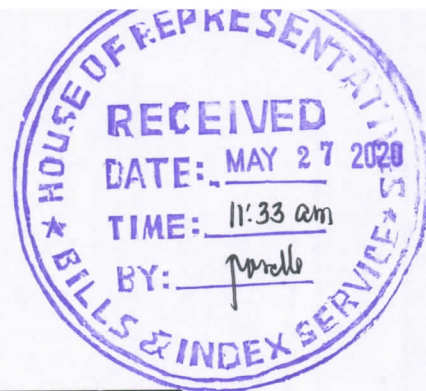




Eighteenth Congress
First Regular Session

HOUSE BILL NO. 6829



Introduced by
REPRESENTATIVE LOREN B. LEGARDA

AN ACT
RENEWING THE FRANCHISE GRANTED TO NEWS AND ENTERTAINMENT
NETWORK CORPORATION UNDER REPUBLIC ACT NO. 8197 OR "AN ACT
GRANTING THE NEWS AND ENTERTAINMENT CORPORATION, A FRANCHISE
TO ESTABLISH, CONSTRUCT, INSTALL, MAINTAIN, AND OPERATE FOR
COMMERCIAL PURPOSES CABLE/COMMUNITY ANTENNAE TELEVISION
SYSTEMS AND MULTIMEDIA SERVICES IN THE PHILIPPINES" FOR ANOTHER
TWENTY FIVE (25) YEARS FROM THE EFFECTIVITY OF THIS ACT

EXPLANATORY NOTE

This bill seeks to amend Republic Act No. 8197, further extending the franchise granted to News and Entertainment Network Corporation (Newsnet) and expanding the nature and scope of its franchise.

Republic Act No. 8197 granted Newsnet a franchise to establish, construct, install, maintain, and operate for commercial purposes cable/community antennae television systems for twenty-five years.

Advancement in technology, more particularly in broadcast, requires further amendment of the franchise to include next generation broadcast systems and wired/wireless/satellite communications networks. Modernization and economic development of the country are highly dependent on available communications systems that broadcast companies are expected to adopt and adapt to such advancements in technology for the common good. Such improvements will also spur new activities that will eventually redound to the benefit of the country as a whole.

The State recognizes the vital role of communication and information in nation-building and the indispensable role of the private sector. Hence, approval of this measure is earnestly sought.


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

1 SECTION 1. *Nature and Scope of Franchise.* – Subject to the provisions of the
2 Constitution and applicable laws, rules and regulations, there is hereby granted to
3 News and Entertainment Network Corporation, hereunder referred to as the grantee,
4 its successors or assigns, a franchise to construct, establish, install, operate and
5 maintain for commercial purposes and in the public interest cable/community
6 antennae television (CATV) systems, multichannel multipoint distribution service/ local
7 multipoint distribution service (MMDS/LMDS), 5G or next generation broadcast
8 systems, wired/wireless/satellite communications networks and other related services
9 in and between the different provinces, cities and municipalities in the Philippines and
10 between the Philippines and other countries and territories through the reception of
11 audio, visual, data, and other signals of the different local, national and international

content from television and radio stations, intranet and internet networks in the Philippines and those of foreign television, radio and other stations including interactive computer electronic systems and stations, and the distribution or transmission of the same to homes, offices, condominiums, subdivisions, hotels, restaurants and other residential, commercial and industrial structures and other public and private conveyances within and outside of the Philippines; to originate, store, distribute, transmit and receive through said systems, news and documentaries, entertainment, cultural, informational and educational radio and television programs, both live and recorded; to construct, establish, install, operate, manage, lease, maintain and purchase transmitting, receiving and switching stations, both for local and international services, lines, fiber optics, including digital television, through microwave, cables, 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 network delivery, packet and frame relay and electronic mail services and other value added services and all other related technologies as are at present available, or to be made available through technical advances or innovations in the future such as outer space including low/high altitude platform systems and low/high earth orbit satellite systems, laser systems, as is, or are, convenient to or essential to efficiently carry out the purposes of this franchise.

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 right to use its selected wavelengths or frequencies and the quality

1 of transmission or reception thereon as would maximize rendition of the grantee's
2 services and/or availability thereof.

