

Republic of the Philippines
HOUSE OF REPRESENTATIVES

Quezon City

EIGHTEENTH CONGRESS
Third Regular Session



COMMITTEE REPORT NO. 1186

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

Re: House Bill No. 10124

Recommending its approval in substitution of House Bill No. 6608

Sponsors: Representatives Franz E. Alvarez and Ron P. Salo

Mr. Speaker:

The Committee on Legislative Franchises to which was referred House Bill No. 6608, authored by Rep. Ron P. Salo entitled:

“AN ACT EXTENDING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO PRIME BROADCASTING NETWORK INCORPORATED UNDER REPUBLIC ACT NO. 8154, ENTITLED ‘AN ACT GRANTING PRIME BROADCASTING NETWORK, INCORPORATED, A FRANCHISE TO CONDUCT, OPERATE AND MAINTAIN STATIONS FOR RADIO AND TELEVISION IN THE PHILIPPINES’”

has considered the same and recommends that the attached House Bill No. 10124 entitled:

“AN ACT GRANTING PRIME BROADCASTING NETWORK, INC. A FRANCHISE TO CONSTRUCT, INSTALL, ESTABLISH, OPERATE, AND MAINTAIN RADIO AND TELEVISION BROADCASTING STATIONS IN THE PHILIPPINES”

be approved in substitution of House Bill No. 6608 with Reps. Ron P. Salo, Franz E. Alvarez, Loren 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**

1 Republic of the Philippines
2 **HOUSE OF REPRESENTATIVES**

3
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6 **EIGHTEENTH CONGRESS**
7 Third Regular Session

8
9 HOUSE BILL NO. 10124

10
11 (In substitution of House Bill No. 6608)
12
13

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15 Introduced by Reps. Ron. P. Salo, Franz E. Alvarez, Loren Legarda, Strike B.
16 Revilla, Antonio "Tonypet" T. Albano, John Marvin "Yul Servo" C. Nieto, and
17 Godofredo N. Guya
18

19
20 **AN ACT**
21 **GRANTING PRIME BROADCASTING NETWORK, INC. A FRANCHISE TO**
22 **CONSTRUCT, INSTALL, ESTABLISH, OPERATE, AND MAINTAIN RADIO AND**
23 **TELEVISION BROADCASTING STATIONS IN THE PHILIPPINES**
24

25 *Be it enacted by the Senate and House of Representatives of the Philippines in*
26 *Congress assembled:*
27

28
29 **SECTION 1. *Nature and Scope of Franchise.*** - Subject to the provisions of
30 the Constitution and applicable laws, rules and regulations, there is hereby granted to
31 Prime Broadcasting Network, Inc., hereunder referred to as the Grantee, its
32 successors or assignees, a franchise to construct, install, establish, operate, and
33 maintain for commercial purposes and in the public interest, radio and television
34 broadcasting stations in the Philippines, where frequencies and channels are still
35 available for radio and television broadcasting, including digital television system,
36 through microwave, satellite or whatever means, as well as the use of any new
37 technology in radio and television systems, with the corresponding technological
38 auxiliaries or facilities, special broadcast and other program and distribution services
39 and relay stations.
40

41
42 **SEC. 2. *Manner of Operation of Stations or Facilities.*** -The stations or
43 facilities of the Grantee shall be constructed and operated in a manner as will, at most,
44 result only in the minimum interference on the wavelengths or frequencies of existing
45 stations or other stations which may be established by law, without in any way
46 diminishing its own privilege to use its assigned wavelengths or frequencies and the
47 quality of transmission or reception thereon as should maximize rendition of the
48 Grantee's services and availability thereof.
49

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

2 – The Grantee shall secure from the National Telecommunications Commission (NTC)
3 the appropriate permits and licenses for the construction and operation of its stations
4 or 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
6 delay the grant of any such authority.
7

8 In case of any violation of the provisions of this franchise, the NTC shall have
9 the 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 of the Philippines
11 the revocation of the franchise for any violation of the provisions of this franchise.
12

13 **SEC. 4. *Responsibility to the Public.***– The Grantee shall provide, free of
14 charge, adequate public service time which is reasonable and sufficient to enable the
15 government, through the broadcasting stations or facilities of the Grantee, to reach the
16 pertinent populations or portions thereof, on important public issues and relay
17 important public announcements and warnings concerning public emergencies and
18 calamities, as necessity, urgency, or law may require; provide at all times sound and
19 balanced programming; promote public participation; assist in the functions of public
20 information and education; conform to the ethics of honest enterprise; promote
21 audience sensibility and empowerment including closed captioning; and not use its
22 stations or facilities for the broadcasting of obscene or indecent language, speech,
23 act, or scene, the dissemination of deliberately false information or willful
24 misrepresentation, to the detriment of public interest, or to incite, encourage, or assist
25 in subversive or treasonable acts.
26

