

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Constitutional Hills, Quezon City



13th Congress
First Regular Session

2698

House Bill No. _____

Introduced by **Hon. Renato J. Unico, Jr.**

EXPLANATORY NOTE

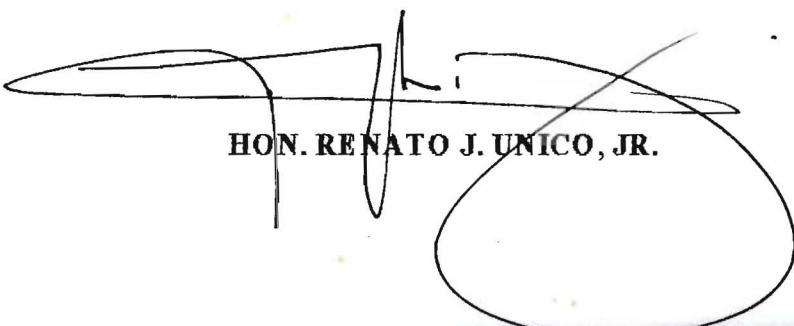
Communication through Mass Media plays a vital role in nation building.

In a country like the Philippines, wherein more than 7,000 islands constitute the archipelago, the need for an effective and economical way of transmitting information can only be realized through the improvement of radio telecommunications systems in the country. The sluggish growth of the Philippine economy is not only brought about by the inefficient delivery of social services, the lack of funds for much needed infrastructure projects but also it is due to the unharnessed medium of information dissemination.

In this age of globalization the Filipino people cannot be insulated from the rest of the world. It is the duty of the government as well as private individuals and entities to provide our countrymen with adequate facilities of communication. Radio telecommunications systems, albeit commercial in nature, will provide us with greater access to educational, scientific and cultural information.

Through this medium, the inhabitants of one of the poorest region in the Philippines can put this into good use thereby improving their intellectual, cultural and social well-being and in the process contributing to the progress of the nation in general.

In view of the forgoing, the passage of this Bill is earnestly sought.


HON. RENATO J. UNICO, JR.

Republic of the Philippines
HOUSE OF REPRESENTATIVES
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13th Congress
First Regular Session

House Bill No. 2698

Introduced by **Hon. Renato J. Unico, Jr.**

**AN ACT GRANTING THE DZRA A FRANCHISE TO CONSTRUCT, INSTALL,
OPERATE AND MAINTAIN AM/FM RADIO BROADCASTING STATIONS IN
REGION V**

*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 Constitution and applicable laws, rules and regulations, there is hereby granted to DZRA, hereunder referred to as the grantee, its successors or assigns, a franchise to construct, install, operate and maintain for commercial purposes and in the public interest, AM/FM radio broadcasting stations in Region V, where frequencies are still available for radio broadcasting, through microwave, satellite, or whatever means including the use of any new technologies in radio broadcasting systems, with the corresponding technological auxiliaries and facilities, special broadcast and other program and distribution services and relay stations.

SECTION 2. *Manner of Operation of Stations or Facilities.* The stations or facilities of the grantee shall be constructed and operated 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 anyway 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 availability thereof.

SECTION 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 and facilities and shall not use any frequency in the radio/television spectrum without having been authorized by the Commission. The Commission, however, shall not unreasonably withhold or delay the grant of such authority.

SECTION 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 function of public information and education; conform to the ethics to honest enterprise; and not use its stations or 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.

SECTION 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 and facility in the interest of public safety, security and public welfare, or to authorize the temporary use and operation thereof by the 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 a 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.

SECTION 6. *Term of Franchise.* This franchise shall be for a term of twenty-five (25) years from the date of effectivity of this Act unless sooner revoked or cancelled. This franchise shall be deemed *ipso facto* revoked in the event the grantee fails to comply with any of the following conditions:

(a) Commence operations within one (1) year from the approval of its operating permit or provisional authority by the NTC;

(b) Operate continuously for two (2) years; and

(c) Commence operations within three (3) years from the effectivity of this Act.

