NINETEENTH CONGRESS OF THE REPUBLIC OF THE PHILIPPINES *Third Regular Session*

1735

SENATE

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S. No. <u>2856</u>

Introduced by Senator Jinggoy Ejercito Estrada

AN ACT

PROMOTING AND SUPPORTING THE DEVELOPMENT AND GROWTH OF THE PHILIPPINE FILM INDUSTRY, CREATING FOR THIS PURPOSE THE PHILIPPINE FILM COMMISSION, DEFINING ITS POWERS AND FUNCTIONS AND FOR OTHER PURPOSES

EXPLANATORY NOTE

Philippine film industry is considered as among the oldest in Asia. In 2019, we celebrated the Centennial Year of Philippine Cinema, as the first Filipino-produced and -directed feature film was released in September 1919. Through these years, films told stories of the Filipino people – our struggles, our resilient spirit, and our way of life.

Apart from reflecting our national identity, Filipino films have become an important aspect of the domestic economy. It provided jobs and livelihood to millions of workers in the sector, and stimulated various economic activities in communities that have become the location of film productions. World-class movies showcasing the topnotch talent of Filipino actors and technical crew also bring prestige and honor to the country, especially when they bag awards in prestigious international film festivals.

The Film Development Council of the Philippines (FDCP) was created under Republic Act No. 9167 enacted in June 2002 in recognition of the immense potential of the film sector in uplifting the nation in many aspects. While the FDCP has successfully advocated the welfare of the industry, its limited manpower and financial resources¹ hindered the optimal growth and competitiveness of the medium, especially

¹ With only 34 authorized positions, and P308.799 million budget for 2023 (General Appropriations Act)

amid the rapidly changing entertainment landscape and technological advancements affecting the consumption thereof. Despite the fact that Philippine cinema is regarded as one of the pioneers in the region, our neighboring countries in Asia have already surpassed us in terms of quality, quantity and earnings.

This measure proposes the reorganization of the FDCP into a full-fledged Philippine Film Commission, similar to those instituted by other countries. It shall be the central institution which shall coordinate all programs and policies that are related to the development of the local film industry. It shall also take the lead in promoting and marketing of the country as a viable and picturesque setting for the production of international films and television programs. The Commission shall be mandated to set up mechanics to address the welfare and working conditions of film workers, in coordination with the established sector organizations. It shall foster appreciation and interest in film through grassroots programs and elective courses in schools.

In view of rebuilding the "Golden Age of Philippine Cinema" and maintaining a competitive edge in the dynamic global scene of content creation, the immediate passage of this legislation is earnestly sought.

EJERCITO ESTRADA

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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 "Philippine Film
 Commission Act".

Sec. 2. *Declaration of Policy*. – Pursuant to the constitutional guarantee on freedom of expression and on the principle of giving priority to arts and culture to foster patriotism and nationalism, accelerate social progress, and promote total human liberation and development, the State shall promote and support the development and growth of the local film industry as an aesthetic and cultural medium for a better understanding and appreciation of Filipino social values and national identity and as an indispensable economic partner in nation-building.

To achieve this end, the State shall formulate and implement policies and programs to upgrade the art and craft of film making and encourage the production of films for commercial purposes, intended for public entertainment, that seek to enhance the quality of life, examine the human and social conditions, and contribute to the dignity and nobility of the human spirit.

Sec. 3. *Creation of the Philippine Film Commission.* – To implement the policies
 and attain the objectives enunciated in this Act, the Film Development Council of the

Philippines (FDCP) created under Republic Act No. 9167 is hereby reorganized into the
Philippine Film Commission hereinafter referred to as the "Commission". The
Commission shall be an independent agency. It shall render an annual report of its
activities and achievements to the President and to the both houses of Congress and
shall have its principal offices in Metropolitan Manila.

