

(AS AMENDED BY THE SENATE)

CONGRESS OF THE PHILIPPINES
EIGHTEENTH CONGRESS
First Regular Session

}

HOUSE OF REPRESENTATIVES

H. No. 4463

BY REPRESENTATIVES GONZALES (A.) AND ALVAREZ (F.), PER
COMMITTEE REPORT NO. 9

AN ACT EXTENDING FOR ANOTHER TWENTY-FIVE (25) YEARS THE
FRANCHISE GRANTED TO FIRST UNITED BROADCASTING
CORPORATION, PRESENTLY KNOWN AS GLOBAL SATELLITE
TECHNOLOGY SERVICES INC., AMENDING FOR THE
PURPOSE REPUBLIC ACT NO. 8079, AS AMENDED, ENTITLED
“AN ACT GRANTING THE FIRST UNITED BROADCASTING
CORPORATION (FUBC) A FRANCHISE TO CONSTRUCT,
INSTALL, OPERATE, AND MAINTAIN FOR COMMERCIAL
PURPOSES RADIO AND TELEVISION BROADCASTING
STATIONS ANYWHERE IN THE PHILIPPINES, AND FOR
OTHER PURPOSES”

*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 to First United Broadcasting
4 Corporation (FUBC), presently known as Global Satellite
5 Technology Services Inc., its successors or assignees and hereunder
6 referred to as the grantee, to construct, install, operate, and
7 maintain for commercial purposes and in the public interest, radio
8 and television broadcasting stations throughout the Philippines,
9 where frequencies and/or channels are still available for radio
10 and/or television broadcasting, including digital television system,

1 through microwave, over the top (OTT), uplink services or whatever
2 means, including the use of any new technology in television and
3 radio systems, with the corresponding technological auxiliaries and
4 facilities, special broadcast and other program and distribution
5 services and relay stations in the Philippines, including
6 multichannel microwave transmission, repeater stations,
7 translators, satellite transmission, and direct to home user satellite
8 broadcast system, cable or community antennae television system
9 (CATV), interactive system or station, transmitting, receiving, and
10 switching stations, both for local and international services, lines,
11 fiber optics, microwave, satellite, transmit and receive systems,
12 control signals, audio and video systems, information service
13 bureau, pay and pay per view television, video on demand and
14 public information on demand services, multidisc read only memory,
15 memory network delivery, packet and frame relay and electronic
16 mail services and other value-added services and all other
17 technologies as are presently available through technical advances
18 or innovations in the future, as is, or are convenient to or essential
19 to efficiently carry out the purpose of this franchise and to install
20 radio communication facilities for the grantee's private use in its
21 broadcast services, means of distribution including the use of all
22 new technologies in broadcasting as are at present available or to be
23 made available through technological advances or innovations in
24 the future, with the corresponding technological auxiliaries and
25 facilities, special broadcast and other broadcast distribution
26 services, is hereby extended for another twenty-five (25) years from
27 the effectivity of this Act.

28 SEC. 2. *Manner of Operation of Stations or Facilities.* – The
29 stations or facilities of the grantee shall be constructed and

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

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

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

23 **IN CASE OF VIOLATION/S OF ANY OF THE PROVISIONS**
24 **OF THIS FRANCHISE, THE NTC SHALL HAVE THE**
25 **AUTHORITY TO REVOKE OR SUSPEND, AFTER DUE**
26 **PROCESS, THE PERMITS, OR LICENSES ISSUED BY THE NTC**
27 **PURSUANT TO THE FRANCHISE. NTC MAY RECOMMEND TO**
28 **CONGRESS THE REVOCATION OF THE FRANCHISE IF THERE**

1 ARE ANY VIOLATION/S OF THE PROVISIONS OF THE
2 FRANCHISE.

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 public interest; or to
18 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
27 effectivity of which shall commence upon applicability with other
28 similarly situated broadcast network franchise holders.

1 PURSUANT TO REPUBLIC ACT NO. 8370, THE GRANTEE
2 SHALL ALLOT A MINIMUM OF FIFTEEN PERCENT (15%) OF
3 THE DAILY TOTAL AIR TIME OF EACH BROADCASTING
4 NETWORK TO CHILD-FRIENDLY SHOW/S WITHIN ITS
5 REGULAR PROGRAMMING.

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

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

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

25 [~~SEC. 7. *Renewal or Extension of Franchise.* – The grantee~~
26 ~~shall apply for the renewal or extension of its franchise five (5)~~
27 ~~years before its expiration wherein the reckoning date is fifteen (15)~~
28 ~~days after the publication of the franchise in the *Official Gazette* or~~
29 ~~in a newspaper of general circulation.]~~

1 SEC. [8] 7. *Self-regulation by and Undertaking of the Grantee.*

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

14 SEC. [9] 8. *Warranty in Favor of the National and Local*
15 *Governments.* – The grantee shall hold the national, provincial,
16 city, and municipal governments of the Philippines free from all
17 claims, liabilities, demands, or actions arising out of accidents,
18 causing injury to persons or damage to properties, during the
19 construction or operation of the stations of the grantee.

