



HOUSE OF REPRESENTATIVES

H. No. 6313

BY REPRESENTATIVES GONZALES AND TEODORO

AN ACT GRANTING THE MAKINIG NETWORK, INC. A FRANCHISE
TO CONSTRUCT, INSTALL, ESTABLISH, OPERATE AND
MAINTAIN RADIO AND/OR TELEVISION BROADCASTING
STATIONS THROUGHOUT 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 1987 Philippine Constitution and applicable laws, rules and
3 regulations, there is hereby granted to Makinig Network, Inc., hereunder
4 referred to as the grantee, its successors or assignees, a franchise to construct,
5 install, establish, operate and maintain for commercial purposes and in the
6 public interest, radio and/or television broadcasting stations throughout the
7 Philippines, with its central base of operations located at Ortigas Center, San
8 Antonio, Pasig City where frequencies and/or channels are still available for
9 radio and/or television broadcasting, including digital television system,
10 through microwave, satellite or whatever means, including the use of new
11 technologies in television and radio systems, with the corresponding

1 technological auxiliaries and facilities, special broadcast and other program
2 and distribution services and relay stations.

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 right to use its assigned
8 wavelengths or frequencies and the quality of transmission or reception thereon
9 as should maximize rendition of the grantee's services and/or the availability
10 thereof.

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

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

27 SEC. 5. *Right of Government.* - A special right is hereby reserved to
28 the President of the Philippines, in times of war, rebellion, public peril,

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

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

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

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

17 (b) Commence operations within three (3) years from the effectivity of
18 this Act; and

19 (c) Operate continuously for two (2) years.

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

1 **SEC. 8. Bond.** - The grantee shall file a bond with the NTC, in the
2 amount that the NTC shall determine, to guarantee compliance with and
3 fulfillment of the conditions under which this franchise is granted. If, after
4 three (3) years from the date of the approval of its permit by the Commission,
5 the grantee shall have fulfilled the same, the bond shall be cancelled by the
6 Commission. Otherwise, the bond shall be forfeited in favor of the government
7 and the franchise *ipso facto* revoked.

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

16 **SEC. 10. Warranty in Favor of National and Local Governments.**
17 - The grantee shall hold the national, provincial, city and municipal
18 governments of the Philippines free from all claims, accounts, demands, or
19 actions arising out of accidents or injuries, whether to property or to persons,
20 caused by the construction or operation of the stations of the grantee.

21 **SEC. 11. Sale, Lease, Transfer, Grant of Usufruct, or Assignment of**
22 **Franchise.** - The grantee shall not sell, lease, transfer, grant the usufruct of
23 nor assign this franchise or the rights and privileges acquired thereunder to any
24 person, firm, company, corporation or other commercial or legal entity, nor
25 merge with any other corporation or entity, nor shall transfer the controlling
26 interest of the grantee, whether as a whole or in parts and whether
27 simultaneously or contemporaneously, to any such person, firm, company,
28 corporation or entity without the prior approval of the Congress of the

1 Philippines: *Provided*, That Congress shall be informed of any sale, lease,
2 transfer, grant of usufruct, or assignment of franchise or the rights and
3 privileges acquired thereunder, or of the merger or transfer of the controlling
4 interest of the grantee, within sixty (60) days after the completion of said
5 transaction: *Provided, further*, That failure to report to Congress such change
6 of ownership shall render the franchise *ipso facto* revoked: *Provided, finally*,
7 That any person or entity to which this franchise is sold, transferred or
8 assigned, shall be subject to the same conditions, terms, restrictions, and
9 limitations of this Act.

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

20 SEC. 13. *General Broadcast Policy Law*. — The grantee shall comply
21 with and be subject to the provisions of a general broadcast policy law which
22 Congress may hereafter enact.

23 SEC. 14. *Reportorial Requirement*. — The grantee shall submit an
24 annual report to the Congress of the Philippines, through the Committee on
25 Legislative Franchises of the House of Representatives and the Committee on
26 Public Services of the Senate, on its compliance with the terms and conditions
27 of the franchise and on its operations on or before April 30 of every year
28 during the term of its franchise. The reportorial compliance certificate issued

1 by Congress shall be required before any application for permit or certificate is
2 accepted by the NTC.

3 SEC. 15. *Penalty Clause.* - Failure of the grantee to submit the
4 requisite annual report to Congress shall be penalized by a fine of five hundred
5 pesos (P500.00) per working day of noncompliance. The fine shall be collected
6 by the NTC from the delinquent franchise grantee separate from the reportorial
7 penalties imposed by the NTC.

8 SEC. 16. *Equality Clause.* - Any advantage, favor, privilege,
9 exemption, or immunity granted under existing franchises, or which may
10 hereafter be granted for radio and/or television broadcasting, upon prior review
11 and approval of Congress, shall become part of this franchise and shall be
12 accorded immediately and unconditionally to the herein grantee: *Provided,*
13 That the foregoing shall neither apply to nor affect the provisions of
14 broadcasting franchises concerning territory covered by the franchise, the life
15 span of the franchise, or the type of service authorized by the franchise.

16 SEC. 17. *Separability Clause.* - If any of the sections or provisions of
17 this Act is held invalid, all other provisions not affected thereby shall remain
18 valid.

19 SEC. 18. *Repealability and Nonexclusivity Clause.* - This franchise
20 shall be subject to amendment, alteration, or repeal by the Congress of the
21 Philippines when the public interest so requires and shall not be interpreted as
22 an exclusive grant of the privileges herein provided for.

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

Approved,

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