

# PROPOSAL FOR A SPECIAL BROADCASTING LAW+

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## I. RATIONALE FOR SPECIAL BROADCASTING LAW

At present, there are a number of bills pending in Congress seeking to regulate telecommunication including all types of radio communication. All these bills are *comprehensive* in scope and apply not only to broadcasting operations, but also to all types of telecommunication including telegraph, wireless, radio-telephone, point-to-point radio communication and the like.

1. *Media vital to free expression.* — Without in the least detracting from the merit of these general measures, it is submitted that a special law governing purely and only broadcasting media (those intended for reception by the public at large) is necessary for the following reasons:

a) The broadcast media (Radio-TV), like the newspapers and other printed media, are entitled to the constitutional guaranty of free speech and a free press, since both the press and the broadcast media are vehicles of public information, discussion and opinion. Unlike the telegraph companies, wireless companies, cable companies, radio-telephone companies and the like, which are engaged in selling communication services on a customer basis, the broadcast media function primarily for the enlightenment and entertainment of the people as a whole. Accordingly, while a legislative franchise should be required for telecommunications companies, the broadcast media should be *exempt from franchise*, being vehicles of free expression.

b) Unlike the telegraph companies, wireless companies, and radio-telephone companies, which deal in communications services as a *business commodity*, thereby necessitating regulation of their selling transactions in the public interest, the broadcast media provide programs for free, absolutely *without charge of any kind for reception of broadcasts*.

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c) While regulation of the telecommunication companies (telegraph, telephone, wireless, etc.) is primarily geared to *consumer protection*, in terms of access to service, adequacy of service and reasonableness of charges or fees, the regulation of broadcast media is primarily directed at insuring to the public at large the *common right to freedom of expression* through such media:

- (1) by preventing or minimizing interference with broadcast operations.
- (2) by preventing or curbing monopolies or exercising concentration of ownership of broadcast facilities.
- (3) by encouraging public enlightenment and opinion through educational, civic and community service programs.
- (4) by insuring availability of equal time to political candidates and parties.
- (5) by encouraging the establishment of non-profit community stations.

d) Unlike the telecommunications companies (telegraphs, telephone, wireless cable, radiophone, and the like) the broadcast media exert a massive or pervasive influence on popular opinion in the following fields:

- (1) *Politics*.—The broadcast media have been used to influence voter attitudes towards particular political candidates, parties and programs.
- (2) *Public administration*. — The broadcast media have been, and can be used, to influence citizen attitudes towards public administrators so as to secure their cooperation, respect and understanding.
- (3) *Civic and development program*. — Broadcast media have been, and can be, used to arouse popular participation and active support of government programs.

e) Unlike the ordinary telecommunications, broadcast media reach directly and instantaneously into hundreds of thousands of homes, hence, the capacity or opportunity for evil is vastly enlarged. This argues for a *special* regulatory authority with adequate powers to enforce standards of (a) responsibility, (b) fairness, and (c) public welfare.

f) Broadcast media being vehicles of free expression as provided in the Constitution, their regulation involves delicate problems of balancing or adjusting the interest of the operators with

the interest or welfare of the people as a whole. Thus, the strict regulation and supervision exercised over telecommunication companies, as to quality of service, adequacy of facilities, types of service, and rates of charge, would not be suitable or appropriate for the broadcast media. This argues for an *agency different* from that regulating telecommunications companies.

2. *Broadcasting is an industry.* — There are other equally strong considerations that argue for *special* treatment of broadcasting as distinct from telecommunications. The broadcasting enterprises have burgeoned into a full-fledged *industry* distinct from any other, with special concerns and problems that call for expertise in broadcasting know-how on the part of the regulatory body.

3. *Technological advances.* — Finally, the rapid advances in broadcast technology, epitomized by space satellites, both the manned and unmanned, pose the challenge of specialized know-how and technique that can be best met by a special law and regulatory body for broadcasting.

#### 11. NECESSITY OF REVISION

In the course of research on, and discussion of, the problems in broadcasting, four basic problems affecting broadcasting in the Philippines were pinpointed.

The available evidence indicates the following problems:

1. *Inadequacy of Regulatory Authority.* — Under the existing law, the Radio Control Office is not given adequate authority to enforce (a) the statutory standards and restrictions as well as the (b) requirements in its own regulations. It has no injunctive power, consequently it has been unable to restrain effectively violations of the law and of the existing rules and regulations. It has no authority to punish for contempt, but must resort to the existing judicial machinery in order to call violators to account. Accordingly, its orders could be, as they are, disregarded with impunity.

