

THIRTEENTH CONGRESS OF THE REPUBLIC
OF THE PHILIPPINES
1ST REGULAR SESSION

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SENATE
S.B. NO. 1796

INTRODUCED BY SENATOR MAGSAYSAY, JR.

EXPLANATORY NOTE

The law has to adapt with technological changes in order to maintain the dynamism in society. It is often observed, however, that the law lags behind sweeping social and technological development of the time which significantly redefine our ways of living.

This gospel of change is much more pronounced in the case of recent scientific breakthrough in micro-electronics, digital technology, optical fiber and satellite communications, computer hardware and software, and the advent of facsimile cable television technology, electronic mail, and internet telephony and the convergence of telecommunications and mass media technology and services, resulting in interactive multi-media services.

Republic Act No. 7925, otherwise known as the "Telecommunication Law", does not however, cover cable television and internet service industries. The inadequacy of another law, E.O. No. 430, in addressing the concerns of the industry likewise necessitate remedial legislation.

As the converging industries are impressed with public interest, this bill aims to provide the sectors covered by convergence the impetus it needs to develop by laying down the legal basis for the entry of needed capital, albeit foreign-owned. To ensure the dominance of local equity, the bill provides incentives and support mechanisms that will promote the levelling of the playing field and allow a better comparative advantage of the different and dominant market players.

The proposed legislation also seeks to rationalize government regulation of the industry by clearly delineating the powers of the government agency mandated by law under E.O. No. 430 and R.A. No. 7925 and through the formulation of provision specific and categorical to the industry.

Finally, the legislation aims to bring the Philippine telecommunications, broadcast, communication Cable TV and broadband industry at par with global trends and standards through technology transfer.

It is hoped that the innovations in law will ultimately redound to the benefit of the industry's subscribers, of which a growing majority are the common Filipino masses.

In light of the above premises, the early passage of this bill is earnestly urged.

Ramon Magsaysay, Jr.
RAMON B. MAGSAYSAY, JR.

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AN ACT
TO GOVERN THE INTRODUCTION, PROMOTION & DEVELOPMENT
OF TELECOMMUNICATIONS - RELATED CONVERGING
TECHNOLOGIES & SERVICES

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

ARTICLE I. GENERAL PROVISIONS

SECTION 1. Short Title - This Act shall be known as "**The Telecommunications Convergence Act of the Philippines.**"

SEC. 2. Scope and Application - This Act shall apply to the provisioning of telecommunications related converging services (technologies).

SEC. 3. Definition and Interpretations - For purposes of this Act --

- a. "**Convergence**" refers to technologies movement together towards a common point and elimination of differences between the provisioning of video, voice and data, using digital and other emerging technologies; the coming together of two or more disparate discipline or technologies; the ability of different network platforms to carry essentially similar kinds of services; and the coming together of consumer devices such as the telephone, television and personal computer.
- b. "**Emerging technologies**" - refers to new technologies such as wireless local loop, telco-cable and wireless cable that permit the transmission and delivery of video, voice and data platforms; technologies that are now only becoming manifest or known, and are giving rise from obscurity to help break down artificial monopolies and furnish economic advantage via competitive provisioning of services; and new or enhanced telecommunications technologies, predominantly digital, that are becoming available through complementary advances in other disciplines and technologies including programming, material sciences, satellite technology, optics, etc.
- c. "**Multimedia transmission**" is the simultaneous transmission of voice, video and data in a digital format; the simultaneous

transmission of text, sound, fixed and moving images and data through a common media from which users may interact.

- d. **"Multimedia service"** is the furnishing of simultaneous transmission of voice, video and data over common communication facilities including copper, coaxial cable, fiber and or other means including wireless delivery systems in a digital format.
- e. **"Authorized facilities"** are the physical and intangible facilities used in the transmission of telecommunications by all companies authorized or enabled to furnish Telecommunications, Broadcast and Value Added Services as defined by Republic Act 7925.
- f. **"Broadband services"** are the communication services distributed using bandwidth larger than voice grade, either wireline or wireless which typically carry far more information in a short amount of time than narrowband voice technology but have historically been much more expensive.
- g. **"Asynchronous Transfer Mode (ATM)"** - is a multiplexed information transfer technique in which information is organized into fixed length cells and transmitted according to each end user's instantaneous needs.
- h. **"Internet"** refers to a large international "network of interconnected networks."; a world-wide interconnection of national and regional networks that offer E-mail, file transfer, and other network services.