20 SEC. [10] 9. *Commitment to Provide and Promote the Creation*
21 *of Employment Opportunities.* – The grantee shall create
22 employment opportunities and shall allow on-the-job trainings in
23 their franchise operation: *Provided*, That priority shall be accorded
24 to the residents of the place where their principal office is located:
25 *Provided further*, That the grantee shall follow the applicable labor
26 standards and allowance entitlement under existing labor laws,
27 rules and regulations and similar issuances: *Provided, finally*, That
28 the employment opportunities or jobs created shall be reflected in

1 the General Information Sheet (GIS) to be submitted to the
2 Securities and Exchange Commission (SEC) annually.

3 SEC. [11] 10. *Sale, Lease, Transfer, Grant of Usufruct, or*
4 *Assignment of Franchise.* – The grantee shall not sell, lease,
5 transfer, grant the usufruct of, nor assign this franchise or the
6 rights and privileges acquired thereunder to any person, firm,
7 company, corporation, or other commercial or legal entity, nor
8 merge with any other corporation or entity, nor the controlling
9 interest of the grantee be transferred, simultaneously or
10 contemporaneously, to any person, firm, company, corporation, or
11 entity without the prior approval of the Congress of the Philippines.
12 Congress shall be informed of any sale, lease, transfer, grant of
13 usufruct, or assignment of franchise or the rights and privileges
14 acquired thereunder, or of the merger or transfer of the controlling
15 interest of the grantee, within sixty (60) days after the completion of
16 the said transaction. Failure to report to Congress such change of
17 ownership shall render the franchise *ipso facto* revoked. Any person
18 or entity to which this franchise is sold, transferred or assigned
19 shall be subject to the same conditions, terms, restrictions, and
20 limitations of this Act.

21 SEC. [12] 11. *Dispersal of Ownership.* – In accordance with
22 the constitutional provision to encourage public participation in
23 public utilities, the grantee shall offer to Filipino citizens at least
24 thirty percent (30%) or a higher percentage that may hereafter be
25 provided by law of its outstanding capital stock in any securities
26 exchange in the Philippines within five (5) years from the
27 commencement of its operations: *Provided*, That in cases where
28 public offer of shares is not applicable, the grantee shall apply other
29 methods of encouraging public participation by citizens and

1 corporations operating public utilities as allowed by law.
2 Noncompliance therewith shall render the franchise *ipso facto*
3 revoked.

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

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

17 The reportorial compliance certificate issued by Congress
18 shall be required before any application for permit or certificate is
19 accepted by the NTC.

20 SEC. [14] 13. *Fine.* – Failure of the grantee to submit the
21 requisite annual report to Congress shall be penalized by a fine of
22 Five hundred pesos (P500.00) per working day of noncompliance.
23 The fine shall be collected by the NTC from the delinquent franchise
24 grantee separate from the reportorial penalties imposed by the NTC
25 and the same shall be remitted to the Bureau of the Treasury.

26 SEC. [15] 14. *Equality Clause.* – Any advantage, favor,
27 privilege, exemption, or immunity granted under existing
28 franchises, or which may hereafter be granted for radio and/or
29 television broadcasting, upon prior review and approval of

1 Congress, shall become part of this franchise and shall be accorded
2 immediately and unconditionally to the herein grantee: *Provided,*
3 That the foregoing shall neither apply to nor affect the provisions of
4 broadcasting franchises concerning territorial coverage, the term, or
5 the type of service authorized by the franchise.

6 SEC. [16] 15. *Repealability and Nonexclusivity Clause.* – This
7 franchise shall be subject to amendment, alteration, or repeal by the
8 Congress of the Philippines when the public interest so requires and
9 shall not be interpreted as an exclusive grant of the privileges
10 herein provided for.

11 SEC. [17] 16. *Separability Clause.* – If any of the sections or
12 provisions of this Act is held invalid, all other provisions not
13 affected thereby shall remain valid.

14 SEC. [18] 17. *Repealing Clause.* – All laws, decrees, orders,
15 resolutions, instructions, rules and regulations, and other issuances
16 or parts thereof which are inconsistent with the provisions of this
17 Act are hereby repealed, amended, or modified accordingly.

18 SEC. [19] 18. *Effectivity.* – This Act shall take effect fifteen
19 (15) days after its publication in the *Official Gazette* or in a
20 newspaper of general circulation.

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Approved,

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