

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City



EIGHTEENTH CONGRESS
First Regular Session

COMMITTEE REPORT NO. 13

Submitted by the Committee on Legislative Franchises on SEP 12 2019
Re: House Bill No. 4583

Recommending its approval in substitution of House Bill No. 4055

Sponsors: Representatives Franz E. Alvarez and Xavier Jesus D. Romualdo

Mr. Speaker:

The Committee on Legislative Franchises to which was referred House Bill No. 4055, authored by Rep. Xavier Jesus D. Romualdo, entitled:

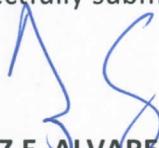
"AN ACT RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO BROADCAST ENTERPRISES AND AFFILIATED MEDIA, INC. UNDER REPUBLIC AT NO. 8098 TO CONSTRUCT, INSTALL, ESTABLISH, OPERATE AND MAINTAIN RADIO AND TELEVISION BROADCASTING STATIONS, INCLUDING CABLE TELEVISION SYSTEMS AND BROADCASTING THROUGH ANY OTHER MEANS, IN THE PHILIPPINES"

has considered the same and recommends that the attached House Bill No. 4583, entitled:

"AN ACT RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO BROADCAST ENTERPRISES AND AFFILIATED MEDIA, INC. UNDER REPUBLIC AT NO. 8098 TO CONSTRUCT, INSTALL, ESTABLISH, OPERATE AND MAINTAIN RADIO AND TELEVISION BROADCASTING STATIONS IN THE PHILIPPINES"

be approved in substitution of House Bill No. 4055 with Reps. Xavier Jesus D. Romualdo and Franz E. Alvarez, as authors thereof.

Respectfully submitted:

A handwritten signature in blue ink, appearing to read "FA".

FRANZ E. ALVAREZ

Chairman

Committee on Legislative Franchises

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

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS

First Regular Session

HOUSE BILL NO. 4583
(In Substitution of House Bill No. 4055)

Introduced by REPS. XAVIER JESUS D. ROMUALDO and FRANZ E. ALVAREZ

AN ACT

2 RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO BROADCAST
3 ENTERPRISES AND AFFILIATED MEDIA, INC. UNDER REPUBLIC ACT NO. 8098 TO CONSTRUCT,
4 INSTALL, ESTABLISH, OPERATE AND MAINTAIN RADIO AND TELEVISION BROADCASTING
5 STATIONS IN THE PHILIPPINES

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

10 SECTION 1. *Nature and Scope of Franchise.* - Subject to the provisions of the Constitution
11 and applicable laws, rules and regulations, the franchise granted to Broadcast Enterprises and
12 Affiliated Media, Inc., hereunder referred to as the grantee, its successor or assignees, under
13 Republic Act No. 8098, to construct, install, operate, and maintain, for commercial purposes and
14 in the public interest, radio and television broadcasting stations, including cable and digital
15 television systems, pay service, through microwave, satellite, terrestrial, or broadcasting through
16 any other means, as well as the use of any new technology in television and radio systems, with
17 the corresponding auxiliaries and facilities, special broadcast and other program and distribution
18 services and relay stations in the Philippines, is hereby renewed for another twenty-five (25)
19 years.

20 SEC. 2. *Manner of Operation of Stations or Facilities.* – The stations or facilities of the
21 grantee shall be constructed and operated in a manner as will, at most, result only in the
22 minimum interference on the wavelengths or frequencies of existing stations or other stations
23 which may be established by law, without in any way diminishing its own privilege to use its
24 assigned wavelengths or frequencies and the quality of transmission or reception thereon as
25 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

1 franchise or the rights and privileges acquired thereunder, or of the merger or transfer of the
2 controlling interest of the grantee, within sixty (60) days after the completion of the said
3 transaction. Failure to report to Congress such change of ownership shall render the franchise
4 *ipso facto* revoked. Any person or entity to which this franchise is sold, transferred, or assigned
5 shall be subject to the same conditions, terms, restrictions, and limitations of this Act.

6 SEC. 12. *Dispersal of Ownership.* - In accordance with the constitutional provision to
7 encourage public participation in public utilities, the grantee shall offer to Filipino citizens at least
8 thirty percent (30%) or a higher percentage that may hereafter be provided by law of its
9 outstanding capital stock in any securities exchange in the Philippines within five (5) years from
10 the commencement of its operations: *Provided*, That in cases where public offer of shares is not
11 applicable, the grantee shall apply other methods of encouraging public participation by citizens
12 and corporations operating public utilities as allowed by law. Noncompliance therewith shall
13 render the franchise *ipso facto* revoked.

