

SEVENTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Third Regular Session)

SENATE



COMMITTEE REPORT NO. 469 '18 SEP 19 A10 :47

Submitted by the Committee on Public Services on SEP 19 2018 

Re: House Bill no. 6168

Recommending the approval of HBN 6168 with amendments.

Sponsor: Senator Grace Poe

MR. PRESIDENT:

The Committee on Public Services to which was referred House Bill No. 6168 introduced by Representatives Salimbangon, Alvarez (F), Marcoleta, *et.al.*, entitled:

**"AN ACT
EXTENDING FOR ANOTHER TWENTY-FIVE (25) YEARS THE
FRANCHISE GRANTED TO PACIFIC BROADCASTING SYSTEM, INC.
UNDER REPUBLIC ACT NO. 7967, ENTITLED AN ACT GRANTING
THE PACIFIC BROADCASTING SYSTEM, INC., A FRANCHISE TO
CONSTRUCT, INSTALL, OPERATE AND MAINTAIN RADIO AND
TELEVISION BROADCASTING STATIONS WITHIN
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. 6168 be approved with the following amendments:

1. On page 2, line 26, after the word provide, insert the words "**FREE OF CHARGE,**";

2. On the same page, line 27, after the word "time", insert the words "**WHICH IS REASONABLE AND SUFFICIENT**"; also on the same line, after the words " through the" delete the word "said";
3. On the same page, line 28 after the word "facilities" insert the words "**OF THE GRANTEE**"; after the article "the", insert the word "**PERTINENT**"; pluralize the word "**POPULATION**" and insert the phrase "**OR PORTIONS THEREOF**" after it;
4. On the same page, line 29, after the word "issues", insert the phrase "**AND RELAY IMPORTANT PUBLIC ANNOUNCEMENTS AND WARNINGS CONCERNING PUBLIC EMERGENCIES AND CALAMITIES, AS NECESSITY, URGENCY OR LAW MAY REQUIRE**;
5. On page 3 line 1, delete the phrase "such as in the community programming";
6. On the same page, line 2 after the word "enterprise" and semi colon (;), insert the phrase "**PROMOTE AUDIENCE SENSIBILITY AND EMPOWERMENT INCLUDING CLOSED CAPTIONING**";
7. On the same page, line 3 after the word "obscene" delete the conjunction "and" and replace it with "**OR**";
8. On the same page, line 4 delete the word "from disseminating" and in lieu thereof replace it with "**FOR THE DISSEMINATION OF**";
9. On the same page, line 5, after the word "information" replace the conjunction "or" with "**AND**";
10. On the same page, line 6 after the word "interest" delete semi-colon (;) and replace it with a comma (,); also delete the words "from inciting,

encouraging, or assisting" and in lieu thereof replace it with **"TO INCITE, ENCOURAGE, OR ASSIST"**;

11. On page 3, after line 7, insert a new paragraph which shall read as follows:

PUBLIC SERVICE TIME REFERRED HEREIN SHALL BE EQUIVALENT TO A MAXIMUM AGGREGATE OF TEN (10%) PERCENT OF 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 EXTREME 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.

12. On page 4, after line 18, insert new provisions that shall read as follows:

"SEC. 10. COMMITMENT TO PROVIDE AND PROMOTE THE CREATION OF EMPLOYMENT OPPORTUNITIES. – THE GRANTEE SHALL CREATE EMPLOYMENT OPPORTUNITIES AND SHALL ALLOW ON-THE-JOB TRAININGS IN THEIR FRANCHISE OPERATION. PROVIDED, THAT PRIORITY SHALL BE ACCORDED TO THE RESIDENTS WHERE THEIR PRINCIPAL OFFICE IS LOCATED. PROVIDED, FURTHER, THAT THE GRANTEE SHALL FOLLOW THE APPLICABLE LABOR STANDARDS AND ALLOWANCE ENTITLEMENT UNDER EXISTING LABOR LAWS, RULES AND REGULATIONS AND SIMILAR ISSUANCES, PROVIDED FINALLY, THAT THE EMPLOYMENT OPPORTUNITIES OR JOBS CREATED SHALL BE REFLECTED IN THE GENERAL INFORMATION SHEET (GIS) TO BE SUBMITTED TO SECURITIES AND EXCHANGE COMMISSION ANNUALLY."; and

"SEC. 11. 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.";

13. On the same page, line 27, delete the phrase "That Congress shall be informed of any sale, lease,";

14. On the same page, delete lines 28 to 29;

15. On page 5, delete lines 1 to 3;

16. On page 6, line 1, after the title of the Section, delete the phrase "Except for taxes and customs duties,"; and

17. Renumber the sections accordingly.

RESPECTFULLY SUBMITTED



GRACE POE
Chairperson

Committee on Public Services



JOSEPH VICTOR G. EJERCITO

Vice-Chairperson

Committee on Public Services



FRANCIS "Chiz" G. ESCUDERO

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Majority Floor Leader



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HON. VICENTE C. SOTTO III
Senate President



HOUSE OF REPRESENTATIVES

H. No. 6168

BY REPRESENTATIVES SALIMBANGON, ALVAREZ (F.), MARCOLETA,
SY-ALVARADO, ONG (E.), CUEVA, BATAOIL, UY (J.), PANCHO, TEJADA
AND GULLAS, PER COMMITTEE REPORT NO. 352

