

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

EIGHTEENTH CONGRESS

Second Regular Session

HOUSE BILL NO. **8458**



INTRODUCED BY REPRESENTATIVE XAVIER JESUS D. ROMUALDO

EXPLANATORY NOTE

In the mid90s, a new broadcasting technology called direct-to-homewas introduced in the Philippines. Using a signal transmitted by a satellite, programs could be received anywhere in the Philippines as long as there was a small satellite dish available to receive the signal. This was far more liberating than cable, which necessitated wires being rolled-out before a broadcast service could be delivered. This also allowed for a very quick proliferation of the broadcast service – a truly nationwide pay television (TV) broadcast.

Today, Cignal TV, Inc (Cignal) is undeniably the biggest pay TV service in the country, with more than three million subscribers nationwide and growing. With its broadcast service available as far north as Batanes and as far south as Tawi-Tawi, the delivery of news, entertainment, sports, public service programs, educational programs benefit the entire nation. The programming content presently available on Cignal also allows Filipinos to have access to the best programs available globally.

By granting the renewal of the legislative franchise of Cignal, the continuation of its benefit and service to the Filipino people will be assured. Moreover, as the company continues to adopt new broadcasting technologies, such as high-definition TV broadcast, delivery of TV signals through fiber, and other world-class broadcasting technologies, the Philippines will be assured that we will be at par with other countries in terms of broadcasting technology available to Filipinos.

Accordingly, the timely approval of this measure is most earnestly sought.


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AN ACT

RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO SIGNAL TV, INC. (FORMERLY GV BROADCASTING SYSTEM, INC.), UNDER REPUBLIC ACT NO. 8591, ENTITLED "AN ACT AMENDING REPUBLIC ACT NO. 8169, ENTITLED 'AN ACT GRANTING GV BROADCASTING SYSTEM, INC. A FRANCHISE TO CONSTRUCT, INSTALL, MAINTAIN AND OPERATE FOR COMMERCIAL PURPOSES RADIO BROADCASTING STATIONS IN THE ISLAND OF LUZON AND FOR OTHER PURPOSES'"

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 SIGNAL TV, INC. (formerly GV Broadcasting System, Inc.) hereunder referred to as the grantee, its successor or assignee, under Republic Act No. 8591, a franchise to construct, install, operate, and maintain for commercial purposes and in the public interest, radio and/or television broadcasting stations throughout the Philippines, where frequencies and/or channels are still available for radio and/or television broadcasting, 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, is hereby renewed for another twenty-five (25) years.

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

1 transmission or reception thereon as should maximize rendition of the grantee's
2 services and/or availability thereof.
3

4 SEC. 3. *Prior Approval of the National Telecommunications Commission.* – The grantee
5 shall secure from the National Telecommunications Commission (NTC) the appropriate
6 permits and licenses for the construction and operation of its stations or facilities and
7 shall not use any frequency in the radio/television spectrum without authorization from
8 the NTC. The NTC, however, shall not unreasonably withhold or delay the grant of any
9 such authority.
10

11 In case of any violation of the provisions of this franchise, the NTC shall have the
12 authority to revoke or suspend, after due process, the permits or licenses it issued
13 pursuant to the franchise. The NTC may recommend to Congress of the Philippines the
14 revocation of the franchise for any violation of the provisions of this franchise.
15

16 SEC. 4. *Responsibility to the Public.* – The grantee shall provide, free of charge,
17 adequate public service time which is reasonable and sufficient to enable the
18 government, through the broadcasting stations or facilities of the grantee, to reach the
19 pertinent populations or portions thereof, on important public issues and relay important
20 public announcements and warnings concerning public emergencies and calamities, as
21 necessity, urgency or law may require; provide at all times sound and balanced
22 programming; promote public participation; assist in the functions of public information
23 and education; conform to the ethics of honest enterprise; promote audience sensibility
24 and empowerment including closed captioning; and not use its stations or facilities for
25 the broadcasting of obscene or indecent language, speech, act or scene, the
26 dissemination of deliberately false information or willful misrepresentation, to the
27 detriment of public interest , or to incite, encourage, or assist in subversive or
28 treasonable acts.
29

