



SEVENTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)

17 MAY 17 P 3:36

S E N A T E

RECEIVED BY: *[Signature]*

COMMITTEE REPORT NO. 89

Submitted by the Committee on Public Services on MAY 17 2017

Re : H.B. No. 5063

Recommending its approval with amendments.

Sponsor : Senator Grace Poe

MR. PRESIDENT:

The Senate Committee on Public Services to which was referred **H.B. No. 5063**, introduced by Representatives Espino and Alvarez (F.), entitled:

**“AN ACT
GRANTING THE PANGASINAN GULF WAVES
NETWORK CORPORATION A FRANCHISE TO
CONSTRUCT, INSTALL, OPERATE AND MAINTAIN
RADIO AND TELEVISION BROADCASTING STATIONS
THROUGHOUT THE PHILIPPINES”**

has considered the same and has the honor to report it back to the Senate with the recommendation that the attached **H.B. No. 5063** be approved with the following amendments, *to wit*:

1. On page 2, delete lines 17 to 22;
2. On page 2, line 24, before the word “adequate” insert the phrase **“FREE OF CHARGE”**;
3. On the same page and line, after the phrase “public service time”, insert the phrase, **“WHICH IS REASONABLE AND SUFFICIENT”**;
4. On the same page and line, after the phrase “through the”, delete the word, “said”;
5. On the same page, line 25, after the word **“FACILITIES”** insert the phrase **“OF THE GRANTEE”**;
6. On the same page and line, between the word “the” and “population”, insert the word **“PERTINENT”**;
7. On the same page and line, replace the word “population” with the phrase **“POPULATION/S OR PORTIONS THEREOF”**;
8. On the same page, line 26, after the word “issues”, add the phrase **“AND RELAY IMPORTANT PUBLIC ANNOUNCEMENTS AND WARNINGS AS NECESSITY, URGENCY OR LAW MAY REQUIRE”**;
9. On the same page, same line, after the word “programming;”, insert the phrase **“PROMOTE PUBLIC PARTICIPATION”** and a semi-colon “;”;
10. On the same page, line 28, after the word “enterprise;”, insert the phrase **“PROMOTE AUDIENCE SENSIBILITY AND EMPOWERMENT THROUGH, BUT NOT LIMITED TO, CLOSED CAPTIONING;”**;
11. On page 5, after line 3, insert a new paragraph to read as follows:

“PUBLIC SERVICE TIME REFERRED HEREIN SHALL BE EQUIVALENT TO TEN (10%) PERCENT OF THE PAID COMMERCIALS OR ADVERTISEMENTS WHICH SHALL BE ALLOCATED BASED ON NEED TO THE EXECUTIVE, LEGISLATIVE, JUDICIARY, CONSTITUTIONAL COMMISSIONS AND INTERNATIONAL HUMANITARIAN ORGANIZATIONS DULY RECOGNIZED BY STATUTES: PROVIDED, THAT THE NTC SHALL INCREASE THE PUBLIC SERVICE TIME IN

CASE OF 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 BROADCAST NETWORK FRANCHISE HOLDERS.”;

Hence, the entire Section 4 shall now read as:

“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 population/s or portions thereof on important public issues and relay important public announcements and warnings 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 through, but not limited to, closed captioning; and not use its stations or facilities for the broadcasting of obscene or indecent language, speech, act, or scene; or for the dissemination of deliberately false information or willful misinterpretation, 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 ten (10%) percent of the paid commercials or advertisements which shall be allocated based on need to the executive, legislative, judiciary, constitutional commissions and international humanitarian organizations duly recognized by statutes: *Provided*, that the NTC shall increase the public service time in case of 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 broadcast network franchise holders.”;

12. On page 3, line 4, insert a new section to read as follows:

"COMPLIANCE WITH LABOR STANDARDS. – THE GRANTEE, ITS SUCCESSORS OR ASSIGNS SHALL COMPLY WITH THE APPLICABLE LABOR STANDARDS UNDER EXISTING LABOR LAWS, RULES AND REGULATIONS AND SUCH OTHER ISSUANCE AS MAY BE PROMULGATED BY THE DEPARTMENT OF LABOR AND EMPLOYMENT, TAKING INTO CONSIDERATION THE NATURE AND PECULIARITIES OF THE BROADCAST INDUSTRY.";

13. On page 4, delete lines 3 to 9;
14. On the same page, line 10, insert a new section to read as follows:

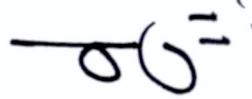
"TAX PROVISIONS – THE GRANTEE, ITS SUCCESSORS OR ASSIGNS SHALL CONTINUE TO BE SUBJECT TO ALL APPLICABLE TAXES, DUTIES, FEES OR CHARGES AND OTHER IMPOSITIONS UNDER REPUBLIC ACT NO. 8424 , OTHERWISE KNOWN AS 'THE NATIONAL INTERNAL REVENUE CODE OF 1997', AS AMENDED; REPUBLIC ACT NO. 7160, OTHERWISE KNOWN AS THE 'LOCAL GOVERNMENT CODE OF 1991', AS AMENDED; AND OTHER APPLICABLE LAWS.";

15. On page 6, delete lines 4 to 8;
16. On page 6, line 15, after the word "concerning" delete the phrase "territorial coverage, the term," and replace with "**TERRITORY COVERED BY THE FRANCHISE, THE LIFESPAN OF THE FRANCHISE**";
17. Rerumber the sections accordingly.