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

36 Pursuant to Republic Act No. 8370, otherwise known as the “Children’s
37 Television Act of 1997”, the Grantee shall allot a minimum of fifteen percent (15%) of
38 the daily total air time of each broadcasting network or station to child-friendly shows
39 within its regular programming.
40

41 **SEC. 5. *Right of the Government.*** –The radio spectrum is a finite resource
42 that is part of the national patrimony, and the use thereof is a privilege conferred upon
43 the Grantee by the State that may be withdrawn any time after due process.
44

45 A special right is hereby reserved to the President of the Philippines, in times
46 of war, rebellion, public peril, calamity, emergency, disaster, or disturbance of peace
47 and order, to temporarily take over and operate the stations or facilities of the Grantee;
48 to temporarily suspend the operation of any station or facility in the interest of public
49 safety, security, and public welfare; or to authorize the temporary use and operation

1 thereof by any agency of the government, upon due compensation to the Grantee, for
2 the use of said stations or facilities during the period when these shall be so operated.

3
4 **SEC. 6. Term of Franchise.** –This franchise shall be in effect for a period of
5 twenty-five (25) years from the effectivity of this Act, unless sooner revoked or
6 cancelled. This franchise shall be deemed *ipso facto* revoked in the event the Grantee
7 fails to operate continuously for two (2) years.

8
9 **SEC. 7. Self-regulation by and Undertaking of Grantee.**–The Grantee shall
10 not require any previous censorship of any speech, play, act or scene, or other matter
11 to be broadcast from its stations, but if any such speech, play, act or scene, or other
12 matter should constitute a violation of the law or infringement of a private right, the
13 Grantee shall be free from any liability, civil or criminal, for such speech, play, act or
14 scene, or other matter: *Provided*, That the Grantee, during any broadcast, shall cut off
15 the airing of speech, play, act or scene, or other matter being broadcast if the tendency
16 thereof is to propose or incite treason, rebellion, or sedition; or the language used
17 therein or the theme thereof is indecent or immoral: *Provided, further*, That willful
18 failure to do so shall constitute a valid cause for the cancellation of this franchise.

19
20 **SEC. 8. Warranty in Favor of the National and Local Governments.** –The
21 Grantee shall hold the national, provincial, city, and municipal governments of the
22 Philippines free from all claims, liabilities, demands, or actions arising out of accidents
23 causing injury to persons or damage to properties, during the construction or operation
24 of the stations of the Grantee.

25
26 **SEC. 9. Commitment to Provide and Promote the Creation of Employment**
27 **Opportunities.** – The Grantee shall create employment opportunities and accept on-
28 the-job trainees in the franchise operations: *Provided*, That priority shall be accorded
29 to the residents of the place where the principal office of the Grantee is located:
30 *Provided, further*, That the Grantee shall comply with the applicable labor standards
31 and allowance entitlement under existing labor laws, rules and regulations and similar
32 issuances.

33
34 The employment opportunities or jobs created shall be reflected in the General
35 Information Sheet (GIS) to be submitted to the Securities and Exchange Commission
36 (SEC) annually.

37
38 **SEC. 10. Sale, Lease, Transfer, Grant of Usufruct, or Assignment of**
39 **Franchise.** – The Grantee shall not sell, lease, transfer, grant the usufruct of, nor
40 assign this franchise or the rights and privileges acquired thereunder to any person,
41 firm, company, corporation, or other commercial or legal entity, nor merge with any
42 other corporation or entity, nor shall the controlling interest of the Grantee be
43 transferred, simultaneously or contemporaneously, to any person, firm, company,
44 corporation, or entity without the prior approval of Congress. The Grantee shall inform
45 Congress, through the Office of the Speaker of the House of Representatives and
46 Office of the Senate President, of any sale, lease, transfer, grant of usufruct, or
47 assignment of franchise or the rights and privileges acquired thereunder, or of the

1 merger or transfer of the controlling interest of the Grantee, within sixty (60) days after
2 the completion of the said transaction. Failure to report to Congress such change of
3 ownership shall render the franchise *ipso facto* revoked. Any person or entity to which
4 this franchise is sold, transferred, or assigned shall be subject to the same conditions,
5 terms, restrictions, and limitations of this Act.

6
7 **SEC. 11. Dispersal of Ownership.** – In accordance with the Constitutional
8 provision to encourage public participation in public utilities, the Grantee shall offer to
9 Filipino citizens at least thirty percent (30%) of its outstanding capital stocks, or a
10 higher percentage that may hereafter be provided by law, in any securities exchange
11 in the Philippines within five (5) years from the effectivity of this Act: *Provided*, That in
12 cases where public offer of shares is not applicable, other methods of encouraging
13 public participation by citizens and corporations operating public utilities must be
14 implemented. Noncompliance therewith shall render the franchise *ipso facto* revoked.

