



Republic of the Philippines
House of Representatives
Quezon City, Metro Manila



Seventeenth Congress
Second Regular Session

HOUSE BILL NO. **7739**

**Introduced by Representatives Karlo Alexei B. Nograles
and Jericho Jonas B. Nograles**

EXPLANATORY NOTE

This bill seeks to extend the legislative franchise of Transpacific Broadcasting Group International, Inc. for another twenty-five (25) years.

Transpacific Broadcasting Group International, Inc., is a publicly-listed Philippine-based licensed telecommunications company with interests in very small aperture terminal (VSAT)-based internet services, wireless networking, educational programs, applications hosting, and content conversion. It is an information and communications technology (ICT) business which generates substantial positive development impacts in line with those envisaged by bilateral and multilateral development finance institutions and development banks.

Several of those development finance institutions, including the Asian Development Bank, have made the growth of the ICT sector a priority in their less-developed member countries. An industry leader in ICT, Transpacific Broadcasting Group International, Inc. is a private sector initiative which has accomplished broad and universally-agreed-upon development goals through commercially sustainable propagation of internet and computer use. This in turn engenders a range of derivative benefits ranging from education, business and employment opportunities, e-government, and improved rural health services delivery through better communications and information.

Among the development programs in the ICT sector being implemented by the Transpacific Broadcasting Group International, Inc. includes the creation of "multipurpose community telecenters" or MCTs in disadvantaged or

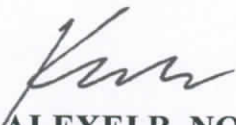
undeserved communities. MCTs are a group of personal computers with internet connectivity which are available for broad community use similar to the computer laboratories of Transpacific Broadcasting Group International, Inc.

A concrete and successful example of the sort of development partnership pioneered by the Transpacific Broadcasting Group International, Inc. is its unique and ground-breaking public-private partnership with various marginalized communities and schools that has generated many well-documented positive development impacts, which are still capable of being dramatically scaled up. These engagements by the Transpacific Broadcasting Group International, Inc. for the past years have demonstrated increasing positive impacts relevant to the Philippine's attainment of development goals and other broad poverty-reduction goals.

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



JERICO JONAS B. NOGRALES



KARLO ALEXEI B. NOGRALES

Republic of the Philippines
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HOUSE BILL NO. **7739**



Introduced by **Hon. Karlo Alexei B. Nograles** and **Hon. Jericho Jonas B. Nograles**

AN ACT
RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE
GRANTED TO TRANSPACIFIC BROADCASTING GROUP INTERNATIONAL, INC., UNDER REPUBLIC
ACT NO.8657, ENTITLED "AN ACT GRANTING THE TRANSPACIFIC BROADCAST GROUP
INTERNATIONAL, INC., A FRANCHISE TO CONSTRUCT, ESTABLISH, INSTALL, MAINTAIN AD
OPERATE COMMUNICATIONS SYSTEMS FOR THE RECEPTION AND TRANSMISSION OF
MESSAGES WITHIN THE PHILIPPINES".

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 Transpacific Broadcasting Group International, Inc., hereunder referred to as the grantee, its successor or assignees, under Republic Act No. 8657, to construct, establish, install, maintain and operate for commercial purpose and in the public interest, communication systems for the reception and/or transmission of messages, such as but not limited to voice, audio, data, facsimile, video and such other intelligence by radio, wire, satellite and other means now known to science or which in the future may be developed and in connection therewith, render communications service between any point that the earth station can cover/in the world/ within reach of the earth station in the territorial boundaries of the Philippines, including but not limited to, the service of up-linking the above mentioned messages from any point within the Philippines to a communications satellite in orbit in outer space, and the service of down-linking such messages from unlimited number of such satellites and transmission of such messages to any point within the Philippines.

Section 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 service and/or the availability thereof.

Section 3. Authority of the National Telecommunication Commission. – The grantee shall secure from the National Telecommunication Commission, hereinafter referred to as the Commission, a certificate of public convenience and necessity or the appropriate permits and licenses for the location, construction, installation and operation of its telecommunications systems. 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.