Respectfully submitted:



Grace Poe
GRACE POE
Chairperson



FRANCIS "CHIZ" G. ESCUDERO
Vice Chairperson

JOSEPH VICTOR G. EJERCITO
Vice Chairperson

LOREN B. LEGARDA



RICHARD J. GORDON

PANFILO M. LACSON



JUAN MIGUEL "MIGZ" F. ZUBIRI

ANTONIO "SONNY" F. TRILLANES IV

JOEL VILLANUEVA

Senate Leader
RISA HONTIVEROS

PAOLO BENIGNO "BAM" AQUINO IV

*May interpellate
propose amendments.*

Ex-Officio Members:

Franklin M. Drilon
FRANKLIN M. DRILON
Minority Leader

Vicente C. Sotto III
VICENTE C. SOTTO III
Majority Leader

RALPH G. RECTO
Senate President Pro Tempore

The Honorable Senate President
AQUILINO "KOKO" PIMENTEL III

CONGRESS OF THE PHILIPPINES
SEVENTEENTH CONGRESS
First Regular Session

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HOUSE OF REPRESENTATIVES

H. No. 5063

BY REPRESENTATIVES ESPINO AND ALVAREZ (F.), PER COMMITTEE
REPORT NO. 116

AN ACT GRANTING THE PANGASINAN GULF WAVES NETWORK CORPORATION A FRANCHISE TO CONSTRUCT, INSTALL, ESTABLISH, 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:

1 SECTION 1. *Nature and Scope of Franchise.* – Subject to the
2 provisions of the Philippine Constitution and applicable laws, rules and
3 regulations, there is hereby granted to Pangasinan Gulf Waves Network
4 Corporation, hereunder referred to as the grantee, its successors or assignees,
5 a franchise to construct, install, establish, operate and maintain for commercial
6 purposes and in the public interest, radio and/or television broadcasting
7 stations throughout the Philippines, where frequencies and/or channels are still
8 available for radio and/or television broadcasting. The franchise shall include
9 digital television system, through microwave, satellite or whatever means, as
10 well as the use of any new technology in television and radio systems, with the
11 corresponding technological auxiliaries and facilities, special broadcast and
12 other program and distribution services and relay stations.

1 SEC. 2. *Manner of Operation of Stations or Facilities.* — The stations
2 or facilities of the grantee shall be constructed and operated in a manner as
3 will, at most, result only in the minimum interference on the wavelengths or
4 frequencies of existing stations or other stations which may be established by
5 law, without in any way diminishing its own privilege to use its assigned
6 wavelengths or frequencies and the quality of transmission or reception
7 thereon as should maximize rendition of the grantee's services and/or the
8 availability thereof.

9

10 SEC. 3. *Prior Approval of the National Telecommunications*
11 *Commission.* — The grantee shall secure from the National
12 Telecommunications Commission (NTC) the appropriate permits and licenses
13 for the construction and operation of its stations and facilities and shall not use
14 any frequency in the radio/television spectrum without authorization from the
15 NTC. The NTC, however, shall not unreasonably withhold or delay the grant
16 of any such authority.

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

23 SEC. 4. *Responsibility to the Public.* — The grantee shall provide
24 adequate public service time to enable the government, through the said
25 broadcasting stations or facilities, to reach the population on important public
26 issues; provide at all times sound and balanced programming; assist in the
27 functions of public information and education; conform to the ethics of honest
28 enterprise; and not use its stations or facilities for the broadcasting of obscene
29 and indecent language, speech, act or scene; or for the dissemination of

1 deliberately false information or willful misrepresentation to the detriment of
2 the public interest; or to incite, encourage, or assist in subversive or
3 treasonable acts.

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

8 A special right is hereby reserved to the President of the Philippines, in
9 times of war, rebellion, public peril, calamity, emergency, disaster, or
10 disturbance of peace and order: to temporarily take over and operate the
11 stations or facilities of the grantee; to temporarily suspend the operation of any
12 station or facility in the interest of public safety, security and public welfare;
13 or to authorize the temporary use and operation thereof by any agency of the
14 government, upon due compensation to the grantee, for the use of the stations
15 or facilities during the period when these shall be so operated.

