

REPUBLIC OF THE PHILIPPINES
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
Third Regular Session

House Bill No. 8488



Introduced by **MAGDALO Party-List Representative**
HON. GARY C. ALEJANO

EXPLANATORY NOTE

This proposed measure establishes a national policy on subscribed television service. The cable/community antennae television was first introduced in the country around four decades ago. Today, it is a mammoth industry, serving majority of our municipalities and cities with an estimated total investment of more than P8 billion, employing thousands all over the country.

In the forty (40) years of its existence in the Philippines, subscribed television service has had its own share of challenges and obstacles. Operators have continually been hounded by confusing government policies, lack of access to funds, and inadequate government support and incentives to promote the industry.

This proposed bill seeks to address the needs of the industry by setting down procedures, standards, and guidelines that would encourage the growth and development of subscribed television services. Among the salient features of the measure are:

- a. Differentiation between Subscribed Television Network Services (STVNS) and Subscribed Television Communications Services (STVCS), in order to define the classification of services provided by the various STVS companies that comprise the industry;
- b. Providing specific rights to subscribed television service operators such as the right of easement, right to lease excess capacity, and right to advertise; and
- c. Repeal of Executive Orders No. 205 and 436, which hinder the advancement of the industry.

The passage of this bill is long overdue. The industry needs this legislation so it can thrive as a legitimate business, provide better service to its subscribers, and create employment for the residents in their respective service area of operations. It is expected that more investors will likely participate in this industry if it has a definite set of regulations.

This bill was previously filed by former Camiguin Rep. Pedro P. Romualdo in the 15th Congress.

In view of the foregoing, approval of this bill is earnestly sought.


Rep. Gary C. Alejano

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AN ACT
TO PROMOTE AND REGULATE THE SUBSCRIBED TELEVISION SERVICE 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. Short Title.**—This Act shall be known as the “**Subscribed Television**
2 **Regulation Act.**”

3 **SEC. 2. Scope and Application.**—This Act shall apply to all subscribed television systems
4 and services (STVS) in the Philippines.

5 **SEC. 3. Declaration of Policy.**—It shall be the policy of the State to:

6 a. Recognize Subscribed Television Services (STVS) as a service impressed with public
7 interest and therefore subject to reasonable government regulation;

8 b. Promote viable competition and prevent monopolistic behavior in the STVS industry in
9 order to sustain its growth;

10 c. Ensure equal access by STVS providers to all programs;

11 d. Establish and promote the highest standards for STVS and operations to maximize its
12 value to its subscribers; and

13 e. Encourage self-regulation in the STVS industry and professionalism in the delivery of its
14 services through nationwide associations of legitimate cable television service operators.

15 **SEC. 4. Definition of Terms.**—For the purposes of this Act:

16 a. **Subscribed Television Services (STVS)** shall refer to and comprise of:

17 1. **Subscribed Television Communications Services (STVCS)**—which shall refer to the
18 transmission or delivery to subscribers of video and audio programming and/or other
19 programming service for a fee, with or without subscriber interaction, through fiber optics,
20 coaxial cable, satellite, and/or future technological means;

1 **2. Subscribed Television Network Service (STVNS)**—which shall refer to the equipment
2 and facilities necessary for the generation, relay and reception of television and its
3 associated control signals of any design by wire or wireless means for the purpose of
4 providing television service to multiple subscribers with defined geographic service areas.

5 **b. Subscribed Television Operator/Entity**—shall refer to any person or group of persons,
6 natural or juridical, engaged in the operation of subscribed television network service and is
7 actually providing subscribed television service to the subscribers.

8 **c. Direct Broadcast Satellite Service**—shall refer to the service that delivers TV programs
9 to the home through a satellite receiving dish, rather than a cable system landline wherein pictures
10 are sent aloft, bounced off a satellite transponder and returned directly to the subscriber's home;
11 also popularly known as direct-to-home/direct-to-user broadcast system.

12 **d. Multi-distribution System Service**—shall refer to a cable television service transmitted
13 to the user via terrestrial radio.

14 **e. Commission**—shall refer to the National Telecommunications Commission (NTC.)

