

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

NINETEENTH CONGRESS
Third Regular Session

House Bill No. **10954**



Introduced by Representative Ron P. Salo

EXPLANATORY NOTE

This Bill seeks the grant of a legislative franchise to Starlink Internet Services Philippines, Inc. (Starlink Philippines), pursuant to Republic Act No. 3846 also known as *An Act Providing for the Regulation of Radio Stations and Radio Communications in the Philippine Islands, and for Other Purposes*, or the Radio Control Act.

Filipinos are among the world's most avid internet users, with the average person spending at least ten (10) hours a day online. Ironically, the Philippines also has one of the slowest and least reliable internet infrastructure in the region. The 2023 edition of the Worldwide Broadband Speed League ranked the Philippines 86th out of 220 countries with an average download speed of 43.36 Mbps, which was considerably slower than the Asian average of 45.72 Mbps. The Internet Society's Internet Resilience Index also found that the Philippines had one of the least resilient internet infrastructure in Southeast Asia, which means that internet service in the country is less stable compared to its regional neighbors. As if to add insult to injury, the same index found that internet service in the Philippines is also among the most expensive in the world. The Internet Society's report showed that the average Filipino household spends 11% of its income to pay for fixed broadband internet, a staggering sum compared to the Asia Pacific average of just 3%.

As a result of these challenges, the most recent national census found that only 56% of Philippine households are connected to the internet. This figure drops to just 28.5% in the Region IX (Zamboanga Peninsula), and 30.1% in the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM). This also reflects the stark disparity in access between the rich and the poor in the country, which makes digital opportunities out of reach for many. According to the World Bank, access to fixed broadband increased by around 20 percentage points for the richest 40 percent of the population from 2019 to 2022, while access for the poorest households only increased by 3 percentage points.

This disparity in access has wide-ranging effects on the Philippine economy. Poor internet access limits the opportunities available to Filipinos, particularly for those from low-income households. On a broader scale, a deficit in digital skills and internet access will result in citizens who are unprepared for future jobs. Poor internet access also leads to low technology adoption and limited innovation and productivity growth by firms, especially homegrown businesses such as micro, small, and medium enterprises (MSMEs).

Starlink Philippines seeks to address this gap by providing reliable, affordable, and fast internet service to Filipinos from all walks of life. Starlink Philippines is a subsidiary of Starlink Satellite Services Corp. (“Starlink”), which operates the world's first and largest satellite constellation. As of June 2024, Starlink has an unprecedented 6,200+ active satellites, which represents half of all active satellites in orbit. With constellation of satellites orbiting the earth at low orbit, Starlink is able to deliver broadband internet capable of supporting streaming, online gaming, video calls and more. Since Starlink provides internet access with the use of satellites, its technology is particularly well suited in an archipelagic nation like the Philippines, where large portions of the population live in rural areas and isolated islands.

Starlink Philippines is an accredited Satellite Systems Provider and/or Operator (“SSPO”), and is also registered as a Value-Added Service (“VAS”) Provider. While these permits already allow Starlink Philippines to provide internet services to Filipino consumers, it seeks a limited legislative franchise to allow it to construct ground stations and further improve its services to the public. The construction of ground stations will also allow Starlink Philippines to reach millions of underserved Filipinos particularly in remote areas where reliable internet access is most needed.

In view of the foregoing, the enactment of this bill is earnestly sought.



RON P. SALO
KABAYAN Partylist

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**AN ACT GRANTING STARLINK INTERNET SERVICES PHILIPPINES, INC. A FRANCHISE
TO CONSTRUCT, MAINTAIN, AND OPERATE SATELLITE GROUND STATIONS FOR THE
PROVISION OF BROADBAND INTERNET SERVICES IN 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, Starlink Internet Services Philippines Inc. (Starlink Philippines), its successors or assignees, hereunder referred to as the grantee, is hereby granted a franchise, to establish, construct, maintain, operate, own, manage, lease and purchase, in the Philippines, or in such places as the grantee may select radio transmitting stations and/or radio receiving stations, as these terms are defined under Republic Act No. 3846, as amended, including earth stations, satellite earth stations, telecommunication satellite systems, satellite terminal stations, and associated equipment and facilities to support solely the provision of value-added services (VAS), such as internet access services, with authority to receive and transmit data, messages, facsimile, impressions, pictures, music, data, and voice, without however engaging in other telecommunication services such as broadcasting, telecasting and cable television services, throughout the Philippines and between the Philippines and other countries and territories, ships at sea, aircrafts and other conveyance, stations, and telecommunications systems of other countries.

