

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

'19 DEC 12 P2:20

SENATE

RECEIVED DEPT.

S.B. NO. 1235

Introduced by SENATOR IMEE R. MARCOS

**AN ACT
ESTABLISHING THE PHILIPPINE BROADCASTING CORPORATION,
ABOLISHING THE PEOPLE'S TELEVISION NETWORK, INC. AND THE
PHILIPPINE BROADCASTING SERVICE, AND FOR OTHER PURPOSES**

EXPLANATORY NOTE

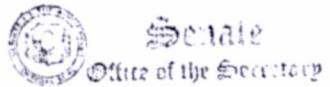
Article XVI, Section 24 of the Constitution states that State recognizes the vital role of communication and information in nation-building. Further, Article XVI, Section 10 declares it a duty of the State to provide a policy environment for the full development of Filipino capability and the emergence of communication structures suitable to the needs and aspirations of the nation and that balanced flow of information into, out of, and across the country, in accordance with a policy that respects the freedom of speech and of the press.

In the hopes of providing the country an innovative and comprehensive broadcasting services of high standard, this bill seeks to establish a Philippine Broadcasting Corporation (PBC). The PBC shall have its own charter to ensure its editorial independence and complete control over programming and content. It will not only be granted television programming, but also radio broadcasting.

The PBC will streamline within the Philippines and abroad the latest news and current affairs through television and radio. This will keep the Filipinos aware of the programs, policy thrusts, and direction of the government. Further, the PBC will broadcast educational programs and cultural enjoyment to promote Filipino music, drama and other performing arts.

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

IMEE R. MARCOS



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

TITLE I

GENERAL PROVISIONS

1 Section 1. *Short Title.* – This Act shall be known as the "Philippine Broadcasting
2 Corporation Charter."

3 Section 2. *Declaration of Policy.* – The State recognizes the vital role of
4 communication and information in nation-building. It is the duty of the State to provide
5 a policy environment for the full development of Filipino capability and the emergence
6 of communication structures suitable to the needs and aspirations of the nation and
7 that balanced flow of information into, out of, and across the country, in accordance
8 with a policy that respects the freedom of speech and of the press.

TITLE II

CREATION AND DOMICILE

11 Section 3. *Creation.* – There shall be a body corporate to be called "Philippine
12 Broadcasting Corporation," referred to as "PBC," which shall engage in radio and
13 television broadcasting in the Philippines. The PBC shall be a government-owned and
14 controlled corporation under a Board of Directors to be appointed by the President of
15 the Philippines.

1 Section 4. *Independence*. – The PBC shall be independent in all matters
2 concerning the content of its output, the times and manner in which this is supplied,
3 and in the management of its affairs, subject to this charter and other laws. The PBC
4 shall not engage directly or indirectly in any partisan political activity.

5 Section 5. *Corporate Existence*. – The PBC shall exist for a period of fifty (50)
6 years from the effectivity of this charter.

7 Section 6. *Domicile*. – The PBC shall have its principal office and domicile in the
8 Metro Manila area. It shall also have secondary broadcast hubs in the Visayas and
9 Mindanao. Furthermore, it may establish offices and branches and/or stations in any
10 part of the Philippines as its Board of Directors may see fit.

11 The President of the Philippines, upon the recommendation of the Department
12 of Environment and Natural resources and its agencies particularly the Land
13 Management Bureau and the National Mapping and Resource Information Authority,
14 shall identify and appropriate alienable and disposable lands for PBC to establish and
15 build its main broadcast center, its secondary broadcast hubs and other stations.

