

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City



EIGHTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 4886

Introduced by Representative Michael L. Romero

EXPLANATORY NOTE

The Philippines telecommunications setting has ominously changed since the passage of RA7925 (**Public Telecommunications Policy Act of the Philippines**). The present framework of the National Telecommunications Commission (**NTC**) is no longer adequate to regulate and administer the telecommunication industry.

The state shall therefor provide amendments, to give the NTC the powers and functions to impose penalties and sanctions against telecommunication companies that have violated RA7925.

This state shall also require telecommunication companies to provide suitable access to their networks and infrastructures on a practical terms and conditions.

This House Bill seeks to improve compliance among public telecommunication entities and to expand the NTC's control and capability to standardize other business-related bodies.

Thus, the early passage of this bill is earnestly requested.


MICHAEL L. ROMERO

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AN ACT

**PROVIDING FOR A COMPREHENSIVE PUBLIC
TELECOMMUNICATIONS POLICY PROGRAM, PROVIDING
FOR PENALTIES AND SANCTIONS, AND FOR OTHER
PURPOSES**

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. DECLARATION OF POLICY – It is hereby a declared policy of the state to provide Telecommunications services that is essential to the economic development, integrity and security of the republic, and as such shall be developed and administered as to safeguard, enrich and strength the economic, cultural, social and political material of the Philippines.

The State shall promote the growth and development of this telecommunications services in accordance with the prevailing policies.

SECTION 2. CREATION OF A COMPREHENSIVE PUBLIC TELECOMMUNICATIONS POLICY PROGRAM – There shall hereby be created a *Comprehensive Telecommunications Policy Program*, that shall facilitate and

spearhead the administrative, operational and regulatory powers and functions of the National Telecommunications Commission **(NTC)**.

(a) A fundamental objective of government is to develop and maintain a viable, efficient, reliable and universal telecommunication infrastructure using the best available and affordable technologies, as a vital tool to nation building and development;

(b) The expansion of the telecommunications network shall give priority to improving and extending basic services to areas not yet served. For this purpose, government shall promote a fair, efficient and responsive market to stimulate the growth and development of the telecommunications facilities and services, with emphasis on the accessibility by persons to basic services in unserved and underserved areas at affordable rates;

(c) The radio frequency spectrum is a scarce public resource that shall be administered in the public interest and in accordance with international agreements and conventions to which the Philippines is a party and granted to the best qualified. The government shall allocate the spectrum to service providers who will use it efficiently and effectively to meet public demand for telecommunications service and may avail of new and cost effective technologies in the use of methods for its utilization;

(d) Rates and tariff charges shall be fair, just and reasonable and for this purpose, the regulatory body shall develop tariff structures based on socioeconomic factors and on financial, technical and commercial criteria as measures to ensure a fair rate of return and as a tool to ensure economic and social development;

(e) Public telecommunications services shall be provided by private enterprises. The private sector shall be the engine of rapid and efficient growth in the telecommunications industry;

(f) A healthy competitive environment shall be fostered, one in which telecommunications carriers are free to make business decisions and to interact with one another in providing telecommunications services, with the end in view of

encouraging their financial viability while maintaining affordable rates;

(g) A fair and reasonable interconnection of facilities of authorized public network operators and other providers of telecommunications services is necessary in order to achieve a viable, efficient, reliable and universal telecommunications services;

(h) The government shall give all the assistance and encouragement to Philippine international carriers in order to establish interconnection with other countries so as to provide access to international communications highways on a competitive basis;

(i) For efficiency, practicability, and convenience, but with due regard to the observance of due process at all times, regulation of telecommunications entities shall rely principally on an administrative process that is stable, transparent and fair, giving due emphasis to technical, legal, economic and financial considerations;

(j) No single franchise shall authorize an entity to engage in both telecommunications and broadcasting, either through the airwaves or by cable;

(k) Ownership of public telecommunications entities to as wide a number of people as possible, preferably to its customers, in order to encourage efficiency and public accountability and to tap personal savings shall be encouraged;

(l) The development of a domestic telecommunications manufacturing industry to meet the needs of the Philippines and to take advantage of export opportunities shall be promoted without preventing, deterring or hampering the goal of full universal service; and

(m) Human resources skills and capabilities must be harnessed and improved to sustain the growth and the development of telecommunications under a fast changing telecommunications environment.

SECTION 3. PENALTIES AND SANCTIONS:

In the exercise of its regulatory powers, impose fines against public telecommunications entities within the scope of its regulation, which are found to have violated, violating, or those which have failed or are failing to comply with the terms and conditions of this act, any certificate, or any order, decision or regulation of the commission.

The *erring public telecommunications entity* shall be subject to a fine amounting to the total actual loss or overcharging as determined by the NTC for every day during which such default or violation continues, or if it is not feasible to quantify the offense, **to a fine of not less than One million pesos (₱1,000,000.00)** for every day during which such default or violation continues until the amount is fully paid:

Provided, that, if the public telecommunications entity has a gross annual income *not beyond Ten million pesos (₱10,000,000.00)* the penalty shall be equivalent to **not less than two percent (2%)** of Its gross annual income. The commission shall hereby authorize and be empower impose such fine, after due notice and hearing.

The *erring public telecommunications entity* shall be mandated to refund to consumers the charges it erroneously imposed on subscribers.

The NTC is further authorized to impose a fine of **not less than One million pesos (₱1,000,000.00)** for every day that a violation of sections 18 and 19 of RA7925 is committed, and until such time that the erring public telecommunications entity fully complies with the terms and conditions of this act, any certificate, or any order, decision, or regulation of the commission:

Provided, that, if the public telecommunications entity has a gross annual income *not beyond Ten million pesos (₱10,000,000.00)* the penalty that shall be imposed shall be equivalent to **not less two percent (2%)** of its gross annual income.

The NTC shall require all public telecommunications entities significant market Power as determined by the Philippine Competition Commission (**PCC**) to provide timely access to its network, facilities or equipment to access seekers on a fair, reasonable and nondiscriminatory terms and conditions.

SECTION 4. TRANSITORY PROVISION – Existing industries, businesses and offices affected by the implementation of this Act shall be given six **(6)** months transitory period from the effectivity of the IRR or such other period as may be determined, to comply with the requirements of this Act.

SECTION 5. IMPLEMENTING RULES AND REGULATIONS. – The departments and agencies charged with carrying out the provisions of this Act shall, within sixty **(60)** days after the effectivity of this Act, formulate the necessary rules and regulations for its effective implementation.

SECTION 6. REPEALING CLAUSE. – All laws, decrees, executive orders, rules and regulations, or parts thereof inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SECTION 7. SEPARABILITY CLAUSE. – If, for any reason, any section or provision of this Act is held unconstitutional or invalid, the other sections or provisions hereof shall not be affected thereby.

SECTION 8. EFFECTIVITY CLAUSE. – This Act shall take effect after fifteen (15) days from its publication in the Official Gazette or in at least two (2) national newspapers of general circulation whichever comes earlier.

Approved,