

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
First Regular Session

COMMITTEE REPORT NO. 317

Submitted by the Committee on Legislative Franchises on MAY 27 2020.

Re: House Bill No. 6834

Recommending its approval in substitution of House Bill No. 6124

Sponsors: Representatives Franz E. Alvarez and Wilfrido Mark M. Enverga

Mr. Speaker:

The Committee on Legislative Franchises to which was referred House Bill No. 6124, authored by Rep. Wilfrido Mark M. Enverga entitled:

"AN ACT RENEWING THE FRANCHISE GRANTED TO KAISSAR BROADCASTING NETWORK, INC. (KBNI) UNDER REPUBLIC ACT NO. 8027, ENTITLED "AN ACT GRANTING A FRANCHISE TO THE KAISSAR BROADCASTING NETWORK, INC. (KBNI), TO CONSTRUCT, INSTALL, ESTABLISH, OPERATE, MANAGE AND MAINTAIN A NETWORK OF RADIO AND TELEVISION STATIONS ANYWHERE IN THE PHILIPPINES, AND FOR OTHER PURPOSES", FOR ANOTHER TWENTY-FIVE (25) YEARS FROM THE EFFECTIVITY OF THIS ACT"

6834
has considered the same and recommends that the attached House Bill No. _____
entitled:

"AN ACT GRANTING KAISSAR BROADCASTING NETWORK, INC. (KBNI) A FRANCHISE TO CONSTRUCT, INSTALL, OPERATE, AND MAINTAIN RADIO AND TELEVISION BROADCASTING STATIONS THROUGHOUT THE PHILIPPINES"

be approved in substitution of House Bill No. 6124 with Reps. Wilfrido Mark M. Enverga 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

6834

HOUSE BILL NO.

(In substitution of House Bill No. 6124)

Introduced by Reps. Wilfrido Mark M. Enverga and Franz E. Alvarez

AN ACT

**GRANTING KAISSAR BROADCASTING NETWORK, INC. (KBNI) A FRANCHISE TO
CONSTRUCT, INSTALL, OPERATE, AND MAINTAIN RADIO AND TELEVISION
BROADCASTING STATIONS THROUGHOUT 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, there is hereby granted to Kaissar Broadcasting Network, Inc., hereunder referred to as the grantee, its successor or assignees, a franchise 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.

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.

1 The grantee shall not dispose or lease its facilities except to entities with radio
2 or television broadcasting franchise: *Provided*, That the grantee shall inform and
3 secure written authorization to proceed from the NTC, and report the transaction to the
4 NTC within sixty (60) days after its completion: *Provided, further*, That the NTC shall
5 determine the corresponding sanction for any violation of this provision.
6

7 In case of any violation of the provisions of this franchise, the NTC shall have
8 the authority to revoke or suspend, after due process, the permits or licenses it issued
9 pursuant to the franchise. The NTC may recommend to Congress the revocation of
10 the franchise for any violation of the provisions of this franchise.
11

12 **SEC. 4. Responsibility to the Public.** – The grantee shall provide, free of
13 charge, adequate public service time which is reasonable and sufficient to enable the
14 government, through the broadcasting stations or facilities of the grantee, to reach the
15 pertinent populations or portions thereof, on important public issues and relay
16 important public announcements and warnings concerning public emergencies and
17 calamities, as necessity, urgency or law may require; provide, at all times sound and
18 balanced programming; promote public participation; assist in the functions of public
19 information and education; conform to the ethics of honest enterprise; promote
20 audience sensibility and empowerment including closed captioning; and not use its
21 stations or facilities for the broadcasting of obscene or indecent language, speech, act
22 or scene, the dissemination of deliberately false information or willful
23 misrepresentation, to the detriment of public interest , or to incite, encourage, or assist
24 in subversive or treasonable acts.
25

26 Public service time referred herein shall be equivalent to a maximum aggregate
27 of ten percent (10%) of paid commercials or advertisements which shall be allocated
28 based on need to the Executive and Legislative branches, the Judiciary, Constitutional
29 Commissions, and international humanitarian organizations duly recognized by
30 statutes: *Provided*, That the NTC shall increase the public service time in case of
31 extreme emergency or calamity. The NTC shall issue rules and regulations for this
32 purpose, the effectivity of which shall commence upon applicability with other similarly
33 situated broadcast network franchise holders.
34