TITLE III

FRANCHISE AND LICENSE TO OPERATE

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

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

TITLE IV

POWERS AND FUNCTIONS

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

- 29 (1) To sue or be sued in its corporate name;
- 30 (2) To have continuous succession in its corporate name;
- 31 (3) To adopt and use a corporate seal;

- 1 (4) To adopt its own by-laws not contrary to law, morals, or public policy, and
2 to amend or repeal the same in accordance with the provisions of existing
3 laws;
- 4 (5) To acquire, purchase, receive, take or grant, hold or convey, sell, lease,
5 pledge, mortgage, and otherwise deal with real and personal property;
- 6 (6) To establish, purchase, install, construct, use and maintain national
7 regional, provincial and community stations and facilities for radio and
8 television broadcasting in any part of the country;
- 9 (7) To enter into an agreement or arrangement with *bona fide* producers of
10 broadcasting programs, cinematograph films or sound recordings, or public
11 concerts or other public entertainments;
- 12 (8) To enter into joint ventures or partnerships with other broadcasting
13 authorities and stations or international agencies or private organizations
14 for the purpose of promoting its broadcasting services;
- 15 (9) To raise, borrow or obtain funds, from any source, private or government,
16 foreign or domestic and to enter into any financial or credit arrangements
17 in order to support and carry out its objectives and purposes, subject to the
18 approval of the Monetary Board of the Bangko Sentral ng Pilipinas upon the
19 recommendation of the Department of Finance and to pertinent laws
20 governing public debt and expenditure;
- 21 (10) To receive donations and grants from any source whether local or
22 foreign and avail of official development assistance and concessional loans
23 provided by foreign governments, foundations, or financial institutions;
- 24 (11) To enter into, make, perform, and carry out contracts of any kind and
25 description in furtherance of the corporate purpose with any person, firm,
26 association or corporation;
- 27 (12) To accept corporate institutional support for developmental programs
28 and to determine the conditions subject to which the said programs may be
29 accepted for television transmission; and
- 30 (13) To exercise the general powers outlined in the Corporation Code of the
31 Philippines, as well as such other incidental powers as maybe necessary or
32 convenient in connection with the performance of its functions.

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

- 2 (1) To provide the State innovative and comprehensive broadcasting services
3 of a high standard as part of the Philippine broadcasting system which
4 consists of education, information, entertainment, science and technology,
5 environment, arts and culture and sports to foster national pride and
6 identity;
- 7 (2) To serve as a vehicle for bringing the government closer to the people in
8 order to enhance their awareness of the programs, policy thrusts, and
9 directions of the government;
- 10 (3) To transmit to countries outside the Philippines programs of news, current
11 affairs, entertainment and cultural enrichment that will encourage
12 awareness of the Philippines, and keep the Filipino citizens living or
13 travelling abroad abreast of the current affairs of the country;
- 14 (4) To ensure that programs to be broadcasted maintain a high general
15 standard in all respects, and in particular, as to their content and quality
16 and proper balance of educational, news, public affairs, information,
17 entertainment, and sports programs;
- 18 (5) To serve as an effective outlet for alternative programming;
- 19 (6) To provide digital media services;
- 20 (7) To encourage and promote the musical, dramatic and other performing arts
21 in the Philippines;
- 22 (8) To provide subsidized air time to legitimate people's organizations and non-
23 government organizations in the promotion of their programs and projects
24 aligned with existing laws;
- 25 (9) To serve as an effective medium for national unity and political stability by
26 reaching as much of the Filipino population as possible through the effective
27 use of modern broadcasting technology; and
- 28 (10) To ensure that nothing is included in the programs broadcast by the
29 network shall:
 - 30 a. Offend public morals and decency;

- 1 b. Offend any racial group or promote ill-will between different races or
2 different public groups, prescribing such programs as would promote
3 strictly partisan politics and propaganda;
4 c. Offend the followers of any religious faith, sect, or order; or
5 d. Outrage public feeling in general.

6 **TITLE V**

7 **CORPORATE STRUCTURE**

8 Section 11. *The Board of Directors.* – The corporate powers of PBC shall be
9 exercised, all its business conducted, and all its property controlled and held by the
10 Board of Directors.

11 The board shall be composed of seven (7) members who shall be appointed by
12 the President of the Philippines from a shortlist prepared by the Governance
13 Commission for Government-owned and Controlled Corporations (GCG). The Board
14 shall be made up of the following:

- 15 (a) Three (3) members from the government sector;
16 (b) Three (3) members from the private sector, one (1) of who shall have at
17 least ten (10) years of experience in the broadcast industry; and
18 (c) One (1) member from the educational sector.

