



**REPUBLIC OF THE PHILIPPINES**  
**Senate**  
**Pasay City**

# **Journal**

**SESSION NO. 32**

Monday to Thursday, November 18 - 21, 2013  
Monday, November 25, 2013

**SIXTEENTH CONGRESS**  
**FIRST REGULAR SESSION**

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## **SESSION NO. 32**

Monday to Thursday, November 18 - 21, 2013  
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### **CALL TO ORDER**

At 3:01 p.m., Monday, November 18, 2013, the Senate President, Hon. Franklin M. Drilon, called the session to order.

### **PRAYER**

Sen. Juan Ponce Enrile led the prayer, to wit:

#### **PRAYER FOR THE NATION**

Father in heaven, we come to You weary and burdened.

We, who have seen the ravaged earth in the aftermath of *Typhoon Yolanda*, tremble in terror at nature's fury, mourn the loss of lives, and kneel before You in humble prayer.

Some have become confused and angry. A number of our people have lost the little that they have had and many more have lost even more for they have also lost one or more members of their family.

We beseech You to forgive us if — in these hard times — our survival instincts have made us forget the law.

Forgive us if — in moments of strong emotion — we have blamed others for our inability to lend complete relief to those who are suffering.

Forgive us if — in moments of blind hubris — we become quick to impute malice on the action of others.

Dear Father, we beseech You to have mercy on us; to ease the burden of the displaced, dispossessed and frustrated; to lift the spirit of the weary.

Energize our capacity for silent charity as we dig deeper into our resources to help our brothers and sisters who have taken a beating and suffered more than what is expected in one lifetime.

Strengthen our faith that we may overcome and be born again into a new world, perhaps wiser and more humane to the needs of others.

All these we ask of You, our God.

Amen.

### **NATIONAL ANTHEM**

The *Himig ng Puso* Choir led the singing of the national anthem and thereafter rendered the song, entitled *Bayan Ko, Pilipinas Kong Mahal*.

### **ROLL CALL**

Upon direction of the Chair, the Secretary of the Senate, Atty. Oscar G. Yabes, called the roll, to which the following senators responded:

Angara, S.	Guingona III, T. L.
Aquino, P., B. IV B.	Honasan, G. B.
Binay, M. L. N. S.	Lapid, M. L. M.
Cayetano, A. P. C. S.	Osmeña III, S. R.
Cayetano, P. S.	Pimentel III, A. K.
Drilon, F. M.	Poe, G.
Ejercito, J. V. G.	Recto, R. G.
Enrile, J. P.	Revilla Jr., R. B.
Escudero, F. J. G.	Sotto III, V. C.
Estrada, J.	Villar, C. A.

With 20 senators present, the Chair declared the presence of a quorum.

Senator Legarda arrived after the roll call.

Senator Marcos, who was on official mission, also arrived after the roll call.

Senator Defensor Santiago was on sick leave.

Senator Trillanes was absent.

## **APPROVAL OF THE JOURNAL**

Upon motion of Senator Cayetano (A), there being no objection, the Body dispensed with the reading of the Journal of Session No. 31 (October 23, 2013) and considered it approved.

## **PARLIAMENTARY INQUIRY OF SENATOR SOTTO**

Senator Sotto inquired whether the Senate Legal Service was ready with the report on his question regarding the TRO issued by a judge in Cebu, as directed by the Senate President in the previous session.

The Chair replied that the Senate Secretary has just received the report and it asked that the Senate Secretary be given the opportunity to review the report before releasing it.

## **SUSPENSION OF SESSION**

Upon motion of Senator Cayetano (A), there being no objection, the session was suspended to allow the senators to go into caucus to discuss certain parameters that the Senate will follow in passing the 2014 General Appropriations Act and in light of the devastation wrought by super Typhoon *Yolanda*.

*It was 3:12 p.m.*

## **RESUMPTION OF SESSION**

At 4:36 p.m., the session was resumed.

## **ACKNOWLEDGMENT OF THE PRESENCE OF GUESTS**

At this juncture, Senator Cayetano (A) acknowledged the presence in the gallery of the members of the Philippine Councilors League—Abra Chapter, headed by Councilor Anne Bersamin, and Abra Vice Mayors Molina, Gayao and Latawan.

Senate President Drilon 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. 1873, entitled

**AN ACT REQUIRING THE PHILIPPINE HEALTH INSURANCE CORPORATION TO PROVIDE COVERAGE FOR THE DIAGNOSTIC SERVICES FOR BREAST AND CERVICAL CANCER, PROVIDING FUNDS THEREFOR, AND FOR OTHER PURPOSES**

Introduced by Senator Trillanes IV

**To the Committees on Health and Demography; and Finance**

Senate Bill No. 1874, entitled

**AN ACT STRENGTHENING AND SECURING THE RIGHTS OF THE URBAN POOR AGAINST EVICTIONS AND/OR DEMOLITIONS AND TO PROVIDE ADEQUATE HOUSING AMENDING FOR THIS PURPOSE REPUBLIC ACT NO. 7279 OTHERWISE KNOWN AS "AN ACT TO PROVIDE FOR A COMPREHENSIVE AND CONTINUING URBAN DEVELOPMENT AND HOUSING PROGRAM, ESTABLISH THE**

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MECHANISM FOR ITS IMPLEMENTATION, AND FOR OTHER PURPOSES" OR THE URBAN DEVELOPMENT AND HOUSING ACT OF 1992

Introduced by Senator Paolo Benigno "Bam" Aquino IV

**To the Committee on Urban Planning, Housing and Resettlement**

Senate Bill No. 1875, entitled

AN ACT PROHIBITING DISCRIMINATION BECAUSE OF GENETIC INFORMATION IN HEALTH INSURANCE COVERAGE

Introduced by Senator Defensor Santiago

**To the Committee on Health and Demography**

Senate Bill No. 1876, entitled

AN ACT BANNING THE USE OF FIRE-CRACKERS IN RESIDENTIAL AREAS

Introduced by Senator Defensor Santiago

**To the Committees on Public Order and Dangerous Drugs; and Local Government**

Senate Bill No. 1877, entitled

AN ACT REQUIRING THE MANUFACTURERS OF COMPUTERS TO PROVIDE RECOVERY AND COLLECTION FACILITIES FOR THEIR PRODUCTS

Introduced by Senator Defensor Santiago

**To the Committees on Trade, Commerce and Entrepreneurship; Environment and Natural Resources; and Finance**

Senate Bill No. 1878, entitled

AN ACT ESTABLISHING A NATIONAL PROGRAM TO EXPAND OPPORTUNITIES FOR FILIPINO STUDENTS TO SERVE THEIR COMMUNITIES

Introduced by Senator Defensor Santiago

**To the Committees on Education, Arts and Culture; Youth; and Finance**

Senate Bill No. 1879, entitled

AN ACT INCREASING THE AGE FOR DETERMINING STATUTORY RAPE TO PROVIDE STRONGER PROTECTION FOR CHILDREN, AND AMENDING FOR THIS PURPOSE ACT NO. 3815, AS AMENDED, ALSO KNOWN AS THE REVISED PENAL CODE

Introduced by Senator Defensor Santiago

**To the Committees on Justice and Human Rights; and Youth**

Senate Bill No. 1880, entitled

AN ACT TO COMBAT FINANCIAL FRAUD PERPETRATED AGAINST THE GOVERNMENT

Introduced by Senator Defensor Santiago

**To the Committee on Justice and Human Rights**

Senate Bill No. 1881, entitled

AN ACT GRANTING THE LOCAL SANGGUNIANS, EXCEPT THE SANGGUNIANG BARANGAYS, THE POWER TO CONDUCT INQUIRIES, IN AID OF LEGISLATION, TO ISSUE SUBPOENA *AD TESTIFICANDUM* AND *DUCES TECUM* AND TO PUNISH FOR CONTEMPT ANY PERSON WHO REFUSES TO OBEY SUCH PROCESS, AMENDING FOR THE PURPOSE SECTIONS 447, 458, AND 468 OF REPUBLIC ACT NO. 7160, OTHERWISE KNOWN AS THE LOCAL GOVERNMENT CODE OF 1991

Introduced by Senator Defensor Santiago

**To the Committee on Local Government**

Senate Bill No. 1882, entitled

**AN ACT STRENGTHENING THE LOCAL GOVERNMENT ACADEMY (LGA)**

Introduced by Senator Defensor Santiago

**To the Committees on Local Government; Ways and Means; and Finance**

Senate Bill No. 1883, entitled

**AN ACT DEFINING THE CRIME OF BETRAYAL OF DUTY IN THE CUSTODY OF PRISONERS, PROVIDING FOR ADDITIONAL RULES ON THE IMPRISONMENT, DETENTION, CONFINEMENT AND CUSTODY OF PRISONERS AND DETAINEES, SPECIFYING ADDITIONAL WORK AND RESPONSIBILITIES OF GOVERNMENT PERSONNEL CHARGED WITH THE CUSTODY OF SUCH PRISONERS AND STATING THE PENALTIES THEREFOR**

Introduced by Senator Defensor Santiago

**To the Committee on Justice and Human Rights**

Senate Bill No. 1884, entitled

**AN ACT AMENDING REPUBLIC ACT NO. 8750, ALSO KNOWN AS THE SEAT BELTS USE ACT OF 1999, SECTIONS THREE AND FIVE**

Introduced by Senator Defensor Santiago

**To the Committee on Public Services**

Senate Bill No. 1885, entitled

**AN ACT REGULATING THE ADVERTISEMENT, PACKAGING, LABELING, DISPLAY, SALE, PREPARATION, AND SERVING OF HALAL FOOD**

Introduced by Senator Defensor Santiago

**To the Committees on Agriculture and Food; and Trade, Commerce and Entrepreneurship**

Senate Bill No. 1886, entitled

**AN ACT PROVIDING FOR THE MANNER AND DATE OF ELECTION OF SECTORAL REPRESENTATIVES TO THE LOCAL SANGGUNIANS AND FOR OTHER PURPOSES**

Introduced by Senator Defensor Santiago

**To the Committees on Local Government; and Electoral Reforms and People's Participation**

Senate Bill No. 1887, entitled

**AN ACT RECOGNIZING THE FUNDAMENTAL RIGHT OF ADULT PERSONS TO DECIDE THEIR OWN HEALTH CARE, INCLUDING THE DECISION TO HAVE LIFE-SUSTAINING TREATMENT WITHHELD OR WITHDRAWN IN INSTANCES OF A TERMINAL CONDITION OR PERMANENT UNCONSCIOUS CONDITION**

Introduced by Senator Defensor Santiago

**To the Committees on Health and Demography; and Justice and Human Rights**

Senate Bill No. 1888, entitled

**AN ACT TO PREVENT FETAL ALCOHOL SPECTRUM DISORDERS**

Introduced by Senator Defensor Santiago

**To the Committees on Health and Demography; and Trade, Commerce and Entrepreneurship**

Senate Bill No. 1889, entitled

**AN ACT INSTITUTIONALIZING THE OPEN HIGH SCHOOL SYSTEM IN THE PHILIPPINES AND APPROPRIATING FUNDS THEREFOR**

Introduced by Senator Defensor Santiago

**To the Committees on Education, Arts and Culture; and Finance**

Senate Bill No. 1890, entitled

AN ACT ESTABLISHING A COMPREHENSIVE PROGRAM TO ENSURE COMPULSORY LABELING AND FAIR PACKAGING OF GENETICALLY ENGINEERED FOOD

Introduced by Senator Defensor Santiago

**To the Committees on Trade, Commerce and Entrepreneurship; and Health and Demography**

Senate Bill No. 1891, entitled

AN ACT PROVIDING GOVERNMENT AGENCIES AND EMPLOYEES WITH OPPORTUNITIES TO SUPPORT SCIENCE, TECHNOLOGY, ENGINEERING, AND MATHEMATICS (STEM) ACTIVITIES IN CLASSROOMS

Introduced by Senator Defensor Santiago

**To the Committees on Civil Service and Government Reorganization; and Education, Arts and Culture**

Senate Bill No. 1892, entitled

AN ACT REGULATING CLASS SIZE IN ALL PUBLIC ELEMENTARY AND SECONDARY SCHOOLS

Introduced by Senator Defensor Santiago

**To the Committees on Education, Arts and Culture; and Finance**

Senate Bill No. 1893, entitled

AN ACT DIRECTING THE SECRETARY OF EDUCATION TO ESTABLISH A PROGRAM TO PROVIDE GRANTS FOR CARDIOPULMONARY RESUSCITATION AND AUTOMATED EXTERNAL DEFIBRILLATOR TRAINING IN PUBLIC ELEMENTARY AND SECONDARY SCHOOLS

Introduced by Senator Defensor Santiago

**To the Committees on Education, Arts and Culture; and Finance**

Senate Bill No. 1894, entitled

AN ACT DIRECTING THE SECRETARY OF HEALTH TO DEVELOP A NATIONAL STRATEGIC ACTION PLAN TO ASSIST HEALTH PROFESSIONALS IN PREPARING FOR AND RESPONDING TO THE PUBLIC HEALTH EFFECTS OF CLIMATE CHANGE

Introduced by Senator Defensor Santiago

**To the Committees on Health and Demography; Climate Change; and Finance**

Senate Bill No. 1895, entitled

AN ACT PROVIDING THE ENABLING MECHANISMS FOR RESEARCH AND DEVELOPMENT (R&D) OF COCONUT SUGAR IN THE COUNTRY, APPROPRIATING FUNDS THEREFOR AND FOR OTHER PURPOSES

Introduced by Senator Lapid

**To the Committees on Agriculture and Food; Science and Technology; and Finance**

Senate Bill No. 1896, entitled

AN ACT AMENDING SECTION 42 OF BATAS PAMBANSA BLG. 232, OTHERWISE KNOWN AS THE "EDUCATION ACT OF 1982", BY IMPOSING A THREE-YEAR MORATORIUM ON TUITION AND OTHER SCHOOL FEE INCREASE ON ALL EDUCATIONAL INSTITUTIONS AND STIPULATING THEREAFTER THAT TUITION AND OTHER SCHOOL FEE INCREASE SHOULD NOT BE RAISED BEYOND THE CURRENT INFLATION RATE OF THE COUNTRY AND FOR OTHER PURPOSES

Introduced by Senator Lapid

**To the Committee on Education, Arts and Culture**

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Senate Bill No. 1897, entitled

**AN ACT TO REGULATE PUBLIC SOLICITATION AND PROVIDING FUNDS THEREFOR**

Introduced by Senator Lapid

**To the Committees on Social Justice, Welfare and Rural Development; Ways and Means; and Finance**

Senate Bill No. 1898, entitled

**AN ACT DECLARING THE VERDE ISLAND PASSAGE AS A MARINE PROTECTED AREA AND ECOLOGICAL TOURISM ZONE, CREATING FOR THE PURPOSE THE VERDE ISLAND PASSAGE ADVISORY COUNCIL, DEFINING ITS POWERS AND FUNCTIONS, PROVIDING FUNDS THEREFOR, AND FOR OTHER PURPOSES**

Introduced by Senator Legarda

**To the Committees on Environment and Natural Resources; Tourism; and Finance**

Senate Bill No. 1899, entitled

**AN ACT INSTITUTIONALIZING THE USE OF BAYBAYIN IN ALL OFFICIAL LOGOS OF ALL GOVERNMENT AGENCIES, AND DEPARTMENTS AND OFFICES**

Introduced by Senator Legarda

**To the Committees on Education, Arts and Culture; and Civil Service and Government Reorganization**

Senate Bill No. 1900, entitled

**AN ACT PROVIDING FOR THE DELINEATION OF THE SPECIFIC FOREST LIMITS OF THE PUBLIC DOMAIN AND FOR OTHER PURPOSES**

Introduced by Senator Legarda

**To the Committees on Environment and Natural Resources; Local Government; and Finance**

Senate Bill No.1901, entitled

**AN ACT DECLARING AS PROTECTED AREAS AND BUFFER ZONES THE PARCELS OF LAND DESIGNATED AS SUCH BY THE PRESIDENT OF THE REPUBLIC OF THE PHILIPPINES PURSUANT TO REPUBLIC ACT NO. 7586, OTHERWISE KNOWN AS THE NATIONAL INTEGRATED PROTECTED AREAS SYSTEM (NIPAS) ACT, PROVIDING FOR THEIR MANAGEMENT AND FOR OTHER PURPOSES**

Introduced by Senator Legarda

**To the Committees on Environment and Natural Resources; and Finance**

Senate Bill No. 1902, entitled

**AN ACT REORGANIZING AND MODERNIZING THE NATIONAL BUREAU OF INVESTIGATION, PROVIDING NECESSARY FUNDS THEREFOR, AND FOR OTHER PURPOSES**

Introduced by Senator Legarda

**To the Committees on Justice and Human Rights; and Finance**

Senate Bill No. 1903, entitled

**AN ACT AMENDING REPUBLIC ACT NO. 7160 FOR THE PURPOSE OF INCLUDING MUNICIPAL WATERS IN THE COMPUTATION OF A LOCAL GOVERNMENT UNIT'S INTERNAL REVENUE ALLOTMENT**

Introduced by Senator Joseph Victor Ejercito

**To the Committee on Local Government**

Senate Bill No.1904, entitled

**AN ACT TO ENSURE THAT THE PARTY-**

**LIST SYSTEM IS RESERVED FOR THE MARGINALIZED AND UNDERREPRESENTED AMENDING REPUBLIC ACT NO. 7941, OTHERWISE KNOWN AS THE PARTY-LIST SYSTEM ACT FOR THAT PURPOSE**

Introduced by Senator Joseph Victor Ejercito

**To the Committee on Electoral Reforms and People's Participation**

Senate Bill No. 1905, entitled

**AN ACT GRANTING TAX DEDUCTIONS TO PARENTS AND LEGAL GUARDIANS OF CHILDREN WITH SPECIAL NEEDS**

Introduced by Senator Joseph Victor Ejercito

**To the Committee on Ways and Means**

Senate Bill No. 1906, entitled

**AN ACT PROHIBITING THE ESTABLISHMENT OF POLITICAL DYNASTIES**

Introduced by Senator Joseph Victor Ejercito

**To the Committee on Electoral Reforms and People's Participation**

**RESOLUTIONS**

Proposed Senate Resolution No. 320, entitled

**RESOLUTION CALLING ON THE SENATE TO IMMEDIATELY CONSTITUTE AND CONVENE THE JOINT CONGRESSIONAL OVERSIGHT COMMITTEE ON THE AUTOMATED ELECTION SYSTEM AND FOR THE SAID COMMITTEE TO REQUIRE FROM THE ADVISORY COUNCIL THE IMMEDIATE SUBMISSION OF ITS REPORT ON THE 2013 NATIONAL AND LOCAL ELECTIONS**

Introduced by Senator Maria Lourdes Nancy S. Binay

**To the Committee on Electoral Reforms and People's Participation**

Proposed Senate Resolution No. 321, entitled

**RESOLUTION DIRECTING THE PROPER SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON EARTHQUAKE DISASTER PREPAREDNESS THROUGHOUT THE PHILIPPINES IN THE LIGHT OF THE MAGNITUDE 7.2 EARTHQUAKE THAT HIT BOHOL, CEBU AND NEARBY PROVINCES**

Introduced by Senator Sonny Angara

**To the Committee on National Defense and Security**

Proposed Senate Resolution No. 322, entitled

**RESOLUTION CONGRATULATING THE JESUS IS LORD CHURCH ON THE CELEBRATION OF ITS 35<sup>TH</sup> ANNIVERSARY ON OCTOBER 25, 2013**

Introduced by Senator Sonny Angara

**To the Committee on Rules**

Proposed Senate Resolution No. 323, entitled

**RESOLUTION DIRECTING THE PROPER SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE RESULTS OF A 2013 SURVEY SPONSORED BY A TRAVEL BLOG, PARTICIPATED BY TOURISTS WHO VISITED THE COUNTRY, RATING TERMINAL 1 OF THE NINIOY AQUINO INTERNATIONAL AIRPORT AS THE WORST AIRPORT IN THE WORLD**

Introduced by Senator Defensor Santiago

**To the Committee on Public Services**

Proposed Senate Resolution No. 324, entitled

**RESOLUTION DIRECTING THE**



PROPER SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, TO ESTABLISH PROTOCOLS AND STANDARDS FOR DISASTER RELIEF OPERATIONS BY LOCAL GOVERNMENT UNITS IN COOPERATION WITH NON-GOVERNMENTAL ORGANIZATIONS, IN LIGHT OF NEWS REPORTS THAT THE RELIEF OPERATIONS FOR VICTIMS OF THE OCTOBER 2013 VISAYAS EARTHQUAKE HAVE BEEN HAMPERED BY ALLEGED POLITICKING BY LOCAL GOVERNMENT OFFICIALS AND POLITICAL ASPIRANTS

Introduced by Senator Defensor Santiago

**To the Committee on Local Government**

Proposed Senate Resolution No. 325, entitled

RESOLUTION DIRECTING THE PROPER SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE REPORTED INCREASE OF DEATHS IN CENTRAL MINDANAO THIS YEAR DUE TO RABIES

Introduced by Senator Defensor Santiago

**To the Committee on Health and Demography**

Proposed Senate Resolution No. 326, entitled

RESOLUTION DIRECTING THE PROPER SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE PROPER IMPLEMENTATION OF REPUBLIC ACT NO. 10351, OR THE SIN TAX REFORM ACT OF 2012, TO ENSURE THAT THE OBJECTIVES AND PURPOSES OF THE LAW ARE REALIZED, THAT TAX ADMINISTRATION IS IMPROVED, AND THAT THE GOVERNMENT IS NOT DEPRIVED OF ITS RIGHTFUL TAX REVENUES

Introduced by Senator Defensor Santiago

**To the Committee on Ways and Means**

Proposed Senate Resolution No. 327, entitled

RESOLUTION CONGRATULATING AND COMMENDING FILIPINO MOVIE AND THEATER ACTRESS EUGENE DOMINGO FOR WINNING THE BEST ACTRESS AWARD IN THE 26<sup>TH</sup> TOKYO INTERNATIONAL FILM FESTIVAL AT THE TOHO CINEMA ROPPONGI HILLS THEATER IN TOKYO, JAPAN ON 25 OCTOBER 2013

Introduced by Senator Lapid

**To the Committee on Rules**

Proposed Senate Resolution No. 328, entitled

RESOLUTION COMMENDING AND CONGRATULATING THE FILIPINO MEMBERS OF THE ORGANIZATION FOR THE PROHIBITION OF CHEMICAL WEAPONS FOR THEIR EFFORTS AGAINST CHEMICAL WARFARE AND FOR EARNING A NOBEL PEACE PRIZE FOR 2013

Introduced by Senator Lapid

**To the Committee on Rules**

Proposed Senate Resolution No. 329, entitled

RESOLUTION COMMENDING AND CONGRATULATING THE SAINT LOUIS UNIVERSITY GLEE CLUB FOR WINNING TWO GOLD MEDALS IN THE 3<sup>RD</sup> ASIA PACIFIC CHOIR GAMES HELD LAST OCTOBER 8-18, 2013 IN MANADO CITY, INDONESIA

Introduced by Senator Lapid

**To the Committee on Rules**

Proposed Senate Resolution No. 330, entitled

RESOLUTION COMMENDING AND

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CONGRATULATING THE ST. PAUL COLLEGE HIMIG BULILIT CHOIR FOR WINNING THE GOLD MEDAL IN THE CHILDREN'S CHOIR OPEN CATEGORY OF THE 3<sup>RD</sup> ASIA PACIFIC CHOIR GAMES HELD LAST 14 OCTOBER 2013 IN MANADO CITY, INDONESIA

Introduced by Senator Lapid

**To the Committee on Rules**

Proposed Senate Resolution No. 331, entitled

RESOLUTION DIRECTING THE APPROPRIATE SENATE COMMITTEES TO CONDUCT AN INVESTIGATION, IN AID OF LEGISLATION, ON THE EFFORTS BEING UNDERTAKEN BY THE NATIONAL MUSEUM AND SUCH OTHER CONCERNED AGENCIES IN RECOVERING ITS STOLEN AND MISSING ART PIECES

Introduced by Senator Lapid

**To the Committee on Education, Arts and Culture**

Proposed Senate Resolution No. 332, entitled

RESOLUTION URGING EVERY SANGGUNIAN NATIONWIDE TO ENACT AN ORDINANCE MANDATING THE CREATION OF ITS LOCAL DISASTER RISK REDUCTION AND MANAGEMENT OFFICE IMMEDIATELY AND WITHOUT DELAY, AND FOR THE CONCERNED GOVERNORS AND MAYORS TO IMPLEMENT THE PROVISIONS OF REPUBLIC ACT NO. 10121 AND ITS IMPLEMENTING RULES AND REGULATIONS

Introduced by Senator Legarda

**To the Committee on Local Government**

Proposed Senate Resolution No. 333, entitled

RESOLUTION DIRECTING THE

NATIONAL GOVERNMENT TO CONDUCT AN EARTHQUAKE RISK AUDIT OVER ALL GOVERNMENT INFRASTRUCTURE PROJECTS AND BUILDINGS, AND MANDATE THEIR RETROFITTING TO ENSURE COMPLIANCE WITH THE REVISED NATIONAL BUILDING CODE

Introduced by Senator Legarda

**To the Committee on Public Works**

Proposed Senate Resolution No. 334, entitled

RESOLUTION DIRECTING THE PROPER SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION ON THE MATTER OF ENFORCEMENT BY THE EXECUTIVE DEPARTMENT, THE LOCAL GOVERNMENT UNITS, THE PHILIPPINE NATIONAL POLICE, AND METROPOLITAN DEVELOPMENT AUTHORITIES OF THE LONG-STANDING LEGAL RULE AND EXPRESSED LEGISLATIVE POLICY THAT COMMON CARRIERS SHOULD ALWAYS OBSERVE EXTRAORDINARY DILIGENCE IN THE CARRIAGE AND TRANSPORT OF PASSENGERS AND GOODS

Introduced by Senator Marcos Jr.

**To the Committee on Public Services**

Proposed Senate Resolution No. 335, entitled

RESOLUTION COMMENDING AND CONGRATULATING RUBILEN DACUA AMIT FOR BRINGING HONOR TO THE PHILIPPINES BY WINNING THE 2013 YALIN WOMEN'S WORLD 10-BALL CHAMPIONSHIP TITLE, AND FOR BEING THE FIRST FEMALE CUEMASTER TO BAG THE CHAMPIONSHIP TITLE TWICE IN THE SAID COMPETITION, CONSIDERED TO BE THE MOST

**COVETED CHAMPIONSHIP IN WOMEN'S BILLARDS**

Introduced by Senator Sonny Angara

**To the Committee on Rules**

Proposed Senate Resolution No. 336, entitled

**RESOLUTION HONORING THE MEMORY OF RETIRED CHIEF JUSTICE ANDRES R. NARVASA FOR HIS INVALUABLE AND SIGNIFICANT CONTRIBUTIONS TO THE ADMINISTRATION OF JUSTICE AND EXPRESSING THE SINCERE CONDOLENCES AND SYMPATHY OF THE SENATE OF THE PHILIPPINES TO HIS FAMILY FOR HIS DEMISE**

Introduced by Senator Joseph Victor Ejercito

**To the Committee on Rules**

**ADDITIONAL REFERENCE OF BUSINESS**

The Deputy Secretary for Legislation, Atty. Edwin B. Bellen, read the following matters and the Chair made the corresponding referrals:

**MESSAGES FROM THE HOUSE OF REPRESENTATIVES**

Letters from the Speaker of the House of Representatives, designating Representatives Quimbo, Garcia-Albano, Echiverri, Alvarez and Abu as House Members to the Congressional Oversight Committee on Comprehensive Tax Reform Program;

Representatives Gonzalez, Umali, Mellana, Manalo, Villarica, Bautista and Enverga as House Members to the Congressional Oversight Committee on the Special Purpose Vehicle Act;

and Representatives Ungab, Nava, Angping, Almario, Cua, Andaya Jr., Singson and Zamora as House Members to the Over-sight Committee on Public Expenditures.

