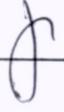


SEVENTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Third Regular Session)



'19 JAN 28 P 4 :19

SENATE

REC'D _____ 

COMMITTEE REPORT NO. 575

Submitted by the Committee on Public Services on JAN 28 2019.

Re: House Bill no. 8630 taking into consideration Senate Bill No. 2129

Recommending its approval with amendments, taking into consideration Senate Bill No. 2129

Sponsor: Senator Grace Poe

MR. PRESIDENT:

The Committee on Public Services to which was referred House Bill No. 8630 introduced by Representatives Quimbo, Romualdo, Alvarez (F.), Pimentel, Garbin, Revilla, Tejada, Aggabao, Unabia, Montoro, Savellano, Unico, Violago, Arcillas, Marcoleta, Salo, Pancho, Abayon, Bravo (A.), Bertiz, Paduano, Mending, Malapitan, Enverga, Bernos, Vargas-Alfonso, Zamora (M.C.), Abellanosa, Caminero, Banal, Acosta, Cortes, Espino, Martinez, Villafuerte, Chipeco, Rodriguez (I.), Durano, Maceda, Gatchalian, Relampagos, Vargas, Bravo (M.V.), Ferrer (L.), Belmonte (R.), Batocabe, Velarde, Romero, Madrona, Cua, Tugna, Almario, Ting, Uybarreta and Chavez, entitled:

"AN ACT RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO ABC DEVELOPMENT CORPORATION, PRESENTLY KNOWN AS TV5 NETWORK, INC., UNDER REPUBLIC ACT NO. 7831, ENTITLED "AN ACT GRANTING ABC DEVELOPMENT CORPORATION, UNDER BUSINESS NAME 'ASSOCIATED BROADCASTING COMPANY,' A FRANCHISE TO CONSTRUCT,

**INSTALL, OPERATE AND MAINTAIN RADIO AND TELEVISION
BROADCASTING STATIONS IN THE PHILIPPINES"**

and taking into consideration Senate Bill No. 2129 introduced by Senator Ralph G. Recto, entitled:

"AN ACT

**RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE
GRANTED TO ABC DEVELOPMENT CORPORATION, PRESENTLY KNOWN AS
TV5 NETWORK, INC., AMENDING FOR THE PURPOSE REPUBLIC ACT NO.
7831 ENTITLED, 'AN ACT GRANTING ABC DEVELOPMENT CORPORATION
UNDER BUSINESS NAME 'ASSOCIATED BROADCASTING COMPANY,' A
FRANCHISE TO CONSTRUCT, INSTALL, OPERATE AND MAINTAIN RADIO
AND TELEVISION BROADCASTING STATIONS IN THE PHILIPPINES"**

has considered the same and has the honor to report House Bill No. 8630, taking into consideration Senate Bill No. 2129, back to the Senate with the recommendation that it be approved with the following amendments:

1. On page 6, line 1, delete the phrase "whether as a whole or in part,";
2. On the same page, line 2, delete the words "and whether";
3. On the same page, lines 4 and 5, after the word "Philippines" insert a period (.) and delete the phrase "and compliance with legal requirements stipulated in other statutes: Provided, That" and in lieu thereof insert a new phrase **"CONGRESS SHALL BE INFORMED OF ANY SALE, LEASE, TRANSFER, GRANT OF USUFRUCT, OR ASSIGNMENT OF FRANCHISE OR THE RIGHTS AND PRIVILEGES ACQUIRED THEREUNDER, OR OF THE MERGER OR TRANSFER OF THE CONTROLLING INTEREST OF THE GRANTEE, WITHIN SIXTY (60) DAYS AFTER THE COMPLETION OF THE SAID TRANSACTION. FAILURE TO REPORT TO CONGRESS SUCH CHANGE OF OWNERSHIP SHALL RENDER THE FRANCHISE IPSO**

FACTO REVOKED."; also on line 5 after the words "Provided, That", capitalize letter "a" in the word "any";

