

THIRTEENTH CONGRESS OF THE REPUBLIC
OF THE PHILIPPINES
Second Regular Session

6 FEB -1 P153

SENATE

RECEIVED BY: 

COMMITTEE REPORT NO. 46

Submitted by the Committee on Public Services on FEB 1 2006

Re : House Bill No. 692

Recommending its approval with amendments.

Sponsor: Senator Arroyo

MR. PRESIDENT:

The Committee on Public Services, to which was referred House Bill No. 692, introduced by Representatives Romualdo and Zubiri, entitled:

**“AN ACT
GRANTING CABLE LINK AND HOLDINGS CORP. A FRANCHISE TO
CONSTRUCT, INSTALL, ESTABLISH, OPERATE AND MAINTAIN
CABLE/COMMUNITY ANTENNAE TELEVISION SYSTEMS IN THE
PHILIPPINES”**

has considered the same and has the honor to report it back to the Senate with the recommendation that it be approved with the following amendments:

1. On page 2, line 9, delete the “s” from the word “leases”;
2. On page 6, before Section 10 (Self-Regulation by and Undertaking of Grantee), insert a new section to read as follows:

“SEC. ____ . TAX PROVISIONS. – THE GRANTEE, ITS SUCCESSORS OR ASSIGNS, SHALL BE SUBJECT TO THE PAYMENT OF ALL TAXES, DUTIES, FEES OR CHARGES AND OTHER IMPOSITIONS UNDER THE NATIONAL INTERNAL REVENUE CODE (NIRC) OF 1997, AS AMENDED, AND OTHER APPLICABLE LAWS: PROVIDED, THAT NOTHING HEREIN SHALL BE CONSTRUED AS REPEALING ANY SPECIFIC TAX EXEMPTIONS, INCENTIVES OR PRIVILEGES GRANTED UNDER ANY RELEVANT LAW: PROVIDED, FURTHER, THAT ALL RIGHTS, PRIVILEGES, BENEFITS AND EXEMPTIONS

ACCORDED TO EXISTING AND FUTURE CABLE/COMMUNITY ANTENNAE TELEVISION SYSTEMS SHALL LIKEWISE BE EXTENDED TO THE GRANTEE.

"THE GRANTEE SHALL FILE THE RETURN WITH THE CITY OR MUNICIPALITY WHERE ITS PRINCIPAL PLACE OF BUSINESS IS LOCATED AND PAY THE TAXES DUE THEREON TO THE COMMISSIONER OF INTERNAL REVENUE OR HIS DULY AUTHORIZED REPRESENTATIVE IN ACCORDANCE WITH THE NIRC AND THE RETURN SHALL BE SUBJECT TO AUDIT BY THE BUREAU OF INTERNAL REVENUE."

3. On page 7, line 2, after the word "stations", insert the punctuation comma (,) and the phrase "TRANSMITTERS, FACILITIES AND EQUIPMENT"; and
4. Renumber the sections accordingly.

Respectfully submitted:


JOKER P. ARROYO
Chairman

Members:


RALPH G. RECTO


MAR ROXAS


RICHARD J. GORDON

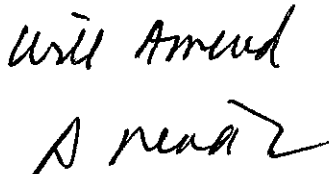

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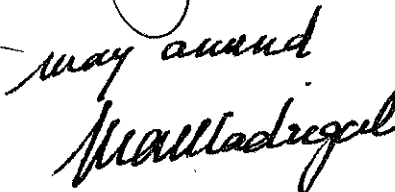

JUAN PONCE ENRILE


MANNY VILLAR


EDGARDO J. ANGARA


PANFILO M. LACSON

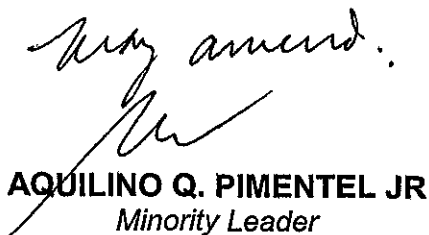

SÉRGIO OSMEÑA III


M.A. MADRIGAL

Ex-Officio Members:


