

SENATE
S. No. 2844



Introduced by Senator Grace Poe

AN ACT
GRANTING STARLINK INTERNET SERVICES PHILIPPINES, INC. A
FRANCHISE TO CONSTRUCT, MAINTAIN, AND OPERATE SATELLITE
GROUND STATIONS FOR THE PROVISION OF BROADBAND INTERNET
SERVICES IN THE PHILIPPINES

EXPLANATORY NOTE

Filipinos are among the world's most avid internet users, with the average person spending at least ten (10) hours a day online. Ironically, the Philippines also has one of the slowest and least reliable internet infrastructure in the region. The 2024 edition of the Worldwide Broadband Speed League ranked the Philippines 92nd out of 229 countries with an average download speed of 52.07 Mbps, which was considerably slower than the global average of 55.58 Mbps and the Asian average of 57.24 Mbps¹. Furthermore, a 2024 World Bank Report found that internet connectivity in the Philippines is the most expensive in Southeast Asia but is relatively slow compared to its neighboring countries².

Another World Bank report found that an average Filipino household spends 11% of its income to pay for fixed broadband internet, twice as much as the ASEAN average³. The harsh reality of internet service in the country is reflected in the most recent national census which found that only 56.1% of Filipino households can access the internet at home while 42.1% can access it via mobile broadband networks.⁴

¹ Business World. (24 July 2024). *Philippines further falls in broadband speed tracker*.
<https://www.bworldonline.com/infographics/2024/07/24/609887/philippines-further-falls-in-broadband-speed-tracker/>

² Philippine Star. (26 June 2024). *World Bank urges reforms to address 'slow, costly' internet in Philippines*.
<https://www.philstar.com/business/technology/2024/06/26/2365751/world-bank-urges-reforms-address-slow-costly-internet-philippines#:~:text=According%20to%20the%202024%20World,slow%20compared%20to%20Singapore%2C%20Thailand%2C>

³ Philippine Star. (01 May 2024). *Philippines internet divide expanding*.
<https://www.philstar.com/business/2024/05/01/2351596/philippines-internet-divide-expanding>

⁴ Business World. (05 July 2023). *PHL home internet penetration rate at 56.1% of households*.
[https://www.bworldonline.com/economy/2023/07/05/532628/phl-home-internet-penetration-rate-at-56-1-of-households/#:~:text=THE%20Philippine%20Statistics%20Authority%20\(PSA,connect%20via%20mobile%20broadband%20networks](https://www.bworldonline.com/economy/2023/07/05/532628/phl-home-internet-penetration-rate-at-56-1-of-households/#:~:text=THE%20Philippine%20Statistics%20Authority%20(PSA,connect%20via%20mobile%20broadband%20networks)

This disparity in access has wide-ranging effects on the Philippine economy. Poor internet access limits the opportunities available to Filipinos, particularly for low-income households. On a broader scale, a deficit in digital skills and internet access will result in citizens who are unprepared for future jobs. Poor internet access also leads to low technology adoption and limited innovation and productivity growth by firms, especially micro, small, and medium enterprises.

The entry of Starlink in the Philippines seeks to bridge the digital gap by providing satellite-based internet connectivity in areas not covered by traditional terrestrial networks and in remote areas where it is difficult to build telecommunications infrastructure. The use of satellite technology is particularly well-suited in an archipelago like the Philippines, where large portions of the population live in rural areas and isolated islands.

Starlink Philippines is a subsidiary of Starlink Satellite Services Corp. which operates the world's first and largest satellite constellation. As of June 2024, Starlink has more than 6,200 active satellites, representing half of all active satellites in orbit, allowing it to deliver broadband internet capable of supporting streaming, online gaming, video calls and more.

At present, Starlink Philippines has been granted accreditation as a Satellite Systems Provider and/or Operator by the Department of Information and Communications Technology and registered as a Value-Added Service provider by the National Telecommunications Commission. While these regulatory accreditations already allow Starlink Philippines to provide internet services in the country, it is seeking the grant of a legislative franchise so it can further improve its services by constructing and operating gateway earth stations. Under Republic Act No. 3846 or the Radio Control Act, gateway earth stations qualify as 'radio stations' which requires legislative franchise.


