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

EIGHTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 8457

INTRODUCED BY REPRESENTATIVE XAVIER JESUS D. ROMUALDO

EXPLANATORY NOTE

The Covid-19 pandemic that has gripped our country since the start of 2020 has exemplified the great importance of telecommunications services in our country. When our country went on a lockdown, telecommunications services provided the only means by which we could communicate with loved ones and friends. When business closed down, and had to transition themselves to an online existence, telecommunications services allowed them to keep their businesses going. When schools had to close down, and classes went online, telecommunications services allowed for classes to continue. When government offices closed down, and had to offer their services through online means, telecommunications services allowed the public sector to continue serving their constituents. When our countrymen could not go to banks to withdraw their money, telecommunications services provided for online banking and online bank transfers that kept the economy moving. And the list of businesses and industries that rely on telecommunications services is long and expansive. Indeed, after this pandemic, when our country evolves into the New Normal, there will be a lot of opportunities available for those offering telecommunications services.

For that reason, Purple Flower Telecommunication Corp. wishes to take part in the post Covid-19 landscape, as there will inevitably be that very strong need for telecommunications services. The Filipino people have quickly adopted the skillsets of being adept at these online technologies, even elderly people or the underprivileged, who were considered “non-techies”, are now deeply embedded in its usage. If Congress will see fit to grant Purple Flower Telecommunication Corp. this privilege of serving the Filipino people, it will certainly position itself in this most vital and critical industry of telecommunications services.

This bill is earnestly recommended for immediate approval.

XAVIER JESUS D. ROMUALDO
AN ACT
GRANTING PURPLE FLOWER TELECOMMUNICATION CORP. 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:

SECTION 1. Nature and Scope of Franchise. - Subject to the provisions of the
Constitution and applicable laws, rules and regulations, there is hereby granted to
PURPLE FLOWER TELECOMMUNICATION CORP. hereunder referred to as the
grantee, its successors or assigns, a franchise to construct, install, establish,
operate, and maintain for commercial purposes and in the public interest, throughout
the Philippines and between the Philippines and other countries and territories, wired
and/or wireless telecommunications systems including mobile, fixed line, paging,
trunked radio, fiber optics, multi-channel multipoint distribution system (MMDS), local
multi-point distribution system (LMDS), satellite transmit and receive systems,
switches, and value added services such as transmission of voice, data, images,
faxsimile, control signs, audio and video, and all other telecommunications system
technologies as are present available or will be made available through technological
advances or innovations in the future; or construct, acquire, lease, and operate or
manage transmitting and receiving stations, landing stations of submarine cables,
lines, systems, or other cables as it may consider necessary and convenient to
efficiently carry out the purpose of this franchise.
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 right to use its assigned wavelengths or frequencies and the quality of transmission or reception thereon as should maximize rendition of the grantee’s services or the availability thereof.

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

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

SEC. 4. Excavation and Restoration Works. – For the purpose of erecting and maintaining poles or other supports for said wires or other conductors for the purpose of laying and maintaining underground wires, cables, or other conductors, it shall be lawful for the grantee, its successor or assignee, with the prior approval of the Department of Public Works and Highways (DPWH) or the local government unit (LGU) concerned, as may be appropriate, to make excavations or lay conduits in any of the public places, roads, highways, streets, lanes, alleys, avenues, sidewalks, or bridges of the province, cities, or municipalities: Provided, however, That a public place, road, highway, street, lane, alley, avenue, sidewalk, or bridge disturbed, 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 successor or assignee, in
accordance with the standards set by DPWH or the LGU concerned. Should the
grantee, its successor or assignee, after the ten (10)-day 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
disturbed by the said grantee, its successors or assignees, then the DPWH or the
LGU concerned shall have the right to have the same repaired and placed in good
order and condition, and charge the grantee, its successor or assignee at double the
amount of the costs and expenses for such repair or replacement.

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

The grantee shall operate and maintain all its stations, lines, cables, systems,
and equipment for the transmission and reception of messages, signals, and 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.

