

Republic of the Philippines  
HOUSE OF REPRESENTATIVES  
Quezon City

FIFTEENTH CONGRESS  
SECOND REGULAR SESSION

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COMMITTEE REPORT NO. 1589

Submitted by the Committee on Legislative Franchises on 07 DEC 2011

Re : House Bill No. **5613**, prepared by the Committee

Recommending its approval, in substitution of House Bill 5033

Sponsors: Representatives Marcelino "Marcy" R. Teodoro and Eleandro Jesus F. Madrona

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MR. SPEAKER:

The Committee on Legislative Franchises to which was referred House Bill No. 5033, introduced by Rep. Eleandro Jesus F. Madrona, entitled:

"AN ACT GRANTING WI-TRIBE TELECOMS, INC., A FRANCHISE TO CONSTRUCT, INSTALL, ESTABLISH, OPERATE AND MAINTAIN TELECOMMUNICATIONS SYSTEMS THROUGHOUT THE PHILIPPINES"

has considered the same and recommends that the attached House Bill No. **5613** entitled :

"AN ACT GRANTING WI-TRIBE TELECOMS, INC., A FRANCHISE TO CONSTRUCT, INSTALL, ESTABLISH, OPERATE AND MAINTAIN TELECOMMUNICATIONS SYSTEMS THROUGHOUT THE PHILIPPINES"

be approved in substitution of House Bill No. 5033 with Reps. Eleandro Jesus F. Madrona as authors thereof.

Respectfully submitted:



**MARCELINO "MARCY" R. TEODORO**

Chairman

Committee on Legislative Franchises

**THE HONORABLE THE SPEAKER  
HOUSE OF REPRESENTATIVES  
QUEZON CITY**

*Page 2 of 2*

*Committee Report*

*Re: House Bill No. 5033, Franchise application of Wi-Tribe Telecommunications, Inc.*

*Authored by: Hon. Eleandro Jesus F. Madrona*

Republic of the Philippines  
HOUSE OF REPRESENTATIVES  
Quezon City

FIFTEENTH CONGRESS

Second Regular Session

House Bill No. 5613

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Introduced by Reps. ELEANDRO JESUS F. MADRONA and  
MARCELINO "Marcy" M. TEODORO

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AN ACT  
GRANTING WI-TRIBE TELECOMS, INC., A FRANCHISE TO CONSTRUCT,  
INSTALL, ESTABLISH, OPERATE AND MAINTAIN TELECOMMUNICATIONS  
SYSTEMS THROUGHOUT THE PHILIPPINES

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

1       SECTION 1. *Nature and Scope of Franchise.* - Subject to the provisions of the  
2 Constitution and applicable laws, rules and regulations, there is hereby granted to  
3 Wi-Tribe Telecoms, Inc. (formerly Liberty Broadcasting Network, Inc.) hereunder  
4 referred to as the grantee, its successors or assigns, a franchise to construct, install,  
5 establish, operate and maintain for commercial purposes and in the public interest,  
6 throughout the Philippines and between the Philippines and other countries and  
7 territories, wire and/or wireless telecommunications systems, including but not limited  
8 to mobile, cellular, paging, fiber optics, multi-channel multi-point distribution system  
9 (MMDS), local multi-point distribution system (LMDS), satellite transmit and receive  
10 systems, switches, and their value-added services such as, but not limited to,  
11 transmission of voice, data, facsimile, control signs, audio and video, information  
12 services bureau and all other telecommunications systems technologies as are at  
13 present available or will be made available through technological advances or  
14 innovations in the future; and/or construct, acquire, lease and operate or manage

1 transmitting and receiving stations, lines, cables or systems as in or are convenient  
2 or essential to efficiently carry out the purpose of this franchise.