**To the Committee on Rules**

**RESOLUTIONS**

Proposed Senate Resolution No. 337, entitled

**RESOLUTION URGING THE PRESIDENT TO ALLOCATE A THREE BILLION PESOS REHABILITATION FUND FOR THE IMMEDIATE RELIEF AND REHABILITATION OF THE AREAS AFFECTED BY THE SEPTEMBER 2013 ZAMBOANGA SIEGE**

Introduced by Senator Joseph Victor Ejercito

**To the Committee on Finance**

Proposed Senate Resolution No. 338, entitled

**RESOLUTION CREATING THE "ECONOMIC AND LIVELIHOOD ASSISTANCE TO VICTIMS OF TYPHOON SANTI FUND" AND THE APPROPRIATION OF FUNDS THEREFOR IN THE AMOUNT OF TWO BILLION PESOS**

Introduced by Senator Joseph Victor Ejercito

**To the Committee on Finance**

Proposed Senate Resolution No. 339, entitled

**RESOLUTION CONGRATULATING AND COMMENDING RUBILEN "BINGKAY" AMIT FOR WINNING THE 2013 YALIN WOMEN'S WORLD 10-BALL CHAMPIONSHIP FROM 28 OCTOBER TO 4 NOVEMBER 2013 AT RESORTS WORLD MANILA, THE PHILIPPINES**

Introduced by Senator Lapid

**To the Committee on Rules**

Proposed Senate Resolution No. 340, entitled

**RESOLUTION DIRECTING THE PROPER SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE PROPOSAL TO MAKE DRUG**

**TESTING MANDATORY FOR  
BARANGAY ELECTION CANDIDATES**

Introduced by Senator Defensor Santiago

**To the Committees on Public Order and  
Dangerous Drugs; and Local Government**

Proposed Senate Resolution No. 341, entitled

**RESOLUTION DIRECTING THE PROPER  
SENATE COMMITTEE TO CONDUCT  
AN INQUIRY, IN AID OF LEGIS-  
LATION, ON THE MASSIVE VOTE-  
BUYING THAT REPORTEDLY  
TOOK PLACE DURING THE 2013  
BARANGAY ELECTIONS**

Introduced by Senator Defensor Santiago

**To the Committee on Electoral Reforms  
and People's Participation**

Proposed Senate Resolution No. 342, entitled

**RESOLUTION DIRECTING THE  
COMMITTEE ON ENVIRONMENT  
AND NATURAL RESOURCES  
THROUGH THE PROTECTED  
AREAS AND WILDLIFE BUREAU,  
TO CONDUCT AN INQUIRY, IN AID  
OF LEGISLATION, ON THE REPORTED  
DEATH OF THE PHILIPPINE EAGLE  
“MINALWANG” WHICH WAS SHOT  
TWO MONTHS AFTER IT WAS  
RELEASED INTO THE WILD**

Introduced by Senator Defensor Santiago

**To the Committee on Environment and  
Natural Resources**

Proposed Senate Resolution No. 343, entitled

**RESOLUTION DIRECTING THE PROPER  
SENATE COMMITTEE TO CONDUCT  
AN INQUIRY, IN AID OF LEGIS-  
LATION, ON THE REPORTED FOOD  
AND DRUG ADVISORY ON GRATED  
COCONUT PRODUCTS CONTAMI-  
NATED WITH SALMONELLA**

Introduced by Senator Defensor Santiago

**To the Committee on Health and Demo-  
graphy**

Proposed Senate Resolution No. 344, entitled

**RESOLUTION DIRECTING THE  
PROPER SENATE COMMITTEE  
TO CONDUCT AN INQUIRY,  
IN AID OF LEGISLATION, ON THE  
REPORTED ADVISORY BY THE  
WORLD HEALTH ORGANI-  
ZATION WARNING THE PUBLIC  
AGAINST CONTAMINATED COUGH  
MEDICINE FROM INDIA**

Introduced by Senator Defensor Santiago

**To the Committee on Health and Demo-  
graphy**

Proposed Senate Resolution No. 345, entitled

**RESOLUTION ON STRENGTHENING  
THE PROTECTION OF OVERSEAS  
FILIPINO WORKERS, ELIMINATING  
HUMAN TRAFFICKING ACTIVITIES  
IN AND OUT THE COUNTRY, AND  
CURBING GOVERNMENT CORRU-  
PTION PARTICULARLY RELATED  
TO THESE ACTIVITIES TAKING  
INTO SERIOUS CONSIDERATION  
THE PHILIPPINES RANKING 98<sup>TH</sup>  
OUT OF AMONG 162 COUNTRIES ON  
THE PREVALENCE OF MODERN-  
DAY SLAVERY BASED ON THE  
GLOBAL SLAVERY INDEX AS  
REPORTED BY THE INTER-  
NATIONAL ANTI-SLAVERY ORGANI-  
ZATION WALK FREE FOUNDATION**

Introduced by Senator Defensor Santiago

**To the Committees on Justice and Human  
Rights; and Labor, Employment and Human  
Resources Development**

Proposed Senate Resolution No. 346, entitled

**RESOLUTION DIRECTING THE  
PROPER SENATE COMMITTEE TO  
CONDUCT AN INQUIRY, IN AID  
OF LEGISLATION, ON REPORTS  
THAT WEBCAM CHILD SEX**

TOURISM HAS VICTIMIZED TENS OF THOUSANDS OF CHILDREN IN THE PHILIPPINES, AND THE MEASURES NEEDED TO COMBAT THIS NEW FORM OF CHILD EXPLOITATION

Introduced by Senator Defensor Santiago

**To the Committees on Youth; and Justice and Human Rights**

Proposed Senate Resolution No. 347, entitled

**RESOLUTION DIRECTING THE PROPER SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE ALLEGED ANOMALIES AND CORRUPT PRACTICES IN THE PROCUREMENT OF MEDICINES IN LOCAL GOVERNMENT UNITS**

Introduced by Senator Defensor Santiago

**To the Committees on Accountability of Public Officers and Investigations; and Health and Demography**

Proposed Senate Resolution No. 348, entitled

**RESOLUTION CONGRATULATING AND COMMENDING FILIPINA BEAUTY ARIELLA ARIDA FOR BEING CROWNED THIRD RUNNER UP IN THE 2013 MISS UNIVERSE PAGEANT HELD AT CROCUS CITY HALL IN MOSCOW, RUSSIA ON 10 NOVEMBER 2013**

Introduced by Senator Lapid

**To the Committee on Rules**

Proposed Senate Resolution No. 349, entitled

**RESOLUTION EXPRESSING THE SENSE OF THE SENATE AMIDST THE MASSIVE DEVASTATION AND INSURMOUNTABLE LOSS WROUGHT BY SUPER TYPHOON "YOLANDA" IN REGIONS 7 AND 8, AND URGING THE PRESIDENT TO DECLARE A**

**STATE OF CALAMITY IN THESE CRITICALLY BATTERED AREAS**

Introduced by Senator Marcos Jr.

**To the Committee on Rules**

Proposed Senate Resolution No. 350, entitled

**RESOLUTION EXPRESSING DEEP SYMPATHY OF THE SENATE OF THE PHILIPPINES FOR THE VICTIMS AND SURVIVORS OF DEVASTATING SUPER TYPHOON YOLANDA**

Introduced by Senator Joseph Victor Ejercito

**To the Committee on Rules**

Proposed Senate Resolution No. 351, entitled

**RESOLUTION URGING HIS EXCELLENCY, PRESIDENT BENIGNO SIMEON C. AQUINO III, TO DECLARE A STATE OF NATIONAL CALAMITY DUE TO THE IMMENSE EXTENT OF DESTRUCTION BY SUPERTYPHOON YOLANDA**

Introduced by Senator Joseph Victor Ejercito

**To the Committee on Rules**

Proposed Senate Resolution No. 352, entitled

**RESOLUTION URGING ALL PUBLIC AND PRIVATE FINANCIAL INSTITUTIONS TO EFFECT A MORATORIUM ON THE PAYMENT OF DEBTS, AS WELL AS THE IMPOSITION OF INTEREST, PENALTIES AND SIMILAR CHARGES ON FINANCIAL OBLIGATIONS OF AFFECTED PRIVATE PERSONS AND PUBLIC CORPORATIONS IN ORDER TO EASE THE BURDEN ON OUR COUNTRYMEN AFFECTED BY THE SPATE OF SEVERE NATURAL AND MAN MADE CALAMITIES THAT HIT THE COUNTRY, AND TO ASSIST IN THE REHABILITATION AND RECONSTRUCTION IN**

THE AFFECTED AREAS, WITH THE ULTIMATE GOAL OF HELPING OUR COUNTRYMEN TO STANDUP AND RECOVER FROM THESE CALAMITIES

Introduced by Senator Escudero

**To the Committee on Banks, Financial Institutions and Currencies**

**SECOND ADDITIONAL  
REFERENCE OF BUSINESS**

**COMMITTEE REPORT**

Committee Report No. 5, submitted by the Committee on Finance, on House Bill No. 2630, introduced by Representative Ungab, *et al.*, entitled

AN ACT APPROPRIATING FUNDS FOR THE OPERATION OF THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES FROM JANUARY ONE TO DECEMBER THIRTY-ONE, TWO THOUSAND AND FOURTEEN, AND FOR OTHER PURPOSES,

recommending its approval with amendments.

Sponsors: Senators Escudero, Osmeña III, Legarda, Recto, Guingona III and all members of the Senate Committee on Finance.

**To the Calendar for Ordinary Business**

**SUSPENSION OF SESSION**

Upon motion of Senator Pimentel, the session was suspended.

*It was 4:59 p.m.*

**RESUMPTION OF SESSION**

At 5:08 p.m., the session was resumed.

**ANNOUNCEMENT  
OF SENATOR CAYETANO (A)**

Senator Cayetano (A) informed the Body that House Bill No. 2630 (General Appropriations Act

of 2014) would be sponsored at 9:30 a.m. of the following day.

**SUSPENSION OF SESSION**

Upon motion of Senator Cayetano (A), there being no objection, the Chair declared the session suspended until 9:30 a.m. of the following day.

*It was 5:08 p.m.*

**RESUMPTION OF SESSION**

At 9:59 a.m., Tuesday, November 19, 2013, the session was resumed with Senate President Drilon presiding.

**SPECIAL ORDER**

Upon motion of Senator Cayetano (A), there being no objection, the Body approved the transfer of Committee Report No. 5 on House Bill No. 2630 from the Calendar for Ordinary Business to the Calendar for Special Orders.

**COMMITTEE REPORT NO. 5  
ON HOUSE BILL NO. 2630**

Upon motion of Senator Cayetano (A), there being no objection, the Body considered, on Second Reading, House Bill No. 2630 (Committee Report No. 5), entitled

AN ACT APPROPRIATING FUNDS FOR THE OPERATION OF THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES FROM JANUARY ONE TO DECEMBER THIRTY-ONE, TWO THOUSAND AND FOURTEEN, 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 Cayetano (A), 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**

Preliminarily, Senator Escudero informed the Members that as discussed in the previous day's

caucus, they would be furnished with a copy of the amended schedule of the deliberation of the budgets of the various departments and agencies that would be presented for plenary approval.

Thereafter, Senator Escudero presented House Bill No. 2630, the proposed General Appropriations Act of 2014, for the consideration of the Body.

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

#### BUDGETING IN A TIME OF TURMOIL

I rise to sponsor the national budget for fiscal year 2014 in a time of turmoil, be it natural or man-made. It seems that the nation was just recovering from the mayhem caused by the MNLF-instigated violence in Zamboanga City when a magnitude 7.2 tremor shook Bohol and its surrounding environs, with both events costing the nation dearly in terms of human lives lost and damage to property. And as if nature's wrath is yet to be appeased, super Typhoon *Yolanda* came barrelling past our country with its killer winds, levelling whole islands and communities in the Visayas, leaving in its wake a wide swathe of destruction and tragic loss of lives unprecedented in recent history. In the same breath, the nation's administrative institutions are similarly under siege, with the heated pork barrel controversy hogging newspaper headlines, emitting the foul stench of corruption permeating the various echelons of government. From the legislative branch all the way to the cavernous halls of Malacañang, the political turmoil spawned by the pork barrel scandal — be it the infamous Priority Development Assistance Fund a.k.a. PDAF or the Disbursement Acceleration Program a.k.a. DAP — spurred tens of thousands of concerned citizens to march and demand, in outrage, no less than the total abolition of pork barrel in the 2014 national budget.

Section 29, Article VI of the Philippine Constitution mandates that "No money shall be paid out of the Treasury except in pursuance of an appropriation made by law." Congress, therefore, holds the power of the purse, and therefore, the fuel for the entire government machinery. The authority given to the Executive branch to disburse public funds is merely a delegated power granted to it by Congress. And enact a national budget we must, especially in this time of turmoil, if the engine of government is to continue humming every single day, even amid the cacophony of voices reflecting political discord.

#### Key Reforms

It seems a pity that the laudable key reform measures instituted in the proposed 2014 national budget were overshadowed by today's broiling pork controversy that has discredited somewhat the entire budget process. Foremost among these reforms is the concept of *performance-informed budgeting* that has given an innovatively new face to today's budget documents, presenting not just the pesos but more importantly, the outcomes, outputs and performance targets of government agencies for the succeeding year. In addition, the newly-instituted *program budgeting approach* now allows for better collaboration among government agencies through convergence of efforts and resources along priority programs of the government as envisioned under the President's Social Contract.

One other innovative key reform instituted is the movement towards a *Budget-as-Release Document* in 2014. Simply put, the Department of Budget and Management declares that "the budgets of agencies — except those to be contained in its negative list, mostly lump sums, are considered released to them as soon as the national budget takes effect.

To make this possible, the 2014 budget is, to date, the most detailed budget proposal in our country's history; most are "line items" to include personal services, maintenance and other operating expenses, and capital outlays, so that transparency is indeed at its very high peak. There would be no need any more for the Special Allotment Release Order or SARO that authorizes a government agency to incur obligations not exceeding a given amount during the specified period as far as these line items are concerned.

In keeping with the government's drive towards inclusive development, the 2014 budget also allowed the citizens' active participation in crafting the people's budget. In particular, *budget partnership agreements* were drafted between agencies and civil society organizations, while *bottom-up budgeting* allowed the participation of local government and communities in the budget process.

#### The Proposed FY 2014 National Budget

The proposed national budget for fiscal year 2014 amounts to P2.268 trillion, reflecting a nominal increase of P262.10 billion or 13.07% over the current year's P2.006 trillion budget. Expenditures shall be supported by projected revenues of P2.018 trillion representing a

revenue effort of 15.1% of our Gross Domestic Product. Tax Revenues, in particular, will account for P1.879 trillion in FY 2014 or a tax effort of 14.1% while non-tax revenues will amount to P136.13 billion.

In terms of appropriation source, new general appropriations of P1.612 trillion will constitute the bulk, while automatic appropriations of P796.029 billion will include internal revenue allotment, various special accounts, along with debt service, specifically interest payments. The biggest slice of the budget pie will be consumed by social services at 37%, followed by economic services at 26%.

In light of the string of destructive calamities that descend upon the Philippines every year, it is worthy to note that the Alternative Budget Initiative – Environment Cluster (ABI-ENVI) and La Liga Policy Institute has tagged budgets for climate change adaptation and disaster risk reduction that are embedded within the budgets of several departments. ABI reported that out of these tagged budgets amounting to over P73,000,248,000 in the 2014 National Expenditure Program, 47% will go to flood control projects; 14% will go to housing program for Informal Settler Families (ISF) in danger zones in the NCR; 16% to the Quick Response Funds (QRF) in the budgets of the DSWD, DA, DepEd, DND and DPWH and the Calamity Fund under the Office of the President; and 23% to other adaptation and DRRM-related projects including multi-hazard and early warning systems, vulnerability and adaptation assessment, adaptation in agriculture and international commitments funds.

#### ***The House-Approved General Appropriations Bill***

As approved by the House of Representatives, the General Appropriations Bill or GAB is P98 million lower than the President's proposed budget for 2014. In particular, New Appropriations for the succeeding fiscal year amounts to a lower P1,611.776 billion as approved by the House, in contrast to the President's proposal of P1,611.874 billion.

With the total Unprogrammed Fund and Automatic Appropriations remaining unchanged vis-a-vis the President's Budget proposal, the 2014 obligation budget recommended by the House amounts to P2,267.902 billion.

A major portion of the amendments contained in the GAB were part of the *Errata on the National Expenditure Program* that were submitted by the Department of Budget and

Management, and are mostly internal realignments within agencies or departments.

Topping the list of controversial amendments in the GAB is the deletion, *in toto*, of the Priority Development Assistance Fund or PDAF, which the House realigned to various agencies, along with the P200 million of priority programs and projects deleted from the budget of the Office of the Vice President.

These amounts were, in turn, transferred to the Department of Health for assistance to indigent patients, the Department of Labor and Employment for employment facilitation and capacity-building, the Department of Social Welfare and Development in support of service to individuals and families in especially difficult circumstances, the Department of Public Works and Highways for additional regional and local infrastructure projects, and the Commission on Higher Education for additional assistance, incentives, scholarships and grants.

#### ***Senate Amendments***

Your Committee on Finance diligently conducted daily budget hearings from August to October, in addition to various meetings with the agencies' technical staff as the need arose. After wrapping up these hearings, the Committee now presents the following amendments for the Chamber's consideration and approval.

The following are some of the highlights:

As proposed by your Committee on Finance, Total New Appropriations will amount to P1,608.576 billion, a net cut of P3.2 billion from the House-approved P1,611.776 billion.

This net cut represents the foregone pork barrel of a total of 15 senators and the vice president who have decided to heed the clamour of the people on the abolition of their P200 million PDAF allocation in the 2014 General Appropriations Act. The P3.2 billion cut was deducted from the four agencies where the House of Representatives decided to temporarily "park" the PDAF allocation of the senators, namely, as previously mentioned, the Commission on Higher Education, the Department of Health, the Department of Labor and Employment, and the Department of Social Welfare and Development.

With Automatic Appropriations remaining at P796.029 billion and Unprogrammed Fund at P139.904 billion, the 2014 Obligation budget recommended by your Committee now amounts to P2,264.702 billion.

The major increases consist of the following:

1. P5.5 billion additional allocation for the Calamity Fund consisting of aid, relief and rehabilitation services to communities/areas affected by calamities including the training of personnel and other pre-disaster activities, as well as repair and reconstruction of permanent structures including capital expenditures for pre-disaster operations, rehabilitation and other related activities. Pursuant to RA 10121, we are also recommending the renaming of the Calamity Fund to the National Disaster Risk Reduction Management Fund;
2. P250 million in Quick Response Funds for the Department of Health, particularly for the deployment of medical teams, procurement of commodities, and financial assistance to hospitals; and P50 million for medical equipment, or a total of P300 million;
3. P300 million in Quick Response Funds for the Department of Transportation and Communications to enable the immediate rehabilitation of crucial transportation facilities necessary to normalize the situation and living conditions of the people in disaster-stricken areas;
4. P100 million for the Department of Justice's JUSIP—construction, repair and rehabilitation of buildings;
5. P500 million for the initial construction of a new building for the Securities and Exchange Commission;
6. P50 million for the implementation of clean air regulations under the DENR-Environmental Management Bureau;
7. P20 million for climate change adaptation works for the Department of Agriculture;
8. Realignment of P2.5 billion from lump-sum appropriations for scholarship programs in the budget of 112 state universities and colleges which was done in consultation with the Commission on Higher Education so that each SUC will have specific allocations already.

One other major amendment proposed by your Committee on Finance is the creation of a new special purpose fund — the P20-billion Disaster Rehabilitation and Reconstruction Fund — to be used for the rehabilitation, repair and reconstruction works and activities of areas affected by the typhoons *Yolanda*, *Santi*, and *Labuyo*, as well as the recent 7.2 magnitude

earthquake. Its funds shall be released directly to the implementing agencies and/or local government units concerned and shall be used for the repair and rehabilitation of the following: irrigation systems; school buildings; electrification infrastructure; academic buildings of state universities and colleges; historical sites; roads, bridges, government buildings and other infrastructure; airports and ports; and local infrastructure. It shall also be used for the construction of housing units, purchase of emergency relocation/structures, core shelter program, as well as cash for work livelihood program.

With respect to the Special/General Provisions, the more significant amendments consist of the following:

1. Inclusion of the purchase of seeds, including fingerlings/fries, and restoration/rehabilitation of irrigation systems among the utilization of the Quick Response Fund under the Department of Agriculture;
2. A new special provision under state universities and colleges specifying that their scholarship program for poor and deserving students shall give priority to students in the tertiary level belonging to indigent households under the National Household Targeting System for Poverty Reduction of the DSWD or informal sector families;
3. A new special provision under the Department of Health providing for a P300 million Quick Response Fund for the relief and rehabilitation programs in areas stricken by calamities, epidemics, crises, and catastrophes;
4. A new special provision under the Department of National Defense providing for a disaster response protocol to be used as the basis of the response expected from the different agencies and sectors on every disaster to be developed by the Office of Civil Defense;
5. An added stipulation in the Special Provision on Engineering and Administrative Overhead (EAO) expenses under the DPWH stating that 1% of the project cost for EAO expenses shall be deducted from school buildings and other infrastructure projects outside of the DPWH budget;
6. A proviso under the special provision on realignment of Funds under the DPWH specifying that the realignment of allotment released from appropriations of the department from one project/scope of work

- to another may be undertaken only once per project and not later than the 3<sup>rd</sup> quarter of the current year. A similar provision is also included in the General Provisions to cover other agencies;
7. An additional proviso under the Conditional Cash Transfer Special Provision of the DSWD earmarking P336 million as cash grants for 20,000 families affected by *Typhoon Yolanda* who are not covered under the existing CCT program of the department and providing further that in case of unavailability of health and educational facilities, conditionalities for availment of CCT may be relaxed or substituted with reasonable and appropriate requirements;
  8. A new special provision under the Department of Transportation and Communications providing a P300 million QRF for the immediate rehabilitation and operation of airports, seaports, railways, inter-island linkages such as roll-on roll-off systems, and other crucial transportation facilities which may have been damaged or destroyed, including incidental MOOE costs, for the prompt restoration of normalcy in the delivery of basic services to affected people during emergency situations;
  9. Amendment of the special provision on the QRF under the Calamity Fund stating that 30% of the amount allocated by the NDRRM Fund shall be allocated as Quick Response Fund or stand-by fund for relief and recovery program to normalize as quickly as possible the living conditions in areas stricken by calamities, disaster, epidemics, or complex emergencies;
  10. An added proviso on the release of funds under the Unprogrammed Fund stating that any savings generated from the programmed appropriations for the first two quarters of the year may be released by the DBM, subject to the President's approval, under the Unprogrammed Fund corresponding to only 50% of the said savings net of revenue shortfall. The release of the balance of the said total savings shall be subject to fiscal programming and approval of the President;
  11. A new General Provision on the release and implementation of bottom-up budgeting (BUB) specifying that the cost of implementation of BUB projects by the LGUs shall in no case exceed the cost of a similar project being implemented by a national government agency in the same locality;
  12. A revised General Provision which requires that the Harmonized Priority Research Agenda shall be directly related to the priorities under the Philippine Development Plan (2011-2016);
  13. Amendment to the General Provision on Lump-Sum Appropriations specifying a copy of the list of projects and its implementing agencies/LGU shall be submitted to the Committee on Appropriations and the Committee on Finance, and must be posted in the official website of the agency concerned;
  14. An amendment to the General Provision on the requirements of fund transfers to civil society organizations stipulating that the government agency where the funds were released and which were subsequently transferred to civil society organizations shall remain accountable for the funds. In addition, any government official, employee and person who shall misuse such fund under their control or administration shall suffer the maximum penalty imposed under the Revised Penal Code, the anti-graft law, the plunder law, and appropriate penal laws;
  - 15) An amendment to the General Provision requiring a more detailed reporting on the utilization of income by the agencies;
  - 16) An amendment requiring that the quarterly Financial Narrative Report should include the realignment of funds within the agencies, as well as the transfer of funds to other government agencies, CSOs, LGUs, GOCCs or lump-sum funds; and
  - 17) A new General Provision requiring the DBM to furnish the Commission on Audit with a list of all items under this Act that were considered as released upon its effectiveness into law. The DBM shall also submit to COA a copy of all released documents, such as the SARO or NCA pertaining to releases of funds such as lump sum funds, special purpose funds, supplemental appropriations, automatic appropriations, continuing appropriations, use of savings and realignment of funds.

### ***Closing***

*Bilang mga halal ng bayan, obligasyon natin na ang panawagan ng taong bayan, ang kanilang mga boses at mithiin, ay dalhin sa Senado. Sa gitna po ng sigaw ng taong bayan ngayon kaugnay sa pagbubuwag ng pork barrel, ito ay kailangan nating tugunan at sagutin sa deliberasyong ito.*

At the end of the day, we will have to answer these questions individually and collectively

as an institution. In these times of turmoil and political discord, we face the herculean task of rebuilding, not just the damage wrought by the natural disasters that have befallen our hapless country, but also the shattered image of the Senate as a hallowed institution.

We are no Hercules, but in this time of national calamity and amidst the unspeakable grief and despair of our countrymen who have tragically lost their entire homes and loved ones to nature's fury, the least we can do is to rise above pork-tainted political bickering and instead start pulling up our sleeves and giving our countrymen the Senate that they, in earnest, truly deserve.

The Committee on Finance would like to ask the help and cooperation of our colleagues in improving our proposal as presented in plenary, and we eagerly and earnestly await your inputs on how to better and improve the provisions we have presented in the amendments.

## COSPONSORSHIP SPEECH OF SENATOR RECTO

Senator Recto, Finance Subcommittee D chair, delivered the following speech:

This is an unconventional sponsorship speech but these are not ordinary times.

When it comes to introducing the national budget, the parliamentary tradition is to rattle off a procession of numbers and a parade of projects that make up next year's appropriations.

But today, instead of asking you to approve what was in the original proposed budget, let me ask the Body to support what was not there.

I am referring, of course, to a reconstruction fund that would help the millions of our countrymen, from Coron to Guiuan, from Zamboanga to Mindoro, overcome misfortune and triumph over disaster.

In short, what I am sponsoring is an idea which, I hope, we can collectively give flesh to in the course of deliberating this budget.

And if we are able to do that, which I have no doubt we will, then it will be our contribution to healing devastated places and helping damaged lives. It will be this Senate's equity to reconstruction efforts.

In a country that sits atop the earthquake corridor and is the doormat to the typhoon alley, it is but inevitable that disasters become

macro-economic assumptions of the national budget.

Typhoons and earthquakes do not only rearrange the lay of the land, they can also refigure budgetary priorities.

A movement in LIBOR and GDP rates may, for example, alter the budget but not in an intensity that an earthquake, like the one which rocked Bohol, can trigger spending adjustments.

So when *Yolanda* blew away houses, it also knocked down a few of the scaffoldings upon which this budget is made.

And when Zamboanga burned, a small part of the budget was gutted too.

A proposed budget cannot be impervious to disasters. When a cluster of catastrophes strikes, a proposed budget cannot be immune to changes as well.

Because for it to end up as relevant and responsive, the proposed budget must be amended, adjusted so that it can meet new challenges which were not present during its creation.

Especially one that is reputedly built bottom up. And if it remains true to its "bottom up" credentials, then it must accept that a large part of the "bottom" has changed.

In just the past 90 days, this country had been hit by two typhoons, the latest of which was the strongest on record; a 7.2 magnitude quake; and a failed insurgent takeover of a major city which razed 10,160 homes to the ground.

*Yolanda* alone affected 11.3 million people or over 10 percent of the population.

The damage from the quadruple hits is so great that it is as if disasters had chosen the Philippines as their convention site this year.

Against this backdrop, what should we do with the proposed budget before us? Will we just let it stand as it is with cosmetic editorial corrections? Or shall we recast it so it can be a tool for reconstruction?

I think the answer to that is as obvious as the shredded coconut trees of Tacloban. The strongest storm on record must create the largest reconstruction fund in history.

