



HOUSE OF REPRESENTATIVES

H. No. 4668

BY REPRESENTATIVES CAGAS AND TEODORO, PER COMMITTEE
REPORT NO. 919

AN ACT GRANTING THE CULTURAL FOUNDATION OF DAVAO DEL
SUR INCORPORATED (CFDI) A FRANCHISE TO CONSTRUCT,
INSTALL, ESTABLISH, OPERATE AND MAINTAIN RADIO AND
TELEVISION BROADCASTING STATIONS IN DAVAO DEL SUR

*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 Constitution and applicable laws, rules and regulations, there
3 is hereby granted to Cultural Foundation of Davao del Sur Incorporated
4 (CFDI), hereunder referred to as the grantee, its successors or assigns, a
5 franchise to construct, install, establish, operate and maintain for commercial
6 purposes and in the public interest, radio and/or television broadcasting
7 stations in Davao del Sur, where frequencies and/or channels are still available
8 for radio and/or television broadcasting, through microwave, satellite, or
9 whatever means, including the use of any new technologies in radio and
10 television broadcasting, with the corresponding technological auxiliaries and

1 facilities, special broadcast and other program and distribution services and
2 relay stations.

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

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

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

1 SEC. 5. *Right of Government.* — A special right is hereby reserved to
2 the President of the Philippines, in times of war, rebellion, public peril,
3 calamity, emergency, disaster or disturbance of peace and order, to temporarily
4 *take over and operate the stations or facilities of the grantee, to temporarily*
5 *suspend the operation of any station or facility in the interest of public safety,*
6 *security and public welfare, or to authorize the temporary use and operation*
7 *thereof by any agency of the government, upon due compensation to the*
8 *grantee, for the use of said stations or facilities during the period when they*
9 *shall be so operated.*

10 The radio spectrum is a finite resource that is part of the national
11 patrimony and the use thereof is a *privilege conferred upon the grantee by the*
12 *State and may be withdrawn anytime after due process.*

13 SEC. 6. *Term of Franchise.* — This franchise shall be for a term of
14 twenty-five (25) years from the date of effectivity of this Act, unless sooner
15 revoked or cancelled. This franchise shall be deemed *ipso facto* revoked in the
16 event the grantee fails to comply with any of the following conditions:

17 (a) Commence operations within one (1) year from the approval of its
18 operating permit by the NTC;

19 (b) Operate continuously for two (2) years; and

20 (c) Commence operations within three (3) years from the effectivity of
21 this Act.

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

26 SEC. 8. *Bond.* — The grantee shall file a bond issued in favor of the
27 NTC, which shall determine the amount, to guarantee the compliance with and
28 fulfillment of the conditions under which this franchise is granted. If, after

1 three (3) years from the date of the approval of its permit by the Commission,
2 the grantee shall have fulfilled the same, the bond shall be cancelled by the
3 Commission. Otherwise, the bond shall be forfeited in favor of the
4 government and the franchise *ipso facto* revoked.

5 SEC. 9. *Self-Regulation by and Undertaking of Grantee.* – The
6 grantee shall not require any previous censorship of any speech, play, act or
7 scene, or other matter to be broadcast from its stations: *Provided*, That the
8 grantee, during any broadcast, shall cut off from the air the speech, play, act or
9 scene, or other matter being broadcast if the tendency thereof is to propose
10 and/or incite treason, rebellion or sedition; or the language used therein or the
11 theme thereof is indecent or immoral; and willful failure to do so shall
12 constitute a valid cause for the cancellation of this franchise.

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

18 SEC. 11. *Nontransferability of Franchise.* – The grantee shall not
19 lease, transfer, grant the usufruct of, sell nor assign this franchise or the rights
20 and privileges acquired thereunder to any person, firm, company, corporation
21 or other commercial or legal entity, nor merge with any other corporation or
22 entity, nor shall the controlling interest of the grantee be transferred, whether
23 as a whole or in parts and whether simultaneously or contemporaneously, to
24 any such person, firm, company, corporation or entity without the prior
25 approval of the Congress of the Philippines. Any person or entity to which this
26 franchise is sold, transferred or assigned, shall be subject to the same
27 conditions, terms, restrictions and limitations of this Act.

1 SEC. 12. *Dispersal of Ownership.* – In accordance with the
2 constitutional provision to encourage public participation in public utilities, the
3 grantee shall offer at least thirty *per centum* (30%) of its outstanding capital
4 stock or a higher percentage that may hereafter be provided by law in any
5 securities exchange in the Philippines within five (5) years from the time it has
6 achieved the status of a national broadcasting network. A "national
7 broadcasting network" is hereby defined as one that operates three (3) or more
8 radio and/or television stations. Noncompliance therewith shall render the
9 franchise *ipso facto* revoked.

10 SEC. 13. *Equality Clause.* – Any advantage, favor, privilege,
11 exemption or immunity granted under existing franchises, or which may
12 hereafter be granted for radio and/or television broadcasting, shall *ipso facto*
13 become part of this franchise and shall be accorded immediately and
14 unconditionally to the herein grantee: *Provided, however,* That the foregoing
15 shall neither apply to nor affect provisions of broadcasting franchises
16 concerning territory covered by the franchise, the life span of the franchise or
17 the type of service authorized by the franchise.

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

21 SEC. 15. *Reportorial Requirement.* – The grantee shall submit an
22 annual report to the Congress of the Philippines on its compliance with the
23 terms and conditions of the franchise and on its operations within sixty (60)
24 days from the end of every year.

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

1 SEC. 17. *Repealability and Nonexclusivity Clause.* – This franchise
2 shall be subject to amendment, alteration or repeal by the Congress of the
3 Philippines when the public interest so requires and shall not be interpreted as
4 an exclusive grant of the privileges herein provided for.

5 SEC. 18. *Effectivity Clause.* – This Act shall take effect fifteen (15)
6 days after its publication, upon the initiative of the grantee, in at least two (2)
7 newspapers of general circulation in the Philippines.

Approved,

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