



HOUSE OF REPRESENTATIVES

H. No. 5064

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BY REPRESENTATIVES HERNANDEZ AND ALVAREZ. (F.), PER COMMITTEE  
REPORT NO. 117

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AN ACT RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS  
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"

*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  
2 provisions of the Philippine Constitution and applicable laws, rules and  
3 regulations, the franchise granted to Subic Broadcasting Corporation,  
4 hereunder referred to as the grantee, its successors or assignees under Republic  
5 Act No. 7511, to construct, install, establish, operate and maintain for  
6 commercial purposes and in the public interest, radio and/or television  
7 broadcasting stations, including digital television system, through microwave,  
8 satellite or whatever means, as well as the use of any new technology in  
9 television and radio systems, with the corresponding technological auxiliaries  
10 and facilities, special broadcast and other program and distribution services

1 and relay stations in the Philippines, is hereby renewed for another  
2 twenty-five (25) years from the effectivity of this Act.

3       SEC. 2. *Manner of Operation of Stations or Facilities.* – The stations  
4 or facilities of the grantee shall be constructed and operated in a manner as  
5 will, at most, result only in the minimum interference on the wavelengths or  
6 frequencies of existing stations or other stations which may be established by  
7 law, without in any way diminishing its own privilege to use its assigned  
8 wavelengths or frequencies and the quality of transmission or reception  
9 thereon as should maximize rendition of the grantee's services and/or  
10 availability thereof.

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

18       The grantee shall not dispose or lease its facilities except to entities with  
19 radio or television franchise: *Provided,* That the grantee shall inform and  
20 secure written authorization to proceed from the NTC, and report the  
21 transaction to the NTC within sixty (60) days after its completion: *Provided,*  
22 *further,* That the NTC shall determine the corresponding sanction for any  
23 violation of this provision.

24       SEC. 4. *Responsibility to the Public.* – The grantee shall provide  
25 adequate public service time to enable the government, through the said  
26 broadcasting stations or facilities, to reach the population on important public  
27 issues; provide at all times sound and balanced programming; promote public  
28 participation such as in community programming; assist in the functions of  
29 public information and education; conform to the ethics of honest enterprise;

1 and not use its stations or facilities for the broadcasting of obscene and  
2 indecent language, speech, act or scene; or for the dissemination of  
3 deliberately false information or willful misrepresentation to the detriment of  
4 the public interest; or to incite, encourage, or assist in subversive or  
5 treasonable acts.

6       SEC. 5. *Right of Government.* — The radio spectrum is a finite  
7 resource that is part of the national patrimony and the use thereof is a privilege  
8 conferred upon the grantee by the State and may be withdrawn any time after  
9 due process.

10       A special right is hereby reserved to the President of the Philippines, in  
11 times of war, rebellion, public peril, calamity, emergency, disaster, or  
12 disturbance of peace and order: to temporarily take over and operate the  
13 stations or facilities of the grantee; to temporarily suspend the operation of any  
14 station or facility in the interest of public safety, security and public welfare;  
15 or to authorize the temporary use and operation thereof by any agency of the  
16 government, upon due compensation to the grantee, for the use of the stations  
17 or facilities during the period when these shall be so operated.

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

22       SEC. 7. *Acceptance and Compliance.* — Acceptance of this new  
23 franchise shall be given in writing to the Congress of the Philippines, through  
24 the Committee on Legislative Franchises of the House of Representatives and  
25 the Committee on Public Services of the Senate, within sixty (60) days from  
26 the effectivity of this Act. Upon giving such acceptance, the grantee shall  
27 exercise the privileges granted under this Act. Nonacceptance shall render the  
28 franchise void.

