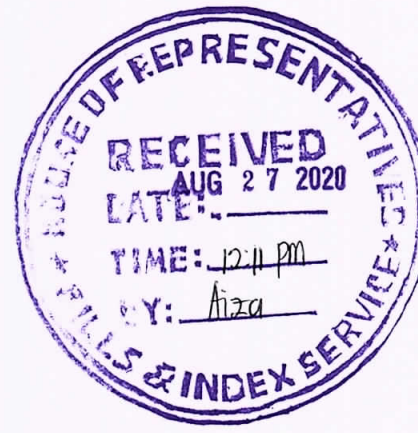


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS

Second Regular Session

HOUSE BILL NO. 7531



INTRODUCED BY REPRESENTATIVE XAVIER JESUS D. ROMUALDO

EXPLANATORY NOTE

This bill seeks to grant Instant Data, Inc. (Instant Data) a franchise to construct, install, establish, operate, and maintain telecommunications systems throughout the Philippines.

Telecommunications is an ever growing industry brought about by the rapidly changing and developing technologies designed and developed to cater to the increasing and varying needs and demands of the people and society. To ensure the development and advancement of our country, it is imperative for the country to empower its telecommunications industry by providing the public with access to the various telecommunications services suitable to the existing technology in the market or to be innovated in future.

With its entry in the telecommunications industry, Instant Data desires to fill the gap and the glaring need for telecommunications services in the country, especially in the provinces. Instant Data, Inc. intends to provide the public with varied telecommunications services in the most efficient and affordable manner for the public to be able to avail of services that are best suited for their needs.

Instant Data has the technological expertise and financial capability to provide wired and wireless telecommunications system, like internet connectivity and data communications, through multi-channel multi-point distribution system, local multi-point distribution system, and other telecommunications systems and networks, made more convenient through its own landing stations of submarine cables.

In the view of all the foregoing, the timely approval of this measure is earnestly requested.


XAVIER JESUS D. ROMUALDO

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HOUSE BILL NO. 7531

INTRODUCED BY REPRESENTATIVE XAVIER JESUS D. ROMUALDO

AN ACT
GRANTING INSTANT DATA INC. A FRANCHISE TO CONSTRUCT, INSTALL,
ESTABLISH, OPERATE, AND MAINTAIN TELECOMMUNICATIONS SYSTEMS
THROUGHOUT THE PHILIPPINES

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

1 SECTION 1. *Nature and Scope of the Franchise.* – Subject to the provisions of the
2 Philippine Constitution and applicable laws, rules, and regulations, there is hereby granted to
3 Instant Data, Inc., hereunder referred to as the grantee, its successors, or assignees, a franchise to
4 construct, install, establish, operate, and maintain, for commercial purposes and in the public
5 interest, throughout the Philippines and between the Philippines and other countries and
6 territories, wired and/or wireless telecommunications systems including, but not limited to,
7 mobile, cellular, fixed line, paging, trunked radio, fiber optics, multi-channel multi-point
8 distribution system (MMDS), local multi-point distribution system (LMDS), satellite transmit
9 and receive systems, switches, and value added services such as, but not limited to, transmission
10 of voice, data, images, facsimile, control signs, audio and video, information services bureau,
11 and all other telecommunications systems technologies, as are at present available or will be
12 made available through technological advances or innovations in the future, and/or construct,
13 acquire, lease, and operate or manage transmitting and receiving stations, landing stations of
14 submarine cables, lines, systems, or other cables, as it may consider necessary and convenient to
15 efficiently carry out the purpose of this franchise.

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 right 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 services and availability thereof.