Sec. 4. Composition of the Commission. - The Commission shall be composed 6 of a Chairperson and seventeen (17) members, eight (8) of whom shall be regular 7 8 members while nine (9) shall be ex officio members; Provided, That only the regular 9 members are entitled to vote, while the Chairperson shall vote only in case of tie; Provided further, That the Chairperson shall be appointed by the President from the 10 list of nominees submitted to him by the regular members; Provided finally, That the 11 12 Chairperson shall be a person of proven administrative proficiency, independence, knowledgeable of the technical and artistic aspects of the film production and fully 13 committed to the promotion and development of the Philippine Cinema as art. 14

- 15 The eight (8) regular members shall be as follows:
- a) A regular representative of the Directors' Guild of the Philippines, Inc.;
- b) A regular representative of the Nagkakaisang Manggagawa ng Pelikulang
 Pilipino;
- c) A regular representative of the Movie Workers Welfare Foundation, Inc.
 (Mowelfund);
- d) A regular representative of the Actors' Guild of the Philippines, Inc.;
- e) A regular representative from the National Cinema Association of the
 Philippines;
- f) A regular representative from the academe;
- 25 g) A regular representative from the local film producers;
- h) A regular representative from the Independent Film cooperative.
- The nine (9) members who shall be *ex-officio* members of the Commission are the following:
- a) The Secretary of the Department of Trade and Industry (DTI) or his/her
 duly designated regular representative;
- b) The Secretary of the Department of Education (DepEd) or his/her duly
 designated regular representative;

1	c) The Secretary of the Department of Tourism (DOT) or his/her duly
2	designated regular representative;
3	d) The Secretary of the Department of Foreign Affairs (DFA) or his/her duly
4	designated regular representative;
5	e) The Secretary of the Department of Interior and Local Government (DILG)
6	or his/her duly designated regular representative;
7	f) The Secretary of the Department of Finance (DOF) or his/her duly
8	designated regular representative;
9	g) The Director General of the Film Academy of the Philippines or his/her duly
10	designated regular representative;
11	h) The President of the Cultural Center of the Philippines (CCP) or his/her duly
12	designated regular representative; and
13	i) The head of the Cinema Committee of the National Commission for Culture
14	and the Arts (NCCA) or his/her duly designated regular representative.
15	Sec. 5. Term of Office. – The Chairperson and the eight (8) regular members
16	shall hold office for a term of three (3) years, unless sooner removed by the
17	Commission; Provided, That they shall be eligible for reappointment after the
18	expiration of their terms; Provided further, That if a member fails to complete his/her
19	term, the person appointed to fill the vacancy shall serve only the unexpired portion
20	of the vacated term whom he/she succeeds; Provided finally, That such service of the
21	unexpired portion shall not be counted as a term.
22	Sec. 6. Powers and Functions. – The Commission shall have the following
23	powers and functions:
24	a) To coordinate all programs and policies of government departments and
25	agencies that are related to the development of the local film industry;
26	b) To establish and implement a Cinema Evaluation System in accordance with
27	the criteria set forth in this Act;
28	c) To develop and implement programs and incentive and reward system for
29	the producers based on merit to encourage the production of quality films;
30	d) To promote, organize, encourage or support a more scientific system in
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31	which local films can be marketed locally and internationally;

e) To develop, implement and promote programs to enhance the skills and 1 2 expertise of Filipino film artists, technicians, workers and creatives through 3 continuous craft and technical upgrading as well as aptitude training; f) To formulate and implement incentive programs for local and foreign film 4 and television productions to film in the country; 5 g) To lead the promotion and marketing of the Philippines as a viable location 6 for the production of international films and television programs, based on 7 a strategic marketing plan; 8 h) To set up and operate a one-stop shop to assist foreign and local producers 9 making films in the country and facilitate the processing of licenses, 10 clearances, permits, certifications or authorizations necessary to film in the 11 12 country; i) To encourage, support and coordinate the holding of national and regional 13 film festivals exclusively of Filipino films; 14 To establish, organize, operate and maintain international film festivals, 15 i) exhibitions and similar activities, including an ASEAN film festival and 16 market; 17 k) To encourage and facilitate participation in international film festivals and 18 to ensure the continuous presence of Philippine films in international 19 markets; 20 To invest funds and other assets in such activities or undertakings that shall Ð 21 directly or indirectly promote development of the film industry, including 22 the production of films, and other terms and conditions as it may deem 23 wise and desirable; 24 m) To ensure the establishment of a film archive in order to conserve and 25 protect film negatives and/or prints as part of the nation's historical, cultural 26 and artistic heritage; 27 n) To take measures to acquire for safeguarding and preservation of any part 28 or all of the national film production, including the institution of mandatory 29 deposit systems which is hereby expressly authorized; 30

