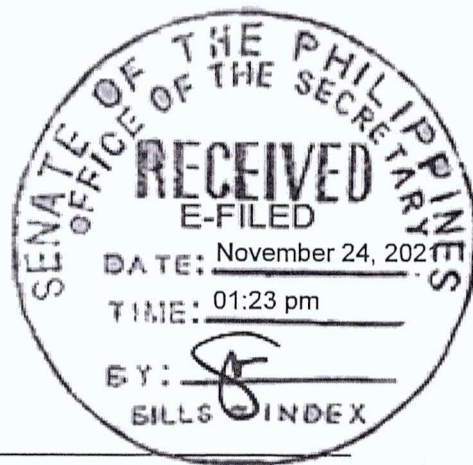


EIGHTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Third Regular Session)



SENATE

COMMITTEE REPORT NO. 359

Submitted by the Committee on Public Services on November 24, 2021

Re: **House Bill No. 8913**

Recommending its approval with amendments.

Sponsor: **Senator Grace Poe**

MR. PRESIDENT:

The Committee on Public Services, to which was referred **House Bill No. 8913**, introduced by **Representatives Sakaluran, Alvarez (F.), Romualdo, Maceda, Nograles (J. J.), et. al.**, entitled:

AN ACT

RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO MARBEL TELEPHONE SYSTEM, INC. (MTSI) UNDER REPUBLIC ACT NO. 8449, ENTITLED AN ACT GRANTING THE MARBEL TELEPHONE SYSTEM, INC., A FRANCHISE TO CONSTRUCT, ESTABLISH, INSTALL, MAINTAIN AND OPERATE LOCAL EXCHANGE NETWORK IN THE PROVINCES OF SOUTH COTABATO, SULTAN KUDARAT, AND SARANGANI

has considered the same and has the honor to report back to the Senate with the recommendation that it be approved with the following amendments:

1. On page 4, lines 30 to 33, delete the entire Section 9 on the 'Renewal or Extension of Franchise'.

Renumber the succeeding Sections accordingly.

2. On page 5, line 33, replace the word "common" with "**OUTSTANDING CAPITAL**".
3. On page 6, starting on line 9, delete the second proviso that begins with the word "Provided" and ends with the word "workforce" in line 12.

On the same line 12, replace the word "finally" with the word "**FURTHER**".

4. On the same page, lines 18 to 21, delete the second sentence that starts with the phrase "In addition".

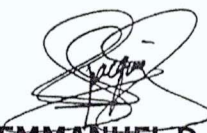
Respectfully submitted,



SEN. GRACE POE
Chairperson

Vice-Chairpersons:


SEN. RAMON BONG REVILLA JR.

SEN. PANFILO M. LACSON

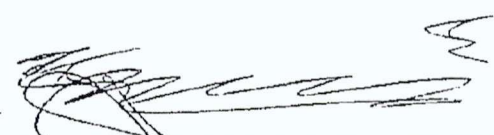

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Senate President Pro-Tempore



SEN. JUAN MIGUEL F. ZUBIRI
Majority Leader



SEN. FRANKLIN M. DRILON
Minority Leader

HON. VICENTE C. SOTTO III
Senate President



HOUSE OF REPRESENTATIVES

H. No. 8913

BY REPRESENTATIVES SAKALURAN, ALVAREZ (F.), ROMUALDO, MACEDA, NOGRALES (J.J.), GUYA, DY (F.M.C.), GARCIA (P.J.), FORTUNO, RIVERA, ARENAS, ZUBIRI, VIOLAGO, QUIMBO, BORDADO, ALONTE, GULLAS, UNABIA, MARQUEZ, ROBES, BAUTISTA, VARGAS ALFONSO, FERRER (L.), CASTELO, TEJADA, ALMARIO, TAN (A.S.) AND HERNANDEZ, PER COMMITTEE REPORT NO. 818

