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H. No. 8554

BY REPRESENTATIVES BARBERS, ALVAREZ (F.), MACEDA, GARBIN, DY (F.), ACOSTA, ESCUDERO, NOGRALES (J.J.), DY (F.M.C.), BORDADO, VIOLAGO, HOFER, TAN (A.S.), ALBANO, GULLAS, SAVELLANO, SIAO, CRISOLOGO, REVILLA, VALERIANO, HERNANDEZ, UNABIA, ROMUALDO AND MALAPITAN, PER COMMITTEE REPORT NO. 722

AN ACT
GRANTING ST. JUDE THADDEUS INSTITUTE OF TECHNOLOGY, INC. A FRANCHISE TO CONSTRUCT, OPERATE AND MAINTAIN RADIO AND TELEVISION STATIONS IN THE PROVINCE OF SURIGAO DEL NORTE AND OTHER AREAS IN THE PHILIPPINES

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

SECTION 1. Nature and Scope of Franchise. — Subject to the provisions of the Constitution and applicable laws, rules and regulations, there is hereby granted to St. Jude Thaddeus Institute of Technology, Inc., hereunder referred to as the grantee, its successor or assigns, a franchise to construct, install, operate, and maintain for commercial purposes and in the public interest, radio and/or television broadcasting stations in the Province of Surigao del Norte and other areas in the Philippines, where frequencies and channels are still available for radio and television broadcasting, including digital television system, through microwave, satellite or whatever means, as well as the use of any new technology in television and radio systems, with the corresponding technological auxiliaries and facilities, special broadcast and other program and distribution services and relay stations.

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

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

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

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

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

Pursuant to Republic Act No. 8370, otherwise known as the “Children’s Television Act
of 1997”, the grantee shall 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.

SEC. 5. Right of the Government. – The radio spectrum is a finite resource that is part
of the national patrimonial, and the use thereof is a privilege conferred upon the grantee by
the State that may be withdrawn any time after due process.

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

SEC. 7. Renewal or Extension of Franchise. – The grantee shall apply for the renewal
or extension of its franchise three (3) years before its expiration which shall be reckoned from
fifteen (15) days after the publication of the franchise in the Official Gazette or in a newspaper
of general circulation.
SEC. 8. Self-regulation by and Undertaking of Grantee. – The grantee shall not require any previous censorship of any speech, play, act or scene, or other matter to be broadcast from its stations, but if any such speech, play, act or scene, or other matter should constitute a violation of the law or infringement of a private right, the grantee shall be free from any liability, civil or criminal, for such speech, play, act or scene, or other matter: Provided, That the grantee, during any broadcast, shall cut off the airing of speech, play, act or scene, or other matter being broadcast if the tendency thereof is to propose or incite treason, rebellion or sedition; or the language used therein or the theme thereof is indecent or immoral: Provided, further, That willful failure to do so shall constitute a valid cause for the cancellation of this franchise.

SEC. 9. Warranty in Favor of the National and Local Governments. – The grantee shall hold the national, provincial, city, and municipal governments of the Philippines free from all claims, liabilities, demands, or actions arising out of accidents causing injury to persons or damage to properties, during the construction or operation of the stations of the grantee.

SEC. 10. Commitment to Provide and Promote the Creation of Employment Opportunities. – The grantee shall create employment opportunities and accept on-the-job trainees in its franchise operations: Provided, That priority shall be accorded to the residents of the place where the principal office of the grantee is located: Provided, further, That the grantee shall ensure that at least sixty percent (60%) of its employees are regular employees and in no case shall the percentage of contractual employees, job orders, casuals, talents and independent contractors combined, exceed forty percent (40%) of its total workforce: Provided, finally, That the grantee shall comply with the applicable labor standards and allowance entitlement under existing labor laws, rules and regulations and similar issuances.

The employment opportunities or jobs created shall be reflected in the General Information Sheet (GIS) to be submitted to the Securities and Exchange Commission (SEC) annually. In addition, the grantee shall include in its annual report to Congress the number of its regularized employees and secure a compliance and clearance certificate from the Department of Labor and Employment and its relevant attached agencies.

SEC. 11. Sale, Lease, Transfer, Grant of Usufruct, or Assignment of Franchise. – The grantee shall not sell, lease, transfer, grant the usufruct of, nor assign this franchise or the rights and privileges acquired thereunder to any person, firm, company, corporation or other commercial or legal entity, nor merge with any other corporation or entity, nor shall the controlling interest of the grantee be transferred, simultaneously or contemporaneously, to any person, firm, company, corporation, or entity without the prior approval of Congress. The grantee shall inform Congress of any sale, lease, transfer, grant of usufruct, or assignment of franchise or the rights and privileges acquired thereunder, or of the merger or transfer of the controlling interest of the grantee, within sixty (60) days after the completion of the said transaction. Failure to report to Congress such change of ownership shall render the franchise ipso facto revoked. Any person or entity to which this franchise is sold, transferred, or assigned shall be subject to the same conditions, terms, restrictions, and limitations of this Act.

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

SEC. 13. Reportorial Requirement. – The grantee shall submit an annual report on its
compliance with the terms and conditions of the franchise and on its operations to the
Congress of the Philippines, through the Committee on Legislative Franchises of the House of
Repsentatives and the Committee on Public Services of the Senate, on or before April 30 of
every year during the term of its franchise.

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

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

SEC. 14. Fine. – Failure of the grantee to submit the requisite annual report to
Congress shall be penalized by a fine of Five hundred pesos (P500.00) per working day of
noncompliance. The fine shall be collected by the NTC from the delinquent franchise grantee
separate from the reportorial penalties imposed by the NTC and the same shall be remitted
to the Bureau of the Treasury.

SEC. 15. Equality Clause. – Any advantage, favor, privilege, exemption, or immunity
granted under existing franchises, or which may hereafter be granted for radio and television
broadcasting, upon prior review and approval of Congress, shall become part of this franchise
and shall be accorded immediately and unconditionally to the herein grantee: Provided, That
the foregoing shall neither apply to nor affect the provisions of broadcasting franchises
concerning territorial coverage, the term, or the type of service authorized by the franchise.

SEC. 16. Repealability and Nonexclusivity Clause. – This franchise shall be subject to
amendment, alteration, or repeal by Congress when the public interest so requires and shall
not be interpreted as an exclusive grant of the privileges herein provided for.

SEC. 17. Separability Clause. – If any of the sections or provisions of this Act is held
invalid, all other provisions not affected thereby shall remain valid.

SEC. 18. Repealing Clause. – All laws, decrees, orders, resolutions, instructions, rules
and regulations, and other issuances or parts thereof which are inconsistent with the
provisions of this Act are hereby repealed, amended, or modified accordingly.

SEC. 19. Effectivity. – This Act shall take effect fifteen (15) days after its publication
in the Official Gazette or in a newspaper of general circulation.

Approved,