

Republic of the Philippines  
House of Representatives  
Quezon City

18<sup>th</sup> Congress  
First Regular Session

House Bill No. 6894



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**EXPLANATORY NOTE**

In September 1996, Republic Act No. 8213 was enacted to grant NOW Cable, Inc. a franchise to construct, install, establish, operate and maintain for commercial purposes and in the public interest, radio and/or television broadcasting stations in the Philippines for a period of twenty-five (25) years or until September 2021.

Through the years, NOW Cable has consistently delivered reliable service of communication and has been a vital tool in the dissemination of information to the public. This has been crucial to economic growth and modernization, as well as ease of doing business, in NOW Cable's areas of operation. Moreover, NOW Cable has worked to provide diverse content to serve both educational and entertainment value. Recently, NOW Cable was granted the authority to expand its services to some parts of North Luzon, South Luzon, Visayas and Mindanao, and the Company is now poised to more effectively carry out its services to the public.

If given the opportunity to adopt various technological advances available today, the Company will be better equipped to provide timely, reliable and state-of-the art interactive television and multimedia services through next generation broadcast systems, wireless/satellite communications networks. It is in this regard that the Company is also pursuing an expansion of the scope of its franchise.

As a public service company, NOW Cable has upheld the terms of its franchise and fully complied with the requirements of various government regulations. This has been attested to by the House Committee on Legislative Franchises and the Securities and Exchange Commission, which have issued certifications on the good standing of the Company.

Thus, the early passage of this bill is earnestly requested.

*J. Fidel Nograles*  
REP. JUAN FIDEL FELIPE NOGRALES

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Introduced by: REP. JUAN FIDEL FELIPE F. NOGRALES

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AN ACT RENEWING THE FRANCHISE GRANTED TO NOW CABLE, INC. (FORMERLY KNOWN AS GHT NETWORK, INC.) UNDER REPUBLIC ACT NO. 8213 OR " AN ACT GRANTING GHT NETWORK, INC. A FRANCHISE TO CONSTRUCT, INSTALL, ESTABLISH, OPERATE AND MAINTAIN RADIO AND TELEVISION BROADCASTING STATIONS AND MULTIMEDIA SERVICES IN THE PHILIPPINES" FOR ANOTHER TWENTY-FIVE (25) YEARS FROM THE EFFECTIVITY OF THIS ACT.

*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, there is hereby granted to NOW Cable, Inc., 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 in the Philippines, where frequencies and/or channels are still available for radio and/or television broadcasting, including multi-channel multi-point distribution system (MMDS), local multi-channel multi-point distribution system (LMDS), or next generation broadcast systems, wired/wireless/satellite communications networks; to construct, establish, install, operate, manage, lease, maintain and purchase transmitting, receiving and switching stations, both for local and international services, intranet and internet networks, lines, fiber optics, including digital television, through microwave, cables, satellite transmit and receive systems, control signals, audio and video systems data, 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 and other technology that may hereafter or in the future be developed such as outer space including low/high altitude platform systems and low/high earth orbit satellite systems, laser systems in the field of broadcasting for telecasting and broadcasting of news, documentaries, entertainment, informational and educational, interactive and various television programs, with the corresponding technological auxiliaries or facilities, special broadcast and other



program and distribution services and relay stations.

**SEC. 2. *Manner of Operation of Stations for 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 the 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 the availability thereof.

**SEC. 3. *Prior Approval of the National Telecommunications Commission.*** - The grantee shall secure from the National Telecommunications Commission 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 having been authorized by the Commission. The Commission, however, shall not unreasonably withhold or delay the grant of any such authority.

**Sec. 4. *Responsibility to the Public.*** - The grantee shall provide adequate public service time to enable the government, through the said broadcasting stations or facilities, to reach the population on important public issues; provide at all times sound and balanced programming; assist in the function of public information and education; conform to the ethics of honest enterprise, 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.

**SEC. 5. *Right of Government.*** - 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 the said stations or facilities during the period when they shall be so operated.

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 anytime, after due process.

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

**SEC. 7. *Acceptance and Compliance.*** - Acceptance of this franchise shall be given in writing within sixty (60) days after the effectivity of this Act. Upon giving such acceptance, the

grantee shall exercise the privileges granted under this Act. Non-acceptance shall render the franchise void.

**SEC. 8. Tax Provisions.** - The grantee, its successors or assigns, shall be liable to pay the same taxes on its real estate, buildings and personal property, exclusive of this franchise, as other persons or corporations are now or hereafter may be required by law to pay. In addition thereto, the grantee, its successors or assigns, shall pay the value-added tax under Republic Act No. 7716 or a franchise tax of five percent (5%) *per annum* or at such percentage as may be prescribed by law on all gross receipts of the radio/television business transacted under this franchise by the grantee, its successors or assigns, whichever is higher: *Provided*, That the grantee, its successors or assigns, shall continue to be liable for income taxes payable under Title II of the National Internal Revenue Code pursuant to Section 2 of Executive Order No. 72, unless the latter enactment is amended or repealed, in which case the amendment or repeal shall be applicable thereto.

**SEC. 9. 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 there is a clear and present danger thereof to propose and/or incite treason, rebellion or sedition, or the language used therein or the theme thereof is indecent or immoral; and willful failure to do so shall constitute a valid cause for the cancellation of this franchise.

**SEC. 10. Warranty in Favor of National and Local Governments.** - The grantee shall hold the national, provincial and municipal governments of the Philippines harmless: from all claims, accounts, demands or actions arising out of accidents or injuries, whether to property or to persons, caused by the construction or operation of the stations of the grantee,

**SEC. 11. Sale, Lease, Transfer, Usufruct, etc.** - The grantee shall not lease, transfer, grant the usufruct of, sell 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 the controlling interest of the grantee be transferred, whether as a whole or in parts and whether simultaneously or contemporaneously, to any such person, firm, company, corporation or entity without the prior approval of the Congress of the Philippines. Any person or entity to which this franchise is sold, transferred or assigned shall be subject to all the same conditions, terms, restrictions, and limitations of this Act.

**SEC. 12. Dispersal of Ownership** - In accordance with constitutional provisions to encourage public participation in public utilities, the grantee shall offer at least thirty percent (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 live (5) years from the time it has achieved



the status of a national broadcasting network. A "national broadcasting network" is hereby defined as one that operates three or more radio and/or television stations. Noncompliance therewith shall render the franchise *ipso facto* revoked.

**SEC. 13. General Broadcast Policy Law** - The grantee shall comply with and be subject to the provisions of a general broadcast policy law which Congress may hereafter enact.

**SEC. 14. 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. 15. 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.

**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 the privileges herein provided for.

**SEC 17. Reportorial Requirement.** The grantee shall submit an annual report to the Congress of the Philippines on its compliance with the terms and conditions of the franchise and on its operations within sixty (60) days from the end of every year,

**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,