15 **f. Provisional Authority**—shall refer to a conditional authority granted by the Commission,
16 for a period of two (2) years, to a qualified applicant, after due notice and hearing, to operate and
17 maintain a STVS, pending the grant of a Certificate of Authority.

18 **g. Certificate of Authority**—shall refer to a grant consistent with the STVS policies and
19 objectives to a qualified applicant, after due notice and hearing of a final authority to own, operate,
20 and maintain a STVS by the Commission.

21 **h. Franchise**—shall refer to a privilege conferred upon a cable television operator/entity by
22 Congress, authorizing that operator/entity to engage in the operations of a subscribed television
23 service.

24 **i. Franchise grantee**—shall refer to a person or any group of persons, natural or juridical,
25 associations or entities granted a legislative franchise to operate a STVNS.

26 **j. Service area**—shall refer to the area of operation of one or more STVCS operator/s. It
27 may refer to a city, municipality, region, or the entire country.

28 **SEC. 5. Supervision and Regulation.**—The supervision and regulation of the operations of
29 STVS in the Philippines shall be vested in the National Telecommunications Commission. In
30 particular, the Commission shall:

31 a. Provide guidelines for the authorization, licensing, construction, or installation,
32 operation and maintenance of a STVS in the Philippines;

33 b. Issue, suspend and revoke Certificates of Authority or Provisional Authority,
34 licenses, permits, and other authorization in the exercise of its regulatory and supervisory
35 powers under this Act;

1 c. Hear, investigate, and decide all questions, controversies or disputes arising out of
2 or in connection with the operations of STVS in the country;

3 d. Determine the necessity of granting additional subscribed television operators
4 within a service area covered by existing operators;

5 e. Issue subpoenas and require the production of books, papers, records, and other
6 documents as may be necessary in the resolution of any matter under its consideration;

7 f. Prosecute violations of the provision of this Act, rules and regulations, orders and
8 other issuances promulgated by the Commission in the implementation of this Act, and
9 impose penalties and other sanctions on such violation; and

10 g. Perform such other functions as the Commission deems to necessary in the
11 implementation of this Act.

12 **SEC. 6. Legislative Franchise.**—Any person, association, or corporation who shall install
13 and operate or render STVNS on a nationwide basis only shall be required to obtain and secure a
14 franchise from the Congress of the Philippines and a Certificate of Authority from the Commission:
15 *Provided*, That municipal or provincial STVNS operators shall be required to obtain and secure the
16 necessary local government permit and licenses from the appropriate local government authority, as
17 well as a Certificate of Authority from the Commission.

18 A STVNS shall be deemed to be operated on a nationwide basis if the network is intended to
19 be installed and operated to service at least three (3) regions or at least three (3) provinces in
20 separate regions or in at least three (3) highly urbanized cities as its service area.

21 **SEC. 7. Authority to Operate.**—Any person, association, or corporation who shall install
22 and operate or render STVS within a municipality, city, or province shall be required to obtain a
23 Certificate of Authority as a pre-requisite for local permits and licenses from the Commission.

24 A Certificate of Authority to operate a STVS shall be issued in favor of an applicant legally,
25 technically, and financially capable of providing subscribed television service for a period of five
26 (5) years from the date of its issuance and subject to such other terms and conditions the
27 Commission may reasonably impose. However, the Commission may issue a provisional authority
28 to operate a STVS pending the grant of a Certificate of Authority to operate as long as the
29 subscribed service operator shall comply with existing policies and regulations of the Commission.

30 **SEC. 8. Non-Exclusivity.**—The Congress of the Philippines may award one or more
31 legislative franchise within the same service area. To encourage a competitive environment,
32 Congress shall give a franchise grantee a period of three (3) years from the grant of a franchise to
33 secure subscribers within the subject service area before granting another franchise to other
34 interested subscribed television operators within the same service area.

35 Notwithstanding, the Commission may grant to an interested applicant-operator the
36 authorization to operate a STVNS before the expiration of the three-year period given to a prior
37 STVNS operator within the same franchise area upon determination by the Commission that:

1 a. The prior subscribed television operator/entity has not substantially complied with
2 the terms and conditions of his authorization;

3 b. The STVNS being provided by the prior subscribed television operator/entity to its
4 subscriber is sub-standard, inefficient, and/or inadequate;

5 c. The prior subscribed television operator/entity has unreasonably and unjustifiably
6 refused or failed to comply with the terms and conditions of the authorization or the orders,
7 issuances or regulations promulgated by the Commission; and/or

8 d. The area is highly urbanized and is capable of sustaining more than two (2)
9 STVNS.

