

# Committee Daily Bulletin

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COMMITTEE MEETING				
COMMITTEE	MEASURES		SUBJECT MATTER	ACTION TAKEN/DISCUSSION
	NO.	PRINCIPAL AUTHOR		
Legislative Franchises	HB 2930	Rep. Umali	Amending and extending for 25 years the franchise granted to Smart Communications, Inc. (formerly Smart Information Technologies, Inc.) under Republic Act No. 7294, the law granting Smart a franchise to establish, install, maintain, lease and operate integrated telecommunications/computer/electronic services and stations throughout the Philippines for public domestic and international telecommunications	<p>The Committee, chaired by Rep. Franz “Chicoy” Alvarez (1<sup>st</sup> District, Palawan), approved HB 2930 with amendment.</p> <p>Aside from amending several provisions of RA 7294, as proposed under HB 2930, the Committee agreed to also amend Section 13 (Listing of Shares) which requires the grantee (Smart) to list and make a public offering, through the stock exchange, of the shares representing at least 30% of its authorized capital stock. In amending Section 13, the Committee agreed to add the phrase “unless the grantee is wholly owned by a publicly listed corporation” at the end of the provision. With this amendment, the issue on Smart not being publicly listed should already be resolved.</p> <p>In the Committee’s previous meeting, an issue was raised relative to Smart’s non-compliance with Section 13 since it is not a publicly listed corporation.</p> <p>Atty. Ray Espinosa, regulatory affairs and policies office head of the Philippine Long Distance Telephone Company (PLDT), reiterated the argument that although Smart is not listed, there is already sufficient compliance because PLDT, the parent company of Smart, is already publicly listed.</p> <p>On another issue, Rep. Harry Roque Jr. (Party-List, KABAYAN) inquired whether Congress approved the sale and transfer of Smart to PLDT pursuant to Section 11 of RA 7294.</p> <p>Section 11 (Sale, Lease, Transfer, Usufruct, etc.) of RA 7294 provides that the grantee shall not lease, transfer, grant the usufruct of, sell or assign the franchise herein granted to any firm, company, corporation or entity nor merge with any corporation or entity without the prior approval of Congress.</p> <p>Espinosa claimed that, under Section 23 (Equality of Treatment in the Telecommunications Industry) of RA 7925 or the Public Telecommunications Policy Act of the Philippines, PLDT is allowed to acquire 100% of the outstanding stocks of Smart without need of congressional approval, especially because the acquirer (PLDT) is another enfranchised public telecommunications company.</p> <p>Section 23 of RA 7925, in part, provides that “Any advantage, favor, privilege, exemption, or immunity granted under existing franchises, or 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...”</p> <p>In response to criticisms about Smart’s poor service, Espinosa apprised the Committee of the firm’s three-year roll out plan to enhance its service which will cover at least 90% of all the cities and municipalities in the country.</p>