

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 5362



Introduced by REP. ANTHONY G. DEL ROSARIO

EXPLANATORY NOTE

The Philippine Charity Sweepstakes Office (PCSO) was created by virtue of Act No. 4130 in 1935 to institutionalize sweepstakes as a venture to raise funds for public health and general welfare. In 1954, Republic Act No. 1169 was enacted providing for PCSO Charter thereby strengthening its mandate.

The PCSO Charter was amended by Batas Blg. 42 which raised the fund allocation for the agency's Charity Fund from the previous 25% of net sales to 30%, while 55% now went to prizes and the remaining 15% for operations. All unclaimed prizes also go to Charity Fund. Further, Presidential Decree No. 1157 increases the tax rates on winnings in jai-alai and horse-racing and the share of the Government from the sweepstakes total Prize Fund.

The Charity Fund has been subject of recent controversies due to its alleged misuse by the PCSO board of directors who have discretionary powers on the disbursement of said fund. The PCSO Charter does not provide clear institutionalize criteria in the disposition of fund thus making it prone to abuse and promotion of patronage politics.

This bill warrants a just and equitable distribution of this Government's money grounded on the needs of people. It is proposed that the Charity Fund be earmarked for the National Health Insurance Program administered by PhilHealth to ensure the achievement of universal health insurance coverage in line with the Aquino Health Agenda. It is putting the money into where it is most needed and useful.

Under the bill, the Charity Fund shall no longer be channelled through hospital beneficiaries. Instead it shall be used as contributions to PhilHealth forming part of special purpose fund for the counterpart shares of the National Government and Local Government, to be included in the General Appropriations Act.

While making health care more accessible to the indigents through PhilHealth, the bill also ensures transparency in the utilization of the monetary resources and provides necessary safeguards against corruption specifically in the PCSO.

In view of the foregoing, approval of the bill is earnestly sought.



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AN ACT

EARMARKING THE ENTIRE PHILIPPINE CHARITY SWEEPSTAKES OFFICE (PCSO) CHARITY FUND FOR UNIVERSAL HEALTH CARE COVERAGE AND FOR OTHER PURPOSES, THEREBY AMENDING REPUBLIC ACT NO. 1169, AS AMENDED BY BATAS PAMBANSA BLG. 42

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

SECTION 1. Section 1 of Republic Act No. 1169, as amended by Batas Pambansa Blg. 42 is hereby further amended to read as follows:

"SECTION 1. The Philippine Charity Sweepstakes Office (PCSO). – The Philippine Charity Sweepstakes Office, [hereinafter designated the Office] shall [be the principal government agency for raising] RAISE and [providing] PROVIDE [for] funds for THE NATIONAL HEALTH INSURANCE PROGRAM (NHIP) [health programs, medical assistance and services] and charities of national character, and as such shall have the general powers conferred in [section thirteen of Act Numbered One thousand four hundred fifty-nine] SECTION 13 OF ACT NUMBERED 1469, as amended, and shall have the authority:"

"A. To hold and conduct charity sweepstakes races, lotteries, and other similar activities, in such frequency and manner, as shall be determined, and subject to such rules and regulations as shall be promulgated by the Board of Directors.

[B. Subject to the approval of the Minister of Human Settlements, to engage in health and welfare-related investments, programs, projects and activities which may be profit-oriented, by itself or in a collaboration, association or joint venture with any person, association, company or entity, whether domestic or foreign, except for the activities mentioned in the preceding paragraph (A), for the purpose of providing for permanent and continuing sources of funds for health program, including the expansion of existing ones, medical assistance and services, and/or charitable grants: Provided, That such investments will not compete with the private sector in areas where investments are adequate, as may be determined by the National Economic Development Authority."

"[C] B. To undertake any other activity that will enhance its funds generation operations and funds management capabilities [,subject to the same limitations provided for in the preceding paragraph]."

"It shall have, a Board of Directors, hereinafter designated the Board, composed of five members who shall be appointed and whose compensation and term of office shall be fixed, by the President [(Prime Minister)].

SEC. 2. Section 6 of Republic Act No. 1169, as amended by Batas Pambansa Blg. 42 is hereby further amended to read as follows:

"*SEC. 6. Allocation of Net Receipts.* – From the gross receipts from the sale of [sweepstakes] tickets, whether for sweepstakes races, lotteries, or other similar activities, shall be deducted the printing cost of such tickets, which in no case shall exceed two percent (2%) of such gross receipts to arrive at the net receipts. The net receipts shall be allocated as follows:"

"A. Fifty-five percent (55%) shall be set aside as a prize fund for the payment of prizes, including those for the owners, jockeys of running horses, and sellers of winning tickets."

"Prizes not claimed by the public within one year from date of draw shall be considered forfeited, and shall form part of the charity fund for disposition as stated below."

"B. Thirty percent (30%), AS CHARITY FUND, WHICH shall be set aside as contributions to the NHIP, CREATED UNDER REPUBLIC ACT NO. 7875, AS AMENDED, AND ADMINISTERED BY THE PHILIPPINE HEALTH INSURANCE CORPORATION (PHILHEALTH) FOR THE EXCLUSIVE PURPOSE OF UNIVERSAL HEALTH CARE COVERAGE: *PROVIDED*, THAT EQUIVALENT AMOUNT SHALL BE INCLUDED IN THE GENERAL APPROPRIATIONS ACT (GAA) AS A SPECIAL PURPOSE FUND FOR THE COUNTERPART SHARES OF THE NATIONAL AND LOCAL GOVERNMENT IN THE NHIP UNDER THE PHILHEALTH [charity fund from which the Board of Directors, in consultation with the Ministry of Human Settlements on identified priority programs, needs and requirements in specific communities and with the approval of the Office of the President (Prime Minister), shall make payments or grants for health programs, including the expansion of existing ones, medical assistance and services and/or charities of national character, such as the Philippine National Red Cross, under such policies and subject to such rules and regulations as the Board may from time to time establish and promulgate. The Board may apply part of the contributions to the charity fund to approved investments of the Office pursuant to Section 1 (B) hereof, but in no case shall such application to investments exceed ten percent (10%) of the net receipts from the sale of sweepstakes tickets in any given year].

"Any property acquired by an institution or organization with funds given to it under this Act shall not be sold or otherwise disposed of without the approval of the Office of the President [(Prime Minister)], and that in the event of its dissolution all such property shall be transferred to and shall automatically become the property of the Philippine Government."

"C. Fifteen (15%) percent shall be set aside as contributions to the operating expenses and capital expenditures of the Office.

"D. All balances of any funds in the Philippine Charity Sweepstakes Office shall revert to and form part of the charity fund provided for in paragraph (B) HEREOF [, and shall be subjected to disposition as above stated]."

"The disbursements of the allocation herein authorized shall be subject to the usual auditing rules and regulations."

SEC. 3. *Separability Clause.* – If any provision of this Act is subsequently declared unconstitutional, the validity of the remaining provisions hereof shall remain in full force and effect.

SEC. 4. *Repealing Clause.* – All laws, decrees, executive orders, rules and regulations and other issuances or parts thereof which are inconsistent with this Act are hereby repealed or modified accordingly.

SEC. 5. *Implementing Rules and Regulations.* – Within sixty (60) days upon effectivity of this Act, the PCSO, the PhilHealth and the Department of Budget and Management (DBM) shall provide the necessary rules and regulations for the proper disposition of the said funds and the effective implementation of this Act.

SEC. 6. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in any two (2) newspapers or general circulation.

Approved,