

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
First Regular Session



COMMITTEE REPORT NO. 11

Submitted by the Committee on Legislative Franchises on **SEP 1 2 2019**

Re: House Bill No. 4581

Recommending its approval in substitution of House Bill No. 3005

Sponsors: Representatives Franz E. Alvarez and Cesar "Jawo" L. Jimenez, Jr.

Mr. Speaker:

The Committee on Legislative Franchises to which was referred **House Bill No. 3005**, authored by Rep. Cesar "Jawo" L. Jimenez, Jr., entitled:

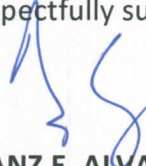
"AN ACT RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO GOLDEN BROADCAST PROFESSIONAL, INC., UNDER REPUBLIC ACT NO. 8025, ENTITLED "A FRANCHISE TO CONSTRUCT, MAINTAIN AND OPERATE A STATION FOR FM RADIO AND TELEVISION BROADCASTING IN THE ISLAND OF MINDANAO AND FOR OTHER PURPOSES", AND EXPANDING ITS COVERAGE TO THE ENTIRE PHILIPPINES"

has considered the same and recommends that the attached House Bill No. 4581, entitled:

"AN ACT RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO GOLDEN BROADCAST PROFESSIONAL, INC. UNDER REPUBLIC ACT NO. 8025 ENTITLED 'A FRANCHISE TO CONSTRUCT, MAINTAIN AND OPERATE A STATION FOR FM RADIO AND TELEVISION BROADCASTING IN THE ISLAND OF MINDANAO AND FOR OTHER PURPOSES', AND EXPANDING ITS COVERAGE TO THE ENTIRE PHILIPPINES"

be approved in substitution of House Bill No. 3005 with Reps. Cesar "Jawo" L. Jimenez, 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
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EIGHTEENTH CONGRESS

First Regular Session

4581

HOUSE BILL NO. _____

(In Substitution of House Bill No. 3005)

Introduced by REPS. CESAR "JAWO" L. JIMENEZ, JR. and FRANZ E. ALVAREZ

AN ACT

RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO GOLDEN BROADCAST PROFESSIONAL, INC. UNDER REPUBLIC ACT NO. 8025 ENTITLED "A FRANCHISE TO CONSTRUCT, MAINTAIN AND OPERATE A STATION FOR FM RADIO AND TELEVISION BROADCASTING IN THE ISLAND OF MINDANAO AND FOR OTHER PURPOSES", AND EXPANDING ITS COVERAGE TO THE ENTIRE PHILIPPINES

SECTION 1. *Nature and Scope of Franchise.* - Subject to the provisions of the Constitution and applicable laws, rules and regulations, the franchise granted to Golden Broadcast Professional, Inc., hereunder referred to as the grantee, its successors or assignees, under Republic Act No. 8025, to construct, install, establish, operate, and maintain for commercial purposes and in the public interest, radio and/or television broadcasting stations, 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 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 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

1 authorization to proceed from the NTC, and report the transaction to the NTC within sixty
2 (60) days after its completion: *Provided, further,* That the NTC shall determine the
3 corresponding sanction for any violation of this provision.

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

16 Public service time referred herein shall be equivalent to a maximum aggregate of ten
17 (10%) percent of paid commercials or advertisements which shall be allocated based on need
18 to the Executive and Legislative branches, the Judiciary, Constitutional Commissions, and
19 international humanitarian organizations duly recognized by statutes: *Provided,* That the NTC
20 shall increase the public service time in case of extreme emergency or calamity. The NTC shall
21 issue rules and regulations for this purpose, the effectivity of which shall commence upon
22 applicability with other similarly situated broadcast network franchise holders.

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

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

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

37 SEC. 7. *Renewal or extension of franchise.* - The grantee shall apply for the renewal
38 or extension of its franchise five (5) years before its expiration, reckoned from fifteen (15)
39 days after the publication of the franchise in the Official Gazette or in a newspaper of general
40 circulation.

1 SEC. 8. *Self-regulation by and Undertaking of Grantee.* - The grantee shall not require
2 any previous censorship of any speech, play, act or scene, or other matter to be broadcast
3 from its stations, but if any such speech, play, act or scene, or other matter should constitute
4 a violation of the law or infringement of a private right, the grantee shall be free from any
5 liability, civil or criminal, for such speech, play, act or scene, or other matter: *Provided*, That
6 the grantee, during any broadcast, shall cut off the airing of speech, play, act or scene, or
7 other matter being broadcast if the tendency thereof is to propose and/or incite treason,
8 rebellion or sedition; or the language used therein or the theme thereof is indecent or
9 immoral: *Provided, further*, That willful failure to do so shall constitute a valid cause for the
10 cancellation of this franchise.

