



HOUSE OF REPRESENTATIVES

H. No. 5940

BY REPRESENTATIVES TUPAS, LAGDAMEO (M.), LAGDAMEO (A.), CAYETANO, TUGNA, BELLO (S.), BICHARA, ROBES, VIOLAGO, SALVACION, HOFER, RAMIREZ-SATO, SEMA, BELMONTE (J.), CAMINERO, ABAYON, RIDON, ALIPING, TAMBUNTING AND TEODORO, PER COMMITTEE REPORT NO. 801

AN ACT RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO PROGRESSIVE BROADCASTING CORPORATION UNDER REPUBLIC ACT. NO. 7163, AS AMENDED BY REPUBLIC ACT NO. 8162

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 1987 Philippine Constitution and applicable laws, rules and
3 regulations, the franchise granted to Progressive Broadcasting Corporation,
4 hereunder referred to as the grantee, its successors or assignees, under
5 Republic Act No. 7163, as amended by Republic Act No. 8162 entitled: “An
6 Act Amending Section One of Republic Act Numbered Seventy-One Hundred
7 Sixty Three, entitled: ‘An Act Granting Progressive Broadcasting Corporation
8 a Franchise to Construct, Install, Operate and Maintain, for Commercial
9 Purposes, Radio Broadcasting Stations and Television Stations in Metro
10 Manila and in Regions I, VI and VII, and for Other Purposes,’ for the Purpose

1 of Extending its Operations Throughout the Philippines”, to construct, install,
2 establish, operate and maintain for commercial purposes and in the public
3 interest, radio and/or television broadcasting stations, including digital
4 television system, through microwave, satellite or whatever means, including
5 the use of new technologies in television and radio systems, with the
6 corresponding technological auxiliaries and facilities, special broadcast and
7 other program, and distribution services and relay stations in the Philippines,
8 is hereby renewed for another twenty-five (25) years from the effectivity of
9 this Act.

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

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

24 SEC. 4. *Responsibility to the Public.* – The grantee shall provide
25 adequate public service time to enable the government, through its
26 broadcasting stations or facilities, to reach the population on important public
27 issues; provide at all times sound and balanced programming; assist in the
28 functions of public information and education; conform to the ethics of honest

1 enterprise; and not use its stations and facilities for the broadcasting of
2 obscene and indecent language, speech, act or scene; or for the dissemination
3 of deliberately false information or willful misrepresentation, to the detriment
4 of the public interest; or to incite, encourage or assist in subversive or
5 treasonable acts.

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

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

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

22 SEC. 7. *Acceptance and Compliance.* – Acceptance of this new
23 franchise shall be given in writing to the Congress of the Philippines, through
24 the Committee on Legislative Franchises of the House of Representatives and
25 the Committee on Public Services of the Senate, within sixty (60) days from
26 the effectivity of this Act. Upon giving such acceptance, the grantee shall
27 exercise the privileges granted under this Act. Nonacceptance shall render the
28 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
8 to do so shall constitute a valid cause for the cancellation of this franchise.

9 SEC. 9. *Warranty in Favor of 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
16 this franchise or the rights and privileges acquired thereunder to any person,
17 firm, company, corporation or other commercial or legal entity, nor merge
18 with any other corporation or entity, nor shall the controlling interest of the
19 grantee be transferred, whether as a whole or in parts, and whether
20 simultaneously or contemporaneously, to any such person, firm, company,
21 corporation or entity without the prior approval of the Congress of the
22 Philippines: *Provided*, That Congress shall be informed of any lease, transfer,
23 granting the usufruct of, sale, or assignment of franchise or the rights and
24 privileges acquired thereunder, or the merger or transfer of the controlling
25 interest of the grantee, within sixty (60) days after the completion of the
26 transaction: *Provided, further*, That failure to report to Congress such change
27 of ownership shall render the franchise *ipso facto* revoked: *Provided, finally*,
28 That any person or entity to which this franchise is sold, transferred, or

1 assigned, shall be subject to the same conditions, terms, restrictions and
2 limitations of this Act.

3 SEC. 11. *Dispersal of Ownership.* – In accordance with the
4 constitutional provision to encourage public participation in public utilities,
5 the grantee shall offer to Filipino citizens at least thirty percent (30%) or a
6 higher percentage that may hereafter be provided by law of its outstanding
7 capital stock in any securities exchange in the Philippines within five (5) years
8 from the commencement of its operations: *Provided*, That in cases where
9 public offer of shares is not applicable, establishment of cooperatives and
10 other methods of encouraging public participation by citizens and
11 corporations operating public utilities must be implemented. Noncompliance
12 therewith shall 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
23 is 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 with a fine of five
26 hundred pesos (P500.00) per working day of noncompliance. The fine shall
27 be collected by the NTC from the delinquent franchise grantee, separate from
28 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
4 review and approval of Congress, shall become part of this franchise and
5 shall be accorded immediately and unconditionally to the herein grantee:
6 *Provided,* That the foregoing shall neither apply to nor affect 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 after
17 its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,