19 Section 12. *Qualifications of the Members of the Board.* – The members of the
20 Board shall be a Filipino citizen, at least thirty (30) years of age at the time of
21 appointment, be of good moral character, of unquestionable integrity, and of known
22 probity, must have graduated a bachelor's degree, with at least five (5) years of
23 relevant work experience in the broadcast industry. They shall not be, in anyway,
24 connected with any other broadcasting corporation or hold any position that may
25 conflict with their functions and duties as Directors of PBC. A member who is later
26 appointed to another government office or runs for any elective position shall be
27 deemed to have vacated membership in the Board on the day of appointment or filing
28 of candidacy, as the case may be.

29 The member of the Board shall serve for a period of one (1) year subject to
30 reappointment by the President.

31 Section 13. *Functions and Duties of the Board.* – It shall be the functions and
32 duties of the Board of Directors:

- (a) To carry out the provisions of this charter;
- (b) To maintain the independence and integrity of the PBC;
- (c) To ensure that the functions of the corporation are performed efficiently and with the maximum benefit to the people of the Philippines;
- (d) To exercise the corporate powers, and conduct all business of the network;
- (e) To decide matters of policy;
- (f) To ensure that the gathering and presentation by the PBC of news and information is accurate and impartial according to the recognized standards of objective journalism;
- (g) To ensure that provisions of the Constitution, laws, executive orders, administrative orders, rules and regulations are upheld; and
- (h) To submit to the President of the Philippines and Congress a comprehensive annual report on the operation of the PBC within the first sixty (60) days of the fiscal year.

Section 14. *The Advisory Council.* – Sixty (60) days from their appointment, the Board of Directors shall prepare a list of its recommended nominees for the members of the Advisory Council, which shall be submitted to the Secretary of the Presidential Communications Operations Office (PCOO) for consideration and approval. The nominees for Advisory Council shall be chosen from associations and organizations presenting various stakeholders from different industries such as, but not limited to, cinema culture and arts, print and broadcast. They shall serve a fixed term of one (1) year.

The Advisory Council shall be composed of seven (7) members with at least five (5) years of wide experience and expertise in their respective fields of work. The Advisory Council shall propose and recommend policies relating to the PBC's operation, programming, broadcasting, technical and creative productions, development and management, which shall be subject to the approval of the Board of Directors.

The members of the Advisory Council shall elect from among themselves a Chairperson.

The members of the Advisory Council shall render voluntary service to PBC. No member shall be paid any honoraria, allowances and other personnel benefits.

1 Section 15. *General Manager.* – The members of the Board shall elect from
2 among themselves a General Manager. He shall also be the Chief Operating Officer of
3 PBC and shall be responsible for the proper administration and management of PBC
4 in accordance with the policies laid down by the Board. The General Manager shall be
5 subject to the disciplinary powers of the Board and may be removed by the Board for
6 cause.

If the General Manager is absent, incapacitated by reason of illness, or for any other cause 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.

11 Section 16. *Powers and Functions of the General Manager.* – Subject to the
12 control and supervision of the Board, the General Manager shall have the following
13 powers and functions:

- (a) Submit policy recommendations and propose measures necessary to carry out the objectives and functions of PBC for the consideration of the Board;

(b) Recommend to the Board for approval and organizational structure and plantilla for personnel of PBC, in accordance with existing laws, rules and regulations;

(c) Execute, administer and implement policies and measure approved by the Board;

(d) Submit to the Board an annual budget and such supplemental budget as may be necessary for its consideration and approval;

(e) Represent PBC in its dealings with the other persons, entities, agencies and institutions, whether public or private, domestic or foreign, subject to the limitations and conditions herein provided;

(f) Appoint, discipline or remove for cause, officers and personnel of PBC in accordance with the Civil Service Law, rules and regulations; *Provided*, That all appointments shall subject to confirmation by the Board; and

(g) Perform such other functions and duties which may be assigned to him by the Board.