1           **SEC. 8. *Self-regulation by and Undertaking of Grantee.*** — The grantee  
2 shall not require any previous censorship of any speech, play, act or scene, or  
3 other matter to be broadcast from its stations but if any such speech, play, act  
4 or scene, or other matter should constitute a violation of the law or  
5 infringement of a private right, the grantee shall be free from any liability,  
6 civil or criminal, for such speech, play, act or scene, or other matter:  
7 *Provided*, That the grantee, during any broadcast, shall cut off from the air the  
8 speech, play, act or scene, or other matter being broadcast if the tendency  
9 thereof is to propose and/or incite treason, rebellion or sedition; or the  
10 language used therein or the theme thereof is indecent or immoral: *Provided*,  
11 *further*, That willful failure to do so shall constitute a valid cause for the  
12 revocation and cancellation of this franchise.

13           **SEC. 9. *Warranty in Favor of National and Local Governments.***  
14 — The grantee shall hold the national, provincial, city, and municipal  
15 governments of the Philippines free from all claims, liabilities, demands, or  
16 actions arising out of accidents, causing injury to persons or damage to  
17 properties, during the construction or operation of the stations of the grantee.

18           **SEC. 10. *Sale, Lease, Transfer, Usufruct, or Assignment of Franchise.***  
19 — The grantee shall not sell, lease, transfer, grant the usufruct of, nor assign  
20 this franchise or the rights and privileges acquired thereunder to any person,  
21 firm, company, corporation, or other commercial or legal entity, nor merge  
22 with any other corporation or entity, nor the controlling interest of the grantee  
23 be transferred, whether as a whole or in parts, and whether simultaneously or  
24 contemporaneously, to any such person, firm, company, corporation, or entity  
25 without the prior approval of the Congress of the Philippines: *Provided*, That  
26 Congress shall be informed of any sale, lease, transfer, grant of usufruct, or  
27 assignment of franchise or the rights and privileges acquired thereunder, or of  
28 the merger or transfer of the controlling interest of the grantee, within sixty  
29 (60) days after the completion of said transaction: *Provided, further*, That

1 failure to report to Congress such change of ownership shall render the  
2 franchise *ipso facto* revoked: *Provided, finally*, That any person or entity to  
3 which this franchise is sold, transferred or assigned, shall be subject to the  
4 same conditions, terms, restrictions, and limitations of this Act.

5 SEC. 11. *Dispersal of Ownership*. – In accordance with the  
6 constitutional provision to encourage public participation in public utilities, the  
7 grantee shall offer to Filipino citizens at least thirty percent (30%) or a higher  
8 percentage that may hereafter be provided by law of its outstanding capital  
9 stock in any securities exchange in the Philippines within five (5) years from  
10 the commencement of its operations: *Provided*, That in cases where public  
11 offer of shares is not applicable, the grantee shall apply other methods of  
12 encouraging public participation by citizens and corporations operating  
13 public utilities as allowed by law. Noncompliance therewith shall render the  
14 franchise *ipso facto* revoked.

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

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

26 SEC. 14. *Penalty Clause*. – Failure of the grantee to submit the  
27 requisite annual report to Congress shall be penalized by a fine of five hundred  
28 pesos (P500.00) per working day of noncompliance. The fine shall be

1 collected by the NTC from the delinquent franchise grantee separate from the  
2 reportorial penalties imposed by the NTC.

3       SEC. 15. *Equality Clause.* – Except for taxes and customs duties, any  
4 advantage, favor, privilege, exemption, or immunity granted under existing  
5 franchises, or which may hereafter be granted for radio and/or television  
6 broadcasting, upon prior review and approval of Congress, shall become part  
7 of this franchise and shall be accorded immediately and unconditionally to the  
8 herein grantee: *Provided,* That the foregoing shall neither apply to nor affect  
9 the provisions of broadcasting franchises concerning territorial coverage, the  
10 term, or the type of service authorized by the franchise.

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

14       SEC. 17. *Repealability and Nonexclusivity Clause.* – This franchise  
15 shall be subject to amendment, alteration, or repeal by the Congress of the  
16 Philippines when the public interest so requires and shall not be interpreted as  
17 an exclusive grant of the privileges herein provided for.

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

Approved,