



REPUBLIC OF THE PHILIPPINES
Senate
Pasay City

Journal

SESSION NO. 47
Tuesday, December 13, 2016

**SEVENTEENTH CONGRESS
FIRST REGULAR SESSION**

SESSION NO. 47
Tuesday, December 13, 2016

CALL TO ORDER

At 4:18 p.m., the Senate President, Hon. Aquilino "Koko" Pimentel III, called the session to order.

PRAYER

The Body observed a minute of silent prayer.

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:

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

With 18 senators present, the Chair declared the presence of a quorum.

Senator Trillanes arrived after the roll call.

Senator Angara was on official mission as indicated in the letter dated December 13, 2016 of the Senator's acting chief of staff.

Senators Cayetano, De Lima and Pacquiao were on official mission abroad.

Senator Ejercito was under preventive suspension.

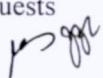
APPROVAL OF THE JOURNAL

Upon motion of Senator Sotto, there being no objection, the Body dispensed with the reading of the Journal of Session No. 46 (December 12, 2016) and considered it approved.

**ACKNOWLEDGMENT
OF THE PRESENCE OF GUESTS**

At this juncture, Senator Sotto acknowledged the presence of commissioners of the Securities and Exchange Commission headed by Chairperson Teresita Herbosa along with Commissioners Antonieta Ibe, Blas James Viterbo, Ephyro Amatong, Emilio Aquino and SEC directors.

Senate President Pimentel welcomed the guests to the Senate.



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. 1274, entitled

AN ACT ESTABLISHING THE POLICE LAW ENFORCEMENT COURTS, GRANTING THESE EXCLUSIVE ORIGINAL JURISDICTION OVER VIOLATIONS OF CONSTITUTIONAL RIGHTS AND PNP RULES OF ENGAGEMENT COMMITTED BY THE POLICE, AMENDING BATAS PAMBANSA BILANG 129, AS AMENDED, OTHERWISE KNOWN AS “THE JUDICIARY REORGANIZATION ACT OF 1980”, APPROPRIATING FUNDS THEREFOR AND FOR OTHER PURPOSES

Introduced by Senator Richard J. Gordon

To the Committees on Justice and Human Rights; Public Order and Dangerous Drugs; and Finance

Senate Bill No. 1275, entitled

AN ACT AMENDING REPUBLIC ACT NO. 8551, OTHERWISE KNOWN AS THE PHILIPPINE NATIONAL POLICE REFORM AND REORGANIZATION ACT OF 1998, AND FOR OTHER PURPOSES

Introduced by Senator Richard J. Gordon

To the Committees on Public Order and Dangerous Drugs; and Finance

Senate Bill No. 1276, entitled

AN ACT INCREASING THE MATERNITY LEAVE PERIOD TO NINETY EIGHT (98) DAYS FOR FEMALE WORKERS IN THE GOVERNMENT SERVICE AND IN THE PRIVATE SECTOR, AND GRANTING AN OPTION TO

FURTHER EXTEND SAID PERIOD FOR AN ADDITIONAL THIRTY (30) DAYS WITHOUT PAY, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 1161, AS AMENDED, AND FOR OTHER PURPOSES

Introduced by Senator Sonny Angara

To the Committees on Women, Children, Family Relations and Gender Equality; and Civil Service, Government Reorganization and Professional Regulation

RESOLUTION

Proposed Senate Resolution No. 252, entitled

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

Introduced by Senator Maria Lourdes Nancy S. Binay

To the Committee on Rules

COMMITTEE REPORTS

Committee Report No. 19, prepared and submitted jointly by the Committees on Science and Technology; Education, Arts and Culture; and Finance, on Senate Bill No. 1277, with Senators Pangilinan, Emmanuel “Manny” D. Pacquiao, Recto and Paolo Benigno “Bam” Aquino IV as authors thereof, entitled

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

recommending its approval in substitution of Senate Bill Nos. 58, 190, 816 and 1050.

Sponsor: Senator Paolo Benigno “Bam” Aquino IV

To the Calendar for Ordinary Business

Committee Report No. 20, prepared and submitted jointly by the Committees on Education, Arts

10 00

and Culture; Labor, Employment and Human Resources Development; and Finance, on Senate Bill No. 1278, with Senators Paolo Benigno "Bam" Aquino IV and Escudero as authors thereof, entitled

AN ACT ESTABLISHING JOB PLACEMENT OFFICES IN PUBLIC HIGH SCHOOLS TO PROVIDE CAREER SERVICES TO THE YOUTH,

recommending its approval in substitution of Senate Bill Nos. 170 and 790.

Sponsor: Senator Paolo Benigno "Bam" Aquino IV

To the Calendar for Ordinary Business

Committee Report No. 21, prepared and submitted jointly by the Committees on Education, Arts and Culture; Youth; Ways and Means; Agriculture and Food; Health and Demography; and Finance, on Senate Bill No. 1279, with Senators Honasan II, Zubiri, Grace Poe, Sotto III, Legarda and Paolo Benigno "Bam" Aquino IV as authors thereof, entitled

AN ACT CREATING A NATIONAL SCHOOL FEEDING PROGRAM TO COMBAT HUNGER AND UNDER-NUTRITION FOR ALL PUBLIC BASIC EDUCATION STUDENTS, AND FOR OTHER PURPOSES,

recommending its approval in substitution of Senate Bill Nos. 23, 123, 160, 220 406, 416 and 694.

Sponsor: Senator Paolo Benigno "Bam" Aquino IV

To the Calendar for Ordinary Business

Committee Report No. 22, prepared and submitted jointly by the Committees on Constitutional Amendments and Revision of Codes; and Trade, Commerce and Entrepreneurship, on Senate Bill No. 1280, with Senators Escudero, Drilon, Paolo Benigno "Bam" Aquino IV, Sonny Angara and Zubiri as authors thereof, entitled

AN ACT AMENDING BATAS PAMBANSA BLG. 68 OR THE CORPORATION CODE OF THE PHILIPPINES,

recommending its approval in substitution of Senate Bill Nos. 81, 231, 692 and 1011.

Sponsors: Senators Drilon, Zubiri, Escudero, Paolo Benigno "Bam" Aquino IV and Sonny Angara.

To the Calendar for Ordinary Business

SPECIAL ORDER

Upon motion of Senator Sotto, there being no objection, the Body approved the transfer of Committee Report No. 22 on Senate Bill No. 1280 from the Calendar for Ordinary Business to the Calendar for Special Orders.

**COMMITTEE REPORT NO. 22
ON SENATE BILL NO. 1280**

Upon motion of Senator Sotto, there being no objection, the Body considered, on Second Reading, Senate Bill No. 1280 (Committee Report No. 22), entitled

AN ACT AMENDING BATAS PAMBANSA BLG. 68 OR THE CORPORATION CODE OF THE PHILIPPINES.

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 Drilon for the sponsorship.

**SPONSORSHIP SPEECH
OF SENATOR DRILON**

Senator Drilon, on behalf of the Committee on Constitutional Amendments and Revision of Codes, submitted for plenary consideration Senate Bill No. 1280, entitled "An Act Amending Batas Pambansa Blg. 68 or The Corporation Code of the Philippines," under Committee Report No. 22.

10 00

The full text of Senator Drilon's sponsorship speech follows:

The Philippines has been hailed as one of the fastest-rising economies in Asia, even being predicted to outperform China. With reasonable labor costs and an educated workforce, the Philippines should be an attractive investment destination.

