

SEVENTEENTH CONGRESS OF THE) REPUBLIC OF THE PHILIPPINES)

First Regular Session

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SENATE

COMMITTEE REPORT NO. 94

Submitted by the Committee on Public Services on MAY 1 7 2017

Re

H.B. No. 5211

Recommending its approval with amendments

:

Sponsor

Senator Grace Poe

MR. PRESIDENT:

The Senate Committee on Public Services to which was referred H.B. No. 5211, introduced by Representatives Abayon, Alvarez (F.), Pacquiao, Tupas, *et al.*, entitled:

"AN ACT

RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO GATEWAY U.H.F. TELEVISION BROADCASTING. INC.. **PRESENTLY** KNOWN AS GATEWAY TELEVISION BROADCASTING, INC., AND DOING BUSINESS UNDER THE NAME AND STYLE OF HOPE CHANNEL PHILIPPINES, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 7223, ENTITLED "AN ACT GRANTING GATEWAY U.H.F. TELEVISION BROADCASTING, INC. A FRANCHISE TO CONSTRUCT, INSTALL, **OPERATE** AND **MAINTAIN FOR** COMMERCIAL UHF **PURPOSES TELEVISION** BROADCASTING STATIONS IN THE PHILIPPINES, AND FOR OTHER PURPOSES"

has considered the same and has the honor to report it back to the Senate with the recommendation that the attached **H.B. No. 5211** be approved with the following amendments, *to wit*:

- 1. On page 2, line 6, after the word "assignees" and before the comma ",", insert the phrase "UNDER REPUBLIC ACT NO. 7223"
- 2. On page 2, line 11, after the word "satellite" insert the word ", TERRESTRIAL";
- 3. On page 2, line 12, delete the word "including" and replace with the word "OR";
- 4. On page 2, line 16, delete the phrase "in the Philippines" and insert the phrase "AND TO INSTALL RADIO COMMUNICATIONS FACILITIES FOR THE GRANTEE'S PRIVATE USE IN ITS BROADCAST SERVICES";
- 5. On page 3, lines 10 to 20, delete the lines:

"The [Commission] **NTC**, however, shall not unreasonably withhold or delay the grant of any such authority.

"THE GRANTEE SHALL NOT DISPOSE OR LEASE ITS FACILITIES EXCEPT TO ENTITIES WITH RADIO OR THE FRANCHISE: PROVIDED, THAT TELEVISION GRANTEE SHALL INFORM AND SECURE WRITTEN AUTHORIZATION TO PROCEED FROM THE NTC, AND REPORT THE TRANSACTION TO THE NTC WITHIN SIXTY AFTER ITS COMPLETION: PROVIDED, DAYS FURTHER. THAT THE NTC SHALL DETERMINE THE CORRESPONDING SANCTION FOR ANY VIOLATION OF THIS PROVISION";

- 6. On page 3, line 22, delete the word "reasonable" and insert the phrase "FREE OF CHARGE ADEQUATE";
- 7. On the same page same line, after the word "time", and insert the phrase, "WHICH IS REASONABLE AND SUFFICIENT";

- 8. On page 3, line 24, delete the word "population", and replace it with the phrase "PERTINENT POPULATION/S OR PORTIONS THEREOF";
- 9. On page 3, line 25, after the word "issues" and before the semicolon ";", insert the phrase "AND RELAY IMPORTANT PUBLIC ANNOUNCEMENTS AND WARNINGS AS NECESSITY, URGENCY OR LAW MAY REQUIRE;";
- 10. On the same page, lines 27 to 28, delete the phrase "such as in community programming";
- 11. On page 4, line 1, after the word "enterprise" and the semi-colon ";", insert the phrase "PROMOTE AUDIENCE SENSIBILITY AND EMPOWERMENT THROUGH, BUT NOT LIMITED TO, CLOSED CAPTIONING;";
- 12. On page 4, between lines 5 and 6, after the word "acts.", insert a new paragraph to read as follows:

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

Hence, the entire Section 4 shall now read as:

"SEC. 4. Responsibility to the Public. – The grantee shall provide free of charge, adequate public service time which is reasonable and sufficient to enable the government, through the broadcasting stations or facilities of the grantee, to reach the pertinent

population/s or portions thereof on important public issues and relay important public announcements and warnings as necessity, urgency or law may require; provide at all times sound and balanced programming; promote public participation; assist in the functions of public information and education; conform to the ethics of honest enterprise; promote audience sensibility and empowerment through, but not limited to, closed captioning; and not use its stations or facilities for the broadcasting of obscene or indecent language, speech, act, or scene; or for the dissemination of deliberately false information or willful misinterpretation, to the detriment of the public interest, or to incite, encourage or assist in subversive or treasonable acts.

