



HOUSE OF REPRESENTATIVES

H. No. 9155

BY REPRESENTATIVES BIRON, TAMBUNTING AND DALIPE

AN ACT

RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO PEC BROADCASTING CORPORATION UNDER REPUBLIC ACT NO. 8685, ENTITLED “AN ACT GRANTING TO PEC BROADCASTING CORPORATION, A FRANCHISE TO CONSTRUCT, ESTABLISH, INSTALL, MAINTAIN AND OPERATE RADIO AND TELEVISION STATIONS IN THE PHILIPPINES”

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 PEC
3 Broadcasting Corporation, hereunder referred to as the Grantee, its successors or
4 assignees, under Republic Act (RA) No. 8685, to construct, establish, install, maintain,
5 and operate radio and television broadcasting stations in the Philippines for commercial
6 purposes and in the public interest, where frequencies and channels are still available for
7 radio and television broadcasting, including digital television system, through microwave,
8 satellite or whatever means, as well as the use of any new technology in radio and
9 television systems, with the corresponding technological auxiliaries and facilities, special
10 broadcast and other program and distribution services and relay stations, is hereby
11 renewed for another twenty-five (25) years.

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

1 **SEC. 3. *Prior Approval of the National Telecommunications Commission.*** –

2 The Grantee shall secure from the National Telecommunications Commission (NTC) the
3 appropriate permits and licenses for the construction and operation of its stations or
4 facilities and shall not use any frequency in the radio or television spectrum without
5 authorization from the NTC. The NTC, however, shall not unreasonably withhold or delay
6 the grant of any such authority.
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8 In case of any violation of the provisions of this franchise, the NTC shall have the
9 authority to revoke or suspend, after due process, the permits or licenses it issued
10 pursuant to the franchise. The NTC may recommend to Congress the revocation of the
11 franchise for any violation of the provisions of this franchise.
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13 **SEC. 4. *Responsibility to the Public.*** – The Grantee shall provide, free of charge,
14 adequate public service time which is reasonable and sufficient to enable the government,
15 through the broadcasting stations or facilities of the Grantee, to reach the pertinent
16 populations or portions thereof, on important public issues and relay important public
17 announcements and warnings concerning public emergencies and calamities, as
18 necessity, urgency, or law may require; provide at all times sound and balanced
19 programming; promote public participation; assist in the functions of public information
20 and education; conform to the ethics of honest enterprise; promote audience sensibility
21 and empowerment including closed captioning; and not use its stations or facilities for the
22 broadcasting of obscene or indecent language, speech, act, or scene, the dissemination
23 of deliberately false information or willful misrepresentation, to the detriment of public
24 interest, or to incite, encourage, or assist in subversive or treasonable acts.
25

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

35 Pursuant to RA 8370, otherwise known as the “Children’s Television Act of 1997”,
36 the Grantee shall allot a minimum of fifteen percent (15%) of the daily total air time of
37 each broadcasting network or station to child-friendly shows within its regular
38 programming.
39

40 **SEC. 5. *Right of the Government.*** – The radio spectrum is a finite resource that
41 is part of the national patrimony, and the use thereof is a privilege conferred upon the
42 Grantee by the State that may be withdrawn any time after due process.
43

44 A special right is hereby reserved to the President of the Philippines, in times of
45 war, rebellion, public peril, calamity, emergency, disaster, or disturbance of peace and
46 order, to temporarily take over and operate the stations or facilities of the Grantee; to

1 temporarily suspend the operation of any station or facility of the Grantee in the interest
2 of public safety, security, and public welfare; or to authorize the temporary use and
3 operation thereof by any agency of the government, upon due compensation to the
4 Grantee, for the use of said stations or facilities during the period when these shall be so
5 operated.
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7 **SEC. 6. Term of Franchise.** – Unless sooner revoked or cancelled, this franchise
8 shall be in effect for a period of twenty-five (25) years from the effectivity of this Act. The
9 franchise shall be deemed *ipso facto* revoked in the event the Grantee fails to operate
10 continuously for two (2) years.
11

