

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

First Regular Session

6911



Introduced by Hon. Deogracias Victor 'DV' B.Savellano

EXPLANATORY NOTE

“AN ACT CONSOLIDATING REPUBLIC ACT (RA) NO. 7306, ENTITLED ‘AN ACT PROVIDING FOR THE ESTABLISHMENT OF THE PEOPLE’S TELEVISION NETWORK, INCORPORATED, DEFINING ITS POWERS AND FUNCTIONS, PROVIDING FOR ITS SOURCES OF FUNDING AND FOR OTHER PURPOSES ‘ AND REPUBLIC ACT NO. 10390, OTHERWISE KNOWN AS THE ‘AN ACT REVITALIZING THE PEOPLE’S TELEVISION NETWORK, INCORPORATED, PROVIDING FOR ITS AMENDMENTS, DEFINING ITS POWERS AND FUNCTIONS, PROVIDING FOR ITS SOURCES OF FUNDING AND FOR OTHER PURPOSES. ‘ “

Public broadcasting involves television, radio and other electronic media outlets for the sole purpose of public service. In many countries of the world, it is the government that funds this kind of public service, especially via annual fees charged on receivers.

Public broadcasters can receive their funding from an obligatory television license fee, individual contributions, government funding or commercial sources. Public broadcasters do not rely on advertising to the same degree as commercial broadcasters because their programs are not commercially viable to the mass markets, such as public affairs show, radio and television documentaries, and educational programs.

The country's primary state television broadcaster is People's Television Network (PTV). It was created in 1974 as Government Television (GTV) and is now one of the attached agencies under the Presidential Communications Operations Office (PCOO). As a government-man station, PTV receives funding from the General Appropriations Act and sales from blocktimers and advertisers.

It was in 1992, that Republic Act No. 7306 turned PTV Network into a government corporation known as People's Television Network, Inc. In March 2013, Republic Act No. 10390, came into being and superseded the old Charter.

Today, PTV airs locally produced news and public affairs programs and documentaries, sports, public service and entertainment programs in addition to foreign

news and blocktime programs, functioning as the main television broadcast arm of the Republic of the Philippines.

This proposed measure hopes to integrate the best features of the previous bills, RA No. 7306 and RA No. 10390 into this consolidated bill. It will simplify and summarize the purposes of the Network so as to streamline the functions of this all important public broadcast system, we call PTV4. When it does become a law, a better PTV4 will cater to the needs and aspirations of our people.



Hon. **Deogracias Victor 'DV' B. Savellano**
Representative, 1st District, Ilocos Sur

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Metro Manila

EIGHTEENTH CONGRESS
1st Regular Session

House Bill No. 6911

INTRODUCED BY HON. DEOGRACIAS VICTOR 'DV' B. SAVELLANO

AN ACT CONSOLIDATING REPUBLIC ACT (RA) NO. 7306, ENTITLED "AN ACT PROVIDING FOR THE ESTABLISHMENT OF THE PEOPLE'S TELEVISION NETWORK, INCORPORATED, DEFINING ITS POWERS AND FUNCTIONS, PROVIDING FOR ITS SOURCES OF FUNDING AND FOR OTHER PURPOSES" AND REPUBLIC ACT NO. 10390, OTHERWISE KNOWN AS "AN ACT REVITALIZING THE PEOPLE'S TELEVISION NETWORK, INCORPORATED", PROVIDING FOR ITS AMENDMENTS, DEFINING ITS POWERS AND FUNCTIONS, PROVIDING FOR ITS SOURCES OF FUNDING AND FOR OTHER PURPOSES

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

TITLE I. - GENERAL PROVISIONS

Section 1. Title. - This Act shall be known as "THE REVISED CHARTER OF THE PEOPLE'S TELEVISION NETWORK, INCORPORATED"

Section 2. Declaration of Policies. - In consonance with the Constitutional recognition of the vital role of communication and information in nation-building, and the important aspect played by the broadcasting industry, it is hereby declared as the policy of the State to:

- (a) Fully develop communication structures suitable to the needs and aspirations of the nation and in accordance with a policy that respects the freedom of speech and of the press;
- (b) Give priority to education, science and technology, arts, culture, and sports to foster patriotism and nationalism, accelerate social progress, and promote total human liberation and development;

(c) Develop the broadcasting industry as a medium for the development, promotion and advancement of Filipino nationalism, culture and values that serve as an instrument in the struggle for Filipino sovereignty, identity, national unity and integration;

(d) Harness the resources of the government and the private sector towards a close, continuous and balanced cooperation in order to take advantage of technological advances in the broadcasting industry;

(e) Maintain a broadcast industry system that serves as a vital link for participative democracy and effective government information dissemination through developmental communication, free from any political or partisan influence and held accountable directly to the people;

(f) Encourage the development and broadcast of balanced programs which feature, among others, educational, wholesome entertainment, cultural, public affairs and sports; and

(g) Provide quality alternative programs for the benefit and moral upliftment of the citizenry."

TITLE II. - CREATION AND DOMICILE

Section 3. *Creation.* - There shall be created a body corporate to be called "The People's Television Network, Incorporated," hereinafter referred to as the "Network," which shall engage in television broadcasting in the Philippines. The Network shall be a government-owned and controlled corporation under a Board of Directors to be appointed by the President of the Philippines.

Section 4. *Independence* - The Network shall be independent in all matters concerning the content of its output, the times and manner in which this is supplied, and in the management of its affairs, subject to this Charter and other laws.

Section 5. *Corporate Existence.* - The Network shall have perpetual existence unless abolished by a subsequent law.

Section 6. *Domicile.* - The Network shall have its principal office and domicile in the Metropolitan Manila area. It may also establish offices, branches and/or stations in any part of the Philippines as its Board of Directors may see fit.

The President, upon the recommendation of the Department of Environment and Natural Resources and its agencies particularly the Land Management Bureau and the National Mapping and Resource Information Authority, shall identify and appropriate

alienable and disposable lands for the Network to establish and build its main broadcast center and major provincial stations.

TITLE IV. – POWERS AND FUNCTIONS

Section 7. *Franchise Grant.* – Subject to the provision of the Constitution, laws, orders, decrees not inconsistent herewith, the Network is hereby granted a franchise to construct, maintain and operate television broadcasting stations and satellite receiving and transmitting facilities in the Philippines for a period co-terminous with the corporate existence of the Network.

Section 8. *License to Operate.* – The National Telecommunications (NTC) shall forthwith cause the issuance to the Network of the corresponding licenses to operate upon compliance with all its requirements.

Section 9. *Powers of the Network.* – The Network shall have the following powers:

- (a) to sue or be sued in its corporate name;
- (b) to have continuous succession in its corporate name;
- (c) to adopt and use a corporate seal;
- (d) to adopt by laws not contrary to law, morals, or public policy, and to amend or repeal the same in accordance with the provisions of existing laws;
- (e) to acquire, purchase, receive, take or grant, hold, convey, sell, lease, pledge, mortgage and otherwise deal with such real and personal property;
- (f) to establish, purchase, install, construct, use and maintain national, regional, provincial and community stations and facilities for television broadcasting throughout and in any part of the country;
- (g) to enter into joint ventures or partnerships with other broadcasting authorities and stations or international agencies or private organizations for the purpose of promoting its broadcasting services;
- (h) to raise, borrow or obtain funds from any source, private or government, foreign or domestic, and to enter into any financial or credit arrangements in order to support and carry out its objectives and purposes, subject to the approval of the Monetary Board of the Bangko Sentral ng Pilipinas upon the recommendation of the Department of

Finance and to other pertinent laws governing public debt and expenditure;

(i) to receive donations and grants from any source whether local or foreign and avail of official development assistance and concessional loans provided by foreign governments, foundations, or financial institutions;

(j) to enter into, make, perform and carry out contracts of any kind and description in furtherance of the corporate purpose with any person, firm, association or corporation;

(k) to accept corporate institutional support for developmental programs and to determine the conditions subject to which the said programs may be accepted for television transmission; and

(l) to exercise the general powers outlined in the Corporation Code of the Philippines, as well as such other incidental powers as may be necessary to carry on its activities.

