

(AS AMENDED BY THE SENATE)

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 7496
(In substitution of House Bill No. 6946)

Introduced by Reps. Alfredo A. Garbin, Jr. and Franz E. Alvarez

AN ACT

GRANTING SERVOTRON INDUSTRIES INC. A FRANCHISE TO CONSTRUCT, INSTALL, OPERATE, AND MAINTAIN RADIO AND TELEVISION BROADCASTING STATIONS THROUGHOUT THE PHILIPPINES

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

SECTION 1. *Nature and Scope of Franchise.* – Subject to the provisions of the Constitution and applicable laws, rules and regulations, there is hereby granted to Servotron Industries Inc., hereunder referred to as the grantee, its successor or assignees, a franchise to construct, install, operate, and maintain for commercial purposes and in the public interest, radio and/or television broadcasting stations where frequencies and/or channels are still available for radio and/or television broadcasting, including digital television system, through microwave, satellite or whatever means, as well as the use of any new technology in television and radio systems, with the corresponding technological auxiliaries and facilities, special broadcast and other program and distribution services and relay stations throughout the Philippines.

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

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

1 ~~[The grantee shall not dispose or lease its facilities except to entities with a~~
2 ~~radio or television broadcasting franchise: *Provided*, That the grantee shall inform and~~
3 ~~secure written authorization to proceed from the NTC, and report the transaction to the~~
4 ~~NTC within sixty (60) days after its completion: *Provided, further*, That the NTC shall~~
5 ~~determine the corresponding sanction for any violation of this provision.]~~
6

7 In case of any violation of the provisions of this franchise, the NTC shall have
8 the authority to revoke or suspend, after due process, the permits or licenses it issued
9 pursuant to the franchise. The NTC may recommend to Congress of the Philippines
10 (Congress) the revocation of the franchise for any violation of the provisions of this
11 franchise.
12

13 **SEC. 4. Responsibility to the Public.** – The grantee shall provide, free of
14 charge, adequate public service time which is reasonable and sufficient to enable the
15 government, through the broadcasting stations or facilities of the grantee, to reach the
16 pertinent populations or portions thereof, on important public issues and relay
17 important public announcements and warnings concerning public emergencies and
18 calamities, as necessity, urgency or law may require; provide, at all times sound and
19 balanced programming; promote public participation; assist in the functions of public
20 information and education; conform to the ethics of honest enterprise; promote
21 audience sensibility and empowerment including closed captioning; and not use its
22 stations or facilities for the broadcasting of obscene or indecent language, speech, act
23 or scene, the dissemination of deliberately false information or willful
24 misrepresentation, to the detriment of public interest, or to incite, encourage, or assist
25 in subversive or treasonable acts.
26

27 Public service time referred herein shall be equivalent to a maximum aggregate
28 of ten percent (10%) of paid commercials or advertisements which shall be allocated
29 based on need to the Executive and Legislative branches, the Judiciary, Constitutional
30 Commissions, and international humanitarian organizations duly recognized by
31 statutes: *Provided*, That the NTC shall increase the public service time in case of
32 extreme emergency or calamity. The NTC shall issue rules and regulations for this
33 purpose, the effectivity of which shall commence upon applicability with other similarly
34 situated broadcast network franchise holders.
35

36 Pursuant to Republic Act No. 8370, otherwise known as the “Children’s
37 Television Act of 1997”, the grantee shall allot a minimum of fifteen percent (15%) of
38 the daily total air time of each broadcasting network to child-friendly shows within its
39 regular programming.
40

41 **SEC. 5. Right of the Government.** – The radio spectrum is a finite resource
42 that is part of the national patrimony, and the use thereof is a privilege conferred upon
43 the grantee by the State that may be withdrawn any time after due process.
44

45 A special right is hereby reserved to the President of the Philippines, in times
46 of war, rebellion, public peril, calamity, emergency, disaster, or disturbance of peace
47 and order, to temporarily take over and operate the stations or facilities of the grantee;
48 to temporarily suspend the operation of any station or facility in the interest of public
49 safety, security and public welfare; or to authorize the temporary use and operation
50 thereof by any agency of the government, upon due compensation to the grantee, for
51 the use of said stations or facilities during the period when these shall be so operated.
52

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

5
6 **SEC. 7. Self-regulation by and Undertaking of Grantee.** – The grantee shall
7 not require any previous censorship of any speech, play, act or scene, or other matter
8 to be broadcast from its stations, but if any such speech, play, act or scene, or other
9 matter should constitute a violation of the law or infringement of a private right, the
10 grantee shall be free from any liability, civil or criminal, for such speech, play, act or
11 scene, or other matter: *Provided*, That the grantee, during any broadcast, shall cut off
12 the airing of speech, play, act or scene, or other matter being broadcast if the tendency
13 thereof is to propose or incite treason, rebellion or sedition; or the language used
14 therein or the theme thereof is indecent or immoral: *Provided, further*, That willful
15 failure to do so shall constitute a valid cause for the cancellation of this franchise.
16

17 **SEC. 8. Warranty in Favor of the National and Local Governments.** – The
18 grantee shall hold the national, provincial, city, and municipal governments of the
19 Philippines free from all claims, liabilities, demands, or actions arising out of accidents
20 causing injury to persons or damage to properties, during the construction or operation
21 of the stations of the grantee.
22

