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COMMITTEE MEETINGS ON HOUSE MEASURES

COMMITTEE	MEASURES		SUBJECT MATTER	ACTION TAKEN/DISCUSSION
	NO.	PRINCIPAL AUTHOR		
Legislative Franchises jt. w/ Good Government and Public Accountability	HBs 6694 & 6901	Reps. Rodriguez and Salo	Granting ABS-CBN Corporation (formerly ABS-CBN Broadcasting Corporation) a franchise to construct, install, operate and maintain radio and television broadcasting stations in the Philippines	The Joint Committee, co-chaired by Rep. Franz "Chicoy" Alvarez (1 st District, Palawan), Chair of the Committee on Legislative Franchises, and Rep. "Kuya" Jose Antonio Sy-Alvarado (1 st District, Bulacan), Chair of the Committee on Good Government and Public Accountability, will deliberate further on the 18 measures in its next meeting.
	HBs 676, 3521, 3713, 3947, 4305, 5608, 5705, 5753, 6052, 6138 & 6293	Rep. Violago, Deputy Speaker Arenas, Reps. Tambunting, Aragones, Deputy Speakers Santos-Recto and Gonzales (A.), Reps. Rodriguez, Ramirez-Sato, Zarate, Go (M.), and Deputy Speaker Legarda	Renewing for another 25 years the franchise granted to ABS-CBN Corporation under RA 7966	In today's meeting, the Joint Committee focused its discussion on the issue of whether or not ABS-CBN Broadcasting Corporation violated Article XVI, Section 11 of the 1987 Constitution requiring 100% Filipino ownership and management of mass media through its issuance of Philippine Depositary Receipts (PDRs) to foreign investors. ABS-CBN Holdings Corporation legal counsel Cynthia del Castillo defended the company from accusations that it violated the Constitution when it issued PDRs to foreign investors.
	HR 639	Rep. Lagman	Urging the Committee on Legislative Franchises to report out without further delay for plenary action a consolidated version of eight pending bills proposing for the renewal for another 25 years of the legislative franchise of ABS-CBN Corporation	Del Castillo argued that PDR holders do not enjoy ownership of the mass media corporation, adding that the PDR is a contract between the holder and ABS-CBN Holdings Corporation, not ABS-CBN Broadcasting Corporation. She stressed that the PDR is a mere financial instrument which gives its holders the right to receive cash distributions from the holdings company and the right to dispose of or sell the PDRs in the market. PDR holders have the right to convert and subsequently sell the underlying ABS-CBN Broadcasting Corporation shares only if they are Filipino citizens, which cannot be exercised by foreign PDR holders.
	HR 839	Rep. Fortun	Condemning the issuance by the National Telecommunications Commission (NTC) of a cease and desist order against ABS-CBN in wanton disregard of its commitment to both Houses of Congress to grant the broadcasting network a provisional authority to operate pending renewal of its franchise	Del Castillo added that ownership of PDRs is not the same as ownership of stocks and that it does not accord the holders the right to vote on any matter dealing with ABS-CBN Broadcasting Corporation or to manage the affairs of the company. She manifested that the holdings company acted in good faith when it issued the PDRs having first secured the approval from both the Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE).
	HR 846	Rep. Defensor (M.)	Calling on the appropriate House committees to investigate and file criminal cases as warranted against the Commissioners and officers of the NTC and the Solicitor General and such other officials and individuals for perjury and for violation of the Code of Conduct and Ethical Standards for Public Officials and Employees and the Anti-Graft and Corrupt Practices Act and other applicable laws	Lawmakers were divided on whether or not mere ownership of PDRs was tantamount to having control or ownership of the media company.
