

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
First Regular Session



COMMITTEE REPORT NO. 246

FEB 24 2020

Submitted by the Committee on Legislative Franchises on _____

Re: House Bill No. 6374

Recommending its approval in substitution of House Bill No. 1737

Sponsors: Representatives Franz E. Alvarez and Luis Raymund "Lray" F. Villafuerte Jr.

Mr. Speaker:

The Committee on Legislative Franchises to which was referred House Bill No. 1737, authored by Rep. Luis Raymund "Lray" F. Villafuerte Jr., entitled:

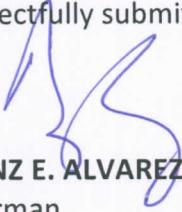
"AN ACT RENEWING THE FRANCHISE GRANTED TO CACERES BROADCASTING CORPORATION UNDER REPUBLIC ACT NO. 8106, ENTITLED 'AN ACT GRANTING CACERES BROADCASTING CORPORATION A FRANCHISE TO CONSTRUCT, INSTALL, OPERATE AND MAINTAIN RADIO AND TELEVISION BROADCASTING STATIONS IN THE ISLAND OF LUZON AND FOR OTHER PURPOSES', FOR ANOTHER TWENTY-FIVE (25) YEARS FROM THE EFFECTIVITY OF THIS ACT"

has considered the same and recommends that the attached House Bill No. 6374, entitled:

"AN ACT RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO CACERES BROADCASTING CORPORATION UNDER REPUBLIC ACT NO. 8106, ENTITLED 'AN ACT GRANTING THE CACERES BROADCASTING CORPORATION A FRANCHISE TO CONSTRUCT, INSTALL, OPERATE AND MAINTAIN RADIO AND TELEVISION BROADCASTING STATIONS IN THE ISLAND OF LUZON AND FOR OTHER PURPOSES'"

be approved in substitution of House Bill No. 1737 with Reps. Luis Raymund "Lray" F. Villafuerte Jr. 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
Quezon City

EIGHTEENTH CONGRESS

First Regular Session

HOUSE BILL NO. 6374
In substitution of House Bill No. 1737)

Introduced by REPS. LUIS RAYMUND "LRAY" F. VILLAFUERTE JR. and FRANZ E. ALVAREZ

SECTION 1. Nature and Scope of Franchise. - Subject to the provisions of the Constitution and applicable laws, rules and regulations, the franchise granted to Caceres Broadcasting Corporation, hereunder referred to as the grantee, its successors or assignees, under Republic Act No. 8106, to construct, install, establish, operate, and maintain for commercial purposes and in the public interest, radio and/or television broadcasting stations where frequencies and/or channels are still available for radio and/or television broadcasting, including digital television system, through microwave, satellite or whatever means, as well as the use of any new 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 island of Luzon, is hereby renewed for another twenty-five (25) years from the effectivity of this Act.

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

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

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

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

18 Public service time referred herein shall be equivalent to a maximum aggregate of ten
19 (10%) percent of the paid commercials or advertisements which shall be allocated based on
20 need to the Executive and Legislative branches, the Judiciary, Constitutional Commissions,
21 and international humanitarian organizations duly recognized by statutes: *Provided*, That the
22 NTC shall increase the public service time in case of extreme emergency or calamity. The NTC
23 shall issue rules and regulations for this purpose, the effectivity of which shall commence
24 upon applicability with other similarly situated broadcast network franchise holders.

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

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

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

39 **SEC. 7. Self-regulation by and Undertaking of Grantee.** - The grantee shall not require
40 any previous censorship of any speech, play, act or scene, or other matter to be broadcast
41 from its stations, but if any such speech, play, act or scene, or other matter should constitute
42 a violation of the law or infringement of a private right, the grantee shall be free from any

1 liability, civil or criminal, for such speech, play, act or scene, or other matter: *Provided*, That
 2 the grantee, during any broadcast, shall cut off the airing of speech, play, act or scene, or
 3 other matter being broadcast if the tendency thereof is to propose and/or incite treason,
 4 rebellion or sedition; or the language used therein or the theme thereof is indecent or
 5 immoral: *Provided, further*, That willful failure to do so shall constitute a valid cause for the
 6 cancellation of this franchise.