But the essential weakness of the Office is its *subordinate* character. Being a mere Office, it has no genuine independence. Unlike a court or independent Commission, its orders and rulings are subject to change by the Department Head. Accordingly, the operations and processes of the Office are subject to political interference and pressures.

2. *Clogging of Air Waves and Interference with Assigned Frequencies.* — The available evidence points to clogging of the air

waves or interference with assigned frequencies on the part of unauthorized operators of broadcast stations. Many of these violations go unchecked, partly because of the inadequacy of the authority given to the Radio Control Office.

3. *Excessive Commercialism of the Media.* — Radio is an asset which should be utilized for the benefit, education and enlightenment of the nation. As much as possible, broadcasting should be an instrument in nation-building and economic development. The record is clear, however, that domestic broadcasting has been principally geared to profit, while programs for educational, civic and community services purposes have been minimal and sporadic.

4. *Objectionable Material.* — Existing law provides no measures or incentives that would encourage educational, civic and community service programs. It is understandable, therefore, that emphasis has been on entertainment, which in most cases is of dubious worth. In many instances, the material presented is objectionable.

### III. PURPOSES OF REGULATIONS

The Draft Bill undertakes to attain the following purposes:

1. *System of Effective Licensing.* — Such system will mean that the operation of broadcasting facilities will be placed in the hands of responsible and qualified persons, thereby assuring efficient and adequate broadcasting facilities, serving public interest and convenience. Fly-by-night operators with inadequate facilities would thus be discouraged, if not eliminated. To this extent, the air waves would be freed from interferences.

2. *Protection of Legitimate Stations.* — In order to encourage efficient service to the public, legitimate operators must be adequately protected from illegal broadcasting, interferences with their duly assigned channels or frequencies, or unfair methods of competition. For such purposes, a regulatory body with adequate authority to enforce its orders is indispensable.

3. *Promotion of Fair Standards Among the Broadcasting Stations as well as Prevention of Unfair Competitive Practices.* — In the interest of public necessity, convenience, and welfare, the broadcasting stations should be made to adhere to fair standards in broadcasting and should be prevented from resorting to unfair methods of competition as well as unethical practices.

4. *Encouragement of Educational, Civic, and Community Service Programs.* — While broadcasting stations may not be controlled with respect to their programs, they can be encouraged to

undertake educational, civic and community service programs that are geared to the needs of our people. The attached proposals contain incentives for instituting such types of programs.

#### IV. PRINCIPAL MEASURES

In furtherance of the above purposes, the Draft Bill provides for the following measures:

1. *Institution of Licensing System.* — It is declared a national policy to regulate broadcasting in order to make available to all the people of the Philippines an efficient, nationwide broadcasting service with adequate facilities. Radio is a national asset under state control; and its use (not the ownership thereof) is to be granted to persons for limited periods of time under licenses granted by the national authority. Transfers of existing licenses require approval of the Commission. Such approval is also required for renewals. In the event of violation or infraction of the proposed law, or rules and regulations issued thereunder, sanctions may be enforced by the Commission, including suspension or cancellation of licenses.

2. *Philippine Broadcasting Commission.* — The Commission is given exclusive jurisdiction in the first instance over all aspects of broadcasting. It is composed of three members, including a Chairman appointed by the President with the concurrence of the Commission on Appointments for a fixed term of six years. Broad powers are given to the Commission respecting issuance of licenses for broadcast operations, and the enforcement of the Act. The Commission has rule-making powers, adjudicatory or quasi-judicial powers, and all the incidental powers of a court in the enforcement of its orders. Thus, the Commission may issue injunctive writs, restraining orders, and contempt orders. In such respects, its authority is considerably greater and more varied than the present Radio Control Office. At the same time, the Commission is an independent agency directly responsible to Congress. In this regard, it has a status comparable to the Public Service Commission, the Court of Industrial Relations, the Workmen's Compensation Commission, and similar independent boards or agencies.

Thus, the Commission is provided with what the Radio Control Office lacks:

- a. Operational independence, especially in regard to licensing and adjudication.
  - b. Adequate authority over broadcasting regulation.
3. *Standards and Safeguards.* In order that the authority of

the Commission will be exercised so as to promote the objectives of the Act, various standards as well as specific statutory directives are provided. In all cases of licensing, the Commission is to exercise its authority and discretion with due regard to public necessity, convenience and interest. All powers of the Board are required to be exercised in accordance with the Act. These standards and requirements provide the Supreme Court with ample basis for review of the acts of the Commission, in order that its authority will not be abused or improperly exercised. As further safeguards against arbitrary or capricious action, the usual requirements of due process are specified, including the requirements of due notice, fair hearing, and opportunity to defend on the part of the persons who stand to be effected by any order of ruling of the Commission.