I am not, however, calling for a total overhaul of this budget. There is no need to unleash the budgetary equivalent of *Yolanda* which will leave no item standing in the General Appropriations Bill.

What I am proposing is that we tweak the budget to carve budget space for the reconstruction of Zamboanga, Bohol and *Santi*-and *Yolanda*-damaged places.

And on this, I am not the first to make such a proposal. In fact, many of our colleagues here have put forward theirs, by installment, either through bills or statements to the press.

For example, the good Senate President is on record batting for the inclusion of a P10-billion CARE or Calamity Assistance and Relief Efforts Fund in next year's budget.

Our Senate Finance Committee chairman, in between art lessons, I assume, has painted the broad strokes of a reconstruction fund anchored on tapping the P20 billion earmarked for unfilled government staff positions.

For his part, Senator Trillanes has filed a National Calamity Recovery, Rehabilitation and Reconstruction Fund Bill, to be bankrolled by the Malampaya Fund, his version of a gas-to-reconstruction pipeline.

Senators Pia and Alan Cayetano have both proposed the rechanneling of the Senate's P4.8-billion PDAF to reconstruction. On this, I agree that we should pound pork barrels into plows, and houses, and schools and hospitals.

Sen. Loren Legarda has suggested an invigorated National Greening Program as a source of cash-for-work jobs for victims and as a way of boosting their communities' resistance to risks.

I have also read in the papers that Senator Binay is calling for a moratorium in the payment of LGU debts.

On my part, I have proposed a draft of proposals but let me just cite three:

- The realignment of two items in the Un-programmed Fund – the opaque P30-billion Risk Management Program and the vague P25-billion Debt Management Program – for the rebuilding of hospitals and schools, the construction of homes, and additional subsidy to local government units;
- The mobilization of a portion of the P70-billion Coco Levy Fund for the rehabilitation of coconut and other farm lands;
- The utilization of the Malampaya Fund for the restoration of power in storm-damaged areas.

In my view, not all proposals require the appropriation of funds. Some could be about rewriting the provisions governing their use.

For example, we can propose the acceleration of IRA releases, or the prioritization of disaster-areas in school construction.

We can even reiterate in the General Provisions of the GAB, the tax-free treatment of donated relief goods coursing through the government.

In the case of nipping amounts from programs and tucking them into calamity relief, the proposed budget presents many opportunities.

By simply deducting P500 million from the bureaucracy's P12.3 billion travel fund for 2014, we can already build 900 temporary bunkhouses that can house 10,800 families.

By lopping off P1 billion from the P12.1 billion allotted for utilities like electricity and water, we can have the money to repair 3,000 classrooms.

*Kaltasan lang po natin ng P200 million ang P4.7 billion na budget para sa text-talk-and-chat, ay pwede na po tayong magpagawa ng 20,000 na banca para sa mga manginisda*, which we should do, because relief is giving them cans of sardines. Rehabilitation is about empowering them to fish again.

I know that all of you here are percolating similar, if not better, proposals, and I am sure that the good chairman of the finance committee will take all of them into consideration at the proper time.

If the reconstruction fund were a tapestry, these will be the threads that will be used in weaving it.

I cannot, however, divine what will become of our proposals. The threat of a veto is always there. The possibility of their non-acceptance by the bigger House cannot be ruled out.

But instead of being immobilized by fear, let us act on the belief that the better angels of their nature will prevail.

After all, I am heartened by the fact that the administration is crowdsourcing ideas on how to bring as many people on the path to recovery as fast as possible. This will be in response to their call.

And, let us assure them that we will be doing it responsibly. Tweaking the budget should not be read as weakening it. On the contrary, it strengthens it by infusing inputs which were absent during its preparation.

We are also not turning the budget upside

down. Remember that the P20 billion proposed by Senator Escudero is not even one percent of the total budget.

*At sadyang mas malaki po talaga ang pangangailangan. Sa sobrang barat na po na food budget na P50 bawat tao, bawat araw — ito na yung sinasabi nila na Philippine prison standards — ay gugugol tayo ng P210 million sa loob ng siyamnapung araw para sa 1.4 million na katao na pati ang kalan at kaldero ay tinangay ni Yolanda.*

Increasing the reconstruction fund will certainly do more good than harm. Let us build on what Senator Escudero has started. Even if increased calamity relief would nudge the deficit a little bit up, it is still the best tack, because we cannot scrimp our way out of a disaster, we can only spend our way out of it.

*Huwag po tayong matakot sa budget deficit. Ang katakutan natin ay ang deficit sa aid.*

Whatever the fate of our suggestions will be, at least we can tell our people —those who mourn loved ones, those who queue for food, those who spend dark nights in destroyed homes — that we did our duty in making a budget made possible by their tax payments an instrument of their salvation.

In times of disaster, the role of a leader is to be a dealer of hope.

And so must the national budget. Without that, this budget will be weighed and found wanting.

## COSPONSORSHIP SPEECH OF SENATOR GUINGONA

Senator Guingona, Finance Subcommittee E chair, delivered the following speech:

I rise to sponsor the budget of the following agencies: the Department of Health (DOH), the Commission on Higher Education (CHED) and the State Universities and Colleges (SUCs); institutions under the Office of the President; and the housing agencies.

In line with the vision of ensuring that the poorest sectors benefit substantially from the growth momentum, we will increase the budget of the Department of Health by P34 billion from the current year's budget, to pursue universal health care, particularly for

preventive health care services and health insurance coverage for 14.7 million poor and near-poor families.

The P85.12 billion proposed appropriation for health next year is seen to accelerate our progress in the achievement of the health MDGs by infusing funds for immunization, deworming and micronutrient supplementation for children. It will also lower the number of mothers dying of childbirth by training and deploying health personnel to poor localities and improving health facilities around the country. It will also fund programs for the control and prevention of infectious/emerging diseases such as HIV/AIDS, tuberculosis and malaria.

To help our young people realize their individual and collective potentials and consequently, spur the country's competitiveness, we will increase the budget for the Commission on Higher Education by P5.37 billion next year to provide assistance, scholarships and incentives. Aside from expanding access to education and training, CHED's P8.15 billion budget for 2014 will aid in the development of competencies required for inclusive growth, particularly in key employment generating sectors. State universities and colleges will also receive an additional P1.8 billion in their budget.

Programs of offices in charge of coordinating poverty alleviation efforts, of pursuing peace between the government and other groups, and of overseeing the welfare of women and athletes will also be adequately funded next year.

On the other hand, the budget for housing agencies faces the daunting challenge of providing shelter to an increasing number of poor Filipinos whose homes have been destroyed by calamities, both natural and man-made. This is where we have to tap the private sector to get actively involved in housing and land development and call on our banking sector to augment limited public funds in reducing our housing backlog.

In the aftermath of *Yolanda*, it is up to us to translate to majority of our countrymen what a positive economic outlook means.

By passing a national budget that allocates efficiently and responds effectively to their needs, we give them a fighting chance not just to merely survive, but to be productive and live with dignity.

It is up to us to make them see a glimmer of hope beyond the rosy figures.

## SUSPENSION OF SESSION

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

*It was 10:40 a.m.*

## RESUMPTION OF SESSION

At 10:41 a.m., the session was resumed.

## COSPONSORSHIP SPEECH OF SENATOR OSMEÑA

Senator Osmeña, Finance Subcommittee B chair, delivered the following speech:

As chair of Subcommittee B of the Senate Committee on Finance, it is my privilege to present for consideration of this Chamber the FY 2014 budget proposals for the attached agencies and corporations of the Department of Energy, Department of Trade and Industry, and Department of Transportation and Communications; and also the three (3) energy-attached corporations. Your subcommittee report is the product of almost 18 hours of budget hearing days.

As submitted by the President, the total proposed new appropriations for the departments/agencies and corporations which were scrutinized by Subcommittee B through budget hearings amount to Sixty-Four Billion Four Hundred Thirty Million Five Hundred Eighty-Six Thousand Pesos (P64,430,586,000), as follows:

### *Department/Agencies*

Department of Energy	3,259,376,000
Department of Trade and Industry	4,401,338,000
Department of Transportation and Communications	45,161,306,000
Other Executive Offices	210,689,000

### *Budgetary Support Government Corporations*

Department of Energy, including the National Power Corporation	9,675,800,000
Department of Trade and Industry	271,443,000
Department of Transportation and Communications	344,000,000
Other Executive Offices	1,106,634,000

### *The Fiscal Year 2014 President's Budget and the General Appropriations Bill*

After comparing the 2014 President's Budget with that of the General Appropriations

Bill (GAB) or House Bill No. 2630, it was noticed that the House of Representatives basically approved the budget of the agencies and corporations under jurisdiction without much amendments except for realignments within the Department of Transportation and Communications (DOTC); the attached energy corporations; the National Power Corporation and the Philippine National Oil Company and a Special Provision under the National Power Corporation. These findings were based on the errata issued by the Department of Budget and Management (DBM) dated 27 September 2013. The realignment and adjustments are as follows:

### *Department of Transportation and Communications*

The Six Million One Hundred Twenty-Eight Thousand Pesos (P6,128,000) realignment from the Office of the Secretary to the Civil Aviation Board shall be intended for the following programs/activities:

- General Administration and Support – P4,300,000;
- Policy Formulation for the Development of Air Transport – P100,000;
- Conduct of Hearing on Applications of Permits and Other Authorization – P100,000;
- Grant of Certification of Public Conveyance – P100,000; and
- Other Related Services for the Regulation of Civil Aviation – P1,528,000.

The realigned amount will enhance the CAB's monitoring of airline services in international and domestic airports in accordance with the Bill of Rights of Air Passengers and Carrier Obligations.

Another adjustment in the Office of the Secretary was a correction in location from "Construction of the Roro Port, Brgy. Calumpang, Balud, Masbate" to "Construction of Mandaon Port, Masbate" amounting to Ninety Million Pesos (P90,000,000).

The increase of P2,489,600,000 for the implementation of the Plate Standardization Program under the Motor Vehicles Registration System (MVRS) and P1,100,000,000 for the rehabilitation of the NAIA Terminal, a new locally-funded project, were taken from three existing foreign-assisted projects: LRT Line 1 Cavite Extension of P1,600,000,000; LRT Line 2 Extension Project in the amount of P989,600,000; and the New Bohol (Panglao) International Airport Development Project in the amount of P1,000,000,000.

### *Attached Energy Corporations*

*National Power Corporation.* The increase in the Personal Services of P6,824,000 and Maintenance and Other Operating Expenses in the amount of P20,780,000 were taken from the Input VAT under NPC's Corporate Funds. This realignment was requested by the Corporation.

*Philippine National Oil Company.* The amount of P505,350,000 were deducted from the allocation for the General Administration and Support in order to accommodate the operation's requirements for MOOE and capital outlay amounting to P90,050,000 and P415,300,000, respectively. The realignment of funds was initiated by the House of Representatives to reclassify the Major Final Output (MFO) of the Corporation.

### *Special Provision*

To allow the use of corporate funds to wind down the activities of the Bataan Nuclear Power Plant, Special Provision No. 8 under COB-National Power Corporation had been revised, to wit:

From: FY 2014 New Expenditure Program:

8. Restriction on the Use of Corporate Budget. No amount authorized herein shall be used for the Bataan Nuclear Power Plant (BNPP): *PROVIDED*, That the DOE shall review the existing structure and operations of the BNPP and submit its recommendation for approval of the President of the Philippines on the proper course of action to be taken on said power plant.

To: FY 2014 General Appropriations Bill

8. Maintenance of the Bataan Nuclear Power Plant. The maintenance and other operating expenses of the Bataan Nuclear Power Plant appropriated under Item 6.b shall not exceed Twenty Seven Million Six Hundred Four Thousand Pesos (P27,604,000) in order for NPC to wind down its activities for the Bataan Nuclear Power Plant to its barest essentials.

### *The Fiscal Year 2014 General Appropriations Bill or House Bill No. 2630 and Subcommittee B recommendations on the proposed budgets under jurisdiction*

#### 1. Department of Energy

As mandated by RA 7638 or the Energy Act

of 1992, the Department of Energy is the one that prepares, integrates, coordinates, supervises and controls all plans, programs, projects and activities of the government relative to energy exploration, development, utilization and conservation. For Fiscal Year 2014, the Department of Energy has proposed a budget of P3,259,376,000 to carry out its mandated functions, plans and programs, activities and projects.

The Subcommittee recommends an additional P40,000,000 for its locally-funded project for electrification of *Bayani or Bayan ni Juan sa Southville 7* project in Calauan, Laguna.

#### 2. Department of Trade and Industry

The Department of Trade and Industry covers the budgets of the following attached agencies: Office of the Secretary, Board of Investments, Construction Industry Authority of the Philippines, Construction Manpower Development Foundation, Philippine Trade Training Center and Design Center of the Philippines. The Subcommittee recommends the approval of the DTI budget which is P4,401,338,000 as contained in House Bill No. 2630.

However, Subcommittee C chaired by Sen. Loren Legarda in a letter to this subcommittee, is proposing an amount of P5,000,000 as an additional budget for the promotion and development of small and medium industries in the regions NCR-Central Office.

The amended budget for the Department of Trade and Industry will now amount to P4,406,338,000.

#### 3. Department of Transportation and Communications

The Department of Transportation and Communications (DOTC) has seven regular agencies attached to it, namely: Office of the Secretary, the Civil Aeronautics Board, the Maritime Industry Authority, the Office of Transportation Cooperatives, the Office for Transportation Security, the Philippine Coast Guard and the Toll Regulatory Board. The Subcommittee recommends the budget of P45,161,300,000 as contained in House Bill No. 2630.

The Committee on Finance, (Subcommittee A) under the chairmanship of Sen. Francis "Chiz" Escudero, proposes an amount for a Quick Response Fund in the amount of P300,000,000. The fund shall be lined up as one of the locally-funded projects under the DOTC-Office of the Secretary with the proposed amendment, the DOTC budget will now amount to P45,461,306,000.

#### 4. Other Executive Offices

The Energy Regulatory Commission, as mandated by RA 9136, has a budget of P210,689,000 for Fiscal Year 2014. The Subcommittee recommends the approval of said budget as contained in House Bill No. 2630.

#### 5. Budgetary Support to Government Corporations

##### 5.1. Department of Energy

The two attached corporations under the Department of Energy are the National Electrification Administration with a subsidy of P7,675,800,000 and the National Power Corporation with an equity of P2,000,000,000. The Subcommittee recommends approval of these budgets of the two attached corporations as contained in House Bill No. 2630.

##### 5.2. Department of Trade and Industry

###### a. Aurora Pacific Economic Zone and Freeport Authority

The Subcommittee recommends a cut of P55,000,000 in the budget of the APECO.

With the proposed cut, the recommended subsidy of APECO will now amount to P21,000,000.

###### b. Center for International Trade Expositions and Missions (CITEM) and the Cottage Industry Technology Center (CITC)

The Subcommittee recommends the approval of the subsidies both for CITEM and CITC in the amount of P186,443,000 and P9,000,000, respectively, as contained in House Bill No. 2630.

However, the subcommittee under Sen. Loren Legarda is proposing an amount of P4,000,000 for trade promotion activities for the Hibal Pavilion Exhibition.

The amended amount for CITEM will now be P190,443,000.

##### 5.3 Department of Transportation and Communications –

###### *Philippine National Railways*

The National Government Subsidy of P344,000,000 is being recommended for approval as contained in House Bill No. 2630.

#### 5.4 Other Executive Offices

###### a. Authority of the Freeport Area at Bataan

The Subcommittee recommends the approval of the National Government Equity amounting to P100,000,000 as contained in House Bill No. 2630.

###### b. Cagayan Economic Zone Authority

The subcommittee recommends a cut of P800,000,000 from the total budget of CEZA particularly from the Capital Outlays Equity portion of the budget.

With certain reduction on the capital outlays of the Cagayan Economic Zone Authority, its total budget will now amount to P90,886,000.

###### c. Credit Information Corporation

The Credit Information Corporation (CIC) is a newly created government owned-and-controlled corporation that is envisioned to be the leading provider of independent, reliable and accurate credit information in the Philippines. It was created in 2008 by virtue of Republic Act No. 9510, otherwise known as the Credit Information Systems Act (CISA).

For Fiscal Year 2014, the CIC requested an additional funding of P105,709,000 to the Department of Budget and Management (DBM). The proposed request will be for Personal Services in the amount of P66,786,000 to support a plantilla of 36 employees, mainly high-level ICT, Operations and Marketing Staff needed to start operations; Maintenance and Other Operating Expenses (MOOE) in the amount of P32,570,000 to support requirements of new office site to house a bigger organization and its operations; and Capital Outlays of P6,353,000 to fund security systems and integrated financial system. However, only P33,748,000 has been recommended as National Government Subsidy to the CIC. In this light, the Subcommittee recommends the restoration of the amount reduced by the DBM which is P71,961,000. This amount will help the CIC to expand capabilities and meet targets by being operational by the first quarter of the Fiscal Year 2014.

With the Subcommittee's proposed restoration of P71,961,000, the Credit

Information Corporation's recommended subsidy will now amount to P105,709,000.

*d. Zamboanga City Special Economic Zone Authority*

The Subcommittee recommends approval of the National Government Subsidy and Equity for the ZSEZA in the amount of P82,000,000 as contained in House Bill No. 2630.

The Subcommittee also recommends approval of the budgets of the following Energy Attached Corporations as contained in House Bill No. 2630: National Electrification Administration — P13,340,438,000; National Power Corporation P14,160,624,000; and Philippine National Oil Company — P1,171,178,000.

In summary, this Subcommittee wishes to enumerate the budgetary allocations of the following departments/agencies/corporations with amended amounts as follows:

<i>Department/Agencies/ Corporations</i>	<i>Senate Version</i>
<b>GRAND TOTAL</b>	
SUBCOMMITTEE B	<b>P63,996,547</b>
Total, Attached Regular Agencies	<b>53,377,709</b>
Total, Attached Corporations	<b>10,618,838</b>
<b>Department and Agencies</b>	<b>53,377,709</b>
A. Department of Energy	3,299,376
B. Department of Trade and Industry	4,406,338
C. Department of Transportation and Communications	45,461,306
D. Other Executive Offices	210,689
<b>Budgetary Support to Government Corporations</b>	<b>10,618,838</b>
A. Department of Energy	9,675,800
B. Department of Trade and Industry	220,443
C. Department of Transportation and Communications	344,000
D. Other Executive Offices	378,595

The Subcommittee requests approval thereof.

The Chair directed the Secretariat to secure copies of the sponsorship speeches for distribution to the senators.

### **RESERVATION OF SENATOR ENRILE TO INTERPELLATE**

Senator Enrile manifested his intention to interpellate on the budgets of all agencies of government and requested a copy of the sponsorship speeches.

### **SUSPENSION OF SESSION**

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

*It was 10:50 a.m.*

### **RESUMPTION OF SESSION**

At 10:50 a.m., the session was resumed.

### **COSPONSORSHIP SPEECH OF SENATOR LEGARDA**

Senator Legarda, Finance Subcommittee C chair, delivered the following speech:

It is my privilege to sponsor the budget of the agencies under Finance Subcommittee C consisting of the Department of Environment and Natural Resources (DENR), the Department of Foreign Affairs (DFA), the Department of Justice (DOJ), the Department of National Defense (DND), and selected agencies under Other Executive Offices — the Anti-Money Laundering Council, Climate Change Commission, Commission on Filipinos Overseas, Commission on the Filipino Language, National Commission for Culture and the Arts, National Commission on Indigenous Peoples, Pasig River Rehabilitation Commission, and the Cultural Center of the Philippines.

Recently, I was given the honor to lead the Philippine delegation to the 37<sup>th</sup> General Conference of UNESCO in Paris, France. The Philippines' Policy Statement which I delivered mirrored the primacy of environmental protection, disaster risk reduction and preparedness, cultural and heritage promotion and preservation, peace building and sustainable development. These are some of the key thrusts of the agencies whose budget I will be sponsoring.

### **REQUEST OF SENATOR SOTTO**

Senator Sotto asked that all senators be furnished with a copy of the sponsorship speeches of Senators Recto, Guingona, and Osmeña.

This year, we have so far experienced 25 typhoons—the strongest of which, super *Typhoon Yolanda*, internationally known as *Haiyan*, mercilessly pounded the Philippines so close to the heels of a powerful earthquake that rocked Central Visayas.

More than 3,000 have perished and three million lives altered.

On October 15, a 7.2 magnitude earthquake with an epicentre at Sagbayan, Bohol, released energy reportedly equivalent to 32 Hiroshima atomic bombs. It killed at least 222 individuals and destroyed homes and infrastructure, including centuries-old churches.

It would be fatal to think that the only task at hand is that of providing relief, rehabilitation, and reconstruction. Obviously, after registering the single deadliest disaster in the world in 2012 with 1,901 dead, much work remains to be done in building safe and resilient communities. A vital component of this colossal task is a climate-sensitive and disaster risk reduction-proofed budget.

For the Department of National Defense (DND), a budget worth P82,245,071,000 is proposed. The Department has the fourth biggest budget based on the National Expenditure Program.

The DND is among the agencies integral to building a resilient nation. The continuing modernization of the AFP should be sufficiently funded without delay. The defense of this country starts at home, and we must provide our AFP the wherewithal to fulfill its mandate of protecting the Filipino people not only from external and internal threats, but also from the destructive consequences of natural hazards.

The DND is the mother agency of the National Disaster Risk Reduction and Management Council (NDRRMC), which is the lead office in our resiliency efforts, along with the Armed Forces of the Philippines, whose soldiers play an important role in rescue and relief efforts, as well as in environmental protection activities.

The gallant efforts of our soldiers to protect our nation and citizens should not go unnoticed; thus, we have supported the increase in their subsistence allowance.

I would also like to stress the crucial role of the NDRRMC in averting disasters and strengthening community resilience. Under the DND budget, P670,603,000 will be allotted for the Office of Civil Defense, which is the secretariat of the NDRRMC.

In line with this and in accordance with Republic Act No. 10121, The Philippine Disaster Risk Reduction and Management Act of 2010, the term “calamity fund” will be replaced by the “National Disaster Risk Reduction Management Fund.” This will ensure that funding will be provided to prevent the loss of lives and to prevent natural hazards from turning into disasters. Still, much needs to be done in terms of organizing our DRRM efforts. We must endeavor to prevent huge losses by strengthening risk governance, promoting awareness and education, and strengthening early warning and response preparedness.

Environmental protection and conservation efforts form part of an effective disaster resilience plan. I have said it time and again that as an archipelagic country, the Philippines is at heightened risk. Seventy percent of our cities and municipalities are in coastal areas, thus, they are highly vulnerable to tropical storms, tsunamis, flooding and storm surges. We must therefore strengthen our communities’ natural protection from these hazards.

Mangrove reforestation and rehabilitation of coastal wetlands will help coastal barangays strengthen their natural protection from storm surges. Coastal and marine management under the DENR should be given full support in the light of the rapid Philippine ecosystem’s rapid decline.

The proposed budget for the DENR is P23,345,621,000, which includes approximately P6 billion for the National Greening Program (NGP).

The budget for the NGP includes P2.488 billion for seedlings, planting activities, and site maintenance and protection. With this amount, we can purchase 164,646,538 seedlings to be planted on 300,000 hectares of land.

The National Greening Program, which has covered a total of 350,321 hectares since its commencement, must be implemented at full speed and the DENR must encourage parallel efforts and enter into partnerships with our state universities and colleges (SUCs) and private organizations.

The DENR budget also includes P10 million for the Development, Updating and Implementation of the Operational Plan for the Manila Bay Coastal Management Strategy pursuant to the Supreme Court Decision under GR No. 171947-48.

The Committee on Environment and Natural Resources has been briefed by agencies tasked

by the Supreme Court to operationalize the Manila Bay Clean-up and while we take note of the challenges, we must not further delay this program because the Manila Bay affects the life and livelihood of at least 23 million Filipinos and the bay's polluted waters affect the health of those living within its watershed. The Manila Bay should not continue to exist in squalor.

Meanwhile, in the area of cultural and heritage preservation and promotion, we need to actively showcase our colorful and diverse traditions locally and internationally. A flourishing arts and culture serves as a tribute to the greatness of our people. We need a cultural renaissance as this can serve as a positive rallying point for our people who are spread across the globe in more than 120 countries.

Without a doubt, the Filipino artistry and culture, especially that of our indigenous peoples, would leave other nations in awe. Hence, we encourage the DFA to strengthen our cultural diplomacy.

We have allocated P12,130,738,000 for the DFA to support its mandate of promoting the country's foreign policy and protecting the interest and concerns of Filipino overseas workers and migrants, as well as to engage the international community on a cultural level.

Meanwhile, local efforts to promote and preserve our heritage, as well as to showcase the outstanding skills and document the traditional knowledge of our indigenous communities, should continuously flourish. It is in this regard that we have provided the following budget allocations for the cultural agencies:

- P83.5 million for the Commission on Filipinos Overseas;
- P49.74 million for the Commission on the Filipino Language; and,
- P877.66 million for the National Commission on Indigenous Peoples.

For the National Commission for Culture and the Arts, we are proposing P29.28 million; P352 million for the National Historical Commission of the Philippines; P194 million for the National Library; and, P102 Million for the National Archives.

Moving on to the budget for the Department of Justice, we have allocated P10,814,658,000 to support the law enforcement capabilities and improved infrastructure facilities for its attached agencies such as the National Bureau of Investigation, Bureau of Immigration, and Bureau of Corrections, among other agencies.

We have also proposed funding for the information drive of the Inter-Agency Council Against Trafficking (IACAT).

For Other Executive Offices under Finance Subcommittee C, the following budget allocations have been proposed:

- P28.605 million for the Anti-Money Laundering Council;
- P81.827 million for the Climate Change Commission; and
- P468.278 million for the Pasig River Rehabilitation Commission.

Furthermore, Subcommittee C allocated P234 million for the Cultural Center of the Philippines; while P4.815 billion is being proposed for the International Commitments Fund.

In closing, I wish to highlight that at the core of our efforts in heritage conservation and management, peace building, and in promoting sustainable development is engagement with communities, and private-public-people partnerships. The government works for the people and with the people and so we must craft a national budget that will equip our countrymen with the means to stand strong in the face of highly destructive natural hazards; create resilient and safe communities; and build a more peaceful society where citizens are deeply steeped in their arts and culture, reflecting the true Filipino soul.

## SUSPENSION OF SESSION

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

*It was 11:10 a.m.*

## RESUMPTION OF SESSION

At 11:15 a.m., the session was resumed.

## DEBATE ON GENERAL PRINCIPLES

Senator Recto said that the Body would discuss the macro general principles and that Senator Sotto has manifested his desire to ask questions.

## INTERPELLATION OF SENATOR SOTTO

Preliminarily, Senator Sotto observed that Senator Escudero used new terminologies in his sponsorship of the proposed 2014 national budget.

Asked to explain in layman's term "performance enhanced budgeting," Senator Escudero explained that performance enhanced budgeting highlights the expenditure and expected output of each department so that Congress would be able to monitor if a particular program or project has been executed.

Asked if this was the first time this concept was used and applied in the budget, Senator Escudero explained that this system is embodied in an internal document which the DBM has used with various agencies, and that this was the first time that it was introduced in the budget. He said that it is a work in progress and some refinements would be seen in the following years and in the course of the deliberations, particularly on refining or redefining the purposes and outputs of the funds appropriated for each agency. He pointed out that it would be easier for Congress to exercise oversight functions because the expected output has been indicated for each appropriation.

As regards bottom-up budgeting, Senator Escudero explained that it is an approach to budget setting wherein the national government consults with the local government units (LGUs) and local communities to determine what poverty reduction projects can be implemented in every municipality. He said that the details of the projects under the bottom-up budgeting amounting to P20 billion could be found in one of the budget documents submitted to the Committee on Finance.

With respect to zero-based budgeting (ZBB), Senator Escudero explained that it would involve the periodic review and evaluation of the agencies' major ongoing programs and projects in order to assess their relevance to be able to determine whether the level of resources allocated should be kept, adjusted or discontinued. He said that according to the DBM, ZBB was the approach used in the entire 2014 General Appropriations Act.

