

CONGRESS OF THE PHILIPPINES
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Second Regular Session



HOUSE OF REPRESENTATIVES

H. No. 7618

BY REPRESENTATIVE VILLAFUERTE, ALVAREZ (F.) AND ROMUALDO, PER COMMITTEE REPORT
No. 475

AN ACT

GRANTING CHRISTIAN MUSIC POWER, INC. A FRANCHISE TO CONSTRUCT, ESTABLISH, OPERATE, AND MAINTAIN RADIO BROADCASTING STATIONS IN THE PHILIPPINES

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

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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 Christian Music Power, Inc., its successor or assignees, and hereunder referred to as the grantee, a franchise to construct, establish, operate and maintain radio broadcasting stations in the Philippines, with the corresponding technological auxiliaries or facilities, special broadcast and other broadcast distribution services and relay stations, and to install radio 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 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 spectrum without authorization from the NTC. The NTC, however, shall not unreasonably withhold or delay the grant of any such authority.

1 [The grantee shall not dispose or lease its facilities except to entities with a
2 radio broadcasting franchise: *Provided*, That the grantee shall inform and secure
3 written authorization to proceed from the NTC, and report the transaction to the NTC
4 within sixty (60) days after its completion: *Provided, further*, That the NTC shall
5 determine the corresponding sanction for any violation of this provision.]
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7 In case of any violation of the provisions of this franchise, the NTC shall have
8 the authority to revoke or suspend, after due process, the permits or licenses it
9 issued pursuant to the franchise. The NTC may recommend to Congress of the
10 Philippines the revocation of this franchise for any violation of its provisions.
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12 **SEC. 4. Responsibility to the Public.** – The grantee shall provide, free of
13 charge, adequate public service time which is reasonable and sufficient to enable the
14 government, through the broadcasting stations or facilities of the grantee, to reach
15 the pertinent populations or portions thereof, on important public issues and relay
16 important public announcements and warnings concerning public emergencies and
17 calamities, as necessity, urgency or law may require; provide, at all times sound and
18 balanced programming; promote public participation; assist in the functions of public
19 information and education; conform to the ethics of honest enterprise; promote
20 audience sensibility and empowerment including closed captioning; and not use its
21 stations or facilities for the broadcasting of obscene or indecent language, speech,
22 act or scene, the dissemination of deliberately false information or willful
23 misrepresentation, to the detriment of public interest , or to incite, encourage, or
24 assist in subversive or treasonable acts.
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26 Public service time referred herein shall be equivalent to a maximum
27 aggregate of ten percent (10%) of paid commercials or advertisements which shall
28 be allocated based on need to the Executive and Legislative branches, the Judiciary,
29 Constitutional Commissions, and international humanitarian organizations duly
30 recognized by statutes: *Provided*, That the NTC shall increase the public service time
31 in case of extreme emergency or calamity. The NTC shall issue rules and regulations
32 for this purpose, the effectivity of which shall commence upon applicability with other
33 similarly situated broadcast network franchise holders.
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35 **SEC. 5. Right of the Government.** – The radio spectrum is a finite resource
36 that is part of the national patrimony, and the use thereof is a privilege conferred
37 upon the grantee by the State that may be withdrawn any time after due process.
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39 A special right is hereby reserved to the President of the Philippines, in times
40 of war, rebellion, public peril, calamity, emergency, disaster, or disturbance of peace
41 and order, to temporarily take over and operate the stations or facilities of the
42 grantee, or to temporarily suspend the operation of any station or facility in the
43 interest of public safety, security and public welfare, or to authorize the temporary
44 use and operation thereof by any agency of the government, upon due
45 compensation to the grantee, for the use of said stations or facilities during the
46 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 operate continuously for two (2) years.

SEC. 7. 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. 8. 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. 9. Commitment to Provide and Promote the Creation of Employment Opportunities. – The grantee shall create employment opportunities and accept on-the-job trainees in the 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 order and casual employees, and independent contractors combined, exceed forty percent (40%) of its total workforce:] *Provided, [finally] FURTHER*, 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. 10. 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. 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 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. 11. *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] OUTSTANDING CAPITAL 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 the public offer of shares is not applicable, other methods of encouraging public participation by citizens and corporations operating public utilities must be implemented. Noncompliance therewith shall render the franchise *ipso facto* revoked.

SEC. 12. *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 Congress, through the Committee on Legislative Franchises of the House of Representatives 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 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. 13. *Fine.* – The 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. 14. *Equality Clause.* – Any advantage, favor, privilege, exemption, or immunity granted under existing franchises, or which may hereafter be granted for radio 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. 15. *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. 16. *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. 17. *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. 18. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,