RESPECTFULLY SUBMITTED



GRACE POE
Chairperson

Committee on Public Services



JOSEPH VICTOR G. EJERCITO
Vice-Chairperson
Committee on Public Services

FRANCIS "Chiz" G. ESCUDERO
Vice-Chairperson
Committee on Public Services

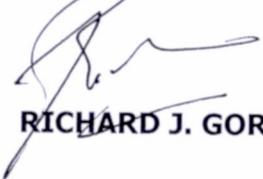
Members



LOREN B. LEGARDA



PANFILO M. LACSON



RICHARD J. GORDON



JOEL VILLANUEVA

RISA HONTIVEROS



ANTONIO "Sonny" F. TRILLANES IV

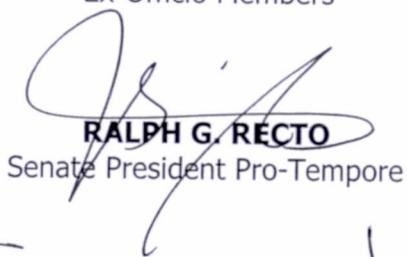


AQUILINO "Koko" PIMENTEL III



PAOLO BENIGNO "Bam" AQUINO IV

Ex-Officio Members



RALPH G. RECTO

Senate President Pro-Tempore



JUAN MIGUEL F. ZUBIRI

Majority Floor Leader



FRANKLIN M. DRILON

Minority Floor Leader

HON. VICENTE C. SOTTO III
Senate President



HOUSE OF REPRESENTATIVES

H. No. 8630

BY REPRESENTATIVES QUIMBO, ROMUALDO, ALVAREZ (F.), PIMENTEL, GARBIN, REVILLA, TEJADA, AGGABAO, UNABIA, MONTORO, SAVELLANO, UNICO, VIOLAGO, ARCILLAS, MARCOLETA, SALO, PANCHO, ABAYON, BRAVO (A.), BERTIZ, PADUANO, MENDING, MALAPITAN, ENVERGA, BERNOS, VARGAS-ALFONSO, ZAMORA (M.C.), ABELLANOSA, CAMINERO, BANAL, ACOSTA, CORTES, ESPINO, MARTINEZ, VILLAFUERTE, CHIPECO, RODRIGUEZ (I.), DURANO, MACEDA, GATCHALIAN, RELAMPAGOS, VARGAS, BRAVO (M.V.), FERRER (L.), BELMONTE (R.), BATOCABE, VELARDE, ROMERO, MADRONA, CUA, TUGNA, ALMARIO, TING, UYBARRETA AND CHAVEZ, PER COMMITTEE REPORT NO. 940

AN ACT RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO ABC DEVELOPMENT CORPORATION, PRESENTLY KNOWN AS TV5 NETWORK, INC., UNDER REPUBLIC ACT NO. 7831, ENTITLED "AN ACT GRANTING ABC DEVELOPMENT CORPORATION, UNDER BUSINESS NAME 'ASSOCIATED BROADCASTING COMPANY,' A FRANCHISE TO CONSTRUCT, INSTALL, OPERATE AND MAINTAIN RADIO AND TELEVISION BROADCASTING STATIONS IN THE PHILIPPINES"

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
2 provisions of the Constitution and applicable laws, rules and
3 regulations, the franchise granted under Republic Act No. 7831 to
-

1 ABC Development Corporation, presently known as TV5 Network,
2 Inc., hereunder referred to as the grantee, its successors or
3 assignees, to construct, install, establish, operate and maintain for
4 commercial purposes and in the public interest radio and/or
5 television broadcasting stations, including digital television system,
6 through microwave, satellite, terrestrial or whatever means, as
7 well as the use of any new technologies in television and radio
8 systems, with the corresponding technological auxiliaries and
9 facilities, special broadcast and other program and distribution
10 services and relay stations in the Philippines, is hereby renewed for
11 another twenty-five (25) years.

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

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

1 however, shall not unreasonably withhold or delay the grant of any
2 such authority.

3 SEC. 4. *Responsibility to the Public.* – The grantee shall
4 provide, free of charge, adequate public service time which is
5 reasonable and sufficient to enable the government, through the
6 broadcasting stations or facilities of the grantee, to reach the
7 pertinent populations or portions thereof, on important public issues
8 and relay important public announcements and warnings
9 concerning public emergencies and calamities, as necessity, urgency
10 or law may require; provide at all times sound and balanced
11 programming; promote public participation; assist in the functions
12 of public information and education; conform to the ethics of honest
13 enterprise; promote audience sensibility and empowerment
14 including closed captioning; and not use its stations or facilities for
15 the broadcasting of obscene or indecent language, speech, act, or
16 scene; or for the dissemination of deliberately false information or
17 willful misrepresentation, to the detriment of the public interest; or
18 to incite, encourage, or assist in subversive or treasonable acts.