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

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

23 SEC. 4. *Ingress and Egress.* – For the purpose of erecting and maintaining  
24 poles or other supports for said wires or other conductors for the purpose of laying  
25 and maintaining underground wires, cables or other conductors, it shall be lawful for  
26 the grantee, its successors or assigns, with the prior approval of the Department of  
27 Public Works and Highways (DPWH) or the local government units concerned, as  
28 may be appropriate, to make excavations or lay conduits in any of the public places,  
29 highways, streets, lanes, alleys, avenues, sidewalks or bridges of said Local

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

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

16  
17 The grantee shall provide basic or enhanced telephone service in any city  
18 and/or municipality in the Philippines where it has an approved Certificate of Public  
19 Convenience and Necessity for the establishment, operation and maintenance of a  
20 local exchange service, without discrimination to any applicant therefor, in the order  
21 of the date of their applications, up to the limit of the capacity of its local telephone  
22 exchange, and should the demand for the telephone service at any time increase  
23 beyond the capacity thereof, the grantee shall increase the same to meet such  
24 demand: *Provided,* That in case the total demand to be satisfied by the expansion is  
25 less than the smallest viable local exchange available in the market as determined by  
26 the Commission, the grantee shall not be obliged to furnish such service unless the  
27 applicant for telephone service defrays the actual expenses for the installation of the  
28 telecommunications apparatus necessary for such services and in such case, the  
29 Commission may extend the time within which the grant shall furnish such service.

30 The grantee shall operate and maintain all its stations, lines, cables, systems,  
31 and equipment for the transmission and reception of messages, signals and pulses in

1 a satisfactory manner at all times, and as far as economical and practicable, modify,  
2 improve or change such stations, lines, cables, systems, and equipment to keep  
3 abreast with the advances in science and technology.

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

11 SEC. 7. *Right of Government.* – A special right is hereby reserved to the  
12 President of the Philippines, in times of war, rebellion, public peril, calamity,  
13 emergency, disaster or disturbance of peace and order, to temporarily take over and  
14 operate the stations, transmitters, facilities or equipment of the grantee, to  
15 temporarily suspend the operation of any station, transmitter, facility or equipment in  
16 the interest of public safety, security and public welfare, or to authorize the temporary  
17 use and operation thereof by any agency of the government, upon due compensation  
18 to the grantee for the use of said stations, transmitters, facilities or equipment during  
19 the period when they shall be so operated.

20 The radio spectrum is a finite resource that is part of the national patrimony  
21 and the use thereof is a privilege conferred upon the grantee by the State and may  
22 be withdrawn anytime after due process.

23 SEC. 8. *Term of Franchise.* – This franchise shall be in effect for a period of  
24 twenty-five (25) years unless sooner revoked or cancelled. This franchise shall be  
25 deemed *ipso facto* revoked in the event the grantee fails to comply with any of the  
26 following conditions:

- 27 (a) Commence operations within three (3) years from the approval of its operating  
28 permit or provisional authority by the NTC;

- 1 (b) Operate continuously for two (2) years; and
- 2 (c) Commence operations within five (5) years from the effectivity of this Act.

3 SEC. 9. *Acceptance and Compliance.* – Acceptance of this franchise shall be  
4 given in writing within sixty (60) days from the effectivity of this Act. Upon giving such  
5 acceptance, the grantee shall exercise the privileges granted under this Act. Non-  
6 acceptance shall render the franchise void.

7 SEC. 10. *Bond.* - The grantee shall file a bond with the National  
8 Telecommunications Commission (NTC), in the amount that the NTC shall  
9 determine, to guarantee compliance with and fulfillment of the conditions which this  
10 franchise is granted. If, after five (5) years from the date of the approval of its permit  
11 by the Commission, the grantee shall have fulfilled the same, the bond shall be  
12 cancelled by the Commission. Otherwise, the bond shall be forfeited in favor of the  
13 government and the franchise *ipso facto* revoked.

14 SEC. 11. *Right of Interconnection.* – The grantee is hereby authorized to  
15 connect or demand connection of its telecommunications systems to any other  
16 telecommunications systems installed, operated and maintained by any other duly  
17 authorized person or entity in the Philippines for the purpose of providing extended  
18 and improved telecommunications services to the public, under such terms and  
19 conditions mutually agreed upon by the parties concerned and the same shall be  
20 subject to the review and modification of the Commission.

21 SEC. 12. *Gross Receipts.* - The grantee, its successors or assigns, shall keep  
22 a separate account of the gross receipts of the business transacted by it and shall  
23 furnish the Commission on Audit (COA) and the National Treasury a copy of such  
24 account not later than the thirty-first (31st) day of January of each year for the  
25 preceding twelve (12) months.

26 SEC. 13. *Books and Accounts.* – The books and accounts of the grantee, its  
27 successor or assigns, shall always be open to the inspection of the Commission on

1     Audit and its duly-authorized representatives. It shall be the duty of the grantee to  
2     submit to the COA two (2) copies of the quarterly reports on the gross receipts, the  
3     net profits and the general condition of the business.

