

13/09/2003

Lower Internet access rates for surfers

BROAD BAND CHARGES

BUDGET 2004 cheer for surfers came in the form of lower Internet access rates and at least 30 per cent cut in broadband charges from Telekom Malaysia Bhd.

To promote e-commerce through wider and cheaper access to broadband Internet, Telekom Malaysia will give industrial and corporate packages a staggered 50 per cent discount (30 per cent for phase one and a further 20 per cent for phase two), while consumer broadband charges will be cut by 30 per cent.

A baffler, however, especially to the older generation of surfers, was the statement which followed the cheaper rates - the merger of the country's two oldest Internet service providers (ISPs).

"To ensure wider and more efficient Internet services, Jaring will be merged with (Telekom's) TMNet," Prime Minister Datuk Seri Dr Mahathir Mohamad said.

Surfers had protested when news of a Jaring-TMNet merger surfaced over two years ago. Telekom Malaysia aborted its proposal to buy Jaring in May 2001.

Mimos, which owns Jaring, had welcomed buyers for Jaring as it could not make profits from its consumer Internet business, having to rent its infrastructure from its rival's parent Telekom Malaysia as Mimos is not licensed to build its own network.

Industry watchers say potential buyers for Jaring were not confident in turning Jaring around, unless a good rental rate could be secured from Telekom.

Telekom Malaysia has a strong hold on telephone lines that run into homes and offices, controlling over 95 per cent of the country's fixed line public switched telephone network.

Intel Malaysia country manager Peter Choong said lower Internet and broadband access rates will help drive Malaysia's ICT adoption and accelerate Internet broadband deployment as part of knowledge-economy agenda.

"We are very excited and intrigued by the reduction of Internet broadband access charges and the Jaring-TMNet merger, which on paper should also spur ICT usage in all market segments.

"However, the access provider will have to work double time to fulfill the foreseeable higher demand and existing backlog to immediately benefit business and home users," Hewlett Packard Sales (M) Sdn Bhd managing director, T.F. Chong said in a statement yesterday.

Telekom Malaysia's Streamyx broadband service had come under public criticism after it could not fulfill the surge in demand for the service when it slashed home user broadband prices to as low as RM88 per month for unlimited surfing time from July 1, 2002.

Three months later on Oct 2, Telekom made a public apology to its Streamyx subscribers for the backlog, after a flurry of reader complaint letters in the media.

An industry observer, nevertheless, said the consolidation may be a prelude to the privatisation and floatation of Telekom Malaysia's Internet arm.

"The reduction in broadband access rates is definitely good for the industry. It is hoped that alternative broadband service providers will

too offer broad-band access at more competitive rates.

"As technology improves, it is hoped that limited local loop access will no longer be a problem and wireless broadband will be able to offer similar quality of service as a fixed line broadband access," he said.

Jaring (short for Joint Advanced Research in Inter-Networking) is Malaysia's first ISP, followed by TMNet in 1996. Both collectively easily control 90 per cent of Malaysia's 2.68 million Internet dial-up subscribers and estimated 8.04 million Internet users, as at first quarter 2003.

Others licensed to provide Internet services include Maxis Communications Bhd, Celcom (M) Bhd, Time dotCom Bhd, DiGi.com Bhd, Prismanet Sdn Bhd and Japan's NTT.