Noting that agreements have been made between government agencies and civil society organizations (CSOs) in the government's drive towards inclusive development, Senator Sotto asked who accredits the CSOs. Senator Escudero replied that President Aquino signed an executive order that would allow the CSOs and NGOs to be accredited by any agency of the government, such as the DSWD and DBM, pursuant to their respective rules and regulations. He said that such partnership agreements between government agencies and some NGOs were not only meant to

consult them in the crafting of the national budget but also to monitor them. He cited, for instance, the DPWH, which has a memorandum of agreement (MOA) with CSOs that would monitor and report whether or not DPWH projects have been properly implemented.

Asked on the process used in accrediting NGOs and CSOs, Senator Escudero explained that the new procedures for accreditation were agreed upon by the DBM and DSWD, and each of the CSOs and NGOs in the consolidated list was subjected to the same procedure so that there would be no finger-pointing in case the funds allocated to them are misused.

Asked if there are safeguards in place against ghost CSOs and NGOs, Senator Escudero said that according to DBM Secretary Abad, pursuant to the Budget Partnership Agreement, if an NGO or CSO participates in the crafting of the budget of a particular agency, it is prohibited from participating in any project implementation to avoid conflict of interest. He said that in the wake of several instances of fund misuse as reported by the Commission on Audit (COA), the particular provision was included as Section 64 of the General Provisions of the 2014 GAA to show who are liable in case of fund misuse.

Senator Sotto noted that in his sponsorship speech, Senator Escudero mentioned that the P3.2 billion cut on the Priority Development Assistance Fund (PDAF) was deducted from the four agencies where the House of Representatives decided to "temporarily park" the PDAF allocation of the senators, namely, the Commission on Higher Education (CHED), the Department of Health (DOH), the Department of Labor and Employment (DOLE) and the Department of Social Welfare and Development (DSWD). He then asked Senator Escudero what he meant when he said "temporarily park." Senator Escudero explained that in the 2014 budget submitted to Congress, the specific amount of P25 billion representing the PDAF allocation of P70 million per congressman and P200 million per senator was realigned and disaggregated by the House of Representatives through a line item list of DPWH projects worth P24.5 billion and the balance was distributed in various percentages over the four agencies mentioned.

Specifically with regard to the P200 million per senator or P4.8 billion PDAF allocation,

Senator Escudero said that the fund was distributed by the House of Representatives to the four agencies at 25% allocation, or P1.2 billion per agency, because the Senate at that time has not yet decided on what to do with their PDAF allocations as originally proposed. He said that the figure of P3.2 billion was arrived at when 15 senators agreed to remove their PDAF allocations from the budget, which is equivalent to P3 billion, plus the P200 million that came from the PDAF allocation of the Office of the Vice President which the Vice President requested to be deleted from the budget.

Moreover, Senator Escudero informed the Body that the Committee on Finance had proposed a provision that all lump-sums, including the PDAF abolished by the House of Representatives, should be subject to Section 35 of the Revised Administrative Code, which requires the submission of a special budget to the DBM, copies thereof furnished the House Appropriations Committee and the Senate Committee on Finance, indicating therein how the funds would be utilized in order that it could become part of the proposed 2014 GAA.

Senator Sotto noted that in the previous years, 50% of the total budget allocation usually went to Luzon, and 50% was shared between Visayas and Mindanao. But he believed that Visayas and Mindanao should have a bigger share in the allocation of funds as they are the poorest in the country, especially in light of the recent calamity in Visayas. Asked on the percentages of budget allocation for Luzon, Visayas and Mindanao, Senator Escudero replied that after subtracting allocations to the central offices, where the bulk of the expenditures are placed, the allocation, in general, would be as follows: NCR, 22%; Luzon, 35%; Visayas, 17%; Mindanao, 24%. He said that since the DBM and the various agencies have submitted their budget proposals before the earthquake and *Typhoon Yolanda* hit most part of the Visayas, adjusted budget proposals would have to be submitted to reflect the budgetary needs in the area hit by the disasters.

Asked on the adjustments that the Committee on Finance would have to make in view of the recent calamities and disasters that hit the country, Senator Escudero replied that the various government agencies are still in the process of evaluating the actual cost of damage as well as the cost of rehabilitating and rebuilding the devastated areas, data of which would be submitted the following week. He assured the

Body that the DBM Secretary would be making realignments in the budgets of the agencies to address their respective needs, including the proposal of the Senate Committee on Finance to establish a rehabilitation fund. He placed on record that the Committee on Finance tried to be as conservative as it could in proposing the amount of the rehabilitation fund.

Asked how long it would take to finish the 2014 GAA deliberations, and whether it would be finished by November 28, Senator Escudero said that after the interpellations, and the amendments have been submitted, the DBM would be ready with the adjustments by December 4.

Asked what items in the budget would be realigned to help the victims of *Typhoon Yolanda*, Senator Escudero replied that reallocations would be done in the existing budgets of the agencies in the affected areas and of portions of the Miscellaneous Personnel Benefits Fund. He said that part of the Unprogrammed Fund would also have to be reprogrammed because loans would be coming and considering that there are pledges for the construction and rehabilitation of the devastated parts of the country.

On whether the proposed 2014 budget took into consideration the agricultural sector which has remained one of the most neglected sectors, particularly in the Visayas and Mindanao, Senator Escudero stated that the NDRRMC's running estimated cost of damages in agriculture as a result of *Typhoon Yolanda* is P4.6 billion, broken down as follows: rice – P2.4 billion; corn – P0.2 billion; and high-value crops – P1.9 billion. He said that the figures do not include yet what would be reported in the coming days. He said that the proposed 2014 budget for the Department of Agriculture before the natural calamities happened was P80.7 billion, an increase of P4.43 billion from its 2013 figure. He added that there are some funds in other departments that would benefit the DA, among which would be the P12 billion farm-to-market roads to be implemented by the DPWH.

On whether the issue of realignment would be part of the concerns to be resolved before December 4, Senator Escudero assured the Body that the Committee would be transparent and the Members would be informed about proposed realignments.

Senator Escudero informed the Body that he, together with Senator Recto, filed a resolution urging

the Executive branch to allocate part of the coco levy funds recovered by the government to areas affected by the natural calamities, in particular Region VIII which is a coconut-producing region. He said that Congress can utilize off-budget items to help the agricultural areas damaged by *Typhoon Yolanda*.

At this juncture, Senate President Drilon informed the Body that during the hearing of the Committee on Agriculture on November 18, the Department of Agriculture submitted an initial estimated agricultural production loss of P9 billion.

Noting that a big part of the budget, or that P1.1 trillion has been allocated to the various departments/agencies, Senator Sotto expressed concern that half of the budget which comprises the Special Purpose Funds, Unprogrammed Funds, and the Automatic Appropriations which are under the control of the Executive department, could be abused. He said that there are items in the Special Purpose Funds that could be integrated in agencies such as the DepEd's school building program and the Miscellaneous Personnel Benefits Fund.

Senator Escudero stated that the Committee had looked into the matter and has decided that even if it could itemize the projects, it would only make the budget long. He said that the Committee has instead included the items by reference to the budget.

As regards the Special Purpose Funds, Senator Escudero stated that the Committee tried to break up some of the lump-sum items such as the calamity fund of the President. He said that after the calamities, the Committee might break it up and allocate it to various agencies, a big chunk of which would go to their Quick Response Funds.

As regards the lump-sums, Senator Escudero stated that the Committee has proposed special provisions, so that before the funds are released, they should be subject to Section 35 of the Revised Administrative Code which requires that before the lump-sum amounts could be released, a special budget should be submitted to DBM, copy furnished Congress and COA, in order to see the itemized utilization of the lump-sum so that it would still be made part of the budget even after the approval of the same. He affirmed that the Committee has made adjustments so that some of the Special Purpose Funds would directly fund appropriate agencies.

On whether the adjustments would minimize the issue of pork barrel and the operation of the DAP, Senator Escudero stated that most common among the various definitions of pork barrel is that the legislator is given a role or participation insofar as the release and utilization of the fund after the budget is approved. He said that he would use the definition since any other definition would constitute an abandonment of Congress' power to review the budget and to wield the power of the purse as provided in the Constitution.

With regard to lump-sums items, Senator Escudero stated that even if special provisions covering reportorial, transparency and accountability are in place, Congress cannot abandon its duty of reviewing the budget, proposing amendments, and realigning it to other purposes as the need arises while the budget is being deliberated upon.

Asked how much is appropriated for the 13<sup>th</sup> month pay of government employees, Senator Escudero replied that each employee is given one month salary plus a cash gift of P5,000. He said that for 2013, the year-end bonus amounted to P24,164,887,000.

As to how much it would cost the government if the proposed bill providing for a 14<sup>th</sup> month pay for government employees would be passed into law, Senator Escudero stated that it would be less than double without the P5,000 cash gift. He said that if passed into law, government would have to identify its source which, at the moment, DBM could not identify.

Senator Sotto expressed confidence that the entire Senate would support the proposed measure.

Senator Escudero clarified that the 13<sup>th</sup> month pay amounting to P24 billion was only for civilian personnel. He said that if uniformed personnel were included, the year-end bonus would reach P32 billion, so that if the proposed bill is passed, the total amount of bonuses would be P52 billion.

Asked to compare the percentage of debt *vis-a-vis* the Gross Domestic Product, Senator Escudero stated that the outstanding debt for next year was placed at 47.4% which is lower than the current year's 49.22% of GDP.

Senator Sotto inquired if government assets would be put on sale in 2014 to help ease the budget deficit

and what the economic managers plan to reduce the national debt. Senator Escudero replied that for 2013, government earned P24 billion from the sale of the FTI but for 2014, it is not looking at any big-ticket items that it intends to sell.

On whether there are plans for Channels 9 and 13, Senator Escudero stated that the DOF is still working on several plans, including the two TV stations and that it would rather be on the conservative side and rely on revenues and improved collections for next year.

As regards the BRP *Ang Pangulo*, Senator Escudero stated that the ship was refurbished prior to the assumption of President Aquino.

Asked on the possibility of converting it into a floating hospital, Senator Escudero said that it was only intended to be a cruise ship, and since it could take long to convert it, he believed that it would be better for the government to sell it. Senator Sotto stated that he would not object to its sale as long as it would help the government.

Asked which agencies have intelligence funds for 2014, Senator Escudero cited the Bureau of Customs, BIR, NSA, Office of the President, NBI, PNP, DOJ and the Department of National Defense. He stated that the PAOCTF has its own intelligence fund of P500 million, while the Philippine Drug Enforcement Agency (PDEA) has P73.6 million. He said that both agencies are under the Office of the President.

On whether the DILG has an intelligence fund, Senator Escudero replied that it has an allocation of P20 million, while the PNP has P306.029 million.

As regards the current procedure governing the liquidation of intelligence funds, Senator Escudero stated that intelligence funds are subject to post-audit by the COA, but the Committee has proposed a provision in the 2014 budget that its utilization be submitted to the Committee on Finance in the Senate and the Committee on Appropriations in the House of Representatives in a sealed envelope addressed to the Senate President and the Speaker of the House.

Senator Sotto recalled that during the 2013 budget deliberations, Senator Arroyo, in his speech *en contra*, stated that "If you look at the budget as prepared by Malacañang, and the budget as approved by the House of Representatives, and the budget as we in

the Senate would approve, all these three look alike as if they are xerox copies."

Asked if the same observation could be said for the 2014 budget, Senator Escudero said that the House of Representatives realigned P25 billion representing the original PDAF proposals, and that most of its corrections were based on the "errata" submitted by the DBM; on the part of the Committee on Finance, while awaiting reports on the damages caused by recent calamities, it has changed in real amounts about P39.6 billion and inserted several special and general provisions on the proposed budget of the President.

Asked how the national budget would be funded, Senator Escudero said that 98% would come from revenues and borrowings, the projection of which would be broken down as follows: P1.879 trillion in tax revenues or 14.1% of GDP; P136.1 billion in non-tax revenues or 1% of GDP; and P2 billion from privatization efforts or .0001% of GDP. He said that the projected deficit for 2014 would be P266.2 billion or 2% of GDP.

As to the amount of revenue collections for 2013, Senator Escudero stated that the Bureau of Internal Revenue and the Bureau of Customs have already collected a total of P1.2537 trillion and P340 billion, respectively, or a total of P1.607 trillion.

Asked whether the waivers from PDAF would result in the reduction of the budget deficit by P3.2 billion, Senator Escudero answered in the affirmative, stating that the budget deficit would go down from P266.2 billion to P263 billion.

Asked on the possibility of reducing or deleting certain items from the budget of different departments which would be found to be in excess of the amount needed or otherwise proven impractical based on the utilization of their 2012 and 2013 budgets, Senator Escudero believed that it would be more prudent to spend the unutilized funds on the ravaged areas to spur growth and so as not to greatly affect the projected growth for the end of the current year as well as the following year. He believed that adopting the formula presented by Senator Recto in the rehabilitation and reconstruction of the affected areas in the country could spur growth in the coming year.

Senator Sotto noted that Senator Escudero did not read a part of his sponsorship that asks: "Sa

*gitna ng sigaw ng taong bayan ngayon na buwagin ang pork barrel, ano ang ating kasagutan?*" Senator Sotto asked what kind of national budget would be passed for the year 2014. Senator Escudero replied that the budget would have to be something that was proposed, carefully deliberated and enhanced by the Body, responsive to the needs of the people in light of the recent natural calamities and man-made catastrophes.

Senator Sotto also noted that Senator Escudero did not read some questions in his sponsorship speech relative to the pork barrel. In response, Senator Escudero said that PDAF, which requires the participation of the members of Congress after the approval of the budget, has been removed from the proposed budget for 2014.

#### **INQUIRY OF SENATE PRESIDENT DRILON**

Asked whether the reduction of the deficit caused by the waiver of PDAF in the amount of P3.2 billion would result in the reduction of the borrowings for the coming year, Senator Escudero answered in the affirmative.

#### **SUSPENSION OF SESSION**

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

*It was 12:11 p.m.*

#### **RESUMPTION OF SESSION**

At 2:12 p.m., the session was resumed.

#### **INTERPELLATION OF SENATOR ENRILE**

At the outset, Senator Enrile stated that the Minority is prepared to support the proposed budget of the President in light of the series of natural calamities that happened, starting with the strong earthquake that devastated a large portion of Bohol and several typhoons that hit Northern and Central Luzon and several provinces in Mindanao and the most recent super *Typhoon Yolanda* that passed through the provinces of the Visayas region that brought widespread death, massive destruction of houses, properties, infrastructure, livelihood, businesses and agriculture that brought physical and emotional sufferings, hunger, and disease among millions of Filipinos in the affected areas.

However, he said that as a voice of the Minority, it is his duty to examine the budget document that would authorize the national government to use the budget to fund the needs of the people, especially of the poor in the provinces and more importantly, those that were severely affected by the strong earthquake and *Typhoon Yolanda*. He said that he wanted to find out how the government would fund the new programmed appropriation of P2.268 trillion. He also asked if the revenue targets of the Bureau of Internal Revenue and the Bureau of Customs for the current budget year were realized.

Initially, Senator Escudero said that the Majority was not saying that it had all the information on the proposed budget for next year because he recognized that the inputs and suggestions of the Minority would be of great value in improving it.

As to the revenue collections, he stated that from January to September 2013, the actual collection of the BIR was P897.953 billion as against the projected revenue of P931.044 billion or a shortfall of P33.091 billion; the BOC actually generated P224.624 billion from the programmed collection of P250.437 billion, or a shortfall of P25.813 billion for the same period.

On whether the income taxes from the sale of goods and services were realized in 2012, Senator Escudero replied that the income taxes also included collections from the current year.

On whether the BIR would be able to collect the same level of income taxes next year in view of the several calamities and disasters that hit the country this year, Senator Escudero said that according to NEDA and the BIR, the revenue generated from the affected areas is equivalent to 1.6 % of the total revenue collection of the national government.

Senator Enrile expressed doubt on the NEDA figure as he pointed out that the companies and businesses that were hit in the affected areas would surely declare losses.

Senator Escudero replied that the 1.6% revenue collection from the affected areas is the minimum amount based on present figures of the BIR.

As to where the huge bulk of corporate and individual income taxes is being collected, Senator Escudero replied that the biggest bulk of income

taxes comes from the large taxpayers' service with a total amount of P397.459 billion followed by Makati City with a collection of P65 billion.

Asked if the large taxpayers referred to were not hit or affected by the calamities and typhoons, Senator Escudero replied that based on BIR figures, the 2012 income tax collection in Tacloban City was P2.790 billion; Iloilo, P3.967 billion; Bacolod, P3.669 billion; Cebu, P9.664 billion, from a total tax base of P619.8 billion.

Senator Enrile believed that when the proposed 2014 national budget was being prepared, the losses that resulted from all the disasters that hit the country were not taken into account. He then asked if such losses have already been quantified. Senator Escudero replied in the negative.

On whether the revenue assumptions adopted in the preparation of the proposed 2014 budget were overstated, Senator Escudero also replied in the affirmative but he confirmed that the Secretary of the Department of Budget and Management would make the necessary adjustments of the assumptions within the concerned agencies by next week with the hope that the new funds that would be pumped into the rehabilitation and reconstruction activities in the affected areas would be factored in in computing the growth of the economy for the coming months.

As to the total estimated losses on the agricultural sector as a result of the typhoons, floods and other natural calamities that hit the affected areas, Senator Escudero stated that based on NDRRMC figures, damage to agricultural production was as follows: P2.4 billion to rice; P226 million to corn; P1.9 billion to high-value crops; P2 billion to livestock; P1 billion to fisheries; P212 million to irrigation and P1.1 billion to infrastructure. He clarified that the estimated cost of damages continued to rise as reports were still being sent from the field.

Senator Enrile asked for an estimate in the reduction in rice and corn production in view of the typhoons that visited Cagayan Valley, Central Luzon and Central Philippines, including, Samar, Leyte and Iloilo as well as a projection on the total loss in the country's rice production and the expected deficiency in rice supply. He said that the information would be part of the study to provide money to import rice and fill the gap between domestic rice production and the total amount of demand. Senator Escudero said that

the DBCC did not have the final and updated figures as the data were still being collated by the Department of Agriculture. As such, he said that the DBCC would be meeting the following week to come up with its revised figures and proposals considering that the budget proposal has been submitted way before the calamities hit the country.

Asked on the estimated figures on infrastructure that were destroyed from June to November, Senator Escudero explained that even though the DBCC did not have the consolidated and actual figures since the information on the total damage caused by recent natural calamities such as the earthquake and *Typhoon Yolanda* have yet to be reported, indicative figures show that an estimated P119.2 billion in damages had been wrought by man-made and natural disasters from *Typhoon Pablo* to *Typhoon Yolanda*. He said that this figure was a running total as damage reports were still being received by the government. Also he cited the World Bank (WB) estimate of US\$2.1 billion to US\$2.7 billion that is needed for infrastructure rehabilitation in the aftermath of *Typhoon Yolanda* has yet to be validated by local officials.

Upon further query, Senator Escudero replied that the P100 billion estimated cost of damages was based on figures submitted by the NEDA which includes irrigation canals, electrification facilities and equipment as well as destruction in roads, harbors, bridges, school buildings and other public facilities; on the other hand, with a projected exchange rate of P43/US\$1, the WB estimated damage from *Typhoon Yolanda* would range from US\$3.5 billion (P150 billion) to US\$4.6 billion (P200 billion).

Asked on the current peso-dollar exchange rate, Senator Escudero replied that the peso has recently depreciated to P43.53/US\$1. He explained that the proposed budget was prepared based on the projected exchange rate of between P41 to P43 to the U.S. dollar.

As to the current foreign debt, Senator Escudero said that it stood at \$58 billion. Senator Enrile pointed out that this meant that for every peso of depreciation against the dollar, the national public debt would increase by P58 billion.

In a related matter, Senator Enrile sought clarification on the estimated foreign debt figure of \$58 billion. He said that based on his own computation,

the foreign dept stood at \$47 billion only since the foreign exchange in peso terms has been reduced from P2 trillion to only a little over P1 trillion. However, Senator Escudero clarified that the \$58 billion referred to the country's external debt (public and private) while the \$47 billion estimate might be the percentage in relation to that of the national government.

Senator Escudero explained that the national government foreign debt alone was pegged at \$44.6 billion but if the private and public sector's external debt were added, it would result in a total debt of \$58 billion.

Senator Enrile noted that the national government's outstanding debt from year 2011 was recorded at P2,077,831,000,000 but it decreased to P1,968,729,000,000.

#### **SUSPENSION OF SESSION**

Upon motion of Senator Escudero, the session was suspended.

*It was 2:39 p.m.*

#### **RESUMPTION OF SESSION**

At 2:44 p.m., the session was resumed.

Adverting to figures provided by the DBCC officials, Senator Escudero said that consolidated public sector debt (domestic debt) as of 2012 amounted to P4.9 trillion while external debt stood at P2.4 trillion.

Senator Enrile sought clarification as to which agency had the correct figures as his own information was taken from the website of the Bureau of Treasury (BOT). Senator Escudero explained that the BOT has data on the debt of national government but excluded the GOCCs.

To the observation that the term "national government" would not only refer to the bureaucracy but the entire gamut of the government, Senator Escudero explained that if the obligations of the GOCCs were included, domestic debt would stand at P4.9 trillion while external debt would amount to P2.4 trillion.

Senator Enrile asked whether the assumptions and the figures in the proposed budget accurately

reflect the capacity of the government to provide such huge funding for 2014. Senator Escudero replied that adjustments to the proposal would have to be made in light of the recent calamities.

Noting that the BOT provided an average conversion exchange rate of US\$41.10/P1 for 2012, Senator Enrile asked which rate was used to prepare the budget for the current year. Senator Escudero said that the proposal was based on the exchange rate of between US\$41 to US\$43/P1 for 2012 even though the actual average exchange rate was pegged at US\$42.25 which was still within the government projection.

Senator Enrile asked on the actual nominal amount spent for servicing foreign debt because if the actual amount would show P41.10 then there must have been some savings. Senator Escudero replied that the actual average exchange rate used was P42.25, resulting in deficit spending.

On whether the Bureau of Treasury does not represent correct figures in its website, Senator Escudero said that he would verify the data and reply to Senator Enrile's query at a later time.

Asked for the estimate of the inflation rate given the destruction and calamities which struck the country, and whether the inflation rate would remain stable as it was in the current year or whether there would be inflationary pressure for the coming year, Senator Escudero said that projected for 2014 is an inflation rate of 3% to 5%, the same projections for 2013. However, he stated that given the devastation that the country experienced, the DBCC will be meeting next week to correct, review and compute new assumptions for the 2014 national budget.

Asked how the recent typhoon, earthquake, flood and other calamities would affect the country's exports, imports and projections for economic growth for next year, Senator Escudero said that there were projections of 6.5% to 7.5% economic growth for 2014, but he admitted that finance and economic officials should first meet in order to assess the damage brought about by the recent disasters and, if necessary, make the corresponding changes.

Asked on the total contribution of Central Philippines in the total coconut-based products exported by the Philippines, Senator Escudero said that 17% of total coconut production comes from

the regions affected by *Typhoon Yolanda*. He noted, however, that the figures are yet to be finalized by the Department of Agriculture. He assumed that should there be a total loss, this would correspondingly result in a 17% reduction.

Senator Enrile noted that normally, the budget is supported by non-tax revenues of the government. He said that based on reference materials in his possession, figures from January to June 2012 showed that there was P89.4 billion non-tax revenue of the government. He said that for the same period (January to June 2013), data showed a non-tax revenue of P69.7 billion with an actual amount of P93 billion. Asked for the breakdown of the non-tax revenue of P93 billion for 2013, Senator Escudero clarified that based on data given to him, figures reveal the following information: 2012 programmed non-tax revenue was P133.9 billion with an actual collection of P173.8 billion; for the period covering January to September 2013, it was P102.5 billion with an actual collection of P132.5 billion.

Asked whether this non-tax revenue from the government included the share of the government from the Malampaya funds, Senator Escudero replied in the affirmative.

Senator Enrile asked if income from the Malampaya funds has already been used by the government so that if one wants to use the funds from Malampaya, to look for sources of energy, the government will have to borrow. He said that the government, in effect, utilized its share of the government from Malampaya to reduce its deficit, without telling the people. He noted that what was in the records of the government accounting ledgers were only figures/balances but it debited imaginary or inconcrete balances and produced cash by borrowing.

Agreeing with Senator Enrile's observation, Senator Escudero noted that there were still revenues coming from Malampaya for 2014.

Senator Enrile recalled that in the case of *Sanchez vs. COA*, a budget specifically stated in the GAA to be used by a certain office to be created is treated as a trust fund; however, in the case of the Malampaya which was created by a presidential decree, it is supposed to be primarily used for power development, although the President then exercising legislative power was authorized to utilize the funds for some other purposes.

Asked why the share of the government from the Malampaya funds was being used for the general operation of the government, Senator Escudero replied that he was just informed that the Supreme Court has come up with a decision that the Malampaya funds should only be used for energy-related projects.

Asked where the money coming from the sale of the San Miguel shares and the coco levy funds should be deposited, Senator Escudero said they are deposited in the Treasury as a trust fund with parts of it deposited in the Central Bank and some parts invested.

Asked why it was deposited in the Central Bank and not in the CIIF account in the United Coconut Planters Bank, Senator Escudero explained that since it is a trust fund, according to the finance officials, it must be deposited in the Central Bank, which is the depository bank of the government. He clarified that the Malampaya fund is not commingled with the general fund as it is a trust fund and not a special account, in fact, a liability of the national government and earning interest. He added that, as pointed out by Senator Recto, this should have been done from the start as far as the Malampaya funds were concerned.

Asked what assets are intended to be sold, if at all, in 2014 to generate a non-cash revenue for government, Senator Escudero said that he was still waiting for the details but the projected income from privatization in 2014 was only P2 billion.

On whether there are still public assets that can be privatized, Senator Escudero replied that not in the immediate term, according to the Department of Finance. He said that the P2 billion covers small properties located in various parts of the country that the government intends to sell but according to the finance officials, they do not foresee any big-ticket items anytime soon or at least within 2014 since the projected income from privatization was only P2 billion.

Going back to the Malampaya funds, Senator Enrile asked if indeed its total collection was P173 billion. He recalled that there was a time when the government was not sharing anything from the funds because it has to retire the cost of the offshore facilities. He said he did not know the year when the government started to get a share. He further recalled

that in 2007, he filed a bill to use the Malampaya income of the government to reduce the cost of power being distributed to the people. He disclosed that at that time, he wrote then Energy Secretary Angelo Reyes a formal letter and was informed that the total collection was P78 billion.

Senator Escudero replied that total collection from 2002 up to October 31, 2013 stands at P176,806,219,104.17.

Asked how much were the releases, Senator Escudero said that from 2002 up to October 31, 2013, total releases stand at P40,295,201,694.08 which leaves a balance of P136,511,017,410.19 as of October 31, 2013.

Asked how much was debited from July 1, 2010 to the present, Senator Escudero said that approximately P16.7 billion was debited during that period and P23.3 billion was debited from 2000 to June 30, 2010. He said that he can furnish Senator Enrile with a copy of figures pertaining to the yearly releases from the Malampaya funds. He informed the Body the Malampaya funds still has a balance of P136.5 billion.

Asked to provide the present balance of the coco levy funds deposited with the Central Bank of the Philippines, Senator Escudero assured Senator Enrile that he would find out where the money was initially deposited but reiterated that it is now with Central Bank, part of it invested in government securities.

Senator Enrile revealed that Mr. Jess Arranza handed the checks to then PCGG Chairman Andres Bautista, who, he presumed, deposited the money with the Landbank. Although he acknowledged the statement of Senator Escudero that the money was deposited with the Central Bank, he asked why it was made part of the general fund when it was supposed to be a contribution of specific persons, specifically producers of copra. He pointed out that despite the absence of an earmark for the funds, the presidential decree that created it expressly indicated that the funds belong to the contributors, that is, not all coconut farmers but only those handling coco fund receipts at the time the levy regimen was placed, Senator Escudero said that according to DOF officials, the funds were not commingled and are treated as a trust fund. He stated that it is the government that borrowed part of the funds which has been invested in government securities.