30 Public service time referred herein shall be equivalent to a maximum aggregate
31 of ten percent (10%) of paid commercials or advertisements which shall be allocated
32 based on need to the Executive and Legislative branches, the Judiciary, Constitutional
33 Commissions, and international humanitarian organizations duly recognized by statutes:
34 *Provided,* That the NTC shall increase the public service time in case of extreme
35 emergency or calamity. The NTC shall issue rules and regulations for this purpose, the
36 effectivity of which shall commence upon applicability with other similarly situated
37 broadcast network franchise holders.
38

39 Pursuant to Republic Act No. 8370, otherwise known as the “Children’s
40 Television Act of 1997”, the grantee shall allot a minimum of fifteen percent (15%) of the
41 daily total air time of each broadcasting network to child-friendly shows within its regular
42 programming.
43

1 SEC. 5. *Right of the Government.* – The radio spectrum is a finite resource that is
2 part of the national patrimony, and the use thereof is a privilege conferred upon the
3 grantee by the State that may be withdrawn any time after due process.
4

5 A special right is hereby reserved to the President of the Philippines, in times of
6 war, rebellion, public peril, calamity, emergency, disaster, or disturbance of peace and
7 order, to temporarily take over and operate the stations or facilities of the grantee; to
8 temporarily suspend the operation of any station or facility in the interest of public
9 safety, security and public welfare; or to authorize the temporary use and operation
10 thereof by any agency of the government, upon due compensation to the grantee, for
11 the use of stations or facilities during the period when these shall be so operated.
12

13 SEC. 6. *Term of Franchise.* – This franchise shall be in effect for a period of
14 twenty-five (25) years from the effectivity of this Act, unless sooner revoked or
15 cancelled. This franchise shall be deemed *ipso facto* revoked in the event the grantee
16 fails to operate continuously for two (2) years.
17

18 SEC. 7. *Self-regulation by and Undertaking of Grantee.* – The grantee shall not
19 require any previous censorship of any speech, play, act or scene, or other matter to be
20 broadcast from its stations, but if any such speech, play, act or scene, or other matter
21 should constitute a violation of the law or infringement of a private right, the grantee
22 shall be free from any liability, civil or criminal, for such speech, play, act or scene, or
23 other matter: *Provided*, That the grantee, during any broadcast, shall cut off the airing of
24 speech, play, act or scene, or other matter being broadcast if the tendency thereof is to
25 propose and/or incite treason, rebellion or sedition; or the language used therein or the
26 theme thereof is indecent or immoral: *Provided, further*, That willful failure to do so shall
27 constitute a valid cause for the cancellation of this franchise.
28

29 SEC. 8. *Warranty in Favor of the National and Local Governments.* – The
30 grantee shall hold the national, provincial, city, and municipal governments of the
31 Philippines free from all claims, liabilities, demands, or actions arising out of accidents
32 causing injury to persons or damage to properties, during the construction or operation
33 of the stations of the grantee.
34

35 SEC. 9. *Commitment to Provide and Promote the Creation of Employment*
36 *Opportunities.* – The grantee shall create employment opportunities and accept on-the-
37 job trainees in the franchise operations: *Provided*, That priority shall be accorded to the
38 residents of the place where the principal office of the grantee is located: *Provided*
39 *further*, That the grantee shall ensure that at least sixty percent (60%) of its employees
40 are regular employees and in no case shall the percentage of contractual employees,
41 job orders, casuals, talents and independent contractors combined, exceed forty
42 percent (40%) of its total workforce: *Provided, finally*, That the grantee shall comply with

1 the applicable labor standards and allowance entitlement under existing labor laws,
2 rules and regulations and similar issuances.

3
4 The employment opportunities or jobs created shall be reflected in the General
5 Information Sheet (GIS) to be submitted to the Securities and Exchange Commission
6 (SEC) annually. In addition, the grantee shall include in its annual report to Congress
7 the number of its regularized employees and secure a compliance and clearance
8 certificate from the Department of Labor and Employment and its relevant attached
9 agencies.

