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SENATE

COMMITTEE REPORT NO. 504

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Submitted by the Committee on Public Services on **NOV 15 2018**.

Re: House Bill no. 6754

Recommending the approval of HBN 6754 with amendments.

Sponsor: Senator Grace Poe

MR. PRESIDENT:

The Committee on Public Services to which was referred House Bill No. 6754 introduced by Representatives Bataoil, Violago and Alvarez (F.), entitled:

**"AN ACT
RENEWING THE FRANCHISE GRANTED TO ULTRASONIC
BROADCASTING SYSTEM, INC. UNDER REPUBLIC ACT NO. 8081,
ENTITLED 'AN ACT GRANTING THE ULTRASONIC BROADCASTING
SYSTEM, INC., A FRANCHISE TO CONSTRUCT, INSTALL, OPERATE
AND MAINTAIN FOR COMMERCIAL PURPOSES RADIO AND
TELEVISION BROADCASTING STATIONS THROUGHOUT THE
PHILIPPINES' FOR ANOTHER TWENTY-FIVE (25) YEARS FROM THE
EFFECTIVITY OF THIS ACT"**

has considered the same and has the honor to report it back to the Senate with the recommendation that the attached H.B. No. 6754 be approved with the following amendments:

1. On page 4, after line 27, insert new provisions which shall read as follows:

"SEC. 9. 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 SECURITIES AND EXCHANGE COMMISSION ANNUALLY.";

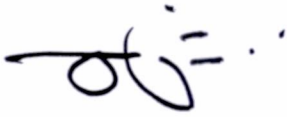
2. Renumber the sections accordingly.

RESPECTFULLY SUBMITTED



GRACE POE
Chairperson

Committee on Public Services



JOSEPH VICTOR G. EJERCITO

Vice-Chairperson
Committee on Public Services



FRANCIS "Chiz" G. ESCUDERO

Vice-Chairperson
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FRANKLIN M. DRILON
Minority Floor Leader

HON. VICENTE C. SOTTO III
Senate President

CONGRESS OF THE PHILIPPINES
SEVENTEENTH CONGRESS
Second Regular Session

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HOUSE OF REPRESENTATIVES

H. No. 6754

BY REPRESENTATIVES BATAOIL, VIOLAGO AND ALVAREZ (F.), PER
COMMITTEE REPORT NO. 500

AN ACT RENEWING THE FRANCHISE GRANTED TO ULTRASONIC BROADCASTING SYSTEM, INC. UNDER REPUBLIC ACT NO. 8081, ENTITLED "AN ACT GRANTING THE ULTRASONIC BROADCASTING SYSTEM, INC. A FRANCHISE TO CONSTRUCT, INSTALL, OPERATE AND MAINTAIN FOR COMMERCIAL PURPOSES RADIO AND TELEVISION BROADCASTING STATIONS THROUGHOUT THE PHILIPPINES" FOR ANOTHER TWENTY-FIVE (25) YEARS FROM THE EFFECTIVITY OF THIS ACT

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
3 and regulations, the franchise granted to Ultrasonic Broadcasting
4 System, Inc., hereunder referred to as the grantee, its successors or
5 assignees, under Republic Act No. 8081, to construct, install,
6 operate, and maintain for commercial purposes and in the public
7 interest, radio and/or television broadcasting stations, including
8 digital television system, through microwave, satellite or whatever

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

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

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

23 The grantee shall not dispose or lease its facilities except to
24 entities with radio or television franchise. *Provided*, That the
25 grantee shall inform and secure written authorization to proceed
26 from the NTC, and report the transaction to the NTC within
27 sixty (60) days after its completion: *Provided, further*, That the

1 NTC shall determine the corresponding sanction for any violation of
2 this provision.

3 SEC. 4. *Responsibility to the Public.* - The grantee shall
4 provide adequate public service time to enable the government,
5 through the said broadcasting stations or facilities, to reach the
6 population on important public issues; provide at all times
7 sound and balanced programming; promote public participation
8 such as in community programming; assist in the functions of
9 public information and education, conform to the ethics of honest
10 enterprise; and to refrain from broadcasting obscene and indecent
11 language, speech, act or scene, or from disseminating deliberately
12 false information or willful misrepresentation to the detriment of
13 the public interest, or from inciting, encouraging, or assisting in
14 subversive or treasonable acts.

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

19 A special right is hereby reserved to the President of
20 the Philippines, in times of war, rebellion, public peril, calamity,
21 emergency, disaster, or disturbance of peace and order: to
22 temporarily take over and operate the stations or facilities of
23 the grantee; to temporarily suspend the operation of any station
24 or facility in the interest of public safety, security and public
25 welfare; or to authorize the temporary use and operation thereof
26 by any agency of the government, upon due compensation to the

1 grantee, for the use of said stations or facilities during the period
2 when these shall be so operated.

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

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

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

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

21 SEC. 10. *Dispersal of Ownership.* - In accordance with the
22 constitutional provision to encourage public participation in
23 public utilities, the grantee shall offer to Filipino citizens at
24 least thirty percent (30%) or a higher percentage that may
25 hereafter be provided by law of its outstanding capital stock in
26 any securities exchange in the Philippines within five (5) years
27 from the commencement of its operations: *Provided*, That in cases

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

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

7 SEC. 11. *Reportorial Requirement.* - The grantee shall
8 submit an annual report to the Congress of the Philippines,
9 through the Committee on Legislative Franchises of the House of
10 Representatives and the Committee on Public Services of the
11 Philippine Senate, on its compliance with the terms and
12 conditions of the franchise and on its operations on or before
13 April 30 of every year during the term of its franchise. The
14 reportorial compliance certificate issued by Congress shall be
15 required before any application for permit or certificate is accepted
16 by the NTC.

17 SEC. 12. *Fine.* - Failure of the grantee to submit the
18 requisite annual report to Congress shall be penalized by a fine of
19 five hundred pesos (P500.00) per working day of noncompliance.
20 The fine shall be collected separately by the NTC distinct from the
21 penalties it imposes for noncompliance of its own reportorial
22 requirements.

23 SEC. 13. *Equality Clause.* - Except for taxes and customs
24 duties, any advantage, favor, privilege, exemption, or immunity
25 granted under existing franchises, or which may hereafter be
26 granted for radio and/or television broadcasting, upon prior review
27 and approval of Congress, shall become part of this franchise

1 and shall be accorded immediately and unconditionally to the
2 herein grantee: *Provided*, That the foregoing shall neither apply to
3 nor affect the provisions of broadcasting franchises concerning
4 territorial coverage, the term, or the type of service authorized by
5 the franchise.

6 SEC. 14. *Repealability and Nonexclusivity Clause.* - This
7 franchise shall be subject to amendment, alteration, or repeal by
8 the Congress of the Philippines when the public interest so
9 requires and shall not be interpreted as an exclusive grant of the
10 privileges herein provided.

11 SEC. 15. *Separability Clause.* - If any of the sections or
12 provisions of this Act is held invalid, all other provisions not
13 affected thereby shall remain valid.

14 SEC. 16. *Repealing Clause* - All laws, decrees, orders,
15 resolutions, instructions, rules and regulations, and other issuances
16 or parts thereof which are inconsistent with the provisions of
17 this Act are hereby repealed, amended, or modified accordingly.

18 SEC. 17. *Effectivity.* - This Act shall take effect fifteen (15)
19 days after its publication in the *Official Gazette* or in a newspaper
20 of general circulation.

Approved.