7 **SEC. 8. Warranty in Favor of the National and Local Governments.** – The grantee shall
 8 hold the national, provincial, city, and municipal governments of the Philippines free from all
 9 claims, liabilities, demands, or actions arising out of accidents causing injury to persons or
 10 damage to properties, during the construction or operation of the stations of the grantee.

11 **SEC. 9. Commitment to Provide and Promote the Creation of Employment
 Opportunities.** – The grantee shall create employment opportunities as well as accept on-the-
 12 job trainees in their franchise operations: *Provided*, That priority shall be accorded to the
 13 residents of the place where the principal office of the grantee is located: *Provided further*,
 14 That the grantee shall comply with the applicable labor standards and allowance entitlement
 15 under existing labor laws, rules and regulations and similar issuances: *Provided, finally*, That
 16 the employment opportunities or jobs created shall be reflected in the General Information
 17 Sheet (GIS) to be submitted to the Securities and Exchange Commission (SEC) annually.

19 **SEC. 10. Sale, Lease, Transfer, Grant of Usufruct, or Assignment of Franchise.** – The
 20 grantee shall not sell, lease, transfer, grant the usufruct of, nor assign this franchise or the
 21 rights and privileges acquired thereunder to any person, firm, company, corporation, or other
 22 commercial or legal entity, nor merge with any other corporation or entity, nor the controlling
 23 interest of the grantee be transferred, simultaneously or contemporaneously, to any person,
 24 firm, company, corporation, or entity without the prior approval of the Congress of the
 25 Philippines. Congress shall be informed of any sale, lease, transfer, grant of usufruct, or
 26 assignment of franchise or the rights and privileges acquired thereunder, or of the merger or
 27 transfer of the controlling interest of the grantee, within sixty (60) days after the completion
 28 of the said transaction. Failure to report to Congress such change of ownership shall render
 29 the franchise *ipso facto* revoked. Any person or entity to which this franchise is sold,
 30 transferred, or assigned shall be subject to the same conditions, terms, restrictions, and
 31 limitations of this Act.

32 **SEC. 11. Dispersal of Ownership.** – In accordance with the constitutional provision to
 33 encourage public participation in public utilities, the grantee shall continue to offer to Filipino
 34 citizens at least thirty percent (30%) of its common stocks, or a higher percentage that may
 35 hereafter be provided by law, in any securities exchange in the Philippines within five (5) years
 36 from the renewal of its franchise: *Provided*, That in cases where public offer of shares is not
 37 applicable, other methods of encouraging public participation by citizens and corporations
 38 operating public utilities must be implemented. Noncompliance therewith shall render the
 39 franchise *ipso facto* revoked.

40 **SEC. 12. Reportorial Requirement.** – The grantee shall submit an annual report to the
 41 Congress of the Philippines, through the Committee on Legislative Franchises of the House of
 42 Representatives and the Committee on Public Services of the Senate, on its compliance with

1 the terms and conditions of the franchise and on its operations on or before April 30 of every
2 year during the term of its franchise.

3
4 The annual report shall include an update on the roll-out, development, operation
5 and/or expansion of business; audited financial statements; latest GIS officially submitted to
6 the SEC, if applicable; certification of the NTC on the status of its permits and operations; and
7 an update on the dispersal of ownership undertaking, if applicable.
8

9 The reportorial compliance certificate issued by Congress shall be required before any
10 application for permit or certificate is accepted by the NTC.
11

12 **SEC. 13. *Fine.*** – Failure of the grantee to submit the requisite annual report to
13 Congress shall be penalized by a fine of Five hundred pesos (P500.00) per working day of
14 noncompliance. The fine shall be collected by the NTC from the delinquent franchise grantee
15 separate from the reportorial penalties imposed by the NTC and the same shall be remitted
16 to the Bureau of Treasury.
17

18 **SEC. 14. *Equality Clause.*** - Any advantage, favor, privilege, exemption, or immunity
19 granted under existing franchises, or which may hereafter be granted for radio and/or
20 television broadcasting, upon prior review and approval of Congress, shall become part of
21 this franchise and shall be accorded immediately and unconditionally to the herein grantee:
22 *Provided*, That the foregoing shall neither apply to nor affect the provisions of broadcasting
23 franchises concerning territorial coverage, the term, or the type of service authorized by the
24 franchise.
25

25 **SEC. 15. *Repealability and Non-exclusivity Clause.*** – This franchise shall be subject
26 to amendment, alteration, or repeal by the Congress of the Philippines when the public
27 interest so requires and shall not be interpreted as an exclusive grant of the privileges herein
28 provided for.
29

30 **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.
31

32 **SEC. 17. *Repealing Clause.*** – All laws, decrees, orders, resolutions, instructions, rules
33 and regulations, and other issuances or parts thereof which are inconsistent with the
provisions of this Act are hereby repealed, amended, or modified accordingly.
34

35 **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.
36

Approved,

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 1737

Introduced by HON. LUIS RAYMUND "LRAY" F. VILLAFUERTE, JR.

