

(AS AMENDED BY THE SENATE)

CONGRESS OF THE PHILIPPINES
SEVENTEENTH CONGRESS
Third Regular Session

}

HOUSE OF REPRESENTATIVES

H. No. 8786

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

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]
23 CONGRESS SHALL BE INFORMED OF ANY SALE, LEASE,
24 TRANSFER, GRANT OF USUFRUCT, OR ASSIGNMENT OF
25 FRANCHISE OR THE RIGHTS AND PRIVILEGES ACQUIRED
26 THEREUNDER, OR OF THE MERGER OR TRANSFER OF THE
27 CONTROLLING INTEREST OF THE GRANTEE, WITHIN SIXTY

1 (60) DAYS AFTER THE COMPLETION OF THE SAID
2 TRANSACTION. FAILURE TO REPORT TO CONGRESS SUCH
3 CHANGE OF OWNERSHIP SHALL RENDER THE FRANCHISE
4 *IPSO FACTO* REVOKED. [a]Any person or entity to which this
5 franchise is sold, transferred, or assigned shall be subject to the
6 same conditions, terms, restrictions, and limitations of this Act.

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

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

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

1 statements; latest GIS officially submitted to the SEC (if
2 applicable); certification of the NTC on the status of its permits and
3 operations; and an update on the dispersal of ownership
4 undertaking, if applicable.

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

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

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

24 SEC. 15. *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

1 shall not be interpreted as an exclusive grant of the privileges
2 herein provided.

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

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

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

Approved,

O