



HOUSE OF REPRESENTATIVES

H. No. 8670

BY REPRESENTATIVES NOGRALES (K.A.), NOGRALES (J.J.) AND
ALVAREZ (F.), PER COMMITTEE REPORT NO. 970

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

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 Constitution and applicable laws, rules and
3 regulations, the franchise granted under Republic Act No. 8122 to
4 Swara Sug Media Corporation, hereunder referred to as the
5 grantee, its successors or assignees to construct, install, establish,
6 operate, and maintain for commercial purposes and in the public
7 interest, radio and/or television broadcasting stations where
8 frequencies or channels are still available for radio and television

1 broadcasting, including digital television system, through
2 microwave, satellite or whatever means, including the use of any
3 new technology in radio and television systems, with the
4 corresponding technological auxiliaries and facilities, special
5 broadcast and other program and distribution services and relay
6 stations in the Philippines, is hereby renewed for another twenty-
7 five (25) years.

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

17 SEC. 3. *Prior Approval of the National Telecommunications*
18 *Commission.* - The grantee shall secure from the National
19 Telecommunications Commission (NTC) the appropriate permits
20 and licenses for the construction and operation of its stations or
21 facilities and shall not use any frequency in the radio and television
22 spectrum without authorization from the NTC. The NTC, however,
23 shall not unreasonably withhold or delay the grant of any such
24 authority.

25 SEC. 4. *Responsibility to the Public.* - The grantee shall
26 provide, free of charge, adequate public service time which is
27 reasonable and sufficient to enable the government, through the
28 broadcasting stations or facilities of the grantee, to reach the
29 pertinent populations or portions thereof, on important public issues

1 and relay important public announcements and warnings
2 concerning public emergencies and calamities, as necessity, urgency
3 or law may require; provide at all times sound and balanced
4 programming; promote public participation; assist in the functions
5 of public information and education; conform to the ethics of honest
6 enterprise; promote audience sensibility and empowerment
7 including closed captioning; and not use its stations or facilities for
8 the broadcasting of obscene or indecent language, speech, act, or
9 scene; or for the dissemination of deliberately false information or
10 willful misrepresentation, to the detriment of the public interest; or
11 to incite, encourage, or assist in subversive or treasonable acts.

12 Public service time referred herein shall be equivalent to a
13 maximum aggregate of ten percent (10%) of the paid commercials or
14 advertisements which shall be allocated based on the need of the
15 Executive and Legislative branches, the Judiciary, Constitutional
16 Commissions and international humanitarian organizations duly
17 recognized by statutes: *Provided*, That the NTC shall increase the
18 public service time in case of extreme emergency or calamity. The
19 NTC shall issue rules and regulations for this purpose, the
20 effectivity of which shall commence upon applicability with other
21 similarly situated broadcast network franchise holders.

22 SEC. 5. *Right of the Government.* – The radio spectrum is a
23 finite resource that is part of the national patrimony and the use
24 thereof is a privilege conferred upon the grantee by the State and
25 may be withdrawn any time after due process.

26 A special right is hereby reserved to the President of the
27 Philippines, in times of war, rebellion, public peril, calamity,
28 emergency, disaster, or disturbance of peace and order, to
29 temporarily take over and operate the stations or facilities of the

1 grantee; temporarily suspend the operation of any station or facility
2 in the interest of public safety, security and public welfare; or
3 authorize the temporary use and operation thereof by any agency of
4 the government, upon due compensation to the grantee, for the use
5 of said stations or facilities during the period when these shall be so
6 operated.

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

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

22 SEC. 8. *Warranty in Favor of the National and Local*
23 *Governments.* – The grantee shall hold the national, provincial,
24 city, and municipal governments of the Philippines free from all
25 claims, liabilities, demands, or actions arising out of accidents
26 causing injury to persons or damage to properties, during the
27 construction or operation of the stations of the grantee.

