



REPUBLIC OF THE PHILIPPINES
Senate
Pasay City

Journal

SESSION NO. 52
Monday, January 23, 2017

**SEVENTEENTH CONGRESS
FIRST REGULAR SESSION**

SESSION NO. 52
Monday, January 23, 2017

CALL TO ORDER

At 3:26 p.m., the Senate President, Hon. Aquilino "Koko" Pimentel III, called the session to order.

PRAYER

Sen. Leila M. De Lima led the prayer, to wit:

In the Name of the Father, and of the Son and of the Holy Spirit, Amen.

Let us all remember that we are in the presence of our Lord.

Our beloved Father, we remain thankful for all the blessings we have received, for the strength to overcome challenges, and for the wisdom to address critical issues our country faces.

As we buckle down to our task of crafting and passing laws for the welfare of our people, may You always enlighten us with Your spirit so may we deliberate with respect and humility.

May we stand firm with our principles and live with compassion and respect for the dignity of all human life.

Sa panahon ng pangangailangan, patnubayan Ninyo po kami; sa panahon ng kadiliman, tanglawan Ninyo po kami

ng liwanag; at sa panahon ng anumang di-pagkakaunawaan, mangibabaw sana lagi ang katiwiran at malasakit sa isa't isa.

Idinudulog po namin ito, sa Ngalan ng Panginoong Hesukristo.

Amen.

NATIONAL ANTHEM

The Senate Choir led the singing of the national anthem.

ROLL CALL

Upon direction of the Senate President, the Secretary of the Senate, Atty. Lutgardo B. Barbo, called the roll, to which the following senators responded:

Angara, S.	Lacson, P. M.
Aquino, P. B. IV B.	Legarda, L.
Binay, M. L. N. S.	Pacquiao, E. M. D.
Cayetano, A. P. C. S.	Pangilinan, F. N.
De Lima, L. M.	Pimentel III, A. K.
Drilon, F. M.	Poe, G.
Ejercito, J. V. G.	Recto, R. G.
Escudero, F. J. G.	Sotto III, V. C.
Gatchalian, W.	Villanueva, J.
Gordon, R. J.	Villar, C. A.
Honasan, G. B.	Zubiri, J. M. F.
Hontiveros, R.	

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With 23 senators present, the Chair declared the presence of a quorum.

Senator Trillanes arrived after the roll call.

APPROVAL OF THE JOURNAL

Upon motion of Senator Sotto, there being no objection, the Body dispensed with the reading of the Journal of Session No. 50 and the Journal of Session No. 51 (January 17, 2017 and January 18, 2017) and considered them approved.

APPROVAL OF SENATE BILL NO. 1269 ON THIRD READING

Upon motion of Senator Sotto, there being no objection, the Body considered, on Third Reading, Senate Bill No. 1269, printed copies of which were distributed to the Senators on January 19, 2017.

Pursuant to Section 67, Rule XXIII of the Rules of the Senate, upon motion of Senator Sotto, there being no objection, Secretary Barbo read only the title of the bill, to wit:

AN ACT PROVIDING FOR THE REGISTRATION, LICENSURE AND PRACTICE OF FOOD TECHNOLOGY IN THE PHILIPPINES, PROVIDING FUNDS THEREFOR, AND FOR OTHER PURPOSES.

Secretary Barbo called the roll for nominal voting.

RESULT OF THE VOTING

The result of the voting was as follows:

In favor

Angara	Lacson
Aquino	Legarda
Binay	Pacquiao
Cayetano	Pangilinan
De Lima	Pimentel
Drilon	Poe
Ejercito	Recto
Escudero	Sotto
Gatchalian	Villanueva
Gordon	Villar
Honasan	Zubiri
Hontiveros	

Against

None

Abstention

None

With 23 senators voting in favor, none against, and no abstention, the Chair declared Senate Bill No. 1269 approved on Third Reading.

REFERENCE OF BUSINESS

The Secretary of the Senate read the following matters and the Chair made the corresponding referrals:

BILLS ON FIRST READING

Senate Bill No. 1295, entitled

AN ACT GRANTING BENEFITS AND PRIVILEGES TO JUNIOR CITIZENS

Introduced by Senator Grace Poe

To the Committees on Women, Children, Family Relations and Gender Equality; Health and Demography; Ways and Means; and Finance

At this juncture, Senate President Pimentel relinquished the Chair to Senate President Pro Tempore Drilon.

Senate Bill No. 1296, entitled

AN ACT REQUIRING THE PROVISION OF INFANT-FRIENDLY FACILITIES IN GOVERNMENT AGENCIES AND MAJOR ESTABLISHMENTS OF THE PHILIPPINES

Introduced by Senator Joel Villanueva

To the Committee on Women, Children, Family Relations and Gender Equality

RESOLUTIONS

Proposed Senate Resolution No. 262, entitled

RESOLUTION DIRECTING THE PROPER SENATE COMMITTEE TO

CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE REPORTED NEED TO CRAFT GUIDELINES TO CURB AND LIMIT THE ALLEGED INIQUITOUS AND UNREASONABLE SURGE PRICING OF TRANSPORT NETWORK COMPANIES

Introduced by Senator Grace Poe

To the Committee on Public Services

Proposed Senate Resolution No. 263, entitled

RESOLUTION CONGRATULATING AND COMMENDING THE OUTSTANDING YOUNG MEN (TOYM) 2016 AWARDEES

Introduced by Senator Joseph Victor Ejercito

To the Committee on Rules

Proposed Senate Resolution No. 264, entitled

RESOLUTION DIRECTING THE SENATE COMMITTEE ON PUBLIC ORDER AND DANGEROUS DRUGS TO INVESTIGATE, IN AID OF LEGISLATION, THE TRUTH AND VERA-CITY OF THE ALLEGATION THAT CERTAIN PUBLIC OFFICIALS HAD RECEIVED PAYOLA FROM CEBU DRUG LORD JEFFREY "JAGUAR" DIAZ, FOR THE PURPOSE OF PROVIDING REMEDIAL LEGISLATION THERETO TO INCREASE THE ACCOUNTABILITY OF ERRING PUBLIC OFFICIALS IN COMPLIANCE WITH THE CONSTITUTIONAL MANDATE THAT PUBLIC OFFICE IS A PUBLIC TRUST

Introduced by Senator Lacson

To the Committees on Accountability of Public Officers and Investigations; and Public Order and Dangerous Drugs

Proposed Senate Resolution No. 265, entitled

RESOLUTION DIRECTING THE SENATE COMMITTEE ON PUBLIC

ORDER AND DANGEROUS DRUGS TO INQUIRE, IN AID OF LEGISLATION, ON THE VARIOUS REPORTED INCIDENTS OF KIDNAP FOR RANSOM PERPETRATED BY MEMBERS OF THE PHILIPPINE NATIONAL POLICE (PNP) IN THE GUISE OF ENFORCING "PROJECT TOKHANG," WHICH IS A CENTER-PIECE PROGRAM OF THE WAR ON DRUGS OF THE ADMINISTRATION OF PRESIDENT RODRIGO DUTERTE, WITH THE END IN VIEW OF EXPEDITING THE SEEMING SLOW AND SOFT ACTION OF THE PNP ON THE PERPETRATORS OF SAID DREADFUL AND APPALLING ACTIVITIES AND ULTIMATELY PROVIDING REMEDIAL LEGISLATIONS THAT WILL HASTEN THE INVESTIGATION AND PROSECUTION OF SIMILAR INCIDENTS

Introduced by Senator Lacson

To the Committee on Public Order and Dangerous Drugs

Proposed Senate Resolution No. 266, entitled

A RESOLUTION DIRECTING THE APPROPRIATE SENATE COMMITTEES TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE STATE OF THE REHABILITATION AND RELIEF EFFORTS IN SCHOOLS AFFECTED BY TYPHOON NINA

Introduced by Senator Paolo Benigno "Bam" Aquino IV

To the Committee on Public Works

Proposed Senate Resolution No. 267, entitled

A RESOLUTION DIRECTING THE APPROPRIATE SENATE COMMITTEES TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE STATUS OF POST-DISASTER RECOVERY IN THE LAWIN-RAVAGED CAGAYAN PROVINCE

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Introduced by Senator Paolo Benigno "Bam" Aquino IV

To the Committee on National Defense and Security

COMMUNICATIONS

Letters from the *Bangko Sentral ng Pilipinas*, transmitting to the Senate copies of the following certified and authenticated BSP issuances in compliance with Section 15(a) of Republic Act No. 7653 (The New Central Bank Act):

Circular Letter Nos. CL-2016-105, 106 and 107 dated 22, 28 and 29 December 2016;

Circular No. 938 dated 23 December 2016; and

Memorandum No. M-2016-025 dated 28 December 2016.

To the Committee on Banks, Financial Institutions and Currencies

COMMITTEE REPORT

Committee Report No. 26, prepared and submitted jointly by the Committees on Banks, Financial Institutions and Currencies; and Ways and Means, on Senate Bill No. 1297, with Senators Drilon, Recto, Escudero, Joseph Victor Ejercito and Sonny Angara as authors thereof, entitled

AN ACT AMENDING REPUBLIC ACT NUMBER 7653, OTHERWISE KNOWN AS "THE NEW CENTRAL BANK ACT," AND FOR OTHER PURPOSES,

recommending its approval in substitution of Senate Bill Nos. 16, 859, 1027 and 1148.

Sponsor: Senator Escudero

To the Calendar for Ordinary Business

SUSPENSION OF SESSION

With the permission of the Body, the session was suspended.

It was 3:38 p.m.

RESUMPTION OF SESSION

At 3:38 p.m., the session was resumed.

ADDITIONAL REFERENCE OF BUSINESS

The Secretary of the Senate read the following matters and the Chair made the corresponding referrals:

MESSAGES OF THE PRESIDENT OF THE PHILIPPINES

Letter of President Rodrigo Roa Duterte, dated 29 December 2016, submitting for the Senate's consideration and concurrence the Arms Trade Treaty (ATT) which was adopted on 2 April 2013 at the United Nations General Assembly.

To the Committee on Foreign Relations

Letter of President Rodrigo Roa Duterte, dated 12 January 2017, submitting for the Senate's consideration and concurrence the Agreement between Japan and the Republic of the Philippines on Social Security which was signed on 19 November 2015 in Manila.

