



HOUSE OF REPRESENTATIVES

H. No. 8551

BY REPRESENTATIVES ROMUALDO, ALVAREZ (F.), MACEDA, GARBIN, DY (F.), BARBERS, ACOSTA, ESCUDERO, NOGRALES (J.J.), DY (F.M.C.), BORDADO, VIOLAGO, HOFER, TAN (A.S.), ALBANO, GULLAS, SAVELLANO, SIAO, CRISOLOGO, REVILLA, VALERIANO, HERNANDEZ, UNABIA AND MALAPITAN, PER COMMITTEE REPORT NO. 719

AN ACT

1
2 **RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE**
3 **GRANTED TO TRANSPACIFIC BROADBAND GROUP INT'L. INC., UNDER**
4 **REPUBLIC ACT NO. 8657, TO CONSTRUCT, ESTABLISH, INSTALL, MAINTAIN**
5 **AND OPERATE COMMUNICATIONS SYSTEMS FOR THE RECEPTION AND**
6 **TRANSMISSION OF MESSAGES WITHIN THE PHILIPPINES**

7
8 Be it enacted by the Senate and House of Representatives of the Philippines in
9 Congress assembled:

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12 SECTION 1. *Nature and Scope of Franchise.* - Subject to the provisions of the
13 Constitution and applicable laws, rules and regulations, the franchise granted to
14 Transpacific Broadband Group Int'l. Inc., hereunder referred as the grantee, its
15 successor or assignees, to construct, install, establish, maintain, and operate for
16 commercial purposes and in the public interest, communications systems for the
17 reception and transmission of messages, such as but not limited to voice, audio, data,
18 facsimile, video, and such other intelligence by radio, wire, satellite, and other means
19 known to science or which in the future maybe developed, and in connection therewith,
20 render communications services between any point within the territorial boundaries of
21 the Philippines, including but not limited to, the service of up-link the abovementioned
22 messages from any point within the Philippines to a communications satellite in orbit
23 in space and the service of down-linking such messages from unlimited number of

1 such satellites and transmission of such messages to any point within the Philippines,
2 is hereby renewed for another twenty-five (25) years.

3
4 **SEC. 2. *Manner of Operation of Stations or Facilities.*** – The stations or facilities
5 of the grantee shall be constructed and operated in a manner as will, at most, result
6 only in the minimum interference on the wavelengths or frequencies of existing stations
7 or other stations which may be established by law, without in any way diminishing its
8 own right to use its assigned wavelengths or frequencies and the quality of
9 transmission or reception thereon as should maximize rendition of the grantee's
10 services or the availability thereof.

11 **SEC. 3. *Authority of the National Telecommunications Commission.*** – The
12 grantee shall secure from the National Telecommunications Commission (NTC) a
13 Certificate of Public Convenience and Necessity or the appropriate permits and
14 licenses for the construction, installation and operation of its telecommunications
15 systems or facilities. In issuing the certificate, the NTC shall have the power to regulate
16 and impose such conditions relative to the construction, operation, maintenance, or
17 service level of the telecommunications systems or facilities. Such certificate shall
18 state the areas covered and the date the grantee shall commence the service. The
19 grantee shall not use any frequency in the radio spectrum without authorization from
20 the NTC. The NTC, however, shall not unreasonably withhold or delay the grant of
21 such authority, permit or license.

22
23 In case of any violation of the provisions of this franchise, the NTC shall have
24 the authority to revoke or suspend, after due process, the permits or licenses it issued
25 pursuant to the franchise. The NTC may recommend to Congress the revocation of
26 the franchise for any violation of the provisions of this franchise.

27
28 **SEC. 4. *Excavation and Restoration Works.*** – For the purpose of erecting and
29 maintaining poles or other supports for said wires or other conductors for the purpose
30 of laying and maintaining underground wires, cables, or other conductors, it shall be
31 lawful for the grantee, its successors or assignees, with the prior approval of the
32 Department of Public Works and Highways (DPWH) or the local government unit
33 (LGU) concerned, as may be appropriate, to make excavations or lay conduits in any
34 of the public places, roads, highways, streets, lanes, alleys, avenues, sidewalks, or

1 bridges of the province, cities, or municipalities: *Provided, however,* That a public
2 place, road, highway, street, lane, alley, avenue, sidewalk, or bridge disturbed, altered
3 or changed by reason of erection of poles or other supports or the underground laying
4 of wires, other conductors or conduits, shall be repaired and replaced in workmanlike
5 manner by said grantee, its successors or assignees, in accordance with the standards
6 set by the DPWH or the LGU concerned. Should the grantee, its successors or
7 assignees, after the ten (10)-day notice from the said authority, fail, refuse, or neglect
8 to repair or replace any part of public place, road, highway, street, lane, alley, avenue,
9 sidewalk, or bridge altered, changed or disturbed by the said grantee, its successors
10 or assignees, then the DPWH or the LGU concerned shall have the right to have the
11 same repaired and placed in good order and condition, and charge the grantee, its
12 successors or assignees at double the amount of the costs and expenses for such
13 repair or replacement.

