

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS
SECOND REGULAR SESSION



COMMITTEE REPORT NO. 1582

Submitted by the Committee on Legislative Franchises on 22 NOV 2007

Re: House Bill No. 5576, prepared by the Committee

Recommending its approval, in substitution of House Bill 4028

Sponsors: Representatives Marcelino "Marcy" R. Teodoro, and Jesus Crispin Remulla

MR. SPEAKER:

The Committee on Legislative Franchises to which was referred House Bill No. 4028, introduced by Rep. Jesus Crispin Remulla, entitled:

"AN ACT RENEWING THE FRANCHISE GRANTED TO SBS RADIO NETWORK, INC. TO CONSTRUCT, MAINTAIN, AND OPERATE RADIO BROADCASTING STATIONS IN THE PHILIPPINES UNDER REPUBLIC ACT NO. 7397 TO ANOTHER TWENTY-FIVE YEARS FROM THE DATE OF APPROVAL OF THIS ACT"

has considered the same and recommends that the attached House Bill No. 5576 entitled:

"AN ACT RENEWING THE FRANCHISE GRANTED TO QUEST BROADCASTING, INC. (FORMERLY SBS RADIO NETWORK, INC.) TO CONSTRUCT, MAINTAIN, AND OPERATE RADIO BROADCASTING STATIONS IN THE PHILIPPINES UNDER REPUBLIC ACT NO. 7397 TO ANOTHER TWENTY-FIVE YEARS FROM THE DATE OF APPROVAL OF THIS ACT"



be approved in substitution of House Bill No. 4028 with Reps. Jesus Crispin Remulla and Marcelino "Marcy" R. Teodoro as authors thereof.

Respectfully submitted:

Marcelino Teodoro

MARCELINO "MARCY" R. TEODORO

Chairman

Committee on Legislative Franchises

**THE HONORABLE THE SPEAKER
HOUSE OF REPRESENTATIVES
QUEZON CITY**

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Committee Report

Re House Bill No. 4028, Franchise renewal application of SBS Radio Network, Inc

Authored by Hon. Jesus Crispin Remulla

MR. SPEAKER:

The Committee on Legislative Franchises to which was referred House Bill No. 4028, introduced by Rep. Jesus Crispin Remulla, entitled:

"AN ACT RENEWING THE FRANCHISE GRANTED TO SBS RADIO NETWORK, INC. TO CONSTRUCT, MAINTAIN, AND OPERATE RADIO BROADCASTING STATIONS IN THE PHILIPPINES UNDER REPUBLIC ACT NO. 7387 TO ANOTHER TWENTY-FIVE YEARS FROM THE DATE OF APPROVAL OF THIS ACT"

has considered the same and recommends that the attached House Bill No. 4028, entitled:

"AN ACT RENEWING THE FRANCHISE GRANTED TO QUEST BROADCASTING, INC. (FORMERLY SBS RADIO NETWORK, INC.) TO CONSTRUCT, MAINTAIN, AND OPERATE RADIO BROADCASTING STATIONS IN THE PHILIPPINES UNDER REPUBLIC ACT NO. 7387 TO ANOTHER TWENTY-FIVE YEARS FROM THE DATE OF APPROVAL OF THIS ACT"

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS

Second Regular Session

House Bill No. **5576**

Introduced by Reps. Remulla and Teodoro

AN ACT

RENEWING THE FRANCHISE GRANTED TO QUEST BROADCASTING, INC. (FORMERLY SBS RADIO NETWORK, INC.) A FRANCHISE TO CONSTRUCT, INSTALL, 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:

1 SECTION 1. *Nature and Scope of Franchise.* - Subject to the provisions of the
2 Constitution and applicable laws, rules and regulations, there is hereby granted to
3 Quest Broadcasting, Inc. (Formerly SBS Radio Network, Inc.), hereunder referred
4 to as the grantee, its successors or assigns, a franchise to construct, install,
5 establish, operate and maintain for commercial purposes and in the public interest,
6 radio and/or television broadcasting stations in the Philippines, where frequencies
7 and/or channels are still available for radio broadcasting, through microwave,
8 satellite or whatever means, including the use of any new technologies in radio
9 systems, with the corresponding technological auxiliaries and facilities, special
10 broadcast and other program and distribution services and relay stations.

