

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

'19 JAN 16 A9 :47

**SENATE**

RECEIVED



**COMMITTEE REPORT NO. 551**

Submitted by the Committee on Public Services on JAN 16 2019.

Re: House Bill no. 5557

Recommending the approval of HBN 5557 with amendments.

Sponsor: Senator Grace Poe

**MR. PRESIDENT:**

The Committee on Public Services to which was referred House **Bill No. 5557** introduced by Representatives Oaminal, Alvarez (F), and Marcoleta, entitled:

**"AN ACT  
GRANTING IGNITE TELECOMMUNICATIONS, INCORPORATED  
A FRANCHISE TO CONSTRUCT, INSTALL, ESTABLISH, OPERATE,  
AND MAINTAIN TELECOMMUNICATIONS SYSTEM  
THROUGHOUT THE PHILIPPINES."**

has considered the same and has the honor to report it back to the Senate with the recommendation that the attached H.B. No. 5557 be approved with the following amendments:

1. On page 5, after line 7, insert new provisions that shall read as follows, and renumber the succeeding sections accordingly:

**"SEC. 10. COMMITMENT TO PROVIDE AND PROMOTE THE CREATION OF EMPLOYMENT OPPORTUNITIES. – THE GRANTEE SHALL CREATE**

**EMPLOYMENT OPPORTUNITIES AND SHALL ALLOW ON-THE-JOB TRAININGS IN THEIR FRANCHISE OPERATION. PROVIDED, THAT PRIORITY SHALL BE ACCORDED TO THE RESIDENTS IN AREA WHERE THEIR PRINCIPAL OFFICE IS 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 SECURITIES AND EXCHANGE COMMISSION ANNUALLY.”;**

2. On page 6, line 17, delete the phrase “whether as a whole or in parts, and whether”;
3. On the same page, after line 19, insert a new paragraph which shall read as follows:

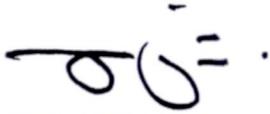
**“CONGRESS SHALL BE INFORMED OF ANY SALE, LEASE, TRANSFER, GRANT OF USUFRUCT, OR ASSIGNMENT OF FRANCHISE OR THE RIGHTS AND PRIVILEGES ACQUIRED THEREUNDER, OR OF THE MERGER OR TRANSFER OF THE CONTROLLING INTEREST OF THE GRANTEE, WITHIN SIXTY (60) DAYS AFTER THE COMPLETION OF THE SAID TRANSACTION. FAILURE TO REPORT TO CONGRESS SUCH CHANGE OF OWNERSHIP SHALL RENDER THE FRANCHISE IPSO FACTO REVOKED. ANY PERSON OR ENTITY TO WHICH THIS FRANCHISE IS SOLD, TRANSFERRED OR ASSIGNED SHALL BE SUBJECT TO THE SAME CONDITIONS, TERMS, RESTRICTIONS, AND LIMITATIONS OF THIS ACT.”;**

4. Renumber the sections accordingly.

RESPECTFULLY SUBMITTED



**GRACE POE**  
Chairperson  
Committee on Public Services



**JOSEPH VICTOR G. EJERCITO**  
Vice-Chairperson  
Committee on Public Services



**FRANCIS "Chiz" G. ESCUDERO**  
Vice-Chairperson  
Committee on Public Services

Members



**LOREN B. LEGARDA**  
**RICHARD J. GORDON**



**PANFILO M. LACSON**

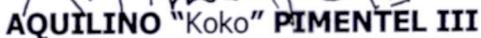
**JOEL VILLANUEVA**



**RISA HONTIVEROS**



**ANTONIO "Sonny" F. TRILLANES IV**

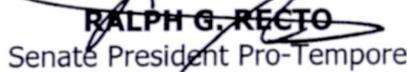


**AQUILINO "Koko" PIMENTEL III**



**PAOLO BENIGNO "Bam" AQUINO IV**

Ex-Officio Members



**RALPH G. RECTO**  
Senate President Pro-Tempore



**JUAN MIGUEL F. ZUBIRI**  
Majority Floor Leader



**FRANKLIN M. DRILON**  
Minority Floor Leader

**HON. VICENTE C. SOTTO III**  
Senate President



## HOUSE OF REPRESENTATIVES

H. No. 5557

---

BY REPRESENTATIVES OAMINAL, ALVAREZ (F.) AND MARCOLETA, PER  
COMMITTEE REPORT NO. 208

---

AN ACT GRANTING IGNITE TELECOMMUNICATIONS,  
INCORPORATED 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 Franchise.* - Subject to the  
2 provisions of the Constitution and applicable laws, rules and regulations, there  
3 is hereby granted to Ignite Telecommunications, Incorporated, hereunder  
4 referred to as the grantee, its successors or assignees, a franchise to construct,  
5 install, establish, operate, and maintain for commercial purposes and in the  
6 public interest, in the Philippines and between the Philippines and other  
7 countries and territories, wire and/or wireless telecommunications systems  
8 including mobile cellular, copper, fiber optics, satellite transmit and receive  
9 systems, switches, and their value-added services such as the transmission of  
10 voice, data, facsimile, control signs, audio and video, information services and  
11 all other telecommunications systems technologies as are at present available  
12 or will be made available through technological advances or innovations in the

1 future; and/or construct, acquire, lease and operate, or manage transmitting  
2 and receiving stations, lines, cables, or systems as are convenient or essential  
3 to efficiently carry out the purpose of this franchise.

