



HOUSE OF REPRESENTATIVES

H. No. 4583

BY REPRESENTATIVES ROMUALDO AND ALVAREZ (F.), PER COMMITTEE
REPORT NO. 13

AN ACT RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE
FRANCHISE GRANTED TO BROADCAST ENTERPRISES AND
AFFILIATED MEDIA, INC. UNDER REPUBLIC ACT NO. 8098
TO CONSTRUCT, INSTALL, ESTABLISH, 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 the
2 provisions of the Constitution and applicable laws, rules and
3 regulations, the franchise granted to Broadcast Enterprises and
4 Affiliated Media, Inc., hereunder referred to as the grantee, its
5 successors or assignees, under Republic Act No. 8098, to construct,
6 install, operate, and maintain, for commercial purposes and in the
7 public interest, radio and television, broadcasting stations, including
8 cable and digital television systems, pay service, through
9 microwave, satellite, terrestrial, or broadcasting through any other
10 means, as well as the use of any new technology in television and
11 radio systems, with the corresponding auxiliaries and facilities,

1 special broadcast and other program and distribution services and
2 relay stations in the Philippines, is hereby renewed for another
3 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 The grantee shall not dispose or lease its facilities except to
22 entities with radio or television broadcasting franchise: *Provided,*
23 *That* the grantee shall inform and secure written authorization to
24 proceed from the NTC, and report the transaction to the NTC
25 within sixty (60) days after its completion: *Provided, further,* *That*
26 the NTC shall determine the corresponding sanction for any
27 violation of this provision.

1 SEC. 4. *Responsibility to the Public.* – The grantee shall
2 provide, free of charge, adequate public service time which is
3 reasonable and sufficient to enable the government, through the
4 broadcasting stations or facilities of the grantee, to reach the
5 pertinent populations or portions thereof, on important public issues
6 and relay important public announcements and warnings
7 concerning public emergencies and calamities, as necessity, urgency
8 or law may require; provide at all times sound and balanced
9 programming; promote public participation; assist in the functions
10 of public information and education; conform to the ethics of honest
11 enterprise; promote audience sensibility and empowerment
12 including closed captioning; and not use its stations or facilities for
13 the broadcasting of obscene or indecent language, speech, act or
14 scene; or for the dissemination of deliberately false information or
15 willful misrepresentation, to the detriment of public interest; or to
16 incite, encourage, or assist in subversive or treasonable acts.

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

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

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

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

20 SEC. 7. *Renewal or Extension of Franchise.* – The grantee
21 shall apply for the renewal or extension of its franchise five (5)
22 years before its expiration, reckoned from fifteen (15) days after the
23 publication of the franchise in the *Official Gazette* or in a newspaper
24 of general circulation.

25 SEC. 8. *Self-regulation by and Undertaking of Grantee.* – The
26 grantee shall not require any previous censorship of any speech,
27 play, act or scene, or other matter to be broadcast from its stations,

1 but if any speech, play, act or scene, or other matter should
2 constitute a violation of the law or infringement of a private right,
3 the grantee shall be free from any liability, civil or criminal, for such
4 speech, play, act or scene, or other matter: *Provided*, That the
5 grantee, during any broadcast, shall cut off the airing of speech,
6 play, act or scene, or other matter being broadcast if the tendency
7 thereof is to propose and/or incite treason, rebellion or sedition; or
8 the language used therein or the theme thereof is indecent or
9 immoral: *Provided, further*, That willful failure to do so shall
10 constitute a valid cause for the cancellation of this franchise.

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

17 SEC. 10. *Commitment to Provide and Promote the Creation of*
18 *Employment Opportunities.* – The grantee shall create employment
19 opportunities and shall allow on-the-job trainings in their
20 franchise operation: *Provided*, That priority shall be accorded to
21 the residents of the place where their principal office is located:
22 *Provided, further*, That the grantee shall follow the applicable
23 labor standards and allowance entitlement under existing labor
24 laws, rules and regulations and similar issuances: *Provided, finally*,
25 That the employment opportunities or jobs created shall be
26 reflected in the General Information Sheet (GIS) to be submitted
27 to the Securities and Exchange Commission (SEC) annually.

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

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

1 and corporations operating public utilities as allowed by law.
2 Noncompliance therewith shall render the franchise *ipso facto*
3 revoked.

4 SEC. 13. *Reportorial Requirement.* - The grantee shall
5 submit an annual report to the Congress of the Philippines,
6 through the Committee on Legislative Franchises of the House
7 of Representatives and the Committee on Public Services of
8 the Senate, on its compliance with the terms and conditions of
9 the franchise and on its operations on or before April 30 of
10 every year during the term of its franchise.

11 The annual report shall include an update on the roll-out,
12 development, operation and/or expansion of business; audited
13 financial statements; latest GIS officially submitted to the SEC, if
14 applicable; certification of the NTC on the status of its permits and
15 operations; and an update on the dispersal of ownership
16 undertaking, if applicable.

17 The reportorial compliance certificate issued by Congress
18 shall be required before any application for permit or certificate is
19 accepted by the NTC.

20 SEC. 14. *Fine.* - Failure of the grantee to submit the
21 requisite annual report to Congress shall be penalized by a fine of
22 Five hundred pesos (P500.00) per working day of noncompliance.
23 The fine shall be collected by the NTC from the delinquent franchise
24 grantee separate from the reportorial penalties imposed by the NTC
25 and the same shall be remitted to the Bureau of the Treasury.

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

10 SEC. 16. *Repealability and Nonexclusivity Clause.* – This
11 franchise shall be subject to amendment, alteration, or repeal by the
12 Congress of the Philippines when the public interest so requires and
13 shall not be interpreted as an exclusive grant of the privileges
14 herein provided for.

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

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

22 SEC. 19. *Effectivity.* – This Act shall take effect fifteen (15)
23 days after its publication in the *Official Gazette* or in a newspaper of
24 general circulation.

Approved,