

THIRTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
First Regular Session)

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SENATE
S. No. 231

Introduced by Senator S. R. Osmeña III

EXPLANATORY NOTE

Industries associated with information technology (IT) have led and fuelled the monumental leaps and strides in technology at the turn of the millenium, making possible the rapid dissemination of advancements in science, technology, agriculture, engineering, and many other fields of knowledge. Today, the possibilities facing IT industries are endless.

As a medium for the delivery of television services to subscribers and the general public, Community Antennae Television (CATV) or cable TV partakes of the character of a public utility. This bill proposes to vest in the National Telecommunications Commission (NTC), regulatory and supervisory powers over the Cable TV industry in order to safeguard the public interest and to provide acceptable standards of service in cable TV.

In view of the foregoing, early passage of this bill is earnestly requested.


SERGIO OSMEÑA III
Senator

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AN ACT
PROMOTING AND REGULATING THE OPERATION OF CABLE TELEVISION IN
THE PHILIPPINES, AND FOR OTHER PURPOSES

Be it enacted by the Senate and the House of Representatives of the Republic of the Philippines in Congress assembled:

1 **SECTION 1. Title.** – This Act shall be known as the “Cable Television
2 Act of 2004.”

3 **SEC. 2. Declaration of Policies.** - It shall be the policy of the State to:

4 a) Recognize that the delivery of cable television services to subscribers is
5 impressed with public interest and subject to minimal and reasonable
6 government regulation;

7 b) Allow, as public interest requires, viable competition in the cable
8 television industry in order to achieve and sustain its growth, to ensure
9 the industry’s responsiveness to the needs and interests of its
10 subscribers and of the general public, and discourage and prohibit
11 monopolies in the industry;

12 c) Establish and promote the highest standards for cable television
13 operation and service to maximize the informative, educational and
14 entertainment or recreational value of cable television technology to the
15 public; and

1 d) Encourage self-regulation in the cable television industry and
2 professionalism in the delivery of its services through nationwide
3 associations of legitimate cable television service operators.

4 **SEC. 3. Definition of Terms.** - As used in this Act

5 a) Cable Television System – refers to any and all processes and facilities
6 for the purpose of providing service within defined service areas and to
7 multiple subscribers multiple-channel community antennae or cable
8 television and delivering programs of broadcast television stations and/or
9 program providers.

10 b) Cable Television Operator – refers to any person granted a Provisional
11 Authority or a Certificate of Authority as provided in this Act, and is
12 actually providing cable television service to its subscribers.

13 c) Cable Television Service - includes services rendered by a cable
14 television operator for a fee, such as

15 i) one or two-way transmission to subscribers of video programs and
16 other audio-visual programs; and

17 ii) subscriber interaction or selection of video programs and other
18 audio-visual services but excludes:

19 a) re-transmission of television signals of one or more television
20 broadcast stations; and

21 b) a cable television facility that serves fewer than fifty (50)
22 subscribers at any given time.

23 d) Commission - refers to the National Telecommunications Commission.

24 **SEC 4. Ownership and Control.** - The ownership, control, and
25 operation of cable television systems in the Philippines shall be open to all
26 citizens of the Philippines, or associations, cooperatives, partnerships, joint
27 ventures, or corporations organized under Philippine laws at least sixty percent
28 (60%) of the capital of which is owned by citizens of the Philippines.

1 **SEC. 5. Regulation and Supervision of the Cable Television Industry.**

2 - The regulation and supervision of the cable television industry in the
3 Philippines is hereby vested in the National Telecommunications Commission.

4 **SEC. 6. Powers and Duties of the Commission.** - The Commission
5 shall have the following powers and duties:

6 a) to issue, suspend and revoke the Certificates of Authority of
7 Provisional Authority, licenses, permits and other authorizations in the
8 exercise of its regulatory and supervisory powers under this Act;

9 b) To promulgate, upon approval of the Secretary of Transportation and
10 Communication, rules and regulations to implement the provisions of
11 this Act;

12 c) To hear, investigate and decide all questions, controversies or
13 disputes arising out of or in connection with the operation of cable
14 television systems in the country and impose penalties and other
15 sanctions on violations of the provisions of this Act and its
16 implementing rules and regulations;

17 d) To issue subpoenas, require the production of books, papers, records
18 and other documents as may be necessary in the resolution of any
19 matter under its consideration; and

20 e) To prosecute violations of the provisions of this Act, rules and
21 regulations, orders and other issuance promulgated by the
22 Commission in the implementation of this Act.

23 **SEC. 7. Certificate of Authority** - It shall be unlawful for any person to
24 install and operate a cable television system, or render cable television service
25 for a fee, without a Certificate of Authority issued by the National
26 Telecommunications Commission.

27 A Certificate of Authority to operate a cable television system shall be
28 issued in favor of an applicant legally, technically and financially capable of
29 providing cable television service for a period of fifteen (15) years from the date

1 of its issuance and subject to such other terms and conditions as the
2 Commission may reasonably impose.

3 Pending the grant or issuance of the Certificate of Authority, the
4 Commission may issue a Provisional Authority to operate a cable television
5 system, likewise subject to the terms and conditions the Commission may
6 reasonably impose, which shall ripen into a Certificate of Authority two (2) years
7 from the date of issuance, unless earlier revoked by the Commission for valid
8 cause.

