

SENATE
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Introduced by SENATOR VICENTE C. SOTTO III

**AN ACT
RENEWING THE FRANCHISE GRANTED TO ABS-CBN CORPORATION
UNDER REPUBLIC ACT NO. 7966, OTHERWISE KNOWN AS "AN ACT
GRANTING ABS-CBN BROADCASTING CORPORATION A FRANCHISE TO
CONSTRUCT, INSTALL, OPERATE AND MAINTAIN TELEVISION AND
RADIO BROADCASTING STATIONS IN THE PHILIPPINES, AND FOR
OTHER PURPOSES FOR TWENTY-FIVE (25) YEARS FROM THE
EFFECTIVITY OF THIS ACT."**

EXPLANATORY NOTE

Based on the Social Weather Stations survey in December 2019, which was released in September 2020, television remains to be the top source of news in the country, with 69% of Filipino adults or about 45 million individuals getting news through it¹; while 19% of Filipinos rely on the radio for their news. This is despite the existence of several online social media and networking sites.

Television and radio – which are both part of traditional media – have revolutionized mass communication due to the instant nature of these media. News, current events and programs can be shown and aired in real time that makes the viewers feel more updated and in the know – regardless of their location – and actions can be made quickly when important news is broadcasted. Not to mention the various entertainment that these broadcast media have brought to our respective homes that serve as our respite from life's busyness. Truly, broadcast media have been an important part of every Filipino's home.

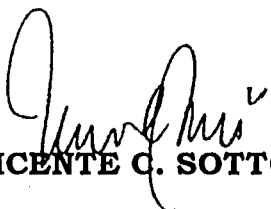

¹ <https://newsinfo.inquirer.net/1332871/sws-45-of-filipino-adults-use-internet-1-in-4-read-news-through-facebook>

This bill seeks to renew the franchise of ABS-CBN Corporation granted under Republic Act No. 7966, which is set to expire in March 2020, to another twenty-five (25) years from the date of effectivity of this Act.

ABS-CBN is the Philippines' largest entertainment and media network operating various platforms including domestic television, radio networks, worldwide OTT, and online platforms.² In September, ABS-CBN is still the top choice of viewers in the Philippines as its viewers nationwide prefer to catch relevant news and inspiring TV series on ABS-CBN as the network registered an average audience share of 45%, or 14 points higher than GMA's 31%, based on the date from Kantar Media.³ Likewise, Filipinos abroad feel a little less away from home due to The Filipino Channel, commonly known as TFC, also owned and operated by ABS-CBN, which airs programs being shown in the ABS-CBN television network.

ABS-CBN's wide reach to Filipinos, alongside with the undeniable advantages of broadcast media relative to mass communication, definitely calls for the immediate renewal of the network's franchise.

Thus, the passage of this bill is earnestly sought.


VICENTE C. SOTTO III 

² <https://www.abs-cbn.com/who-we-are/our-story>

³ <https://www.abs-cbn.com/newsroom/tv-ratings/2019/10/2/abs-cbn-still-top-choice-of-viewers-in-september?lang=en>

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

1 **SECTION 1. Nature and Scope of Franchise.** – Subject to the provisions
2 of the Constitution and applicable laws, rules and regulations, the ABS-CBN
3 Broadcasting Corporation, hereunder referred to as the grantee, its
4 successors or assigns, is hereby granted a franchise to construct, install,
5 establish, operate and maintain, for commercial purposes and in the public
6 interest, television and radio broadcasting stations in and throughout the
7 Philippines, through microwave, satellite or whatever means including the
8 use of any new technologies in television and radio systems, with the
9 corresponding technological auxiliaries or facilities, special broadcast and
10 other broadcast distribution services and relay stations.

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

19 **SEC. 3. Prior Approval of the National Telecommunications**
20 **Commission (NTC).** — The grantee shall secure from the National
21 Telecommunications Commission (NTC) the appropriate permits and
22 licenses for its stations or facilities and shall not use any frequency in the
23 television or radio spectrum without having been authorized by the
24 NTC. The NTC, however, shall not unreasonably withhold or delay the grant
25 of any such authority.