4. *Liberalized Procedure.* — In order not to unduly hamper the Commission in its enforcement and implementation of the Act, its proceedings are not required to conform to the technical requirements of procedures for the regular courts. It is also afforded considerable leeway in determining what course of action it should take in the course of its proceedings.

5. *Judicial Review.* — All the orders and rules of the Commission are subject to limited review by high authority. In the case of denial of licenses, the applicant concerned may either go to Congress and secure a legislative franchise to operate a broadcast station or he may go to the Supreme Court and ask for a reversal of the Commission's denial of his application. As in the case of most administrative tribunals, the review of the acts of the Commission before the Supreme Court is limited largely to questions of law or to arbitrary, whimsical or capricious acts.

6. *Incentives for Educational, Civic or Community Services Broadcasting.* — Various incentives are provided for educational, civic or community broadcasting. First, each broadcasting licensee is required to reserve at least two hours of broadcast time for such type of programs; second, in each broadcasting zone, which the Commission is required to establish by regulations, certain frequencies are to be reserved for such types of program; third, under certain conditions, specific agencies of the National Government, and local governments are authorized to extend financial support to broadcast stations established purely for educational, civic or community service broadcasting. In addition to the conditions, safeguards are provided by the requirements (a) that Presidential approval shall be necessary for such financial assistance, and that such assistance is conditioned upon a certification by the Commission that the conditions required by the law are existing with res-

pect to a particular broadcast station applying for such financial assistance. Fourth, donations to such stations as are qualified to receive assistance from the Government are sought to be encouraged by providing for their full deductibility for purposes of income, inheritance or estate taxes. Lastly, there is a provision for a tax deduction to the extent of fifty per cent for commercial broadcast stations which are certified by the Commission to have devoted the required percentage of their broadcast time to educational, civic, and community service programs.

7. *Equal Time Provision.* — In order that the facilities of each broadcast station will be available to all political candidates, provision is made for the allocation of equal time to candidates. Thus, where a broadcast station provides broadcasting time to one party or candidate, such station must be prepared to allocate equal broadcasting time to other candidates or parties. At the same time, since furnishing of such time is exacted by law, any libel committed by persons invoking the benefit of the equal time privilege is solely for the account of such person, and the station and its operator are exempted from liability for the resulting libel.

8. *Support of the Commission.* — In order to provide adequate support for the Commission, the franchise tax as provided in Section 259 of the Internal Revenue Code is made to apply to all commercial broadcast stations which shall be in lieu of all taxes except income tax. The proceeds of the two taxes, franchise as well as income tax, shall accrue to a Broadcast Fund to be disbursed by the Commission for purposes authorized under the Act. In addition, a continuing appropriation of half a million pesos is provided to meet the needs of the Commission.

9. *Abolition and Transfer of Personnel.* — The existing agency concerned with broadcast regulation is abolished and its personnel and resources are transferred to the Commission. Safeguards are provided for the integration of the personnel of the abolished agency in the personnel of the Commission, with provision for gratuity for those who wish to leave the service.

AN ACT TO REGULATE BROADCASTING IN THE PHILIPPINES, CREATING A PHILIPPINE BROADCASTING COMMISSION AND FOR OTHER PURPOSES.

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

#### I. GENERAL PROVISIONS

SEC. I. *Short Title.* — This Act shall be known as the "Broad-

casting Law of 197—.”

**SEC. 2. *National Policy & Purposes.***— It is hereby declared a national policy to encourage the use of broadcasting for the enlightenment, development and advancement of the nation and, more particularly, to regulate the use of broadcasting:

(1) In order to advance public education and information through broadcasting, by preventing or at least minimizing interference with legitimate broadcasting operations;

(2) In order to assure freedom of expression and opinion for all the people, by preventing monopolies or excessive concentration of ownership of broadcast facilities, in any particular region in the country;

(3) In order to strengthen democracy and assure political stability, by making available, so far as possible, to all the people, an efficient and nation-wide broadcasting service with adequate facilities; and

(4) In order to stabilize and promote the broadcasting industry, by preventing unfair competition or unfair methods among the users of broadcasting.