AN ACT

1
2 RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE
3 GRANTED TO MARBEL TELEPHONE SYSTEM, INC. (MTSI) UNDER REPUBLIC
4 ACT NO. 8449, ENTITLED " AN ACT GRANTING THE MARBEL TELEPHONE
5 SYSTEM, INC., A FRANCHISE TO CONSTRUCT, ESTABLISH, INSTALL,
6 MAINTAIN AND OPERATE LOCAL EXCHANGE NETWORK IN THE PROVINCES
7 OF SOUTH COTABATO, SULTAN KUDARAT, AND SARANGANI"

8
9 Be it enacted by the Senate and House of Representatives of the Philippines in
10 Congress assembled:
11
12

13 SECTION 1. *Nature and Scope of Franchise.* – Subject to the provisions of the
14 Constitution and applicable laws, rules and regulations, the franchise granted to
15 Marbel Telephone System, Inc. (MTSI), hereunder referred as the grantee, its
16 successor or assignees, under Republic Act No. 8449, to construct, establish, install,
17 maintain, and operate for commercial purposes and in the public interest, in the
18 provinces of South Cotabato, Sultan Kudarat, and Sarangani, a local access network,
19 wire or wireless telecommunications systems including copper, fiber optics, satellite
20 transmit and receive systems, switches and their value-added services such as
21 transmission of voice, data, facsimile, control signs, audio and video, information
22 services, and all other telecommunications systems technologies as are at present

1 available or will be made available through technological advances or innovations in
2 the future; or construct, acquire, lease, and operate, or manage transmitting and
3 receiving stations, lines, cables, or systems as are convenient or essential to efficiently
4 carry out the purpose of this franchise, is hereby renewed for another twenty-five (25)
5 years.

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

14
15 SEC. 3. *Authority of the National Telecommunications Commission.* – The
16 grantee shall secure from the National Telecommunications Commission (NTC) a
17 Certificate of Public Convenience and Necessity or the appropriate permits and
18 licenses for the construction, installation, and operation of its telecommunications
19 systems or facilities. In issuing the certificate, the NTC shall have the power to regulate
20 and impose such conditions relative to the construction, operation, maintenance, or
21 service level of the telecommunications systems or facilities. Such certificate shall
22 state the areas covered and the date the grantee shall commence the service. The
23 grantee shall not use any frequency in the radio spectrum without authorization from
24 the NTC. The NTC, however, shall not unreasonably withhold or delay the grant of
25 such authority, permit, or license.

26
27 In case of any violation of the provisions of this franchise, the NTC shall have
28 the authority to revoke or suspend, after due process, the permits or licenses it issued
29 pursuant to the franchise. The NTC may recommend to Congress the revocation of
30 the franchise for any violation of the provisions of this franchise.

31
32 SEC. 4. *Excavation and Restoration Works.* – For the purposes of erecting and
33 maintaining poles or other supports for wires or other conductors and for laying and
34 maintaining of underground wires, cables, or other conductors, it shall be lawful for the
35 grantee, its successors or assignees, with the prior approval of the Department of

1 Public Works and Highways (DPWH) or the local government unit (LGU) concerned,
2 as may be appropriate, to make excavations or lay conduits in any of the public places,
3 roads, highways, streets, lanes, alleys, avenues, sidewalks, or bridges of the province,
4 cities, or municipalities: *Provided, however,* That a public place, road, highway, street,
5 lane, alley, avenue, sidewalk, or bridge disturbed, altered, or changed by reason of
6 erection of poles or other supports or the underground laying of wires, other
7 conductors or conduits, shall be repaired and replaced in workmanlike manner by the
8 grantee, its successors or assignees, in accordance with the standards set by the
9 DPWH or the LGU concerned. Should the grantee, its successors or assignees, after
10 the ten (10)-day notice from the said authority, fail, refuse, or neglect to repair or
11 replace any part of public place, road, highway, street, lane, alley, avenue, sidewalk,
12 or bridge altered, changed or disturbed by the grantee, its successors or assignees,
13 then the DPWH or the LGU concerned shall have the right to have the same repaired
14 and placed in good order and condition, and charge the grantee, its successors or
15 assignees at double the amount of the costs and expenses for such repair or
16 replacement.

