COMMITTEE REPORT NO. 1189

Submitted by the Committee on Legislative Franchises on September 3, 2021

Re: House Bill No. 10143

Recommending its approval in substitution of House Bill No. 6829

Sponsors: Representatives Franz E. Alvarez, Loren B. Legarda, and Antonio “Tonypet” T. Albano

Mr. Speaker:

The Committee on Legislative Franchises to which was referred House Bill No. 6829, authored by Reps. Loren B. Legarda and Antonio “Tonypet” T. Albano entitled:

“AN ACT RENEWING THE FRANCHISE GRANTED TO NEWS AND ENTERTAINMENT NETWORK CORPORATION UNDER REPUBLIC ACT NO. 8197 OR “AN ACT GRANTING THE NEWS AND ENTERTAINMENT CORPORATION, A FRANCHISE TO ESTABLISH, CONSTRUCT, INSTALL, MAINTAIN, AND OPERATE FOR COMMERCIAL PURPOSES CABLE/COMMUNITY ANTENNAE TELEVISION SYSTEMS AND MULTIMEDIA SERVICES IN THE PHILIPPINES” FOR ANOTHER TWENTY-FIVE (25) YEARS FROM THE EFFECTIVITY OF THIS ACT”

has considered the same and recommends that the attached House Bill No. 10143 entitled:

“AN ACT RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO NEWS AND ENTERTAINMENT NETWORK CORPORATION UNDER REPUBLIC ACT NO. 8197, ENTITLED "AN ACT GRANTING THE NEWS AND ENTERTAINMENT NETWORK CORPORATION, A FRANCHISE TO ESTABLISH, CONSTRUCT, INSTALL, MAINTAIN, AND OPERATE FOR COMMERCIAL PURPOSES CABLE/COMMUNITY ANTENNAE TELEVISION SYSTEMS IN THE PHILIPPINES"”

THE HONORABLE SPEAKER
HOUSE OF REPRESENTATIVES
QUEZON CITY

Respectfully submitted:

FRANZ E. ALVAREZ
Chairperson
Committee on Legislative Franchises
Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City
EIGHTEENTH CONGRESS
Third Regular Session

HOUSE BILL NO. 10143
(In substitution of House Bill No. 6829)


AN ACT
RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO NEWS AND ENTERTAINMENT NETWORK CORPORATION UNDER REPUBLIC ACT NO. 8197, ENTITLED "AN ACT GRANTING THE NEWS AND ENTERTAINMENT NETWORK CORPORATION, A FRANCHISE TO ESTABLISH, CONSTRUCT, INSTALL, MAINTAIN, AND OPERATE FOR COMMERCIAL PURPOSES CABLE/COMMUNITY ANTENNAE TELEVISION SYSTEMS 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 News and Entertainment Network Corporation, hereunder referred to as the grantee, its successors or assignees, a franchise to construct, install, establish, operate, and maintain for commercial purposes and in the public interest cable or community antennae television (CATV) systems, multichannel multipoint distribution service (MMDS), local multipoint distribution service (LMDS), 5G or next generation broadcast systems, wired, wireless or satellite communications networks and other related services in and between the different provinces, cities and municipalities in the Philippines and between the Philippines and other countries and territories through the reception of audio, visual, data and other signals of the different local, national and international content from television and radio stations, intranet and internet networks in the Philippines and those of foreign television, radio and other stations including interactive computer electronic systems and stations, and the distribution or transmission of the same to homes, offices, condominiums, subdivisions, hotels, restaurants and other residential, commercial and industrial structures and other public and private conveyances within and outside of the Philippines; to originate, store, distribute, transmit and receive through said systems, news and documentaries, entertainment, cultural, informational and educational radio and television programs, both live and recorded; to construct, install, establish, operate, manage, lease, maintain and purchase transmitting, receiving and switching stations, both for local
and international services, lines, fiber optics, including digital television, through microwave, cables, satellite transmit and receive systems, control signals, audio and video systems, information service bureau, pay and pay per view television, video on demand and public information on demand services, multi disc read only memory network delivery, packet and frame relay and electronic mail services and other value added services and all other related technologies as are at present available, or to be made available through technical advances or innovations in the future such as outer space including low or high altitude platform systems and low or high earth orbit satellite systems, laser systems, as is, or are, convenient to or essential to efficiently carry out the purposes of this franchise.

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 or television spectrum without authorization from the NTC. The NTC, however, shall not unreasonably withhold or delay the grant of any such authority.