- o) To set up mechanics to address the welfare and working conditions of local
 film workers, a concern to be implemented in coordination with the
 Mowelfund and the Nagkakaisang Manggagawa ng Pelikulang Pilipino;
- p) To promote the establishment of cinema clubs in barangays and schools in
 coordination with the Department of Education and the Commission on
 Higher Education and to develop elective courses related to film at the
 collegiate levels as part of a film audience development program;
- q) To prescribe the procedures for the exercise of its powers and functions as
 well as the performance of its duties and responsibilities;
- r) To determine the Commission's organizational structure and staffing
 pattern and appoint its officers and employees in accordance with Civil
 Service laws, rules and regulations;
- s) To promote the development and growth of the independent film
 movement;
- 15t) To acquire, manage and hold such real and personal property as may be16necessary to carry out the purpose and objectives of this Act; and
- u) To perform such other functions as may be necessary to carry out the
 provisions of this Act.

19 Sec. 7. *Meetings.* – The Commission shall meet at least once a month or as 20 often as necessary at the call of the Chairperson or majority of the members. A 21 majority of the regular members of the Commission shall constitute a quorum to do 22 business. The members of the Commission shall be entitled to honoraria based on 23 existing government accounting and auditing rules and regulations.

Sec. 8. *The Chairperson.* – The Chairperson shall be the Chief Executive Officer and shall exercise overall administrative supervision to ensure the effective and efficient implementation of the policies laid down by the Commission. The Chairperson shall have the same rank and salary as an Undersecretary of a Department as provided for in the Salary Standardization Law.

Sec. 9. *Functions of the Chairperson.* – The Chairperson shall have the following
 functions:

a) Execute and administer the policies, plans and programs approved by the
 Commission;

- 1 b) Direct and supervise the operations and internal affairs of the Commission;
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- c) Establish the internal organization and administrative procedures of the Commission;
- d) Recommend to the Commission the appointment, transfer or detail,
 suspension, dismissal for cause of its subordinate officials and employees;
 and,

e) Such other functions, which the Commission may assign from time to time.
Sec. 10. *The Executive Director.* – The Chairperson shall be assisted by an
Executive Director to be appointed by the Commission upon the recommendation of
the Chairperson. The Executive Director shall have a salary comparable to the
equivalent rank under the Revised Compensation and Position Classification System
and shall be co-terminus with the Chairperson unless sooner removed for cause.

Sec. 11. *Cinema Evaluation Board.* – The Commission will absorb the Cinema Evaluation Board of the FDCP, hereinafter referred to as the "CEB", which shall evaluate and grade films submitted to the Commission, subject to the following:

- 16 a) Composition, Qualifications and Appointment – The CEB shall be composed of a Board Chairperson and twenty (20) members, ten (10) of whom shall 17 come from the film industry, and the other ten (10) from the arts, academe, 18 business and such other sectors as the Commission may choose to identify. 19 20 The Chairperson of the Commission shall appoint the members of the CEB from among thirty (30) submitted by the members of the Commission; 21 Provided, That the persons appointed to the CEB should be knowledgeable 22 of the artistic and technical aspects of film making and fully committed to 23 the promotion and development of cinematographic art along world-class 24 standards and global marketability. 25
- b) *Term of Office* The CEB Chairperson and members shall serve for a term of two (2) years and shall be eligible for re-appointment for a second term;
 Provided, That no member shall serve for more than two (2) consecutive terms; Provided further, That if any member fails to complete a term, the person appointed to fill the vacancy shall serve only for the unexpired portion of the term of the person whom he/she succeeds, unless re-appointed; Provided finally, That the service of the unexpired portion shall

not be counted as a term. In the initial appointments, the CEB Chairperson and the twenty (20) members shall hold office for two (2) years.

