

House Bill No. **4380**

EXPLANATORY NOTE

Republic Act No. 7925, otherwise known as the “*Public Telecommunications Policy Act of the Philippines*” was enacted to provide policy and regulatory framework in the governance of telecommunications development. The law provides for a provision to dismantle telecommunication monopoly and encourages the entry of new telecommunications entities, thus resulting in the drastic change in the improvement of telecommunications services in the country. However, with the advent of improvement comes a substantial increase in service fees that might not be affordable to everyone thus pointing out the necessity for a regulation of fees that would be beneficial for both the consumer and telecommunications service provider in which they would have a fair return of their investments.

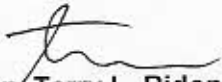
Even as existing executive orders and regulations empower the National Telecommunications Commission (NTC) to regulate mobile service rates, the NTC still needs essential legislation to further empower it to impose sanctions against telecommunications companies that do not adhere to the commission's regulations. Testament to this situation is the way telecommunication giants for the large part ignored a memorandum circular issued by the NTC in 2011 that reduced the interconnection fees for text messaging from 35 centavos to 15 centavos per text, thus bringing down the cost of each text message by 20 centavos.

This bill seeks to lower the cost of mobile phone services by implementing a standard rate of fees for mobile phone services and requiring cellular mobile telecommunications

service (CMTS) providers to file a petition to the NTC whenever price adjustments on mobile phone service fees are proposed.

Further, this bill abolishes in totality the charging of interconnection fees for mobile phone services, as it has been clearly established that over the years, telecommunications companies have already recouped their expenses for infrastructure and equipment that enable interconnectivity. Abolishing interconnection charges would greatly contribute to lowering mobile phone rates without harming the economic viability of telecommunication companies.

In view of the foregoing, approval of this bill is earnestly sought.



Hon. Terry L. Ridon

Representative, Kabataan Party-list

REPUBLIC OF THE PHILIPPINES
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

SIXTEENTH CONGRESS
First Regular Session

House Bill No. **4380**

Introduced by **Kabataan Party-list Representative Terry L. Ridon**

AN ACT
PROVIDING FOR AFFORDABLE RATE OF FEES FOR MOBILE PHONE SERVICES
AND FOR OTHER PURPOSES

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

1 **SECTION 1. Short Title.**—This Act shall be known as the "Affordable Mobile Service
2 Rate Act of 2014."

3 **SECTION 2. Declaration of Policy.**—The State recognizes the vital role of
4 communications in nation-building, and thus is committed to protect the welfare of Filipino
5 consumers by enforcing reasonable supervision and regulation of the telecommunications
6 industry. Towards this end, the State shall regulate the rates of mobile phone service fees
7 being charged to subscribers and require cellular mobile telecommunications service
8 (CMTS) providers to file a petition to the National Telecommunications Commission (NTC)
9 whenever price adjustments on mobile phone service fees are proposed.

10 **SECTION 3. Definition of Terms.** For purposes of this Act, the following are hereby
11 defined as follows:

12 (a) "*Mobile phone services*"— are services that include, but are not limited to,
13 standard local and international voice calls, video calls, standard local and
14 international text messages, multimedia text messages, and mobile data
15 connection;

16 (b) "*Cellular mobile telecommunications service providers*" – shall pertain to any

1 person, firm, partnership or corporation engaged in providing cellular mobile
2 telecommunications services to the public for compensation.

3 (c) *"Interconnection charges"* – shall refer to the rate levied by service providers to
4 subscribers for services that involved linkage, by wire, radio, satellite or other
5 means, of two or more existing telecommunications carriers or operators with one
6 another for the purpose of allowing or enabling the subscribers of one carrier or
7 operator to access or reach the subscribers of the other carriers or operators.

8 **SECTION 4. *Mobile Phone Service Fees.*** – All CMTS providers shall charge a
9 standard rate of fees for mobile phone services to its subscribers in accordance with the
10 rates established by the NTC which shall be fair and reasonable and which provide for the
11 economic viability of telecommunication entities and a fair return on their investments
12 considering the prevailing cost of capital in the domestic and international markets.

13 **SECTION 5. *Adjustment in the Rate of Fees for Mobile Phone Services.*** – CMTS
14 providers are hereby required to file a petition with the NTC on any proposed adjustment in
15 the approved ceiling rates of mobile phone services.

16 **SECTION 6. *Abolition of Interconnection Charges.*** – All types of interconnection
17 charges, including interconnection usage charges such as termination charges and carriage
18 charges for mobile phone services shall hereby be abolished. The abolition of
19 interconnection charges shall in no way affect the quality of connection and services
20 rendered by CMTS providers. Upon the effectivity of this law, mobile phone service rates
21 shall hereby be revised to reflect the deduction brought about by the removal of
22 interconnection charges. The removal of interconnection charges shall not be a valid reason
23 for future increases in the rate of fees for mobile phone services.

24 **SECTION 7. *Penalties.*** – In the implementation of this law, the NTC may, after due
25 notice and hearing, impose the following penalties in case of violation of any of the
26 provisions hereof:

27 (a) Imposition of such administrative fines, penalties and sanctions as may be
28 prescribed by the NTC;

29 (b) Suspension of further action on all pending and future applications for the
30 adjustment of the rate of fees for mobile phone services of CMTS providers

1 during the period for the disposition of their cases before the NTC;

2 (c) With the approval of the President, directive to the appropriate government
3 financial or lending institutions to withhold the releases on any loan or credit
4 accommodation which the violating CMTS provider may have with them;

5 (d) Disqualification of the employees, officers or directors of the violating CMTS
6 provider from being employed in any enterprise or entity under the supervision of
7 the NTC; and

8 (e) In appropriate cases, suspension of the authorized rates for any service or
9 services of the violating carrier or operator without disruption of its services to the
10 public.

11 **SECTION 8. *Implementing Rules and Regulations.*** – Within sixty (60) days after the
12 effectivity of this Act, the Commissioner of the NTC shall issue the necessary rules and
13 regulations for the implementation of this Act.

14 **SECTION 9. *Separability Clause.*** – If any provision or part thereof is held invalid or
15 unconstitutional, the remainder of the law or the provision not otherwise affected shall
16 remain valid and subsisting.

17 **SECTION 10. *Repealing Clause.*** – Any law, presidential decree or issuance,
18 executive order, letter of instruction, administrative order, rule of regulation contrary to or
19 inconsistent with, the provision of this Act is hereby repealed, modified or amended
20 accordingly.

21 **SECTION 11. *Effectivity Clause.*** – This Act shall take effect fifteen (15) days after its
22 publication in the Official Gazette or in two (2) national newspapers of general circulation.

Approved,