



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SIXTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 4997

Introduced by **REP. GIORGIDI B. AGGABAO**

EXPLANATORY NOTE

Broadcast media plays an important role in shaping the country's future. It helps mold an informed and educated Filipino society by promoting public participation and encouraging public opinion on important matters concerning the country.

One of the key players in the country's broadcast industry is ABS-CBN Corporation, the oldest and largest television network in the country. It is primarily involved in television and radio broadcasting for domestic and international audiences and other related business.

ABS-CBN's first franchise was granted on June 14, 1950 under the name Bolinao Electronics Corporation (BEC). It pioneered commercial television through the launch of DZAQ-TV Channel 3 by then-Alto Broadcasting System (ABS) owned by BEC on October 23, 1953. Notably, it was also among the first commercial television networks in Asia. In 1958, ABS was bought by Chronicle Broadcasting Network (CBN) which gave birth to ABS-CBN Broadcasting Corporation in 1967. In 1986, ABS-CBN Broadcasting Corporation changed its name to ABS-CBN Corporation.

ABS-CBN is headquartered in Quezon City with regional offices and news bureaus in over 25 provincial areas throughout the country. It is a leader in the development, production, and distribution of a wide variety of engaging, world-class entertainment programs in multiple genres, and balanced, credible news programs that are aired nationwide. It likewise has presence internationally through its flagship channel, the Filipino Channel (TFC) which serves as a venue for overseas Filipinos to maintain connection with our country.

Throughout its more than 60 years in service, ABS-CBN has not only entertained and inspired Filipino families worldwide but has also helped instill the spirit of nationalism and nation-building among the Filipino people. Moreover, ABS-CBN is among the largest taxpayers in the country and provides jobs to thousands of Filipinos.

In its commitment to provide innovative ways to deliver news and entertainment to the Filipino people, ABS-CBN has made significant capital investments to upgrade its production, broadcasting, and transmission equipment. These investments will continue with the

government-mandated shift from analog transmission to digital transmission which is the worldwide trend in broadcasting.

In recognition of ABS-CBN's track record of service and the capital requirements of its operations, the immediate renewal of the franchise is recommended to ensure the uninterrupted and improved delivery of its services to the Filipino people.



GIORGIDI B. AGGABAO

Representative

4th District, Isabela

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1 AN ACT
2 RENEWING THE FRANCHISE GRANTED TO ABS-CBN CORPORATION
3 (FORMERLY ABS-CBN BROADCASTING CORPORATION) UNDER
4 REPUBLIC ACT NO. 7966 OR "AN ACT GRANTING ABS-CBN
5 BROADCASTING CORPORATION A FRANCHISE TO CONSTRUCT,
6 INSTALL, ESTABLISH, OPERATE, AND MAINTAIN BROADCASTING
7 STATIONS IN THE PHILIPPINES, AND FOR OTHER PURPOSES" FOR
8 TWENTY-FIVE (25) YEARS FROM THE EFFECTIVITY OF THIS ACT

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

9 SECTION 1. *Nature and Scope of Franchise.* - Subject to the provisions of the
10 1987 Philippine Constitution and applicable laws, rules and regulations, the
11 franchise granted to ABS-CBN Corporation (formerly ABS-CBN Broadcasting
12 Corporation), hereunder referred to as the grantee, its successors or assigns, to
13 construct, install, establish, operate and maintain for commercial purposes and in the
14 public interest, radio and/or television broadcasting stations in the Philippines,
15 where frequencies and/or channels are still available for radio and/or television
16 broadcasting, including digital television system, through microwave, satellite or
17 whatever means, or the use of any new technologies in television and radio systems,
18 with the corresponding technological auxiliaries and facilities, special broadcast and
19 other program and distribution services and relay stations, is hereby renewed for
20 another twenty-five (25) years from the effectivity of this Act.