17
18 SEC. 5. *Responsibility to the Public.* – The grantee shall conform to the ethics
19 of honest enterprise and not use its stations or facilities for obscene or indecent
20 transmission, or for dissemination of deliberately false information, or willful
21 misrepresentation, or assist in subversive or treasonable acts.

22
23 The grantee shall operate and maintain all its stations, lines, cables, systems,
24 and equipment for the transmission and reception of messages, signals, and pulses in
25 a satisfactory manner at all times, and as far as economical and practicable, modify,
26 improve, or change such stations, lines, cables, systems, and equipment to keep
27 abreast with the advances in science and technology.

28
29 The grantee shall improve and extend its services in areas not yet served, and
30 in hazard- and typhoon-prone areas that shall be determined by the National Disaster
31 Risk Reduction and Management Council, or its legal successor, in coordination with
32 the NTC.

1 The grantee shall also improve and upgrade its equipment, facilities and
2 services, in order to ensure effective compliance with the objectives of Republic Act
3 No. 10639 or the "Free Mobile Disaster Alerts Act".

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

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

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

24
25 SEC. 8. *Term of Franchise.* – This franchise shall be in effect for a period of
26 twenty-five (25) years from the date of the effectivity of this Act, unless sooner
27 cancelled. This franchise shall be deemed *ipso facto* revoked in the event the grantee
28 fails to operate continuously for two (2) years.

29
30 SEC. 9. *Renewal or Extension of Franchise.* – The grantee shall apply for the
31 renewal or extension of its franchise three (3) years before its expiration which shall
32 be reckoned from fifteen (15) days after the publication of the franchise in the *Official*
33 *Gazette* or in a newspaper of general circulation.

1 SEC. 10. *Right of Interconnection.* – The grantee is hereby authorized to
2 connect or demand connection of its telecommunications systems to other
3 telecommunications systems installed, operated, and maintained by any other duly
4 authorized person or entity in the Philippines for the purpose of providing extended
5 and improved telecommunications services to the public, under the terms and
6 conditions mutually agreed upon by the parties concerned. This right shall be subject
7 to the review and modification of the NTC.

8
9 SEC. 11. *Warranty in Favor of the National and Local Governments.* – The
10 grantee shall hold the national, provincial, city, and municipal governments of the
11 Philippines free from all claims, liabilities, accounts, demands, or actions arising out of
12 accidents causing injury to persons or damage to properties, during the construction
13 or operation of the stations, transmitters, facilities, or equipment of the grantee.

14
15 SEC. 12. *Sale, Lease, Transfer, Grant of Usufruct, or Assignment of Franchise.*
16 – The grantee shall not sell, lease, transfer, grant the usufruct of, nor assign this
17 franchise or the rights and privileges acquired thereunder to any person, firm,
18 company, corporation, or other commercial or legal entity, nor merge with any other
19 corporation or entity, nor shall the controlling interest of the grantee be transferred,
20 simultaneously or contemporaneously, to any person, firm, company, corporation, or
21 entity without the prior approval of Congress. The grantee shall inform Congress,
22 through the Office of the Speaker of the House of Representatives and the Office of
23 the Senate President, of any sale, lease, transfer, grant of usufruct, or assignment of
24 franchise or the rights and privileges acquired thereunder, or of the merger or transfer
25 of the controlling interest of the grantee, within sixty (60) days after the completion of
26 the said transaction. Failure to report to Congress such change of ownership shall
27 render the franchise *ipso facto* revoked. Any person or entity to which this franchise is
28 sold, transferred, or assigned shall be subject to the same conditions, terms,
29 restrictions, and limitations of this Act.