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



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

1 Section 1. *Nature and Scope of Franchise.* – Subject to the provisions of the
2 Constitution and applicable laws, rules and regulations, Starlink Internet Services
3 Philippines Inc. (Starlink Philippines), its successors or assignees, hereunder referred
4 to as the grantee, is hereby granted a franchise, to establish, construct, maintain,
5 operate, own, manage, lease and purchase, in the Philippines, or in such places as the
6 grantee may select radio transmitting stations and/or radio receiving stations, as these
7 terms are defined under Republic Act No. 3846, as amended, including earth stations,
8 satellite earth stations, telecommunication satellite systems, satellite terminal stations,
9 and associated equipment and facilities to support solely the provision of value-added
10 services (VAS), such as internet access services, with authority to receive and transmit
11 data, messages, facsimile, impressions, pictures, music, and voice, without however
12 engaging in other telecommunication services such as broadcasting, telecasting and
13 cable television services, throughout the Philippines and between the Philippines and
14 other countries and territories, ships at sea, aircrafts and other conveyance, stations,
15 and telecommunications systems of other countries.

16 This franchise includes the right and privilege of operating such earth stations,
17 including transmitting and receiving information via satellite and other
18 telecommunications systems/technologies as are at present available or be made

1 available through technological/technical advances or innovations in the future, to
2 support the provision of value- added services, such as internet access services, and
3 to purchase any or all of the equipment and materials needed in its operations; and
4 to establish, construct, maintain, operate, own, manage, lease and purchase radio
5 transmitting and receiving stations for local and international services, as may be
6 convenient to efficiently carry out the purpose of this franchise. The grantee, its
7 successors or assignees, are further authorized to connect and keep connected its
8 satellite earth stations in the Philippines and other countries and territories. The
9 grantee shall be authorized to lease or acquire facilities, channels or circuits in the
10 pursuance of its business.

11 *Sec. 2. Manner of Operation of Stations or Facilities.* — The stations or facilities
12 of the grantee shall be constructed and operated in a manner as will, at most, result
13 only in the minimum interference on the wavelengths or frequencies of existing
14 stations or other stations which may be established by law, without, in any way
15 diminishing its own privilege to use its assigned wavelengths or frequencies and the
16 quality of transmission or reception thereon as should maximize rendition of the
17 grantee's services and/or the availability thereof.

18 *Sec. 3. Authority of the National Telecommunications Commission.* - The
19 grantee shall secure from the National Telecommunications Commission (NTC) a Radio
20 Station License and the appropriate permits and licenses for the construction,
21 installation and operation of its earth stations or facilities. In issuing the certificate,
22 the NTC shall have the power to impose such conditions relative to the construction,
23 operation, maintenance, or service level of the earth stations. The grantee shall not
24 use any frequency in the radio spectrum without authorization from the NTC. Such
25 certificate shall state the areas covered and the date the grantee shall commence the
26 operation of such earth stations. The NTC, however, shall not unreasonably withhold
27 or delay the grant of such authority, permit or license.

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

1 *Sec. 4. Responsibility to the Public.* - The grantee shall conform to the ethics of
2 honest enterprise and not knowingly use its stations/facilities for obscene or indecent
3 transmission, or for dissemination of deliberately false information, or willful
4 misrepresentation, or assist in subversive or treasonable acts.

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

10 The Grantee shall improve and extend its services in unserved and underserved
11 areas, geographically isolated and disadvantaged areas, and in hazard- and typhoon-
12 prone areas as determined by the National Disaster Risk Reduction and Management
13 Council, or its legal successor, in coordination with the NTC.

14 *Sec. 5. Right of the Government.* - The radio spectrum is a finite resource that
15 is part of the national patrimony and the use thereof is a privilege conferred upon the
16 grantee by the Senate and may be withdrawn any time after due process.

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

25 *Sec. 6. Term of Franchise.* - This franchise shall be in effect for a period of
26 twenty-five (25) years from the date of the effectivity of this Act, unless sooner
27 revoked or cancelled. This franchise shall be ipso facto revoked in the event the
28 grantee fails to operate continuously for two (2) years.

29 *Sec. 7. Commitment to Provide and Promote the Creation of Employment*
30 *Opportunities.* - The grantee shall create employment opportunities and shall allow
31 on-the-job trainings in their franchise operation: Provided, That, priority shall be
32 accorded to the residents in the area where their principal office is located: Provided,

1 further, That the grantee shall follow the applicable labor standards and allowance
2 entitlement under existing labor laws, rules and regulations and similar issuances:
3 Provided, finally, That the employment opportunities or jobs created shall be reflected
4 in the General Information Sheet (GIS) to be submitted to the Securities and Exchange
5 Commission annually.

