

Republic of the Philippines
House of Representatives
Quezon City

Seventeenth Congress
1st Regular Session
4849
House Bill No. _____



Introduced by Rep. Ricardo T. Belmonte, Jr.

EXPLANATORY NOTE

**"The State recognizes the vital role of communication and information
in nation-building."**

-Art. II, Sec. 24, The 1987 Constitution of the Republic of the Philippines

This bill seeks to renew the franchise granted to Omninet Philippines, Inc. under Republic Act No. 7298 entitled, "An Act Granting Omninet Philippines, Inc. A Franchise to Establish, Install, Maintain, Lease and Operate Wire and/or Wireless Telecommunications Systems, Lines, Circuits and Stations Within and Without the Philippines And For Other Purposes" enacted into law on 26 March 1992.

Omninet Philippines, Inc. is a renowned pioneer in the Philippine public mobile radio system industry, having successfully developed and set up a nationwide radio system and microwave network, including the establishment of interconnection agreements with public switched telephone networks, which provided part of the backbone for the existing telecommunications and information infrastructure in our country.

The 2016 National Elections will go down in Philippine history as the year when mobile communications and social media in particular, and information technology in general, became gamechangers in the exercise of our right of suffrage and catalysts to the growth of our vibrant democracy. The times demand continuous improvement and enhancement of our communications and information systems, and concomitant to this is the assurance that capable and trusted industry partners are capacitated and licensed to provide the support needed by the government in this endeavour.

Omninet Philippines, Inc. will be a strong partner of the Philippine government in the provision and accessibility of these vital communication and information services. The approval of this bill is earnestly requested.

Hon. Ricardo T. Belmonte, Jr. *Se*

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AN ACT

RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO OMNINET PHILIPPINES, INC. UNDER REPUBLIC ACT NO. 7298 ENTITLED "AN ACT GRANTING TO OMNINET PHILIPPINES, INC. A FRANCHISE TO ESTABLISH, INSTALL, MAINTAIN, LEASE AND OPERATE WIRE AND/OR WIRELESS TELECOMMUNICATION SYSTEMS, LINES, CIRCUITS AND STATIONS WITHIN AND WITHOUT THE PHILIPPINES AND FOR OTHER PURPOSES"

Be it enacted by the Senate and 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, the franchise granted to Omninet Philippines, Inc., under Republic Act No. 7298 entitled "AN ACT GRANTING TO OMNINET PHILIPPINES, INC. A FRANCHISE TO ESTABLISH, INSTALL, MAINTAIN, LEASE AND OPERATE WIRE AND/OR WIRELESS TELECOMMUNICATION SYSTEMS, LINES, CIRCUITS AND STATIONS WITHIN AND WITHOUT THE PHILIPPINES AND FOR OTHER PURPOSES" and hereunder referred to as the grantee, its successors or assigns to establish, install maintain, lease and operate for commercial purposes and in the public interest wire and/or wireless telecommunication systems, lines, circuits and stations, fiber optics, microwave and other facilities that are appropriate to the provision of up-to-date telecommunication facilities within and without the Philippines for public communications including but not limited to two-way radio communications systems, paging, mobile/cellular services, packet switched system, satellite transmit and receive systems, switches, pay television and/or program services by wire or wireless means and other telecommunication systems and their value-added services is hereby renewed for another twenty-five (25) years from the effectivity of this Act.

SEC. 2. *Manner of Operation of Stations or Facilities.*— The stations or facilities of the grantee shall be constructed and operated in a manner as will, at most, result

1 only in the minimum interference on the wavelengths or frequencies of existing
2 stations or other stations which may be established by law, without in any way
3 diminishing its own privilege to use its selected wavelengths or frequencies and the
4 quality of transmission or reception thereon as should maximize rendition of the
5 grantee's services and/or the availability thereof.

6
7 SEC. 3. *Authority of the National Telecommunications Commission (NTC).*— The
8 grantee shall secure from the National Telecommunications Commission a
9 Certificate of Public Convenience and Necessity or the appropriate permits and
10 licenses for the construction, installation and operation of its telecommunications
11 systems/facilities. In issuing the certificate, the NTC shall have the power to impose
12 such conditions relative to the construction, operation, maintenance, or service level
13 of the telecommunications system. The NTC shall have the authority to regulate the
14 construction and operation of its telecommunications systems. The grantee shall not
15 use any frequency in the radio spectrum without authorization from the NTC. Such
16 certificate shall state the areas covered and the date the grantee shall commence the
17 service. The NTC, however, shall not unreasonably withhold or delay the grant of
18 such authority, permit or license.

