

SENATE

COMMITTEE REPORT NO. 1438

Submitted by the Committee on Public Services on **OCT 15 1991**

RE: House Bill No. 32016

Recommending its approval with amendments

Sponsors : Senators Osmena, Ziga and the Members of the
Committee on Public Service

MR. PRESIDENT:

The Committee on Public Services to which was referred
House Bill No. 32016, introduced by:

CONGRESSMEN ESPINOSA, TINGA, YAP (R.), YULO, AQUINO (F.),
BACALTOS, BAGATSING JR., BENGSON III, CAMASURA JR., CABOCHAN
(J.), CHIPECO JR., DIMAPORO, DOMINGO JR., DRAGON, ENVERGA,
ESCUDERO III, LAGMAN, LAZATIN, PARAS AND ZARRAGA, PER
COMMITTEE REPORT NO. 1173

entitled;

AN ACT GRANTING CORONA INTERNATIONAL, INC., A FRANCHISE TO
ESTABLISH, INSTALL, MAINTAIN, LEASE AND OPERATE WIRE AND/OR
WIRELESS TELECOMMUNICATIONS SYSTEMS, LINES, CIRCUITS AND
STATIONS THROUGHOUT THE PHILIPPINES FOR PUBLIC DOMESTIC AND
INTERNATIONAL COMMUNICATIONS, AND FOR OTHER PURPOSES

has considered the same and has the honor to report it back
to the Senate with the recommendation that it be approved
with the following amendments:

1. On page 3, line 19, replace the word "approval" with
the word EFFECTIVITY.
2. On page 4, line 2 to line 8, delete the whole section
8.
3. On the same page, same line, insert a new section as
follows:

SEC. 8. PUBLIC OWNERSHIP. - IN COMPLIANCE WITH
THE CONSTITUTIONAL MANDATE TO DEMOCRATIZE OWNERSHIP OF
PUBLIC UTILITIES THE HEREIN GRANTEE SHALL MAKE PUBLIC
OFFERING THROUGH THE STOCK EXCHANGES OF AT LEAST THIRTY
PER CENT (30%) OF ITS COMMON STOCKS WITHIN A PERIOD OF
THREE (3) YEARS FROM THE DATE OF EFFECTIVITY OF THIS
ACT, PROVIDED THAT NO SINGLE PERSON OR ENTITY SHALL BE
ALLOWED TO OWN MORE THAN FIVE PER CENT (5%) OF THE
STOCK OFFERINGS.

- 4. On page 7, line 1 replace the phrase "upon its approval" with the phrase "FIFTEEN (15) DAYS FROM THE DATE OF ITS PUBLICATION IN AT LEAST TWO (2) NEWSPAPERS OF GENERAL CIRCULATION."

Respectfully submitted:

J. H. Osmena
 JOHN H. OSMENA
 Chairman
 Committee on Public Services

Victor Ziga
 VICTOR ZIGA
 Vice-Chairman

MEMBERS

Heheron T. Alvarez
 HEHERSON T. ALVAREZ

Aquilino T. Pimentel Jr.
 AQUILINO T. PIMENTEL JR.

Dissenting
Ernesto M. Maceda
 ERNESTO M. MACEDA

Vicente T. Paterno
 VICENTE T. PATERNO

Ernesto F. Herrera
 ERNESTO F. HERRERA

EX-OFFICIO MEMBERS:



SOTERO H. LAUREL
 President Pro-Tempore

Teofisto T. Guingona Jr.
 TEOFISTO T. GUINGONA JR.
 Majority Floor Leader

JUAN PONCE ENRILE
 Minority Floor Leader

HONORABLE JOVITO P. SALONGA
 President of the Senate
 Manila

HOUSE OF REPRESENTATIVES

H. NO. 32016

INTRODUCED BY CONGRESSMEN ESPINOSA, TINGA, YAP (R.), YULO, AQUINO (F.), BACALTOS, BAGATSING JR., BENGSON III, CAMASURA JR., CABOCHAN (J.), CHIPECO JR., DIMAFORO, DOMINGO JR., DRAGON, ENVERGA, ESCUDERO III, LAGMAN, LAZATIN, PARAS AND ZARRAGA, PER COMMITTEE REPORT NO. 1173

