

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

17TH CONGRESS
Third Regular Session

HOUSE BILL NO. **7876**



Introduced by CIBAC Party List Representative
Sherwin Tugna

**AN ACT AMENDING THE FRANCHISE GRANTED TO SOUTHERN
BROADCASTING NETWORK UNDER REPUBLIC ACT NO. 8147 TO RENEW THE
FRANCHISE FOR ANOTHER TWENTY-FIVE (25) YEARS FROM THE
EFFECTIVITY OF THIS ACT AND TO EXPAND THE COVERAGE OF THE
FRANCHISE GRANTED AND FOR OTHER PURPOSES**

EXPLANATORY NOTE

Undoubtedly, broadcast industry plays a vital role in the development and growth of our country and, ultimately, in shaping our country's future. It promotes public participation and influences public opinion on important matters concerning our country.

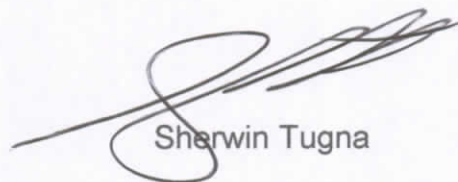
Southern Broadcasting Network, Inc. ("SBN") is Filipino-owned media company that operates a network of radio and television stations within the Philippines. SBN has been in operation since 1992 and since then, the company has consistently provided top-rated and noteworthy programs to Filipinos. At present, the network produces and airs local programming, including news programs, lifestyle, infotainment and entertainment programs and reality programs that cater to Filipino youth.

It is noteworthy to emphasize, however, that broadcast industry is capital intensive and high technology dependent. In other words, to fully harness and utilize its benefits, substantial and considerable investments on emerging and modern broadcasting facilities are needed. Needless to state, only after investing in a state-of-the-art, sophisticated, and efficient broadcasting and transmission system can we expect positive changes and improvement in the means information is received by, and disseminated to, the public.

Thus, it is imperative that the government continue to play an active role in sustaining and encouraging the development of broadcast industry. The government has to attract, promote and welcome more capital infusion and investments into broadcast industry. Equally important, the government also has to ensure that any and all existing media infrastructure and facilities are utilized to the fullest extent possible and that the owners/investors thereof could continue their service and assistance to the nation.

In its commitment to provide innovative ways to deliver public service to the Filipino people, SBN has made, and intends to make, significant capital investments to upgrade, improve, and enhance its broadcasting facilities and transmission system. These investments are expected to continue with the government-mandated shift from analog transmission to digital transmission. In recognition of the capital requirements of SBN's operations, the renewal and expansion of its franchise are recommended to fully utilize the capital invested therein, to ensure the uninterrupted, nationwide, and improved delivery of its services to the Filipino people, to fully assist the government in disseminating information to the people, and to enrich, enhance, and improve the broadcasting system in our country.

With the view that SBN will continue and improve its present course, the immediate approval of this bill is earnestly requested.



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

1 SECTION 1. Subject to the provisions of the Constitution, and the provisions
2 not inconsistent herewith of Act Numbered Three thousand eight hundred and forty-
3 six, entitled "An Act Providing for the Regulation of Radio Stations and Radio
4 Communications in the Philippine Islands, and for Other Purposes," Commonwealth
5 Act Numbered One Hundred Forty-Six, otherwise known as the Public Service Act,
6 and their amendments, and the other applicable laws, the franchise granted to
7 Southern Broadcasting Network, its successors or assigns, hereunder referred to as
8 the grantee, to construct, install, establish, operate radio and television broadcasting
9 stations in the Philippines, at such places as Southern Broadcasting Network may
10 select and the National Telecommunications Commission may approve, is hereby
11 extended for another 25 years, unless sooner revoked or cancelled. Further, the
12 franchise granted to Southern Broadcasting Network shall include maintaining for
13 commercial purposes, including for pay-service, and in the public interest, radio,
14 television and satellite broadcasting stations throughout the Philippines, including
15 digital terrestrial television, multi-channel microwave transmission, repeater stations,
16 translators, satellite transmission, and direct-to-home user satellite broadcast
17 system, cable or community antennae television system (CATV), multi-point
18 distribution system (MUDS), local multi-point distribution system (LMDS), interactive
19 system or station, transmitting, receiving and switching stations, both for local and
20 international services, lines, fiber optics, microwave, satellite, transmit and receive
21 systems, control signals, audio and video systems, information service bureau, pay
22 and pay-per-view television, video on demand and public information on demand
23 services, multi-disc read-only memory, memory network delivery, packet and frame
24 relay and electronic mail services and other value-added services and all other
25 technologies as are presently available through technical advances or innovations in
26 the future, as is, or are convenient to or essential to efficiently carry out the purposes
27 of this franchise and installing radio communication facilities for the grantee's private

