Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
Second Regular Session

COMMITTEE REPORT NO. 720

Submitted by the Committee on Legislative Franchises on JAN 27 2021.

Re: House Bill No. 8552

Recommending its approval in substitution of House Bill No. 6947


Mr. Speaker:

The Committee on Legislative Franchises to which was referred House Bill No. 6947, authored by Rep. Alfredo A. Garbin, Jr. entitled:

"AN ACT RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO ALLIED BROADCASTING CENTER, INC. UNDER REPUBLIC ACT NO. 8096, ENTITLED "AN ACT GRANTING ALLIED BROADCASTING CENTER, INCORPORATED A FRANCHISE TO CONSTRUCT, OPERATE AND MAINTAIN STATIONS FOR RADIO IN CEBU CITY AND OTHER AREAS IN THE PHILIPPINES WHERE FREQUENCIES ARE STILL AVAILABLE FOR RADIO BROADCASTING FOR EDUCATIONAL AND CULTURAL, AS WELL AS FOR COMMERCIAL PURPOSES"

has considered the same and recommends that the attached House Bill No. 8552 entitled:

"AN ACT GRANTING ALLIED BROADCASTING CENTER, INCORPORATED A FRANCHISE TO CONSTRUCT, INSTALL, OPERATE, AND MAINTAIN RADIO AND TELEVISION BROADCASTING STATIONS IN THE PHILIPPINES"

Respectfully submitted:

\[signature\]

FRANZ E. ALVAREZ
Chairperson
Committee on Legislative Franchises

THE HONORABLE SPEAKER
HOUSE OF REPRESENTATIVES
QUEZON CITY
Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 8552
(In substitution of House Bill No. 6947)


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
or reception thereon as should maximize rendition of the grantee’s services and
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 construction and operation of its stations or
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 any such authority.

In case of any violation of the provisions of this franchise, the NTC shall have the
authority to revoke or suspend, after due process, the permits or licenses it issued
pursuant to the franchise. The NTC may recommend to the Congress of the Philippines
the revocation of this franchise for any violation of the provisions of this franchise.

SEC. 4. Responsibility to the Public. — The grantee shall provide, free of charge,
adequate public service time which is reasonable and sufficient to enable the government,
through the broadcasting stations or facilities of the grantee, to reach the pertinent
populations or portions thereof, on important public issues and relay important public
announcements and warnings concerning public emergencies and calamities, as
necessity, urgency or law may require; provide at all times sound and balanced
programming; promote public participation; assist in the functions of public information
and education; conform to the ethics of honest enterprise; promote audience sensibility
and empowerment including closed captioning; and not use its stations or facilities for the
broadcasting of obscene or indecent language, speech, act or scene, the dissemination
of deliberately false information or willful misrepresentation, to the detriment of public
interest, or to incite, encourage, or assist in subversive or reasonable acts. Public service
time referred herein shall be equivalent to a maximum aggregate of ten percent (10%) of
paid commercials or advertisements which shall be allocated based on need to the
Executive and Legislative branches, the Judiciary, Constitutional Commissions, and
international humanitarian organizations duly recognized by statutes: Provided, That the
NTC shall increase the public service time in case of extreme emergency or calamity. The
NTC shall issue rules and regulations for this purpose, the effectiveness of which shall
commence upon applicability with other similarly situated broadcast network franchise
holders.

Pursuant to Republic Act No. 8370, otherwise known as the “Children’s Television
Act of 1997”, the grantee shall allot a minimum of fifteen percent (15%) of the daily total
air time of each broadcasting network or station to child-friendly shows within its regular
programming.

SEC. 5. Right of the Government. — 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 that may be withdrawn any time after due process.

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 these shall be so operated.

SEC. 6. Term of Franchise. — This franchise shall be in effect for a period of
twenty-five (25) years from the effectivity of this Act, 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. Renewal or Extension of Franchise. — The grantee shall apply for the
renewal or extension of its franchise three (3) years before its expiration which shall be
reckoned from fifteen (15) days after the publication of the franchise in the Official Gazette
or in a newspaper of general circulation.

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, but if any such speech, play, act or scene, or other matter
should constitute a violation of the law or infringement of a private right, the grantee shall
be free from any liability, civil or criminal, for such speech, play, act or scene, or other
matter: Provided, That the grantee, during any broadcast, shall cut off the airing of
speech, play, act or scene, or other matter being broadcast if the tendency thereof is to
propose 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 the National and Local Governments. — The
grantee shall hold the national, provincial, city, and municipal governments of the
Philippines free from all claims, liabilities, demands, or actions arising out of accidents
causing injury to persons or damage to properties, during the construction or operation of
the stations of the grantee.

SEC. 10. Commitment to Provide and Promote the Creation of Employment
Opportunities. — The grantee shall create employment opportunities and accept on-the-job trainees in its franchise operations: Provided, That priority shall be accorded to the
residents of the place where the principal office of the grantee is located: Provided further,
That the grantee shall ensure that at least sixty percent (60%) of its employees are
regular employees and in no case shall the percentage of contractual employees, job
order and casual employees, talents and independent contractors combined, exceed forty
percent (40%) of its total workforce: Provided, finally, That the grantee shall comply with
the applicable labor standards and allowance entitlement under existing labor laws, rules
and regulations and similar issuances.
The employment opportunities or jobs created shall be reflected in the General Information Sheet (GIS) to be submitted to Securities and Exchange Commission (SEC) annually. In addition, the grantee shall include in its annual report to Congress the number of its regularized employees and secure a compliance and clearance certificate from the Department of Labor and Employment and its relevant attached agencies.