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

23 **SEC. 8. Warranty in Favor of the National and Local Governments.** –The
24 Grantee shall hold the national, provincial, city, and municipal governments of the
25 Philippines free from all claims, liabilities, demands, or actions arising out of accidents
26 causing injury to persons or damage to properties, during the construction or operation of
27 the stations of the Grantee.
28

29 **SEC. 9. Commitment to Provide and Promote the Creation of Employment**
30 **Opportunities.** – The Grantee shall create employment opportunities and accept on-the-
31 job trainees in the franchise operations: *Provided*, That priority shall be accorded to the
32 residents of the place where the principal office of the Grantee is located: *Provided,*
33 *further*, That the Grantee shall comply with the applicable labor standards and allowance
34 entitlement under existing labor laws, rules and regulations and similar issuances.
35

36 The employment opportunities or jobs created shall be reflected in the General
37 Information Sheet (GIS) to be submitted to the Securities and Exchange Commission
38 (SEC) annually.
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40 **SEC. 10. Sale, Lease, Transfer, Grant of Usufruct, or Assignment of**
41 **Franchise.** – The Grantee shall not sell, lease, transfer, grant the usufruct of, nor assign
42 this franchise or the rights and privileges acquired thereunder to any person, firm,
43 company, corporation, or other commercial or legal entity, nor merge with any other
44 corporation or entity, nor shall the controlling interest of the Grantee be transferred,
45 simultaneously or contemporaneously, to any person, firm, company, corporation, or
46 entity without the prior approval of Congress. The Grantee shall inform Congress,

1 through the Office of the Speaker of the House of Representatives and Office of the
2 Senate President, of any sale, lease, transfer, grant of usufruct, or assignment of
3 franchise or the rights and privileges acquired thereunder, or of the merger or transfer of
4 the controlling interest of the Grantee, within sixty (60) days after the completion of the
5 said transaction. Failure to report to Congress such change of ownership shall render the
6 franchise *ipso facto* revoked. Any person or entity to which this franchise is sold,
7 transferred, or assigned shall be subject to the same conditions, terms, restrictions, and
8 limitations of this Act.

9
10 **SEC. 11. *Dispersal of Ownership.*** – In accordance with the constitutional
11 provision to encourage public participation in public utilities, the Grantee shall offer to
12 Filipino citizens at least thirty percent (30%) of its outstanding capital stock, or a higher
13 percentage that may hereafter be provided by law, in any securities exchange in the
14 Philippines within five (5) years from the effectivity of this Act: *Provided*, That in cases
15 where public offer of shares is not applicable, other methods of encouraging public
16 participation by citizens and corporations operating public utilities must be implemented.
17 Noncompliance therewith shall render the franchise *ipso facto* revoked.

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19 **SEC. 12. *Reportorial Requirement.*** – The Grantee shall submit an annual report
20 on its compliance with the terms and conditions of the franchise and on its operations to
21 Congress, through the Committee on Legislative Franchises of the House of
22 Representatives and the Committee on Public Services of the Senate, on or before April
23 30 of every year during the term of its franchise.

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

30
31 The reportorial compliance certificate issued by Congress shall be required before
32 any application for permit or certificate is accepted by the NTC.

33
34 **SEC. 13. *Fine.*** – Failure of the Grantee to submit the requisite annual report to
35 Congress shall be penalized by a fine of Five hundred pesos (P500.00) per working day
36 of noncompliance and shall be paid to the NTC. The fine shall be collected separately
37 from the reportorial penalties imposed by the NTC, and it shall be remitted to the Bureau
38 of the Treasury.

39
40 **SEC. 14. *Equality Clause.*** – Any advantage, favor, privilege, exemption, or
41 immunity granted under existing franchises, or which may hereafter be granted for radio
42 and television broadcasting, upon prior review and approval of Congress, shall become
43 part of this franchise and shall be accorded immediately and unconditionally to the herein
44 Grantee: *Provided*, That the foregoing shall neither apply to nor affect the provisions of
45 broadcasting franchises concerning territorial coverage, the term, or the type of service
46 authorized by the franchise.

1 **SEC. 15. *Repealability and Nonexclusivity Clause.*** –This franchise shall be
2 subject 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
4 provided for.

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

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

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

Approved,