

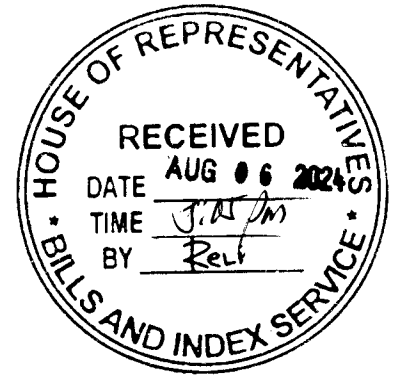
Republic of the Philippines
HOUSE OF REPRESENTATIVES

Batasan Hills, Quezon City

NINETEENTH CONGRESS

Third Regular Session

HOUSE BILL NO. 10728



Introduced by: **Hon. Margarita Ignacia B. Nograles**

AN ACT

RENEWING FOR ANOTHER TWENTY-FIVE YEARS THE FRANCHISE GRANTED TO THE SPHERE ENTERTAINMENT INC. (FORMERLY BENGUET BROADCASTING CORPORATION) UNDER REPUBLIC ACT NO. 9119, AS AMENDED, ENTITLED "AN ACT GRANTING THE BENGUET BROADCASTING CORPORATION A FRANCHISE TO CONSTRUCT, INSTALL, ESTABLISH, OPERATE AND MAINTAIN RADIO AND TELEVISION BROADCASTING STATIONS IN THE PHILIPPINES"

Explanatory Note

Article II, Section 24 of the 1987 Philippine Constitution expressly provides that "the State recognizes the vital role of communication and information in nation building." Furthermore, Article III, Section 7 provides that "the right of the people to information on matters of public concern shall be recognized." These constitutional provisions clearly underscore the crucial role of modernizing and establishing new communication facilities in order to constantly apprise the Filipinos all over the country of the important events that are happening in our nation.

Communication transcends all barriers, effectively disseminating crucial information. The expansion of radio and television broadcast networks vividly demonstrates that the Philippines is progressively aligning with its Asian counterparts in the communications industry. The role of broadcasting organizations in meeting the informational, educational, and entertainment needs of Filipino viewers should be accorded the highest recognition. The services they provide to all classes of viewers are invaluable and cannot be quantified. A free, independent, and pluralistic media is an

essential element of a democratic country. In a representative democracy like ours, it is crucial to have a well-informed citizenry that will contribute to the formation of the national consciousness.

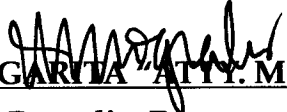
This bill proposes the renewal of the congressional franchise granted to BENGUET BROADCASTING CORPORATION under Republic Act No. 9119, as amended by Republic Act No. 9743, enabling it to continue its operations and serve the general public.

Since the approval of the congressional franchise and commencement of its operations, BENGUET BROADCASTING CORPORATION (now SPHERE ENTERTAINMENT INC.) has provided a wide variety of programs addressing the information, instructional, and entertainment needs and preferences of its audiences.

Given the crucial role media plays in nation-building, including the gathering and dissemination of timely and accurate news and information, as well as the production and broadcasting of wholesome, affordable entertainment, SPHERE ENTERTAINMENT INC. is committed to continuing this vital service to its diverse audiences. It has been producing television programming content for several years while awaiting the approval of its applications for Certificates of Public Convenience and Necessity in 12 service areas. SEI has been granted Provisional Authorities for General Santos City and Batangas City. This development aligns with the network's vision to foster more knowledgeable communities and encourage civic engagement.

Over the years, the franchise Grantee has served as a catalyst for fostering harmonious relations and stimulating economic development. If the renewal sought is granted, the franchise grantee intends to leverage new technologies to deliver superior informational, entertaining, and educational programs to its nationwide audience.

Hence, immediate approval of this bill is earnestly sought.


HON. MARGARITA "ATTY. MIGS" B. NOGRALES
PBA Party-list Representative

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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 Sphere Entertainment Inc. (formerly Benguet Broadcasting Corporation), hereunder referred to as the Grantee, its successors or assigns, under Republic Act No. 8594, to construct, install, establish, operate and maintain for commercial purposes and in the public interest, radio and television broadcasting stations in the Philippines, where frequencies and/or channels are still available for radio and/or television broadcasting, through microwave, satellite or whatever means including the use of any new technologies in television and radio broadcasting 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.

Section 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 the availability thereof.

Section 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 and facilities and shall not use any frequency in the radio/television spectrum without having been authorized by the NTC. The NTC, however, shall not unreasonably withhold or delay the grant of any such authority.

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

Section 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; conform to the ethics of honest enterprise; 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 or facilities for the broadcasting of obscene and indecent language, speech, act or scene, 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.

Public service time referred herein shall be equivalent to a maximum aggregate of ten percent (10%) of paid commercials or advertisements which shall be allocated based on need to the Executive and Legislative branches, the 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.

Pursuant to Republic Act No. 8730, otherwise known as the "Children's Television Act of 1997", the Grantee shall allot a minimum fifteen percent (15%) of the daily total air time of each broadcasting network or station to child-friendly shows within its regular programming.

Section 5. *Right of Government.* – The radio spectrum is a finite resource that is a 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.

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.

Section 6. *Term of Franchise.* - This 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 operate continuously for two (2) years.

Section 7. *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 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 the airing of 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 incident or immoral: *Provided*, further, That willful failure to do so shall constitute a valid cause for the cancellation of this franchise.

Section 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 injury to persons or damage to properties, during the construction or operation of the stations of the Grantee.

Section 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 of the place where their principal office 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:

The employment opportunities or jobs created shall be reflected in the General Information Sheet (GIS) to be submitted to the Securities and Exchange Commission (SEC) annually.

Section 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 shall the controlling interest of the Grantee be transferred, simultaneously or contemporaneously, to any person, firm, company, corporation, or entity without the prior approval of the Congress of the Philippines. The Grantee shall inform the Congress, through the Office of the Speaker of the House of Representatives and 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 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 percent (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 effectivity of this Act: Provided, That in cases where public 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.

Section 12. *Reportorial Requirement.* - The Grantee shall submit an annual report to the Congress of the Philippines, through the Committee on Legislative Franchise 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 annual report shall include an update on the roll-out, development, operation and/or expansion of business; audited financial statements; latest GIS officially submitted to the SEC, if applicable; certification of the NTC on the status of its permits and operations; and an update on the dispersal of ownership undertaking, if applicable.

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

Section 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 noncompliance. 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 14. *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,* 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 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.

Section 16. *Separability Clause.* - If any of the sections or provisions of this Act is held invalid, all the other provisions not affected thereby shall remain valid.

Section 17. 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 18. *Effectivity.* - This Act shall take effect fifteen (15) days from the date of its publication, upon the initiative of the grantee, in at least two (2) newspapers of general circulation in the Philippines.

Approved,