



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

Seventeenth Congress
Second Regular Session



HOUSE BILL NO. **6347**

Introduced by Honorable Luis A. Ferrer IV

EXPLANATORY NOTE

This bill seeks to renew the franchise granted to Advanced Media Broadcasting System, Inc., under Republic Act No. 8061 entitled, "AN ACT GRANTING THE ADVANCED MEDIA BROADCASTING SYSTEM, INC., A FRANCHISE TO CONSTRUCT, INSTALL, OPERATE AND MAINTAIN RADIO AND TELEVISION BROADCASTING STATIONS IN THE PHILIPPINES" enacted into law on 15 June 1995.

The term of the franchise of Advanced Media Broadcasting System, Inc., which is twenty-five (25) years, will expire in June 2020. The filing of this bill is very timely since it will undergo public hearings and consultations in the committee level and be processed through the legislative mill. The renewal of its franchise is needed for long term planning and capital investment due to the emerging technologies that make the broadcasting industry capital intensive.

Communications and media play a vital role in the development and growth of our country. The state policy is laid down in the 1987 Constitution which provides that "The state recognizes the vital role of communication and information in nation-building." A most effective means of communication and dissemination of information is broadcast media particularly radio in the remote places of the Philippine archipelago.

It is imperative that the government continue to play an active role in sustaining and encouraging the development of broadcast media.

In view of the foregoing, approval of this bill is earnestly requested.


LUIS A. FERRER IV



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HOUSE BILL NO. 6347

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AN ACT EXTENDING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO ADVANCED MEDIA BROADCASTING SYSTEM, INC. UNDER REPUBLIC ACT NO. 8061, ENTITLED "AN ACT GRANTING THE ADVANCED MEDIA BROADCASTING SYSTEM, INC. 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, the franchise granted to Advanced Media Broadcasting System, Inc. hereunder referred to as the grantee, its successor or assignee, under Republic Act No. 8061, to construct, install, establish, operate and maintain for commercial purposes and in the public interest, radio and/or television broadcasting stations, 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 in the Philippines, is hereby extended 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 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/or 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.

The grantee shall not dispose or lease its facilities except with entities with radio or television broadcasting franchise: *Provided*, That the grantee shall inform and secure written authorization to proceed from the NTC, and report the transaction to the NTC within sixty (60) days after its completion. *Provided, further*, That the NTC shall determine the corresponding sanction for any violation of this provision.

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 inform the population on important public issues; provide at all times sound and balanced programming; assist in the performance of the functions of public information and education; conform to the ethics of honest enterprise, and to refrain from broadcasting of obscene and indecent language, speech, act or scene, or disseminating deliberately false information or willful misrepresentation, to the detriment of the public interest; or to inciting, encouraging, or assisting in subversive or treasonable acts.

SEC. 5. *Right to 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 and 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 they 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. *Acceptance of Franchise.* - Acceptance of the terms 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 Philippine 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, 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 from airing 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, 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. *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 the controlling interest of the grantee be transferred, 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 of 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 cent (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: *Provided*, That in cases where public offer of shares is not applicable, establishment of cooperatives and application of other methods of encouraging public participation by citizens and corporations operating public utilities as allowed by law must be implemented.

Noncompliance therewith shall render the franchise *ipso facto* revoked.

SEC. 12. *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 Philippine Senate, on its compliance with the terms and conditions of the franchise and on its operations on or before April 30 of every year during the term of its franchise. The reportorial compliance certificate issued by Congress shall be required before any application for permit or certificate is accepted by the NTC.

SEC. 13. *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 non-compliance. The fine shall be collected separately by the NTC distinct from the penalties it imposes for non-compliance of its own reportorial requirements.

SEC. 14. *Equality Clause.* - Except for taxes and customs duties, 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 provisions of broadcasting franchises concerning territorial coverage, the term, or the type of service authorized by the franchise.

SEC. 15. *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. 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. *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. 18. *Effectivity.* - This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,