But, it is still widely observed that doing business in the country presents many complexities. Although the Philippines improved its ranking, from 103rd to 99th, in the 2017 World Bank's "Ease of Doing Business" survey, we dropped seven spots from 164th to 171st in the Starting a Business aspect.

Indeed, investors find it hard to navigate through the startup procedures in the Philippines, without the assistance of experienced counsel. For individuals who do not have the resources to hire lawyers, the task of putting up a corporation is even more daunting.

The Corporation Code of the Philippines was enacted in 1980, or 36 years ago. If we are to keep up with the rest of the financial world, we need to codify best international corporate practices and address the archaic bottlenecks in the areas of starting a business, and protecting minority investors. We must likewise provide an environment conducive not just to big businesses, but make the corporate vehicle an appealing prospect for startups and entrepreneurs.

It is in this light that I present to this Chamber Senate Bill No. 1280 under Committee Report No. 22 or the "Act Amending Batas Pambansa Bilang 68 or the Corporation Code of the Philippines."

The amendments sought to be introduced by the bill may be divided into four (4) main reform clusters:

First, policies that would enhance the ease of doing business in the Philippines;

Second, rules that prioritize corporate and stockholder protection;

Third, provisions that instill corporate and civic responsibility; and

Fourth, amendments that will strengthen the country's policy and regulatory corporate framework.

Enhancing the Ease of Doing Business

To contribute to the ease of doing business,

the proposed revised Corporation Code would streamline the process of incorporation — with the name verification process simplified. In addition, the proposed measure will allow companies to perpetually exist. It will permit a single person to form a "one-person corporation." Likewise, stockholder voting may now be through remote communication, or *in absentia*.

The present name verification system, with the "confusingly similar" standard imposed, is indeed confusing. Hence, a shift to the "distinguishability" test will no doubt allow the full and seamless automation of name registration. For example, under the law today, you cannot register "XYZ Dream Network" because of a previously registered "XYZ Dream Hospital". Under the proposed amendment, you can do so, because one of the key words is different, that is network and hospital.

The common stumbling block for many investors to incorporate is the requirement for a corporation to have at least five (5) stockholders. This has made declarations of trust and nominee shareholders indispensable to doing business in the country. Investors name individuals as incorporators, with no real interest in the corporation, just to comply with the legal requirement. For local business owners, naming the entire household as incorporators—from cook to driver—is not unusual because of the requirement that you should have five incorporators.

It is for this reason that we seek to introduce the concept of the "One Person Corporation" in our jurisdiction.

The Philippines, moreover, is one of the few countries that sets limits to the corporate term. Those who actually go through the arduous task of incorporating, run the risk of having their corporations dissolved simply by forgetting to renew their corporate term.

The proposal for a perpetual corporate term as the default option seeks to address this problem.

On another aspect, although no one will confess to it, many lawyers do what we call as "paper minutes." The resort to paper minutes is due to the fact that shareholders are required to be present during meetings in person, or by proxy. Likewise, directors are required to be present during meetings in person, or through video/teleconferencing.

The proposed amendments acknowledge the need to adapt to changing times, by allowing the use of alternative modes of communication that are available through technology. Stockholders



and directors need not be physically present in meetings. Remote communication can facilitate attendance in meetings, allowing the stockholders to actively participate in discussions and come up with more informed decisions. Votes may, in some instances, be cast in absentia.

On the electronic filing of requirements with the SEC, the Commission has noted that although it has already opened up several satellite offices in Metro Manila and all over the country, compliance with reportorial requirements is not satisfactory. Only 500,000, out of 800,000 registered companies, are reported to be still operating or doing business. With the proposed adoption of an electronic filing system, we hope that the compliance number will improve.

Prioritizing Corporate and Stockholder Protection

The second reform cluster includes provisions on (a) the creation of emergency boards; (b) the revised rules on the right to inspect corporate books; (c) modified quorum requirements; and (d) expanded grounds for disqualification of directors.

The creation and recognition of an emergency board would address the situation where a corporation's board of directors or trustees goes on a perpetual holdover because it cannot muster a quorum. An emergency board can operate for a limited period and purpose, allowing the corporation to continue its daily operations despite vacancies in the board.

It is recognized that some stockholders may not be well versed to interpret the contents of corporate documents. Hence, we propose to allow a representative or counsel to exercise the right to inspect the corporate books on behalf of the stockholder.

We are likewise introducing a more stringent and expanded set of grounds for disqualification of directors towards a more principled corporate decision-making.

Instilling Corporate and Civic Responsibility

In crafting the amendments to the 36-year old Code, we want to create corporate entities which would be effective vehicles for the accumulation of capital, production of goods, and delivery of services. In the words of the sponsor of Batas Pambansa Bilang 68, "corporations are not mere business organizations exclusively intended to serve personal interests, but are social institutions in which all sectors of society have an interest."

The third reform cluster therefore is on the imposition of more stringent Corporate and Civic Responsibility. In the public sector, we have imposed stricter good governance standards when we authored the GOCC Governance Act in the 15th Congress.

On another aspect, criminals hide behind the separate personality given to corporations. Shareholders have little incentive to be vigilant because the corporation itself is not subject to criminal liability.

In compliance therefore with our obligations under the United Nations Convention Against Corruption, or the UNCAC, to prevent the use of the corporation as a vehicle for committing crimes, we hereby seek to impose corporate criminal liability and penalties for graft and corruption. Aside from having to pay hefty fines, the corporation may also suffer revocation of its registration.

In addition, corporations vested with public interest are now required to have independent directors as part of the board. Further, the board of directors of such corporations shall elect a compliance officer. Educational institutions, banks, insurance, transportation, telecommunication companies, publicly listed companies, among others, are examples of corporations vested with public interest. The SEC, in the interest of the public, may expand the list of corporations vested with public interest.

Strengthening the Policy and Regulatory Corporate Framework

The fourth and last reform cluster includes provisions on (a) arbitration of commercial disputes; (b) amendments on dissolution; and (c) the alignment of SEC's powers under the Corporation Code with the Securities Regulation Code.

Presently, the SEC is equipped under the Securities Regulation Code with powers that are proper to an investigative and regulatory agency. It can issue subpoenas, cease and desist orders, and it can cite persons in contempt.

The amendments we are presenting to this Chamber seek to vest the same power in the SEC over ordinary corporations.

The proposed amendments will also provide expanded grounds for dissolution and a more streamlined process for both voluntary and involuntary dissolution.

Finally, a provision on arbitration is included in the proposed amendments, recognizing that methods alternative to litigation can resolve disputes in a more practical and efficient manner.

In general, the proposed amendments promote efficiency and encourage transparency in corporate dealings —from formation to daily operations. These proposed amendments are in line with global best practices. Having them in place will allow the Philippines to compete with other countries as a viable investment destination and business-friendly jurisdiction. A reform in our corporate sector will certainly make the country more investment-attractive and, therefore, investments can generate jobs that can help our country and our people.

For these reasons, and more, we urge the passage of this important measure.

COSPONSORSHIP SPEECH OF SENATOR ZUBIRI

Senator Zubiri delivered the following cosponsorship speech on Senate Bill No. 1280:

As chairman of the Committee on Trade, Commerce and Entrepreneurship, it is our aim to set an environment conducive to the establishment and operation of business in the country, which this measure also addresses. Your Trade and Commerce Committee will also submit, at a later date, a measure that is complementary to this bill, or the Ease of Doing Business Bill, which has a similar purpose and interrelated with the proposed measure of the good senator from Iloilo.