1 use in its broadcast services, means of distribution including the use of all new
2 technologies in broadcasting as are at present available or to be made available
3 through technological advances or innovations in the future, with the corresponding
4 technological auxiliaries and facilities, special broadcast and other program and
5 broadcast distribution services, and relay stations, for twenty-five (25) years from the
6 effectivity of this Act.

7
8 SECTION 2. The radio broadcasting and television stations shall not be put in
9 actual operation until the National Telecommunications Commission shall have
10 allotted to the grantee the frequencies, wavelengths and channels to be used under
11 this franchise and determined the stations to and from which each frequency and
12 wavelength may be used, and issued licenses for such use.

13
14 The National Telecommunications Commission, on reasonable notice to the
15 grantee may, at any time, change, cancel, or modify, in whole or in part, any or all of
16 the allotments of frequencies or wavelengths to be used. It may take such action: (1)
17 whenever in its judgment such frequencies and wavelengths have been used or
18 there is danger that they will be used by the grantee to impair electrical
19 communications, or stifle competition, or to obtain a monopoly in electrical
20 communications, or to secure unreasonable rates for such communications, or to
21 violate otherwise the laws or public policy of the Philippine Republic; (2) whenever in
22 its judgment the public interest of the Republic of the Philippines requires that such
23 frequencies and wavelengths be used for other purposes than those of the grantee,
24 either by the government of the Philippines or by other individuals or corporations
25 licensed by it; and (3) whenever in its judgment, for any reason, the public interest of
26 the Philippines so requires.

27
28 SECTION 3. This franchise is granted for a period of twenty-five (25) years,
29 unless sooner revoked or cancelled. This franchise shall be deemed *ipso facto*
30 revoked in the event the grantee fails to construct one station or commence
31 operation within two (2) years from the date of the approval of this Act.

32
33 SECTION 4. This franchise is likewise granted on the condition that the
34 grantee shall provide adequate public service time to enable the government,
35 through the said radio broadcasting and television stations, to reach the population
36 on important public issues; assist in the functions of public information and
37 education; conform to the ethics of honest enterprise; and not use its stations for the
38 broadcasting and/or telecasting of obscene or indecent language, speech, act or
39 scene, or for the dissemination of deliberately false information or willful
40 misrepresentation to the detriment of the public interest, or to incite, encourage, or
41 assist in subversive or treasonable acts.

42
43 SECTION 5. The stations or facilities of the grantee shall be constructed and
44 operated in a manner as will, at most, result only in the minimum interference on the
45 wavelengths or frequencies of existing stations or other stations which may be
46 established by law, without in any way diminishing its own right to use its selected
47 wavelengths or frequencies and the quality of transmission or reception thereon as
48 should maximize rendition of the grantee's services and/or availability thereof.

1 SECTION 5-A. The grantee is hereby authorized to connect or demand
2 connection of its broadcasting systems to any other broadcasting systems installed,
3 maintained, and operated by any other duly authorized person or entity in the
4 Philippines for the purpose of providing extended and improved broadcasting
5 services to the public under such term and conditions mutually agreed upon by the
6 parties.
7

8 SECTION 6. The grantee shall not require any previous censorship of any
9 speech, play, act, scene or other matter to be broadcast and/or telecast from its
10 stations: *Provided*, That, the grantee, during any broadcast and/or telecast, shall cut
11 off from the air the speech, play, act, scene or other matter being broadcast and/or
12 telecast, if the tendency thereof is to propose and/or incite treason, rebellion, or
13 sedition, or the language used therein or the theme thereof is indecent or immoral,
14 and willful failure to do so shall constitute a valid cause for the cancellation of this
15 franchise.
16

17 SECTION 7. The grantee shall hold the national, provincial, and municipal
18 governments of the Philippines free from all claims, accounts, demands or actions
19 arising out of accidents or injuries, whether to property or to person, caused by the
20 construction or operation of the stations of the grantee.
21

22 SECTION 8. A special right is hereby reserved to the President of the
23 Philippines in times of war, rebellion, public peril, calamity, emergency, disaster, or
24 disturbance of peace and order, to take over and operate the said stations or to
25 authorize the temporary use and operation thereof by any agency of the government,
26 upon due compensation to the grantee, for the use of said stations during the period
27 when they shall be so operated.
28

