

Republic of the Philippines
House of Representatives
Quezon City

SEVENTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. **6660**



INTRODUCED BY CONGRESSMAN XAVIER JESUS D. ROMUALDO

EXPLANATORY NOTE

Article II Section 24 of the Philippine Constitution provides that:

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

This bill seeks to renew the franchise granted to the Radio Marine Network, Inc.

Republic Act No. 4607 granted Mr. Segundo P. Lustre, Jr. a franchise to establish, maintain, and operate radio stations for telecommunication within and without the Philippines. The franchise was renewed and transferred to the Radio Marine Network, Inc., by virtue of Republic Act No. 7512.

Since 1965, the Radio Marine Network has facilitated ship-to-shore communication or the exchange of voice and data communications between someone on a ship and someone on land. For more than five decades, the Radio Marine Network, Inc. has allowed thousands of seafarers at sea to keep in touch with their families through radio communication. Furthermore, the Radio Marine Network provides a cheaper and more stable alternative means of ship-to-shore communication as wireless telecommunications roaming tend to be pricey and more susceptible to natural calamities.

Apart from renewing the franchise, the bill also seeks to expand the nature and scope of its franchise to include wire and wireless telecommunications systems, copper, fiber optics, and satellite transmit and receive systems. This will enable the franchise to cope with the advancement of technology and empower them to develop ship-to-shore communications using the said systems.

In view of the foregoing, the passage of this measure is earnestly sought.

A handwritten signature in black ink, consisting of a stylized 'X' followed by a series of loops and a long horizontal stroke, representing the name Xavier Jesus D. Romualdo.

XAVIER JESUS D. ROMUALDO

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AN ACT

**RENEWING THE FRANCHISE GRANTED TO RADIO MARINE NETWORK, INCORPORATED,
UNDER REPUBLIC ACT NO. 4607, AS AMENDED BY REPUBLIC ACT NO. 7512**

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

1 **SECTION 1. Nature and Scope of Franchise.**– Subject to the provisions of the
2 Philippine Constitution and applicable laws, rules and regulations, the franchise granted under
3 Republic Act No. 7512 entitled, “An Act authorizing the transfer and assignment to the Radio
4 Marine Network, Incorporated, of the franchise to establish, maintain and operate radio
5 stations for telecommunications within and without the Philippines granted under Republic
6 Act No. 4607 to Segundo P. Lustre, Jr., and extending the term of the said franchise to another
7 twenty-five years” to Radio Marine Network, Incorporated, hereunder referred to as the
8 grantee, its successors or assignees, a franchise to construct, install, establish, operate, and
9 maintain for commercial purposes and in the public interest, in the Philippines and between
10 the Philippines and other countries and territories, wire and/or wireless telecommunications
11 systems including mobile cellular, copper, fiber optics, satellite transmit and receive systems,
12 switches, and their value-added services such as the transmission of voice, data, facsimile,
13 control signs, audio and video, information services and all other telecommunications systems
14 technologies as are at present available or will be made available through technological
15 advances or innovations in the future; and/or construct, acquire, lease and operate, or manage
16 transmitting and receiving stations, lines, cables, or systems as are convenient or essential to
17 efficiency carry out the purpose of this franchise, is hereby renewed for another twenty-five
18 (25) years from the effectivity of this Act.

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

7
8 **SEC. 3. Authority of the National Telecommunications Commission.** – The grantee
9 shall secure from the National Telecommunications Commission (NTC) a Certificate of Public
10 Convenience and Necessity or the appropriate permits and licenses for the construction,
11 installation, and operation of its telecommunications systems/facilities. In issuing the
12 certificate, the NTC shall have the power to impose such conditions relative to the construction,
13 operation, maintenance, or service level of the telecommunications systems. The NTC shall
14 have the authority to regulate the construction and operation of its telecommunications
15 systems. The grantee shall not use any frequency in the radio spectrum, without authorization
16 from the NTC. Such certificate shall state the areas, covered and the date the grantee shall
17 commence the service. The NTC, however, shall not unreasonably withhold or delay the grant
18 of 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 purpose of
22 laying and maintaining underground wires, cables, or other conductors, it shall be lawful for
23 the grantee, its successors or assignees, with the prior approval of the Department of Public
24 Works and Highways (DPWH) or the local government unit (LGU) concerned, as may be
25 appropriate, to make excavations or lay conduits in any of the public places, roads, highways,
26 streets, lanes, alleys, avenues, sidewalks, or bridges of the province, cities and/or
27 municipalities: *Provided, however,* That a public place, road, highway, street, lane, alley, avenue,
28 sidewalk, or bridge disturbed, altered or changed by reason of erection of poles or other
29 supports or the underground laying of wires, other conductors or conduits, shall be repaired
30 and replaced in workmanlike manner by said grantee, its successors or assignees in accordance