9 **SEC. 8. Non-exclusivity.** - The Commission may grant to an applicant-
10 operator the authorization to operate a cable television system within the same
11 franchise area covered by a Certificate of Authority or by a Provisional Authority
12 issued to another operator two (2) years earlier, upon determination by the
13 Commission that

- 14 a) The prior cable television operator has not substantially complied with
15 the terms and conditions of this authorization;
- 16 b) The cable television service concurrently provided by the operator to
17 its subscribers is sub-standard, inefficient, and/or inadequate;
18 and/or
- 19 c) The prior cable television operator has unreasonably and unjustifiably
20 refused or failed to comply with the terms and conditions of its
21 authorization or the orders, issuance or regulations promulgated by
22 the Commission.

23 **SEC: 9. Revocation of Authorization.** - The Commission shall, motu
24 proprio or on complaint of an interested party, upon notice and after due
25 hearing, revoke the authority granted to a cable television operator, if the
26 Commission determines that said cable television operator

- 27 a) has not commenced the commercial operation of its cable television
28 system as provided for in its authorization after two (2) years from the
29 date of issuance of the authorization;

- 1 b) has ceased the commercial operation of its cable television system;
- 2 c) provides its subscribers services below the standards prescribed by
- 3 law;
- 4 d) has engaged in business practices detrimental to healthy competition
- 5 within the industry; and
- 6 e) has unreasonably and unjustifiably refused or failed to comply with
- 7 the terms and conditions of its authorization or the orders, issuances,
- 8 or regulations promulgated by the Commission.

9 **SEC. 10. *Right of Easement.*** - duly authorized cable television
10 operators shall have the right of easement over rights-of-way granted to
11 existing public utilities and dedicated to compatible uses: *Provided*, That the
12 cable television operator shall ensure that:

- 13 a) the owner of the property subject of the easement is justly
- 14 compensated for the servitude and damages caused by the
- 15 installation, operation or removal of its cable television facilities;
- 16 b) the function, appearance and safety of the property subject of the
- 17 easement and the convenience and safety of other users and the
- 18 general public are not adversely affected; and
- 19 c) The expenses of installation, operation or removal of such facilities
- 20 are borne by the cable television operator exercising the right of
- 21 easement: *Provided, further*, That the rate of annual fees to be paid
- 22 by the cable television operator in compensation to the owner of the
- 23 property subject of the easement shall be fixed by the Commission.

24 **SEC. 11. *Lease of Excess Capacity.*** - A cable television operator may,
25 with the approval of the Commission, lease or sub-lease the excess capacity of
26 its cable television system, but may not utilize such excess capacity in, or in any
27 manner engage, in broadcast or telecommunications or other non-cable
28 television services without securing the appropriate legislative franchise and
29 authority from the Commission.

1 **SEC. 12. *Advertisements.*** Cable televisions service may include and
2 carry paid public announcements, notices and advertisements and other similar
3 segments, not exceeding a total of ten (10) minutes per hour of program, in
4 addition to insertions authorized by foreign programmers.

5 **SEC. 13. *Carriage of Commercial Television Signal.*** - A cable
6 television operator may carry on its cable television system the signals of
7 commercial television stations free of charges.

8 **SEC. 14. *Payment of Taxes.*** A cable television operator shall be
9 subject to the payment of taxes under the National Internal Revenue Code, as
10 amended.

11 **SEC. 15. *Prohibited Acts.*** The following acts are hereby declared
12 unlawful:

- 13 a) No cable television operator shall engage in any television broadcast
14 or telecommunication activity unless duly licensed for the purpose;
- 15 b) No cable television operator shall receive and distribute encoded or
16 un-encoded satellite program signals without the written authorization
17 of the concerned satellite programmer;
- 18 c) No person shall intercept or receive, or assist in intercepting or
19 receiving, any service offered over a cable system by tapping, making
20 or causing to be made any unauthorized connection to existing cable
21 television facilities, with drop, feeder and trunk lines, or by the
22 recording, manufacture, distribution, importation or sale, of
23 intercepted or received cable television signals; and
- 24 d) No person shall knowingly use or receive any direct or indirect benefit
25 from any cable television service through any of the prohibited acts
26 enumerated in the preceding paragraphs.

27 **SEC. 16. *Penalties.*** Any person, including directors and officers of
28 corporations, who knowingly and willfully violates any provision of this Act or
29 commits any of the prohibited acts in the preceding section shall be punished by

1 a fine of not less than fifty thousand pesos (P50,000.00) but not more than
2 three hundred thousand pesos (P300,000.00) or an imprisonment term of not
3 less than one (1) year but not more than three (3) years, or both.

4 **SEC. 17. *Repealing Clause.*** - All laws, decrees, orders, rules and
5 regulations and other issuances inconsistent with the provisions of this Act are
6 deemed modified, revoked or repealed accordingly.

7 **SEC. 18. *Effectivity.*** This Act shall take effect fifteen (15) days after its
8 publication in two (2) leading newspapers of national circulation.

Approved,