19 Public service time referred herein shall be equivalent to a
20 maximum aggregate of ten percent (10%) of the paid commercials or
21 advertisements which shall be allocated based on need to the
22 Executive and Legislative branches, the Judiciary, Constitutional
23 Commissions and international humanitarian organizations duly
24 recognized by statutes: *Provided*, That the NTC shall increase the
25 public service time in case of extreme emergency or calamity. The
26 NTC shall issue rules and regulations for this purpose, the

1 effectivity of which shall commence upon applicability with other
2 similarly situated broadcast network franchise holders.

3 SEC. 5. *Right of the Government.* – The radio spectrum is a
4 finite resource that is part of the national patrimony and the use
5 thereof is a privilege conferred upon the grantee by the State and
6 may be withdrawn any time after due process.

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

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

22 SEC. 7. *Self-regulation by and Undertaking of the Grantee.* –
23 The grantee shall not require any previous censorship of any
24 speech, play, act, or scene, or other matter to be broadcast from its
25 stations: *Provided*, That the grantee, during any broadcast, shall
26 cut off from the air the speech, play, act, or scene, or other matter
27 being broadcast if the tendency thereof is to propose or incite

1 treason, rebellion or sedition; or the language used therein or the
2 theme thereof is indecent or immoral: *Provided, further,* That
3 willful failure to do so shall constitute a valid cause for the
4 cancellation of this franchise.

5 SEC. 8. *Warranty in Favor of the National and Local*
6 *Governments.* - The grantee shall hold the national, provincial,
7 city, and municipal governments of the Philippines free from all
8 claims, liabilities, demands, or actions arising out of accidents
9 causing injury to persons or damage to properties, during the
10 construction or operation of the stations of the grantee.

11 SEC. 9. *Commitment to Provide and Promote the Creation of*
12 *Employment Opportunities.* - The grantee shall create employment
13 opportunities and shall allow on-the-job trainings in their franchise
14 operation: *Provided,* That priority shall be accorded to the residents
15 in areas where any of its offices is located: *Provided, further,* That
16 the grantee shall comply with the applicable labor standards and
17 allowance entitlement under existing labor laws, rules and
18 regulations and similar issuances: *Provided, finally,* That the
19 employment opportunities or jobs created shall be reflected in the
20 General Information Sheet to be submitted to the Securities and
21 Exchange Commission (SEC) annually.

22 SEC. 10. *Sale, Lease, Transfer, Grant of Usufruct, or*
23 *Assignment of Franchise.* - The grantee shall not sell, lease,
24 transfer, grant the usufruct of, nor assign this franchise or the
25 rights and privileges acquired thereunder to any person, firm,
26 company, corporation or other commercial or legal entity, nor merge
27 with any other corporation or entity, nor shall transfer the

1 controlling interest of the grantee, (whether as a whole or in part.)
2 (and whether) simultaneously or contemporaneously, to any person,
3 firm, company, corporation, or entity without the prior approval of
4 the Congress of the Philippines, and compliance with legal
5 requirements stipulated in other statutes: *Provided, That* any
6 person or entity to which this franchise is sold, transferred, or
7 assigned shall be subject to the same conditions, terms, restrictions,
8 and limitations of this Act.

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

21 SEC. 12. *Reportorial Requirement.* – During the term of
22 its franchise, the grantee shall submit an annual report to the
23 Congress of the Philippines, through the Committee on Legislative
24 Franchises of the House of Representatives and the Committee on
25 Public Services of the Senate, on its compliance with the terms and
26 conditions of the franchise and on its operations on or before
27 April 30 of every year.

1 The annual report shall include an update on the roll-out,
2 development, operation, or expansion of business; audited financial
3 statements; latest General Information Sheet officially submitted to
4 the SEC (if applicable); certification of the NTC on the status of its
5 permits and operations; and an update on the dispersal of
6 ownership undertaking, if applicable.

7 The reportorial compliance certificate issued by Congress
8 shall be required before an application for permit, certificate, or any
9 equivalent thereof, is accepted by the NTC.

10 SEC. 13. *Fine.* – Failure of the grantee to submit the
11 requisite annual report to Congress shall be penalized by a fine of
12 Five hundred pesos (P500.00) per working day of noncompliance.
13 The fine shall be collected by the NTC from the delinquent franchise
14 grantee separate from the reportorial penalties imposed by the NTC
15 and the same shall be remitted to the National Treasury.

