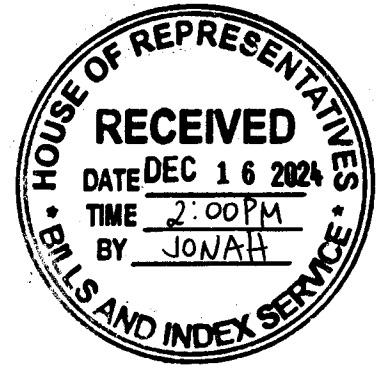


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

NINETEENTH CONGRESS
Third Regular Session

HOUSE BILL NO. 11215



Introduced by
SENIOR CITIZENS Party-List REP. RODOLFO "OMPONG" M. ORDANES

**AN ACT GRANTING THE KRNDL MEDIA 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 Constitution expressly provides that "*the State recognizes the vital role of communication and information in nation-building.*" The Constitution underscores the crucial role of modernizing and establishing new communication facilities to constantly apprise Filipinos all over the country of the critical events happening in our nation.

Communication facilities allow the immediate dissemination of vital information that citizens need. The increase in radio and television broadcast networks vividly shows the Philippines' progress in the communications industry.

The role of broadcasting organizations in serving the needs of the public and clients in information, education, and entertainment for Filipino viewers should be given the utmost recognition since the services they perform for all classes of viewers, in general, are beyond quantification.

In view hereof, this bill seeks to grant a franchise to KRNDL Media Corporation, a radio facility with one (1) provincial radio station, to establish, install, construct, and operate commercial TV/radio broadcasting stations in the Philippines.

Given the foregoing, the approval of this bill is earnestly sought.


RODOLFO "OMPONG" M. ORDANES

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*Be it enacted by the Senate and House of Representatives of the Philippines in Congress
assembled:*

1 **SECTION 1. *Nature and Scope of Franchise.*** – Subject to the provisions of the
2 Constitution and applicable laws, rules, and regulations, the franchise granted to International
3 Broadcasting Corporation, hereunder referred to as the Grantee, its successors or assignees,
4 under Republic Act No. 8954, to construct, install, establish, operate, and maintain for
5 commercial purposes and in the public interest, radio, and television broadcasting stations in
6 the Philippines, where frequencies and channels are still available for radio and television
7 broadcasting, including digital television system, through microwave, satellite or whatever
8 means, as well as the use of any new technology in radio and television systems, with the
9 corresponding technological auxiliaries and facilities, special broadcast and other program and
10 distribution services and relay stations, is hereby renewed for another twenty-five (25) years.

11 **SEC. 2. *Manner of Operation of Stations or Facilities.*** – The stations or facilities of the
12 Grantee shall be constructed and operated in a manner as will, at most, result only in the
13 minimum interference on the wavelengths or frequencies of existing stations or other stations
14 which may be established by law, without in any way diminishing its own privilege to use its
15 assigned wavelengths or frequencies and the quality of transmission or reception thereon, to
16 ensure the maximum rendition and availability of its services.

17 **SEC. 3. *Prior Approval of the National Telecommunications Commission.*** – The
18 Grantee shall secure from the National Telecommunications Commission (NTC) the
19 appropriate permits and licenses for the construction and operation of its stations or facilities
20 and shall not use any frequency in the radio or television spectrum without authorization from
21 the NTC. The NTC, however, shall not unreasonably withhold or delay the grant of any such
22 authority.

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

27 **SEC. 4. *Responsibility to the Public.*** – The Grantee shall provide, free of charge,
28 adequate public service time which is reasonable and sufficient to enable the government,

1 through the broadcasting stations or facilities of the Grantee, to reach the pertinent populations
2 or portions thereof on important public issues and relay important public announcements and
3 warnings concerning public emergencies and calamities, as a necessity, urgency, or law may
4 require; provide at all times sound and balanced programming; promote public participation;
5 assist in the functions of public information and education; conform to the ethics of honest
6 enterprise; promote audience sensibility and empowerment including closed captioning; and
7 not use its stations or facilities for the broadcasting of obscene or indecent language, speech,
8 act, or scene, the dissemination of deliberately false information or willful misrepresentation,
9 to the detriment of public interest, or to incite, encourage, or assist in subversive or treasonable
10 acts.