**SEC. 3. *Freedom of Expression.*** — In recognition of the constitutional guarantee of free expression, no section or any part of this Act shall be construed or interpreted as providing or conferring authority to interfere with, limit, or restrict discretion of the licensee or operator in determining program content of its broadcasts, except as provided in Chapter VI hereof.

**SEC. 4. *Coverage of Act.*** — The provisions of this Act shall apply to all broadcasting, which originates and/or is received within the Philippines, and to all persons engaged within the Philippines in broadcasting and to the licensing and regulating of all broadcasting stations as hereinafter provided.

**SEC. 5. *Authority to Issue Licenses.*** — Effective upon approval of this Act, no franchise shall be required for engaging in broadcasting as herein defined; and no board, department, bureau or agency of the government of the Philippines shall have authority to grant franchise for engaging in broadcasting. The Commission alone shall have exclusive authority to issue licenses to engage in broadcasting in accordance with the provisions of this Act.

**SEC. 6. *Definitions.*** — For the purposes of this Act, unless the context otherwise requires —



(a) *Broadcasting* — means the transmission through space by means of radio frequencies, of signals capable of being received either aurally or visually or both aurally and visually by the general public.

(b) *Licensee* — means the holder of a broadcasting station license granted or continued in force under authority of this Act.

(c) *Philippines* — means the several islands and provinces, including all territory within the boundaries specified in the Constitution, or recognized as Philippine territory under international law.

(d) *Person* — includes an individual partnership, association, joint-stock company, trust, or corporation.

(e) *Corporation* — includes any corporation, joint-stock company, or association.

(f) *Chain broadcasting* — means simultaneous broadcasting of an identical program by two or more connected stations.

(g) *Station license, radio station license, or license* — means that instrument or authorization required by this Act or the rules and regulations of the Commission made pursuant to this Act, for the use or operation of apparatus for broadcasting, by whatever name the instrument may be designated by the Commission.

(h) *Broadcast station, broadcasting station, or Radio or TV broadcast station.* — means a station equipped to engage in broadcasting as herein defined.

(i) *Construction permit or permit for construction*—means that instrument of authorization required by this Act or the rules and regulations of the Commission made pursuant to this Act for the construction of a station, or the installation of apparatus for broadcasting, by whatever name the instrument may be designated by the Commission.

SEC. 7. *Mandatory Issuance of License.* —Persons heretofore authorized to engage in broadcasting and, at the time of the approval of this Act, are engaged in *bona fide* operation of a broadcasting station in an area or territory for which application is made under this Act shall be issued a license by the Commission without further proof that public interest, convenience or necessity will be served by such operations, *Provided*, That such persons qualify under the Act and the rules and regulation of the Commission.

SEC. 8. *Philippine Broadcasting Commission.* — To carry out and realize the policy declared in section two hereof, there is hereby created a Commission to be known as the "Philippine Broadcasting Commission", which shall be constituted as hereinafter provided, and which shall execute and enforce the provisions of this Act.

For administrative purposes the President of the Philippines shall be deemed the department head of the Commission.

SEC. 9. *Philippine Broadcasting Commission: Qualifications.* — The Philippine Broadcasting Commission (in this Act referred to as the "Commission") shall be composed of three (3) Commissioners appointed by the President with due regard for the representation of the three principal regions of Luzon, Visayas and Mindanao, by and with the advice and consent of the Commission on Appointments. The President shall designate one of the three as Chairman. Each member of the Commission shall be a citizen of the Philippines. At all times, at least two members shall possess all the qualifications prescribed by law for appointment to the Court of Appeals. No member of the Commission or person in its employ shall be financially interested directly or indirectly in the manufacture or sale of radio apparatus or of apparatus for radio communication; in broadcasting or in radio transmission of energy; in any company furnishing services of such apparatus to any company engaged in broadcasting or to any company owning stocks, bonds, or other securities of any such company; nor be in the employ of or hold any official relation to any person subject to any of the provisions of this Act, nor own stocks, bonds, or other securities of any corporation subject to any of the provisions of this Act. Such Commissioners shall not engage in any other business, vocation, profession, or employment. Not more than two members of the Commission shall be members of the same political party. Each Commissioner shall have the same salary, emoluments and privileges as a judge of the Court of First Instance, insofar as these are consistent with this Act, except the Chairman whose annual salary shall be one thousand five hundred pesos more than that of a Judge of the Court of First Instance.