JUAN M. FLAVIER
Pro-Tempore


FRANCIS N. PANGILINAN
Majority Leader


AQUILINO Q. PIMENTEL JR
Minority Leader

Hon. FRANKLIN M. DRILON
President
Senate of the Philippines
Pasay City



HOUSE OF REPRESENTATIVES

H. No. 692

BY REPRESENTATIVES ROMUALDO AND ZUBIRI

AN ACT GRANTING THE CABLE LINK & HOLDINGS CORP. A
FRANCHISE TO CONSTRUCT, INSTALL, ESTABLISH, OPERATE
AND MAINTAIN CABLE/COMMUNITY ANTENNAE
TELEVISION SYSTEMS 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, there
3 is hereby granted to Cable Link & Holdings Corp., hereunder referred to as the
4 grantee, its successors or assigns, a franchise to construct, install, establish,
5 operate and maintain for commercial purposes and in the public interest,
6 cable/community antennae television (CATV) systems and other related
7 services in and between the different provinces, cities and municipalities in the
8 Philippines and between the Philippines and other countries and territories
9 through the reception of audio, visual and other signals of the different

1 national and local television and radio stations in the Philippines and those of
2 foreign television, radio and other stations and the distribution or transmission
3 of the same to homes, offices, condominiums, subdivisions, hotels, restaurants
4 and other residential, commercial and industrial structures and other public
5 and private conveyance within the Philippines: to originate, store, distribute,
6 transmit and receive through said systems, news and documentaries,
7 entertainment, cultural, informational and educational radio and television
8 programs both live and recorded; to construct, establish, install, operate,
9 manage, leases, maintain and purchase transmitting, receiving and switching
10 stations both local and international services, lines, fiber optics, microwave,
11 cables, satellite transmit, pay and pay per view television, video on demand
12 and public information on demand services, multi-disc read only memory
13 network deliver, and other value-added services and all other related
14 technologies as are at present available, or to be made available through
15 technological advances or innovations in the future, as is, or are convenient to
16 or essential to efficiently carry out the purpose of this franchise.

17 SEC. 2. *Manner of Operation of Stations or Facilities.* – The stations
18 or facilities of the grantee shall be constructed and operated in a manner as
19 will, at most, result only in the minimum interference on the wavelengths or
20 frequencies of existing stations or other stations which may be established by
21 law, without in any way diminishing its own right to use its selected

1 wavelengths or frequencies and the quality of transmission or reception
2 thereon as should maximize rendition of the grantee's services and/or
3 availability thereof.

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

11 SEC. 4. *Ingress and Egress.* - For the purpose of erecting and
12 maintaining poles or other supports for said wires or other conductors for the
13 purpose of laying and maintaining underground wires, cables or other
14 conductors, it shall be lawful for the grantee, its successors or assigns, with the
15 prior approval of the Department of Public Works and Highways (DPWH), to
16 make excavations or lay conduits in any of the public places, highways,
17 streets, lanes, alleys, avenues, sidewalks or bridges of said provinces, cities
18 and/or municipalities: *Provided, however,* That any public place, highway,
19 street, lane, alley, avenue, sidewalk or bridge disturbed, altered or changed by
20 reason of erection of poles or other supports of the underground laying of
21 wires, other conductors or conduits, shall be repaired and replaced in a

1 workmanlike manner by said grantee, its successors or assigns, in accordance
2 with the standards set by the DPWH. Should the grantee, its successors or
3 assigns, after ten (10) days' notice from the said authority, fail, refuse or
4 neglect to repair or replace any part of a public place, road, highway, street,
5 lane, alley, avenue, sidewalk or bridge altered, changed or disturbed by the
6 said grantee, its successors or assigns, then the DPWH shall have the right to
7 have the same repaired and placed in good order and condition at double the
8 expense to be charged against the grantee, its successors or assigns.