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

15 SEC. 10. *Commitment to Provide and Promote the Creation of Employment*
16 *Opportunities.* - The grantee shall create employment opportunities and shall allow on-the-
17 job trainings in their franchise operation: *Provided*, That priority shall be accorded to the
18 residents of the place where their principal office is located: *Provided further*, That the
19 grantee shall follow the applicable labor standards and allowance entitlement under existing
20 labor laws, rules and regulations and similar issuances: *Provided, finally*, That the employment
21 opportunities or jobs created shall be reflected in the General Information Sheet (GIS) to be
22 submitted to Securities and Exchange Commission (SEC) annually.

23 SEC. 11. *Sale, Lease, Transfer, Grant of Usufruct, or Assignment of Franchise.* - The
24 grantee shall not sell, lease, transfer, grant the usufruct of, nor assign this franchise or the
25 rights and privileges acquired thereunder to any person, firm, company, corporation or other
26 commercial or legal entity, nor merge with any other corporation or entity, nor the controlling
27 interest of the grantee be transferred, simultaneously or contemporaneously, to any such
28 person, firm, company, corporation, or entity without the prior approval of the Congress of
29 the Philippines. Congress shall be informed of any sale, lease, transfer, grant of usufruct, or
30 assignment of franchise or the rights and privileges acquired thereunder, or of the merger or
31 transfer of the controlling interest of the grantee, within sixty (60) days after the completion
32 of the said transaction. Failure to report to Congress such change of ownership shall render
33 the franchise *ipso facto* revoked. Any person or entity to which this franchise is sold,
34 transferred, or assigned shall be subject to the same conditions, terms, restrictions, and
35 limitations of this Act.

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

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

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

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

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

20
21 SEC. 15. *Equality Clause.* - Any advantage, favor, privilege, exemption, or immunity
22 granted under existing franchises, or which may hereafter be granted for radio and/or
23 television broadcasting, upon prior review and approval of Congress, shall become part of
24 this franchise and shall be accorded immediately and unconditionally to the herein grantee:
25 *Provided, That* the foregoing shall neither apply to nor affect provisions of broadcasting
26 franchises concerning territorial coverage, the term, or the type of service authorized by the
27 franchise.

28 SEC. 16. *Repealability and Non-exclusivity Clause.* – This franchise shall be subject to
29 amendment, alteration, or repeal by the Congress of the Philippines when the public interest
30 so requires and shall not be interpreted as an exclusive grant of the privileges herein provided
31 for.

32 SEC. 17. *Separability Clause.* – If any of the sections or provisions of this Act is held
33 invalid, all other provisions not affected thereby shall remain valid.

34 SEC. 18. *Repealing Clause.* – All laws, decrees, orders, resolutions, instructions, rules
35 and regulations, and other issuances or parts thereof which are inconsistent with the
36 provisions of this Act are hereby repealed, amended, or modified accordingly.

37 SEC. 19. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in
38 the Official Gazette or in a newspaper of general circulation.

39 Approved,

FACT SHEET

House Bill No. 4581
In substitution of House Bill No. 3005
(As approved on September 11, 2019)

AN ACT

RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO GOLDEN BROADCAST PROFESSIONAL, INC. UNDER REPUBLIC ACT NO. 8025, ENTITLED "A FRANCHISE TO CONSTRUCT, MAINTAIN AND OPERATE A STATION FOR FM RADIO AND TELEVISION BROADCASTING IN THE ISLAND OF MINDANAO AND FOR OTHER PURPOSES", AND EXPANDING ITS COVERAGE TO THE ENTIRE PHILIPPINES

Introduced by: HON. CESAR "JAWO" L. JIMENEZ, JR.

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

OBJECTIVE:

- To continue and expand the effective public service of the Golden Broadcast Professional, Inc., (GBPI) through continuous radio/television broadcast in the whole country.

KEY PROVISIONS:

- Allows GBPI 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 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. 8025 - AN ACT GRANTING THE GOLDEN BROADCAST PROFESSIONAL, INC. A FRANCHISE TO CONSTRUCT, MAINTAIN AND OPERATE A STATION FOR FM RADIO AND TELEVISION BROADCASTING IN THE ISLAND OF MINDANAO AND FOR OTHER PURPOSES