## **TERMINATION OF THE DEBATE ON GENERAL PRINCIPLES**

There being no other interpellation, upon motion of Senator Recto, there being no objection, the Body closed the period of debate on general principles.

## **SUSPENSION OF SESSION**

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

*It was 3:13 p.m.*

## **RESUMPTION OF SESSION**

At 3:15 p.m., the session was resumed.

## **DEPARTMENT OF FINANCE**

Upon resumption, Senator Recto presented the budget of the Department of Finance and its attached agencies.

## **INTERPELLATION OF SENATOR ENRILE**

Asked by Senator Enrile on the status of the government's effort to control smuggling in the Bureau of Customs, Senator Recto replied that new personnel were appointed with the hope that the BOC's performance would be much better next year.

Asked if the new personnel are familiar with the Tariff and Customs Code, Senator Recto assumed that they are since they were appointed by the President.

On whether it was true that some of the newly appointed personnel were retired military people, Senator Recto answered in the affirmative.

Asked what happened to the collection effort of BOC after some district collectors were frozen, Senator Recto stated that the newly appointed personnel have been on board for only two weeks, thus their performance could only be gauged after a month or so.

As regards the investigation on the reported rampant rice smuggling in the country, Senator Recto stated that the problem has not been totally addressed and that a hearing conducted by the Committee on Agriculture and Food was still ongoing.

Senator Enrile suggested that the Committee on Ways and Means look into the matter of rice smuggling to help government increase its revenue harvest.

### **SUBMISSION OF THE BUDGETS OF THE DEPARTMENT OF FINANCE AND ITS ATTACHED AGENCIES**

There being no other reservation for interpellation, upon motion of Senator Recto, there being no objection, the budgets of the Department of Finance and its attached agencies, namely, Office of the Secretary, Bureau of Customs, Bureau of Internal Revenue, Bureau of Local Government Finance, Bureau of the Treasury, Central Board of Assessment Appeals, Cooperative Development Authority, Insurance Commission, National Tax Research Center, Privatization and Management Office, Securities and Exchange Commission, and the Philippine Deposit Insurance Corporation, were deemed submitted for the Body's consideration.

### **SUSPENSION OF SESSION**

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

*It was 3:20 p.m.*

### **RESUMPTION OF SESSION**

At 3:23 p.m., the session was resumed.

### **NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY**

Upon resumption, Senator Recto presented the budget of the National Economic and Development Authority (NEDA) and its attached agencies.

Senator Recto stated that there was a reduction in the budget of NEDA from P5,113,306,000 in 2013 to P4,378,936,000 in 2014.

### **SUBMISSION OF THE BUDGETS OF THE NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY AND ITS ATTACHED AGENCIES**

There being no reservation for interpellation, upon motion of Senator Recto, there being no objection, the budgets of the National Economic and Development Authority and its attached agencies,

namely, Office of the Director-General, National Statistics Coordination Board, National Statistics Office, Philippine National Volunteer Service Coordinating Agency, Public-Private Partnership Center of the Philippines, Statistical Research and Training Center, Tariff Commission and the Philippine Institute for Development Studies, were deemed submitted for the Body's consideration.

### **JOINT LEGISLATIVE-EXECUTIVE COUNCIL**

Senator Recto presented the budget of the Joint Legislative-Executive Council and its attached agencies.

### **SUBMISSION OF THE BUDGETS OF THE JOINT LEGISLATIVE-EXECUTIVE COUNCIL**

There being no reservation for interpellation, upon motion of Senator Recto, there being no objection, the budgets of the Joint Legislative-Executive Council and its attached office, namely, the Legislative-Executive Development Advisory Council, were deemed submitted for the Body's consideration.

### **SUSPENSION OF SESSION**

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

*It was 3:25 p.m.*

### **RESUMPTION OF SESSION**

At 3:29 p.m., the session was resumed.

### **DEPARTMENT OF JUSTICE**

Senator Legarda presented the budget of the Department of Justice (DOJ) and its attached agencies.

### **INTERPELLATION OF SENATOR SOTTO**

At the outset, Senator Sotto recalled that during the committee hearing for the budget of the DOJ, it was revealed that there is a shortage of about 562 prosecutors, and that according to the DOJ officials, recommendations have been submitted to the Office of the President but they have not been acted upon. He noted that only 98 positions were filled. He then asked if the recommendation has already been acted upon. If not, he asked if the shortage of prosecutors

would be more costly in the long run due to clogged court dockets.

Similarly advocating for the swift implementation of justice, Senator Legarda stated that she has constantly reminded the DOJ during the previous hearings to implement Republic Act No. 10071. In response to the query, she said that there were names submitted to the Office of the President, and the department is waiting for the approval of its recommendations. She added that there will also be prosecutors to be appointed under Republic Act No. 10071, and she hoped that it would be implemented this year because it would help unclog court dockets.

Senator Sotto agreed, stating that as discussed in the committee hearings, the ideal number of prosecutors for every regional trial court (RTC) is two, and one for every metropolitan or municipal trial court (MTC). He then asked the reason for the distinction, considering the heavy number of cases also pending in the MTCs. He further asked the ramifications on the budget if another prosecutor would be added for the MTC.

Senator Legarda explained that there are more caseloads in the RTCs as compared to the MTCs, hence the distinction on the number of prosecutors. She also surmised that the cases being handled in the RTCs are more serious. Furthermore, she pointed out that Republic Act No. 10071 specifies the number of prosecutors for the courts. However, for the speedy dispensation of justice, she said that the law could be amended and a bigger budget for 2015 could be proposed.

Regarding the 7.05% reduction in the budget of the Office of the Solicitor General which was the result of the exclusion of funding for the vacated plantilla positions in the agency, Senator Sotto asked what those positions are and if those vacancies would not hamper government services.

#### **SUSPENSION OF SESSION**

Upon motion of Senator Legarda, the session was suspended.

*It was 3:36 p.m.*

#### **RESUMPTION OF SESSION**

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

Upon resumption, Senator Legarda replied that there are 14 unfilled positions in the Office of the Solicitor General, most of which are for the Solicitors I and II positions that must be filled as soon as possible. Should the positions be filled, she said that the provisions for salary will come from the Miscellaneous Personnel Benefits Fund.

Regarding the Bureau of Corrections, Senator Sotto pointed out that the current average ratio of guard to inmate is 1:60, which is far from the international standard of 1:7.

Asked on the steps being undertaken in the 2014 budget to achieve the ideal standard and address the deficiency, Senator Legarda replied that the Bureau of Corrections is in the process of recruiting 500 guards, the funding for which was included in the 2013 GAA and another 500 the following year, the budget for which was not included in the proposed budget.

Senator Sotto asked how much would be needed to fund additional 500 jail guards.

#### **SUSPENSION OF SESSION**

Upon motion of Senator Legarda, the session was suspended.

*It was 3:43 p.m.*

#### **RESUMPTION OF SESSION**

At 3:44 p.m., the session was resumed.

Upon resumption, Senator Legarda clarified that 500 jail guards were recruited this year, the budget for which was included in the 2013 GAA. Although the budget for the recruitment of additional jail guards was not included in the proposed 2014 national budget, she said that the Bureau of Corrections would still recruit on July 2014 as per DBM's instructions, and the funds would come from the Miscellaneous Personnel Benefits Fund.

Asked if the international standard ratio would be achieved soon, Senator Legarda said that 3,000 jail guards are still needed to achieve the 1:7 ideal ratio.

Senator Sotto inquired whether there are items in the budget that would address the decongestion and maintenance of the densely populated prisons.

He mentioned that a few years ago, he submitted a proposal to the committee to regionalize the National Penitentiary. He explained that according to the study he submitted, the prisoners who become incorrigible are those who are not being visited by relatives. He pointed out that the proposal to make the penitentiary regional would not only be beneficial to the rehabilitation of the prisoners but also for the good of the families as well as the government. He surmised that if Muntinlupa would be sold, for example to the universities, then a huge fund would be raised by the government. He asked if the DOJ had considered and made a study on his proposal.

Senator Legarda stated that the DOJ is very supportive of the proposal, and that she agrees with the regionalization of the penitentiary. In fact, she stated that a feasibility study has been made and the transfer of the New Bilibid Prison to Fort Magsaysay in Nueva Ecija has been proposed, after which, the plans for regionalization of prison facilities could be discussed. She disclosed that a summary of the estimated cost per regional prison – costing estimate of land development, among others – has also been done.

As regards the MOOE, Senator Sotto observed that there were enumerated items with significant increases, one of which includes burial assistance for prisoners.

Asked for the reason behind the increase in burial assistance and its breakdown, Senator Legarda stated that the burial assistance every year is a fixed amount of P1 million. She said that the assistance covers unpaid hospital bills, the coffin, and the transportation of the corpse to the morgue, then to the family. She added that there were instances when the death of a prisoner was caused by violence inside the facility, but in most cases it was by illness.

Proceeding to the budget of the Public Attorney's Office, Senator Sotto observed that the average caseload per PAO lawyer is 471 cases per month. He inquired if the caseload was doable or if there is a need to hire additional PAO lawyers.

Responding thereto, Senator Legarda acknowledged the need to hire an additional 1,000 lawyers because ideally, there should be a ratio of one PAO lawyer to one court. She urged the Body that for 2015, the budget of the PAO should be doubled to realize this goal. She said that if one court has one

lawyer, those who cannot afford lawyers would be served by a PAO lawyer. She expressed hope that the Minority would support the move.

As regards the report on the "Performance Indicators/Targets," Senator Sotto noted that the DOJ projected an increase of 5% of prosecutions with favorable judgment.

On whether the projection included compromises or purely convictions, Senator Legarda stated that it is based on convictions and not compromises.

As to drug cases, Senator Sotto asked how many cases have been filed and how many were resolved. Senator Legarda informed the Body that there are 1,020 pending cases related to drugs nationwide. She said that the number of convictions would be submitted to the Body within the week.

## SUSPENSION OF SESSION

Upon motion of Senator Sotto, the session was suspended.

*It was 3:56 p.m.*

## RESUMPTION OF SESSION

At 3:57 p.m., the session was resumed.

Upon consultation with the Department of Justice, Senator Legarda clarified that insofar as drug-related cases are concerned, there was an average of 600 convictions per year from 2010 to 2013.

Senator Sotto opined that the figure was not satisfactory, but considering that the interpretation of Section 21 of RA 9165 hampers the prosecution of drug cases, the number was good enough. He expressed hope that the DOJ would make it better and that the department would support to amend Section 21 of RA 9165.

On whether the four lady prosecutors instrumental in convicting Morato were still with the DOJ, Senator Legarda stated that two of them are already judges while the other two are still with the department.

Senator Sotto stated that as mandated by EO 53, there should be a Committee for the Special Protection of Children to ensure that Filipino children are provided

legal protection. He then inquired about specific programs intended to be carried out by the said committee.

Responding thereto, Senator Legarda read the Committee's thrusts for the year, to wit:

- Localization of a third CPCP;
- Forum on *Sahod Lampin*;
- Capacity building on the multi-stakeholders;
- Protocol on case management of children's cases;
- Development of a child protection policy of its member agencies; and
- Capacity building activities for service providers.

Thereafter, Senator Sotto asked that he be provided with the information as well as the other data.

As regards the funding of the Cybercrime Division of the NBI, Senator Legarda suggested that Senator Sotto propose an amendment regarding the funding of the division since cybercrime is prevalent. She said that at the proper time, she would accept any amendment on the matter as she lamented that the NBI has zero budget for the Cybercrime Division.

Senator Sotto stated that he would support an amendment on the budget if the Committee on Finance Chair and the Senate President would support it. He said that the Senate has P3 billion to spare from the deletion of the PDAF.

Senator Legarda averred that the Office of the Secretary has a provision for the anti-cybercrime office but there is no budget for it. She said that the office needs P10 million to initially establish the office.

Senator Sotto requested the DOJ to submit to the Body a proposal as to how much funding is needed to fortify the Cybercrime Division of the NBI.

Senator Legarda believed that the Committee would find funds for the division once an amendment is introduced. She lauded the NBI when the agency arrested the hacker of government websites despite a zero budget. She assured the Body that the Committee would do its best to include the amendment to provide for the budget of the cybercrime office.

Senator Sotto urged the DOJ to submit its budget requirement for the cybercrime office as soon as possible because the interpellations on the budget could be finished by next week and amendments would have to follow. He explained that he wanted the Cybercrime Division fortified because even the United States, a superpower, has a big problem on the matter. He said that recent information indicates that the next attack on the U.S. would be through cyberspace.

#### **INTERPELLATION OF SENATOR CAYETANO (P)**

Adverting to the concern of Senator Sotto on the overcrowding of Muntinlupa Penitentiary, Senator Cayetano (P) inquired if there is an inventory of those accused who are confined in various detention centers and whose cases are still pending.

Senator Legarda stated that those detainees with pending cases are with the BJMP whose budget falls under the DILG.

Senator Cayetano (P) clarified that she was referring to the prosecution of their cases which is under the jurisdiction of the DOJ. She stated that the swift prosecution of the cases should result in the decongestion of jails. She said that it is a known fact that there are cases wherein a person is wrongly accused or in some instances the sentence would have been served. She recalled that she was presented with figures many years ago.

Senator Legarda stated that more or less, there are 70,000 detainees. She said that according to the DOJ, the BJMP would have the data which they would submit to the Body.

Senator Cayetano (P) expressed concern that many of the prisoners are accused of minor crimes punishable by six or 12 years and below that may have been served out.

Senator Legarda informed the Body that the Judiciary Sector Coordinating Council composed of the Supreme Court, the DILG and the DOJ could provide the information on all the pending cases. She then urged the Department to provide the Body with the data requested by Senator Cayetano (P).

Senator Cayetano (P) pointed out that PAO lawyers and prosecutors have a vital role in the disposition of cases. She stated that if lawyers can

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dispose the cases with dispatch, then those who deserve to be in jail would continue to stay and those who have served their sentence would be out. She noted that 70,000 is a big number.

On the matter of trafficking and illegal recruitment especially involving women and children, Senator Cayetano (P) inquired about the progress of the DOJ on the matter since the country was on the watchlist.

Senator Legarda replied that although there were only 114 convictions in the crime involving trafficking of women and children since 2005, the rate has improved with the conviction of 20 persons in 2013 alone, raising the number to 132. She added that from July 2010 to the present, 85 persons had been convicted. She recalled that the Anti-trafficking Law was enacted in 2003 and its implementation was in 2005. She said that it was apparent that the stakeholders were not yet well-versed in its implementation. However, with the amendments introduced in the law and with the assistance of various NGOs like the Visayan Forum and the International Justice Mission which sit in the board of the IACAT Council, she expressed hope that there would be more convictions in the future.

On the cybercrime issue, Senator Cayetano (P) said that the need to focus on science and technology research, of which cybercrime is merely a small part, was established during the briefing conducted by the Committee on Higher Education on the PCARI project. She noted that given the changes in technology everyday, there is need to invest not only in science and technology in infrastructure but also in information and research. She said that any infrastructure investment would become *passé* if people do not know how to use technology properly.

At this point, Senator Cayetano (P) sought support for the PCARI project that had been included in the budget and for other existing scholarship programs under CHED and DOST, as she lamented that the country is lagging behind its Asian neighbors such as Vietnam in terms of providing funds for research. Senator Legarda expressed support for the proposal.

Senator Cayetano (P) expressed hope that the budget could be augmented further to better equip and prepare people involved in research.

## **SUBMISSION OF THE BUDGETS OF THE DEPARTMENT OF JUSTICE AND ITS ATTACHED AGENCIES**

There being no further interpellation, upon motion of Senator Cayetano (P), there being no objection, the budgets of the Department of Justice and its attached agencies, namely, the Office of the Secretary, Bureau of Corrections, Bureau of Immigration, Land Registration Authority, National Bureau of Investigation, Office of the Government Corporate Counsel, Office of the Solicitor General, Parole and Probation Administration, Presidential Commission on Good Government, and the Public Attorney's Office, were deemed submitted for the Body's consideration.

## **SUSPENSION OF SESSION**

Upon motion of Senator Cayetano (P), the session was suspended.

*It was 4:15 p.m.*

## **RESUMPTION OF SESSION**

At 4:24 p.m., the session was resumed.

## **DEPARTMENT OF LABOR AND EMPLOYMENT**

Upon resumption, Senator Escudero presented the budget of the Department of Labor and Employment. He said that the amendments that Senator Villar would introduce in the proposed budget of TESDA, particularly on the allocation for training in the agricultural sector, would be entertained at the proper time.

## **INTERPELLATION OF SENATOR VILLAR**

Asked by Senator Villar for an update on the actions that DOLE has taken regarding the sex-for-repatriation cases that it investigated, Senator Escudero stated that three cases have been filed against three personalities, namely, Mario Antonio, Antonio Villafuerte and Adam Musa. He said that a complaint has been filed against Mario Antonio for grave misconduct which would be decided by the Office of the Secretary within the month of November; in the case of Antonio Villafuerte, cases for simple negligence and sexual harassment were filed against him — the complaint for simple negligence is still

pending while the case for sexual harassment has been submitted for decision. Likewise, he said that a case for gross negligence was filed against Adam Musa which is still pending, although a panel report has been submitted to the Office of the Secretary. Senator Villar expressed hope that the DOLE would soon finally decide on the said cases. Senator Escudero gave assurance that the decisions on the cases would be submitted to the Committee on Finance and that Senator Villar would be furnished with a copy accordingly.

Senator Villar said that she wanted to know what reforms would be done in the Middle East to avoid the recurrence of the incidents. In response, Senator Escudero disclosed that the DOLE Secretary has already given instructions for the *Bahay Kalinga* to be manned by women employees of the DOLE and that the contingent in the Kingdom of Saudi Arabia, Kuwait and Jordan has been augmented with 17 new personnel. In addition, he said that DOLE is in the process of finalizing an online information system which would provide real-time status of each and every person staying in the *Bahay Kalinga* in various parts of the world, particularly in the Middle East.

Senator Villar said that it has come to her attention that local hires are not performing well in their jobs because their salary is low and, as a result, they resort to other things to earn more money. In reply, Senator Escudero said that the proposed increase in the salaries, benefits and allowances of locally hired employees has already been made by the DOLE and is currently pending review by the DBM.

Asked if she cannot expect anything to improve their salary scale in the deliberations of the proposed 2014 national budget, Senator Escudero replied that the entire salary scheme and benefit package of all employees of the government stationed abroad is being reviewed by the DFA. He admitted that it has been taking some time because the DFA is preventing wage distortion on the foreign postings of other agencies vis-a-vis the DOLE. He gave the assurance that as soon as the proposals are finalized, adjustments can be made in the 2014 budget chargeable against some of the lump-sums in the Miscellaneous Personnel Benefits Fund.

As to who is in charge of the reintegration program of migrant workers who have returned home in view of the Saudization in Saudi Arabia and as a result of problems in the Middle East, Hong Kong and Taiwan,

Senator Escudero replied that the OWWA and the National Reintegration Center (NRC) are handling the matter of reintegration of migrant workers.

Asked to explain the program of the NRC, Senator Escudero said that for fiscal year 2014, the reintegration programs for OFW returnees are as follows:

1. Formation of Investors and Entrepreneurs — refers to activity that transforms the mindset of OFWs and their families to become investors and entrepreneurs through financial literacy, conduct of entrepreneurial development training, conduct of skills training and provision for starter kits and for livelihood grants;
2. Creation of enterprise — a livelihood assistance for OFW returnees and their families to start a micro business and to provide distressed OFW women a package of livelihood skills training and starter kits consisting of services that will enable them to start quickly a livelihood undertaking through self or wage employment; and
3. Local Employment Facilitation — refers to the referral for local employment that is made available for OFW returnees who wish to be employed in the Philippines. OFW returnees seeking local employment are either referred to local private employers or through DOLE's Phil-Job.net.

Senator Villar requested a copy of the programs mentioned so that she would know where to refer returning migrant workers. Senator Escudero assured that the Committee would comply with the request of Senator Villar.

On the proposed budget for anti-illegal recruitment, Senator Escudero replied that the proposed budget is P7.157 million under the MOOE of the Department. He cited its corresponding program, as follows:

1. A pre-employment orientation seminar which is a pro-active response to the need of overseas worker applicants to have an avenue for reliable information and overview of overseas employment programs;
2. An AIR-TP Seminar, an AIR free LGU campaign which is basically an anti-illegal recruitment and trafficking in person seminar which is held primarily for service providers

- such as law enforcement officers, LGU officials, PESO officers and prosecutors;
3. Capability enhancement training to trainors; and
  4. Legal assistance, surveillance and prosecution of reported illegal recruitment actions as well as monitoring of the aforestated cases and AIR programs in the various regions.

As to the budget for legal assistance, Senator Escudero replied that it is only P1.892 million.

On whether the amount is enough to take care of the illegally recruited OFWs, Senator Escudero replied that it would come from the Legal Assistance Fund of the DFA which is primarily for prevention and monitoring because the lead agency for the prosecution of such cases is lodged with the DOJ.

On the matter of reintegration, Senator Villar asked on the possibility of the Department increasing the budget for reintegration in view of the Saudization, the war in the Middle East and other problems with Hong Kong and Taiwan. Senator Escudero said the DOLE would have wanted a bigger budget but the proposed budget is what DBM has allocated to it. Nonetheless, he said that he was told by the DBM Secretary that the Committee would entertain amendments at the proper time.

On whether she could get the assurance of Senator Escudero that the item would be amended, Senator Escudero replied in the affirmative.

#### **INTERPELLATION OF SENATOR SOTTO**

Senator Sotto asked on the policy on placement fees which the employers abroad are supposed to pay to the agencies. Senator Escudero replied that for domestic helpers, placement fees are not imposed but for others, however, it should not exceed the equivalent of one-month salary.

Senator Sotto asked what the DOLE is doing in cases when post-dated checks issued by OFWs for payment of placement fees bounce. He lamented that the placement fees that are supposed to be deductible from their salaries abroad could not be paid as the OFWs could be suddenly sent home and are unable to fund the checks they issued. Senator Escudero said that bouncing checks would be outside the jurisdiction of DOLE because it could be presumed that a contract had already been signed between the

employer and the employee. Nonetheless, he pointed out that the Department requires that no checks can be issued until and unless an employment contract has been signed by the employee.

#### **SUBMISSION OF THE BUDGETS OF THE DEPARTMENT OF LABOR AND EMPLOYMENT AND ITS ATTACHED AGENCIES**

Upon motion of Senator Sotto, there being no objection, the budgets of the Department of Labor and Employment and its attached agencies, namely, the Office of the Secretary, the Institute for Labor Studies, the National Conciliation and Mediation Board, the National Labor Relations Commission, the National Maritime Polytechnic, the National Wages Productivity Commission, Philippine Overseas Employment Administration, Professional Regulation Commission and the Technical Education and Skills Development Authority, were deemed submitted for the Body's consideration.

#### **SUSPENSION OF SESSION**

Upon motion of Senator Escudero, the session was suspended.

*It was 4:46 p.m.*

#### **RESUMPTION OF SESSION**

At 4:51 p.m., the session was resumed.

#### **MANIFESTATION OF SENATOR ESCUDERO**

Senator Escudero informed the Body that the Department of National Defense, the Department of Agriculture and the Commission on Higher Education had requested the Committee on Finance to keep to the original schedule of the presentation of their budgets notwithstanding their functions in the typhoon-devastated areas.

Therefore, he stated that the presentation of the budgets of these departments would be as follows:

*Department of National Defense*

– November 20, 2013 (a.m.)

*Department of Agriculture*

– November 20, 2013 (a.m.)

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*Department of Health*

– November 20, 2013 (p.m.)

*Commission on Higher Education*

– November 21, 2013 (p.m.)

At this juncture, the Chair directed the Secretariat to notify the agencies and the Members concerned regarding the new schedule.

**DEPARTMENT OF TOURISM**

Senator Recto presented the budget of the Department of Tourism and its attached agencies.

**INTERPELLATION OF SENATOR SOTTO**

Asked by Senator Sotto for the difference in the budget of the Department of Tourism in 2013 and 2014 and what would be expected amid the adjustments and plans to be made in the Visayas, Senator Recto replied that the DOT's 2014 proposal is lower than that for the current year. However, he gave assurance that tourism infrastructures in the region remain intact. He said that the DOT was primarily concerned with how the international community and foreign tourists would view the Philippines in the light of the *Yolanda* aftermath. He explained that the DOT would review the branding campaign and address apprehensions in particular markets that may have concerns with regard to the recent earthquake and *Yolanda*.

Asked whether there were any concrete plans to boost the tourism in the Visayas, Senator Recto replied that the DOT was still assessing the impact of the typhoon on the industry but reiterated that the tourism infrastructures were intact.

On a related matter, Senator Sotto recalled a suggestion he had made to Archbishop Tagle to use the rubble of some of the 30 churches in Bohol that had been destroyed in the last earthquake as a historical landmark. This, he said, would be similar to how the Catholic church made a tourist attraction out of the ruins of a European church that had been destroyed during the war by building a basilica around it. He suggested that the DOT undertake a similar project of turning the church ruins in the Visayas into a tourist attraction. For instance, he said that the archbishop had been receptive to his proposal of building a basilica around the ruins of

the church that had been destroyed by the earthquake in Bohol. Senator Recto pointed out that the National Historical Commission only authorizes the restoration of historical sites but does not allow the construction of new edifices on or around these landmarks unless this lies on church property and its construction would not be funded by public money. However, he believed that the government and the church leaders would find a way to adopt some of these proposals on a case-to-case basis.

**SUBMISSION OF THE BUDGETS  
OF THE DEPARTMENT OF TOURISM  
AND ITS ATTACHED AGENCIES**

There being no other reservation for interpellation, upon motion of Senator Sotto, there being no objection, the budget of the Department of Tourism and its attached agencies, namely, the Office of the Secretary, Intramuros Administration, National Parks Development Committee and the Tourism Promotions Board were deemed submitted for the Body's consideration.

**SUSPENSION OF SESSION**

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

*It was 4:58 p.m.*

**RESUMPTION OF SESSION**

At 4:59 p.m., the session was resumed.

**SUSPENSION OF SESSION**

Upon motion of Senator Escudero, there being no objection, the Chair declared the session suspended until 9:30 a.m. of the following day.

*It was 5:00 p.m.*

**RESUMPTION OF SESSION**

At 9:47 a.m. Wednesday, November 20, 2013, the session was resumed with Senate President Drilon presiding.

**REMARKS OF SENATOR LEGARDA**

Senator Legarda informed the Body that the Philippines has won a seat in the UNESCO World Heritage Committee in the elections held the previous

day, November 19, 2013, in Paris, and that according to Ambassador Cristina Ortega, the Philippine permanent delegate to UNESCO, the country, with 116 votes, won over 21 other candidates who competed for 12 seats.

For this victory, Senator Legarda congratulated the government as well as the men and women of the Department of Foreign Affairs and Philippine UNESCO team for their hard work and achievement which, she said, was a wonderful blessing at a time when the country is experiencing so much suffering in the aftermath of super Typhoon *Yolanda*.

## **DEPARTMENT OF FOREIGN AFFAIRS**

Thereupon, Senator Legarda presented the budget of the Department of Foreign Affairs.

## **INTERPELLATION OF SENATOR SOTTO**

Preliminarily, Senator Sotto recalled that last year he expressed concern on the proposed Legal Assistance Fund of the DFA, and he noted that under the 2014 proposed budget of the Department, the amount of P30 million was allocated for the said fund. He then asked if the DFA has a figure on the number of overseas workers who will benefit from the said fund.

## **SUSPENSION OF SESSION**

Upon motion of Senator Legarda, the session was suspended.

*It was 9:50 a.m.*

## **RESUMPTION OF SESSION**

At 9:52 a.m., the session was resumed.

Upon resumption, Senator Legarda stated that the Legal Assistance Fund (LAF), which was used for the payment of the services of lawyers, benefitted 127 OFWs last year. However, she explained that it would be difficult to anticipate the number of distressed OFWs who would need legal assistance, as she hoped that it would be lesser than last year.