SEC. 10. *Term of Office: Vacancies.* — With the exception of the Chairman, who shall serve for six years, the Commissioners first appointed under this Act shall continue in office for a term of four years; and the last for six years from the date of the taking effect of this Act, the term of each to be designated by the Pres-

ident, but their successors shall be appointed for terms of six years and until their successors shall have been appointed and have qualified, except that they shall not continue to serve beyond the expiration of the next session of Congress subsequent to the expiration of said fixed term of office; except that any person chosen to fill a vacancy shall be appointed only for the unexpired term of the Commissioner whom he succeeds. No vacancy in the Commission shall impair the right of the remaining Commissioners to exercise all the powers of the Commission.

SEC. 11. *Quorum.* — Three members of the Commission shall constitute a quorum *en banc* thereof: *Provided, further,* That the concurrence of a majority of all the members of the Commission sitting *en banc* shall be necessary to grant station licenses and to exercise the power to suspend or cancel licenses granted to television and radio stations for non-compliance with the provisions of this Act and regulations or orders issued thereunder; and to revise, affirm or modify on review any award, order or decision affecting the substantive rights of any interested party. All other powers may be exercised by the Commissioners individually, as may be determined in the rules of the Commission.

SEC. 12. *Annual Reports to the President.* — The Commission shall make an annual report to the President not later than February 1 of the succeeding year, copies of which shall be distributed as in the case of other reports transmitted to Congress.

SEC. 13. *Commission Chairman.* — The member of the Commission designated by the President as Chairman shall be the chief executive officer of the Commission. It shall be his duty to preside at all meetings and sessions of the Commission, to represent the Commission in all matters relating to legislation, except that any Commissioner may present his own or minority views or supplemental reports, to represent the Commission in all matters requiring conferences or communications with other government officers, departments, or agencies, and generally to coordinate and organize the work of the Commission in such manner as to promote prompt and efficient disposition of all matters within the jurisdiction of the Commission. In the case of a vacancy in the office of the chairman of the Commission, or the absence or inability of the chairman to serve, the Commission may temporarily designate one of its members to act as chairman until the cause or circumstance requiring such designation shall have been eliminated or corrected.

SEC. 14. *Organization of Staff.* — Within six months after the approval of this Act and from time to time thereafter as the Commission may find necessary, the Commission shall organize its

staff into: (1) integrated divisions, to function on the basis of the Commission's principal workload operations, and (2) such other divisional organizations as the Commission may deem necessary. Each such integrated division shall include such legal, engineering, accounting, administrative, clerical, and other personnel as the Commission may determine to be necessary to perform its functions.

### CHAPTER III. POWERS AND DUTIES

SEC. 15. *Duties and Powers.* — The Commission may perform any and all acts, make such rules and regulations after public hearing and with the approval of the President, and issue such orders, not inconsistent with this Act, as may be necessary in the execution of its functions.

SEC. 16. *Specific Powers and Duties.* — In addition to such powers as are granted the Commission under this Act, it shall have the following special powers and duties:

(a) It shall classify broadcast stations and prescribe the nature of the service to be rendered by each class and by each station within any class;

(b) It shall assign call letters and frequencies for each station licensed and for each station established by virtue of a franchise granted by the Congress of the Philippines and specify the stations to which each of such frequencies may be used;

(c) It shall promulgate rules and regulations to prevent and eliminate interference between stations and carry out, or otherwise effectuate, the provisions of this Act and the provisions of the International Radio Regulations: *Provided, however,* That changes in the frequencies or in the authorized power, or in the character of omitted signals, or in the type of the power supply, or in the hours of operations of any licensed station, shall not be made without first giving the station licensee a hearing;

(d) It may establish areas or zones to be served by any station;

(e) It may promulgate rules and regulations applicable to radio stations engaging in chain broadcasting;

(f) It may study new uses for radio, provide for experimental uses of frequencies, and generally encourage the larger and more effective use of radio for broadcasting in the public interest;

(g) It shall issue, and fix charges for, licenses, permits, certificates and such instruments as are prescribed under the Act, and

shall regulate and fix charges for the inspection of all broadcast establishments, examinations of broadcast personnel, and such other services as may be rendered in pursuance of the Act;

(h) It may, at its discretion, bring criminal action against violators of this Act, or the regulations and orders issued thereunder and confiscate the broadcast apparatus in case of illegal operation; or otherwise undertake such remedial measures as may be necessary to effectuate the purposes of this Act;

(i) It shall have authority to appropriate, disburse and expend such sum or sums as are provided by the Act and other laws for carrying out the purposes of this Act;

(j) It shall have the power through a member of the Commission or any officer thereof or person authorized by any of the members of the Commission in writing, to enter at any time during working hours, any establishment, place or premises in the performance of the duties of the Commission, inspect and view any work, material, implement, machinery, appliances or any object therein, and ask any person therein for any information or data concerning any matter in question relative to the object of the inspection.