TITLE VI PROGRAM STANDARDS

1 Section 17. *General Program Standards.* – The Board of Directors is mandated
2 to set up a Code of Standards, inclusive of the following aspects:
3 (a) Presentation of news;
4 (b) Public affairs programs and commentaries;
5 (c) Public service programs;
6 (d) Educational programs;
7 (e) Children’s programs;
8 (f) Agriculture and livelihood programs;
9 (g) Women and youth issues;
10 (h) Locally-produced and foreign produced programs;
11 (i) Trade, service and manufacturing industry programs;
12 (j) Disaster preparedness and climate change adaptation programs; and
13 (k) Programs that inspire nationalism.

14 Section 18. *Use of Blocktimers.* – The use of blocktimers shall be allowed but
15 limited to education, information, sports, tourism, entertainment programs, and such
16 programs which promote public interest, subject to quality standards set by the Board
17 of Directors. PBC shall assume solidary liability with each of the individual producers,
18 for the content of all programs shown by blocktimers.

TITLE VII

FINANCIAL PROVISIONS

21 Section 19. *Capitalization.* – The authorized capital stock of PBC shall be Ten
22 Billion Pesos (P10,000,000,000.00) divided into ten million shares with par value of
23 One Thousand Pesos (P1,000.00) per share, which shall be subscribed in full by the
24 government.

Thereafter, Congress shall annually appropriate a subsidy for PBC at an amount not more than the PBC's annual net earnings for the previous year, until the year 2030.

28 Section 20. *Revenue Generation.* – PBC shall be allowed to generate funds from
29 advertising and airtime sales in accordance with the policies and rates set by the Board
30 of Directors subject to existing laws. All fees or other revenues collected or received
31 by it and utilized solely for its operations and capital expenditure program.

1 Section 21. *Exemption from Republic Act No. 7656.* – As provided in Republic
2 Act No. 7656, the President, upon the recommendation by the Secretary of Finance,
3 may adjust the percentage of PBC's annual net earnings to be remitted to the National
4 Treasury: *Provided*, That the annual remaining unremitted net earnings shall be used
5 solely for its operations and capital expenditures.

TITLE VII

ADMINISTRATIVE PROVISIONS

8 Section 22. *Record of Transactions.* – The PBC shall keep proper accounts and
9 records of all its transactions and affairs, and ensure that all payments made out of
10 its money are correctly made and properly authorized and that adequate control is
11 maintained over the assets of, or in the custody of, PBC. The PBC shall be subject to
12 audit by the Commission on Audit.

TITLE VIX TAX EXEMPTIONS

15 Section 23. *Tax Exemptions on Importations.* – The importation of equipment,
16 apparatus and materials to be actually, directly and exclusively used in the operation
17 of PBC, whether purchased from or donated by any foreign government and/or private
18 entity shall be free from the payment of any and all forms of taxes, license fees and
19 custom duties. Such equipment and TV transmitters, electronic tubes, editing
20 machines, and all such necessary equipment required for radio and television
21 broadcasting: *Provided*, That the subsequent importation of the equipment, apparatus
22 and materials shall be subject to review by the Department of Finance: *Provided*,
23 *further*, That in the event the equipment, apparatus and materials are sold to non-tax
24 exempt persons or entities, the buyers shall be considered the exporters who shall
25 then be subject to tax.

26 Section 24. *Exemption from Donor's Tax.* – Gifts and donations of real and
27 personal properties of all kinds to PBC shall be exempt from donor's tax and the same
28 shall be considered as an allowable deduction from the gross income of the donor in
29 accordance with the provisions of the National Internal Revenue Code of 1997, as
30 amended: *Provided*, That the allowable deduction shall be equivalent to one hundred
31 percent (100%) of the value of such donation; *Provided, further*, That the said

1 donation shall be used exclusively for the production of educational, cultural and
2 historical films and documentaries.

