



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City



SEVENTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 4464

Introduced by: REP. FERDINAND L. HERNANDEZ

EXPLANATORY NOTE

The Subic Broadcasting Corporation (SBC) was granted a franchise to construct, install, operate and maintain radio broadcasting stations in the Philippines effective May 21, 1992 under Republic Act 7511. The same law has given the grantee the rights, privileges, and authority to function for a period of twenty-five (25) years.

For forty seven (47) years now, the Subic Broadcasting Corporation serves as an important instrument in information dissemination that bridges communication gaps among the populace of the country. It was able to provide sound and balanced programming, as rendered by its broadcasting stations, making information easily accessible to the general public. It has also frequently communicated with the people on important issues that concern the public interest.

In a year time, the law that has given life and mandate to the Subic Broadcasting Corporation's existence and operation will expire. Therefore, this bill seeks to extend the term of the franchise of the Subic Broadcasting Corporation for another twenty-five (25) years from its original expiration date, for radio and television broadcast in Luzon, Visayas, and Mindanao.

In view of the foregoing, the passage of this bill is earnestly sought.


FERDINAND L. HERNANDEZ

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AN ACT RENEWING THE FRANCHISE GRANTED TO SUBIC BROADCASTING CORPORATION UNDER REPUBLIC ACT. NO. 7511 ENTITLED "AN ACT GRANTING THE SUBIC BROADCASTING CORPORATION A FRANCHISE TO CONSTRUCT, INSTALL, OPERATE AND MAINTAIN RADIO AND TELEVISION BROADCASTING STATIONS IN THE PHILIPPINES AND FOR OTHER PURPOSES" FOR ANOTHER TWENTY-FIVE (25) YEARS FROM THE EFFECTIVITY OF THIS ACT.

Be it enacted by the Senate and House of Representatives of the 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, the franchise granted to Subic Broadcasting Corporation, hereafter referred to as the "grantee," its successors or assignees, under Republic Act No. 7511 entitled "An act granting the Subic Broadcasting Corporation a franchise to construct, install, operate and maintain radio and television broadcasting stations in the Philippines and for other purposes," to construct, install, establish, operate, and maintain for commercial purposes and in the public interest, radio and/or television broadcasting stations, where frequencies and/or channels are still available for radio and/or televisions broadcasting, including digital television system, through microwave, satellite or whatever means, including the use of any new

technologies in television and radio systems, with the corresponding technological auxiliaries and facilities, special broadcast and other program and distribution services and relay stations in the Philippines, is hereby renewed for another twenty-five (25) years.

SECTION 2. *Manner of Operation of Stations or Facilities.* – The stations or facilities of the grantee shall be constructed and operated in a manner such that it will, at most, result only in the minimum interference on the wavelengths or frequencies of existing stations or other stations which may be established by law, without in any way diminishing its own privilege to use its assigned wavelengths or frequencies and the quality of transmission or reception thereon to maximize rendition of the grantee's service and/or availability thereof.

SECTION 3. *Prior Approval of the National Telecommunications Commission.* – The grantee shall secure from the National Telecommunications Commission (NTC) the appropriate permits and licenses for the construction and operation of its stations and facilities and shall not use any frequency in the radio/television spectrum without proper authorization from the Commission. The Commission, however, shall not unreasonably withhold or delay the grant of any such authority.

SECTION 4. *Responsibility to the Public.* – The grantee shall (a) provide adequate public service time to enable the government, through said broadcasting stations or facilities, to reach the population on important public issues; (b) provide at all times, sound and balanced programming; (c) assist in the functions of public information and education; (d) conform to the ethics of honest enterprise; and (e) not use its stations and facilities for the broadcasting of obscene and indecent language, speech, act or scene, for the dissemination of deliberately false information or willful misrepresentation to the detriment of the public interest, or for inciting, encouraging, or assisting 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 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 so operated.

SECTION 6. *Term of Franchise.* – The franchise shall be for a term of twenty-five (25) years from the date of effectivity of this Act, unless sooner revoked or cancelled. In the event that the grantee fails to continuously operate for two (2) years, this franchise shall be deemed *ipso facto* revoked. Furthermore, this franchise is subject to amendment, alteration, or repeal by the Congress when the common good so requires.

