

HOUSE OF REPRESENTATIVES

H. No. 10211

BY REPRESENTATIVES CALDERON, ALVAREZ (F.) AND DEL MAR, PER COMMITTEE
REPORT NO. 1219

AN ACT
GRANTING GVM RADIO/TV CORPORATION A FRANCHISE TO CONSTRUCT,
INSTALL, ESTABLISH, OPERATE, AND MAINTAIN RADIO BROADCASTING
STATIONS IN CEBU CITY AND OTHER AREAS IN THE PHILIPPINES

*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 provisions of
2 the Constitution and applicable laws, rules and regulations, there is hereby granted to
3 GVM RADIO/TV CORPORATION, hereunder referred to as the Grantee, its
4 successors or assignees, a franchise to construct, install, establish, operate, and
5 maintain for commercial purposes and in the public interest, radio broadcasting
6 stations in Cebu City and other areas in the Philippines, where frequencies and
7 channels are still available for radio broadcasting, through microwave, satellite or
8 whatever means, as well as the use of any new technology in radio broadcasting
9 systems, with the corresponding technological auxiliaries or facilities, special
10 broadcast and other program and distribution services and relay stations.

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

1 **SEC. 3. *Prior Approval of the National Telecommunications Commission.***

2 – The Grantee shall secure from the National Telecommunications Commission (NTC)
3 the appropriate permits and licenses for the construction and operation of its stations
4 or facilities and shall not use any frequency in the radio spectrum without authorization
5 from the NTC. The NTC, however, shall not unreasonably withhold or delay the grant
6 of any such authority.

7
8 In case of any violation of the provisions of this franchise, the NTC shall have
9 the authority to revoke or suspend, after due process, the permits or licenses it issued
10 pursuant to the franchise. The NTC may recommend to Congress of the Philippines
11 the revocation of the franchise for any violation of the provisions of this franchise.

12
13 **SEC. 4. *Responsibility to the Public.*** – The Grantee shall provide, free of
14 charge, adequate public service time which is reasonable and sufficient to enable the
15 government, through the broadcasting stations or facilities of the Grantee, to reach the
16 pertinent populations or portions thereof, on important public issues and relay
17 important public announcements and warnings concerning public emergencies and
18 calamities, as necessity, urgency, or law may require; provide at all times sound and
19 balanced programming; promote public participation; assist in the functions of public
20 information and education; conform to the ethics of honest enterprise; promote
21 audience sensibility and empowerment including closed captioning; and not use its
22 stations or facilities for the broadcasting of obscene or indecent language, speech,
23 act, or scene, the dissemination of deliberately false information or willful
24 misrepresentation, to the detriment of public interest, or to incite, encourage, or assist
25 in subversive or treasonable acts.

26
27 Public service time referred herein shall be equivalent to a maximum aggregate
28 of ten percent (10%) of paid commercials or advertisements which shall be allocated
29 based on need to the Executive and Legislative branches, the Judiciary, Constitutional
30 Commissions, and international humanitarian organizations duly recognized by
31 statutes: *Provided*, That the NTC shall increase the public service time in case of
32 extreme emergency or calamity. The NTC shall issue rules and regulations for this
33 purpose, the effectivity of which shall commence upon applicability with other similarly
34 situated broadcast network franchise holders.

35
36 **SEC. 5. *Right of the Government.*** – The radio spectrum is a finite resource
37 that is part of the national patrimony, and the use thereof is a privilege conferred upon
38 the Grantee by the State that may be withdrawn any time after due process.

39
40 A special right is hereby reserved to the President of the Philippines, in times
41 of war, rebellion, public peril, calamity, emergency, disaster, or disturbance of peace
42 and order, to temporarily take over and operate the stations or facilities of the Grantee;
43 to temporarily suspend the operation of any station or facility in the interest of public

1 safety, security, and public welfare; or to authorize the temporary use and operation
2 thereof by any agency of the government, upon due compensation to the Grantee, for
3 the use of said stations or facilities during the period when these shall be so operated.
4

5 **SEC. 6. Term of Franchise.** – This franchise shall be in effect for a period of
6 twenty-five (25) years from the effectivity of this Act, unless sooner revoked or
7 cancelled. This franchise shall be deemed *ipso facto* revoked in the event the Grantee
8 fails to operate continuously for two (2) years.
9

