


SENATE

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COMMITTEE REPORT NO. 298

RECEIVED BY: 

Submitted by the Committee on Public Services on MAR 19 2018

Re: House Bill no. 6314

Recommending its approval with amendments.

Sponsors: Senator Grace Poe

**MR. PRESIDENT:**

The Committee on Public Services to which was referred House Bill No. 6314 introduced by Representatives Madrona, Alvarez (F), Marcoleta, *et.al.*, entitled:

**"AN ACT  
GRANTING STREAMTECH SYSTEMS TECHNOLOGIES INC.  
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. 6314 be approved with the following amendments:

1. On page 3, delete the paragraph from lines 22 to 28;
2. On page 4, delete the paragraph from lines 1 to 7;
3. On same page, between lines 13 and 14, insert the following paragraphs:

**"THE GRANTEE SHALL IMPROVE AND EXTEND ITS SERVICES IN AREAS NOT SERVED, AND IN HAZARD- AND TYPHOON-PRONE AREAS THAT SHALL BE DETERMINED BY THE NATIONAL DISASTER RISK REDUCTION AND MANAGEMENT COUNCIL IN COORDINATION WITH THE NTC.**

**THE GRANTEE SHALL ALSO IMPROVE AND UPGRADE ITS EQUIPMENT, FACILITIES, AND SERVICES, IN ORDER TO ENSURE EFFECTIVE COMPLIANCE WIT THE OBJECTIVES OF REPUBLIC ACTS NO. 10639 OR THE "FREE MOBILE DISASTER ALERTS ACT.";**

4. On page 4, on line 18, after the word "successor", delete the sentence "The rates to be charged by the grantee shall be unbundled, separable, and distinct among the services offered and shall be determined in such a manner that regulated services do not subsidize the unregulated ones."
5. On page 5, after line 15, insert new provisions that shall read as follows:

**"SEC. 9 ACCEPTANCE AND COMPLIANCE. - ACCEPTANCE OF THIS FRANCHISE SHALL BE GIVEN IN WRITING 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 WITHIN SIXTY (60) DAYS FROM THE EFFECTIVITY OF THIS ACT. UPON GIVING SUCH ACCEPTANCE, THE GRANTEE SHALL EXERCISE THE PRIVILEGES GRANTED UNDER THIS ACT. REFUSAL OR FAILURE TO ACCEPT THE FRANCHISE SHALL RENDER THE FRANCHISE VOID.”;

“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.”

“SEC. 11. TAX PROVISIONS. – THE GRANTEE ITS SUCCESSORS OR ASSIGNEES, SHALL BE LIABLE TO PAY THE SAME TAXES ON THEIR REAL ESTATE, BUILDINGS AND PERSONAL PROPERTY, EXCLUSIVE OF THIS FRANCHISE, AS OTHER PERSONS OR CORPORATIONS WHICH ARE NOW OR THEREAFTER MAY BE ACQUIRED BY LAW TO PAY, EXCEPT RADIO TELECOMMUNICATIONS AND ELECTRONIC COMMUNICATIONS EQUIPMENT, MACHINERY, AND SPARE PARTS NEEDED IN THE CONNECTION WITH THE BUSINESS OF THE GRANTEE WHICH SHALL BE EXEMPT FROM CUSTOMS DUTIES, TARIFFS AND OTHER TAXES, AS WELL AS THOSE DECLARED EXEMPT IN THIS SECTION. IN ADDITION THERETO, THE GRANTEE, ITS SUCCESSORS, OR ASSIGNEES, SHALL PAY A VALUE-ADDED TAX ON ALL GROSS RECEIPTS OF THE BUSINESS TRANSACTED UNDER THIS FRANCHISE BY THE GRANTEE, ITS SUCCESSORS OR ASSIGNEES, IN THE PHILIPPINES IN LIEU OF ANY AND ALL, TAXES OF ANY KIND, NATURE, OR DESCRIPTION LEVIED, ESTABLISHED, OR COLLECTED BY AN AUTHORITY WHATSOEVER INCLUDING, BUT NOT LIMITED TO, CITY, MUNICIPAL, PROVINCIAL, OR NATIONAL, FROM WHICH THE GRANTEE IS HEREBY EXPRESSLY EXEMPTED EFFECTIVE FROM THE DATE OF THE EFFECTIVITY OF THIS ACT: PROVIDED, THAT GRANTEE ITS SUCCESSORS OR ASSIGNEES, SHALL CONTINUE TO BE LIABLE FOR INCOME TAXES PAYABLE UNDER TITLE II OF THE NATIONAL INTERNAL REVENUE CODE PURSUANT TO SECTION 2 OF THE EXECUTIVE ORDER NO. 72, UNLESS THE LATTER ENACTMENT IS AMENDED OR REPEALED, IN WHICH CASE AMENDMENT OR REPEAL SHALL BE APPLICABLE THERETO.”

