

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
First Regular Session

HOUSE RESOLUTION No. 602



Introduced by

**BAYAN MUNA Representatives CARLOS ISAGANI T. ZARATE,
FERDINAND R. GAITE and EUFEMIA C. CULLAMAT,
ACT TEACHERS Party-List Representative FRANCE L. CASTRO,
GABRIELA Women's Party Representative ARLENE D. BROSAS
and KABATAAN Party-List Representative SARAH JANE I. ELAGO**

RESOLUTION

**DIRECTING THE COMMITTEE ON GOOD GOVERNMENT AND PUBLIC
ACCOUNTABILITY TO CONDUCT AN INVESTIGATION, IN AID OF
LEGISLATION, ON THE CONTROVERSIES ON THE USE OF FUNDS
ALLOCATED TO HOST THE 30TH SOUTHEAST ASIAN GAMES**

WHEREAS, on May 9, 2019, President Duterte approved the augmentation to the funds of the Philippine Sports Commission (PSC) for the hosting of the Southeast Asian (SEA) Games for the fourth time. Last year, Philippine Sea Games Organizing Committee (PHISGOC) requested for a P7.5 billion funding for the expenses of the world-class hosting, but Congress only approved P5 billion as reflected in the 2019 General Appropriations Act;

WHEREAS, the P5 billion budget for the hosting of 30th SEA Games, together with P77.27 million budget for General Administration and Support of PSC, allocated under 2019 budget is broken down as follows:

General Management and Supervision of which P77,270,000 is for General Administration and Support and P5,000,000,000 for the Hosting of the 2019 SEA Games

PS:	P 37,504,000
MOOE:	P 3,993,306,000
CO:	<u>P 1,046,460,000</u>
Total:	P 5,077,529,000

WHEREAS, the regular budget of the PSC in 2017 and 2018 amount only to P223,547,000 and P199,493,000, respectively;

WHEREAS, Congress allocated P170.351 million for Locally-funded Projects under Amateur Sports Development Program of the PSC which is broken down as follows:

AMATEUR SPORTS DEVELOPMENT PROGRAM

xxx

Locally-funded Projects P 170,351,000

Preparation, Hosting, Training and P 100,000,000

Participation for the 2019 SEA Games

5th ASEAN Ministerial Meeting for Sports P 12,099,000

and 9th ASEAN Senior Officials Meeting on Sports

International Training and Competition Program P 40,000,000
for Equestrian Sports

Training and Competition Program for Arnis Sports P 10,000,000

Training for Bowling Sports P 8,252,000

WHEREAS, Congress also allocated P3,963,500,000 for the MOOE of the development of the New Clark City and P9,544,000,000 for the construction of sports facilities in the National Government Administrative Center under the 2019 budget of the Bases Conversion and Development Authority (BCDA);

WHEREAS, the public calls for full transparency: thus, there is a need for itemization of the budget for the hosting of 2019 SEA Games;

WHEREAS, the New Clark City Sports Complex in Tarlac, Pampanga served as the main venue of the SEA Games. However, only four sporting events – Aquatics-Diving, Aquatics-Swimming, Aquatics-Water Polo and Athletics – were held in New Clark City. There are other venues, specifically in Subic in Zambales, Tagaytay City in Cavite and Metro Manila. Most of the events were held in Metro Manila, including basketball, volleyball and weightlifting;¹

WHEREAS, as of November 24, 2019, PHISGOC Chief Operating Officer Ramon Suzara said that 50 out of 56 venues for the SEA Games had been completed. Suzara claimed that the venues are all ready since October. He also assured that the other unfinished venues would be completed on time for the games;²

WHEREAS, on February 2, 2018, the P11-billion joint venture agreement was signed by BCDA President and CEO Vivencio Dizon and Malaysian firm MTD Capital Berhad (MTD) Director Isaac David to build the Phase 1A of the New Clark City project. The joint venture agreement includes the construction of the National Government Administrative Center (NGAC) and sports facilities – a 20,000-seater athletic stadium, a 2,000-seater aquatics center and an athletes' village with commercial banks and restaurants – to be used for the 30th SEA Games;

