

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

Seventeenth Congress
Second Regular Session

HOUSE BILL NO. **6385**



Introduced by HONORABLE MARK. O GO

EXPLANATORY NOTE

As enshrined in the Constitution, the State recognizes the vital role of communication and information in nation-building and the indispensable role of the private sector.

This bill seeks to renew the franchise granted to Philippine Communications Satellite Corporation (PHILCOMSAT) for another twenty-five (25) years.

The Philippine Communications Satellite Corporation (PHILCOMSAT), a subsidiary of the Philippine Overseas Telecommunication Corporation (POTC), is an enfranchised and licensed under the Philippine Public Telecommunications Entity (PTE). Thirty-five percent of its shares (35%) is basically owned by the Republic of the Philippines. For almost four decades, PHILCOMSAT has become a satellite pioneer providing a medium for people to communicate within the archipelago and across oceans and continents, through voice, fax, data, audio, video, broadcast TV, internet or Internet Protocol (IP) multimedia applications.

Republic Act No. 5514 granted the PHILCOMSAT a franchise to construct, install, maintain and operate in the Philippines ground satellite terminal stations for telecommunication with satellite facilities and delivery of common carriers.

At present, PHILCOMSAT is positioned to benefit from the convergence of global communications and internet protocol technologies and applications. IP communication pervades every facet of industrial, commercial and social activity. With PHILCOMSAT's IP communication services, it offers a wide range of applications from the traditional to the new advanced technology. These are made available in the transport of internet broadband and Virtual Private Network (VPN) requirements for enterprise, government and non-government organizations operating within and outside the Philippines.

In addition to its telecommunications mega-franchise, PHILCOMSAT also maintains licenses in Very Small Aperture Terminal (VSAT), Value-added Services (VAS); International Gateway Facilities (IGF), Local Exchange Carrier (LEC), International Satellite Carrier (ISC), and Voice Over Internet Protocol (VOIP).

Technological advances over the years, specifically in telecommunications, has changed the landscape of communication. These technologies have become permissible and increasingly common for consumers which may be regarded as products as well as services, since

communication plays a central role in the fundamental operations of a society. Telecommunications plays an increasingly vital role in enabling the participation and development of people in communities and nations disadvantaged by geography. This would significantly contribute to the modernization and economic development of the country.

Hence, the approval of this bill is earnestly sought.



MARK O. GO

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

Seventeenth Congress
Second Regular Session

6385
HOUSE BILL NO. _____

Introduced by HONARABLE MARK O. GO

**AN ACT RENEWING THE FRANCHISE GRANTED TO PHILIPPINE
COMMUNICATIONS SATELLITE CORPORATION (PHILCOMSAT) TO
CONSTRUCT, INSTALL, MAINTAIN AND OPERATE IN THE PHILIPPINES
GROUND SATELLITE TERMINAL STATIONS FOR TELECOMMUNICATION
WITH SATELLITE FACILITIES AND DELIVERY TO COMMON CARRIERS**

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, there is hereby granted to Philippine Communications Satellite Corporation (PHILCOMSAT) hereunder referred to as the grantee, its successors or assigns, a franchise to construct, install, maintain and operate in the Philippines a communications satellite system, satellite terminal stations, and associated equipment and facilities for the purpose of supplying at reasonable cost and without discrimination to telecommunications services through space relays and repeater stations mounted or within communications satellites to the Government of the Philippines including all its instrumentalities and agencies, to all newspapers and press agencies, to radio and television stations, to telephone and telegraph companies and to all other entities that might use such telecommunications services.

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 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 grantee's services and/or availability thereof.

SEC. 3. *Authority of the National Telecommunications Commission (NTC).* – The grantee shall secure from the NTC a Certificate of Public Convenience and Necessity or the appropriate permits and licenses for the construction, installation, maintenance and operation of its telecommunications systems/facilities. The grantee shall not use any frequency in the radio spectrum without authorization from the NTC. Such certificate shall state the areas covered and

date the grantee shall commence the service. The NTC, however, shall not unreasonably withhold or delay the grant of any such authority, permits or licenses.

SEC. 4. Responsibility to the Public.- The grantee shall conform to the ethics of honest enterprise and will 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.

SEC. 5. Right of Government.- A special right is reserved 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 or facilities of the grantee; to temporarily suspend the operation of any station or facility 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 its stations or facilities during the period when they shall be so operated.

SEC. 6. Term of Franchise.- This franchise shall be in effect for a period 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 operations within two (2) years from the approval of its operating permit by the NTC; (b) operate continuously for two (2) years; and (c) commence operations within three (3) years from the effectivity of this Act.

SEC. 7. 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. Non- acceptance shall render the franchise void.

SEC. 8. Tax Provision.- The grantee, its successors or assigns, shall be subject to the payment of all taxes, duties, fees or charges and other impositions under the National Internal Revenue Code of 1997, as amended, and other applicable laws.

SEC. 9. 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 (COA) 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. 10. Books and Accounts.- The books and accounts of the grantee, its successor or assigns, shall always be open to the inspection of the Commission on Audit (COA) and its duly-authorized representatives. 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. 11. Warranty in Favor of the National and Local Governments.- The grantee shall hold the national, provincial, city and municipal governments of the Philippines free 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. 12. *Sale, Lease, Transfer, Usufruct, or Assignment of Franchise.*- The grantee shall not sell, lease, transfer, grant the usufruct of, or assign this franchise or the rights and privileges acquired thereunder to any person, firm, company, corporation or other commercial or legal entity, or merge with any other corporation or entity, or shall transfer the controlling interest of the grantee, 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 Congress shall be informed of any sale, lease, transfer, grant of usufruct, or assignment of franchise or the rights or privileges acquired within sixty (60) days after the completion of said transaction: *Provided, further*, that failure to report to Congress such change of ownership shall render the franchise *ipso facto* revoked: *Provided, finally*, that any person or entity to which this franchise is sold, transferred or assigned, shall be subject to the same conditions, terms, restrictions and limitations of this Act.

SEC. 13. *Equality Clause.*- Any advantage, favor, privilege, exemption, or immunity granted under other existing franchise, or which may hereafter be granted, upon prior review and approval of Congress, shall 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. 14. *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. 15. *Repealability and Non-Exclusivity 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 privilege herein provided for.

SEC. 16. *Effectivity Clause.*- This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation in the Philippines.

Approved,