur the growth of its digital content and creative industry.

2. World Telecommunication and Information Society Day (WTISD) 2014 Celebration, Kota Kinabalu, Sabah (24-25 May 2014)

   Celebrated at Lintasan Deasoka, Kota Kinabalu, Sabah, the carnival themed 'Broadband for Sustainable Development' was held for two days. The aim is to educate the public about the impact of using broadband application service, which can contribute to the country's socioeconomic development.

3. Malaysia Developers' Day
   (17-18 September 2014)

   MCMC and AT&T organised the Malaysia Developers' Day 2014 for the second time at the Kuala Lumpur Convention Centre. The event was officiated by United States Ambassador to Malaysia, Joseph Yu.

   Themed 'Building a Digital Ecosystem', the competition is divided into three categories:-

   • Best Application for Community Involvement
   • Best Application for Smart City
   • Best Application for Commercialisation

   Winner of each category received cash prize of USD1,000 while the overall champion received USD10,000. A group called 'Hacktivist' was crowned the overall champion.

'Hacktivist' crowned the overall champion of Malaysia Developers' Day 2014

Dato' Mohd Ali Hanafiah delivering the welcome speech at Malaysia Developers' Day 2014

4. KKMM Humanitarian Fund Ceremony in Kemaman, Terengganu (19 April 2014) and Cheque Handing Ceremony for KKMM-GAZA Fund
(7 November 2014)

The Malaysia Communications and Multimedia Humanitarian Fund (TKKMM) managed to collect RM352,257, which was then equally disbursed to help the flood victims in Pahang and Terengganu. The contribution was presented by the Minister of Communications and Multimedia to Terengganu's Chief Minister, Datuk Seri Ahmad Said and Pahang state representative cum Women and Family Development Exco member, Datuk Shahaniza Shamsuddin.

The TKKMM 'SMS 12999' programme was driven by MCMC with the cooperation of leading telecommunication companies in the country namely Celcom, Maxis, DiGi and U-Mobile. It was launched to allow the public to help flood victims nationwide financially through SMS. The contribution is hoped to ease the pain of the flood victims, who lost their belongings and houses.

Through the same fund, the Minister of Communications and Multimedia also presented a contribution worth RM310,282.40 for the people of Gaza who are suffering from Israeli attacks. He handed the contribution to the Palestinian Ambassador to Malaysia, Dr Anwar H. Al Agha.

5. Launch of Communication Empowering Initiative, Langkawi and 1Malaysia Broadband Carnival, Kedah (14-15 September 2014)

The Prime Minister officiated the launch of Communication Empowering Initiative and 1Malaysia Broadband Carnival, Kedah 2014, held at the Langkawi International Exhibition Centre.

During the ceremony, the Prime Minister announced a few initiatives to be implemented for Langkawi specifically and for Kedah in general. The initiatives include the provision of three 1Malaysia Internet Centres, 260 1Malaysia WiFi hotspots, 10 new telecommunication towers, two High Speed Broadband (HSBB) exchanges, 80 kilometres of optic fibre cable, extension of submarine cable from Kuala Perlis to Langkawi, and 2G-to-3G upgrade for the period from 2014 to 2015.

6. USP Symposium (20-21 May 2014)

USP Symposium was held on 20 – 21 May 2014 at Shangri-La Hotel, Putrajaya. It was officiated by the Minister of Communications and Multimedia, YB Dato' Sri Ahmad Shabery Cheek.

The symposium is meant for all experts to work together to build up ideas and share knowledge in rural development and provision of content, particularly in discussing way forward for Malaysia's rural development programme. More than 120 participants comprising universal service providers, regulators and Government officers attended the two-day symposium.

7. National League of Creative Teens Award Presentation (18 November 2014)

League of Creative Teens 2014 is one of the initiatives organised by MCMC through collaboration with the Ministry of Education, Radio Televisyen Malaysia (RTM), Telekom Malaysia (TM) and Media Prima Digital (MPD) to develop talent in creative content industry.

As in the previous years, participation was open to all secondary school students nationwide. Each group consists of four participants. Each entry must be an original work that has not been submitted in any other competitions, and must be produced in Bahasa Malaysia.

SMK Luar Bandar No. 1 Sibu was crowned the overall winner of the national League of Creative Teens 2014 for second straight year

VIDEO CATEGORY

Champion
SMK Luar Bandar No 1 Sibu, Sarawak

1st Runner Up
SMK Kuhara, Sabah

2nd Runner Up
SMK Cherang Ruku, Kelantan

BEST MOBILE APPLICATION CATEGORY

Kolej Yayasan Saad, Melaka

BEST **INTERNET PORTAL**

SM Imtiaz Besut, Terengganu

MOST **POPULAR VIDEO**

SMK Kota Kemuning, Selangor

8. 'Sampai Dengan Selamat' Championship and Carnival (1-2 November 2014)

MCMC collaborated with Metro Driving Academy, Yamato Transport, Association of Malaysian Express Carriers (AMEC), Road Safety Department (JKJR), PUSPAKOM, MIROS and Sepang Municipal Council to organise 'Sampai Dengan Selamat' Championship and Carnival at Metro Driving Academy in Pulau Meranti, Puchong from 1 - 2 November 2014.

9. World Youth Stamp Exhibition 2014 (1-6 December 2014)

For the first time, Malaysia hosted the World Youth Stamp Exhibition (KLWyse) held at the Kuala Lumpur Convention Centre. The event was participated by more than 40 countries from all over the world including Bangladesh, Togo, Uganda, United States, China, Canada, Brazil, Uruguay, United Kingdom, Mexico, Iran and Spain.

Organised by the Philatelic Society of Malaysian with the support of MCMC and Pos Malaysia, the exhibition featured more that 100,000 stamps by the participating countries. A 160-year old stamp is among the main attractions.

For more information, scan the QR code and view the video.
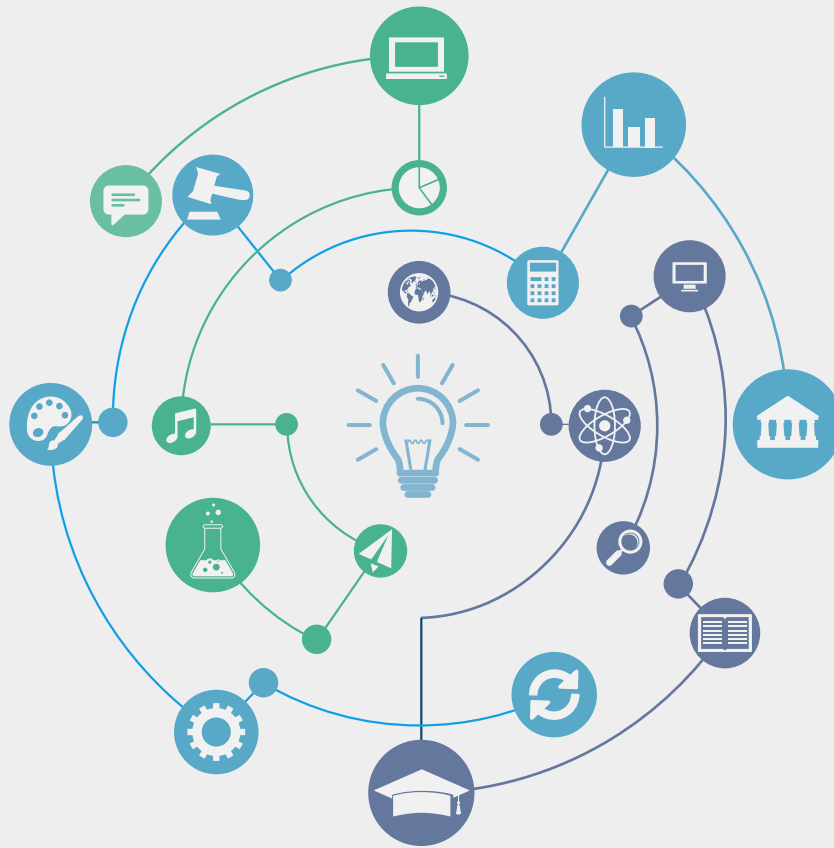
SCD's Approach in Tackling Critical Issues

As in the previous years, SCD has adopted various approaches to tackle issues reported in the mass media. These, among others, include publishing media statements on MCMC's website and Facebook page, direct response to media inquiries either through email or through exclusive interviews.

For the year 2014 alone, at least 30 media statements were issued by SCD compared to 40 in the previous year. SCD has consistently attended to media inquiries and this resulted in fewer media statements in 2014.

Issues that received media attention throughout 2014 include online gambling, pornography, violence, broadband speed as well as user behaviour on both Internet and social media.