To the Committee on Foreign Relations

MESSAGE FROM THE HOUSE OF REPRESENTATIVES

Letter from the House of Representatives, informing the Senate that on 16 January 2017, the House of Representatives passed the following House bills/House joint resolution, in which it requested the concurrence of the Senate:

House Bill No. 4636, entitled

AN ACT GRANTING THE ILOILO BAPTIST CHURCH, INC. A FRANCHISE TO CONSTRUCT, INSTALL, ESTABLISH, OPERATE AND MAINTAIN RADIO AND TELEVISION BROADCASTING STATIONS IN THE PHILIPPINES

To the Committee on Public Services

House Bill No. 1425, entitled

AN ACT RENAMING THE ACOP,

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TUBLAY, KAPANGAN – KIBUNGAN – BAKUN – SINIPSIP, BUGUIAS SECONDARY NATIONAL ROAD IN THE PROVINCE OF BENGUET TO GOV. BADO DANGWA NATIONAL ROAD

House Bill No. 2656, entitled

AN ACT NAMING THE DIVERSION ROAD IN SORSOGON CITY, PROVINCE OF SORSOGON AS SALVADOR H. ESCUDERO III DIVERSION ROAD

House Bill No. 2708, entitled

AN ACT RENAMING THE GUREL-BOKOD—KABAYAN—ABATAN ROAD IN THE PROVINCE OF BENGUET TO CONG. ANDRES ACOP COSALAN ROAD

House Bill No. 2785, entitled

AN ACT RENAMING THE WAWA ROAD AT BARANGAY SAN RAFAEL, MUNICIPALITY OF RODRIGUEZ, PROVINCE OF RIZAL AS GENERAL LICERIO I. GERONIMO HIGHWAY

and House Bill No. 4602, entitled

AN ACT NAMING THE INTERSECTION OF JOSE ABAD SANTOS AVENUE (GAPAN—SAN FERNANDO—OLONGAPO ROAD) AND THE GUAGUA-FLORIDABLANCA PROVINCIAL ROAD LOCATED AT THE BORDER OF BARANGAY SAN ANTONIO AND BARANGAY JOSE ABAD SANTOS, BOTH IN THE MUNICIPALITY OF GUAGUA, PROVINCE OF PAMPANGA AS THE WILLIAM GOLANGCO JUNCTION

To the Committee on Public Works

House Bill No. 4660, entitled

AN ACT NAMING THE BY-PASS ROAD STRETCHING FROM BARANGAY BENGCAJ, CITY OF LAOAG, TO

BARANGAY BUYON, MUNICIPALITY OF BACARRA, PROVINCE OF ILOCOS NORTE, AS THE RODOLFO G. FARIÑAS, JR. BY-PASS ROAD

To the Committees on Public Works; and Finance

House Bill No. 2158, entitled

AN ACT RATIONALIZING AND EXPANDING THE POWERS AND DUTIES OF THE SOCIAL SECURITY COMMISSION AND THE SOCIAL SECURITY SYSTEM, FURTHER AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 1161, AS AMENDED BY REPUBLIC ACT NO. 8282, OTHERWISE KNOWN AS THE SOCIAL SECURITY ACT OF 1997

To the Committees on Government Corporations and Public Enterprises; and Labor, Employment and Human Resources Development

House Bill No. 4631, entitled

AN ACT RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO REPUBLIC BROADCASTING SYSTEM, INC., PRESENTLY KNOWN AS GMA NETWORK, INC., AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 7252, ENTITLED AN ACT GRANTING THE REPUBLIC BROADCASTING SYSTEM, INC. A FRANCHISE TO CONSTRUCT, INSTALL, OPERATE AND MAINTAIN RADIO AND TELEVISION BROADCASTING STATIONS IN THE PHILIPPINES

To the Committee on Public Services

House Bill No. 4637, entitled

AN ACT EXTENDING FOR TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO SMART COMMUNICATIONS, INC. (FORMERLY SMART INFORMATION TECHNOLOGIES, INC.), AMENDING FOR THE PUR-

POSE REPUBLIC ACT NO. 7294, ENTITLED AN ACT GRANTING SMART INFORMATION TECHNOLOGIES, INC. (SMART) A FRANCHISE TO ESTABLISH, INSTALL, MAINTAIN, LEASE AND OPERATE INTEGRATED TELECOMMUNICATIONS/ COMPUTER/ELECTRONIC SERVICES, AND STATIONS THROUGHOUT THE PHILIPPINES FOR PUBLIC DOMESTIC AND INTERNATIONAL TELECOMMUNICATIONS, AND FOR OTHER PURPOSES

To the Committees on Public Services; and Ways and Means

and House Joint Resolution No. 10, entitled

JOINT RESOLUTION INCREASING THE MONTHLY PENSION OF THE SOCIAL SECURITY SYSTEM PENSIONERS UNDER THE SOCIAL SECURITY ACT OF 1997

To the Committees on Government Corporations and Public Enterprises; and Labor, Employment and Human Resources Development

BILLS ON FIRST READING

Senate Bill No. 1298, entitled

AN ACT PROVIDING FREE APPROPRIATE PUBLIC EDUCATION TO CHILDREN WITH DISABILITIES, APPROPRIATING FUNDS THEREFOR AND FOR OTHER PURPOSES

Introduced by Senator Joel Villanueva

To the Committees on Education, Arts and Culture; Social Justice, Welfare and Rural Development; and Finance

Senate Bill No. 1299, entitled

AN ACT PROVIDING THAT 100% OF THE SERVICE CHARGE COLLECTED IN HOTELS AND OTHER ESTABLISHMENTS BE DISTRIBUTED TO ALL COVERED EMPLOYEES AND FOR OTHER PURPOSES

Introduced by Senator Joel Villanueva

To the Committee on Labor, Employment and Human Resources Development

Senate Bill No. 1300, entitled

AN ACT ALLOWING THE TRANSFER OF MATERNITY LEAVE BENEFITS GRANTED TO WOMEN WORKERS IN CASE OF THE LATTER'S DEATH DUE TO CHILDBIRTH, FURTHER AMENDING SECTION 14-A OF REPUBLIC ACT NO. 1161, AS AMENDED, AND FOR OTHER PURPOSES

Introduced by Senator Joel Villanueva

To the Committee on Women, Children, Family Relations and Gender Equality

Senate Bill No. 1301, entitled

AN ACT DECLARING THE LAST MONDAY OF JANUARY AS THE NATIONAL FAITH DAY

Introduced by Senator Joel Villanueva

To the Committee on Education, Arts and Culture

Senate Bill No. 1302, entitled

AN ACT EXTENDING FOR TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO SMART COMMUNICATIONS, INC. (FORMERLY SMART INFORMATION TECHNOLOGIES, INC.) AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 7294 ENTITLED AN ACT GRANTING SMART INFORMATION TECHNOLOGIES, INC. (SMART) A FRANCHISE TO ESTABLISH, INSTALL, MAINTAIN, LEASE AND OPERATE INTEGRATED TELECOMMUNICATIONS/COMPUTER/ELECTRONIC SERVICES AND STATIONS THROUGHOUT THE PHILIPPINES FOR PUBLIC DOMESTIC AND INTERNATIONAL TELECOM-

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MUNICATIONS, AND FOR OTHER PURPOSES

Introduced by Senator Zubiri

To the Committees on Public Services; and Ways and Means

Senate Bill No. 1303, entitled

AN ACT PROVIDING A FINANCIAL BENEFIT TO HOST COMMUNITIES OF ENERGY GENERATING FACILITIES

Introduced by Senator Win Gatchalian

To the Committee on Energy

RESOLUTIONS

Proposed Senate Resolution No. 268, entitled

A RESOLUTION DIRECTING THE APPROPRIATE SENATE COMMITTEE TO CONDUCT AN INVESTIGATION, IN AID OF LEGISLATION, AS TO THE ENFORCEMENT AND PROPER IMPLEMENTATION OF REPUBLIC ACT NO. 9344, AS AMENDED, OTHERWISE KNOWN AS THE "JUVENILE JUSTICE WELFARE ACT OF 2006," FOR THE PURPOSE OF EXAMINING THE EFFECTIVITY OF THE EXISTING LAW AND PROPOSING AMENDMENTS TO FURTHER STRENGTHEN THE PROVISIONS THAT PROTECT THE RIGHTS OF CHILDREN IN CONFLICT WITH THE LAW

Introduced by Senator Win Gatchalian

To the Committees on Justice and Human Rights; and Women, Children, Family Relations and Gender Equality

Proposed Senate Resolution No. 269, entitled

A RESOLUTION DIRECTING THE APPROPRIATE SENATE COMMITTEE TO CONDUCT AN INVESTIGATION, IN AID OF LEGISLATION, AS TO

THE PROPER IMPLEMENTATION OF THE LAWS ON THE REGULATION OF ONLINE GAMING, EXAMINING THE EFFECTIVITY OF THE EXISTING LAW AND PROPOSING AMENDMENTS TO FURTHER STRENGTHEN PROVISIONS TO CURB ILLEGAL GAMBLING AND PROTECT THE ECONOMIC INTEREST OF THE STATE

Introduced by Senator Win Gatchalian

To the Committee on Games and Amusement

Proposed Senate Resolution No. 270, entitled

A RESOLUTION DIRECTING THE SENATE COMMITTEE ON GOVERNMENT CORPORATIONS AND PUBLIC ENTERPRISES TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE PROPOSED INCREASE IN THE CONTRIBUTION RATE OF SOCIAL SECURITY SYSTEM (SSS), WITH THE END IN VIEW OF ENSURING THE WELFARE OF SSS MEMBERS AND PENSIONERS

Introduced by Senator Recto

To the Committees on Government Corporations and Public Enterprises; and Labor, Employment and Human Resources Development

Proposed Senate Resolution No. 271, entitled

RESOLUTION DIRECTING THE APPROPRIATE SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE PROLIFERATION OF MISINFORMATION AND FAKE NEWS SITES IN SOCIAL MEDIA PLATFORMS, PARTICULARLY ON FACEBOOK

Introduced by Senator Pangilinan

To the Committee on Public Information and Mass Media

P. P. J.

Proposed Senate Resolution No. 272, entitled

RESOLUTION DIRECTING THE SENATE COMMITTEE ON URBAN PLANNING, HOUSING AND RESETTLEMENT TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE ALLEGED SUBSTANDARD HOUSING UNITS UNDER THE AFP/PNP HOUSING PROGRAM IMPLEMENTED BY THE NATIONAL HOUSING AUTHORITY

Introduced by Senator Joseph Victor Ejercito

To the Committee on Urban Planning, Housing and Resettlement

Proposed Senate Resolution No. 273, entitled

RESOLUTION DIRECTING THE SENATE COMMITTEE ON PUBLIC WORKS TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE DELAY OF THE INSTALLATION OF UTILITIES SUCH AS WATER AND POWER, ACCESS TO TRANSPORTATION AND CONSTRUCTION OF COMMUNITY FACILITIES, ROADS LEADING TO RESETTLEMENT SITES IN YOLANDA STRICKEN AREAS, WITH THE END VIEW OF CRAFTING LAWS, RULES AND REGULATIONS IN IMPROVING THE SERVICE OF PROVIDING BASIC UTILITIES AND FACILITIES IN RESETTLEMENT AREAS AFFECTED BY DISASTERS

Introduced by Senator Joseph Victor Ejercito

To the Committees on Public Works; and Public Services

Proposed Senate Resolution No. 274, entitled

RESOLUTION DIRECTING THE COMMITTEE ON COOPERATIVES JOINT WITH THE COMMITTEE ON LABOR, EMPLOYMENT AND HUMAN RESOURCES DEVELOPMENT TO CONDUCT AN INVESTIGATION, IN AID OF LEGIS-

LATION, ON THE ILLEGAL PRACTICES OF LABOR SERVICE COOPERATIVES

Introduced by Senator Zubiri

To the Committees on Labor, Employment and Human Resources Development; and Cooperatives

Proposed Senate Resolution No. 275, entitled

RESOLUTION DIRECTING THE PROPER SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE ALLEGED NEED TO REVIEW THE COMPLIANCE OF TELECOMMUNICATION COMPANIES AND RESPONSIBLE GOVERNMENT AGENCIES WITH REPUBLIC ACT NO. 10639 OR THE FREE MOBILE DISASTER ALERTS ACT IN LIGHT OF NEWS REPORTS THAT SEVERAL STAKEHOLDERS IN AFFECTED AREAS FAILED TO RECEIVE ALERTS ON TYPHOON NINA

Introduced by Senator Grace Poe

To the Committees on Public Services; and Public Information and Mass Media

Proposed Senate Resolution No. 276, entitled

RESOLUTION CONGRATULATING AND COMMENDING UNIVERSITY OF THE PHILIPPINES PROFESSOR AND SCIENTIST, PROFESSOR DR. ALONZO A. GABRIEL, FOR BEING A RECIPIENT OF THE 2016 JAPAN INTERNATIONAL AWARD FOR YOUNG AGRICULTURAL RESEARCHER GIVEN BY THE JAPAN INTERNATIONAL RESEARCH CENTER FOR AGRICULTURAL SCIENCES

Introduced by Senator Pangilinan

To the Committee on Rules

COMMITTEE REPORT

Committee Report No. 27, submitted by the

P. Zubiri

Committee on Local Government on Senate Joint Resolution No. 6, introduced by Senator Zubiri, entitled

JOINT RESOLUTION DECLARING JANUARY 17 OF EVERY YEAR AS JAMES LEONARD TAGLE GORDON DAY, A SPECIAL NON-WORKING HOLIDAY IN THE CITY OF OLONGAPO AND THE SUBIC BAY FREEPORT ZONE IN RECOGNITION OF THE ACHIEVEMENTS, CONTRIBUTIONS AND HEROISM OF JAMES LEONARD TAGLE GORDON,

recommending its approval without amendment.