Section 10. *Functions of the Network.* – The Network shall have the following functions:

(a) to serve primarily as a vehicle for the State for purposes of education, science and technology, arts, culture, and sports in order to foster national pride and identity and a culture of disaster preparedness and climate change adaptation;

(b) to serve as a vehicle for bringing the Government closer to the people in order to enhance their awareness of the programs, policies, thrusts, and directions of the Government;

(c) to ensure that the programs broadcast by the Network maintain a high general standard in all respects, and in particular, in respect to their content and quality and proper balance of educational, news, public affairs, entertainment, and sports programs;

(d) to serve as an effective outlet for alternative programming and that the Network shall provide subsidized airtime to legitimate people's organizations and nongovernment organizations (NGO's) in the promotion of their programs and projects;

(e) to serve as an effective medium for national unity and political stability by reaching as much of the Filipino population as possible through the effective use of modern broadcasting technology; and

(f) to ensure that nothing is included in the programs broadcast by the Network which shall:

- 1) offend public morals, good taste, or decency;
- 2) offend any racial group or promote ill-will between different races or different public groups, prescribing such programs as would promote strictly partisan politics and propaganda;
- 3) offend the followers of any religious faith, sect, or order; or
- 4) outrage public feeling in general.

TITLE V. - CORPORATE STRUCTURE

Section 11. *The Board of Directors.* - The corporate powers of the Network shall be exercised, all its business conducted and all its property controlled and held by the Board of Directors. It shall be composed of five (5) members who shall be appointed by the President of the Philippines from a shortlist prepared by the Governance Commission for Government-owned or -controlled corporations (GCG). The Board shall be made up of the following:

- (a) two (2) members from the government sector;
- (b) two (2) members from the private sector, one (1) of whom shall have at least ten (10) years of experience in the broadcast industry; and
- (c) one (1) member from the educational sector.

Section 12. *Qualifications of the Members of the Board.* - The members of the Board shall be of proven and unquestionable probity, integrity, honesty, impartiality, reputation, and knowledgeable of the broadcast industry. They shall not be, in any way, connected with any other broadcasting corporation or hold any position that may conflict with their functions and duties as Directors of the Network. If a member shall be appointed to another government office or runs for any elective position, he shall be deemed to have vacated membership in the Board on the day of his appointment or filing of his candidacy, as the case maybe.

Section 13. *Term of Office of the Members of the Board.* - The term of office of each director shall be for one (1) year, subject to reappointment by the President.

Section 14. *Election and Removal of Board Officers* - The members shall elect from among themselves the Chairperson and Vice-Chairperson of the Board.

Such officials may be removed at any time for a cause, upon the concurrence of majority of the all the members of the Board, in a meeting specifically called for such purpose.

Section 15. *Functions and Duties of the Board of Directors.* -The general functions and duties of the Board of Directors shall be as follows:

- a) To carry out the provisions of this Act;
- b) To exercise the corporate powers, and conduct all business of the Network;
- c) To decide matters of policy;
- d) To meet at least twice a month to discuss matters of policy in order to effectively carry out the provisions of this Act.
- e) To submit to the President of the Philippines and the Congress a comprehensive annual report on the operation of the Network within the first sixty (60) days of the fiscal year.

Section 16. *The Network General Manager.* - The members of the Board shall elect from among themselves a Network General Manager. He shall also be the Chief Executive Officer of the Network, who shall be responsible for the proper administration and management of the Network in accordance with the policies laid down by the Board. The General Manager shall be subject to the disciplinary powers of the Board and may be removed by the Board for cause.

If the Network General Manager is absent, or is incapacitated by reason of illness or for any other cause, is temporarily unable to perform his duties, the he/she may designate an officer-in-charge to act in his/her place and stead during such absence from duty.