Social Media

Since social media was first used to disseminate information to users, MCMC's Facebook page has received an overwhelming number of 'likes'. This indicates that Facebook is now the main source for the latest news regarding MCMC. Indirectly, SCD is now able to receive feedback from users in real time.

MCMC Appearances In Mass Media

Every news issued by MCMC garnered media attention. Be it exclusive interview, press conference, or appearances in talk shows with television and radio stations or online channels, MCMC maintains its credibility amidst the issues raised in the media. Throughout 2014, more Department and Division Heads were interviewed on topics relevant to their expertise. Overall, MCMC was featured no less than 40 times in the mass media throughout a very difficult and challenging year. This is a significant increase compared to 2013 and indicates that the MCMC brand is growing more popular over the years.

INTEGRITY, DISCIPLINARY AND GOVERNANCE
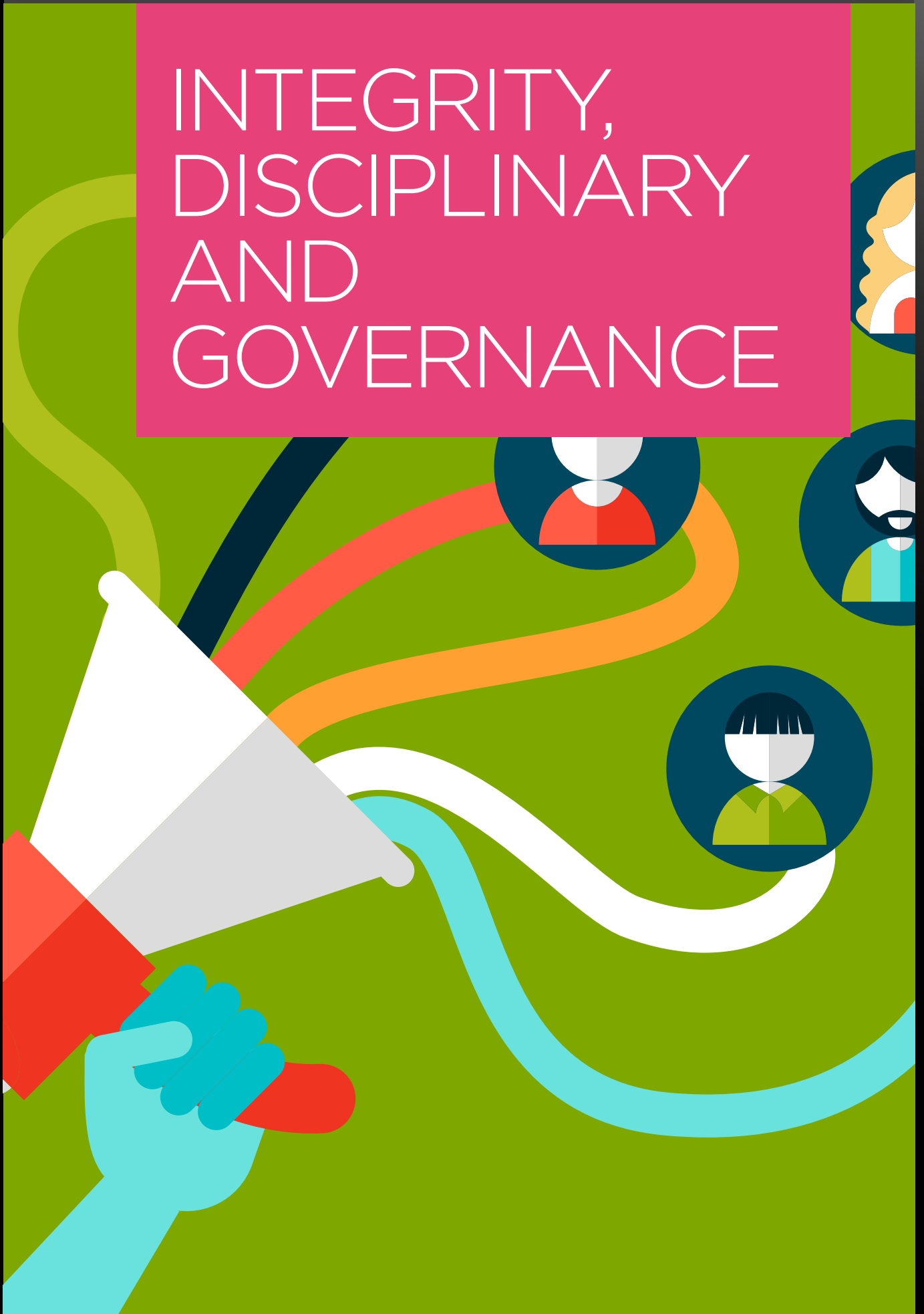
ACTIVITIES THROUGHOUT 2014

Activities	Description
Workshop on MCMC's Tender and Procurement Process Improvement	The objective of this workshop is to improve MCMC's existing tender and procurement process in compliance with treasury circulars related to Government procurement that is still effective. In addition, the workshop also instilled integrity values such as transparency, fairness and credibility in tender and procurement process; identifies the strengths and weaknesses of MCMC's tender and procurement procedure, hence, improving them. At the same time, it also created a broader approach to build and maintain a better relationship with stakeholders. Held on 25 and 26 February, the workshop was delivered by a speaker from the Ministry of Finance.
Integrity Communication Session No 1 Year 2014	Held at MCMC's Headquarters in Cyberjaya on 17 March 2014, the Integrity Communication Session entitled 'The Innerside of Effective People' and 'Ethics When Using IT Facilities at Workplace' were delivered by speakers from Top Performers Learning & Consulting Sdn Bhd and Head of MCMC's Strategic Information Department, respectively. The former emphasised on the importance of effectively managing daily tasks for the sake of the organisation while the latter focused on the ethics of using technology facilities at workplace and the offences commonly committed.
Integrity Team Building – *'Ke Arah Pembentukan Keperibadian Cemerlang'*	The Integrity Team Building programme held at Taratak Malaya Janda Baik from 18 to 20 April 2014, aimed to build team spirit among employees, in particular MCMC's drivers and general workers. It also aimed to strengthen integrity values in them, apart from understanding the importance of communication and task delegation in improving teamwork.
Study Visit by MRSM Students to MCMC as Part Of 'Integrity Champions Global Summit 2014'	Held on 25 April 2014 at MCMC's Northern Region Office, Seberang Jaya, Penang, the programme exposed student leaders to integrity and accountability culture practised by corporate companies in their governance management best practices and ethical business culture. Among the topics presented were MCMC's history and background; guidelines and implementation of MCMC's corporate governance; and Business Ethics Code, presented by MCMC officers.

Activities	Description
Workshop on Leadership and Strengthening Integrity for Heads of Departments/ Grade P6-P7 Officers	Workshop on Leadership and Strengthening Integrity for Heads of Departments was held in Marriott Hotel Putrajaya on 10 June 2014. The objective of the workshop is to strengthen commitment and transparency towards ethics and integrity at workplace, to provide awareness on compliance with laws and regulations, as well as to raise awareness on integrity work culture as a means to achieve excellence for individuals and organisation.
Workshop on MCMC's Classification System and File Registration	The three-day workshop held from 18 to 20 August 2014 at MCMC's Headquarters was co-organised with National Archives Malaysia. It aimed to provide awareness and understanding on official document management procedure as well as implementation of systematic filing system according to record management standards and procedure. It also aimed to assist secretaries and executive assistants in record management process according to standard and guidelines as recommended by National Archives Malaysia.
Integrity Communication Session No. 2 Year 2014	The session was another initiative by the Integrity, Disciplinary and Governance Department to help MCMC become a high integrity organisation. The topic for this edition is 'The Journey to Create a High Integrity Organisation', delivered by a speaker from Penang State Integrity Institute. The session provided input on how to strengthen employees' integrity. It was held from 9 to 30 September at all MCMC's Regional Offices.
MCMC's Integrity Day Celebration	The celebration of MCMC's Integrity Day is one of the highlights for the Integrity, Disciplinary and Governance Department in 2014. The objective was to strengthen integrity among MCMC employees, family members and community, especially those who deal with MCMC. It also aimed to raise awareness, provide better understanding and improve the practice of integrity, when delivering programmes / activities.

DIGITAL MALAYSIA

Throughout 2014, the Digital Malaysia Division implemented various initiatives to promote the Digital Lifestyle Malaysia (DLM) brand as follows:-

THE INAUGURAL KL CONVERGE! 2014 EXHIBITION

The Digital Lifestyle Malaysia (DLM) team participated in the KL Converge! 2014 to highlight the perspective of Digital Malaysia based on four core areas: Community Living, Traceability, Connected Healthcare and People Friendly Commuting.

