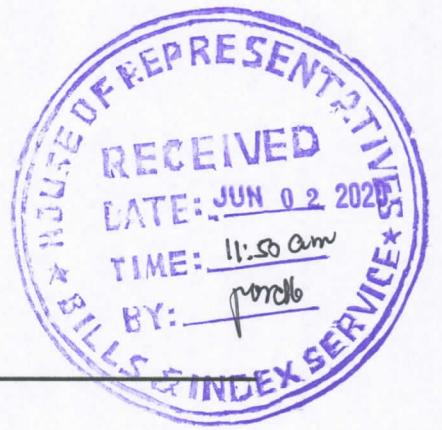


Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City

**EIGHTEENTH CONGRESS**  
First Regular Session



**COMMITTEE REPORT NO. 347**

Submitted by the Committee on Legislative Franchises on JUN 02 2020.

Re: House Bill No. 6918

Recommending its approval in substitution of House Bill No. 6250

Sponsors: Representatives Franz E. Alvarez and Jesus Crispin C. Remulla

Mr. Speaker:

The Committee on Legislative Franchises to which was referred House Bill No. 6250, authored by Rep. Jesus Crispin C. Remulla entitled:

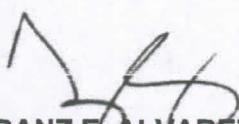
"AN ACT RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO BLOCKBUSTER BROADCASTING SYSTEM, INC., UNDER REPUBLIC ACT NO. 8726, ENTITLED "AN ACT GRANTING THE BLOCKBUSTER BROADCASTING SYSTEM, INC., A FRANCHISE TO CONSTRUCT, INSTALL, ESTABLISH, OPERATE AND MAINTAIN RADIO AND TELEVISION BROADCASTING STATIONS IN THE PHILIPPINES""

has considered the same and recommends that the attached House Bill No. 6918 entitled:

"AN ACT RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO BLOCKBUSTER BROADCASTING SYSTEM, INC., UNDER REPUBLIC ACT NO. 8726, ENTITLED "AN ACT GRANTING THE BLOCKBUSTER BROADCASTING SYSTEM, INC., A FRANCHISE TO CONSTRUCT, INSTALL, ESTABLISH, OPERATE AND MAINTAIN RADIO AND TELEVISION BROADCASTING STATIONS IN THE PHILIPPINES""

be approved in substitution of House Bill No. 6250 with Reps. Jesus Crispin C. Remulla and Franz E. Alvarez as authors thereof.

Respectfully submitted:



**FRANZ E. ALVAREZ**  
Chairperson  
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. 6918  
(In substitution of House Bill No. 6250)

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Introduced by Reps. Jesus Crispin C. Remulla and Franz E. Alvarez

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**AN ACT**

**RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO BLOCKBUSTER BROADCASTING SYSTEM, INC., UNDER REPUBLIC ACT NO. 8726, ENTITLED "AN ACT GRANTING THE BLOCKBUSTER BROADCASTING SYSTEM, INC., A FRANCHISE TO CONSTRUCT, INSTALL, ESTABLISH, OPERATE AND MAINTAIN RADIO AND TELEVISION BROADCASTING STATIONS IN THE PHILIPPINES"**

*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 under Republic Act No. 8762 to Blockbuster Broadcasting System, Inc., hereunder referred to as the grantee, its successor or assignees, to construct, install, 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 Philippines is hereby renewed for another twenty-five (25) years.

**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.

**SEC. 3. Prior Approval of the National Telecommunications Commission.**

– The grantee shall secure from the National Telecommunications Commission (NTC) the appropriate permits and licenses for the construction and operation of its stations or 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.

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

In case of any violation of the provisions of this franchise, the NTC shall have the authority to revoke or suspend, after due process, the permits or licenses it issued pursuant to the franchise. The NTC may recommend to Congress the revocation of the franchise for any violation of the provisions of this franchise.

**SEC. 4. Responsibility to the Public.** – The grantee shall provide, free of charge, adequate public service time which is reasonable and sufficient to enable the government, through the broadcasting stations or facilities of the grantee, 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 not use its stations or facilities for the broadcasting of obscene or indecent language, speech, act or scene, the dissemination of deliberately false information or willful misrepresentation, to the detriment of 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 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.