	HR 853	Deputy Speaker Duterte	Inquiry into the probable violations of ABS-CBN Corporation of its legislative franchise under RA 7966	

Continuation... Legislative Franchises jt. w/ Good Government and Public Accountability	HR 863	Rep. Sarmiento	Urging the House of Representatives, through the Committee on Legislative Franchises, to admonish the NTC on its failure to comply with its commitment under oath and to conduct an inquiry, in aid of legislation, on the same and on possible measures to be taken on the matter	<p>Senior Deputy Majority Leader Jesus Crispin Remulla (7th District, Cavite), Deputy Speakers Rodante Marcoleta (Party-List, SAGIP) and Danilo Ramon Fernandez (1st District, Laguna), Committee Vice Chair Rep. Michael Defensor (Party-List, ANAKALUSUGAN), and Rep. Elpidio Barzaga Jr. (4th District, Cavite) were of the opinion that the PDRs granted foreign investors some form of ownership and control over ABS-CBN Broadcasting Corporation, which is violative of the Constitution.</p> <p>According to Rep. Remulla, it was ABS-CBN's use of corporate layering which conceals foreign ownership of the media company, hence a possible circumvention of the constitutional requirement of 100% Filipino ownership of mass media companies. He explained that in every PDR there is a corresponding share of stock of the ABS-CBN Broadcasting Corporation which is under the name of the ABS-CBN Holdings Corporation.</p> <p>Rep. Defensor said that PDR holders have indirect control over the management of the media company through a "negative covenant" or a bond which prevents certain activities from being undertaken. The PDR instrument prevents the holdings company (which is a stockholder of the broadcasting company) to "alter, modify or otherwise change its Articles of Incorporation or By-Laws or take any other action so as to materially prejudice any rights in relation to the PDRs." He quoted a Supreme Court decision which states that "What cannot be legally done directly cannot be done indirectly."</p> <p>Likewise, Rep. Barzaga said that the ABS-CBN Holdings Corporation is restricted from selling its shares in the media company because of its contractual obligation to the PDR holders, thereby giving the latter indirect control over the ABS-CBN Broadcasting Corporation. Rep. Barzaga said that "when there is restriction, there is control."</p> <p>Deputy Speaker Marcoleta alleged that the Constitutional restriction on the ownership of mass media may have been circumvented through the many rights given to ABS-CBN's PDR holders that constitute control in the mass media company as beneficial owners. These rights include the right to delivery of underlying shares (possession); right to the proceeds from the sale of underlying shares (enjoyment); and the right to sell the PDRs (disposition). He also questioned the PDR holder's right to designate the Philippine person (individual or entity) who will receive or sell the underlying shares and to modify the rights of the holder depending on several eventualities.</p> <p>Rep. Ron Salo (Party-List, KABAYAN), author of HB 6901, observed that the ABS-CBN Holdings Corporation may have resorted to the</p>
			Show Cause Order issued by the Committee on Legislative Franchises to the NTC	

<p>Continuation... Legislative Franchises jt. w/ Good Government and Public Accountability</p>				<p>use of PDRs to obtain investments from foreign entities. He said that although he supports ingenuity in attracting investments especially during financially trying times, adherence to the law is still of paramount importance.</p> <p>Deputy Speaker Fernandez manifested that mass media companies should be cautious or even refrain from issuing PDRs especially to foreign investors because of the constitutional issues that have been raised.</p> <p>On the other hand, Reps. Edcel Lagman (1st District, Albay), Josephine Ramirez-Sato (Occidental Mindoro), Carlos Isagani Zarate (Party-List, BAYAN MUNA), and Rufus Rodriguez (2nd District, Cagayan de Oro City) contended that PDR holders do not exercise the rights of stockholders prescribed under RA 11232 or the "Revised Corporation Code of the Philippines."</p> <p>Rep. Lagman said that the issuance of PDRs is completely legal and is not a circumvention of the constitutional restriction on foreign ownership. He said that PDR holders do not enjoy voting rights and full beneficial ownership. They are "not owners of ABS-CBN and do not participate in the management of ABS-CBN," he added.</p> <p>According to Rep. Rodriguez, PDR owners neither had control or ownership of the ABS-CBN Broadcasting Corporation. "What they have was a contractual obligation with the ABS-CBN Holdings Corporation," he said.</p> <p>When asked if there are other companies offering PDRs, SEC Commissioner Ephyro Luis Amatong answered that GMA Holdings, Inc. and Rappler Holdings Corporation also offered PDRs.</p> <p>Rep. Alfredo Garbin Jr. (Party-List, AKO BICOL) and Rep. Lawrence "Law" Fortun (1st District, Agusan del Norte) asked if there were differences among the PDRs offered by the three holding firms.</p> <p>Amatong said that the PDRs of GMA and ABS-CBN are virtually the same. Rappler's, however, has a provision which requires a two-thirds vote of the PDR holders to amend the company's Articles of Incorporation. This, according to Amatong, gave PDR holders a modicum of control violating Article XVI, Sec. 11 of the 1987 Constitution.</p> <p>When asked about possible violations by ABS-CBN's PDRs, Amatong said he believes there is none but that he would rather wait for the Supreme Court's clarification on the matter. Amatong also clarified that what the SEC approved was the issuance of ABS-CBN PDRs and that the actual buying and selling of the PDRs are no longer being examined by the Commission.</p>