DLM's objectives to participate in the KL Converge! 2014 were:

- To provide a platform for both local and foreign visitors to create investment and business opportunities, as well as to exchange experience and views
- To offer partnership opportunities among local, Asian and international investors

For the KL Converge! 2014, DLM carried the theme of 'Empowering Digital Lifestyle through the Internet of Things'. This was in line with DLM's promotional initiatives spearheaded by MCMC to accelerate the adoption of ICT in daily lives.

Basically, the DLM development approach is in tandem with the rise of Internet of Things (IoT), which pioneers the ubiquitiousness of access and services. Through IoT, Malaysia will experience a new era that will transform business environment, community, government administration and the way people live, work and play. The rapid growth of IoT technology can help drive the economy through the methodology of smart information management made possible by connectivity between human and things.

A total of 28 exhibitors shared the DLM exhibition area to bring to life the IoT user experience, where visitors get to see, touch, feel and listen. As the pioneer in IoT-based technology research, the Institute of Microelectronics Systems (MIMOS) made the experience even more exhilarating by bringing other IoT technology partners, who showcased the latest in IoT technology.

To help spread the word, raise awareness and encourage learning and sharing of information with the masses regarding future digital lifestyle, TED Talk was also organised, involving 25 DLM system and application experts with commercial potentials.

For more information, scan the QR code and view the video.

Broadband Empowered Entrepreneur (BEE) and Agent for National Transformation (ANT) 2014 Award

The Broadband Empowered Entrepreneur (BEE) and Agent for National Transformation (ANT) Award ceremonies were also held as part of KL Converge! 2014. The BEE 2014 Award was created by MCMC to honour Malaysian entrepreneurs who have succeeded in building businesses using the power of broadband connectivity. Those with the most inspiring, outstanding and successful stories were selected for the award.

The ANT 2014 Award was created to honour outstanding and successful individuals or groups who have created the biggest impact and have made exceptional contributions to their target communities by utilising broadband connectivity in managing their respective operations and activities.

For the year 2014, the five shortlisted candidates for BEE and ANT award, respectively, are as shown below:-

Candidates shortlisted for Broadband Empowered Entrepreneur 2014

Initiative	Founder	Description
PIKTOCHART	Pn. Goh Ai Ching	Information interface support system using infographics technology
E-SENTRAL	En. Khairil Iszuddin @Dino bin Ismail	World-class digital book ecosystem
BORNEO MAWA	En. Edwin Meru	Amateur photography portal
PLAYGROUND BORNEO	Pn. Sereni & Shentel	World-class bandana designer
NURHIDAS.COM	Cik Nurhidayah Hassan	Online business for creative clothing and shoes

Candidates shortlisted for Agent for National Transformation 2014

Initiative	Founder	Description
CIKGUNORHAILMI. COM	En. Norhailmi Abdul Wahab	Comprehensive online learning portal as educational support to teachers and students
EPICHOME.ORG	En. John-son Oei	A non-profit initiative providing sustainable homes for Orang Asli, powered by broadband service
FOODAID FOUNDATION.ORG	En. Rick Chee	Leveraging broadband service to drive charity concerned with providing basic food
ROCKCORPS	En. Zhariff Affandi	OKU leadership by sports and culture activist
YOUTHSTODAY.COM	En. Jazz Tan Yee Mei	An online platform to encourage active youth participation while connecting various youth movements

Strategic Planning in relation to Digital Opportunity Development under the 11th Malaysia Plan (RMK11) with Economic Planning Unit (EPU), Prime Minister's Department

Access

Provision of access to ICT to all

Provision of networked communication platform to empower communities through ICT

Adoption

Continuous and widespread promotion to encourage ICT adoption in daily lives

Encourage the development of digital lifestyle ecosystem based on the people's needs and tendencies

Value

To ensure socio-economic added value for the target communities with limited service coverage

Strategic Thrusts under RMK11 'Digital Opportunity'

To add value to the quality of life, productivity, income, security as well as safety through broadband-based ICT solutions

The Digital Malaysia Division was appointed to lead the strategy development work under the 11th Malaysia Plan (RMK11) for the Digital Opportunity Focus Group. This group is responsible to analyse the progress and achievements of RMK10 implementation and thereafter, put together a Strategy Paper for RMK11.
The involvement of DLM in RMK11 was to prepare a strategy paper, which will underline Malaysia's roadmap towards achieving a high-income developed country status by the year 2020.
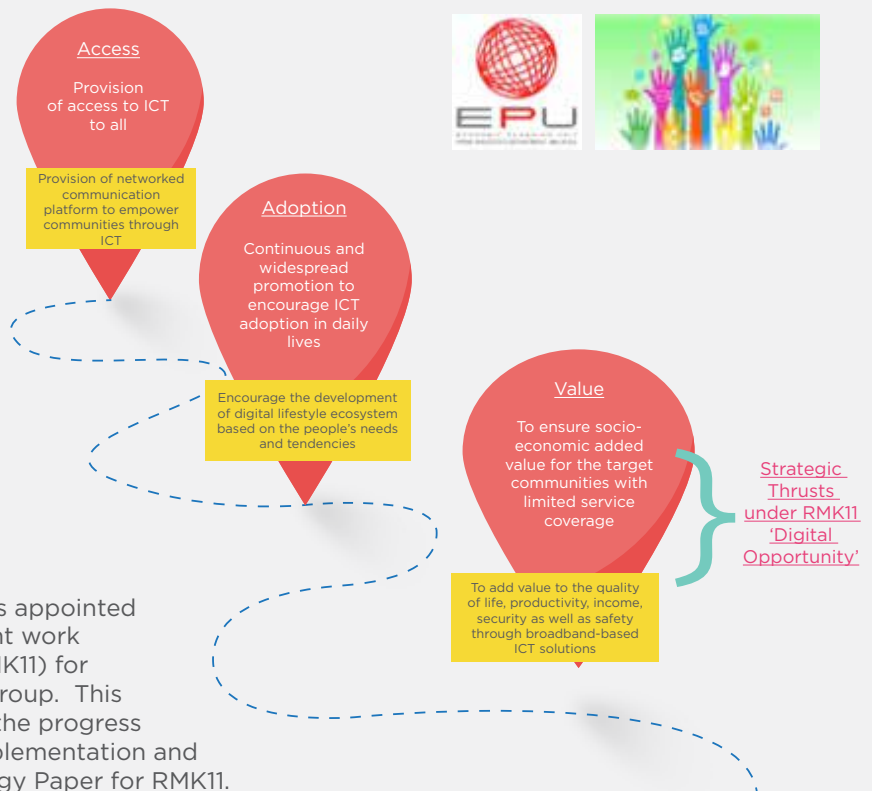
Strategic Planning in relation to ICT Adoption under the Digital Malaysia 354 Roadmap with the Multimedia Development Corporation (MDeC)

The Minister of Communications and Multimedia had urged for an integrated approach to develop the Digital Malaysia Roadmap 354 to ensure that the implementation of Digital Malaysia programmes can be executed effectively. In response to this, a total of 12 DM354 focus groups were established to plan, implement and monitor the impact of strategic initiatives to realise the aspiration of Digital Malaysia.   For this purpose, the Digital Malaysia Steering Committee (DMSC) had agreed to appoint MCMC to lead the Access and Adoption focus group, which is the focus area of digital economy environment development (DM3).

Collaboration between Digital Lifestyle Malaysia (DLM) and Ikhasas Sdn Bhd to Help Flood Victims

At the end of December 2014, MCMC ran a charity programme to help flood victims in collaboration with Ikhasas Sdn Bhd, which acted as the leading organising body. The theme for the charity programme was 'Come Together to Lend a Hand This New Year's Eve @ Spectrum of Ideas'. Leveraging on this platform, MCMC promoted and encouraged the participation of local communities around Cyberjaya to contribute to Humanitarian Fund for Flood Victims (SMS 13999).

Digital Lifestyle Expo 2014 (DLE2014) organised by PIKOM

The DLM team collaborated with PIKOM to host the Digital Lifestyle Expo 2014 at the Kuala Lumpur Convention Centre (KLCC) from 8 - 10 August, 2014. All four DLM's focus areas were showcased: Home and Community Living, Traceability, People Friendly Commuting, and Connected Healthcare.

Digital Lifestyle Expo 2014 (DLE2014) at UMNO General Assembly 2014

For the UMNO General Assembly 2014 held at the Putra World Trade Centre (PWTC), the Ministry of Communications and Multimedia (KKMM) had chosen the theme of Digital Lifestyle to promote UMNO IT Application, which can be downloaded through smart phones. The DLM team was requested by KKMM to also showcase success stories under the digital application and service development agenda.

People Friendly Commuting Application – myJourney

myJourney project is an initiative under the Digital Lifestyle's People Friendly Commuting ecosystem in collaboration with Malaysian Land Public Transport Commission (SPAD). This project develops an application that provides related information to users so as to facilitate easy and efficient multi-mode commuting around Klang Valley, in particular, bus, KTM, LRT and monorail.