Asked if there is still money left on the P30 million LAF for the remaining two months of 2013, Senator Legarda replied that less than P2 million is left for the current year.

On whether there is a limit to the amount of legal assistance that is being given to an OFW, Senator Legarda replied in the affirmative, stating that for criminal cases, it is \$8,000 for Europe and the Americas; \$6,000 for Middle East, Africa, Asia and the Pacific; while for labor-related disputes, it is \$7,000 for Europe and the Americas, and \$5,000 for Middle East, Africa, Asia and the Pacific.

Relative thereto, Senator Sotto recalled that during the committee hearing, someone raised the issue that the DFA has been very generous in granting legal assistance and he was told that the Department has never denied any request for legal assistance. He asked how the DFA can assure that the LAF will not be abused and what policies there are in the grant of such assistance.

Senator Legarda stated that the DFA has a database of documented Filipino nationals abroad who can readily seek the assistance of Philippine embassies and consulates in their respective countries of residence if they encounter difficult circumstances or situations. She said that once their case is referred to the concerned office of the DFA in the area, the need of the Filipino national would be determined and evaluated and the necessary recommendations would be made. She gave the assurance that to the best of the ability and resources of the Department, no Filipino national would be turned away.

As regards the P300 million proposed budget for Assistance to Nationals (ATN) Fund which is a 100%-increase from last year's allocation of P150 million, Senator Sotto asked the reasons for such increase and the criteria before a Filipino national can avail of the assistance.

Senator Legarda replied that the fund was increased to P300 million to be used primarily for repatriation of OFWs working in countries such as Syria and Egypt where there are conflicts and internal violence, and medical assistance and other needs of Filipino nationals. But she reiterated that the use of the fund would depend on the evaluation of the DFA officers posted in those countries.

On whether the standby fund of P84 million for 2013 is related to the ATN fund, Senator Legarda replied in the affirmative as she informed the Body that the fund was utilized in the repatriation of OFWs in Syria. She explained that the ATN was a continuing appropriation of P212.6 million and with P150 million

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allocated for 2013, the total allotment stood at P362.06 million, of which P329.3 million was used to pay obligations from January to November. She said that at present, the fund has a balance of P33.3 million.

On another matter, Senator Sotto noted that the bulk of the increase in the MOOE of the DFA is for the implementation of the overseas absentee voting law. He requested that the expenses incurred by the DFA and the Comelec in implementing the law be explained.

Senator Legarda explained that the reason for the increase is that there is need for a continuing information dissemination and education about the law so that more overseas Filipinos would be encouraged to register and participate in the elections.

On whether the increase in the DFA's MOOE meant that the information campaign was not adequate because a lot of overseas Filipinos were not able to register, Senator Legarda said that the amount of P46 million for OAV would still be the budget for 2014 including provisions for continuing registration and information dissemination to Filipinos in far-flung areas in different parts of the world.

Asked if the DFA is being assisted by the Comelec, Senator Legarda replied that the Comelec has been paying for the honorarium of the boards of canvassers in various foreign posts of the Department.

On whether the expenses on continuing registration were solely being shouldered by the DFA, Senator Legarda replied that the Department is tasked to provide information and to encourage overseas Filipinos to avail of the OAV law.

On whether the turnout of overseas voters in the 2013 elections was better than in 2010 elections, Senator Legarda gave the following overseas absentee voting information in the last national elections:

<i>Location</i>	<i>No. of registered voters</i>	<i>Actual turnout</i>
The Americas	125,604	18,009 (14.34%)
Asia and Pacific	228,309	51,133 (22.485%)
Europe	75,837	17,071 (22.51%)
Middle East and Africa	281,201	32,382 (11.52%)
Seafarers	26,808	1,513 (5.64%)

She stated that overall 118,795 or 16.10% of 737,759 overseas Filipinos voted in the last elections. She conceded that it is quite a challenge for the DFA and the Comelec to encourage overseas Filipinos to cast their votes by the various means possible. She believed that bigger turnout may be achieved if overseas Filipinos are allowed to participate in the electoral process through electronic voting considering the limited number of areas where postal voting is permitted.

Senator Sotto proposed that the overseas absentee voting act be reviewed to address the issue as the law is already 10 years old.

At this juncture, the Chair asked on the total budget for overseas voting. Senator Legarda replied that the 2013 budgetary allocation for overseas absentee voting was P105,036,000 for the Comelec and P43,414,000 for the DFA or a total of P148.4 million. She stated that the DFA has retained the same budget for OAV for 2014.

As to the per capita expenses based on the voter turnout of 118,995, Senator Legarda affirmed that the per capita cost was P1,100.00 per voter.

On another matter, Senator Sotto asked for an update on the sex-for-flight issue. Senator Legarda replied that the DFA fact-finding investigations revealed no DFA personnel or staff was involved in the scheme in the four posts that had been reported. She added that the Department of Labor and Employment was also conducting its own investigation into the matter but she was not certain whether the DOLE had filed charges against its personnel.

On whether the DFA has taken steps to prevent such incidents from happening again, Senator Legarda said that part of its efforts included the strengthening of its one-team/one-country approach in the embassies. Moreover, she said that the DFA was also improving the quality and the management of its shelters following a management audit of these shelters. She expressed hope that the disclosure of the sex-for-flight scheme would serve as a lesson for everyone concerned. She also expressed optimism that the gender sensitivity workshops being conducted for officials posted abroad, especially in the Middle East, would help them handle distressed Filipinos, particularly women and children.

For his part, Senator Sotto said he was thankful that the DOLE had accepted his suggestion to

replace all of its labor attachés with women as this would help minimize the problem. Senator Legarda said that she would request the DFA to submit its gender sensitivity workshop manual along with a report on its efforts to prevent such shenanigans from happening in its foreign posts.

Asked if the DFA has supervisory functions over the labor attachés, Senator Legarda replied that the ambassador would have administrative supervision over them.

### **INTERPELLATION OF SENATOR ENRILE**

Preliminarily, Senator Enrile recalled that in a recent APEC summit wherein President Aquino and the Chinese Premier had reportedly met to discuss the relationship between their two countries, a lowly functionary of the Chinese government had called the president a "barefaced liar." He asked whether such an incident had indeed taken place and if the DFA had taken action against such a slur on the honor and integrity of the head of state. Senator Legarda clarified that while such a meeting had occurred on the sidelines of the APEC summit, the alleged incident had not transpired as the individual who had supposedly made the derogatory remark was not present during the brief meeting between the two heads of state.

### **SUSPENSION OF SESSION**

Upon motion of Senator Legarda, the session was suspended.

*It was 10:20 a.m.*

### **RESUMPTION OF SESSION**

At 10:22 a.m., the session was resumed.

Senator Legarda explained that the meeting between President Aquino and Chinese President Xi Jinping, which took place during the APEC Summit in Bali, Indonesia, was not a bilateral meeting but a brief discussion concerning the West Philippine Sea dispute. She said that the news report was inaccurate because President Aquino himself had informed the Foreign Affairs Secretary that no such incident had occurred.

Senator Enrile asked if there was no correction done in the local press by the DFA regarding the reported statement of a Chinese spokesperson

calling President Aquino a barefaced liar. Senator Legarda said that based on information from the DFA, the spokesperson of the Chinese government was not in the meeting mentioned by Senator Enrile, and she reiterated that the report was inaccurate and that the Chinese spokesman did not utter such words.

Senator Enrile asserted that the question was not being asked to put any blame on the DFA but to put on record that these are sensitive matters and as a Filipino, he would not want any country to call the Philippine President a barefaced liar.

Moving on to another matter, Senator Enrile said that he was invited by Malacañang to attend a state dinner for President Obama who was supposed to visit the country but his Asian trip was canceled because of problems in the budget of the United States; on the other hand, U.S. Secretary of State, former Senator Kerry, who was in Indonesia, was supposed to come over to the Philippines but this trip was likewise cancelled for the reason that *Typhoon Vinta* was hitting the Philippines. He said that he had been in the Defense department for 17 years, and he knew that the airplanes being used by officials of the United States are high-altitude airplanes which can go over any kind of typhoon in the planet. He asked why Secretary Kerry followed suit the cancellation of the visit of the U.S. President and decided not to come over to the country even for just a minute. He recalled that this visit cancellation similarly happened during the time of President Marcos and it caused a very serious strain in the relationship of the Philippines and Washington, D.C.

Responding thereto, Senator Legarda stated that as regards the cancellation of the trip of Secretary Kerry, the official reason given by the U.S. was that a storm was indeed brewing at that time and there were concerns that Secretary Kerry could have been stranded if he went on with the trip. She said that she would not be in the best position to speculate on the reason behind the trip's cancellation as she took it at face value. She stated that the country's relations would not be affected by the trip's cancellation because of a storm and that the Philippines' relations with the U.S. would remain friendly, if not robust.

At this point, she conveyed the information she just received that U.S. Secretary of State Kerry

would be coming to the Philippines by December of this year.

Moving to another matter, Senator Enrile asked on the status of the rotational presence of the U.S. in the Philippines. Responding thereto, Senator Legarda said that with regard to the negotiations on the framework agreement for the rotational presence, she has been informed that talks were conducted in October 2013 and that the Philippines and the U.S. negotiating teams held the fourth round of negotiations and during the last round, significant progress was made on the provisions of the agreement. She said, however, that there are still critical provisions that still need to be worked out and the discussions have to be more focused especially on the articles that would include agreed installations, prepositioning and security.

In closing, she said that the Philippine government remains optimistic about the negotiations as it prepares for the next round of talks between both the negotiating panels.

#### **SUBMISSION OF THE BUDGETS OF THE DEPARTMENT OF FOREIGN AFFAIRS AND ITS ATTACHED AGENCIES**

There being no other reservation for interpellation, upon motion of Senator Aquino, there being no objection, the budgets of the Department of Foreign Affairs and its attached agencies, namely, Office of the Secretary, the Foreign Service Institute, the Technical Cooperation Council of the Philippines, and the UNESCO National Commission of the Philippines, were deemed submitted for the Body's consideration.

#### **SUBMISSION OF THE BUDGET OF THE INTERNATIONAL COMMITMENTS FUND**

Likewise, upon motion of Senator Aquino, there being no objection, the budget of the International Commitments Fund was deemed submitted for the Body's consideration.

#### **SUSPENSION OF SESSION**

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

*It was 10:34 a.m.*

#### **RESUMPTION OF SESSION**

At 10:39 a.m., the session was resumed.

#### **THE JUDICIARY**

Senator Escudero presented the budget of the Judiciary consisting of the Supreme Court, the Lower Courts, the Presidential Electoral Tribunal, the Sandiganbayan, the Court of Appeals and the Court of Tax Appeals.

#### **INTERPELLATION OF SENATOR SOTTO**

Asked by Senator Sotto whether it was true that the Judiciary has been filling up vacant positions and has been distributing intended salaries as bonuses instead, Senator Escudero replied that according to the Court Administrator, there is a plan to fill up the 555 vacant positions which represent a vacancy rate of 16% from the RTC down to the lower courts.

Asked whether these vacancies are intended to be filled up in 2014 and whether it is budgeted, Senator Escudero recalled that when he was the Senate's representative to the JBC, the JBC undertook to reduce the percentage of the vacancies; however, the usual problem encountered by the JBC was the lack of applicants to the vacant positions considering that under the Constitution, there should be at least three nominees. He pointed out that in most situations, those courts that cannot be filled because of lack of applicants are in the far-flung areas. For this reason, he said, the JBC would have to start the process all over again, beginning with notices and notifications to the public for interested applicants. He stated that there are some pending appointments with Malacañang that have been submitted by the JBC for the President's choice.

Senator Sotto observed that the problem was similar to that of the Department of Justice as regards the appointments of prosecutors where a number of submissions have already been made to the Office of the President.

Senator Escudero revealed that he has taken up the pending recommendations for appointment for the positions of the prosecutor with the Office of the Executive Secretary.

Asked how many have been submitted to Malacañang by the JBC, Senator Escudero said that

as of last count, there were still 20 on the list of nominees that have yet to be acted upon. He said that out of the 90 submitted to Malacañang, 70 had already been acted upon.

Asked if the 90 positions have been deducted from the 555 vacant positions, Senator Escudero replied in the negative, stating that it has yet to be deducted.

On whether there was funding in the 2014 budget for the over 400 positions, Senator Escudero explained that if there are already existing courts, these would have a corresponding budget; however, in the case of newly created courts, by virtue of the provision of the budget as approved by Congress for the current year, the funds shall only be released after the courts shall have been formally organized.

As regards the reasons for lack of candidates or applicants for the positions, Senator Escudero said that one usual problem was that of the location of the court. In this regard, he indicated that he would introduce a bill that would authorize the Supreme Court to organize courts only at the center of provinces from where most of the lawyers come. He said that when lawyers reside in distant courts and distant municipalities, litigants end up spending more.

Asked how the problem of lack of judges could be resolved, Senator Escudero said that there is no foreseen resolution yet, considering also the attendant problems such as compensation and the usual risks when conducting hearings in certain areas.

Asked if there are monthly quotas on the number of cases set for judges and justices to decide on, Senator Escudero answered in the negative, although he cited a constitutional provision which requires a court to be able to decide on cases within a certain period of time depending on the level of the court.

In a related matter, Senator Sotto cited a problem he encountered as regards mandatory drug testing. He recalled that in 2002, the President signed Republic Act No. 9165, which he authored, upgrading the 1972 Dangerous Drugs Act. He stated that one of the provisions of the law that was highly debated was the provision on mandatory drug testing. He said that he was against the inclusion in the law of a proviso on mandatory drug testing because he believed that mandatory drug testing was not conclusive, as testing positive in a drug test does not automatically

mean that one was drug dependent since a person taking medication for coughs and colds, for instance, may be positive for amphetamine but unfortunately, he said, he was outvoted by his fellow senators. He also noted that the Supreme Court declared a provision in R. A. No. 9165 on mandatory drug test of candidates for election as unconstitutional but it was silent on certain issues, like securing driver's license and random drug testing in schools. From 2002 to 2010, he said that the Land Transportation Office required a drug test costing P300 to P400 before one could secure a driver's license. Also, he noted that during the span of eight years, millions of people had been securing driver's licenses but only 0.06% were found to be drug dependents even when records showed that there were 1.6 million drug dependents in the country. Further, he pointed out that the Department of Health and the Dangerous Drugs Board themselves recommended the removal of the provision on mandatory drug testing because it was seen as an added burden to the people. In fact, he said, a law was passed in the Fifteenth Congress penalizing drunk and drugged driving, and mandatory drug testing was required only of those who have been previously involved in accidents.

Senator Sotto stated that only recently Judge Hermes Montero of Toledo City, Cebu, who earned the ire of the city mayor because of drug-related issues, issued a temporary restraining order against the memorandum of the LTO as regards mandatory drug testing, and because of the TRO, applicants from Region VII are still required to undergo drug testing before they could be issued a driver's license. He asked whether a judge could block the implementation of a law. He surmised that a writ of injunction issued by a judge prohibiting the implementation of an LTO memorandum that stopped the conduct of a drug test pursuant to Section 9 of R.A. No. 10586 is tantamount to a law being restrained.

Senator Escudero assured that the LTO had been informed of that TRO and the Office of the Solicitor General is representing it in seeking the withdrawal of the memorandum, the subject of the TRO, so that there would no longer be an issue and the provision of the law would apply.

Likewise, he disclosed that the OSG has given due notice to the court administrator that the TRO allegedly issued by the judge was not only for a period of 20 days but until the case is resolved which is in violation of the law, or constituting ignorance of

the law, since a TRO is only valid for 20 days. He said that if the nature of the TRO is that it is valid until the case is resolved, it would be tantamount to issuing an injunction. Thus, he suggested that two avenues could be resorted to in addressing the matter: 1) to withdraw the LTO memorandum to allow the law to function; and 2) to ask the court administrator that has disciplinary power over members of the court to *motu proprio* look into the matter as such case clearly constitutes ignorance of the law.

Asked on the life of a TRO, Senator Escudero replied that a TRO issued by a regular RTC is valid only for 20 days; on the other hand, a TRO issued by the Supreme Court is valid until lifted.

Asked if the judge would be subject to sanction, Senator Escudero replied that sanctions can be based only on the issuance of the "extended TRO" but it should be looked into by the Office of the Court Administrator to ascertain whether or not such a TRO had indeed been issued.

Senator Sotto also raised the issue of "TRO for sale," recalling how a representative of a group involved in drug testing centers had tried to offer him a bribe of P500,000 a month to keep his silence on the issue of drug testing. Senator Escudero replied that the court administrator regularly issues circulars and memoranda reminding judges about the issuance of TROs. He added that the investigation currently being done by the Supreme Court had something to do with the issue about a certain "Ma'am Arlene."

#### **MANIFESTATION OF SENATOR ENRILE**

Senator Enrile stated for the record that he has no questions as regards the budget of the judiciary and asked that it be approved.

#### **MANIFESTATION OF SENATOR SOTTO**

Senator Sotto clarified that the issue that he was going to bring up privately with the members of the judiciary is with regard to the concern of a widow of a judge who has yet to collect whatever benefits are legally due to her.

#### **SUBMISSION OF THE BUDGETS OF THE JUDICIARY AND ITS ATTACHED AGENCIES**

There being no other reservation for interpellation, upon motion of Senator Aquino, there

being no objection, the budgets of the Judiciary, the Supreme Court and the lower courts, the Presidential Electoral Tribunal, the Sandiganbayan, the Court of Appeals and the Court of Tax Appeals were deemed submitted for the Body's consideration.

#### **SUSPENSION OF SESSION**

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

*It was 11:01 p.m.*

#### **RESUMPTION OF SESSION**

At 11:13 a.m., the session was resumed.

#### **DEPARTMENT OF NATIONAL DEFENSE**

Senator Legarda presented the budgets of the Department of Defense (DND) and its attached agencies.

#### **INTERPELLATION OF SENATOR ENRILE**

At the outset, Senator Enrile asked on the status of the counter-insurgency operations against communist and secessionist groups in Mindanao. Senator Legarda replied that the AFP's Bayanihan program has been ongoing since 2011, and that, according to the AFP, counter-insurgency efforts continue and have been successful so far.

Asked on the number of armed regulars and civilian components in the CPP/NPA, Senator Legarda replied that there are about 4,000 armed guerrillas, including the political component, some of whom are armed.

Senator Enrile then asked on the number of armed communist guerrillas per location.

#### **SUSPENSION OF SESSION**

Upon motion of Senator Legarda, the session was suspended.

*It was 11:17 a.m.*

#### **RESUMPTION OF SESSION**

At 11:19 a.m., the session was resumed.

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Upon resumption, Senator Legarda replied that as of the third quarter of 2013, there were 1,770 communist guerrillas who are mostly concentrated in Eastern and Central Mindanao, particularly Campostela Valley and Caraga provinces, Butuan, Agusan, and Surigao; in Central Philippines, there were 569 guerillas in Eastern Visayas, 170 in the Panay area and 233 in the Negros provinces; and in Luzon, there were 518 in the northern area and 595 in the southern area, or a total of 1,113 armed guerrillas.

Senator Enrile recalled reading an article that a battalion was used in one operation in Bukidnon. Asked on the army size of the AFP during encounters, Senator Legarda said that most encounters involve a squad size of nine soldiers or a platoon size of 20 to 30 soldiers.

Senator Enrile asked how many government forces were killed in action (KIA) during encounters with the NPA rebels starting January 2013 up to the present.

#### **SUSPENSION OF SESSION**

Upon motion of Senator Legarda, the Chair suspended the session

*It was 11:27 a.m.*

#### **RESUMPTION OF SESSION**

At 11:27 a.m., the session was resumed.

Upon resumption, Senator Legarda disclosed that 17 NPA members were killed and one was captured during the first quarter of the year. She promised to submit later in the afternoon the other requested data on the number of encounters nationwide and the number of casualties on both sides, to include the PNP forces from the government side.

Asked who is handling insurgency operations against the NPA guerrillas, Senator Legarda stated that the AFP leads the counter-insurgency efforts while the PNP augments these operations.

Asked who initiated the encounters, Senator Legarda said that the NPA initiated a total of 454 incidents, of which 314 are guerrilla operations, and 140, its terroristic activities; while the joint AFP-PNP forces initiated 237 operations as of September 2013.

Senator Enrile questioned why the guerillas were more active in their operations than the AFP when the latter is supposed to search for them and destroy them.

#### **SUSPENSION OF SESSION**

Upon motion of Senator Legarda, the Chair suspended the session.

*It was 11:34 a.m.*

#### **RESUMPTION OF SESSION**

At 11:36 a.m., the session was resumed.

Upon resumption, Senator Legarda clarified that the 237 combat operations initiated by the AFP-PNP included their counter-insurgency operations against the Abu Sayyaf Group (ASG), but the number of operations against the NPA was only 213; while the 454 activities initiated by the NPA included other activities like extortion and burning of buses, among others.

Senator Enrile clarified that he was interested in the engagement for which the government spends money and manpower.

Further, Senator Legarda explained that of the total 428 engagements for the first semester of 2013, 118 encounters were initiated by the NPA, and 310 were initiated by the government forces. She promised to submit later in the afternoon the updated data on the encounters, including the number of casualties and the wounded and the ammunition spent by government forces in every encounter.

Asked how long and how heavy were the engagements between the government forces and the NPA, Senator Legarda stated that the encounters varied in different areas but the confrontation ran from as short as five minutes to as long as five hours. Senator Enrile pointed out that the Body needed to have an idea of the average time of encounter in order to know the actual utilization of resources and manpower, the amount of ammunition spent, the size of government forces, and the capacity of the enemy to engage them.

Senator Enrile asked why there were only 17 NPAs killed and one captured, considering that the 310 operations initiated by government forces were

planned, pointing out that if the enemy was stationary, there must be quite a number of them. Senator Legarda clarified that the target of most of the operations would be to take over the camps and capture the NPAs.

Senator Enrile doubted the capability of the government in quelling insurgency with such a degree of efficiency in its operations.

Senator Legarda stated that the department has yet to reconcile the figures of casualties on both sides and that what was given to her by the DND were raw data. She said that it would be best to wait for the data on the exact number of casualties that would be submitted later that day.

Senator Enrile reminded the department that its P82-billion budget is at stake and that he was asking questions to satisfy the nation. He said that he was even only referring to the communist guerrillas without yet mentioning other internal security problems.

Senator Legarda assured that the AFP Chief has conferred with his staff who would provide the data later that day.

Referring to the reported number of 4,000 communist guerrillas, Senator Enrile stated that it used to be the rule of thumb that for every rebel, there are 10 government forces. He then asked for the ratio of communist guerrillas to government forces. Senator Legarda replied that the ratio is that for every 10 soldiers, there is one NPA, or 10:1. She said that for Eastern Mindanao, there are 9,504 government forces and 949 NPAs.

Senator Enrile posited that if there are 1,774 guerrillas in Eastern Mindanao, then there should be 17,000 troops present in the area.

Senator Legarda informed the Body that the 10:1 ratio in Eastern Mindanao is more or less the same ratio nationwide, citing Northern Luzon which has a ratio of 15:1. Senator Enrile pointed out that there are more guerrillas in Mindanao than in Northern Luzon.

Asked why the government was concentrating its operations in Luzon when much of the encounters reported in the news were in Compostela, Bukidnon, Agusan and Surigao where NPAs are very active against miners, Senator Legarda acknowledged that there is greater concentration of government troops

in Mindanao, and she clarified that the 10:1 ratio is only for the NPAs, and that there are other insurgency groups in the area such as the MILF.

Asked on the other insurgency groups in Mindanao, Senator Legarda said that there are 7,749 regular MILF members plus 6,710 in active reserve; 539 rogue elements; and 381 ASG. Overall, she said that there are 9,119 insurgents in Mindanao, not counting the communist rebels.

Senator Enrile noted that with a force ratio of 10:1, the armed forces need 100,000 soldiers in the area.

On the total number of personnel of the AFP, Senator Legarda stated that the entire Armed Forces of the Philippines has 129,780: Army, 85,570 men and women; Air Force, 17,520; Navy, 23,180; and non-uniformed personnel at the GHQ, 3,500.

Senator Enrile pointed out that the non-uniformed personnel are included in the force level because they are the support groups that assist the ground force in quelling enemy encounters.

On another matter, Senator Enrile inquired if the government has intelligence information on the kind, number, and source of weapons and ammunition used by the communist insurgents. He lamented that despite government having been fighting insurgency for a long time, the enemies still remain. In response, Senator Legarda stated that the NPAs use assault rifles like M14s, M16s, and AK47s as well as land mines, while the separatists in Mindanao use RPG, mortar and assault rifles.

Asked where the AK47s are made, Senator Legarda said that they come from China. She added that both the communist and Muslim rebels use grenades and improvised explosive devices.

As regards the supply of ammunition and weapons, Senator Legarda stated that they are all imported but locally procured. She denied that the weapons of the insurgents came from the Armed Forces, saying that whatever weapons the captured AFP personnel have are presumed to be utilized by their captors. She said that the weapons and ammunition of the insurgents are sourced from alleged extortion activities or are locally procured.

Senator Enrile expressed concern on how the NPA guerillas are supplied with ammunition

considering that during encounters with government troops, they were able to sustain even 20 to 30 minutes of gunfight.

Senator Enrile stated that during the discussions on internal security, he was of the impression that although there are no active operations by the government, still there were 428 encounters but very few were ever publicized, and people have not been informed of the extent of the firefighting. He said that even if people might feel secure about the internal condition of the country, there is a simmering problem that government cannot just let go.

Asked for an assessment of the external security situation, Senator Legarda stated that the department considers intrusions and poaching into Philippine territory as a threat. She said that given the limited resources, the department is conscious and aware of the external threats and maritime disputes which are being solved diplomatically pursuant to the policy to engage all stakeholders in peaceful and amicable discussions. She stressed that the use of force has never been an option.

Referring to the P925 million budget for the government arsenal, Senator Enrile asked about the types of ammunition and the percentage of total supply requirement being produced by the local arsenal. In response, Senator Legarda said that P1.9 billion would be for machineries in the manufacture of ammunition and small arms, such as .45 and 9mm caliber pistols as well as 5.56 and 7.62 rifles.

As to the percentage of ammunition supply and demand, Senator Legarda said that the local arsenal has supplied 77% of the requirement for the current year and the balance to be obtained from other sources like Korea and United States through the bidding system. Senator Enrile commended the government's arsenal for increasing its output.

Asked on the contribution of the Office of Civil Defense – which requested a budget of almost P671 million – in the recent calamity brought by *Typhoon Yolanda*, Senator Legarda stated that since DND Secretary Gazmin is also the chairman of NDRRMC, he is mandated not only to convene the council but to run its operations towards preparedness as well as in recovery and rehabilitation efforts.

Senator Enrile stressed that it is the defense department that is in charge of every disaster in

the country. Referring to the current situation in the Visayan province, he asked why the defense secretary was relegated to a support position when he was supposed to be the one in command. Senator Legarda replied that Secretary Gazmin was still the one in command, adding that he even convened the NDRRMC the previous day but had to appear in the Senate for the budget deliberations. She explained that Secretary Gazmin was in fact in the devastated areas the day before *Typhoon Yolanda* struck the country and that he convened the provincial NDRRMC and its officials to prepare for the Signal No. 4 super typhoon.

Senator Enrile asked why there were complaints about lack of communication with the units in the field despite the existence of a separate military communication backbone which is found in the AFP regional command in Catbalogan, Samar, which was intended to secure and ensure the safety and security of the country.

In reply, Senator Legarda stated that the military actually set up its communications system as early as the night of November 8, 2013, the day before *Typhoon Yolanda* hit the country, precisely why the first set of relief goods was delivered as early as Saturday morning.

Senator Enrile said that he was surprised that there were complaints about the lack of communication and that even Malacañang could not communicate with Tacloban despite already having in place the military's separate communication backbone. He said that it is essential that the President is able to communicate with all the units in the country even if all private communications have bogged down. Senator Legarda clarified that there had never been a lapse in communication from the military's end because while there was no cell site available, its radio communications continued to operate even as the storm was hitting the province.