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Continuation... Legislative Franchises jt. w/ Good Government and Public Accountability				<p>The Secretariat was tasked to secure a copy of the PDR documents of other media companies whose franchises were already granted and of those who are still applying for the renewal of legislative franchise.</p> <p>When asked by Minority Leader Bienvenido Abante Jr. (6th District, Manila) for their course of action if the SEC, courts, or Congress disallow mass media companies from issuing PDRs, ABS-CBN President and CEO Carlo Katigbak said that his company will be willing to modify, alter or comply if so directed.</p> <p>The ABS-CBN Broadcasting Corporation was asked to submit its record of dividends vis-à-vis ABS-CBN Holding Corporation's record of cash distribution for the past three years, as well as other documents required from it.</p>
Trade and Industry	HB 6122	Rep. Gatchalian	Protecting consumers and merchants engaged in internet transactions, creating for this purpose the eCommerce Bureau and appropriating funds therefor	<p>The Committee, chaired by Rep. Wes Gatchalian (1st District, Valenzuela City), will deliberate further on HB 6122 in its next meeting.</p> <p>Rep. Gatchalian, who is also the author of HB 6122, said that his bill seeks to create an eCommerce Bureau under the Department of Trade and Industry (DTI) which will serve as a virtual one-stop shop for consumer complaints on internet transactions and will take measures to build the trust between consumers and sellers to promote eCommerce growth. He added that the bill, once passed into law, will supplement the Consumer Act of the Philippines (RA 7394).</p> <p>Rep. Rosanna "Ria" Vergara (3rd District Nueva Ecija) asked how the big e-commerce platforms in the Philippines, such as Lazada and Zalora, monitor and police their sellers.</p> <p>Lazada Philippines' head of government affairs Cyril Alfred Castro replied that Lazada has put in place policies and procedures on how to deal with merchants who violate the rules. The company also has a point-system wherein a supplier who has incurred a certain number of violations gets automatically blacklisted, and may suffer penalties depending on the nature of the violation.</p> <p>Rep. Gatchalian asked Castro to submit a list of complaints or disputes received by Lazada and how these were acted upon or resolved.</p> <p>Committee Vice Chair Rep. Manuel Zubiri (3rd District, Bukidnon) asked the DTI how the consumers can be protected from unscrupulous online sellers who deliver low quality or defective goods, or products which were different from what were advertised.</p> <p>DTI Undersecretary for Consumer Protection Group Ruth Castelo said that the DTI holds the online business platforms responsible to the</p>

Continuation... Trade and Industry				<p>consumers, considering that they are the ones that issue receipts, advertise, and manage the online merchants.</p> <p>Castelo said the passage of the proposed law is necessary considering that complaints on internet transactions have increased significantly from 522 in 2016 to 9,044 in May 2020. She said that the proposed law will boost the trust and confidence of the public in online transactions and will ensure reliability of the online sellers thereby safeguarding the interests of consumers.</p> <p>ZALORA Philippines co-founder and CEO Paulo Campos agreed that online business platforms should be held accountable and take the responsibility for the quality of products that they are selling whether these are from third party merchants or not.</p> <p>On the query of Rep. Stella Luz Quimbo (2nd District, Marikina City), Castelo said that among the national government agencies, the DTI has the expertise in e-commerce and in dealing with consumer products, hence the reason why the DTI has become the natural choice to be the regulatory body under the bill.</p> <p>Expressing support for the proposed law, aside from the DTI, were representatives from the Bangko Sentral ng Pilipinas, Department of Information and Communications Technology, Intellectual Property Office of the Philippines, Movie and Television Review and Classification Board, Lazada Philippines, and Zalora Philippines.</p> <p>Before the meeting ended, Rep. Alfredo Garbin Jr. (Party-List, AKO BICOL) suggested that his bill, HB 6958, be consolidated with HB 6122, to which the Committee agreed.</p> <p>HB 6958 seeks to provide protection to food delivery riders and penalize those who will “unreasonably, unceremoniously, and unconsciously cancel their orders” made via online.</p> <p>The Secretariat was directed to invite the following to attend the Committee’s next meeting: Office of the Cybercrime of the Department of Justice, National Bureau of Investigation, and Philippine National Police.</p>
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TECHNICAL WORKING GROUP MEETING ON HOUSE MEASURES				
COMMITTEE	MEASURES		SUBJECT MATTER	ACTION TAKEN/ DISCUSSION
	NO.	PRINCIPAL AUTHOR		
Basic Education and Culture (Technical Working Group)	Substitute Bill to HBs 311, 514, 1249, 1411, 2671, 3303, 3433, 3505,	Reps. Salceda, Roman, Deputy Speaker Villafuerte, Reps. Vargas, Dy (F.M.C.),	Establishing the public schools of the future in technology (PSOFT), providing funds therefor	The technical working group (TWG), chaired by Rep. Mohamad Khalid Dimaporo (1 st District, Lanao del Norte), will deliberate further on the Substitute Bill in its next meeting.