11 SEC. 2. *Manner of Operation of Stations of Facilities.* - The stations or
12 facilities of the grantee shall be constructed and operated in a manner as will, at
13 most, result only in the minimum interference on the wavelengths or frequencies of
14 existing stations or other stations which may be established by law, without in any
15 way diminishing its own right to use its selected wavelengths or frequencies and the

1 quality of transmission or reception thereon as should maximize rendition of the
2 grantee's services and/or availability thereof.

3

4 SEC. 3. *Prior Approval of the National Telecommunications Commission.* -

5 The grantee shall secure from the National Telecommunications Commission (NTC)
6 the appropriate permits and licenses for the construction and operation of its stations
7 and facilities and shall not use any frequency in the radio/television spectrum without
8 having been authorized by the Commission. The Commission, however, shall not
9 unreasonably withhold or delay the grant of any such authority.

10 SEC. 4. *Responsibility to the Public.* - The grantee shall provide adequate
11 public service time to enable the government, through the said broadcasting stations
12 or facilities, to reach the population on important public issues; provide at all times
13 sound and balanced programming; assist in the functions of public information and
14 education; conform to the ethics of honest enterprise; and not use its stations and
15 facilities for the broadcasting of obscene and indecent language, speech, act or
16 scene; or for the dissemination of deliberately false information or willful
17 misrepresentation, to the detriment of the public interest, or to incite, encourage or
18 assist in subversive or treasonable acts.

19 SEC. 5. *Right of Government.* - A special right is hereby reserved to the
20 President of the Philippines, in times of war, rebellion, public peril, calamity,
21 emergency, disaster or disturbance of peace and order, to temporarily take over and
22 operate the stations or facilities of the grantee, to temporarily suspend the operation
23 of any station or facility in the interest of public safety, security and public welfare, or
24 to authorize the temporary use and operation thereof by any agency of the
25 government, upon due compensation to the grantee, for the use of said stations or
26 facilities during the period when they shall be so operated.

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

1 SEC. 6. *Term of Franchise.* - This franchise shall be in effect for a period of
2 twenty-five (25) years, unless sooner revoked or cancelled. This franchise shall be
3 deemed *ipso facto* revoked in the event the grantee fails to comply with any of the
4 following conditions:

5
6 (a) Commence operations within one (1) year from the approval of its operating
7 permit by the National Telecommunications Commission;

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

9
10 (c) Commence operations within three (3) years from the effectivity of this Act

11 SEC. 7. *Acceptance and Compliance.* - Acceptance of this franchise shall be
12 given in writing within sixty (60) days from the effectivity of this Act. Upon giving such
13 acceptance, the grantee shall exercise the privileges granted under this Act. Non-
14 acceptance shall render the franchise void.

15 SEC. 8. *Bond.* - The grantee shall file a bond with the National
16 Telecommunications Commission (NTC) in the amount that the NTC shall determine
17 to guarantee compliance with and fulfillment of the conditions under which this
18 franchise is granted. If after three (3) years from the date of the approval of its permit
19 by the Commission, the grantee shall have fulfilled the same, the bond shall be
20 cancelled by the Commission. Otherwise, the bond shall be forfeited in favor of the
21 government and the franchise *ipso facto* revoked.

22
23 SEC. 9. *Self-Regulation by and Undertaking of Grantee.* - The grantee shall
24 not require any previous censorship of any speech, play, act or scene, or other
25 matter to be broadcast from its stations. *Provided*, That the grantee, during any
26 broadcast, shall cut off from the air the speech, play, act or scene, or other matter
27 being broadcast if the tendency thereof is to propose and/or incite treason, rebellion
28 or sedition; or the language used therein or the theme thereof is indecent or immoral;
29 *Provided, further*, that willful failure to do so shall constitute a valid cause for the
30 cancellation of this franchise.