Section 17. *Powers and Functions of the Network General Manager.* - Subject to the control and supervision of the Board, the Network General Manager shall have the following powers and functions:

- a) Submit policy recommendations and propose measures necessary to carry out the objectives and functions of the Network for the consideration of the Board;
- b) Recommend to the Board for approval an organizational structure and plantilla for personnel of the Network, in accordance with existing laws, rules and regulations;
- c) Execute, administer and implement policies and measures approved by the Board;

- d) Submit to the Board an annual budget and such supplemental budgets as may be necessary for its consideration and approval;
- e) Represent the Network, its dealings with other persons, entities, agencies and institutions, whether public or private, domestic or foreign, subject to the limitations and conditions herein provided;
- f) Appoint, subject to the confirmation by the Board, discipline or remove for cause, officers and personnel of the Network in accordance with the Civil Service Law, rules and regulations; and
- g) Perform such other functions and duties which may be assigned to him by the Board.

TITLE VI. – PROGRAM STANDARDS

Section 18. *General Program Standards.* – The Board of Directors is mandated to set up a Code of Standards, inclusive of the following aspects:

- (a) Presentations of news;
- (b) Public Affairs Programs and Commentaries;
- (c) Public Service Programs;
- (d) Educational Programs;
- (e) Children’s Programs;
- (f) Agriculture and Livelihood Programs;
- (g) Women and Youth Issues;
- (h) Locally-produced and foreign produced programs;
- (i) Trade, service and manufacturing industry programs;
- (j) Programs that inspire nationalism; and
- “(k) Disaster preparedness and climate change adaptation programs.

Section 19. *Use of Blocktimers.* – The use of blocktimers shall be allowed but limited to education, sports, tourism, quality entertainment programs, and such programs which promote public interest, subject to quality standards set by the Board of Directors.

TITLE VII. - FINANCIAL PROVISIONS

Section 20. Capitalization. - The authorized capital stock of the Network shall be Ten Billion Pesos (P10,000,000,000.00) divided into tenmillion (10,000,000) shares with par value of One thousand Pesos (P1,000.00) per share, which shall be subscribed in full by the government.

The initial paid up capital shall be Two Billion Pesos (P2,000,000,000.00) which shall be released from the funds of the National Treasury upon effectivity of this Act, which shall be used for the establishment of its main office and/or regional satellite and transmitter stations. A sum of Two Billion Pesos (P2,000,000,000.00) is authorized to be appropriated as paid-up capital in the General Appropriations Act for every year thereafter for four (4) years. The entire amount Ten Billion Pesos (P10,000,000,000.00) shall be exclusively used for the digitalization and modernization of the Network.

An additional authorized capital of Two billion Pesos (P2,000,000,000.00) shall be taken from the proceeds of the privatization of Radio Philippines Network (RPN 9) and Intercontinental Broadcasting Corporation (IBC 13).

Section 21. Subsidy for Personnel Services - The expenses for personnel services of the Network shall be wholly subsidized by the Government.

Section 22. Revenue Generation. - The Network shall be allowed to generate funds from advertising and airtime sales in accordance with the policies and rates set by the Board of Directors subject to existing laws. All fees or other revenues collected or received by the Network shall be retained by it and utilized solely for its modernization and expansion projects.

Section 23. Exemption from Republic Act No. 7656. - As provided in Republic Act No. 7656, the President, upon the recommendation by the Secretary of Finance, may adjust the percentage of the Network's annual net earnings to be remitted to the National Treasury: *Provided, That* the annual remaining unremitted net earnings be used solely for its modernization and expansion projects.

Section 24. Record of Transactions. - The Network shall keep proper accounts and records of all its transactions and affairs, and shall do all things necessary to ensure that all payments made out of its money are correctly made and properly authorized, and that adequate control is maintained over the assets of, or in the custody of, the Network and the expenditures incurred by the Network. The Network shall be subject to audit by the Commission on Audit.

