


FOURTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
First Regular Session)

7 SEP 17 2006

SENATE
P. S. R. No. 136

RECEIVED BY: 

Introduced by Senator Miriam Defensor Santiago

RESOLUTION
DIRECTING THE PROPER SENATE COMMITTEE TO CONDUCT AN INQUIRY,
IN AID OF LEGISLATION, ON THE LEGAL AND ECONOMIC JUSTIFICATION
OF THE NATIONAL BROADBAND NETWORK (NBN) PROJECT OF THE
GOVERNMENT

WHEREAS, President Gloria Macapagal Arroyo presented in her State of the Nation Addresses in July 2006 and 2007 the vision of a national "cyber corridor" in the hopes of connecting the whole country via a vast information and communication technology (ICT) network;

WHEREAS, the "cyber corridor" aims to provide to every Filipino greater access to ICT, providing for greater broadband access, inter-operability and connectivity, and for the diffusion of cost-saving technologies as voiceover-internet protocol and digital conferencing;

WHEREAS, last 22 April 2007, the Department of Transportation and Communication (DOTC) Secretary Leandro Mendoza signed a contract with China's Zhong Xing Telecommunications Equipment Limited (ZTE) Vice President Yu Yong in Boao, Hainan which allegedly cost US\$329.5 billion; the ZTE is tasked to complete the supply and installation, testing and commissioning of the national broadband network (NBN) within 36 months from the date of effectivity of the contract;

WHEREAS, the NBN project aims to establish a seamless connectivity of landline, cellular and internet services in all government offices nationwide;

WHEREAS, the government's justification for the said project was that it would lower government fixed-line telephone expenses by 50% and its general telephone expenses by 8%; the government's total expenses for telecommunications usage currently amounts to P3.7 billion annually;

WHEREAS, according to a study conducted by UP Economics professors Dr. Raul Fabella and Dr. Emmanuel de Dios entitled, "Lacking a backbone: The Controversy over the National Broadband Network and Cyber-Education projects", even if the project will live up to its expectations and end up halving all government's telecom expenses, the savings would still total only P27.75 billion over fifteen years, an amount even less than the P31 billion that the system would cost over the same period;

WHEREAS, the study claims that the broadband project is based on a weak economic rationale because it exploits scale economies by steering demand away from already existing telecommunication backbones and effectively raise the cost for all users;

WHEREAS, the study also raised the question of the government's capacity and eligibility to control and maintain the proposed "cyber corridor" since the government is only presently engaged in the regulation and supervision of telecommunication activities in the country;

WHEREFORE, be it resolved by the Philippine Senate, to direct the proper Senate Committee to conduct an inquiry, in aid of legislation, on the legal and economic justification on the national broadband network project of the government.

Adopted.


MIRIAM DEFENSOR SANTIAGO

/dpm/ptmt