

News release of National Communications Commission (NCC)

The initiation ceremony, Broadband Internet Service for Lijia Village, Alishan Township, Chiayi County, takes place; every village to have access to broadband by the end of 2007

Data communications access universal service for Lijia Village was officially initiated on August 1. The ceremony was jointly hosted by Su Yong-qing, Chairman of NCC, Kao Jin-su-mei, legislator, Chen Ming-wen, magistrate of Chiayi County, Lu Xue-jin, general manager of Chunghwa Telecom Company Limited, and Xu Lu, Chairman of Chunghwa Telecom Foundation. Broadband internet access is planned for 46 remote villages and neighborhoods within 8 counties of Miaoli County, Pingdong County, Taidong County, Chiayi County, Hualian County, Nantou County, Tainan County, and Kaohsiung County, in the aim to achieve the policy objective of *Broadband for Villages*. Such achievement shall not only reduce the digital divide between rural and more urban areas, but also encourage local residents and communities to stimulate their economies via the internet in areas such as culture, culture, tourism, and agricultural products. In addition, through various learning schemes they can increase their digital competence; effective utilization of various kinds of network resources provided by broadband communication network enhances ability to attain information and generally improves general welfare..

- ◆ The policy objective of *Broadband for Villages* is found under “Challenge 2008 – National Focused Development Plan – Digital Taiwan Project” of the Executive Yuan, and it was previously scheduled that by 2008 the coverage rate of broadband for all villages and neighborhoods throughout the country should reach 99.6%. In order to achieve the objective as soon as possible, and reduce the digital divide, NCC has, on 29th December of 2006, modified and promulgated “The Telecommunications Act, Regulation of Universal Services,” which has further enacted itself as the foundation for the construction of data communication access universal service. In the newly revised law, it is stipulated in Paragraph 3 of Article 17 that the competent

authority can assign existing operators or Type I telecommunication service providers before June 1, 2007 to provide data communication universal service to specific towns and villages according to the demands of the uneconomical areas in 2007. Since then, NCC has aggressively supervised operators to conduct infrastructure construction of broadband network in remote areas, and it is expected that the coverage rate can reach 100% by the end of 2007. At that time, all villages and neighborhoods in Taiwan should be connected to the broadband network.

Access to broadband internet brings the world to the people; in particular, it has enabled more competitive markets among countries, enterprises, and even individuals. It has fundamentally changed aspects of community, culture, education, and academic world. In view of the fact that communications network and service should be heading towards development of broadband and confluence, it is, therefore, a matter of course that data communication access service will be naturally inclined towards broadband development. As such, it has become most critical that the construction of infrastructure of broadband network for telecom business should be intensified in order to provide our nationals with a fair chance of digital access.

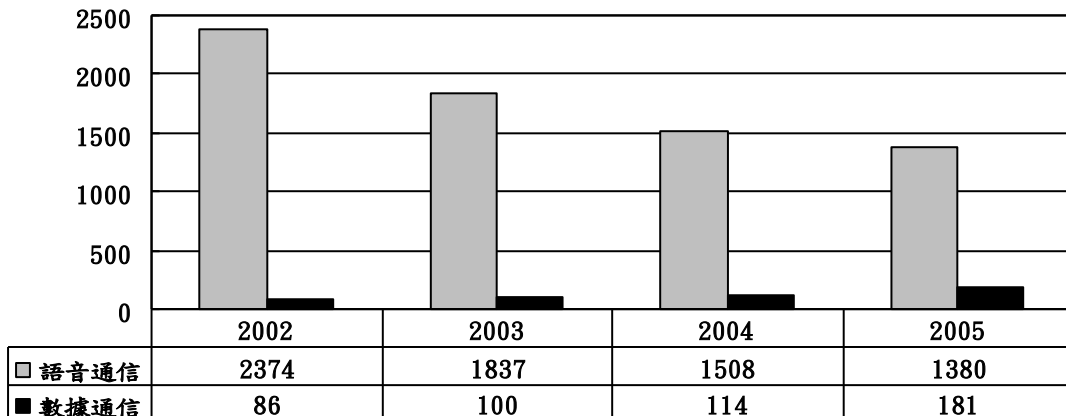
Despite the universal rate of local phone lines reaching 97.65%, showing that voice service has nearly become universal under telecommunication liberalization and the operation of universal system, households in remote areas cannot, in terms of data communication access service, enjoy fair broadband data service because of their long-distances from switching facilities. Yet in times of digital confluence broadband Internet has already become the primary source for individuals to obtain knowledge and information. Consequently, since its establishment the National Communications Commission (NCC) has actively worked to facilitate the construction of broadband network. As such, NCC has, starting from 29th December of 2006, included data communications into the scope of universal service, hoping to resort to encouragement in progressive terms as well as Telecommunications Universal Service Fund to subsidy the expenditure of infrastructure construction of broadband network in uneconomical areas for telecom service providers. In such a way, those villages and neighborhoods and remote areas still without broadband can gain their fair rights soon.

