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SECRETARY

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SENATE

S. No. 964

SECRETARY: fb

Introduced by Senator Manuel "Lito" M. Lapid

EXPLANATORY NOTE

Internet Service Providers (ISPs) in the Philippines numbering more than two hundred (200), serves over seven million (7,000,000,000) subscribers and independent users in 2007. However, majority of these users or at least 90%, are confined within Metro Manila and a few of the country's selected urbanized cities and municipalities. This is mainly due to the concentration of the ISPs' operation within the Metropolis. ISPs cannot be blamed for being reluctant to operate outside the Metropolitan Manila area because of the lack of available telecom infrastructure in other parts of the country needed to send out internet signals. Even these ISPs operating in Metro Manila still encounters the problem of limited telecom line availability and still cannot keep up with the actual demand for internet services.

This bill which will put in place a scheme to spread out ISPs operations, will not only provide the entire Philippines with universal access to the information highway, but will at the same time respond to ISPs growing demand for bandwidth.

The scheme will allow all ISPs to render service in any area of their choice but will however be required to operate a branch in at least one provincial area where there is an equal demand for internet access. The trade off on the part of the ISPs, will give them automatic license to set-up their own broadband network; a privilege not being enjoyed by any TELCOS and Value Added Service (VAS) providers intending to construct their own backbone under the Public Telecom Policy Act .

Granting this long time request of most ISPs to have their own network will also be beneficial to the country. By having a broadband network spread throughout the country, we can take advantage of the benefits the technology can deliver such as simultaneous and speedy transmission of multimedia signals between subscribers. Through this means, our country will no longer be left out in the broadband race in the Asian region. In one of the featured articles in Newsweek magazine, it has

been reported that China's lone service provider is installing a 47,000 km. broadband network to link the 180 Chinese cities.

Internet Protocol (IP) applications nowadays is no longer exclusive for internet web browsing use alone. It can also be used for business applications where cheaper and faster exchange of data and real time voice communications will make the country a more attractive investment site to global industries. For the ordinary household folks, broadband technology utilizing the internet protocol will be a cheaper alternative of telecommuting. These expanded services which the internet is also capable of delivering, is likewise defined in this act as a VAS to address the problem of interpretation of internet telephony under the Public Telecommunications Act (RA 7925).

Moreover, if the government is really keen in making e-commerce proliferate and play a dominant role in both the domestic and international economic activity, having a reliable internet network and services all over the country is the way to go. Besides, e-commerce will be useless without the suitable medium to support it.

The immediate passage of this bill is earnestly sought.



MANUEL "LITO" M. LAPID
Senator

SENATE

S. No. 964

RECEIVED BY: 

Introduced by Senator Manuel "Lito" M. Lapid

**AN ACT
PROVIDING A SERVICE AREA SCHEME TO ALL INTERNET SERVICE
PROVIDERS (ISPs), LIBERALIZING THE GRANTING OF ITS
OPERATIONAL LICENSE TO OFFER EXPANDED SERVICES AND
DEPLOY INTERNET BROADBAND INFRASTRUCTURE AND FOR OTHER
PURPOSES.**

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

SECTION 1. Short Title. - This Act shall be known as the "**Internet
Universal Access and Liberalization Act of 2010**".

SEC. 2. Coverage. - All Internet Service Providers in the Philippines shall
be covered by this Act.

SEC. 3. Declaration of State Policies. - The state recognizes the vital role
of communication and information in nation building.