AN ACT EXTENDING FOR ANOTHER TWENTY-FIVE (25) YEARS THE
FRANCHISE GRANTED TO PACIFIC BROADCASTING SYSTEM,
INC. UNDER REPUBLIC ACT NO. 7967, ENTITLED "AN ACT
GRANTING THE PACIFIC BROADCASTING SYSTEM, INC., A
FRANCHISE TO CONSTRUCT, INSTALL, OPERATE AND
MAINTAIN RADIO AND TELEVISION BROADCASTING
STATIONS WITHIN THE PHILIPPINES, AND FOR OTHER
PURPOSES"

*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 Philippine Constitution and applicable laws, rules and
3 regulations, the franchise granted to Pacific Broadcasting System, Inc.,
4 hereunder referred to as the grantee, its successors or assignees, under
5 Republic Act No. 7967, to construct, install, establish, operate, and maintain
6 for commercial purposes and in the public interest, radio and/or television
7 broadcasting stations, including digital television system, through microwave,
8 satellite or whatever means, as well as the use of any new technology in

1 television and radio systems, with the corresponding technological auxiliaries
2 and facilities, special broadcast and other program and distribution services
3 and relay stations in the Philippines, is hereby extended for another
4 twenty-five (25) years from the effectivity of this Act.

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

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

20 The grantee shall not dispose nor lease its facilities except to entities
21 with radio or television franchise; *Provided,* That the grantee shall inform and
22 secure written authorization to proceed from the NTC, and report the
23 transaction to the NTC within sixty (60) days after its completion; *Provided,*
24 *further,* That the NTC shall determine the corresponding sanction for any
25 violation of this provision.

26 SEC. 4. *Responsibility to the Public.* – The grantee shall provide
27 adequate public service time to enable the government, through the said
28 broadcasting stations or facilities, to reach the population on important public
29 issues; provide at all times sound and balanced programming; promote public

1 participation: such as in community programming; assist in the functions of
2 public information and education; conform to the ethics of honest enterprise;
3 and not use its stations or facilities for the broadcasting of obscene and
4 indecent language, speech, act or scene; or from disseminating deliberately
5 false information or willful misrepresentation, to the detriment of the public
6 interest; or from inciting, encouraging, or assisting in subversive or
7 treasonable acts.

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

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

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

24 SEC. 7. *Acceptance of Franchise.* – Acceptance of the terms of this
25 franchise shall be given in writing to the Congress of the Philippines, through
26 the Committee on Legislative Franchises of the House of Representatives and
27 the Committee on Public Services of the Philippine Senate, within sixty (60)
28 days from the effectivity of this Act. Upon giving such acceptance, the grantee
29 shall exercise the privileges granted under this Act.

1 Nonacceptance shall render the franchise void.

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

14 SEC. 9. *Warranty in Favor of the National and Local Governments.* –
15 The grantee shall hold the national, provincial, city, and municipal
16 governments of the Philippines free from all claims, liabilities, demands, or
17 actions arising out of accidents, causing injury to persons or damage to
18 properties, during the construction or operation of the stations of the grantee.

19 SEC. 10. *Sale, Lease, Transfer, Grant of Usufruct, or Assignment of*
20 *Franchise.* – The grantee shall not sell, lease, transfer, grant the usufruct of,
21 nor assign this franchise or the rights and privileges acquired thereunder to any
22 person, firm, company, corporation, or other commercial or legal entity, nor
23 merge with any other corporation or entity, nor the controlling interest of the
24 grantee be transferred, whether as a whole or in part, and whether
25 simultaneously or contemporaneously, to any such person, firm, company,
26 corporation, or entity without the prior approval of the Congress of the
27 Philippines: *Provided,* [That Congress shall be informed of any sale, lease,
28 transfer, grant of usufruct, or assignment of franchise or the rights and
29 privileges acquired thereunder, or of the merger or transfer of the controlling

1 interest of the grantee, within sixty (60) days after the completion of said
2 transaction: *Provided, further*, That failure to report to Congress such change
3 of ownership shall render the franchise *ipso facto* revoked: *Provided, finally*,
4 That any person or entity to which this franchise is sold, transferred or
5 assigned, shall be subject to the same conditions, terms, restrictions, and
6 limitations of this Act.

7 SEC. 11. *Dispersal of Ownership*. – In accordance with the
8 constitutional provision to encourage public participation in public utilities, the
9 grantee shall offer to Filipino citizens at least thirty percent (30%) or a higher
10 percentage that may hereafter be provided by law of its outstanding capital
11 stock in any securities exchange in the Philippines within five (5) years from
12 the commencement of its operations: *Provided*, That in cases where public
13 offer of shares is not applicable, establishment of cooperatives and application
14 of other methods of encouraging public participation by citizens and
15 corporations operating public utilities as allowed by law must be implemented.

16 Noncompliance therewith shall render the franchise *ipso facto* revoked.

17 SEC. 12. *Reportorial Requirement*. – The grantee shall submit an
18 annual report to the Congress of the Philippines, through the Committee on
19 Legislative Franchises of the House of Representatives and the Committee on
20 Public Services of the Philippine Senate, on its compliance with the terms and
21 conditions of the franchise and on its operations on or before April 30 of every
22 year during the term of its franchise. The reportorial compliance certificate
23 issued by Congress shall be required before any application for permit or
24 certificate is accepted by the NTC.

25 SEC. 13. *Fine*. – Failure of the grantee to submit the requisite annual
26 report to Congress shall be penalized by a fine of five hundred pesos (P500.00)
27 per working day of noncompliance. The fine shall be collected separately by
28 the NTC distinct from the penalties it imposes for noncompliance of its own
29 reportorial requirements.

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

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

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

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

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

Approved.