



HOUSE OF REPRESENTATIVES

H. No. 8630

BY REPRESENTATIVES QUIMBO, ROMUALDO, ALVAREZ (F.), PIMENTEL, GARBIN, REVILLA, TEJADA, AGGABAO, UNABIA, MONTORO, SAVELLANO, UNICO, VIOLAGO, ARCILLAS, MARCOLETA, SALO, PANTOJA, ABAYON, BRAVO (A.), BERTIZ, PADUANO, MENDING, MALAPITAN, ENVERGA, BERNOS, VARGAS-ALFONSO, ZAMORA (M.C.), ABELLANOSA, CAMINERO, BANAL, ACOSTA, CORTES, ESPINO, MARTINEZ, VILLAFUERTE, CHIPECO, RODRIGUEZ (I.), DURANO, MACEDA, GATCHALIAN, RELAMPAGOS, VARGAS, BRAVO (M.V.), FERRER (L.), BELMONTE (R.), BATOCABE, VELARDE, ROMERO, MADRONA, CUA, TUGNA, ALMARIO, TING, UYBARRETA AND CHAVEZ, PER COMMITTEE REPORT NO. 940

AN ACT RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO ABC DEVELOPMENT CORPORATION, PRESENTLY KNOWN AS TV5 NETWORK, INC., UNDER REPUBLIC ACT NO. 7831, ENTITLED "AN ACT GRANTING ABC DEVELOPMENT CORPORATION, UNDER BUSINESS NAME 'ASSOCIATED BROADCASTING COMPANY,' A FRANCHISE TO CONSTRUCT, INSTALL, OPERATE AND MAINTAIN RADIO AND TELEVISION BROADCASTING STATIONS IN 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 Constitution and applicable laws, rules and
3 regulations, the franchise granted under Republic Act No. 7831 to

1 ABC Development Corporation, presently known as TV5 Network,
2 Inc., hereunder referred to as the grantee, its successors or
3 assignees, to construct, install, establish, operate and maintain for
4 commercial purposes and in the public interest radio and/or
5 television broadcasting stations, including digital television system,
6 through microwave, satellite, terrestrial or whatever means, as
7 well as the use of any new technologies in television and radio
8 systems, with the corresponding technological auxiliaries and
9 facilities, special broadcast and other program and distribution
10 services and relay stations in the Philippines, is hereby renewed for
11 another twenty-five (25) years.

12 SEC. 2. *Manner of Operation of Stations or Facilities.* – The
13 stations or facilities of the grantee shall be constructed and
14 operated in a manner as will, at most, result only in the minimum
15 interference on the wavelengths or frequencies of existing stations
16 or other stations which may be established by law, without in any
17 way diminishing its own privilege to use its assigned wavelengths
18 or frequencies and the quality of transmission or reception thereon
19 as should maximize rendition of the grantee's services and/or the
20 availability thereof.

21 SEC. 3. *Prior Approval of the National Telecommunications*
22 *Commission.* – The grantee shall secure from the National
23 Telecommunications Commission (NTC) the appropriate permits
24 and licenses for the construction and operation of its stations or
25 facilities and shall not use any frequency in the radio and/or
26 television spectrum without authorization from the NTC. The NTC,

1 however, shall not unreasonably withhold or delay the grant of any
2 such authority.

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

19 Public service time referred herein shall be equivalent to a
20 maximum aggregate of ten percent (10%) of the paid commercials or
21 advertisements which shall be allocated based on need to the
22 Executive and Legislative branches, the Judiciary, Constitutional
23 Commissions and international humanitarian organizations duly
24 recognized by statutes: *Provided*, That the NTC shall increase the
25 public service time in case of extreme emergency or calamity. The
26 NTC shall issue rules and regulations for this purpose, the

1 effectivity of which shall commence upon applicability with other
2 similarly situated broadcast network franchise holders.

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

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

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

22 SEC. 7. *Self-regulation by and Undertaking of the Grantee.* –
23 The grantee shall not require any previous censorship of any
24 speech, play, act, or scene, or other matter to be broadcast from its
25 stations: *Provided*, That the grantee, during any broadcast, shall
26 cut off from the air the speech, play, act, or scene, or other matter
27 being broadcast if the tendency thereof is to propose or incite

1 treason, rebellion or sedition; or the language used therein or the
2 theme thereof is indecent or immoral: *Provided, further,* That
3 willful failure to do so shall constitute a valid cause for the
4 cancellation of this franchise.

