

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



Sixteenth Congress
First Regular Session

House Bill No. 1448

Introduced by **REP. PANGALIAN M. BALINDONG**

EXPLANATORY NOTE

This bill seeks the grant of a franchise to construct, operate and maintain for commercial purposes, and in the greater welfare of public interest, radio and/or television broadcasting stations in Mindanao.

Radio and television has radically changed the global environment, particularly in the field of communications, which has vastly revolutionized the speed and clarity of receiving information. Whether it be news reports, or simply information on any matter under the sun, radio and television has made it available to all people. Whether they are in the cities or in far-flung hinterlands, rich or poor, schooled or street-wise, interested or lukewarm, information is at their fingertips, or simply a remote-control gadget away.

Thus, the importance of radio and television with regard to timely information and global relations cannot be underestimated. Even in the political field, the matter of receiving news of elections or important national events in a short time has been a boon to the national democratic processes. At the public safety and

environmental concern levels, it is the quickest way of informing the citizens of the good or bad news that will surely impact on their lives or livelihoods.

This bill is in consonance with the provision of Section 24, Article II of the 1987 Constitution, which provides:

“Sec. 24. The State recognizes the vital role of communication and information in nation-building.”

Hence, the approval of this bill is earnestly sought.


REP. PANGALIAN M. BALINDONG
2nd District, Lanao del Sur

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**AN ACT GRANTING THE ILLANA BAY BROADCASTING SERVICES,
INCORPORATED A FRANCHISE TO CONSTRUCT, INSTALL, ESTABLISH,
OPERATE, AND MAINTAIN RADIO AND TELEVISION BROADCASTING
STATIONS IN MINDANAO**

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 the Illana Bay Broadcasting Services, Incorporated, hereunder referred to as the grantee, its successors or assigns, a franchise to construct, install, establish, operate and maintain for commercial purposes and in the public interest, radio and/or television broadcasting stations in Mindanao, where frequencies and/or channels are still available for radio and/or television broadcasting, including digital television system, internet protocol (IP)-related services and IP value-added services, through microwave, satellite or whatever means including 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.

SECTION 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 which may be established by law, without in any way diminishing its own right to use its selected wavelengths or

frequencies and the quality of transmission or reception thereon as should maximize rendition of the grantee's services and/or availability thereof.

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

SECTION 4. *Responsibility to the Public.* - The grantee shall provide adequate public service time to enable the government, through the said broadcasting stations or facilities, to reach the population on important public issues; provide at all times sound and balanced programming; assist in the functions of public information and education; conform to the ethics of honest enterprise; and not use its stations and facilities for the broadcasting of obscene and indecent language, speech, act or scene; or for the dissemination of deliberately false information or wilful misrepresentation, to the detriment of the public interest, or to incite, encourage or assist in subversive or treasonable acts.

SECTION 5. *Right of Government.* - 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 the stations or facilities of the grantee, to temporarily suspend the operation of any station 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 they shall be so operated.

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 anytime after due process.

SECTION 6. *Term of Franchise.* - This franchise shall be in effect for a period of twenty-five (25) years, unless sooner revoked. 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) Operate continuously for two (2) years; and
- (c) Commence operations within three (3) years from the effectivity of this Act.

SECTION 7. *Acceptance and Compliance.* - Acceptance of this franchise shall be given in writing 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 Senate within sixty (60) days from the effectivity of this Act. Upon giving such acceptance, the grantee shall exercise the privileges granted under this Act. Nonacceptance shall render the franchise void.

SECTION 8. *Bond.* - The grantee shall file a bond with the NTC in the amount that it shall determine to guarantee compliance with and fulfilment of the conditions under which this franchise is granted. If, after three (3) years have fulfilled the conditions, the bond shall be cancelled by the Commission. Otherwise, the bond shall be forfeited in favor of the government and the franchise *ipso facto* revoked.

SECTION 9. *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 wilful failure to do shall constitute a valid cause for the cancellation of this franchise.

SECTION 10. *Warranty in Favor of National and Local Governments.* - The grantee shall hold the national, provincial, city and municipal governments of the Philippines harm-free from all claims, accounts, demands or actions arising out of accidents or injuries, whether to property or to persons, caused by the construction or operation of the stations of the grantee.

SECTION 11. *Sale, Lease, Transfer, Usufruct, Assignment.* - The grantee shall not lease, transfer, grant the usufruct of, sell 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, whether as a whole or in parts and whether simultaneously or contemporaneously, to any such person, firm, company, corporation or entity without the prior approval of the Congress of the Philippines: Provided, That Congress shall be informed of any lease, transfer, granting the usufruct of, sale or assignment of franchise or the rights or privileges acquired within sixty (60) days after completion of the said transaction: *Provided, further,* That failure to report to the Congress such change of ownership shall render the franchise *ipso facto* revoked: *Provided, finally,* That any person entity to which this franchise is sold, transferred or assigned shall be subject to the same conditions, terms, restrictions and limitations of this Act.

SECTION 12. *Dispersal and Ownership.* - In accordance with the constitutional provision encourage public participation in public utilities, the grantee shall offer to Filipino Citizens at least thirty *per centum* (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 (5) years from the commencement of its operations. Noncompliance therewith shall render the franchise *ipso facto* revoked.

SECTION 13. *Equality Clause.* - Any advantage, favor, privilege, exemption or immunity granted under other 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: *Provide, however,* That the foregoing shall neither apply to nor affect provisions of broadcasting franchises concerning territory covered by the franchise, the real life span of the franchise or the type of service authorized by the franchise: *Provided, further,* That the foregoing shall not apply to sale, lease, transfer, grant or usufruct or assignment of legislative franchise with prior congressional approval.

SECTION 14. *General Broadcast Policy Law.* -The grantee shall comply with and be subject to the provisions of a general broadcast policy law, which Congress may hereafter enact.

SECTION 15. *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 Senate, on its compliance with the terms and conditions of the franchise and on its operations on or before April 30 of the succeeding year.

SECTION 16. *Penalty Clause.* - Any grantee who fails to submit the annual report to Congress shall be fined Five hundred pesos (P500.00) per working day of noncompliance. The fine shall be collected by the NTC from the said delinquent franchise grantee separate from the reportorial penalties imposed by the NTC. The collected funds shall accrue to the monitoring fund of the NTC in line with its supervisory and regulatory functions. The reportorial compliance certificate is accepted by the NTC.

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

SECTION 18. *Repealability 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.

SECTION 19. *Publication.* - This Act shall take effect fifteen (15) days from the date of its publication in at least two (2) newspapers of general circulation in the Philippines.

Approved,