



HOUSE OF REPRESENTATIVES

H. No. 8552

BY REPRESENTATIVES GARBIN, ALVAREZ (F.), MACEDA, DY (F.), BARBERS, ACOSTA, ESCUDERO, NOGRALES (J.J.), DY (F.M.C.), BORDADO, VIOLAGO, HOFER, TAN (A.S.), ALBANO, GULLAS, SAVELLANO, SIAO, CRISOLOGO, REVILLA, VALERIANO, HERNANDEZ, UNABIA, ROMUALDO AND MALAPITAN, PER COMMITTEE REPORT NO. 720

AN ACT

GRANTING ALLIED BROADCASTING CENTER, INCORPORATED 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:

SECTION 1. Nature and Scope of Franchise. –Subject to the provisions of the Constitution and applicable laws, rules and regulations, there is hereby granted to Allied Broadcasting Center, Incorporated, hereunder referred to as the grantee, its successor or assignees, a franchise to construct, install, operate, and maintain for commercial purposes and in the public interest, radio and television broadcasting stations in the Philippines, where frequencies and channels are still available for radio and television broadcasting, including digital television system, through microwave, satellite or whatever means, as well as the use of any new technology in television and radio systems, with the corresponding technological auxiliaries and facilities, special broadcast and other program and distribution services and relay stations.

SEC. 2. Manner of Operation of Stations or Facilities. –The stations or facilities of the grantee shall be constructed and operated in a manner as will, at most, result only in the minimum interference on the wavelengths or frequencies of existing stations or other stations which may be established by law, without in any way diminishing its own privilege to use its assigned wavelengths or frequencies and the quality of transmission

1 or reception thereon as should maximize rendition of the grantee's services and
2 availability thereof.
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4 **SEC. 3. *Prior Approval of the National Telecommunications Commission.*** – The
5 grantee shall secure from the National Telecommunications Commission (NTC) the
6 appropriate permits and licenses for the construction and operation of its stations or
7 facilities and shall not use any frequency in the radio/television spectrum without
8 authorization from the NTC. The NTC, however, shall not unreasonably withhold or delay
9 the grant of any such authority.
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11 In case of any violation of the provisions of this franchise, the NTC shall have the
12 authority to revoke or suspend, after due process, the permits or licenses it issued
13 pursuant to the franchise. The NTC may recommend to the Congress of the Philippines
14 the revocation of this franchise for any violation of the provisions of this franchise.
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16 **SEC. 4. *Responsibility to the Public.***—The grantee shall provide, free of charge,
17 adequate public service time which is reasonable and sufficient to enable the government,
18 through the broadcasting stations or facilities of the grantee, to reach the pertinent
19 populations or portions thereof, on important public issues and relay important public
20 announcements and warnings concerning public emergencies and calamities, as
21 necessity, urgency or law may require; provide at all times sound and balanced
22 programming; promote public participation; assist in the functions of public information
23 and education; conform to the ethics of honest enterprise; promote audience sensibility
24 and empowerment including closed captioning; and not use its stations or facilities for the
25 broadcasting of obscene or indecent language, speech, act or scene, the dissemination
26 of deliberately false information or willful misrepresentation, to the detriment of public
27 interest , or to incite, encourage, or assist in subversive or treasonable acts. Public service
28 time referred herein shall be equivalent to a maximum aggregate of ten percent (10%) of
29 paid commercials or advertisements which shall be allocated based on need to the
30 Executive and Legislative branches, the Judiciary, Constitutional Commissions, and
31 international humanitarian organizations duly recognized by statutes: *Provided*, That the
32 NTC shall increase the public service time in case of extreme emergency or calamity. The
33 NTC shall issue rules and regulations for this purpose, the effectivity of which shall
34 commence upon applicability with other similarly situated broadcast network franchise
35 holders.
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37 Pursuant to Republic Act No. 8370, otherwise known as the “Children’s Television
38 Act of 1997”, the grantee shall allot a minimum of fifteen percent (15%) of the daily total
39 air time of each broadcasting network or station to child-friendly shows within its regular
40 programming.
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42 **SEC. 5. *Right of the Government.*** –The radio spectrum is a finite resource that
43 is part of the national patrimony, and the use thereof is a privilege conferred upon the
44 grantee by the State that may be withdrawn any time after due process.
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46 A special right is hereby reserved to the President of the Philippines, in times of
47 war, rebellion, public peril, calamity, emergency, disaster, or disturbance of peace and

