

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



'19 MAY 21 P5:05

**SENATE**

RECEIVED

**COMMITTEE REPORT NO. 668**

Submitted by the Committee on Public Services on **MAY 21 2019**.

Re: House Bill no. 8786

Recommending the approval of HBN 8786 with amendments.

Sponsor: Senator Grace Poe

**MR. PRESIDENT:**

The Committee on Public Services to which was referred House Bill No. 8786 introduced by Representatives Maceda, Revilla, Nieto, Alvarez (F.) and Violago, entitled:

**"AN ACT  
RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE  
FRANCHISE GRANTED TO AUDIOVISUAL COMMUNICATORS, INC.  
UNDER REPUBLIC ACT NO. 8124. ENTITLED AN ACT GRANTING THE  
AUDIOVISUAL COMMUNICATORS, INC., A FRANCHISE TO  
CONSTRUCT, INSTALL, OPERATE AND MAINTAIN RADIO AND  
TELEVISION BROADCASTING STATIONS IN THE PHILIPPINES"**

has considered the same and has the honor to report it back to the Senate with the recommendation that the attached H.B. No. 8786 be approved with the following amendments:

1. On page 5, lines 18 and 19, delete the phrase "whether as a whole or in part, and whether";
2. On the same page, lines 21 to 22, after the word "Philippines" insert a period (.) and delete the phrase "and compliance with legal requirements stipulated in other statutes: Provided, That" and in lieu thereof insert new sentences which shall read as follows: "**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 CONTROLLING INTEREST OF THE GRANTEE, WITHIN SIXTY (60) DAYS AFTER THE COMPLETION OF THE SAID TRANSACTION. FAILURE TO REPORT TO CONGRESS SUCH CHANGE OF OWNERSHIP SHALL RENDER THE FRANCHISE IPSO FACTO REVOKED.**"; also on line 22 capitalize letter "a" in the word "any";
3. On page 7, line 7, before the word "Any", insert the phrase "**EXCEPT FOR TAXES AND CUSTOMS DUTIES,**".

RESPECTFULLY SUBMITTED

  
**GRACE POE**  
Chairperson  
Committee on Public Services



**JOSEPH VICTOR G. EJERCITO**  
Vice-Chairperson  
Committee on Public Services

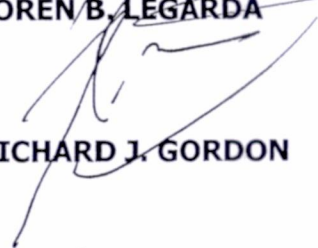


**FRANCIS "Chiz" G. ESCUDERO**  
Vice-Chairperson  
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Senate President

CONGRESS OF THE PHILIPPINES  
SEVENTEENTH CONGRESS  
*Third Regular Session*

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HOUSE OF REPRESENTATIVES

H. No. 8786

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BY REPRESENTATIVES MACEDA, REVILLA, NIETO, ALVAREZ (F.) AND  
VIOLAGO, PER COMMITTEE REPORT NO. 1025

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AN ACT RENEWING FOR ANOTHER TWENTY-FIVE (25)  
YEARS THE FRANCHISE GRANTED TO AUDIOVISUAL  
COMMUNICATORS, INC. UNDER REPUBLIC ACT  
NO. 8124, ENTITLED "AN ACT GRANTING THE  
AUDIOVISUAL COMMUNICATORS, INC., A FRANCHISE  
TO CONSTRUCT, INSTALL, OPERATE AND MAINTAIN  
RADIO AND TELEVISION 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  
2 the provisions of the Constitution and applicable laws, rules and  
3 regulations, the franchise granted under Republic Act No. 8124 to  
4 Audiovisual Communicators, Inc., hereunder referred to as the  
5 grantee, its successors or assignees to construct, install, operate and  
6 maintain for commercial purposes and in the public interest radio  
7 and/or television broadcasting stations, including digital television  
8 system, through microwave, satellite, terrestrial or whatever  
9 means, as well as the use of any new technology in television and  
10 radio systems, with the corresponding technological auxiliaries and



1 facilities, special broadcast and other program and distribution  
2 services and relay stations in the Philippines is hereby renewed for  
3 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 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  
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. The NTC, however,  
19 shall not unreasonably withhold or delay the grant of any such  
20 authority.

21       SEC. 4. *Responsibility to the Public.* – The grantee shall  
22 provide, free of charge, adequate public service time which is  
23 reasonable and sufficient to enable the government, through the  
24 broadcasting stations or facilities of the grantee, to reach the  
25 pertinent populations or portions thereof, on important public issues  
26 and relay important public announcements and warnings  
27 concerning public emergencies and calamities, as necessity, urgency

1 or law may require; provide at all times sound and balanced  
2 programming; promote public participation; assist in the functions  
3 of public information and education; conform to the ethics of honest  
4 enterprise; promote audience sensibility and empowerment  
5 including closed captioning; and not use its stations or facilities for  
6 the broadcasting of obscene or indecent language, speech, act or  
7 scene; or for the dissemination of deliberately false information or  
8 willful misrepresentation, to the detriment of the public interest; or  
9 to incite, encourage, or assist in subversive or treasonable acts.

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

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

24 A special right is hereby reserved to the President of the  
25 Philippines, in times of war, rebellion, public peril, calamity,  
26 emergency, disaster, or disturbance of peace and order: to  
27 temporarily take over and operate the stations or facilities of the

1 grantee; temporarily suspend the operation of any station or facility  
2 in the interest of public safety, security and public welfare; or  
3 authorize the temporary use and operation thereof by any agency of  
4 the government, upon due compensation to the grantee, for the use  
5 of said stations or facilities during the period when these shall be so  
6 operated.