WHEREAS, it can be recalled that the Philippine Competition Commission approved the joint venture between BCDA and MTD on March 13, 2018. **The unsolicited proposal to build NGAC in a joint venture with BCDA based on the 2017 BCDA Guidelines On The Privatization and Disposition of BCDA Properties was submitted to BCDA and approved as declared in BCDA's Board Resolution No. 2017-10-169.** MTD and BCDA also subjected

¹ <https://www.rappler.com/sports/specials/sea-games/236227-schedule-venues-2019>

² <https://news.abs-cbn.com/sports/11/24/19/sea-games-phisgoc-says-50-of-56-venues-ready>

1 the project to a Swiss challenge, in accordance with BCDA Guidelines, where MTD as original
2 proponent won;³

3
4 **WHEREAS**, MTD shouldered the P8.51 billion construction cost of the sports facilities, while
5 BCDA will contribute 40 hectares of the project site as equity capital. Also, the Malaysian firm is
6 entitled to a maximum P2.5-billion return on investment and 50% income from the sports
7 facilities of New Clark City for 25 years;

8
9 **WHEREAS**, according to a Rappler report, Office of the Government Corporate Counsel
10 (OGCC), though its Contract Review No. 068 dated January 30, 2018 for the draft joint venture,
11 stated that the agreement between the BCDA and MTD is not a joint venture, but a build-and-
12 transfer scheme, subject to public bidding. **It further stated that only the agreement for the**
13 **construction of NGAC is a joint venture, since MTD will shoulder the cost of the**
14 **construction and BCDA will come to own the facilities without any costs, unlike the**
15 **agreement for the construction of sports facilities wherein BCDA will have to pay a total**
16 **of P11.1 billion, subjected to an annual installment of P2.2 billion for five years, after the**
17 **completion and acceptance of the project;**

18
19 **WHEREAS**, in November 22, 2019, BCDA claimed that the OGCC, in its Opinion No. 182, s.
20 2018, confirmed that the “provisions of the executed joint venture agreement and the legal
21 framework of the Project are in compliance with existing laws, rules and regulations;”⁴

22
23 **WHEREAS**, BCDA will pay in full upon the completion and acceptance of the sports facilities
24 to avoid payment of additional interest, as approved and reflected in the 2019 General
25 Appropriations Act passed by Congress. Upon completion of the payment, BCDA will receive
26 100% share on the revenues of the facilities;⁵

27
28 **WHEREAS**, questions were raised of the need to build new sports facilities in the New Clark
29 City, especially that Rizal Memorial Stadium in Manila could have been upgraded for only P1.2
30 billion. Proponents of the new facilities justified that the sports complex can be rented out to
31 foreign teams as training venues after the SEA Games. However, there are news reports,
32 particularly by the British Broadcasting Corp., showing that hosting international sports events
33 like the Olympics can be an economic burden on a country, especially if the host country has to
34 build the facilities. Throughout Olympic history, the venues are abandoned after the event;

35
36 **WHEREAS**, last November 19, 2019, during the Senate deliberation on the budget of PSC,
37 Senate Minority Leader Franklin Drilon interpellated House Speaker Alan Peter Cayetano, as the
38 chairman of the PHISGOC, on the P6 billion allotted under 2019 budget to host the SEA
39 Games. According to Speaker Cayetano, the Department of Budget and Management
40 Procurement Services (DBM-PS) passed the handling of the budget to the Philippine Olympic
41 Committee (POC). However, POC opted out and left the P1.5 billion to PHISGOC;

3 <https://phcc.gov.ph/commission-decision-10-m-009-2018-joint-venture-bases-conversion-development-authority-mtd-capital-bhd/>

4 <https://bcda.gov.ph/bcda-press-statement-rappler-article>

5 https://www.gmanetwork.com/news/sports/content/716428/bcda-says-sea-games-deal-with-malaysian-firm-complied-with-laws/story/?utm_source=GMANews&utm_medium=Facebook&fbclid=IwAR3shX4oRhaNUJJZ8zwSgPAo79FoyLc8aDbVx7Q4MJX6DhbJLkyEMoQgeg