(k) It shall have authority, subject to the provisions of the civil service laws and regulations to appoint such officers, engineers, and other personnel as are necessary in the exercise of its functions; any provision of law to the contrary notwithstanding, it shall fix their compensation, hours of service, periods of leave and shall prescribe such duties and conditions of service as it may deem necessary and proper.

**SEC. 17. *Power to Issue Subpoena, to Punish for Direct and Indirect Contempts, Proceedings, etc.*** — The Commission or any member thereof shall have the power to administer oaths in matters connected with the business of the Commission; summon the parties to a controversy before the Commission, issue subpoena, require the attendance and testimony of witnesses and the production of such books, papers, contracts, records, statements of accounts, agreements and statements as may be material to a just determination of the matter under investigation, take testimony in any investigation or hearing conducted in pursuance of the provisions of this Act, and delegate all such powers to any board, panel, hearing officer, trial examiner, or other employee who shall act in behalf of the Commission. The Commission or any member thereof shall have, furthermore, all the inherent powers of a court of justice

provided in the Rules of Court, as well as the power to punish direct and indirect contempts under the procedure and penalties provided therein.

#### CHAPTER IV. LICENSES AND APPLICATIONS

SEC. 18. *License for Broadcasting.* — It is the purpose of this Act to maintain the control of the Republic over all the channels of broadcasting within the Philippines; and to provide for the use of such channels, but not the ownership thereof, by persons for limited periods of time, under licenses granted by the Commission, if in its opinion, the public interest, necessity or convenience will be served thereby.

SEC. 19. *Conditions.* — Subject to the limitations of this Act, the Commission, upon proof that public interest, convenience, or necessity will be served thereby, shall grant to any applicant therefor a license to engage in broadcasting under terms and conditions consistent with this Act.

SEC. 20. *Allocation of Facilities.* — In considering applications for licenses, and modifications and renewals thereof, when and insofar as there is demand for the same, the Commission shall make such distribution by zone or area of licenses, frequencies, hours of operation, and of power among the several islands, provinces and communities as to provide a fair, efficient, and equitable distribution of broadcasting service to each of the same.

SEC. 21. *Terms of License.* — No license granted for the operation of a commercial broadcasting station shall be for a longer term than three years and no license so granted for any other class of station shall be for a longer term than five years, and any license granted may be revoked as hereinafter provided. Upon the expiration of any license, and upon application therefor, a renewal of such license may be granted from time to time for a term of not to exceed three years in the case of broadcasting licenses, if the Commission finds that public interest, convenience and necessity would be served thereby. Pending any hearing and final decision on such an application, the Commission shall continue such license in effect. The Commission may by rule prescribe the period or periods for which licenses shall be granted and renewed for particular classes of stations.

SEC. 22. *Qualified Licensees.* — No broadcasting station license shall be issued to any person, firm, company, association or corporation, except on application duly approved by the Commission and no license shall be granted or transferred to any person who is not

a citizen of the Philippines, or to any firm or company which is not incorporated under Philippine Laws; or to any company or corporation in which any alien is employed as officer or director; or to any company or corporation twenty per cent of whose capital stock may be voted by aliens or their representatives, or by any company, corporation, or association organized under the laws of a foreign country. The Commission shall not approve any transfer except upon an express finding that any proposed transfer and transferee both meet all the requirements and conditions for the issuance of original licenses under the Act.

SEC. 23. *Applications.* — The Commission may grant construction permits and station licenses, or modification or renewals thereof, only upon written application therefor received by it.

SEC. 24. *Contents of Applications.* — All applications for station licenses, or modifications or renewals thereof, shall set forth such facts as the Commission by regulation may prescribe as to the citizenship, character, and financial, technical, and other qualifications of the applicant to operate the station; the ownership and location of the proposed station and of the station, if any, with which it is proposed to communicate; the frequencies and the power desired to be used; the hours of the day or other periods of time during which it is proposed to operate the station; the purposes for which the station is to be used; and such other information as it may require. The Commission, at any time after the filing of such original application and during the term of any such license, may require from an applicant or licensee further written statements of fact to enable it to determine whether such original application should be granted or denied or such license revoked. Such application and/or such statement of fact shall be signed by the applicant and/or licensee.