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

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

27 **SEC. 9. Commitment to Provide and Promote the Creation of Employment**
28 **Opportunities.** – The Grantee shall create employment opportunities and accept on-
29 the-job trainees in the franchise operations: *Provided*, That priority shall be accorded
30 to the residents of the place where the principal office of the Grantee is located:
31 *Provided, further*, That the Grantee shall comply with the applicable labor standards
32 and allowance entitlement under existing labor laws, rules and regulations and similar
33 issuances.
34

35 The employment opportunities or jobs created shall be reflected in the General
36 Information Sheet (GIS) to be submitted to the Securities and Exchange Commission
37 (SEC) annually.
38

39 **SEC. 10. Sale, Lease, Transfer, Grant of Usufruct, or Assignment of**
40 **Franchise.** – The Grantee shall not sell, lease, transfer, grant the usufruct of, nor
41 assign this franchise or the rights and privileges acquired thereunder to any person,
42 firm, company, corporation, or other commercial or legal entity, nor merge with any
43 other corporation or entity, nor shall the controlling interest of the Grantee be

1 transferred, simultaneously or contemporaneously, to any person, firm, company,
2 corporation, or entity without the prior approval of Congress. The Grantee shall inform
3 Congress, through the Office of the Speaker of the House of Representatives and
4 Office of the Senate President, of any sale, lease, transfer, grant of usufruct, or
5 assignment of franchise or the rights and privileges acquired thereunder, or of the
6 merger or transfer of the controlling interest of the Grantee, within sixty (60) days after
7 the completion of the said transaction. Failure to report to Congress such change of
8 ownership shall render the franchise *ipso facto* revoked. Any person or entity to which
9 this franchise is sold, transferred, or assigned shall be subject to the same conditions,
10 terms, restrictions, and limitations of this Act.

11
12 **SEC. 11. *Dispersal of Ownership.*** – In accordance with the Constitutional
13 provision to encourage public participation in public utilities, the Grantee shall offer to
14 Filipino citizens at least thirty percent (30%) of its outstanding capital stocks, or a
15 higher percentage that may hereafter be provided by law, in any securities exchange
16 in the Philippines within five (5) years from the effectivity of this Act: *Provided*, That in
17 cases where public offer of shares is not applicable, other methods of encouraging
18 public participation by citizens and corporations operating public utilities must be
19 implemented. Noncompliance therewith shall render the franchise *ipso facto* revoked.

20
21 **SEC. 12. *Reportorial Requirement.*** – The Grantee shall submit an annual
22 report on its compliance with the terms and conditions of the franchise and on its
23 operations to the Congress of the Philippines, through the Committee on Legislative
24 Franchises of the House of Representatives and the Committee on Public Services of
25 the Senate, on or before April 30 of every year during the term of its franchise.

26
27 The annual report shall include an update on the commencement of activities,
28 development, operation, and expansion of business; audited financial statements;
29 latest GIS officially submitted to the SEC, if applicable; certification of the NTC on the
30 status of its permits and operations; and an update on the dispersal of ownership
31 undertaking, if applicable.

32
33 The reportorial compliance certificate issued by Congress shall be required
34 before any application for permit or certificate is accepted by the NTC.

35
36 **SEC. 13. *Fine.*** – The failure of the Grantee to submit the requisite annual report
37 to Congress shall be penalized by a fine of Five hundred pesos (P500.00) per working
38 day of noncompliance. The fine shall be collected separately from the reportorial
39 penalties imposed by the NTC, and shall be remitted to the Bureau of the Treasury.

40
41 **SEC. 14. *Equality Clause.*** – Any advantage, favor, privilege, exemption, or
42 immunity granted under existing franchises, or which may hereafter be granted for
43 radio broadcasting, upon prior review and approval of Congress, shall become part of

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

5
6 **SEC. 15. *Repealability and Nonexclusivity Clause.*** – This franchise shall be
7 subject to amendment, alteration, or repeal by Congress when the public interest so
8 requires and shall not be interpreted as an exclusive grant of the privileges herein
9 provided for.

10
11 **SEC. 16. *Separability Clause.*** – If any of the sections or provisions of this Act
12 is held invalid, all other provisions not affected thereby shall remain valid.

13
14 **SEC. 17. *Repealing Clause.*** – All laws, decrees, orders, resolutions,
15 instructions, rules and regulations, and other issuances or parts thereof which are
16 inconsistent with the provisions of this Act are hereby repealed, amended, or modified
17 accordingly.

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

Approved,