14 SEC. 13. *Reportorial Requirement.* – The grantee shall submit an annual report to the
15 Congress of the Philippines, through the Committee on Legislative Franchises of the House of
16 Representatives and the Committee on Public Services of the Senate, on its compliance with the
17 terms and conditions of the franchise and on its operations on or before April 30 of every year
18 during the term of its franchise.

19
20 The annual report shall include an update on the roll-out, development, operation and/or
21 expansion of business; audited financial statements; latest GIS officially submitted to the SEC, if
22 applicable; certification of the NTC on the status of its permits and operations; and an update on
23 the dispersal of ownership undertaking, if applicable.

24
25 The reportorial compliance certificate issued by Congress shall be required before any
26 application for permit or certificate is accepted by the NTC.

27
28 SEC. 14. *Fine.* – Failure of the grantee to submit the requisite annual report to Congress
29 shall be penalized by a fine of Five hundred pesos (P500.00) per working day of noncompliance.
30 The fine shall be collected by the NTC from the delinquent franchise grantee separate from the
31 reportorial penalties imposed by the NTC and the same shall be remitted to the National
32 Treasury.

33 SEC. 15. *Equality Clause.* - Any advantage, favor, privilege, exemption, or immunity
34 granted under existing franchises, or which may hereafter be granted for radio and/or television
35 broadcasting, upon prior review and approval of Congress, shall become part of this franchise
36 and shall be accorded immediately and unconditionally to the herein grantee: *Provided*, That the
37 foregoing shall neither apply to nor affect provisions of broadcasting franchises concerning
38 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.

FACT SHEET

4583

House Bill No. _____

In substitution of House Bill No. 4055
(As approved on September 11, 2019)

AN ACT

RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO BROADCAST ENTERPRISES AND AFFILIATED MEDIA, INC. UNDER REPUBLIC AT NO. 8098 TO CONSTRUCT, INSTALL, ESTABLISH, OPERATE AND MAINTAIN RADIO AND TELEVISION BROADCASTING STATIONS IN THE PHILIPPINES

Introduced by: HON. XAVIER JESUS D. ROMUALDO

Committee Referral: LEGISLATIVE FRANCHISES

Committee Chairperson: HON. FRANZ E. ALVAREZ

OBJECTIVE:

- To continue the effective public service of the BROADCAST ENTERPRISES AND AFFILIATED MEDIA, INC. (BEAM) through continuous radio/television broadcast.

KEY PROVISIONS:

- Allows BEAM to continuously operate and maintain radio and television broadcasting facilities in the Philippines for another twenty five (25) years;
- Requires the grantee to provide the government adequate public service time to enable it to reach the population on important public issues and assist in the functions of public information and education;
- Prohibits the grantee to use its stations for the broadcasting of obscene and indecent language, speech, act or scene or for the dissemination of deliberately false information or willful misrepresentation; or to incite, encourage or assist in subversive or treasonable acts;
- Gives the President of the Philippines the right 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 in times of war, rebellion, public peril, calamity, emergency, disaster or disturbance of peace and order;
- Requires the grantee to create employment opportunities and allow on-the-job trainings in their franchise operation for residents of the place where any of its offices is located

- Requires the grantee to create employment opportunities and allow on-the-job trainings in their franchise operation for residents of the place where any of its offices is located subject to applicable labor standards and allowance entitlement under existing labor laws, rules and regulations and similar issuances;
- Prohibits the grantee from leasing, transferring, selling nor assigning the franchise or the controlling interest thereof without the prior approval of the Congress of the Philippines;
- Requires the grantee to offer to Filipino citizens at least thirty per cent (30%) of its outstanding stock in any security exchange in the Philippines or through other methods of encouraging public participation by citizens and corporations operating public utilities as allowed by law;
- Provides that the national and local governments shall not be held liable for any damage to properties or injury to persons caused by accidents during construction or operation of the stations;
- Requires the grantee to submit an annual report to the Congress of the Philippines on its compliance with the terms and conditions of the franchise and its operation on or before April 30 of every year;
- Imposes a fine of Five hundred pesos per working day for non-compliance with the reportorial requirement of Congress; and
- Provides an equality clause which aims to grant existing and potential franchise grantees equal privilege.

RELATED LAWS:

- REPUBLIC ACT NO. 8098 - AN ACT GRANTING BROADCAST ENTERPRISES AND AFFILIATED MEDIA (BEAM), INC. A FRANCHISE TO ESTABLISH, CONSTRUCT, OPERATE AND MAINTAIN COMMERCIAL RADIO AND TELEVISION BROADCAST STATIONS INCLUDING CABLE TELEVISION SYSTEMS IN THE PHILIPPINES