SEC. 25. *Approval of Applications.* — Subject to the provisions of this chapter, the Commission shall determine, whether the public interest, convenience, or necessity will be served by the granting of such application, and, if the Commission, upon examination of such application and upon consideration of such other matters as the Commission may officially notice, shall find that public interest, convenience, or necessity would be served by the granting thereof, it shall grant such application.

SEC. 26. *Petition to Deny Application.* — Any party in interest may file with the Commission a petition to deny any application (whether as originally filed or as amended) at any time prior to final action thereon. The petitioner shall serve a copy of such petition on the applicant. The petition shall contain specific allega-

tions of fact sufficient to show that the petitioner is a party in interest and that a grant of the application would be prima facie inconsistent with section 25. Such allegations of fact shall, except for those of which official notice may be taken, be supported by affidavit of a person or persons with personal knowledge thereof. The applicant shall be given the opportunity to file a reply in which allegations of fact or denials thereof shall similarly be supported by affidavit.

## CHAPTER V. PROCEDURE, HEARING AND REVIEW

SEC. 27. *Rules of Procedure.* — The Commission shall adopt its rules of procedure and shall have such other powers as generally pertain to a court of justice: *Provided, however,* That in hearing, investigation and determination of any question or controversy and in exercising any duties and power under this Act, the Commission shall act according to justice and equity and substantial merits of the case, without regard to technicalities or legal forms and shall not be bound by any technical rules and legal evidence but may inform its mind in such manner as it may deem just and equitable.

SEC. 28. *Meetings: Reports.* — Meetings of the Commission shall be held at regular intervals, not less frequently than once each calendar month, at which times the functioning of the Commission and the handling of its work load shall be reviewed and such orders shall be entered and other action taken as may be necessary or appropriate to expedite the prompt and orderly conduct of the business of the Commission with the objective of rendering a final decision: (1) within three months from the date of filing in all original application, renewal, and transfer cases in which it will not be necessary to hold a hearing; and (2) within six months from the final date of the hearing in all hearing cases; and the Commission shall promptly report to the President each such case which has been pending before it more than such three or six-month period, respectively, stating the reasons therefor.

SEC. 29. *Conduct of Proceeding: Hearing.* — The Commission may conduct its proceedings in such manner as will best conduce to the proper dispatch of business and to the ends of justice. Any party may appear before the Commission and be heard in person or by attorney. Every vote and official act of the Commission shall be entered of record, and its proceedings shall be public upon the request of any party interested. The Commission is authorized to withhold publication of records or proceedings containing secret information affecting the national defense.



SEC. 30. *Matters Subject to Review.* — Unless revised or modified by the Commission *en banc* as provided in this chapter, any order, award or decision issued or approved by a member shall stand as an award, order or decision of the Commission.

No award, order or decision shall be reviewed except upon timely application therefor as provided in the rules of the Commission.

In passing upon applications for review, the Commission *en banc* may grant, in whole or in part, or deny such applications, shall rely on questions of fact or law upon which an individual Commissioner, hearing examiner, employee board, or individual employee has been afforded no opportunity to pass.

SEC. 31. *Action on Review.* — If the Commission *en banc* grants the application for review, it may affirm, modify, or set aside the order, decision, report, or action, or it may order a rehearing upon such order, decision, report, or action.

SEC. 32. *Review by the Supreme Court.* — The Supreme Court in its discretion, may, in any case involving a question of law, upon petition of the party aggrieved by a decision, or order of the Commission, and under rules and conditions that it may prescribe, require by certiorari that said case be certified to it for review and determination, in the same manner and under the same procedure and rules as review of the decisions of the Court of Industrial Relations.

## CHAPTER VI. EDUCATIONAL, CIVIC OR COMMUNITY SERVICE BROADCASTING

SEC. 33. *Mandatory Programs.* — It shall be a condition in every broadcasting license issued or renewed under this Act, or for allocating for a frequency under this Act, whether expressly stated or not, that for each day that broadcasting is undertaken, at least two hours of broadcasting time between eight o'clock in the morning and ten o'clock in the evening of the same day shall be devoted to educational, civic, or community service programs, under rules and regulations promulgated by the Commission.

