

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

Sixteenth Congress
First Regular Session

House Bill No. **4157**



Introduced by Honorable Giorgidi B. Aggabao, Hon. Napoleon S. Dy, Hon. Rodolfo T. Albano III, Hon. Ana Cristina S. Go, and Hon. Jose T. Panganiban Jr.

EXPLANATORY NOTE

This bill seeks to grant Northeastern Broadcasting Services, Incorporated a franchise to install, operate, and maintain radio broadcasting and television stations in the Province of Isabela.

The 1987 Constitution, under its Bill of Rights provides:

“The right of the people to information on matters of public concern shall be recognized, x x x”.

Telecommunication is one of the best medium to disseminate information, especially to those in the remote areas. However, it is observed that most of the radio and television networks in this country are located in the urban centers. These networks are impeded from transmitting to the remotest areas because of natural barriers, such as mountain ranges, that block the flow of airwaves. It seems that residents of the remote areas, who are in most need of information are the ones deprived of their constitutional right to information.

Investors should be encouraged to invest in the telecommunications business to assist the government in disseminating information on issues and matters of public concern. The Northeastern Broadcasting Services, Incorporation is a private corporation interested in the telecommunication business. It desires to operate radio and television stations in the Province of Isabela.

Northeastern Broadcasting Services, Inc. was organized in February 1991 with the primary purpose of engaging and dealing in the business of radio and television broadcasting, transmitting and receiving in a commercial and/or sustaining basis. On July 25, 1991, the corporation was issued a temporary permit to operate a broadcasting station at Cauayan, Isabela by the National Telecommunications Commission. For this purpose it bought a radio transmitter/transceiver for its AM and FM stations. The Corporation would like to further expand its operations to serve a greater number of people. However, it is hesitant to invest additional capital for the procurement of modern telecommunications equipment because it is still operating under a temporary permit.

Bills were filed on the 10th, 12th, 13th, and 15th Congress for the franchise of the Northeastern Broadcasting Services, Inc. On the 10th Congress, a bill (HB 1759) was approved by the Committee on Franchises, and reported back to the House under committee Report No. 838. The House approved the bill on second reading and third reading, and subsequently transmitted to the Senate where it remained pending until the end of the 10th Congress.

On the 12th Congress, a similar bill (HB5071) was filed. It was approved by the Committee on Legislative Franchises and reported back to the House as a substitute bill (HB5259). Based on this substitute bill, HB 2684 was filed on the 13th Congress, and thereafter referred to the Committee on Legislative Franchises where it remained pending until the end of the 13th Congress.

House Bill 2811 was filed on the 15th Congress and was considered also by the Committee on Legislative Franchises whereby Committee Report Number 2031 recommends approval of HB6030 in substitution of HB2811. The House approved the bill on third reading and transmitted the same to the Senate where it remained pending until the end of th 15th Congress.

In view of the urgent need of the Isabelinos, the immediate approval of this bill is earnestly requested.



HON. GIORGIDI B. AGGABAO



HON. NAPOLEON S. DY



HON. ANA CRISTINA S. GO



HON. RODOLFO T. ALBANO, III



HON. JOSE T. PANGANIBAN, JR.

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AN ACT
GRANTING THE NORTHEASTERN BROADCASTING SERVICES,
INCORPORATED A FRANCHISE TO CONSTRUCT, INSTALL, ESTABLISH,
OPERATE AND MAINTAIN RADIO AND TELEVISION BROADCASTING STATIONS
IN THE PROVINCE OF ISABELA

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 1987 Constitution and applicable laws, rules and regulations, there is hereby granted to Northeastern Broadcasting Services, Incorporated hereunder referred to as the grantee, its successors or assigns, a franchise to construct, install, establish, operate and maintain for commercial purposes and in the public interest, radio and/or television broadcasting stations in the Province of Isabela, where frequencies and/or channels are still available for radio and/or television broadcasting, including digital television system, Internet Protocol (IP) – related services and IP-value-added services, through microwave, satellite or whatever means, including 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 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.

SEC. 3. *Prior Approval of the National Telecommunications Commission (NTC).* -

The grantee shall secure from the 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 any 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. This franchise shall be deemed ipso facto revoked in the event the guarantee fails to comply with any of the following conditions:

- a) Commence operations within one (1) year from the approval of its operating permit by the National Telecommunications Commission;
- b) Operate continuously for two (2) years; and
- c) Commence operations within three (3) years from the effectivity of this Act.

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. *Bond.* – The grantee shall file a bond issued with the NTC in the amount that it shall determine to guarantee 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 conditions, 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.

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; 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. 10. *Warranty in Favor of National and Local Governments.* –The grantee shall hold the national, provincial, city and municipal governments of the Philippines harm-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. 11. *Sale, Lease, Transfer, Usufruct, Assignment.* - The grantee shall not lease, transfer, grant the usufruct of, sell or assign this franchise or the rights and privilege acquired thereunder to any person, firm, company, corporation or other commercial or legal entity, or merge with any other corporation or entity, or shall transfer the controlling interest of the grantee, whether as a whole or in parts 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 lease, transfer, granting the usufruct of, sale or assignment of franchise or the rights or privileges acquired 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. 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 per centum (30%) or a higher percentage that may hereafter be provided by law of its outstanding capital stock in any securities exchange in the Philippines within five (5) years from the commencement of its operations. Noncompliance therewith shall render the franchise *ipso facto* revoked.

SEC. 13. *Equality Clause.* - Any advantage, favor, privilege, exemption, or immunity granted under other existing franchise, 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, however, That the foregoing shall neither apply to nor affect provisions of broadcasting franchises concerning territory covered by the franchise, the lifespan of the franchise or the type of service authorize by the franchise: Provided, further, That the foregoing shall not apply to sale, lease, transfer, grant of usufruct, or assignment of legislative franchise with prior Congressional approval.

SEC. 14. *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. 15. *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.

SEC. 16. *Penalty Clause.* – Any grantee who fails to submit the annual report to Congress shall be fined Five Hundred Pesos (P500.00) per working day of non-compliance. The fine shall be collected by the NTC from the said delinquent franchise grantee separate from the reportorial penalties imposed by NTC. The collected funds shall accrue to the monitoring fund of the NTC in line with its supervisory and regulatory functions. The reportorial compliance certificate issued by Congress shall be required before any application for permit or certificate is accepted by NTC.

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

SEC. 18. *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. 19. *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. 20. *Effectivity Clause.* - This Act shall take effect fifteen (15) days from the date of its publication, in at least two (2) newspapers of general circulation in the Philippines.

Approved,