

Privilege Speech
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FREE TEXTING . . . FOR ALL?

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Madam President, with approximately 46.2 million people using cellular phones in the Philippines at the start of the year, there's no doubt the mobile phone business is mind-boggling. With each cell phone user sending an average of 10 text messages a day that means 460 million SMS electronic pulses massing around the country every God-given day.

This means billions of pesos of potential and actual revenues, not just for mobile phones service provider but also their partners and other businesses that provide various goods and services to the industry.

It is simple mathematics: 46 million subscribers spending a conservative minimum of P300-worth of voice and data services on the mobile platform equals 13.8 billion potential revenues per month going to the mobile phone sector and ancillary businesses, including content providers, game creators, software developers, retailers up to the level of the mini-stalls at the shopping malls to the sari-sari stores in the farthest barangay.

Consider the growth of the industry: The mobile phone has become the most widely used and diverse piece of technological equipment, surpassing fixed line telephone, radio or television – with three billion subscribers worldwide expected by the year end.

From an estimated 10,000 subscribers in 1990, the Philippine market has grown astronomically. Last year, 46.2 million people go about their daily lives and do business armed with mobile phones. Filipinos outrace all other Asian countries not in the number of phones roaming the streets but in the number of messages we send one another.

With these existing conditions, telecom companies are raking in a lot of revenue. Therefore, the announcement to make short messaging system or SMS or what we commonly call as TEXTING should be made free came as a big shock to telecom companies.

“Telecommunication companies or what we call carriers should only charge for voice calls because in their franchise, they only pay for

voice services. Text messaging is not really considered a [basic] service and should be free.”

This is the statement of Transportation Secretary Leandro Mendoza announcing that the government wants cell phone companies, which move 1.39 billion messages a day, to offer SMS or texting for free.

Secretary Leandro Mendoza believes that texting should be free. The consumer group TXTPower notes that in some other countries, cellular firms do not charge subscribers for text. On the other hand, the National Telecommunications Commission had ruled that text messaging is a value-added or enhanced service that the carriers may offer.

The recent study by Acision which involved the messaging and charging company of over 300 network operators and service providers worldwide showed that the Philippines is still the texting capital of the world on a per-capita basis, with 50 million subscribers sending 1.39 billion messages a day.

In line with this, Speaker of the House Nograles said the Lower House will revisit the congressional franchises granted to mobile communications service providers in response to the call of Transportation and Communications Secretary Leandro Mendoza to make Short Messaging System (SMS) free.

According to Speaker Nograles, the country is in the middle of a very difficult economic situation and it will be a great help if the use of SMS from the daily budget of families can be removed by making texting free. Estimates on the use of text messaging by an average household indicates that even the poorest families in the country spend an average of 25 to 60 pesos daily to send text messages.

The amount is equivalent to two kilos of rice or 10 packs of instant noodles which is fast becoming a staple food for poor Filipinos. Projections that oil prices in the world market will soar further will make life even more difficult and it is the obligation of the government to find every available option to help the public cope with the present economic situation.

Nograles said the House can also move to amend the franchise of the country’s telecommunications companies to compel them to stop charging their customers for SMS use.

The franchise of the country’s telecommunications will have to check whether they are legally allowed to charge text messages. If their

franchise allows them to do so, corrective measures will be done and a resolution will be done as soon as possible for the National Telecommunications Commission to address this concern.

Right now, the basic instrument of communication for many Filipinos is the cellular phone. And the most inexpensive way to communicate is through text messaging.

Telecoms companies have been raking in billions in profit because they no longer pay the 3 percent franchise tax on gross receipts and are no longer subjected to the 12 percent cap in terms of income, based on return of investments (ROI).

Instead they are required to pay the 12 percent expanded value added tax which they conveniently pass-on to their consumers.

The move by the government to make texting free is a welcome respite from the almost weekly increase of the price of crude oil and basic commodities.

Once all the kinks had been ironed out, the proposal stands a good chance being approved. As for now, the plan of the government needs all the support it can get.

Madam President, allow me to pass the resolution regarding this matter at the appropriate time. Thank you.