



Manx Telecom Response

Mobile Termination Rates Annual Review and Draft Decision Notice

14th March 2017

SUMMARY RESPONSE

Mobile voice and messaging revenues are increasingly being eroded from over the top applications, whilst there continues to be demand for higher mobile data speeds and improved coverage on the Island, particularly indoor coverage in certain areas. Manx Telecom continues to enhance its mobile network infrastructure and seeks planning approval for improving coverage where appropriate; however, it is becoming difficult to justify the increasing investment to deliver these goals in a market with a declining population that lacks economy of scale.

The Commission understands that the review of MTRs should be appropriate and proportionate to the Isle of Man and Manx Telecom supports this approach. Manx Telecom has invested considerable resources in providing a bottom-up cost model in response to SMP obligations levied after the 2011 market reviews. We expanded the scope of the model to include the provision of Mobile services and feel it would be inappropriate to overlook the output of the BU cost model going forward when considering MTRs, as it's possible that a benchmark approach alone could give a target rate which is actually lower than the cost of providing the service.

We will look to engage with the Isle of Man Communications Commission during 2017 to discuss any rebalancing required given the outcomes of the BUCM.