

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
Third Regular Session



COMMITTEE REPORT NO. 1185

Submitted by the Committee on Legislative Franchises on September 1, 2021.

Re: House Bill No. 10123

Recommending its approval in substitution of House Bill No. 8389

Sponsors: Representatives Franz E. Alvarez and Ferdinand L. Hernandez

Mr. Speaker:

The Committee on Legislative Franchises to which was referred House Bill No. 8389, authored by Rep. Ferdinand L. Hernandez entitled:

“AN ACT RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO THE SOUTH COTABATO COMMUNICATIONS CORPORATION UNDER REPUBLIC ACT NO. 7580, ENTITLED "AN ACT GRANTING THE SOUTH COTABATO COMMUNICATIONS CORPORATION A FRANCHISE TO CONSTRUCT, INSTALL, OPERATE AND MAINTAIN RADIO AND TELEVISION BROADCASTING STATIONS WITHIN THE PROVINCE OF SOUTH COTABATO”

10123

has considered the same and recommends that the attached House Bill No. entitled:

“AN ACT GRANTING SOUTH COTABATO COMMUNICATIONS CORPORATION A FRANCHISE TO CONSTRUCT, INSTALL, ESTABLISH, OPERATE, AND MAINTAIN RADIO AND TELEVISION BROADCASTING STATIONS WITHIN THE PROVINCE OF SOUTH COTABATO”

be approved in substitution of House Bill 8389 with Reps. Ferdinand L. Hernandez, Franz E. Alvarez, Loren B. Legarda, Strike B. Revilla, Antonio “Tonypet” T. Albano, John Marvin “Yul Servo” C. Nieto, and Godofredo N. Guya as authors thereof.

Respectfully submitted:

A handwritten signature in black ink, appearing to read 'Franz E. Alvarez', is written over a light gray rectangular background.

FRANZ E. ALVAREZ

Chairperson

Committee on Legislative Franchises

**THE HONORABLE SPEAKER
HOUSE OF REPRESENTATIVES
QUEZON CITY**

Republic of the Philippines
HOUSE OF REPRESENTATIVES

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EIGHTEENTH CONGRESS

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HOUSE BILL NO. 10123

(In substitution of House Bill No. 8389)

Introduced by **REPS. FERDINAND L. HERNANDEZ, FRANZ E. ALVAREZ, LOREN B. LEGARDA, STRIKE B. REVILLA, ANTONIO “TONYPET” T. ALBANO, JOHN MARVIN “YUL SERVO” C. NIETO, and GODOFREDO N. GUYA**

**AN ACT
GRANTING SOUTH COTABATO COMMUNICATIONS CORPORATION A
FRANCHISE TO CONSTRUCT, INSTALL, ESTABLISH, OPERATE, AND
MAINTAIN RADIO AND TELEVISION BROADCASTING STATIONS WITHIN THE
PROVINCE OF SOUTH COTABATO**

*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
2 the Constitution and applicable laws, rules and regulations, there is hereby granted to
3 South Cotabato Communications Corporation, hereunder referred to as the Grantee,
4 its successors or assignees, a franchise to construct, install, establish, operate, and
5 maintain for religious, educational, cultural, and commercial purposes and in the public
6 interest, radio and television broadcasting stations within the Province of South
7 Cotabato where frequencies and channels are still available for radio and television
8 broadcasting, including digital television system, through microwave, satellite or
9 whatever means, as well as the use of any new technology in radio and television
10 systems, with the corresponding technological auxiliaries or facilities, special
11 broadcast and other program and distribution services and relay stations.
12

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

1 **SEC. 3. *Prior Approval of the National Telecommunications***
2 ***Commission.***— The Grantee shall secure from the National Telecommunications
3 Commission (NTC) the appropriate permits and licenses for the construction and
4 operation of its stations or facilities and shall not use any frequency in the radio
5 spectrum without authorization from the NTC. The NTC, however, shall not
6 unreasonably withhold or delay the grant of any such authority.

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

11 **SEC. 4. *Responsibility to the Public.***— The Grantee shall provide, free of
12 charge, adequate public service time which is reasonable and sufficient to enable the
13 government, through the broadcasting stations or facilities of the Grantee, to reach the
14 pertinent populations or portions thereof, on important public issues and relay
15 important public announcements and warnings concerning public emergencies and
16 calamities, as necessity, urgency, or law may require; provide at all times sound and
17 balanced programming; promote public participation; assist in the functions of public
18 information and education; conform to the ethics of honest enterprise; promote
19 audience sensibility and empowerment including closed captioning; and not use its
20 stations or facilities for the broadcasting of obscene or indecent language, speech,
21 act, or scene, the dissemination of deliberately false information or willful
22 misrepresentation, to the detriment of public interest, or to incite, encourage, or assist
23 in subversive or treasonable acts.

24
25 Public service time referred herein shall be equivalent to a maximum aggregate
26 of ten percent (10%) of paid commercials or advertisements which shall be allocated
27 based on need to the Executive and Legislative branches, the Judiciary, Constitutional
28 Commissions, and international humanitarian organizations duly recognized by
29 statutes: *Provided*, That the NTC shall increase the public service time in case of
30 extreme emergency or calamity. The NTC shall issue rules and regulations for this
31 purpose, the effectivity of which shall commence upon applicability with other similarly
32 situated broadcast network franchise holders.