c) *Participation* – No member of the CEB shall participate in the grading of a
film in which he or she or any member of his or her family or any relative
within the fourth degree of consanguinity or affinity shall have financial or
any other interest; Provided, That such member shali disclose fully at the
time of his or her inhibition, the nature of his or her interest including actual
or potential conflict of interest and the reasons of his or her inhibition.

Sec. 12. *Cinema Evaluation System.* – The CEB shall formulate and establish a
set of standards, criteria and procedures for the Cinema Evaluation System, subject
to the approval of the Commission, primarily based on, but not limited to the following:
direction, screenplay, cinematography, editing, production design, musical scoring,
sound, and acting.

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Sec. 13. *Grading of Films.* – The grading of films by the CEB shall be subject to the following provisions:

- a) Pre-qualification procedures and requirements. The Commission shall 16 prescribe pre-qualification procedures and requirements for application for 17 grading; Provided, That only films whose premiere showing shall be held in 18 the Philippines, and those which have not had any theatrical release, free 19 20 television broadcast, cable broadcast or video release in any commercial 21 medium anywhere in the world shall be gualified for evaluation by the 22 board; Provided further, That the CEB should evaluate and grade only films that are intended for theatrical and other forms or exhibition that will 23 charge admission fees and which are at least eighty (80) minutes in length 24 and that the producer shall submit his/her film for grading at least seven 25 (7) days before its scheduled day of play date. 26
- b) *Evaluation Period.* A film shall be reviewed, evaluated and graded by the
 CEB within five (5) working days after submission of the application. The
 CEB shall transmit its decision to the Commission within twenty-four (24)
 hours from the rendering of the decision. The Commission shall inform the
 producer of the CEB's decision not later than twenty-four (24) hours upon
 receipt therewith.

1 c) Grading of Films. - The CEB shall review and grade a film submitted for grading. The CEB and the Commission shall, at any time neither be allowed 2 to cut, delete, shorten or modify in any manner films being graded by the 3 CEB, nor shall they be allowed to suggest cuts or deletions or any other 4 form of modification to the film makers and pre-requisites for earning the 5 6 CEB grading. Such grading shall be given due weight and consideration by 7 the Movie and Television Review and Classification Board (MTRCB), the Optical Media Board (OMB), the Department of Trade and Industry (DTI) 8 and other government agencies for the graded film's viewing, reproduction, 9 10 exportation and other purposes.

d) *Reconsideration to the Board En Banc.* – The action taken by the CEB on
the film submitted for evaluation and grading may be reconsidered upon
motion to the CEB *en banc* within twenty-four (24) hours from receipt of
notice of said action, and the CEB *en banc* shall render its decision within
forty-eight (48) hours from its receipt of the motion for reconsideration.
The CEB *en banc* must be composed of at least majority of the CEB.

e) *Finality of Grading.* – The grading submitted by the CEB *en banc* to the
Commission shall be final.

Sec. 14. *Privileges of Graded Films.* – Producers of films who have obtained high or excellent ratings, in accordance with the standards and procedure set by the Board, shall be entitled to privileges, such as but not limited to, tax credits, cash rebates, co-production grants, subsidies for advertisement and promotion, priority booking on cinemas, guaranteed or extended number of exhibition dates, and similar incentives that the Commission may offer.