Traceability: e-Seal Secured Trade Facilitation System – Royal Malaysian Customs Department

This project involves Smartag Solutions Berhad and the Royal Malaysian Customs Department (RMCD) where containers entering and leaving free zones are monitored using RFID system. This system is installed on the container and scanned with the RFID Scanner to determine the location of the container as it enters and leaves the free zones throughout the journey.

Additional Workshops and Seminars to Instil Awareness on DLM Activities

For the year 2014, DLM's series of roadshows made a few pitstops in Johor, Sarawak (Miri and Kuching), Penang and Kuala Lumpur. The pitstops in Penang, Johor, and Sarawak were made as part of Telekom Malaysia's SME Bizfest 2014. Whereas Penang DLM Conference entitled 'Connected Communities and Internet of Things' was held in collaboration with NCER and PSDC as well as Intel, IBM, Cisco, MDT and local companies.

At the DLM Conference in Kuala Lumpur, partnership with University of Malaya, Intel, Cisco, DiGi, MDT and Iconix Consulting resulted in bootcamp training for embedded system.

GSMA/MCMC Digital Experimental Theatre Collaboration - 'mHealth in Malaysia: Building on Success Through Innovation'

As part of KL Converge!, GSMA/MCMC mHealth session was held on Friday, 19 September 2014. During the session, GSMA and MCMC jointly demonstrated how mobile network operators and a more extensive mobile ecosystem in Malaysia worked together with healthcare stakeholders to present mHealth solution, to broaden access and to improve the quality of healthcare while reducing its cost.

Pilot Project: 1Malaysia Internet Centre E-Healthcare (PI1ME-H)

MCMC launched Phase 1 of the 1Malaysia Internet Centre E-Healthcare in June 2014.

The pilot project aims to make 1Malaysia Internet Centre (PI1M) a centre that provides access to integrated services, where the existing Internet service and ICT equipment will be expanded to include healthcare service for communities living in remote areas.

Malaysia International Healthcare Innovation Conference and Exhibition (MIHICE2014), 8 – 9 December 2014

MCMC, in collaboration with Agensi Inovasi Malaysia (AIM), jointly organised the inaugural conference and exhibition, which brought together local and international healthcare experts to discuss on various aspects of innovation, issues and challenges. The exhibition showcased healthcare innovations from both local and global healthcare sectors.

REGIONAL COORDINATION

2014 HIGHLIGHTS

Organisational Structure and Achievements

The Regional Coordination Division (RCD) contributed to several MCMC's Key Result Areas as follows:-

- Develop and improve the quality and coverage of infrastructure;
- Optimised the use of resources;
- Improve compliance with regulations; and
- Increase the involvement of stakeholders to facilitate MCMC's role in driving the development of the Communications and Multimedia industry.

To help achieve the above, RCD retains the same organisational structure as in 2013 and focused on the following main areas through its regional offices to support MCMC's operation and initiatives:-

- Infrastructure development;
- Resource management and monitoring;
- Public awareness, Administration and Postal Service; and
- Regulatory compliance.

Overall, RCD through its regional services has met the targets set for 2014.

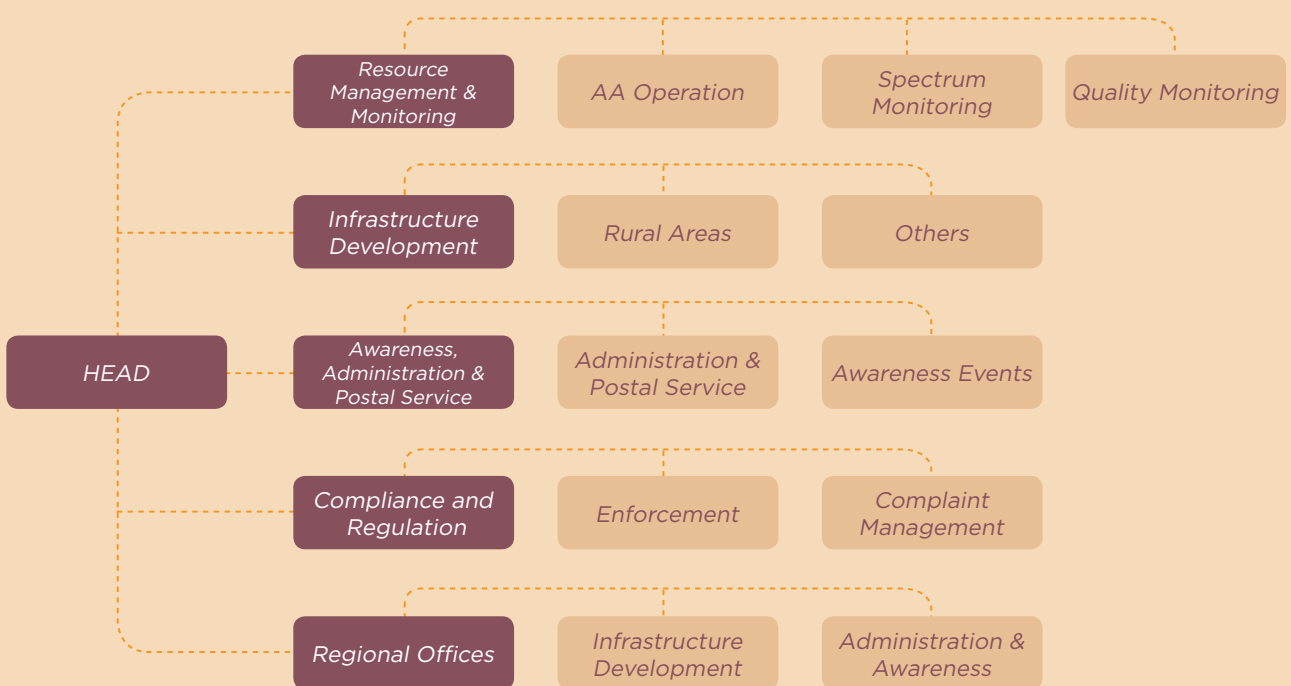## Organisational Structure for Regional Coordination Division

		NORTH (Butterworth) → Ipoh	Perlis, Kedah, Perak & Penang
		EAST (Kuantan) → Kota Bharu	Kelantan, Terengganu & Pahang
RCD Operation		CENTRAL (Shah Alam)	Selangor, Negeri Sembilan & Kuala Lumpur Federal Territory
HEAD Mohd Hussin Ali	Regional Offices	SARAWAK (Kuching) → Miri / Sibu	Sarawak
	CSR	SOUTH (Johor Bharu) → Malacca	Johor & Malacca
		SABAH (Kota Kinabalu) → Sandakan / Beaufort	Sabah & Labuan Federal Territory

DEPARTMENT	REGIONAL OFFICE	BRANCH OFFICE	STATE

Structure of Regional Offices

Resource Management & Monitoring	AA Operation	Spectrum Monitoring	Quality Monitoring
Infrastructure Development	Rural Areas	Others	
HEAD — Awareness, Administration & Postal Service	Administration & Postal Service	Awareness Events	
Compliance and Regulation	Enforcement	Complaint Management	
Regional Offices	Infrastructure Development	Administration & Awareness	

List of Regional Coordination's KRA/KPI Achievements in 2014

KPI	Target	Achieved
USP Project Implementation (%)	90%	97%
Involvement with state government in promoting MCMC's development initiatives and issue management	30	80
OSC facilitation and management (%)	90%	97%
Awareness programme	540	1,039
Klik Dengan Bijak (KDB) Programme	180	223
Corporate Social Responsibility (CSR) Programme	30	57
Community empowerment programme	6	13
Cellular service quality test	300	486
Non-compliance with mandatory standards for service quality	120	195
Enforcement and compliance activities	600	1,096
Dropped call cases resolved	60	123
Complaints resolved within 15 days (%)	80%	87%
USP Project Audit (%)	50%	81%
AA accumulated income (%)	95%	100%
New AA applications processed in accordance to Customer Charter (%)	95%	98%

Other Main Activities

Apart from the activities mentioned above, RCD also acted as preparation and operation coordinator during flood emergency, in addition to Corporate Social Responsibility (CSR) activities.

Enhancement of Telecommunication System

RCD coordinated the flood emergency preparation with service providers to ensure the availability of telecommunication service during the crisis. The initiative involved 242 locations with approximately RM76.3 million fully funded by the telecommunication service providers.