This franchise includes the right and privilege of operating such earth stations, including transmitting and receiving information via satellite and other telecommunications systems/technologies as are at present available or be made available through technological/technical advances or innovations in the future, to support the provision of value-added services, such as internet access services, and to purchase any or all of the

equipment and materials needed in its operations; and to establish, construct, maintain, operate, own, manage, lease and purchase radio transmitting and receiving stations for local and international services, as may be convenient to efficiently carry out the purpose of this franchise. The grantee, its successors or assignees, are further authorized to connect and keep connected its satellite earth stations in the Philippines and other countries and territories. The grantee shall be authorized to lease or acquire facilities, channels or circuits in the pursuance of its business.

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 privilege to use its assigned wavelengths or frequencies and the quality of transmission or reception thereon as should maximize rendition of the grantee's services and/or the availability thereof.

SEC. 3. *Authority of the National Telecommunications Commission.* — The grantee shall secure from the National Telecommunications Commission (NTC) a Radio Station License and the appropriate permits and licenses for the construction, installation and operation of its earth stations or facilities. In issuing the certificate, the NTC shall have the power to impose such conditions relative to the construction, operation, maintenance, or service level of the earth stations. The grantee shall not use any frequency in the radio spectrum without authorization from the NTC. Such certificate shall state the areas covered and the date the grantee shall commence the operation of such earth stations. The NTC, however, shall not unreasonably withhold or delay the grant of such authority, permit or license.

SEC. 4. *Ingres and Egress.* — For the purpose of erecting and maintaining poles or other supports for wires or other conductors or for the purpose of laying and maintaining underground wires, cable or other conductors, if necessary to establish and construct its ground stations, it shall be lawful for the grantee, its successors or assigns, with the prior approval of the Department of Public Works and Highways (DPWH), to make excavations or lay conduits in any of the public places, highways, streets, lanes, alleys, avenues, sidewalks or bridges of said provinces, cities and/or municipalities: *Provided*, however, That a public place, highway, street, lane, alley, avenue, sidewalks or bridge distributed, altered or changed by reason of erection of poles or other supports, or the underground laying of wires, other conductors or conduits, shall be repaired and replaced in workmanlike manner by said grantee, its successors or assigns, in accordance with the standards set by the DPWH. Should the grantee, its successors or assigns, after the ten (10) days notice from the said authority, fail, refuse or neglect to repair or replace any part of public place, road, highway, street, lane, alley, avenue, sidewalk or bridge altered, changed or distributed by the said grantee, its successors or assigns, then the DPWH shall have the right to have the same repaired and

placed in good order and condition at double expense to be charged against the grantee, its successors or assigns.

SEC. 5. *Responsibility to the Public.* — The grantee shall conform to the ethics of honest enterprise and not knowingly 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. Furthermore, the grantee shall ensure strict compliance with Republic Act No. 10173 (Data Privacy Act of 2012) and its implementing rules and regulations to safeguard the confidentiality of users' data and privacy.

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

SEC. 6. *Right of the Government.* — The radio spectrum is a finite resource that is part of the national patrimony and the use thereof is a privilege conferred upon the grantee by the Senate and may be withdrawn any time after due process.

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 facilities or equipment of the grantee; to temporarily suspend the operation of any 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 facilities or equipment during the period when these shall be so operated.

SEC. 7. *Term of Franchise.* — This franchise shall be in effect for a period of twenty—five (25) years from the date of the effectivity of this Act, unless sooner revoked or cancelled. This franchise shall be ipso facto revoked in the event the grantee fails to operate continuously for two (2) years.