"Public service time referred herein shall be equivalent to ten (10%) percent of the paid commercials or advertisements which shall be allocated based on need to the executive, legislative, judiciary, constitutional commissions and international humanitarian organizations duly recognized by statutes: *Provided*, that the NTC shall increase the public service time in case of 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.";

13. On page 4, lines 11, insert a new section, which shall read as follows:

"COMPLIANCE WITH LABOR STANDARDS. – THE GRANTEE, ITS SUCCESSORS OR ASSIGNEES SHALL COMPLY WITH THE APPLICABLE LABOR STANDARDS UNDER EXISTING LABOR LAWS, RULES AND REGULATIONS AND SUCH OTHER ISSUANCES AS MAY BE PROMULGATED BY THE DEPARTMENT OF LABOR AND EMPLOYMENT (DOLE), TAKING INTO CONSIDERATION THE NATURE AND PECULIARITIES OF THE BROADCASTING INDUSTRY.":

14. On page 6, line 14, insert a new section, which shall read as follows:

"TAX PROVISIONS. – THE GRANTEE, ITS SUCCESSORS OR ASSIGNEES SHALL CONTINUE TO BE SUBJECT TO ALL APPLICABLE TAXES, DUTIES, FEES OR CHARGES AND OTHER IMPOSITIONS UNDER REPUBLIC ACT NO. 8424, OTHERWISE KNOWN AS "THE NATIONAL INTERNAL REVENUE CODE OF 1997", AS AMENDED, REPUBLIC ACT NO. 7160, OTHERWISE KNOWN AS "THE LOCAL GOVERNMENT CODE OF 1991", AS AMENDED, AND OTHER APPLICABLE LAWS.";

- On page 8, from lines 25 to 27, delete the phrase, "CONGRESS SHALL BE INFORMED OF ANY SALE, LEASE, TRANSFER, GRANT OF USUFRUCT, OR ASSIGNMENT OF FRANCHISE OR THE RIGHTS AND PRIVILEGES ACQUIRED";
- 16. On page 9, delete lines 1 to 6;
- 17. On page 9, lines 14 and 15, delete the phrase "EXCEPT FOR TAXES AND CUSTOMS DUTIES,".
- 18. Renumber the sections accordingly.

Respectfully submitted:

GRACE POE Chairperson

FRANCIS "CHIZ" G. ESCUDERO Vice Chairperson

JOSEPH VICTOR G. EJERCITO Vice Chairperson

LOREN B. LEGARDA

RICHARD J. GORDON

PANFILO M. LACSON

JUAN MIGUEL "MIGZ" F. ZUBIRI

ANTONIO "SONNY" F. TRILLANES IV

JOEL VILLANUEVA

PAOLO BENIGNO "BAM" AQUINO IV

RISA HONTIVEROS PAO
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Ex-Officio Members:

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Minority Leader

Majority Leader

RALPH G. RECTO

Senate President Pro Tempore

The Honorable Senate President AQUILINO "KOKO" PIMENTEL III CONGRESS OF THE PHILIPPINES SEVENTEENTH CONGRESS First Regular Session

HOUSE OF REPRESENTATIVES

H. No. 5211

By Representatives Abayon, Alvarez (F.), Pacquiao, Tupas, Bertiz, Campos, Garbin, Bravo (A.), Eusebio, De Vera, Martinez, Roque (H.), Gullas, Atienza, Suarez, Canama, Chavez, Salon, Montoro, Yu, Siao, Ong (E.), Belaro, Ong (H.) and Matugas, per Committee Report No. 155

AN ACT RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO GATEWAY U.H.F. TELEVISION BROADCASTING, INC., PRESENTLY KNOWN AS GATEWAY TELEVISION BROADCASTING, INC., AND DOING BUSINESS UNDER THE NAME AND STYLE OF HOPE CHANNEL PHILIPPINES, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 7223, ENTITLED "AN ACT GRANTING GATEWAY U.H.F. TELEVISION BROADCASTING, INC., A FRANCHISE TO CONSTRUCT, INSTALL, OPERATE AND MAINTAIN FOR COMMERCIAL PURPOSES UHF TELEVISION BROADCASTING STATIONS IN THE PHILIPPINES, AND FOR OTHER PURPOSES"