Sponsor: Senator Sonny Angara

To the Calendar for Ordinary Business

**ACKNOWLEDGMENT
OF THE PRESENCE OF GUESTS**

Senator Sotto acknowledged the presence in the gallery of the Unyon ng mga Manggagawa sa Agrikultura with Danilo Ramos, its secretary general, and Sister Pat Fox.

Senate President Pro Tempore Drilon welcomed the guests to the Senate.

SPECIAL ORDER

Upon motion of Senator Sotto, there being no objection, the Body approved the transfer of Committee Report No. 26 on Senate Bill No. 1297 from the Calendar for Ordinary Business to the Calendar for Special Orders.

**COMMITTEE REPORT NO. 26
ON SENATE BILL NO. 1297**

Upon motion of Senator Sotto, there being no objection, the Body considered, on Second Reading, Senate Bill No. 1297 (Committee Report No. 26), entitled

AN ACT AMENDING REPUBLIC ACT NUMBER 7653, OTHERWISE KNOWN AS "THE NEW CENTRAL BANK ACT," AND FOR OTHER PURPOSES.

Pursuant to Section 67, Rule XXIII of the Rules of the Senate, with the permission of the Body, upon motion of Senator Sotto, only the title of the bill was read without prejudice to the insertion of its full text into the Record of the Senate.

The Chair recognized Senator Escudero for the sponsorship.

**SPONSORSHIP SPEECH
OF SENATOR ESCUDERO**

Senator Escudero, chairperson of the Committee on Banks, Financial Institutions and Currencies, submitted to the Body for its plenary consideration Committee Report No. 26 on Senate Bill No. 1297, entitled "An Act Amending Republic Act Number 7653, otherwise Known as 'The New Central Bank Act,' and For Other Purposes," in substitution of Senate Bill Nos. 16, 859, 1027 and 1148 authored by Senators Drilon, Recto, Ejercito and himself. He said that public hearings were held on September 5 and 13, 2016, and a Technical Working Group meeting on October 11, 2016.

Following is the full text of Senator Escudero's sponsorship speech:

Background

Republic Act No. 7653 created the *Bangko Sentral ng Pilipinas* (BSP) pursuant to the directive in the 1987 Constitution mandating the establishment of an independent central monetary authority. The BSP replaced the old Central Bank of the Philippines which was established by Republic Act No. 265 in 1948. Twenty years after, the economic milieu in the Philippines has changed, globalization has increased the integration of financial markets, and the scope of operations of financial institutions has evolved. Undoubtedly, there is a need to respond to contemporary challenges by amending Republic Act No. 7653 in order that the BSP shall remain effective in its conduct of monetary policy and supervision of entities within the financial system.

Salient Features

The bill proposes to strengthen the tools which the BSP exercises in performing its mandates, supplement the mechanism in protecting savings of depositors and in ensuring the smooth flow of transactions in the financial system, as well as to enhance the corporate viability of the BSP. These are as follows:

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1. Strengthening BSP's Monetary Stability Functions

- a) The bill seeks to restore the authority to obtain data for purposes of statistical and policy development, as well as ascertaining compliance with laws and banking regulations, and authority to issue negotiable certificates of indebtedness even during normal times, both of which were powers granted to the old Central Bank of the Philippines; and
- b) Removal of thresholds in the growth of monetary aggregates, credit and prices as guiding principles in monetary administration, in view of current international trends in monetary policy frameworks adopting inflation targeting.

2. Strengthening BSP's Financial Stability Function

- a) Formal statutory recognition of the BSP's mandate of promoting and maintaining financial stability in close coordination with other relevant agencies, as well as grant of statutory oversight of payment and settlement systems will now be given to the *Bangko Sentral ng Pilipinas* similar to what has been given or is given for financial stability to Central Banks of China, Malaysia and Singapore.

3. Enhancing BSP's Prudential Supervision Function

- a) Enhancement of BSP's supervision shall be done under the proposed bill through the following:
 - i) expanding the entities it supervises to include other categories of financial institutions;
 - ii) granting authority to impose sanctions on transfers and acquisitions of substantial shares of banks and quasi-banks without BSP approval;
 - iii) allowing full flexibility to conduct risk-based supervision of financial institutions;
 - iv) strengthening of administrative and criminal sanctions to include, among other things, forfeiture of profits from unauthorized financial transactions; and
 - v) improving resolution mechanisms to deal with problematic financial institutions; and

- b) Legal protection for BSP officials and staff when performing official duties similar to that provided to officers and employees of the Philippine Deposit Insurance Corporation (PDIC) under the latter's charter (Republic Act No. 9576 as amended by Republic Act No. 10846).

4. Strengthening BSP's Corporate and Financial Viability

- a) Additional BSP capitalization of P150 billion, payable immediately upon effectiveness of the Act;
- b) Grant of flexibility to establish adequate loss allowances and create reserve buffers against future risks and contingencies, and restoration of tax exemption, similar to other central banks in the world;
- c) Enhancement to credit operations by granting exemption from court processes relating to collateral obtained from banks, similar to that enjoyed by Land Bank of the Philippines (LBP), and the authority to deputize the BSP legal staff in extrajudicial foreclosure of mortgaged properties in the same manner that the legal staff of LBP and Development Bank of the Philippines (DBP) may so be deputized under their respective charters.

Among the other features of the bill include the following:

- Increase in the number of deputy governors from three to five to have a more responsive leadership in a complex institution
- A new section on *Authority to Approve Transfer* was included. This is a proactive measure to prevent the entry of undesirable persons in supervised entities. It is meant to ensure that controlling interests are pre-qualified before they take actual control of the supervised institution.

These amendments will empower the BSP to effectively respond to challenges and innovations of a globalized economy and, more significantly, to better perform its constitutional mandates. Indeed, an empowered BSP is indispensable in ensuring a competitive, robust and inclusive economy attractive to investments and business that generate employment and promote inclusive growth, and a financial system that will support a higher quality of life for every Filipino.

I ask our colleagues to consider and help me in passing this measure contained in Committee Report No. 26 with respect to Senate Bill No. 1297.

SUSPENSION OF CONSIDERATION OF SENATE BILL NO. 1297

Upon motion of Senator Sotto, there being no objection, the Body suspended consideration of the bill.

SPECIAL ORDER

Upon motion of Senator Sotto, there being no objection, the Body approved the transfer of Committee Report No. 27 on Senate Joint Resolution No. 26 from the Calendar for Ordinary Business to the Calendar for Special Orders.

COMMITTEE REPORT NO. 27 ON SENATE JOINT RESOLUTION NO. 6

Upon motion of Senator Sotto, there being no objection, the Body considered, on Second Reading, Senate Joint Resolution No. 6 (Committee Report No. 27), entitled

**JOINT RESOLUTION DECLARING
JANUARY 17 OF EVERY YEAR AS
JAMES LEONARD TAGLE GORDON
DAY, A SPECIAL NON-WORKING
HOLIDAY IN THE CITY OF
OLONGAPO AND THE SUBIC BAY
FREEPORT ZONE IN RECOGNITION
OF THE ACHIEVEMENTS, CONTRI-
BUTIONS AND HEROISM OF JAMES
LEONARD TAGLE GORDON.**

Pursuant to Section 67, Rule XXIII of the Rules of the Senate, with the permission of the Body, upon motion of Senator Sotto, only the title of the resolution was read without prejudice to the insertion of its full text into the Record of the Senate.

The Chair recognized Senator Angara for the sponsorship.

SPONSORSHIP SPEECH OF SENATOR ANGARA

In submitting to the Body Senate Joint Resolution No. 6 for plenary consideration, Senator Angara delivered the following speech:

January 17 of this year marked the birth centenary of an important local figure, James L. Gordon, the father of Olongapo City and its first elected mayor.

Mayor Gordon was initially born an American to an American father and a Filipina mother. While the rest of his family elected to become American citizens and moved to the United States, James L. Gordon chose to stay in the Philippines. Arguably, he became more Filipino than many of his native-born counterparts.

Perhaps the decision was about testing his fortunes in a country rebuilding itself after the cataclysm of war. Perhaps it was driven by patriotism for the Philippines flowing through his blood, given his maternal grandfather, Jose Tagle, valiantly led the Battle of Imus – the first major battle of the Philippine revolution. Whatever his reasons for staying, James L. Gordon had a meaningful and long-lasting impact on the lives of the citizens of Olongapo as well as his fellow Zambaleños.

An entrepreneur and successful businessman, James L. Gordon was always civic-minded, sticking to a belief that great things are achievable through leadership and collective action. He helped organize the Olongapo Civic Action Group, the Olongapo City Rotary Club, the Olongapo Knights of Columbus, and the Olongapo Businessmen's Association. These are organizations which enabled communities to work together for shared aims, many of which still exist today. With his wife, Amelia Juico Gordon, he set up the Olongapo Boys' Town and Girls Home to care for wayward and orphaned children.

As Deputy Governor of Zambales, he was part of the panel that worked for the turnover of Olongapo from U.S. control to the Philippine government in 1959.

He also worked to promote transparency and accountability throughout government, campaigning vigorously against rampant illegal logging and smuggling of cigarettes, firearms and other contraband. He was a crime- and corruption-buster, fighting to block anomalous transactions by officials, investigating why heavy equipment from the U.S. could not be accounted for, and working to remove an unscrupulous police chief.

Once the four-year turnover of Olongapo was completed in 1963, his fellow Olongapeños called on him to be their first chief executive and he won handily. During this time, despite ardent opposition, he successfully lobbied a measure



that converted Olongapo into a full-fledged city, enabling it to grow and develop into what it is today.

His service to Olongapo, however, was cut short in 1967, when he was shot by an escaped inmate. Mayor Gordon's outspoken ways and hardline stance against corruption and crime did not always win him friends in politics. But they earned him the widespread respect and admiration of his people.

