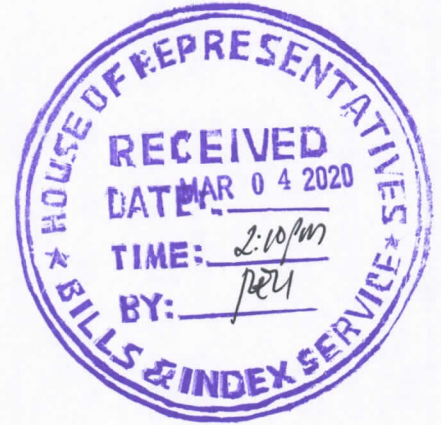


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
First Regular Session

House Bill No. 6476



INTRODUCED BY REPRESENTATIVE CARLOS O. COJUANGCO

EXPLANATORY NOTE

Creative industry refers to those which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property.

The products of this industry are the outcome of human labor (industrial, artistic or artisanal) and require the exercise of human creativity for their production. They express or convey some form of symbolic meaning, which endows them with a cultural value or significance, distinct from whatever commercial value they may possess. And, they generate, or may generate, intellectual property, whether or not they are protected under existing intellectual property legislation.

In 2008, a survey on the Copyright Industry in the Philippines, conducted by several Philippine educational and cultural organizations in cooperation with the World Intellectual Property Organization (WIPO), revealed that the Copyright Industry, contributed 4.82 % to the Gross Domestic Product (GDP) and accounted 11.1% to national employment in large establishments. The same study was conducted in 2014 and the results were even staggering – 7.34% contribution to the GDP and occupied 14.4% of the country's labor force. These figures have the potential to further go up once a more comprehensive survey that will include the "gray" or underground economy and the last two sub-sectors enumerated below is finally taken into consideration.

At present, following the industry classification of the United Nations Conference on Trade and Industry (UNCTAD), the creative industry in the Philippines could be classified according to the following sub-sectors:

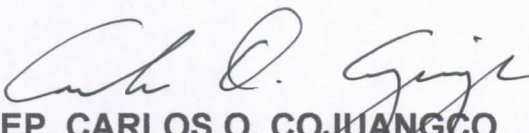
- Performing Arts (music, theater, dance, performance art and all their related products and services)
- Visual Arts (painting, sculpture, photography, video art, graphic design and all their related products and services)
- Publishing, Printing and Literature (books, newspapers, magazines, periodicals, e-books, and other printed and electronic materials and services)
- Design (interior design, fashion, graphic, jewelry, toys and other design materials and services)
- Audiovisual and new media (film, video, radio, television, animation, game development, entertainment software, internet creativity sites, broadcasting and other products and services)
- Creative Services (architecture, advertising, cultural & recreational services, digital & other creative services)
- Cultural sites (archaeological and historical sites, museums, libraries and archival sites and exhibitions)
- Traditional cultural expressions (Arts and crafts, traditional festivals and celebrations).

Under this proposed measure, a long-term program for creative industry development and promotion shall be crafted. Under this program, there shall be established, among others, financial enabling mechanisms, such as loan programs and access to credit, for the Philippine creative industry. There shall be continuous skills and talent training and development. There shall also be incentives to encourage and sustain entrepreneurship in the arts.

Many of our Asian neighbors particularly China, Japan, Korea, Singapore, Thailand and Malaysia have definitive national development plans for the Creative Industry. On the contrary, the Philippines is yet to develop its development plans for the industry.

In this regard, the creation of a Creative Industry Development Council is appropriate. This Council shall provide the overall policy and program directions and coordinate the activities of various agencies and instrumentalities to ensure the implementation, accomplishment, and periodic review and enhancement of the Creative Industry Development and Promotion Program.

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


REP. CARLOS O. COJUANGCO
Representative
1st District, Tarlac

Republic of the Philippines
HOUSE OF REPRESENTATIVES
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INTRODUCED BY REPRESENTATIVE CARLOS O. COJUANGCO

AN ACT
PROMOTING AND SUPPORTING THE DEVELOPMENT OF
THE CREATIVE INDUSTRY, APPROPRIATING FUNDS
THEREFOR, AND FOR OTHER PURPOSES

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

1 **SECTION 1. *Short Title.*** - This Act shall be known as the 'Creative
2 Industry Development Act of 2016.'

3 **SECTION 2. *Declaration of Policy.*** - It is hereby declared the policy
4 of the State to promote and support the development of the creative industry.

5 For this purpose, the State shall have a long term program for creative
6 industry development and promotion to establish financial enabling
7 mechanisms for the Philippine creative industry, nurture the creative industry
8 human resources. create employment, and, provide incentives to encourage
9 and sustain entrepreneurship in the arts.

10 **SECTION 3. *The Creative Industry.*** - For purposes of this Act,
11 creative industry shall refer to those industries which have their origin in
12 individual creativity, skill and talent and which have a potential for wealth and
13 job creation through the generation and exploitation of intellectual property.