Details of activities and estimated costs are provided below:-

Item	Total	Estimated Cost
Increasing the height of cabin and telecommunication equipment rack	85 locations	1,617,000.00
Enhancing electricity supply capacity by providing permanent generator sets and increasing fuel supply for generator sets at important communication locations	125 locations	18,977,000.00
Providing mobile generator sets to be used at locations that ran out of electricity supply	46 units	200,000.00

Item	Total	Estimated Cost
Providing network redundancy to increase service availability	32 locations	1,500,000.00
Providing overlapping communication system such as Cellular on Wheel (CoW) and Mobile Exchange	50 unit	53,950,000.00
Providing Femto Cell at disaster relief operation centre areas with Internet coverage to ensure cellular telephone calls can still be made should the existing cellular coverage is interrupted	40 units	53,000.00
Total		RM76,297,000.00

This initiative ensures that telecommunication service is still available in enhanced areas.

Involvement During Flood Crisis

RCD was also involved in:-

- Monitoring of telecommunication service and coordination of recovery activities;
- Providing information and notifications; and
- Assisting MCMC's disaster squad to provide support communication system using trunked radio and amateur radio through the help of MARES and providing basic necessities as well as providing power bank to rescue teams and volunteers.

Corporate Social Responsibility (CSR)

RCD is also responsible to manage corporate social responsibility activities toward ICT development.

In addition, support is also provided to Non-Government Agencies (NGOs) and government agencies involved in improving the wellbeing of the community.

RCD also carries out public awareness activities on the recycling of mobile phones, tablets and electronic accessories known as 'e-Waste'; as well as humanitarian support post-flood crisis.

For the year 2014, a total of RM4,741,013.44 was spent on all support and activities mentioned above. Percentage breakdown of the expenditure is as follows:-
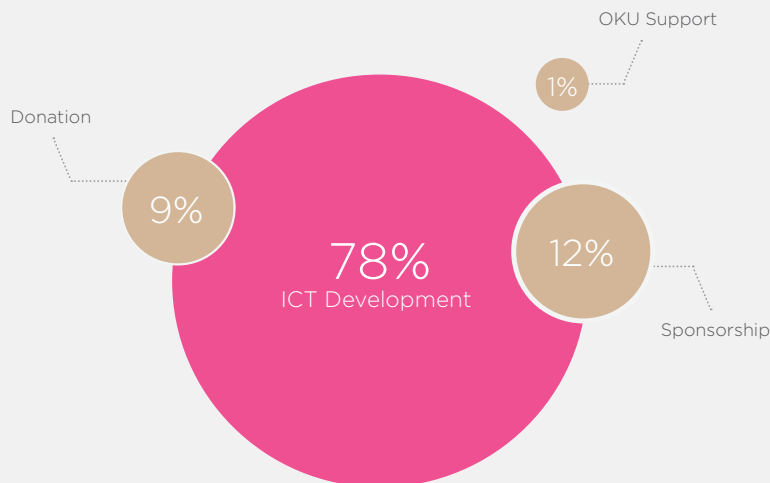
OKU Support
1%

Donation
9%

78%
ICT Development

12%

Sponsorship

Figure 1: Use of Fund

Malaysian Communication and Multimedia Humanitarian Fund (TKKMM – SMS13999)

TKKMM is a joint-effort between MCMC and telecommunication companies in Malaysia to provide a platform for the public to donate through easier means using Short Message Service (SMS).

Since its introduction in November 2013, TKKMM has received more than RM1.75 million worth of donation from the public and organisations.

The breakdown of donation is shown below:-

Donor	Donation Amount Breakdown (RM)			Total Donation (RM)
	Taufan Haiyan (2013)	Flood (2013)	Gaza (2014)	
SMS	27,138.65	132,257.00	230,282.40	389,678.05
U Mobile	10,000.00	30,000.00	-	40,000.00
DiGi	10,000.00	30,000.00	-	40,000.00
Maxis	10,000.00	30,000.00	-	40,000.00
Celcom	10,000.00	30,000.00	-	40,000.00
MCMC	25,000.00	100,000.00	80,000.00	205,000.00
Total Amount	92,138.65	352,257.00	310,282.40	754,678.05

EXAMPLE OF ACTIVITIES – INCREASING THE HEIGHT OF CABIN AND EQUIPMENT RACK

MCMC ACTIVITIES DURING FLOOD CRISIS

Briefing Session on the Status of Disrupted Communication Services

Delivery of mobile generator sets to transmitter locations

Reinstalling disconnected fibre cable due to landslide

KL CONVERGE! SHOWCASES MALAYSIA AS ASEAN MEDIA AND DIGITAL COMMUNICATION HUB

Conference and exhibition KL Converge! created another history in the communications and multimedia industry when it successfully showcases Malaysia as the leading digital media and communication hub in the ASEAN region. It also receives recognition from the Minister of Communications and Multimedia, YB Dato' Sri Ahmad Shabery Cheek, who considers the event a huge success, especially in bringing an assembly that focuses on communications and technology. According to him, the inaugural event also creates a big opportunity for Malaysia to step up its advancement in digital content and creative industry.

Organised by the Ministry of Communications and Multimedia Malaysia (KKMM) with cooperation from MCMC and the National Film Development Corporation (FINAS) and officiated by Deputy Prime Minister, Tan Sri Muhyiddin Yassin, the three-day event focused on 'see', 'touch', 'feel' and 'hear' elements, which were manifested in various sessions and exhibition showcases participated by several countries and companies.

MCMC also took the opporunity to highlight various initiatives including Digital Lifestyle Malaysia (DLM), U-Pustaka, 1Malaysia Internet Centre and Wireless Village (KTW) at MCMC pavilion to provide awareness to the public on how those initiatives enhance connectivity between communities.

KL Converge! also brought a few big names in the creative and animation industry including Namik Malhotra, a sound effect specialist for the blockbluster film, Transformer; Roger Christian from the film, Star Wars; famous composer behind the blockbuster film, Steve Sidwell; and well-known directors from LucasFilm,

championed by Aquagrow Corporation Sdn Bhd. Its Chief Executive Officer, Mohamed Razali Mohamed hopes that KL Converge! could make many parties realise that the creative industry is also needed in agriculture and other fields, not only by art and animation.

Left: Tan Sri Muhyiddin Yassin visited Klik Dengan Bijak booth after KL Converge! 2014 opening ceremony

Right: Tan Sri Muhyiddin Yassin was briefed by MCMC's Chairman, Dato' Mohamed Sharil Tarmizi on the products exhibited at one of the booths

Prime Focus and Animation VFX. According to MCMC's Chairman, Dato' Mohamed Sharil Tarmizi, "practitioners of local creative and animation industry should seize this opportunity to collaborate with international professionals to produce content and idea that can penetrate the international market especially Hollywood, Bollywood and ASEAN market."

50 delegates from ASEAN member countries including five Ministers related to communications sector visited Mah Meri Cultural Village in Pulau Carey to discover the uniqueness of Orang Asli's culture and beliefs. They also visited 1Malaysia Internet Centre at the village as well as a primary school in Sungai Judah. At the school, the delegates were briefed by MCMC on Klik Dengan Bijak, a programme that promotes

MCMC's Chairman, Dato' Mohamed Sharil Tarmizi briefing the delegates from ASEAN member countries on 1Malaysia Internet Centre at the Orang Asli village in Sg. Judah, Pulau Carey, in the presence of Communications and Multimedia Minister, YB Dato' Sri Ahmad Shabery Cheek

The event was also well-received by industry players. FUNCEL Sdn Bhd's Chief Executive Officer, Azrul Hassani, who is involved in the production of animation films thinks that Malaysia is the second country after Singapore making a huge step forward in the creative industry in ASEAN. "Malaysia's aspiration to become a digital media and communication hub is timely and can provide many job opportunities in this industry," he said. He hopes that many more conferences and programmes like this will be organised in the coming years to increase and expand the public's knowledge on creative industry.

Not limited to animation, the creative industry also covers other areas including agriculture, as

awareness on the importance of using Internet in a safe manner.

KL Converge! ended with a dinner, which witnessed the introduction of two awards by MCMC, namely Agent for National Transformation (ANT) Awards and Broadband Empowered Entrepreneur (BEE) Awards, given to 10 eligible individuals.

Looking at the big potential of the creative industry, many industry players consider KL Converge! was organised at the right time. Malaysia's initiative to organise a conference like this is also considered as a big step forward compared to other ASEAN member countries.

For more information, scan the QR code and view the video.

FINANCIAL STATEMENTS

MALAYSIAN COMMUNICATIONS AND MULTIMEDIA COMMISSION

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

	Note	2014 RM'000	2013 RM'000
Assets			
Non-current asset			
Property and equipment	3	606,174	349,993
Current assets			
Fees and other receivables	4	70,470	30,121
Cash and cash equivalents	5	2,314,150	2,020,432
Total current assets		2,384,620	2,050,553
Total assets		2,990,794	2,400,546
Represented by:			
Accumulated funds	6	2,258,338	1,925,832
Liabilities			
Non-current liability			
Deferred income	7	80,059	89,308
Current liabilities			
Deferred income	7	368,929	211,848
Other payables and accrued expenses	8	282,159	172,441
Current tax payable		1,309	1,117
Total current liabilities		652,397	385,406
Total liabilities		732,456	474,714
Total accumulated fund and liabilities		2,990,794	2,400,546

The notes on pages [193] to [213] are an integral part of these financial statements.