16 SEC. 14. *Equality Clause.* – Any advantage, favor, privilege,
17 exemption, or immunity granted under existing franchises, or which
18 may hereafter be granted for radio and television broadcasting,
19 upon prior review and approval of Congress, shall become part of
20 this franchise and shall be accorded immediately and
21 unconditionally to the herein grantee: *Provided*, That the foregoing
22 shall neither apply to nor affect provisions of broadcasting
23 franchises concerning territorial coverage, the term, or the type of
24 service authorized under this franchise.

25 SEC. 15. *Repealability and Nonexclusivity Clause.* – This
26 franchise shall be subject to amendment, alteration, or repeal by the
27 Congress of the Philippines when the public interest so requires and

1 shall not be interpreted as an exclusive grant of the privileges
2 herein provided.

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

6 SEC. 17. *Repealing Clause.* – All laws, decrees, orders,
7 resolutions, instructions, rules and regulations, and other issuances
8 or parts thereof which are inconsistent with the provisions of this
9 Act are hereby repealed, amended, or modified accordingly.

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

Approved,

O



SENATE

S. No. 2129

'18 DEC 10 P 2:02

Introduced by Senator Ralph G. Recto

RECEIVED

AN ACT
RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO ABC DEVELOPMENT CORPORATION, PRESENTLY KNOWN AS TV5 NETWORK, INC., AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 7831 ENTITLED, "AN ACT GRANTING ABC DEVELOPMENT CORPORATION UNDER BUSINESS NAME 'ASSOCIATED BROADCASTING COMPANY,' A FRANCHISE TO CONSTRUCT, INSTALL, OPERATE AND MAINTAIN RADIO AND TELEVISION BROADCASTING STATIONS IN THE PHILIPPINES"

Explanatory Note

ABC Development Corporation (ABC), presently known as TV5 Network, Inc., was founded and established in 1960 by publisher and activist, Joaquin "Chino" P. Roces. Since its early years, the station has consistently produced a lineup of shows that has endeared ABC to its loyal Filipino viewers and was even recognized as one of the top TV networks.

When Martial Law was declared by former President Marcos, ABC was shut down and its founder, Chino Roces, was among the first to be ordered arrested and detained. ABC would remain closed during the Martial Law years and would only reopen with the help of an investor who bought majority stake of the company six (6) years after the EDSA Revolution in 1983. By that time, two (2) broadcast networks have dominated the airwaves through their aggressive and enormous market power namely ABS-CBN and GMA Network. ABC was poised to challenge these two network giants but with the overwhelming dominance of the two networks, ABC experienced difficulties that resulted in ownership changes in the next two decades. However, these challenges did not prevent ABC, later renamed TV5, from producing an array of shows that deliver accurate and well-balance-news, wholesome viewing, patriotic programs, sports programs that showcase amazing Filipino athletic talents and other news and entertainment programs.

Despite the growing popularity of social media, television still remains as a preferred mass medium in our provinces and other far-flung areas. It is enshrined in our Constitution that science and technology are essential for national development and progress.¹ In this regard, ABC has remained steadfast in its commitment to reach out to as many Filipinos as possible by delivering their quality core programs closer to our countrymen by taking advantage of emerging broadcast technologies.

¹ Section 10, Article XIV of the 1987 Philippine Constitution

Hence, ABC Development Corporation deserves the renewal of its franchise for another twenty-five years in order to continue its mission of providing entertainment and educational programs that inform and enlighten the people.

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



RALPH G. RECTO



SENATE
OFFICE OF THE CLERK

SENATE

S. No. 2129

'18 DEC 10 P2 :02

Introduced by Senator Ralph G. Recto

RECEIVED

AN ACT

RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO ABC DEVELOPMENT CORPORATION, PRESENTLY KNOWN AS TV5 NETWORK, INC., AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 7831 ENTITLED, "AN ACT GRANTING ABC DEVELOPMENT CORPORATION UNDER BUSINESS NAME 'ASSOCIATED BROADCASTING COMPANY,' A FRANCHISE TO CONSTRUCT, INSTALL, OPERATE AND MAINTAIN RADIO AND TELEVISION BROADCASTING STATIONS IN THE PHILIPPINES"

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

1 **SECTION 1.** Section 1 of Republic Act No. 7831 is hereby amended to read as follows:

2

3 **"SECTION 1. Nature and Scope of Franchise.** – Subject to the
4 provisions of the Constitution and applicable laws, rules and regulations,
5 [there is hereby granted to the Associated Broadcasting Company, its
6 successors or assigns and hereunder referred to as the grantee] **THE**
7 **FRANCHISE GRANTED UNDER REPUBLIC ACT NO. 7831 TO**
8 **ABC DEVELOPMENT CORPORATION, PRESENTLY KNOWN**
9 **AS TV5 NETWORK, INC. HEREUNDER REFERRED TO AS THE**
10 **GRANTEE, ITS SUCCESSORS OR ASSIGNEES** to construct, install,
11 establish, operate and maintain for commercial purposes and in the public
12 interest radio and/or television broadcasting stations, including digital
13 television system, through microwave, satellite, terrestrial or whatever
14 means, as well as the use of any new technologies in television and radio
15 systems, with the corresponding technological auxiliaries and facilities,
16 special broadcast and other program and distribution services and relay
17 stations[.] **IN THE PHILIPPINES, IS HEREBY RENEWED FOR**
18 **ANOTHER TWENTY-FIVE (25) YEARS."**

19

20 **SEC. 2.** Section 2 of Republic Act No. 7831 is hereby amended to read as follows:

21

1 “SEC. 2. *Manner of Operation of Stations or Facilities.* – The
2 stations or facilities of the grantee shall be constructed and operated in a
3 manner as will, **AT MOST**, [avoid] **RESULT ONLY IN THE**
4 **MINIMUM** interference on the wavelengths of frequencies of [authorized
5 users] **EXISTING STATIONS** or other stations **WHICH MAY BE**
6 **ESTABLISHED BY LAW** [whether for broadcasting or
7 telecommunications purposes] without in any way diminishing its own
8 privilege to use its [selected] **ASSIGNED** wavelengths or frequencies and
9 the quality of transmission or reception [of signals] **THEREON AS**
10 **SHOULD MAXIMIZE RENDITION OF THE GRANTEE’S**
11 **SERVICES AND/OR THE AVAILABILITY THEREOF.”**

12
13 **SEC. 3.** Section 3 of Republic Act No. 7831 is hereby amended to read as follows:

14
15 “SEC. 3. *Prior Approval of the National Telecommunications*
16 *Commission.* – The grantee shall secure from the National
17 Telecommunications Commission (NTC) the appropriate permits and
18 licenses for [the construction and operation of] its stations or facilities and
19 shall not use any frequency in the radio and/or television spectrum without
20 [having been authorized by the Commission] **AUTHORIZATION**
21 **FROM THE NTC.** The [Commission] **NTC**, however, shall not
22 unreasonably withhold or delay the grant of any such authority.”

23
24 **SEC. 4.** Section 4 of Republic Act No. 7831 is hereby amended to read as follows:

25
26 “SEC. 4. *Responsibility to the Public.* – The grantee shall provide,
27 [reasonable] **FREE OF CHARGE, ADEQUATE** public service time
28 **WHICH IS REASONABLE AND SUFFICIENT** to enable the
29 government, through the broadcasting stations or facilities of the grantee,
30 to reach the **PERTINENT** population**S OR PORTIONS THEREOF**, on
31 important public issues; **AND RELAY IMPORTANT PUBLIC**
32 **ANNOUNCEMENTS AND WARNINGS CONCERNING PUBLIC**
33 **EMERGENCIES AND CALAMITIES, AS NECESSITY, URGENCY**
34 **OR LAW MAY REQUIRE**; provide at all times sound and balanced
35 programming; promote public participation [such as in community
36 programming]; assist in the functions of public information and education;
37 conform to the ethics of honest enterprise; **PROMOTE AUDIENCE**
38 **SENSIBILITY AND EMPOWERMENT INCLUDING CLOSED**
39 **CAPTIONING**; and not use its stations or facilities for the broadcasting
40 of obscene or indecent language, speech, act, [or] scene[;] or for the
41 dissemination of deliberately false information or willful
42 misrepresentation, to the detriment of the public interest; or to incite,
43 encourage, or assist in subversive or treasonable acts.