He may have been born an American, but his life was lived to the fullest here in the Philippines. His funeral march is said to be the biggest outpouring of grief by Olongapeños for any of their local figures.

Since then, Olongapo City has made it a point to celebrate on his birth anniversary his life and achievements. So on his birth centenary, simultaneous wreath-laying ceremonies were conducted in Kalalake Elementary School, Tappan Park (the site of the hospital where the mayor was born), Gordon Memorial Park in Kalaklan (where he was interred), and Marikit Park (which is located at the heart of Olongapo).

Your Committee on Local Government is sponsoring Senate Joint Resolution No. 6 as a sign of solidarity with the people of Olongapo City, as they pay respect and honor Mayor James L. Gordon. We seek to declare that January 17 of every year be declared a special non-working holiday in Olongapo City as James Leonard Tagle Gordon Day.

SUSPENSION OF CONSIDERATION OF SENATE JOINT RESOLUTION NO. 6

Upon motion of Senator Sotto, there being no objection, the Body suspended consideration of the resolution.

COMMITTEE REPORT NO. 8 ON SENATE BILL NO. 1233 (Continuation)

Upon motion of Senator Sotto, there being no objection, the Body resumed consideration, on Second Reading, of Senate Bill No. 1233 (Committee Report No. 8), entitled

AN ACT CREATING THE COCONUT FARMERS AND INDUSTRY TRUST FUND, PROVIDING FOR ITS MANAGEMENT AND UTILIZA- TION, AND FOR OTHER PURPOSES.

Senator Sotto stated that the parliamentary status was still the period of interpellations.

Thereupon, the Chair recognized Senator Pangilinan, sponsor of the measure, and Senator Villar for her interpellation.

INTERPELLATION OF SENATOR VILLAR

Preliminarily, Senator Villar stated that she wanted to tackle the issue on the investment of the fund. She said that an investor has two choices, either to take a lot of risks and earn more or take little risks but preserve the fund or capital. She then asked the Sponsor if he would agree with her to limit the investment of the fund to treasury bills which, although it would yield a low return on investment, would make the fund last beyond their lifetime.

Senator Villar posited that the coconut farmers have waited so long for the fund and that their only wish is for Congress to preserve the capital at all costs. She noted that the proposed measure proposes that a fund manager be employed and that the fund be placed in different investments to earn a better yield. However, she suggested that the investment of the fund be limited to T-bills which, even if it may earn less, would surely last a lifetime.

Replying thereto, Senator Pangilinan stated that he had been grappling with the issue since he was the chairperson of the Philippine Coconut Authority as Presidential Adviser on Food Security and until he became chairperson of the Senate Committee on Agriculture and Food. He agreed that the fund, the cash component of which P76 billion or about P100 billion if its non-cash assets are included, must be preserved and made perpetual so that the next generation of coconut farmers would benefit from it. So that the fund would not to be dissipated and abused, he underscored the need for safeguards in terms of investments, and for this purpose, Senator Villar wanted the investment of the fund limited to treasury bill.

Senator Pangilinan clarified that he was open to the proposal but that he also wanted to address the matter of how to avoid diminishing the fund due to unavoidable factors like inflation should the fund be invested in T-bills.

He explained that when he did the math, he found out that with a P75 billion initial trust principal invested in treasury bonds, its gross interest would be

P2.982 billion at 3.977% per annum; subtracting the 20% withholding tax and minimal management fee, what is left is P2.383 billion annually and factoring in the 2.3% annual inflation rate, the P2.383 billion interest earned would become lower at P1.725 billion. He stated that if the government wishes to preserve the value of the trust fund, it would have to plow back to the trust fund the value of the amount lost due to inflation; thus, in real aggregate terms, only P658 million would be left to fund productivity and livelihood projects. Nevertheless, he expressed willingness to find a middle ground and to perhaps look at the example of the investments made by GSIS or SSS which are not limited to treasury bonds.

Senator Villar expressed apprehension with fund managers, saying that she has had a very long experience with them and that she does not want going into investments in equities. She stressed the need to indicate where the funds would be invested and she advised against placing the fund at the discretion of fund managers. She said that she would rather that the fund be placed in safe investments, so that even if the fund does not earn a lot, it would always be there earning interest which government could use for projects that would help the coconut farmers.

Senator Villar said that at the proper time, she would propose to insert an additional provision that would require the Philippine Coconut Authority (PCA) to do some of the work for the coconut farmers, noting that the bill did not mention the role of the PCA. She said that the coco levy fund should be in addition to what government should do for the coconut farmers and not in lieu of what they should do. She said that she would propose a minimum of P5 billion budget for the PCA, noting that the PCA's budget has been declining.

She feared that should the PCA's budget continue to decrease, the earnings from the coco levy fund would only compensate for the decrease in its budget. She reiterated her suggestion to indicate in the bill the following: that the PCA should have a minimum budget of P5 billion every year, 20% of which would go to infrastructure, 15% to planting, replanting, fertilization and development of seedling nurseries, 18% to shared facilities program, 12% to *Kaanib* Program, 5% to pest management, 5% to agribusiness and marketing, 5% to research and development, and 20% to operations and regulations; and she also stressed the need to enumerate in the bill what

would be done with the fund to serve as guideline for the PCA in the implementation of the projects for the coconut farmers every year. She recalled that when she was the chairperson of the Committee on Agriculture and Food, she found out during the hearings conducted all over the country that the coconut farmers would want to have socialized credit, shared facilities program, health, educational and livelihood benefits and development of cooperatives and farmers organizations.

She underscored that through her proposals, the PCA would be guided on how to spend the money properly rather than allowing it to use the fund at its discretion. She said that she would introduce proposals during the period of amendments.

Senator Pangilinan thanked Senator Villar for her proposed amendments and the principles behind them. He agreed that the budgetary appropriations for the PCA must be separate and that the interest income of the coco levy fund should be on top of the budget already appropriated to it. However, he noted that the proposed amendments would have to be harmonized with the title of the bill, as the Constitution provides that a bill "shall embrace only one subject which shall be expressed in the title thereof."

As regards limiting the investments, Senator Pangilinan stated that in principle, he agrees that the fund should not be dissipated and that there should not be a repeat of government investments gone wrong to the detriment of the coconut farmers. He stressed that the proposed measure has identified what investments are not allowed and that the Committee is willing to include and to spell out the limitations. He stated that the Committee would like to see the proposed amendments of Senator Villar so that together, at the proper time, they could accommodate and craft the appropriate amendments.

Lastly, Senator Villar stated that she does not like to use as an example the success of the SSS and the GSIS because, to her, they are not successful in their investments and that instead, the Body should think of ways where the coco levy fund would be more wisely invested rather than in the two institutions. She further underscored that the coconut farmers should be treated well because they are the poorest of the poor who need all the support they can get from Congress. She stressed that Congress should make the bill as perfect as possible so that it would bring the coconut farmers out of poverty.

INTERPELLATION OF SENATOR VILLANUEVA

At the outset, Senator Villanueva stated that he would want to focus his interpellation on the specific job-generation component of the bill inasmuch as it seeks to compensate farmers who were previously entitled to the benefits of the coco levy fund, believing that Congress should be more proactive as to the current state of the Filipino coconut farmers' livelihood.

He noted that the Department of Agriculture is the lead agency of the Agriculture Training Institute (ATI) that would institutionalize farming programs and prepare for an integrated plan for publicly-funded training programs in agriculture and fisheries pursuant to Republic Act No. 8435 or the Agriculture and Fisheries Modernization Act of 1997. He stated that recently the ATI has begun coordinating with other government agencies like the Technical Education and Skills Development Authority (TESDA) and the Philippine Chamber of Commerce and Industry to enhance the competencies of the farmers, including the youth, by instituting training programs in Diliman, Quezon City.

Asked by Senator Villanueva whether the bill contains a provision that would institutionalize training programs for coconut farmers to encourage more of them to engage in coconut farming as well as enhance their capacity, Senator Pangilinan answered in the affirmative, adding that although there is no specific provision in the measure itself, there is a provision in the proposed measure that requires the crafting of a Coconut Industry Roadmap, which contains programs for capacity building for farmers, to be approved by the President, absent of which the coco levy funds would not be released.

Senator Pangilinan said that as earlier mentioned by Senator Villar, the average daily income of coconut farmers is P50, 80% of them practice monocropping, and above half of their coconut farms are nutrient-deficient or unfertilized, thus the low yield. He said that data would prove that properly fertilized soils would yield a coconut harvest that is double the production compared to nutrient-deficient soils.

He recalled that when he was still Presidential Adviser on Food and Security, he visited a coco coir processing enterprise in the Municipality of Bislig, Surigao del Sur which was manned by wives of

coconut farmers. He said that the group had a decorticating machine and they were taught particular skills on coco coir development. Because of this capacity building, he said that their income of P400 a week increased to P1,200 a week, or a monthly income of almost P3,000, enabling them to purchase more for their daily subsistence and other needs. He added that the group also profited from the Department of Public Works and Highways who bought coco coir for the embankment of their road projects to prevent erosion, and that the DPWH, on the other hand, was also able to save 30% with the use of coco coir. He stressed the importance of capacity building as he pointed out that the coconut tree has some value-added products aside from copra, such as virgin coconut oil, coco peat, and coco sugar.

Senator Villanueva agreed with Senator Pangilinan as regards the importance of capacity building and training. He recalled that when he was with TESDA and Senator Pangilinan was with the Department of Agriculture, there was somehow unnecessary overlapping and redundancy in terms of the efforts of government agencies in capacity building and strengthening the livelihood of the coconut farmers. He specifically cited the ATI and TESDA, both of which have agricultural courses and training regulations specifically intended for the coconut farmers. He clarified that he was not questioning the importance of providing the coconut farmers training and capacity building measures but that he raised the matter in order to arrive at a clearer distinction of the programs of certain concerned agencies.

Senator Pangilinan suggested that a criteria as to who should be part of the crafting of the development plan of the coconut industry be included in the proposed measure, and that to prevent the overlapping of functions, TESDA should be part of the inter-agency committee tasked to put together the Coconut Industry Development Plan. Senator Villanueva agreed, saying that TESDA could be invited.

Asked on the percentage of the funding that would be used for capacity building, Senator Pangilinan admitted that his Committee did not touch on the matter, saying that the development plan would be put together within a timetable by the Executive department and then approved by the President. Thus, he said that the trust fund committee would have the hand in the financial aspect and would ensure that a portion of the appropriations or the budgetary support would go to training and capacity building.



Asked on the number of coconut farmers and how many of them would be part of the capacity building, Senator Pangilinan replied that only a few would be part because the average yearly income on copra is still P15,000, thus, the percentage of farmers who have the capacity to increase their income through value adding is low.

On another matter, Senator Villanueva noted that the United Nations Food and Agriculture Organization (UNFAO) has spearheaded efforts to coordinate with the Philippine Coconut Authority, DAR and the DENR in restoring the livelihood of the coconut farmers who were affected by typhoons dating back to 2013. He said that the initiative included introducing the coconut farmers of Regions VI and VII to new technologies in coconut farming as well as enabling them to plant other crops such as vegetables alongside their coconut crop. He said that in Mindoro, the UNFAO established 68 climate smart farmer field schools which taught coconut farmers to update their coconut farming methods towards more ecologically balanced practices. He said that he was citing the initiatives as examples of engagement of coconut farmers undertaken by non-government organizations in empowering the Filipino coconut farmers.

