

THIRTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session)

5 NOV 21 A9:32

SENATE

RECEIVED BY:

S. No. 2166

INTRODUCED BY THE HONORABLE MAR ROXAS

EXPLANATORY NOTE

This bill seeks to promote the widespread use and deployment of voice over internet protocol (VOIP) as an aid in lowering communication costs so that overseas Filipino workers (OFWs) can easily and more frequently contact their families and so that local companies such as business process outsourcing (BPO) firms can enhance their competitiveness in the global economy.

Voice over internet protocol (VOIP) has emerged as a welcome enhancement to traditional voice service in the early 21st century. VOIP is a generic term that refers to all types of voice communication using internet protocol (IP) instead of the traditional circuit switched technology. This includes use of packet technologies by telecom companies to carry voice at the core of their networks. Based on a global research by industry consultants Frost and Sullivan, about 75% of global voice traffic will be done through VOIP by year 2007 and by then, sales of VOIP equipment will hit US \$2.7 billion, with Southeast Asia alone achieving US \$1.2 billion during the same period.

VOIP enables users from different parts of the world to engage in voice conversations without having to pass through part or all circuit switched facilities of telecom companies. In effect, people can engage in international voice conversations without having to pay for the use of the international gateway facilities of telephone companies who charge much higher fees for the use of their networks. In the end, this would translate to lower communication costs on the part of the consumer, value for their money on the part of OFWs, and lower costs of communicating with overseas clients on the part of exporters and BPOs. On the part of the telecommunication industry, the VOIP technology will increase competition and competitiveness and introduce borderless technology.

VOIP falls within the definition of telecommunications as defined Republic Act No. 7925, otherwise known as the Public Telecommunications Act of the Philippines. In that law, telecommunication is defined as any process which enables a telecommunication entity to relay and receive voice, data, electronic messages, written or printed matter, fixed or moving pictures, words, music or visible or audible signals or any control signals of any design and for any purpose by wire, radio or other electromagnetic, spectral, optical or technological means.

In a Memorandum dated 29 March 2005, the National Telecommunications Commission (NTC) set the regulatory status of VOIP and concluded that it is a value-added

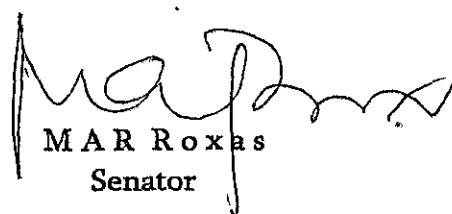
service. As such, internet service providers (ISPs) and other non-public telecommunication entities may also offer VOIP.

With this measure in place, the relationship between an internet service provider (ISP) and public telecommunication entities with regard to VOIP is established and clarified by requiring any value-added service provider who wishes to offer VOIP services that require access to and/or use of a network provider's network, facilities and/or equipment to enter into an agreement with such network providers as to the terms and conditions of fair and reasonable access, interconnection charges for such access, and/or use prior to offering VOIP services to the public for compensation.

Internet telephony is a specialized form of VOIP in which a regular voice telephone call is transmitted via the public internet, bypassing all or part of the public switched telephone network (PSTN). From the country's 129 service providers and 400,000 subscribers in 2000, the number has grown to 295 internet service providers and 1.5 million subscribers in 2004. Since this trend is expected to increase and because it is easier to access the internet rather than to apply for a traditional telephone line, the demand for internet telephony using VOIP technology is not trivial.

While it is imperative to enhance the innovation, development and deployment of VOIP by promoting free and equitable competition and encouraging investments and innovation in the ICT sector, there is a need to protect consumers, provide them wider choices and promote their welfare. This bill seeks to address that need by requiring any person or entity seeking to provide VOIP for public use and for compensation to first register as such with the National Telecommunications Commission.

Other applications using VOIP remains undiscovered and their benefits continuously evolve with the advances in technology. With the growing popularity and the obvious potential of VOIP to make voice communication highly reliable and more efficient at a lower cost, especially for our business sector and overseas Filipino workers, the passage of this bill is earnestly sought.



MAR Roxas
Senator

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AN ACT TO PROMOTE AND GOVERN THE DEVELOPMENT
OF VOICE OVER INTERNET PROTOCOL IN THE PHILIPPINES

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

ARTICLE 1 – GENERAL PROVISIONS

SECTION 1. Short Title. - This Act shall be known as the “Philippine VOIP Act of 2005”.

SEC. 2. Scope and Application. - This Act shall apply to any person or entity seeking to provide Voice Over Internet Protocol (VOIP) services to the public for compensation.