1 order, to temporarily take over and operate the stations or facilities of the grantee; to
2 temporarily suspend the operation of any station or facility in the interest of public safety,
3 security and public welfare; or to authorize the temporary use and operation thereof by
4 any agency of the government, upon due compensation to the grantee, for the use of said
5 stations or facilities during the period when these shall be so operated.
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7 **SEC. 6. Term of Franchise.** –This franchise shall be in effect for a period of
8 twenty-five (25) years from the effectivity of this Act, unless sooner revoked or cancelled.
9 This franchise shall be deemed *ipso facto* revoked in the event the grantee fails to operate
10 continuously for two (2) years.
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12 **SEC. 7. Renewal or Extension of Franchise.** – The grantee shall apply for the
13 renewal or extension of its franchise three (3) years before its expiration which shall be
14 reckoned from fifteen (15) days after the publication of the franchise in the *Official Gazette*
15 or in a newspaper of general circulation.
16

17 **SEC. 8. Self-regulation by and Undertaking of Grantee.**–The grantee shall not
18 require any previous censorship of any speech, play, act or scene, or other matter to be
19 broadcast from its stations, but if any such speech, play, act or scene, or other matter
20 should constitute a violation of the law or infringement of a private right, the grantee shall
21 be free from any liability, civil or criminal, for such speech, play, act or scene, or other
22 matter: *Provided*, That the grantee, during any broadcast, shall cut off the airing of
23 speech, play, act or scene, or other matter being broadcast if the tendency thereof is to
24 propose or incite treason, rebellion or sedition; or the language used therein or the theme
25 thereof is indecent or immoral: *Provided, further*, That willful failure to do so shall
26 constitute a valid cause for the cancellation of this franchise.
27

28 **SEC. 9. Warranty in Favor of the National and Local Governments.** – The
29 grantee shall hold the national, provincial, city, and municipal governments of the
30 Philippines free from all claims, liabilities, demands, or actions arising out of accidents
31 causing injury to persons or damage to properties, during the construction or operation of
32 the stations of the grantee.
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35 **SEC. 10. Commitment to Provide and Promote the Creation of Employment**
36 **Opportunities.** –The grantee shall create employment opportunities and accept on-the-
37 job trainees in its franchise operations: *Provided*, That priority shall be accorded to the
38 residents of the place where the principal office of the grantee is located: *Provided further*,
39 That the grantee shall ensure that at least sixty percent (60%) of its employees are
40 regular employees and in no case shall the percentage of contractual employees, job
41 order and casual employees, talents and independent contractors combined, exceed forty
42 percent (40%) of its total workforce: *Provided, finally*, That the grantee shall comply with
43 the applicable labor standards and allowance entitlement under existing labor laws, rules
44 and regulations and similar issuances.

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2 The employment opportunities or jobs created shall be reflected in the General
3 Information Sheet (GIS) to be submitted to Securities and Exchange Commission (SEC)
4 annually. In addition, the grantee shall include in its annual report to Congress the number
5 of its regularized employees and secure a compliance and clearance certificate from the
6 Department of Labor and Employment and its relevant attached agencies.
7