4             SEC. 14. *Warranty in Favor of the National and Local Governments.* – The  
5     grantee shall hold the national, provincial, city and municipal governments of the  
6     Philippines free from all claims, accounts, demands or actions arising out of  
7     accidents or injuries, whether to property or to persons, caused by the construction or  
8     operation of the stations, transmitters, facilities and equipment of the grantee.

9             SEC. 15. *Non-Transferability of Franchise* – The grantee shall not lease,  
10    transfer, grant the usufruct of, sell nor assign this franchise or the rights and  
11    privileges acquired thereunder to any person, firm, company, corporation or other  
12    commercial or legal entity, nor merge with any other corporation or entity, nor shall  
13    the controlling interest of the grantee be transferred, whether as a whole or in parts  
14    and whether simultaneously or contemporaneously, to any such person, firm,  
15    company, corporation or entity without the prior approval of the Congress of the  
16    Philippines. The conditions, terms, restrictions and limitations set by this Act shall be  
17    imposed on any person or entity to which this franchise is sold, transferred or  
18    assigned..

19            SEC. 16. *Dispersal of Ownership.* – In accordance with the constitutional  
20    provision to encourage public participation in public utilities, the grantee shall offer at  
21    least thirty percentum (30%) or a higher percentage that may hereafter be provided  
22    by law of its outstanding capital stock in any securities exchange in the Philippines  
23    within five (5) years from the commencement of its operations. Non-compliance  
24    therewith shall render the franchise *ipso facto* revoked.

25            SEC. 17. *Reportorial Requirement.* – The grantee shall submit an annual  
26    report to the Congress of the Philippines on its compliance with the terms and  
27    conditions of the franchise and on its operations within sixty (60) days from the end of  
28    every year.

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2       SEC. 18. *Equality Clause.* – Any advantage, favor, privilege, exemption, or  
3 immunity granted under existing franchise, or which may hereafter be granted, shall  
4 *ipso facto* become part of this franchise and shall be accorded immediately and  
5 unconditionally to the therein grantee: Provided, however, That the foregoing shall  
6 neither apply to nor affect provisions of telecommunications franchises concerning  
7 territory covered by the franchise, the life span of the franchise or the type of service  
8 authorized by the franchise.

9       SEC. 19. *Separability Clause.* – If any of the sections or provisions of this Act  
10 is held invalid, all other provisions not affected thereby shall remain valid.

11       SEC. 20. *Repealability and Non-exclusivity Clause.* – This franchise shall be  
12 subject to amendment, alteration, or repeal by the Congress of the Philippines when  
13 the public interest so requires and shall not be interpreted as an exclusive grant of  
14 the privileges herein provided for.

15       SEC. 21. *Effectivity Clause.* – This Act shall take effect fifteen (15) days from  
16 the date of its publication, upon the initiative of the grantee, in at least two (2) papers  
17 of general circulation in the Philippines.

18       Approved,

Republic of the Philippines  
HOUSE OF REPRESENTATIVES  
Quezon City

FIFTEENTH CONGRESS  
Second Regular Session

House Bill No. 5033



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Introduced by **HON. ELEANDRO JESUS F. MADRONA**

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**EXPLANATORY NOTE**

It has been observed that mobile technology in the Philippines is a resounding success. With the introduction of prepaid cards and text messaging, Philippine cellular phone service experienced phenomenal success.<sup>1</sup> Sadly, however, Internet access has poorly lagged behind, with penetration rates of a paltry 21.5% as of March 2009.<sup>2</sup>

There is therefore much to be achieved in the sector, especially by way of competition, coverage and penetration rates. With the continuing trend of mergers and acquisitions in the telecommunications sector, there is a dearth of competing firms that can effectively offer alternative choices to consumers and drive competitive growth.

Wi-Tribe Telecoms, Inc. remains one of the few companies that is at the forefront of presenting an alternative choice to existing carriers.

The promotion of a healthy competitive telecommunications industry is an avowed State policy.<sup>3</sup> The reasons therefor are not at all hard to see: effective competition is expected to drive innovative product offerings, improve grades of service, reduce telecommunications charges and promote further development of the sector.