SEC. 4. Definition of Terms. - Whenever used in this Act, the following
terms shall mean:

a. **Broadband** - it shall refer to any particular transmission medium or
technology, capable of delivering digital signals of not less than 1.0 megabits of data per
second to the user and 0.5 megabits of data per second from the user that enables the
users to originate and receive high quality voice, data, graphics, and video
telecommunications.

b. **Commission** - as used in this act, shall refer to the National
Telecommunications Commission.

c. **Internet** – shall refer to the myriad of computer and telecommunications facilities, including equipment and operating software, which comprise the interconnected world-wide network of networks that employ the Transmission Control Protocol/ Internet Protocol, or any predecessor or successor protocols to such protocol, to communicate information of all kinds.

d. **Internet Service Provider or ISP** – shall be used interchangeably in this act, will refer to any services-based operators whose services is to combine computer processing, information storage, protocol conversion, and routing with transmission to enable subscribers to access internet content and services as well as broadband multimedia services, and the transmission of such services.

e. **Internet network / infrastructure** – as used in this act, shall refer to satellite, wireline, and wireless infrastructure utilizing Internet Protocol in delivering services.

f. **Internet Protocol (IP)** – a scheme that enables digital information to be routed from one network to another as necessary.

g. **Internet Services** – shall refer to interactive and multimedia applications utilizing IP to deliver data, image, video, music and voice and other similar signals.

h. **Internet Telephony** – shall refer to a voice telephone service utilizing the internet infrastructure as medium.

i. **Voice Over Internet ,Protocol (VOIP)** - shall refer to a technology of transmitting voice by converting the voice signal into data divided into small packets and sent using internet protocol.

SEC. 5. Internet Service Provider Service Area Scheme. – All Internet Service Providers shall be required to set-up at least one provincial branch in a designated area to be assigned by the commission as a requirement for the granting of certificate of registration for operation: *Provided, however,* That the main branch of operation of Internet Service Providers shall be allowed to be put up in the area of their preference: *Provided further,* That if the ISP's main choice of preference fall under the area covered by the scheme, such ISP shall no longer be required to set up another

provincial branch: *Provided finally*, That for existing ISPs that still have no existing branch covered by the scheme, shall be required to comply with this act as a requirement for the renewal of their expired certificate of registration currently being issued by the commission for a term of five (5) years.

SEC. 6. *Internet Café of ISP Provincial Branch.* – Aside from offering internet services, an ISP Provincial Branch shall have an option to operate an internet café with a minimum of at least ten (10) personal computers connected to the internet for purposes of leasing it out to the public.

SEC. 7. *Designated Provincial Branch Areas Covered by the Scheme* – The commission shall determine the designated Cities and Municipalities in the provincial areas to be covered by the Service Area Scheme based on the following order of priority:

- a.) areas where no more than a single Internet Service Provider exist;
- b.) areas with a consumer demand for internet access;
- c.) areas with the least presence of an available telecommunication infrastructure.

SEC. 8. *Deployment of an Internet Network.* - Any provision of law to the contrary notwithstanding, all internet service providers, if they may deem necessary, are authorized to deploy their own internet network for exclusive use in delivering internet services without the need to secure for a congressional franchise: *Provided, however*, That such infrastructure shall utilize the broadband technology as defined in this Act.

SEC. 9. *Internet Telephony Service.* - Internet Service Providers making use of their own internet broadband network, may opt to expand their services by offering internet telephony using Voice Over Internet Protocol (VOIP). The expanded ISPs services offering internet telephony shall be classified by the Commission as a value added service (VAS) that will be offered to the subscribers free of charge or at a cost significantly lower than the prevailing rate using a standard voice telephony.

SEC. 10. *Implementing Agency.* – The Commission shall enforce the provisions of this Act, and within fifteen (15) days from its effectivity, promulgate the necessary implementing rules and regulations.

SEC. 11. *Repealing Clause.* – The provision of any law, Issuance, Executive Order, Letter of Instruction, Rules or Regulations which are inconsistent with the provision of this act are hereby repealed, amended or modified accordingly.

SEC. 12. *Separability Clause.* - If for any reason, any provision of this Act is declared invalid or unconstitutional, the remainder of this Act shall not be affected.

SEC. 13. *Effectivity Clause.* - This Act shall take effect immediately upon publication in a newspaper of general circulation.

Approved,