Asked of a provision that provides a framework or a mechanism that would facilitate efforts by non-government organizations and their respective sources of funding towards assisting the coconut farmers and to encourage them to continue growing coconuts, Senator Pangilinan explained the importance of mobilizing both the public and private sectors as well as the NGOs to support capacity building and training or credit for farmers' enterprises or organizations. He noted that the most critical scenario is that the government alone would not be able to provide the necessary sustained efforts at moving the coconut farmers and the farming communities from their current status of subsistence farming to becoming farm enterprise partners or players. He said that the initiative would also require the participation of the academe, the NGOs and the private sector in mobilizing resources and support for the farmers' organizations and farming communities.

Senator Villanueva expressed his appreciation to Senator Pangilinan for being open about the introduction of possible amendments at the proper time. He then asked whether a provision would be accepted that allows the coconut farmers to be provided with additional crops that can be planted

when their coconut crops are affected by weather or environmental limitations. Replying in the affirmative, Senator Pangilinan stated that part of the National Development Plan calls for intercropping, livestock raising, community-based coconut enterprises including integrated processing of coconut products, among others.

Senator Villanueva stated that the Philippine Coconut Authority has reported that in 2014, there were 3.5 million coconut farmers and that over 26% of the country's total agricultural land area was devoted to planting coconuts, and that according to the 2013 labor market intelligence report, coconut farming remains an in-demand occupation in the field of agribusiness. Asked for an updated information from the Philippine Coconut Authority as to the latest number of coconut farmers presently engaged in their respective livelihood, and whether coconut farming is still considered an in-demand occupation in the current labor market intelligence report, Senator Pangilinan replied that the Committee is in possession of the same data as the one with Senator Villanueva. He pointed that the coconut farmers are the poorest farmers, earning less than rice, sugarcane or even vegetable farmers, which is an irony because the Philippines is the number one exporter of desiccated coconut oil in the world and, in the last five years, coconut oil brought in US\$1.5 billion worth of exports to the country. In fact, he noted that the largest dollar earner for agriculture is the coconut industry, with an exponential growth surge in terms of the demand for other coconut products such as the virgin coconut oil; however, the farmers are simply producers of raw materials and they do not do value-adding, management or development. He lamented that coconut farmers sell their coconuts between P3 to P5 per piece which becomes P25 per piece when it arrives the market. Worse, he said, some restaurants sell *buko* at P100 per piece. He noted the big incremental increase of the coconut in terms of value-adding, yet the farmers are not earning from it.

Senator Villanueva noted that despite a demand for coconut products, the coconut farmers are not well-taken care of. Senator Pangilinan agreed that the coconut farmers are not given support in terms of farm-to-market roads and in organizing. He said that the average farm size is only 1.5 hectares, and there is no economy of scale there because in a one-hectare farm only around 100 trees at 40 coconuts per tree could be planted.



For instance, Senator Pangilinan disclosed that from his land of less than three hectares in Alfonso, Cavite, from his harvest of 100 coconuts, each was sold in Manila at P25 but was only bought by a middleman at P5 each. He pointed out that his earnings would even be less as there are expenses for toll fees and gasoline; on the contrary, if there are 10 to 15 farmers aggregate sharing the income of a 30-hectare coconut farm as well as the expenses for gasoline, transportation and maintenance of the truck, there would be economy of scale. He pointed out that training, organizing and capacity building to run and manage the enterprise would help the farmers graduate from subsistence farming, *isang kahig, isang tuka*, to farm enterprise management.

Senator Villanueva lamented that notwithstanding the high demand which could improve the plight of coconut farmers, it still does not happen so he hoped that the passage of the measure would ensure that the current demand for coconut farmers would be met by job skills matching, training enhancement and empowerment. Thereupon, he said that he would introduce amendments to the bill at the proper time.

Senator Pangilinan thanked Senator Villanueva for his interpellation.

SUSPENSION OF CONSIDERATION OF SENATE BILL NO. 1233

Upon motion of Senator Sotto, there being no objection, the Body suspended consideration of the bill.

COMMITTEE REPORT NO. 19 ON SENATE BILL NO. 1277

(Continuation)

Upon motion of Senator Sotto, there being no objection, the Body resumed consideration, on Second Reading, of Senate Bill No. 1277 (Committee Report No. 19), entitled

AN ACT ESTABLISHING THE FREE INTERNET ACCESS PROGRAM IN PUBLIC SPACES IN THE COUNTRY AND APPROPRIATING FUNDS THEREOF.

Senator Sotto stated that the parliamentary status was still the period of interpellations.

Thereupon, the Chair recognized Senator Aquino, sponsor of the measure, and Senator Recto for his interpellation.

INTERPELLATION OF SENATOR RECTO

At the outset, Senator Aquino stated for the record that Senator Recto spearheaded the bill on free internet access and thanked him for his leadership on the matter. Likewise, Senator Recto expressed his gratitude and commended Senator Aquino for coming out with a committee report regarding the program, saying that it is an important bill.

Senator Recto noted that the purpose of his interpellation was (1) how to improve the capability of DICT in addressing existing bottlenecks encountered in the implementation of the Free Public Internet Access Program; (2) to achieve the goals of the program; (3) to strengthen existing regulatory provisions to fast-track and improve its implementation; and (4) to ensure the program's funding.

Asked on the challenges being faced by DICT, previously DOST, in implementing the program since 2015 when Congress first appropriated the budget for the Free Public WiFi program, Senator Aquino cited the number of permits required of telcos to set up new infrastructure in many pilot areas to support free WiFi access; and the lack of bidders in chosen areas without which no program implementation could be made.

Asked if he was saying that part of the strategy to implement the programs is the partnership between the government and private sector, Senator Aquino said that the idea was for the government to piggyback on existing infrastructure of private sector partners and eventually, to set up its own national broadband to further extend network to areas where there are no infrastructure of private sector partners. The on-the-ground experience, he said, led to a hybrid solution of formulating the National Broadband Plan for the Philippines (NBbP) which will identify areas where private telcos are not present.

Asked on the new strategy of DICT to accomplish the program's objectives, Senator Aquino stated that DICT is awaiting President Duterte's approval of the National Broadband Plan. He disclosed that in the last hearing, DICT said that it was looking for a hybrid broadband network, i.e., fiber optic cables that would link to other cell sites in order to utilize existing

private sector infrastructure and establish new infrastructure. He added that such areas though were not those aimed at as one for expansion by private sectors nor areas where the government would like to invest in.

Asked if there is a provision in the bill which tackles the National Broadband Plan, Senator Aquino admitted that although there is no reference to the program in the report, the Committee on Science and Technology may include the provision of Section 8 in Senate Bill No. 816 (Free Public WiFi Act of 2016) regarding public-private participation, to highlight or refer to the National Broadband Plan.

To the hybrid plan by which the government would invest in to regulate broadband traffic, Senator Aquino informed the Body that the DICT has presented three plans: in the first plan, which admittedly is expensive and takes time to be put up, all the facilities and interconnections are completely government-owned so the network is more secured as in other countries which have the same network to address concerns on defense and independence from the private sector; in the second plan, the infrastructure completely belongs to the private sector like where the country was in 2015 but the government will be dependent on the expansion of the private sector; and in the third plan which the government is leaning towards but has not yet finalized, it is a hybrid plan where the areas in the private sector that are robust would utilize the structure; however, in areas where the private sector is unable to provide services, the government will invest in all facilities needed to expand the network in areas outside usual urban centers.

Asked why the bill should be passed when the government is still uncertain on its intention, Senator Aquino asserted that eventually a National Broadband Plan would be necessary to accomplish the end result of setting up free WiFi in designated public places throughout the country subject to further discussions and funding requirements. He averred that the bill is merely a statement of principle to access free WiFi in identified public places so certain regulatory provisions may be proposed to fast-track and improve the program's implementation. In fact, he noted that Section 6 of the bill, which actually mentions fast-tracking of permits with regard to LGUs and national government agencies, could be amended to add other aspects to ease the program's rollout.

As regards the regulatory aspect of the telecommunications sector to make it easier for the private sector and the government to invest and provide internet service, Senator Aquino said that he is open to include regulatory provisions although the idea really is that there should be less regulation required in the rollout.

Asked how many sites will have free public WiFi in the country, Senator Aquino said that 12,481 WiFi powered public places is targeted for 2017 and within the 10-year plan, it would be over 100,000 areas, at a cost of roughly P30 billion per identified site. Thereupon, Senator Recto remarked that there might be a need to amend certain provisions in the Telecommunications Act as well as to boost private sector participation considering the magnitude of the program.

Asked if congressional franchise is necessary for internet service in the last mile, Senator Aquino replied that according to NTC, since the internet is classified as a value-added service, securing a franchise is no longer necessary because it is merely an internet provider subject to the standards for speed on downloading and uploading by the DICT. He said that the DICT may propose guidelines or standards to be introduced later on during the committee amendment.

Asked how private sector participation will be encouraged to promote an efficient and cost-effective delivery of internet service especially to non-viable areas, Senator Aquino believed that the best come-on for the private sector is fast-tracking the issuance of permits because during the hearings, although there was a huge concern on the part of telcos to improve their infrastructure, one of them, which has a budget for 3,000 cell sites for 2015, was only able to put up a thousand cell sites due to issues on permits and ease of doing business. He supposed that if the government would open up through the bill to make it easy for private sectors to roll out, it would be a huge come-on for the private sector to match the effort of government in putting up infrastructure at the same pace, considering that all LGUs have public places and all municipalities include city halls and public schools.

Adverting to a provision in his original bill which encourages private sector participation, Senator Recto asked if a mandate to exchange data traffic at a domestic internet protocol exchange designated by

DICT could improve internet speed. Senator Aquino said that although big telcos and the DICT were already exchanging information, such idea may be introduced in the bill.

To another point, Senator Recto said that his bill originally had a two-year time frame based on the submission of the DICT of its supposed 10-year development plan. Asked if a time frame should be adopted in the bill, Senator Aquino said that he would be glad to accept Senator Recto's comments and suggestions alongside Senator De Lima's, saying that 10 years could either be taken as minimum, maximum or they could even conduct a yearly schedule.

Adverting to Section 6 (Permitting and Certification) which mandates the DICT "to standardize and regulate fees for the facilitation of permits, certificates and rental rates of government-owned and controlled properties for the construction of infrastructure and installation of equipment necessary for the immediate, effective implementation of the program," Senator Recto suggested that the bill specify the permitting and certification process so that conflicts could be avoided. He added that the bill should direct the DICT to discuss these matters directly with the LGUs and ensure that all payments for taxes and permits would go directly to the latter. Senator Aquino welcomed the suggestion which he believed would be the solution to this problem.

As regards the suggestion to include a provision on free and fair usage policy which was included in Senate Bill No. 816 but was not adopted in the committee report, Senator Aquino expressed willingness to reinstate Section 5 of Senate Bill No. 816.

On the proposal to include a trust fund from spectrum user fees to provide clear funding for the program similar to the appropriations clause of Senate Bill No. 816, Senator Aquino welcomed the proposal which, he noted, was favorable to the DICT.