Before I proceed, let me briefly discuss how the Philippines fared in Doing Business Report in 2017, which was briefly mentioned by Senator Drilon, and the Global Competitiveness 2015 to 2016. These two studies measure the competitiveness and conduciveness of a country's business environment. The Doing Business Report is a study of the staff of the World Bank with external contributions, which measures the regulatory quality and efficiency of a country or economy. For the 2017 report, the study considered 189 countries or economies. On the other hand, the Global Competitiveness Report is a compilation or collection of data done by the World Economic Forum.

Based on the 2016 and 2017 rankings, the Philippines has climbed in the ranking by four notches, or from rank 106 in 2016 to rank 99 in 2017. However, as mentioned by Senator Drilon, despite this gain, notable in the report is our rank on "Starting a Business" where the Philippines fell seven notches from 2016. Accordingly, the most problematic factors for doing business in the country include inefficient government bureaucracy, inadequate supply of infrastructure, tax regulations, and corruption.

Under our current system, one will need to go through 16 procedures to start a business, whereas our ASEAN neighbors like Singapore and Malaysia have three procedures each. Lao People's Democratic Party or the Laos Republic is more efficient than us with six procedures, along with Thailand. *Mukhang nalaos tayo ng Laos.*

Having said that, and with the commitment to improving the country's business environment, I strongly support and laud the proposed reforms in the Corporation Code that cover and improve the ease of doing business by streamlining the process of incorporation, simplifying the name verification, and institutionalizing the online registration and other electronic submissions. These reforms complement and jibe with our Ease of Doing Business bill, a measure that will simplify business registration, business permit and licensing and procedures, and streamline the requirements at the national and local levels which we will be able to present to this Body hopefully by next month.

One of the highlights of this bill is the provision on the One Person Corporation. This amendment is a game-changer and will further encourage our micro, small and medium enterprises or MSMEs, which I know Senator Aquino is passionate about; and even smaller business entities not yet formally organized to convert into corporations can avail of certain privileges and benefits reserved to corporations. This, I think, will further spur economic activities and growth of our economy.

The amendments on "Corporate Governance," such as the voting rights of the shareholders, the option to have perpetual corporate life, the instances when the Securities and Exchange Commission can enter into to resolve intra-corporate disputes and the dissolution of corporation are provisions that will promote a more vibrant and progressive business climate in the country.

I am one with the main sponsor, Senator Drilon, in pushing for reforms and the inclusion of the best international practices in this amendatory Code. Now is the time to attract investors and strengthen the growth of business through a more concrete and defined reforms. It is my belief that measures such as this will not only ease doing business in the country but, more importantly, will create a business environment that is conducive to the growth of the business sector as well as the real economic development in our country.



SUSPENSION OF SESSION

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

It was 4:47 p.m.

RESUMPTION OF SESSION

At 4:48 p.m., the session was resumed.

SUSPENSION OF CONSIDERATION OF SENATE BILL NO. 1280

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

ACKNOWLEDGMENT OF THE PRESENCE OF GUESTS

At this juncture, Senator Sotto acknowledged the presence in the gallery of Mayor Rolando Obatay, Vice Mayor Belen Raga, and the council of Lumban, Laguna.

Senate President Pimentel 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. 21 on Senate Bill No. 1279 from the Calendar for Ordinary Business to the Calendar for Special Orders.

COMMITTEE REPORT NO. 21 ON SENATE BILL NO. 1279

Upon motion of Senator Sotto, there being no objection, the Body considered, on Second Reading, Senate Bill No. 1279 (Committee Report No. 21), entitled

AN ACT CREATING A NATIONAL SCHOOL FEEDING PROGRAM TO COMBAT HUNGER AND UNDER-NUTRITION FOR ALL PUBLIC BASIC EDUCATION STUDENTS, 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.

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

SPONSORSHIP SPEECH OF SENATOR AQUINO

Senator Aquino, on behalf of the Committee on Education, Arts and Culture, submitted for plenary consideration Senate Bill No. 1279 in substitution of Senate Bill Nos. 23, 123, 160, 220, 406, 416, and 694, under Committee Report No. 21, entitled "An Act Creating a National School Feeding Program to Combat Hunger and Undernutrition for All Public Basic Education Students, and For Other Purposes," otherwise known as the "Pagkaing Pinoy Para Sa Batang Pinoy Act."

The full text of Senator Aquino's sponsorship speech follows:

Yesterday, we lost an exemplary Filipino and a true advocate for prosperity — Mr. Manny Perlas of Lifebank. That's him right there with the white hair. Mr. Manny Perlas was one of the first benefactors of GK's *Kusina ng Kalinga* and the group credits his leadership in the establishment of this feeding program back in 2014. This is a photo of Mr. Manny Perlas during the opening of the first ever *Kusina ng Kalinga* in Alang-Alang, Leyte.

Manny's *Kusina ng Kalinga* or KnK has always been a program that brings smiles to people's faces — whether students, teachers or volunteers.

Nagsimula po ang KnK sa Leyte bilang relief effort para sa public school na apektado ng Typhoon Yolanda — ang Alang-Alang I Central School, kung saan po itinayo ang unang kusina.

Nalaman po nila na ang numero-unong dahilan kung bakit hindi pumapasok ang isang mag-aaral ay dahil sa gutom — gutom na madali namang pawin sa simpleng feeding program. Kaya noong nakita nila na dahil sa KnK ay mas masigla at mas bibo sa klase ang mga estudyante, itinuloy po nila ang proyekto.

Kumuha ang KnK ng tatlong regular na kitchen staff at nakakuha rin sila ng sampa hanggang labinlimang volunteers na magulang sa bawat araw ng pagpasok. Kinausap din nila

ang mga lokal na magsasaka upang mag-supply ng mga ingredients, tulad ng malunggay.

Thanks to *Kusina ng Kalinga* in Alang-Alang, Leyte, thanks to parent volunteers, and thanks to local farmers, about 2,600 students are fed nutritious meals in four schools — Alang-Alang I Central School, Binongtoan Elementary School, M. Casaus Elementary School, and San Roque Day Care Center.

Based on their data, the number of severely malnourished children in their schools dropped from 268 to 47. That is 11% down to 2%, spanning one school year, 2015 to 2016.

Since they started the project in Leyte in 2014, *Kusina ng Kalinga* now covers 61 schools and feeds over 18,000 Filipino children around the country. And I am happy to learn that *Kusina ng Kalinga* is not the only successful feeding program in the country.

There are smaller movements like our friends from Navotas High School with a current program that feeds 120 students. Advancement for Rural Kids or ARK also has a feeding and livelihood program that has helped 10 communities and over 2,400 kids. There are also larger movements like Jollibee Foundation's *Busog, Lusog, Talino* School Feeding Program that has covered 1,500 schools, feeding over 140,000 students from 2007 to 2014. And there are even more feeding programs around the Philippines.

But, unfortunately, all of these feeding programs combined, all of these efforts are still not enough. In the State of Food Insecurity in the World 2012 study conducted by the Food and Agriculture Organization (FAO), it was revealed that 16 million Filipino children are considered undernourished. *Labing-anim na milyong batang Pilipino ang undernourished. Iyan po ay isang numero na napakalaki at nakakabahala.*

Sa kabilang dako naman po, ang ating mga mangisda at magsasaka ay patanda nang patanda at pabawas nang pabawas. The average age of the 11 million Filipino farmers and fishermen is 57 years old and the average annual income of a farmer is only P20,000.