19
20 SEC. 4. *Excavation and Restoration Works.* - For the purpose of erecting and
21 maintaining poles or other supports for said wires or other conductors for the
22 purpose of laying and maintaining underground wires, cables or other conductors, it
23 shall be lawful for the grantee, its successors or assignees, with the prior approval of
24 the Department of Public Works and Highways (DPWH) or the local government
25 unit (LGU) concerned, as may be appropriate, to make excavations or lay conduits in
26 any of the public places, roads, highways, streets, lanes, alleys, avenues, sidewalks,
27 or bridges of the province, cities, and/or municipalities: *Provided, however,* That a
28 public place, road, highway, street, lane, alley, avenue, sidewalk, or bridge
29 disturbed, altered or changed by reason of erection of poles or other supports or the
30 underground laying of wires, other conductors or conduits, shall be repaired and
31 replaced in workmanlike manner by said grantee, its successors or assignees, in
32 accordance with the standards set by DPWH or the LGU concerned. Should the
33 grantee, its successors assignees, after the ten (10) day notice from the said authority,
34 fail, refuse or neglect to repair or replace any part of public place, road, highway,
35 street, lane, alley, avenue, sidewalk, or bridge altered, changed or disturbed by the
36 said grantee, its successors or assignees, then the DPWH or the LGU concerned shall
37 have the right to have the same repaired and placed in good order and condition at
38 double expense to be charged against the grantee, its successors or assignees.

39
40 SEC. 5. *Responsibility to the Public.*— The grantee shall conform to the ethics of
41 honest enterprise and shall not use its stations and facilities for obscene or indecent
42 transmissions, or for the dissemination of deliberately false information, or willful
43 misrepresentation, or assist in subversive or treasonable acts.

1 The grantee shall operate and maintain all its facilities, lines, cables, systems
2 and equipment for the transmission and reception of messages, signals, and pulses
3 in a satisfactory manner at all times, and as far as economical and practicable,
4 modify, improve, or change such facilities, lines, cables, systems and equipment to
5 keep abreast with advances in science and technology.
6

7 SEC. 6. *Rates for Services.*— The charges and rates for services of the grantee,
8 except the rates and charges on those that may hereafter be declared or considered
9 as nonregulated services, whether flat rates or measured rates or a variation thereof,
10 shall be subject to the approval of the NTC or its legal successor. The rates to be
11 charged by the grantee shall be unbundled, separable, and distinct among the
12 services offered, and shall be determined in a manner that regulated services do not
13 subsidize the unregulated ones.
14

15 SEC. 7. *Right of Government.*— A special right is hereby reserved to the
16 President of the Philippines, in times of war, rebellion, public peril, calamity,
17 emergency, disaster or disturbance of peace and order: to temporarily take over and
18 operate the stations, transmitters, facilities or equipment of the grantee; to
19 temporarily suspend the operation of any station in the interest of public safety,
20 security and public welfare; or to authorize the temporary use and operation thereof
21 by any agency of the Government, upon due compensation to the grantee, for the
22 use of said stations, transmitter systems, facilities and equipment during the period
23 when these shall be so operated.
24

25 The radio spectrum is a finite resource that is part of the national patrimony and the
26 use thereof is a privilege conferred upon the grantee by the State and may be
27 withdrawn any time after due process.
28

29 SEC. 8. *Term of Franchise.*— This franchise shall be in effect for a period of
30 twenty-five (25) years from the date of effectivity of this Act, unless sooner cancelled.
31 This franchise shall be deemed ipso facto revoked in the event the grantee fails to
32 operate continuously for two (2) years.
33

34 SEC. 9. *Acceptance and Compliance.*— Acceptance of this franchise shall be given
35 in writing to the Congress of the Philippines, through the Committee on Legislative
36 Franchises of the House of Representatives and the Committee on Public Services of
37 the Senate, within (60) days after effectivity of this Act. Upon giving such
38 acceptance, the grantee shall exercise the privileges granted under this act.
39 Nonacceptance shall render the franchise void.
40

41 SEC. 10. *Right of Interconnection.* – The grantee is hereby authorized to connect
42 or demand connection of its telecommunications systems to other
43 telecommunications systems installed, operated, and maintained by any other duly
44 authorized person or entity in the Philippines for the purpose of providing extended
45 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.*Gross Receipts.* - The grantee, its successors or assignees, shall keep a
5 separate account of the gross receipts of the business transacted by it and shall
6 furnish the Commission on Audit (COA) and the National Treasury a copy of such
7 account not later than the thirty-first (31st) day of January of each year for the
8 preceding twelve (12) months.

