

(AS AMENDED BY THE SENATE)

CONGRESS OF THE PHILIPPINES
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Second Regular Session

HOUSE OF REPRESENTATIVES

H. No. 8554

BY REPRESENTATIVES BARBERS, ALVAREZ (F.), MACEDA, GARBIN, DY (F.), ACOSTA, ESCUDERO, NOGRALES (J.J.), DY (F.M.C.), BORDADO, VIOLAGO, HOFER, TAN (A.S.), ALBANO, GULLAS, SAVELLANO, SIAO, CRISOLOGO, REVILLA, VALERIANO, HERNANDEZ, UNABIA, ROMUALDO AND MALAPITAN, PER COMMITTEE REPORT NO. 722

AN ACT

GRANTING ST. JUDE THADDEUS INSTITUTE OF TECHNOLOGY, INC. A FRANCHISE TO CONSTRUCT, OPERATE AND MAINTAIN RADIO AND TELEVISION STATIONS IN THE PROVINCE OF SURIGAO DEL NORTE AND OTHER AREAS IN THE PHILIPPINES

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

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5 **SECTION 1. *Nature and Scope of Franchise.*** – Subject to the provisions of the
6 Constitution and applicable laws, rules and regulations, there is hereby granted to St. Jude
7 Thaddeus Institute of Technology, Inc. hereunder referred to as the grantee, its successor or
8 assignees, a franchise to construct, install, operate, and maintain for commercial purposes
9 and in the public interest, radio and/or television broadcasting stations in the Province of
10 Surigao del Norte and other areas in the Philippines, where frequencies and channels are still
11 available for radio and television broadcasting, including digital television system, through
12 microwave, satellite or whatever means, as well as the use of any new technology in television
13 and radio systems, with the corresponding technological auxiliaries and facilities, special
14 broadcast and other program and distribution services and relay stations.

15

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

22

23 **SEC. 3. *Prior Approval of the National Telecommunications Commission.*** – The
24 grantee shall secure from the National Telecommunications Commission (NTC) the

1 appropriate permits and licenses for the construction and operation of its stations or facilities
2 and shall not use any frequency in the radio/television spectrum without authorization from
3 the NTC. The NTC, however, shall not unreasonably withhold or delay the grant of any such
4 authority.
5

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

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

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

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

37 **SEC. 5. Right of the Government.** – The radio spectrum is a finite resource that is part
38 of the national patrimony, and the use thereof is a privilege conferred upon the grantee by
39 the State that may be withdrawn any time after due process.
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41 A SPECIAL RIGHT IS HEREBY RESERVED TO THE PRESIDENT OF THE
42 PHILIPPINES, IN TIMES OF WAR, REBELLION, PUBLIC PERIL, CALAMITY, EMERGENCY,
43 DISASTER, OR DISTURBANCE OF PEACE AND ORDER, TO TEMPORARILY TAKE OVER
44 AND OPERATE THE STATIONS OR FACILITIES OF THE GRANTEE; TO TEMPORARILY
45 SUSPEND THE OPERATION OF ANY STATION OR FACILITY IN THE INTEREST OF PUBLIC
46 SAFETY, SECURITY AND PUBLIC WELFARE; OR TO AUTHORIZE THE TEMPORARY USE
47 AND OPERATION THEREOF BY ANY AGENCY OF THE GOVERNMENT, UPON DUE

1 COMPENSATION TO THE GRANTEE, FOR THE USE OF SAID STATIONS OR FACILITIES
2 DURING THE PERIOD WHEN THESE SHALL BE SO OPERATED.

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

8
9 ~~**SEC. 7. Renewal or Extension of Franchise.** – The grantee shall apply for the renewal
10 or extension of its franchise three (3) years before its expiration which shall be reckoned from
11 fifteen (15) days after the publication of the franchise in the *Official Gazette* or in a newspaper
12 of general circulation.~~

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

24
25 **SEC. [9.] 8. Warranty in Favor of the National and Local Governments.** – The grantee
26 shall hold the national, provincial, city, and municipal governments of the Philippines free
27 from all claims, liabilities, demands, or actions arising out of accidents causing injury to
28 persons or damage to properties, during the construction or operation of the stations of the
29 grantee.

30
31 **SEC. [10.] 9. Commitment to Provide and Promote the Creation of Employment
32 Opportunities.** – The grantee shall create employment opportunities and accept on-the-job
33 trainees in its franchise operations: *Provided*, That priority shall be accorded to the residents
34 of the place where the principal office of the grantee is located: ~~[*Provided, further*, That the
35 grantee shall ensure that at least sixty percent (60%) of its employees are regular employees
36 and in no case shall the percentage of contractual employees, job orders, casuals, talents and
37 independent contractors combined, exceed forty percent (40%) of its total workforce:]~~
38 *Provided, [finally] FURTHER*, That the grantee shall comply with the applicable labor standards
39 and allowance entitlement under existing labor laws, rules and regulations and similar
40 issuances.

