

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

SENATE  
OFFICE OF THE SECRETARY

10 JUL -8 P4 31

SENATE  
S.B. No. 1064

RECEIVED BY: 

---

INTRODUCED BY SEN. MANNY VILLAR

---

### EXPLANATORY NOTE

Creative industries are considered one of the fastest growing sectors in the global economy today. In fact, they contribute significantly to the Gross Domestic Product (GDP) of many developed countries as they capitalized on their cultural and creative industries to enhance and grow their economies. Macau, for example, established a Center for Creative Industries to assist in all aspects of their development. Hong Kong adopted an action-oriented strategy for their promotion with the active participation of the business sector. Singapore developed a "MediaLab" as one of their showcase projects for creative industries. Japan established the "Creative City", an urban revitalization project which became popular worldwide.

Although the Philippines has the potential to develop new areas of wealth and employment as it is rich in cultural heritage and inexhaustible pool of talents, the country still remain a marginal player in the global market. While we produce world-renowned artists, singers, musicians, dancers, designers, among others, still the contribution of creative industries to our economy has remained insignificant. Likewise, due to lack of incentives, financial, educational, infrastructure and technology support from the government and business sector, our local industries established through the creativity and innovativeness of Filipino entrepreneurs are not yet fully developed.

Section 9, Article II of the Constitution which provides, among others, that "the State shall promote a just and dynamic social order and free the people from poverty through policies that provide and promote full employment, a rising standard of living and an improved quality of life for all." This bill, in consonance with the above-quoted provision, seeks to promote creative industries in the country by establishing the Creative Industries Development Council that shall provide an environment conducive to the enhancement and stimulation of creativity and innovative endeavors among the citizenry. The Council, shall, among others: provide high quality trainings for skills and creativity development; formulate measures that shall stimulate creativity and innovations among the youths to ensure long term supply of creative talents; conduct a comprehensive mapping of individuals or groups involved in creative industries; design practical tools to assist individual creators and creative communities to effectively use and diversify their products to be locally and globally competitive.

The proposed measure likewise seeks to address the problem of selling the products of creative industries by mandating the local government units to actively participate in the promotion of these industries in their respective locality through the assistance of the local branches of the Department of Trade and Industry (DTI) nationwide. In order to avail of the incentives provided for under this measure like tax exemptions, financing assistance, among others, creative industries are required to register with their respective Municipal and City Treasurer for the issuance of a Certificate of Authority.

Nurturing and exploitation of creative industries in our country through an effective national policy could really contribute to job creation, income generation and poverty alleviation.

In view of the foregoing, immediate passage of this bill is recommended.



MANNY VILLAR

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

SENATE  
OFFICE OF THE SECRETARY

10 JUL -8 P431

SENATE  
S.B. No. 1064

RECEIVED BY: 

---

INTRODUCED BY SEN. MANNY VILLAR

---

**AN ACT TO PROMOTE THE CREATIVE INDUSTRIES IN THE PHILIPPINES BY ESTABLISHING THE CREATIVE INDUSTRIES DEVELOPMENT COUNCIL, DEFINING ITS POWERS AND FUNCTIONS, APPROPRIATING FUNDS THEREFOR AND FOR OTHER PURPOSES**

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

**SECTION 1. Short Title.** - This Act shall be known as the "Creative Industries Act".

**SECTION 2. Statement of Policy.** - It is hereby declared the policy of the State to recognize the indispensable role of the private sector, encourage private enterprises, and provide incentives to needed investments. The State shall also stimulate and encourage the pursuit of creative endeavors by its citizens. Towards these ends, the government shall exert efforts to strengthen the country's creative industries through an environment conducive to the development of creativity, ingenuity and innovativeness and geared towards a sustainable industrial growth.

**SECTION 3. Definition of Terms.** - For purposes of this Act, the following terms shall mean:

- a) Creativity - the ability to bring into existence something new, whether it be an artistic object or form, a solution to a problem or a method or device; the creation of a work of art bringing about a new combination of elements pre-existing in the medium.
- b) Creative industries - 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;
- c) Creative Clusters - pooling together resources into networks and partnerships of creative enterprises or industries to cross-stimulate activities, boost creativity and realize economies of scale; and
- d) Mapping - identifying creative industry branches of individuals or groups that have potential for growth, their location in the country or region, and to quantify their potential for inducing socio-economic growth;

**SECTION 4. The Creative Industries Development Council.** - The Creative Industries Development Council, hereinafter referred to as the Council, is hereby established to provide a clearly defined direction for setting an environment for sustainable growth of creative industries through the utmost utilization of the skills, talents and capabilities of the country's human resources. It shall assist the creative industries by helping them achieve their full economic potential.

**SECTION 5. Purposes and objectives of the Council.** - The Council shall have the following purposes and objectives:

- a) To develop greater awareness and understanding of the creative industry and its contribution to the Philippine economy and to formulate strategies on how the government, business and private sectors may work together to help develop and promote the same;
- b) To broaden knowledge and visibility of the products of creative industries by providing a showroom for them in a suitable and well- located environment;
- c) To create more employment through the development of creative industries in the countryside; To provide high quality trainings for skills and creativity development; and
- d) To enhance awareness of intellectual property rights, thus, strengthen the foundation for successful creative industries.