Continuation... Basic Education and Culture (Technical Working Group)	4131, 4196, 4527, 4629, 4719, 5090, 5226, 5806 & 6634	Yap (V.), Deputy Speaker Santos- Recto, Reps. Silverio, Lacson, Olivarez, Dimaporo (A.), Nieto, Bordado, Rodriguez, Delos Santos, and Crisologo		<p>Expressing their support for the Substitute Bill were the Department of Education (DepEd), Department of Communications and Information Technology (DICT), Department of Public Works and Highways (DPWH), and the Technical Education and Skills Development Authority (TESDA).</p> <p>Among the points agreed upon for inclusion in the Substitute Bill were the following:</p> <ul style="list-style-type: none"> • Include television and radio broadcasting as alternative delivery platforms for education; • Delineate the specific roles and functions of the DepEd and DICT in the implementation of the proposed law; • Incorporate the existing training modules of the DICT on cybersecurity in the Safety Education Program proposed in the substitute bill; and • Designate the Department of Social Welfare and Development (DSWD) as the body that will extend financial assistance to marginalized and disadvantaged students instead of the DepEd as originally proposed. <p>On the proposal of DepEd Undersecretary Alain Del Pascua to oblige broadcasting and telecommunications companies to allocate a percentage of their broadcast time for DepEd educational programs, the TWG agreed to seek the comments of the Department of Justice (DOJ) and the National Telecommunications Commission (NTC) on the matter.</p> <p>Rep. Joey Sarte Salceda (2nd District, Albay), author of HB 311, underscored the need to strengthen further the concept of national human resource development in the substitute bill. He recommended that the proposed law should adopt a holistic approach towards not just educating students through technological innovations but also ensuring that they are prepared to face new socioeconomic realities being shaped by fast-paced technological progress. He further emphasized that the proposed law should help students and teachers become responsible digital learners that will contribute to the overall development and progress of the nation.</p> <p>With regard to the physical and technological structure of the proposed law, Rep. Salceda suggested using or renting a satellite in space instead of constructing 76,000 towers nationwide.</p> <p>Committee Chairperson Rep. Roman Romulo (Pasig City), along with Rep. Dimaporo, DICT Assistant Secretary Emmanuel Rey Caintic, and Undersecretary Pascua, concurred with the suggestion of Rep. Salceda.</p>
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Continuation... Basic Education and Culture (Technical Working Group)				<p>The resource persons were requested to submit their additional recommendations on the substitute bill.</p> <p>The Secretariat was also directed to invite the NTC, DOJ, and the Department of Science and Technology in the next meeting of the Committee.</p>
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DISCUSSION WITH AGENCIES/ENTITIES				
COMMITTEE	SUBJECT MATTER			DISCUSSIONS
Cooperatives Development	Discussion by the Land Bank of the Philippines (LBP), Department of Labor and Employment (DOLE), and the Department of Trade and Industry (DTI) on their respective programs for cooperatives			<p>The Committee, chaired by Rep. Sabiniano Canama (Party-List, COOP-NATCCO), discussed with the LBP, DTI, and DOLE their respective programs for cooperatives under the "Bayanihan to Heal as One Act," as well as in relation to the proposed "Bayanihan to Recover as One Act."</p> <p>LBP Program Officer Yvonne Diala briefly discussed the features of the Interim Rehabilitation Support to Cushion Unfavorably-affected Enterprises by COVID-19 (I-RESCUE) Lending Program, which provides interim assistance to small and medium enterprises, cooperatives, and microfinance institutions in the form of additional funds and loan restructuring under more flexible terms and conditions.</p> <p>DTI's Monitoring and Evaluation Division Chief Cynthia dela Cruz said that the DTI can provide assistance to cooperatives through its Shared Service Facilities (SSF) Project and the COVID-19 Assistance to Restart Enterprises (CARES) Program. The SSF Project aims to improve the competitiveness of micro, small and medium enterprises (MSMEs) by providing them with machinery, equipment, tools, systems, skills, and knowledge under a shared system.