SEC. 11. 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 the controlling interest of the grantee be transferred, simultaneously or contemporaneously, to any person, firm, company, corporation, or entity without the prior approval of Congress. The grantee shall inform Congress of any sale, lease, transfer, grant of usufruct, or assignment of franchise or the rights and privileges acquired thereunder, or of the merger or transfer of the controlling interest of the grantee, within sixty (60) days after the completion of the said transaction. Failure to report to Congress such change of ownership shall render the franchise ipso facto revoked. 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. 12. 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 percent (30%) of its common stocks, or a higher percentage that may hereafter be provided by law, in any securities exchange in the Philippines within five (5) years from the effectivity of this Act: Provided, That in cases where public offer of shares is not applicable, 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. 13. Reportorial Requirement. – The grantee shall submit an annual report on its compliance with the terms and conditions of the franchise and on its operations 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 or before April 30 of every year during the term of its franchise.

The annual report shall include an update on the roll-out, development, operation or expansion of business; audited financial statements; latest GIS officially submitted to the SEC, if applicable; certification of the NTC on the status of its permits and operations; and an update on the dispersal of ownership undertaking, if applicable.

The reportorial compliance certificate issued by Congress shall be required before any application for permit or certificate is accepted by the NTC.
SEC. 14. Fine. – Failure of the grantee to submit the requisite annual report to Congress shall be penalized by a fine of Five hundred pesos (P500.00) for each 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 and the same shall be remitted to the Bureau of the Treasury.

SEC. 15. Equality Clause. – Any advantage, favor, privilege, exemption, or immunity granted under existing franchises, or which may hereafter be granted for radio and 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 territorial coverage, the term, or the type of service authorized by the franchise.

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

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

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

Approved,
FACT SHEET

House Bill No. 8552
In substitution of House Bill No. 6947
(As approved on ________________)

AN ACT GRANTING ALLIED BROADCASTING CENTER, INCORPORATED A FRANCHISE TO CONSTRUCT, INSTALL, OPERATE, AND MAINTAIN RADIO AND TELEVISION BROADCASTING STATIONS IN THE PHILIPPINES

Introduced by: HON. ALFREDO A. GARBIN, JR.

Committee Referral: LEGISLATIVE FRANCHISES
Committee Chairperson: HON. FRANZ E. ALVAREZ

OBJECTIVE:

- To allow the Allied Broadcasting Center, Incorporated to continue its effective public service through commercial radio and television broadcasting in the Philippines.

KEY PROVISIONS:

- Grants Allied Broadcasting Center, Incorporated radio and television broadcasting franchise for twenty-five (25) years;

- Mandates the grantee to secure the appropriate permits and licenses for the construction, installation and operation of its radio and television stations or facilities from the NTC;

- Requires the grantee to provide an adequate public service time equivalent to a maximum aggregate of ten percent (10%) of the paid advertisements, to enable it to inform the population on important public issues and assist in the performance of the functions of public information and education;

- Requires the grantee to allot a minimum of fifteen percent (15%) of the daily total air time of each broadcasting network to child-friendly shows within its regular programming;

- Prohibits the grantee to use its stations for the broadcasting of obscene and indecent language, speech, act or scene of for the dissemination of deliberately false information or willful misrepresentation, or to incite, encourage, or assist in subversive or treasonable acts;
• Reserves the right of the President of the Philippines 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 in times of war, rebellion, public peril, calamity, emergency, disaster or disturbance of peace and order;

• Provides that the grantee shall apply for the renewal or extension of its franchise three (3) years before its expiration;

• Provides that the national and local governments shall not be held liable for any damage to properties or injury to persons caused by accidents during construction or operation of the stations;

• Requires the grantee to create employment opportunities and allow on-the-job trainings in its franchise operation for residents of the place where any of its offices is located subject to applicable labor standards and allowance entitlement under existing labor laws, rules and regulations and similar issuances;

• Prohibits the grantee from leasing, transferring, selling nor assigning the franchise or the controlling interest thereof without the prior approval of Congress;

• Requires the grantee to offer to Filipino citizens at least thirty percent (30%) of its outstanding stocks in any security exchange in the Philippines or through other methods of encouraging public participation by citizens and corporations operating public utilities as allowed by law;

• Requires the grantee to submit an annual report to Congress on its compliance with the terms and conditions of the franchise and its operation on or before April 30 of every year;

• Imposes a fine in the amount of Five hundred pesos (P500.00) for each working day of noncompliance in the submission of its annual report to Congress; and

• mandates that any advantage, favor, privilege, exemption, or immunity granted under existing franchises, or which may hereafter be granted for radio and television broadcasting, upon prior review and approval of congress, shall become part of this franchise and shall be accorded immediately and unconditionally to the franchise grantee and that the foregoing shall neither apply to nor affect the provisions of other broadcasting franchises with respect to the territorial coverage, term, or the type of service authorized by their respective franchises.

RELATED LAWS:

• Republic Act No. 8096 – "AN ACT GRANTING ALLIED BROADCASTING CENTER, INCORPORATED A FRANCHISE TO CONSTRUCT, OPERATE AND MAINTAIN STATIONS FOR RADIO IN CEBU CITY AND OTHER AREAS IN THE PHILIPPINES WHERE FREQUENCIES ARE STILL AVAILABLE FOR
RADIO BROADCASTING FOR EDUCATIONAL AND CULTURAL, AS WELL AS FOR COMMERCIAL PURPOSES"

- Republic Act No. 8370 – "CHILDREN'S TELEVISION ACT OF 1997"
- Article 280 of PD No. 442 – Provision for regular and casual employment.

- Section 18, Article II and Section 3, Article XIII of the 1987 Constitution – Protection to labor and collective bargaining.