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

SECTION 1. Republic Act No. 7223 is hereby amended to read as follows:

"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 Gateway U.H.F.
Television Broadcasting, Inc., hereunder referred to as the grantee, its successors or assigns a franchise] THE FRANCHISE

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GRANTED TO GATEWAY U.H.F. TELEVISION BROADCASTING, INC., PRESENTLY KNOWN AS GATEWAY TELEVISION BROADCASTING, INC., AND DOING BUSINESS UNDER THE NAME AND STYLE OF HOPE CHANNEL PHILIPPINES, HEREUNDER REFERRED TO AS THE GRANTEE, ITS SUCCESSORS OR ASSIGNEES, to construct, install, ESTABLISH, operate and maintain [for commercial purposes and] in the public interest AND FOR RELIGIOUS, EDUCATIONAL, CHARITABLE, AND SOCIO-CIVIC PURPOSES, [UHF] television AND/OR RADIO broadcasting stations in the Philippines, INCLUDING DIGITAL TELEVISION SYSTEM, THROUGH MICROWAVE, SATELLITE OR WHATEVER MEANS, INCLUDING THE USE OF ANY NEW TECHNOLOGIES IN RADIO AND TELEVISION SYSTEMS, with the corresponding technological auxiliaries or facilities, special broadcast AND OTHER PROGRAM, AND distribution services and relay stations[: Provided, however, That only one (1) UHF channel shall be allocated to any given locality.] IS HEREBY RENEWED FOR ANOTHER TWENTY-FIVE (25) YEARS FROM THE EFFECTIVITY OF THIS ACT.

"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 [the] existing stations or other stations which may be established [in accordance with] BY law [of other telecommunications services grantees] without in any way diminishing its own right to use its [selected] ASSIGNED wavelengths or frequencies and

the quality of transmission or reception thereon as should maximize rendition of the grantee's services and/or the 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 its stations and shall not use any frequency in the RADIO/television spectrum without [having been authorized by the Commission] AUTHORIZATION FROM THE NTC. The [Commission] NTC, however, shall not unreasonably withhold or delay the grant of any such authority.

"THE GRANTEE SHALL NOT DISPOSE NOR LEASE ITS FACILITIES EXCEPT TO ENTITIES WITH A RADIO OR TELEVISION FRANCHISE: *PROVIDED*, THAT THE GRANTEE SHALL INFORM AND SECURE WRITTEN AUTHORIZATION TO PROCEED FROM THE NTC, AND REPORT THE TRANSACTION TO THE NTC WITHIN SIXTY (60) DAYS AFTER ITS COMPLETION: *PROVIDED*, *FURTHER*, THAT THE NTC SHALL DETERMINE THE CORRESPONDING SANCTION FOR ANY VIOLATION OF THIS PROVISION.

"SEC. 4. Responsibility to the Public. — The grantee shall provide reasonable public service time to enable the Government, through [the said UHF television] ITS BROADCASTING stations OR FACILITIES, to reach the population on important public issues; provide at all times sound and balanced programming; promote public participation such as in community programming; assist in the functions of public information and education; conform to the ethics of honest

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

"[SEC. 5. Rates for Services. — The grantee shall fix just and reasonable rates for subscription, excluding the cost of installation, subject to the regulations of the National Telecommunications Commission and other proper regulatory agencies of the Government.]

"SEC. [6]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 SERIOUS 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] THE stations OR FACILITIES during the period when [they] THESE shall be so operated.

