

Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City, Metro Manila

Eighteenth Congress  
First Regular Session

**HOUSE BILL NO. 5381**



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**Introduced by Representative Lucy Torres-Gomez**

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**EXPLANATORY NOTE**


Among the state policies in the 1987 Philippine Constitution is the one enunciated under Section 24 thereof, to wit: "The State recognizes the vital role of communication and information in nation-building."

The broadcast media plays a crucial role in the formation of an enlightened citizenry, in the over-all development of society and in the protection of national welfare and security. It creates public awareness inasmuch as it is engaged in information dissemination on matters of public concern. Citizens, whose opinions are enriched via mass media, are therefore empowered to actively participate in the national and local discourse. These are the requisites of a strong and stable democratic polity.

On the moral side, it has been said that mass media is uniquely placed in a position where it can "comfort the afflicted and afflict the comfortable" in our society.

This bill grants a franchise to Ugmok Bay Broadcasting Network Corporation to construct, install, establish, operate and maintain radio and television broadcasting station(s) anywhere in the Philippines, with its base of operations located in the City of Ormoc, Province of Leyte. Ugmok Bay Broadcasting Network Corporation promises to be an advocate of responsible media, a purveyor of truth, an agent of change and a partner of society in the pursuit of its developmental aspirations. Finally, the approval of this franchise is expected to further promote healthy competition among the present players in the airwaves.

In view of the foregoing considerations, the early approval of this bill is earnestly requested.



**LUCY TORRES-GOMEZ**  
Representative  
Fourth District of Leyte

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**AN ACT**  
**GRANTING THE UGMOK BAY BROADCASTING NETWORK CORPORATION A FRANCHISE TO CONSTRUCT, INSTALL, ESTABLISH, OPERATE AND MAINTAIN RADIO AND TELEVISION BROADCASTING STATIONS IN THE PHILIPPINES**

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

SECTION 1. *Nature and Scope of Franchise.* - Subject to the provisions of the Philippine Constitution and applicable laws, rules and regulations, there is hereby granted to the Ugmok Bay Broadcasting Network Corporation, hereunder referred to as the grantee, its successors or assignees, a franchise to construct, install, establish, operate and maintain for commercial purposes and in the public interest, radio and/or television broadcasting stations anywhere in the Philippines, where frequencies and/or channels are still available for radio and/or television broadcasting, including analog, digital, television and/or radio systems, one way or interactive, through terrestrial, fiber, line, internet, microwave, satellite or whatever means, including the use of any new technologies in television and radio systems including stream or datacasting, with the corresponding technological auxiliaries and/or facilities, special broadcast, and other program and distribution services



and relay stations in the Philippines, and to install communication facilities for the grantee's private use in its broadcast services.

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/or the 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.

The grantee shall not dispose or lease its facilities except to entities with radio or television franchise: *Provided*, That the grantee shall inform and secure written authorization to proceed from the NTC, and report the transaction to the NTC within sixty (60) days after its completion: *Provided, further*, That the NTC shall determine the corresponding sanction for any violation of this provision.

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; or for the dissemination of deliberately false information or willful misrepresentation, to the detriment of the 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, legislative, 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.

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

A special right is hereby reserved to the President of the Philippines, in times of war, rebellion, public peril, calamity, emergency,

disaster, or disturbance of peace and order: to temporarily take over and operate stations or facilities of the grantee; to temporarily suspend the operation 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, upon due compensation to the grantee, for the use of said stations or facilities during the period when these shall be so operated.

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 comply with any of the following conditions:

- (a) Commence operations within one (1) year from the approval of its operating permit by the NTC;
- (b) Commence operations within three (3) years from the effectivity of this Act; and
- (c) Operate continuously for two (2) years.

SEC. 7. *Bond.* - The grantee shall file a bond with the NTC, in the amount that the NTC shall determine, to guarantee compliance with and fulfillment of the conditions under which this franchise is granted. If, after three (3) years from the date of the approval of its permit by the NTC, the grantee shall have fulfilled the same, the bond shall be cancelled by the NTC. Otherwise, the bond shall be forfeited in favor of the government and the franchise ipso facto revoked.



SEC. 8. *Self-regulation by and Undertaking of the 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: *Provided*, That the grantee, during any broadcast, shall cut off from the air the speech, play, act or scene, or other matter being broadcast if the tendency thereof is to propose and/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 shall allow on-the-job trainings in their franchise operation: *Provided*, That priority shall be accorded to the residents where their principal office is located: *Provided, further*, That the grantee shall follow the applicable labor standards and allowance entitlement under existing labor laws, rules and regulations and similar issuances: *Provided, finally*, That the employment opportunities or jobs created shall be reflected in the General Information Sheet (GIS) to be submitted to the Securities and Exchange Commission annually.

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 transfer the controlling interest of the grantee, simultaneously or contemporaneously, to any such person, firm, company, corporation, or entity without the prior approval of the Congress of the Philippines. Congress shall be informed 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 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%) or a higher percentage that may hereafter be provided by law of its outstanding capital stock in any securities exchange in the Philippines within five (5) years from the commencement of its operations: *Provided*, That in cases where public offer of shares is not applicable, the grantee shall apply other methods of encouraging public participation by citizens and corporations operating public utilities as allowed by law. Noncompliance therewith shall render the franchise ipso facto revoked.

SEC. 13. *Reportorial Requirement.* - The grantee shall submit an annual report to the Congress of the Philippines, through the Committee



on Legislative Franchises of the House of Representatives and the Committee on Public Services of the Philippine Senate, on its compliance with the terms and conditions of the franchise and on its operations on or before April 30 of every year during the term of its franchise. 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 National Treasury.

SEC. 15. *Equality Clause.* - Except for taxes and customs duties, any advantage, favor, privilege, exemption, or immunity granted under existing franchises, or which may hereafter be granted for radio and/or 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 territory covered by the franchise, the life span of the franchise, or the type of service authorized by the franchise.

SEC. 16. *Repeatability and Nonexclusivity Clause.* - This franchise shall be subject to amendment, alteration, or repeal by the Congress of the Philippines 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 not consistent with this Act are hereby repealed, amended, or modified accordingly.

Section 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,