

# **APEC TEL 42**

## **Regulatory and Policy Update**

### **Chinese Taipei**

**July 2010**

## **I. Update of Statistics**

As of February 28, 2010, there were 12.8 million fixed telecommunication network subscribers in Chinese Taipei, indicating a penetration rate of 55.34 percent. In comparison, six months earlier on September 31, 2009, there were 12.86 million subscribers with a penetration rate of 55.6 percent. This demonstrates a decrease of approximately 60,000 subscribers over this six-month period, with the penetration rate lowering approximately 0.26 percent respectively.

In contrast, the number of mobile communication network subscribers (including 2G, PHS, and 3G mobile communications) stood at 27.09 million, indicating a penetration rate 117.14 percent, compared to the 26.61 million subscribers (ubiquity 115.03 percent) six months previous. This demonstrates an increase of approximately 480,000 subscribers, with the penetration rate increasing by 2.11 percent respectively.

For the twelve month period beginning March 31, 2009 the number of broadband internet accounts (including xDSL、Cable、Modem and Leased Line PWLAN、3G Phone、3G Data Card) increased from 7.62 million to 7.84 million - representing an increase of approximately 220,000.

## **II. Amendment of Supervisory Regulations**

### **1. Approval of the Draft Amendment of the Cable Radio and Television Act**

Based on the principles of encouraging the development and innovation of technology, establishing a sound communication supervisory system, and protecting public rights as stipulated in Article 1, the Fundamental Communications Act, Article 1 of the National Communications Commission Organization Act, and Article 1 of the Cable Radio and Television Act, NCC has determined that the forward-looking development of cable radio and television business is limited under the current legislative restrictions. To facilitate fair and effective competition, and enhance digital technology convergence, a task force was established in March 2009 to perform an overall review of the current Cable Radio and Television Act. An intensive series of meetings were held to draw up an amendment of the Act, and the draft was proposed eight meetings later in April 2010.

This draft amendment proposed will facilitate fair and effective competition, and enhance digital technology convergence, as well as enable further development. The key objectives of the amendment are:

- (1) Facilitate fair and effective competition by relaxing the current strict operation zoning and cross-zone operation limitations; adjust entry conditions, and horizontal and vertical control frameworks;
- (2) Enhance digital technology convergence, promote digitization, encourage innovative convergence services, rationalize must-carry requirements, adjust service charging control mechanisms, and develop regulation for content service other than programs on channels;
- (3) Develop a more comprehensive platform. The system license of vertical integration is revised to a

simple platform license. To enable more consistent control, a business license is required for the channel of system broadcasting as per the Satellite Radio and Television Act. The current rules of broadcasting programs and commercials have been annulled, and the regulations of shared channels and local channels have been specified.

## **2. Completion of Development of Financial Assistance Solution for Digital TV Set-top Boxes**

To accelerate Chinese Taipei's digital switchover, NCC approved the digital television switchover project in the 343<sup>rd</sup> commission meeting on February 10 2010. The project is designed to improve the efficiency of radio frequency use, provide people with diverse choices, and facilitate a more culturally diverse development of industry and television-related business. To effectively enable the television digital switchover and shorten the schedule of recalling spectrum, NCC has developed the financial assistance solution for digital TV set-top boxes, which was proposed for further review and revision. As resolved in the 354<sup>th</sup> meeting on April 14 2010, the solution will be developed toward financial assistance of set-top boxes for low-income households. In principle, the funding will come from NCC's Communication and Broadcasting Supervisory Management Fund; NCC will continue efforts to acquire more funding from all related agencies.

## **3. Announcement of the Draft Amendment of the Satellite Radio and Television Act**

NCC announced the draft amendment of the Satellite Radio and Television Act on November 9 2009, and defined the term "placement marketing" to be a behavior of demonstrating a specific concept, product, trademark, or relevant information in a program for a service payment or promissory consideration. Consequently, the placement marketing entrusted by government in programs, news, and children's shows is prohibited. With convergence, NCC notes that the audience has more choice, which leads to increasing demands for consumption information; consequently, international trends show that the management of radio and television media is relaxing. Therefore, Subparagraph 3, Paragraph 8, Article 10 of the amendment draft of the Satellite Radio and Television Act stipulates that the satellite radio and television service is not allowed to broadcast a program with the placement marketing content entrusted by the government, which is very similar to rules enforced by Ofcom of the UK and the Audiovisual Media Services Directive (AVMSD) of EU.