1 **WHEREAS**, Speaker Cayetano said that POC and PHISGOC were overwhelmed and lacked
2 procurement lawyers to bid out the contracts that left PHISGOC no choice but to accept P1.5
3 billion as “financial assistance;”
4

5 **WHEREAS**, the “financial assistance” would be allocated for broadcast expenses, talent fee,
6 ocular site visits, special meetings, workshop and training, gametime medical requirements,
7 fixtures, and other operating expenses. Of the P1.5 billion, P700 million was already disbursed
8 and the remaining around P800 million would be spent before the opening of the SEA Games
9 on November 30;
10

11 **WHEREAS**, according to Section 4.5 of the Implementing Rules and Regulation of the RA
12 9184 or the Government Procurement Act, “direct financial or material assistance given to
13 beneficiaries” are not considered as procurement activities;
14

15 **WHEREAS**, the Senate and PHISGOC left it to the Commission on Audit (COA) and the
16 independent auditor hired by the PHISGOC to audit the funds for full transparency;
17

18 **WHEREAS**, days before the formal opening of biennial Games, the same was saddled with
19 mishaps and controversies. For example, WRC Construction workers, **augmented by the**
20 **Department of Public Works and Highways**, worked round-the-clock to install the 1,000-
21 capacity bleachers and roofs for the audience and to finish the painting of skating ramps.
22 According to the contractor, the sports complex near Tagaytay International Convention Center
23 that would host cycling, BMX and skateboard competitions on December 4, consisting of a
24 three-hectare skate park and cycling oval, was 93-95% finished as of November 26, 2019;
25

26 **WHEREAS**, there were also various reports of still unfinished – in varying stages – of several
27 events venue. Even the venue for the makeshift press conference, which was used as a working
28 area for journalists covering the advanced football games,⁶ at the Rizal Memorial Stadium
29 remained unfinished before the start of Malaysia vs. Myanmar football game held last November
30 25, 2019;
31

32 **WHEREAS**, hours before the sports event, Richard Delos Santos, one of the 27 construction
33 workers from the DPWH who were originally based in Sta. Mesa, Manila, lost his balance due to
34 heavy rainfall and fell around 11 AM, while taking down the scaffolding around the stadium.
35 Delos Santos also claimed that he was sleep-deprived when he fell.⁷ According to a news report,
36 the “management advised its workers to finish the renovation and remove all scaffolding exactly
37 at 10 AM considering the 4 PM schedule of the football game” in the Rizal Memorial Stadium.
38 He sustained leg injuries and skull fractures and was rushed to the Ospital ng Maynila⁸;
39

40 **WHEREAS**, one Arnold Labadan, who is the authorized representative of the Filipino-
41 Malaysian joint venture L.C. Ting Construction and WSL-MSL that was awarded a P388-million
42 contract last October 11, 2019 to supply the Southeast Asian Games Information System
43 (SEAGIS), lamented that while their software is ready but the other necessary network
44 infrastructures, connectivity and cloud are not. Atty. Jarie Osias, the spokesperson of
45 PHISGOC, said that they already asked for the proposals from the three (3) network providers,

⁶ <https://www.rappler.com/newsbreak/iq/246084-fact-fiction-memes-attack-media-reporting-sea-games-2019>

⁷ <https://www.gmanetwork.com/news/news/nation/716807/volunteer-sea-games-stadium-worker-fractured-skull-in-fall-doctor/story/>

⁸ <https://www.gmanetwork.com/news/sports/othersports/716786/welding-works-ongoing-at-philsports-arena-after-announced-ready-for-sea-games/story/>

1 with the funds coming from the PSC. He claimed that the fund to be used will fall under
2 financial assistance, hence, no public bidding will take place;⁹

3
4 **WHEREAS**, Labadan, whose business interest is mining, construction and shipping admitted
5 that he has no experience in information technology and games management. Available data for
6 L.C. Ting Construction shows that it was awarded P7.3-billion worth of government projects,
7 particularly for building roads, flood projects, school buildings and classroom since 2008;

