

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

Eighteenth Congress
First Regular Session



HOUSE BILL NO. 6250

Introduced by HONORABLE JESUS CRISPIN C. REMULLA

EXPLANATORY NOTE

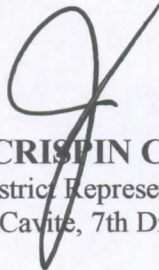
This bill seeks to renew the franchise granted to **Blockbuster Broadcasting System, Inc.**, under **Republic Act No. 8726** entitled, "**AN ACT GRANTING THE BLOCKBUSTER BROADCASTING SYSTEM, INC., A FRANCHISE TO CONSTRUCT, INSTALL, ESTABLISH, OPERATE AND MAINTAIN RADIO AND TELEVISION BROADCASTING STATIONS IN THE PHILIPPINES**" enacted into law on 3 August 1998.

The term of the franchise of **Blockbuster Broadcasting System, Inc.**, which is twenty-five (25) years, will expire in August 2023. The filing of this bill is very timely considering the legislative process which undergo public hearings and consultations in both Houses of Congress. The renewal of its franchise is needed for long term planning and capital investment due to the emerging technologies that make the broadcasting industry capital intensive.

Communications and media play a vital role in the development and growth of our country. The state policy is laid down in the 1987 Constitution which provides that "The state recognizes the vital role of communication and information in nation-building." A most effective means of communication and dissemination of information is broadcast media particularly radio in the remote places of the Philippine archipelago.

It is imperative that the government continue to play an active role in encouraging and sustaining and the development of broadcast media.

In view of the foregoing, approval of this bill is earnestly requested.


JESUS CRISPIN C. REMULLA
District Representative
Cavite, 7th District

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**AN ACT RENEWING FOR ANOTHER TWENTY FIVE (25) YEARS
THE FRANCHISE GRANTED TO BLOCKBUSTER BROADCASTING
SYSTEM, INC. UNDER REPUBLIC ACT NO. 8726, ENTITLED
“AN ACT GRANTING THE BLOCKBUSTER BROADCASTING
SYSTEM, INC., A FRANCHISE 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 Philippine Congress
Assembled:*

SECTION 1. *Nature and Scope of Franchise.* – Subject to the provisions of the
Constitution

and applicable laws, rules and regulations, the franchise granted under Republic Act No. 8726 to Blockbuster Broadcasting System, Inc., hereunder referred to as the grantee, its successors or assignees to construct, install, establish, operate and maintain for commercial purposes and in the public interest radio and/ or television broadcasting stations, including digital television system, through microwave, satellite, terrestrial or whatever means, as well as the use of any technology in television and radio systems, with the corresponding technological auxiliaries and facilities, special broadcast and other program and distribution services and relay stations in the Philippines is hereby renewed for another twenty-five (25) years.

SECTION 2. *Manner of Operation of Stations or Facilities.* – The stations or facilities of the

grantee shall be constructed and operated in a manner as will, at most, result only in the minimum interference on the wavelengths or frequencies of existing stations or other stations which may be established by law, without in any way diminishing its own privilege to use its assigned wavelengths or frequencies and the quality of transmission or reception thereon as should maximize rendition of the grantee's services and/ or the availability thereof.

SECTION 3. *Prior Approval of the National Telecommunications Commission.* – the grantee

shall secure from the National Telecommunications Commission (NTC) the appropriate permits and licenses for the construction and operation of its stations or facilities and shall not use any frequency in the radio/ television spectrum without authorization from the NTC. The NTC, however, shall not unreasonably withhold or delay the grant of any such authority.

SECTION 4. *Responsibility to the Public.* – The grantee shall provide, free of charge, adequate

public service time which is reasonable and sufficient to enable the government, through the broadcasting stations or facilities of the grantee, to reach the pertinent populations or portions thereof, on important public issues and relay important public announcements and warnings concerning public emergencies and calamities, as necessity, urgency or law may require; provide at all times sound and balanced programming; promote public participation; assist in the functions of public information and education; conform to the ethics of honest enterprise; promote audience sensibility and empowerment including closed captioning; and not use its stations or facilities for the broadcasting of obscene or indecent language' speech, act or scene; or for the dissemination of deliberately false information or willful misrepresentation, to the detriment of the public interest; or to incite, encourage, or assist in subversive or treasonable acts.