## **4. Promotion of Wireless Broadband Access (WBA) Service**

Since the bidding for wireless broadband access (WBA) service licenses in July 2007, six enterprises -Tatung Telecom, First International Telecom, Global Mobile, VMAX, Vee Telecom Multimedia, and Far Eastone Telecom - have been awarded the WBA service establishment permits, five of which, except First International Telecom, have applied for WBA operation licenses from NCC. Base stations and equipments have been installed in six counties/cities. They began services one after another between April 2009 and February 2010, as they became qualified after NCC's technical review and inspection, and acquired the qualification certificates. The sixth enterprise, First International Telecom, acquired its WBA operation license on March 10 2010, and is expected to begin services in September 2010. In the beginning, these service providers will provide mainly WBA service, and expand their service range to audio and other value-added services in the future. This is indicative that the wireless broadband service has reached a new milestone in Chinese Taipei.

### **III. Telecommunication Universal Service Mechanism**

#### **1. Continuation of the Policy of Broadband in Every Tribe**

Since the goal of “*broadband in every village*” was accomplished in 2007, NCC has been actively promoting the next policy of “*broadband in every tribe*” in order to extend the infrastructure of broadband service to the most remote islands and tribes. By the end of 2009, broadband had been provided to up to 95% of tribes and remote settlements. NCC appointed Chunghwa Telecom and Chinese Taipei Fixed Network for the establishment of broadband network in February 2010. It is expected that 100% tribal service coverage will be achieved by the end of this year.

NCC has been able to improve the quality of basic telecommunication services in remote areas and the communication environment to the outside for people who live in these remote areas. The hope is that the broadband access service provided by Chunghwa Telecom for eight remote tribes will not only improve the learning environment for students at elementary and junior high schools, but also increase digital learning opportunities for adults. It can also help stimulate the development of local tourism business and local produce.

#### **2. Promotion of “Cable TV in Every Village”**

To require cable TV operators to improve their services in remote areas, NCC has proposed a network establishment plan for eighteen villages and boroughs where cable TV service has yet to reach due to various reasons. An announcement was made on March 1 2010 to encourage system providers to apply for funding provided under the subsidy program of “Facilitation of Cable Television Universal and Development” in 2010. By March 31, seven operators had proposed 12 proposals for NT\$76,560,272 of total installation budgets.

### **IV. Prevention of Web-based Crimes and Improvement of Information and Communication Security**

#### **1. Introduction Plan for Information Security Management System of Telecommunication Service**

This Plan is based on the 2010 “Information Security Management System Study Program” established as one of the “Key Promotion Solutions (2010 to 2013) of the Industrial Technology Strategy Conference of ‘Shape the Information Security Culture and Increase Information Security Production Value.’” The objective of this plan is to enhance the information security management of telecommunication service, build an environment for overall information security, protect the consumers’ personal information, and examine the information security management policies promoted by NCC. This plan is designed for more than 580 Type I and II domestic telecommunication service providers; specialists in the area of information security are invited to write reviews to understand how these service providers address their security issues and provide guidance for them to introduce information security management systems, hoping that they will acquire international certification such as ISO/IEC 27001 and ISO/IEC 27011, provide the telecommunication service that make customers feel safe and secure, and enhance their corporate images and competitiveness.

## **2. Internet Anti-hacking Detection and Information Security Reporting System Building Plan**

According to the government's "system security guarantee and anti-hacking control technology study program," NCC has established the "Internet anti-hacking detection and information security reporting system" (the System hereafter) as a cooperative effort. The System is now operated manually, and will be converted into an automated computer system. The System is designed to collect and analyze information on the internet regarding hacking and propose response strategies in order to promote information security knowledge, improve the speed of dealing with information security incidents, and minimize the risks of such incidents.

Local hosts (computer servers) of the System will be installed at the end of internet access service providers (IASPs) to collect and analyze information such as how serious the providers are attacked by hackers. The existing technology and resources of the Information & Communication Security Technology Center (ICST) are utilized. The detection analysis platform at rear end performs detection and advanced analysis of hacker attacks with the information collected at the local hosts. Once an information security incident occurs and is established, it will be reported to the information security platform of the System for processing. As soon as NCC completes necessary processing, it will be forwarded to the responsible agency for control and processing in order to increase the processing speed for information security incidents and prevent the incident from worsening, as well as promote the information security knowledge of telecommunication service providers through the web-based service provided by the System. The System is expected to be completed by November 30 2010.