6 *Sec. 8. Right of Interconnection.* - The grantee is hereby authorized to connect
7 or demand connection of its telecommunications systems to other telecommunications
8 systems installed, operated., and maintained by any other duly authorized person or
9 entity in the Philippines for the purpose of providing extended and improved
10 telecommunications services to the public, under such terms and conditions mutually
11 agreed upon by the parties concerned and the same shall be subject to the review
12 and modification of the NTC.

13 *Sec. 9. Warranty in Favor of the National and Local Governments.* — The
14 grantee shall hold the national, provincial, city, and municipal governments of the
15 Philippines free from all claims, liabilities, accounts, demands, or actions arising out of
16 accidents causing injury to persons or damage to properties, during the construction
17 or operation of the stations, transmitters, facilities, or equipment of the grantee.

18 *Sec. 10. Sale, Lease, Transfer, Usufruct, or Assignment of Franchise.* - The
19 grantee shall not sell, lease, transfer, grant the usufruct of, nor assign this franchise
20 or the rights and privileges acquired thereunder to any person, firm, company,
21 corporation or other commercial or legal entity, nor shall transfer the controlling
22 interest of the grantee, simultaneously or contemporaneously, to any third person,
23 firm, company, corporation, or entity without the prior approval of the Congress of
24 the Philippines. Provided, That the Congress shall be informed of any sale, transfer,
25 grant of usufruct of, sale, or assignment of the franchise or the rights and privileges
26 acquired thereunder, or of the merger, or sale of the controlling interest within sixty
27 (60) days after the completion of said transaction: Provided, further, That, any such
28 transfer, sale, or assignment is in accordance with the constitutional limitations:
29 Provided, furthermore, That failure to report to Congress such change of ownership
30 shall render the franchise ipso facto revoked: Provided, finally, That any person or
31 entity which this franchise is validly sold, transferred, or assigned shall be subject to
32 the same conditions, terms, restrictions, and limitations of this Act.

1 *Sec. 11. Reportorial Requirement.* - The grantee shall submit an annual report
2 to the Congress of the Philippines, through the Committee on Legislative Franchises
3 of the House of Representatives and the Committee on Public Services of the Senate,
4 on its compliance with the terms and conditions of the franchise and on its operations
5 on or before April 30 of every year during the term of its franchise.

6 The annual report shall include an update on the commencement of activities,
7 development, operation or expansion of business; audited financial statements; latest
8 GIS officially submitted to the SEC, if applicable; certification of the NTC on the status
9 of its permits and operations; and an update on the dispersal of ownership
10 undertaking, if applicable.

11 The reportorial compliance certificate issued by Congress shall be required
12 before any application for permit or certificate is accepted by the NTC.

13 *Sec. 12. Penalty Clause .* - Failure of the grantee to submit the requisite annual
14 report to the Congress shall be penalized with a fine in the amount of One million
15 pesos (P1,000,000.00) per working day of noncompliance, the effectivity of which shall
16 commence upon applicability with other telecommunications franchise grantees:
17 Provided, That in the interim, the grantee shall be liable to pay the fine of Five hundred
18 pesos (P500.00) per working day of noncompliance. The fine shall be collected by the
19 NTC from the delinquent franchise grantee separate from the reportorial penalties
20 imposed by the NTC, and the same shall be remitted to the Bureau of the Treasury.

21 *Sec. 13. Equality Clause.* — Any advantage, favor, privilege, exemption, or
22 immunity granted under existing franchises, or which may hereafter be granted, upon
23 prior review and approval of Congress, shall become part of this franchise and shall
24 be accorded immediately and unconditionally to the herein grantee: Provided, That
25 the foregoing shall neither apply to nor affect the provisions of a telecommunications
26 franchise pertaining to the term, type of service, or territorial coverage of the
27 franchise.

28 *Sec. 14. Separability Clause.* — If any of the sections or provisions of this Act
29 is held invalid, all other provisions not affected thereby shall remain valid.

30 *Sec. 15. Repealability and Nonexclusivity Clause.* - This franchise shall be
31 subject to amendment, alteration, or repeal by the Congress of the Philippines when

1 the public interest so requires and shall not be interpreted as an exclusive grant of the
2 privileges herein, provided for.

3 *Sec. 16. Repealing Clause.* - All laws, decrees, executive orders, rules and
4 regulations, or parts or provisions thereof which are not consistent with this Act are
5 hereby repealed, amended, or modified accordingly.

6 *Sec. 17. Effectivity.* - This Act shall take effect fifteen (15) days after its
7 publication in the Official Gazette or in a newspaper of general circulation.

Approved,