The continued participation of Wi-Tribe Telecoms, Inc. in the telecommunications industry will greatly contribute to the attainment of the aforesaid State policy.

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

  
**ELEANDRO JESUS F. MADRONA**

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<sup>1</sup> Sarmiento and Heceta, Regulation of the Telecommunications/ICT Sector, Vol. I, p. 202

<sup>2</sup> See [universalmccann.bitecp.com/wave4/Wave4.pdf](http://universalmccann.bitecp.com/wave4/Wave4.pdf)

<sup>3</sup> See Section 4 (f) of Republic Act No. 7925

Republic of the Philippines  
HOUSE OF REPRESENTATIVES  
Quezon City

FIFTEENTH CONGRESS

Second Regular Session

House Bill No. 5033

---

**Introduced by HON. ELEANDRO JESUS F. MADRONA**

---

**AN ACT**

**GRANTING WI-TRIBE TELECOMS, INC., A FRANCHISE TO CONSTRUCT, INSTALL, ESTABLISH, OPERATE AND MAINTAIN TELECOMMUNICATIONS SYSTEMS THROUGHOUT THE PHILIPPINES**

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

**SECTION 1. *Nature and Scope of Franchise.*** - Subject to the provisions of the Constitution and applicable laws, rules and regulations, there is hereby granted to WI-TRIBE TELECOMS, INC., hereunder referred to as the grantee, its successors or assigns, a franchise to construct, install, establish, operate and maintain for commercial purposes and in the public interest, throughout the Philippines and between the Philippines and other countries and territories, wire and/or wireless telecommunications systems, including but not limited to mobile, cellular, broadband wireless access, paging, fiber optics, multi-channel distribution system (MMDS), local multi-point distribution system (LMDS), satellite transmit and receive systems, switches, and their value-added services such as, but not limited to, transmission of voice, data, facsimile, control signs, audio and video, information services bureau and all other telecommunications systems technologies as are at present available or will be made available through technological advances or innovations in the future; and/or construct, acquire, lease and operate or manage transmitting and receiving stations, lines, cables or systems as in or are convenient or essential to efficiently carry out the purpose of this franchise.

SEC. 2. *Manner of Operation of Stations of Facilities.* - The stations or facilities of the grantee shall be constructed and operated in a manner as will at most result only in the minimum interference on the wavelengths or frequencies of existing stations or other stations which may be established by law, without in any way diminishing its own right to use its selected wavelengths or frequencies and the quality of transmission or reception thereon as should maximize rendition of the grantees services and/or the availability thereof.

SEC. 3. *Authority of the National Telecommunications Commission.* - The grantee shall secure from the National Telecommunications Commission (NTC), hereinafter referred to as the Commission, a Certificate of Public Convenience and Necessity or the appropriate permits and licenses for the construction, installation and operation of its telecommunications systems/facilities. In issuing the certificate, the Commission shall have the power to impose such conditions relative to the construction, operation, maintenance, or service level of the telecommunications system. The Commission shall have the authority to regulate the construction and operation of its telecommunications systems. The grantee shall not use any frequency in the radio spectrum without having been authorized by the Commission. Such certificate shall state the areas covered and date the grantee shall commence the service. The Commission, however, shall not unreasonably withhold or delay the grant of any such authority, permits or licenses.

SEC. 4. *Ingress and Egress.* - For the purpose of erecting and maintaining poles or other supports for said wires or other conductors for the purpose of laying and maintaining underground wires, cables or other conductors, it shall be lawful for the grantee, its successors or assigns, with the prior approval of the Department of Public Works and Highways (DPWH), to make excavations or lay conduits in any of the public places, highways, streets, lanes, alleys, avenues, sidewalks or bridges of said province, cities and/or municipalities: *Provided, however,* That a public place, highway, street, lane, alley, avenue, sidewalk or bridge disturbed, altered or changed by reason of erection of poles or other supports or the underground laying of wires, other conductors or conduits, shall be repaired and replaced in workmanlike manner by said grantee, its successors or assigns, in accordance with the standards set by DPWH. Should the grantee, its successors assigns, after the ten days notice

from the said authority, fail, refuse or neglect to repair or replace any part of public place, road, highway, street, lane, alley, avenue, sidewalk or bridge altered, changed or disturbed by the said grantee, its successors or assigns, then the DPWH shall have the right to have the same repaired and placed in good order and condition at double expense to be charged against the grantee, its successors or assigns.