10 **SEC. 9. *Rights of Subscribed Television Operators.***—To maximize the use of available
11 facilities and promote development of the subscribed television industry, all subscribed television
12 operators/entities shall have the following rights:

13 a. **Right of Easement**—Duly authorized subscribed television operators shall have the right
14 of easement over right-of-way granted to existing public utilities and dedicated to compatible uses;
15 Provided, That the subscribed television operator shall ensure that:

16 1. The owner of the property subject to easement is justly compensated for the servitude and
17 damages caused by the installation, operation, or removal of its subscribed television
18 facilities;

19 2. The function, appearance, and safety of the property subject to easement and the
20 convenience and safety of other users and the general public are not adversely affected; and

21 3. The expenses of installation, operation, or removal of such facilities are borne by the
22 subscribed television operator exercising the right of easement; *Provided, further,* That the
23 rate of annual fees to be paid by the subscribed television operator in compensation to the
24 owner of the property subject to easement shall be fixed by the Commission.

25 b. **Right to Lease Excess Capacity**—Duly authorized subscribed television
26 operators/entities may, with the approval of the Commission, lease or sub-lease the excess capacity
27 of its cable television system, but may not utilize such excess capacity, or in any manner engage, in
28 broadcast or telecommunications without securing the appropriate legislative franchise from the
29 Congress of the Philippines and authority from the Commission.

30 **SEC. 10. *Use of Public Utility Facilities and/or Poles.***—Subscribed television operators
31 may use existing public utility facilities and/or poles dedicated to compatible uses: *Provided,* That
32 public utility operators/entities shall ensure that the rates for the use of its facilities and/or poles
33 shall be made transparent to the public through publication of rates which must be based on the use
34 of such facilities and/or poles by the subscribed television operator/entity as fixed by the
35 Commission in coordination with the National Electrification Administration (NEA).

1 **SEC. 11. *Value-added Services.***—Subscribed Television Operators may offer, provide, and
2 operate other STVNS-related value-added services: *Provided*, That the prior approval of the
3 Commission is acquired.

4 **SEC. 12. *Advertisements.***—Subscribed television may include advertisements and other
5 similar paid segments for which the operator may charge and collect reasonable fees: *Provided*,
6 That said advertisements and similar paid segments shall be exhibited or shown at the start and/or
7 end of the program. *Provided*, finally, That no foreign program provider or distributor shall be
8 allowed to solicit and sell commercial positions and advertising time in their programming for
9 products and services directed solely at and within the Philippines and insert such advertisements in
10 the regional satellite feed of such foreign programmers and distributors to be received by the
11 subscribed television operator.

12 **SEC. 13. *Carriage of Commercial/Local Television Signal.***—Operators of
13 commercial/local television networks, as owners of the program, may choose whether or not to be
14 carried by the STVCS operators, and may charge reasonable fees.

15 Discriminatory policies shall not be allowed. The broadcast operator must charge the same
16 rate to all STVCS operators who avail carriage of the program.

17 **SEC. 14. *Deregulation of Service Rates.***—The deregulation of service rates of cable
18 television system operators shall be maintained and respected by the government to encourage
19 growth in the industry and foster the availability of quality programs.

20 The Commission shall, however, retain its residual powers to regulate service rates when
21 ruinous competition results or when a monopoly or a cartel or a combination thereof, in restraint of
22 free competition exists and the service rates are distorted or unable to function freely and the
23 subscribers are adversely affected. In such cases, the Commission shall establish either a floor or
24 ceiling on the service rates.