21 SEC. 2. *Manner of Operation of Stations of Facilities.* - The stations or facilities of
22 the grantee shall be constructed and operated in a manner as will, at most, result

1 only in the minimum interference on the wavelengths or frequencies of existing
2 stations or other stations which may be established by law, without in any way
3 diminishing its own right to use its selected wavelengths or frequencies and the
4 quality of transmission or reception thereon as should maximize rendition of the
5 grantee's services and/or availability thereof.

6
7 SEC. 3. *Prior Approval of the National Telecommunications Commission.* - The
8 grantee shall secure from the National Telecommunications Commission (NTC), the
9 appropriate permits and licenses for the operation of its stations and facilities and
10 shall not use any frequency in the radio/television spectrum without authorization
11 from the NTC. The NTC, however, shall not unreasonably withhold or delay the
12 grant of any such authority.

13 SEC. 4. *Responsibility to the Public.* - The grantee shall provide adequate public
14 service time to enable the government, through the said broadcasting stations or
15 facilities, to reach the population on important public issues; provide at all times
16 sound and balanced programming; assist in the functions of public information and
17 education; conform to the ethics of honest enterprise; and not use its stations and
18 facilities for the broadcasting of obscene and indecent language, speech, act or scene;
19 or for the dissemination of deliberately false information or willful
20 misrepresentation, to the detriment of the public interest, or to incite, encourage or
21 assist in subversive or treasonable acts.

22 SEC. 5. *Right of Government.* - A special right is hereby reserved to the
23 President of the Philippines, in times of war, rebellion, public peril, calamity,
24 emergency, disaster or disturbance of peace and order, to temporarily take over and
25 operate the stations or facilities of the grantee, to temporarily suspend the operation
26 of any station or facility in the interest of public safety, security and public welfare,
27 or to authorize the temporary use and operation thereof by any agency of the
28 government, upon due compensation to the grantee, for the use of said stations or
29 facilities during the period when they shall be so operated.

1 The radio spectrum is a finite resource that is part of the national patrimony
2 and the use thereof is a privilege conferred upon the grantee by the State and may be
3 withdrawn anytime after due process.

4 SEC. 6. *Term of Franchise.* - This franchise shall be in effect for a period of twenty-
5 five (25) years , unless sooner revoked or cancelled. This franchise shall be deemed
6 *ipso facto* revoked in the event the grantee fails to operate continuously for two (2)
7 years.

8
9 SEC. 7. *Acceptance and Compliance.* - Acceptance of this franchise shall be given in
10 writing to the Congress of the Philippines, through the Committee on Legislative
11 Franchises of the House of Representatives and the Committee on Public Services of
12 the Senate within sixty (60) days from the effectivity of this Act. Upon giving such
13 acceptance, the grantee shall exercise the privileges granted under this Act. Non-
14 acceptance shall render the franchise void.

15 SEC. 8. *Self-Regulation by and Undertaking of Grantee.* - The grantee shall not
16 require any previous censorship of any speech, play, act or scene, or other matter to
17 be broadcast from its stations: *Provided,* That the grantee, during any broadcast, shall
18 cut off from the air the speech, play, act or scene, or other matter being broadcast if
19 the tendency thereof is to propose and/or incite treason, rebellion or sedition; or the
20 language used therein or the theme thereof is indecent or immoral: *Provided, further,*
21 that and willful failure to do so shall constitute a valid cause for the cancellation of
22 this franchise.

23 SEC. 9. *Warranty in Favor of National and Local Governments.* - The grantee shall
24 hold the national, provincial, city and municipal governments of the Philippines free
25 from all claims, accounts, demands or actions arising out of accidents or injuries,
26 whether to property or to persons, caused by the construction or operation of the
27 stations of the grantee.

