

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

NINETEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 9829



Introduced by HON. JOSE S. AQUINO II

EXPLANATORY NOTE

As enshrined in the Constitution, the State recognizes the vital role of communication and information in nation-building and the indispensable role of the private sector in building the same.

This bill seeks to grant the Northern Mindanao Broadcasting System, Inc. (NMBS) a franchise to construct, install, establish, operate and maintain radio and television broadcasting stations in the Mindanao region.

Northern Mindanao Broadcasting System Inc. is a broadcasting network that operates TV (DXNS TV7) and FM Radio Station (102.3 DXNS FM). The company started its TV Channel 7 broadcast in the late 1990's as a relay station of GMA 7. At the turn of the new millennium, DXNS FM radio station started broadcasting in Butuan City that was made possible by a partnership with Quest Broadcasting. The network's output in news and public affairs has resulted in its conferment of the KBP Golden Dove Awards.

Telecommunications plays an increasingly vital role in enabling the participation and development of people in communities and nations disadvantaged by geography. Northern Mindanao Broadcasting System, Inc. aims to achieve this as this would significantly contribute to the modernization and economic development of the country.

In view of the foregoing, the approval of this measure is earnestly sought.


JOSE S. AQUINO II

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

NINETEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 9829

Introduced by **HON. JOSE S. AQUINO II**

**AN ACT GRANTING THE NORTHERN MINDANAO BROADCASTING SYSTEM,
INC. A FRANCHISE TO CONSTRUCT, INSTALL, ESTABLISH, OPERATE AND
MAINTAIN RADIO AND TELEVISION BROADCASTING STATIONS
THROUGHOUT 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 **NORTHERN MINDANAO BROADCASTING SYSTEM, INC.**, 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 television broadcasting stations in the Philippines with the corresponding technological auxiliary or facilities, special broadcast and other broadcast distribution services and relay stations.

SECTION 2. *Manner of Operation Stations of 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 service and/ or availability thereof.

SECTION 3. *Prior Approval of the National Telecommunications Commission (NTC).* - The grantee shall secure from the National Telecommunications Commission the appropriate permits and licenses for the construction and operation of its stations or facilities and shall not use any frequency in the radio or television spectrum without having been authorized by the Commission. The NTC, however, shall not unreasonably withhold or delay the grant of any 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 balance programming; assist in the functions of public information and education; conform to the ethics of honest enterprise, and not use its stations and facilities or 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 time of war, rebellion, public peril, calamity, emergency, disaster or serious disturbance of peace and order, 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 telecommunication 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 maybe withdrawn any time after due process.

SECTION 6. *Term of Franchise.* - The 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 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 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.

SECTION 8. *Bond.*- The grantee shall file a bond issued in favor of the NTC in the amount that the NTC shall determine, to guarantee a compliance with and fulfillment of the conditions under which this franchise is granted. If after three (3) years from the date of 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. *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 the airing of speech, play, act or scene, or other matter being broadcast if the tendency thereof is to propose 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.

SECTION 10. *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, accounts, demands or actions arising out of accidents or injuries, whether to property or persons, caused by the construction or operation of the stations of the grantee.

SECTION 11. *Sale, Lease, Transfer, Grant of Usufruct or Assignment of Franchise.*

– The Grantee shall not sell, lease, transfer, grant the usufruct of, not 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 simultaneously or contemporaneously, to any person firm, company, corporation or entity without prior approval of Congress. The grantee shall inform Congress, through the Office of the Speaker of the House of Representatives and the Office of the Senate President, 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 the said transaction. Failure to report to Congress such change of ownership shall render the franchise *ipso facto* revoked. 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 12. *Dispersal of Ownership.* – In accordance with the constitutional provision 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 commencement of its operation; *Provided*, That in cases where put-offer of shares is not applicable, establishment of cooperatives and other methods encouraging public participation by citizens and corporations operating public utilities may be implemented. Non-compliance therewith shall render the franchise *ipso facto* revoked.

SECTION 13. *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 14. *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, in 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.

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

SECTION 15. *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 non-compliance and shall be paid to the NTC. The fine shall be collected by the NTC from the delinquent franchise grantee separate from the reportorial penalties imposed by the NTC and the same shall be remitted to the Bureau of the Treasury.

SECTION 16. *Equality Clause.*– Any advantage, favor privilege, exemption, or immunity granted under existing franchises, or which may hereafter be granted for radio and 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 the provisions of broadcasting franchises concerning territorial coverage, the term, or the type of service authorized by the franchise.

SECTION 17. *Repealability and Non-Exclusivity Clause.* – This franchise shall be subject to amendment, alteration, or repeal by Congress when the public interest so requires and shall not be interpreted as an exclusive grant of the privileges herein provided for.

SECTION 18. *Separability Clause.*– If any of the sections or provisions of this Act is held invalid, all other provisions not affected thereby shall remain valid.

SECTION 19. *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.

SECTION 20. *Effectivity Clause.* This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,