MALAYSIAN COMMUNICATIONS AND MULTIMEDIA COMMISSION

STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 RM'000	2013 RM'000
Income			
Operating license fees		126,715	119,364
Spectrum fees		468,412	433,452
Interest income		72,853	69,733
Gain on disposal of equipment		33	-
Other income		14,390	11,331
		682,403	633,880
Expenditure			
Human resource expenses		88,600	78,911
Administrative expenses		62,123	67,782
Special projects expenses		99,658	359,749
Industry development grant expenses		37,419	9,807
Audit fee		85	75
Rental expenses			
- premises		3,903	3,931
- network		2,212	1,925
- others		5,564	4,203
Depreciation of property and equipment	3	12,387	16,438
Impairment loss on fees receivables, net		450	200
Rebate entitlement expenses		9,653	11,538
Other expenses		9,427	13,330
Loss on disposal of equipment		-	7
		331,481	567,896
Excess of income over expenditure before tax		350,922	65,984
Tax expense	9	(18,416)	(17,876)
Excess of income over expenditure after tax	6	332,506	48,108

The notes on pages [193] to [213] are an integral part of these financial statements.

MALAYSIAN COMMUNICATIONS AND MULTIMEDIA COMMISSION

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2014

There were no recognised gains and losses other than the excess of income over expenditure after tax for the current financial year and the previous financial year.

The notes on pages [193] to [213] are an integral part of these financial statements.

MALAYSIAN COMMUNICATIONS AND MULTIMEDIA COMMISSION

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 RM'000	2013 RM'000
Cash flows from operating activities			
Excess of income over expenditure before tax		350,922	65,984
Adjustments for:			
Depreciation of property and equipment		12,387	16,438
(Gain)/Loss on disposal of equipment		(33)	7
Interest income		(72,853)	(69,733)
Operating surplus before changes in working capital		290,423	12,696
Changes in working capital:			
Deferred income		147,832	38,170
Fees and other receivables and prepayments		(25,723)	18,103
Other payables and accrued expenses		31,830	61,859
Cash generated from operations		444,362	130,828
Tax paid		(18,224)	(17,606)
Net cash generated from operating activities		426,138	113,222
Cash flows from investing activities			
Acquisition of property and equipment	(i)	(190,753)	(196,747)
Interest received		58,227	75,994
Proceeds from disposal of equipment		106	3
Net cash used in investing activities		(132,420)	(120,750)
Net increase/(decrease) in cash and cash equivalents		293,718	(7,528)
Cash and cash equivalents at 1 January		2,020,432	2,027,960
Cash and cash equivalents at 31 December	5	2,314,150	2,020,432

The notes on pages [193] to [213] are an integral part of these financial statements.

MALAYSIAN COMMUNICATIONS AND MULTIMEDIA COMMISSION

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014

(i)   Acquisition of property and equipment

During the year, the Commission acquired property and equipment with an aggregate cost of RM268,641,000 (2013: RM218,498,000), as follows:

	2014 RM'000	2013 RM'000
Satisfied by payments	190,753	196,747
Payable to suppliers	77,888	21,751
	268,641	218,498

The notes on pages [193] to [213] are an integral part of these financial statements.

MALAYSIAN COMMUNICATIONS AND MULTIMEDIA COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Principal activities

The principal activities of the Malaysian Communications and Multimedia Commission ("Commission") are to implement and to enforce the provisions of the communications and multimedia laws as stipulated in the Communications and Multimedia Act ("CMA") 1998 and the Malaysian Communications and Multimedia Commission Act ("MCMCA") 1998.

The address of the principal place of business is as follows:

Principal place of business
Off Persiaran Multimedia
63000 Cyberjaya
Selangor Darul Ehsan

The financial statements were authorised for issue by the Commission's Members on 21 May 2015.

1.   **Basis of preparation**

   (a)   **Statement of compliance**

   The financial statements of the Commission have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards.

   The following are accounting standards, amendments and interpretations of the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Commission:

   MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2014

   • Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)
   • Amendments to MFRS 2, Share-based Payment (Annual Improvements 2010-2012 Cycle)
   • Amendments to MFRS 3, Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)
   • Amendments to MFRS 8, Operating Segments (Annual Improvements 2010-2012 Cycle)
   • Amendments to MFRS 13, Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)

MALAYSIAN COMMUNICATIONS AND MULTIMEDIA COMMISSION

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

1.   **Basis of preparation (continued)**

    (a)   **Statement of compliance (continued)**

    MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2014 (continued)

    - Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)*
    - Amendments to MFRS 119, *Employee Benefits – Defined Benefit Plans: Employee Contributions*
    - Amendments to MFRS 124, *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*
    - Amendments to MFRS 138, *Intangible Assets (Annual Improvements 2010-2012 Cycle)*
    - Amendments to MFRS 140, *Investment Property (Annual Improvements 2011-2013 Cycle)*

    MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016

    - Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
    - Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
    - Amendments to MFRS 10, *Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contributions of Assets between an Investor and its Associate or Joint Venture*
    - Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
    - MFRS 14, *Regulatory Deferral Accounts*
    - Amendments to MFRS 116, *Property, Plant and Equipment and MFRS 138, Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
    - Amendments to MFRS 116, *Property, Plant and Equipment and MFRS 141, Agriculture – Agriculture: Bearer Plants*
    - Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
    - Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
    - Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

    MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

    - MFRS 15, *Revenue from Contracts with Customers*

    MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

    - MFRS 9, *Financial Instruments (2014)*

MALAYSIAN COMMUNICATIONS AND MULTIMEDIA COMMISSION

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

1. **Basis of preparation (continued)**

   (a) **Statement of compliance (continued)**

   The Commission plans to apply the abovementioned applicable accounting standards, amendments and interpretations:

   - from the annual period beginning on 1 January 2015 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 July 2014, except for Amendments to MFRS 2, Amendments to MFRS 3, Amendments to MFRS 8 and Amendments to MFRS 140 which are not applicable to the Commission.

   - from the annual period beginning on 1 January 2016 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016, except for Amendments to MFRS 10, Amendments to MFRS 11, Amendments to MFRS 127 and Amendments to MFRS 134 which are not applicable to the Commission.

   - from the annual period beginning on 1 January 2017 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2017.

   - from the annual period beginning on 1 January 2018 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2018.

   The initial application of the abovementioned accounting standards, amendments and interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Commission except as mentioned below:

   MFRS 15, *Revenue from Contracts with Customers*

   MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretations 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for the Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue – Barter Transactions Involving Advertising Services*. Upon the adoption of MFRS 15, it is expected that the timing of revenue recognition might be different as compared with the current practices.

   The adoption of MFRS 15 will result in a change in accounting policy. The Commission is currently assessing the financial impact that may arise from the adoption of MFRS 15.

MALAYSIAN COMMUNICATIONS AND MULTIMEDIA COMMISSION

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

1.   **Basis of preparation (continued)**

   (a)   **Statement of compliance (continued)**

   MFRS 9, *Financial Instruments*

   MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

   The Commission is currently assessing the financial impact that may arise from the adoption of MFRS 9.

   (b)   **Basis of measurement**

   The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

   (c)   **Functional and presentation currency**

   These financial statements are presented in Ringgit Malaysia ("RM"), which is the Commission's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

   (d)   **Use of estimates and judgements**

   The preparation of financial statements in conformity with Malaysian Financial Reporting Standards ("MFRSs") requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

   Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

   There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than as disclosed in Note 2(e)(i), impairment of recievables.

MALAYSIAN COMMUNICATIONS AND MULTIMEDIA COMMISSION

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

2.   Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, unless otherwise stated.

(a)   Financial instruments

(i)   Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Commission becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

(ii)   Financial instruments categories and subsequent measurement

The Commission categorises financial instruments as follows:

Financial assets

Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

All financial assets are subject to review for impairment (see Note 2(e)(i)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the statement of income and expenditure.

MALAYSIAN COMMUNICATIONS AND MULTIMEDIA COMMISSION

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

2.   Significant accounting policies (continued)

(a)   Financial instruments (continued)

(iii) Derecognition (continued)

A financial liability or part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of income and expenditure.

(b)   Property and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the costs of materials and direct labour.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of property and equipment and is recognised in the statement of income and expenditure.

(ii) Subsequent costs

The cost of replacing a component of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Commission, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to statement of income and expenditure. The costs of the day-to-day servicing of property and equipment are recognised in statement of income and expenditure as incurred.