ARTICLE 2. POLICY

Sec. 4. Declaration of a National Policy - The State recognizes the vital role of communications and information in nation building and that telecommunications is essential to the economic development, integrity and security of the country. The State shall provide the policy environment for the full development of Filipino capability and the emergence of communication structures suitable to the needs and aspirations of the nation and the balanced flow of information into, out of, and across the country, in accordance with a policy that respects the freedom of speech and of the press.

The State recognizes the reality of rapid and explosive change that has never previously occurred in human history, the way and manner in which humans communicate, as well the need to understand and take stock of these changes and their technologies and the technological reasons, essential to the economic development, integrity and security of the Philippines.

To promote the growth and development of telecommunication services, the development, future changes and growth of the Philippine economy and the telecom sector shall be pursued in accordance with the following policies;

- a. Recognizing and understanding that convergent multimedia applications for the simultaneous transmission of voice, video and data requires new approaches to furnish these services on a widespread basis to the advantage of the Filipino people.

- b. Promoting the competitive provisioning of multimedia services by all companies authorized or enabled to furnish telecommunications, broadcast and Value Added Services as defined by RA 7925 and other existing laws.
- c. Authorizing and conferring upon all companies currently authorized or enabled to furnish Telecommunications, Broadcast Value Added Services, as defined by R.A. No.7925, and related business activities to provide (for) Multimedia services, such as the furnishing of simultaneous transmission of text, voice, and data over existing or new communication facilities, including cable plant whether copper, coax fiber and/ or by any other means including wireless delivery systems, and as further provided for hereunder.

ARTICLE 3. ADMINISTRATION

SECTION 5. Responsibilities of the National Telecommunications Commission- The National Telecommunications Commission (NTC) shall be the principal administrator of this Act and as such, shall take the necessary measures and remove any impediments to implement the policies and objectives as set forth in this Act, and as such, shall take measures to implement the policies and objectives set forth in this Act, and shall adopt the necessary rules and regulations based on market freedoms, business realities and the general interest objectives of this Act to remove impediments and facilitate the rapid introduction of convergent multimedia services.

Additionally, the NTC shall ensure fair and equitable access to critical radio frequency spectrum, and efficiency in the use of available spectrum by current and new users.

ARTICLE 4. TELECOMMUNICATIONS PROVIDERS

SECTION 6. Authorization of Telecommunication Providers- All companies authorized to furnish Telecommunications, Broadcast and Value Added Services, as defined by R.A. no. 7925 and those in related business activities brought together into convergence under this Act shall henceforth be authorized under this Act to competitively provision, through their authorized facilities, multimedia services as defined by this Act. This includes telephone companies furnishing entertainment services, and broadcast, cable television and internet companies furnishing switched voice and data services, as well as entertainment services and as further provided for hereunder.

ARTICLE 5. FRANCHISE, AUTHORITIES TO FURNISH SERVICES

Section 7. Franchise, Authorities to furnish Services- All persons whose Franchises authorize the "conduct of business of being a public telecommunications entity", and all Value Added Service Providers

engaged in furnishing Internet service, who have received all required approval(s) from the NTC, necessary to operate and furnish services shall be henceforth authorized to furnish multimedia services as enumerated in this Act.

ARTICLE 6. FINAL PROVISIONS

SECTION 8. Separability Clause- Any provision or provisions of this Act that may be declared unconstitutional or invalid shall not have the effect of nullifying other portions or provision hereof as long as such remaining portions can still subsist and be given effect in their entirety.

SECTION 9. Repealing Clause- All laws, ordinances, rules regulations, and other issuance or parts thereof which are inconsistent with this Act are hereby repealed or modified accordingly.

SECTION 10. Effectively Clause- This Act shall take effect fifteen (15) days from the date of its publication in least two (2) newspapers of general circulation.

APPROVED,