THE GRANTEE SHALL FILE THE RETURN WITH AND PAY THE TAX THEREON TO THE COMMISSIONER OF INTERNAL REVENUE OR HIS DULY AUTHORIZED REPRESENTATIVE IN ACCORDANCE WITH THE NATIONAL INTERNAL REVENUE CODE AND THE RETURN SHALL BE SUBJECT TO AUDIT BY THE BUREAU OF INTERNAL REVENUE.”;

6. On page 6, after line 8, a new section shall be inserted which shall read as follows:

“SEC. 15. MOBILE NUMBER PORTABILITY. – THE GRANTEE SHALL PROVIDE MOBILE NUMBER PORTABILITY (MNP). IT SHALL SET UP A MECHANISM FOR THE PURPOSE OF IMPLEMENTING MNP. IT SHALL INTERCONNECT DIRECTLY OR INDIRECTLY WITH THE INFRASTRUCTURE, FACILITIES, SYSTEMS, OR EQUIPMET OF OTHER TELECOMMUNICATIONS FRANCHISES GRANTEES. IT SHALL NOT INSTALL NETWORK FEATURES, FUNCTIONS OR CAPABILITIEWS THAT WILL IMPEDE THE IMPLEMENTATION OF A NATIONWIDE MNP SYSTEM.

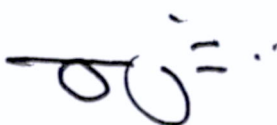


**THE NTC SHALL ISSUE RULES AND REGULATIONS FOR THIS PURPOSE, THE EFFECTIVITY OF WHICH SHALL COMMENCE UPON APPLICABILITY WITH OTHER TELECOMMUNICATIONS FRANCHISE GRANTEES."**

7. On page 7, line 16, after the word "penalized" delete the phrase until line 19, and in lieu thereof insert the phrase and figure "**WITH A FINE IN THE AMOUNT OF ONE MILLION PESOS (1,000,000.00) 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 (P 500.00) 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 NATIONAL TREASURY**";
8. On the same page, line 20, after the title of section 16 delete the phrase "Except for taxes and customs duties,";
9. On the same page, line 22 after the word "granted" delete the phrase "for radio and/or television broadcasting"
10. On the same page, lines 26 to 27 after the preposition "of" delete the phrase "a broadcasting franchise pertaining to the term, the type of service, or territorial coverage of the franchise" and in lieu thereof replace with the phrase "**TELECOMMUNICATIONS FRANCHISES CONCERNING TERRITORY COVERED BY THE FRANCHISE, THE LIFE SPAN OF THE FRANCHISE OR THE TYPR OF SERVICE AUTHORIZED BY THE FRANCHISE**"; and
11. The sections shall be renumbered 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  
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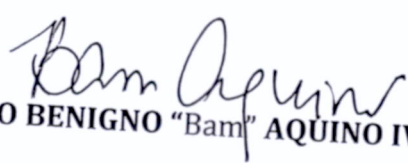
**RICHARD J. GORDON**

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

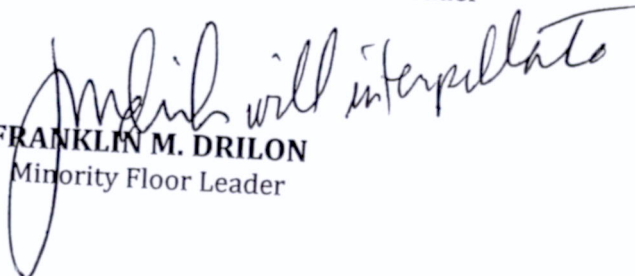
  
**JUAN MIGUEL "Migz" F. ZUBIRI**

  
**PAOLO BENIGNO "Bam" AQUINO IV**

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Senate President Pro-Tempore

  
**VICENTE C. SOTTO III**  
Majority Floor Leader

  
**FRANKLIN M. DRILON**  
Minority Floor Leader

**HON. AQUILINO "Koko" PIMENTEL III**  
President  
Senate of the Philippines



HOUSE OF REPRESENTATIVES

H. No. 6314

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BY REPRESENTATIVES MADRONA, ALVAREZ (F.), MARCOLETA, TEJADA,  
VILLAFUERTE, ACOSTA, CHIPECO, ERMITA-BUHAIN, ABU, BERTIZ,  
SAVELLANO, TY AND GASATAYA, PER COMMITTEE REPORT NO. 370

