

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

Eighteenth Congress
First Regular Session



HOUSE BILL NO. 5404

Introduced by **Representative JOEY SARTE SALCEDA**

AN ACT
RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE
GRANTED TO THE INTERCONTINENTAL BROADCASTING CORPORATION
UNDER REPUBLIC ACT NO. 8954, ENTITLED "AN ACT GRANTING THE
INTERCONTINENTAL BROADCASTING CORPORATION A FRANCHISE TO
CONSTRUCT, INSTALL, ESTABLISH, OPERATE AND MAINTAIN RADIO AND
TELEVISION BROADCASTING STATIONS IN THE PHILIPPINES"

EXPLANATORY NOTE

Article II Section 24 of the Constitution expressly provides that "the State recognizes the vital role of communication and information in nation-building." The aforecited constitutional provision clearly underscores the crucial role of modernizing and establishing new communication facilities in order to constantly apprise the Filipinos all over the country of the important events that are happening in our nation

Communication transcends all barriers as it conquers all by swiftly disseminating vital information. The proliferation of radio and television broadcast networks is a vivid manifestation that the Philippines is slowly but surely catching up with its Asian counterparts insofar as the communications industry is concerned.

The role of the broadcasting organization in serving the needs of the public and clients in information, educational and entertainment for the Filipino viewers should be given the utmost recognition since the services they perform to all classes of viewers, in general, is beyond quantification.

In view hereof, this bill seeks to grant a franchise to INTERCONTINENTAL BROADCASTING CORPORATION (IBC-13), a television and radio network with five (5) provincial TV stations with four (4) relay stations and eleven (11) provincial radio stations, to establish, install, construct and operate commercial TV/radio broadcasting stations in the Philippines.

In view of the foregoing, the passage of this bill is earnestly sought


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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. 8954, to Intercontinental Broadcasting Corporation, hereunder referred to as the grantee, its successors or assigns, a franchise 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, through microwave, satellite or whatever means, including the use of any new technologies in television and radio systems, with the corresponding technological auxiliaries and facilities, special broadcast and other programs 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 right to use its selected 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 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.

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 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.

Public service time referred herein shall be equivalent to a maximum aggregate of ten percent (10%) of the 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 broadcasting network franchise holders.

SEC. 5. *Right of Government.* – The radio spectrum is a finite resource that is a 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.

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 they 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 date of 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. *Renewal or Extension of Franchise.* – The grantee shall apply for the renewal or extension of its franchise five (5) years before its expiration date, which shall be reckoned fifteen (15) days after the publication of the franchise in the Official Gazette or in a newspaper of general circulation.

SEC. 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.

SEC. 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, 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. 10. *Commitment to Provide and Promote the Creation of Employment Opportunities.* – The grantee shall create employment opportunities and shall allow on-the-job trainings in their franchise operation: Provided, That priority shall be accorded to the residents in areas where any of its offices is located: Provided, further, That the grantee shall follow 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 to be submitted to the Securities and Exchange Commission (SEC) annually.

SEC. 11. *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 shall transfer the controlling interest of the grantee, 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 limitation of this Act.

SEC. 12. *Dispersal of Ownership.* – In accordance with constitutional provisions to encourage public participation in public utilities, the grantee shall offer to Filipino citizens at least thirty per centum (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 operations: Provided, That in cases where the public offer of shares is not applicable, the grantee shall apply other methods of encouraging public participation by citizens and corporations operating public utilities as allowed by law. Noncompliance therewith shall render the franchise ipso facto revoked.

SEC. 13. *Reportorial Requirement.* – During the term of its franchise, the grantee shall commit an annual report 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 its compliance with the terms and conditions of the franchise and on its operations on or before April 30 of every year.

The annual report shall include an update on the roll-out, development, operation, or expansion of business; audited financial statements; latest General Information Sheet 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 an application for permit, certificate, or any equivalent thereof, if applicable.

SEC. 14. *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 National Treasury.

SEC. 15. *Equality Clause.* – Except for taxes and customs duties, 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 this franchise.

SEC. 16. *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 privileges herein provided for.

SEC. 17. *Separability Clause.* – If, for any reason or reasons, any part or parts of this Act shall be declared unconstitutional or invalid by any competent court, other parts of this Act shall be thereby shall continue to be in full force and effect.

SEC. 18. *Repealing Clause.* – All laws, decrees, executive orders, executive issuances or letters of instruction, rules and regulations or any part thereof inconsistent with or contrary to the provisions of this Act are hereby deemed repealed, amended or modified accordingly.

SEC. 19. *Effectivity.* – This Act shall take effect fifteen (15) days following its publication in at least two (2) newspapers of general circulation.

Approved,