14 Creative industry shall be classified according to the following sub-
15 sectors:

- 16 1. Performing Arts, music, theater, dance, performance art and all their
17 related products and services;
18 2. Visual Arts painting, sculpture, photography, video art, graphic design
19 and all their related products and services;

- 1 2. Visual Arts painting, sculpture, photography, video art, graphic
2 design and all their related products and services;
- 3 3. Publishing, Printing and Literature, books, newspapers,
4 magazines, periodicals, e-books, and other printed and electronic
5 materials and services;
- 6 4. Design (interior design, fashion, graphic, jewelry, toys and other
7 design materials and services)
- 8 5. Audiovisual and new media (film, video, radio, television,
9 animation, game development, entertainment software, internet
10 creativity sites, broadcasting and other products and services)
- 11 6. Creative Services (architecture, advertising, cultural &
12 recreational services, digital & other creative services)
- 13 7. Cultural sites (archaeological and historical sites, museums,
14 libraries and archival sites and exhibitions)
- 15 8. Traditional cultural expressions (Arts and crafts, traditional
16 festivals and celebrations).

17 **SECTION 4. *The Creative Industry Development and***
18 ***Promotion Program.*** – There is hereby established a Creative Industry
19 Development and Promotion Program, hereinafter the Program, which
20 shall refer to the comprehensive set of objectives, targets, strategies
21 and activities for the growth and development of creative industry. The
22 Program shall include the following objectives, among others:

- 23 a) Promote investments in the creative industry development programs;
- 24 b) Establish strong linkages among stakeholders and advance market
25 access of the creative industry on the national and international
26 levels.
- 27 c) Create financial assistance, investments schemes and loan
28 programs for availment of small and medium-sized cultural
29 enterprises (SMCE's);
- 30 d) Make available to the creative industry relevant and current research
31 and technological information and new product lines, and extend
32 technical and financial assistance for the development, processing,
33 commercialization and marketing of various creative products;
- 34 e) Promote employment, and provide continuous human resource
35 training, talent and skills education and capacity building in the
36 creative industry; and
- 37 f) Ensure the sustainability and viability of the creative industry;
- 38 g) Review and recommend laws and enact policies in support of the
39 creative industry, including laws to further protect copyrights and
40 other intellectual properties;

1 **SECTION 5. Creative Industry Development Council.** – There
2 is hereby created a Creative Industry Development Council, herein
3 referred to as the Council, which shall provide the overall policy and
4 program directions and coordinate the activities of various agencies and
5 instrumentalities to ensure the implementation, accomplishment, and
6 periodic review and enhancement of the Creative Industry Development
7 and Promotion Program.

8 The Council shall be administratively attached to the Department
9 of Trade and Industry (DTI).

10 **SECTION 6. Powers and Functions of the Council.** – The
11 Council shall have the following powers and functions:

- 12 a) Formulate, advocate, coordinate, oversee and assess the
13 implementation of the Creative Industry Development and Promotion
14 Program;
- 15 b) Identify specific programs and projects in support and in line with the
16 Creative Industry Development and Promotion Program;
- 17 c) Identify sources of financing to expand creative industry
18 development;
- 19 d) Identify programs, projects and activities to be funded by the
20 Creative Industry Development Trust through a resolution;
- 21 e) Submit annual reports to the Office of the President, the Senate
22 Committee on Trade and Commerce and Entrepreneurship, and the
23 House of Representatives Committee in Trade and Industry on the
24 status of the implementation of the Creative Industry Development
25 and Promotion Program;
- 26 f) Create technical panels, working groups, or task forces that will
27 assist the Council in the performance of its functions; and,
- 28 g) Promulgate such rules and regulations and exercise such other
29 powers and functions as may be necessary to carry out effectively
30 the attainment of the purposes and objectives of this Act.

31 **SECTION 7. Composition.** – The Council shall be composed of
32 the following:

- 33 a) Secretary of the Department of Trade and Industry (DTI) as the
34 Chairperson;
- 35 b) Secretary of the Department of Education (DepEd);
- 36 c) Chairman of the Commission on Higher Education (CHED);
- 37 d) Chairman of the National Commission for Culture and the Arts
38 (NCCA);
- 39 e) Secretary of Department of Labor and Employment (DOLE);

1 f) Four (4) private sector representatives from the different sub-sectors
2 of the creative industry.

3 The *ex officio* members of the Council may designate their
4 respective alternates who shall be at least Bureau Director in rank and
5 their acts shall be considered the acts of their principals.

6 The private sector representatives shall be appointed by the
7 President of the Republic of the Philippines from the list of nominees
8 submitted from nominees of the organizations and associations of the
9 respective sub sector creative industry.

10 The representatives must be citizens and residents of the
11 Philippines and must be knowledgeable in creative industry and
12 committed to the policies and programs provided under this Act. They
13 shall serve for a term of three (3) years, and may be reappointed once.

14 The Council shall meet quarterly and may hold special meetings
15 whenever the need arises to consider urgent matters upon the call of
16 the Chairman or any seven (7) Council members.

17 **SECTION 8. *Creative Industry Research and Development***
18 **Center.** – The Creative Industry Research and Development Center,
19 hereinafter referred to as the Center, shall be created to serve as the
20 secretariat of the Council to be headed by an executive director. The
21 Center shall consist of divisions for the following purposes: research
22 and development; trade promotion and education; networking and
23 linkages; internal administration; and such other purposes as
24 necessary. The composition of the divisions shall be prepared by the
25 executive director and approved by the Council.