7
8 SEC. 3. *Prior approval 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 and 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 have
14 the authority to regulate the construction and operation of the telecommunications systems of the
15 grantee. 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 date the grantee shall commence
17 the service. The NTC, however, shall not unreasonably withhold or delay the grant of any such
18 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 wires or other conductors for the purpose of laying and
22 maintaining underground wires, cables or other conductors, it shall be lawful for the grantee, its
23 successors, or assignees, with the prior approval of the Department of Public Works and
24 Highways (DPWH) or the local government unit (LGU) concerned, as may be appropriate, to
25 make excavations or lay conduits in any of the public places, roads, highways, streets, lanes,
26 alleys, avenues, sidewalks or bridges of provinces, cities, and municipalities; Provided, however,
27 That a public place, road, highway, street, lane, alley, avenue, sidewalk, or bridge disturbed,
28 altered, or changed by reason of erection of poles or other supports or the underground laying of
29 wires or other conductors or conduits, shall be repaired and replaced in workmanlike manner by

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

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

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

27
28 The grantee shall operate and maintain all its stations, lines, cables, systems, and equipment for
29 the transmission and reception of messages, signals, and pulses in a satisfactory manner at all

1 times, and, as far as economical and practicable, modify, improve, or change such stations, lines,
2 cables, systems, and equipment to keep abreast with the advances in science and technology.

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

10
11 SEC. 7. *Right of the Government.* — The radio spectrum is a finite resource that is part of
12 the national patrimony and the use thereof is a privilege conferred upon the grantee by the State
13 and may be withdrawn any time after due process.

14
15 A special right is hereby reserved to the President of the Philippines, in times of war, rebellion,
16 public peril, calamity, emergency, disaster, or disturbance of peace and order, to temporarily take
17 over and operate the stations, transmitters, facilities, or equipment of the grantee, to temporarily
18 suspend the operation of any station, transmitter, facility, or equipment in the interest of public
19 safety, security, and public welfare, or to authorize the temporary use and operation thereof by
20 any agency of the government, upon due compensation to the grantee, for the use of said
21 stations, transmitters, facilities, or equipment during the period when these shall be so operated.

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

27 (a) Commence operations within one (1) year from the approval of its operating permit by
28 the NTC;

29 (b) Commence operations within three (3) years from the effectivity of this Act; or

1 (c) Operate continuously for two (2) years.

2
3 SEC. 9. *Acceptance and Compliance.* – Acceptance of this franchise shall be given in
4 writing to the Congress of the Philippines, through the Committee on Legislative Franchises of
5 the House of Representatives and the Committee on Public Services of the Senate, within sixty
6 (60) days from the effectivity of this Act. Upon giving such acceptance, the grantee shall
7 exercise the privileges granted under this Act. Non-acceptance shall render the franchise void.
8

9 SEC. 10. *Tax Provision.* – Unless exempted therefrom, the grantee, its successors or
10 assignees, shall be liable to pay the same taxes on its real estate, buildings, and personal
11 property, exclusive of this franchise, as other persons or corporations are now or hereafter may
12 be required by law to pay. The grantee shall, however, be exempt from payment of taxes,
13 customs duties and other similar charges on the equipment, spare parts, and supplies necessary to
14 the grantee's, its successors', or assignees' installation, operation, and maintenance of its
15 telecommunications systems as certified by the NTC or its legal successor; Provided, That the
16 grantee, its successors, or assignees shall continue to be liable for income taxes payable under
17 Title II of the National Internal Revenue Code (NIRC), pursuant to Section 2 of Executive Order
18 No. 72, unless the latter enactment is amended or repealed, in which case the amendment or
19 repeal shall be applicable thereto.
20

21 The grantee shall file the return with the city or municipality where its principal place of business
22 is located and pay the taxes due thereon to the Commissioner of Internal Revenue or his duly
23 authorized representative in accordance with the NIRC and the return shall be subject to audit by
24 the Bureau of Internal Revenue.
25

26 SEC. 11. *Bond.* – The grantee shall file a bond with the NTC in the amount that it shall
27 determine to guarantee compliance with and fulfillment of the conditions under which this
28 franchise is granted. If, after three (3) years from the date of the approval of its permit by the
29 NTC, the grantee shall have fulfilled the conditions, the bond shall be cancelled and released by

1 the NTC. Otherwise, the bond shall be forfeited in favor of the government and the franchise
2 ipso facto revoked.

