



HOUSE OF REPRESENTATIVES

H. No. 8461

BY REPRESENTATIVES LORIA, FERRER (J.), CORVERA, ROMAN, LAGDAMEO (J.M.), BAUTISTA (J.M.), CAGAS,
BELTRAN, FERRER (A.), AYON, ALVAREZ (M.), LEGACION, ACOSTA, DE JESUS, DAGOOC, GARIN,
RODRIGUEZ (E.), TARRIELA AND SALCEDA

AN ACT

**GRANTING THE KATIGBAK ENTERPRISES (SAN PABLO CITY) INCORPORATED A
FRANCHISE TO CONSTRUCT, INSTALL, ESTABLISH, OPERATE AND MAINTAIN
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, there is hereby granted to
3 Katigbak Enterprises (San Pablo City) Incorporated, hereunder referred to as the
4 Grantee, its successors or assignees, a franchise to construct, install, establish, operate
5 and maintain for commercial purposes and in the public interest, radio and television
6 broadcasting stations in the Philippines, where frequencies and/or channels are still
7 available for radio and/or television broadcasting, through microwave, satellite or
8 whatever means including the use of any new technologies in television and radio
9 broadcasting systems, with the corresponding technological auxiliaries and facilities,
10 special broadcast and other program and distribution services and relay stations.

11
12 **Sec. 2. Manner of Operation of Stations or Facilities.** – The stations or facilities
13 of the Grantee shall be constructed and operated in a manner as will, at most, result only

1 in the minimum interference on wavelengths or frequencies of existing stations or other
2 stations which may be established by law, without in any way diminishing its own right to
3 use its selected wavelengths or frequencies and the quality of transmission or reception
4 thereon as should maximize rendition of the Grantee's services and/or the availability
5 thereof.

6 **Sec. 3. Prior Approval of the National Telecommunications Commission. –**

7 The Grantee shall secure from the National Telecommunications Commission (NTC) the
8 appropriate permits and licenses for the construction and operation of its stations and
9 facilities and shall not use any frequency in the radio/television spectrum without having
10 been authorized by the NTC. The NTC, however, shall not unreasonably withhold or delay
11 the grant of any such authority.

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

17
18 **Sec. 4. Responsibility to the Public. –** The Grantee shall provide, free of charge,

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

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

39
40 Pursuant to Republic Act No. 8370, otherwise known as the "Children's Television
41 Act of 1997", the Grantee shall allot a minimum fifteen percent (15%) of the daily total

1 airtime of each broadcasting network or station to child-friendly shows within its regular
2 programming.

3
4 **Sec. 5. Right of Government.** – The radio spectrum is a finite resource that is a
5 part of the national patrimony and the use thereof is a privilege conferred upon the
6 Grantee by the State and may be withdrawn anytime after due process.

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

15
16 **Sec. 6. Term of Franchise.** – This franchise shall be for a term of twenty-five (25)
17 years from the date of effectivity of this Act, unless sooner revoked or cancelled. This
18 franchise shall be deemed *ipso facto* revoked in the event the Grantee fails to operate
19 continuously for two (2) years.

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

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

37
38 **Sec. 9. Commitment to Provide and Promote the Creation of Employment**
39 **Opportunities.** – The Grantee shall create employment opportunities and shall allow on-
40 the-job training in its franchise operation: *Provided*, That priority shall be accorded to the

1 residents of the place where its principal office is located: *Provided, further,* That the
2 Grantee shall follow the applicable labor standards and allowance entitlement under
3 existing labor laws, rules and regulations and similar issuances.

4
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
7 (SEC) annually.

8 **Sec. 10. Sale, Lease, Transfer, Usufruct, or Assignment of Franchise.** – The
9 Grantee shall not sell, lease, transfer, grant the usufruct of, or assign this franchise or the
10 rights and privileges acquired thereunder to any person, firm, company, corporation, or
11 other commercial or legal entity, or merge with any other corporation, or entity, or transfer
12 the controlling interest of the Grantee, whether as a whole or in part, and whether
13 simultaneously or contemporaneously, to any such person, firm, company, corporation,
14 or entity without the prior approval of Congress: *Provided,* That Congress shall be
15 informed of any lease, transfer, grant of usufruct of, sale, or assignment of franchise or
16 the rights and privileges acquired thereunder, or of the merger, or sale of the controlling
17 interest within sixty (60) days after the completion of said transaction: *Provided, further,*
18 That any such transfer, sale, or assignment is in accordance with the constitutional
19 limitations: *Provided, furthermore,* That failure to report to Congress such change of
20 ownership shall render the franchise *ipso facto* revoked: *Provided, finally,* That any person
21 or entity to which this franchise is sold, transferred, or assigned, shall be subject to the
22 same conditions, terms, restrictions, and limitations of this Act.

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

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

37
38 The annual report shall include an update on the roll-out, development, operation
39 and/or expansion of business; audited financial statements; latest GIS officially submitted

1 to the SEC, if applicable; certification of the NTC on the status of its permits and
2 operations; and an update on the dispersal of ownership undertaking, if applicable.

3
4 The reportorial compliance certificate issued by Congress shall be required before
5 any application for permit or certificate is accepted by the NTC.
6

7 **Sec. 13. *Fine.*** – The failure of the Grantee to submit the requisite annual report to
8 Congress shall be penalized with a fine in the amount of Five hundred pesos (P500.00)
9 per working day of non-compliance which shall be collected by the NTC. The fine shall be
10 collected separately from the reportorial penalties imposed by the NTC and shall be
11 remitted to the Bureau of the Treasury.
12

13 **Sec. 14. *Equality Clause.*** – Any advantage, favor, privilege, exemption, or
14 immunity granted under existing franchises, or which may hereafter be granted, upon prior
15 review and approval of Congress, shall become part of this franchise and shall be
16 accorded immediately and unconditionally to herein Grantee: *Provided, however,* That the
17 foregoing shall neither apply to nor affect provisions concerning territory covered by the
18 franchise, the term of the franchise, or the type of service authorized by the franchise:
19 *Provided, further,* That the foregoing shall not apply to the sale, lease, transfer, grant of
20 usufruct, or assignment of legislative franchises with prior congressional approval.
21

22 **Sec. 15. *Repealability and Non-exclusivity Clause.*** – This franchise shall be
23 subject to amendment, alteration, or repeal by Congress when public interest so requires
24 and shall not be interpreted as an exclusive grant of the privileges herein provided.
25

26 **Sec. 16. *Separability Clause.*** – If any of the sections or provisions of this Act is held
27 invalid, all other provisions not affected thereby shall remain valid.
28

29 **Sec. 17. *Repealing Clause.*** – All laws, presidential decrees, executive orders,
30 letters of instruction, administrative rules and regulations or parts thereof, which are
31 contrary to or inconsistent with the provisions of this Act, are hereby repealed or modified
32 accordingly.
33

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

Approved,