Asked how much is collected by the NTC yearly, Senator Aquino replied that the P2.4 billion collected annually by the NTC from earnings of the telecommunication companies, which is forwarded to the National Treasury, could be used to fund free public WiFi as well.

In closing, Senator Recto expressed his intention to introduce his proposed amendments at the appropriate time. He also requested the DICT to

begin consultations with the local government units in crafting policies for permitting and certification necessary for the program.

INTERPELLATION OF SENATOR SOTTO

Asked by Senator Sotto whether the probability of a DICT "piggybacking" or partnering with the private sector in the implementation of the program would involve utilizing not only the broadband or hybrid plan but even the cell sites of telecommunication companies since this is the medium used for accessing the internet, Senator Aquino replied in the affirmative but clarified that the government would be paying these firms for the usage of their network.

Asked how many cell sites there are in the country, Senator Aquino said that the Philippines, which has a population of 100 million—each of whom may have one or two cellphones—has only more than 20,000 cell sites compared to South Vietnam which has 67,000 cell sites for 89 million people.

On the suggestion that the telecommunication firms should first upgrade their capabilities before the free internet access program could be implemented, Senator Aquino explained that the matter is a chicken-and-egg issue because on the one hand, there is a need for faster internet and more infrastructure but the telcos would cite the many hindrances they encounter in putting up the infrastructure. However, he believed that the proposed fast-tracking of permits and certificates would virtually remove all hindrances for the implementation of the program since the telecommunication firms used to blame the slow processing of permits by the LGUs — 30 of which are needed — to put up a cell site. He pointed out that Senator Recto had noted that a franchise was not even necessary to make this happen.

At this juncture, Senate President Pro Tempore Drilon asked about the capital outlay for the program. Senator Aquino replied that the DICT has the funds needed for the undertaking as it had even prepared a budget for 3,000 cell sites but was only able to implement only 1,000 because of permit issues. He underscored the need to unlock all the issues being raised by the telcos so that the cell sites could be put up.

On another matter, Senator Sotto suggested that the problem of slow internet speed should be tackled

when the franchises of the telecommunication firms are taken up by the Body since it would be a challenge for the government to offer free WiFi access in the current situation. Senator Aquino agreed, noting that it would also be a good idea to ask the telcos whether their investment plan for cell sites over the next 10 years would match the National BroadBand Plan and the Free WiFi Project since the DICT might have projected the putting up of 100,000 cell sites while their private partners might not have the same plan in mind.

SUSPENSION OF CONSIDERATION OF SENATE BILL NO. 1277

Upon motion of Senator Sotto, there being no objection, the Body suspended consideration of the bill.

COMMITTEE REPORT NO. 10 ON SENATE BILL NO. 1239

(Continuation)

Upon motion of Senator Sotto, there being no objection, the Body resumed consideration, on Second Reading, of Senate Bill No. 1239 (Committee Report No. 10), entitled

AN ACT AMENDING SEC. 35 B (4) OF REPUBLIC ACT NO. 6975, OTHERWISE KNOWN AS "AN ACT ESTABLISHING THE PHILIPPINE NATIONAL POLICE UNDER A REORGANIZED DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT, AND FOR OTHER PURPOSES."

Senator Sotto stated that the status was still the period of interpellations.

Thereupon, the Chair recognized, Senator Lacson, sponsor of the measure.

MANIFESTATION OF SENATOR LACSON

Senator Lacson informed the Body that Senators Recto and Poe have withdrawn their reservations to interpellate.

TERMINATION OF THE PERIOD OF INTERPELLATIONS

Upon motion of Senator Sotto, there being no

objection, the Body closed the period of interpellations and proceeded to the period of committee amendments.

TERMINATION OF THE PERIOD OF COMMITTEE AMENDMENTS

There being no committee amendment, upon motion of Senator Sotto, there being no objection, the Body closed the period of committee amendments and proceeded to the period of individual amendments.

MANIFESTATION OF SENATOR SOTTO

Senator Sotto informed the Body the proposed individual amendments for the measure would be introduced the following day.

SUSPENSION OF CONSIDERATION OF SENATE BILL NO. 1239

Upon motion of Senator Sotto, there being no objection, the Body suspended consideration of the bill.

COMMITTEE REPORT NO. 4 ON SENATE BILL NO. 1210

(Continuation)

Upon motion of Senator Sotto, there being no objection, the Body resumed consideration, on Second Reading, of Senate Bill No. 1210 (Committee Report No. 4), entitled

AN ACT EXPANDING THE SCOPE AND COVERAGE OF REPUBLIC ACT NO. 4200, OTHERWISE KNOWN AS AN ACT TO PROHIBIT AND PENALIZE WIRE TAPPING AND OTHER RELATED VIOLATIONS OF THE PRIVACY OF COMMUNICATION, AND FOR OTHER PURPOSES.

Senator Sotto stated that the parliamentary status was still the period of interpellations.

Thereupon, the Chair recognized Senator Lacson, sponsor of the measure, and Senator Recto for his interpellation.

INTERPELLATION OF SENATOR RECTO

Preliminarily, Senator Recto made the following statement prior to his interpellation, to wit:

"We recognize that it is the bounden duty of the State to promote and maintain public order so that its inhabitants can live in an environment of peace and security. In expanding the powers of the State like what this bill is proposing, it is necessary to balance the government's duty to protect its citizens with the need to protect civil liberties. Fr. Joaquin Bernas, a legal luminary in the field of constitutional law, said that invasion of communication and correspondence is a form of search. Hence, the public must be protected against any wanton and unreasonable invasion of communication by the government. In this regard, the constitutional provisions that should serve as guiding beacons in crafting this bill are as follows: Section 2, Art. III, Bill of Rights of the Constitution.

'Section 2. The right of the people to be secure in their persons, houses, papers and effects against unreasonable searches and seizures of whatever nature and for any purpose shall be inviolable, and no search warrant or warrant of arrest shall issue except upon probable cause to be determined personally by the judge after examination under oath or affirmation of the complainant and the witnesses he may produce, and particularly describing the place to be searched and the persons or things to be seized.

Section 3. (1) The privacy of communication and correspondence shall be inviolable except upon lawful order of the court, or when public safety or order requires otherwise, as prescribed by law.

(2) Any evidence obtained in violation of this or the preceding section shall be inadmissible for any purpose in any proceeding"

In view of such provisions, Senator Recto sought clarification on the foremost reason behind the enactment of Republic Act 4200 (Anti-Wire Tapping Law) in 1965. Senator Lacson replied that one of its purposes was to allow law enforcement agencies to conduct surveillance and enhance their information and evidence-gathering capability.

For his part, Senator Recto believed that the law was enacted to ban the use of wiretapping because it had been the practice of private individuals, including corporations and even the state, to wiretap individuals at the time.

At this juncture, Senate President Pro Tempore Drilon noted that the explanatory note of Senate Bill No. 9 which became Republic Act No. 4200 stated that the purpose of the law is to prevent wiretapping

from being used as an instrument of oppression or arbitrary power. However, Senator Lacson stressed that without the passage of the Anti-Wiretapping Act, there would be no basis for law enforcement agencies to gather information and evidence to be used in court since without such a law, all evidence that would be gathered by these agencies would be rendered unlawful.

As regards the observation that based on the transcripts of debate on Republic Act No. 4200, the purpose of the law was to make wiretapping illegal, which was the same action undertaken by the United States, Senator Lacson clarified that this was among the reasons but the primary purpose of RA No. 4200 is to proscribe the act of wiretapping or listening to private conversation.

Asked how many amendments had been introduced so far to RA 4200, Senator Lacson replied that the Human Security Act of 2007 was the only amendment introduced to RA No. 4200 which allows law enforcement agencies to conduct wiretapping operations upon authorization by the Court of Appeals. He clarified that the measure proposes to add safeguards, increase penalties and expand the coverage of exemption as listed in RA No. 4200, as well as to include modern technology due to advanced methods of communication.

Asked whether he could cite any instance wherein a law enforcement agent formally applied before a court for the issuance of a written authority to wiretap, Senator Lacson admitted that he himself applied for a court order to wiretap at least one individual in 1999, and that the order was issued and the proceeds of the wiretapped conversations submitted to the court. He said that he does not know of any other instance where authority to wiretap was applied for in a court of law.

On whether the law enforcement agencies could be asked if there were any other instance where they applied for authority to wiretap, Senator Lacson pointed out that the law enforcement agencies had always been denying that they have the capability to wiretap but if ever they did, certainly they were not sanctioned by a court order.

Senator Recto stated that it would even be more alarming if they could wiretap without a court order. Senator Lacson agreed, saying that the proposed measure would precisely encourage them to apply for a court order. Senator Recto believed otherwise.

Asked to confirm that during the hearing no one from the government admitted that they have wiretapping device or equipment, Senator Lacson confirmed that no one from the government has admitted that they have wiretapping device or equipment because it would, in effect, be an admission of guilt in the commission of a crime. Although it is not unlawful for the PNP to have wiretapping equipment under Republic Act No. 4200, he said that under the measure, the proposal is to make it illegal or unlawful to even possess the equipment.

Asked if the government has wiretapping devices or equipment at present, Senator Lacson replied that it does but would never admit to it.

Senator Recto asked how the government could then be trusted if it cannot be forthright. Senator Lacson replied that the purpose precisely is to encourage them to use the equipment and apply for a court order to wiretap and gather evidence. Senator Recto reiterated his belief to the contrary, saying that with its proliferation, every branch of the Executive department can do it without admitting or applying for a court order.

Senator Recto inquired if any government agency had admitted to wiretapping operations in the past, apart from Senator Lacson's experience. He surmised that if Senator Lacson were the PNP chief, he would gladly approve the measure. However, he lamented that there seems to be a problem in light of the 6,000 to 7,000 deaths and the recent kidnapping of a Korean. He cautioned that passing a bill to increase the authority of the state to be able to wiretap individuals might send the wrong message.

Asked if there were cases or instances wherein the authorized use of wiretapping devices led to the successful prosecution or conviction of individuals subject of the surveillance, Senator Lacson said that there had been no convictions because there were no applications for court order in the first place, except in his experience.

Asked if the person involved in his case was convicted, Senator Lacson answered in the negative. Senator Recto concluded that no one has ever been prosecuted or convicted because of wiretapping since the enactment 50 years ago of Republic Act No. 4200. Senator Lacson agreed, saying that one of the reasons why the bill needs to be passed is to enhance the evidence-gathering capability of law enforcement

authorities. He guaranteed that if the bill becomes a law, many would be prosecuted and there would be no abuse since the fines or penalties would be increased from the current six months to six years to six years to twelve years.

Asked if anyone had been convicted for illegal wiretapping, Senator Lacson said that he does not know of anyone convicted but that he would find out from the PNP. Regarding the "Hello, Garcí" issue, he said that no one was prosecuted despite it being clearly wiretapping because there was no complainant and nobody testified. He added that at that time, President Arroyo was enjoying immunity from suit even though she admitted to be the subject of the wiretapped conversation.

Regarding those who wiretapped her, he said that no one was ever brought to justice, and had Commissioner Garcillano or former President Arroyo filed a complaint, he believed that those involved in the wiretapping — Air Force T/Sgt. Vidal Doble, Jr. and other members of the ISAFP — would have been prosecuted. He noted, however, that it might not have been covered by Republic Act No. 4200 because it was a digital or cellphone conversation, hence the present measure proposes to expand the inclusions. Senator Recto said that as a form of communication, it should have been covered.