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AN ACT GRANTING STREAMTECH SYSTEMS TECHNOLOGIES  
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 Franchise.* – Subject to the  
2 provisions of the Constitution and applicable laws, rules and regulations, there  
3 is hereby granted to Streamtech Systems Technologies Inc., hereunder referred  
4 to as the grantee, its successors or assignees, a franchise to construct, install,  
5 establish, operate, and maintain for commercial purposes and in the public  
6 interest, an international gateway facility to serve and connect the Philippines  
7 to other countries and territories, wire and/or wireless telecommunications  
8 systems, international and national broadband system, mobile and cellular,  
9 including, but not limited to, fiber optics, multichannel multipoint distribution  
10 systems, switches, and their value-added services such as transmission of  
11 voice, data, facsimile, control signs, audio and video, information services and  
12 all other value-added technologies as are available or will be made available  
13 through technological advances or innovations in the future; and/or construct,  
14 acquire, lease and operate, or manage transmitting and receiving stations, lines,



1 cables, or systems as is or are convenient or essential to efficiently carry out  
2 the purpose of this franchise.

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

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

24       SEC. 4. *Excavation and Restoration Works.* – For the purpose of  
25 erecting and maintaining poles or other supports for said wires or other  
26 conductors for the purpose of laying and maintaining underground wires,  
27 cables, or other conductors, the grantee, its successors or assignees, shall be  
28 authorized to make excavations or lay conduits in any of the public places,

1 roads, highways, streets, lanes, alleys, avenues, sidewalks, or bridges of the  
2 province, cities and/or municipalities, with the prior approval of the  
3 Department of Public Works and Highways (DPWH) and the local government  
4 unit (LGU) concerned, as may be appropriate: *Provided, however,* That a  
5 public place, road, highway, street, lane, alley, avenue, sidewalk, or bridge  
6 disturbed, altered or changed by reason of erection of poles or other supports  
7 or the underground laying of wires, other conductors or conduits, shall be  
8 repaired and replaced in workmanlike manner by the said grantee, its  
9 successors or assignees, in accordance with the standards set by the DPWH or  
10 the LGU 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 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 and  
16 charge the grantee, its successors or assignees, at double the amount of the  
17 costs and expenses for such repair or replacement.

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 or  
21 willful misrepresentation, or assist in subversive or treasonable acts.

22 The grantee shall provide basic or enhanced telephone service in any  
23 city and/or municipality in the Philippines where it has an approved Certificate  
24 of Public Convenience and Necessity for the establishment, operation, and  
25 maintenance of a local exchange service, without discrimination to any  
26 applicant therefor, in the order of the date of their applications, up to the limit  
27 of the capacity of its local telephone exchange and, should demand for the  
28 telephone service at any time increase beyond the capacity thereof, the grantee



1 shall increase the same to meet such demand: *Provided*, That in case the total  
2 demand to be satisfied by the expansion is less than the smallest viable local  
3 exchange available in the market as determined by the NTC, the grantee shall  
4 not be obliged to furnish such service unless the applicant for telephone service  
5 defrays the actual expenses for the installation of the telecommunications  
6 apparatus necessary for such services and in such case, the NTC may extend  
7 the time within which the grantee shall furnish such service.

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

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

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

26 A special right is hereby reserved to the President of the Philippines, in  
27 times of war, rebellion, public peril, calamity, emergency, disaster, or  
28 disturbance of peace and order: to temporarily take over and operate the



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

7 SEC. 8. *Term of Franchise.* - This franchise shall be in effect for a  
8 period of twenty-five (25) years from the date of the effectivity of this Act,  
9 unless sooner cancelled. This franchise shall be deemed *ipso facto* revoked in  
10 the event the grantee fails to [com]ply with any of the following conditions:

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

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

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

16 SEC. 9. *Bond.* - The grantee shall file a bond with the NTC, in the  
17 amount that the NTC shall determine, to guarantee compliance with and  
18 fulfillment of the conditions under which this franchise is granted. If, after  
19 three (3) years from the date of the approval of its permit by the NTC, the  
20 grantee shall have fulfilled the same, the bond shall be released by the NTC.  
21 Otherwise, the bond shall be forfeited in favor of the government and the  
22 franchise *ipso facto* revoked.

23 SEC. 10. *Right of Interconnection.* - The grantee is hereby authorized  
24 to connect or demand connection of its telecommunications systems to other  
25 telecommunications systems installed, operated, and maintained by any other  
26 duly authorized person or entity in the Philippines for the purpose of providing  
27 extended and improved telecommunications services to the public, under such

1 terms and conditions mutually agreed upon by the parties concerned and the  
2 same shall be subject to the review and modification of the NTC.

