



## HOUSE OF REPRESENTATIVES

II. No. 6193

---

BY REPRESENTATIVES LAGDAMEO (A.), TEODORO, ARNAIZ, TAMBUNTING,  
LAGDAMEO (M.), BELLO (S.), SALVACION, MENDOZA (R.), COSALAN,  
FORTUNO, AND PICHAY, PER COMMITTEE REPORT NO. 908

---

AN ACT RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE  
FRANCHISE GRANTED TO KALAYAAN BROADCASTING  
SYSTEM, INCORPORATED UNDER REPUBLIC ACT NO. 7303,  
AS AMENDED BY REPUBLIC ACT NO. 8105, ENTITLED "AN  
ACT GRANTING THE KALAYAAN BROADCASTING SYSTEM,  
INCORPORATED, A FRANCHISE TO CONSTRUCT, INSTALL,  
OPERATE AND MAINTAIN RADIO BROADCASTING STATIONS  
IN THE ISLAND OF MINDANAO AND FOR OTHER PURPOSES"

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

- 1           SECTION I. *Nature and Scope of Franchise.* – Subject to the  
2 provisions of the Philippine Constitution and applicable laws, rules and  
3 regulations, the franchise granted to Kalayaan Broadcasting System,  
4 Incorporated (KBSI), hereunder referred to as the grantee, its successors or  
5 assignees, under Republic Act No. 7303, as amended by Republic Act  
6 No. 8105, entitled "An Act Granting the Kalayaan Broadcasting System,  
7 Incorporated, a Franchise to Construct, Install, Operate and Maintain Radio  
8 Broadcasting Stations in the Island of Mindanao and for Other Purposes", to  
9 construct, install, establish, operate, and maintain for commercial purposes and

1 in the public interest, radio and/or television broadcasting stations, where  
2 frequencies and/or channels are still available for radio and/or television  
3 broadcasting, including digital television system, through microwave, satellite  
4 or whatever means, including the use of any new technologies in television and  
5 radio systems, with the corresponding technological auxiliaries and facilities,  
6 special broadcast and other program and distribution services and relay  
7 stations in the Island of Mindanao, is hereby renewed for another twenty-five  
8 (25) years from the effectivity of this Act.

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

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

23       **SEC. 4. *Responsibility to the Public.*** – The grantee shall provide  
24 adequate public service time to enable the government, through the said  
25 broadcasting stations or facilities, to reach the population on important public  
26 issues; provide at all times sound and balanced programming; assist in the  
27 functions of public information and education; conform to the ethics of honest  
28 enterprise; and not use its stations and facilities for the broadcasting of obscene

1 and indecent language, speech, act or scene; or for the dissemination of  
2 deliberately false information or willful misrepresentation, to the detriment of  
3 the public interest; or to incite, encourage, or assist in subversive or  
4 treasonable acts.

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

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

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

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

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

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

14           SEC. 10. *Sale, Lease, Transfer, Usufruct, or Assignment of Franchise.*  
15 – The grantee shall not lease, transfer, grant the usufruct of, sell nor assign this  
16 franchise or the rights and privileges acquired thereunder to any person, firm,  
17 company, corporation or other commercial or legal entity, nor merge with any  
18 other corporation or entity, nor shall transfer the controlling interest of the  
19 grantee, whether as a whole or in parts, and whether simultaneously or  
20 contemporaneously, to any such person, firm, company, corporation or entity  
21 without the prior approval of the Congress of the Philippines: *Provided*, That  
22 Congress shall be informed of any sale, lease, transfer, grant of usufruct, or  
23 assignment of franchise or the rights and privileges acquired thereunder, or of  
24 the merger or transfer of the controlling interest of the grantee, within sixty  
25 (60) days after the completion of said transaction: *Provided, further*, That  
26 failure to report to Congress such change of ownership shall render the  
27 franchise *ipso facto* revoked: *Provided, finally*, That any person or entity to

1 which this franchise is sold, transferred, or assigned, shall be subject to the  
2 same conditions, terms, restrictions, and limitations of this Act.

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

13       **SEC. 12. *General Broadcast Policy Law.*** – The grantee shall comply  
14 with and be subject to the provisions of a general broadcast policy law, which  
15 Congress may hereafter enact.

16       **SEC. 13. *Reportorial Requirement.*** – The grantee shall submit an  
17 annual report to the Congress of the Philippines, through the Committee on  
18 Legislative Franchises of the House of Representatives and the Committee on  
19 Public Services of the Senate, on its compliance with the terms and conditions  
20 of the franchise and on its operations on or before April 30 of every year  
21 during the term of its franchise. The reportorial compliance certificate issued  
22 by Congress shall be required before any application for permit or certificate is  
23 accepted by the NTC.

24       **SEC. 14. *Penalty Clause.*** – Failure of the grantee to submit the  
25 requisite annual report to Congress shall be penalized by a fine in the amount  
26 of five hundred pesos (P500.00) per working day of noncompliance. The fine  
27 shall be collected by the NTC from the delinquent franchise grantee separate  
28 from the reportorial penalties imposed by the NTC.

1           SEC. 15. *Equality Clause.* – Any advantage, favor, privilege,  
2 exemption, or immunity granted under existing franchises, or which may  
3 hereafter be granted for radio and/or television broadcasting, upon prior review  
4 and approval of Congress, shall become part of this franchise and shall be  
5 accorded immediately and unconditionally to the herein grantee: *Provided,*  
6 That the foregoing shall neither apply to nor affect the provisions of  
7 broadcasting franchises concerning territory covered by the franchise, the life  
8 span of the franchise, or the type of service authorized by the franchise.

9           SEC. 16. *Separability Clause.* – If any of the sections or provisions of  
10 this Act is held invalid, all other provisions not affected thereby shall remain  
11 valid.

12           SEC. 17. *Repealability and Nonexclusivity Clause.* – This franchise  
13 shall be subject to amendment, alteration, or repeal by the Congress of the  
14 Philippines when the public interest so requires and shall not be interpreted as  
15 an exclusive grant of the privileges herein provided for.

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

Approved,