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

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

25       SEC. 4. *Excavation and Restoration Works.* – For the purpose of  
26 erecting and maintaining poles or other supports for said wires or other  
27 conductors for the purpose of laying and maintaining underground wires,  
28 cables, or other conductors, it shall be lawful for the grantee, its successors or  
29 assignees, with the prior approval of the Department of Public Works and

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

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

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

28         *SEC. 6. Rates for Services.* - The charges and rates for  
29 telecommunications services of the grantee, except the rates and charges on

1 those that may hereafter be declared or considered as nonregulated services,  
2 whether flat rates or measured rates or variation thereof, shall be subject to the  
3 approval of the NTC or its legal successor. The rates to be charged by the  
4 grantee shall be unbundled, separable, and distinct among the services offered  
5 and shall be determined in such a manner that regulated services do not  
6 subsidize the unregulated ones.

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

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

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

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

26       (b) Commence operations within three (3) years from the effectivity  
27 of this Act; and

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

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

8           SEC. 10. *Bond.* – The grantee shall file a bond with the NTC in the  
9 amount that it shall determine to guarantee compliance with and fulfillment of  
10 the conditions under which this franchise is granted. If, after three (3) years  
11 from the date of the approval of its permit by the NTC, the grantee shall have  
12 fulfilled the conditions, the bond shall be cancelled by the NTC. Otherwise,  
13 the bond shall be forfeited in favor of the government and the franchise  
14 *ipso facto* revoked.

15           SEC. 11. *Right of Interconnection.*           The grantee is hereby  
16 authorized to connect or demand connection of its telecommunications  
17 systems to other telecommunications systems installed, operated, and  
18 maintained by any other duly authorized person or entity in the Philippines for  
19 the purpose of providing extended and improved telecommunications services  
20 to the public, under such terms and conditions mutually agreed upon by the  
21 parties concerned and the same shall be subject to the review and modification  
22 of the NTC.

23           SEC. 12. *Gross Receipts.* – The grantee, its successors or assignees,  
24 shall keep a separate account of the gross receipts of the business transacted by  
25 it and shall furnish the Commission on Audit (COA) and the National  
26 Treasury a copy of such account not later than the thirty-first (31<sup>st</sup>) day of  
27 January of each year for the preceding twelve (12) months.

1           SEC. 13. *Books and Accounts.* – The books and accounts of the  
2 grantee, its successors or assignees, shall always be open to the inspection of  
3 the COA and its duly authorized representatives. It shall be the duty of the  
4 grantee to submit to the COA two (2) copies of the quarterly reports on the  
5 gross receipts, the net profits, and the general condition of the business.

6           SEC. 14. *Warranty in Favor of the National and Local Governments.*  
7 – The grantee shall hold the national, provincial, city, and municipal  
8 governments of the Philippines free from all claims, liabilities, accounts,  
9 demands, or actions arising out of accidents causing injury to persons or  
10 damage to properties, during the construction or operation of the stations,  
11 transmitters, facilities, or equipment of the grantee.

12           SEC. 15. *Sale, Lease, Transfer, Usufruct, or Assignment of Franchise.*  
13 – The grantee shall not sell, lease, transfer, grant the usufruct of, nor assign  
14 this franchise or the rights and privileges acquired thereunder to any person,  
15 firm, company, corporation or other commercial or legal entity, nor merge  
16 with any other corporation or entity, nor shall transfer the controlling interest  
17 of the grantee, whether as a whole or in parts, and whether simultaneously or  
18 contemporaneously, to any such person, firm, company, corporation, or entity,  
19 without the prior approval of the Congress of the Philippines.

20           SEC. 16. *Dispersal of Ownership.* – In accordance with the  
21 constitutional provision to encourage public participation in public utilities, the  
22 grantee shall offer to Filipino citizens at least thirty percent (30%) or a higher  
23 percentage that may hereafter be provided by law of its outstanding capital  
24 stock in any securities exchange in the Philippines within five (5) years from  
25 the commencement of its operations: *Provided,* That in cases where public  
26 offer of shares is not applicable, establishment of cooperatives operating  
27 public utilities must be implemented. Noncompliance therewith shall render  
28 the franchise *ipso facto* revoked.

1           SEC. 17. *Reportorial Requirement.* – The grantee shall submit an  
2 annual report to the Congress of the Philippines, through the Committee on  
3 Legislative Franchises of the House of Representatives and the Committee on  
4 Public Services of the Senate, on its compliance with the terms and conditions  
5 of the franchise and on its operations on or before April 30 of every year  
6 during the term of its franchise. The reportorial compliance certificate issued  
7 by Congress shall be required before any application for permit or certificate is  
8 accepted by the NTC.

9           SEC. 18. *Penalty Clause.* – Failure of the grantee to submit the  
10 requisite annual report to Congress shall be penalized with a fine of five  
11 hundred pesos (P500.00) per working day of noncompliance. The fine shall be  
12 collected by the NTC from the delinquent franchise grantee separate from the  
13 reportorial penalties imposed by the NTC.

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

22           SEC. 20. *Separability Clause.* – If any of the sections or provisions  
23 of this Act is held invalid, all other provisions not affected thereby shall  
24 remain valid.

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

1           SEC. 22. *Repealing Clause.* – All laws, decrees, executive orders,  
2 rules and regulations or parts or provisions thereof which are not consistent  
3 with this Act are hereby repealed, amended, or modified accordingly.

4           SEC. 23. *Effectivity.* – This Act shall take effect fifteen (15) days  
5 after its publication in the *Official Gazette* or in a newspaper of general  
6 circulation.

Approved,

O