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

The grantee shall provide basic or enhanced telephone service in any municipality in the Philippines where it has an approved Certificate of Public Convenience and Necessity for the establishment, operation and maintenance of a local exchange service, without discrimination to any applicant therefor, in the order of the date of their applications, up to the limit of the capacity of its local telephone exchange, and should the demand for the telephone service at any time increase beyond the capacity thereof, the grantee shall increase the same to meet such demand: *Provided*, That in case the total demand to be satisfied by the expansion is less than the smallest viable local exchange available in the market as determined by the Commission, the grantee shall not be obliged to furnish such service unless the applicant for telephone service defrays the actual expenses for the installation of the telecommunications apparatus necessary for such services and in such case, the Commission may extend the time within which the grant shall furnish such service.

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

SEC. 6. *Rates for Services.* - The charges and rates for telecommunications services of the grantee, except the rates and charges on those that may hereafter be declared or considered as nonregulated services,

whether flat rates or measured rates or variation thereof, shall be subject to the approval of the Commission or its legal successor. The rates to be charged by the grantee shall be unbundled, separable and distinct among the services offered and shall be determined in such a manner that regulated services do not subsidize the unregulated ones.

SEC. 7. *Right of Government.* – A special right is hereby granted to the President of the Philippines, in times of war, rebellion, public peril, calamity, emergency, disaster or disturbance of peace and order, to temporarily take over and operate the stations, transmitters, facilities or equipment of the grantee, to temporarily suspend the operation of any station, transmitter, facility or equipment in the interest of public safety, security and public welfare, or to authorize the temporary use and operation thereof by any agency of the government, upon due compensation to the grantee for the use of said stations, transmitters, facilities or equipment during the period when they shall be so operated.

The radio spectrum is a finite resource that is part of the national patrimony and the use thereof is a privilege conferred upon the grantee by the State and may be withdrawn anytime after due process.

SEC. 8. *Term of Franchise.* – This franchise shall be for a term of twenty-five (25) years from the date of effectivity of this Act, unless sooner revoked or cancelled. This franchise shall be deemed *ipso facto* revoked in the event the grantee fails to comply with any of the following conditions:

- (a) Commence operation within three (3) years from the approval of its operating permit by the National Telecommunications Commission;
- (b) Operate continuously for two (2) years; and
- (c) Commence operations within five (5) years from the effectivity of this Act.

SEC. 9. *Acceptance and Compliance.* – Acceptance of this franchise shall be given in writing within sixty (60) days from the effectivity of this Act. Upon giving such acceptance, the grantee shall exercise the privileges granted under this Act. Nonacceptance shall render the franchise void.

SEC. 10. *Bond.* - The grantee shall file a bond issued in favor of the National Telecommunications Commission, which shall determine the amount, to guarantee the compliance with and fulfillment of the conditions under which this franchise is granted. If, after five (5) years from the date of the approval of its permit by the Commission, the grantee shall have fulfilled the same, the bond shall be cancelled by the Commission. Otherwise, the bond shall be forfeited in favor of the government and the franchise *ipso facto* revoked.

SEC. 11. *Right of Interconnection.* - The grantee is hereby authorized to connect or demand connection of its telecommunications systems to any other telecommunications systems installed, operate and maintained by any other duly authorized person or entity in the Philippines for the purpose of providing extended and improved telecommunications services to the public, under such terms and conditions mutually agreed upon by the parties concerned and the same shall be subject to the review and modification of the Commission.

SEC. 12. *Gross Receipts.* - The grantee, its successors or assigns, shall keep a separate account of the gross receipts of the business transacted by it and shall furnish the Commission on Audit and the National Treasury a copy of such account not later than the thirty-first (31st) day of January of each year for the preceding twelve (12) months.

SEC. 13. *Books and Accounts.* - The books and accounts of the grantee, its successor or assigns, shall always be open to the inspection of the Commissioner on Audit or his authorized representatives and it shall be the duty of the grantee to submit to the COA two (2) copies of the quarterly reports on the gross receipts, the net profits and the general condition of the business.

SEC. 14. *Warranty in Favor of the National and Local Governments.* - The grantee shall hold the national, provincial, city and municipal governments of the Philippines harmless from all claims, accounts, demands or actions arising out of accidents or injuries, whether to property or to persons, caused by the construction or operation of the stations, transmitters, facilities and equipment of the grantee.

