

(AS AMENDED BY THE SENATE)

CONGRESS OF THE PHILIPPINES
SEVENTEENTH CONGRESS
Third Regular Session

}

HOUSE OF REPRESENTATIVES

H. No. 7752

BY REPRESENTATIVES ROMUALDO, ALVAREZ (F.) AND SY-ALVARADO,
PER COMMITTEE REPORT NO. 744

AN ACT EXTENDING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO INSULAR BROADCASTING SYSTEM, INC. UNDER REPUBLIC ACT NO. 7964, ENTITLED "AN ACT GRANTING THE INSULAR BROADCASTING SYSTEM, INC. A FRANCHISE TO INSTALL, OPERATE AND MAINTAIN 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
2 provisions of the Constitution and applicable laws, rules and
3 regulations, the franchise granted to Insular Broadcasting System,
4 Inc. hereunder referred to as the grantee, its successors or
5 assignees, under Republic Act No. 7964, to construct, establish,
6 maintain and operate in the public interest and commercial
7 purposes, radio and/or television broadcasting stations, including
8 digital television system, through microwave, satellite, terrestrial or
9 whatever means, including the use of any new technologies in
10 television and radio systems, with the corresponding technological

1 auxiliaries and facilities, special broadcast and other program and
2 distribution services and relay stations in the Philippines, is hereby
3 renewed for another twenty-five (25) years.

4 SEC. 2. *Manner of Operation of Stations or Facilities.* – The
5 stations or facilities of the grantee shall be constructed and
6 operated in a manner as will, at most, result only in the minimum
7 interference on the wavelengths or frequencies of existing stations
8 or other stations which may be established by law, without in any
9 way diminishing its own privilege to use its assigned wavelengths
10 or frequencies and the quality of transmission or reception thereon
11 as should maximize rendition of the grantee's services and/or
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
16 and licenses for the construction and operation of its stations or
17 facilities and shall not use any frequency in the radio/television
18 spectrum without authorization from the NTC.

19 SEC. 4. *Responsibility to the Public.* – The grantee shall
20 provide, free of charge, adequate public service time which is
21 reasonable and sufficient to enable the government, through the
22 broadcasting stations or facilities of the grantee, to reach the
23 pertinent population/s or portions thereof on important public
24 issues and relay important public announcements and warnings
25 concerning public emergencies and calamities, as necessity, urgency
26 or law may require; provide at all times sound and balanced
27 programming; promote public participation; assist in the functions
28 of public information and education; conform to the ethics of honest

1 enterprise; promote audience sensibility and empowerment through,
2 but not limited to, closed captioning; and not use its stations or
3 facilities for the broadcasting of obscene or indecent language,
4 speech, act or scene; or for the dissemination of deliberately false
5 information or willful misrepresentation, to the detriment of public
6 interest; or to incite, encourage or assist in subversive or
7 treasonable acts.

8 Public service time referred herein shall be equivalent to a
9 maximum aggregate of ten percent (10%) of the paid commercials or
10 advertisements which shall be allocated based on need to the
11 executive, legislative, judiciary, constitutional commissions and
12 international humanitarian organizations duly recognized by
13 statutes: *Provided*, That the NTC shall increase the public service
14 time in case of extreme emergency or calamity. The NTC shall
15 issue rules and regulations for this purpose, the effectivity of which
16 shall commence upon applicability with other similarly situated
17 broadcast network franchise holders.

18 SEC. 5. *Compliance with Labor Standards.* - The grantee,
19 its successors or assignees shall comply with the applicable labor
20 standards under existing labor laws, rules and regulations and such
21 other issuances as may be promulgated by the Department of Labor
22 and Employment, taking into consideration the nature and
23 peculiarities of the broadcast industry.

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

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

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

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

1 further, That willful failure to do so shall constitute a valid cause for
2 the revocation and cancellation of this franchise.