Section 4. Responsibility to the Public. –The grantee shall conform to the ethics of honest enterprise and shall not use its stations 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 approved certificate of public convenience and necessity for the establishment, operation, and maintenance of a local exchange service, without discrimination to any applicant therefore, in order of the date of their applications, up to the limit of the capacity of the local telephone exchange, and should 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 the smallest viable local exchange available in the market as determined by the Commission, the grantee shall not be obliged to furnish said services, unless the applicant for telephone service defray the actual expenses for the installation of the telecommunication apparatus necessary for such services and in such case the Commission may extend the time within the grantee 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, line, cable, systems and equipment to keep abreast with the advances in science and technology.

Section 5. Rates of Service. – The charges and rates for telecommunications service of the grantee, except the rates and charges on those that may hereafter be declared or considered as nonregulated service, whether flat rates or measured rates or variation thereof, shall be subject to the approval of the Commission or its legal successors. The rate 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 service do not subsidize the unregulated ones.

Section 6. Right of Government. – A special right is hereby 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, transmitter, facilities, or equipment of the grantee, to temporarily suspend the operations 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 a 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.

Section 7. Term of Franchise. – This franchise shall be 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 one (1) year from the approval of its permit by the National Telecommunications Commission;
- b.) Operate continuously for two (2) years; and
- c.) Commence operations within three (3) years from the effectivity of this Act.

Section 8. 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 privilege granted under this Act. Non-acceptance shall render the franchise void.

Section 9. Bond. – The grantee shall file a bond issued in favor of the National Telecommunication Commission, which shall determine the amount, to guarantee the compliance with and fulfillment of the conditions under which this franchise is granted. If after three (3) 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.

Section 10. Right of Interconnection. – The grantee is hereby authorized to connect or demand connection of its telecommunications systems to any other telecommunications system installed, operated and maintained by any other duly-authorized person or entity in the Philippines for the purpose of providing extended and improved telecommunications service to the public under such terms and conditions mutually agreed upon by the parties concerned and the same shall be subject to the review or modification of the Commission.

Section 11. Tax Provision. – The grantee, its successors or assigns, shall be liable to pay the same taxes on their real estate, buildings, and personal property, exclusive of this franchise, as other persons or corporations are now or hereafter may be required by law to pay, in addition thereto, the grantee, its successors or assigns, shall pay the value-added tax under Republic Act No. 7716

or a franchise tax of three (3%) percent per annum or at such percentage as may be prescribed by law, on all gross receipts of its telecommunications business transacted under this franchise, whichever is higher; provided, that the grantee, its successors or assigns, shall continue to be liable for income taxes payable under Title II of the National Internal Revenue Code pursuant to Sec. 2 of Executive Order No. 72, unless the latter enactment is amended or repealed, in which case the amendment or repeal shall be applicable thereto.

The grantee shall file the return with, and pay the taxes due thereon to the Commissioner of Internal Revenue or his duly authorized representatives in accordance with the National Internal Revenue Code and the return shall be subject to audit by the Bureau of Internal Revenue.

Section 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 31st day of January of each year, for the preceding twelve (12) months.

Section 13. Books and Accounts. – The books and accounts of the grantee, its successors 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 Commission on Audit, two (2) copies of the quarterly reports on the gross receipts, the net profits and the general condition of the business.

Section 14. Warranty in Favor of 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, transmitter, facilities and equipment of the grantee.

Section 15. Sales, Lease, Transfer, Usufruct, Etc. – The grantee shall not lease, transfer, grant the usufruct of, sell nor assign this franchise or the rights and privileges acquired thereunder to any person, firm, company, corporation or other commercial or legal entity, nor merge with any corporation or entity, nor shall the controlling interest of 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. Any person or entity to which this franchise is sold, transferred or assigned, shall be subject to all the same conditions, terms, restrictions, and limitations of this Act.

Section 16. Dispersal of Ownership. - In accordance with the constitutional provisions to encourage public participation in the public utilities, the grantee shall offer at least thirty per centum (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.

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

Section 18. 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 privileges herein provided for.

Section 19. Reportorial Clause. – The grantee shall submit an annual report to the Congress of the Philippines on its compliance with the terms and conditions of its franchise and on its operations within sixty (60) days from the end of every year.

Section 20. Effectivity Clause. – This Act shall take effect fifteen (15) days from the date of its publication in at least two (2) newspaper of general circulation.

Approved.