25 **SEC. 15. *Responsibilities of Subscribed Television Operator to the Public.***—The
26 subscribed television operator or entity shall have the following responsibilities:

27 a. Provide adequate free public service time to relay government information on certain
28 national issues and in case of national emergencies and calamities;

29 b. Conform to the ethics of honest enterprise and not use its stations for the exhibition,
30 distribution, or transmission of materials in violation of existing laws, executive orders, rules and
31 regulations of the Movie and Television Review and Classification Board, Optical Media Board,
32 Intellectual Property Office, Department of Trade and Industry, Securities and Exchange
33 Commission and other related government agencies;

34 c. Provide prior notification to its subscribers concerning the adjustments of subscribers
35 rates and fees, or the change or deletion of programs, or the transfer of programs to another channel
36 except in instances of technical non-viability; and

37 d. Ensure and maintain the best quality of transmission of programs to its subscribers.

1 **SEC. 16. *Prohibited Acts.***—The following acts are hereby declared unlawful:

2 a. Engaging in any commercial television broadcast, telecommunications activity, or
3 STVCS, or electronic commercial transactions through the STVNS unless duly
4 approved/authorized for the purpose;

5 b. Receiving and distributing/transmitting satellite program signals, or cinematographic
6 works or other programs, without the written authorization of the concerned satellite programmer or
7 copyright owner;

8 c. Intercepting or receiving, or assisting in intercepting or receiving, any service offered
9 over a STVS by tapping or making or causing to be made, any unauthorized connection, to existing
10 subscribed television facilities through the recording, reproduction, distribution, importation of sale,
11 of intercepted or received subscribed television network service signals;

12 d. Using or receiving any direct or indirect benefit from any STVS through any of the
13 prohibited acts enumerated in the preceding paragraphs;

14 e. Using without proper authorization, any receiver-decoder or equivalent circumvention
15 devices or methods that allow for unauthorized decoding of encoded satellite program signals; and

16 f. Damaging, destroying, or removing, willfully or maliciously, STVS facilities and
17 accessories of authorized subscribed television operators which would result into system disruption
18 or network degradation.

19 **SEC. 17. *Incentives.***—Subscribed Television Operators may avail of the benefits granted to
20 radio and television broadcasting stations under Presidential Decree No. 1362 and Executive Order
21 No. 226 arising from the importation of subscribed television equipment and accessories.

22 **SEC. 18. *Penalties.***—Any person, including directors and officers of a corporation, who
23 knowingly and willfully violates any provision of this Act or commits any of the prohibited acts in
24 the preceding section or any provision of this Act shall be punished:

25 a. On the first offense, by a fine of not less than One Hundred Thousand Pesos (P100,000)
26 but not more than Three Hundred Thousand Pesos (P300,000) or imprisonment of not less than
27 three (3) years but not more than five (5) years; and

28 b. On the second offense, by a fine of not less than Three Hundred Thousand Pesos
29 (P300,000) but not more than One Million Pesos (P1,000,000) or imprisonment of not less than
30 three (3) years, but not more than five (5) years or both, and permanent ineligibility to receive a
31 franchise and authority to operate.

32 Any person, natural or juridical, aggrieved by any violation of the preceding sections may
33 bring a civil, criminal, or administrative action in a court or body of competent jurisdiction.

34

1 **SEC. 19. *Implementing Rules and Regulations.***—For the implementation of this Act, the
2 Commission shall, in consultation with the Movie and Television Review and Classification
3 Review, Videogram Regulatory Board, Intellectual Property Office, and Regional Cable Television
4 Cooperatives, promulgate the implementing rules and regulations to govern the operations of the
5 subscribed television industry within six (6) months after the effectivity of this Act.

6 **SEC. 20. *Reportorial Requirements.***—A duly authorized subscribed television
7 operator/entity shall submit an annual report on its operations to the Commission.

8 **SEC. 21. *Repealing Clause.***—Executive No. 205, Executive Order No. 436 and all other
9 laws, decrees, rules and regulations or parts thereof inconsistent with the provisions of this Act is
10 hereby repealed or modified accordingly..

11 **SEC. 22. *Separability Clause.***—If any part or provision of this Act is declared invalid or
12 unconstitutional, the other parts not otherwise affected shall remain in full effect and force.

13 **SEC. 23. *Effectivity.***—This Act shall take effect fifteen (15) days after its publication in the
14 Official Gazette or in at least two (2) newspapers of general circulation.

Approved,