AN ACT
RENEWING THE FRANCHISE GRANTED TO CACERES BROADCASTING
CORPORATION UNDER REPUBLIC ACT NO. 8106, ENTITLED "AN ACT
GRANTING CACERES BROADCASTING CORPORATION A FRANCHISE TO
CONSTRUCT, INSTALL, OPERATE AND MAINTAIN RADIO AND
TELEVISION BROADCASTING STATIONS IN THE ISLAND OF LUZON AND
FOR OTHER PURPOSES", FOR ANOTHER TWENTY-FIVE (25) YEARS
FROM THE EFFECTIVITY OF THIS ACT.

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, there is hereby granted to Caceres Broadcasting Corporation, its successors or assigns, referred to as the grantee entitled a franchise to construct, install, operate and maintain for commercial purposes and in the public interest, radio and television broadcasting stations in the island of Luzon with the corresponding auxiliary, special broadcast and other program distribution services and relay stations and to install radio communication facilities for the grantees private use in its broadcast services, where frequencies and/or channels are still available for radio broadcasting including digital television through microwave, satellite or whatever means, including the use of any new technologies in radio systems, with the corresponding technological auxiliaries and facilities, special broadcast and other program and distribution services and relay stations in the Island of Luzon is hereby renewed for another twenty-five (25) years from the effectivity of this Act.

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 the 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 construction and operation of its stations and 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 adequate public service time to enable the government, through the said broadcasting stations or facilities, to reach the population on important public issues; provide at all times sound and balanced programming; assist in the functions of public information and education; conform to the ethics of honest enterprise; and not use its stations and facilities for the broadcasting of obscene and 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.

SECTION 5. Right of Government. 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 its stations or facilities during the period when they shall be so operated.

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.

SECTION 6. Term of Franchise. — This franchise shall be in effect for a period of twenty-five (25) years from effectiveness 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. Acceptance and Compliance. — Acceptance of this new franchise shall be given in writing 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, 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. 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 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.

SECTION 9. 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, accounts, demands or actions arising out of accidents or injuries, whether to property or to persons, caused by the construction or operation of the stations of the grantee.

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

— The grantee shall not lease, transfer, grant the usufruct of, sell or 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., whether as a whole or in part, and whether simultaneously or contemporaneously, to any such person, firm, company, corporation or entity without the prior approval of the Congress of the Philippines. Provided. That Congress shall be informed of any sale, lease, transfer, grant of usufruct of, or assignment of franchise or the rights or privileges acquired thereunder, or the merger or transfer of the controlling interest of the grantee, within sixty (60) days after the completion of said transaction. Provided, further. That failure to report to Congress such change of ownership shall render the franchise ipso facto revoked. Provided, finally. That any person or entity to which this franchise is sold, transferred or assigned shall be subject to all 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%) 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 operation. Provided That in cases where public offer of shares is not applicable, establishment of cooperatives and other methods of encouraging public participation by citizens and corporations operating public utilities must be implemented. Non-acceptance therewith shall render the franchise ipso facto revoked.

SECTION 12. General Broadcast Policy Law. — The grantee shall comply with and be subject to the provisions of a general broadcast policy law, which Congress may hereafter enact.

SECTION 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 representative 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 reportorial compliance certificate issued by Congress shall be required before any application for permit or certificate is accepted by the NTC.

SECTION 14. Penalty Clause. — Failure of the grantee to submit the requisite annual report to Congress will be penalized by a fine in the amount of Five Hundred Pesos (PSOO.OO) per working day of noncompliance. The fine will be collected by the NTC from the delinquent franchise grantee separate from the reportorial penalties imposed by the NTC.

SECTION 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 the provisions of broadcasting franchises concerning territory covered by such franchise, the life span of the franchise or the type of service authorized by the franchise.

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. 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.

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

Approved,