



HOUSE OF REPRESENTATIVES

H. No. 9272

BY REPRESENTATIVES REMULLA AND ALVAREZ (F.), PER COMMITTEE REPORT NO. 923

AN ACT

RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO ENRIQUE M. OROZCO & SONS, INC., PRESENTLY KNOWN AS REAL RADIO NETWORK, INC., UNDER REPUBLIC ACT NO. 8717, ENTITLED "AN ACT GRANTING THE E.M. OROSCO & SONS, INC. A FRANCHISE TO CONSTRUCT, INSTALL, ESTABLISH, 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 provisions of
2 the Constitution and applicable laws, rules and regulations, the franchise granted to
3 Enrique M. Orozco & Sons, Inc., presently known as Real Radio Network, Inc.,
4 hereunder referred to as the grantee, its successors or assignees, under Republic Act
5 No. 8717, to construct, install, establish, operate, and maintain for commercial
6 purposes and in the public interest, radio and television broadcasting stations in the
7 Philippines, where frequencies and channels are still available for radio and television
8 broadcasting, including digital television system, through microwave, satellite or
9 whatever means, as well as the use of any new technology in radio and television
10 systems, with the corresponding technological auxiliaries and facilities, special
11 broadcast and other program and distribution services and relay stations, is hereby
12 renewed for another twenty-five (25) years.

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

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

1 from the NTC. The NTC, however, shall not unreasonably withhold or delay the grant
2 of any such authority.
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4 In case of any violation of the provisions of this franchise, the NTC shall have
5 the authority to revoke or suspend, after due process, the permits or licenses it issued
6 pursuant to the franchise. The NTC may recommend to Congress the revocation of
7 the franchise for any violation of the provisions of this franchise.
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9 **SEC. 4. Responsibility to the Public.** – The grantee shall provide, free of
10 charge, adequate public service time which is reasonable and sufficient to enable the
11 government, through the broadcasting stations or facilities of the grantee, to reach the
12 pertinent populations or portions thereof, on important public issues and relay
13 important public announcements and warnings concerning public emergencies and
14 calamities, as necessity, urgency, or law may require; provide at all times sound and
15 balanced programming; promote public participation; assist in the functions of public
16 information and education; conform to the ethics of honest enterprise; promote
17 audience sensibility and empowerment including closed captioning; and not use its
18 stations or facilities for the broadcasting of obscene or indecent language, speech,
19 act, or scene, the dissemination of deliberately false information or willful
20 misrepresentation, to the detriment of public interest, or to incite, encourage, or assist
21 in subversive or treasonable acts.
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23 Public service time referred herein shall be equivalent to a maximum aggregate
24 of ten percent (10%) of paid commercials or advertisements which shall be allocated
25 based on need to the Executive and Legislative branches, the Judiciary, Constitutional
26 Commissions, and international humanitarian organizations duly recognized by
27 statutes: Provided, That the NTC shall increase the public service time in case of
28 extreme emergency or calamity. The NTC shall issue rules and regulations for this
29 purpose, the effectivity of which shall commence upon applicability with other similarly
30 situated broadcast network franchise holders.
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32 Pursuant to Republic Act No. 8370, otherwise known as the “Children's
33 Television Act of 1997”, the grantee shall allot a minimum of fifteen percent (15%) of
34 the daily total air time of each broadcasting network or station to child-friendly shows
35 within its regular programming.
36

37 **SEC. 5. Right of the Government.** – The radio spectrum is a finite resource
38 that is part of the national patrimony, and the use thereof is a privilege conferred upon
39 the grantee by the State that may be withdrawn any time after due process.
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41 A special right is hereby reserved to the President of the Philippines, in times
42 of war, rebellion, public peril, calamity, emergency, disaster, or disturbance of peace
43 and order, to temporarily take over and operate the stations or facilities of the grantee;
44 to temporarily suspend the operation of any station or facility in the interest of public
45 safety, security, and public welfare; or to authorize the temporary use and operation
46 thereof by any agency of the government, upon due compensation to the grantee, for
47 the use of said stations or facilities during the period when these shall be so operated.

