

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



16 JAN 19 P2:16

SENATE

RECEIVED BY: 

COMMITTEE REPORT NO. 357

Submitted by the Committee on Public Services on JAN 19 2016

RE : H. B. No. 6038

Recommending its approval with amendments.

Sponsor : Senator Osmeña III

MR. PRESIDENT:

The Senate Committee on Public Services to which was referred H. B. No. 6038, introduced by Representatives: , Violago and Teodoro, entitled:

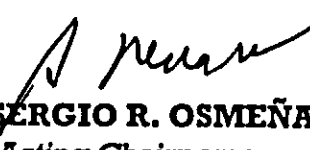
**"AN ACT
RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE
FRANCHISE GRANTED TO CORONA INTERNATIONAL,
INC. UNDER REPUBLIC ACT NO. 7398";**

has considered the same and has the honor to report it back to the Senate with the recommendation that the attached H. B. No. 6038 be approved with amendments, to wit:

1. On page 8 line 15, after the conjunctive "in" and before the word "newspaper" delete the words "the official gazette or in a" and insert the words "AT LEAST TWO (2)", and
2. On the same page 8 and line 26, add the letter "S" to the word "newspaper".

Respectfully submitted:


RAMON BONG REVILLA JR.
Chairperson
Committee on Public Services


SERGIO R. OSMEÑA III
Acting Chairperson
Committee on Public Services

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FRANKLIN M. DRILON
Senate President
Pasay City

CONGRESS OF THE PHILIPPINES
SIXTEENTH CONGRESS
Third Regular Session

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HOUSE OF REPRESENTATIVES

HL No. 6038

BY REPRESENTATIVES VIOLAGO AND TRODORO, PER COMMITTEE REPORT
No. 836

AN ACT RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE
FRANCHISE GRANTED TO CORONA INTERNATIONAL, INC.
UNDER REPUBLIC ACT NO. 7398

*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
2 provisions of the 1987 Philippine Constitution and applicable laws, rules and
3 regulations, the franchise granted to the Corona International, Inc., under
4 Republic Act No. 7398, entitled "An Act Granting the Corona International
5 Inc., a Franchise to Establish, Install, Maintain, Lease and Operate Wire and/or
6 Wireless Telecommunications Systems, Lines, Circuits and Stations
7 Throughout the Philippines for Domestic and International Communications,
8 and For Other Purposes", hereunder referred to as the grantee, its successors or
9 assignees, to construct, install, establish, operate, and maintain for commercial
10 purposes and in the public interest, wire and/or wireless telecommunications
11 systems including mobile cellular, paging, fiber optics, satellite transmit and
12 receive systems, switches, and their value-added services such as transmission

1 of voice, data, facsimile, control signs, audio and video, information services,
2 and all other telecommunications system technologies as are at present
3 available or will be made available through technological advances or
4 innovations in the future; and/or construct, acquire, lease and operate, or
5 manage transmitting and receiving stations, lines, cables, or systems in the
6 Philippines, for domestic and international communications, is hereby renewed
7 for another twenty-five (25) years from the effectivity of this Act.

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

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

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

22 **SEC. 5. Responsibility to the Public.** — The grantee shall conform to
23 the ethics of honest enterprise and not use its stations/facilities for obscene or
24 indecent transmission, or for dissemination of deliberately false information, or
25 willful misrepresentation, or assist in subversive or treasonable acts.

26 The grantee shall provide basic or enhanced telephone service in any
27 city and/or municipality in the Philippines where it has an approved Certificate
28 of Public Convenience and Necessity for the establishment, operation, and

1 maintenance of a local exchange service, without discrimination to any
2 applicant therefor, in the order of the date of their applications, up to the limit
3 of the capacity of its local telephone exchange and, should the demand for the
4 telephone service at any time increase beyond the capacity thereof, the grantee
5 shall increase the same to meet the demand: *Provided*, That in case the total
6 demand to be satisfied by the expansion is less than the smallest viable local
7 exchange available in the market as determined by the NTC, the grantee shall
8 not be obliged to furnish such service unless the applicant for telephone service
9 defrays the actual expenses for the installation of the telecommunications
10 apparatus necessary for the services and in such case, the NTC may extend the
11 time within which the grantee shall furnish such service.