SEC. 34. *Reserved Frequencies.* — In each broadcasting zone, area or region which shall be fixed in the regulations of the Commission, at least three frequencies of the medium wave band shall be reserved by the Commission for educational, civic or community programs of such interested broadcasting stations as may avail thereof, under rules and regulations promulgated by the Commission.

**SEC. 35. Assistance to Community Stations.** — Upon prior approval of the President of the Philippines, any department, agency, or instrumentality of the national government, province, city, or municipality, may utilize not more than five per cent of its available annual savings to assist in the construction and operation of community broadcasting stations for purely educational, civic and community service programs. Such community broadcasting station shall qualify for this grant only upon certification by the Commission that the following terms and conditions are existing:

(1) That the broadcasting station is operated by a non-stock, non-profit corporation registered under the corporation law and with the insurance commission as a trust;

(2) That the broadcast shall be limited to educational, civic or community service programs for a particular town, community or province;

(3) That no broadcasting of a partisan or sectarian nature shall be undertaken, unless paid for at commercial rates;

(4) That the station is under the administration of prominent and educated members of the community; and

(5) That at the time the certificate is issued, it has not been found guilty of violating the Act, or any order, rule or regulation of the Commission.

Such certification shall be valid and effective for one year only and shall be subject to yearly renewals.

Such certification may be withdrawn or denied by the Commission if the station no longer fulfills all the above requirements.

**SEC. 36. Tax Reduction.** — Any provision of any law to the contrary notwithstanding, including this Act, a broadcasting company, firm or corporation shall be entitled to fifty per cent reduction of its liability for any internal revenue tax for any taxable year upon certification by the Commission that such company, firm or corporation has complied with the following requirements:

(1) That during such taxable year at least twenty per cent of the total broadcasting time was devoted to educational, civic, or community service programs, as provided in the rules and regulations of the Commission; and

(2) That during such taxable year, it was not found guilty by the Commission of any violation of the Act, or of the orders, rules or regulations issued by the Commission.

SEC. 37. *Donations.* — All gifts and donations to any community broadcasting corporation qualified at the time of the donation, to receive assistance under section 35 hereof shall be deductible to the extent of their fair value for estate, inheritance or income tax purposes during the year following the gift or donation: *Provided, however,* That such deduction may be made only once.

SEC. 38. *Equal Time.* — It shall be a condition, whether express or implied, in every permit or license granted by the Commission to any corporation, firm or association engaged in broadcasting, that equal broadcasting time and facilities shall be granted to any or all political parties, committees, candidates.

No criminal or civil liability for libel committed by any person making use of the equal time privilege under the foregoing provision, shall attach to the broadcasting station, firm, corporation or association granting said privilege.

SEC. 39. *Appropriation.* — Starting with the fiscal year 197—197— and for every year thereafter, the sum of five hundred thousand pesos is hereby appropriated out of any sum or sums in the National Treasury not otherwise appropriated for disbursement by the Commission in accordance with this Act.

SEC. 40. *Penal Provision.* — In case of violations of sections 18, 21, and 22 of this Act, the President or manager of the company, firm, or corporation violating the same shall, upon conviction, be fined not less than one thousand pesos nor more than two thousand pesos, or be imprisoned for a period of not less than one year, or both such fine and imprisonment in the discretion of the court.

For all other violations of the Act, or of the orders, rules or regulations of the Commission, the offender shall, upon conviction, be fined not less than five hundred pesos nor for more than one thousand pesos, or be imprisoned for not less than six months, or both such fine and imprisonment in the discretion of the court.

SEC. 41. *Abolition of Existing Agencies and Transfer of Personnel, Facilities, etc.* — The Radio Control Board is hereby abolished and permanent officials and employees thereof, subject to civil service rules and regulations shall be absorbed in appropriate positions within the Commission and its decisions and shall not be divested of their positions: *Provided,* That those officials and employees who prefer to be laid off shall be given gratuity equivalent to one month salary for every year of service but in no case more than twenty-four months' salary, in addition to all benefits to which they are

entitled under existing laws and regulations.

The balances of all appropriations, funds, equipments, facilities records and supplies of the Radio Control Board are hereby transferred to the Commission.

**SEC. 42. *Separability of Provisions.*** — If for any reason, any section or provision of this Act shall be questioned in any court, and shall be held to be unconstitutional or invalid, no other section or provision of this Act shall be affected thereby.

**SEC. 43. *Prior Inconsistent Laws.*** — All laws or parts of any law inconsistent with the provisions of this Act are hereby repealed.

**SEC. 44. *Date of Effectivity.*** — This Act shall take effect upon its approval.