SECTION 7. *Acceptance and Compliance.* Acceptance of this franchise shall be given in writing 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.

SECTION 8. *Bond.* The grantee shall file a bond issued in favor of the NTC, which shall determine the amount to guarantee the compliance with and fulfillment of the conditions under which this franchise is granted. If after three (3) years from the date of the approval of its permit by the Commission, the grantee shall have fulfilled the same, the bond shall be cancelled by the Commission. Otherwise, the bond shall be forfeited in favor of the government and the franchise *ipso facto* revoked.

SECTION 9. *Tax Provisions.* The grantee, its successors or assigns, shall be subject to the payment of all taxes, duties, fees or charges and other impositions under the National Internal Revenue Code (NIRC) of 1997, as amended, and other applicable laws: *Provided*, That nothing herein shall be construed as repealing any specific tax exemptions, incentives, or privileges granted under any relevant law. *Provided, further*, That all rights, privileges, benefits and exemptions accorded to existing and future broadcasting station franchises shall likewise be extended to the grantee.

The grantee shall file the return with the city or province wherein its facility is located and pay the taxes due thereon to the Commissioner of Internal Revenue or his duly authorized representatives in accordance with the NIRC and the return shall be subject to audit by the Bureau of Internal Revenue.

SECTION 10. *Self-Regulation by and Undertaking of Grantee.* The grantee shall not require any previous censorship of any speech, play, act or scenes, or other matter being broadcast if the tendency thereof is to propose and/or incite treason, rebellion or sedition; or the language used therein of the theme thereof is indecent or immoral; and willful failure to do so shall constitute a valid cause for the cancellation of this franchise.

SECTION 11. *Obligation of Grantee.* Any person aggrieved by any remark, report, statement, commentary or the like by broadcasters using the same facilities of the grantee shall have the right to reply in the same program or any other program the aggrieved party may choose.

SECTION 12. *Warranty in Favor of National and Local Governments.* The grantee shall hold the national, provincial and municipal governments of the Philippines harmless 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.

SECTION 13. *Sale, Lease, Transfer, Usufruct, Etc.* The grantee shall not lease, transfer, grant the usufruct of, sell 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, whether as a whole or in parts and whether simultaneously or contemporaneously, to any person, firm, company, corporation or entity without prior approval of the Congress of the Philippines. 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.

SECTION 14. *Dispersal of Ownership.* In accordance with constitutional provisions to encourage public participation in public utilities, the grantee shall offer at least thirty per centum (30 %) of its outstanding capital stock or a higher percentage that may hereafter be provided by law in any securities exchange in the Philippines within five (5) years from the time it has achieved the status of a national broadcasting network. A "national broadcasting network" is hereby defined as one that operates three (3) or more radio and/or television stations. Noncompliance therewith shall render the franchise *ipso facto* revoked.

SECTION 15. *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.

SECTION 16. *Equality Clause.* Any advantage, favor, privilege, exemption, or immunity granted under existing franchises, or may hereafter be granted, shall *ipso facto* become part of previously granted telecommunications franchises and shall be accorded immediately and unconditionally to the grantees of such franchises: *Provided, however,* That the forgoing shall neither apply to nor affect provisions of telecommunications franchises concerning territory covered by the franchise, the lifespan of the franchise, or the type of service authorized by the franchise.

SECTION 17. *Separability Clause.* If any of the sections or provisions of this Act is held invalid, all the other provisions not affected hereby shall remain valid.

SECTION 18. *Repealability and Nonexclusivity Clause.* This franchise shall be subject to amendment, alteration or appeal 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.

SECTION 19. *Reportorial Requirement.* The grantee shall submit an annual report to the Congress of the Philippines on its compliance with the terms and conditions of the franchise and on its operations within sixty (60) days from the end of every year.

SECTION 20. *Effectivity.* This Act shall take effect fifteen (15) days from the date of its publication, upon the initiative of the grantee, in at least two (2) newspapers of general circulation in the Philippines.