Senator Enrile asked why the military, in the various reports released by media, seemingly were not visible in the typhoon-affected areas. He pointed out that in every calamity, the military's corps of engineers, doctors and ground forces should have been at the forefront to maintain order. Senator Legarda explained that as early as November 7, the military was already prepositioned in Tacloban; hence, it was the military that first brought in relief goods on Saturday morning. She reiterated the AFP's claim



that there has never been a lapse of communication insofar as its radio communication is concerned. However, she stressed that the sheer destructive strength of *Typhoon Yolanda* made it impossible to achieve a zero casualty status.

Noting that it would take three hours to travel from Catbalogan, where the AFP Regional Command is situated, to Tacloban via the San Juanico Bridge, Senator Enrile asked whether the road system in Western Samar was affected by debris. In response, Senator Legarda said that it was already passable by Saturday afternoon and was fully accessible by Sunday.

Asked when the military started its operation in the area of destruction, Senator Legarda said that as early as Thursday, November 7, prior to the onslaught of *Typhoon Yolanda*, the military was already deployed and prepositioned such that by Saturday morning, the first set of relief goods was already brought in. She said that it is the mandate of the NDRRMC to preposition themselves for pre-disaster activities and for leading a state of preparedness, and not merely on rehabilitation and reconstruction programs. She stressed that the military was not remiss in their duty, however, the sheer monstrosity and destructive strength of *Typhoon Yolanda* had made it difficult for them to put their acts together.

Senator Enrile agreed, as he recalled that the same thing happened in Casiguran although the damage was not as massive as in Tacloban, Guiuan and in the other areas. However, he asked why the ground troops were not in place to prevent the looting and mayhem in the area. He likewise recalled that during his stint as secretary of national defense, the practice was to immediately alert the military and to prepare all resources to assist the population once the weather bureau has reported the imminent passing of a typhoon. Even as he expressed confidence that the present national defense head has exercised the same prudence, he asked why a number of complaints were raised on the alleged lack of communication when the secretary of national defense could have easily communicated with any unit of the military anywhere in the country at any point in time, including the Commander-in-Chief. He expressed hope that the issues that he has raised would help the DND in planning for the future.

Senator Legarda agreed with the observation of Senator Enrile that it is important to determine what

actually transpired and what went wrong so that lessons could be learned from the catastrophe. She disclosed that in preparation for the calamity, a brigade was deployed to the whole province of Leyte, a platoon of which was sent to Tacloban City in particular. She noted, however, that since Tacloban City was considered insurgency-free, it was the police force which was tasked to protect the area although the secretary of national defense was actually in the area and convened the council the previous day. She lamented, however, that the police force could not be expected to operate at the height of the calamity considering that their own families were also affected.

Senator Enrile pointed out that it was precisely the reason why the military manpower should have been sent instead and the reason why the NDRRMC was created. He said that they are expected to be the first ones to respond to the scene during a calamity.

On another point, Senator Enrile asked if the budget of P246 million for intelligence funds, which included the P23 million confidential fund, is enough considering the present level of the country's existing internal and external security problems. He stressed that the intelligence information is used to safeguard the territorial integrity and safety of the country and its people.

Senator Legarda agreed that the proposed budget would not be enough to cover the expenses in gathering vital information and the department could do better with more. However, she said that augmentation of the AFP's intelligence fund would be left to the discretion of the Committee on Finance.

Senator Legarda commended Senator Enrile for raising the issue and assured him that a separate hearing on the preparedness of the NDRRMC would be held.

## **INTERPELLATION OF SENATOR BINAY**

Senator Binay stated that in a span of 60 days, the country experienced a series of major calamities. She then asked what equipment are available in conducting rescue operations. In response, Senator Legarda said that the inventory includes two logistic support vessels and three C-130s which have been flying the Manila-Tacloban route day in and day out.

Senator Legarda recalled that through the assistance of the AFP, dying people, old women and stranded children in Tanauan, who sought her help were allowed to be airlifted by a C-130 plane.

As regards the air assets of the Philippine Air Force, Senator Legarda stated that the PAF has three C-130s, two F-27s, one F-28, 17 UH-1Hi helicopters, one Huey, five Sokol helicopters, one Nomad, three Islanders and two Navy helicopters or a total of 33 aircrafts.

On whether the PAF has an ambulance helicopter, Senator Legarda replied that there is none but four helicopters were being converted into ambulances. She added that there are 37 naval assets broken down as follows: two logistical support vessels, one patrol ship, 11 patrol gunboats, 10 diesel fast boats, two boat auxiliaries, six auxiliary transports and five fishing boats.

Asked how said equipment were deployed after *Yolanda* hit the affected areas, Senator Legarda stated that all the military assets referred to are still being used in rescue operations in areas badly hit by *Typhoon Yolanda*. She said that she has a document on the specific deployment of those equipment, a copy of which she can furnish Senator Binay.

On whether there is a provision in the 2014 budget for the purchase of additional rescue operations equipment, Senator Legarda said that three naval helicopters would be delivered next month which can also be used in rescue operations. She added that the government would also be buying three medium lift aircraft, eight combat helicopters, two strategic sealift vessels, and three naval helicopters.

Asked if there is a plan to buy additional C-130, Senator Legarda said that President Aquino has committed to support the acquisition of two additional C-130s for next year.

As to the number of satellite phones owned by the AFP, Senator Legarda replied that the Philippine Navy has 40 satellite phones, one of which was deployed in Tacloban airport at the height of *Typhoon Yolanda*. She admitted that the NDRRMC has no satellite phones.

Asked if there are plans to buy more satellite phones, Senator Legarda replied that 17 satellite phones would be purchased next year as she added that it

should be a standard operating procedure that every disaster team leader should have a satellite phone.

On whether the NDRRMC has tents, Senator Legarda admitted that the NDRRMC has no tents nor generators. However, she believed that safe areas, based on geohazard maps, should be ascertained by every local government unit and concerned government offices like the DSWD and DOE and in close coordination with the NDRRMC, and equip them with prepositioned tents and generators.

In this regard, Senator Legarda believed that it was high time to review the mandate of the NDRRMC by creating a stronger and more capable body like the Federal Emergency Management Agency (FEMA) in the United States to be headed by a cabinet level official.

Senator Binay said that in view of the calamities that hit the country, especially in the light of climate change, it was also time to review the protocols on calamity responses. Senator Legarda believed that there should be a paradigm shift and this should not be merely response-oriented but focused more on preparedness and risk reduction.

In closing, Senator Binay said that it was also time that a bigger budget for rescue operations after calamities be set aside.

## **MANIFESTATION OF SENATOR POE**

At this juncture, Senator Poe expressed her deep appreciation and saluted the men and women of the Armed Forces of the Philippines – the Philippine Marines, the Philippine Army, the Philippine Navy, the Philippine Air Force and the Office of Civil Defense – for their heroism in performing their duties and responsibilities. In the aftermath of the destructive calamities, she realized that the help of the military is really needed and very important.

Senator Legarda expressed her appreciation for the commendation in behalf of the AFP and the Department of National Defense.

## **REMARKS OF SENATOR AQUINO**

Senator Aquino also commended all the efforts of the AFP and the risks that they were taking on behalf of the Filipino people as he expressed the hope that they will not stop but continue their good



work because the relief, rehabilitation and reconstruction efforts in the devastated areas will take a very long time.

He also agreed with Senator Binay that it was time to work together to ensure that the government would be more prepared in the coming years in view of the climate change that is already upon the country.

### **SUBMISSION OF THE BUDGET OF THE DEPARTMENT OF NATIONAL DEFENSE AND ITS ATTACHED AGENCIES**

There being no other reservation for interpellation, upon motion of Senator Aquino, there being no objection, the budget of the Department of National Defense and its attached agencies, namely, the Government Arsenal, the National Defense College of the Philippines, the Office of Civil Defense, the Philippine Veterans Affairs Office, the Veterans Memorial Medical Center, the Philippine Army, the Philippine Air Force, the Philippine Navy, the General Headquarters, and the AFP-Wide Service Support Units, were deemed submitted for the Body's consideration.

### **SUSPENSION OF SESSION**

Upon motion of Senator Aquino, the session was suspended.

*It was 12:43 p.m.*

### **RESUMPTION OF SESSION**

At 2:49 p.m., the session was resumed with Senate President Drilon presiding.

### **DEPARTMENT OF AGRICULTURE**

Senator Escudero presented the budget of the Department of Agriculture (DA). He stated that the Senate's proposed allocation for the DA was P68,596,751,000.00 and the budget of its attached agencies was estimated at P9.881 billion which would make for a combined total of P78,278,000,000.00.

### **INTERPELLATION OF SENATOR ENRILE**

Senator Enrile asked whether the Department of Agriculture has an estimate of the losses in rice crop production from all the calamities that visited the

Philippines. He said that the data would help determine whether the government would need to allocate more funds to import additional rice supply not only because of the gap in production but also to prevent any scarcity of supply and in anticipation of a possible increase in the price of rice in the world market. Senator Escudero replied that the government would need to import an additional 500 thousand metric tons to answer for the buffer stock for 2013 and for part of 2014 as well.

On whether the shortfall in production was due to the impact of the typhoons, Senator Escudero replied that the shortfall was the consequence of the need to feed people in the affected areas who have no form of relief as well as to meet the 90-day buffer stock for 2014.

Senator Enrile asked whether the DA had an estimate of the damage and destruction of infrastructure and agriculture in typhoon-affected areas such as Iloilo, Cagayan Valley, Leyte, Negros and Samar. Senator Escudero replied that an estimated P2.778 billion would be needed to repair damaged irrigation facilities in the aftermath of typhoons *Labuyo*, *Maring*, *Habagat*, *Santi*, and *Yolanda*. He clarified that the agricultural losses suffered by Northern Cagayan due to *Typhoon Vinta* was included in the estimated damage for *Typhoon Santi* as the two typhoons occurred one after the other.

Senator Enrile said that he has received complaints from Central Luzon residents that the government has forgotten their plight since it focused assistance and relief efforts on those in the Visayas. Senator Escudero replied that the Committee on Finance has precisely proposed the creation of a rehabilitation fund that would include, among others, damage caused by the previous typhoons apart from *Yolanda* and the recent earthquake.

Asked on the status of the livestock production in the typhoon-affected areas, Senator Escudero replied that the DA estimated losses at P2.3 billion while fisheries damage was projected at P1.055 billion and coconut farms at P1.515 billion.

Senator Enrile pointed out that it would be difficult for coconut farmers to recover from the recent devastation as it would take about eight years before a new coconut tree would bear fruit. Senator Escudero replied that around seven years would be needed before a tree would bear fruit.

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## **SUBMISSION OF THE BUDGETS OF THE DEPARTMENT OF AGRICULTURE AND ITS ATTACHED AGENCIES**

Upon motion of Senator Aquino, there being no objection, the budgets of the Department of Agriculture and its attached agencies, namely, Agricultural Credit Policy Council, Bureau of Fisheries and Aquatic Resources, Cotton Development Administration, Fertilizer and Pesticide Authority, Fiber Industry Development Authority, Livestock Development Council, National Agricultural and Fishery Council, National Meat Inspection Service, Philippine Carabao Center, and the Philippine Center for Post-harvest Development and Mechanization, as well as its attached corporations, namely, National Dairy Authority, National Food Authority, National Irrigation Administration, Philippine Coconut Authority, Philippine Crop Insurance Corporation, and Philippine Rice Research Institute, were deemed submitted for the Body's consideration.

### **SUSPENSION OF SESSION**

Upon motion of Senator Aquino, the session was suspended.

*It was 3:00 p.m.*

### **RESUMPTION OF SESSION**

At 3:09 p.m., the session was resumed.

## **SUBMISSION OF THE BUDGETS OF OTHER EXECUTIVE OFFICES**

Upon motion of Senator Escudero, there being no objection, the budgets of the following Other Executive Offices were deemed submitted for the Body's consideration:

- Climate Change Commission;
- Commission on Filipinos Overseas;
- Commission on the Filipino Language;
- Games and Amusement Board;
- Governance Commission for Government-Owned and Controlled Corporations;
- Mindanao Development Authority;
- National Anti-Poverty Commission;
- National Commission for Culture and the Arts, including the NCCA Proper and its

attached agencies: National Historical Commission of the Philippines, the National Library of the Philippines and the National Archives of the Philippines;

- National Commission on Indigenous Peoples;
- National Commission on Muslim Filipinos;
- National Intelligence Coordinating Agency;
- National Security Council;
- National Telecommunications Commission;
- Optical Media Board;
- Pasig River Rehabilitation Commission;
- Philippine Commission on Women;
- Philippine Racing Commission;
- Presidential Legislative Liaison Office;
- Presidential Management Staff;
- Development Academy of the Philippines;
- Home Guaranty Corporation;
- National Home Mortgage and Finance Corporation;
- People's Credit and Finance Corporation;
- Philippine Center for Economic Development;
- Philippine Postal Corporation; and the
- Southern Philippines Development Authority.

### **SUSPENSION OF SESSION**

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

*It was 3:12 p.m.*

### **RESUMPTION OF SESSION**

At 3:25 p.m., the session was resumed.

## **DEPARTMENT OF TRADE AND INDUSTRY AND ITS ATTACHED AGENCIES**

Senator Osmeña presented the budgets of the Department of Trade and Industry and its attached agencies, namely:

- Office of the Secretary;
- Board of Investments;

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- Construction Industry Authority of the Philippines;
- Construction Manpower Development Foundation;
- Philippine Trade Training Center;
- Product Development and Design Center of the Philippines
- Aurora Special Economic Zone Authority;
- Center for International Trade Expositions and Missions; and
- Cottage Industry Technology Center.

Senator Osmeña stated that the budget of the DTI as submitted to the Committee was as follows:

P4,626,000,781	Grand Total
P1,242,000,000	Personal Services (PS)
P2,656,000,000	Maintenance and Other Operating Expenses (MOOE)
P727,000,000	Capital Outlay

#### **MANIFESTATION OF SENATOR ENRILE**

On behalf of the Minority, Senator Enrile expressed support for the budget of the DTI.

#### **INTERPELLATION OF SENATOR ANGARA**

Asked by Senator Angara where the increase of P71,961,000 in the budget of the Credit Information Corporation went to, Senator Osmeña gave a short background on how the Credit Information Corporation, which used to be a "bureau," came about. He recalled that this was a product of efforts made by the banking sector in 2001-2002 which became the basis of the bill that he crafted but failed to pass Congress that year until it was eventually passed in 2007. He explained that the Credit Information Corporation is a very important peg of the financial system as it tracks the credit standing of every borrower or at least every big borrower.

Senator Osmeña recalled that when the Asian financial crisis hit the country from 1997 to 1999, when the peso suddenly devalued from P25, P35, P41 and even P55 to a dollar, banks started suffering defaults in loans they extended to several corporations

that were then unable to repay or even meet their obligations. He added that those who borrowed in dollars found that their debts had doubled thereby contracting their businesses, while several banks discovered that they had overextended their loans to companies that had borrowed from other banks. This happened, he said, because there was no central bureau where information could be accessed in an easy manner as in the United States where one can obtain somebody's credit rating from TRW or Dun & Bradstreet. Because of the crisis, he said that there was a lot of pressure for the Philippines to pass a law that would establish a credit information corporation which later on could be privatized, but it was decided that the *Bangko Sentral*, which had the regulatory powers over all the banks, would be in the best position to bring the corporations together so that the banks would be forced to obey. He said that there was a long delay in getting the proposal approved because of the objections from some members of the House of Representatives as to the involvement of the Central Bank, although it was common knowledge among members of Congress that the real reason was that a House member had a personal grudge against *Bangko Sentral*. As a result, he said that when the bill was passed into law, the SEC was made the majority owner of the CIC. With only P33 million in start-up fund, he said that nothing could get anything going and he expressed hope that the budget of P33 million could be increased to at least P105 million to help set up the computerization program, the software and the hardwares, and the offices for the first year. He revealed that the agency asked for a budget of P135 million but the DBM cut it to P33 million and the Committee adjusted it to P105 million as a compromise.

Senator Angara affirmed that the original bill was to have it under the auspices of the BSP but there was an ongoing investigation then into the BSP's foreign exchange operations, thus, the committee, then headed by the late chairman Jaime Lopez, decided to make the SEC the majority owner. He added that efforts were made since the 1970s, in fact, President Marcos issued a presidential decree asking all the private credit bureaus to pool their information so as to have a central repository of information which would give insight into the borrowing habits of individuals and hopefully lower the costs for individuals who had good payment habits. However, he said that it never happened because there was no compulsion and there were worries about free riding among the various banks and financial institutions

that some would provide erroneous or incomplete information to gain benefit at the expense of another financial institution. He said that he was in favor of the proposal as he commended the committee and the subcommittee for increasing the budget of the agency that has been lacking in funds for many years. He nevertheless expressed doubt if P105 million is enough in view of the fact that Deputy Governor Esponilla, when asked of the budget for the computerization of the agency, gave an initial estimate of US\$5 million, or roughly P250 million to P300 million. He stressed that the public must understand that the information corporation would deal with data bases including those of telephone companies, public utility companies, banks and financial institutions, and credit card companies.

Asked if the budget is a continuing appropriation meant to complete the system, or just a one-time appropriation to put the system in place, Senator Osmeña replied that a big chunk would be spent for hardware and software but there would always be a need for the expansion of the system. He said that it is up to the DBM, which he presumed to be supportive of the agency, to decide on the appropriation. He also clarified that the Credit Information Corporation falls under the budget of the Department of Finance and not of the Department of Trade and Industry.

Senator Angara expressed hope that the government could allot more funds for CIC's needs in the future, noting the 10-year window for its existence as a public credit corporation, after which the sunset provision in the law would operate and the participation of the private sector would be allowed.

Adverting to the allocation for the Aurora Pacific Economic Zone and Freeport Authority, Senator Angara noted that from an appropriation of P76 million, the Committee deducted P55 million, bringing the budget to merely P21 million, and he pointed out that the amount of P32 million for Personal Services would barely cover the P39 million salaries of the employees who are his provincemates.

Senator Osmeña pointed out that in the National Expenditure Program and the General Appropriations Bill, all allocations are under the MOOE and no amount is set for PS which, he said, was surprising because in the submission of the APECO executives, they did have a budget for PS in the amount of P32 million, while the rest were MOOEs. He said that getting accurate information from APECO has been

difficult because its president is changed practically every year so that the new ones are never familiar with what it was and what it should be.

Moreover, Senator Osmeña said that APECO has 36 consultants to whom half of the budget goes, and he hoped that Senator Angara, who was a former consultant, would help cut down and shape up the freeport because of its bloated bureaucracy. Senator Angara agreed to the observations, saying that such issues never came up during the lengthy discussions in the committee as much of the discussions centered on economic issues. He signified his intention to introduce detailed amendments at the proper time, as he hoped that his proposals would be accepted with an open mind given that the APECO is the youngest of all the freeports and economic zones. Although geographically inaccessible and the most inadequate in terms of infrastructure, he admitted that there is still a lot to be done to APECO and that he has been very vigorous in pushing for greater infrastructure development like roads and communication facilities. Without it being given the chance and adequate support in terms of resources, he feared that the economic potential that the creators of the project have foreseen would not be realized.

#### **INTERPELLATION OF SENATOR GUINGONA**

At the outset, Senator Guingona asked on the policy of the government as regards special economic zones and freeports. Senator Osmeña explained that The Special Economic Zone Act, authored by then Sen. Gloria Arroyo, was passed in 1995, while the version of the House of Representatives proposed to have a special economic zone in practically every district. But the problem of special economic zones, he said, is that they are the biggest centers of smuggling. Thus, he stressed the need to rationalize the establishments of economic zones to find out if the initiative really brings direct foreign investments to the country.

Relative thereto, Senator Osmeña read the following statement delivered by Secretary Arsenio Balisacan, the Socio-Economic Planning Secretary General and General Manager of NEDA, during the committee hearing chaired by Senator Ejercito Estrada:

First of all, ecozones and free ports are meant to attract investments, particularly foreign direct investments, promote exports and generate

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employment. If it is planned, designed, implemented and governed properly, this could be instruments for promoting regional development.

The Philippine Development Plan 2011 to 2016 recognizes the role of ecozones in encouraging investments. The PEZA law further envisions ecozones as being self-reliant, self-sustaining and private-sector led. Government may provide appropriate and strategic support to these eco-zones where such support is deemed viable.

As of June 2013 under PEZA, there are four publicly-owned ecozones in Baguio, Cavite, Mactan and Pampanga, 304 privately owned PEZA-registered ecozones, and outside of PEZA, eight public ecozones with freeports have been established through the enactment of specific laws, namely, those in Aurora, Bataan, Cagayan, Clark, Poro Point, Subic, Zamboanga and John Hay.

For our part, NEDA has expressed reservations on the establishment of new publicly-owned ecozones and freeports. As shown by PEZA, the private sector has been actively developing such facilities where the private sector assumes onsite investments as well as the management, marketing and other operations requirements of these ecozones.

PEZA itself has demonstrated its efficiency and effectiveness in carrying out its mandate — achieving significant gains and attracting foreign direct investments, boost in exports, and generating employment. As to whether public funds should be sought for the development of such facilities, our established policy and procedure is to subject such proposal to rigorous appraisal.

The appraisal takes into account the larger context of regional and national development, assesses alternatives and evaluates the economic and financial viability and sustainability of the proposed ecozone or freeport.

As cited in the PIDS paper, the international experience with using special economic zone as a tool of regional development has been almost without exception a failure. Because of the importance of agglomeration economics, SEZs are only likely to be effective for lagging regions which have economic density and those located in close proximity to leading regions where SEZs may offer the missing ingredients to accelerate slowly developing agglomeration.

Senator Osmeña placed on record that since 1998 he has tried to block every bill in the Senate establishing free ports in the country because every

finance minister from the time of President Estrada had pointed out that the establishment of free ports would be useless because of the impending ASEAN Free Trade Zone that would make the ASEAN one big free port in 2015.

Asked if the present policy of the government frowns upon the establishment of new free ports and economic zones, including publicly funded special economic zones, Senator Osmeña affirmed, saying that privately funded free ports would have to get the authorization from the PEZA, and that the only cost that the government contributes is the tax incentives.

Asked to explain “agglomeration economics,” Senator Osmeña explained that agglomeration economics is just a bigger example of clustering where people tend to come together in areas where developed infrastructure, banking systems, communications as well as the semi-skilled and skilled labor force are in place, contributing to the natural development of the zones. He mentioned the DTI’s “One Town, One Product” (OTOP) program which is a microcosm of agglomeration, although he admitted that the outcome has not been as good as the experience of Japan because Filipinos are more freewheeling compared to the Japanese.

Lastly, Senator Osmeña affirmed that the reasons for establishing free ports are fast disappearing, and that the whole country might as well be declared a freeport and solve the problem of smuggling overnight.

## INTERPELLATION OF SENATOR EJERCITO

At the onset, Senator Ejercito asked about the preparations being undertaken by the department in terms of budget allocation in anticipation of the AFTA economic integration in 2015.

Senator Osmeña explained that, historically, tariffs were established by countries to protect their local producers. He recalled that the country's economic decline started when high tariff walls were put up, like the Filipino First Policy in the 1950s, to protect the local producers but it resulted in inefficiency, while the neighboring countries like Singapore, Hong Kong, Malaysia and Thailand were liberal and more efficient at producing quality goods at lower prices. After acceding to the Uruguay Round Agreement in 1995, he said that the country had to retrain the

people to make them more efficient; since 2010, hundreds of seminars, workshops and teaching programs were conducted to make Filipino producers and workers more competitive. The effort is there, he said, but the country will suffer economically, particularly in agricultural products because Thailand, India and Europe have been subsidizing their farmers. He explained that the prices in the world market are false because these are actually "dump prices" resulting from surpluses of countries with subsidized agricultural products being dumped in the world market. With the proliferation of low-priced surplus agricultural products, he said that it would not make sense for the country to export.

Senator Ejercito expressed his concern that once the AFTA takes effect, the sugar industry, particularly in Negros Occidental, would be affected. He recalled asking the Department of Agriculture the same question in the committee hearing, but the agriculture people were not able to give a concrete plan of action.

Asked on the plan of DTI, such as established mechanisms, to meet this eventuality, particularly for the protection of the sugar industry, Senator Osmeña replied that the problem could be solved by being more efficient. He explained that more money should be spent on research and development in order to develop hybrids that will bring up the volume and lower the per unit cost of production.

Senator Osmeña recalled that the association of the sugar industry proposed the Sugar Industry Act, more than a year ago, but he wanted a bill that would include the other industries, like corn, rice and aquaculture. He pointed out that the sugar industry is dependent on sugar mills, and so among the issues to be addressed is the establishment and modernization of sugar mills as well as the problem of technical smuggling which is harming the sugar industry.

Asked if the DTI has already implemented a price freeze in the regions affected by super Typhoon *Yolanda*, Senator Osmeña replied in the affirmative, but he pointed out that what was needed was a price ceiling nationwide in order to avoid price surges.

#### **SUBMISSION OF THE BUDGETS OF THE DEPARTMENT OF TRADE AND INDUSTRY AND ITS ATTACHED AGENCIES**

There being no other reservation for interpellation,

upon motion of Senator Aquino, there being no objection, the budgets of the Department of Trade and Industry and its attached agencies, namely, Office of the Secretary, Board of Investments, Construction Industry Authority of the Philippines, Construction Manpower Development Foundation, Philippine Trade Training Center, Product Development and Design Center of the Philippines, as well as its attached corporations, namely, Aurora Pacific Economic Zone and Freeport Authority, Center for International Trade Expositions and Missions, and Cottage Industry Technology Center, were deemed submitted for the Body's consideration.

#### **SUBMISSION OF THE BUDGETS OF OTHER EXECUTIVE OFFICES**

There being no reservation for interpellation, upon motion of Senator Escudero, there being no objection, the budgets of Other Executive Offices, namely, Housing and Land Use Regulatory Board, Housing and Urban Development Coordinating Council, Presidential Commission for the Urban Poor, Credit Information Corporation, and Social Housing Finance Corporation, were deemed submitted for the Body's consideration.

#### **SUSPENSION OF SESSION**

Upon motion of Senator Aquino, the session was suspended.

*It was 4:09 p.m.*

#### **RESUMPTION OF SESSION**

At 4:18 p.m., the session was resumed.

#### **PHILIPPINE SPORTS COMMISSION**

Senator Guingona presented the budget of the Philippine Sports Commission (PSC) amounting to P182,313,000 broken down as follows: Personal Services – P41,857,000; and MOOE – P140,456,000.

#### **INTERPELLATION OF SENATOR CAYETANO (P)**

Senator Cayetano (P) stated that under RA 6847, the PSC should provide financial assistance to various national sports associations. She then asked how much was given the NSAs for swimming and dragon boat. Senator Guingona replied that swimming,

including all other water sports, was given P20 million, while dragon boat received P10 million.

Senator Cayetano (P) informed the Body that during the hearing on the budget of the PSC, she raised serious concerns about the preparation for the Southeast Asian games and that particular athletes and teams that are highly qualified would not be going to the SEA games to represent the country.

Specifically, Senator Cayetano (P) cited Denjylie Cordero, a multi-awarded swimmer, who has a good shot at getting a gold medal but she was not included in the lineup of athletes because of personal differences between her father and the former president of the swimming association, who also used to be a deputy secretary general of POC. She demanded an explanation from the PSC how personal differences between the father of a swimmer and the former president of the swimming association became the basis for not including Ms. Cordero in the roster. Additionally, she noted that Ms. Cordero was excluded because she is not a member of the sports association. She then asked the PSC as the governing body tasked to supervise the NSAs what it has done to ensure participation of the best swimmers, including Ms. Cordero, in the SEAGames.

Responding thereto, Senator Guingona stated that the chairman of the PSC has no power over the NSA and that the choice as to who can participate is the discretion of the NSA.