23 **SEC. 9. Commitment to Provide and Promote the Creation of Employment**
24 **Opportunities.** – The grantee shall create employment opportunities and accept on-
25 the-job trainees in the franchise operations: *Provided*, That priority shall be accorded
26 to the residents of the place where the principal office of the grantee is located:
27 [~~*Provided, further*, That the grantee shall ensure that at least sixty percent (60%) of its~~
28 ~~employees are regular employees and in no case shall the percentage of contractual~~
29 ~~employees, job orders, casuals, and independent contractors combined, exceed forty~~
30 ~~percent (40%) of its total workforce.:~~] *Provided, [finally] FURTHER*, That the grantee
31 shall comply with the applicable labor standards and allowance entitlement under
32 existing labor laws, rules and regulations, and similar issuances.
33

34 The employment opportunities or jobs created shall be reflected in the General
35 Information Sheet (GIS) to be submitted to the Securities and Exchange Commission
36 (SEC) annually. [~~In addition, the grantee shall include in its annual report to Congress~~
37 ~~the number of its regularized employees and secure a compliance and clearance~~
38 ~~certificate from the Department of Labor and Employment and its relevant attached~~
39 ~~agencies.]~~

40
41 **SEC. 10. Sale, Lease, Transfer, Grant of Usufruct, or Assignment of**
42 **Franchise.** – The grantee shall not sell, lease, transfer, grant the usufruct of, nor
43 assign this franchise or the rights and privileges acquired thereunder to any person,
44 firm, company, corporation or other commercial or legal entity, nor merge with any
45 other corporation or entity, nor shall the controlling interest of the grantee be
46 transferred, simultaneously or contemporaneously, to any person, firm, company,
47 corporation, or entity without the prior approval of Congress. Congress shall be
48 informed of any sale, lease, transfer, grant of usufruct, or assignment of franchise or
49 the rights and privileges acquired thereunder, or of the merger or transfer of the
50 controlling interest of the grantee, within sixty (60) days after the completion of the

1 said transaction. Failure to report to Congress such change of ownership shall render
2 the franchise *ipso facto* revoked. Any person or entity to which this franchise is sold,
3 transferred, or assigned shall be subject to the same conditions, terms, restrictions,
4 and limitations of this Act.
5

6 **SEC. 11. *Dispersal of Ownership.*** – In accordance with the constitutional
7 provision to encourage public participation in public utilities, the grantee shall offer to
8 Filipino citizens at least thirty percent (30%) of its [~~common~~] OUTSTANDING CAPITAL
9 stocks, or a higher percentage that may hereafter be provided by law, in any securities
10 exchange in the Philippines within five (5) years from the effectivity of this Act:
11 *Provided*, That in cases where public offer of shares is not applicable, other methods
12 of encouraging public participation by citizens and corporations operating public
13 utilities must be implemented. Noncompliance therewith shall render the franchise *ipso*
14 *facto* revoked.
15

16 **SEC. 12. *Reportorial Requirement.*** – The grantee shall submit an annual
17 report on its compliance with the terms and conditions of the franchise and on its
18 operations to Congress, through the Committee on Legislative Franchises of the
19 House of Representatives and the Committee on Public Services of the Senate, on or
20 before April 30 of every year during the term of its franchise.
21

22 The annual report shall include an update on the roll-out, development,
23 operation or expansion of business; audited financial statements; latest GIS officially
24 submitted to the SEC, if applicable; certification of the NTC on the status of its permits
25 and operations; and an update on the dispersal of ownership undertaking, if applicable.
26

27 The reportorial compliance certificate issued by Congress shall be required
28 before any application for permit or certificate is accepted by the NTC.
29

30 **SEC. 13. *Fine.*** – Failure of the grantee to submit the requisite annual report to
31 Congress shall be penalized by a fine of Five hundred pesos (P500.00) per working
32 day of noncompliance. The fine shall be collected by the NTC from the delinquent
33 franchise grantee separate from the reportorial penalties imposed by the NTC and the
34 same shall be remitted to the Bureau of the Treasury.
35

36 **SEC. 14. *Equality Clause.*** – Any advantage, favor, privilege, exemption, or
37 immunity granted under existing franchises, or which may hereafter be granted for
38 radio and/or television broadcasting, upon prior review and approval of Congress,
39 shall become part of this franchise and shall be accorded immediately and
40 unconditionally to the herein grantee: *Provided*, That the foregoing shall neither apply
41 to nor affect the provisions of broadcasting franchises concerning territorial coverage,
42 the term, or the type of service authorized by the franchise.
43

44 **SEC. 15. *Repealability and Nonexclusivity Clause.*** – This franchise shall be
45 subject to amendment, alteration, or repeal by Congress when the public interest so
46 requires and shall not be interpreted as an exclusive grant of the privileges herein
47 provided for.
48

49 **SEC. 16. *Separability Clause.*** – If any of the sections or provisions of this Act
50 is held invalid, all other provisions not affected thereby shall remain valid.
51

52 **SEC. 17. *Repealing Clause.*** –All laws, decrees, orders, resolutions,
53 instructions, rules and regulations, and other issuances or parts thereof which are

1 inconsistent with the provisions of this Act are hereby repealed, amended, or modified
2 accordingly.

3

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

6

7 Approved

