



HOUSE OF REPRESENTATIVES

H. No. 8973

BY REPRESENTATIVES GARBIN, ALVAREZ (F.) AND MACEDA, PER COMMITTEE REPORT NO. 846

AN ACT

RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO NATION BROADCASTING CORPORATION OF THE PHILIPPINES UNDER REPUBLIC ACT NO. 8623, ENTITLED “AN ACT GRANTING THE NATION BROADCASTING CORPORATION A FRANCHISE TO CONSTRUCT, INSTALL, ESTABLISH, 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 provisions of
2 the Constitution and applicable laws, rules and regulations, the franchise granted to
3 Nation Broadcasting Corporation of the Philippines, hereunder referred to as the
4 grantee, its successor or assignees, under Republic Act No. 8623, to construct, install,
5 establish, operate, and maintain for commercial purposes and in the public interest,
6 radio and television broadcasting stations in the Philippines, where frequencies and
7 channels are still available for radio and television broadcasting, including digital
8 television system, through microwave, satellite or whatever means, as well as the use
9 of any new technology in radio and television systems, with the corresponding
10 technological auxiliaries and facilities, special broadcast and other program and
11 distribution services and relay stations, is hereby renewed for another twenty-five (25)
12 years.

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

21
22 **SEC. 3. *Prior Approval of the National Telecommunications Commission.***–
23 The grantee shall secure from the National Telecommunications Commission (NTC)

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

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

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

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

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

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

43 A special right is hereby reserved to the President of the Philippines, in times
44 of war, rebellion, public peril, calamity, emergency, disaster, or disturbance of peace
45 and order, to temporarily take over and operate the stations or facilities of the grantee;
46 to temporarily suspend the operation of any station or facility in the interest of public

1 safety, security, and public welfare; or to authorize the temporary use and operation
2 thereof by any agency of the government, upon due compensation to the grantee, for
3 the use of said stations or facilities during the period when these shall be so operated.
4

5 **SEC. 6. Term of Franchise.** –This franchise shall be in effect for a period of
6 twenty-five (25) years from the effectivity of this Act, unless sooner revoked or
7 cancelled. This franchise shall be deemed *ipso facto* revoked in the event the grantee
8 fails to operate continuously for two (2) years.
9

10 [~~**SEC. 7. Renewal or Extension of Franchise.** – The grantee shall apply for
11 the renewal or extension of its franchise three (3) years before its expiration which
12 shall be reckoned from fifteen (15) days after the publication of the franchise in the
13 *Official Gazette* or in a newspaper of general circulation.~~]
14

15 **SEC. [8] 7. Self-regulation by and Undertaking of Grantee.**–The grantee
16 shall not require any previous censorship of any speech, play, act, or scene, or other
17 matter to be broadcast from its stations, but if any such speech, play, act, or scene, or
18 other matter should constitute a violation of the law or infringement of a private right,
19 the grantee shall be free from any liability, civil or criminal, for such speech, play, act,
20 or scene, or other matter: *Provided*, That the grantee, during any broadcast, shall cut
21 off the airing of speech, play, act or scene, or other matter being broadcast if the
22 tendency thereof is to propose or incite treason, rebellion, or sedition; or the language
23 used therein or the theme thereof is indecent or immoral: *Provided, further*, That willful
24 failure to do so shall constitute a valid cause for the cancellation of this franchise.
25

26 **SEC. [9] 8. Warranty in Favor of the National and Local Governments.** –
27 The grantee shall hold the national, provincial, city, and municipal governments of the
28 Philippines free from all claims, liabilities, demands, or actions arising out of accidents
29 causing injury to persons or damage to properties, during the construction or operation
30 of the stations of the grantee.
31

32 **SEC. [10] 9. Commitment to Provide and Promote the Creation of**
33 **Employment Opportunities.** – The grantee shall create employment opportunities
34 and accept on-the-job trainees in the franchise operations: *Provided*, That priority shall
35 be accorded to the residents of the place where the principal office of the grantee is
36 located: [~~*Provided further*, That the grantee shall ensure that at least sixty percent
37 (60%) of its employees are regular employees and in no case shall the percentage of
38 contractual, job order, or casual employees, talents, and independent contractors
39 combined, exceed forty percent (40%) of its total workforce:~~] *Provided, [finally]*
40 *FURTHER*, That the grantee shall comply with the applicable labor standards and
41 allowance entitlement under existing labor laws, rules and regulations and similar
42 issuances.
43

44 The employment opportunities or jobs created shall be reflected in the General
45 Information Sheet (GIS) to be submitted to the Securities and Exchange Commission

1 (SEC) annually. [~~In addition, the grantee shall include in its annual report to Congress~~
2 ~~the number of trainees and workers whose employment status are made regular, and~~
3 ~~append the appropriate certificate from the Department of Labor and Employment~~
4 ~~attesting that it has complied with the employment requirement under this Section.~~]

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

21
22 **SEC. [12] 11. Dispersal of Ownership.** – In accordance with the constitutional
23 provision to encourage public participation in public utilities, the grantee shall offer to
24 Filipino citizens at least thirty percent (30%) of its [~~common~~] OUTSTANDING
25 CAPITAL stocks, or a higher percentage that may hereafter be provided by law, in any
26 securities exchange in the Philippines within five (5) years from the effectivity of this
27 Act: *Provided*, That in cases where public offer of shares is not applicable, other
28 methods of encouraging public participation by citizens and corporations operating
29 public utilities must be implemented. Noncompliance therewith shall render the
30 franchise *ipso facto* revoked.

31
32 **SEC. [13] 12. Reportorial Requirement.** – The grantee shall submit an annual
33 report on its compliance with the terms and conditions of the franchise and on its
34 operations to the Congress of the Philippines, through the Committee on Legislative
35 Franchises of the House of Representatives and the Committee on Public Services of
36 the Senate, on or before April 30 of every year during the term of its franchise.

37
38 The annual report shall include an update on the commencement of activities,
39 development, operation, and expansion of business; audited financial statements;
40 latest GIS officially submitted to the SEC, if applicable; certification of the NTC on the
41 status of its permits and operations; and an update on the dispersal of ownership
42 undertaking, if applicable.

43
44 The reportorial compliance certificate issued by Congress shall be required
45 before any application for permit or certificate is accepted by the NTC.

1 **SEC. [14] 13. *Fine.*** – Failure of the grantee to submit the requisite annual report
2 to Congress shall be penalized by a fine of Five hundred pesos (P500.00) per working
3 day of noncompliance to the NTC. The fine shall be collected separately from the
4 reportorial penalties imposed by the NTC, and it shall be remitted to the Bureau of the
5 Treasury.

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

14
15 **SEC. [16] 15. *Repealability and Nonexclusivity Clause.*** – This franchise
16 shall be subject to amendment, alteration, or repeal by Congress when the public
17 interest so requires and shall not be interpreted as an exclusive grant of the privileges
18 herein provided for.

19
20 **SEC. [17] 16. *Separability Clause.***– If any of the sections or provisions of this
21 Act is held invalid, all other provisions not affected thereby shall remain valid.

22
23 **SEC. [18] 17. *Repealing Clause.*** – All laws, decrees, orders, resolutions,
24 instructions, rules and regulations, and other issuances or parts thereof which are
25 inconsistent with the provisions of this Act are hereby repealed, amended, or modified
26 accordingly.

27
28 **SEC. [19] 18. *Effectivity.***–This Act shall take effect fifteen (15) days after its
29 publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,