35 Pursuant to Republic Act No. 8370, otherwise known as the “Children’s
36 Television Act of 1997”, the grantee shall allot a minimum of fifteen percent (15%) of
37 the daily total air time of each broadcasting network to child-friendly show within its
38 regular programming.
39

40 **SEC. 5. Right of the Government.** – The radio spectrum is a finite resource
41 that is part of the national patrimony, and the use thereof is a privilege conferred upon
42 the grantee by the State that may be withdrawn any time after due process.
43

44 A special right is hereby reserved to the President of the Philippines, in times
45 of war, rebellion, public peril, calamity, emergency, disaster, or disturbance of peace
46 and order, to temporarily take over and operate the stations or facilities of the grantee;
47 to temporarily suspend the operation of any station or facility in the interest of public
48 safety, security and public welfare; or to authorize the temporary use and operation
49 thereof by any agency of the government, upon due compensation to the grantee, for
50 the use of said stations or facilities during the period when these shall be so operated.
51

1 **SEC. 6. Term of Franchise.** – This franchise shall be in effect for a period of
2 twenty-five (25) years from the effectivity of this Act, unless sooner revoked or
3 cancelled. This franchise shall be deemed *ipso facto* revoked in the event the grantee
4 fails to operate continuously for two (2) years.
5

6 **SEC. 7. Self-regulation by and Undertaking of Grantee.** – The grantee shall
7 not require any previous censorship of any speech, play, act or scene, or other matter
8 to be broadcast from its stations, but if any such speech, play, act or scene, or other
9 matter should constitute a violation of the law or infringement of a private right, the
10 grantee shall be free from any liability, civil or criminal, for such speech, play, act or
11 scene, or other matter: *Provided*, That the grantee, during any broadcast, shall cut off
12 the airing of speech, play, act or scene, or other matter being broadcast if the tendency
13 thereof is to propose and/or incite treason, rebellion or sedition; or the language used
14 therein or the theme thereof is indecent or immoral: *Provided, further*, That willful
15 failure to do so shall constitute a valid cause for the cancellation of this franchise.
16

17 **SEC. 8. Warranty in Favor of the National and Local Governments.** – The
18 grantee shall hold the national, provincial, city, and municipal governments of the
19 Philippines free from all claims, liabilities, demands, or actions arising out of accidents
20 causing injury to persons or damage to properties, during the construction or operation
21 of the stations of the grantee.
22

23 **SEC. 9. Commitment to Provide and Promote the Creation of Employment
Opportunities.** – The grantee shall create employment opportunities as well as accept
24 on-the-job trainees in the franchise operations: *Provided*, That priority shall be
25 accorded to the residents of the place where the principal office of the grantee is
26 located: *Provided further*, That the grantee shall comply with the applicable labor
27 standards and allowance entitlement under existing labor laws, rules and regulations
28 and similar issuances: *Provided, finally*, That the employment opportunities or jobs
29 created shall be reflected in the General Information Sheet (GIS) to be submitted to
30 Securities and Exchange Commission (SEC) annually.
31

32 **SEC. 10. Sale, Lease, Transfer, Grant of Usufruct, or Assignment of
Franchise.** – The grantee shall not sell, lease, transfer, grant the usufruct of, nor
33 assign this franchise or the rights and privileges acquired thereunder to any person,
34 firm, company, corporation or other commercial or legal entity, nor merge with any
35 other corporation or entity, nor the controlling interest of the grantee be transferred,
36 simultaneously or contemporaneously, to any person, firm, company, corporation, or
37 entity without the prior approval of the Congress of the Philippines. Congress shall be
38 informed of any sale, lease, transfer, grant of usufruct, or assignment of franchise or
39 the rights and privileges acquired thereunder, or of the merger or transfer of the
40 controlling interest of the grantee, within sixty (60) days after the completion of the
41 said transaction. Failure to report to Congress such change of ownership shall render
42 the franchise *ipso facto* revoked. Any person or entity to which this franchise is sold,
43 transferred, or assigned shall be subject to the same conditions, terms, restrictions,
44 and limitations of this Act.
45

46 **SEC. 11. Dispersal of Ownership.** – In accordance with the constitutional
47 provision to encourage public participation in public utilities, the grantee shall offer to
48