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

1 **SEC. 7. Renewal or Extension of Franchise.** – The grantee shall apply for the
2 renewal or extension of its franchise three (3) years before its expiration which shall be
3 reckoned from fifteen (15) days after the publication of the franchise in the *Official*
4 *Gazette* or in a newspaper of general circulation.
5

6 **SEC. 8. 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 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. 9. 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. 10. Commitment to Provide and Promote the Creation of**
24 **Employment Opportunities.** – The grantee shall create employment opportunities
25 and accept on-the-job trainees in the franchise operations: *Provided*, That priority shall
26 be accorded to the residents of the place where the principal office of the grantee is
27 located: *Provided further*, That the grantee shall ensure that at least sixty percent
28 (60%) of its employees are regular employees and in no case shall the percentage of
29 contractual, job order, or casual employees, talents, and independent contractors
30 combined, exceed forty percent (40%) of its total workforce: *Provided, finally*, That the
31 grantee shall comply with the applicable labor standards and allowance entitlement
32 under existing labor laws, rules and regulations and similar issuances.
33

34 The employment opportunities or jobs created shall be reflected in the General
35 Information Sheet (GIS) to be submitted to the Securities and Exchange Commission
36 (SEC) annually. In addition, the grantee shall include in its annual report to Congress
37 the number of trainees and workers whose employment status are made regular, and
38 append the appropriate certificate from the Department of Labor and Employment
39 attesting that it has complied with the employment requirement under this Section.
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41 **SEC. 11. Sale, Lease, Transfer, Grant of Usufruct, or Assignment of**
42 **Franchise.** – The grantee shall not sell, lease, transfer, grant the usufruct of, nor
43 assign this franchise or the rights and privileges acquired thereunder to any person,
44 firm, company, corporation, or other commercial or legal entity, nor merge with any
45 other corporation or entity, nor shall the controlling interest of the grantee be
46 transferred, simultaneously or contemporaneously, to any person, firm, company,

1 corporation, or entity without the prior approval of Congress. The grantee shall inform
2 Congress, through the Office of the Speaker of the House of Representatives and
3 Office of the Senate President, of any sale, lease, transfer, grant of usufruct, or
4 assignment of franchise or the rights and privileges acquired thereunder, or of the
5 merger or transfer of the controlling interest of the grantee, within sixty (60) days after
6 the completion of the said transaction. Failure to report to Congress such change of
7 ownership shall render the franchise ipso facto revoked. Any person or entity to which
8 this franchise is sold, transferred, or assigned shall be subject to the same conditions,
9 terms, restrictions, and limitations of this Act.

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

19
20 **SEC. 13. Reportorial Requirement.** – The grantee shall submit an annual
21 report on its compliance with the terms and conditions of the franchise and on its
22 operations to the Congress of the Philippines, through the Committee on Legislative
23 Franchises of the House of Representatives and the Committee on Public Services of
24 the Senate, on or before April 30 of every year during the term of its franchise.

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26 The annual report shall include an update on the commencement of activities,
27 development, operation, and expansion of business; audited financial statements;
28 latest GIS officially submitted to the SEC, if applicable; certification of the NTC on the
29 status of its permits and operations; and an update on the dispersal of ownership
30 undertaking, if applicable.

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

34
35 **SEC. 14. Fine.** – Failure of the grantee to submit the requisite annual report to
36 Congress shall be penalized by a fine of Five hundred pesos (P500.00) per working
37 day of noncompliance to the NTC. The fine shall be collected separately from the
38 reportorial penalties imposed by the NTC, and it shall be remitted to the Bureau of the
39 Treasury.

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41 **SEC. 15. Equality Clause.** – Any advantage, favor, privilege, exemption, or
42 immunity granted under existing franchises, or which may hereafter be granted for
43 radio and television broadcasting, upon prior review and approval of Congress, shall
44 become part of this franchise and shall be accorded immediately and unconditionally
45 to the herein grantee: *Provided*, That the foregoing shall neither apply to nor affect the

1 provisions of broadcasting franchises concerning territorial coverage, the term, or the
2 type of service authorized by the franchise.

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

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

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

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

Approved.