1 with the standards set by the DPWH or the LGU concerned. Should the grantee, its successors
2 or assignees, after the ten (10) day notice from the said authority, fail, refuse, or neglect to
3 repair or replace any part of public place, road, highway, street, lane, alley, avenue, sidewalk, or
4 bridge altered, changed or disturbed by the said grantee, its successors or assignees, then the
5 DPWH of the LGU concerned shall have the right to have the same repaired and placed in good
6 order and condition at double expense to be charged against the grantee, its successors or
7 assignees.

8
9 **SEC. 5. Responsibility to the Public.**- The grantee shall conform to the ethics of honest
10 enterprise and not use its stations/facilities for obscene or indecent transmission or for
11 dissemination of deliberately false information or wilful misrepresentation or assist in
12 subversive or treasonable acts.

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

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

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

8
9 **SEC. 7. Right of the Government.** -A special right is hereby reserved to the President
10 of the Philippines, in times of war, rebellion, public peril, calamity, emergency, disaster, or
11 disturbance of peace and order; to temporarily take over and operate the stations,
12 transmitters, facilities or equipment of the grantee; to temporarily suspend the operation of
13 any station, transmitter, facility, or equipment in the interest of public safety, security, and
14 public welfare; or to authorize the temporary use and operation thereof by any agency of the
15 government, upon due compensation to the grantee for the use of said stations, transmitters,
16 facilities, or equipment during the period when these shall be so operated.

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

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

25
26 **SEC. 9. Acceptance and Compliance.** - Acceptance of this franchise shall be given in
27 writing to the Congress of the Philippines through the Committee on Legislative Franchises of
28 the House of Representatives and the Committee on Public Services of the Senate, within sixty
29 (60) days from the effectivity of this Act. Upon giving such acceptance, the grantee shall
30 exercise the privileges granted under this Act. Non-acceptance shall render the franchise void.

1 **SEC. 10. Bond.** – The grantee shall file a bond with the NTC in the amount that it shall
2 determine to guarantee compliance with and fulfilment of the conditions under which this
3 franchise is granted. If, after three (3) years from the date of the approval of its permit by the
4 NTC, the grantee shall have fulfilled the conditions, the bond shall be cancelled by the NTC.
5 Otherwise, the bond shall be forfeited in favour of the government and the franchise *ipso facto*
6 revoked.

7
8 **SEC. 11. Right of Interconnection.** – The grantee is hereby authorized to connect or
9 demand connection of its telecommunications systems to other telecommunications systems
10 installed, operated, and maintained by any other duly authorized person or entity in the
11 Philippines for the purpose of providing extended and improved telecommunications services
12 to the public, under such terms and conditions mutually agreed upon by the parties concerned
13 and the same shall be subject to the review and modification of the NTC.

14
15 **SEC. 12. Gross Receipts.** – The grantee, its successors or assignees, shall keep a
16 separate account of the gross receipts of the business transacted by it and shall furnish the
17 Commission on Audit (COA) and the National Treasury a copy of such account not later than
18 the thirty-first (31st) day of January of each year for the preceding twelve months.

19
20 **SEC. 13. Books and Accounts.** – The books and accounts of the grantee, its successor or
21 assignees, shall always be open to the inspection of the COA and its duly-authorized
22 representatives. It shall be the duty of the grantee to submit to the COA two (2) copies of the
23 quarterly reports on the gross receipts, the net profits, and the general condition of the
24 business.