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PUBLIC SERVICE TIME REFERRED HEREIN SHALL BE EQUIVALENT TO A MAXIMUM AGGREGATE OF TEN PERCENT (10%) OF THE PAID COMMERCIALS OR ADVERTISEMENTS WHICH SHALL BE ALLOCATED BASED ON NEED TO THE EXECUTIVE AND LEGISLATIVE BRANCHES, THE JUDICIARY, CONSTITUTIONAL COMMISSIONS AND INTERNATIONAL HUMANITARIAN ORGANIZATIONS DULY RECOGNIZED BY STATUTES; *PROVIDED*, THAT THE NTC SHALL INCREASE THE PUBLIC SERVICE TIME IN CASE OF EXTREME EMERGENCY OR CALAMITY. THE NTC SHALL ISSUE RULES AND REGULATIONS FOR THIS PURPOSE, THE EFFECTIVITY OF WHICH SHALL COMMENCE UPON APPLICABILITY WITH OTHER SIMILARLY SITUATED BROADCAST NETWORK FRANCHISE HOLDERS.

SEC. 5. Section 5 of Republic Act No. 7831 is hereby amended to read as follows:

“SEC. 5. Right of the Government. – THE RADIO SPECTRUM IS A FINITE RESOURCE THAT IS PART OF THE NATIONAL PATRIMONY AND THE USE THEREOF IS A PRIVILEGE CONFERRED UPON THE GRANTEE BY THE STATE AND MAY BE WITHDRAWN ANY TIME AFTER DUE PROCESS.

A SPECIAL RIGHT IS HEREBY RESERVED TO the President of the Philippines, in times of war, rebellion, public peril, calamity, emergency, disaster, or disturbance of peace and order; to temporarily take over and operate the stations or facilities of the grantee; to temporarily suspend the operation of any station or facility in the interest of public safety, security and public welfare; or to authorize the temporary use and operation thereof by any agency of the government, upon due compensation to the grantee, for the use of said stations or facilities during the period when these shall be so operated.”

SEC. 6. Section 6 of Republic Act No. 7831 is hereby amended to read as follows:

“SEC.6 Term of Franchise. – This franchise shall be [in effect] for a period of twenty-five (25) years from the effectivity of this Act, unless sooner revoked or cancelled. [In the event the grantee fails to operate continuously for two (2) years or within two (2) years from the approval of its permit by the National Telecommunications Commission.] This

1 franchise shall be deemed *ipso facto* revoked in the event the grantee fails
2 to operate continuously for two (2) years.”

3
4 **SEC. 7.** Section 9 of Republic Act No. 7831 is hereby amended to read as follows:

5
6 “SEC. 9. *Self-regulation by and Undertaking of the Grantee.* –
7 The grantee shall not require any previous censorship of any speech, play,
8 act or scene, or other matter to be broadcast [and/or telecast] from its
9 stations: *Provided*, That the grantee, during any broadcast [and/or telecast],
10 shall cut off from the air [such] **THE** speech, play, act or scene, or other
11 matter being broadcast [and/or telecast] if the tendency thereof is to
12 propose or incite treason, rebellion or sedition; or the language used
13 therein or the theme thereof is indecent or immoral; [and] *Provided*,
14 *further*, That willful failure to do so shall constitute a valid cause for the
15 cancellation of this franchise.”

16
17 **SEC. 8.** Section 10 of Republic Act No. 7831 is hereby amended to read as follows:

18
19 “SEC. 10. *Warranty in Favor of the National and Local*
20 *Governments.* – The grantee shall hold the national, provincial, **CITY**, and
21 municipal governments of the Philippines [harmless] free from all claims,
22 [accounts] **LIABILITIES**, demands, or actions arising out of accidents
23 [or injuries, whether to property or to persons caused by the] **CAUSING**
24 **INJURY TO PERSONS OR DAMAGE TO PROPERTIES, DURING**
25 the construction or operation of the stations of the grantee.