29 SECTION 9. The President of the Philippines shall have the power and
30 authority to permit the construction of said stations or any of them on any land of the
31 public domain upon such terms and conditions as he may prescribe.
32

33 SECTION 10. No private property shall be taken for any purpose by the
34 grantee of this franchise, its successors or assigns, without proper condemnation
35 proceedings and just compensation paid or tendered thereof, and any authority to
36 take and occupy land obtained herein shall not authorize the taking, use, or
37 occupation of any land except such as is required for the actual necessary purposes
38 for which this franchise is granted. All lands or rights of use and occupation of lands
39 granted to the grantee, its heirs, successors or assigns shall, upon termination of this
40 franchise or upon its revocation or repeal, revert to the national, provincial, or
41 municipal government to which such land or right to use and occupy belonged at the
42 time of the grant hereof or the right to use and occupy the same was conceded to
43 the grantee herein, its heirs, successors or assigns.
44

45 SECTION 11. The right is hereby reserved to the government of the
46 Philippines, through the National Telecommunications Commission or such other
47 government agencies as may hereafter be duly authorized, to fix the maximum rate
48 or charges to be charged by the grantee.
49

1 SECTION 12. As a condition of the granting of this franchise, the grantee shall
2 execute a bond in favor of the government of the Philippines in the sum of Fifty
3 thousand pesos (P50,000) in form and with sureties satisfactory to the Secretary of
4 Transportation and Communications conditioned upon the faithful performance of the
5 grantee's obligations hereunder during the first four (4) years of the life of this
6 franchise. If, after four (4) years from the date of the approval of this franchise, the
7 grantee shall have fulfilled the said conditions, the bond shall be cancelled by the
8 Secretary of Transportation and Communications, otherwise it shall be forfeited in
9 favor of the government.

10
11 SECTION 13. Acceptance of this franchise shall be given in writing within six
12 (6) months after approval of this Act. Upon acceptance by the grantee and upon
13 approval of the bond required under Section 12 of this Act by the Secretary of
14 Transportation and Communications, the grantee shall be empowered to exercise
15 the privileges granted thereby.

16
17 SECTION 14. The grantee shall not lease, transfer, grant the usufruct of, sell
18 nor assign this franchise, or the rights or privileges acquired thereunder to any
19 person, firm, company, corporation or other commercial or legal entity, nor merge
20 with any other person, company or corporation organized for the same purpose,
21 without the prior approval of the Congress of the Philippines. Any corporation to
22 which this franchise may be sold, transferred, or assigned shall be subject to all
23 conditions, terms, restrictions, and limitations of this franchise as fully and completely
24 and to the same extent as if the franchise had been originally granted to the said
25 person, firm, company, corporation or other commercial or legal entity.

26
27 SECTION 15. Any advantage, favor, privilege, exemption or immunity granted
28 under existing franchise, or which may hereafter be granted for radio and/or
29 television broadcasting, shall become part of this franchise and shall be accorded
30 immediately and unconditionally to the herein grantee.

31
32 SECTION 16. The grantee shall be liable to pay the same taxes on their real
33 estate, buildings and personal property, exclusive of this franchise, as other persons,
34 natural or juridical, are now or hereafter may be required by law to pay.

35
36 In addition thereto, the grantee, its successors or assigns, shall pay a
37 franchise tax at such percentage as may be required by law on all gross receipts of
38 the radio/television business transacted under this franchise by the grantee, its
39 successors or assigns: *Provided*, That the grantee, its successors or assigns, shall
40 continue to be liable for income taxes payable under Title II of the National Internal
41 Revenue Code pursuant to Section 2 of Executive Order No. 72 unless the latter
42 enactment is amended or repealed, in which case the amendment or repeal shall be
43 applicable thereto. The grantee shall file the return with and pay the tax due thereon
44 to the Commissioner of Internal Revenue or his duly authorized representative in
45 accordance with the National Internal Revenue Code and the return shall be subject
46 to audit by the Bureau of Internal Revenue.

47
48 SECTION 17. This franchise shall be subject to amendment, alteration or
49 repeal by the Congress of the Philippines when the public interest so requires and
50 shall not be interpreted as an exclusive grant of the privileges herein provided for.

1
2 SECTION 18. This Act shall take effect upon its approval.
3
4 Approved,