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

EIGHTEENTH CONGRESS
Third Regular Session

House Bill No. 10399

Introduced by Representative Ron P. Salo

EXPLANATORY NOTE

Omninet Philippines, Inc. (Omninet) is a domestic corporation engaged in the public mobile radio system operation industry. It was founded in October of 1991 with its principal place of business in Quezon City. Omninet was granted a Congressional franchise to operate through Republic Act No. 7298, entitled “An Act Granting Omninet Philippines, Inc. a Franchise to Establish, Install, Maintain, Lease and Operate Wire and/or Wireless Telecommunications System, Lines, Circuits and Stations Within and Without the Philippines, and for Other Purposes” on March 26, 1992.

Initially, Omninet mainly operated its Public Mobile Radio System nationwide. Later on, the company also applied for a license to establish, install, maintain, lease and operate a Personal Communications Network from the National Telecommunications Office.

At present, the objective of Omninet is to become one of the fastest and most reliable providers of calls, texts, and internet services in the country. It aims to enhance the connectivity, productivity, and means of communication in the Philippines through better and more efficient telecommunication systems and internet services. However, the franchise had already expired upon the termination of the 25-year term granted by Republic Act No. 7298. Without the franchise, Omninet cannot legally operate under our laws and jurisdiction. Thus, it is requested in this bill that a new Congressional franchise be granted to Omninet Philippines Inc.

Omninet aims to provide high quality and affordable communication and internet services to sectors like local businesses, students, farmers, and Overseas Filipino Workers (OFW) and their families. Omninet will also position its services to be a channel to convey messages of hope, good Christian values, current news and events, and access to information to every Filipino.

The pandemic has exposed the critical importance of efficient telecommunications as an essential service in keeping the economy and society afloat. The times demand continuous improvement and enhancement of our communications and information systems to provide connectivity and instant access to education, medical, and financial facilities. Omninet plans to use its existing infrastructure and facilities to continuously adapt and upgrade its system to the
demand of the times and deliver the most appropriate and reliable services to the people. The advancement of our telecommunications and internet services will be essential in our recovery in the new normal.

In view of the foregoing, approval of this bill is earnestly sought.

RON P. SALO
KABAYAN Party List
AN ACT
GRANTING OMNINET PHILIPPINES, INC. A FRANCHISE TO CONSTRUCT, ESTABLISH, INSTALL, MAINTAIN, LEASE AND OPERATE WIRE AND/OR WIRELESS TELECOMMUNICATIONS SYSTEMS, LINES, CIRCUITS AND STATIONS WITHIN AND WITHOUT THE PHILIPPINES, AND FOR OTHER PURPOSES

Be it enacted by the Senate and House of Representatives of the Philippine Congress assembled:

SECTION 1. Nature and Scope of Franchise. – Subject to the provisions of the 1987 Constitution and applicable laws, rules and regulations, there is hereby granted to Omninet Philippines, Inc., hereunder referred to as the grantee, its successors or assignees, a franchise to construct, establish, install, maintain, lease and operate, for commercial purposes and in the public interest wire and/or wireless telecommunication systems, lines, circuits and stations, fiber optics, microwave and other facilities that are appropriate to the provision of up-to-date telecommunication facilities within and without the Philippines, for public communications including, but not limited to, two-way radio communications systems, paging, mobile/cellular services, packet switched system, satellite transmit and receive systems, switches, pay television and/or program services by wire or wireless means, internet, and other telecommunication systems and their value-added services.

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 privilege to use its assigned wavelengths or frequencies and the quality of transmission or reception thereon as should maximize rendition of the grantee’s services and/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 impose
such conditions relative to the construction, operation, maintenance, or service level of the telecommunications system. The NTC shall have the authority to regulate the construction and operation of its telecommunications systems. The grantee shall not use any frequency in the radio spectrum without authorization from the NTC. Such certificate shall state the areas covered and the date the grantee shall commence the service. The NTC, however, shall not unreasonably withhold or delay the grant of such authority, permits or licenses.

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 successors or assignees, 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, and/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 successors or assignees, in accordance with the standards set by DPWH or the LGU concerned. Should the grantee, its successors or assignees, 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 at double expense to be charged against the grantee, its successors or assignees.

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

The grantee shall operate and maintain all its facilities, 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 facilities, lines, cables, systems and equipment to keep abreast with advances in science and technology.

The grantee shall also 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 services of the grantee, except the rates and charges on those that may hereafter be declared or
considered as non-regulated services, whether flat rates or measured rates or a 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 a manner that regulated services do not subsidize the unregulated ones.

SEC. 7. Right of the Government. – 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 or facilities of the grantee; to temporarily suspend the operation of any station or facility 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 the stations or facilities during the period when these shall be so operated.

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.

SEC. 8. Term of Franchise. – This franchise shall be in effect for a period of twenty-five (25) years from the date of 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 by 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 effectivity 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, whether to property or to persons, by the construction or operation of the stations, transmitters, facilities, or equipment of the grantee.

SEC. 12. Sale, Lease, Transfer, 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 the controlling interest of the grantee be transferred simultaneously or contemporaneously, to any person, firm, company, partnership, corporation or entity 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 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 all the same 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. Non-compliance 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 as well as accept on-the-job trainees in the franchise operation: Provided, That priority shall be accorded to the residents of the place where the principal office of the grantee is located: Provided further, That the grantee shall comply with 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 the Securities and Exchange Commission (SEC) annually.

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 the franchise.

The Annual Report shall include an update on the roll-out, development and 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 operation; and an update on the dispersal of ownership and 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 by a fine 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, upon prior review and approval of Congress, shall become part of this franchise and shall be accorded immediately and unconditionally to the herein grantee: Provided, That the foregoing shall neither apply to nor affect provisions of telecommunications franchises concerning territorial coverage, the term, or the type of service authorized by the franchise.

SEC. 18. Repealability and Non-Exclusivity 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 privileges herein provided for.

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

SEC. 20. Repealing Clauses. – All laws, decrees, orders, resolutions, instructions, rules and regulations, and other issuance 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.