

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
First Regular Session



COMMITTEE REPORT NO. 12

Submitted by the Committee on Legislative Franchises on SEP 12 2019

Re: House Bill No. 4582

Recommending its approval in substitution of House Bill No. 2361

Sponsors: Representatives Franz E. Alvarez and Manuel "Chiquiting" T. Sagarbarria.

Mr. Speaker:

The Committee on Legislative Franchises to which was referred **House Bill No. 2361**, authored by Rep. Manuel "Chiquiting" T. Sagarbarria, entitled:

"AN ACT RENEWING THE FRANCHISE GRANTED TO GOLD LABEL BROADCASTING SYSTEM, INC. UNDER REPUBLIC ACT NO. 8087 ENTITLED 'AN ACT GRANTING TO THE GOLD LABEL BROADCASTING SYSTEM, INC. A FRANCHISE TO ESTABLISH, MAINTAIN AND OPERATE RADIO AND TELEVISION BROADCASTING STATIONS IN DUMAGUETE AND OTHER AREAS IN THE VISAYAS AND MINDANAO WHERE FREQUENCIES AND/OR CHANNELS ARE STILL AVAILABLE FOR RADIO AND TELEVISION BROADCASTING FOR ANOTHER TWENTY-FIVE (25) YEARS FROM THE EFFECTIVITY OF THIS ACT'"

has considered the same and recommends that the attached House Bill No. 4582,
entitled:

"AN ACT RENEWING THE FRANCHISE GRANTED TO GOLD LABEL BROADCASTING SYSTEM, INC. UNDER REPUBLIC ACT NO. 8087 ENTITLED 'AN ACT GRANTING TO THE GOLD LABEL BROADCASTING SYSTEM, INC. A FRANCHISE TO ESTABLISH, MAINTAIN AND OPERATE RADIO AND TELEVISION BROADCASTING STATIONS IN DUMAGUETE AND OTHER AREAS IN THE VISAYAS AND MINDANAO WHERE FREQUENCIES AND/OR CHANNELS ARE STILL AVAILABLE FOR RADIO AND TELEVISION BROADCASTING FOR ANOTHER TWENTY-FIVE (25) YEARS FROM THE EFFECTIVITY OF THIS ACT'"

be approved in substitution of House Bill No. 2361 with Reps. Manuel "Chiquiting" T. Sagarbarria and Franz E. Alvarez, as authors thereof.

Respectfully submitted:



FRANZ E. ALVAREZ

Chairman

Committee on Legislative Franchises

**THE HONORABLE SPEAKER
HOUSE OF REPRESENTATIVES
QUEZON CITY**

Republic of the Philippines
HOUSE OF REPRESENTATIVES
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EIGHTEENTH CONGRESS

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4582

HOUSE BILL NO. _____

(In Substitution of House Bill No. 2361)

Introduced by REPS. MANUEL "CHIKUITING" T. SAGARBARRIA and FRANZ E. ALVAREZ

AN ACT

RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO GOLD LABEL BROADCASTING SYSTEM, INC. UNDER REPUBLIC ACT NO. 8087 ENTITLED "AN ACT GRANTING TO THE GOLD LABEL BROADCASTING SYSTEM, INC. A FRANCHISE TO ESTABLISH, MAINTAIN AND OPERATE RADIO AND TELEVISION BROADCASTING STATIONS IN DUMAGUETE AND OTHER AREAS IN THE VISAYAS AND MINDANAO WHERE FREQUENCIES AND/OR CHANNELS ARE STILL AVAILABLE FOR RADIO AND TELEVISION BROADCASTING"

Be it enacted by the Senate and House of Representatives of the Philippines in 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 to Gold Label Broadcasting System, Inc., hereunder referred to as the grantee, its successor or assignees, under Republic Act No. 8087, to construct, install, establish, operate, and maintain for commercial purposes and in the public interest, radio broadcasting stations where frequencies and/or channels are still available for radio broadcasting, through microwave, satellite or whatever means, including the use of any new technology in radio systems, with the corresponding technological auxiliaries and facilities, special broadcast, and other program and distribution services and relay stations in Dumaguete and other areas in the Visayas and Mindanao, 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 availability thereof.

1 SEC. 3. *Prior Approval of the National Telecommunications Commission.* – The grantee
2 shall secure from the National Telecommunications Commission (NTC) the appropriate permits
3 and licenses for the construction and operation of its stations or facilities and shall not use any
4 frequency in the radio/television spectrum without authorization from the NTC. The NTC,
5 however, shall not unreasonably withhold or delay the grant of any such authority.

6 The grantee shall not dispose or lease its facilities except to entities with radio or
7 television broadcasting franchise: *Provided*, That the grantee shall inform and secure written
8 authorization to proceed from the NTC, and report the transaction to the NTC within sixty (60)
9 days after its completion: *Provided, further*, That the NTC shall determine the corresponding
10 sanction for any violation of this provision.

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

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

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

33 A special right is hereby reserved to the President of the Philippines, in times of war,
34 rebellion, public peril, calamity, emergency, disaster, or disturbance of peace and order: to
35 temporarily take over and operate the stations or facilities of the grantee; to temporarily suspend
36 the operation of any station or facility in the interest of public safety, security and public welfare;
37 or to authorize the temporary use and operation thereof by any agency of the government, upon

1 due compensation to the grantee, for the use of said stations or facilities during the period when
2 they shall be so operated.

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

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

10 SEC. 8. *Self-regulation by and Undertaking of Grantee.* - The grantee shall not require any
11 previous censorship of any speech, play, act or scene, or other matter to be broadcast from its
12 stations, but if any such speech, play, act or scene, or other matter should constitute a violation
13 of the law or infringement of a private right, the grantee shall be free from any liability, civil or
14 criminal, for such speech, play, act or scene, or other matter: *Provided*, That the grantee, during
15 any broadcast, shall cut off the airing of speech, play, act or scene, or other matter being
16 broadcast if the tendency thereof is to propose and/or incite treason, rebellion or sedition; or
17 the language used therein or the theme thereof is indecent or immoral: *Provided, further*, That
18 willful failure to do so shall constitute a valid cause for the cancellation of this franchise.

19 SEC. 9. *Warranty in Favor of National and Local Governments.* - The grantee shall hold the
20 national, provincial, city, and municipal governments of the Philippines free from all claims,
21 liabilities, demands, or actions arising out of accidents causing injury to persons or damage to
22 properties, during the construction or operation of the stations of the grantee.

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

31 SEC. 11. *Sale, Lease, Transfer, Grant of Usufruct, or Assignment of Franchise.* – The grantee
32 shall not sell, lease, transfer, grant the usufruct of, nor assign this franchise or the rights and
33 privileges acquired thereunder to any person, firm, company, corporation or other commercial
34 or legal entity, nor merge with any other corporation or entity, nor the controlling interest of the
35 grantee be transferred, simultaneously or contemporaneously, to any such person, firm,
36 company, corporation, or entity without the prior approval of the Congress of the Philippines.
37 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.

SEC. 12. *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. 13. *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 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 annual report shall include an update on the roll-out, development, operation and/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 any application for permit or certificate is accepted by the NTC.

SEC. 14. *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. 15. *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.

1 SEC. 16. *Repealability and Non-exclusivity Clause.* – This franchise shall be subject to
2 amendment, alteration, or repeal by the Congress of the Philippines when the public interest so
3 requires and shall not be interpreted as an exclusive grant of the privileges herein provided for.

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

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

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