3
4 SEC. 12. *Right of Interconnection.* – The grantee is hereby authorized to connect or
5 demand connection of its telecommunications systems to other telecommunications systems
6 installed, operated, and maintained by any other duly authorized person or entity in the
7 Philippines for the purpose of providing extended and improved telecommunications services to
8 the public, under such terms and conditions mutually agreed upon by the parties concerned and
9 the same shall be subject to the review and modification of the NTC.

10
11 SEC. 13. *Warranty in Favor of the National Government and of Local Governments.* –
12 The grantee shall hold the national, provincial, city and municipal governments of the
13 Philippines free from all claims, liabilities, accounts, demands, or actions arising out of accidents
14 or injuries, whether to property or to persons, caused by the construction or operation of the
15 stations, transmitters, facilities, and equipment of the grantee.

16
17 SEC. 14. *Sale, Lease, Transfer, Grant of Usufruct, or Assignment of Franchise.* – The
18 grantee shall not sell, lease, transfer, grant the usufruct of, nor assign this franchise or the rights
19 and privileges acquired thereunder to any person, firm, company, corporation or other
20 commercial or legal entity, nor merge with any other corporation or entity, nor shall transfer the
21 controlling interest of the grantee, whether as a whole or in part, and whether simultaneously or
22 contemporaneously, to any such person, firm, company, corporation, or entity without the prior
23 approval of the Congress of the Philippines; Provided, That Congress shall be informed of any
24 sale, lease, transfer, grant of usufruct, or assignment of franchise or the rights and privileges
25 acquired thereunder, or of the merger or transfer of the controlling interest of the grantee, within
26 sixty (60) days after the completion of said transaction; Provided, further, That failure to report
27 to Congress such change of ownership shall render the franchise *ipso facto* revoked; Provided,
28 finally, That any person or entity to which this franchise is sold, transferred or assigned, shall be
29 subject to the same conditions, terms, restrictions, and limitations of this Act.

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

8
9 SEC. 16. *Reportorial Requirement.* – The grantee shall submit an annual report to the
10 Congress of the Philippines, through the Committee on Legislative Franchises of the House of
11 Representatives and the Committee on Public Services of the Senate, on its compliance with the
12 terms and conditions of the franchise and on its operations on or before April 30 of every year
13 during the term of its franchise. The reportorial compliance certificate issued by Congress shall
14 be required before any application for permit or certificate is accepted by the NTC.

15
16 Section 17. *Penalty Clause.* – Failure of the grantee to submit the requisite annual report
17 to the Congress shall be penalized by a fine of five hundred pesos (P500.00) per working day of
18 non-compliance. The fine shall be collected by the NTC from the grantee and shall be separate
19 and distinct from other penalties imposed by the NTC for non-compliance with its reportorial
20 requirements.

21
22 Section 18. *Equality Clause.* – Any advantage, favor, privilege, exemption, or immunity
23 granted under other existing franchises, or which may hereafter be granted, upon prior review
24 and approval of Congress, shall become part of this franchise and shall be accorded immediately
25 and unconditionally to the grantee, except for taxes and custom duties; Provided, That the
26 foregoing shall neither apply to nor affect the provisions of telecommunications franchises
27 concerning territory covered by the franchise, the life span of the franchise. or the type of service
28 authorized by the franchise.

1 Section 19. *Separability Clause.* – If any of the sections or provisions of this Act is held
2 invalid, all other provisions not affected thereby shall remain in full force and effect.

3
4 Section 20. *Repealability and Non-exclusivity Clause.* – This franchise shall be subject to
5 amendment, alteration, or repeal by the Congress of the Philippines, when the public interest so
6 requires and shall not be interpreted as an exclusive grant of the privileges herein provided for.

7
8 Section 21. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication
9 in the Official Gazette or in a newspaper of general circulation.

10
11 Approved,