In fact, if you look at these three sectors — our fishermen, farmers, and children — we will find that these sectors have the highest poverty incidences in the Philippines. For fishermen, 39.2% under the poverty line; for the farmers, 38.3% under the poverty line; and for the children, 35.2% under the poverty line. These are all 2012 figures.

Kailangan po nating gawan ng paraan na matulungan ang mga batang Pilipinong nahihirapang mag-arat dahil sa kumukulong tiyan. At kailangan din po nating bigyan ng sapat, regular, at pangmatagalang kabuhayan ang ating mga magsasaka at mangisda.

Are these two not problem pieces of the same puzzle that fit perfectly together?

On one hand, we have children who need nutritious food and, on the other hand, we have farmers and fishermen producing food without the means to sell. Today, we are given the opportunity to bridge this gap and fulfill our duty to uplift the lives of our poorest countrymen. The *Pagkaing Pinoy Para sa Batang Pinoy* Act can be that link between hungry young Filipinos and anxious farmers and fishermen.

The *Pagkaing Pinoy Para sa Batang Pinoy* Act will bring the progress we have seen in Alang-Alang, Leyte of *Kusina ng Kalinga* to more and more students and more and more communities across the country.

The *Pagkaing Pinoy Para sa Batang Pinoy* Act will institutionalize an effective feeding program, sustained by local gardens, farmers and fishermen, and powered by community engagement and volunteerism.

Through this policy, school children in the kindergarten and elementary levels will enjoy free access to nutritious food with the Department of Education ensuring that students from kindergarten to grade 6 are provided with proper meals.

In addition, this measure includes a *Gulayan sa Paaralan* program to promote gardening in schools and households which will help augment the food needs of the program and instill a sense of appreciation for food production within the community. *Sa programang Gulayan sa Paaralan, matututunan po ng mga mag-aaral na pangalagahan ang pagtatanim ng pagkain at ng pagsasaka.* The goal of this measure is not just to feed our hungry Filipino children but to nourish them with healthy food sourced from the community, sourced from our local farmers and fishermen.

When our students are healthy and fed, they grow even hungrier for knowledge and learning. Thanks to the nutritious meals, they joyfully go to school and gladly participate in the classroom.

Sa Pagkaing Pinoy para sa Batang Pinoy Act, lalaki ng malakas, matalino at malusog ang kabataang Pilipino habang umaasenso naman po ang buhay ng ating mga magsasaka at mangisda.



Suportahan po natin ang pagpasa ng Pagkaing Pinoy Para sa Batang Pinoy Act para sa kabataang Pilipino, para po sa ating mga mangingisda at magsasaka, para po sa ating komunidad, at syempre po para sa ikaunlad ng ating bayan.

COSPONSORSHIP SPEECH OF SENATOR POE

Senator Poe delivered her cosponsorship speech, as follows:

Thirty years from now, experts predict that the Philippines will encounter a “demographic sweet spot” – a condition wherein there are more working-age persons in the general population. The Philippine Statistics Office (PSO) projects that by 2045, 67.5% of the population will be of working age. This means that 30 years from now, our country will have 95 million workers in our labor force.

This so-called “demographic sweet spot” could be a boon or a bane for our country. On the one hand, our huge population could prove to be a bane if we are unable to provide our children with proper support for them to realize their full potential. Then our country will be saddled with millions of idle, unemployed adults 30 years from now. On the other hand, this 95-million strong workforce could be a boon, provided, of course, if we can give our children the proper support now for them to become skilled workers and productive citizens later on.

Thus, to reap the economic dividends of this so-called “demographic sweet spot,” we need to provide our children the proper “nurturing environment” to help them succeed in the future. We need to invest in our children today to reap the rewards tomorrow.

Improving the nutritional well-being of our children requires government intervention because many Filipino families today still cannot afford to feed their children sufficiently. As we have seen despite years of economic growth, involuntary hunger and child malnutrition continue to be endemic in the Philippines. The latest SWS survey (conducted during the 4th quarter of 2015) found that 2.6 million families experienced involuntary hunger at least once in the last three months. That is about 12 million Filipinos or 12% of our population.

Bilang mga magulang, kapag nasasaktan ang ating mga anak, di ba minsan sinasabi natin, “Malayo naman ‘yan sa bituka. Ayos lang ‘yan”.

Pero paano kung bituka mismo ang problema? Paano kung madalas hindi nalalapatian ng tamang pagkain ang mga bituka? Hindi ba’t sangay-sangay na pagdurusia na ang haharapin ng sinumang walang laman ang sikmura?

The nutritional status of our children is not getting better. It is, in fact, getting worse. The incidence of underweight children (aged 0-5 years) rose from 19.9% in 2013 to 21.5% in 2015 (a 1.6% increase).

Likewise, child stunting rose from 30.3% to 33.4% (a 3.1% increase) in the same period. The UNICEF, in its April 2013 report, reported that the Philippines is now the 9th country with the largest number of stunted children in the world.

Filipinos are now the second shortest people in Southeast Asia. *Hahayaan pa ba nating maging pinakamaliit, pinakapayat at pinakakulelat ang mga susunod nating generasyon? Do we not have a moral obligation to ensure the improvement, not the decline, of our race?*

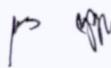
It is a medical fact that a person who grew up chronically malnourished often performs poorly in school, is often sick and is less productive at work.

Thus, in 2013 alone, it was estimated that productivity losses and health care costs due to childhood stunting amounted to a whopping P328 billion. This is about 3% of our GDP.

Investing in the nutritional well-being of our schoolchildren is money well-spent. This is because for every P50 spent on school-feeding, we could save P5,150 in future health, education and lost/low productivity costs brought about by childhood malnutrition.

School feeding programs have found to improve academic performance. In 2011, the DepEd reportedly strengthened its School Health and Nutrition Programs (SHNPs) to make them more responsive to enhancing students’ motivation and capacity to learn, reducing absenteeism, and ensuring completion.

Doon po sa bayan ng ating kasamahan na si Senator Win Gatchalian, meron silang school-feeding program na spearheaded by the local government of Valenzuela under Mayor Rex Gatchalian and the Ateneo Blue Plate of Fr. Ben Nebres. And based on anecdotal reports, school attendance rates in Valenzuela went to the roof after they established the feeding program years ago. Moreover, teachers report that their pupils are more lively, mas listo at mas ganado mag-aral. Valenzuela has succeeded in reducing the incidence of child malnutrition.



A young, intelligent girl once said, "Hunger is not a problem. It is an obscenity. How wonderful it is that nobody need wait a single moment before starting to improve the world." Those were the words of Anne Frank, the famous writer, whose family had to hide during World War II, practically starving to death.

Clearly, we need not wait for a war. We need not wait a single moment before improving our world. We need to put in place programs that will improve the nutritional status of our children and eradicate child malnutrition in the country. A national school-feeding program is one of the most important components of our efforts to create a right "nurturing environment" for our children.

The Department of Education (DepEd) has a School-Based Feeding Program (SBFP) running for a couple of years now. For the current year 2016, we allocated P4.8 billion to feed around 500,000 severely-wasted students. The government spends only 0.52% of its annual national budget on nutrition. On the other hand, the global average is 2.1%. We need to allocate more to be at par with international standards.