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

6 **TITLE X**

7 **EMPLOYEES OF THE NETWORK**

8 *Section 25. Absorption of Affected Personnel, Separation and Retirement Benefits.* – The PBC shall, as needed, absorb the employees of the secretariat of the PTNI and PBS shall, without diminution of their salaries and other benefits. Employees who are separated from the service as a result of the abolition of the PNTI and the PBS and its secretariat shall receive separation benefits under the provisions of Republic Act No. 6656: *Provided*, That those who are qualified to retire under existing law shall be allowed to retire and receive retirement benefits to which they may be entitled under applicable laws, rules and regulations.

16 *Section 26. Civil Service Law Coverage for Employees.* – The hiring, appointment, employment, promotion, disciplinary control, and such other terms and conditions of the service of all employees of PBC, and such other matters affecting its employees shall be consistent with the provisions of the Civil Service law, rules and regulations: *Provided*, That positions considered as creative and artistic in nature shall be exempt from the qualification standards and civil service eligibility requirements.

22 *Section 27. 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 PBC, subject to the approval of the President of the Philippines.

26 *Section 28. Government Service Insurance System for Employees.* – All employees hired by PBC shall be deemed members of the Government Service Insurance System (GSIS) for the purpose of employee benefits.

29 **TITLE XI**

30 **TERMINATION OF PTNI CHARTER AND ABSORPTION OF BBS**

1 Section 29. The charter creating the People's Television Network Inc. (PTNI) is
2 hereby terminated. Republic Act No. 7306, as amended by Republic Act No 10390, is
3 hereby repealed.

4 Section 30. The Bureau of Broadcast Services (Radyo ng Bayan) created by
5 Executive Order No. 297, series of 1987 is to be absorbed by PBC.

6 Section 31. *Transition Clause.* – All the powers, functions, assets and liabilities,
7 capital, accounts, contracts and facilities pertaining to the PTNI and the Bureau of
8 Broadcast Services, and all equipment relating to radio and television broadcasting
9 owned by the government shall be transferred to the PBC.

10 Section 32. *Organization of PBC.* – Ninety (90) days from the approval of this
11 Act, the Board of Directors of PBC is hereby empowered to reorganize the former
12 PTNI. For this purpose, the Board may abolish or create offices, transfer functions,
13 equipment, properties, records, and personnel, institute cost-cutting and other related
14 measures to carry out the said objectives, subject to the provisions of Republic Act
15 No. 10149, otherwise known as the "GOCC Governance Act of 2011": *Provided*, That
16 any official or employee of the PTNI who may be affected by reason of the
17 reorganization authorized herein shall be entitled to such benefits.

18 Section 33. *Separation and Retirement Benefits.* – In the event an employee is
19 separated by reason of reorganization, abolition, or creation of offices, or institution
20 of cost-cutting and other similar measure measures, the employee shall be entitled to
21 a separation benefit equivalent to one (1) month salary for every year of service in
22 the government: *Provided*, That the separated or displaced employee has rendered at
23 least one (1) year of service at the time of the effectivity of this Charter.

TITLE XII

MISCELLANEOUS PROVISIONS

26 Section 34. *Implementing Rules and Regulations.* – Within ninety (90) days
27 from the effectivity of this Act, the Presidential Communications Operations Office
28 (PCOO) shall draft the implementing rules and regulations of this charter in
29 consultation with stakeholders from government and the private sector.

30 Section 35. *Separability Clause.* – If any provision or part of this Act is declared
31 invalid or unconstitutional, the remainder shall not be affected thereby and shall
32 continue to be in full force and effect.

1 Section 36. *Repealing Clause.* – Republic Act No. 7306, as amended by Republic
2 Act no 10390, and all laws, decrees, executive orders, administrative orders, rules and
3 regulations and other issuances or parts thereof inconsistent herewith are hereby
4 repealed, amended or modified accordingly.

5 Section 37. *Effectivity Clause.* – This Act shall take effect fifteen (15) days after
6 its publication in two (2) national newspapers of general circulation.

7 Approved,