3 ~~11~~ SEC. 11. *Warranty in Favor of the National and Local Governments.* -

4 The grantee shall hold the national, provincial, city, and municipal  
5 governments of the Philippines free from all claims, liabilities, demands, or  
6 actions arising out of accidents causing injury to persons or damage to  
7 property, during the construction or operation of the stations, transmitters,  
8 facilities, or equipment of the grantee.

9 ~~6~~ SEC. 12. *Sale, Lease, Transfer, Grant of Usufruct, or Assignment of*  
10 *Franchise.* - The grantee shall not sell, lease, transfer, grant the usufruct of,  
11 nor assign this franchise or the rights and privileges acquired thereunder to any  
12 person, firm, company, corporation or other commercial or legal entity, nor  
13 merge with any other corporation or entity, nor shall transfer the controlling  
14 interest of the grantee, whether as a whole or in part, and whether  
15 simultaneously or contemporaneously, to any such person, firm, company,  
16 corporation, or entity without the prior approval of the Congress of the  
17 Philippines: *Provided,* That Congress shall be informed of any sale, lease,  
18 transfer, grant of usufruct, or assignment of franchise or the rights and  
19 privileges acquired thereunder, or of the merger or transfer of the controlling  
20 interest of the grantee, within sixty (60) days after the completion of said  
21 transaction: *Provided, further,* That failure to report to Congress such change  
22 of ownership shall render the franchise *ipso facto* revoked: *Provided, finally,*  
23 That any person or entity to which this franchise is sold, transferred, or  
24 assigned shall be subject to the same conditions, terms, restrictions, and  
25 limitations of this Act.

26 ~~7~~ SEC. 13. *Dispersal of Ownership.* - In accordance with the  
27 constitutional provision to encourage public participation in public utilities, the  
28 grantee shall offer to Filipino citizens at least thirty percent (30%) or a higher



1 percentage that may hereafter be provided by law of its outstanding capital  
 2 stock in any securities exchange in the Philippines within five (5) years from  
 3 the commencement of its operations: *Provided*, That in cases where public  
 4 offer of shares is not applicable, establishment of cooperatives operating public  
 5 utilities must be implemented. Noncompliance therewith shall render the  
 6 franchise *ipso facto* revoked.

7 <sup>19</sup> SEC. 14. *Reportorial Requirement.* - The grantee shall submit an  
 8 annual report to the Congress of the Philippines, through the Committee on  
 9 Legislative Franchises of the House of Representatives and the Committee on  
 10 Public Services of the Senate, on its compliance with the terms and conditions  
 11 of the franchise and on its operations on or before April 30 of every year  
 12 during the term of its franchise. The reportorial compliance certificate issued  
 13 by Congress shall be required before any application for permit or certificate is  
 14 accepted by the NTC.

15 <sup>19</sup> SEC. 15. *Fine.* - Failure of the grantee to submit the requisite annual  
 16 report to Congress shall be penalized by a fine in the amount of five hundred  
 17 pesos (P500.00) per working day of noncompliance. The fine shall be  
 18 collected separately by the NTC distinct from the penalties it imposes for  
 19 noncompliance of its own reportorial requirements.]

20 <sup>20</sup> SEC. 16. *Equality Clause.* - [Except for taxes and customs duties, any  
 21 advantage, favor, privilege, exemption, or immunity granted under existing  
 22 franchises, or which may hereafter be granted [for radio and/or television  
 23 broadcasting,] upon prior review and approval of Congress, shall become part  
 24 of this franchise and shall be accorded immediately and unconditionally to the  
 25 herein grantee: *Provided*, That the foregoing shall neither apply to nor affect  
 26 the provisions of [a] broadcasting franchise pertaining to the term, the type of  
 27 service, or the territorial coverage of the franchise.]

1     2' SEC. 17. *Repealability and Nonexclusivity Clause.* – This franchise  
2 shall be subject to amendment, alteration, or repeal by the Congress of the  
3 Philippines when the public interest so requires and shall not be interpreted as  
4 an exclusive grant of the privilege herein provided for.

5             SEC. 18. *Separability Clause.* – If any of the sections or provisions of  
6 this Act is held invalid, all other provisions not affected thereby shall remain  
7 valid.

8             SEC. 19. *Repealing Clause.* – All laws, decrees, executive orders,  
9 rules and regulations, or any part or provision thereof which are not consistent  
10 with this Act are hereby repealed, amended, or modified accordingly.

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

Approved,

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