26 The organizational structure, staffing pattern, and compensation
27 schedule of the Center shall be drawn up in accordance with existing
28 laws, rules and regulations. Other member agencies of the Council shall
29 provide additional administrative and technical staff support upon the
30 determination of the necessity by the Council.

31 **SECTION 10. *The Executive Director of the Center.*** – The
32 Executive Director shall be appointed on a permanent capacity by the
33 President of the Republic of the Philippines from the list of nominees
34 submitted by the DTI Secretary. He/she must be a citizen and resident
35 of the Philippines and must possess executive and management
36 experience of at least three (3) years and with considerable knowledge
37 in creative industry development.

38 The Executive Director, in addition to his/her duties in the Center,
39 shall have the following powers and functions:

40 a) Assist the Council in the performance of its task;

- b) Provide technical and administrative support to the Council;
- c) Oversee the day-to-day operations of the Center; and
- d) Perform such other functions, duties and responsibilities as may be necessary to implement this Act.

SECTION 9. *Establishment of Local Creative Industry Development Councils.* – Regions, provinces, cities and municipalities, when applicable, shall establish their respective local Creative Industry Council. Local government units shall regularly conduct a survey of existing creative industry creative enterprises in their respective localities.

SEC 10. *Provision of Incentives to Investors in Creative Industry Enterprises.* – The following incentives shall be provided to creative industry enterprises, workers and other stakeholders:

- a) The Board of Investments (BOI) shall classify creative industry enterprises as preferred areas of investment under its Investment Priorities Plan (IPP) subject to pertinent rules and regulations;
- b) Creative industry enterprises shall be exempt from the payment of import duties for imported machines and equipment subject to pertinent rules and regulations;
- c) Expenses incurred shall be allowed as deductible expenses for income tax purposes, subject to the provisions of the National Internal Revenue Code of 1997, as emended. Provided, that the deduction shall only apply to the taxable period, when expenses were incurred;
- d) Creative Industry Enterprises shall be given priority to access credit assistance and guarantee schemes being granted by government-owned, controlled and/or-supported financial institutions;
- e) Skills and talent trainings for entrepreneurs, workers, trainees and toher stakeholders; and,
- f) Scholarship program for the underprivileged but deserving college and post graduate students who are taking up courses in relevant field of disciplines in SUCs which have programs in creative industry.

SEC 11. *The Creative Industry Development Trust Fund.* – There is hereby established a Special Account in the General with the National Treasury to be called the Creative Industry Development Trust Fund herein referred to as the Trust Fund. The purpose of the fund is for research and development, trade promotion, credit, human resource development in the creative industry and for the welfare of artists, workers and other stakeholders. The Trust Fund shall be capitalized,

1 manage, utilized, and accounted for in the manner provided under this
2 Act.

3 Upon approval of this law, the Office of the President, through
4 Philippine Amusement and Game Corporation (PAGCOR) shall allocate
5 One Hundred Million Pesos (PHP 100,000,000.00) as initial funding for
6 the Trust Fund for the implementation of this Act. Thereafter, the
7 amount of not less than Two Hundred Million Pesos (PHP
8 200,000,000.00) shall be allocated every year for the next twenty (20)
9 years for the Trust Fund lodged in the Center.

10 The program of expenditure for the programs, projects and
11 activities to be funded by the Trust Fund shall be itemized on a project-
12 to-project basis and submitted annually to Congress. In the identification
13 and prioritization of specific programs, projects and activities, the Council
14 shall conduct prior consultation with the representatives of the industry.

15 **SEC 12. Appropriations.** – The sum of One Hundred Million
16 Pesos (PHP 100,000,000.00) to be sourced from the unexpected
17 contingency fund of the Office of the President and the existing budget
18 for creative industry development under the DTI is hereby appropriated
19 for the initial budgetary requirements of the Center. Thereafter, such
20 amount as may be necessary for the continuous operation of the Center
21 shall include in the annual GAA. The budgetary requirements of
22 cooperating agencies shall be incorporated in their respective annual
23 budgets.

24 **SECTION 13. Implementing Rules and Regulations.** – Within
25 sixty (60) days from the effectivity of this Act, the DTI Secretary, in
26 consultation with other concerned government agencies, the industry
27 representatives and non-government organizations, shall promulgate
28 the necessary implementing rules and regulations for the effective
29 implementation of this Act.

30 **SECTION 14. Separability Clause.** – If any provision of this Act
31 is declared unconstitutional, the validity of the remaining provisions
32 hereof shall remain in full force and effect.

33 **SECTION 15. Repealing Clause.** – All laws, decrees, executive
34 orders and rules and regulations or parts thereof inconsistent with any
35 provision of this Act are hereby repealed, modified or amended
36 accordingly.

37 **SECTION 16. Effectivity Clause.** – This Act shall take effect
38 after fifteen (15) days from its publication in the Official Gazette or in at
39 least two (2) newspapers of general circulation.

APPROVED.