



Republic of the Philippines
HOUSE OF REPRESENTATIVES

18TH CONGRESS
First Regular Session

6946
HOUSE BILL NO. _____

Introduced by. **HON. ALFREDO A. GARBIN, JR.**

EXPLANATORY NOTE

Undoubtedly, broadcast industry plays a vital role in the development and growth of our country and, ultimately, in shaping our country's future. It promotes public participation and influences public opinion on important matters concerning our country.

It is noteworthy to emphasize, however, that broadcast industry is capital intensive and high technology dependent. In other words, to fully harness and utilize its benefits, substantial and considerable investments on emerging and modern broadcasting facilities are needed. Needless to state, only after investing in a state-of-the-art, sophisticated, and efficient broadcasting and transmission system can we expect positive changes and improvement in the means information is received by, and disseminated to, the public.

Thus, it is imperative that the government continue to play an active role in sustaining and encouraging the development of broadcast industry. The government has to attract, promote and welcome more capital infusion and investments into broadcast industry. Equally important, the government has to ensure that any and all existing media infrastructure and facilities are utilized to the fullest extent possible and that the owners/investors thereof could continue their service and assistance to the nation.

In its commitment to provide innovative ways to deliver public service to the Filipino people, Servotron Industries, Inc. ("Servotron") has made, and intends to make, significant capital investments to upgrade, improve, and enhance its broadcasting facilities and transmission system. These investments are expected continue with the government-mandated shift from analog transmission to digital transmission. In recognition of the capital requirements of Servotron's operations, the renewal and expansion of its franchise are recommended to fully utilize the capital invested therein, to ensure the uninterrupted, nationwide, and improved delivery of its services to the Filipino people, to fully assist the government in disseminating information to the people, and to enrich, enhance, and improve the broadcasting system in our country.

In view of the foregoing, this bill is respectfully submitted for consideration and approval.


ALFREDO A. GARBIN, JR.

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

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HOUSE BILL NO. 6946

Introduced by. **HON. ALFREDO A. GARBIN, JR.**

AN ACT AMENDING THE FRANCHISE GRANTED TO SERVOTRON INDUSTRIES, INC. UNDER REPUBLIC ACT NO. 8127 TO RENEW THE FRANCHISE FOR ANOTHER TWENTY-FIVE (25) YEARS FROM THE EFFECTIVITY OF THIS ACT AND TO EXPAND INTO NATIONAL COVERAGE THE FRANCHISE GRANTED AND FOR OTHER PURPOSES

SECTION. 1. *Nature and Scope of Franchise.* – Subject to the provisions of the Constitution, as well as other applicable laws and their amendments, the franchise granted to Servotron Industries, Inc., its successors or assigns, hereunder referred to as the grantee, to construct, install, establish, operate and maintain for commercial purposes, including for pay-service, and in the public interest, radio, television and satellite broadcasting stations throughout the Philippines, including digital terrestrial television, multi-channel microwave transmission, repeater stations, translators, satellite transmission, and direct-to-home user satellite broadcast system, cable or community antennae television system (CATV), multi-point distribution system (MUDS), local multi-point distribution system (LMDS), interactive system or station, transmitting, receiving and switching stations, both for local and international services, lines, fiber optics, microwave, satellite, transmit and receive systems, control signals, audio and video systems, information service bureau, pay and pay-per-view television, video on demand and public information on demand services, multi-disc read-only memory, memory network delivery, packet and frame relay and electronic mail services and other value-added services and all other technologies as are presently available through technical advances or innovations in the future, as is, or are convenient to or essential to efficiently carry out the purposes of this franchise and to install radio communication facilities for the grantee's private use in its broadcast services, means of distribution including the use of all new technologies in broadcasting as are at present available or to be made available through technological advances or innovations in the future, with the corresponding technological auxiliaries and facilities, special broadcast and other program and broadcast distribution services, and relay stations, is hereby renewed for another twenty-five (25) years from the effectivity of this Act.

SEC. 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.

SEC. 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.

SEC. 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 (10%) percent of paid commercials or advertisements which shall be allocated based on need to the executive, legislative, 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.

SEC. 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; to temporarily suspend the operation of any station or facility in the interest of public safety, security and public welfare; or to 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.

SEC. 6. *Term of Franchise.* – This franchise shall be for a term of twenty-five (25) years from the date of 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.

SEC. 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, or other matter being broadcast if the tendency thereof is to propose and/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.

SEC. 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.

SEC. 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: *Provided further*, That the grantee shall follow 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 to be submitted to the Securities and Exchange Commission annually.

SEC. 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, without the prior approval of the Congress of the Philippines and compliance with legal requirements stipulated in other statutes: *Provided*, That 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.

SEC. 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%) or a higher percentage that may hereafter be provided by law of its outstanding capital stock in any securities exchange in the Philippines within five (5) years from the commencement of its operations: *Provided*, That in cases where public offer of shares is not applicable, the grantee shall apply other methods of encouraging public participation by citizens and corporations operating public utilities as allowed by law. Noncompliance therewith shall render the franchise *ipso facto* revoked.

SEC. 12. *Reportorial Requirement.* – The grantee shall submit an annual report to the Congress of the Philippines, through the Committee on Legislative Franchises of the House of Representatives and the Committee on Public Services of the Philippine Senate, on its compliance with the terms and conditions of the franchise and on its operations on or before April 30 of every year during the term of its franchise. The reportorial compliance certificate issued by Congress

shall be required before any application for permit or certificate is accepted by the NTC.

SEC. 13. *Fine.* - Failure of the grantee to submit the requisite annual report to Congress shall be penalized by a fine of Five hundred pesos (P500.00) 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.

SEC. 14. *Equality Clause.* - 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 by the franchise.

SEC. 15. *Repealability 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 for.

SEC. 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.

SEC. 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.

SEC. 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,