

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 5516



Introduced by Representative **NANCY A. CATAMCO**

EXPLANATORY NOTE

This legislative measure seeks to grant **NORTH COTABATO MULTI-MEDIA ADVERTISING CORPORATION** a franchise to construct, install, establish, operate and maintain radio stations throughout the Philippines.

In shaping the country's future, the role of broadcast media cannot be overemphasized. It molds, informs and educates the society through the promotion of public awareness, participation and encouragement of public opinions on important matters concerning the country.

Thus, investors should be encouraged to invest in the radio broadcasting business to assist and support the government in disseminating important information on issues and matters of public concerns.

The **NORTH COTABATO MULTI-MEDIA ADVERTISING CORPORATION** is a private corporation interested in the telecommunications business for domestic audiences and other related business. It desires to operate radio stations throughout the Philippines with its central base of operations at Kidapawan City, North Cotabato.

It cannot be gainsaid that the presence of more radio enterprises in the area of communication industry will not only enhance competition but consequently make available more information as well as entertainment to the public.

This is the reason why **NORTH COTABATO MULTI-MEDIA ADVERTISING CORPORATION** seeks to offer itself as one service providers in the radio broadcasting industry and therefore open the way for opportunities for more access to radio services by fostering a healthy competition.


REP. NANCY A. CATAMCO
2nd, District, North Cotabato

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HOUSE BILL No. 5516

Introduced by **HON. NANCY A. CATAMCO**

AN ACT GRANTING THE NORTH COTABATO MULTI-MEDIA ADVERTISING CORPORATION, A FRANCHISE TO CONSTRUCT, INSTALL, ESTABLISH, OPERATE AND MAINTAIN RADIO BROADCASTING STATIONS THROUGHOUT THE PHILIPPINES

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

Section 1. Nature and Scope of Franchise.- Subject to the provisions of the 1987 Philippine Constitution and applicable laws, rules and regulations, there is hereby granted to NORTH COTABATO MULTI-MEDIA ADVERTISING 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 broadcasting stations throughout the Philippines", with its central base of operations located at Kidapawan City, North Cotabato, where frequencies are still available for radio broadcasting, including the use of new technologies in 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 of 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 frequencies of existing stations or other stations which maybe established by law, without in any way diminishing its own right to use its assigned frequencies and the quality of transmission or reception thereon as should maximize rendition of the grantee's services and/or the 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 radio spectrum without authorization from the NTC. The NTC, however, shall not unreasonable 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 sounds and balanced programming; assist in the functions of the public information and education ; conform to the ethics of honest enterprise; and shall not use its stations and facilities for the broadcasting of obscene and indecent language, speech, 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.

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 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 they shall be operated.

The telecommunication spectrum is 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.— The Franchise shall be in effect for the period of twenty five (25) years, unless sooner revoked or cancelled. The franchise shall be deemed ipso facto, revoked in the event in the event the grantee fails to comply with any of the following conditions

- a.) Commence operations within on 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;
- c.) Operate continuously for two (2) years.

Section 7. Acceptance and Compliance.— Acceptance of this franchise shall be given in the 17th 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, Non-acceptance shall render the franchise void.

Section 8. Bond.— The grantee shall file a bond with the NTC in the amount that the NTC shall determine, to guarantee compliance with and fulfilment of the conditions under which this franchise is granted. If after three (3) years from the date of approval of its permit by the Commission, the grantee shall have fulfilled the same, 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, or other matter to be broadcast from its station; Provided, That the grantee, during any broadcast, shall cut off from the air the speech, 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.

Section 10. Warranty in Favor of National and Local Governments.- The grantee shall hold the national, provincial, city and municipal governments of the Philippines free from all claims, accounts, demands, or actions arising out of the 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, Grant of Usufruct, or Assignment of Franchise.-

The grantee shall not sell, lease, transfer, grant the usufruct of, or assign this Franchise and privileges acquired thereunder to any person, firm, company, corporation or other commercial legal entity, nor merge with any other corporation or entity nor shall transfer to controlling interest of the grantee. Whether as a whole or in part, and whether simultaneously or contemporaneously, to any such person, firm, company, corporation, entity without the prior approval of the Congress of the Philippines; Provided, The Congress shall be informed of any sale, lease, transfer, grant of usufruct, or assignment franchise or the rights or privileges acquired thereunder, or merger or transfer of the grantee within sixty (60) days after the completion of said transaction; Provided further, That the failure to report to Congress such change of ownership shall render the franchise ipso facto revoked; Provided finally, That any person or entity which this franchise is sold, transferred or assigned, shall be subject to the said conditions, terms, restrictions and limitations of this Act.

Section 12. Dispersal of Ownership.- In accordance with the constitutional provision to encourage public participation in public utilities, the grantee shall offer Filipino citizen at least thirty per cent (30%) or as higher percentage that may hereafter be provided by law of its outstanding capital stock in any securities exchange in the Philippines within five years from the commencement of its operation. Provided, That in cases where put-offer of shares is not applicable, establishment of cooperatives and other methods encouraging public participation by citizens and corporations operating public utilities may be implemented. Non-compliance therewith shall render the franchise ipso facto revoked.

Section 13. General Broadcast Policy Law.- The grantee shall comply with subject to the provisions of a general broadcast policy law, which Congress may hereafter enact.

Section 14. Reportorial Requirement.- The grantee shall submit an annual report to the Congress of the Philippines, through the Committee in Legislative Franchises of the House of Representatives and the Committee on Public Services of the Senate, in 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 certificate is accepted by the NTC.

Section 15. Penalty Clause.- Failure of the grantee to submit the requisite annual report to Congress shall be penalized by a fine of Five Hundred Pesos (P500.00) for every working day of noncompliance. The fine shall be collected by the BTC from the delinquent franchise grantee separate from the reportorial penalties imposed by the NTC.

Section 16. 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 territory covered by the franchise, the life span of the franchise and the type of service authorized by the franchise.

Section 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.

Section 18. Repealability and Nonexclusively Clause.- This franchise shall be subject to amendment, alteration, or repeal by the Congress of the Philippines when public interest so requires and shall not be interpreted as an exclusive grant of the privileges herein provided for.

Section 19. Effectivity.- This Act shall take effect fifteen (15) days after its publications in the Official Gazette or in a newspaper of general circulation.

Approved,