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

12       SEC. 7. *Self-regulation by and Undertaking of the Grantee.* -  
13 The grantee shall not require any previous censorship of any  
14 speech, play, act or scene, or other matter to be broadcast from its  
15 stations: *Provided*, That the grantee, during any broadcast, shall  
16 cut off from the air the speech, play, act or scene, or other matter  
17 being broadcast if the tendency thereof is to propose or incite  
18 treason, rebellion or sedition; or the language used therein or the  
19 theme thereof is indecent or immoral: *Provided, further*, That willful  
20 failure to do so shall constitute a valid cause for the cancellation of  
21 this franchise.

22       SEC. 8. *Warranty in Favor of the National and Local*  
23 *Governments.* - The grantee shall hold the national, provincial,  
24 city, and municipal governments of the Philippines free from all  
25 claims, liabilities, demands, or actions arising out of accidents  
26 causing injury to persons or damage to properties during the  
27 construction or operation of the stations of the grantee.

1           SEC. 9. *Commitment to Provide and Promote the Creation of*  
2 *Employment Opportunities.* - The grantee shall create employment  
3 opportunities and shall allow on-the-job trainings in their franchise  
4 operation: *Provided*, That priority shall be accorded to the residents  
5 in areas where any of its offices is located: *Provided, further*, That  
6 the grantee shall comply with the applicable labor standards and  
7 allowance entitlement under existing labor laws, rules and  
8 regulations and similar issuances: *Provided, finally*, That the  
9 employment opportunities or jobs created shall be reflected in the  
10 General Information Sheet (GIS) to be submitted to the Securities  
11 and Exchange Commission (SEC) annually.

12           SEC. 10. *Sale, Lease, Transfer, Grant of Usufruct, or*  
13 *Assignment of Franchise.* - The grantee shall not sell, lease,  
14 transfer, grant the usufruct of, nor assign this franchise or the  
15 rights and privileges acquired thereunder to any person, firm,  
16 company, corporation or other commercial or legal entity, nor merge  
17 with any other corporation or entity, nor shall transfer the  
18 controlling interest of the grantee, [whether as a whole or in part,  
19 and whether] simultaneously or contemporaneously, to any person,  
20 firm, company, corporation, or entity without the prior approval of  
21 the Congress of the Philippines, [and compliance with legal  
22 requirements stipulated in other statutes: *Provided*, That] any  
23 person or entity to which this franchise is sold, transferred, or  
24 assigned shall be subject to the same conditions, terms, restrictions,  
25 and limitations of this Act.

26           SEC. 11. *Dispersal of Ownership.* - In accordance with the  
27 Constitutional provision to encourage public participation in public



1 utilities, the grantee shall offer to Filipino citizens at least thirty  
2 percent (30%) of its outstanding capital stock, or a higher  
3 percentage thereof that may hereafter be provided by law in any  
4 securities exchange in the Philippines within five (5) years from the  
5 commencement of its operations: *Provided*, That in cases where  
6 public offer of shares is not applicable, the grantee shall apply other  
7 methods of encouraging public participation by citizens and  
8 corporations operating public utilities as allowed by law.  
9 Noncompliance therewith shall render the franchise *ipso facto*  
10 revoked.

11       SEC. 12. *Reportorial Requirement.* - During the term of its  
12 franchise, the grantee shall submit an annual report to the  
13 Congress of the Philippines, through the Committee on Legislative  
14 Franchises of the House of Representatives and the Committee on  
15 Public Services of the Senate, on its compliance with the terms and  
16 conditions of the franchise and on its operations on or before April  
17 30 of every year.

18       The annual report shall include an update on the roll-out,  
19 development, operation, or expansion of business; audited financial  
20 statements; latest GIS officially submitted to the SEC (if  
21 applicable); certification of the NTC on the status of its permits and  
22 operations; and an update on the dispersal of ownership  
23 undertaking, if applicable.

24       The reportorial compliance certificate issued by Congress  
25 shall be required before an application for permit, certificate, or any  
26 equivalent thereof is accepted by the NTC.

1           SEC. 13. *Fine.* - Failure of the grantee to submit the  
2 requisite annual report to Congress shall be penalized by a fine of  
3 Five hundred pesos (P500.00) per working day of noncompliance.  
4 The fine shall be collected by the NTC from the delinquent franchise  
5 grantee separate from the reportorial penalties imposed by the NTC  
6 and the same shall be remitted to the National Treasury.

7           SEC. 14. *Equality Clause.* - Any advantage, favor, privilege,  
8 exemption, or immunity granted under existing franchises, or which  
9 may hereafter be granted for radio and/or television broadcasting,  
10 upon prior review and approval of Congress, shall become part of  
11 this franchise and shall be accorded immediately and  
12 unconditionally to the herein grantee: *Provided,* That the foregoing  
13 shall neither apply to nor affect provisions of broadcasting  
14 franchises concerning territorial coverage, the term, or the type of  
15 service authorized under this franchise.

16           SEC. 15. *Repealability and Nonexclusivity Clause.* - This  
17 franchise shall be subject to amendment, alteration, or repeal by the  
18 Congress of the Philippines when the public interest so requires and  
19 shall not be interpreted as an exclusive grant of the privileges  
20 herein provided.

21           SEC. 16. *Separability Clause.* - If any of the sections or  
22 provisions of this Act is held invalid, all other provisions not  
23 affected thereby shall remain valid.

24           SEC. 17. *Repealing Clause.* - All laws, decrees, orders,  
25 resolutions, instructions, rules and regulations, and other issuances  
26 or parts thereof which are inconsistent with the provisions of this  
27 Act are hereby repealed, amended, or modified accordingly.