30
31 SEC. 13. *Dispersal of Ownership.* – In accordance with the constitutional
32 provision to encourage public participation in public utilities, the grantee shall offer to
33 Filipino citizens at least thirty percent (30%) of its common stocks, or a higher
34 percentage that may hereafter be provided by law, in any securities exchange in the
35 Philippines within five (5) years from the effectivity of this Act: *Provided*, That in cases

1 where public offer of shares is not applicable, other methods of encouraging public
2 participation by citizens and corporations operating public utilities must be
3 implemented. Noncompliance therewith shall render the franchise *ipso facto* revoked.
4

5 SEC. 14. *Commitment to Provide and Promote the Creation of Employment*
6 *Opportunities.* – The grantee shall create employment opportunities and accept on-
7 the-job trainees in its franchise operations: *Provided*, That priority shall be accorded
8 to the residents of the place where the principal office of the grantee is located:
9 *Provided* further, That the grantee shall ensure that at least sixty percent (60%) of its
10 employees are regular employees and in no case shall the percentage of contractual,
11 job order, or casual employees, and independent contractors combined, exceed forty
12 percent (40%) of its total workforce: *Provided, finally*, That the grantee shall comply
13 with the applicable labor standards and allowance entitlement under existing labor
14 laws, rules and regulations, and similar issuances.
15

16 The employment opportunities or jobs created shall be reflected in the General
17 Information Sheet (GIS) to be submitted to the Securities and Exchange Commission
18 (SEC) annually. In addition, the grantee shall include in its annual report to Congress
19 the number of trainees and workers whose employment status are made regular, and
20 append the appropriate certificate from the Department of Labor and Employment
21 attesting that it has complied with the employment requirement under this Section.
22

23 SEC. 15. *Reportorial Requirement.* – The grantee shall submit an annual report
24 on its compliance with the terms and conditions of the franchise and on its operations
25 to the Congress of the Philippines, through the Committee on Legislative Franchises
26 of the House of Representatives and the Committee on Public Services of the Senate,
27 on or before April 30 of every year during the term of its franchise.
28

29 The annual report shall include an update on the commencement of activities,
30 development, operation, and expansion of business; audited financial statements;
31 latest GIS officially submitted to the SEC, if applicable; certification of the NTC on the
32 status of its permits and operations; and an update on the dispersal of ownership
33 undertaking, if applicable.
34

1 The reportorial compliance certificate issued by Congress shall be required
2 before any application for permit or certificate is accepted by the NTC.

3
4 SEC. 16. *Fine.* – Failure of the grantee to submit the requisite annual report to
5 Congress shall be penalized with a fine in the amount of One million pesos
6 (P1,000,000.00) for each working day of noncompliance, the effectivity of which shall
7 commence upon applicability with other telecommunications franchise grantees:
8 *Provided*, That in the interim, the grantee shall be liable to pay the fine of Five hundred
9 pesos (P500.00) per working day of noncompliance to the NTC. The fine shall be
10 collected separately from the reportorial penalties imposed by the NTC, and it shall be
11 remitted to the Bureau of the Treasury.

12
13 SEC. 17. *Equality Clause.* – Any advantage, favor, privilege, exemption, or
14 immunity granted under existing franchises, or which may hereafter be granted for
15 telecommunications, upon prior review and approval of Congress, shall become part
16 of this franchise and shall be accorded immediately and unconditionally to the herein
17 grantee: *Provided, however*, That the foregoing shall neither apply to nor affect the
18 provisions of telecommunications franchises concerning territory covered by the
19 franchise, the life span of the franchise, or the type of service authorized by the
20 franchise.

21
22 SEC. 18. *Repealability and Nonexclusivity Clause.* – This franchise shall be
23 subject to amendment, alteration, or repeal by Congress when the public interest so
24 requires and shall not be interpreted as an exclusive grant of the privilege herein
25 provided for.

26
27 SEC. 19. *Separability Clause.* – If any of the sections or provisions of this Act
28 is held invalid, all other provisions not affected thereby shall remain valid.

29
30 SEC. 20. *Repealing Clause.* – All laws, decrees, orders, resolutions,
31 instructions, rules and regulations, and other issuances or parts thereof which are
32 inconsistent with the provisions of this Act are hereby repealed, amended, or modified
33 accordingly.

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

Approved,