28 SEC. 9. *Commitment to Provide and Promote the Creation of*
29 *Employment Opportunities.* – The grantee shall create employment

1 opportunities and shall allow on-the-job trainings in their franchise
2 operation: *Provided*, That priority shall be accorded to the residents
3 in areas where any of its offices is located: *Provided, further*, That
4 the grantee shall comply with the applicable labor standards and
5 allowance entitlement under existing labor laws, rules and
6 regulations and similar issuances: *Provided, finally*, That the
7 employment opportunities or jobs created shall be reflected in the
8 General Information Sheet to be submitted to the Securities and
9 Exchange Commission (SEC) annually.

10 SEC. 10. *Sale, Lease, Transfer, Grant of Usufruct, or*
11 *Assignment of Franchise.* – The grantee shall not sell, lease,
12 transfer, grant the usufruct of, nor assign this franchise or the
13 rights and privileges acquired thereunder to any person, firm,
14 company, corporation or other commercial or legal entity, nor merge
15 with any other corporation or entity, nor shall transfer the
16 controlling interest of the grantee, whether as a whole or in part,
17 and whether simultaneously or contemporaneously, to any person,
18 firm, company, corporation, or entity without the prior approval of
19 the Congress of the Philippines and compliance with legal
20 requirements stipulated in other statutes: *Provided*, That any
21 person or entity to which this franchise is sold, transferred, or
22 assigned shall be subject to the same conditions, terms, restrictions,
23 and limitations of this Act.

24 SEC. 11. *Dispersal of Ownership.* – In accordance with the
25 Constitutional provision to encourage public participation in public
26 utilities, the grantee shall offer to Filipino citizens at least thirty
27 percent (30%) of its outstanding stock, or a higher percentage
28 thereof that may hereafter be provided by law, in any securities
29 exchange in the Philippines: *Provided*, That in cases where public

1 offer of shares is not applicable, the grantee shall apply other
2 methods of encouraging public participation by citizens and
3 corporations operating public utilities as allowed by law.
4 Noncompliance therewith shall render the franchise *ipso facto*
5 revoked.

6 SEC. 12. *Reportorial Requirement.* – During the term of its
7 franchise, the grantee shall submit an annual report to the
8 Congress of the Philippines, through the Committee on Legislative
9 Franchises of the House of Representatives and the Committee on
10 Public Services of the Senate, on its compliance with the terms and
11 conditions of the franchise and on its operations on or before April
12 30 of every year.

13 The annual report shall include an update on the roll-out,
14 development, operation, or expansion of business; audited financial
15 statements; latest General Information Sheet officially submitted to
16 SEC (if applicable); certification of the NTC on the status of its
17 permits and operations; and an update on the dispersal of
18 ownership undertaking, if applicable.

19 The reportorial compliance certificate issued by Congress
20 shall be required before an application for permit, certificate, or any
21 equivalent thereof, is accepted by the NTC.

22 SEC. 13. *Fine.* – Failure of the grantee to submit the
23 requisite annual report to Congress shall be penalized by a fine of
24 Five hundred pesos (P500.00) per working day of noncompliance.
25 The fine shall be collected by the NTC from the delinquent franchise
26 grantee separate from the reportorial penalties imposed by the NTC
27 and the same shall be remitted to the National Treasury.

28 SEC. 14. *Equality Clause.* – Any advantage, favor, privilege,
29 exemption, or immunity granted under existing franchises, or which

1 may hereafter be granted for radio and television broadcasting,
2 upon prior review and approval of Congress, shall become part of
3 this franchise and shall be accorded immediately and
4 unconditionally to the herein grantee: *Provided*, That the foregoing
5 shall neither apply to nor affect provisions of broadcasting
6 franchises concerning territorial coverage, the term, or the type of
7 service authorized by the franchise.

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

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

16 SEC. 17. *Repealing Clause.* – All laws, decrees, orders,
17 resolutions, instructions, rules and regulations, and other issuances
18 or parts thereof which are inconsistent with the provisions of this
19 Act are hereby repealed, amended, or modified accordingly.

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

Approved,

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