

Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City



EIGHTEENTH CONGRESS  
First Regular Session

**5753**  
HOUSE BILL NO. \_\_\_\_\_

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**Introduced by Hon. Josephine Y. Ramirez Sato**

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#### **EXPLANATORY NOTE**

As we usher our country and the Filipino to times where the media landscape is rapidly changing and media outlets are multiplying, we find audiences and users from all walks of life becoming more reliant on mass media for news, public information, for learning and for entertainment.

Official Philippine statistics<sup>1</sup> cite that over 4 out of 5 Filipino household have a television and own a cellular phone. Further, that 4 in every 5 Filipino watch television. Majority of Filipinos with ages 10 to 64 years old are exposed to television (81.0%), radio (65.6%), newspaper (60.7%) and magazine (60.6%).

More recent media research and surveys support these results.<sup>2</sup> Television ownership continue to rise. Also, that while digital media and internet use are on the rise, majority of Filipinos still prefer and spend more time watching television. In 2016, 96.6 percent of Filipinos watch TV daily with television considered as most trusted source of political information in the Philippines.

It is in this context that ABS-CBN Corporation, a long trusted broadcast media corporation in the Philippines faces the expiration of its 25 year

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<sup>1</sup> <https://psa.gov.ph/sites/default/files/2013%20FLEMMS%20Final%20Report.pdf>

<sup>2</sup> <https://www.kantarmedia.com/global/newsroom/press-releases/kantar-media-study-shows-tv-remains-king-in-the-philippines>

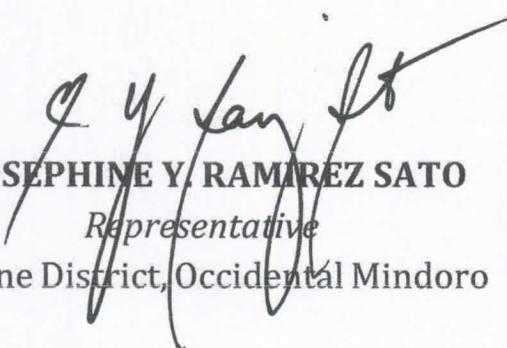
government franchise, as granted by Republic Act No. 7966, come March 30, 2020.

ABS-CBN Broadcasting Corporation was formally incorporated in February 1, 1967. Since then ABS CBN has grown to be the country's top media conglomerate and entertainment organization. In the span of its most recent franchise, ABS-CBN stands as the biggest media corporation in the country besting others in terms of revenue, net income, assets, market capitalization and number of employees.<sup>3</sup>

ABS-CBN built on its core service of creating content and production for television and radio to expand its operations on cable, on-line, satellite, cinema, music, magazine and book publishing, live events both for domestic and international audiences.

In the era of booming information and communications technology, as an industry leader ABS-CBN, with a renewed government franchise, is expected to push forward Philippine broadcast media with its continuing commitment for innovations and quality service.

In view of the foregoing, the passage of this measure is earnestly sought.



JOSEPHINE Y. RAMIREZ SATO  
Representative  
Lone District, Occidental Mindoro

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<sup>3</sup> <https://www.abs-cbn.com>

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**AN ACT RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE  
GRANTED TO ABS-CBN BROADCASTING CORPORATION, PRESENTLY KNOWN AS  
ABS-CBN CORPORATION, UNDER REPUBLIC ACT NO. 7966, ENTITLED "AN ACT  
GRANTING THE ABS-CBN BROADCASTING CORPORATION A FRANCHISE TO  
CONSTRUCT, INSTALL, OPERATE AND MAINTAIN TELEVISION AND RADIO  
BROADCASTING STATIONS IN THE PHILIPPINES AND FOR OTHER PURPOSES"**

*Be it enacted by the Senate and House of Representatives of the Philippines in Congress  
assembled:*

Section 1. Section 1 of Republic Act No. 7966 is hereby amended to read as follows:

"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. 7966 to abs cbn broadcasting corporation, presently known as ABS-CBN corporation, 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, television and radio broadcasting stations in and throughout the Philippines, through microwave, satellite or whatever means including the use of any new technologies in television and radio systems, with the corresponding**

technological auxiliaries or facilities, special broadcast and other broadcast distribution services and relay stations, **is hereby renewed for another twenty-five (25) years.**"

Section 2. Section 2 of Republic Act No. 7966 is hereby amended to read as follows:

*"Section 2. Manner of Operation of Stations or Facilities.* - The existing and future stations or facilities of the grantee shall be constructed in a manner as will at most result only in the minimum interference on the wavelengths or frequencies of existing stations and **other** stations which may be established by law without in any way diminishing in own right 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. Section 3 of Republic Act No. 7966 is hereby amended to read as follows:

*"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 its stations **or facilities** and shall not use any frequently in the television or radio spectrum without **authorization from the NTC**. The NTC, however, shall not unreasonably withhold or delay the grant of any such authority."