Notwithstanding the DepEd School-Based Feeding Program, we still need to enact a law establishing the National School-Feeding Program in order for the program to be institutionalized, properly funded, and not subject to the whims of whoever is in Malacañang.

I would like to point out that under Senate Bill No. 1279, an initial appropriation of P10 billion (to be sourced from PCSO, PAGCOR and the President's Social Fund) is provided for. But please note that there are around 420,000 public schools all over the country that would be covered by this law. Just imagine how many children we can reach out to with this program. Hence, P10 billion is a small price to pay given the massive positive effect that can be achieved.

Christmas will be upon us in a few days. *Huweg tayong maging bulag sa mapait na realidad na marami pa rin ang magpa-Paskong gutom. Sana naman ito na ang maging regalo natin sa kanila.*

Before I close, as one of the principal authors of Senate Bill No. 1279, entitled "An Act Creating a National School Feeding Program to Combat Hunger and Undernutrition for all Public Basic Education Students," I humbly ask all of my colleagues here in this august Chamber to approve this measure. I also would like to thank, from the bottom of my heart, our hard-working chairman, Sen. Bam Aquino, for his prompt and speedy action on our bills,

and likewise to my coauthors, namely, Senators Zubiri and Honasan.

Former US President John F. Kennedy once said, that "the war on hunger is truly mankind's war of liberation." This is a battle we must all wage against — vigorously, victoriously.

Perhaps rather than just focusing all its energies and attention on the war on drugs, the government can also devote our resources to reduce hunger, poverty, and ignorance.

Baka naman puwede huwag lang tayo puro extrajudicial killings ang pag-usapan, at sa halip ay mag "extrajudicial feeding" naman tayo.

MANIFESTATION OF SENATOR ZUBIRI

At the outset, Senator Zubiri said that he would be submitting a cosponsorship speech on Senate Bill No. 1279 or the *Pagkaing Pinoy Para Sa Batang Pinoy Act*. He manifested that it be inserted and made part of the record.

Following is the full text of Senator Zubiri's cosponsorship speech:

Undernutrition remains to be a public health problem among students across ages. In fact, a lot of impoverished children go to school on an empty stomach while those who can afford to buy food feed on "junk foods or snacks" that are low in nutritional value. Unicef says that even short-term hunger can adversely affect a child's ability to learn, while micronutrient deficiencies impair children's cognitive and motor skills and even their Intelligence Quotient.

Despite the government's efforts to combat hunger, data from the Food and Nutrition Research Institute (FNRI) show that there has been almost no improvement in the national data of wasted children from 7.9% in 2013 to 7.1% in 2015. Wasting or acute malnutrition is when a child's weight is below the recommended mass for his age and height. It is often used to assess the severity of an emergency because it is caused by illness and/or sudden, severe lack of food and is strongly related to mortality. Also, overall chronic malnutrition among children under 5 years old has significantly increased to 33.5% from 30.5% in 2013.

Recognizing the vital role of our youth in nation-building, as enshrined in the 1987 Constitution, the *National School Feeding Program* is hereby established to address hunger and

undernutrition among our schoolchildren. With the Department of Education taking the lead in coordination with National Nutrition Council (NNC), the Food and Nutrition Research Institute (FNRI), and other government agencies, the program shall be made a permanent and essential part of our public education system. This will not be the usual feeding program where children are fed porridge. The menu for this program shall be intensively studied with considerations to many factors such as the age range and cultural eating preferences of school children.

Aside from addressing hunger among school children, this legislation will also benefit our farmers and fisherfolk as produce and ingredients to be used in this Program shall be sourced from local producers and suppliers. Thus, this Program is a two-pronged approach in solving the malnutrition and hunger problems of our schoolchildren as well as giving more opportunities for our local farmers and fisherfolk to market their produce which in effect will increase their income.

It is my firm belief that addressing hunger creates a ripple-effect. Eliminating hunger and malnutrition in schools will result in physically and healthy children, who will, in due course, set wheels in motion for the stimulation of our economic growth.

This measure seeks to address hunger and undernutrition, among our school children by providing free nutritious meals to public basic education students, and encourage the consumption of nutritious agricultural commodities and other food.

I urge our colleagues for the immediate passage of this bill. Thank you very much.

He stated that the Food-for-School Program has been his advocacy since 2013 and that during the 2013 and 2016 election campaign sorties he has pushed the measure as an anti-poverty measure. He thanked Senator Aquino who, as chairman of Committee on Education, Arts and Culture, promptly acted on Senate Bill No. 123. He also thanked the other authors of the bill.

Senator Zubiri said that based on his experience when he was district representative of Bukidnon, he realized that malnutrition and poverty go hand in hand because during his visits in the schools, he noticed that the children were not concentrating and studying because they were grimacing in pain with hunger pangs in their stomach.

He said that with the proposed measure, the State can address the problem. He said that if children could eat at least once a day, that is one less problem for the parents to find funding or income to be able to feed their children. He said that the program would also be able to help local industries, particularly the farmers and fisherfolk, through the purchase of their produce which would be used as food and supplies for the school children. He thanked Senator Aquino for including this feature in the bill as it would enhance the efficiency of farmers and the fisherfolk in some particular areas. He hoped that the program would allow the farmers and fisherfolk to do business and their produce could be bought locally by the DepEd in implementing the program.

Senator Zubiri informed the Body that the “food-for-school” program is not unique to the Philippines because this has already been implemented in California, USA where children in grade school and high school were provided with free snacks and lunch. He noted, however, that the problem in the US was no longer on child malnutrition but on child obesity because of the sweets and their food intake.

Agreeing with Senator Poe’s observation that the Filipino children are among the shortest and poorly educated in terms of figures and percentages compared to its Asian neighbors, Senator Zubiri expressed hope that Congress pass the proposed measure at the soonest possible time and create a big impact on the next generation of Filipino people.

Finally, Senator Zubiri manifested the desire of Senator Gordon to become cosponsor of Senate Bill No. 1279.

MOTIONS OF SENATOR AQUINO

Upon motion of Senator Aquino, there being no objection, the Chair approved the change of referral of Senate Bill No. 204 (Nutri-Eskwela Act of 2016) from the Committee on Health and Demography to the Committee on Education, Arts and Culture.

Likewise, upon motion of Senator Aquino, there being no objection, Senate Bill No. 204 was deemed considered in Committee Report No. 21.

MANIFESTATION OF SENATOR GATCHALIAN

At the outset, Senator Gatchalian thanked

Senator Aquino for taking into consideration Senate Bill No. 204 in Committee Report No. 21.

He likewise thanked Senator Poe for mentioning in her cosponsorship speech the feeding program of Valenzuela City which was launched under the auspices of the local government in cooperation with the Ateneo School of Government. He recalled that the feeding program began in 2010 when Fr. Nebres visited his office and proposed a tie-up with Ateneo to launch his advocacy of fighting hunger and malnutrition in schools. He said that during that time, the project seemed to be a mission impossible because statistics showed that 15% of the school children in Valenzuela were malnourished and one out of 10 children went to class without eating anything for breakfast or lunch.

Upon learning that one of the advocacies of Senator Poe was fighting hunger, he recalled meeting with Senator Poe in 2014 to show her the mechanisms and the process that was undertaken in Valenzuela in partnership with Ateneo.