AN ACT GRANTING CORONA INTERNATIONAL, INC., A FRANCHISE TO ESTABLISH, INSTALL, MAINTAIN, LEASE AND OPERATE WIRE AND/OR WIRELESS TELECOMMUNICATIONS SYSTEMS, LINES, CIRCUITS AND STATIONS THROUGHOUT THE PHILIPPINES FOR PUBLIC DOMESTIC AND INTERNATIONAL COMMUNICATIONS, AND FOR OTHER PURPOSES

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

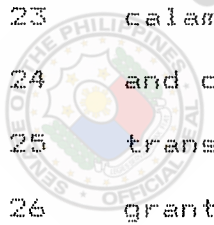
- 1 SECTION 1. *Nature and Scope of Franchise.* -
2 Subject to the provisions of the Constitution and
3 applicable laws, rules and regulations, there is
4 hereby granted to Corona International, Inc.,
5 hereunder referred to as the grantee, its successors
6 or assigns a franchise to establish, install,
7 maintain, lease and operate for commercial purposes
8 and in the public interest wire and/or wireless
9 telecommunication systems, lines, circuits and
10 stations throughout the Philippines for public domestic
11 and international communications and to install
12 corresponding and receiving stations at such places in
13 the Philippines as it may consider necessary and
14 convenient.
- 15 SEC. 2. *Manner of Operation of Stations.* - The
16 stations of the grantee shall be constructed and
17 operated in a manner as will at most result only in
18 the minimum interference on the wavelengths or
19 frequencies of the existing stations or other stations
20 which may be established in accordance with law of

1 other telecommunication services grantees without in
2 any way diminishing its own right to use its selected
3 wavelengths or frequencies and the quality of
4 transmission or reception thereon as would maximize
5 rendition of the grantee's services and/or the
6 availability thereof.

7 SEC. 3. *Prior Approval of the National Telecom-*
8 *munications Commission.* - The grantee shall secure
9 from the National Telecommunications Commission the
10 appropriate permits and licenses for its stations and
11 shall not use any frequency in the radio spectrum
12 without having been authorized by the Commission.

13 SEC. 4. *Responsibility to the Public.* - The
14 grantee shall conform to the ethics of honest
15 enterprise and shall not use its stations for obscene
16 or indecent transmissions or for the dissemination of
17 deliberately false information or willful
18 misrepresentation, or assist in subversive or
19 treasonable acts.

20 SEC. 5. *Right of Government.* - A special right
21 is hereby reserved to the President of the
22 Philippines, in times of war, rebellion, public peril,
23 calamity, emergency, disaster or disturbance of peace
24 and order, to take over and operate the stations,
25 transmitter systems, facilities and equipment of the
26 grantee, to temporarily suspend the operation of any
27 station in the interest of public safety, security and
28 public welfare, or to authorize the temporary use and
29 operation thereof by any agency of the Government,
30 upon due compensation to the grantee, for the use of
31 said stations, transmitter systems, facilities and
32 equipment during the period when they shall be so
33 operated.



1 SEC. 7. *Term of Franchise.* - This franchise
 2 shall be for a term of twenty-five (25) years from the
 3 date of [approval]EFFECTIVITY of this Act, unless
 4 sooner revoked or canceled. In the event the grantee
 5 fails to operate continuously for two (2) years, this
 6 franchise shall be deemed *ipso facto* revoked.

7 [SEC. 8. *Acceptance and Compliance.* - Acceptance
 8 of this franchise shall be given in writing within
 9 sixty (60) days after the approval of this Act. The
 10 grantee shall operate telecommunication systems for
 11 which this franchise is granted within two (2) years
 12 from the date of its acceptance in writing of this
 13 franchise. Refusal or failure to accept the franchise
 14 or to operate within the prescribed period shall
 15 render the franchise void.]