1	"SEC. [7]6. Term of Franchise This franchise shall
2	be [for a term] IN EFFECT FOR A PERIOD of twenty-five (25)
3	years from the [date of] effectivity of this Act, unless sooner
4	revoked or cancelled. [In the event the grantee fails to operate
5	continuously for two (2) years from the effectivity of this
6	franchise or anytime thereafter, this franchise shall be deemed
7	ipso facto revoked.] This franchise shall be deemed IPSO
8	FACTO REVOKED IN THE EVENT THE GRANTEE FAILS TO
9	OPERATE CONTINUOUSLY FOR TWO (2) YEARS.
10	"Sec. 7. ACCEPTANCE AND COMPLIANCE
11	ACCEPTANCE OF THIS NEW FRANCHISE SHALL BE GIVEN IN
12	WRITING TO THE CONGRESS OF THE PHILIPPINES, THROUGH
13	THE COMMITTEE ON LEGISLATIVE FRANCHISES OF THE
14	HOUSE OF REPRESENTATIVES AND THE COMMITTEE ON
15	PUBLIC SERVICES OF THE SENATE, WITHIN SIXTY (60) DAYS
16	FROM THE EFFECTIVITY OF THIS ACT. UPON GIVING SUCH
17	ACCEPTANCE, THE GRANTEE SHALL EXERCISE THE PRIVILEGES
18	GRANTED UNDER THIS ACT. NONACCEPTANCE SHALL RENDER
19	THE FRANCHISE VOID.
20	"SEC. 8. [Public Ownership] DISPERSAL OF OWNERSHIP.
21	- [In compliance with the constitutional mandate to democratize
22	ownership of public utilities, the herein grantee shall make
23	public offering through the stock exchanges of at least thirty
24	percent (30%) of its common stocks within a period of three (3)
25	years from the date of effectivity of this Act: Provided, That no
26	single person or entity shall be allowed to own more than five

percent (5%) of the stock offerings.] IN ACCORDANCE WITH

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THE CONSTITUTIONAL PROVISION TO ENCOURAGE PUBLIC PARTICIPATION IN PUBLIC UTILITIES, THE GRANTEE SHALL OFFER TO FILIPINO CITIZENS AT LEAST THIRTY PERCENT (30%) OR A HIGHER PERCENTAGE THAT MAY HEREAFTER BE PROVIDED BY LAW OF ITS OUTSTANDING CAPITAL STOCK IN ANY SECURITIES EXCHANGE IN THE PHILIPPINES WITHIN FIVE (5) YEARS FROM THE COMMENCEMENT OF ITS OPERATIONS: PROVIDED, THAT IN CASES WHERE PUBLIC OFFER OF SHARES IS NOT APPLICABLE, THE GRANTEE SHALL APPLY OTHER METHODS OF ENCOURAGING PUBLIC PARTICIPATION BY CITIZENS AND CORPORATIONS OPERATING PUBLIC UTILITIES AS ALLOWED BY LAW. NONCOMPLIANCE THEREWITH SHALL RENDER THE FRANCHISE IPSO FACTO REVOKED.

"[SEC. 9. Tax Provisions. – The grantee, its successors or assigns shall be liable to pay the same taxes on their real estate, buildings and personal property, exclusive of this franchise, as other persons or corporations are now or hereafter may be required by law to pay. In addition thereto, the grantee, its successors or assigns shall pay a franchise tax equivalent to five percent (5%) of all gross receipts of the television business transacted under this franchise by the grantee, its successors or assigns and the said percentage shall be in lieu of all taxes on this franchise or earnings thereof: Provided, That the grantee, its successors or assigns shall continue to be liable for income taxes payable under Title II of the National Internal Revenue Code pursuant to Section 2 of Executive Order No. 72 unless the latter enactment is amended or repealed, in which case the amendment or repeal shall be applicable thereto.

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"The grantee shall file the return with and pay the tax due thereon to the Commissioner of Internal Revenue or his duly authorized representative in accordance with the National Internal Revenue Code. The return shall be subject to audit by the Bureau of Internal Revenue.]

"Sec. [10]9. Reportorial Requirement. — The grantee shall submit an annual report to the Congress of the Philippines, THROUGH THE COMMITTEE ON LEGISLATIVE FRANCHISES OF THE HOUSE OF REPRESENTATIVES AND THE COMMITTEE ON PUBLIC SERVICES OF THE SENATE, on its compliance with the terms and conditions of the franchise and on its operations [within sixty (60) days from the end of every year] ON OR BEFORE APRIL 30 OF EVERY YEAR DURING THE TERM OF ITS FRANCHISE. THE REPORTORIAL COMPLIANCE CERTIFICATE ISSUED BY CONGRESS SHALL BE REQUIRED BEFORE ANY APPLICATION FOR PERMIT OR CERTIFICATE IS ACCEPTED BY THE NTC.