9 SEC. 5. *Responsibility to the Public.* – The grantee shall provide
10 adequate public service time to enable the government, through the said cable
11 television stations, to reach the population on important public issues; provide
12 at all times sound and balanced programming; promote public participation
13 such as in community programming; assist in the functions of public
14 information and education; conform to the ethics of honest enterprise; and not
15 use its stations for the transmission of obscene and indecent language, speech,
16 act or scene, or for the dissemination of deliberately false information or
17 willful misrepresentation, to the detriment of the public interest, or to incite,
18 encourage or assist in subversive or treasonable acts.

19 SEC. 6. *Right of Government.* – A special right is hereby reserved to
20 the President of the Philippines, in times of war, rebellion, public peril,
21 calamity, emergency, disaster or disturbance of peace and order, to

1 temporarily take over and operate the stations or facilities of the grantee, to
2 temporarily suspend the operation of any station or facility in the interest of
3 public safety, security and public welfare, or to authorize the temporary use
4 and operation thereof by any agency of the government, upon due
5 compensation to the grantee, for the use of said stations or facilities during the
6 period when they 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. 7. *Term of Franchise.* – This franchise shall be for a term of
11 twenty-five (25) years from the date of effectivity of this Act, unless sooner
12 revoked or cancelled. This franchise shall be deemed *ipso facto* revoked in
13 the event the grantee fails to comply with any of the following conditions:

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

16 (b) Operate continuously for two years; and

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

19 SEC. 8. *Acceptance and Compliance.* – Acceptance of this franchise
20 shall be given in writing within sixty (60) days from the effectivity of this Act.

1 Upon giving such acceptance, the grantee shall exercise the privileges granted
2 under this Act. Nonacceptance shall render the franchise void.

3 SEC. 9. *Bond.* – The grantee shall file a bond issued in favor of the
4 NTC, which shall determine the amount, to guarantee the compliance with and
5 fulfillment of the conditions under which this franchise is granted. If after
6 three years from the date of the approval of its permit by the Commission, the
7 grantee shall have fulfilled the same, the bond shall be cancelled by the
8 Commission. Otherwise, the bond shall be forfeited in favor of the
9 government and the franchise *ipso facto* revoked.

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

19 SEC. 11. *Warranty in Favor of National and Local Governments.* –
20 The grantee shall hold the national, provincial, city and municipal
21 governments of the Philippines free from all claims, accounts, demands or

1 actions arising out of accidents or injuries, whether to property or to persons,
2 caused by the construction or operation of the stations of the grantee.

3 SEC. 12. *Sale, Lease, Transfer, Usufruct, Etc.* — The grantee shall not
4 lease, transfer, grant the usufruct of, sell nor assign this franchise or the rights
5 and privileges acquired thereunder to any person, firm, company, corporation
6 or other commercial or legal entity, nor merge with any other corporation or
7 entity, nor shall the controlling interest of the grantee be transferred, whether
8 as a whole or in parts and whether simultaneously or contemporaneously, to
9 any such person, firm, company, corporation or entity without the prior
10 approval of the Congress of the Philippines. Any person or entity to which
11 this franchise is sold, transferred or assigned, shall be subject to the same
12 conditions, terms, restrictions and limitations of this Act.

13 SEC. 13. *Dispersal of Ownership.* — In accordance with the
14 constitutional provision to encourage public participation in public utilities,
15 the grantee shall offer at least thirty percentum (30%) of its outstanding
16 capital stock or a higher percentage that may hereafter be provided by law in
17 any securities exchange in the Philippines within five years from the time it
18 has achieved the status of a national cable television network. A “national
19 cable television network” is hereby defined as one that operates in three or
20 more cities and/or municipalities. Noncompliance therewith shall render the
21 franchise *ipso facto* revoked.

1 SEC. 14. *General Cable Television Policy Law.* – The grantee shall
2 comply with and be subject to the provisions of a general cable television
3 policy law which Congress may hereafter enact.

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

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

11 SEC. 17. *Repealing and Nonexclusivity Clause.* – This franchise shall
12 be subject to amendment, alteration or repeal by the Congress of the
13 Philippines when the public interest so requires and shall not be interpreted as
14 an exclusive grant of the privileges herein provided for.

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

 Approved,