Senator Gatchalian said that Valenzuela currently feeds daily 16,000 children from the poorest of the poor families in the city. He hoped that the Valenzuela model could be replicated so that government could fight hunger and malnutrition nationwide.

MANIFESTATION OF SENATOR GORDON

Senator Gordon said that he has a few bills to support the food-for-school program and to address the problem of hunger and malnutrition in the country. He said that he was, in fact, the author of R.A. No. 9803 or the Food Donation Act of 2009, a law which addresses the problem of hunger in the country. He believed that there is a human duty to provide food for one's neighbor, a principle that should be worked out among people because there is an awful lot of hunger in the country.

He recalled that he was in San Jose Del Monte a few years ago and he was at a school where he saw a child, around 10 years old, who had to go out of the classroom, and he was informed by the school principal that the child had to go out of class in the middle of the day to feed and take care of her siblings who were left alone in their home because their parents were employed in Manila.

Senator Gordon said that statistics would show that many children were not able to finish grade school in the country because they are unable to go to school due to hunger. Specifically, he pointed out that the dropout rate in the country was quite large, that for every 100 students who are under Grade 1, only 68 reach Grade 6 because some of the children have to work and help their parents in the farms to secure food. He said that 6% of 7 to 16-year-old children from the poorest household were reported as not attending school or not have attended school.

He hoped that as mentioned by Senator Poe, the country's demographics would improve in the next 10 to 15 years and produce well-educated and well-nourished children. He said that there are no school feeding programs that have been sustained, and he remembered former Sen. Edgardo Angara's school feeding program, and former Vice Mayor Isko Moreno's campaign about making "nutribuns" to provide nutrition for the country's school children.

Thus, Senator Gordon said that it is important that the Senate in the 17th Congress should be remembered for addressing this major problem of malnutrition among the children which happens to be so important to the country's future capability to compete and to be able to survive as a people. And as far as health is concerned, he noted that the Filipino children are also severely short since they do not get the necessary nutritional support and 97% of them have dental problems because there are not enough dentists to care for their oral needs.

Senator Gordon disclosed that according to the latest Philippine data, the proportion of undernourished children in the nation's population is 13.5%; the prevalence of wasting in children under five years old is 7.9%; and the prevalence of stunting in children under five years old is 30.3%.

He hoped that the Body would approve the measure. According to him, he had filed a bill proposing that government utilize idle lands and prison labor for food production to be provided to the beneficiaries. He explained that there are many idle lands especially in Central Luzon that could be used, the produce of which could be stored in food centers to be distributed to the children in the Visayas and Mindanao. He then expressed his support to the measure and would be privileged to be its cosponsor. He said he would also introduce his amendments at the proper time.

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MANIFESTATION OF SENATOR DRILON

Senator Drilon also expressed his support for the passage of Senate Bill No. 1279 which seeks to establish a national school feeding program. He disclosed that not known to many, 20 years ago, he devoted a substantial portion of his pork barrel to launch a milk-feeding program together with a reputable milk company, Alaska, and a Swedish packaging company called "Tetra Pak." He explained that he started the program by deworming kids in school which was a necessary process as per the findings of the Department of Education. He said that malnutrition must be caught at a certain age before the damage becomes permanent.

Senator Drilon stated that it was a heartwarming and unforgettable experience the times he would interact with the kids during milk-feeding programs. He narrated that there were times when he saw kids not finishing the Tetra Pak milk package, and when he asked them if they did not like the milk, their reply was that they were reserving half of the milk package for their siblings who have not taken their breakfast yet. He said that during Christmas, he saw the child-ren using milk packets as Christmas tree decorations.

He also recalled partnering with a dairy cooperative in one of the provinces of Mindanao where the cooperative would supply milk to the school for the kids. He said that the partnership was like "hitting two birds with one stone" because they were able to address malnutrition and help the dairy industry of the locality.

He said that those are the good things that he could say about the need for a school feeding program because as it is often said, people are the nation's greatest asset. He noted that the country's neighbors around Asia like Taiwan, Singapore and Hong Kong, are small countries which have no natural resources but are very rich in human resources which propel their economy to move forward and faster because they are able to provide proper nutrition to their school children. He said that it is in that sense that he fully supports the measure and he expressed hope to see it passed into law with the support of the entire Chamber.

MANIFESTATION OF SENATOR VILLANUEVA

Senator Villanueva stated that he would like to

be associated with the principal sponsor on a very important measure to combat hunger and under-nutrition among all public basic education students.

He recalled a firsthand experience when he went to visit Hernani, Eastern Samar where he committed to the people that he would support the school feeding program. He then requested to be one of the cosponsors of the measure.

MANIFESTATION OF SENATOR HONTIVEROS

Senator Hontiveros expressed support for the "Pagkaing Pinoy Para sa Batang Pinoy" bill as she agreed with the comment of Senator Drilon on the need to arrest child malnutrition, stunting and wasting before the damage is irreversible. She believed that the time to arrest child malnutrition is before the child reaches school age as she was reminded of a conversation she had with Senator Aquino in relation to his bill which would be consolidated with the Nutri-Eskwela bill of Senator Gatchalian and other senators.

Senator Hontiveros disclosed that other measures, which includes the "Healthy Bulilit" bill, are currently being considered by a technical working group in the Committee on Health and Demography. She explained that these are nutrition bills aimed at children in their first 1,000 days of life, including the pregnant mothers so that they would be provided with the proper nutrition while the babies are still in their womb.

She said that in her discussion with Senator Aquino, she talked of the possibility and desirability to link the first 1,000 days nutrition bills with the "Pagkaing Pinoy Para sa Batang Pinoy" bill so that there would be a kind of continuum, and they agreed that after the recess, they would see how the provisions on the school feeding program might be amended to reflect this intent of providing a continuum in terms of health and nutrition interventions in order to provide another good example of bigger policy framework that they are working on in the Senate.

She said that she would like to be associated with the measure of Senator Aquino to be consolidated with her "Healthy Bulilit" bill.

SUSPENSION OF CONSIDERATION OF SENATE BILL NO. 1279

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. 20 on Senate Bill No. 1278 from the Calendar for Ordinary Business to the Calendar for Special Orders.

COMMITTEE REPORT NO. 20 ON SENATE BILL NO. 1278

Upon motion of Senator Sotto, there being no objection, the Body considered, on Second Reading, Senate Bill No. 1278 (Committee Report No. 20), entitled

AN ACT ESTABLISHING JOB PLACEMENT OFFICES IN PUBLIC HIGH SCHOOLS TO PROVIDE CAREER SERVICES TO THE YOUTH.

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 Aquino for the sponsorship.

SPONSORSHIP SPEECH OF SENATOR AQUINO

Senator Aquino presented for the Body's consideration and approval Senate Bill No. 1278 under Committee Report No. 20, entitled "An Act Establishing Job Placement Offices in Public High Schools to Provide Career Services to the Youth," also known the *Trabaho Center in Schools Act* which seeks to ensure that high school graduate in the Philippines can join the workforce and build a successful career by institutionalizing job placement offices in the country's public schools and state universities and colleges.

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

Nag-aaral. Nag-apply. Nabigo. Isa po ito sa mga sikat naming post sa Facebook.

Marami po ang nag-like, nag-share, at nag-comment ng kanilang karanasan sa paghanap ng trabaho. Marami po ang nagsikap sa pag-aaral, gumaan ang loob sa pagtatapos at pag-graduate, ngunit nahirapan pa rin makahanap ng trabaho. Marami po ang naka-relate sa pagkabigo sa job hunt.