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

9 SEC. 10. *COMMITMENT TO PROVIDE AND PROMOTE THE*
10 *CREATION OF EMPLOYMENT OPPORTUNITIES.* – THE
11 GRANTEE SHALL CREATE EMPLOYMENT OPPORTUNITIES
12 AND SHALL ALLOW ON-THE-JOB TRAININGS IN THEIR
13 FRANCHISE OPERATION: *PROVIDED*, THAT PRIORITY SHALL
14 BE ACCORDED TO THE RESIDENTS WHERE THEIR
15 PRINCIPAL OFFICE IS LOCATED: *PROVIDED, FURTHER*, THAT
16 THE GRANTEE SHALL FOLLOW THE APPLICABLE LABOR
17 STANDARDS AND ALLOWANCE ENTITLEMENT UNDER
18 EXISTING LAWS, RULES AND REGULATIONS AND SIMILAR
19 ISSUANCES: *PROVIDED, FINALLY*, THAT THE EMPLOYMENT
20 OPPORTUNITIES OR JOBS CREATED SHALL BE REFLECTED
21 IN THE GENERAL INFORMATION SHEET (GIS) TO BE
22 SUBMITTED TO THE SECURITIES AND EXCHANGE
23 COMMISSION ANNUALLY.

24 SEC. [10] 11. *Sale, Lease, Transfer, Usufruct, or Assignment of*
25 *Franchise.* – The grantee shall not sell, lease, transfer, grant the
26 usufruct of, nor assign this franchise or the rights and privileges
27 acquired thereunder to any person, firm, company, corporation, or
28 other commercial or legal entity, nor merge with any other
29 corporation or entity, nor the controlling interest of the grantee be
30 transferred, [whether as a whole or in part, and whether]
31 simultaneously [or contemporaneously,] to any such person, firm,

1 company, corporation, or entity without the prior approval of the
2 Congress of the Philippines[:]. [Provided, That] such transfer, sale
3 or issuance is in accordance with any applicable constitutional
4 limitation[:]. [Provided, finally, That] [a]Any person or entity to
5 which this franchise is sold, transferred or assigned, shall be subject
6 to the same conditions, terms, restrictions, and limitations of this
7 Act.

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

20 SEC. [12] 13. *Reportorial Requirement.* – The grantee shall
21 submit an annual report to the Congress of the Philippines, through
22 the Committee on Legislative Franchises of the House of
23 Representatives and the Committee on Public Services of the
24 Senate, on its compliance with the terms and conditions of the
25 franchise and on its operations on or before April 30 of every year
26 during the term of its franchise.

27 The annual report shall include an update on the roll-out,
28 development, operation and/or expansion of business; audited

1 financial statements; latest General Information Sheet officially
2 submitted to the Securities and Exchange Commission (SEC), if
3 applicable; certification of the NTC on the status of its permits and
4 operations; and an update on the dispersal of ownership
5 undertaking, if applicable.

6 The reportorial compliance certificate issued by Congress
7 shall be required before any application for permit or certificate is
8 accepted by the NTC.

9 SEC. [13] 14. *Fine.* - Failure of the grantee to submit the
10 requisite annual report to Congress shall be penalized by a fine of
11 Five hundred pesos (P500.00) per working day of noncompliance.
12 The fine shall be collected by the NTC from the delinquent franchise
13 grantee separate from the reportorial penalties imposed by the NTC
14 and the same shall be remitted to the National Treasury.

15 SEC. [14] 15. *Equality Clause.* - Any advantage, favor,
16 privilege, exemption, or immunity granted under existing
17 franchises, or which may hereafter be granted for radio and/or
18 television broadcasting, upon prior review and approval of
19 Congress, shall become part of this franchise and shall be accorded
20 immediately and unconditionally to the herein grantee: *Provided,*
21 That the foregoing shall neither apply to nor affect the provisions of
22 broadcasting franchises concerning territorial coverage, the term, or
23 the type of service authorized by the franchise.

24 SEC. [15] 16. *Repealability and Nonexclusivity Clause.* - This
25 franchise shall be subject to amendment, alteration, or repeal by the
26 Congress of the Philippines when the public interest so requires and
27 shall not be interpreted as an exclusive grant of the privileges
28 herein provided for.

1 SEC. [16] 17. *Separability Clause.* – If any section or
2 provision of this Act is held invalid, all other provisions not affected
3 thereby shall remain valid.

4 SEC. [17] 18. *Repealing Clause.* – All other laws, orders,
5 issuances, rules and regulations or parts thereof inconsistent with
6 this Act are hereby repealed, amended or modified accordingly.

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

Approved,

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