3
4 SEC. 3. *Prior Approval of the National Telecommunications Commission.* – The
5 grantee shall secure from the National Telecommunications Commission the
6 appropriate permits and licenses for the construction and operation of its stations,
7 transmitters or facilities and shall not use any frequency in the radio and television
8 spectrum without having been authorized by the Commission. The Commission,
9 however, shall not unreasonably withhold or delay the grant of any such authority.

10
11 SEC. 4. *Ingress and Egress.* – For the purpose of erecting and maintaining
12 poles or other supports for the said wires or other conductors for the purpose of laying
13 and maintaining underground wires, cables or other conductors, it shall be lawful for
14 the grantee, its successors or assigns, with the prior approval of the Department of
15 Public Works and Highways (DPWH), to make excavations or lay conduits in any of
16 the public places, highways, streets, lanes, alleys, avenues, sidewalks or bridges of
17 said provinces, cities and/or municipalities: Provided, However, That any public place,
18 highway, street, lane, alley, avenue, sidewalk or bridge disturbed, altered, or changed
19 by reason of the erection of poles or other supports or the underground laying of wires,
20 other conductors or conduits, shall be repaired and replaced in a workmanlike manner
21 by said grantee, its successors or assigns, in accordance with the standards set by
22 the DPWH. Should the grantee, its successors or assigns, after the ten (10) days'
23 notice from the said authority, fail, refuse or neglect to repair or replace any part of a
24 public place, road, highway, street, lane alley, avenue, sidewalk or bridge altered,
25 changed or disturbed by said grantee, its successors or assigns, then the DPWH shall

1 have the right to have the same repaired and placed in good order and condition at
2 double the expense charged against the grantee, its successors or assigns.

3
4 SEC. 5. *Responsibility to the Public.* – The grantee shall provide adequate
5 public service time to enable the government, through the said cable television
6 stations, to reach the population on important public issues; provide at all times sound
7 and balanced programming; promote public participation such as in community
8 programming; assist in the functions of public information and education; conform to
9 the ethics of honest enterprise; and not use its stations for the transmission of obscene
10 and indecent language, speech, act or scene, or for the dissemination of deliberately
11 false information or willful misrepresentation to the detriment of the public interest, or
12 to incite, encourage, or assist in subversive or treasonable acts.

13
14 SEC. 6. *Right of Government.* – A special right is reserved to the President of
15 the Philippines, in times of war, rebellion, public peril, calamity, emergency, disaster
16 or disturbance of peace and order, to temporarily take over and operate the stations,
17 transmitters or facilities of the grantee, to temporarily suspend the operation of any
18 station, transmitter or facility in the interest of public safety, security and public welfare,
19 or authorize the temporary use and operation thereof by any agency of the
20 government, upon due compensation to the grantee for the use of said stations,
21 transmitters or facilities during the period when they shall be so operated.

22
23 The radio spectrum is a finite resource that is a part of the national patrimony
24 and the use thereof is a privilege conferred upon the grantee by the State and may be
25 withdrawn anytime, after due process.

1 SEC. 7. *Term of Franchise.* – This franchise shall be for a term of twenty-five
2 (25) years from the date of effectivity of this Act, unless sooner revoked or cancelled.
3 This franchise shall be deemed *ipso facto* revoked in the event the grantee fails to
4 operate continuously for two (2) years.

5
6 SEC. 8. *Acceptance and Compliance.* – Acceptance of this franchise shall be
7 given in writing within sixty (60) days after the effectivity of this Act. Upon giving such
8 acceptance, the grantee shall exercise the privileges granted under this Act. Non-
9 acceptance shall render the franchise void.

10
11 SEC. 9. *Tax Provisions.* – The grantee, its successors or assigns, shall be liable
12 to pay the same taxes on their real estate, buildings and personal property, exclusive
13 of this franchise, as other persons or corporations are now or hereafter may be
14 required by law to pay. In addition thereto, the grantee, its successors or assigns shall
15 pay a franchise tax of three percent (3%) *per annum* or at such percentage as may be
16 required by law on all gross receipts of the business transacted under this franchise
17 by the grantee, its successors or assigns: *Provided*, That the grantee, its successors
18 or assigns, shall continue to be liable for income taxes payable under Title II of the
19 National Internal Revenue Code pursuant to Section 2 of Executive Order No. 72,
20 unless the latter enactment is amended or repealed, in which case the amendment or
21 repeal shall be applicable thereto.