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

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

SEC. 6. Rates for Services. – The charges and rates for telecommunications
services of the grantee, except the rates and charges on those that may hereafter be
declared or considered as nonregulated services, whether flat rates or measured
rates or variation thereof, shall be subject to the approval of the NTC or its legal
successor. 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.

SEC. 7. Right of 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 State 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 stations, transmitters, facilities, or equipment of the grantee; to temporarily suspend the operation of any station, transmitter, 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 stations, transmitters, facilities, or equipment during the period when these shall be so operated.

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

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 the terms and conditions mutually agreed upon by the parties concerned. This right shall be subject to the review and modification of the NTC.

SEC. 10. Mobile Number Portability. – The grantee shall provide mobile number portability (MNP) and its implementing mechanism, and shall interconnect, directly or indirectly, with the infrastructure, facilities, systems, or equipment of other telecommunications franchise grantees. It shall not install network features,
functions, or capabilities that will impede the implementation of a nationwide MNP system. The NTC shall issue rules and regulations for this purpose, the effectiveness of which shall commence upon applicability with other telecommunications franchise grantees.

SEC. 11. 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. 12. Sale, Lease, Transfer, Grant of 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, partnership, corporation, or other commercial or legal entity, nor merge with any other corporation or entity, nor shall transfer the controlling interest of the grantee, simultaneously or contemporaneously, to any person, firm, company, partnership or corporation organized for the same purpose without the prior approval of the Congress of the Philippines. 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 transaction. Failure to report to Congress such change of ownership shall render the franchise ipso facto revoked.

Any corporation to which this franchise may be sold, transferred, or assigned shall be subject to all conditions, terms, restrictions, and limitations of this Act.

SEC. 13. Dispersal of Ownership. - In accordance with the constitutional provision to encourage public participation in public utilities, the grantee shall offer to Filipino citizens at least thirty percent (30%) of its common stocks, or a higher percentage that may hereafter be provided by law, in any securities exchange in the Philippines within five (5) years from the effectivity of this Act: Provided, That in cases where public offer of shares is not applicable, other methods of encouraging
public participation by citizens and corporations operating public utilities must be implemented. Noncompliance therewith shall render the franchise ipso facto revoked.

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

The employment opportunities or jobs created shall be reflected in the General Information Sheet (GIS) to be submitted to the Securities and Exchange Commission (SEC) annually. In addition, the grantee shall include in its annual report to Congress the number of its regularized employees and secure a compliance and clearance certificate from the Department of Labor and Employment and its relevant attached agencies.

SEC. 15. Reportorial Requirement. — The grantee shall submit an annual report on its compliance with the terms and conditions of the franchise and on its operations 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 or before April 30 of every year during the term of its franchise.

The annual report shall include an update on the roll-out, development, operation and/or expansion of business; audited financial statements; latest GIS officially submitted to the SEC, if applicable; certification of the NTC on the status of its permits and operations; and an update on the dispersal of ownership undertaking, if applicable.
The reportorial compliance certificate issued by Congress shall be required before any application for permit or certificate is accepted by the NTC.

SEC. 16. Fine. – Failure of the grantee to submit the requisite annual report to 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. 17. Equality Clause. - Any advantage, favor, privilege, exemption, or immunity granted under existing franchises, or which may hereafter be granted, shall ipso facto become part of previously granted telecommunications franchises and shall be accorded immediately and unconditionally to the grantees of such franchises: Provided, however, That the foregoing shall neither apply to nor affect provisions of telecommunications franchises concerning territory covered by the franchise, the life span of the franchise, or the type of service authorized by the franchise.

SEC. 18. Repealability and Nonexclusivity 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 privilege herein provided for.

SEC. 19. 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. 20. Repealing Clause. – All laws, decrees, orders, resolutions, instructions, rules and regulations, and other issuances or parts thereof which are inconsistent with the provisions of this Act are hereby repealed, amended, or modified accordingly.
SEC. 21. Effectivity.— This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,