

(AS AMENDED BY THE SENATE)

CONGRESS OF THE PHILIPPINES
SEVENTEENTH CONGRESS
Second Regular Session

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HOUSE OF REPRESENTATIVES

H. No. 6316

BY REPRESENTATIVES ALBANO, DY, GO (A.C.), AGGABAO, PANGANIBAN
AND ALVAREZ (F.), PER COMMITTEE REPORT NO. 372

AN ACT GRANTING NORTHEASTERN BROADCASTING SERVICES,
INC. A FRANCHISE TO CONSTRUCT, INSTALL, ESTABLISH,
OPERATE AND MAINTAIN RADIO AND TELEVISION
BROADCASTING STATIONS IN ISABELA PROVINCE AND
REGION II

*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, there is hereby granted to Northeastern Broadcasting Services,
4 Inc., hereunder referred to as the grantee, its successors or assignees, a
5 franchise to construct, install, establish, operate and maintain for commercial
6 purposes and in the public interest, radio and/or television broadcasting
7 stations in Isabela Province and Region II, where frequencies and/or channels
8 are still available for radio and/or television broadcasting, including digital
9 television system, through microwave, satellite or whatever means, including
10 the use of any new technology in television and radio systems, with the
11 corresponding technological auxiliaries and facilities, special broadcast, and
12 other program and distribution services and relay stations.

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

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

16 The grantee shall not dispose or lease its facilities except to entities with
17 radio or television franchise: *Provided*, That the grantee shall inform and
18 secure written authorization to proceed from the NTC, and report the
19 transaction to the NTC within sixty (60) days after its completion: *Provided*,
20 *further*, That the NTC shall determine the corresponding sanction for any
21 violation of this provision.

22 SEC. 4. *Responsibility to the Public.* – The grantee shall provide
23 adequate public service time to enable the government, through the said
24 broadcasting stations or facilities, to reach the population on important public
25 issues; provide at all times sound and balanced programming; assist in the
26 functions of public information and education; conform to the ethics of honest
27 enterprise; and not use its stations and facilities for the broadcasting of
28 obscene and indecent language, speech, act, or scene, or for the dissemination
29 of deliberately false information or willful misrepresentation to the detriment

1 of the public interest; or to incite, encourage, or assist in subversive or
2 treasonable acts.

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

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

15 SEC. 6. *Term of Franchise.* – This franchise shall be in effect for a
16 period of twenty-five (25) years, unless sooner revoked or cancelled. This
17 franchise shall be deemed *ipso facto* revoked in the event the grantee fails to
18 comply with any of the following conditions:

19 (a) Commence operations within one (1) year from the approval of its
20 operating permit by the NTC;

21 (b) Commence operations within three (3) years from the effectivity of
22 this Act; and

23 (c) Operate continuously for two (2) years.

24 SEC. 7. *Bond.* – The grantee shall file a bond with the NTC, in the
25 amount that the NTC shall determine, to guarantee compliance with and
26 fulfillment of the conditions under which this franchise is granted. If, after
27 three (3) years from the date of the approval of its permit by the NTC, the
28 grantee shall have fulfilled the same, the bond shall be cancelled by the NTC.

1 Otherwise, the bond shall be forfeited in favor of the government and the
2 franchise *ipso facto* revoked.

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

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

16 SEC. 10. *COMMITMENT TO PROVIDE AND PROMOTE THE*
17 *CREATION OF EMPLOYMENT OPPORTUNITIES.* – THE
18 GRANTEE SHALL CREATE EMPLOYMENT OPPORTUNITIES
19 AND SHALL ALLOW ON-THE-JOB TRAININGS IN THEIR
20 FRANCHISE OPERATION: *PROVIDED*, THAT PRIORITY SHALL
21 BE ACCORDED TO THE RESIDENTS WHERE THEIR
22 PRINCIPAL OFFICE IS LOCATED: *PROVIDED, FURTHER*, THAT
23 THE GRANTEE SHALL FOLLOW THE APPLICABLE LABOR
24 STANDARDS AND ALLOWANCE ENTITLEMENT UNDER
25 EXISTING LAWS, RULES AND REGULATIONS AND SIMILAR
26 ISSUANCES: *PROVIDED, FINALLY*, THAT THE EMPLOYMENT
27 OPPORTUNITIES OR JOBS CREATED SHALL BE REFLECTED

1 IN THE GENERAL INFORMATION SHEET (GIS) TO BE
2 SUBMITTED TO THE SECURITIES AND EXCHANGE
3 COMMISSION ANNUALLY.

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

21 SEC. [11] 12. *Dispersal of Ownership.* – In accordance with the
22 constitutional provision to encourage public participation in public utilities, the
23 grantee shall offer to Filipino citizens at least thirty percent (30%) or a higher
24 percentage that may hereafter be provided by law of its outstanding capital
25 stock in any securities exchange in the Philippines within five (5) years from
26 the commencement of its operations: *Provided, That* in cases where public
27 offer of shares is not applicable, establishment of cooperatives and other

1 methods of encouraging public participation by citizens and corporations
2 operating public utilities must be implemented.

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

4 SEC. [12] 13. *Reportorial Requirement.* – The grantee shall submit an
5 annual report to the Congress of the Philippines, through the Committee on
6 Legislative Franchises of the House of Representatives and the Committee on
7 Public Services of the Senate, on its compliance with the terms and conditions
8 of the franchise and on its operations on or before April 30 of every year
9 during the term of its franchise. The reportorial compliance certificate issued
10 by Congress shall be required before any application for permit or certificate is
11 accepted by the NTC.

12 SEC. [13] 14. *Fine.* – Failure of the grantee to submit the requisite
13 annual report to Congress shall be penalized by a fine of five hundred pesos
14 (P500.00) per working day of noncompliance. The fine shall be collected
15 separately by the NTC distinct from the penalties it imposes for
16 noncompliance of its own reportorial requirements.

17 SEC. [14] 15. *Equality Clause.* – Except for taxes and customs duties,
18 any advantage, favor, privilege, exemption, or immunity granted under
19 existing franchises, or which may hereafter be granted for radio and/or
20 television broadcasting, upon prior review and approval of Congress, shall
21 become part of this franchise and shall be accorded immediately and
22 unconditionally to the herein grantee: *Provided*, That the foregoing shall
23 neither apply to nor affect the provisions of broadcasting franchises
24 concerning territory covered by the franchise, the life span of the franchise or
25 the type of service authorized by the franchise.

26 SEC. [15] 16. *Repealability and Nonexclusivity Clause.* – This
27 franchise shall be subject to amendment, alteration, or repeal by the Congress

1 of the Philippines when the public interest so requires and shall not be
2 interpreted as an exclusive grant of the privileges herein provided for.

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

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

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

Approved,

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