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Not a good time to squabble

A FEW telecommunications companies feel that they ought to be given early equal access to Telekom Malaysia's fixed lines. Telekom, however, naturally wants the agreed deadline of 1999 to be followed. After all, it has invested substantial amounts to build up the network, which it started to do long before it was privatized and the sector opened to competition from the host of new players. At the centre of the tussle appears to be the question of Universal Service Obligation (USO) and the rebalancing of tariffs, at least from the point of view of Telekom. However, at least one party - Time Telecommunications - which is believed to have submitted a paper to the Government justifying its call for bringing forward the introduction of equal access, has reportedly declared that the issue of USO has been "overstated" and "misrepresented".

Time Telecom - which together with Technology Resources Industries, Mutiara Telecommunications and Binariang, had been granted licences to offer fixed-line services - contends that the absence of equal access has jeopardised significant new investments in the industry and severely affected the financial viability of new entrants. Industry sources on the other hand point out that so long as the USO issue is not resolved, it is unfair to expect Telekom to accede to equal access. In any case, one said, Time Telecom's submission appears to be based on the experience of developed countries rather than developing ones.

In developing countries, Malaysia included, the cost of rolling out networks in rural areas is significantly higher than in a developed country, and the returns on such investments are not exactly mouth-watering. This is why, the source said, Philippines, for instance, requires every mobile phone licensee to put up 400,000 fixed lines, and every new international gateway operator, 300,000 lines.

The two opposing viewpoints aside, what has complicated the present situation is the uncertainty with regard to the regulatory authorities' position. Telekom had been given an undertaking that equal access would only be introduced from January 1999 and had therefore acted accordingly in preparation to meet the deadline. Now, according to Energy, Telecommunications and Posts Minister Datuk Leo Moggie, "if (the deadline) could be brought forward, it will be better. More open competition can take place." While access should not be the sole right of Telekom indefinitely, the company deserves at least the peace of mind to plan its operations. One would expect that as a commercial concern, Telekom would have taken into account, in its investment planning, the 1999 deadline. A change of heart now on the part of the regulators would, at the very least, require Telekom to go back to the drawing board. In addition, its shareholders may not take too kindly to the new circumstances under which the company is placed.

The regulators probably need no reminder of the recent folly of freely issuing cellular phone licences, only to discover soon after that the market would not be able to support the large number of players. In hindsight, it was inevitable that subsequently the regulators had to implement some form of damage-control and encourage the players to merge. By then, hundreds of millions had been invested on under-utilised, highly expensive infrastructure.

The Information Age is upon us, and the single most important element in a knowledge-based society which Malaysia is trying to build is a modern,

efficient and dynamic telecommunications system. It is in fact the pivotal feature of the Multimedia Super Corridor, the brainchild of Prime Minister Datuk Seri Dr Mahathir Mohamad, which has captured the imagination of the world's leading information technology companies. Rather than engaging in disruptive and potentially damaging squabbles, it is crucial that all parties - the players as well as the regulators - recognise there is no time more important than now to work together to help the nation realise its ambitions.

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