25 Sec. 15. *Film Endowment Board.* – There is hereby created a Film Endowment 26 Board hereinafter referred to as the FEB which shall provide subsidy for the production 27 of worthwhile screenplays and films submitted to the FEB for consideration, subject to 28 the following:

a) *Composition, Qualifications and Appointment* – The FEB shall be composed
of a Board Chairperson and seven (7) members, four (4) of whom shall
come from the film industry, and the other three (3) from the arts, academe,
business and other sectors as the Commission may choose to identify. The

1 Chairperson of the Commission shall appoint the members of the FEB from 2 among fifteen (15) nominees submitted by the members of the Commission; 3 Provided, That the persons appointed to the FEB should be knowledgeable 4 of the artistic and technical aspects of filmmaking and fully committed to 5 the promotion and development of cinematographic art along world-class 6 standards and local and global marketability.

- b) Term of Office The FEB Chairperson and members shall serve for a term 7 of two (2) years and shall be eligible for re-appointment for a second term; 8 Provided, That no member shall serve for two (2) consecutive terms; 9 10 Provided further, That if any member fails to complete a term, the person 11 appointed to fill the vacancy shall serve only for the unexpired portion of the term of the person whom he/she succeeds, unless re-appointed; 12 Provided finally, That the service of the unexpired portion shall not be 13 counted as a term. The FEB Chairperson and the seven (7) members shall 14 hold office for two (2) years. 15
- c) *Participation* No member of the FEB shall participate in approving of
 funding for a film in which he or she or any member of his or her family or
 any relative within the fourth degree of consanguinity or affinity shall have
 financial or any other interest; Provided, That such member shall disclose
 fully at the time of his or her inhibition, the nature of his or her interest
 including actual or potential conflict of interest and the reasons of his or her
 inhibition.
- Sec. 16. *Film Endowment Evaluation System.* The FEB shall formulate and establish a set of standards and criteria and procedures for the Film Endowment Fund Evaluation System, subject to the approval of the Commission, based on, but not limited to the following: the aesthetic value of the screenplay submitted, the marketability of the film product, and its integral cultural personality.
- 28 Sec. 17. *Endowment Funding for Films.* The endowment funding for films 29 by the FEB shall be subject to the following provisions:
- a) *Pre-qualification procedures and requirements.* The Commission shall
 prescribe pre-qualification procedures and requirements for application for
 endowment funding; Provided, That only original screenplays which have

not yet been produced and which when filmed are at least eighty (80) minutes in length or only films whose premiere showing shall be held in the Philippines, and those which have not had any theatrical release, free television broadcast, cable broadcast or video release in any commercial medium anywhere in the world shall be qualified for evaluation by the Board.

- b) *Evaluation period.* A submitted screenplay or film shall be evaluated and approved for funding within thirty (30) days after submission. The FEB shall transmit it to the Commission within twenty-four (24) hours from the rendering of the decision. The Commission shall inform the filmmaker or scriptwriter of the FEB's decision not later than one (1) week upon receipt therewith.
- c) *Finality of endowment fund decision.* The evaluation submitted by the
 FEB *en banc* to the Commission shall be final.
- d) *Copyright and distribution.* Once the Commission approves a project for 15 16 funding, the applicant receives an agreement that includes the Commission's policies on copyright, distribution, credits, and other matters. 17 The Commission reserves the right to place additional conditions or 18 19 stipulations deemed necessary or appropriate on an endowment award. 20 Unless specifically provided otherwise, the following policies will apply to projects and to the use of materials produced or distributed with 21 endowment funds: 22
- i) Ownership, copyright, distribution, exhibition and use rights for all
 projects developed or distributed with endowment funds shall be
 vested in the producer, writer, artist, or other originator of the work;
- ii) Five film prints shall become property of the Commission. The
 Commission reserves the non-exclusive right to distribute or exhibit
 its copy for non-commercial purposes, as it deems appropriate.
- iii) The Commission reserves a royalty-free, non-exclusive, and
 irrevocable rights to reproduce, publish, or otherwise use these
 materials for government purposes and to authorize others to do so.