SEC. 8. *Commitment to Universal Internet Access and Employment Opportunities.* — The grantee shall, to the extent reasonable and feasible, exert best efforts to extend its broadband internet services to underserved and remote areas of the Philippines, contributing to the government's goal of universal internet access. In line with this, the grantee shall also, to the extent reasonable and feasible, exert best efforts to create employment opportunities and shall facilitate on-the-job trainings in their franchise operation: *Provided*, That, in such cases priority shall be accorded to the residents in the city or province where their principal office and any of their gateway earth stations are located: *Provided*, further, That the grantee shall follow the applicable labor standards and allowance entitlement under existing labor laws, rules and regulations and similar issuances: *Provided*, finally, That the

employment opportunities or jobs created shall be reflected in the General Information Sheet (GIS) to be submitted to the Securities and Exchange Commission annually.

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

SEC. 10. *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, liabilities, accounts, demands, or actions arising out of accidents causing injury to persons or damage to properties, during the construction or operation of the stations, transmitters, facilities, or equipment of the grantee.

SEC. 11. *Sale, Lease, Transfer, Usufruct, or Assignment of Franchise.* — The grantee shall not sell, lease, transfer, grant the usufruct of, nor assign this franchise or the rights and privileges acquired thereunder to any person, firm, company, corporation or other commercial or legal entity, nor shall transfer the controlling interest of the grantee, simultaneously or contemporaneously, to any third person, firm, company, corporation, or entity without the prior approval of the Congress of the Philippines and compliance with legal requirements stipulated in other statutes: *Provided*, that prior approval of the Congress of the Philippines shall not be required if the transfer or change of controlling interest is to an affiliate, subsidiary, or parent company of the grantee as part of an internal corporate reorganization, or if such transfer or change of controlling interest is a result of a public offering of shares. Any person or entity which this franchise is validly sold, transferred, or assigned shall be subject to the same conditions, terms, restrictions, and limitations of this Act.

SEC. 12. *Environmental Compliance and Community Engagement.* — The grantee shall ensure that its operations comply with existing environmental laws, including the conduct of Environmental Impact Assessments (EIAs) for its construction projects, particularly for satellite ground stations, if necessary. The grantee shall also, to the extent reasonable and feasible, engage local government units and affected communities in consultations before constructing ground stations.

SEC. 13. *Compliance with Labor Standards.* — The grantee, its successors or assignees shall comply with the applicable labor standards under existing labor laws, rules and regulations and such other issuances as may be promulgated by the Department of Labor and Employment, taking into consideration the nature and peculiarities of the telecommunications industry.

SEC. 14. Reportorial Requirement. — The grantee shall submit an annual report to the Congress of the Philippines, through the Committee on Legislative Franchises of the House of Representatives and the Committee on Public Services of the Senate, on its compliance with the terms and conditions of the franchise and on its operations on or before April 30 of every year during the term of its franchise.

SEC. 15. Penalty Clause. — Failure of the grantee to submit the requisite annual report to the Congress shall be penalized with a fine in the amount of One million pesos (P1,000,000.00) per working day of noncompliance, the effectivity of which shall commence upon applicability with other telecommunications franchise grantees: *Provided*, That in the interim, the grantee shall be liable to pay the fine of Five hundred pesos (P500.00) per working day of noncompliance. The fine shall be collected by the NTC from the delinquent franchise grantee separate from the reportorial penalties imposed by the NTC, and the same shall be remitted to the Bureau of the Treasury.

SEC. 16. Equality Clause. — Any advantage, favor, privilege, exemption, or immunity granted under existing franchises, 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*, That the foregoing shall neither apply to nor affect the provisions of a telecommunications franchise pertaining to the term, type of service, or territorial coverage of the franchise.

SEC. 17. 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. 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.

SEC. 19. Repealing Clause. — All laws, decrees, executive orders, rules and regulations, or parts or provisions thereof which are not consistent with this Act are hereby repealed, amended, or modified accordingly.

SEC. 20. Effectivity. — This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,