MALAYSIAN COMMUNICATIONS AND MULTIMEDIA COMMISSION

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

2. **Significant accounting policies (continued)**

    (b) **Property and equipment (continued)**

    (iii) Depreciation

    Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

    Depreciation is recognised in the statement of income and expenditure on a straight-line basis over the estimated useful lives of each component of an item of property and equipment. Freehold land is not depreciated. Property and equipment under construction are not depreciated until the assets are ready for their intended use.

    The estimated useful lives for the current and comparative periods are as follows:

    *   Office and communication equipment   6 – 7 years
    *   Computer equipment   3 – 5 years
    *   Furniture and fittings   6 – 7 years
    *   Motor vehicles   5 years
    *   Building   50 years

    Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period and adjusted as appropriate.

    (c) **Fees and other receivables**

    Fees and other receivables are categorised and measured as loans and receivables in accordance with policy Note 2(a)(ii).

    (d) **Cash and cash equivalents**

    Cash and cash equivalents consist of cash on hand, balances and deposits with licensed banks and are measured as loans and receivables in accordance with policy Note 2(a)(ii).

MALAYSIAN COMMUNICATIONS AND MULTIMEDIA COMMISSION

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

2.   Significant accounting policies (continued)

(e)   Impairment

(i)   Financial assets

All financial assets are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised.

An impairment loss in respect of loans and receivables is recognised in the statement of income and expenditure and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the statement of income and expenditure, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in the statement of income and expenditure.

(ii)   Other assets

The carrying amounts of other assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

MALAYSIAN COMMUNICATIONS AND MULTIMEDIA COMMISSION

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

2. **Significant accounting policies (continued)**

(e) **Impairment (continued)**

(ii) **Other assets (continued)**

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in the statement of income and expenditure. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

(f) **Employee benefits**

(i) **Short-term employee benefits**

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus if the Commission has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) **State plans**

The Commission's contributions to the statutory pension funds are charged to the statement of income and expenditure in the financial year to which they relate.

(g) **Fees and other income**

(i) **Operating licence fee**

Operating license fees are recognised on the following basis:-

a) a minimum RM50,000 or a maximum license fees of 0.50% of Gross Annual Turnover of the licensee is recognised on an accrual basis upon the anniversary of the license and annually thereafter.

b) the difference between the minimum and the maximum refers to maximum rebates of 0.35% given to licensees only upon meeting the criteria set and approved by the Commission.

MALAYSIAN COMMUNICATIONS AND MULTIMEDIA COMMISSION

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

2.   **Significant accounting policies (continued)**

(g)   **Fees and other income (continued)**

(ii) **Spectrum fees**

Spectrum fees consist of apparatus and spectrum assignment fees. Renewal notifications are sent to the assignment holders before the expiry of the assignment. Upon receiving the notification, the assignment holders are required to make a fresh application for new assignment. Spectrum fees are recognised on an accrual basis over the license periods granted.

(iii) **Interest income**

Interest income is recognised as it accrues using the effective interest method in the statement of income and expenditure.

(h)   **Operating lease**

Leases, where the Commission does not assume substantially all the risks and rewards of ownership are classified as operating leases and the leased assets are not recognised on the statement of financial position.

Payments made under operating leases are recognised in statement of income and expenditure on a straight-line basis over the term of the lease. Lease incentives received are recognised in statement of income and expenditure as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to the statement of income and expenditure in the reporting period in which they are incurred.

(i)   **Income tax**

Income tax expense is in respect of tax on interest income earned during the financial year. All other income is exempted from taxation as the Commission is tax exempt under Section 127(3) of the Income Tax, 1967.

Income tax expense comprises current tax. Income tax expense is recognised in the statement of income and expenditure.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

MALAYSIAN COMMUNICATIONS AND MULTIMEDIA COMMISSION

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

2. **Significant accounting policies (continued)**

(j) **Fair value measurement**

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Commission uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1:   quoted prices (unadjusted) in active markets for identical assets or liabilities that the Commission can access at the measurement date.

Level 2:   inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3:   unobservable inputs for the asset or liability.

The Commission recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

MALAYSIAN COMMUNICATIONS AND MULTIMEDIA COMMISSION

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

3.   Property and equipment

	Office and communication equipment RM'000	Computer equipment RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Freehold land RM'000	Building RM'000	Capital work-in-progress RM'000	Total RM'000
Cost								
At 1 January 2013	8,477	172,249	4,282	9,745	10,873	37,799	82,866	326,291
Additions	848	892	191	-	-	-	216,567	218,498
Disposals	(3)	(2,260)	-	-	-	-	-	(2,263)
Reclassifications	63	11,950	-	918	-	462	(13,393)	-
At 31 December 2013/ 1 January 2014	9,385	182,831	4,473	10,663	10,873	38,261	286,040	542,526
Additions	259	568	21	1,062	-	-	266,731	268,641
Disposals	-	(50)	-	(1,252)	-	-	-	(1,302)
Reclassification	470	8,034	-	-	-	1,577	(10,081)	-
At 31 December 2014	10,114	191,383	4,494	10,473	10,873	39,838	542,690	809,865
Accumulated depreciation								
At 1 January 2013	5,853	157,317	3,424	5,597	-	6,157	-	178,348
Charge for the year	601	13,276	277	1,524	-	760	-	16,438
Disposals	(3)	(2,250)	-	-	-	-	-	(2,253)
At 31 December 2013/ 1 January 2014	6,451	168,343	3,701	7,121	-	6,917	-	192,533
Charge for the year	575	9,390	236	1,408	-	778	-	12,387
Disposals	-	(12)	-	(1,217)	-	-	-	(1,229)
Adjustment	236	(236)	-	-	-	-	-	-
At 31 December 2014	7,262	177,485	3,937	7,312	-	7,695	-	203,691
Net book value								
At 1 January 2013	2,624	14,932	858	4,148	10,873	31,642	82,866	147,943
At 31 December 2013/ 1 January 2014	2,934	14,488	772	3,542	10,873	31,344	286,040	349,993
At 31 December 2014	2,852	13,898	557	3,161	10,873	32,143	542,690	606,174

MALAYSIAN COMMUNICATIONS AND MULTIMEDIA COMMISSION

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

4. Fees and other receivables

	Note	2014 RM'000	2013 RM'000
Interest income receivable		38,029	23,403
Fees receivables	11.4	28,510	2,924
Other deposits		1,398	2,814
Staff loans		615	639
Advances to staff		356	234
Other receivables		1,562	107
		70,470	30,121

5. Cash and cash equivalents

	2014 RM'000	2013 RM'000
Cash and bank balances	28,668	16,293
Deposits placed with licensed banks	2,285,482	2,004,139
	2,314,150	2,020,432

6. Accumulated funds

	2014 RM'000	2013 RM'000
Initial fund	60,000	60,000
Accumulated surplus brought forward	1,865,832	1,817,724
Excess of income over expenditure after tax	332,506	48,108
Accumulated surplus carried forward	2,258,338	1,925,832

The initial fund has been utilised in the previous years to finance the working capital of the Commission.

MALAYSIAN COMMUNICATIONS AND MULTIMEDIA COMMISSION

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

7.   Deferred income

	2014 RM'000	2013 RM'000
Current		
Spectrum fees		
3G spectrum assignment fees	189,376	87,623
Apparatus assignment fees	178,886	123,516
Operating license fees		
Class license fees	667	709
	368,929	211,848
Non-current		
Spectrum fees		
3G spectrum assignment fees	79,404	88,518
Apparatus assignment fees	655	790
	80,059	89,308
Total deferred income	448,988	301,156

Deferred income relates to the amount of unearned income from payments made by licensees that will only be recognised in future financial periods.

MALAYSIAN COMMUNICATIONS AND MULTIMEDIA COMMISSION

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

8. Other payables and accrued expenses

	2014 RM'000	2013 RM'000
Other payables	34,002	3,484
Accrued expenses	248,157	168,957
	282,159	172,441

9. Tax expense

	Note	2014 RM'000	2013 RM'000
Current tax expense			
Current year		18,393	17,433
Prior year		23	443
Total income tax expense		18,416	17,876
Reconciliation of tax expense			
Excess of income over expenditure before tax		350,922	65,984
Income tax calculated using Malaysian tax rate of 25%	9.1	87,730	16,496
Non-deductable expenses		83,051	141,999
Tax exempt income		(152,388)	(141,062)
		18,393	17,433
Under provision in prior year		23	443
		18,416	17,876

9.1   The Commission has been granted tax exemption from Year of Assessment 2000 onwards by the Ministry of Finance under Section 127(3)(b) of the Income Tax Act, 1967. The current tax expense is in respect of interest income not exempted from tax.