1 SEC. 10. *Sale, Lease, Transfer, Usufruct, or Assignment.* - The grantee shall not
2 lease, transfer, grant the usufruct of, sell nor assign this franchise or the rights and
3 privilege acquired thereunder to any person, firm, company, corporation or other
4 commercial or legal entity, nor merge with any other corporation or entity, nor shall
5 the controlling interest of the grantee be transferred, whether as a whole or in parts
6 and whether simultaneously or contemporaneously, to any such person, firm,
7 company, corporation or entity without the prior approval of the Congress of the
8 Philippines: *Provided*, That Congress shall be informed of any lease, transfer,
9 granting the usufruct of, sale or assignment of franchise or the rights or privileges
10 acquired within sixty (60) days after the completion of said transaction: *Provided*,
11 *further*, That failure to report to Congress such change of ownership shall render the
12 franchise *ipso facto* revoked: *Provided, finally*, That any person or entity to which this
13 franchise is sold, transferred or assigned, shall be subject to the same conditions,
14 terms, restrictions and limitations of this Act.

15 SEC. 11. *Dispersal of Ownership.* - In accordance with the constitutional
16 provision to encourage public participation in public utilities, the grantee shall offer
17 to Filipino citizens at least *thirty per centum* (30%) or a higher percentage that may
18 hereafter be provided by law of its outstanding capital stock in any securities
19 exchange in the Philippines within five (5) years from the commencement of its
20 operations: *Provided*, That in cases where public offer of shares is not applicable,
21 establishment of cooperatives and other methods of encouraging public
22 participation by citizens and corporations operating public utilities must be
23 implemented. Noncompliance therewith shall render the franchise *ipso facto* revoked.
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25 SEC. 12. *General Broadcast Policy Law.* - The grantee shall comply with and be
26 subject to the provisions of a general broadcast policy law, which Congress may
27 hereafter enact.

1 SEC. 13. *Reportorial Requirement.* - The grantee shall submit an annual report
2 to the Congress of the Philippines, through the Committee on Legislative Franchises
3 of the House of Representatives and the Committee on Public Services of the Senate,
4 on its compliance with the terms and conditions of the franchise and on its
5 operations on or before April 30 of the succeeding year.

6 SEC. 14. *Penalty Clause* - Any grantee who fails to submit the Annual Report
7 to Congress will be fined Five Hundred Pesos (P500.00) per working day of non-
8 compliance. Said fine will be collected by the NTC from said delinquent franchise
9 grantee separate from the reportorial penalties imposed by NTC. The collected funds
10 shall accrue to the monitoring fund of the NTC in line with its supervisory and
11 regulatory functions. The reportorial compliance certificate issued by Congress shall
12 be required before any application for permit or certificate is accepted by NTC.

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14 SEC. 15. *Equality Clause.* - Any advantage, favor, privilege, exemption, or
15 immunity granted under existing franchise, or which may hereafter be granted for
16 radio and/or television broadcasting, upon prior review and approval of Congress,
17 shall become part of this franchise and shall be accorded immediately and
18 unconditionally to the herein grantee: *Provided, however,* That the foregoing shall
19 neither apply to nor affect provisions of broadcasting franchises concerning territory
20 covered by the franchise, the life span of the franchise or the type of service
21 authorized by the franchise: *Provided, further,* That the foregoing shall not apply to
22 sale, lease, transfer or grant of usufruct of legislative franchise with prior
23 congressional approval.

24
25 SEC. 16. *Separability Clause.* - If any of the sections or provisions of this Act is
26 held invalid, all other provisions not affected thereby shall remain valid.

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28 SEC. 17. *Repealability and Non-exclusivity Clause.* - This franchise shall be
29 subject to amendment, alteration, or repeal by the Congress of the Philippines when

1 the public interest so requires and shall not be interpreted as an exclusive grant of
2 the privileges herein provided for.

3 SEC. 18. *Publication.* This Act shall be published, through the initiative of the
4 Grantee, fifteen (15) days after this Act is signed by the President of the Philippines
5 or has lapsed into law.

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7 SEC. 19. *Effectivity Clause.* - This Act shall take effect fifteen (15) days from
8 the date of its publication in at least two (2) newspapers of general circulation in the
9 Philippines.

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Approved,

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