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

- a) Formulate a national policy for the promotion and enhancement of creative industries in the country;
- b) Identify creative industries in all localities by conducting a comprehensive mapping to determine the kind of industry and the individuals or groups involved therein and the strategies for their promotion and development;
- c) Conduct seminars and thorough research study of identified creative industries to establish a stronger connection between culture, education and training;
- d) Undertake information dissemination on the economic, social and cultural impact of intellectual property rights on the creative industries to avoid duplication and conflict of interest among creative enterprises;
- e) Design and commission practical tools to assist individual creators and creative communities to effectively use and diversify their products to be locally and globally competitive;
- f) Collaborate with public and private funding partners for creative industry-related activities, such as the Land Bank of the Philippines, the Small Business Guarantee Finance Corporation (SBGFC) and other lending institutions that shall implement technical cooperation projects in the field of creative industries; and
- g) Ensure long term supply of creative talents by formulating measures to stimulate creativity and innovation among the youth; and
- h) Conduct a regular Trade, Craft and Industrial Expositions once a year to showcase the products of creative industries.

**SECTION 7. Composition of the Council.** - The Council shall be composed of the following;

- a) Secretary of the Department of Trade and Industry (DTI), as Chairman;
- b) Secretary of the Department of Science and Technology (DOST) as Vice-Chairman; Undersecretary of the Department of Labor and Employment
- c) Director-General of the Intellectual Property Office (IPO);
- d) Undersecretary of the Department of Labor (DOLE);
- e) Undersecretary of the Department of Education (DepEd);
- f) Chairman of the Commission on Higher Education (CHED);
- g) Director-General of the Technical Education and Skills Development Authority (TESDA);
- h) Commissioner of the National Heritage Commission (NHC);
- i) Director-General of the Technology and Livelihood Research Center (TLRC);
- j) A representative from the Center for International Trade, Expositions and Missions (CITEM));
- k) A representative from the Design Center Philippines;
- l) A representative of the Film Academy of the Philippines; and
- m) A representative of the Indie Films Association of the Philippines.

**SECTION 8. Domicile of the Council.** - The principal office of the Council shall be established in Metro Manila, Philippines. It shall have branches or offices in every provincial and regional office of the DTI, as its operations and activities may require.

**SECTION 9. Mapping Creative Industries.** - The Council, through the respective DTI regional and provincial offices, shall conduct comprehensive mapping in the various localities nationwide to determine the sustainable creative industries therein that may be promoted and assisted by relevant government agencies.

**SECTION 10. Registration of Creative Industries.** - All creative industries nationwide shall be required to register with their respective municipal or city Treasurer who shall issue a Certificate of Authority to avail of the benefits provided for under this Act. The application for the issuance of such certificate shall be processed within fifteen (15) working days upon submission of complete documents, after which, it shall be deemed registered. Said certificate shall be effective for a period of two (2) years, renewable for a period of two (2) years for every renewal. Provided, however, That minimal reasonable fees and charges not exceeding One Thousand Pesos (P1,000) shall be imposed on creative industries to defray the administrative costs of registering and monitoring.

Provided, further, That the local government units (LGUs) may establish a One-Stop-Creative Industries Registration Center under the Office of the Treasurer and appoint a Creative Industries Registration Officer to handle the efficient registration and processing of permits/licenses of creative industries. Provided, finally, That the LGUs shall make a periodic evaluation of the creative industries financial status for monitoring and reporting purposes.

**SECTION 11. Submission of Registration Records and Evaluation Reports to DTI Branch Offices.** - The municipal and city Treasurer shall submit the registration records and evaluation reports of creative industries to their respective DTI branch office.

**SECTION 12. Creative Industries Linkages with Educational System.** - To ensure a continuous supply of creative talents and to stimulate creativity and innovation among students at all levels of education, the Council, through the DepEd and CHED, shall formulate measures to establish a stronger connection between culture, education and training and to harness potentials of the youths.

**SECTION 13. Identified Creative Industries.** - The creative industries in the Philippines being an emerging and dynamic sector of the economy shall include the following:

- a. Advertising (print and mass media);
- b. Printing and Literature;
- c. Music and Performing Arts
- d. Visual Arts;
- e. Crafts, Design and Architecture;
- f. Audiovisual and news media;
- g. Cultural Heritage; and
- h. Cultural Activities.

**SECTION 14. Technology Transfer, Production and Management Training and Marketing Assistance.** - To fully develop and promote the creative industries in the country, the amount of Fifty Million Pesos (P50,000,000.00) shall be set up for technology transfer, production and management training and marketing assistance for qualified identified creative industries nationwide.

**SECTION 15. Annual Summit.** - The Council, in coordination with the Department of Trade and Industry, shall hold a regular annual National Manpower Summit to promote and strengthen the sustainability of all creative industries in the country.

**SECTION 16. Tax Incentives.** - All registered creative industries shall be exempt from tax for income arising from the operations of the enterprise. They shall only be charged a minimal one percent (1%) of their income as a local tax by their respective local government units (LGUs).

**SECTION 17. Credit Facilities.** - Upon approval of this Act, the Land Bank of the Philippines (LBP), the Small Business Guarantee and Finance Corporation (SBGFC), and the People's Credit and Finance Corporation (PCFC) shall set up a special credit window that shall provide the financing needs of qualified creative industries mentioned in Section 13 hereof.

**SECTION 18. Annual Report.** - The Council shall submit an annual report to Congress on the status of the implementation of this Act not later than December 31 of each year.

**SECTION 19. Implementing Rules and Regulations.** - The Council shall issue and promulgate the necessary implementing rules and regulations within thirty (30) days upon the approval of this Act.

**SECTION 20. Separability Clause.** - If any part or provision of this Act is held unconstitutional or invalid, the other parts or provisions hereof which are not affected thereby shall continue to be in full force and effect.

**SECTION 21. Repealing Clause.** - All laws, orders, rules or regulations which are inconsistent with or contrary to the provisions of this Act are hereby amended or repealed accordingly.

**SECTION 22. EFFECTIVITY** - This Act shall take effect fifteen (15) days after its publication in at least two (2) national newspapers of general circulation.

Approved,