22 The grantee shall file the return with, and pay the tax due thereon to the
23 Commissioner of Internal Revenue or his duly authorized representatives in
24 accordance with the National Bureau of Internal Revenue.

1 SEC. 10. *Self-Regulation by and Undertaking of Grantee.* – The grantee shall
2 not require any previous censorship of any speech, play, act or scene, or other matter
3 to be broadcast or transmitted from its stations: *Provided*, That the grantee, during any
4 broadcast or transmission shall cut off from the air or transmission the speech, play,
5 act or scene or other matter being broadcast or transmitted if there is a clear and
6 present danger thereof to propose and/or incite treason, rebellion, or sedition; or the
7 language used therein or the theme thereof is indecent or immoral; and willful failure
8 to do so shall constitute a valid cause for the cancellation of this franchise.

9
10 SEC. 11. *Warranty in Favor of National and Local Governments.* – The grantee
11 shall hold the national, provincial, city and municipal governments of the Philippines
12 harmless from all claims, accounts, demands or actions arising out of accidents or
13 injuries, whether to property or to persons, caused by the construction or operation of
14 the stations, transmitters, facilities or equipment of the grantee.

15
16 SEC. 12. *Sale, Lease, Transfer, Usufruct, etc.* – The grantee shall not lease,
17 transfer, grant the usufruct of, sell nor assign the franchise herein granted or the rights
18 and privileges acquired thereunder to any person, firm, company, corporation or entity,
19 nor merge with any corporation or entity nor shall the controlling interest of the grantee
20 be transferred, whether as a whole or in parts and whether simultaneously or
21 contemporaneously, to any such person, firm, company, corporation or entity without
22 the prior approval of the Congress of the Philippines. Any person or entity to which the
23 franchise herein granted is sold, transferred or assigned, shall be subject to the same
24 conditions, terms, restrictions and limitations of this Act.

SEC. 13. *Dispersal of Ownership.* – In accordance with constitutional provisions

to encourage public participation in public utilities, the grantee shall offer at least thirty *per centum* (30%) of its outstanding capital stock or a higher percentage that may hereafter be provided by law in any securities exchange in the Philippines within five (5) years from the time it has achieved the status of a national cable television network.

A national cable television network is defined as one that operates in three or more cities and/or municipalities. Non-compliance therewith shall render the franchise *ipso facto* revoked.

SEC. 14. *General Cable Television Policy Law.* – The grantee shall comply with

and be subject to the provisions of a general cable television policy law which Congress may hereafter enact.

SEC. 15. *Equality Clause.* - In the event of any competing individual,

partnership or corporation receiving from Congress a similar franchise in which there shall be any term or terms more favorable than those granted under the franchise or tending to place the herein grantee at any disadvantage, then such term or terms shall *ipso facto* become part of the terms hereof and shall operate equally in favor of the grantee as in the case of said competing individual, partnership or corporation.

SEC. 16 *Renewal* – When a bill is filed for the renewal of this franchise prior to

its expiration, this franchise is deemed valid and subsisting, even after its expiration, until the bill is acted upon with finality.

SEC. 17. *Separability Clause.* – If any of the sections or provisions of this Act

is held invalid, all the other provisions not affected thereby shall remain valid.

1

2 SEC. 18. *Repealability and Nonexclusivity Clause.* – The franchise herein
3 granted shall be subject to amendment, alteration, or repeal by the Congress of the
4 Philippines when the public interest so requires and shall not be interpreted as an
5 exclusive grant of the privileges herein provided for.

6

7 SEC. 19. *Reportorial Requirement.* – The grantee shall submit an annual report
8 to the Congress of the Philippines, through the Committee on Legislative Franchises
9 of the House of Representatives and the Committee on Public Services of the Senate,
10 on its compliance with the terms and conditions of the franchise and on its operations
11 on or before April 30 of every year during the term of its franchise.

12

13 SEC. 20. *Effectivity Clause.* – This Act shall take effect fifteen (15) days after
14 its publication in the Official Gazette or in a newspaper of general circulation.

15

16 Approved,