

FIFTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
SECOND REGULAR SESSION )

11 NOV 23 P 3:44

SENATE

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S. B. No. 3070

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Introduced by **Senator TEOFISTO "TG" GUINGONA III**

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### EXPLANATORY NOTE

The People's Television Network Inc. (PTNI) is the flagship television network owned by the Philippine Government. PTNI began operations in 1974 as Government Television (GTV-4) and was the broadcast arm of the National Media Production Center (NMPC). In 1980, GTV-4 evolved into the Maharlika Broadcasting System (MBS). Following the People Power Revolution in 1986, MBS was renamed People's Television (PTV).

In 1992, the network became a government-owned and controlled corporation known as People's Television Network, Inc. (PTNI) by virtue of Republic Act No. 7306 which was signed by President Corazon C. Aquino.

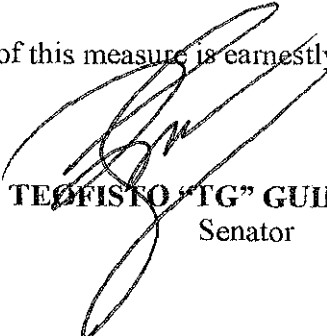
On July 16, 2001, PTNI adopted the name National Broadcasting Network (NBN) as its call name, in recognition of the need to develop a new image in line with its new programming thrusts.

Since 1992, PTNI has been operating on revenues it generates on its own. It generates its revenue through airtime sales, commercial spots co-productions, inter-agency collaborative programs and equipment rental. In July 2001, the Network stopped airing commercial advertisements, as stipulated in its Charter. To augment its operational requirements, PTNI has received government subsidies released as needed based on requests made by the Network from the National Government.

Thus, there is an urgent need to regenerate and improve the information mechanisms of government. Under its Charter, the Network does not receive annual appropriation for operations. After 2001, PTNI/NBN by express provision of law, specifically, section 19 of Title VII of RA 7306, cannot engage in commercial advertising which has made it difficult to meet its daily operational expenses. Currently, PTNI/NBN is under financial rehabilitation and is in serious need of capital infusion to be able move towards it being self-sufficient and commercially viable once again.

This bill seeks to amend the PTV Charter to do the following. (a) to allow the network to generate funds from advertising and airtime sales and the same shall be utilized by PTV solely for its operations and capital expenditure; (b) for government to approve a capital infusion to jumpstart the rehabilitation of the network, and (c) for the network to adopt other measures that will help restore the viability of the network operations.

In view of the foregoing, the immediate enactment of this measure is earnestly sought.



**TEODORO "TG" GUINGONA III**  
Senator

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**AN ACT**  
**AMENDING REPUBLIC ACT NO. 7306 –**  
**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**

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

**TITLE I. — GENERAL PROVISIONS**

**SECTION 1. Title.** — This Act shall be known as the *"Amended 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) ENSURE THAT THE GOVERNMENT TELEVISION SHALL NOT UNDULY COMPETE WITH THE PRIVATE TELEVISION SECTOR FOR ADVERTISING AND COMMERCIAL INTEREST AS FAR AS PRACTICABLE;**

**h) 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 government-owned and controlled corporation under a Board of Directors to be appointed by the President of the Philippines.

SECTION 4. *Corporate Existence.* — The legal existence of the Network shall be for a period of fifty (50) years from the effectivity of RA 7306, **NOTWITHSTANDING, ANY PROVISION OF LAW TO THE CONTRARY: PROVIDED, HOWEVER, THAT AT THE END OF THE SAID PERIOD, THE NETWORK SHALL AUTOMATICALLY CONTINUE TO EXIST FOR ANOTHER FIFTY (50) YEARS, UNLESS OTHERWISE PROVIDED BY LAW.**

SECTION 5. *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.

**SECTION 5-A. – THE GOVERNMENT OF THE PHILIPPINES, THROUGH THE DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES AND THE BUREAU OF LANDS, SHALL IDENTIFY AND APPROPRIATE ALIENABLE GOVERNMENT LAND FOR THE NETWORK TO ESTABLISH AND BUILD ITS MAIN BROADCAST CENTER AND MAJOR PROVINCIAL STATIONS, FOR POSSIBLE EXPANSION.**

## TITLE III — FRANCHISE AND LICENSE TO OPERATE

SECTION 6. *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-terminus with the corporate existence of the Network.

