

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Manila

SIXTEENTH CONGRESS
First Regular Session

House Bill No. 3341



Introduced by **HONORABLE ROSE MARIE 'BABY' J. ARENAS**

EXPLANATORY NOTE

The archipelagic nature of the Philippines has always proved to be a challenge to our government. The more than 7,000 islands and the various bodies of water surrounding these islands bogged down many government development projects to the detriment of our people. However, with the advent of information and communications technology, bringing programs and services to even remote barangays has now become doable and feasible.

The deregulation of the telecommunications industry which began in 1987, brought tremendous changes to the way we relate with each other and with the world. This enabled universal access to information and communications technology thereby allowing the development of cyber services. This allowed the country to participate in the Global Off-shoring and Outsourcing (Global O & O) Industry. Consequently, niche markets emerged in animation, customer contact, back office, software development, medical and legal transcription, game development, and other cyber services. In 2005, the ICT sector niche markets brought US\$2.4B in revenues, which provided 162,250 jobs. In 2009, revenue grew by 200 per cent to US\$7.2B, while increasing local jobs to 442,000.

IT-related industries, BPO/contact centers, and tourism are among the priority investment areas in the Investment Priority Plan. With more investment in these industries, especially in information and technology, we should be able to create more Information and Communications Technology or ICT Hubs in every legislative district of the country. This should allow the country to become more competitive and to leapfrog to the future.

The Philippines has 234 legislative districts in 81 provinces. If this bill becomes a law, at 234 nodes can be established to pump prime economic activities and promote development in every province. This bill hopes to

minimize the so-called digital divide as well as speed up the setting up of a wireless communications technology.

With an ICT Hub, each legislative district of the country will be able to harness its potential to making it investor-friendly and accessible. It can also electronically promote the province' nerve centers to connect to the various agencies of the national government thereby pushing the growth of e-government locally and nationally. The ICT Hub can also link a province to the national government during times of national calamities and disasters. More importantly, with the ICT Hub, the archipelagic feature of the country can be bridges, thereby creating One Philippines.

Immediate passage of this bill is requested.


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AN ACT
ESTABLISHING AN INFORMATION AND COMMUNICATIONS
TECHNOLOGY (ICT) HUB IN EVERY LEGISLATIVE DISTRICT OF THE
PHILIPPINES AND FOR OTHER PURPOSES

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

Section 1. **Title.** – This Act shall be known and cited as the “*One Philippines Act of 2013*”.

Sec. 2. **Declaration of Policy.** – It is hereby declared the policy of the State:

- a. To recognize the vital role of communication and information in nation-building. Toward this end, the State shall provide for the creation and establishment of Information Communications Technology Hub, hereinafter referred to as ICT Hub, in every legislative district of the country;
- b. To promote and encourage investment in the countryside by providing the infrastructure necessary for the growth of information and communications technology; and
- c. To ensure the adequate supply of power and electricity in the countryside in support of the development of information and communications technology.

Sec. 3. **Information Communications Technology Plan.** – The provincial or city board, consistent with the Medium Term Philippine Development Plan (MTPDP) and in coordination with the Commission on Information and Communications Technology (CICT), shall formulate and approve an Information Communications Technology (ICT) Plan for the legislative districts of each

province or city, taking into consideration its comparative advantage, funding mix, private sector involvement, incentives to locators, local tax incentives, among others.

Sec. 4. *Location of ICT Hub.* – Pursuant to the provincial or city development plan, the provincial or city board shall identify the area where the ICT Hub shall be established: *Provided, That*, the area/s shall not be in the capital or urban center of the province: *Provided, further That*, the area is owned by the provincial or city government.

For purposes of this Act, Information Communications Technology (ICT) is the totality of electronic means to collect, process and present information to end-users in support of their activities. It consists among others, of computer systems, office systems and consumer electronics, as well as networked information infrastructure, the components of which include the telephone system, the Internet, fax machines and computers.

An ICT Hub refers to a center or location where services may be provided through the use of ICT. Such services may include telecommunication services, data management, etc.

Sec. 5. *Digital Infrastructure Fund.* – A Digital Infrastructure Fund hereinafter referred to as the Fund is hereby created and lodged in the CICT. The amount of Ten Billion Pesos (Php10,000,000,000.00) or as much thereof as may be necessary is hereby appropriated from the general fund for the purpose of providing seed capital and as the counterpart of the national government in the establishment of the ICT Hub in each legislative district of each province or city: *Provided, That*, the Fund shall be disbursed in a pro-rata manner based on the following criteria: telephone density, degree of digital divide, ICT penetration ratio, presence of new alternative backbone networks, science and technology parks and industrial estates with an ICT focus, among others.

Subsequent appropriations shall be annually provided for in the General Appropriations Act with an annual increment of 25 percent per annum until the amount of Php 50,000,000,000.00 shall have been reached.

Sec. 6. *Tax and Fiscal Incentives.* – Any locator in the ICT Hub shall be entitled to the fiscal and non-fiscal incentives under the Omnibus Investments Code (E.O. No. 226, series of 1987), as amended, and the Special Economic Zone Act of 1995 (R.A. No. 7916), including a 5-year tax break from national taxes: *Provided, That*, they are part of the Global O & O, such as, but not limited to: animation, customer contact, back office, software development, medical and legal transcription, and other cyberservices: *Provided, Further That*, sixty percent (60%) of its labor force shall be recruited locally and that corporate income shall be declared and taxes shall be paid locally on the sixth (6th) year of its operations;

Provided, Finally, That locators in the top 30 poorest provinces of the country as identified by the National Economic and Development Authority, shall be given a pioneer status and shall be entitled to such additional incentives as may be allowed by law.

ICT Hubs already receiving such incentives shall continue to be entitled to them.

Sec. 7. ***Implementing Rules and Regulations.*** - The Commission on Information and Communications Technology, in coordination with the Department of Interior and Local Government, and other concerned entities, shall formulate the necessary implementing rules and regulations of this Act.

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

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

Sec. 10. ***Effectivity.*** - This Act shall take effect fifteen (15) days from its publication in the Official Gazette or two national newspapers of general circulation.

Approved,