1 Filipino citizens at least thirty percent (30%) of its common stocks, or a higher
2 percentage that may hereafter be provided by law, in any securities exchange in the
3 Philippines within five (5) years from the effectivity of this Act: *Provided*, That in cases
4 where public offer of shares is not applicable, other methods of encouraging public
5 participation by citizens and corporations operating public utilities must be
6 implemented. Noncompliance therewith shall render the franchise *ipso facto* revoked.
7

8 **SEC. 12. Reportorial Requirement.** – The grantee shall submit an annual
9 report on its compliance with the terms and conditions of the franchise and on its
10 operations to the Congress of the Philippines, through the Committee on Legislative
11 Franchises of the House of Representatives and the Committee on Public Services of
12 the Senate, on or before April 30 of every year during the term of its franchise.
13

14 The annual report shall include an update on the roll-out, development,
15 operation and/or expansion of business; audited financial statements; latest GIS
16 officially submitted to the SEC, if applicable; certification of the NTC on the status of
17 its permits and operations; and an update on the dispersal of ownership undertaking,
18 if applicable.
19

20 The reportorial compliance certificate issued by Congress shall be required
21 before any application for permit or certificate is accepted by the NTC.
22

23 **SEC. 13. Fine.** – Failure of the grantee to submit the requisite annual report to
24 Congress shall be penalized by a fine of five hundred pesos (P500.00) per working
25 day of noncompliance. The fine shall be collected by the NTC from the delinquent
26 franchise grantee separate from the reportorial penalties imposed by the NTC and the
27 same shall be remitted to the Bureau of the Treasury.
28

29 **SEC. 14. Equality Clause.** – Any advantage, favor, privilege, exemption, or
30 immunity granted under existing franchises, or which may hereafter be granted for
31 radio and/or television broadcasting, upon prior review and approval of Congress,
32 shall become part of this franchise and shall be accorded immediately and
33 unconditionally to the herein grantee: *Provided*, That the foregoing shall neither apply
34 to nor affect the provisions of broadcasting franchises concerning territorial coverage,
35 the term, or the type of service authorized by the franchise.
36

37 **SEC. 15. Repealability and Nonexclusivity Clause.** – This franchise shall be
38 subject to amendment, alteration, or repeal by the Congress of the Philippines when
39 the public interest so requires and shall not be interpreted as an exclusive grant of the
40 privileges herein provided for.
41

42 **SEC. 16. Separability Clause.** – If any of the sections or provisions of this Act
43 is held invalid, all other provisions not affected thereby shall remain valid.
44

45 **SEC. 17. Repealing Clause.** –All laws, decrees, orders, resolutions,
46 instructions, rules and regulations, and other issuances or parts thereof which are
47 inconsistent with the provisions of this Act are hereby repealed, amended, or modified
48 accordingly.
49

1 **SEC. 18. *Effectivity.*** – This Act shall take effect fifteen (15) days after its
2 publication in the Official Gazette or in a newspaper of general circulation.
3
4
5

6 Approved,

FACT SHEET

House Bill No. 6834

In substitution of House Bill No. 6124
(As approved on _____)

AN ACT GRANTING KAISSAR BROADCASTING NETWORK, INC. (KBNI) A FRANCHISE TO CONSTRUCT, INSTALL, OPERATE, AND MAINTAIN RADIO AND TELEVISION BROADCASTING STATIONS THROUGHOUT THE PHILIPPINES

Introduced by: HON. WILFRIDO MARK M. ENVERGA

Committee Referral: LEGISLATIVE FRANCHISES

Committee Chairperson: HON. FRANZ E. ALVAREZ

OBJECTIVE:

- To allow the Kaissar Broadcasting Network, Inc. to continue its effective public service through commercial radio and television broadcasting in the Philippines.

KEY PROVISIONS:

- Grants the Kaissar's Broadcasting Network Inc.'s (KBNI) radio and television franchise for 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. 8027 – “AN ACT GRANTING A FRANCHISE TO THE KAISSAR BROADCASTING NETWORK, INC. (KNBI), TO CONSTRUCT, INSTALL, ESTABLISH, OPERATE, MANAGE AND MAINTAIN A NETWORK OF RADIO AND TELEVISION STATIONS ANYWHERE IN THE PHILIPPINES, AND FOR OTHER PURPOSES”
- Republic Act No. 8370 – “CHILDREN’S TELEVISION ACT OF 1997”