

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
Third Regular Session



HOUSE BILL NO. **8119**

Introduced by Rep. FELICIANO BELMONTE, JR. and Rep. FRANCISCO G. DATOL, JR.

EXPLANATORY NOTE

Since the commencement of its operations in 1963 and the approval of its congressional franchise in 1995, Mareco Broadcasting Network, Inc. has successfully established five (5) commercial radio stations in five (5) key cities, namely, 105.1 DWBM- FM Manila, 99.1 DYBM-FM Bacolod, 90.7 DYAC-FM Cebu, 93.1 DXLR FM Davao and 105.1 DWBM FM Baguio, immensely contributing to the social, cultural and economic well-being of its service areas across the country. With the increasing requirements of the whole country for more and better entertainment, education and information, and the rapid advances in technology that enables instant, simultaneous and widespread dissemination of programs and information, Mareco Broadcasting Network, Inc. can better serve the public interest if granted the ability to maximize the use of its resources to benefit more people nationwide with a broader offering of services.

In its fifty-five (55) years of service, the franchise grantee has been broadcasting highly informative, entertaining and educational programs to its current coverage area which brought these areas closer to the economic and social mainstream. If granted the renewal sought, the franchise grantee intends to continue its quality broadcasting service to better serve its existing service areas.

The principal amendment proposed to be effected concerns the expansion of the nature and scope of the franchise in order to keep abreast with the latest broadcasting technologies now available, and would also allow the franchise to a well-deserved equal status among most broadcast franchises granted by this august chamber.

The fifty-five years of service of its existing commercial radio stations demonstrates the technical, financial and management capabilities of the franchise grantee. It will be a waste of precious scarce resources if these same capabilities cannot be harnessed again for the greater good - more livelihood and production, education, social interaction, employment and countryside development - simply because of the current constraints in its franchise, hence this application for the renewal of Mareco Broadcasting Network Inc.'s franchise under Republic Act No. 8180.

The immediate approval of this bill is earnestly sought.


FRANCISCO G. DATOL, JR.


FELICIANO BELMONTE, JR.

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Introduced by REP. FELICIANO BELMONTE, JR. and
REP. FRANCISCO G. DATOL, JR.

AN ACT
RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE
GRANTED TO MARECO BROADCASTING NETWORK, INC. UNDER
REPUBLIC ACT NO. 8108, ENTITLED "AN ACT GRANTING THE MARECO
BROADCASTING NETWORK, INC. A FRANCHISE TO CONSTRUCT,
MAINTAIN AND OPERATE RADIO BROADCASTING AND TELEVISION
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 the Mareco Broadcasting Network, Inc., hereunder referred to as the grantee, its successors or assignees, a franchise to construct, install, operate and maintain for commercial purposes and in the public interest, radio and/or television broadcasting stations in the Philippines, where frequencies and/or channels are still available for radio and/or television broadcasting, and other technology that may hereafter or in the future be developed in the field of broadcasting, and such other systems, facilities or structures for the origination, reception, processing, transmission, broadcast, rebroadcast or distribution of audio, video, information, and other electronic signals, for the provision of services such as direct to home/user broadcast via satellite, pay and cable television, multimedia, and value-added services and other similar services, through electromagnetic waves, fiber optics, satellites and whatever means now available or which in the future may be developed for telecasting and broadcasting of

news, documentaries, entertainment, informational and educational, interactive and various television programs with the corresponding technological auxiliaries or facilities, special broadcast, other program and distribution services and relay stations, and to install radio communication facilities transmit and receive satellite systems, content production and distribution facilities and other systems are as essential or convenient to 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/or the 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.

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 and facilities for the broadcasting of obscene or indecent language, speech, act or scene; or for the dissemination of deliberately false information and willful

misrepresentation, to the detriment of the 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 the paid commercials or advertisements which shall be allocated based on need to the executive, legislative, 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.

SEC. 5. *Right of the 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 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 approval 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. *Self-regulation by and Undertaking of the 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. 8. *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 injuries to persons or damage to properties during the construction or operation of the stations of the grantee.

SEC. 9. *Commitment to Provide and Promote the Creation of Employment Opportunities.* – The grantee shall create employment opportunities and shall allow on-the-job trainings in their franchise operation: *Provided*, That priority shall be accorded to the residents in areas where any of its offices is located: *Provided, further*, That the grantee shall follow the applicable labor standards and allowance entitlement under existing labor laws, rules and regulations and similar issuances: *Provided, finally*, That the employment opportunities or jobs created shall be reflected in the General Information Sheet (GIS) to be submitted to Securities and Exchange Commission annually.

SEC. 10. *Tax Provisions.* – The grantee, its successors or assignees shall continue to be subject to all applicable taxes, duties, fees or charges and other impositions under Republic Act No. 8424, otherwise known as 'The National Internal Revenue Code of 1997', as amended, and other applicable laws.

SEC. 11. *Sale, Lease, Transfer, 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, 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 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 said transaction: *Provided, further*, That failure to report to Congress such change of ownership shall render the franchise *ipso facto* revoked: *Provided, further*, that the foregoing limitations shall not apply to : (1)

any issuance of shares to any investor pursuant to or in connection with any increase in the grantee's authorized capital stock which shall result in the dilution of the stockholdings of the grantee's then existing stockholders; (2) any sale, transfer or assignment by the stockholders of the grantee in favor or a holding company whose stockholders are identical to the stockholders of the grantee; *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 percent (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, 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 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 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. 14. *Penalty Clause.* – 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. The fine shall be collected by the NTC from the delinquent franchise grantee separate from the reportorial penalties imposed by the NTC.

SEC. 15. *Equality Clause.* – 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, however,* That the foregoing shall neither apply to nor affect the provisions of broadcasting franchises concerning territory covered by the franchise, the life span of the franchise, or the type of service authorized by the franchise: *Provided, further,* That the foregoing shall not apply to sale, lease, transfer, or grant of usufruct of legislative franchise with prior congressional approval.

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. *Repealability and Nonexclusivity 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. 18. *Repealing Clause.* – All laws, orders, issuances, rules and regulations or parts thereof inconsistent with 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,