8
9 **WHEREAS**, WSL-MSD, a sports management system provider, which provided the
10 information communication technology for the SEA Games held in Laos in 2009, in Indonesia
11 in 2011, and in Malaysia in 2017, received a Notice of Award from DBM-PS just seven weeks
12 before the Games;

13
14 **WHEREAS**, the public also raised questions on the cost of construction of the 3-meter wide and
15 50-meter high stadium cauldron, which, according to Sen. Drilon, received a budget allocation of
16 P4.48 million for the design, P13.44 million for the foundation, and P32 million for the
17 construction;

18
19 **WHEREAS**, Speaker Cayetano defended the controversial P50-million stadium cauldron saying
20 it is cheaper than Singapore's P63 billion cauldron in 2015 and justified it as a "work of art"
21 designed by the late National Artist for Architecture Francisco Mañosa. The breakdown of the
22 cost of the cauldron according to PHISGOC is as follows:

23
24 Design and construction of the main cauldron: P 7 million
25 Mechanism to keep flame lit for 264 hours: P 18 million
26 Development of monument site: P 17 million
27 Fuel cost for 11 days: P 5 million;

28
29 **WHEREAS**, PHISGOC asked the PSC to sponsor the sportswear for the Filipino athletes
30 amounting to P59.2 million. In a letter dated April 25, 2019 obtained by Politiko, PHISGOC
31 asked PSC Chairman William Ramirez to shoulder the cost of P1,150 sets of sportswear from
32 Asics, a foreign sportswear brand, worth P41,160 each. The following is the supposed price-per-
33 item breakdown of the sportswear for the Filipino SEA Games athletes:

34
35 Polo shirt: P5,150
36 Round neckshirt: P2,480
37 Track jacket: P6,310
38 Track pants: P7,400
39 Shorts: P5,100
40 Socks: P2,700
41 Backpack: P3,190
42 Running shoes: P3,950
43 Cap: P2,400
44

45 **WHEREAS**, SEA Games organizers allegedly asked Pamela Mejia, founder of fashion accessory
46 brands Phinix and Fibers Collective, to make 5,000 woven bags and allegedly offered a "*para sa*
47 *bayani*" price of P50 per bag woven by person with disabilities;¹⁰

⁹ <https://news.abs-cbn.com/sports/11/06/19/exclusive-it-issues-threaten-to-handicap-sea-games>

¹⁰ tnt.abante.com.ph/p50m-sa-kaldero-p50-kada-bag-na-gawa-ng-mga-pwd-phisgoc-tinipid-ang-mga-local-worker/

1
2 **WHEREAS**, some Filipino athletes expressed their grievances on the lack of funds for
3 support, especially for training and preparations, as compared to the billions of pesos spent for
4 the hosting of the 30th SEA Games;
5

6 **WHEREAS**, it is the primordial duty of the Congress, in the exercise of its legislative and
7 oversight functions, to ensure that the people's money was utilized for the benefit of the Filipino
8 people and not wasted due to government inefficiency and corruption. As legislators, it is one of
9 our duties to promote full transparency in all government transactions, to look into the causes
10 and results of successful and unsuccessful projects and programs implemented by the executive
11 and to help the government learn from its mistakes in pursuance of efficient service delivery for
12 the people;
13


14 **NOW THEREFORE BE IT RESOLVED**, that the House of Representatives, through the
15 Committee on Good Government and Public Accountability, investigate, in aid of legislation,
16 the controversies involving the use of funds allocated to host the 30th Southeast Asian Games.
17
18

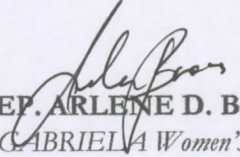
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27 **REP. CARLOS ISAGANI T. ZARATE**
28 *Bayan Muna Partylist*
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REP. FERDINAND R. GAITE
Bayan Muna Partylist

34 **REP. EUFEMIA C. CULLAMAT**
35 *Bayan Muna Partylist*
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REP. FRANCE L. CASTRO
ACT Teachers Partylist


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43 **REP. ARLENE D. BROSAS**
44 *CABRIELA Women's Party*
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REP. SARAH JANE I. ELAGO
Kabataan Partylist
