



Manx Telecom Response

Mobile Termination Rates Annual Review and Draft Decision Notice

30th March 2016

SUMMARY RESPONSE

Manx Telecom welcomes the pragmatic decision to maintain MTRs at the existing level of 1.25ppm for a further year commencing 1st May 2016. The Commission understands that the approach to MTRs should be appropriate and proportionate to the Isle of Man and Manx Telecom completely agrees with this, particularly in view of the level of investment required to keep pace with technological advances. The investment required to launch 4G was around £10 million yet mobile revenues are under threat from disruptive, over the top technologies.

One note of caution we would raise with a benchmarking approach is that it ignores the actual costs of providing a mobile service on the Isle of Man. The Channel Islands rate is something of an outlier in the benchmarked rates shown in table 2. A significant reduction in the Channel Islands MTR rate could have a marked impact on the average calculated within the benchmark group.

Manx Telecom has invested considerable resources in providing a bottom-up cost model of its network in response to SMP obligations levied after the 2011 market reviews. In future reviews we would like more consideration to be given to the MTR results calculated by the model as it may be that a benchmark approach gives a target rate which is actually lower than the cost of providing the service.