8 **SEC. 11. Sale, Lease, Transfer, Grant of Usufruct, or Assignment of**
9 **Franchise.** –The grantee shall not sell, lease, transfer, grant the usufruct of, nor assign
10 this franchise or the rights and privileges acquired thereunder to any person, firm,
11 company, corporation or other commercial or legal entity, nor merge with any other
12 corporation or entity, nor shall the controlling interest of the grantee be transferred,
13 simultaneously or contemporaneously, to any person, firm, company, corporation, or
14 entity without the prior approval of Congress. The grantee shall inform Congress of any
15 sale, lease, transfer, grant of usufruct, or assignment of franchise or the rights and
16 privileges acquired thereunder, or of the merger or transfer of the controlling interest of
17 the grantee, within sixty (60) days after the completion of the said transaction. Failure to
18 report to Congress such change of ownership shall render the franchise *ipso facto*
19 revoked. Any person or entity to which this franchise is sold, transferred, or assigned shall
20 be subject to the same conditions, terms, restrictions, and limitations of this Act.
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22 **SEC. 12. Dispersal of Ownership.** – In accordance with the constitutional
23 provision to encourage public participation in public utilities, the grantee shall offer to
24 Filipino citizens at least thirty percent (30%) of its common stocks, or a higher percentage
25 that may hereafter be provided by law, in any securities exchange in the Philippines within
26 five (5) years from the effectivity of this Act: *Provided*, That in cases where public offer of
27 shares is not applicable, other methods of encouraging public participation by citizens
28 and corporations operating public utilities must be implemented. Noncompliance
29 therewith shall render the franchise *ipso facto* revoked.
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31 **SEC. 13. Reportorial Requirement.**–The grantee shall submit an annual report
32 on its compliance with the terms and conditions of the franchise and on its operations to
33 the Congress of the Philippines, through the Committee on Legislative Franchises of the
34 House of Representatives and the Committee on Public Services of the Senate, on or
35 before April 30 of every year during the term of its franchise.
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37 The annual report shall include an update on the roll-out, development, operation
38 or expansion of business; audited financial statements; latest GIS officially submitted to
39 the SEC, if applicable; certification of the NTC on the status of its permits and operations;
40 and an update on the dispersal of ownership undertaking, if applicable.
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42 The reportorial compliance certificate issued by Congress shall be required before
43 any application for permit or certificate is accepted by the NTC.
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1 **SEC. 14. *Fine.*** – Failure of the grantee to submit the requisite annual report to
2 Congress shall be penalized by a fine of Five hundred pesos (P500.00) for each working
3 day of noncompliance. The fine shall be collected by the NTC from the delinquent
4 franchise grantee separate from the reportorial penalties imposed by the NTC and the
5 same shall be remitted to the Bureau of the Treasury.
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8 **SEC. 15. *Equality Clause.*** – Any advantage, favor, privilege, exemption, or
9 immunity granted under existing franchises, or which may hereafter be granted for radio
10 and television broadcasting, upon prior review and approval of Congress, shall become
11 part of this franchise and shall be accorded immediately and unconditionally to the herein
12 grantee: *Provided*, That the foregoing shall neither apply to nor affect the provisions of
13 broadcasting franchises concerning territorial coverage, the term, or the type of service
14 authorized by the franchise.
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16 **SEC. 16. *Repealability and Nonexclusivity Clause.*** – This franchise shall be
17 subject to amendment, alteration, or repeal by Congress when the public interest so
18 requires and shall not be interpreted as an exclusive grant of the privileges herein
19 provided for.
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21 **SEC. 17. *Separability Clause.***—If any of the sections or provisions of this Act is
22 held invalid, all other provisions not affected thereby shall remain valid.
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24 **SEC. 18. *Repealing Clause.*** –All laws, decrees, orders, resolutions, instructions,
25 rules and regulations, and other issuances or parts thereof which are inconsistent with
26 the provisions of this Act are hereby repealed, amended, or modified accordingly.
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28 **SEC. 19. *Effectivity.***—This Act shall take effect fifteen (15) days after its publication
29 in the *Official Gazette* or in a newspaper of general circulation.
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31 Approved,