SEC. 15. *Sale, Lease, Usufruct, etc.* - The grantee shall not lease, transfer, grant the usufruct of, sell or assign this franchise or the rights and

privileges acquired thereunder to any person, firm, company, corporation or entity, nor merge with any other corporation or entity without the prior approval of the Congress of the Philippines. Neither shall the controlling interest in the grantee be transferred, whether as a whole or in parts and whether simultaneously or contemporaneously, to any such person, firm, company, corporation or entity without the prior approval of the Congress of the Philippines: provided, that the foregoing limitations shall not apply to: (a) Any transfer or issuance of shares of stock in the implementation of the requirement for the dispersal of the grantee's ownership pursuant to Section 16 of this Act; (b) any transfer or sale of shares of stock to a foreign investor or investors; (c) any issuance of shares to any foreign or local investors pursuant to or in connection with any increase in the grantee's authorized capital stock which shall result in the dilution of the stockholdings of the grantee's then existing stockholders; (d) any combination thereof where such transfer, sale or issuance is effected in order to enable the grantee to raise the necessary capital or financing for the provision of any of the services authorized by this Act and/or to carry out any of the purposes for which the grantee has been incorporated or organized: provided, further, that any such transfer, sale or issuance is in accordance with any applicable constitutional limitations. Any person or entity to which this franchise is validly sold, transferred or assigned shall be subject to all the same conditions, terms, restrictions, and limitations of this Act.

SEC. 16. *Dispersal of Ownership.* - In accordance with the constitutional provision to encourage public participation in public utilities, the grantee shall offer at least thirty percentum (30%) of its outstanding capital stock or a higher percentage that may hereafter be provided by law in any securities exchange in the Philippines within five (5) years from the commencement of its operations. Noncompliance therewith shall render the franchise *ipso facto* revoked.

SEC. 17. *Equality Clause.* - Any advantage, favor, privilege, exemption, or immunity granted under existing franchise, or which may hereafter be granted, shall *ipso facto* become part of this franchise and shall be accorded immediately and unconditionally to the herein grantee: Provided, however, That the foregoing shall neither apply to nor affect provisions of telecommunications franchises concerning territory covered by the franchise, the life span of the franchise or the type of service authorized by the franchise.

SEC. 18. *Reportorial Requirement.* – The grantee shall submit an annual report to the Congress of the Philippines on its compliance with the terms and conditions of the franchise and on its operations within sixty (60) days from the end of every year.

SEC. 19. *Separability Clause.* – If any of the sections or provisions of this Act is held invalid, all other provisions not affected thereby shall remain valid.

SEC. 20. *Repealability and Nonexclusivity Clause.* – This franchise shall be subject to amendment, alteration, or repeal by the Congress of the Philippines when the public interest so requires and shall not be interpreted as an exclusive grant of the privileges hereín provided for.

SEC. 21. *Effectivity Clause.* – This Act shall take effect fifteen (15) days from the date of its publication, upon the initiative of the grantee, in at least two (2) newspapers of general circulation in the Philippines.

Approved,

Republic of the Philippines  
HOUSE OF REPRESENTATIVES  
Quezon City

**MINUTES OF THE MEETING OF THE COMMITTEE ON LEGISLATIVE FRANCHISES  
HELD ON NOVEMBER 29, 2011, 1:30 P.M. AT CONFERENCE ROOM NOS. 9 & 10,  
RAMON V. MITRA, JR. BLDG., BATASAN PAMBANSA COMPLEX, QUEZON CITY**

**I. CALL TO ORDER**

The Chair, Rep. Marcelino R. "Marcy" Teodoro, called the meeting to order at 2:03 p.m.

**II. ROLL CALL OF MEMBERS / DETERMINATION OF QUORUM**

Rep. Lapus moved to dispense with the calling of the roll of members. Duly seconded, and there being no objection, the same was approved.

**III. APPROVAL OF THE MINUTES OF THE COMMITTEE MEETINGS HELD ON  
NOVEMBER 16, 2011**

Rep. Madrona, moved to approve and dispense with the reading of the minutes of the Committee meeting held on November 16, 2010, duly seconded. There being no objection, the same was approved.