All projects developed through a Commission endowment, including iv) 1 associated publicity or promotional materials, shall carry a statement 2 3 indicating that it was funded by the Commission. There shall also be a disclaimer statement to the effect that the views expressed therein 4 are not necessarily those of the Commission. The project must be 5 promoted as a Philippine work at film festivals and in markets abroad. 6 7 In co-productions, the Philippine nationality of the produced film must be mentioned together with any others. 8

Sec. 18. *Funding.* – In order to provide for the initial funding of the Commission,
there is hereby created a Philippine Film Commission Fund Account to be deposited in
the National Treasury which shall be included in the annual General Appropriations
Act and shall be constituted from the proceeds from a special film commission tax of
Two Pesos (P2.00) which is hereby levied on all admission tickets of movie houses in
the Philippines for a period of twenty (20) years.

- 15 To augment its operational expenses, the Commission may:
- a) Impose reasonable fees and charges for services rendered; Provided, That
 the amount actually collected shall be deposited in the National Treasury
 as a special account in the General Fund and may be used to augment its
 maintenance and other operational expenses, and capital outlays except
 the purchase of motor vehicles, subject to existing accounting and
 budgeting rules and regulations; and,
- b) Secure funding from the Philippine Amusement and Gaming Corporation for
 the amount necessary to subsidize the production of thirty (30) quality films
 annually.

25 Sec. 19. Authority to Accept Donations. - The Commission may accept 26 donations, contributions, grants, bequest or gifts, in cash or in kind, from various sources, domestic or foreign, except from movie producers relevant to its functions. 27 Said donations shall be deemed automatically appropriated for purposes specified by 28 29 the donor or in the absence thereof, for the programs or projects as may be approved 30 by the Commission subject to the usual government accounting and auditing rules and regulations; Provided, That cash donations shall not be used to fund the personal 31 services requirements of the Commission. Any donation, contribution, subsidy or 32

financial aid which may be made to the Commission shall be exempt from taxes of
any kind and constitute allowable deduction in full from the income of the donors,
contributors or givers for income tax purposes.

Sec. 20. Assistance from other Government Agencies. – The Commission may
call on any department, bureau, office, agency or instrumentality of government for
such direct assistance as may be needed in the performance of its functions.

Sec. 21. *Implementing Rules and Regulations.* – The FDCP shall, within ninety
(90) days after the approval of this Act, issue the necessary rules and regulations to
implement the provisions hereof.

Sec. 22. *Transitory Provision.* – To provide continuity in the operation of the Commission, the incumbent officials and employees of FDCP and the CEB shall, in a holdover capacity, continue to perform their respective duties and responsibilities and shall receive their corresponding salaries and benefits until such time that the organization of the Commission shall have been completed. The transition period shall not exceed six (6) months after effectivity of this Act.

All officials of the FDCP and CEB shall be deemed resigned from services upon the organization of the Commission; Provided, That the officials and employees who shall be laid off shall be given preferential treatment in appointments to new positions to which they may qualify under the new staffing pattern; Provided finally, That those who shall not be given new appointments shall be entitled to all compensation and benefits due them under existing laws.

All books, assets, rights, privileges, records, obligations and liabilities of FDCP and CEB are hereby transferred to the Commission.

Sec. 23. *Organizational Structure.* – The organizational structure and staffing pattern of the Commission shall be established in coordination with the Department of Budget and Management (DBM) and in accordance with Civil Service laws, rules, and regulations.

Sec. 24. *Annual Report.* – The Commission shall, within ninety (90) days after the end of every fiscal year, submit to both houses of Congress an annual report on its compliance with, or accomplishments under this Act, together with its plans and recommendations to improve and develop its capability to enforce the provisions of

this Act, and a complete accounting of transactions with respect to any funds received
under this Act.

Sec. 25. *Separability Clause.* – If for any reason, any provision of this Act is
declared unconstitutional or invalid, such parts not affected thereby shall remain in
full force and effect.

Sec. 26. *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, amended or modified accordingly.

9 Sec. 27. *Effectivity*. – This Act shall take effect fifteen (15) days after its
 10 publication in the *Official Gazette* or in any two (2) newspapers of general circulation.
 Approved,