Section 4. Section 4 of Republic Act No. 7966 is hereby amended to read as follows:

*"Section 4. Responsibility to the Public.* - The grantee shall provide **free of charge**, adequate public service time to enable the government, through the said broadcasting stations, 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 use its stations for the broadcasting of obscene and indecent language, speech, act, 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. Section 5 of Republic Act No. 7966 is hereby amended to read as follows:

**"Section 5. Right of 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 rebellion, public peril, calamity, emergency, disaster or disturbance of peace and order, to temporarily take over and operation the stations of the grantee, to temporarily suspend the operation of any station 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 the said station during the period when they shall be so operated."**

Section 6. Section 6 of Republic Act No. 7966 is hereby amended to read as follows:

**"Section 6. Terms of Franchise. - This franchise shall be for a term of twenty-five (25) years from the date of 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. Section 7 of Republic Act No. 7966 is hereby amended to read as follows:

*"Section 7. Acceptance and Compliance.* - Acceptance of this franchise shall be given in writing to the Congress of the Philippines, through the committee on legislative franchise of the house of representatives and the committee on public services of the senate of the Philippines within sixty (60) days from the effectivity of this Act. Upon giving such acceptance, the grantee shall exercise the privileges granted under this Act, **non-acceptance shall render the franchise void.**"

Section 8. Section 8 of Republic Act No. 7966 is hereby amended to read as follows:

*"Section 8. Tax Provisions.* - The grantee, its successors or assigns; shall **continue to be subject to all applicable taxes, duties, fees or charges and other impositions under Republic Act No. 8424, otherwise known as 'The National Internal Revenue Code of 1997', as amended, Republic Act No. 7160, otherwise known as 'the Local Government Code of 1991', as amended, and other applicable laws.**"

Section 9. Section 9 of Republic Act No. 7966 is hereby amended to read as follows:

*"Section 9. Self-regulation by and Undertaking of Grantee.* - The grantee shall not require any previous censorship of any speech, play, act or scene, or other matter to be broadcast and/or telecast from its stations: *Provided*, That the grantee, during any broadcast and/or telecast, shall **not allow to be aired** the speech, play, act or scene, or other matter being broadcast and/or telecast 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."

Section 10. Section 10 of Republic Act No. 7966 is hereby amended to read as follows:

*"Section 10. Warranty in Favor of 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 11. A new Section 11 is hereby inserted to read as follows:

**"Section 11. 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 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 to be submitted to the Securities and Exchange Commission annually."

Section 12. The present Section 11 of Republic Act No. 7966 is hereby renumbered as Section 12 and amended to read as follows:

**"Section 12. 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 approval of 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 all the same conditions, terms and limitations of this Act."

Section 13. A new Section 13 is hereby inserted to read as follows:

**"Section 13. 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."**

Section 14. A new Section 14 is hereby inserted to read as follows:

**"Section 14. 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 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 general information sheet 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 15. A new Section 15 is hereby inserted after the new Section 14 of Republic Act No. 7966, to read as follows:

**"Section 15. Fine. - Failure of the grantee to submit the requisite annual report to congress shall be penalized by a fine of five hundred pesos (php 500.00) per working day of non-compliance. 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 16. A new Section 16 is hereby inserted after the new Section 15 of Republic Act No. 7966 to read as follows:

**"Section 16. Equality Clause. - Any advantage, favor, privilege, exemption, or immunity granted under existing franchises, or which may hereafter be granted**

**for radio and 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 authorize under this franchise."**

**Section 17. Repealability and Non-exclusivity Clauses.** – 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.

**Section 18. Separability Clause.** – If any of the sections or provisions of this Act is held invalid, all the provisions not affected thereby shall remain valid.

**Section 19. Repealing Clause.** - Any law, presidential decree or issuance, executive order, letter of instructions, rule or regulation. Inconsistent with the provisions of this Act is hereby repealed or modified accordingly.

**Section 20. Effectivity.** - This Act shall take effect fifteen (15) days following its complete publication in two (2) newspapers of general circulation or in the *Official Gazette*.

*Approved,*