**IV. ACKNOWLEDGEMENT OF COMMITTEE MEMBERS, RESOURCE PERSONS AND  
GUESTS**

The Officer-in-Charge acknowledged the presence of the members of the Committee to wit: Reps. Madrona, Lapus, Violago, Arnaiz, Quimbo, Aggabao, Romualdo and Lazatin, officers of the franchise applicants from Mt. Asog Broadcasting Network, Inc. Mr. Ramon Moraleda, Chairman; Mr. Stephen Sadia, Secretary and former Member of the House of Representatives, Atty. Felix Alferlor, Jr.; from Wi-Tribe Telecoms Ms. Catherine Laurel-Carpio, Corporate Secretary; Atty. Filmar Callejo, Secretary; Mr. Paul Bernard Causon, Treasurer and Mr. Edmund Pike, Head of Marketing; from the Pantabangan Municipal Electric System Mr. Johnson Mangalili, OIC; Atty. Harrison Viray, Legal Counsel and Engr. Eduardo Santiago and resource person from NTC, CCAD Director, Engr. Ed Cabarios and Broadcast Div. Director, Engr. Alvin Blanco and from NEA, Legal Director Vic Alvaro.

**V. APPROVAL OF THE COMMITTEE REPORTS ON HB NO. 5336, 5337 and HB 5359**

**a. Amendment to Pagcor Charter**

Rep. Romualdo moved to approve the Pagcor Committee Report minus the proposed additional provisions on the regulatory functions of Pagcor.

Rep. Arnaiz asked the body on who will regulate the existing casino companies licensed by Pagcor prior to enactment of the measure at hand.

The Chair stated that in the 2007 amendment of the Pagcor Charter, a provision was inserted giving the Pagcor the power to issue licenses to Casino operators. However, the bill under discussion proposes to revert back to Congress the power to issue such licenses. Thus, the provisions proposing to provide Pagcor with quasi-judicial powers will defeat the purpose of reverting back to Congress the power to grant such licenses to casino operators.

The meeting was suspended at 2:30 p.m and resumed at 2:36 p.m

Rep. Romualdo stated that current license holders should be allowed to continue their operations until licenses expire but said licenses can only be renewed if they secure a legislative franchise from Congress.

Rep. Lazatin suggested that within three years after the enactment of the measure, the license holders should secure a legislative franchise. Failure to do so, would automatically cancel existing licenses.

On the issue of requiring current operators to seek a legislative franchise, the Chair suggested to insert a transitory provision in the proposed measure to enable the current operators to comply with the franchise requirement within a specific period.

Rep. Lopus moved for the approval of the Committee Report on the Amendment to Pagcor Charter and duly seconded the same was approved.

#### **b. Amendments to the Civil Aeronautics Act**

The Committee approved the Committee Report on the amendment to the Civil Aeronautics Act with the understanding that additional amendments maybe further proposed.

#### **VI DELIBERATION ON HB NO. 1862, "AN ACT GRANTING THE MT. ASOG BROADCASTING NETWORK, INC. A FRANCHISE TO CONSTRUCT, INSTALL, ESTABLISH, OPERATE AND MAINTAIN RADIO AND TELEVISION STATIONS ANYWHERE IN LUZON" by Hon. Eleandro Jesus F. Madrona**

Rep. Madrona informed the Committee that the application had been already approved in the 14<sup>th</sup> Congress and transmitted to the Senate on December 17, 2009. Due to lack of material time, Congress failed to enact the said application.

Rep. Romualdo expressed that it was a practice of the Committee as a gesture of courtesy to consider favorably such application that have gone thru the scrutiny of the previous Congress. He moved for the approval of the bill and duly seconded, the Committee approved House Bill No. 1862 subject to the standard Committee style and format on broadcasting franchise.

***The Chair directed the Secretariat to prepare the appropriate Committee Report and submit the same during the next meeting for approval.***

**VII DELIBERATION ON HB NO. 5033, "AN ACT GRANTING WI-TRIBE TELECOMS, INC. A FRANCHISE TO CONSTRUCT, INSTALL, ESTABLISH OPERATE AND MAINTAIN TELECOMMUNICATIONS SYSTEMS THROUGHOUT THE PHILIPPINES"** authored by Hon. Eleandro Jesus F. Madrona

Rep. Madrona informed the Committee that the applicant, Wi-tribe Telecoms, Inc., has diligently complied with the documentary requirements of the Committee. He urged the Committee to favorably consider the said application.

