

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City
EIGHTEENTH CONGRESS
First Regular Session



COMMITTEE REPORT NO. 77

Submitted by the Committee on Legislative Franchises on NOV 13 2019

Re: House Bill No. 5490

Recommending its approval in substitution of House Bill No. 2324

Sponsors: Representatives Franz E. Alvarez, Jocelyn F. Fortuno, Raymond Democrito C. Mendoza, Faustino "Inno" A. Dy V, Rolando M. Valeriano, Gil "Kabarangay" A. Acosta Jr., Luis Raymund "Lray" F. Villafuerte, Jr., Christian S. Unabia, Enrico A. Pineda, Deogracias Victor "DV" B. Savellano, Alfredo A. Garbin, Jr., Alfred D. Vargas, Eduardo "Eddie" R. Gullas, Faustino Michael Carlos T. Dy III, Henry S. Oaminal, Xavier Jesus D. Romualdo, and Stella Luz A. Quimbo

Mr. Speaker:

The Committee on Legislative Franchises to which was referred **House Bill No. 2324**, authored by Rep. Jocelyn F. Fortuno., entitled:

"AN ACT RENEWING THE FRANCHISE GRANTED TO BICOL BROADCASTING SYSTEMS, INC. (UNDER REPUBLIC ACT NO. 8092 ENTITLED 'AN ACT GRANTING THE BICOL BROADCASTING SYSTEMS, INC. (BBSI) A FRANCHISE TO ESTABLISH, OPERATE AND MAINTAIN COMMERCIAL RADIO AND TELEVISION BROADCASTING STATIONS IN REGION V') – FOR ANOTHER TWENTY-FIVE (25) YEARS FROM THE EFFECTIVITY OF THIS ACT"

has considered the same and recommends that the attached House Bill No. 5490, entitled:

"AN ACT RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO BICOL BROADCASTING SYSTEMS, INC. UNDER REPUBLIC ACT NO. 8092, ENTITLED 'AN ACT GRANTING THE BICOL BROADCASTING SYSTEMS, INC. (BBSI), A FRANCHISE TO ESTABLISH, OPERATE AND MAINTAIN COMMERCIAL RADIO AND TELEVISION BROADCASTING STATIONS IN REGION V'"

be approved in substitution of House Bill No. 2324 with Reps. Jocelyn F. Fortuno, Raymond Democrito C. Mendoza, Faustino "Inno" A. Dy V, Rolando M. Valeriano, Gil "Kabarangay" A. Acosta Jr., Luis Raymund "Lray" F. Villafuerte, Jr., Christian S. Unabia, Enrico A. Pineda, Deogracias Victor "DV" B. Savellano, Alfredo A. Garbin, Jr., Alfred D. Vargas, Eduardo "Eddie" R. Gullas, Faustino Michael Carlos T. Dy III, Henry S. Oaminal, Xavie vgt6r Jesus D. Romualdo, Stella Luz A. Quimbo, and Franz E. Alvarez, as authors thereof.

Respectfully submitted:

A handwritten signature in black ink, appearing to read 'Franz E. Alvarez', written over the printed name.

FRANZ E. ALVAREZ

Chairman

Committee on Legislative Franchises

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

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HOUSE BILL NO. **5490**

(In Substitution of House Bill No. 2324)

Introduced by REPS. JOCELYN F. FORTUNO, RAYMOND DEMOCRITO C. MENDOZA, FAUSTINO "INNO" A. DY V, ROLANDO M. VALERIANO, GIL "KABARANGAY" A. ACOSTA JR., LUIS RAYMUND "LRAY" F. VILLAFUERTE, JR., CHRISTIAN S. UNABIA, ENRICO A. PINEDA, DEOGRACIAS VICTOR "DV" B. SAVELLANO, ALFREDO A. GARBIN, JR., ALFRED D. VARGAS, EDUARDO "EDDIE" R. GULLAS, FAUSTINO MICHAEL CARLOS T. DY III, HENRY S. OAMINAL, XAVIER JESUS D. ROMUALDO, STELLA LUZ A. QUIMBO, and FRANZ E. ALVAREZ

AN ACT

RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO BICOL BROADCASTING SYSTEMS, INC. UNDER REPUBLIC ACT NO. 8092, ENTITLED "AN ACT GRANTING THE BICOL BROADCASTING SYSTEMS, INC. (BBSI), A FRANCHISE TO ESTABLISH, OPERATE AND MAINTAIN COMMERCIAL RADIO AND TELEVISION BROADCASTING STATIONS IN REGION V"

SECTION 1. *Nature and Scope of Franchise.* - Subject to the provisions of the Constitution and applicable laws, rules and regulations, the franchise granted to Bicol Broadcasting Systems, Inc., hereunder referred to as the grantee, its successors or assignees, under Republic Act No. 8092, 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 Bicol Region, 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 the 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.

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 the 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**
12 **Opportunities.** - The grantee shall create employment opportunities and shall allow on-the-
13 job trainings in their franchise operation: *Provided*, That priority shall be accorded to the
14 residents of the place where their principal office is located: *Provided further*, That the
15 grantee shall follow the applicable labor standards and allowance entitlement under existing
16 labor laws, rules and regulations and similar issuances: *Provided, finally*, That the employment
17 opportunities or jobs created shall be reflected in the General Information Sheet (GIS) to be
18 submitted to 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 offer to Filipino citizens at
34 least thirty percent (30%) or a higher percentage that may hereafter be provided by law of its
35 outstanding capital stock in any securities exchange in the Philippines within five (5) years
36 from the commencement of its operations: *Provided*, That in cases where public offer of
37 shares is not applicable, the grantee shall apply other methods of encouraging public
38 participation by citizens and corporations operating public utilities as allowed by law.
39 Noncompliance therewith shall render the 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 **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 **SEC. 16. *Separability Clause.*** – If any of the sections or provisions of this Act is held
30 invalid, all other provisions not affected thereby shall remain valid.

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

34 **SEC. 18. *Effectivity.*** – This Act shall take effect fifteen (15) days after its publication in
35 the Official Gazette or in a newspaper of general circulation.

36 Approved,