According to telecommunication acts for telecommunication universal service system, “To achieve the objective of universal service, the Telecommunications Universal Service Fund shall be established.” Since the fund is not considered as the type of budget fund reckoned by appropriate law but for the safeguarding of basic communication rights of nationals, the Commission can, based on different areas and different needs, appoint Type I telecom service providers to offer universal telecommunication service. As for loss incurred from universal telecommunication service and necessary management expense, it will be jointly shared by telecom service providers promulgated and appointed by the Commission and be surrendered to Telecommunications Universal Service Fund.

For the last 6 years with implementation of telecommunication universal service system, only Chunghwa Telecom Company Limited has put forth application to become the service provider of universal voice communication for remote areas, and when its incurred loss has been endorsed it will be jointly shared by service providers of universal telecommunication service based on their proportion of business turnover and service charge of the year. In 2005, expenses of universal service is jointly shared by providers of universal service, which also includes, aside from Chunghwa Telecom Company Limited, mobile communication business operators, comprehensive network business operators, and 18 companies that have been appointed as Type II telecommunication business operators. Besides, Chunghwa Telecom Company Limited, Taiwan Fixed Network Company Limited, Asia Pacific Broadband Telecom Company Limited, and New Century InfoComm Tech Company Limited. The aforementioned enterprises will share costs of universal service according to their business turnover of the year.

Subsidies for Universal Telecommunication Service in fiscal year:

Unit: Million Dollar



Voice communication

Data communication

In the first quarter of 2007, there were approximately 7.4 million households with a nationwide population of almost 23 million. Among them, as many as 4.51 million households are found to be accessing the broadband network, with 9.9 million people frequently using the internet.

By classifying broadband by speed, we determined that users of download broadband ≥ 2 M amount were the most (65%); < 2 M amounted to 35%¹. Furthermore, based on the analysis of the digital divide², conducted in January 2007 by the Taiwan Network Information Center, the proportion of population who accesses broadband network in remote areas amounts to 39.33%, which is far lower than that 67.06% in non-remote areas. To accommodate the demands of residents in remote areas for broadband network, NCC has worked to accelerate the construction of broadband network in remote areas.

Lin Dong-tai and Xie Jin-nan, Commission members, have from February of 2007 paid visits to 46 Tribes and Neighborhoods whose broadband has not yet reached and held discussions so as to appreciate the demand for broadband network among local residents as well as determine the most effective approach to planning the network in such areas. Besides, they also coordinated with the villagers regarding the land site for the installation of future equipment, and deliberated with them how the problem of poor reception for wireless broadcast TV and station can be improved.

¹ <http://www.find.org.tw/>

² <http://www.twnic.net.tw/download/200307/200307index.shtml>

In such a way, it would help to consolidate the infrastructure construction of communications in remote areas. Also, NCC has, on 31st May of 2007, appointed Chunghwa Telecom Company Limited and Taiwan Fixed Network Company Limited to provide broadband network service³ for 46 villages and neighborhoods in 2007.

For broadband network at Lijia Village, construction and installation will be complete on June 30, according to the approved implementation plan of Chunghwa Telecom Company Limited. It's significance is that this is the first case of the first-wave broadband network construction to the 46 villages and neighborhoods. NCC would like to extend its highest recognition and gratitude to the hard work and good efforts of those at Chunghwa Telecom Company who have overcome various challenges and inconveniences to complete the construction as scheduled - even though return could hardly cover its investment. Most of all, Chunghwa Telecom Company Limited has helped to provide application training on basic network programs as well as the measure of short-term trial-use.

Through the implementation of *Broadband for Villages*, it is anticipated that following measures can be expected to those in remote areas:

1. Fundamental environment: create such an environment that allows convenient for underprivileged groups, helping to enhance Internet surfing in remote areas and the underprivileged minority and group and reduce the digital divide.
2. Digital competence training: intensely develop counseling work in remote areas so as to cultivate the digital competence and learning capability of local minorities, aboriginal tribes, and residents, helping to strengthen the needed human resources for the improvement of educational environment and economic environment in remote areas.
3. Cultural accomplishment: assist residents in remote areas to make use of digital technology, and assist the development of local cultural features, digital preservation of culture, and the transmission of digital culture, thus facilitating cultural inheritance and the propagation of sustainable development.
4. Digital economy: assist residents in remote area to enhance their application competence of information, and help to stimulate the development of local culture, farming, forestry, fishing, and husbandry, or tourism; thus, working to vibrate local economy comprehensively.

³ http://www.ncc.tw/chinese/news_detail.aspx?site_content_sn=566&is_history=0&pages=0&sn_f=2067