Pursuant to Republic Act No. 8370, otherwise known as the "Children's Television Act of 1997", the grantee shall allot a minimum of fifteen percent (15%) of the daily total air time of each broadcasting network to child-friendly shows within its regular programming.

**SEC. 5. Right of the 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 that may be withdrawn any time after due process.

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; 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, upon due compensation to the grantee, for the use of said stations or facilities during the period when these shall be so operated.

**SEC. 6. Term of Franchise.** – This franchise shall be in effect for a period of twenty-five (25) years from the 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.

**SEC. 7. 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, but if any such speech, play, act or scene, or other matter should constitute a violation of the law or infringement of a private right, the grantee shall be free from any liability, civil or criminal, for such speech, play, act or scene, or other matter: *Provided*, That the grantee, during any broadcast, shall cut off the airing of 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.

**SEC. 8. Warranty in Favor of the 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.

**SEC. 9. Commitment to Provide and Promote the Creation of Employment Opportunities.** – The grantee shall create employment opportunities as well as accept on-the-job trainees in the franchise operations: *Provided*, That priority shall be accorded to the residents of the place where the principal office of the grantee 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 (GIS) to be submitted to Securities and Exchange Commission (SEC) annually.

**SEC. 10. 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, nor the controlling interest of the grantee be transferred, simultaneously or contemporaneously, to any person, firm, company, corporation, or entity without the prior approval of the 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 the same conditions, terms, restrictions, and limitations of this Act.

**SEC. 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%) of its common stocks, or a higher percentage that may hereafter be provided by law, in any securities exchange in the Philippines within five (5) years from the effectivity of this Act: *Provided*, That in cases where public offer of shares is not applicable, other methods of encouraging public participation by citizens and corporations operating public utilities must be implemented. Noncompliance therewith shall render the franchise *ipso facto* revoked.

**SEC. 12. Reportorial Requirement.** – The grantee shall submit an annual report on its compliance with the terms and conditions of the franchise and on its operations 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 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. 13. 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 Bureau of the Treasury.

**SEC. 14. 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 territorial coverage, the term, or the type of service authorized by the franchise.

**SEC. 15. 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.

**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.

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

**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.

Approved,

## FACT SHEET

House Bill No. 6918  
In substitution of House Bill No. 6250  
(As approved on \_\_\_\_\_)

### **AN ACT RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO BLOCKBUSTER BROADCASTING SYSTEM, INC, UNDER R.A. 8726, TO CONSTRUCT, INSTALL, ESTABLISH, OPERATE AND MAINTAIN RADIO AND TELEVISION BROADCASTING STATIONS IN THE PHILIPPINES**

*Introduced by: HON. JESUS CRISPIN C. REMULLA*

*Committee Referral: LEGISLATIVE FRANCHISES  
Committee Chairperson: HON. FRANZ E. ALVAREZ*

#### **OBJECTIVE:**

- To allow the Blockbuster Broadcasting System, Inc. (BBSI) to continue its effective public service through commercial radio and television broadcasting in the Philippines.

#### **KEY PROVISIONS:**

- Grants the BBSI radio and television franchise for another twenty-five (25) years;
- Mandates the grantee to secure the appropriate permits and licenses for the construction, installation and operation of its telecommunications systems or facilities from the NTC;
- Requires the grantee to provide an adequate public service time equivalent to a maximum aggregate of ten percent (10%) of the paid advertisements, to enable it to inform the population on important public issues and assist in the performance of the functions of public information and education;
- Requires the grantee to allot a minimum of fifteen percent (15%) of the daily total air time of each broadcasting network to child-friendly shows within its regular programming;
- 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;

- Reserves the right of the President of the Philippines 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;
- 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 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;
- 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 in the amount of five hundred pesos (P500.00) per working day of noncompliance in the submission of its annual report to Congress; and
- Provides an equality clause which aims to grant existing and potential franchise grantees equal privilege.

#### **RELATED LAWS:**

- Republic Act No. 8726 – “AN ACT GRANTING THE BLOCKBUSTER BROADCASTING SYSTEM, INC., A FRANCHISE TO CONSTRUCT, INSTALL, ESTABLISH, OPERATE AND MAINTAIN RADIO AND TELEVISION BROADCASTING STATIONS IN THE PHILIPPINES”
- Republic Act No. 8370 – “CHILDREN’S TELEVISION ACT OF 1997”