


SIXTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session)



15 MAR 16 P5:24

SENATE

RECEIVED BY: 

S. No. 2700

Introduced by **Senator FRANCIS G. ESCUDERO**

AN ACT
RENEWING THE FRANCHISE GRANTED TO THE INTERACTIVE BROADCAST
MEDIA, INC. UNDER REPUBLIC ACT NO. 8210, TO ANOTHER TWENTY-FIVE
(25) YEARS FROM THE DATE OF APPROVAL OF THIS ACT

EXPLANATORY NOTE

In consonance with the constitutionally guaranteed freedom of the press, this bill renews the franchise granted to Interactive Broadcast Media Inc. under Republic Act No. 8210 to another twenty-five (25) years.

It is submitted that with this extension Philippine mass media will continuously evolve under an atmosphere free from any monopolies or restraints. And, as a matter of state interest, credible and reliable information is made accessible to advance education, and exact transparency and accountability of all matters imbued with public interest.

Hence, this bill, House Bill No. 5532 in the House of Representatives, is respectfully submitted for consideration and approval.



FRANCIS G. ESCUDERO

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AN ACT
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(25) YEARS FROM THE DATE OF APPROVAL OF THIS ACT

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

1 **SECTION 1.** *Nature and Scope of Franchise.* - Subject to the provisions of the 1987
2 Philippine Constitution and applicable laws, rules and regulations, the franchise
3 granted under Republic Act No. 8210 entitled "An Act Granting Interactive Broadcast
4 Media, Inc., of the Philippines a Franchise to Construct, Operate and Maintain Radio
5 and Television Broadcasting Stations in the Philippines", to Interactive Broadcast
6 Media, Inc., hereunder referred to as the grantee, whose controlling interest has been
7 transferred to Edcanoy Prime Holdings, Inc., to construct, install, establish, operate and
8 maintain for commercial purposes and in the public interest, radio and/or television
9 broadcasting stations, including digital television system, through microwave, satellite
10 or whatever means, including the use of any new technologies in television and radio
11 systems, with the corresponding technological auxiliaries and facilities, special
12 broadcast and other program and distribution services and relay stations in the
13 Philippines, is hereby renewed for another twenty-five (25) years from the approval of
14 this Act.

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

22 **SEC. 3.** *Prior Approval of the National Telecommunications Commission.* - The
23 grantee shall secure from the National Telecommunications Commission (NTC), the
24 appropriate permits and licenses for the construction and operation of its stations and
25 facilities and shall not use any frequency in the radio/television spectrum without
26 authorization from the NTC. The NTC, however, shall not unreasonably withhold or
27 delay the grant of any such authority.

1 SEC. 4. *Responsibility to the Public.* - The grantee shall provide adequate public
2 service time to enable the government, through the said broadcasting stations or
3 facilities, to reach the population on important public issues; provide at all times sound
4 and balanced programming; assist in the functions of public information and education;
5 conform to the ethics of honest enterprise; and not use its stations and facilities for the
6 broadcasting of obscene and indecent language, speech, act or scene; or for the
7 dissemination of deliberately false information or willful misrepresentation, to the
8 detriment of the public interest, or to incite, encourage or assist in subversive or
9 treasonable acts.

10 SEC. 5. *Right of Government.* - A special right is hereby reserved to the President
11 of the Philippines, in times of war, rebellion, public peril, calamity, emergency, disaster
12 or disturbance of peace and order: to temporarily take over and operate the stations or
13 facilities of the grantee; to temporarily suspend the operation of any station or facility in
14 the interest of public safety, security and public welfare; or to authorize the temporary
15 use and operation thereof by any agency of the government, upon due compensation to
16 the grantee, for the use of said stations or facilities during the period when they shall be
17 so operated.

18 The radio spectrum is a finite resource that is part of the national patrimony and
19 the use thereof is a privilege conferred upon the grantee by the State and may be
20 withdrawn anytime after due process.

21 SEC. 6. *Term of Franchise.* - This franchise shall be in effect for a period of twenty-
22 five (25) years from the effectivity of the Act, unless sooner revoked or cancelled. This
23 franchise shall be deemed ipso facto revoked in the event the grantee fails to operate
24 continuously for two (2) years.

25 SEC. 7. *Acceptance and Compliance.* - Acceptance of this new franchise shall be
26 given in writing to the Congress of the Philippines, through the Committee on
27 Legislative Franchises of the House of Representatives and the Committee on Public
28 Services of the Senate within sixty (60) days from the effectivity of this Act. Upon giving
29 such acceptance, the grantee shall exercise the privileges granted under this Act.
30 Nonacceptance shall render the franchise void.