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

11 SEC. 9. *Commitment to Provide and Promote the Creation of*
12 *Employment Opportunities.* – The grantee shall create employment
13 opportunities and shall allow on-the-job trainings in their franchise
14 operation: *Provided,* That priority shall be accorded to the residents
15 in areas where any of its offices is located: *Provided, further,* That
16 the grantee shall comply with the applicable labor standards and
17 allowance entitlement under existing labor laws, rules and
18 regulations and similar issuances: *Provided, finally,* That the
19 employment opportunities or jobs created shall be reflected in the
20 General Information Sheet to be submitted to the Securities and
21 Exchange Commission (SEC) annually.

22 SEC. 10. *Sale, Lease, Transfer, Grant of Usufruct, or*
23 *Assignment of Franchise.* – The grantee shall not sell, lease,
24 transfer, grant the usufruct of, nor assign this franchise or the
25 rights and privileges acquired thereunder to any person, firm,
26 company, corporation or other commercial or legal entity, nor merge
27 with any other corporation or entity, nor shall transfer the

1 controlling interest of the grantee, whether as a whole or in part,
2 and whether simultaneously or contemporaneously, to any person,
3 firm, company, corporation, or entity without the prior approval of
4 the Congress of the Philippines and compliance with legal
5 requirements stipulated in other statutes: *Provided*, That any
6 person or entity to which this franchise is sold, transferred, or
7 assigned shall be subject to the same conditions, terms, restrictions,
8 and limitations of this Act.

9 SEC. 11. *Dispersal of Ownership.* – In accordance with the
10 Constitutional provision to encourage public participation in public
11 utilities, the grantee shall offer to Filipino citizens at least thirty
12 percent (30%) or a higher percentage that may hereafter be
13 provided by law of its outstanding capital stock in any securities
14 exchange in the Philippines within five (5) years from the
15 commencement of its operations: *Provided*, That in cases where
16 public offer of shares is not applicable, the grantee shall apply other
17 methods of encouraging public participation by citizens and
18 corporations operating public utilities as allowed by law.
19 Noncompliance therewith shall render the franchise *ipso facto*
20 revoked.

21 SEC. 12. *Reportorial Requirement.* – During the term of
22 its franchise, the grantee shall submit an annual report to the
23 Congress of the Philippines, through the Committee on Legislative
24 Franchises of the House of Representatives and the Committee on
25 Public Services of the Senate, on its compliance with the terms and
26 conditions of the franchise and on its operations on or before
27 April 30 of every year.

1 The annual report shall include an update on the roll-out,
2 development, operation, or expansion of business; audited financial
3 statements; latest General Information Sheet officially submitted to
4 the SEC (if applicable); certification of the NTC on the status of its
5 permits and operations; and an update on the dispersal of
6 ownership undertaking, if applicable.

7 The reportorial compliance certificate issued by Congress
8 shall be required before an application for permit, certificate, or any
9 equivalent thereof, is accepted by the NTC.

10 SEC. 13. *Fine.* – Failure of the grantee to submit the
11 requisite annual report to Congress shall be penalized by a fine of
12 Five hundred pesos (P500.00) per working day of noncompliance.
13 The fine shall be collected by the NTC from the delinquent franchise
14 grantee separate from the reportorial penalties imposed by the NTC
15 and the same shall be remitted to the National Treasury.

16 SEC. 14. *Equality Clause.* – Any advantage, favor, privilege,
17 exemption, or immunity granted under existing franchises, or which
18 may hereafter be granted for radio and television broadcasting,
19 upon prior review and approval of Congress, shall become part of
20 this franchise and shall be accorded immediately and
21 unconditionally to the herein grantee: *Provided,* That the foregoing
22 shall neither apply to nor affect provisions of broadcasting
23 franchises concerning territorial coverage, the term, or the type of
24 service authorized under this franchise.

25 SEC. 15. *Repealability and Nonexclusivity Clause.* – This
26 franchise shall be subject to amendment, alteration, or repeal by the
27 Congress of the Philippines when the public interest so requires and

1 shall not be interpreted as an exclusive grant of the privileges
2 herein provided.

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

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

10 SEC. 18. *Effectivity.* – This Act shall take effect fifteen (15)
11 days after its publication in the *Official Gazette* or in a newspaper of
12 general circulation.

Approved,

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