1 **SEC. 4. Responsibility to the Public.** — The grantee shall provide, free of
2 charge, adequate public service time to enable the government, through the
3 said broadcasting stations, to reach the population on important public
4 issues; and relay important public announcements and warning concerning
5 public emergencies and calamities, as necessity, urgency or law may
6 require; provide at all times sound and balanced programming; promote
7 public participation such as in community programming; assist in the
8 functions of public information and education; conform to the ethics of
9 honest enterprise; promote audience sensibility and empowerment including
10 closed captioning; and not use its stations for the broadcasting of obscene
11 and indecent language, speech, act, scene, or for the dissemination of
12 deliberately false information or willful misrepresentation to the detriment of
13 the public interest, or to incite, encourage, or assist in subversive or
14 treasonable acts.

15 Public service time referred herein shall be equivalent to a maximum
16 aggregate of ten percent (10%) of the paid commercials or advertisements
17 which shall be allocated based on need to the executive and legislative
18 branches, the judiciary, constitutional commissions and international
19 humanitarian organizations duly recognized by statutes: *Provided*, that the
20 NTC shall increase the public service time in case of extreme emergency or
21 calamity. The NTC shall issue rules and regulations for this purpose,
22 effectivity of which shall commence upon applicability with other similarly
23 situated broadcast network franchise holders.

24 **SEC. 5. Right of Government.** — A special right is hereby reserved to the
25 President of the Philippines, in times of rebellion, public peril, calamity,
26 emergency, disaster or disturbance of peace and order, to temporarily take
27 over and operate the stations of the grantee, to temporarily suspend the
28 operation of any station in the interest of public safety, security and public
29 welfare, or to authorize the temporary use and operation thereof by any
30 agency of the government, upon due compensation to the grantee, for the
31 use of the said stations during the period when they shall be so operated.

32 The radio spectrum is a finite resource that is part of the national patrimony
33 and the use thereof is a privilege conferred upon the grantee by the State
34 and may be withdrawn anytime after due process.

35 **SEC. 6. Term of Franchise.** — This franchise shall be for a term of twenty-
36 five (25) years from the date of effectivity of this Act, unless sooner revoked
37 or cancelled. This franchise shall be deemed *ipso facto* revoked in the event
38 the grantee fails to operate continuously for two (2) years.

39 **SEC. 7. Acceptance and Compliance.** — Acceptance of this franchise shall
40 be given in writing to the Congress of the Philippines, through the
41 Committee on Legislative Franchises of the House of Representatives and
42 the Committee on Public Services of the Senate of the Philippines, within
43 sixty (60) days from the effectivity of this Act. Upon giving such acceptance,
44 the grantee shall exercise the privileges granted under this Act, non-
45 acceptance shall render the franchise void.

1 **SEC. 8. Tax provisions.** — The grantee, its successors or assigns, shall
2 continue to be subject to all applicable taxes, duties, fees or charges and
3 other impositions under Republic Act No. 8424, otherwise known as “The
4 National Internal Revenue Code of 1997,” as amended, Republic Act No.
5 7160, otherwise known as “The Local Government Code of 1991,” as
6 amended, and other applicable laws.

7 **SEC. 9. Self-regulation by and Undertaking of Grantee.** — The grantee
8 shall not require any previous censorship of any speech, play, act or scene,
9 or other matter to be broadcast and/or telecast from its stations: provided,
10 that the grantee, during any broadcast and/or telecast, shall not allow to be
11 aired the speech, play, act or scene, or other matter being broadcast and/or
12 telecast if the tendency thereof is to propose and/or incite treason, rebellion
13 or sedition; or the language used therein or the theme thereof is indecent or
14 immoral: *Provided*, that willful failure to do so shall constitute a valid cause
15 for the cancellation of this franchise.

16 **SEC10. Warranty in Favor of National and Local Governments.** — The
17 grantee shall hold the national, provincial, city, and municipal governments
18 of the Philippines free from all claims, liabilities, demands or actions arising
19 out of accidents causing injury to persons or damage to properties, during
20 the construction or operation of the stations of the grantee.