Since Republic Act No. 4200 was not used, Senator Recto asked why there is a need to expand the capability of the state to wiretap. Senator Lacson pointed out that there was a decided case on the matter in *Navarro vs. Court of Appeals and the People of the Philippines* (G.R. No. 121087, August 26, 1999). He explained that Republic Act No. 4200 was invoked, the wiretapped tape-recorded conversation was used as evidence, and the petitioner was convicted to *prision mayor*. He added that the law enforcement agencies availed of Republic Act No. 4200 and secured a court order to help convict Navarro.

Senator Recto disclosed that the wiretap evidence was not used as a basis of the conviction although it was lawful for them to use it. Senator Lacson maintained that the wiretapped evidence contributed to the successful prosecution of the case as stated in the decision, to wit: "In the instant case, Jalbuena testified that he personally made the voice recording; that the tape played in court was the one he recorded; and that the speakers on the tape were petitioner

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Navarro and Lingan. A sufficient foundation was thus laid for the authentication of the tape presented by the prosecution."

Senator Recto further cited Section 7 of Republic Act No. 9372 or the Human Security Act, to wit:

SEC. 7. Surveillance of Suspects and Interception and Recording of Communications. - The provisions of Republic Act No. 4200 (Anti-Wire Tapping Law) to the contrary notwithstanding, a police or law enforcement official and the members of his team may, upon a written order of the Court of Appeals, listen to, intercept and record, with the use of any mode, form, kind or type of electronic or other surveillance equipment or intercepting and tracking devices, or with the use of any other suitable ways and means for that purpose, any communication, message, conversation, discussion, or spoken or written words between members of a judicially declared and outlawed terrorist organization, association, or group of persons or of any person charged with or suspected of the crime of terrorism or conspiracy to commit terrorism.

Senator Recto said that the present measure only requires the law enforcement or military officer to file the application to wiretap before the Regional Trial Court. Asked on the difference between wiretapping under the Human Security Act and under the bill, Senator Lacson stated that under the Human Security Act, the court involved is the Court of Appeals with probable cause as the threshold; on the other hand, under the proposed measure, the requirement is to secure a court order from the Regional Trial Court and the threshold is "reasonable ground to believe that the person has committed, is actually committing, or is about to commit the crime."

Asked if the Sponsor would be amenable to an amendment to follow the Human Security Act, in particular, securing a court order from the Court of Appeals instead of the Regional Trial Court, Senator Lacson expressed his reservations, explaining that the aim was to help law enforcement authorities secure a court order easily. He said that it would be more tedious to apply in the Court of Appeals since they have to deal with divisions, as compared to Regional Trial Courts which are more accessible. Furthermore, he said that increasing the threshold from reasonable grounds to probable cause would be tantamount to prosecution, since the latter is needed to file an information in court. Senator Recto

maintained that securing it from the Court of Appeals would be an additional safeguard.

Regarding the allowable duration of wiretapping, Senator Recto said that 60 days plus an extendable period of 30 days is too much since it is comparable to a search warrant which has only a ten-day duration to conduct the search and only one day to execute. But Senator Lacson pointed out that wiretapping refers to intrusion into private conversations, unlike a search warrant which is an intrusion into property. He added that the period stated is based on empirical data on the normal period for law enforcement agents to build up a case. In the United States, he said that it takes 48 days to build up a case.

Senator Recto suggested that the period provided for in the Human Security Act be followed, which is just 30 days with an extendable period of 30 days. He stated that there should be a careful balance between protecting citizens from unlawful activity and protecting citizens from abuses of the state, especially with the extrajudicial killings happening at present, and with senior officials of the PNP accused of involvement in kidnapping. But Senator Lacson pointed out that regardless of Republic Act No. 4200, police officers tended to commit abuses. Senator Recto agreed, as he cautioned that the bill includes a wide range of crimes allowed to be wiretapped.

Asked if the person who is the subject of wiretapping or surveillance could use the recorded communication for his defense especially if it would be favorable to him, Senator Lacson said that he would be open to the idea.

Senate President Pro Tempore Drilon interjected that the entire conversation must be included and not only portions of it.

Senator Lacson said that according to the proposed measure, the entire conversation must be included because it is illegal to remove or reduce any part of the tape or the recorded conversation.

Senator Recto said that he brought up the matter because justice is about seeking the truth and he noted that in many instances, the state would withhold any information that is favorable to the accused.

Senator Lacson reiterated that under the bill, the state could not withhold any information or reduce,

remove portions of the wiretapped conversation as it is mandated to deposit everything with the authorizing court.

Asked by Senator Recto whether the wiretapped conversation may be used if the information is favorable to the accused, Senator Lacson replied in the affirmative.

On Senator Recto's query whether wiretapping as a surveillance tool should be used as a last resort by the law enforcers, Senator Lacson replied in the affirmative, saying this is one of the safeguards provided in the bill. He said that the other two conditions are: there is no other evidence available; and the wiretapped conversation would contribute to the conviction of the subject of the wiretapping act.

Asked by Senator Recto whether the telecommunications companies were consulted during the committee hearings with regard to Section 3(h) on page 13, line 14 of the bill, Senator Lacson replied in the negative. He said that only the DICT Secretary and the head of the National Telecommunications Commission were consulted.

Senator Recto pointed out that the telecommunications companies were not invited or consulted to the committee hearings but under the bill they are mandated to assist the law enforcement agencies in the implementation of the law. Senator Lacson said that there was also a penalty or fine for failure to assist.

Asked by Senator Recto whether US telecommunications companies are mandated by US law to assist law enforcement agencies, Senator Lacson said that he would have to check but he said that most of the provisions of the bill were patterned from the U.S. law.

Senator Recto recalled that a few months ago, he came across a news item in the US wherein Apple was asked to open the contents of a phone but it refused, invoking privacy issues. He suggested that telecommunications companies must be consulted on this matter.

Senator Lacson said that in the US, the telecommunications companies are mandated by their laws and that the proposed measure under consideration has more safeguards than its US counterpart. He said that the US allows one-party consent but this

was not included in the proposed bill even as it was suggested by the Justice Secretary because it might not pass the constitutional challenge.

Senator Recto said that during the period of amendments, he would introduce the creation of an oversight committee to check the potential abuses of the state with regard to the implementation of the law as one of the additional safeguards in the measure.

On further queries as to the crimes that may be subject to a wiretap under R.A. No. 4200, Senator Lacson said they include the crimes of treason, espionage, provoking war, disloyalty in case of war, piracy, mutiny in the high seas, rebellion, sedition, conspiracy to commit sedition, inciting to sedition, kidnapping as defined by the Revised Penal Code and violation of Commonwealth Act No. 616. He said that in addition to the aforementioned crimes, the bill proposes to include the following crimes: coup d'état, conspiracy and proposal to commit *coup d'état*, robbery in bond, brigandage, anti-highway robbery law, violation of the dangerous drugs act, and violation of the Anti-Money Laundering Act of 2001.

Asked by Senator Recto on the number of crimes listed under the Anti-Money Laundering Law, Senator Lacson said that there is quite a number of predicate crimes in the Anti-Money Laundering Law as passed in 2001.

Senator Recto asked whether conversations on tax evasion may be wiretapped should Congress amend the AMLA to include tax evasion. Senator Lacson explained that the predicate crimes per se are not included in the coverage or exemptions of the anti-wiretapping law. He said that only those crimes that led to the violation of the anti-money laundering law may be wiretapped.

On whether violations of the anti-graft and corrupt practices act were included in the proposed bill, Senator Lacson said that Senator De Lima would be proposing their inclusion during the period of amendments.

Senate President Pro Tempore Drilon asked whether the proposal to commit graft and corruption entitles the law enforcement agencies to apply for a warrant to listen to a conversation, Senator Lacson replied in the negative, recalling that in reply to an earlier query by the Senate President Pro Tempore, the proposal to commit graft and corruption was

not a stand-alone reason to apply for a court order for an exemption but it should be supported by independent evidence that a person was about to commit a crime.

Senate President Pro Tempore Drilon said that a proposal to commit a crime, except in cases of rebellion is not a punishable offense, but under the bill telephone conversations could be wiretapped.

Senator Lacson clarified that it would be on top of other circumstances or requirements under the bill.

Asked by Senator Recto whether the crimes of *jueteng*, *masiao*, piracy on the high seas, qualified theft, swindling, smuggling, violations of the electronic commerce act, hijacking, financing of terrorism, bribery are included in the proposed bill, Senator Lacson said that *jueteng* and *masiao*, if they are not considered predicate crimes in the commission of money laundering, are not be included.

Senator Recto stressed that money laundering may not be prosecuted without the predicate crimes. He said that there are 35 crimes listed in the anti-money laundering act. He observed that the intent of the bill seems to be liberalizing the authority to wiretap.

Senator Lacson argued that proposed bill was not liberalizing wiretapping but adding safeguards against it.

Senator Recto said that one of the safeguards he mentioned was the Court of Appeals because during the hearing of the Mayor Espinosa case, the CIDG secured a warrant of arrest from a RTC which was found by the NBI to be "suki" of the CIDG.

Senator Lacson said that everything was relative. He said that one RTC judge may be more objective than three justices of the Court of Appeals because it would depend on the person or persons one is dealing with.

Senator Recto said that R.A. No. 4200 limited the state authority to wiretap but it appears that the bill seeks to increase the number of crimes, possibly even tax evasion as a predicate crime to anti-money laundering, if the law was to be amended.

Senator Lacson stressed that for tax evasion per se, the court would not issue an order to allow

wiretap but only when it is a predicate crime to the commission of money laundering. He said that tax evasion or any other crime may be committed without committing money laundering.

Senator Recto argued that no one knows that money laundering was committed until charges are filed, same with tax evasion.

Senator Lacson said that the bank official would have to report to the Anti-Money Laundering Council if there are suspicious transactions, at which time the predicate crime is going to be determined. However, he said if it was just a violation of a crime, without money laundering, the exemption from wiretapping would not apply.

Senator Recto cautioned that the measure was enhancing the crimes by providing that more actors could do wiretapping. Disagreeing with Senator Recto's observation, Senator Lacson said that the evidence-gathering capability of law enforcement was being enhanced and safeguarded.

Moving on to Section 3 of the proposed bill, Senator Recto pointed out that the sale, importation by manufacturers, distributors or any person or any mode or type of any electronic, mechanical or other equipment or device primarily intended to wiretap or record conversations are prohibited unless there is a permit granted by the DICT.

Asked by Senator Recto for the rationale for getting the permit from DICT, Senator Lacson said that the DICT is the proper agency mandated to be the repository because it has the technical capability to determine the kind of equipment being manufactured or imported. He affirmed that private entities could import, manufacture, sell, distribute equipment and devices if they have a permit from the DICT.

As to who are the target buyers or users of the manufacturers or importers of the wiretapping or recording devices, Senator Lacson said that the manufacturers and importers would be selling the equipment and devices to the law enforcement agencies such as the PNP, PDEA, Cybercrime Unit, NBI.

Asked whether there was a provision in the measure that the manufacturers and importers could sell the equipment and devices only to the law enforcers, Senator Lacson said that private persons are not authorized to apply for a court order because

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they would not have any use for the wiretapping or recording devices or equipment.

