



HOUSE OF REPRESENTATIVES

H. No. 5716

BY REPRESENTATIVES VARGAS, ALVAREZ (F.) AND MARCOLETA, PER
COMMITTEE REPORT NO. 260

AN ACT EXTENDING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO VANGUARD RADIO NETWORK COMPANY, INC. UNDER REPUBLIC ACT NO. 7529, ENTITLED "AN ACT GRANTING VANGUARD RADIO NETWORK COMPANY, INC. A FRANCHISE TO CONSTRUCT, INSTALL, OPERATE AND MAINTAIN RADIO AND TELEVISION BROADCASTING STATIONS IN THE ISLAND OF LUZON AND FOR OTHER PURPOSES", AS AMENDED BY REPUBLIC ACT NO. 8069.

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, the franchise granted to Vanguard Radio Network Company, Inc.,
4 hereunder referred to as the grantee, its successors or assignees, under
5 Republic Act No. 7529, as amended by Republic Act No. 8069, to construct,
6 install, establish, operate, and maintain for commercial purposes and in the
7 public interest, radio and/or television broadcasting stations, including digital
8 television system, through microwave, satellite or whatever means, as well as
9 the use of any new technology in television and radio systems, with the
10 corresponding technological auxiliaries and facilities, special broadcast and

1 other program and distribution services and relay stations in the Island of
2 Luzon, Regions 6, 7, 10, and 11, is hereby extended for another twenty-five
3 (25) years from the effectivity of this Act.

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

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

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

25 **SEC. 4. Responsibility to the Public.** – The grantee shall provide
26 adequate public service time to enable the government, through the said
27 broadcasting stations or facilities, to reach the population on important public
28 issues; provide at all times sound and balanced programming; promote public
29 participation such as in community programming; assist in the functions of

1 public information and education; conform to the ethics of honest enterprise;
2 and not use its stations or facilities for the broadcasting of obscene and
3 indecent language, speech, act or scene; or for the dissemination of
4 deliberately false information or willful misrepresentation, to the detriment of
5 the public interest; or to incite, encourage, or assist in subversive or
6 treasonable acts.

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

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

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

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

29 Nonacceptance shall render the franchise void.

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

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

18 SEC. 10. *Sale, Lease, Transfer, Grant of Usufruct, or Assignment of*
19 *Franchise.* – The grantee shall not sell, lease, transfer, grant the usufruct of,
20 nor assign this franchise or the rights and privileges acquired thereunder to any
21 person, firm, company, corporation, or other commercial or legal entity, nor
22 merge with any other corporation or entity, nor the controlling interest of the
23 grantee be transferred, whether as a whole or in parts, and whether
24 simultaneously or contemporaneously, to any such person, firm, company,
25 corporation, or entity without the prior approval of the Congress of the
26 Philippines: *Provided,* That Congress shall be informed of any sale, lease,
27 transfer, grant of usufruct, or assignment of franchise or the rights and
28 privileges acquired thereunder, or the merger or transfer of the controlling
29 interest of the grantee, within sixty (60) days after the completion of said

1 transaction: *Provided, further,* That failure to report to Congress such change
2 of ownership shall render the franchise *ipso facto* revoked: *Provided, finally,*
3 That any person or entity to which this franchise is sold, transferred or
4 assigned, shall be subject to the same conditions, terms, restrictions, and
5 limitations of this Act.

6 SEC. 11. *Dispersal of Ownership.* – In accordance with the
7 constitutional provision to encourage public participation in public utilities, the
8 grantee shall offer to Filipino citizens at least thirty percent (30%) or a higher
9 percentage that may hereafter be provided by law of its outstanding capital
10 stock in any securities exchange in the Philippines within five (5) years from
11 the commencement of its operations: *Provided,* That in cases where public
12 offer of shares is not applicable, establishment of cooperatives and application
13 of other methods of encouraging public participation by citizens and
14 corporations operating public utilities as allowed by law must be implemented.

15 Noncompliance therewith shall render the franchise *ipso facto* revoked.

16 SEC. 12. *Reportorial Requirement.* – The grantee shall submit an
17 annual report to the Congress of the Philippines, through the Committee on
18 Legislative Franchises of the House of Representatives and the Committee on
19 Public Services of the Senate, on its compliance with the terms and conditions
20 of the franchise and on its operations on or before April 30 of every year
21 during the term of its franchise. The reportorial compliance certificate issued
22 by Congress shall be required before any application for permit or certificate is
23 accepted by the NTC.

24 SEC. 13. *Fine.* – Failure of the grantee to submit the requisite
25 annual report to Congress shall be penalized by a fine of five hundred pesos
26 (P500.00) per working day of noncompliance. The fine shall be collected
27 separately by the NTC distinct from the penalties it imposes for
28 noncompliance of its own reportorial requirements.

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

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

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

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

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

Approved,

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