## **3. Trial Program for Safety Inspection of Information and Communication Equipments**

To work with the National Information and Communication Security Development Policy, NCC will start promoting the governmental purchase of information and communication equipment (ICE) that has been certified for safety standards. It is estimated that the applicable industrial standards, purchase guidelines, and rewarding measures will be developed in 2010. A three-year trial will be performed from 2010 to 2013, and the entire policy will be reviewed and revised according to the results of the trials.

The key objectives of the development are:

- (1) Analyze the market scale and R&D capabilities of domestic ICE manufacturers in production of such equipments;
- (2) Develop the category, items and classification for safety inspection and testing for Chinese Taipei's ICEs in the short, intermediate and long run, and establish short-term (Phase 1) technical standards, practices for alignment with international trends, and the trial of ICE safety purchase guidelines;
- (3) Ascertain suppliers willing to participate in this trial and provide them with ICE for safety testing;
- (4) Develop technical standards for testing and revise testing laboratory management regulations; to coordinate with the competent agencies in charge of governmental purchase specifications (e.g. the Research, Development and Evaluation Commission and the Public Construction Commission,) and develop the operating procedures for ICE equipment purchase trial; and
- (5) Plan for and promote the next phase of technical specifications for the category, items and classification for safety inspection and testing.

## V. e-Government and e-Certification

### 1. Continuation of the Promotion of e-Government

Chinese Taipei has been greatly acknowledged by the international community for its efforts in e-government. Brown University of the US has been conducting the e-government evaluation since 2001, with Chinese Taipei always in the top-five list, indicating that Chinese Taipei has been recognized internationally for promotion of e-government and online service, enrichment of web content, improvement of service quality, and facilitation of government information. The fundamental service framework of the e-government encompasses three areas: the **Government Service Network (GSN)**, the **Government Public Key Information Infrastructure (GPKI)**, and the **Government Service Platform (GSP)**.

- (1) **Government Service Platform (GSP):** This is used to integrate systems of various agencies, provide cross-agency service, eliminate extra databases that are established in various agencies, being redundant or not time-efficient; and enhance cross-agency service. By the end of 2009, 44 interfacing agencies had been included in the platform for as many as 105 service items, including electronic payment, single entry, and many others.
- (2) **Government Public Key Infrastructure (GPKI):** This has been established based on the e-Government Promotion Solution (2001 to 2004) for a sound fundamental environment development of e-government, and the establishment of electronic certification and safety system of the government agencies. The certified organizations that are part of the GPKI are those established by the target business competent agencies. The certificates issued are applied for all kinds of e-government applications for faster and more convenient web-based service, better government efficiency and accelerated application and the development of e-commerce.

By April 2010, Chinese Taipei had issued 950,000 industry and business certificates, more than 85 million G2B transactions and roughly 4 million B2B transactions in a year. More than 1.8 million natural person certificates have been issued for use in 156 application systems for 1,903 functions. The number of uses has well exceeded 48 million times per year.

- (3) **Government Service Network (GSN):** From when it was initiated in 1997 to the end of December 2009, the GSN had provided 22,071 lines for all levels of government to access. These lines are widely used in central and local governments for email, web navigation, community security information transmission, disaster control information for flooding and landslides, and monitoring traffic flow. Also, 9,820 dial-up accounts, 657 points of contact for teleconferencing, and 1,449 equipment boxes for shared machine room service had been provided. The entire package is now the foundation of fostered hosts and system integration for government projects and information reforming agencies. Through the government's bargaining capability for mass procurements, it is estimated that more than NT2.6 billion are saved per year for service charges and fees.
- (4) **Phase 4 e-Government Plan Roadmap:** Chinese Taipei has adopted the Phase 4 e-Government Plan Roadmap developed by the Research, Development and Evaluation Commission, and will provide the all-the-way service on the basis of cross-agency integration to meet the demands of both the public and businesses. The government service will be extended to portable devices and social network technology thanks to this implementation. The Phase 4 e-Government Policy is planned to

be finalized in October 2010 and will be launched in 2012.