21 **SEC 11. Commitment to Provide and Promote the Creation of**
22 **Employment Opportunities.** — The grantee shall create employment
23 opportunities and shall allow on-the-job trainings in their franchise
24 operation: *Provided*, that priority shall be accorded to the residents in areas
25 where any of its offices is located: *Provided, further*, that the grantee shall
26 comply with the applicable labor standards and allowance entitlement under
27 existing labor laws, rules and regulations and similar issuances: *Provided*,
28 *finally*, that the employment opportunities or jobs created shall be reflected
29 in the general information sheet to be submitted to the Securities and
30 Exchange Commission (SEC) annually.

31 **SEC. 12. Sale, Lease, Transfer, Grant of Usufruct or Assignment of**
32 **Franchise.** — The grantee shall not sell, lease, transfer, grant the usufruct
33 of, nor assign this franchise or the rights and privileges acquired thereunder
34 to any person, firm, company, corporation or other commercial or legal
35 entity, nor merge with any other corporation or entity, without the approval
36 of the Congress of the Philippines. Congress shall be informed of any sale,
37 lease, transfer, grant of usufruct, or assignment of franchise or the rights
38 and privileges acquired threunder, or of the merger or transfer of the
39 controlling interest of the grantee, within sixty (60) days after the completion
40 of the said transaction. Failure to report to Congress such change of
41 ownership shall render the franchise *ipso facto* revoked. Any person or entity
42 to which this franchise is sold, transferred or assigned shall be subject to all
43 the same conditions, terms, and limitations of this Act.

44 **SEC 13. Dispersal of Ownership.** — In accordance with the constitutional
45 provision to encourage public participation in public utilities, the grantee
46 shall offer to Filipino citizens, at least, thirty percent (30%) or a higher

1 percentage that may hereafter be provided by law of its outstanding capital
2 stock in any securities exchange in the Philippines within five (5) years from
3 the commencement of its operations: *Provided*, that in cases where public
4 offer of shares is not applicable, the grantee shall apply other methods of
5 encouraging public participation by citizens and corporations operating
6 public utilities as allowed by law. Noncompliance therewith shall render the
7 franchise *ipso facto* revoked.

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

14 The annual report shall include an update on the roll-out, development,
15 operation, or expansion of business; audited financial statements; latest
16 general information sheet officially submitted to the SEC, if applicable;
17 certification of the NTC on the status of its permits and operations; and an
18 update on the dispersal of ownership undertaking, if applicable.

19 The reportorial compliance certificate issued by Congress shall be required
20 before an application for permit, certificate, or any equivalent thereof, is
21 accepted by the NTC.

22 **SEC. 15. Fine.** – Failure of the grantee to submit the requisite annual
23 report to Congress shall be penalized by a fine of five hundred pesos (Php
24 500.00) per working day of noncompliance. The fine shall be collected by the
25 NTC from the delinquent franchise grantee separate from the reportorial
26 penalties imposed by the NTC and the same shall be remitted to the
27 National Treasury.

28 **SEC. 16. Equality Clause.** – Any advantage, favor, privilege, exemption, or
29 immunity granted under existing franchises, or which may hereafter be
30 granted for radio and television broadcasting, upon prior review and
31 approval of Congress, shall become part of this franchise and shall be
32 accorded immediately and unconditionally to the herein grantee: *Provided*,
33 that the foregoing shall neither apply to nor affect provisions of broadcasting
34 franchises concerning territorial coverage, the term, or the type of service
35 authorized under this franchise.

36 **SEC. 17. General Broadcast Policy Law.** — The grantee shall comply with
37 a general broadcast policy law which Congress may hereafter enact.

38 **SEC 18. Separability Clause.** — If any of the sections or provisions of this
39 Act is held invalid, all the other provisions not affected thereby shall remain
40 valid.

41 **SEC 19. Repealability and Non-exclusivity Clauses.** — This franchise
42 shall be subject to amendment, alteration or repeal by the Congress of the

1 Philippines when the public interest so requires and shall not be interpreted
2 as an exclusive grant of the privileges herein provided for.

3 **SEC 20. Effectivity.** — This Act shall take effect fifteen (15) days from the
4 date of its publication in at least two (2) newspapers of general circulation in
5 the Philippines.

Approved,