1 SEC. 10. *Warranty in Favor of National and Local Governments.* - The
2 grantee shall hold the national, provincial, city and municipal governments of the
3 Philippines harmless from all claims, accounts, demands or actions arising out of
4 accidents or injuries, whether to property or to persons, caused by the construction
5 or operation of the stations of the grantee.

6 SEC. 11. *Non-transferability of Franchise.* - The grantee shall not lease,
7 transfer, grant the usufruct of, sell nor assign this franchise or the rights and privilege
8 acquired thereunder to any person, firm, company, corporation or other commercial
9 or legal entity, nor merge with any other corporation or entity, nor shall the controlling
10 interest of the grantee be transferred, whether as a whole or in parts and whether
11 simultaneously or contemporaneously, to any such person, firm, company,
12 corporation or entity without the prior approval of the Congress of the Philippines.
13 The conditions, terms, restrictions and limitations set by this Act shall be imposed on
14 any person or entity to which this franchise is sold, transferred or assigned.

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

23 SEC. 13. *Equality Clause.* - Any advantage, favor, privilege, exemption, or
24 immunity granted under existing franchise, or which may hereafter be granted for
25 radio and/or television broadcasting, shall *ipso facto* become part of this franchise
26 and shall be accorded immediately and unconditionally to the herein grantee:
27 *Provided, however,* That the foregoing shall neither apply to nor affect provisions of
28 broadcasting franchises concerning territory covered by the franchise, the life span
29 of the franchise or the type of service authorized by the franchise.
30

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

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

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

10 SEC. 17. *Repealability and Non-exclusivity Clause.* – This franchise shall be
11 subject to amendment, alteration, or repeal by the Congress of the Philippines when
12 the public interest so requires and shall not be interpreted as an exclusive grant of
13 the privileges herein provided for.

14 SEC. 18. *Effectivity Clause.* – This Act shall take effect fifteen (15) days after
15 its publication, upon the initiative of the grantee, in at least two (2) newspapers of
16 general circulation in the Philippines.
17

Approved,

FACT SHEET

5576

House Bill No. _____

In Substitution of House Bill No. 4028

(As approved by the Committee on November 16, 2011)

AN ACT RENEWING THE FRANCHISE GRANTED TO QUEST BROADCASTING, INC. (FORMERLY SBS RADIO NETWORK, INC.) TO CONSTRUCT, MAINTAIN AND OPERATE RADIO BROADCASTING STATIONS IN THE PHILIPPINES UNDER REPUBLIC ACT NO. 7397 TO ANOTHER TWENTY-FIVE YEARS FROM THE DATE OF APPROVAL OF THIS ACT

Introduced by: HON. JESUS CRISPIN REMULLA

*Committee Referral: LEGISLATIVE FRANCHISES
Committee Chairperson: HON. MARCELINO R. TEODORO*

OBJECTIVES:

- To enable the grantee to improve the facilities and keep abreast with new technologies in the field of broadcasting
- To continue to provide better service to the public

KEY PROVISIONS:

- Grants Quest Broadcasting, Inc. (formerly SBS Radio Broadcasting Network, Inc.) another twenty-five (25) year franchise to construct, maintain and operate radio broadcasting stations in the Philippines effective from the approval of this Act.
- Requires that the grantee to secure from the National Telecommunications Commission the appropriate permits and licenses for the construction and operation of its stations and facilities.
- Requires the grantee to provide the government adequate public service time for wider reach of its public information and education programs.
- Obliges the grantee to not use its stations for broadcasting of obscene and indecent language, speech, act or scene or for the disseminations of deliberately false information or willful misrepresentation
- Reserves a special right 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.
- Prohibits the grantee from leasing, transferring, selling nor assigning the franchise or the controlling interest thereof without the prior approval of the Congress of the Philippines.
- Requires the grantee to submit annual report to Congress on its compliance with the terms and conditions of the franchise within 60 days from the end of each year.

RELATED LAW:

- Republic Act No. 3846 – "AN ACT PROVIDING FOR THE REGULATION OF RADIO STATIONS AND RADIO COMMUNICATIONS IN THE PHILIPPINE ISLANDS, AND FOR OTHER PURPOSES"