Unfortunately, graduating from high school, even earning a college degree is not a guarantee of finding a job and kickstarting a career.

As you know, one of the promises of the K to 12 Program is that even high school graduates should be ready and able to seize employment opportunities right after Grade 12.

Ngunit marami pa rin po tayong maaring gawin para masigurado ang pangarap na ito.

In a data released by the Philippine Statistics Office (PSO), the unemployment rate is at 4.7% with over two million jobless Filipinos. The number of underemployed Filipinos is also staggering, at 7.51 million Filipinos.

Clearly, there is a need, not only to generate employment opportunities, but also to address the jobs mismatch in the country.

Let us make sure that all the hard work of our students, their parents and their teachers do not go to waste. Let us ensure that there are suitable jobs waiting for our students – and that our students are ready to take them on once they graduate.

The *Trabaho Center in Schools Act* will serve as the bridge between the job market and the supply of graduates. It mandates the establishment of a *Trabaho Center* in every public high school and SUC with main services that include: 1) industry matching; 2) career coaching; and 3) employment facilitation.

The key to the success of each *Trabaho Center* is its relationship with and knowledge of potential employers and industries in their area.

The *Trabaho Centers* will link with industries to create a functional academic-industry partnership so there can be continuous checking and updating of curricula and courses offered to our students, especially on the technical-vocational track in our K to 12 system.

They must maintain an updated database of employers, contacts, and job opportunities in the locality and use this data to provide students coaching on what fields of study are available and what specific jobs they can expect to apply for upon graduation. With an updated database and a deep understanding of the needs of com-

panies and employers, these *Trabaho* Centers can move beyond the usual aptitude tests and vague, conceptual career service. Career coaching in our *Trabaho* Centers must be well informed and practical.

Knowing the needs of the job market and being aware of the skills and knowledge of students, *Trabaho* Centers can also go beyond job fairs and pre-employment seminars when it comes to employment facilitation. Our responsive *Trabaho* Centers can address the skills mismatch from within our schools, giving feedback for teaching modules and even working with TESDA to better develop the skills of graduates and ensure employability upon graduation.

These *Trabaho* Centers will not only provide information on the available jobs, but also help the schools improve their approaches and regularly update their lessons. This simple intervention can strengthen the link between education and employment and can build a steady bridge for our graduates to cross over to stable jobs and sustainable livelihood.

With *Trabaho* Centers in every school, a diploma will be more than a symbol and a graduation will be more than a milestone.

With *Trabaho* Centers in every school, graduates are ensured gainful employment and can look forward to a secure future.

Nag-aral at nagtapos. Nagtrabaho at umasenso. Yan ang pangarap natin para sa bawat Pilipino!

Siguraduhin po natin na may trabahong naghihintay para sa bawat high school graduate.

Siguraduhin po natin na may sapat na kaalaman at kakayahang mga bagong graduate na punuin ang mga job vacancies.

Siguraduhin po natin na maipasa ang Trabaho Center in Schools Act.

Let us come together and rally for the future of every Filipino student. Let us bridge that gap between free quality education and a secure career so we can finally beat poverty and bring forth prosperity for every Filipino.

SUSPENSION OF CONSIDERATION OF SENATE BILL NO. 1278

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

PROPOSED SENATE RESOLUTION NO. 254

Upon motion of Senator Sotto, there being no objection, the Body considered Proposed Senate Resolution No. 254, entitled

RESOLUTION RECOGNIZING THE ACHIEVEMENTS AND CONTRIBUTIONS TO THE JUDICIARY AND TO THE FILIPINO PEOPLE OF SUPREME COURT ASSOCIATE JUSTICE JOSE P. PEREZ ON THE OCCASION OF HIS RETIREMENT FROM THE JUDICIARY.

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.

Thereupon, the Chair recognized Senator Gordon for the sponsorship.

SPONSORSHIP REMARKS OF SENATOR GORDON

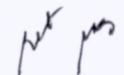
Senator Gordon stated that the resolution gives courtesy and recognition to the years of service to the country by Supreme Court Associate Justice Jose P. Perez, who has the distinction of being the first homegrown Justice who started as a technical assistant in 1972 after graduating from the University of the Philippines College of Law and passing the bar.

He stated that after having so much honors bestowed upon him, Justice Perez is celebrating his 70th birthday on December 14, and that it is but proper for him as chairperson of the Committee on Justice and Human Rights to express his faith, confidence and respect to stalwart members of the Supreme Court who are retiring.

Senator Gordon urged the Body to adopt the resolution.

MANIFESTATION OF SENATE PRESIDENT PRO TEMPORE DRILON

Senate President Pro Tempore Drilon associated himself with Proposed Senate Resolution No. 254, saying that it was an honor to be a coauthor of the



resolution on Justice Perez who is known to be one of the most humble and decent justices and whose integrity is unsullied.

He said that he had the fortune of being roommates with Justice Perez when they were at the Yakal Residence Hall in the University of the Philippines. He expressed gratitude to Senator Gordon for taking the initiative of recognizing the achievements of Justice Perez, an eminent jurist who deserves the praise and recognition of the Senate.

Thereafter, he joined Senator Gordon in asking the Chamber to pass the resolution. He also asked the permission of Senator Gordon to include his name as coauthor of the resolution.

ADOPTION OF PROPOSED SENATE RESOLUTION NO. 254

Upon motion of Senator Sotto, there being no objection, Proposed Senate Resolution No. 254 was adopted by the Body.

PROPOSED SENATE RESOLUTION NO. 255

Upon motion of Senator Sotto, there being no objection, the Body considered Proposed Senate Resolution No. 255, entitled

RESOLUTION RECOGNIZING THE ACHIEVEMENTS AND CONTRIBUTION TO THE JUDICIARY AND TO THE FILIPINO PEOPLE OF SUPREME COURT ASSOCIATE JUSTICE ARTURO D. BRION ON THE OCCASION OF HIS RETIREMENT FROM THE JUDICIARY.

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.

Thereupon, the Chair recognized Senator Gordon for the sponsorship.

SPONSORSHIP REMARKS OF SENATOR GORDON

Senator Gordon stated that it was an honor for him to sponsor a resolution recognizing an eminent

jurist and justice of the Supreme Court who has served his country well, Associate Justice Arturo Brion who hails from San Pablo, Laguna and a former Secretary of Labor and Employment.

Senator Gordon recalled that it was during his first term as a senator and at the same time chairperson of the Red Cross that he had the privilege of working with Justice Brion in expatriating OFWs in Lebanon during the crisis.

He stated that Justice Brion topped the 1974 bar examinations with a general average of 91.65% after graduating *cum laude* and class valedictorian from the Ateneo de Manila University Law School. He said that Justice Brion had taught in numerous colleges of law and is a stalwart in the Judiciary.

Senator Gordon stated that Justice Brion will be retiring during the Christmas break of the Senate on the 29th of December 2016, the reason why he was sponsoring the resolution so that the Body could give honor to those who have earned it. He stated that Justice Brion, who still resides in his humble abode, had also been threatened with death by a drug lord; despite the threats, Justice Brion remained steadfast in the *ponentias* that he had done, among which was extending the *writ of amparo* to a World Bank consultant who went missing in Jolo, Sulu. He said that Justice Brion, like Justice Perez, has earned his way in the firmament of legal scholars, jurists and great citizens of the Republic.