SEC. 3. Definitions. - For purposes of this Act, the following terms, where used, shall have the following meaning:

- (a) Public telecommunications entity (PTE) - any person, firm, partnership or corporation, government or private, engaged in the provision of telecommunications services to the public for compensation;
- (b) Value-added service (VAS) - enhanced services beyond those ordinarily provided for by local exchange and inter-exchange operators, and overseas carriers, where “ordinarily provided” services shall mean voice services offered through circuit switched networks;
- (c) Voice Over Internet Protocol (VOIP) – provision of voice communication using Internet Protocol (IP) technology, instead of traditional circuit switched technology;

- (d) Customer Premises Equipment (CPE) – equipment located in the premises of a customer which is not part of but connected to the system or network of the PTE.

ARTICLE II: POLICY AND OBJECTIVES

SEC. 4. Declaration of National Policy. - It is the policy of the State to recognize the role and contribution of communications in nation building. It is likewise the policy of the State to recognize the need to (1) provide for the emergence of communications structure suitable to the needs and aspirations of the nation, and (2) encourage the development of new applications and services that can enhance Philippine competitiveness in the global information and communications technology (ICT) market

The growth and development of voice over internet protocol shall be pursued in accordance with the following objectives:

- (a) To protect, promote and develop any and all modes, means and forms of communications, and make the same available and accessible to the general public,
- (b) To encourage the growth, development and sustenance of VOIP as an alternative mode of communications; and
- (c) To foster a healthy competitive environment in which telecommunication companies and internet service providers are free to interact with one another in providing VOIP while maintaining affordable rates and ensuring their financial viability.

ARTICLE III: ADMINISTRATION

SEC. 5. Responsibilities of the National Telecommunications Commission (NTC). - The National Telecommunications Commission (NTC) shall be the principal administrator of this Act and as such shall take the necessary measures to implement the policies and objectives set forth in this Act.

SEC. 6. Registration. - Any person or entity seeking to provide VOIP for use by the public for compensation shall register as such with the NTC prior to operation as VOIP provider.

SEC. 7. Interconnection. - No value-added service provider shall provide VOIP services which require access to and/or use of a network provider's network, facilities and/or equipment unless it has entered into an agreement with such network provider as to the terms and conditions of fair and reasonable access and/or interconnection charges for such access and/or use.

In cases where the VAS provider and network provider refuse to negotiate or are unable to come to an agreement on the interconnection of their network, the NTC shall, upon the complaint of any interested party or upon its own initiative, intervene and assume jurisdiction over the matter and immediately direct physical interconnection of the network of the parties under such terms and conditions it may deem proper under the circumstances.

Nothing in this Act shall, however, prevent the parties from negotiating and executing an interconnection agreement and submitting the same to the NTC for approval. For this purpose, the parties shall be given a period of ninety (90) days from receipt of notice of the filing of the complaint within which to negotiate and execute an interconnection agreement, provided, that until an interconnection agreement is executed the interconnection mandate adverted to in the immediately preceding paragraph shall remain in full force and effect.

SEC. 8. Equal Access. – Network providers shall ensure equal access in terms of quantity and quality, at the same prices for substantially similar service to VAS providers, and shall not discriminate between VAS providers. The parties shall submit a copy of their agreements on these matters for purposes of monitoring and supervision by the NTC.

No public telecommunications entity, network provider or other entity providing internet access to subscribers and VAS providers shall impede or degrade the access of such subscribers and VAS providers to the internet content of another application or service providers, except where such access demonstrably threatens the integrity of their network or facilities.

SEC. 9. Customer Premises Equipment. – The sale, lease, importation, distribution and/or provision of CPE designed to enable or ease the use of VOIP shall be governed by the existing rules and regulations on CPEs.

CPEs and/or accessories designed to enable or ease the use of VOIP not directly connected to the networks of PTEs shall not require type approval or acceptance except when the VOIP equipment and/or accessories use radio spectrum.

SEC. 10. Subscribers' Rights. – Network and/or internet service providers shall not require subscribers to purchase or use or to refrain from purchasing or using any IP-enabled service as a precondition to obtaining their broadband service.

SEC. 11. Separability Clause. – If any part or provision of this Act shall be held unconstitutional or invalid, other provisions hereof that are not affected thereby shall continue to be in full force and effect.

SEC. 11. Repealing Clause. - All laws, presidential decrees, executive orders, rules and regulations, or parts thereof, which are not consistent with this Act, are hereby repealed, amended or modified accordingly.

SEC. 12. Effectivity Clause. – This Act shall take effect fifteen (15) days after its publication in at least two (2) newspapers of general circulation.

Approved.