SECTION 7. *License to Operate.* — The National Telecommunications Commission (NTC) shall forthwith cause the issuance to the Network of the corresponding license to operate upon compliance with all its requirements.

#### TITLE IV. — POWERS AND FUNCTIONS

SECTION 8. *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;
- d) to **ACQUIRE**, purchase, receive, take or grant, hold, convey, sell, lease, pledge, mortgage and otherwise deal with such real and personal property;
- e) to establish, purchase, install, construct, use and maintain national, regional, provincial 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 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 9. *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;

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;

**e) TO PROVIDE AIRTIME TO LEGITIMATE PEOPLE'S ORGANIZATIONS AND NON GOVERNMENT ORGANIZATIONS IN THE PROMOTION OF THEIR PROGRAMS AND PROJECTS;**

**f) TO SERVE AS A CHANNEL FOR LEGITIMATE PEOPLE'S ORGANIZATIONS AND NON GOVERNMENT ORGANIZATIONS TO PROVIDE THEIR RECOMMENDATIONS AND PROPOSALS FOR THE IMPROVEMENT OF GOVERNMENT SERVICES;**

g) 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

h) 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 feelings in general.

## TITLE V. — CORPORATE STRUCTURE

SECTION 10. *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. 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 10-A. *The Advisory Board.* — THE PRESIDENT OF THE PHILIPPINES SHALL APPOINT SEVEN (7) SECTORAL MEMBERS WITH WIDE EXPERIENCE AND EXPERTISE IN THEIR RESPECTIVE FIELDS OF WORK TO CONSTITUTE THE ADVISORY BOARD.**

**THE MEMBERS OF THE ADVISORY BOARD MAY BE CHOSEN FROM AMONG NOMINEES OF ASSOCIATIONS AND ORGANIZATIONS REPRESENTING VARIOUS STAKEHOLDERS IN THE BROADCAST INDUSTRY AND THEY SHALL SERVE WITH A FIXED TERM OF ONE (1) YEAR.**

**THE ADVISORY BOARD SHALL SERVE AS THE STRATEGIC AND POLICY MAKING BODY THAT WILL FORMULATE POLICIES TO GOVERN THE NETWORK. THE CHAIRMAN OF THE BOARD OF DIRECTORS SHALL BE AN EX-OFFICIO MEMBER OF THE ADVISORY BOARD.**

**IN ADDITION, THE ADVISORY BOARD SHALL BE CONSULTED ON ALL RELEVANT PROPOSALS OF THE BOARD OF DIRECTORS AND SHALL ALSO BE CONFERRED WITH REGARDING THE NETWORK'S PERFORMANCE IN PROMOTING THE PUBLIC PURPOSES AS ENUMERATED IN ITS FUNCTIONS.**

SECTION 11. *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 may be.

SECTION 12. *Term of the Members of Board.* — The initial appointees of the President of the Philippines shall have the following terms:

- a) Three (3) directors, one from each sector, for two (2) years, and
- b) The other two (2) directors, one (1) each from the government and private sector, for four (4) years.

Subsequent appointees shall serve a term of **ONE (1) YEAR TERM SUBJECT TO REAPPOINTMENT BY THE PRESEIDENT**. Appointment to any vacancy in the Board shall be for the unexpired portion of the term of the predecessor. **THE MEMBERS SHALL ELECT AMONG THEMSELVES ONE WHO WILL SERVE AS CHAIRMAN OF THE BOARD. THE BOARD SHALL MEET AT LEAST TWICE A MONTH TO DISCUSS MATTERS OF POLICY IN ORDER TO EFFECTIVELY CARRY OUT THE PROVISIONS OF THIS ACT.**

SECTION 13. *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; and
- d) 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 14. *The Network General Manager.* — The Network General Manager shall be elected by the Board, of which he need not be a member. In the latter case, he shall serve as an ex-officio member of the Board. He shall also be the Chief operating 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.

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 Board of Directors may designate an officer-in-charge to act in his place and stead during such absence from duty.