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

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

27
28 The reportorial compliance certificate issued by Congress shall be required
29 before any application for permit or certificate is accepted by the NTC.

30
31 **SEC. 13. Fine.** – Failure of the Grantee to submit the requisite annual report to
32 Congress shall be penalized by a fine of Five hundred pesos (P500.00) per working
33 day of noncompliance to the NTC. The fine shall be collected separately from the
34 reportorial penalties imposed by the NTC, and it shall be remitted to the Bureau of the
35 Treasury.

36
37 **SEC. 14. Equality Clause.** – Any advantage, favor, privilege, exemption, or
38 immunity granted under existing franchises, or which may hereafter be granted for
39 radio and television broadcasting, upon prior review and approval of Congress, shall
40 become part of this franchise and shall be accorded immediately and unconditionally
41 to the herein Grantee: *Provided*, That the foregoing shall neither apply to nor affect the
42 provisions of broadcasting franchises concerning territorial coverage, the term, or the
43 type of service authorized by the franchise.

44
45 **SEC. 15. Repealability and Nonexclusivity Clause.** –This franchise shall be
46 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. 16. *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. 17. *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. 18. *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,

FACT SHEET

House Bill No. **10124**
In substitution of House Bill No. 6608
(As approved on 31 August 2021)

“AN ACT GRANTING PRIME BROADCASTING NETWORK, INC. A FRANCHISE TO CONSTRUCT, INSTALL, ESTABLISH, OPERATE, AND MAINTAIN RADIO AND TELEVISION BROADCASTING STATIONS IN THE PHILIPPINES”

Introduced by: REP. RON P. SALO

*Committee Referral: LEGISLATIVE FRANCHISES
Committee Chairperson: HON. FRANZ E. ALVAREZ*

OBJECTIVE:

- To allow Prime Broadcasting Network, Inc. to continue its public service by granting a new radio and television broadcasting franchise in the Philippines

KEY PROVISIONS:

- Grants a twenty-five (25) year franchise to Prime Broadcasting Network, Inc. to construct, install, operate, and maintain for commercial purposes and in the public interest, radio and television broadcasting stations;
- Mandates the Grantee to secure the appropriate permits and licenses for the construction, installation and operation of its broadcasting stations or facilities from the NTC;
- Requires the Grantee to provide an adequate public service time equivalent to a maximum aggregate of ten percent (10%) of the paid advertisements, to enable it to inform the population on important public issues and assist in the performance of the functions of public information and education;
- Requires the Grantee to allot a minimum of fifteen percent (15%) of the daily total air time of each broadcasting network or station to child-friendly shows within its regular programming;
- Prohibits the Grantee to use its stations for the broadcasting of obscene and indecent language, speech, act or scene of for the dissemination of deliberately false information or willful misrepresentation, or to incite, encourage, or assist in subversive or treasonable acts;
- Reserves the right of the President of the Philippines 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 in times of war, rebellion, public peril, calamity, emergency, disaster or disturbance of peace and order;
- Provides that the national and local governments shall not be held liable for any damage to properties or injury to persons caused by accidents during construction or operation of the stations;
- Requires the Grantee to create employment opportunities and allow on-the-job trainings in their franchise operation for residents of the place where any of its offices is located subject to applicable labor standards and allowance

entitlement under existing labor laws, rules and regulations and similar issuances;

- Prohibits the Grantee from leasing, transferring, selling nor assigning the franchise or the controlling interest thereof without the prior approval of Congress;
- Requires the Grantee to offer to Filipino citizens at least thirty per cent (30%) of its outstanding stock in any security exchange in the Philippines or through other methods of encouraging public participation by citizens and corporations operating public utilities as allowed by law;
- Requires the Grantee to submit an annual report to Congress on its compliance with the terms and conditions of the franchise and its operation on or before April 30 of every year;
- Imposes a fine in the amount of Five hundred pesos (P500.00) per working day of noncompliance in the submission of its annual report to Congress; and
- Provides an equality clause which aims to grant existing and potential franchise grantees equal privilege, except those concerning territorial coverage, the term, or the type of service authorized by the franchise.

RELATED LAWS:

- Republic Act No. 8154 – AN ACT GRANTING PRIME BROADCASTING NETWORK, INCORPORATED, A FRANCHISE TO CONDUCT, OPERATE AND MAINTAIN STATIONS FOR RADIO AND TELEVISION IN THE PHILIPPINES
- Republic Act No. 8370 – CHILDREN'S TELEVISION ACT OF 1997