

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



Senate  
Office of the Secretary

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SENATE

S. B. No. 598

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Introduced by Senator FRANCIS G. ESCUDERO

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**EXPLANATORY NOTE**

Republic Act (RA) No. 1169, or The Philippine Charity Sweepstakes Office charter, was enacted into law in 1954 with the mandate of providing and raising funds for health programs, medical assistance and services, and charities of national character. It was amended by Batas Pambansa Blg. 42 and Presidential Decree No. 1157 in 1979 and 1977, respectively.

As a funding institution, however, PCSO has become not only a promoter of patronage politics but also a source of injustice and inequality especially in the use and distribution of its charity fund. More often than not, benefitting are only those within the graces of the powers that be.

The PCSO charter as a social legislation must thus be revisited and made true to its purpose and mandate by amending Section 6 thereof.

Section 6 provides the allocation of PCSO's net receipts (gross receipts less the printing cost of tickets not to exceed two percent of such gross receipts) which is basically divided into a 55% - 45% distribution. The former is earmarked to winnings and prizes, the latter the charity fund, and operating expenses and capital expenditure. The PCSO Board of Directors (the "Board") is empowered to make payment and grant from the charity fund, which is a minimum of 30% of net receipts. Moreover, the Board is also authorized to allocate, a minimum of 15% of net receipts, for operating expenses and capital expenditures.

It is proposed that the said discretionary powers of the Board be contained, if not removed, and that the charity fund be already specifically earmarked based on the policies set forth in RA No. 1169, as amended. In like manner, the Board's power of allocation over the 15% is to be expressly subjected to the approval of the Office of the President.

It is believed that with this amendment, the PCSO's charity fund will be distributed in accordance with specific and real needs grounded on justice and equity. It eradicates the lack of institutionalized criteria and standard in the disposition of funds, where arbitrariness has always led to abuse. In addition, the charity fund will become transparent as it finances as well certain legislations enacted by Congress.

Respectfully submitted.

FRANCIS G. ESCUDERO



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S. B. No. 598

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Introduced by **Senator FRANCIS G. ESCUDERO**

**AN ACT**  
**INSTITUTIONALIZING A JUST AND EQUITABLE DISPOSITION OF THE**  
**PHILIPPINE CHARITY SWEEPSTAKES OFFICE CHARITY FUND,**  
**AMENDING FOR THAT PURPOSE SECTION 6 OF REPUBLIC ACT NO. 1169,**  
**AS AMENDED**

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

1           **SECTION 1.** Section 6 of Republic Act No. 1169, as amended, is hereby further  
2 amended to read as follows:

3                   **“SECTION 6.** *Allocation of Net Receipts.* - *From the gross receipts from*  
4 *the sale of sweepstakes tickets, whether for sweepstakes races, lotteries, or similar*  
5 *activities, shall be deducted the printing cost of such tickets, which in no case*  
6 *shall exceed two percent of such gross receipts to arrive at the net receipts. The*  
7 *net receipts shall be allocated as follows:*

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

11                   *Prizes not claimed by the public within one year from date of draw*  
12 *shall be considered forfeited, and shall form part of the charity fund for*  
13 *disposition as stated [below.]* **JUNDER THE SUCCEEDING**  
14 **PARAGRAPHS.**

15                   *B. Thirty percent (30%) shall be set aside as contributions to the*  
16 *charity fund* **WHICH SHALL BE EARMARKED AS FOLLOWS:** *[from*  
17 *which the Board of Directors, in consultation with the Ministry of Human*  
18 *Settlement on identified priority programs, needs, and requirements in*  
19 *specific communities and with approval of the Office of the President*  
20 *(Prime Minister), shall make payments or grants for health programs,*  
21 *including the expansion of existing ones, medical assistance and services*  
22 *and/or charities of national character, such as the Philippine National*  
23 *Red Cross, under such policies and subject to such rules and regulations*  
24 *as the Board may from time establish and promulgate].*

25                   **1. 20% AMBULANCE, INCLUSIVE OF REPAIR AND**  
26 **MAINTENANCE, AND OTHER METHODS OF**  
27 **CONDUCTION/CONVEYANCE OF PATIENTS;**

28                   **2. 20% PHILIPPINE HEALTH INSURANCE**

1                   **CORPORATION, FOR UNIVERSAL PHILHEALTH COVERAGE;**

2                   **3.     20%    CHARITY CLINIC, MEDICAL ASSISTANCE**  
3                   **AND SERVICE PROGRAM, TO PRIVATE HOSPITALS;**

4                   **4.     20%    DEPARTMENT OF HEALTH, INCLUDING**  
5                   **REGIONAL, DISTRICT AND PROVINCIAL HOSPITALS;**

6                   **5.     20%    PRESIDENT'S SOCIAL FUND.**

7                   **THE ABOVE ALLOCATION, TO ENSURE EQUITY AND**  
8                   **FAIRNESS, SHALL BE SPENT AND DISTRIBUTED ON A**  
9                   **PRIORITY BASIS IN ACCORDANCE WITH THE LATEST**  
10                   **NATIONAL STATISTICAL COORDINATION BOARD (NSCB) DATA**  
11                   **ON POPULATION AND POVERTY MAPPING, STARTING WITH**  
12                   **THE POOREST IN THE COUNTRY.**

13                   *The Board may apply part of the contributions to the charity fund*  
14                   *to approved investments of the Office pursuant to Section 1 (B) hereof, but*  
15                   *in no case shall such application to investments exceed ten percent (10%)*  
16                   *of the net receipts from the sale of sweepstakes tickets in any given year.*

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

22                   **C. Fifteen (15%) percent shall be set aside as contributions to the**  
23                   **operating expenses and capital expenditures of the Office *SUBJECT TO***  
24                   ***THE APPROVAL OF THE OFFICE OF THE PRESIDENT.***

25                   **D. All balances of any funds in the Philippine Charity Sweepstakes**  
26                   **Office shall revert to and form part of the charity fund provided for in**  
27                   **paragraph (B), and shall be subject to disposition as above stated.**

28                   *The disbursements of the allocation herein authorized shall be*  
29                   *subject to the usual auditing rules and regulations. [As amended by Batas*  
30                   *PambansaBlg. 42 dated 24 September 1979]."*

31                   **SEC. 2.**       All laws, presidential decrees, executive orders, proclamations  
32                   and/or administrative regulations which are inconsistent with the provisions of this Act  
33                   are hereby amended, modified, superseded or repealed accordingly.

34                   **SEC. 3.**       This Act shall take effect fifteen (15) days from its publication in  
35                   the Official Gazette or at least three (3) newspapers of national circulation.

36                   *Approved,*