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B1 & B3

MINIMUM P10 - B NET WORTH SET  
FOR NEW TELCO PLAYER

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The government released yesterday guidelines for the selection of a third telecommunications player, which President Duterte is pushing for to improve mobile phone service in the country.

Companies seeking to enter the local telecommunications sector should have a net worth of at least P10 billion and secure a Congressional franchise, according to terms of reference released by Department of Information and Communications Technology officer-in-charge Eliseo Rio.

The interested groups should be at least 60 percent Filipino-owned, and must not have any relation to groups with 40-percent market share in the two dominant players – the PLDT Inc. and Globe Telecom.

President Duterte wants a third telco player to enter the market and to break the duopoly by the end of the first quarter to benefit consumers in terms of improved mobile phone service.

Rio earlier said they are targeting to set the bidding deadline on May 18 amid requests from interested parties and to make up for non-working days in February and March. He said that they also plan to name a winning bidder by May.

For the selection process, the NTC would create a committee composed of a chairperson and two members.

The participant with the highest bid would be selected as the new major telco player and assigned the following bands of radio frequencies: 700 Megahertz (MHz), 850 MHz, 2100 MHz, 2010 MHz, 2.5 GHz, 3.3 GHz, 3.5 GHz and 10.5 GHz, according to the guidelines.

The highest bid would be determined based on the net present value of committed investment for five years and net book value of existing telecommunications facilities.

After being selected, the new major player would have to post a performance bond equivalent to one percent or 0.005 of the amount of committed investment for the first five years as one of its obligations.

In addition, the draft terms of reference also indicated that the new major player would need to comply with the 70:30 debt-to-equity ratio by increasing its paid equity

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Minimum... From B1

accordingly in the first two years within 60 days from date of award.

The new player will be required to deposit a minimum of 30 percent of the committed investment for the first year with a government financial institution specified by the Department of Finance within 30 days from the award and after that, deposit a minimum of 30 percent of the succeeding year's committed investment within the same period from the anniversary date until the fifth year.

The new major telco player, according to the guidelines, needs to pay the required annual spectrum user fees and submit within 15 days of date of award a rollout plan from date of award and such should include starting commercial operations not later than 12 months from date of award, cover at least 80 percent of provincial capital cities and towns and 80 percent of chartered cities within five years from date of award.

\* Telecommunication  
\* Duterte, Rodrigo -