16 SEC. 6. *Term of Franchise.* — This franchise shall be in effect for a
17 period of twenty-five (25) years, unless sooner revoked or cancelled. This
18 franchise shall be deemed *ipso facto* revoked in the event the grantee fails to
19 comply with any of the following conditions:

20 (a) Commence operations within one (1) year from the approval of its
21 operating permit by the NTC;

22 (b) Commence operations within three (3) years from the effectiveness of
23 this Act; and

24 (c) Operate continuously for two (2) years.

25 SEC. 7. *Acceptance and Compliance.* — Acceptance of this franchise
26 shall be given in writing to the Congress of the Philippines, through the
27 Committee on Legislative Franchises of the House of Representatives and the
28 Committee on Public Services of the Senate, within sixty (60) days from the
29 effectiveness of this Act. Upon giving such acceptance, the grantee shall exercise

1 the privileges granted under this Act. Nonacceptance shall render the
2 franchise void.

3 SEC. 8. *Bond.* – The grantee shall file a bond with the NTC, in the
4 amount that the NTC shall determine, to guarantee compliance with and
5 fulfillment of the conditions under which this franchise is granted. If, after
6 three (3) years from the date of the approval of its permit by the NTC, the
7 grantee shall have fulfilled the same, the bond shall be released by the NTC.
8 Otherwise, the bond shall be forfeited in favor of the government and the
9 franchise *ipso facto* revoked.

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

19 SEC. 10. *Warranty in Favor of the National and Local Governments.* –
20 The grantee shall hold the national, provincial, city, and municipal
21 governments of the Philippines free from all claims, liabilities, demands, or
22 actions arising out of accidents causing injury to persons or damage to
23 properties during the construction or operation of the stations of the grantee.

24 SEC. 11. *Sale, Lease, Transfer, Grant of Usufruct, or Assignment of*
25 *Franchise.* – The grantee shall not sell, lease, transfer, grant the usufruct of,
26 nor assign this franchise or the rights and privileges acquired thereunder to any
27 person, firm, company, corporation or other commercial or legal entity, nor
28 merge with any other corporation or entity, nor shall transfer the controlling
29 interest of the grantee, whether as a whole or in parts, and whether

1 simultaneously or contemporaneously, to any such person, firm, company,
2 corporation, or entity without the prior approval of the Congress of the
3 Philippines: *Provided*, That Congress shall be informed of any sale, lease,
4 transfer, grant of usufruct, or assignment of franchise or the rights and
5 privileges acquired thereunder, or of the merger or transfer of the controlling
6 interest of the grantee, within sixty (60) days after the completion of said
7 transaction: *Provided further*, That failure to report to Congress such change
8 of ownership shall render the franchise *ipso facto* revoked: *Provided, finally*,
9 That any person or entity to which this franchise is sold, transferred, or
10 assigned shall be subject to the same conditions, terms, restrictions, and
11 limitations of this Act.

12 SEC. 12. *Dispersal of Ownership*. — In accordance with the
13 constitutional provision to encourage public participation in public utilities, the
14 grantee shall offer to Filipino citizens at least thirty percent (30%) or a higher
15 percentage that may hereafter be provided by law of its outstanding capital
16 stock in any securities exchange in the Philippines within five (5) years from
17 the commencement of its operations: *Provided*, That in cases where public
18 offer of shares is not applicable, establishment of cooperatives and other
19 methods of encouraging public participation by citizens and corporations
20 operating public utilities must be implemented. Noncompliance therewith
21 shall render the franchise *ipso facto* revoked.

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

25 SEC. 14. *Reportorial Requirement*. — The grantee shall submit an
26 annual report to the Congress of the Philippines, through the Committee on
27 Legislative Franchises of the House of Representatives and the Committee on
28 Public Services of the Senate, on its compliance with the terms and conditions
29 of the franchise and on its operations on or before April 30 of every year

1 during the term of its franchise. The reportorial compliance certificate issued
2 by Congress shall be required before any application for permit or certificate is
3 accepted by the NTC.

4 SEC. 15. *Penalty Clause.* – Failure of the grantee to submit the
5 requisite annual report to Congress shall be penalized by a fine in the amount
6 of five hundred pesos (P500.00) per working day of noncompliance. The fine
7 shall be collected by the NTC from the delinquent franchise grantee separate
8 from the reportorial penalties imposed by the NTC.

9 SEC. 16. *Equality Clause.* – Except for taxes and customs duties, any
10 advantage, favor, privilege, exemption, or immunity granted under existing
11 franchises, or which may hereafter be granted for radio and/or television
12 broadcasting, upon prior review and approval of Congress, shall become part
13 of this franchise and shall be accorded immediately and unconditionally to the
14 herein grantee: *Provided*, That the foregoing shall neither apply to nor affect
15 the provisions of broadcasting franchises concerning territorial coverage, the
16 term, or the type of service authorized by the franchise.

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

20 SEC. 18. *Repealability and Nonexclusivity Clause.* – This franchise
21 shall be subject to amendment, alteration, or repeal by the Congress of the
22 Philippines when the public interest so requires and shall not be interpreted as
23 an exclusive grant of the privileges herein provided for.

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

Approved,