TITLE IX. - TAX EXEMPTIONS

Section 25. *Tax Exemptions on Importations.* -The importations of equipment, apparatus and materials to be actually, directly and exclusively used in the operation of the Network, whether purchased from or donated by any foreign government and/or private entity shall be free from the payment of any and all forms of taxes, license fees and customs duties that may be levied upon them. Such equipment and apparatus shall include cameras, TV monitors and recorders, TV transmitters, electronic tubes, editing machines, and all such necessary equipment required for television broadcasting: *Provided, That the subsequent importation of the equipment, apparatus and materials shall be subject to review by the Department of Finance: Provided, further, That in the event the equipment, apparatus and materials are sold to non-tax exempt persons or entities, the buyers shall be considered the exporters and who shall then be subject to tax.*

Section 26. Gifts and donations of real and personal properties of all kinds to the Network shall be exempt from donor's tax and the same shall be considered as an allowable deduction from the gross income of the donor in accordance with the provisions of the National Internal Revenue Code of 1997, as amended: *Provided, That the allowable deduction shall be equivalent to one hundred percent (100%) of the value of such donation: Provided, further, That the said donation shall be used exclusively for the production of educational, cultural and historical films and documentaries.*

Valuation of assistance, other than the money, shall be based on the acquisition cost of the property. Such valuation shall take into consideration the depreciated value of property in case said property has been used.

TITLE X. – EMPLOYEES OF THE NETWORK

Section 27. *Civil Service Law Coverage for Employees.* – The hiring, appointment, employment, promotion, disciplinary control, and other terms and conditions of the service of all employees of the Network, and such other matters affecting its employees shall be consistent with the provisions of the Civil Service law, rules and regulations: *Provided, however, That positions considered as creative and artistic in nature shall be exempted from the qualification standards and civil service eligibility requirements.*

Section 28. *Salary Scale for Officials and Employees.* – Pursuant to the provisions of Republic Act No. 10149, the GCG shall develop a compensation and position classification system which shall apply to all officers and employees of the Network subject to the approval of the President of the Philippines.

Section 29. *GSIS Coverage for Employees.* – All employees hired by the Network shall be deemed members of the Government Service Insurance System (GSIS) for the purpose of employee benefits.

Section 30. *Reorganization of the Network.* – Ninety (90) days from the approval of this Act, the Board of Directors is hereby empowered to reorganize the Network to make it more effective and innovative. For this purpose, the Board may abolish or create offices, transfer functions, equipment, properties, records, and personnel, institute cost-cutting and other related measures to carry out the said objectives, subject to the provisions of Republic Act No. 10149, otherwise known as the "GOCC Governance Act of 2011": *Provided*, That any official or employee of the Network who may be affected by reason of the reorganization authorized herein shall be entitled to such benefits.

Section 31. *Separation and Retirement Benefits.* – In the event an employee is separated from the Network by reason of reorganization, abolition, or creation of offices, or institution of cost-cutting and other similar measures, the employee shall be entitled to a separation benefit equivalent to one (1) month salary for every year of service in the government: *Provided*, That the separated or displaced employee has rendered at least one (1) year of service at the time of the effectivity of this Act.

TITLE XI. – MISCELLANEOUS PROVISIONS

Section 32. *Implementing Rules and Regulations.* – Within ninety (90) days from the effectivity of this Act, the Presidential Communications Operations Office (PCOO) shall draft, the implementing rules and regulations of this Act in consultation with the various stakeholders from government and private sectors.

Section 33. *Amendments.* – The provisions of this Act shall be subject to amendments, alteration or repeal by the Congress of the Philippines, when public interest so requires.

Section 34. *Separability Clause.* – If any provision or part of this Act is declared invalid or unconstitutional, the remainder shall not be affected thereby and shall continue to be in full force and effect.

Section 35. *Repealing Clause.* – All laws, decrees, executive orders, administrative orders, rules and regulations, and other issuances or parts thereof inconsistent herewith are hereby repealed, amended or modified accordingly.

Section 36. *Effectivity Clause.* – This Act shall take effect fifteen (15) days after its publication in two (2) national newspapers of general circulation.

Approved,