SEC. 4. Excavation and Restoration Works. – For the purposes of erecting and maintaining poles or other supports for wires or other conductors, and for laying and maintaining of underground wires, cables, or other conductors, it shall be lawful for the Grantee, its successors or assignees, with the prior approval of the Department of Public Works and Highways (DPWH) or the local government unit (LGU) concerned, as may be appropriate, to make excavations or lay conduits in any of the public places, roads, highways, streets, lanes, alleys, avenues, sidewalks, or bridges of the province, cities, or municipalities: Provided, however: That a public place, road, highway, street, lane, alley, avenue, sidewalk, or bridge disturbed, altered, or changed by reason of erection of poles or other supports or the underground laying of wires, other conductors or conduits, shall be repaired and replaced in workmanlike manner by the Grantee, its successors or assignees, in accordance with the standards set by the DPWH or the LGU concerned. Should the Grantee, its successors or assignees, after the ten (10)-day notice from the said authority, fail, refuse, or neglect to repair or replace any part of public place, road, highway, street, lane, alley, avenue, sidewalk, or bridge altered, changed or disturbed by the Grantee, its successors or assignees, then the DPWH or the LGU concerned shall have the right to have the same repaired and placed in good order and condition, and charge the Grantee, its successors or assignees at double the amount of the costs and expenses for such repair or replacement.

SEC. 5. 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 treasonable 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 effectivity 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. 6. 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. 7. 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. 8. Acceptance and Compliance. —Acceptance of this franchise shall be given in writing within sixty (60) days after 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. 9. 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. 10. 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. 11. Commitment to Provide and Promote the Creation of Employment Opportunities.** – The Grantee shall create employment opportunities and accept on-the-job trainees in the 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 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 the Securities and Exchange Commission (SEC) annually.

**SEC. 12. 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, through the Office of the Speaker of the House of Representatives and Office of the Senate President, 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. 13. 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 outstanding capital 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. 14. 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 commencement of activities,
development, operation, and 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. 15. 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) per working
day of noncompliance to the NTC. The fine shall be collected separately from the
reportorial penalties imposed by the NTC, and it shall be remitted to the Bureau of the
Treasury.

SEC. 16. 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. 17. 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. 18. 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. 19. 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. 20. 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. 10143
In substitution of House Bill No. 6829
(As approved on 31 August 2021)

AN ACT
RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO NEWS AND ENTERTAINMENT NETWORK CORPORATION UNDER REPUBLIC ACT NO. 8197, ENTITLED "AN ACT GRANTING THE NEWS AND ENTERTAINMENT NETWORK CORPORATION, A FRANCHISE TO ESTABLISH, CONSTRUCT, INSTALL, MAINTAIN, AND OPERATE FOR COMMERCIAL PURPOSES CABLE/COMMUNITY ANTENNAE TELEVISION SYSTEMS IN THE PHILIPPINES"

Introduced by: REPS. LOREN B. LEGARDA and ANTONIO “TONYPET” T. ALBANO

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

OBJECTIVE:

- To allow News and Entertainment Network Corporation to continue its public service by granting a new franchise for cable/community antennae television systems and multimedia services in the Philippines

KEY PROVISIONS:

- Renews for another twenty-five (25) years the franchise of News and Entertainment Network Corporation to construct, install, operate, and maintain for commercial purposes and in the public interest a franchise for cable/community antennae television systems and multimedia services in the Philippines;
- Mandates the Grantee to secure the appropriate permits and licenses for the construction, installation and operation of its broadcasting stations or facilities from the NTC;
- Allows the Grantee to make excavations or lay conduits for the purpose of erecting and maintaining poles, with the obligation to repair and replace in workmanlike manner any public place, road, highway, street, lane, alley, avenue, sidewalk, or bridge that has been disturbed, altered or changed by reason of erection of poles or other supports or the underground laying of wires;
- 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 or station 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;

- Mandates the Grantee to submit a written acceptance of the terms and condition of its franchise within sixty (60) days after the effectivity thereof.
- 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 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 their 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 per cent (30%) of its outstanding stock 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) per working day of noncompliance in the submission of its annual report to Congress; and
- Provides an equality clause which aims to grant existing and potential franchise grantees equal privilege, except those concerning territorial coverage, the term, or the type of service authorized by the franchise.

**RELATED LAWS:**

- REPUBLIC ACT NO. 8197 - AN ACT GRANTING THE NEWS AND ENTERTAINMENT NETWORK CORPORATION, A FRANCHISE TO ESTABLISH, CONSTRUCT, INSTALL, MAINTAIN, AND OPERATE FOR COMMERCIAL PURPOSES CABLE/COMMUNITY ANTENNAE TELEVISION SYSTEMS IN THE PHILIPPINES

- REPUBLIC ACT NO. 8370 – CHILDREN’S TELEVISION ACT OF 1997