

(AS AMENDED BY THE SENATE)

CONGRESS OF THE PHILIPPINES  
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*Second Regular Session*

}

HOUSE OF REPRESENTATIVES

H. No. 6167

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BY REPRESENTATIVES NOGRALES (K.A.), NOGRALES (J.J.), ALVAREZ (F.) AND  
MARCOLETA, PER COMMITTEE REPORT NO. 351

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AN ACT EXTENDING FOR ANOTHER TWENTY-FIVE (25)  
YEARS THE FRANCHISE GRANTED TO THE UNIVERSITY  
OF MINDANAO, DOING BUSINESS UNDER THE NAME  
AND STYLE OF UNIVERSITY OF MINDANAO  
BROADCASTING NETWORK AND UM BROADCASTING  
NETWORK, UNDER REPUBLIC ACT. NO. 8170, ENTITLED "AN  
ACT GRANTING THE UNIVERSITY OF MINDANAO A  
FRANCHISE TO CONSTRUCT, ESTABLISH, MAINTAIN AND  
OPERATE RADIO BROADCASTING STATIONS IN THE  
PHILIPPINES, AND FOR OTHER PURPOSES"

*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  
2 provisions of the Philippine Constitution and applicable laws, rules and  
3 regulations, the franchise granted to the University of Mindanao, doing  
4 business under the name and style of University of Mindanao Broadcasting  
5 Network and UM Broadcasting Network, hereunder referred to as the grantee,  
6 its successors or assignees, under Republic Act No. 8170, to construct, install,  
7 establish, operate, and maintain for commercial purposes and in the public  
8 interest radio and/or television broadcasting stations, including digital  
9 television system, through microwave, satellite or whatever means, as well as

1 the use of any new technology in television and radio systems, with the  
2 corresponding technological auxiliaries and facilities, special broadcast and  
3 other program and distribution services and relay stations in the Philippines, is  
4 hereby extended for another twenty-five (25) years from the effectivity of this  
5 Act.

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

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

21       The grantee shall not dispose nor lease its facilities except to entities  
22 with radio or television broadcasting franchise: *Provided*, That the grantee  
23 shall inform and secure written authorization to proceed from the NTC, and  
24 report the transaction to the NTC within sixty (60) days after its completion:  
25 *Provided, further*, That the NTC shall determine the corresponding sanction  
26 for any violation of this provision.

27       SEC. 4. *Responsibility to the Public.* – The grantee shall provide  
28 adequate public service time to enable the government, through the said  
29 broadcasting stations or facilities, to inform the population on important public

1 issues; provide at all times sound and balanced programming; assist in the  
2 performance of the functions of public information and education; conform to  
3 the ethics of honest enterprise; and to refrain from broadcasting obscene and  
4 indecent language, speech, act, or scene, or disseminating deliberately false  
5 information or willful misrepresentation to the detriment of the public interest;  
6 or inciting, encouraging, or assisting in subversive or treasonable acts.

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

11       A special right is hereby reserved to the President of the Philippines, in  
12 times of war, rebellion, public peril, calamity, emergency, disaster, or  
13 disturbance of peace and order: to temporarily take over and operate the  
14 stations or facilities of the grantee; to temporarily suspend the operation of any  
15 station or facility in the interest of public safety, security and public welfare;  
16 or to authorize the temporary use and operation thereof by any agency of the  
17 government, upon due compensation to the grantee, for the use of said stations  
18 or facilities during the period when these shall be so operated.

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

23       SEC. 7. *Acceptance of Franchise.* – Acceptance of the terms of this  
24 franchise shall be given in writing to the Congress of the Philippines, through  
25 the Committee on Legislative Franchises of the House of Representatives and  
26 the Committee on Public Services of the Philippine Senate, within sixty (60)  
27 days from the effectivity of this Act. Upon giving such acceptance, the grantee  
28 shall exercise the privileges granted under this Act.