Public service time referred herein shall be equivalent to a maximum aggregate of ten percent (10%) of the paid commercials or advertisements which shall be allocated

based on need to the Executive and Legislative branches, the Judiciary, Constitutional Commissions and international humanitarian organizations duly recognized by statutes: Provided, That the NTC shall increase the public service time in case of extreme emergency or calamity. The NTC shall issue rules and regulations for this purpose, the effectivity of which shall commence upon applicability with other similarly situated broadcast network franchise holders.

SECTION 5. *Right of the Government.* – The radio spectrum is a finite resource that is part of

the national patrimony and the use thereof is a privilege conferred upon the grantee by the State and may be withdrawn any time after due process.

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

SECTION 6. *Term of Franchise.* – This franchise shall be in effect for a period of twenty-five

(25) years from the effectivity of this Act, unless sooner revoked or cancelled. This franchise shall be deemed ipso facto revoked in the event the grantee fails to operate continuously for two (2) years.

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

SECTION 8. *Warranty in Favor of the National and Local Governments.* – The grantee shall

hold the national, provincial, city, and municipal governments of the Philippines free from all claims, liabilities, demands, or actions arising out of accidents causing injury to persons or damage to properties during the construction or operation of the stations of the grantee.

SECTION 9. *Commitment to Provide and Promote the Creation of Employment Opportunities.* – The grantee shall create employment opportunities and shall allow on-the-job

trainings in their franchise operation: Provided, That priority shall be accorded to the residents in areas where any of its offices is located: Provide, further, That the grantee shall comply with the applicable labor standards and allowance entitlement under existing labor laws, rules and regulations and similar issuances: Provided, finally, That the employment opportunities or jobs created shall be reflected in the General Information Sheet (GIS) to be submitted to the Securities and Exchange Commission (SEC) annually.

SECTION 10. *Sale, Lease, Transfer, Grant of Usufruct, or Assignment of Franchise* – The

grantee shall not sell, lease, transfer, grant the usufruct of, nor assign this franchise or the rights and privileges acquired thereunder to any person, firm, company, corporation or other commercial or legal entity, nor merge with any other corporation or entity, nor shall transfer the controlling interest of the grantee, simultaneously or contemporaneously, to any person, firm company, corporation or entity without the prior approval of the Congress of the Philippines. 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. Any person or entity to which this franchise is sold, transferred, or assigned shall be subject to the same conditions, terms, restrictions, and limitations of this Act.

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

SECTION 12. *Reportorial Requirement.* – During the term of its franchise, the grantee shall

submit an annual report to the Congress of the Philippines, through the Committee on Legislative Franchises of the House of the Representatives and the Committee on Public Services of the Senate, on its compliance with the terms and conditions of the franchise and on its operations on or before April 30 of every year.

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

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

SECTION 13. *Fine* – Failure of the grantee to submit the requisite annual report to Congress

shall be penalized by a fine of Five hundred pesos (PhP500.00) per working day of noncompliance. The fine shall be collected by the NTC from the delinquent franchise grantee separate from the reportorial penalties imposed by the NTC and the same shall be remitted to the National Treasury.

SECTION 14. *Equality Clause.* – Except for taxes and customs duties, any advantage, favor,

privilege, exemption, or immunity granted under existing franchises, or which may hereafter be granted for radio and/ or television broadcasting, upon prior review and approval of Congress, shall become part of this franchise and shall be accorded immediately and unconditionally to the herein grantee: Provided, That the foregoing shall neither apply to nor affect provisions of broadcasting franchises concerning territorial coverage, the term, or the type of service authorized under this franchise.

SECTION 15. *Repeatability and Nonexclusivity Clause.* – This franchise shall be subject to amendment, alteration, or repeal by the Congress of the Philippines when the public interest so requires and shall not be interpreted as an exclusive grant of the privileges herein provided.

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

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

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

Approved,