26
27 **SEC. 9.** A new section 11 is hereby inserted after Section 10 of Republic Act No. 7831,
28 to read as follows:

29
30 “SEC. 11. **COMMITMENT TO PROVIDE AND PROMOTE**
31 **THE CREATION OF EMPLOYMENT OPPORTUNITIES.** – **THE**
32 **GRANTEE SHALL CREATE EMPLOYMENT OPPORTUNITIES**
33 **AND SHALL ALLOW ON-THE-JOB TRAININGS IN THEIR**
34 **FRANCHISE OPERATION: PROVIDED, THAT PRIORITY**
35 **SHALL BE ACCORDED TO THE RESIDENTS IN AREAS**
36 **WHERE ANY OF ITS OFFICES IS LOCATED: PROVIDED,**
37 **FURTHER, THAT THE GRANTEE SHALL COMPLY WITH THE**
38 **APPLICABLE LABOR STANDARDS AND ALLOWANCE**
39 **ENTITLEMENT UNDER EXISTING LABOR LAWS, RULES AND**
40 **REGULATIONS AND SIMILAR ISSUANCES: PROVIDED,**
41 **FINALLY, THAT THE EMPLOYMENT OPPORTUNITIES OR**

1 JOBS CREATED SHALL BE REFLECTED IN THE GENERAL
2 INFORMATION SHEET TO BE SUBMITTED TO SECURITIES
3 AND EXCHANGE COMMISSION (SEC) ANNUALLY.”
4

5 SEC. 10. The present Section 11 is hereby renumbered as Section 12 and amended to
6 read as follows:
7

8 “SEC. [11] 12. *Sale, Lease, Transfer, GRANT OF Usufruct,[etc.]*
9 *OR ASSIGNMENT OF FRANCHISE.* – The grantee shall not sell, lease,
10 transfer, grant the usufruct of, nor assign this franchise or the rights and
11 privileges acquired thereunder to any person, firm, company, corporation
12 or **OTHER COMMERCIAL OR LEGAL** entity, [not otherwise
13 enfranchised for broadcasting services] **NOR MERGE WITH ANY**
14 **OTHER CORPORATION OR ENTITY, NOR SHALL TRANSFER**
15 **THE CONTROLLING INTEREST OF THE GRANTEE,**
16 **WHETHER AS A WHOLE OR IN PART, AND WHETHER**
17 **SIMULTANEOUSLY OR CONTEMPORANEOUSLY, TO ANY**
18 **PERSON, FIRM, COMPANY, CORPORATION, OR ENTITY**
19 without the prior approval of the Congress of the Philippines **AND**
20 **COMPLIANCE WITH LEGAL REQUIREMENTS STIPULATED**
21 **IN OTHER STATUTES:** [The controlling interest in the grantee shall
22 not be transferred, assigned nor sold whether as a whole or in parts and
23 whether simultaneously or contemporaneously within five (5) years from
24 the date of effectivity of this Act.] *Provided,* That any person or entity to
25 which this franchise is sold, transferred, or assigned shall be subject to the
26 same conditions, terms, restrictions, and limitations of this Act.
27

28 SEC. 11. A new Section 13 is hereby inserted after the remembered Section 12 of
29 Republic Act No. 7831 to read as follows:
30

31 “SEC. 13. *DISPERSAL OF OWNERSHIP.* – IN
32 ACCORDANCE WITH THE CONSTITUTIONAL PROVISION TO
33 ENCOURAGE PUBLIC PARTICIPATION IN PUBLIC UTILITIES,
34 THE GRANTEE SHALL OFFER TO FILIPINO CITIZENS AT
35 LEAST THIRTY PERCENT (30%) OR A HIGHER PERCENTAGE
36 THAT MAY HEREAFTER BE PROVIDED BY LAW OF ITS
37 OUTSTANDING CAPITAL STOCK IN ANY SECURITIES
38 EXCHANGE IN THE PHILIPPINES WITHIN FIVE (5) YEARS
39 FROM THE COMMENCEMENT OF ITS OPERATIONS:
40 *PROVIDED,* THAT IN CASES WHERE PUBLIC OFFER OF
41 SHARES IS NOT APPLICABLE, THE GRANTEE SHALL APPLY
42 OTHER METHODS OF ENCOURAGING PUBLIC
43 PARTICIPATION BY CITIZENS AND CORPORATIONS
44 OPERATING PUBLIC UTILITIES AS ALLOWED BY LAW.

1 NONCOMPLIANCE THEREWITH SHALL RENDER THE
2 FRANCHISE *IPSO FACTO* REVOKED.”

3
4 SEC. 12. A new Section 14 is hereby inserted after the new Section 13 of Republic Act
5 No. 7831 to read as follows:

6
7 “SEC. 14. *REPORTORIAL REQUIREMENT.* – DURING THE
8 TERM OF ITS FRANCHISE THE GRANTEE SHALL SUBMIT AN
9 ANNUAL REPORT TO THE CONGRESS OF THE PHILIPPINES,
10 THROUGH THE COMMITTEE ON LEGISLATIVE FRANCHISES
11 OF THE HOUSE OF REPRESENTATIVES AND THE
12 COMMITTEE ON PUBLIC SERVICES OF THE SENATE, ON ITS
13 COMPLIANCE WITH THE TERMS AND CONDITIONS OF THE
14 FRANCHISE AND ON ITS OPERATIONS ON OR BEFORE
15 APRIL 30 OF EVERY YEAR.

