

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
First Regular Session

House Bill No. **4349**



Introduced by Representative MICAELA S. VIOLAGO

EXPLANATORY NOTE

Broadcasting, whose signals surpass geographical and national boundaries, enjoy the highest patronage among the electronic media forms, with every Filipino home having either a radio or a television or both appliances. It is a powerful medium in shaping our country's cultural, social, economic growth and development as broadcasting has the ability to send information to any destination in real time during fast-developing situations.

One of the key players in the country's broadcast industry is ABS-CBN Corporation, the Philippines' oldest, leading and largest media conglomerate. Primarily involved in television and radio, the Company has since expanded and now owns the leading cinema and music production/distribution outfits in the country and operates the largest cable TV service provider as well.

ABS-CBN traces its history to the first Philippine television station DZAQ-TV, owned by Bolinao Electronics Corporation (BEC) which was later renamed Alto Broadcasting System (ABS). James Lindenberg, owner of BEC, was the first to apply for a license to the Philippine Congress to establish a television station in 1949. His request was granted on June 14, 1950, under Republic Act 511. It pioneered commercial television through the launch of DZAQ-TV Channel 3 by then-ABS on October 23, 1953 which was also among the first commercial television networks in Asia.

In 1955, Manila Chronicle owner Eugenio Lopez, Sr. and former Vice President Fernando Lopez, acquired a radio-TV franchise from the Congress and immediately established Chronicle Broadcasting Network (CBN) in 1956. On February 24, 1957 Lopez invited Judge Quirino to his house for breakfast and ABS was bought under a contract written on a table napkin. The corporate name was reverted to Bolinao Electronics Corporation immediately after the purchase of ABS.

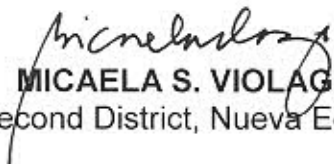
On February 1, 1967, it was incorporated as the ABS-CBN Broadcasting Corporation and it shortened its corporate name in 2010 to simply ABS-CBN Corporation to reflect the company's diversification.

ABS-CBN Corporation is involved in television and radio programming for domestic and international audiences and other related businesses. ABS-CBN produces a wide variety of engaging world-class entertainment programs in multiple genres and balanced, credible news programs that are aired on free-to-air television. The company is also one of the leading radio broadcasters, operating eighteen radio stations throughout the key cities of the Philippines. ABS-CBN provides news and entertainment programming for eight channels on cable TV and operates the country's largest cable TV service provider. It brings its content to worldwide audiences via cable, satellite, online and mobile. In addition, ABS-CBN has business interests in merchandising and licensing, mobile and online multimedia services, glossy magazine publishing, video and audio post production, overseas telecommunication services, money remittance, cargo forwarding, TV shopping services, theme park development and management, property management and food and restaurant services, all of which complement and enhance the Company's strength in content production and distribution. The Company is also the first TV network in the country to broadcast in digital. In 2015, it commercially rolled out its digital TV box, ABS-CBN TVplus, to prepare for the country's switch to digital TV.

In acknowledgement of ABS-CBN's accomplishments and the capital requirements of its operations, the immediate renewal of its original franchise which expires on March 30, 2020, is recommended to ensure the uninterrupted and improved delivery of its services to the Filipino people.

This bill aims to renew ABS-CBN's right to operate TV and radio broadcasting stations in the Philippines through microwave, satellite or whatever means, including the use of new technologies in television and radio systems.

This bill has been filed in the 16th Congress by Rep. Georgidi B. Aggabao and it is hoped that it will see passage in the 17th Congress.


MICAELA S. VIOLAGO
Second District, Nueva Ecija

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AN ACT

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

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

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

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 right to use its selected wavelengths or frequencies and the quality of transmission or reception thereon as should maximize rendition of the grantee's services and/or the availability thereof.

SEC. 3. *Prior Approval of the National Telecommunications Commission.* - The grantee shall secure from the National Telecommunications Commission (NTC), the appropriate permits and licenses for the operation of its stations and facilities and shall not use any frequency in the radio/television spectrum without authorization from the NTC. The

NTC, however, shall not unreasonably withhold or delay the grant of such authority.

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

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

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

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

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

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

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

SEC. 10. Sale, Lease, Transfer, Grant of Usufruct, or Assignment of Franchise. - The grantee shall not sell, lease, transfer, grant the usufruct of, nor assign this franchise or

the rights and privileges acquired thereunder to any person, firm, company, corporation or other commercial or legal entity, nor merge with any other corporation or entity, nor shall transfer the controlling interest of the grantee, whether as a whole or in part and whether simultaneously or contemporaneously, to any such person, firm, company, corporation or entity without the prior approval of the Congress of the Philippines: *Provided*, That Congress shall be informed of any sale, lease, transfer, grant of usufruct, or assignment of franchise or the rights or privileges acquired thereunder, or the merger or transfer of the controlling interest of the grantee, within sixty (60) days after the completion of said transaction: *Provided, further*, That failure to report to Congress such change of ownership shall render the franchise *ipso facto* revoked: *Provided, finally*, That any person or entity to which this franchise is sold, transferred or assigned, shall be subject to the same conditions, terms, restrictions and limitations of this Act.

SEC. 11. *Dispersal of Ownership.* - In accordance with the constitutional provision to encourage public participation in public utilities, the grantee shall offer to Filipino citizens at least *thirty per centum* (30%) or a higher percentage that may hereafter be provided by law of its outstanding stock in any securities exchange in the Philippines within five (5) years from the commencement of its operations: *Provided*, That in cases where public offer of shares is not applicable, establishment of cooperatives and other methods of encouraging public participation by citizens and corporations operating public utilities must be implemented. Noncompliance therewith shall render the franchise *ipso facto* revoked.

SEC. 12. *General Broadcast Policy Law.* - The grantee shall comply with and be subject to the provisions of a general broadcast policy law, which Congress may hereafter enact.

SEC. 13. *Reportorial Requirement.* - The grantee shall submit an annual report to the Congress of the Philippines, through the Committee on Legislative Franchises of the House of Representatives and the Committee on Public Services of the Senate, on its compliance with the terms and conditions of the franchise and on its operations on or before April 30 of the succeeding year. The reportorial compliance certificate issued by Congress shall be required before any application for permit or certificate is accepted by NTC.

SEC. 14. *Penalty Clause.* - Failure of the grantee to submit the requisite annual report to Congress shall be penalized by a fine of five hundred pesos (P500.00) per working day of noncompliance. The fine shall be collected by the NTC from the delinquent franchise grantee separate from the reportorial penalties imposed by the NTC. The collected funds shall accrue to the monitoring fund of the NTC in line with its supervisory and regulatory functions.

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

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

SEC. 17. *Repealability and Non-exclusivity Clause.* - This franchise shall be subject to amendment, alteration, or repeal by the Congress of the Philippines when the public interest so requires and shall not be interpreted as an exclusive grant of the privileges herein provided for.

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

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

Approved,