33
34 Pursuant to Republic Act No. 8370, otherwise known as the “Children’s
35 Television Act of 1997”, the Grantee shall allot a minimum of fifteen percent (15%) of
36 the daily total air time of each broadcasting network or station to child-friendly shows
37 within its regular programming.

38
39 **SEC. 5. *Right of the Government.*** —The radio spectrum is a finite resource
40 that is part of the national patrimony, and the use thereof is a privilege conferred upon
41 the Grantee by the State that may be withdrawn any time after due process.
42

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

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

12 **SEC. 7. Self-regulation by and Undertaking of Grantee.** –The Grantee shall
13 not require any previous censorship of any speech, play, act, or scene, or other matter
14 to be broadcast from its stations, but if any such speech, play, act, or scene, or other
15 matter should constitute a violation of the law or infringement of a private right, the
16 Grantee shall be free from any liability, civil or criminal, for such speech, play, act, or
17 scene, or other matter: *Provided*, That the Grantee, during any broadcast, shall cut off
18 the airing of speech, play, act or scene, or other matter being broadcast if the tendency
19 thereof is to propose or incite treason, rebellion, or sedition; or the language used
20 therein or the theme thereof is indecent or immoral: *Provided, further*, That willful
21 failure to do so shall 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
27 of 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-
31 the-job trainees in the franchise operations: *Provided*, That priority shall be accorded
32 to the residents of the place where the principal office of the Grantee is located:
33 *Provided, further*, That the Grantee shall comply with the applicable labor standards
34 and allowance entitlement under existing labor laws, rules and regulations and similar
35 issuances.
36

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

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
42 assign this franchise or the rights and privileges acquired thereunder to any person,
43 firm, company, corporation, or other commercial or legal entity, nor merge with any

1 other corporation or entity, nor shall the controlling interest of the Grantee be
2 transferred, simultaneously or contemporaneously, to any person, firm, company,
3 corporation, or entity without the prior approval of Congress. The Grantee shall inform
4 Congress, through the Office of the Speaker of the House of Representatives and
5 Office of the Senate President, of any sale, lease, transfer, grant of usufruct, or
6 assignment of franchise or the rights and privileges acquired thereunder, or of the
7 merger or transfer of the controlling interest of the Grantee, within sixty (60) days after
8 the completion of the said transaction. Failure to report to Congress such change of
9 ownership shall render the franchise *ipso facto* revoked. Any person or entity to which
10 this franchise is sold, transferred, or assigned shall be subject to the same conditions,
11 terms, restrictions, and limitations of this Act.

12
13 **SEC. 11. Reportorial Requirement.** – The Grantee shall submit an annual
14 report on its compliance with the terms and conditions of the franchise and on its
15 operations to the Congress of the Philippines, through the Committee on Legislative
16 Franchises of the House of Representatives and the Committee on Public Services of
17 the Senate, on or before April 30 of every year during the term of its franchise.

18
19 The annual report shall include an update on the commencement of activities,
20 development, operation, and expansion of business; audited financial statements;
21 latest GIS officially submitted to the SEC, if applicable; certification of the NTC on the
22 status of its permits and operations; and an update on the dispersal of ownership
23 undertaking, if applicable.

24
25 The reportorial compliance certificate issued by Congress shall be required
26 before any application for permit or certificate is accepted by the NTC.

27
28 **SEC. 12. Fine.** – Failure of the Grantee to submit the requisite annual report to
29 Congress shall be penalized by a fine of Five hundred pesos (P500.00) per working
30 day of noncompliance to the NTC. The fine shall be collected separately from the
31 reportorial penalties imposed by the NTC, and it shall be remitted to the Bureau of the
32 Treasury.

33
34 **SEC. 13. Equality Clause.** – Any advantage, favor, privilege, exemption, or
35 immunity granted under existing franchises, or which may hereafter be granted for
36 radio and television broadcasting, upon prior review and approval of Congress, shall
37 become part of this franchise and shall be accorded immediately and unconditionally
38 to the herein Grantee: *Provided*, That the foregoing shall neither apply to nor affect the
39 provisions of broadcasting franchises concerning territorial coverage, the term, or the
40 type of service authorized by the franchise.

41
42 **SEC. 14. Repealability and Nonexclusivity Clause.** – This franchise shall be
43 subject to amendment, alteration, or repeal by Congress when the public interest so

1 requires and shall not be interpreted as an exclusive grant of the privileges herein
2 provided for.

3
4 **SEC. 15. Separability Clause.**– If any of the sections or provisions of this Act
5 is held invalid, all other provisions not affected thereby shall remain valid.

6
7 **SEC. 16. Repealing Clause.** – All laws, decrees, orders, resolutions,
8 instructions, rules and regulations, and other issuances or parts thereof which are
9 inconsistent with the provisions of this Act are hereby repealed, amended, or modified
10 accordingly.

11
12 **SEC. 17. Effectivity.**–This Act shall take effect fifteen (15) days after its
13 publication in the *Official Gazette* or in a newspaper of general circulation.

14
15 Approved,
16