

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SIXTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 5154



Introduced by REP. ARTURO B. ROBES

EXPLANATORY NOTE

The Philippines' telecommunications landscape is dominated by "for-profit" enterprises as shown by their combined net profits of more than P25 Billion in 2013. While the present players provide the necessary connectivity for the country in terms of the traditional circuit voice and text in the cellular telecommunications space, the current telecommunications landscape leaves a lot to be desired in terms of:

- a. Quality of service which unfortunately, despite pronouncements of the latest adoption of technology like 4G, only leads to more expensive service than affordability to consumers;
- b. Very low internet penetration (about 6%) in the Philippines which is very keen to not only the improvement of lives but towards the easy access and acquisition of knowledge and skills to help in nation building; and
- c. Providing internet connectivity to the poor, the millions at the bottom-of-the pyramid of society, who cannot afford the devices and the monthly service fees that incumbents offer in their internet business.

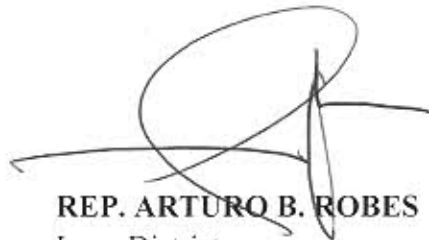
There is therefore a need to introduce in the telecommunications industry companies who possess a vision different from the present players in the market – to make information easily accessible to majority of our underprivileged constituents.

Pipol Broadband and Telecommunications Corporation (Pipol Broadband) represents this niche, with its earnest and experienced focus on white space comprising of servicing the poor, the use of low-cost technology and its software and patented business processes to efficiently serve its market. Pipol Broadband could help the Philippines improve internet connectivity to the unserved and under-served areas without necessarily treading on the turf of incumbent telcos.

Further, Pipol Broadband brings a fresh and responsible way of doing telecommunications in the country by committing that its service is geared towards educational goals which will allow learning for the underprivileged and all those who have no means to access to the formal

education system. The system will also aggressively filter all unwanted content in its service such as blog sites that show or promote pornography and the like. The distribution of its services will likewise be through poor communities so that it consequently promotes and dispenses livelihood to the poor. It aims to partner with the necessary branches of government to be able to help in public service such as public safety advisories and community alleviation announcements. This is because Pipol Broadband, unlike other telcos, is inherently not just an enterprise doing telecommunications and internet service. It is a social enterprise that has the poor and marginalized at heart as its public with which it provides its telecommunications service (Telecoms, Internet and Broadband for the Poor).

Hence, the early passage of this bill is earnestly sought.

A stylized, handwritten signature in black ink, consisting of a large, sweeping 'R' followed by a vertical stroke and a horizontal line.

REP. ARTURO B. ROBES

Lone District

San Jose del Monte City

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2 HOUSE OF REPRESENTATIVES
3 Quezon City

4 SIXTEENTH CONGRESS
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6 HOUSE BILL NO. **5154**

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8
9 AN ACT

10 GRANTING THE PIPOL BROADBAND AND TELECOMMUNICATIONS
11 CORPORATION A FRANCHISE TO CONSTRUCT, INSTALL, ESTABLISH,
12 OPERATE AND MAINTAIN TELECOMMUNICATIONS SYSTEMS THROUGHOUT
13 THE PHILIPPINES

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

16 SECTION 1. *Nature and Scope of Franchise.* – Subject to the provisions of the 1987
17 Constitution and applicable laws, rules and regulations, there is hereby granted to Pipol
18 Broadband and Telecommunications Corporation, hereunder referred to as the grantee, its
19 successors or assigns, a franchise to construct, install, establish, operate and maintain for
20 commercial purposes and in the public interest, throughout the Philippines and between the
21 Philippines and other countries and territories, wire and/or wireless telecommunications systems
22 including, but not limited to, mobile, cellular, paging, fiber optics, multi-channel multi-point
23 distribution system (MMDS), local multi-point distribution system (LMDS), satellite transmit
24 and receive systems, switches, and their value-added services such as, but not limited to,
25 transmission of voice, data, facsimile, control signs, audio and video, information services
26 bureau and all other telecommunications systems technologies as are at present available or will
27 be made available through technological advances or innovations in the future; and/or construct,
28 acquire, lease and operate or manage transmitting and receiving stations, lines, cables or systems
29 as in or are convenient or essential to efficiently carry out the purpose of this franchise.