ADOPTION OF PROPOSED SENATE RESOLUTION NO. 255

Upon motion of Senator Sotto, there being no objection, Proposed Senate Resolution No. 255 was adopted by the Body.

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 UTILIZATION, AND FOR OTHER PURPOSES.

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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 Poe for her interpellation.

SUSPENSION OF SESSION

Upon motion of Senator Pangilinan, the session was suspended.

It was 5:49 p.m.

RESUMPTION OF SESSION

At 5:54 p.m., the session was resumed.

INTERPELLATION OF SENATOR POE

Initially, Senator Poe noted that the bill proposes the creation of two committees: an *ad hoc* committee that would prepare the farmers for an industry development plan, and the Coconut Farmers and Industry Trust Committee that would manage the funds. She then inquired if the three representatives from coconut farmers organizations in the *ad hoc* committee also sit in the Trust Fund Committee in addition to another three coconut farmers from Luzon, Visayas and Mindanao. She also asked if the three representatives would still have to undergo the selection process and be appointed by the President.

Senator Pangilinan explained that the first committee would be tasked to create and put together the coconut industry development plan; once the plan is forwarded to the President for his approval, the committee would cease to function. He stressed the need for an *ad hoc* committee to go into the process of creating and putting together a strategic plan for the development of the coconut industry. He stated that putting up a plan that would be supported by various stakeholders is a critical component in making sure that the fund is properly utilized.

As to why members of the committee could also become members of the Trust Fund Committee, Senator Pangilinan explained that if they are nominated and eventually appointed by the President, they could also be made representatives of the farmers organizations to the Trust Fund Committee.

He reiterated that the *ad hoc* committee is intended to put together the coconut industry development

plan and Trust Fund Committee would manage the fund and approve its disbursements.

Senator Poe noted that there are different core competencies such as technical skills in understanding the agricultural process as well as knowledge about investing the funds for farmers.

On another matter, Senator Poe expressed concern that a mere committee controlling the funds could easily be subject to partisan politics. She proposed the creation of a government-controlled corporation, the majority shares of which would be held by elected representatives of all coconut farmers.

As to the reason for creating a Trust Fund Committee that is going to be attached to the Office of the President to manage the funds instead of a GOCC, Senator Pangilinan explained that the Committee did not propose the creation of a corporation primarily out of fear of a repeat of what happened in the past wherein corporate layering and decision-making created anomalous situations wherein the fund was utilized but not for the benefit of the coconut farmers. He recalled that several corporations were created under the Marcos regime that allowed for the use, disbursement, collection of the funds at the expense of the farmers who were taxed. He stated that at that time, the fund that was collected was P9 billion, and when it became a subject of many court cases it was eventually placed in a trust fund and has ballooned to P75 billion.

Secondly, Senator Pangilinan believed that a Trust Fund Committee would be more transparent because it would be created for the sole purpose of managing the fund and its composition is such that a majority of the representatives are actually nominees or representatives of the farmers organization, aside from Cabinet secretaries particularly from the Department of Agriculture, Department of Finance, NEDA, DTI and the administrator of the Philippine Coconut Authority. Also, he believed that the top-level representatives in the Trust Fund Committee would not allow any misuse of the fund. He said that there have been experiences in the past when government corporations, because of lack of transparency and flexibility, misused and misallocated funds or put them in wrong investments, thereby creating heavy losses or indebtedness.

In this regard, he recalled Senator Drilon sponsoring a measure on GOCCs because government



corporations were not managed effectively leading to the misuse of funds which should have benefitted the public. Senator Poe stressed that she just wanted to ensure that farmers are truly represented in the committee.

Senator Poe said that the bill mentions that the plan shall include, among others, a national program for coconut productivity, livestock raising, community-based coconut enterprises and social protection of coconut farmers. She asked how the plan would be implemented and whether the coconut farmers' organizations would directly receive a portion of the coco levy fund or whether money from the funds would be directly disbursed to the farmers for the projects to be implemented.

Senator Pangilinan replied that the funds would not be allocated directly to coconut farmers organizations as the plan would be that the government agencies concerned, like the PCA, the DA and DTI, would come together under a program which would be funded by the coco levy funds. For instance, he said that if the plan is to put value added to, say, copra, which is the lowest in terms of value relative to virgin coconut oil, coconut coir, coconut peat or coco nets which require decorticating machines, then value-added products out of copra would require access to the markets, and therefore, there is going to be a need for geo-enterprises to deal with companies that purchase the products because the farmers themselves do not have the capacity to be able to market their produce. Thus, he said that a Coconut Industry Development Plan, which will include capacity building and support for mechanization and equipment, would have to be put in place and would be funded.

Senator Poe said that one of the basic concerns is the inability of the farmers to benefit from the coco levy funds. Recognizing the need of farmers for scholarships for their children or for health subsidies, she asked whether a portion of the fund would be devoted to the well-being of the children of coconut farmers. Senator Pangilinan answered in the affirmative, saying that social protection programs are covered, for instance, assistance or support for education or scholarships which would be subject to the formulation and approval of the plan.

Asked which department would be tasked to take care of the social protection programs, Senator Pangilinan explained that government agencies would

be tapped according to the needs of the coco farmers, for example, the CHED for tertiary education, DSWD for social protection, DOH for health, or UCPB for insurance through Cocolife, one of its subsidiary companies, all of which are subject to the plan and approval of the President.

Asked how the government would identify or qualify actual beneficiaries of the coco levy fund, coconut fund, Senator Pangilinan explained that the proposed law requires for a registry, citing a proviso in the draft bill which states that "For purposes of the establishment and granting of social protection programs, the Committee is hereby authorized to validate the reliability and completeness of the coconut farmers' registry of the PCA from which the beneficiaries shall be identified." He explained that the PCA would take care of the registration of coconut farmers and the Trust Fund Committee would be tasked to validate the beneficiaries that would be presented by the PCA.

Senator Poe stated that some stakeholders are apprehensive that the funds might be subject to misuse or misalignment if it would be deposited in the Bureau of Treasury. She then asked on the parameters or safeguards to prevent it from happening and whether there would be a special account to ensure that the funds would not be commingled with other accounts or money. Senator Pangilinan explained that at present the P75 billion fund is under the Special Account in the General Fund (SAGF) and commingled with the rest of the funds of the government, the income of which does not accrue to the P75 billion funds but to the General Fund, but if the measure becomes law, this P75 billion would be placed in a trust fund. He said that when the Supreme Court decided with finality that the fund must be placed in trust, the money started earning annually, and now it ballooned to P75 billion. However, he said that the annual income of P1.7 billion was lost when it was transferred to the SAGF. If the law is passed, he said that the amount would be placed in the Trust Fund for it to start earning interest income which would accrue to the fund. He surmised that because of the "one-fund" concept principle and the commingling of all funds in the General Funds, the P75 billion was possibly used to fund infrastructure projects. He said that it is imperative to pass the measure so that the funds could be segregated and placed in a trust fund so that it would earn interest income rather than for it being plowed back into the fund itself.

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**SUSPENSION OF CONSIDERATION
OF SENATE BILL NO. 1233**

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

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 6:12 p.m.

I hereby certify to the correctness of the foregoing.


ATTY. LUTGARDO B. BARBO
as per Secretary of the Senate

Approved on December 14, 2016