25
26 **SEC. 14. Warranty in Favor of the National and Local Governments.** – The grantee
27 shall hold the national, provincial, city, and municipal governments of the Philippines free from
28 all claims, accounts, demands, or actions arising out of accidents or injuries, whether to
29 property or to persons, caused by the construction or operation of the stations, transmitters,
30 facilities, and equipment of the grantee.

1 **SEC. 15. Sale, Lease, Transfer, Usufruct, or Assignment of Franchise.** – The grantee
2 shall not sell, lease, transfer, grant the usufruct of, nor assign this franchise or the rights and
3 privileges acquired thereunder to any person, firm, company, corporation or other commercial
4 or legal entity, nor merge with any other corporation or entity, nor shall transfer the
5 controlling interest of the grantee, whether as a whole or in parts, and whether simultaneously
6 or contemporaneously, to any such person, firm, company, corporation, or entity without the
7 prior approval of the Congress of the Philippines: *Provided*, That Congress shall be informed of
8 any sale, lease, transfer, grant of usufruct, or assignment of franchise or the rights or privileges
9 acquired thereunder, or of the merger, or transfer of controlling interest of the grantee, within
10 sixty (60) days after the completion of said transaction: *Provided, further*, That failure to report
11 to Congress such change of ownership shall render the franchise *ipso facto* revoked: *Provided*,
12 *finally*, That any person or entity to which this franchise is sold, transferred, or assigned, shall
13 be subject to the same conditions, terms, restrictions, and limitations of this Act.

14
15 **SEC. 16. Dispersal of Ownership.** – In accordance with the constitutional provision to
16 encourage public participation in public utilities, the grantee shall offer to Filipino citizens at
17 least thirty percent (30%) or a higher percentage that may hereafter be provided by law of its
18 outstanding capital stock in any securities exchange in the Philippines within five (5) years
19 from the commencement of its operations: *Provided*, That in cases where public offer of shares
20 is not applicable, establishment of cooperatives operating public utilities must be implemented.
21 Noncompliance therewith shall render the franchise *ipso facto* revoked.

22
23 **SEC. 17. Reportorial Requirement.** – The grantee shall submit an annual report to the
24 Congress of the Philippines, through the Committee on Legislative Franchises of the House of
25 Representatives and the Committee on Public Services of the Senate, on its compliance with the
26 terms and conditions of the franchises and on its operations on or before April 30 of every year
27 during the term of its franchise. The reportorial compliance certificate issued by Congress shall
28 be required before any application for permit or certificate is accepted by the NTC.

1 **SEC. 18. Penalty Clause.** – Failure of the grantee to submit the requisite annual report
2 to Congress shall be penalized with a fine of five hundred pesos (Php500.00) per working day
3 of noncompliance. The fine shall be collected by the NTC from the delinquent franchise grantee
4 separate from the reportorial penalties imposed by the NTC.

5
6 **SEC. 19. Equality Clause.** – Any advantage, favour, privilege, exemption, or immunity
7 granted under other existing franchises, or which may hereafter be granted, upon prior review
8 and approval of Congress, shall become part of this franchise and shall be accorded
9 immediately and unconditionally to the herein grantee. *Provided,* That the foregoing shall
10 neither apply to nor affect provisions of telecommunications franchises concerning territory
11 covered by the franchise, the life span of the franchise, or the type of service authorized by the
12 franchise.

13
14 **SEC. 20. Separability Clause.** – If any of the sections or provisions of this Act is held
15 invalid, all other provisions not affected thereby shall remain valid.

16
17 **SEC. 21. Repealability and Non-Exclusivity Clause.** – This franchise shall be subject to
18 amendment, alteration, or repeal by the Congress of the Philippines when the public interest so
19 requires and shall not be interpreted as an exclusive grant of the privilege herein provided for.

20
21 **SEC. 22. Effectivity.** – This Act shall take effect fifteen (15) days after its publication in a
22 newspaper of general circulation.

23
24 **Approved.**
25