16
17 THE ANNUAL REPORT SHALL INCLUDE AN UPDATE
18 ON THE ROLL-OUT, DEVELOPMENT, OPERATION OR
19 EXPANSION OF BUSINESS; AUDITED FINANCIAL
20 STATEMENTS; LATEST GENERAL INFORMATION SHEET
21 OFFICIALLY SUBMITTED TO SEC (IF APPLICABLE);
22 CERTIFICATION OF THE NTC ON THE STATUS OF ITS
23 PERMITS AND OPERATIONS; AND AN UPDATE ON THE
24 DISPERSAL OF OWNERSHIP UNDERTAKING, IF
25 APPLICABLE.

26
27 THE REPORTORIAL COMPLIANCE CERTIFICATE
28 ISSUED BY CONGRESS SHALL BE REQUIRED BEFORE AN
29 APPLICATION FOR PERMIT, CERTIFICATE, OR ANY
30 EQUIVALENT THEREOF IS ACCEPTED BY THE NTC.”

31
32 SEC. 13. A new Section 15 is hereby inserted after the new Section 14 of Republic Act
33 No. 7831 to read as follows:

34
35 “SEC. 15. *FINE.*- FAILURE OF THE GRANTEE TO
36 SUBMIT THE REQUISITE ANNUAL REPORT TO CONGRESS
37 SHALL BE PENALIZED BY A FINE OF FIVE HUNDRED PESOS
38 (P500.00) PER WORKING DAY OF NONCOMPLIANCE. THE
39 FINE SHALL BE COLLECTED BY THE NTC FROM THE
40 DELINQUENT FRANCHISE GRANTEE SEPARATE FROM THE
41 REPORTORIAL PENALTIES IMPOSED BY THE NTC AND THE

1 SAME SHALL BE REMITTED TO THE NATIONAL
2 TREASURY.”

3
4 SEC. 14. A new Section 16 is hereby inserted after the new Section 15 of Republic Act
5 No. 7831 to read as follows:

6
7 “SEC. 16. *EQUALITY CLAUSE.* – ANY ADVANTAGE,
8 FAVOR, PRIVILEGE, EXEMPTION, OR IMMUNITY GRANTED
9 UNDER EXISTING FRANCHISES, OR WHICH MAY
10 HEREAFTER BE GRANTED FOR RADIO AND TELEVISION
11 BROADCASTING, UPON PRIOR REVIEW AND APPROVAL OF
12 CONGRESS, SHALL BECOME PART OF THIS FRANCHISE AND
13 SHALL BE ACCORDED IMMEDIATELY AND
14 UNCONDITIONALLY TO THE HEREIN GRANTEE: *PROVIDED,*
15 THAT THE FOREGOING SHALL NEITHER APPLY TO NOR
16 AFFECT PROVISIONS OF BROADCASTING FRANCHISES
17 CONCERNING TERRITORIAL COVERAGE, THE TERM, OR
18 THE TYPE OF SERVICE AUTHORIZED UNDER THIS
19 FRANCHISE.”

20
21 SEC. 15. *Repealability and Nonexclusivity Clause.* – This franchise shall be subject to
22 amendment, alteration, or repeal by the Congress of the Philippines when the public interest so
23 requires and shall not be interpreted as an exclusive grant of the privileges herein provided.

24
25 SEC. 16. *Separability Clause.* – If any of the sections or provisions of this Act is held
26 invalid or unconstitutional, the other provisions not affected thereby shall remain valid.

27
28 SEC. 17. *Repealing Clause.* – All laws, decrees, orders, resolutions, instructions, rules
29 and regulations, and other issuances or parts thereof which are inconsistent with the provisions of
30 this Act are hereby repealed, amended, or modified accordingly.

31
32 SEC. 18. *Effectivity.* – This Act shall take effect within fifteen (15) days after its
33 publication in the *Official Gazette* or in a newspaper of general circulation.

34
35 *Approved.*