

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SIXTEENTH (16TH) CONGRESS
First Regular Session

House Bill No. **2815**



Introduced by Hon. Joseph Gilbert F. Violago

EXPLANATORY NOTE

More than five (5) years ago, in a much-remembered appropriations hearing in 2008 involving the issue of access or interconnection charges by telecommunication companies, it was clearly established that THERE SHOULD BE NO MORE IMPOSITION OF SUCH CHARGES FOR BOTH SHORT MESSAGING SERVICES AND MOBILE VOICE SERVICES.

An excerpt is hereby printed for easy reference:

Rep. Rufus Rodriguez: I believe that the equipment for interconnection has been fully paid over the years, over a period of so many years where telecoms have been receiving billions and billions while we pay for also billions of money, millions, in terms of interconnection charges which have already been paid for by the Filipino people. There should be no more interconnection charge because these particular equipment and other systems have been paid for by the billions of income by the telecommunication companies. May we know from you whether you are.....you will favor the removal of interconnection charges of 15 centavos to 35 centavos for text messages and will lower down the text messages payment and the calling.....the charges for calls which is from P 4.00 to P 6.50 interconnection per minute? Don't you think, Mr. Secretary, that the telecom companies have been raking a lot of profits and they are already fully paid for, they have a return that so much has been given to them? May we know the Honorable Secretary's stand on the removal of these interconnection charges, both text and calls by these cellphones? (underscoring supplied)

Secretary Leandro Mendoza: Thank you, Your Honor, Mr. Chairman. The position of the Department is we agree to the reduction of rates, including the removal or reduction of the interconnection rates, Mr. Chairman, Your Honor.

At the plenary hearing, for the same year, a relevant exchange was also recorded:

Rep. Rufus Rodriguez:.....I informed the DOTC and the NTC that I have a pending bill in the House of Representatives to remove all interconnection charges, both SMS and cellphone calls, in view of the fact that, number one, it is the belief of this Representation that telcos, the telecommunication companies, specially Smart and Globe, which have been reporting billions of income, P 38 B, P 40 B, have been fully compensated with all the equipment and other expenses relative to text messages and phone calls interconnection. Through the years, they have recovered these by their billions of income. And so, I asked the Honorable Canobas, the Chairman of the NTC, to fasttrack its study on whether we should continue paying interconnection charges when we text, for example, from Smart to Globe and vice versa. The interconnection charge of SMS stands now at 35 centavos. The interconnection charge for conversations by cellphones is now at P 4.00 call charges. May we know from the distinguished sponsor, Madam Speaker, if there has been a development in

relation to the study of NTC as to our proposal to remove all interconnection charges, SMS and calls....

Rep. Edcel Lagman: Your honor, your suggestions are favorably considered by the NTC, and there are now ongoing public hearings towards the reduction of the fees, and your suggestions are considered favorably.

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Rep. Rodriguez: So, we expect that we will be able to reduce already our SMS expense from what we now have of about P .80 to P 1.00, a reduction of P 0.20 interconnection charge, it will become only P 0.15 instead of P 0.354?

Rep. Lagman: That is the tenor of the draft memorandum circular, Your Honor.

Rep. Rodriguez:.....Thank you, Madam Speaker. I thank, therefore, the NTC Chairman and the Secretary of the DOTC whose idea to really remove the texts in interconnection charges really came from and that is the Honorable Secretary Mendoza.

I now go to the study of the NTC in relation to the calls of cellphones interconnection charges. So, we are now stating that soon the NTC will make a memorandum circular that instead of P 4.00, as interconnection for voice messages, we are now going to allow only P 1.50 for the voice messages. Is that confirmed, distinguished Sponsor?

Rep. Lagman: That is confirmed, your Honor, per draft memorandum circular.

Rep. Rodriguez: So, NTC would now be able to promote the welfare of the Filipino people, especially the subscribers, because there is a lowering of the interconnection charge now of P 4.00 to P 1.50 or a reduction of P 2.50, is that correct, distinguished Sponsor? (underscoring supplied)

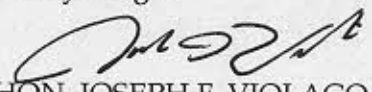
Rep. Lagman.: You are correct, Your Honor.

Said assurances went for naught, as the shared position favored and taken by the telecommunication companies have always prevailed over that of the paramount interests of the consumers.

It is high time to make both short the SMS (short messaging service or text messages) and voice calls be made affordable to the general public. This is in accordance with the constitutional mandate that the State recognizes the vital role of communication and information in nation-building and on the Latin maxim "Salus populi est suprema lex" which embodies the entire spectrum of public laws aimed at promoting the general welfare of the people under the State's police power.

Verily, this proposed bill invokes this duty and power of government to achieve these avowed objectives.

Approval of this proposed measure is, therefore, earnestly sought.


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AN ACT
PROVIDING FOR A MORE AFFORDABLE VOICE CALL
AND TEXTING SERVICE IN THE PHILIPPINES

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

SECTION 1. The interconnection charge for VC (voice calls) between two (2) separate networks shall be as follows:

First year from effectivity-----not higher than P 1.00 per minute
Second year from effectivity-----not higher than P 0.75 per minute
Third year from effectivity-----not higher than P 0.50 per minute
Fourth year from effectivity-----not higher than P 0.00 per minute

SEC. 2. The interconnection charge for SMS/text messaging (short messaging services) between two (2) separate networks shall be as follows:

First year from effectivity-----not higher than P 0.15 per SMS
Second year from effectivity-----not higher than P 0.05 per SMS

SEC. 3. The National Telecommunications Commission (NTC) may review, institute and approve a new set of interconnection rates five (5) years after the implementation of this Act if the same are proven not to be conducive anymore in the further growth and development of telecommunications services and further, that the reimposition of new charges are found to be fair and reasonable; provided further, that this will not dilute, impair or affect the current policy of the State that guarantees the extensive and affordable access of the consumers with reliable and efficient telecommunication services.

SEC. 4. The NTC shall issue the necessary rules and guidelines for the effective implementation of this Act within sixty (60) days, in consultation with the Senate Committee on Public Services and the House Committee on Information and Communications Technology.

SEC. 5. Any portion or provision of this Act that may be declared unconstitutional or invalid shall not affect the other provisions not affected thereby.

SEC. 6. All laws, ordinances, rules, regulations, circulars and other issuances or parts thereof which are inconsistent with this Act are hereby repealed or modified accordingly.

Section 7. This Act shall take effect fifteen (15) days after its publication in at least two (2) national newspapers of general circulation.

Approved.