10. Capital commitment

	2014 RM'000	2013 RM'000
Property and equipment		
Authorised but not contracted for	107,850	200,989
Contracted but not provided for	343,726	82,598
	451,576	283,587

MALAYSIAN COMMUNICATIONS AND MULTIMEDIA COMMISSION

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

11.   **Financial instruments**

   11.1   **Categories of financial instruments**

   The table below provides an analysis of financial instruments categorised as follows:

   (a) Loans and receivables ("L&R"); and
   (b) Financial liabilities measured at amortised cost ("FL")

	Carrying amount RM'000	L&R/ (FL) RM'000
2014		
Financial assets		
Fees and other receivables	70,470	70,470
Cash and cash equivalents	2,314,150	2,314,150
	2,384,620	2,384,620
Financial liabilities		
Other payables and accrued expenses	(282,159)	(282,159)
2013		
Financial assets		
Fees and other receivables	30,121	30,121
Cash and cash equivalents	2,020,432	2,020,432
	2,050,553	2,050,553
Financial liabilities		
Other payables and accrued expenses	(172,441)	(172,441)

MALAYSIAN COMMUNICATIONS AND MULTIMEDIA COMMISSION

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

11. Financial instruments (continued)

11.2 Net gains arising from financial instruments

	2014 RM'000	2013 RM'000
Net gains on:		
Loans and receivables	72,403	69,533

11.3 Financial risk management

The Commission has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Interest rate risk

11.4 Credit risk

Credit risk is the risk of a financial loss to the Commission if a licensee or counterparty to a financial instrument fails to meet its contractual obligations. The Commission's exposure to credit risk arises principally from its fees and other receivables and deposits placed with licensed banks.

Fees and other receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from fees and other receivables is represented by the carrying amounts in the statement of financial position as disclosed in Note 4.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are major licensees that have been transacting with the Commission. The Commission uses ageing analysis to monitor the credit quality of the fees receivables. Any receivables having significant balances past due more than 365 days, which are deemed to have higher credit risk, are monitored individually.

MALAYSIAN COMMUNICATIONS AND MULTIMEDIA COMMISSION

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

11.   Financial instruments (continued)

11.4   Credit risk (continued)

Impairment losses

The Commission maintains an ageing analysis in respect of fees receivables only.

The ageing of fees receivables as at the end of the reporting period was as follows:

	Gross RM'000	Individual impairment RM'000	Net RM'000
2014			
Not past due	27,500	-	27,500
Past due 1 – 90 days	450	-	450
Past due 91 – 365 days	560	-	560
Past due more than 365 days	1,808	(1,808)	-
	30,318	(1,808)	28,510
2013			
Not past due	1,971	-	1,971
Past due 1 – 90 days	553	-	553
Past due 91 – 365 days	400	-	400
Past due more than 365 days	4,537	(4,537)	-
	7,461	(4,537)	2,924

MALAYSIAN COMMUNICATIONS AND MULTIMEDIA COMMISSION

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

11. Financial instruments (continued)

11.4 Credit risk (continued)

Impairment losses (continued)

No allowance for impairment losses of fees receivables has been made for the remaining past due receivables as the Commission monitors the results and repayments of these licensees regularly and is confident of the ability of these licensees to repay the balances owing.

The movements in the allowance for impairment losses of fees receivables during the financial year were:

	2014 RM'000	2013 RM'000
At 1 January	4,537	6,944
Impairment loss recognised	450	300
Impairment loss reversed	-	(100)
Impairment loss written off	(3,179)	(2,607)
At 31 December	1,808	4,537

The allowance account in respect of fees receivables is used to record impairment losses. Unless the Commission is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

Deposits placed with licensed banks

Risk management objectives, policies and processes for managing the risk

Deposits are allowed to be placed only with licensed banks or financial institutions.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the Commission has only placed deposits with domestic licensed banks. The maximum exposure to credit risk arising from deposits placed with licensed banks is represented by the carrying amounts in the statements of financial position as shown in Note 5. The Commission has no significant concentration of credit risk other than the placements are with six domestic licensed banks.

MALAYSIAN COMMUNICATIONS AND MULTIMEDIA COMMISSION

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

11.   Financial instruments (continued)

11.5   Liquidity risk

Liquidity risk is the risk that the Commission will not be able to meet its financial obligations as they fall due. The Commission's exposure to liquidity risk arises principally from its various payables.

The Commission maintains a level of cash and cash equivalents deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amount.

Maturity analysis

The financial liability of the Commission does not bear any contractual interest and hence, the contractual cash flows resemble the carrying amounts.

11.6   Interest rate risk

The Commission is exposed to interest rate risk on its fixed deposits placements. The Commission does not transact in any interest rate swaps.

Exposure to interest rate risk

The interest rate profile of the Commission's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	2014 RM'000	2013 RM'000
Fixed rate instruments		
Financial assets – Deposits	2,285,482	2,004,139

Fair value sensitivity analysis for fixed rate instruments

The Commission does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect the statement of income and expenditure.

11.7   Fair value information

The carrying amounts of cash and cash equivalents, fees and other receivables and other payables and accruals reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

MALAYSIAN COMMUNICATIONS AND MULTIMEDIA COMMISSION

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

12. **Operating lease**

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	2014 RM'000	2013 RM'000
Less than one year	3,064	3,221
Between one and five years	965	2,684
	4,029	5,905

The Commission leases information technology infrastructure equipments under operating leases. The leases run for a period of 3 years, with an option upon expiration of the primary term or any renewal term thereafter either to:

- return the equipments to the Lessor
- renew the letting of all equipments; or
- purchase the equipments from the Lessor for the Buy-Out Price

Contingent rent recognised as an expense during the year amounted to RM3,064,000 (2013: RM3,221,000).

13. **Related parties**

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Commission if the Commission has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Commission and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Commission either directly or indirectly. Key management personnel includes all the Members of the Commission, and senior management of the Commission.

The Commission has related party relationship with its key management personnel.

The related party transactions of the Commission are shown below:

	2014 RM'000	2013 RM'000
Key management personnel's compensation	3,656	3,792

MALAYSIAN COMMUNICATIONS AND MULTIMEDIA COMMISSION

STATEMENT BY THE MEMBERS

We, **Dato' Sri Dr. Halim Shafie** and **Datuk Idris Abdullah**, being two of the Members of the Malaysian Communications and Multimedia Commission, do hereby state that in the opinion of the Members of the Commission, the financial statements set out on pages 188 and 213 are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of the Commission as of 31 December 2014 and of its income and expenditure and cash flows for the financial year then ended.

Signed on behalf of the Members of the Malaysian Communications and Multimedia Commission:

. . . .

Dato' Sri Dr. Halim Shafie

. . . .

Datuk Idris Abdullah

Selangor,
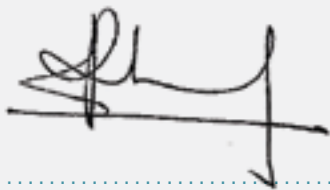
Date: 21 May 2015

MALAYSIAN COMMUNICATIONS AND MULTIMEDIA COMMISSION

STATUTORY DECLARATION

I, **Tengku Zaib Raja Ahmad**, the officer primarily responsible for the financial management of Malaysian Communications and Multimedia Commission, do solemnly and sincerely declare that the financial statements set out on pages 188 to 213 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Selangor on 21 May 2015.

. . . .

Tengku Zaib Raja Ahmad

Before me:

COMMISSIONER FOR OATHS
NO. B 662
RAYMOND CHA
KAR SIANG
★   ★
MALAYSIA

Suite 607, 6th Floor,
Block E, Phileo Damansara I,
9, Jalan 16/11,
Off Jalan Damansara,
46350 Petaling Jaya, Selangor.

INDEPENDENT AUDITORS' REPORT TO
THE MEMBERS OF THE
MALAYSIAN COMMUNICATIONS AND
MULTIMEDIA COMMISSION

We have audited the financial statements of the Malaysian Communications and Multimedia Commission ("Commission"), which comprise the statement of financial position as at 31 December 2014 of the Commission, and the statements of income and expenditure, total recognised gains and losses and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 188 to 213.

Management of the Commission's Responsibility for the Financial Statements

The Management of the Commission is responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Management of the Commission is also responsible for such internal control as the Management of the Commission determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Commission's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management of the Commission, as well as evaluating the overall presentation of the financial statements.
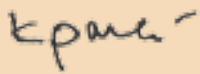
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Commission as of 31 December 2014 and of its income and expenditure and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Other Matters

This report is made solely to the members of the Commission, as a body, in accordance with Section 47(2) of the Malaysian Communications and Multimedia Commission Act 1998 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG
Firm Number: AF 0758
Chartered Accountants

Petaling Jaya,

Date: 21 May 2015

SuruhanjayaKomunikasiMultimediaMalaysia

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