

**To: Hon. Senator Paolo Benigno “Bam” Aquino IV**  
Chairperson, Senate Committee on Science and Technology

**From: Estrellita Juliano-Tamano**  
National Chair, Federation of International Cable TV and Telecommunications  
Association of the Philippines (FICTAP)

**Re: Comments on the National Broadband Plan / SRN 28**  
(A Resolution Directing the Appropriate Senate Committee to Conduct an Inquiry, in Aid  
of Legislation, on the Status of E-government Agencies)

**Date: May 9, 2017**

---

**Greetings!**

The undersigned is the National Chairperson of FICTAP, which is composed of several hundred medium, small and micro cable TV operators and telecommunications and Value-Added-Services (VAS) providers scattered throughout the country. FICTAP was formed to protect the interests of the operators / providers and the subscribing public, as well as to ensure the continued growth of the cable TV and information and communications technology industries.

This submission pertains to the request to provide suggestions regarding the **National Broadband Plan / SRN 28** (A Resolution Directing the Appropriate Senate Committee to Conduct an Inquiry, in Aid of Legislation, on the Status of E-government Agencies).

At the outset, FICTAP would like to express its support to the formulation of a National Broadband Plan and likewise to the creation of the actual national broadband network. Indeed, the Federation and FICTAP members have been coordinating with the government towards the goal of creating the said actual national broadband network.

Specifically, FICTAP members have been tapped as consultants / contractors of bidders for the free public wifi project set up by the government through the Information and Communications Technology Office (ICTO). The following inputs are based on FICTAP’s experiences with the said free public wifi project and similar private sector endeavors:

**I. Continue the Free Public Wifi Project**

**II. Remove Barriers to Entry**

**III. Ease Interconnection**

**IV. Maximize Current Facilities**

**V. Introduce Revised or New Legislation, Such as a Law on Pole Attachments and Rentals**

## **Discussion**

### **I. Continue the Free Public Wifi Project**

As stated above, FICTAP members have been tapped as consultants / contractors of winning bidders for the past administration's free public wifi project set up through the ICTO. However, the ICTO has since been dissolved and its functions and assets were absorbed by the newly created Department of Information and Communications Technology (DICT) – leaving winning bidders and other participants of the Free Public Wifi project waiting for the continuation of the same, particularly for the release of the funds.

This has created considerable problems for FICTAP members, particularly those who invested considerable amounts to improve their facilities and interconnect. FICTAP members who took out loans on the expectation that funds would be released by the government are most specially distressed by these developments.

It is the Federation's belief that the easiest way to set up the national broadband network is to continue the free public wifi project of the previous administration and use that as the foundation. The said project has already been carefully studied and has successfully secured the participation of the private sector – to abandon it would undo all the good work that the ICTO and the private sector have done, and would entail considerable and unnecessary legal complications. All the while, the public is denied access to free public wifi. Therefore, the Federation begs the indulgence of the Honorable Senate and requests its support and assistance in ensuring that the project pushes through, the winning bids be honored by the Government and that the appropriate funds be released.

### **II. Remove Barriers to Entry**

The establishment of any broadband network, particularly of a national broadband network, would necessarily involve the application of RA 7925 (*"Public Telecommunications Policy Act of the Philippines"*). However, RA 7925 was originally passed way back in 1995, or almost 20 years ago, and the market and technology we had back then are very different from what we have right now.

For example, back in 1995 it was very difficult to secure a landline and the waiting list lasted for years, and as such it made sense to require those entering the industry to provide service to "unserved and underserved areas, including Metro Manila" pegged on minimums determined by regulations. This can be gleaned from Section 5, particularly "a.", of EO 109 (*"Policy to Improve the Provision of Local Exchange Carrier Service"*) as quoted above, which requires international gateway operators to provide local exchange service in unserved and underserved areas, including Metro Manila, at "a minimum of three hundred (300) local exchange lines per international switch termination", although the operator may not be interested in setting up that many local exchange lines in the first place.

However, today it is an open secret that fewer households maintain landlines and that the latter are just being bundled with internet services as a landline is no longer marketable by itself. Thus, it does not make sense to continue to require would be international gateway operators to provide "a

minimum of three hundred (300) local exchange lines per international switch termination”, as this provision can now be viewed as a “barrier to entry” in the industry. This is especially important in light of the fact that the entry of more international gateway operators would be the key to the lowering of costs of internet access and bandwidth. The Federation therefore submits that provisions in law that would remove barriers to entry be considered, or, that those existing provisions serving as barriers to entry be removed / revised. The Federation likewise believes that access to bandwidth be made available to more players.

### **III. Ease Interconnection**

That a perusal of RA 7925, as well as that of the related EO 109, would show that the current regulations we have already provide for interconnections. However, due to competition (in certain aspects) by industry players and the march of technology, it is high time that the provisions on interconnection be reviewed and, where needed, be revised. The issue of “network peering” highlights this fact.

In the past, the regulators were primarily concerned with the interconnection of voice or landline calls. When “SMS” entered our jurisdiction, it became clear that the service providers had to be required to allow texting between their respective networks. Today, the equivalent problem is that of requiring network peering between the different internet service providers.

Network peering is a process by which two internet networks connect and exchange traffic, allowing them to directly hand off traffic and access content between each other’s customers / subscribers. Without network peering, there is no direct traffic and access of content between two internet service providers –which usually means that a third, often external, party acts as the go-between the two internet service providers.

To give a simplified, hypothetical example, say that an internet user located in Makati City is using the network of ISP A, and the user is trying to access content from a server located in the City of Manila that is using the network of ISP B, with network peering and considering that their networks are near each other, ISPs A and B merely hand off traffic and content between their networks. But without (local) network peering, ISP A has to access a third party’s network and the request for content is therefore routed out of the country and then back into ISP B’s network in Manila, before the content itself is likewise routed out of the country by ISP B via the third party and then back into the country into ISP A’s network in Makati.

This translates to slower and more expensive internet access. The Federation therefore submits that provisions that would ease interconnection, particularly in light of the demands of internet service, be considered.

### **IV. Maximize Current Facilities**

In relation to the need to ease interconnection as discussed in the preceding paragraphs, and in connection with the goal of our government to install “a national broadband system”, coupled with the need for faster and cheaper internet access competitive with other countries, the Federation

submits that provisions that would maximize current facilities be considered in the revision of RA 7925 and the related rules and regulations.

#### **V. Introduce Revised or New Legislation, Such as a Law on Pole Attachments and Rentals**

The discussion above mainly referred to the revision of RA 7925, but the introduction of new legislation may be beneficial to the establishment of a national broadband network. In particular, FICTAP believes that the passage of a law that would regulate pole attachments and pole rentals would facilitate the establishment of a national broadband network. Currently, it is very difficult to negotiate fair rates of pole rentals and some pole owners even refuse to enter into pole rental agreements, despite the offer to pay pole rentals. As a matter of fact, a number of FICTAP members are having a difficult time with this matter.

To address the issue, FICTAP is currently drafting a proposed piece of legislation pertaining to the regulation of pole attachments and we intend to submit the same to the Honorable Legislature. We pray that the Senate would support the same as this would go a long way in helping the Federation and in the establishment of a national broadband network.

#### **Concluding Statement**

To conclude, the Federation expresses its gratitude in being given the opportunity to participate in this endeavor and likewise commits to continue to provide its inputs and technical expertise to assist in the same. Hoping that you find our initial comments helpful.

Yours Truly,

*\*original signed*

**Estrellita Juliano-Tamano**

National Chair, FICTAP