

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
Third Regular Session

HOUSE BILL NO. 8501



Introduced by Hon. Karlo A. B. Nograles and Hon. Jericho Jonas B. Nograles

EXPLANATORY NOTE

This bill seeks the renewal of the Legislative Franchise granted to Swara Sug Media Corporation under RA 8122 which passed into law on July 16, 1995.

Swara Sug is a Filipino owned and managed media company. From its humble beginnings, it now views itself as both a traditional media company and a media company driven by modern technologies. Nonetheless, the main priority of the company is to serve, and to continue to serve, the Filipino people, wherever they may be, by bringing only balanced and fair news reports through objective and candid reporting.

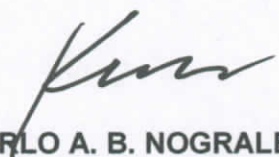
As a traditional company, it operates, and continues to steadily grow, to currently operating 15 AM radio stations, 4 FM radio stations, and a network of 14 Ultra High Frequency or UHF TVs, and no less than 7 Digital Terrestrial Television Broadcast (or digital TV), throughout the country. Broadcasting is still the staple of most Filipino households through basic radio and television sets and the company continues to broadcast important news and current events to the farthest reaches of the nation using its legacy systems. Complementarily, as a technology media company, it has also utilized modern media tools to further provide the need of the Filipino people to verifiable and trustworthy news and information in real time. It reaches both the domestic and international audience, particularly the Filipinos abroad, through this mix of the traditional and the modern.

On the other hand, as part of its corporate social responsibility, it also launched the *Sonshine Philippines Movement* or SPM – an environmentally-focused initiative specifically dedicated to countering the ill-effects of Climate Change. Since 2005, SPM has been dedicated in its mission to give back to nature through reforestation initiatives of approximately 10 million planted trees, clean up drives, and eco-tourism development. Using both traditional and modern media tools, the company has relayed nationwide to our countrymen the importance of proper environmental protection and preservation.

The company continues with its thrust to be the trusted media company by the Filipino people and in order to achieve this goal for decades to come, the company continues to evolve and invest, both capital and human resources, towards a more

digitized media outlet that is able to continue serving the people - ready and willing to keep up with the demands of the increasingly digitized Filipino consumer.

From the foregoing, it is earnestly sought that this bill be immediate approved.



KARLO A. B. NOGRALES



JERICO JONAS B. NOGRALES

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AN ACT

RENEWING THE FRANCHISE GRANTED TO SWARA SUG MEDIA CORPORATION UNDER REPUBLIC ACT. NO. 8122 ENTITLED "AN ACT GRANTING THE SWARA SUG MEDIA CORPORATION OF THE PHILIPPINES A FRANCHISE TO CONSTRUCT, INSTALL, OPERATE AND MAINTAIN FOR COMMERCIAL PURPOSES 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 Philippine Constitution and applicable laws, rules and regulations, the franchise granted to SWARA SUG MEDIA CORPORATION, hereunder referred to as the grantee, its successors or assignees, under Republic Act No. 8122 entitled "AN ACT GRANTING THE SWARA SUG MEDIA CORPORATION OF THE PHILIPPINES A FRANCHISE TO CONSTRUCT, INSTALL, OPERATE AND MAINTAIN FOR COMMERCIAL PURPOSES 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 television 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 anywhere in the Republic of the Philippines, is hereby renewed for another twenty-five (25) years from the effectivity of this Act.

SEC. 2. *Manner of Operation of Stations or Facilities.* - The stations or facilities of the grantee shall be constructed and operated in a manner as 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 as should maximize rendition of the grantee's services and/or the availability thereof.

SEC. 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 authorization from the NTC. The NTC, however, shall not unreasonably withhold or delay the grant of any such authority.

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

SEC. 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 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, upon due compensation to the grantee, for the use of its stations or facilities during the period when they shall be so operated.

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

SEC. 6. *Term of Franchise.* – This franchise shall be in effect for a period of twenty-five (25) years from the effectivity of the Act, unless sooner revoked or cancelled. This franchise shall be deemed *ipso facto* revoked in the event the grantee fails to operate continuously for two (2) years.

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

SEC. 8. *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.

SEC. 9. *Sale, Lease, Transfer, Grant of Usufruct, or Assignment of Franchise.* - The grantee shall not lease, transfer, grant the usufruct of, sell nor assign this franchise or the rights and privileges acquired thereunder to any person, firm, company, corporation or other commercial or legal entity, nor merge with any other corporation or entity, nor shall transfer the controlling interest of the grantee, 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 Congress shall be informed of any sale, lease, transfer, grant of usufruct of, or assignment of franchise or the rights or privileges acquired thereunder, or the merger or transfer of the controlling interest of the grantee, within sixty (60) days after the completion of said transaction: *Provided, further*, That failure to report to Congress 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 conditions, terms, restrictions, and limitations of this Act.

SEC. 10. *Dispersal of Ownership.* - In accordance with the constitutional provision to encourage public participation in public utilities, the grantee shall offer to Filipino citizens at least thirty per cent (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 or in lieu thereof, establishment of or ownership by cooperative/s and other methods of encouraging public participation by citizens and corporations operating public utilities must be implemented. Noncompliance therewith shall render the franchise *ipso facto* revoked.

SEC. 11. *Reportorial Requirement.* – The grantee shall 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 during the term of its franchise. The reportorial compliance certificate issued by Congress shall be required before any application for permit or certificate is accepted by the NTC.

SEC. 12. *Penalty Clause* – Failure of the grantee to submit the requisite annual report to Congress will be penalized by a fine in the amount of Five hundred pesos (P500.00) per working day of noncompliance. The fine will be collected by the NTC from the delinquent franchise grantee separate from the reportorial penalties imposed by the NTC.

SEC. 13. *Equality Clause.* - Any advantage, favor, privilege, exemption, or immunity granted under existing franchises, or which may hereafter be granted for radio and/or television broadcasting, upon prior review and approval of Congress, shall become part of this franchise and shall be accorded immediately and unconditionally to the herein grantee: *Provided,* That the foregoing shall neither apply to nor affect the provisions of broadcasting franchises concerning territory covered by the franchise, the life span of the franchise or the type of service authorized by the franchise.

SEC. 14. *Separability Clause.* – If any of the sections or provisions of this Act is held invalid, all other provisions not affected thereby shall remain valid.

SEC. 15. *Repealability and Nonexclusivity Clause.* – This franchise shall be subject to amendment, alteration, or repeal by the Congress of the Philippines when the public interest so requires and shall not be interpreted as an exclusive grant of the privileges herein provided for.

SEC. 16 *Effectivity.*– This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,