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

14 SEC. 13.*Warranty in Favor of the National and Local Governments.* - The grantee
15 shall hold the national, provincial, city, and municipal governments of the
16 Philippines free from all claims, accounts, demands, or actions arising out of
17 accidents or injuries, whether to property or to persons, caused by the construction
18 or operation of the stations, transmitters, facilities, or equipment of the grantee.

19
20 SEC. 14.*Sale, Lease, Transfer, Usufruct, or Assignment of Franchise.* - The grantee
21 shall not sell, lease, transfer, grant the usufruct of, nor assign this franchise or the
22 rights and privileges acquired thereunder to any person, firm, company, corporation
23 or other commercial or legal entity, nor merge with any other corporation or entity,
24 nor shall transfer the controlling interest of the grantee, whether as a whole or in
25 parts, and whether simultaneously or contemporaneously, to any person, firm,
26 company, corporation, or entity without the prior approval of the Congress of the
27 Philippines: *Provided*, That Congress shall be informed of any sale, lease, transfer,
28 grant of usufruct, or assignment of franchise or the rights or privileges acquired
29 thereunder, or of the merger or transfer of controlling interest of the grantee, within
30 sixty (60) days after the completion of said transaction: *Provided, further*, That failure
31 to report to Congress such change of ownership shall render the franchise *ipso facto*
32 revoked: *Provided, finally*, That any person or entity to which this franchise is sold,
33 transferred, or assigned, shall be subject to the same conditions, terms, restrictions,
34 and limitations of this Act.

35
36 SEC. 15.*Dispersal of Ownership.* - In accordance with the constitutional
37 provision to encourage public participation in public utilities, the grantee shall offer
38 to Filipino citizens at least thirty per cent (30%) or a higher percentage that may
39 hereafter be provided by law of its outstanding capital stock in any securities
40 exchange in the Philippines within five (5) years from the commencement of its
41 operations: *Provided*, That in cases where public offer of shares is not applicable,
42 establishment of cooperatives operating public utilities must be implemented.
43 Noncompliance therewith shall render the franchise *ipso facto* revoked.

1 SEC. 16.*Reportorial Requirement.* - The grantee shall submit an annual report
2 to the Congress of the Philippines, through the Committee on Legislative Franchises
3 of the House of Representatives and the Committee on Public Services of the Senate,
4 on its compliance with the terms and conditions of the franchise and on its
5 operations on or before April 30 of every year during the term of its franchise. The
6 reportorial compliance certificate issued by Congress shall be required before any
7 application for permit or certificate is accepted by the NTC.
8

9 SEC. 17.*Penalty Clause.* - Failure of the grantee to submit the requisite annual
10 report to Congress shall be penalized with a fine in the amount of Five hundred
11 pesos (P500.00) per working day of noncompliance. The fine shall be collected by the
12 NTC from delinquent franchise grantee separate from the reportorial penalties
13 imposed by the NTC.
14

15 SEC. 18.*Equality Clause.* - Any advantage, favor, privilege, exemption, or
16 immunity granted under other existing franchises, or which may hereafter be
17 granted, upon prior review and approval of Congress, shall become part of this
18 franchise and shall be accorded immediately and unconditionally to the herein
19 grantee: *Provided,* That the foregoing shall neither apply to nor affect provisions of
20 telecommunications franchises concerning territory covered by the franchise, the life
21 span of the franchise or the type of service authorized by the franchise.
22

23 SEC. 19.*Separability Clause.* - If any of the sections or provisions of this Act is
24 held invalid, all other provisions not affected thereby shall remain valid.
25

26 SEC. 20.*Repealability and Nonexclusivity Clause.* - This franchise shall be
27 subject to amendment, alteration, or repeal by the Congress of the Philippines when
28 the public interest so requires and shall not be interpreted as an exclusive grant of
29 the privilege herein provided for.
30

31 SEC. 21.*Effectivity.* - This Act shall take effect fifteen (15) days after its
32 publication in the *Official Gazette* or in a newspaper of general circulation.
33

34 Approved,