</p> <p>Under the CARES Program, being handled by the Small Business Corporation of the DTI, micro enterprises with asset size of not more than P3 million may avail themselves of loans ranging from P10,000 to P200,000 while small enterprises with an asset size of P15 million and below may apply for a loan of up to P500,000. The loan shall be used to help the enterprise stabilize or recover from its losses due to the quarantine measures.</p> <p>Dela Cruz said that out of the P500 million budget allocation for SSF for FY 2020, P250 million has already been utilized. She added that the remaining balance of P250 million has already been downloaded to the DTI regional offices for the implementation of the SSF.</p> <p>DOLE's Bureau of Workers with Special Concerns Director Karen Trayvilla informed the body that members of cooperatives may avail themselves of the DOLE Integrated Livelihood and Emergency Employment Programs (DILEEP) which is composed of the <i>Kabuhayan</i> or DOLE Integrated Livelihood Program (DILP) and the <i>Tulong Panghanapbuhay sa Ating</i> Disadvantaged/Displaced Workers (TUPAD) or Emergency Employment Program.</p> <p>According to Trayvilla, the DILP is a flagship program of the DOLE that provides grant assistance for capacity building of vulnerable and marginalized workers as they undertake livelihood and entrepreneurial ventures.</p>

Continuation... Cooperatives Development		<p>On the other hand, the TUPAD Program is a community-based package of assistance that provides emergency employment to displaced workers, the underemployed, and the unemployed poor for a minimum of 10 days but not exceeding 30 days, depending on the nature of work.</p> <p>Rep. Adriano Ebcas (Party-List, AKO PADAYON PILIPINO) urged the DOLE to give priority to the poor and deserving beneficiaries and avoid politicking in giving out grants.</p> <p>On the query of Rep. Rico Geron (Party-List, AGAP) about the double cash assistance that some recipients in his district have received, Trayvilla said that the DOLE and the Department of Social Welfare and Development (DSWD) and other concerned agencies are coming up with a master list of recipients. She said that recipients of two types of government cash assistance will have to return the other.</p> <p>The Chair requested the LBP to ease up its collateral requirements for loans as well as the 5% interest rate imposed to the I-RESCUE program during this time of the pandemic.</p> <p>The LBP was requested to submit a report on the number of cooperatives that benefitted from the P10 billion-LBP I-RESCUE Lending Program.</p>
	Discussion by the Cooperative Development Authority (CDA) on the regulatory relief issuances for the guidance of cooperatives	<p>CDA Chair Orlando Ravanera said that primary cooperatives will be allowed to cancel/defer their scheduled general assembly meetings and election of officers until such time that the state of public health emergency is lifted. Incumbent officers shall be on a hold-over capacity until their successors are elected and qualified. Furthermore, Ravanera said, the cooperative will operate on a reenacted budget pending the conduct of a general assembly meeting.</p>
	Presentation of the amendment to Rule IV of the Joint Administrative Order (JAO) No. 1-2019 as approved by the Committee	<p>The Chair briefly presented the proposed amendment to Rule IV of JAO No. 1-2019 as approved by the Committee and as reflected in the Committee Report on HR 524, which called for an inquiry to clarify the provisions and implementation of the JAO.</p> <p>Rep. Canama said that a cooperative which fails, on first instance, to file and comply with reportorial requirements shall only be served a warning. Under Rule IV of the JAO, such failure will lead to the revocation of the cooperative's Certificate of Tax Exemption (CTE) and the prohibition to avail of the tax exemption for a year.</p> <p>Bureau of Internal Revenue (BIR) Legal Division Officer Brianna Kay delos Santos proposed that aside from the issuance of a warning to the non-compliant cooperative, a penalty shall be imposed as provided for under the National Internal Revenue Code of 1997.</p>