14
15 **SEC. 5. *Responsibility to the Public.*** - The grantee shall conform to the ethics
16 of honest enterprise and not use its stations or facilities for obscene or indecent
17 transmission, or for dissemination of deliberately false information, or willful
18 misrepresentation, or assist in subversive or treasonable acts.

19
20 The grantee shall operate and maintain all its stations, lines, cables, systems,
21 and equipment for the transmission and reception of messages, signals, and pulses in
22 a satisfactory manner at all times, and as far as economical and practicable, modify,
23 improve, or change such stations, lines, cables, systems, and equipment to keep
24 abreast with the advances in science and technology.

25
26 The grantee shall improve and extend its services in areas not yet served, and
27 in hazard- and typhoon-prone areas that shall be determined by the National Disaster
28 Risk Reduction and Management Council, or its legal successor, in coordination with
29 the NTC.

30
31 The grantee shall also improve and upgrade its equipment, facilities and
32 services, in order to ensure effective compliance with the objectives of Republic Act
33 No. 10639 or the "Free Mobile Disaster Alerts Act".

1 SEC. 6. *Rates for Services.* – The charges and rates for telecommunications
2 services of the grantee, except the rates and charges on those that may hereafter be
3 declared or considered as nonregulated services, whether flat rates or measured rates
4 or variation thereof, shall be subject to the approval of the NTC or its legal successor.
5 The rates to be charged by the grantee shall be unbundled, separable and distinct
6 among the services offered and shall be determined in such a manner that regulated
7 services do not subsidize the unregulated ones.

8 SEC. 7. *Right of Government.* – The radio spectrum is a finite resource that is
9 part of the national patrimony and the use thereof is a privilege conferred upon the
10 grantee by the State and may be withdrawn any time after due process.

11
12 A special right is hereby reserved to the President of the Philippines, in times
13 of war, rebellion, public peril, calamity, emergency, disaster or disturbance of peace
14 and order: to temporarily take over and operate the stations, transmitters, facilities, or
15 equipment of the grantee; to temporarily suspend the operation of any station,
16 transmitter, facility, or equipment in the interest of public safety, security, and public
17 welfare; or to authorize the temporary use and operation thereof by any agency of the
18 government, upon due compensation to the grantee for the use of the stations,
19 transmitters, facilities, or equipment during the period when these shall be so operated.

20 SEC. 8. *Term of Franchise.* – This franchise shall be in effect for a period of
21 twenty-five (25) years from the date of the effectivity of this Act, unless sooner
22 cancelled. This franchise shall be deemed *ipso facto* revoked in the event the grantee
23 fails to operate continuously for two (2) years.

24
25 SEC. 9. *Renewal or Extension of Franchise.* – The grantee shall apply for the
26 renewal or extension of its franchise three (3) years before its expiration which shall
27 be reckoned from fifteen (15) days after the publication of the franchise in the *Official*
28 *Gazette* or in a newspaper of general circulation.

29
30 SEC. 10. *Right of Interconnection.* – The grantee is hereby authorized to
31 connect or demand connection of its telecommunications systems to other
32 telecommunications systems installed, operated, and maintained by any other duly
33 authorized person or entity in the Philippines for the purpose of providing extended
34 and improved telecommunications services to the public, under the terms and

1 conditions mutually agreed upon by the parties concerned. This right shall be subject
2 to the review and modification of the NTC.

3
4 **SEC. 11. *Mobile Number Portability.*** – The grantee shall provide mobile
5 number portability (MNP) and its implementing mechanism, and shall interconnect,
6 directly or indirectly, with the infrastructure, facilities, systems, or equipment of other
7 telecommunications franchise grantees. It shall not install network features, functions,
8 or capabilities that will impede the implementation of a nationwide MNP system. The
9 NTC shall issue rules and regulations for this purpose, the effectivity of which shall
10 commence upon applicability with other telecommunications franchise grantees.

11
12 **SEC. 12. *Warranty in Favor of the National and Local Governments.*** - The
13 grantee shall hold the national, provincial, city, and municipal governments of the
14 Philippines free from all claims, liabilities, accounts, demands, or actions arising out of
15 accidents causing injury to persons or damage to properties, during the construction
16 or operation of the stations, transmitters, facilities, or equipment of the grantee.

17
18 **SEC. 13. *Sale, Lease, Transfer, Grant of Usufruct, or Assignment of Franchise.***
19 – The grantee shall not sell, lease, transfer, grant the usufruct of, nor assign this
20 franchise or the rights and privileges acquired thereunder to any person, firm,
21 company, corporation, or other commercial or legal entity, nor merge with any other
22 corporation or entity, nor shall the controlling interest of the grantee be transferred,
23 simultaneously or contemporaneously, to any person, firm, company, corporation, or
24 entity without the prior approval of Congress. The grantee shall inform Congress of
25 any sale, lease, transfer, grant of usufruct, or assignment of franchise or the rights and
26 privileges acquired thereunder, or of the merger or transfer of the controlling interest
27 of the grantee, within sixty (60) days after the completion of the said transaction.
28 Failure to report to Congress such change of ownership shall render the franchise *ipso*
29 *facto* revoked. Any person or entity to which this franchise is sold, transferred, or
30 assigned shall be subject to the same conditions, terms, restrictions, and limitations of
31 this Act.