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

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

26 *SEC. 7. Right of Government.* - A special right is hereby reserved to
27 the President of the Philippines, in times of war, rebellion, public peril,
28 calamity, emergency, disaster, or disturbance of peace and order: to

1 temporarily take over and operate the stations, transmitters, facilities, or
2 equipment of the grantee; to temporarily suspend the operation of any station,
3 transmitter, facility, or equipment in the interest of public safety, security, and
4 public welfare; or to authorize the temporary use and operation thereof by any
5 agency of the government, upon due compensation to the grantee for the use of
6 the stations, transmitters, facilities, or equipment during the period when these
7 shall be so operated.

8 The radio spectrum is a finite resource that is part of the national
9 patrimony and the use thereof is a privilege conferred upon the grantee by the
10 State and may be withdrawn any time after due process.

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

15 **SEC. 9. Acceptance and Compliance.** — Acceptance of this franchise
16 shall be given in writing to the Congress of the Philippines, through the
17 Committee on Legislative Franchises of the House of Representatives and the
18 Committee on Public Services of the Senate, within sixty (60) days from the
19 effectivity of this Act. Upon giving such acceptance, the grantee shall exercise
20 the privileges granted under this Act. Nonacceptance shall render the franchise
21 void.

22 **SEC. 10. Right of Interconnection.** — The grantee is hereby authorized
23 to connect or demand connection of its telecommunications systems to other
24 telecommunications systems installed, operated, and maintained by any other
25 duly authorized person or entity in the Philippines for the purpose of providing
26 extended and improved telecommunications services to the public, under the
27 terms and conditions mutually agreed upon by the parties concerned; this right
28 shall be subject to the review and modification of the NTC.

1 **SEC. 11. Gross Receipts.** -- The grantee, its successors or assignees,
2 shall keep a separate account of the gross receipts of the business transacted by
3 it and shall furnish the Commission on Audit (COA) and the National Treasury
4 a copy of such account not later than the thirty-first (31st) day of January of
5 each year for the preceding twelve (12) months.

6 **SEC. 12. Books and Accounts.** -- The books and accounts of the
7 grantee, its successor or assignees, shall always be open to the inspection of the
8 COA and its duly authorized representatives. It shall be the duty of the grantee
9 to submit to the COA two (2) copies of the quarterly reports on the gross
10 receipts, the net profits, and the general condition of the business.

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

17 **SEC. 14. Sale, Lease, Transfer, Usufruct, or Assignment of Franchise.**
18 -- The grantee shall not sell, lease, transfer, grant the usufruct of, nor assign
19 this franchise or the rights and privileges acquired thereunder to any person,
20 firm, company, corporation, or other commercial or legal entity, nor merge
21 with any other corporation or entity, nor shall transfer the controlling interest
22 of the grantee, whether as a whole or in parts, and whether simultaneously or
23 contemporaneously, to any person, firm, company, corporation, or entity
24 without the prior approval of the Congress of the Philippines: *Provided*, That
25 Congress shall be informed of any sale, lease, transfer, grant of usufruct, or
26 assignment of franchise or the rights and privileges acquired thereunder, or of
27 the merger, or transfer of the controlling interest of the grantee, within sixty
28 (60) days after the completion of said transaction: *Provided, further*, That

1 failure to report to Congress such change of ownership shall render the
2 franchise *ipso facto* revoked: *Provided, finally*, That any person or entity to
3 which this franchise is sold, transferred, or assigned shall be subject to the
4 same conditions, terms, restrictions, and limitations of this Act.

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

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

22 **SEC. 17. Penalty Clause.** - Failure of the grantee to submit the
23 requisite annual report to Congress shall be penalized with a fine of five
24 hundred pesos (P500.00) per working day of noncompliance. The fine shall be
25 collected by the NTC from the delinquent franchise grantee separate from the
26 reportorial penalties imposed by the NTC.

27 **SEC. 18. Equality Clause.** - Any advantage, favor, privilege,
28 exemption, or immunity granted under other existing franchises, or which may

1 hereafter be granted, upon prior review and approval of Congress, shall
2 become part of this franchise and shall be accorded immediately and
3 unconditionally to the herein grantee: *Provided*, That the foregoing shall
4 neither apply to nor affect the provisions of telecommunications franchises
5 concerning territory covered by the franchise, the life span of the franchise, or
6 the type of service authorized by the franchise.

7 **SEC. 19. *Separability Clause.*** — If any of the sections or provisions of
8 this Act is held invalid, all other provisions not affected thereby shall remain
9 valid.

10 **SEC. 20. *Repealability and Nonexclusivity Clause.*** — This franchise
11 shall be subject to amendment, alteration, or repeal by the Congress of the
12 Philippines when the public interest so requires and shall not be interpreted as
13 an exclusive grant of the privileges herein provided for.

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

Approved,