Senator Recto pointed that there was nothing in the measure which says that manufacturers or importers could sell only to the PNP or AFP or to the government. He noted that the bill only provides that the manufacturers and importers should secure a permit from the DICT before they could be allowed to sell the products.

Senator Lacson said that he would be open to amendments on the matter during the period of amendments. He reiterated that the manufacturers and importers are authorized to manufacture or import devices with a written permit from the DICT and to sell them only to the authorized agencies.

Senator Recto opined that the situation would create a market for the manufacturers and importers for the wiretapping and recording equipment and devices. He asked that if the buyers would be limited to the PNP, AFP and the other law enforcement agencies. Why not just permit the agencies to import directly from the manufacturers and importers, he further asked.

To Senator Recto's concern that the provision would contribute to the proliferation of such wiretapping device or equipment in the country, Senator Lacson replied that manufacturing the device is unlawful without the necessary permit from the DICT, the reason why they are regulated.

As regards the safeguards on the issuance of permits to manufacture, import, distribute and sell the device or equipment, Senator Lacson replied that the DICT, which has the technical capability to determine which equipment could be used for wiretapping, would know who should be issued the permit. However, Senator Recto raised the possibility that the equipment might proliferate in the market; thus, he suggested the banning of its manufacture or sale and for the state instead to import the devices. Senator Lacson reiterated that it is punishable to even possess the equipment without a permit.

Stating that he was just trying to inject more safeguards on the bill lest it becomes subject to abuse, Senator Recto reiterated his position to ban private individuals from importing, manufacturing and distributing the equipment so that only the State can import without the need for authority from the DICT.

Senate President Pro Tempore Drilon agreed with Senator Recto.

But Senator Lacson pointed out it would be such a waste of talent for a great Filipino inventor if only the State would be allowed to procure the device. Senate President Drilon suggested that the State could buy from the Filipino inventor but a private person should not be allowed to buy from the inventor. Senator Lacson pointed out that private individuals cannot buy from the inventor because they are not authorized to possess the device in the first place. Senate President Drilon stated that with the permission of the DICT, the government could buy from the private person.

Relative thereto, Senator Lacson read Section 1-A of the bill, to wit:

“The sale or importation by manufacturers, distributors or any person of any mode, form, kind or type of electronic, mechanical or other equipment or device or technology now known or may hereafter be known to science knowing or having reason to know that the design of such electronic, mechanical or other equipment or device or technology is primarily intended and useful for the purposes stated in Section 1 of this act, shall be allowed only upon written permit or authority from the Department of Information and Communications Technology....”

Senator Lacson noted that possession and even use of the device or equipment were not included in the bill, but only sale or importation.

Senator Lacson said that under RA 4200, possession is not prohibited while under the bill, even mere possession of such equipment has the penalty of imprisonment. Senator Recto said that there would then be no need to get a permit from the DICT since mere possession means imprisonment. Senator Lacson explained that it would be so hard to account for the possession of device, as he cited an inventor who would not register his device and then use it.

Senator Recto clarified that there should be no need to open the floodgates for all the equipment to proliferate and allow only the law enforcement agencies to purchase them. Senator Lacson said that at least with the permit, the devices are regulated, monitored and recorded.

Moving on to Section 3, Senator Recto noted that the provision listed down all the crimes to be

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covered. However, he said that with regard to RA 9160 or the Anti-Money Laundering Act, he would prefer that all the crimes under it be listed down considering that the money laundering itself has predicate crimes, almost all of which could be wiretapped. He suggested limiting the crimes listed only up to Dangerous Drugs Act.

Senator Lacson replied that the law enforcement agency would only know that there is a violation of the Anti-Money Laundering Act when they are informed by the Anti-Money Laundering Council.

As regards the past abuses by the AMLC, Senator Lacson stated that it would be minimized once the measure is enacted considering their many violations especially in private conversations. Senator Recto opined that there is more potential for abuse with all the crimes listed in the bill, as well as in opening up the importation, sale, manufacture and distribution of the devices or equipment even with permit.

Senator Lacson said that without the measure being enacted into law, people could import, possess and use the device or equipment, thus, government has to choose whether to penalize the violators since at present, mere possession is not punishable. Senator Recto believed that mere possession should be punishable.

As regards the need to get a permit from the DICT, Senator Recto suggested to abolish the permit requirement. Senator Lacson agreed.

Asked who are allowed in RA 4200 to secretly wiretap, Senator Lacson replied that currently it is the law enforcement officers who were previously called peace officers, the PDEA in every region under the Office of the President, the NBI of every region under the DOJ, the PNP, and all the units of the AFP which are the Army, Navy and Air Force who have wiretapping devices, all of whom can possess the device but could be held criminally liable if they use it illegally and without a court order.

Senator Recto noted that the measure seeks to expand not only the coverage of those who are allowed to possess the equipment, but also the list of crimes, and further, it also seeks to liberalize the industry by allowing for the importation, sale, manufacture and distribution of equipment. He recalled that in the past, only one case has been successfully

resolved or convicted, and that none of the intelligence agencies of the state – whether the NBI, PDEA, or the PNP – have admitted to having the equipment since many of them have never secured a court order.

Senator Lacson said that if law enforcement agencies who have the equipment use them, they would be imprisoned. Senator Recto agreed, saying that with more reason, many of the government agencies would not even bother to get a court order to wiretap and use their equipment or facilities for their intelligence gathering.

Senator Lacson said that if he were with a law enforcement agency and has the intention to wiretap, he would rather secure a court order so that what he gets could be used as evidence for prosecution and conviction purposes. Senator Recto agreed, but he cautioned that the evidence could be used not for prosecution but for blackmail. Senator Lacson said that anybody who could commit such a criminal act has to be on the lookout, otherwise, they could be caught.

Senator Recto said that none of the actors had admitted that they have such equipment or have utilized them despite evidence that they have used the equipment. He said that the purpose of RA 4200 when it was debated upon was to make sure that it is an anti-wiretapping measure with a few exceptions, but the bill under consideration seeks to expand its coverage by adding additional crimes. Senator Lacson said that he would rather that safeguards be added than liberalizing it.

Senator Recto said that the Minority has some amendments to the bill that they would like to pursue. He said that Senator Lacson has done a great job as far as putting safeguards on the bill is concerned.

Senator Lacson said that if he had his way, he would maximize the number of crimes covered on the bill so that they could use the court order to secure evidence. Senator Recto replied that he has no problem with court order but with the fact that it should be secured from the Court of Appeals.

But Senator Laeson argued that the RTC cannot be said to be more corrupt than the Court of Appeals. He said that he would just want that the law enforcer to be given more access, citing the dilemma of a police officer assigned in Zamboanga



or in Sulu who has to go to the Court of Appeals in Cagayan de Oro when, in fact, there is an RTC in Basilan or in Tawi-Tawi.

Senator Recto then asked on the findings of the NBI on the Espinosa slay, in particular, the involvement of two RTC judges who issued the search warrant. Senator Lacson replied that the judges who issued the search warrant are currently being investigated by the Supreme Court with the possibility of being booted out.

Asked if there have been justices of the Court of Appeals in the past who issued a search warrant inside the prison cell, Senator Lacson replied that it is only to the RTC that could issue the search warrant, while the CA only issues a TRO.

As regards human security, Senator Recto asked why Congress mandated to secure a court order from the CA and only for 30 days. Senator Lacson replied that it was because the nature of the crime was human terrorism.

SUSPENSION OF CONSIDERATION OF SENATE BILL NO. 1210

Upon motion of Senator Sotto, there being no objection, the Body suspended consideration of the bill.

MANIFESTATION OF SENATOR SOTTO

Senator Sotto stated that the other bills in the agenda for the day, in particular, the Corporation Code and the *Pagkaing Pinoy sa Batang Pinoy* Program would be taken up the following day and on Wednesday, January 25, 2017.

OVERSIGHT COMMITTEE ON CLIMATE CHANGE

Pursuant to Section 19 of RA 9729, the Climate Change Act of 2009, upon nomination by Senator Sotto, there being no objection, the following senators were elected members to the Oversight Committee on Climate Change:

Chairperson : Legarda

Members

Zubiri	Binay
Angara	Escudero

CHANGE OF PRIMARY REFERRAL

Upon motion of Senator Sotto, there being no objection, the Body approved the change of primary referral of Proposed Senate Resolution No. 253, which seeks a conduct of debt audit on foreign loans contracted by the government within the last 15 years, from the Committee on Finance to the Committee on Economic Affairs, with the Committee on Finance as the secondary committee.

SECOND ADDITIONAL REFERENCE OF BUSINESS

The Secretary of the Senate read the following committee reports which the Chair assigned to the Calendar for Ordinary Business:

Committee Report No. 28, prepared and submitted jointly by the Committees on Education, Arts and Culture; and Finance, on Senate Bill No. 1304, with Senators Recto, Joel Villanueva, Joseph Victor Ejercito, Paolo Benigno "Bam" Aquino IV, Win Gatchalian, Pangilinan, Sonny Angara and Legarda as authors thereof, entitled

AN ACT PROVIDING FOR A FULL TUITION SUBSIDY FOR STUDENTS ENROLLED IN STATE UNIVERSITIES AND COLLEGES (SUCs), AND APPROPRIATING FUNDS THEREFOR,

recommending its approval in substitution of Senate Bill Nos. 61, 158, 173, 177, 198, 962 and 1220.

Sponsor: Senator Paolo Benigno "Bam" Aquino IV

Committee Report No. 29, prepared and submitted jointly by the Committees on Women, Children, Family Relations and Gender Equality; Civil Service, Government Reorganization and Professional Regulation; Finance; and Government Corporations and Public Enterprises, on Senate Bill No. 1305, with Senators Pangilinan, Emmanuel "Manny" D. Pacquiao, Risa Hontiveros, Trillanes IV, Maria Lourdes Nancy S. Binay, Legarda and Sonny Angara as authors thereof, entitled

AN ACT INCREASING THE MATERNITY LEAVE PERIOD TO ONE

HUNDRED TWENTY (120) DAYS FOR FEMALE WORKERS IN THE GOVERNMENT SERVICE AND THE PRIVATE SECTOR WITH AN OPTION TO EXTEND FOR AN ADDITIONAL THIRTY DAYS WITHOUT PAY, PROVIDING A PARENTAL LEAVE PERIOD FOR ADOPTIVE PARENTS, AND GRANTING AN ADDITIONAL THIRTY (30) DAYS FOR SOLO MOTHERS, AND FOR OTHER PURPOSES,

recommending its approval in substitution of Senate Bill Nos. 56, 194, 215, 457, 1152, 1153, 1262 and 1276.

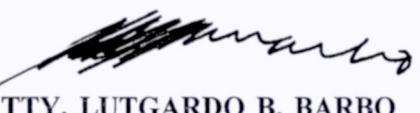
Sponsor: Senator Risa Hontiveros

ADJOURNMENT OF SESSION

Upon motion of Senator Sotto, there being no objection, the Chair declared the session adjourned until three o'clock in the afternoon of the following day.

It was 6:30 p.m.

I hereby certify to the correctness of the foregoing.


ATTY. LUTGARDO B. BARBO

as Secretary of the Senate

Approved on January 24, 2017