41
42 The employment opportunities or jobs created shall be reflected in the General
43 Information Sheet (GIS) to be submitted to the Securities and Exchange Commission (SEC)
44 annually. ~~[In addition, the grantee shall include in its annual report to Congress the number~~

1 ~~of its regularized employees and secure a compliance and clearance certificate from the~~
2 ~~Department of Labor and Employment and its relevant attached agencies.]~~

3
4 **SEC. [11.] 10. Sale, Lease, Transfer, Grant of Usufruct, or Assignment of Franchise. –**

5 The grantee shall not sell, lease, transfer, grant the usufruct of, nor assign this franchise or
6 the rights and privileges acquired thereunder to any person, firm, company, corporation or
7 other commercial or legal entity, nor merge with any other corporation or entity, nor shall the
8 controlling interest of the grantee be transferred, simultaneously or contemporaneously, to
9 any person, firm, company, corporation, or entity without the prior approval of Congress. The
10 grantee shall inform Congress of any sale, lease, transfer, grant of usufruct, or assignment of
11 franchise or the rights and privileges acquired thereunder, or of the merger or transfer of the
12 controlling interest of the grantee, within sixty (60) days after the completion of the said
13 transaction. Failure to report to Congress such change of ownership shall render the franchise
14 *ipso facto* revoked. Any person or entity to which this franchise is sold, transferred, or
15 assigned shall be subject to the same conditions, terms, restrictions, and limitations of this
16 Act.

17
18 **SEC. [12.] 11. Dispersal of Ownership. –** In accordance with the constitutional

19 provision to encourage public participation in public utilities, the grantee shall offer to Filipino
20 citizens at least thirty percent (30%) of its [~~common~~] OUTSTANDING CAPITAL stocks, or a
21 higher percentage that may hereafter be provided by law, in any securities exchange in the
22 Philippines within five (5) years from the effectivity of this Act: *Provided*, That in cases where
23 public offer of shares is not applicable, other methods of encouraging public participation by
24 citizens and corporations operating public utilities must be implemented. Noncompliance
25 thereof shall render the franchise *ipso facto* revoked.

26
27 **SEC. [13.] 12. Reportorial Requirement. –** The grantee shall submit an annual report

28 on its compliance with the terms and conditions of the franchise and on its operations to the
29 Congress of the Philippines, through the Committee on Legislative Franchises of the House of
30 Representatives and the Committee on Public Services of the Senate, on or before April 30 of
31 every year during the term of its franchise.

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

37
38 The reportorial compliance certificate issued by Congress shall be required before any
39 application for permit or certificate is accepted by the NTC.

40
41 **SEC. [14.] 13. Fine. –** Failure of the grantee to submit the requisite annual report to
42 Congress shall be penalized by a fine of Five hundred pesos (P500.00) per working day of
43 noncompliance. The fine shall be collected by the NTC from the delinquent franchise grantee
44 separate from the reportorial penalties imposed by the NTC and the same shall be remitted
45 to the Bureau of the Treasury.

1 **SEC. ~~[15.]~~ 14. *Equality Clause.*** – Any advantage, favor, privilege, exemption, or
2 immunity granted under existing franchises, or which may hereafter be granted for radio and
3 television broadcasting, upon prior review and approval of Congress, shall become part of this
4 franchise and shall be accorded immediately and unconditionally to the herein grantee:
5 *Provided*, That the foregoing shall neither apply to nor affect the provisions of broadcasting
6 franchises concerning territorial coverage, the term, or the type of service authorized by the
7 franchise.

8
9 **SEC. ~~[16.]~~ 15. *Repealability and Nonexclusivity Clause.*** – This franchise shall be
10 subject to amendment, alteration, or repeal by Congress when the public interest so requires
11 and shall not be interpreted as an exclusive grant of the privileges herein provided for.

12
13 **SEC. ~~[17.]~~ 16. *Separability Clause.*** – If any of the sections or provisions of this Act is
14 held invalid, all other provisions not affected thereby shall remain valid.

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16 **SEC. ~~[18.]~~ 17. *Repealing Clause.*** –All laws, decrees, orders, resolutions, instructions,
17 rules and regulations, and other issuances or parts thereof which are inconsistent with the
18 provisions of this Act are hereby repealed, amended, or modified accordingly.

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20 **SEC. ~~[19.]~~ 18. *Effectivity.*** – This Act shall take effect fifteen (15) days after its
21 publication in the Official Gazette or in a newspaper of general circulation.

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Approved,