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

18 Pursuant to Republic Act No. 8370, otherwise known as the "Children's Television Act
19 of 1997", the Grantee shall allot a minimum of fifteen percent (15%) of the daily total air time
20 of each broadcasting network or station to child-friendly shows within its regular programming.

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

24 A special right is hereby reserved to the President of the Philippines, in times of war,
25 rebellion, public peril, calamity, emergency, disaster, or disturbance of peace and order, to
26 temporarily take over and operate the stations or facilities of the Grantee; to temporarily
27 suspend the operation of any station or facility in the interest of public safety, security, and
28 public welfare; or to authorize the temporary use and operation thereof by any agency of the
29 government, upon due compensation to the Grantee, for the use of said stations or facilities
30 during the period when these shall be so operated.

31 **SEC. 6. *Term of Franchise.*** – This franchise shall be in effect for a period of twenty-
32 five (25) years from the effectivity of this Act unless sooner revoked or cancelled. This
33 franchise shall be deemed ipso facto revoked in the event the Grantee fails to operate
34 continuously for two (2) years.

35 **SEC. 7. *Self-regulation by and Undertaking of the Grantee.*** – The Grantee shall not
36 require any previous censorship of any speech, play, act or, scene, or other matter to be
37 broadcast from its stations, but if any such speech, play, act or scene, or other matter should
38 constitute a violation of the law or infringement of a private right, the Grantee shall be free
39 from any liability, civil or criminal, for such speech, play, act or scene, or other matter:
40 Provided, That the Grantee, during any broadcast, shall cut off the airing of speech, play, act
41 or scene, or other matter being broadcast if the tendency thereof is to propose or incite treason,
42 rebellion, or sedition; or the language used therein or the theme thereof is indecent or immoral:
43 Provided, further, That willful failure to do so shall constitute a valid cause for the cancellation
44 of this franchise.

45 **SEC. 8. *Warranty in Favor of the National and Local Governments.*** – The Grantee shall
46 hold the national, provincial, city, and municipal governments of the Philippines free from all
47 claims, liabilities, demands, or actions arising out of accidents causing injury to persons or
48 damage to properties during the construction or operation of the stations of the Grantee.

49 **SEC. 9. *Commitment to Provide and Promote the Creation of Employment***
50 ***Opportunities.*** – The Grantee shall create employment opportunities and accept on-the-job

1 trainees in the franchise operations: Provided, That priority shall be accorded to the residents
2 of the place where the principal office of the Grantee is located: Provided, further, That the
3 Grantee shall comply with the applicable labor standards and allowance entitlement under
4 existing labor laws, rules and regulations and similar issuances.

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

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

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

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

35 The annual report shall include an update on the commencement of activities,
36 development, operation, and expansion of business; audited financial statements; latest GIS
37 officially submitted to the SEC, if applicable; certification of the NTC on the status of its
38 permits and operations; and an update on the dispersal of ownership undertaking, if applicable.

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

41 **SEC. 13. *Fine.*** – Failure of the Grantee to submit the requisite annual report to Congress
42 shall be penalized by a fine of Five hundred pesos (P500.00) per working day of noncompliance
43 and shall be paid to the NTC. The fine shall be collected separately from the reportorial
44 penalties imposed by the NTC, and it shall be remitted to the Bureau of the Treasury.

45 **SEC. 14. *Equality Clause.*** – Any advantage, favor, privilege, exemption, or immunity
46 granted under existing franchises, or which may hereafter be granted for radio and television
47 broadcasting, upon prior review and approval of Congress, shall become part of this franchise
48 and shall be accorded immediately and unconditionally to the herein Grantee: Provided, That
49 the foregoing shall neither apply to nor affect the provisions of broadcasting franchises
50 concerning territorial coverage, the term, or the type of service authorized by the franchise.

1 **SEC. 15. Repealability and Non-exclusivity Clause.** – This franchise shall be subject
2 to amendment, alteration, or repeal by Congress when the public interest so
3 requires and shall not be interpreted as an exclusive grant of the privileges herein provided for.

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

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

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

11
12 *Approved,*