SECTION 15. *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, officer 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 16. *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.

**SECTION 17. *USE OF BLOCKTIMERS.* — THE USE OF BLOCKTIMERS SHALL BE ALLOWED BUT LIMITED TO EDUCATION, SPORTS, QUALITY ENTERTAINMENT PROGRAMS, AND SUCH PROGRAMS WHICH PROMOTE NATIONAL INTEREST, SUBJECT TO QUALITY STANDARDS SET BY THE BOARD OF DIRECTORS. THE NETWORK SHALL ASSUME SOLIDARY LIABILITY WITH EACH OF THE INDIVIDUAL PRODUCERS, FOR THE CONTENT OF ALL PROGRAMS SHOWN BY BLOCKTIMERS.**

TITLE VII. — FINANCIAL PROVISIONS

**SECTION 18. CAPITALIZATION.** — THE ADDITIONAL AUTHORIZED CAPITAL STOCK OF THE NETWORK SHALL BE SUBJECT TO APPROPRIATION IN THE GENERAL APPROPRIATIONS ACT.

**SECTION 19. 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 OPERATIONS AND CAPITAL EXPENDITURES.

**SECTION 19-A. EXEMPTION FROM RA No. 7656.** - THE NETWORK SHALL BE EXEMPT FROM REMITTING FIFTY PERCENT (50%) OF ITS ANNUAL NET EARNINGS AS PROVIDED BY RA No. 7656, SUBJECT TO THE APPROVAL OF THE DEPARTMENT OF FINANCE, AND PROVIDED, THAT THE ANNUAL NET EARNINGS BE USED SOLELY FOR ITS OPERATIONS AND CAPITAL EXPENDITURES.

TITLE VIII. — ADMINISTRATIVE PROVISIONS

**SECTION 20. 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 moneys 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 21. 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 who shall then be subject to tax.

**SECTION 21-A. EXEMPTION FROM REAL PROPERTY TAX.** — SUBJECT TO THE PROVISIONS OF THE LOCAL GOVERNMENT CODE AND THE NATIONAL INTERNAL REVENUE CODE, THE NETWORK SHALL BE EXEMPT FROM REAL

**PROPERTY TAX PROVIDED THAT SAVINGS FROM REAL PROPERTY TAX EXEMPTION WILL BE USED TO FUND CAPITAL EXPENDITURES AND OPERATIONS FOR THE NETWORK.**

**TITLE X. — EMPLOYEES OF THE NETWORK**

SECTION 22. *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 23. *Salary Scale for Officials and Employees.* — The rates of compensation and classes of positions in the Network shall not be covered by Republic Act 6758 and the Compensation and Positions Classification Board (CPCB)

SECTION 24. *GSIS Coverage for Employees.* — All employees hired by the Network shall be deemed members of the Governments Service Insurance System (GSIS) for the purpose of employee benefits.

**TITLE XI. — MISCELLANEOUS PROVISIONS**

SECTION 25. *Transition Clause.* — All the powers, functions, assets and liabilities, capital, accounts, contracts, and facilities pertaining to the People's Television (PTV), and all equipments relating to television broadcasting owned by the government shall be transferred to the Network.

SECTION 26. *Transitory Provision.* — The Network General Manager shall recommend to the Board of Directors a corporate plan that includes programming direction, budget, organizational plan and structure, a staffing pattern and compensation plan within ninety (90) 21 days from the effectivity of this Act. Said corporate structure shall be implemented by the Network General Manager within thirty (30) days after its approval by the Board of Directors: provided, that the current and incumbent employees of the People's Television (PTV) shall be absorbed and accommodated by the Network.

**SECTION 26-A. 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. PROVIDED, THAT ANY OFFICIAL OR EMPLOYEE OF THE NETWORK WHO MAY BE PHASED OUT BY REASON OF THE REORGANIZATION AUTHORIZED HEREIN**

**SHALL BE ENTITLED TO SUCH BENEFITS AS MAYBE DETERMINED BY EXISTING LAWS.**

SECTION 27. *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 28. *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 29. *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 30. *Effectivity Clause.* — This Act shall take effect fifteen (15) days after its publication in two (2) national newspapers of general circulation.

Approved,