32
33 **SEC. 14. *Dispersal of Ownership.*** - In accordance with the constitutional
34 provision to encourage public participation in public utilities, the grantee shall offer to
35 Filipino citizens at least thirty percent (30%) of its common stocks, or a higher

1 percentage that may hereafter be provided by law, in any securities exchange in the
2 Philippines within five (5) years from the effectivity of this Act: *Provided*, That in cases
3 where public offer of shares is not applicable, other methods of encouraging public
4 participation by citizens and corporations operating public utilities must be
5 implemented. Noncompliance therewith shall render the franchise *ipso facto* revoked.
6

7 **Sec. 15. *Commitment to Provide and Promote the Creation of Employment***
8 ***Opportunities.*** – The grantee shall create employment opportunities and accept on-
9 the-job trainees in its franchise operations: *Provided*, That priority shall be accorded
10 to the residents of the place where the principal office of the grantee is located:
11 *Provided* further, That the grantee shall ensure that at least sixty percent (60%) of its
12 employees are regular employees and in no case shall the percentage of contractual
13 employees, job orders, casuals, and independent contractors combined, exceed forty
14 percent (40%) of its total workforce: *Provided, finally*, That the grantee shall comply
15 with the applicable labor standards and allowance entitlement under existing labor
16 laws, rules and regulations, and similar issuances.
17

18 The employment opportunities or jobs created shall be reflected in the General
19 Information Sheet (GIS) to be submitted to Securities and Exchange Commission
20 (SEC) annually. In addition, the grantee shall include in its annual report to Congress
21 the number of its regularized employees and secure a compliance and clearance
22 certificate from the Department of Labor and Employment and its relevant attached
23 agencies.
24

25 **SEC. 16. *Reportorial Requirement.*** – The grantee shall submit an annual report
26 on its compliance with the terms and conditions of the franchise and on its operations
27 to the Congress of the Philippines , through the Committee on Legislative Franchises
28 of the House of Representatives and the Committee on Public Services of the Senate,
29 on or before April 30 of every year during the term of its franchise.
30

31 The annual report shall include an update on the roll-out, development,
32 operation and/or expansion of business; audited financial statements; latest GIS
33 officially submitted to the SEC, if applicable; certification of the NTC on the status of
34 its permits and operations; and an update on the dispersal of ownership undertaking,
35 if applicable.

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2 The reportorial compliance certificate issued by Congress shall be required
3 before any application for permit or certificate is accepted by the NTC.
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5 **SEC. 17. *Fine.*** – Failure of the grantee to submit the requisite annual report to
6 Congress shall be penalized with a fine in the amount of One million pesos
7 (P1,000,000.00) each working day of noncompliance, the effectivity of which shall
8 commence upon applicability with other telecommunications franchise grantees:
9 *Provided, That* in the interim, the grantee shall be liable to pay the fine of Five hundred
10 pesos (P500.00) per working day of noncompliance. The fine shall be collected by the
11 NTC from the delinquent franchise grantee separate from the reportorial penalties
12 imposed by the NTC, and the same shall be remitted to the Bureau of the Treasury.
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14 **SEC. 18. *Equality Clause.*** – Any advantage, favor, privilege, exemption, or
15 immunity granted under existing franchises, or which may hereafter be granted for
16 telecommunications, upon prior review and approval of Congress, shall become part
17 of this franchise and shall be accorded immediately and unconditionally to the herein
18 grantee: *Provided, however,* That the foregoing shall neither apply to nor affect the
19 provisions of telecommunications franchises concerning territory covered by the
20 franchise, the life span of the franchise, or the type of service authorized by the
21 franchise.
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23 **SEC. 19. *Repealability and Nonexclusivity Clause.*** – This franchise shall be
24 subject to amendment, alteration, or repeal by Congress when the public interest so
25 requires and shall not be interpreted as an exclusive grant of the privilege herein
26 provided for.
27

28 **SEC. 20. *Separability Clause.*** – If any of the sections or provisions of this Act
29 is held invalid, all other provisions not affected thereby shall remain valid.
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31 **SEC. 21. *Repealing Clause.*** – All laws, decrees, orders, resolutions,
32 instructions, rules and regulations, and other issuances or parts thereof which are
33 inconsistent with the provisions of this Act are hereby repealed, amended, or modified
34 accordingly.
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1 **SEC. 22. *Effectivity.*** – This Act shall take effect fifteen (15) days after its
2 publication in the Official Gazette or in a newspaper of general circulation.

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4 **Approved**