Rep. Arnaiz reminded the Committee to include the provisions regarding the DPWH ingress and egress policy, and the consent of the local government units concern where the applicant will operate and the tax provisions for the local government units. The Chair agreed and will consider the same to include in the Committee Report.

Rep. Aggabao moved for the approval of the bill and seconded by Rep. Lapus, the Committee approved House Bill No. 5053 subject to the standard Committee style and format on telecommunications franchise.

***The Chair directed the Secretariat to prepare the appropriate Committee Report and submit the same during the next meeting for approval.***

**VIII DELIBERATION ON HB NO. 3828, "AN ACT AMENDING THE FRANCHISE OF PANTABANGAN MUNICIPAL ELECTRIC SYSTEM BY RENEWING/EXTENDING THE TERM OF THE FRANCHISE TO TWENTY-FIVE YEARS FROM THE DATE OF APPROVAL OF THIS ACT"** authored by Hon. Joseph Gilbert P. Violago

Rep. Violago informed the Committee that with the enactment of the EPIRA law that the power to grant franchises to persons engaged in the transmission and distribution of electricity rests exclusively in the Congress of the Philippines. It is for this reason that the applicant is seeking a legislative franchise for power distribution in the municipality of Pantabangan, Nueva Ecija.

Rep. Lapus asked the representative of NEA as to their opinion regarding the application for a legislative franchise for power distribution of Pantabangan Municipal Electric System.

Atty. Vic Alvaro, Legal Director of NEA representing Administrator Edith Bueno, said that the agency interpose no objection to the application of the said applicant.

Rep. Lapuz moved for the approval of the said measure and duly seconded by Rep. Quimbo, the Committee approved House Bill No. 3828 subject to the standard Committee style and format on power distribution franchise.

***The Chair directed the Secretariat to prepare the appropriate Committee Report and submit the same during the next meeting for approval.***

## IX. ADJOURNMENT

The Chair acknowledged the presence of Rep. Mitos Magsaysay, Danilo Suarez and Rufus Rodriguez.

Rep. Arnaiz moved for the adjournment of the meeting, duly seconded by Rep. Lapus

There being no other matters to discuss, the meeting adjourned at 2:49 p.m.

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I hereby certify to the correctness of the foregoing.

Prepared by:

  
**ANTONIO T. ORTEGA**  
OIC/SLSO II

Attested by:

  
**MAY M. ARANETA**  
Service Director

Approved by:

  
**MARCELINO R. "MARCY" TEODORO**  
Chairman

## FACT SHEET

### HOUSE BILL NO. 5033

(As approved by the Committee on November 29, 2011)

#### **AN ACT GRANTING WI-TRIBE TELECOMS, INC., A FRANCHISE TO CONSTRUCT, INSTALL, ESTABLISH, OPERATE AND MAINTAIN TELECOMMUNICATIONS SYSTEMS THROUGHOUT THE PHILIPPINES**

*Introduced by: HON. ELEANDRO JESUS F. MADRONA*

*Committee Referral: LEGISLATIVE FRANCHISES*

*Committee Chairperson: HON. MARCELINO C. TEODORO*

#### **OBJECTIVES:**

- Grants the Wi-Tribe Telecoms, Inc., a franchise to construct, install, establish and maintain telecommunications systems throughout the Philippines.
- Provides effective competition, coverage and penetration in the Internet services market.
- Promotes innovative product offerings, improve grades of service, reduce telecommunications charges and promote further development of the telecommunications industry.

#### **KEY PROVISIONS:**

- Allows the grantee to provide basic or enhanced telephone service in any city or municipality in the Philippines where it has an approved Certificate of Public Convenience and Necessity.
- Requires the grantee to secure from the National Telecommunications Commission (NTC) a Certificate of Public Convenience and Necessity (CPCN).
- Provides the NTC with the power to regulate the operation of the grantee's telecommunications system.
- Requires that charges and rates for the grantee's telecommunication service shall be subject to the approval of the NTC.
- Prohibits the grantee from leasing, transferring, selling or assigning the franchise or the controlling interest thereof without the prior approval of the Congress of the Philippines.

**RELATED LAW:** RA 1553 – An Act Granting Eliseo B. Lemi a Temporary Permit to Construct, Maintain and Operate Radio Broadcasting Stations and Stations for Television in the Philippines.