"SEC. [11] 10. Self-regulation by and Undertaking of Grantee. — The grantee shall not require any previous censorship of any speech, play, act or scene, or other matter to be broadcast and/or telecast from its stations; but if any such speech, play, act or scene, or other matter should constitute a violation of the law or infringement of a private right, the grantee shall be free from any liability, civil or criminal, for such speech, play, act or scene, or other matter: Provided, That the grantee, during any broadcast and/or telecast, shall cut off from the air the speech, play, act or scene, or other matter being broadcast/telecast if the tendency thereof is to promote and/or

incite treason, rebellion or sedition, or the language used therein or the theme thereof is indecent or immoral[; and]: *PROVIDED*, *FURTHER*, THAT willful failure to do so shall constitute a valid cause for the REVOCATION AND cancellation of this franchise.

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"SEC. [12]11. Warranty in Favor of National and Local Governments. – The grantee shall hold the national, provincial, CITY, and municipal governments of the Philippines [harmless] FREE from all claims, accounts, demands or actions arising out of accidents, [or injuries, whether to property or to persons, caused by] CAUSING INJURY TO PERSONS OR DAMAGE TO PROPERTIES, DURING the construction or operation of the stations of the grantee.

"SEC. [13]12. Sale, Lease, Transfer, Usufruct, etc.] OR
ASSIGNMENT OF FRANCHISE. — The grantee shall not SELL,
lease, transfer, grant the usufruct of, sell or NOR assign this
franchise [nor] OR the rights and privileges acquired thereunder
to any person, firm, company, corporation or OTHER
COMMERCIAL OR LEGAL entity, nor merge with any other
corporation or entity without the prior approval of the Congress
of the Philippines. Neither shall the controlling interest in the
grantee be transferred, whether as a whole or in part[s], and
whether simultaneously or contemporaneously, to any such
private person, firm, company, corporation or entity without the
prior approval of the Congress of the Philippines[.]: Provided,
That 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

2	CONTROLLING INTEREST OF THE GRANTEE, WITHIN SIXTY (60)
3	DAYS AFTER THE COMPLETION OF SAID TRANSACTION:
4	PROVIDED, FURTHER, THAT FAILURE TO REPORT TO
5	CONGRESS SUCH CHANGE OF OWNERSHIP SHALL RENDER THE
6	FRANCHISE IPSO FACTO REVOKED: PROVIDED, FINALLY, THAT
7	[A] Any person or entity to which this franchise is validly sold,
8	transferred or assigned shall be subject to all the same
9	conditions, terms, restrictions and limitations of this Act.
10	"SEC. [14]13. General Broadcast Policy The grantee
11	shall comply with and be subject to the provisions of a general
12	broadcast policy law, [that] WHICH CONGRESS may hereafter
13	[be] enact[ed].
14	"SEC. 14. EQUALITY CLAUSE EXCEPT FOR TAXES
15	AND CUSTOMS DUTIES, ANY ADVANTAGE, FAVOR, PRIVILEGE,
16	EXEMPTION, OR IMMUNITY GRANTED UNDER EXISTING
17	FRANCHISES, OR WHICH MAY HEREAFTER BE GRANTED FOR
18	RADIO AND/OR TELEVISION BROADCASTING, UPON PRIOR
19	REVIEW AND APPROVAL OF CONGRESS, SHALL BECOME PART
20	OF THIS FRANCHISE AND SHALL BE ACCORDED IMMEDIATELY
21	AND UNCONDITIONALLY TO THE HEREIN GRANTEE:
22	PROVIDED, THAT THE FOREGOING SHALL NEITHER APPLY TO
23	NOR AFFECT THE PROVISIONS OF BROADCASTING FRANCHISES

"SEC. [16]15. Repealability and Non-exclusivity Clause.

- This franchise shall be subject to amendment, alteration, or

CONCERNING TERRITORY COVERED BY THE FRANCHISE, THE

LIFE SPAN OF THE FRANCHISE, OR THE TYPE OF SERVICE

AUTHORIZED BY THE FRANCHISE.

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1	repeal by the Congress of the Philippines when the public
2	interest so requires and shall not be interpreted as an exclusive
3	grant of the privileges herein provided for.
4	"ALL OTHER LAWS, ORDERS, ISSUANCES, RULES AND
5	REGULATIONS OR PARTS THEREOF INCONSISTENT WITH THIS
6	ACT ARE HEREBY REPEALED, AMENDED OR MODIFIED
7	ACCORDINGLY.
8	"SEC. [15]16. Separability Clause If any [of the]
9	section[s] or provision[s] of this Act is held invalid, all the other
0	provisions not affected thereby shall remain valid."
1	SEC. 2. Effectivity This Act shall take effect fifteen (15) days afte
2	its publication in the Official Gazette or in a newspaper of general circulation.
	Approved.