29       Nonacceptance shall render the franchise void.

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

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

18       SEC. 10. *COMMITMENT TO PROVIDE AND PROMOTE THE*  
19       *CREATION OF EMPLOYMENT OPPORTUNITIES.* – THE  
20       GRANTEE SHALL CREATE EMPLOYMENT OPPORTUNITIES  
21       AND SHALL ALLOW ON-THE-JOB TRAININGS IN THEIR  
22       FRANCHISE OPERATIONS: *PROVIDED,* THAT PRIORITY  
23       SHALL BE ACCORDED TO THE RESIDENTS WHERE THEIR  
24       PRINCIPAL OFFICE IS LOCATED: *PROVIDED, FURTHER,* THAT  
25       THE GRANTEE SHALL FOLLOW THE APPLICABLE LABOR  
26       STANDARDS AND ALLOWANCE ENTITLEMENT UNDER  
27       EXISTING LAWS, RULES AND REGULATIONS AND SIMILAR  
28       ISSUANCES: *PROVIDED, FINALLY,* THAT THE EMPLOYMENT

1 OPPORTUNITIES OR JOBS CREATED SHALL BE REFLECTED  
 2 IN THE GENERAL INFORMATION SHEET (GIS) TO BE  
 3 SUBMITTED TO SECURITIES AND EXCHANGE COMMISSION  
 4 ANNUALLY.

5 SEC. [10] 11. *Sale, Lease, Transfer, Grant of Usufruct, or Assignment of*  
 6 *Franchise.* – The grantee shall not sell, lease, transfer, grant the usufruct of,  
 7 nor assign this franchise or the rights and privileges acquired thereunder to any  
 8 person, firm, company, corporation, or other commercial or legal entity, nor  
 9 merge with any other corporation or entity, nor the controlling interest of the  
 10 grantee be transferred, [whether as a whole or in part, and whether]  
 11 simultaneously [or contemporaneously,] to any such person, firm, company,  
 12 corporation, or entity without the prior approval of the Congress of the  
 13 Philippines[:]. [Provided, That] Congress shall be informed of any sale, lease,  
 14 transfer, grant of usufruct, or assignment of franchise or the rights and  
 15 privileges acquired thereunder, or of the merger or transfer of the controlling  
 16 interest of the grantee, within sixty (60) days after the completion of the said  
 17 transaction[:]. [Provided, further, That] [f]Failure to report to Congress such  
 18 change of ownership shall render the franchise *ipso facto* revoked[:].  
 19 [Provided, finally, That] [a]Any person or entity to which this franchise is  
 20 sold, transferred or assigned shall be subject to the same conditions, terms,  
 21 restrictions, and limitations of this Act.

22 SEC. [11] 12. *Dispersal of Ownership.* – In accordance with the  
 23 constitutional provision to encourage public participation in public utilities, the  
 24 grantee shall offer to Filipino citizens at least thirty percent (30%) or a higher  
 25 percentage that may hereafter be provided by law of its outstanding capital  
 26 stock in any securities exchange in the Philippines within five (5) years from  
 27 the commencement of its operations: *Provided, That* in cases where public



offer of shares is not applicable, establishment of cooperatives and application of other methods of encouraging public participation by citizens and corporations operating public utilities as allowed by law must be implemented.

Noncompliance therewith shall render the franchise *ipso facto* revoked.

SEC. [12] 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. [13] 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 separately by the NTC distinct from the penalties it imposes for noncompliance of its own reportorial requirements.

SEC. [14] 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 pertaining to the term, type of service, or territorial coverage authorized by the franchise.

SEC. [15] 16. *Repealability and Nonexclusivity Clause.* – This franchise 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 as  
2     an exclusive grant of the privileges herein provided for.

3             SEC. [16] 17. *Separability Clause.* – If any of the sections or provisions of  
4     this Act is held invalid, all other provisions not affected thereby shall remain  
5     valid.

6             SEC. [17] 18. *Repealing Clause.* – All laws, decrees, orders, resolutions,  
7     instructions, rules and regulations, and other issuances or parts thereof which  
8     are inconsistent with the provisions of this Act are hereby repealed, amended,  
9     or modified accordingly.

10            SEC. [18] 19. *Effectivity.* – This Act shall take effect fifteen (15) days after  
11     its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,

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