16 SEC. 8. PUBLIC OWNERSHIP. - IN COMPLIANCE WITH
 17 THE CONSTITUTIONAL MANDATE TO DEMOCRATIZE OWNERSHIP
 18 OF PUBLIC UTILITIES THE HEREIN GRANTEE SHALL MAKE
 19 PUBLIC OFFERING THROUGH THE STOCK EXCHANGES OF AT
 20 LEAST THIRTY PER CENT (30%) OF ITS COMMON STOCKS
 21 WITHIN A PERIOD OF THREE (3) YEARS FROM THE DATE OF
 22 EFFECTIVITY OF THIS ACT, PROVIDED THAT NO SINGLE
 23 PERSON OR ENTITY SHALL BE ALLOWED TO OWN MORE THAN
 24 FIVE PER CENT (5%) OF THE STOCK OFFERINGS.

25 SEC. 9. *Tax Provisions.* - The grantee, its
 26 successors or assigns shall be liable to pay the same
 27 taxes on their real estate, buildings and personal
 28 property, exclusive of this franchise, as other
 29 persons or corporations which are now or hereafter may
 30 be required by law to pay. In addition thereto, the
 31 grantee, its successors or assigns shall pay a
 32 franchise tax equivalent to three percent (3%) of all
 33 gross receipts of the business transacted under this



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1 franchise by the grantee, its successors or assigns
 2 and the said percentage shall be in lieu of all taxes
 3 on this franchise or earnings thereof: Provided, That
 4 the grantee, its successors or assigns shall continue
 5 to be liable for income taxes payable under Title II
 6 of the National Internal Revenue Code pursuant to
 7 Section 2 of Executive Order No. 72 unless the latter
 8 enactment is amended or repealed, in which case the
 9 amendment or repeal shall be applicable thereto.

10 The grantee shall file the return with and pay the
 11 tax due thereon to the Commissioner of Internal
 12 Revenue or his duly authorized representative in
 13 accordance with the National Internal Revenue
 14 Code. The return shall be subject to audit by the
 15 Bureau of Internal Revenue.

16 *SEC. 10. Warranty in Favor of National and Local*
 17 *Governments.* - The grantee shall hold the national,
 18 provincial and municipal governments of the
 19 Philippines harmless from all claims, accounts,
 20 demands or actions arising out of accidents or
 21 injuries, whether to property or to persons, caused by
 22 the construction or operation of the stations,
 23 systems, facilities and equipment of the grantee.

24 *SEC. 11. Sale, Lease, Transfer, Usufruct, etc.* -
 25 The grantee shall not lease, transfer, grant the
 26 usufruct of, sell or assign the franchise herein
 27 granted nor the rights and privileges acquired
 28 thereunder to any person, firm, company, corporation
 29 or entity, nor merge with any corporation or entity
 30 without the prior approval of the Congress of the
 31 Philippines. Neither shall the controlling interest
 32 in the grantee be transferred, whether as a whole or
 33 in parts and whether simultaneously or



1 contemporaneously, to any such person, firm, company,
 2 corporation or entity without the prior approval of
 3 the congress of the Philippines. Any person or entity
 4 to which the franchise herein granted is validly sold,
 5 transferred or assigned shall be subject to the same
 6 conditions, terms, restrictions and limitations of
 7 this Act.

8 SEC. 12. *General Telecommunications Policy Act.* -
 9 The grantee shall comply with and be subject to the
 10 provisions of a general telecommunications policy law
 11 that may hereafter be enacted.

12 SEC. 13. *Separability Clause.* - If any of the
 13 sections or provisions of this Act is held invalid,
 14 all the other provisions not affected thereby shall
 15 remain valid.

16 SEC. 14. *Repealability and Non-exclusivity*
 17 *Clause.* - The franchise herein granted shall be
 18 subject to amendment, alteration or repeal by the
 19 Congress of the Philippines when the public interest
 20 so requires and shall not be interpreted as an
 21 exclusive grant of the privileges herein provided for.

22 SEC. 15. *Reportorial Requirement.* - The grantee
 23 shall submit annual report to the Congress of the
 24 Philippines on its compliance with the terms and
 25 conditions of the franchise and on its operations
 26 within sixty (60) days from the end of every year.

27 SEC. 16. *Effectivity.* - This Act shall take
 28 effect [upon its approval] **FIFTEEN (15) DAYS FROM THE**
 29 **DATE OF ITS PUBLICATION IN AT LEAST TWO (2) NEWSPAPERS**
 30 **OF GENERAL CIRCULATION.**

Approved,