SECTION 7. *Acceptance and Compliance.* – Acceptance of this new franchise shall be given in writing to the 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 affectivity 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. *Self-Regulation by and Undertaking of the Grantee.* – The grantee shall not require any previous censorship of any speech, play, act, scene, or other matter to be broadcast from its stations: Provided, that the grantee, during any broadcast, shall cut off from the air any speech, play, act, scene, or other matter being broadcast if the tendency thereof is to propose and/or incite treason, rebellion or sedition, or the theme thereof or

the language used therein is indecent or immoral. The grantee's refusal to comply with the foregoing conditions shall constitute a valid cause for the cancellation of its franchise.

SECTION 9. *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 accidents or injuries, whether to property or to persons, caused by the construction or operation of the stations of the grantee.

SECTION 10. *Sale, Lease, Transfer, Usufruct, or Assignment of Franchise.* – The grantee shall not sell, assign, lease, transfer, or grant the usufruct of this franchise or the rights and privileges acquired thereunder to any person, firm, company, corporation or other commercial or legal entity. The grantee shall not merge with any other corporation or entity, nor shall the controlling interest of the grantee be transferred, whether as a whole or in parts, and whether simultaneously or contemporaneously, to any such person, firm, company, corporation or entity without the prior approval of the Congress of the Philippines: Provided, that the Congress of the Philippines shall be informed of any lease, transfer, granting the usufruct of, sale or assignment of franchise or the rights or privileges acquired thereunder, or the merger, or transfer of the controlling interest, within sixty (60) days after the completion of said transaction: Provided, further, that the grantee's failure to report to the Congress of the Philippines such change of ownership shall render the franchise ipso facto revoked: Provided, finally, that any person or entity to which this franchise is sold, transferred or assigned, shall be subject to the same condition, terms, restrictions, and limitations of this Act.

SECTION 11. *Dispersal of Ownership.* – Pursuant to the constitutional provision encouraging public participation in public utilities, the grantee shall offer to Filipino citizens at least thirty percent (30%) or a higher percentage that may hereafter be

provided by law, of its outstanding capital stock in any securities exchange in the Philippines within five (5) years from the commencement of its operations: Provided, that in cases where public offer of shares is not applicable, establishment of cooperatives and other methods of encouraging public participation by citizens and corporations operation public utilities must be implemented. Non-compliance therewith shall render the franchise *ipso facto* revoked.

SECTION 12. *General Broadcast Policy Law.* – The grantee shall comply with and be subject to the provisions of a general broadcast policy law, which the Congress may hereafter enact.

SECTION 13. *Reportorial Requirement.* – The grantee shall, during the term of its franchise, submit an annual report to the Congress of the Philippines, through the Committee on Legislative Franchises of the House of Representatives and the Committee on Public Services of the Senate, on its compliance with the terms and conditions of the franchise and on its operations on or before April 30 of every year. A reportorial compliance certificate issued by Congress shall be required before any application for permit or certificate is accepted by the NTC.

SECTION 14. *Penalty Clause.* – Failure of the grantee to submit the required annual report to the Congress of the Philippines will subject it to a penalty consisting of a fine in the amount of five hundred pesos (500.00) per working day until its compliance. The fine will be collected by the NTC from the delinquent franchise grantee and is separate from the reportorial penalties already imposed by the NTC.

SECTION 15. *Equality Clause.* – Any advantage, favor, privilege, exemption, or immunity granted under existing franchises, or which may hereafter be granted by the Congress of the Philippines to radio and/or television broadcasters shall become part of this franchise and shall be accorded immediately and unconditionally to the grantee:

Provided, that the foregoing shall neither apply to nor affect the provisions of broadcasting franchise concerning territory covered by the franchise, the life span of the franchise, or the type of service authorized by the franchise.

SECTION 16. *Separability Clause.* – If any of the provisions of this Act is declared invalid or unconstitutional, all other provisions not affected thereby shall remain valid.

SECTION 17. *Repealing Clause.* – All laws, decrees, executive orders, rules and regulations, and other issuances inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

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

Approved,