

TOT-CAT hybrid NT to operate by April

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National Telecom Co (NT), formed as a result of the TOT Plc and CAT Telecom merger, is expected to begin operations in April 2019, says the digital economy and society (DE) minister.

With a new organisational structure, NT is expected to strengthen the state telecom sector by eliminating investment redundancy and adding more value to existing assets of both state telecom enterprises, TOT and CAT.

On Wednesday, the State Enterprises Policy Commission, or superboard, gave the green light to the merger of TOT and CAT and called for establishment of a panel that would be responsible for the merger, including the task of setting an action plan for implementation.

DE Minister Pichet Durongkaveroj said the superboard also agreed in principle with the DE Ministry's proposal for the merger procedure.

"TOT and CAT cannot operate under the existing organisational management structure, especially after 2025, when both enterprises' right to use spectrum resources will end and must be returned to the telecom regulator," Mr Pichet said.

The merger consolidates TOT and CAT into one single enterprise with its own management and organisational structure. NT

will be fully owned by the Finance Ministry. Management decisions will be made via the NT board.

The merger method was decided upon after the original plan to establish two new subsidiaries from TOT and CAT faced wide criticism for being impractical and being likely to create damages to the enterprises in the long-term.

"The merger follows months of intensive participation from all related parties, including the labour unions of both state-telecom enterprises," Mr Pichet said. "The merger is the best solution and acceptable for all parties."



Pichet: Superboard gave green light

He said the panel handling the merger process is chaired by the permanent secretary of the DE Ministry and the chief executives of TOT and CAT are the secretariat of the panel.

Additionally, the panel's members will comprise a financial adviser to handle asset evaluation of both enterprises.

The merger aims to serve four critical objectives of the survival plan of TOT and CAT: long-term improvement; efficiently operating organisation; employees' welfare; and state enterprises' benefit.

TOT has 15,000 employees, while CAT has 6,000.

Mr Pichet said there are still two issues concerning TOT that the DE Ministry and the government have to help clarify ahead of the merger procedures.

One is TOT's revenue stream via

partnership contract with mobile operators after the merger, as TOT partnered with mobile operators for operating mobile service on the 2100- and 2300MHz spectrum ranges.

In addition, TOT and CAT have their legal obligations to resolve existing disputes with private companies, with several cases still in court.

Mr Pichet said the DE Ministry will discuss spectrum usage rights with the



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DE MINISTER

National Broadcasting and Telecommunications Commission (NBTC) for both enterprises.

Regarding the legal disputes, the super-board will seek advice from the Office of the Attorney-General or the State Council. However, Mr Pichet said personally he believes legal obligations will continue even after the merger.

"After beginning operations next year, NT's operating structure will be divided into business units, in compliance with the core business function," he said.

CAT Telecom chief executive Sanphachai Huvanandana said the CAT board and its labour union fully support merger procedures and are considering a better alternative than the previous option.

"CAT and TOT have to enter a new structure to ensure sustainable growth in the long term instead of leaning on existing resources awarded in the past," Col Sanphachai said.

Previously, the government through the DE Ministry had postponed both state enterprises' establishment of two separate new companies last year. TOT was establishing a new company called National Broadband Network, while CAT's was establishing a new company, Neutral Gateway & Data Centre.

Labour unions of both state enterprises filed complaints with the Central Administrative Court, claiming the procedures of the two new companies would lead to damages for state assets in the future. The government, through the DE Ministry, suspended the transfer process as a result.