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

36 SEC. 3. *Authority of the National Telecommunications Commission.* – The grantee shall secure
37 from the National Telecommunications Commission (NTC), hereinafter referred to as the
38 Commission, a Certificate of Public Convenience and Necessity or the appropriate permits and
39 licenses for the construction, installation and operation of its telecommunications

1 systems/facilities. In issuing the certificate, the Commission shall have the power to impose such
2 conditions relative to the construction, operation, maintenance, or service level of the
3 telecommunications systems. The Commission shall have the authority to regulate the
4 construction and operation of its telecommunications systems. The grantee shall not use any
5 frequency in the radio spectrum without having been authorized by the Commission. Such
6 certificate shall state the areas covered and date the grantee shall commence the service. The
7 Commission, however, shall not unreasonably withhold or delay the grant of any such authority,
8 permits or licenses.

9 SEC. 4. *Excavation and Restoration Works.* – For the purpose of erecting and maintaining poles
10 or other supports for said wires or other conductors for the purpose of laying and maintaining
11 underground wires, cables or other conductors, it shall be lawful for the grantee, its successors or
12 assigns, with the prior approval of the Department of Public Works and Highways (DPWH) or
13 the local government units concerned, as may be appropriate, to make excavations or lay
14 conduits in any of the public places, highways, streets, lanes, alleys, avenues, sidewalks or
15 bridges of said local government unit: *Provided, however,* That a public place, highway, street,
16 lane, alley, avenue, sidewalk or bridge disturbed, altered or changed by reason of erection of
17 poles or other supports or the underground laying of wires, other conductors or conduits, shall be
18 repaired and replaced in workmanlike manner by said grantee, its successors or assigns, in
19 accordance with the standards set by the DPWH or the local government units concerned. Should
20 the grantee, its successors or assigns, after the ten (10)-day notice from the said authority, fail,
21 refuse or neglect to repair or replace any part of public place, road, highway, street, lane, alley,
22 avenue, sidewalk or bridge altered, changed or disturbed by the said grantee, its successors or
23 assigns, then the DPWH or the local government units concerned shall have the right to have the
24 same repaired and placed in good order and condition at double expense to be charged against
25 the grantee, its successors or assigns.

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

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

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

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

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

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

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

- 25 (a) Commence operation within three (3) years from the approval of its operating permit or
26 provisional authority by the NTC;
- 27 (b) Operate continuously for two (2) years; and
- 28 (c) Commence operations within five (5) years from the effectivity of this Act.

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

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

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

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

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

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

20 SEC. 15. *Sale, Lease, Transfer, Usufruct, or Assignment of Franchise.* – The grantee shall not
21 sell, lease, transfer, grant the usufruct of, or assign this franchise or the rights and privileges
22 acquired thereunder to any person, firm, company, corporation or other commercial or legal
23 entity, or merge with any other corporation or entity, or shall transfer the controlling interest of
24 the grantee, whether as a whole or in parts and whether simultaneously or contemporaneously, to
25 any such person, firm, company, corporation or entity without the prior approval of the Congress
26 of the Philippines: *Provided*, That Congress shall be informed of any sale, lease, transfer, grant
27 of usufruct, or assignment of franchise or the rights or privileges acquired within sixty (60) days
28 after the completion of said transaction: *Provided, further*, That failure to report to Congress
29 such change of ownership shall render the franchise *ipso facto* revoked: *Provided, finally*, That
30 any person or entity to which this franchise is sold, transferred or assigned, shall be subject to the
31 same conditions, terms, restrictions and limitations of this Act.

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

37 SEC. 17. *Reportorial Requirement.* – The grantee shall submit an annual report to the Congress
38 of the Philippines, through the Committee on Legislative Franchises of the House of
39 Representatives and the Committee on Public Services of the Senate, on its compliance with the

1 terms and conditions of the franchise and on its operations on or before April 30 of the
2 succeeding year.

3 SEC. 18. *Penalty Clause.* – Any grantee who fails to submit the requisite Annual Report to
4 Congress shall be fined Five Hundred Pesos (P500.00) per working day of non-compliance. The
5 fine shall be collected by the NTC from said delinquent franchise grantee separate from the
6 reportorial penalties imposed by NTC. All proceeds from said fines or penalties shall accrue to
7 the monitoring fund of the NTC in line with its supervisory and regulatory functions. The
8 reportorial compliance certificate issued by Congress shall be required before any application for
9 permit or certificate is accepted by NTC.

10 SEC. 19. *Equality Clause.* – Any advantage, favor, privilege, exemption, or immunity granted
11 under other existing franchise, or which may hereafter be granted, upon prior review and
12 approval of Congress, shall become part of this franchise and shall be accorded immediately
13 and unconditionally to the herein grantee: *Provided, however,* That the foregoing shall neither
14 apply to nor affect provisions of telecommunications franchises concerning territory covered by
15 the franchise, the life span of the franchise or the type of service authorized by the franchise.

16 SEC. 20. *Separability Clause.* – If any of the sections or provisions of this Act is held invalid, all
17 other provisions not affected thereby shall remain valid.

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

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

23 Approved,
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