31 SEC. 8. *Self-Regulation by and Undertaking of Grantee.* - The grantee shall not
32 require any previous censorship of any speech, play, act or scene, or other matter to be
33 broadcast from its stations: *Provided*, That the grantee, during any broadcast, shall cut
34 off from the air the speech, play, act or scene, or other matter being broadcast if the
35 tendency thereof is to propose and/or incite treason, rebellion or sedition; or the
36 language used therein or the theme thereof is indecent or immoral: *Provided, further*, That
37 willful failure to do so shall constitute a valid cause for the cancellation of this franchise.

38 SEC. 9. *Warranty in Favor of National and Local Governments.* - The grantee shall
39 hold the national, provincial, city, and municipal governments of the Philippines free
40 from all claims, accounts, demands or actions arising out of accidents or injuries,
41 whether to property or to persons, caused by the construction or operation of the
42 stations of the grantee.

43 SEC. 10. *Sale, Lease, Transfer, Usufruct, or Assignment of Franchise.* - The grantee
44 shall not lease, transfer, grant the usufruct of, sell nor assign this franchise or the rights
45 and privilege acquired thereunder to any person, firm, company, corporation or other

1 commercial or legal entity, nor merge with any other corporation or entity, nor shall the
2 controlling interest of the grantee be transferred, whether as a whole or in parts, and
3 whether simultaneously or contemporaneously, to any such person, firm, company,
4 corporation or entity without the prior approval of the Congress of the Philippines:
5 *Provided*, That Congress shall be informed of any sale, lease, transfer, grant of usufruct
6 of, assignment of franchise or the rights or privileges acquired thereunder, or of the
7 merger, or transfer of controlling interest of the grantee, within sixty (60) days after the
8 completion of the said transaction: *Provided, further*, That failure to report to Congress
9 such change of ownership shall render the franchise ipso facto revoked: *Provided, finally*,
10 That any person or entity to which this franchise is sold, transferred or assigned, shall
11 be subject to the same conditions, terms, restrictions and limitations of this Act.

12 SEC. 11. *Dispersal of Ownership*. - In accordance with the constitutional provision
13 to encourage public participation in public utilities, the grantee shall offer to Filipino
14 citizens at least thirty per cent (30%) or a higher percentage that may hereafter be
15 provided by law of its outstanding capital stock in any securities exchange in the
16 Philippines within five (5) years from the commencement of its operations: *Provided*,
17 That in cases where public offer of shares is not applicable, establishment of
18 cooperatives and other methods of encouraging public participation by citizens and
19 corporations operating public utilities must be implemented. Noncompliance therewith
20 shall render the franchise ipso facto revoked.

21 SEC. 12. *General Broadcast Policy Law*. - The grantee shall comply with and be
22 subject to the provisions of a general broadcast policy law, which Congress may
23 hereafter enact.

24 SEC. 13. *Reportorial Requirement*. - The grantee shall submit an annual report to
25 the Congress of the Philippines, through the Committee on Legislative Franchises of the
26 House of Representatives and the Committee on Public Services of the Senate, on its
27 compliance with the terms and conditions of the franchise and on its operations on or
28 before April 30 of every year during the term of the franchise.

29 SEC. 14. *Penalty Clause*. - Failure to submit the annual report to Congress shall be
30 penalized with a fine of five hundred pesos (P500.00) per working day of
31 noncompliance. The fine shall be collected by the NTC from the delinquent franchise
32 grantee separate from the reportorial penalties imposed by the NTC. The collected
33 funds shall accrue to the monitoring fund of the NTC inline with its supervisory and
34 regulatory functions. The reportorial compliance certificate issued by Congress
35 shall be required before any application for permit or certificate is accepted by the NTC.

36 SEC. 15. *Equality Clause*. - Any advantage, favor, privilege, exemption, or
37 immunity granted under existing franchise, or which may hereafter be granted for radio
38 and/or television broadcasting, upon prior review and approval of Congress, shall
39 become part of this franchise and shall be accorded immediately and unconditionally to
40 the herein grantee: *Provided, however*, That the foregoing shall neither apply to nor affect
41 provisions of broadcasting franchises concerning territory covered by the franchise, the
42 life span of the franchise or the type of service authorized by the franchise: *Provided*,
43 *further*, That the foregoing shall not apply to sale, lease, transfer or grant of usufruct of
44 legislative franchise with prior congressional approval.

45 SEC. 16. *Separability Clause*. - If any of the sections or provisions of this Act is
46 held invalid, all other provisions not affected thereby shall remain valid.

1 SEC. 17. *Repealability and Nonexclusivity Clause.* - This franchise shall be subject
2 to amendment, alteration, or repeal by the Congress of the Philippines when the public
3 interest so requires and shall not be interpreted as an exclusive grant of the privileges
4 herein provided for.

5 SEC. 18. *Effectivity Clause.* - This Act shall take effect fifteen (15) days after its
6 publication in the Official Gazette or in a newspaper of general circulation.

7 *Approved,*