



HOUSE OF REPRESENTATIVES

H. No. 5576

BY REPRESENTATIVES REMULLA AND TEODORO, PER COMMITTEE REPORT
No. 1582

AN ACT RENEWING THE FRANCHISE GRANTED TO QUEST BROADCASTING, INC. (FORMERLY SBS RADIO NETWORK, INC.) A FRANCHISE TO CONSTRUCT, INSTALL, ESTABLISH, OPERATE AND MAINTAIN RADIO BROADCASTING STATIONS IN THE PHILIPPINES

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 regulations,
3 there is hereby granted to Quest Broadcasting, Inc. (formerly SBS Radio
4 Network, Inc.), hereunder referred to as the grantee, its successors or assigns, a
5 franchise to construct, install, establish, operate and maintain for commercial
6 purposes and in the public interest, radio and/or television broadcasting
7 stations in the Philippines, where frequencies and/or channels are still available
8 for radio broadcasting, through microwave, satellite or whatever means,
9 including the use of any new technologies in radio systems, with the
10 corresponding technological auxiliaries and facilities, special broadcast and
11 other program and distribution services and relay stations.

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

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

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

26 SEC. 5. *Right of Government.* – A special right is hereby reserved to
27 the President of the Philippines, in times of war, rebellion, public peril,
28 calamity, emergency, disaster or disturbance of peace and order, to temporarily

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

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

10 SEC. 6. *Term of Franchise.* – This franchise shall be in effect for a
11 period of twenty-five (25) years, unless sooner revoked or cancelled. This
12 franchise shall be deemed *ipso facto* revoked in the event the grantee fails to
13 comply with any of the following conditions:

14 (a) Commence operations within one (1) year from the approval of its
15 operating permit by the NTC;

16 (b) Operate continuously for two (2) years; and

17 (c) Commence operations within three (3) years from the effectivity of
18 this Act.

19 SEC. 7. *Acceptance and Compliance.* – Acceptance of this franchise
20 shall be given in writing within sixty (60) days from the effectivity of this Act.
21 Upon giving such acceptance, the grantee shall exercise the privileges granted
22 under this Act. Nonacceptance shall render the franchise void.

23 SEC. 8. *Bond.* – The grantee shall file a bond with the NTC in
24 the amount that the NTC shall determine to guarantee compliance with
25 and fulfillment of the conditions under which this franchise is granted. If after
26 three (3) years from the date of the approval of its permit by the Commission,
27 the grantee shall have fulfilled the same, the bond shall be cancelled by

1 the Commission. Otherwise, the bond shall be forfeited in favor of the
2 government and the franchise *ipso facto* revoked.

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

11 SEC. 10. *Warranty in Favor of National and Local Governments.* –
12 The grantee shall hold the national, provincial, city and municipal governments
13 of the Philippines harmless from all claims, accounts, demands or actions
14 arising out of accidents or injuries, whether to property or to persons, caused
15 by the construction or operation of the stations of the grantee.

16 SEC. 11. *Nontransferability of Franchise.* – The grantee shall not
17 lease, transfer, grant the usufruct of, sell nor assign this franchise or the rights
18 and privileges acquired thereunder to any person, firm, company, corporation
19 or other commercial or legal entity, nor merge with any other corporation or
20 entity, nor shall the controlling interest of the grantee be transferred, whether
21 as a whole or in parts and whether simultaneously or contemporaneously, to
22 any such person, firm, company, corporation or entity without the prior
23 approval of the Congress of the Philippines. The conditions, terms, restrictions
24 and limitations set by this Act shall be imposed on any person or entity to
25 which this franchise is sold, transferred or assigned.

26 SEC. 12. *Dispersal of Ownership.* – In accordance with the
27 constitutional provision to encourage public participation in public utilities, the
28 grantee shall offer at least thirty *per centum* (30%) or a higher percentage that

1 may hereafter be provided by law of its outstanding capital stock in any
2 securities exchange in the Philippines within five (5) years from the time it has
3 achieved the status of a national broadcasting network. A “national
4 broadcasting network” is hereby defined as one that operates three (3) or more
5 radio and/or television stations. Noncompliance therewith shall render the
6 franchise *ipso facto* revoked.

7 SEC. 13. *Equality Clause.* – Any advantage, favor, privilege,
8 exemption or immunity granted under existing franchise, or which may
9 hereafter be granted for radio and/or television broadcasting, shall *ipso facto*
10 become part of this franchise and shall be accorded immediately and
11 unconditionally to the herein grantee: *Provided, however,* That the foregoing
12 shall neither apply to nor affect provisions of broadcasting franchises
13 concerning territory covered by the franchise, the life span of the franchise or
14 the type of service authorized by the franchise.

15 SEC. 14. *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. 15. *Reportorial Requirement.* – The grantee shall submit an
19 annual report to the Congress of the Philippines on its compliance with the
20 terms and conditions of the franchise and on its operations within sixty (60)
21 days from the end of every year.

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

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

1 SEC. 18. *Effectivity Clause.* – This Act shall take effect fifteen (15)
2 days after its publication, upon the initiative of the grantee, in at least two (2)
3 newspapers of general circulation in the Philippines.

Approved,

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