10
11 SEC. 10. *Sale, Lease, Transfer, Grant of Usufruct, or Assignment of Franchise.* –
12 The grantee shall not sell, lease, transfer, grant the usufruct of, nor assign this franchise
13 or the rights and privileges acquired thereunder to any person, firm, company,
14 corporation or other commercial or legal entity, nor merge with any other corporation or
15 entity, nor shall transfer the controlling interest of the grantee, simultaneously or
16 contemporaneously, to any person, firm, company, corporation, or entity without the
17 prior approval of Congress. Congress shall be informed of any sale, lease, transfer,
18 grant of usufruct, or assignment of franchise or the rights and privileges acquired
19 thereunder, or of the merger or transfer of the controlling interest of the grantee, within
20 sixty (60) days after the completion of the said transaction. Failure to report to Congress
21 such change of ownership shall render the franchise *ipso facto* revoked. Any person or
22 entity to which this franchise is sold, transferred, or assigned shall be subject to the
23 same conditions, terms, restrictions, and limitations of this Act.

24
25 SEC. 11. *Dispersal of Ownership.* – In accordance with the constitutional
26 provision to encourage public participation in public utilities, the grantee shall offer to
27 Filipino citizens at least thirty percent (30%) of its common stocks, or a higher
28 percentage that may hereafter be provided by law, in any securities exchange in the
29 Philippines within five (5) years from the effectivity of this Act: *Provided*, That in cases
30 where public offer of shares is not applicable, other methods of encouraging public
31 participation by citizens and corporations operating public utilities must be implemented.
32 Noncompliance therewith shall render the franchise *ipso facto* revoked.

33
34 SEC. 12. *Reportorial Requirement.* – The grantee shall submit an annual report
35 on its compliance with the terms and conditions of the franchise and on its operations to
36 the Congress of the Philippines, through the Committee on Legislative Franchises of the
37 House of Representatives and the Committee on Public Services of the Senate, on or
38 before April 30 of every year during the term of its franchise.

39
40 The annual report shall include an update on the roll-out, development, operation
41 and/or expansion of business; audited financial statements; latest GIS officially
42 submitted to the SEC, if applicable; certification of the NTC on the status of its permits
43 and operations; and an update on the dispersal of ownership undertaking, if applicable.

44
45 The reportorial compliance certificate issued by Congress shall be required
46 before any application for permit or certificate is accepted by the NTC.

1
2 SEC. 13. *Fine.* – Failure of the grantee to submit the requisite annual report to
3 Congress shall be penalized by a fine of Five hundred pesos (P500.00) per working day
4 of noncompliance. The fine shall be collected by the NTC from the delinquent franchise
5 grantee separate from the reportorial penalties imposed by the NTC and the same shall
6 be remitted to the Bureau of the Treasury.
7

8 SEC. 14. *Equality Clause.* – Any advantage, favor, privilege, exemption, or
9 immunity granted under existing franchises, or which may hereafter be granted for radio
10 and/or television broadcasting, upon prior review and approval of Congress, shall
11 become part of this franchise and shall be accorded immediately and unconditionally to
12 the herein grantee: *Provided*, That the foregoing shall neither apply to nor affect the
13 provisions of broadcasting franchises concerning territorial coverage, the term, or the
14 type of service authorized by the franchise.
15

16 SEC. 15. *Repealability and Nonexclusivity Clause.* – This franchise shall be
17 subject to amendment, alteration, or repeal by Congress when the public interest so
18 requires and shall not be interpreted as an exclusive grant of the privileges herein
19 provided for.
20

21 SEC. 16. *Separability Clause.* – If any of the sections or provisions of this Act is
22 held invalid, all other provisions not affected thereby shall remain valid.
23

24 SEC. 17. *Repealing Clause.* –All laws, decrees, orders, resolutions, instructions,
25 rules and regulations, and other issuances or parts thereof which are inconsistent with
26 the provisions of this Act are hereby repealed, amended, or modified accordingly.
27

28 SEC. 18. *Effectivity.* – This Act shall take effect fifteen (15) days after its
29 publication in the Official Gazette or in a newspaper of general circulation.
30

31
32 Approved,
33