Senator Cayetano (P) disagreed, pointing out that the Commission has supervisory powers over the NSAs. She suggested that the Committee on Finance cut the budget of the Commission if it was acting contrary to law. She said that it is the taxpayers' money that pays for the NSAs, yet they do not send the best athletes to the SEA Games.

Senator Guingona agreed that the PSC has the power to cut the budget of the NSA as a form of disciplinary action but the PSC has not done it to date. He pointed out that the athlete can be the best of the best, but if he/she is not a member of the association, the PSC cannot sanction the NSA. He informed the Body that the chairman of the PSC would cut the 2015 budget of the NSA for swimming.

Senator Cayetano (P) lamented that every year, senators sit and listen to the problems of the NSAs while the PSC turns a blind eye to everything when

it can take away the NSA's budget, file cases against it, or mediate between the association and the athletes. She said that if she had her way and all the 23 senators would agree with her, the Commission would not have any budget at all.

Citing the case of the dragon boat team, Senator Cayetano (P) lamented that despite the Philippine Dragon Boat team winning over the Russian and United States teams in Italy last year, it would not be participating in the SEA Games because the coach decided to disband the whole team for committing certain violations, and the PSC and the POC never acted on it.

Senator Guingona clarified that the entire team was terminated by the NSA that has jurisdiction over the dragon boat team, and he feared that if the PSC intervenes, it might be suspended by the IOC. He admitted that dragon boat is not an Olympic sport.

That being the case, Senator Cayetano (P) remarked that the IOC has nothing to do with the case of the dragon boat team. She asked what action the PSC has taken in the exercise of its supervisory and visitorial powers over the NSA as provided for in Section 11 of its charter when it suspended the whole team. Senator Guingona said that the funding of the association was stopped three months ago.

Senator Cayetano (P) lamented that the members of the team were denied their salaries and allowances for the last four or five months from the time the NSA suspended them. Notwithstanding their suspension, she informed the Body that the team continued training in the hope that the country would eventually recognize that they are world champions who deserve to be sent to the Southeast Asian Games.

As to how the PSC has resolved the problem, Senator Guingona said that a hearing was conducted and the decision would be released within the week.

Senator Cayetano (P) said that the POC stands as the arbitration committee in the complaint brought by the members of the team against their coach; however, the arbitration head is abroad and has been away for four months. She lamented that nobody cared to convene the arbitration committee despite the urgency considering the deadline given by the Southeast Asian Games within which to submit the names of participants. She expressed dismay at the

treatment being endured by the team which has been training at their own expense.

Senator Cayetano (P) acknowledged that the Philippine Olympic Committee is not a government-funded agency, and that it is only to the PSC that the problem could be addressed. She lamented that despite its supervisory and visitorial powers over the NSA, the PSC did not deem it necessary to impose sanctions for violations of its policies, much less solve the problem instead of merely suspending the association.

Senator Cayetano (P) stressed that the two incidents she mentioned were clear indications that based on current laws, the PSC was not doing its job. She said that she was even inclined to defer the consideration of the budget of the PSC and recommend a zero budget, but she felt that eventually it is the athletes who would suffer. She said that she would propose an amendment to the PSC charter in order to strip it of many of its powers.

At this juncture, Senator Cayetano (P) moved for the deferment of the consideration of the budget of the PSC to enable her to decide on the actions she would take including the filing of cases against the officials of the PSC who have neglected their duties and abused their authorities. Even as Senator Recto had suggested to make line items as to who gets the budget, she said that her main concern was the athletes and the coming Southeast Asian Games.

#### **MANIFESTATION OF SENATOR ESCUDERO**

Senator Escudero did not object to the motion, saying that he was equally dismayed with the issues raised by Senator Cayetano (P).

#### **DEFERMENT OF THE CONSIDERATION OF THE BUDGET OF THE PHILIPPINE SPORTS COMMISSION**

There being no objection, the consideration of the budget of the Philippine Sports Commission was deferred.

#### **SUSPENSION OF SESSION**

Upon motion of Senator Aquino, the session was suspended.

*It was 4:34 p.m.*

#### **RESUMPTION OF SESSION**

At 4:35 p.m., the session was resumed.

#### **OMNIBUS SUBMISSION OF BUDGETS OF CERTAIN AGENCIES**

Upon motion of Senator Escudero, there being no objection, the budgets of the Movie and Television Review and Classification Board, Office of the Presidential Adviser on Peace Process, Presidential Communications Development and Strategic Planning Office, Authority of the Freeport Area of Bataan, and the Zamboanga City Special Economic Zone Authority were deemed submitted for the Body's consideration.

#### **SUSPENSION OF SESSION**

Upon motion of Senator Cayetano (A), the session was suspended.

*It was 4:36 p.m.*

#### **RESUMPTION OF SESSION**

At 4:44 p.m., the session was resumed.

#### **ANTI-MONEY LAUNDERING COUNCIL**

Senator Legarda presented the budget of the Anti-Money Laundering Council (AMLC) in the amount of P28,605,000.00.

#### **INTERPELLATION OF SENATOR SOTTO**

At the outset, Senator Sotto manifested support for the budget of the AMLC which he believed should be given more.

Asked whether the AMLC had already complied with its promise to submit a memorandum showing the importance of information technology in fulfilling its mandate, Senator Legarda said that the Council would have wanted to submit the memorandum but it was advised not to request an additional budget and to abide by the President's budget. However, she said that it would be most welcome and the Council would immediately submit the memorandum if Senator Sotto would propose an amendment to restore the P12 million targetted for computerization program.

Asked how much additional budget the AMLC needs, Senator Legarda said that P5.2 million would

be sufficient for the repair and maintenance of whatever equipment it has as well as the renewal of various software licenses and maintenance of IT hardware.

Asked whether the Council has no other need to become technologically capable, Senator Legarda recalled that there was a request for other expenses such as rent, representation, training and scholarship, and communication expenses although the said items could be covered by the increase in the budget. She said that she tried but she was advised that there may not be a source of funding if an amendment was introduced for the upkeep of the IT equipment.

On the assertion that there would be sources of funds because of the cuts that the Senate would make on the various allocations of other agencies, Senator Legarda replied that if Senator Sotto would insist on the P5.2 million amendment, she was more than willing to support it.

On another matter, Senator Sotto noted that there were a number of petitions that were court-based as well as applications for freeze order filed before the Court of Appeals. He asked what the percentage was of favorable resolutions obtained by the AMLC. Senator Legarda replied that the Council obtained a 100 % favorable resolution on court-based petitions and applications for freeze order before the Court of Appeals.

On another matter, Senator Sotto noted the significant increase of travelling expenses from P1.9 million to P7.1 million and the allocation for scholarship from P160,000.00 to P2.2 million. He inquired whether the scholars are obliged to remain in the service of the AMLC after the training as he clarified that he was not against the increase but merely wanted the Council to benefit from the trained scholars. Senator Legarda replied that travelling expenses would cover domestic and foreign travels, while the budget for scholarships includes training of professionals and attendance to international meetings. She said that the scholars are required to render a minimum of two years of service in the Council after the training.

Senator Sotto acknowledged that the new amendments to the AMLA correspondingly increased the responsibilities by the AMLC in terms of more investigations and prosecutions of anti-money laundering cases. He asked if this would mean hiring more lawyers and personnel.

Senator Legarda stated that the AMLC Secretariat was reorganized in 2010 but with the approval of the Monetary Board because the members and officials of the Council are also BSP employees. She admitted that the Council would always be in need of additional lawyers and staff, but she expressed confidence that it could perform its tasks with very minimal but competent personnel complement.

Senator Sotto also noticed the huge increase in advertising expenses of the Council from P62,000.00 to P3.2 million. He asked where the allocation would be spent.

Senator Legarda explained that the allocation would be for the publication of the laws and petitions of the Council.

In closing, Senator Sotto said that he would propose the inclusion of P5.2 million additional allocation to enhance the technological capability of the Council.

#### **SUBMISSION OF THE BUDGET OF THE ANTI-MONEY LAUNDERING COUNCIL**

There being no other reservation for interpellation, upon motion of Senator Recto, there being no objection, the budget of the Anti-Money Laundering Council was deemed submitted for the Body's consideration.

#### **DANGEROUS DRUGS BOARD**

Senator Escudero presented the budget of the Dangerous Drugs Board for 2014 in the amount of P102,435,000.00.

#### **INTERPELLATION OF SENATOR SOTTO**

Preliminarily, Senator Sotto noted the small budget allocation of the Dangerous Drugs Board compared to the billions of money being generated by the manufacturers of illegal or dangerous drugs. He pointed out that one of the major components in fighting the problem of illegal drugs is the rehabilitation of drug users. He asked how many operational rehabilitation facilities the government has at present.

Senator Escudero replied that at present, there are 23 government treatment and rehabilitation centers nationwide while there are 28 similar facilities owned by non-government entities.



Asked if all government facilities are accredited, Senator Escudero said that 10 of them are pending accreditation by the Department of Health.

On whether the Family Drug Abuse Prevention Program and the Systematic Training for Effective Parenting are being implemented only in identified areas or nationwide, Senator Escudero said that these are being implemented nationwide but on a "request basis" by persons, entities, agencies or groups. He informed the Body that the areas that have been covered are the NCR, Dagupan City, Santiago City, Balanga in Bataan, Zambales, Calamba in Laguna, Sorsogon, Iloilo City, Bacolod City, Tagbilaran City, Zamboanga City, Davao City, Cagayan de Oro City, General Santos City, Baguio City, Sagada and Butuan City. He affirmed that those activities have fund allocations in the 2014 proposed budget.

Asked if the DDB is still conducting seminar-workshops for enforcers, prosecutors and judges and whether there is an allocation for this activity in the next year's budget, Senator Escudero said that for systematic training, the amount of P1 million was allocated, while the amount of P300,000 was allocated for the seminar-workshop on Parent, Youth, Resource Against Drug Abuse; however, the fund for the seminar workshop for enforcers, prosecutors and judges is not in the proposed budget because its funding is being sourced from PCSO and PAGCOR in the amount of P4 million.

As regards the Alternative Development Program, Senator Sotto inquired whether the claim of Secretary Alcala that the Department of Agriculture is continuing the program was true. In reply, Senator Escudero said that Secretary Alcala merely expressed his intention to help the Board but the Department has no allocation for it in its 2014 proposed budget. He pointed out that the current budget for the program was sourced by the Board from its savings.

As to the status of the silk production in the province of Benguet and the abaca production in Cebu, Senator Escudero said that the funds for these are only being sourced from its savings.

On the budget requirement for the two alternative livelihood programs of silk and abaca production, Senator Escudero replied that the DDB was requested by the DA to allocate P5.3 million but only P2.3 million from PCSO and PAGCOR could be allocated to the two programs, thus, there would still be a shortfall of about P3 million.

On whether the Committee can ask the Secretary of Agriculture to fulfill his intention to implement the alternative programs, Senator Escudero replied in the affirmative.

### **SUBMISSION OF THE BUDGET OF THE DANGEROUS DRUGS BOARD**

Upon motion of Senator Recto, there being no objection, the budget of the Dangerous Drugs Board was deemed submitted for the Body's consideration.

### **SUSPENSION OF SESSION**

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

*It was 5:10 p.m.*

### **RESUMPTION OF SESSION**

At 5:12 p.m., the session was resumed.

### **SUBMISSION OF THE BUDGET OF THE CULTURAL CENTER OF THE PHILIPPINES**

Upon motion of Senator Recto, there being no objection, the budget of the Cultural Center of the Philippines was deemed submitted for the Body's consideration.

### **FILM DEVELOPMENT COUNCIL OF THE PHILIPPINES**

Senator Escudero presented the budget of the Film Development Council of the Philippines.

### **INQUIRY OF SENATOR SOTTO**

Asked by Senator Sotto whether the FDCP chairman was present, Senator Escudero explained that FDCP chairperson Briccio Santos wrote the Senate President through the Committee on Finance informing that FDCP executive director Teodoro Granado and Chief Administrative Officer Emelita Alquia would represent him during the presentation of the agency's budget, considering that he would be in Brunei to attend the ASEAN meeting of the Committee on Communications and Information (COCI) and in Bangkok for the Film ASEAN summit and that he would be back in the country by November 24.

On whether the Senate President accepted the written explanation of the FDCP chairman,

the Chair replied that the letter has been sent to his office through the chairman of the Committee on Finance.

#### **MANIFESTATION OF SENATOR ESTRADA**

At this juncture, Senator Estrada pointed out that if the agency head was not present during the plenary debates, the Body would have to defer the submission of the budget and resume discussions on it when Mr. Briccio Santos arrives.

#### **SUSPENSION OF CONSIDERATION OF THE BUDGET OF THE FILM DEVELOPMENT COUNCIL OF THE PHILIPPINES**

Upon motion of Senator Estrada, there being no objection, the Body suspended consideration of the budget of the Film Development Council of the Philippines.

#### **PHILIPPINE DRUG ENFORCEMENT AGENCY**

Senator Escudero presented the budget of the Philippine Drug Enforcement Agency for 2014 amounting to P869,096,000.

#### **INTERPELLATION OF SENATOR SOTTO**

Senator Sotto asked whether the PDEA has allocated funds for drug profiling in its 2014 budget, as he was hoping that the PDEA would update its drug profiling methods considering that the Philippines is a transshipment point for illegal drugs. He pointed out that with the proper equipment and funding, the PDEA could trace the source and the manufacturers of illegal drugs. Senator Escudero explained that the PDEA has spent P25 million on an ongoing program on drug profiling which is, however, limited only to a purity test.

Asked how much funding would be needed for a complete drug profiling program, Senator Escudero said that an additional P28 million would be needed to purchase two pieces of equipment – a Gas Chromatograph Mass Spectrometer worth P20 million and a Gas Chromatograph Flame Ionization Detector costing P8 million. For his part, Senator Sotto said that he would try to find out where funds could be sourced for this effort especially in light of the deletions in the proposed national budget.

On whether the PDEA has upgraded its drug testing using saliva instead of urine, Senator Escudero replied in the negative.

As regards the concern that urine tests are only able to detect drugs like amphetamine, methamphetamine and marijuana but not cocaine or heroin unless a separate drug test is conducted, Senator Escudero explained that the PDEA does not have such a budget for this kind of drug test but it follows the best practices used even by many other countries that also rely on urine tests to detect the presence of cocaine and heroin.

To the observation that the PDEA could upgrade its testing methods to using saliva pursuant to the Anti-Drunk and Drugged Driving law which allows law enforcers to test the saliva of individuals involved in vehicular accidents, Senator Escudero replied that the PDEA would look into the availability of drug testing kits using saliva since the agency and its counterparts from other countries currently use drug testing kits using urine samples. He explained that the PDEA has a three-in-one drug testing kit to check the presence of marijuana, *shabu* and ecstacy, and another kit that separately tests for the presence of cocaine and opiates. He gave assurance that the PDEA will study the new saliva drug testing being used by other countries. For his part, Senator Sotto expressed willingness to find ways to add funds for the agency's drug profiling program.

#### **SUBMISSION OF THE BUDGET OF THE PHILIPPINE DRUG ENFORCEMENT AGENCY**

Upon motion of Senator Sotto, there being no objection, the budget of the Philippine Drug Enforcement Agency was deemed submitted for the Body's consideration, subject to amendments that would be proposed at a later time.

#### **SUSPENSION OF SESSION**

Upon motion of Senator Escudero, the session was suspended.

*It was 5:25 p.m.*

#### **RESUMPTION OF SESSION**

At 5:39 p.m., the session was resumed.

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## CAGAYAN ECONOMIC ZONE AUTHORITY

Senator Osmeña presented the budget of the Cagayan Economic Zone Authority.

## REMARKS OF SENATOR ENRILE

Senator Enrile appealed to the Subcommittee to reconsider its decision to delete the budget proposal of CEZA for the deepening of the navigational channel of Port Irene. He said that he hesitated to stand up and make the appeal as he knew that it was very sensitive at the moment for any Member of Congress to intercede for any project. Stressing that he has no special personal interest in the project, he said that he nonetheless felt compelled to make the appeal in the interest of his province, fully convinced that this project of the national government will eventually contribute greatly to the economic development of the country. He informed the Body that the breakwater of the port, the first of its kind in the country, was almost finished and had withstood many strong typhoons that passed through the area, and that the government has almost recovered some of its expenditures for the breakwater because of the taxes and duties being paid by the locators in the area.

Moreover, Senator Enrile believed that the port would serve as an alternate, viable modern international port. In this regard, he revealed that the Koreans were already waiting for the completion of the port, as well as Kaohsiung which plans to locate some of its containers to Port Irene, the nearest Philippine port to Taiwan at 22 hours' sailing time.

Senator Enrile stated that presently, only ships of not more than 8,000 tons can enter Port Irene because of its limited drop, which was why it was being proposed to deepen the channel to a depth of 18 feet in order to allow Panamax ships to enter the port because even Guam wants to connect with this port eventually. He opined that the port, once developed, would ease the congestion in Metro Manila and would cheapen the cost of goods being imported into the country.

Senator Enrile informed the Body that the port would complement an airport that was nearing completion. He said that the airport is 2,100 meters in length and would serve regional flights from Taipei, Shanghai, Vladivostok, Tiananmen, Hong Kong, Macau and Singapore. He stated that the airport would eventually be lengthened to 3,000 meters in order to

accommodate the big carriers servicing the expected increase in the flow of people. He pointed out that the airport in Cagayan is probably one of the cheapest airports of its kind in the Philippines where the government contributed only 40% for its construction with the 60% provided by the locators in Santa Ana.

Senator Enrile also pointed out that the port is the first PPP project that has been undertaken in the country and continuing it would prove to be a wise decision in the end. Finally, he reiterated his appeal for the Subcommittee to reconsider its decision to reduce CEZA's budget, expressing the wish to make the two projects the memorial to his humble service to the nation and to his province of Cagayan.

For his part, Senator Osmeña thanked Senator Enrile for his inputs and comments. However, he explained that the particular cuts that the subcommittee made were not done hastily and without basis.

He recalled that in his policy statement earlier that was attributed to the NEDA Secretary and to the Philippine Institute for Development Studies (PIDS), he stated that free ports have been failures, by and large, in creating regional development. He disputed the saying that "If you build it, they will come," because it has not happened, is not happening and will not happen. He said that he previously objected to the establishment of the APECO free port for the same reason because Aurora is too far and lacks skilled labor.

As far as Cagayan is concerned, he observed that the province lacks the industrial base, so that despite having a port and an airport, it would not be able to make good use of the infrastructure to justify the government expenditure. He said that an analysis of the Cagayan Free Port showed that of the 124 locators, 77 are interactive gaming, 10 are integrated resort operations related to the gaming facilities, and 11 are in importation and trading of used vehicles, an indication that the area has no heavy export or import activity.

On the contention that even with a heavy duty port and airport the area has no products for exports, Senator Enrile informed the Body that the freeport is now bringing in containerized products and the farmers are now being encouraged to produce fresh pineapple for export to Russia and Taiwan because other agricultural products, like vegetables, have limited acreage and they need the agricultural lands of Cagayan Valley as source of products for the people.

Senator Osmeña reiterated the request he has always asked during the committee hearings as regards the cost-benefit analysis to be able to better understand and appreciate the project and to better justify the spending of the people's money. He noted that about P6 billion has already been spent for the Cagayan Freeport and another P800 million is being proposed for this year. He lamented that there have been very little connection between the economic activity generated by the Cagayan Freeport and the type of heavy industry that would be able to support or justify the expenditure of a port and freeport of the caliber that is being constructed. He expressed concern that the project might not be able to produce the export and that it would not be able to feed the people of Central Luzon and Metro Manila. He stated that prices will surely double if ships come in with imports but have no return loads of exported products when going out, thus he disputed that promoting pineapples will give an export product. Senator Enrile argued that Cagayan Valley is producing lots of fruits but it is only currently that they have contacted markets.

Asked by Senator Osmeña who would be producing the fruits, Senator Enrile replied that the farmers are planting them, and he revealed that people from DOLE conducted an experiment in the area but he told them not to continue because he did not want to deny the farmers the benefit of the area. He added that marine products are also going to be developed. In the case of containerization, he placed an initial estimate of 200 containers a month for a start but a certain shipping company will be operated to service the port from Kaohsiung and will also be serving Batangas and some other areas in Luzon like Port Irene and Mariveles.

As regards the cost-benefit analysis that he asked, Senator Osmeña revealed a letter from NEDA and a 2009 Audit Technical Evaluation Report for infrastructure from the Commission on Audit. However, he insisted that he needs to see the study for the last phase of the project that will cost P800 million. Senator Enrile said that they are not publicizing the project because businessmen who visited the area were serious about it, as he also revealed that an Australian group wanted to set up an abattoir that would serve as a fattening area for cattle to supply the demands of Taiwan, Japan and China, but that he suggested that it be established on the Pacific side so as not to pollute the Babuyan Channel. He said that there are other inquiries as regards the project and currently, the port is trying to make do with 8,000

tonnages as it requires time to dredge the channel for big ships to come in. If dredging can be done, he said that big tankers of fuel can dock in and could be a good source of fuel for North and Central Luzon, instead of bringing fuel supply through Manila and Batangas; and in case of war, it can be used as an alternative port. He noted that Casiguran in Aurora will take a long time to be developed because it requires a lot of effort to build the port there.

Senator Osmeña asked anew the officials of Cagayan Freeport to submit the cost-benefit analysis so that proper amendments can be done to the budget. He said that the detailed cost-benefit analysis will determine how the project would benefit the Filipino people especially that funds are needed to help revive Region VIII and parts of Regions VI and VII. Senator Enrile said that he was positive that the project will be a growth area for the country and will be a very good source of income for the government.

Asked how he is related to the chairman of the Cagayan Freeport whose surname is Ponce, Senator Enrile replied that the grandfather of the chairman was named Alfonso Ponce, a namesake of his father, that when his father ran for Congress, their rival, the Formoso group, put up the chairman's grandfather to run, and so, his father had to attach his surname Enrile to Ponce, to become the only Ponce Enrile in the country.

## SUSPENSION OF SESSION

Upon motion of Senator Cayetano (A), the session was suspended.

*It was 6:03 p.m.*

## RESUMPTION OF SESSION

At 6:04 p.m., the session was resumed.

## SUSPENSION OF CONSIDERATION OF THE BUDGET OF THE CAGAYAN ECONOMIC ZONE AUTHORITY

Upon motion of Senator Osmeña, there being no objection, consideration of the budget of the Cagayan Economic Zone Authority was suspended.

## NATIONAL HOUSING AUTHORITY

Senator Guingona presented the budget of the National Housing Authority and its attached agency.

Senator Guingona stated that the budget of the National Housing Authority is P10,951,770,000.

### SUSPENSION OF SESSION

Upon motion of Senator Sotto, the session was suspended.

*It was 6:06 p.m.*

### RESUMPTION OF SESSION

At 6:06 p.m., the session was resumed

### INTERPELLATION OF SENATOR SOTTO

At the outset, Senator Sotto cited some legislations related to the functions of the National Housing Authority, to wit:

- Executive Order No. 90 – issued by then President Corazon Aquino which mandated the NHA as the sole government agency engaged in direct shelter production. It shall focus its efforts in providing housing assistance to the lowest 30% of urban income earners through slum upgrading, squatter relocation, development of sites, and services and construction of core housing units;
- Republic Act No. 7279 (Urban Development and Housing Act) – tasked the NHA to provide technical and other forms of assistance to LGUs in the implementation of their housing programs; and,
- Republic Act No. 7835 (Comprehensive and Integrated Shelter Financing Act) – gave the NHA the task of implementing the following components: the National Shelter Program, Resettlement Program, Medium Rise Public and Private Housing, Cost Recoverable Programs and the Local Housing Program. The NHA has existing Emergency Assistance Programs which provides housing assistance to areas devastated by natural and man-made calamities.

However, Senator Sotto noted that in the proposed 2014 GAA, the NHA was granted a zero budget for emergency housing assistance for calamity victims, regular settlement and slum upgrading; the DILG was allocated P1.24 billion for the housing program

of informal settler-families in danger areas within Metro Manila, which is higher than the amount sought by the NHA which only requested P1 billion.

Asked how much NHA has to help the victims of calamities and the Zamboanga conflict, Senator Guingona replied that P620 million was allocated for 2013 and none for 2014.

As to the kind of housing assistance the NHA provides to the calamity areas, Senator Guingona said that the NHA provides materials for reconstruction and resettlement.

Senator Sotto pointed out that the budget allocation for the NHA was P21.3 billion in 2013 which was reduced to P10.9 billion in 2014, despite the agency's request for a P24.8 billion budget from the DBM. Senator Guingona explained that during the DBCC hearing conducted by the Senate Committee on Finance on August 27, 2013, DBM Secretary Florencio Abad explained that the unexpended balance from the fiscal year 2013 appropriations would be sufficient to cover the reduction in the 2014 proposed national subsidy of the NHA, but the agency did not agree with that statement because out of the P21 billion appropriation, only P500 million has not been obligated.

Regarding the relocation and resettlement program, Senator Sotto observed that the P5.49 billion allocation is limited to families residing in or along danger areas in Metro Manila and no budget was allocated for the resettlement of families residing in danger areas in the provinces such as Rizal, Laguna, Bulacan, Pampanga and Bataan, nor for those displaced by infrastructure projects in Metro Manila. He then asked what the reason was for not giving allocations for those equally important programs. He surmised that there was something wrong with the formulation of the NHA's budget, therefore, he asked the chairman of the subcommittee and the chairman of the Committee on Finance to look further into it. Senator Guingona agreed and stated that the committee is open to amendments.

### INTERPELLATION OF SENATOR ESTRADA

Reiterating the issues raised by Senator Sotto, Senator Estrada asked what the reason was for granting a zero budget for emergency housing assistance for calamity victims which in 2013 was allotted P620 million. He asked if politics played a big role in the decision to completely cut the budget.

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Senator Guingona replied that he would not want to speculate.

Asked why there was a sudden decrease in the NHA budget from P21.3 billion in 2013 to P10.9 billion in 2014, Senator Guingona replied that the reason given by the DBM was the absorptive capacity of NHA, which the latter did not agree with.

Asked if there would be a possibility to restore the budget to the 2013 level, Senator Guingona replied that as discussed with the chairman of the Committee on Finance, an item for the housing assistance for calamity victims could be added, the exact amount, however, yet to be determined.

As regards the backlog in housing units, Senator Guingona said that the target was 100,000 houses for families living in danger areas in Metro Manila, of which 40,000 were constructed; on the other hand, the backlog outside of Metro Manila was 500,000.

Asked if the 2014 budget has an allocation for those backlogs, Senator Guingona answered in the negative.

Senator Estrada lamented that politics should not impede the assistance that should be given to those who need it. He questioned why P1.24 billion budget was given to DILG for housing programs for informal settlers when that function is lodged in the NHA. He stated that it was wrong to favor one agency over the other because in the end, it is the people who would suffer.

Senator Guingona assured the Body that the issues raised would be taken up by the committee, and amendments would be accommodated at the proper time.

#### **INTERPELLATION OF SENATOR RECTO**

Senator Recto stated that an important feature of his recommendation for a rehabilitation fund from the unprogrammed fund of the budget would be housing. He noted that according to the NDRRMC report, there were 359,000 houses destroyed by *Typhoon Yolanda*, the Bohol earthquake, *Typhoon Santi* and the Zamboanga incident. He then asked how much it would cost to build those houses. Senator Guingona replied that it would cost around P124 billion, with each house amounting to P205,000 to P330,000. He clarified that the P330,000 includes the cost of the

land and land developments while P205,000 refers to the house on-site. Upon further query, he said that about P100 billion would be the cost for the construction of the houses alone.

The Chair then asked the size of the house and lot. Senator Guingona replied that it is a 24-square meter house with a loft on a forty-square meter lot. He added that the houses are typhoon-resilient.

Senator Recto stated that there were 432,000 partially damaged houses, which include 58,000 in Bohol and Cebu due to the earthquake, 324,000 due to *Typhoon Yolanda*, and 48,000 due to *Typhoon Santi*. Asked on the estimated cost for the reconstruction of those houses, Senator Guingona said that P3.4 billion is needed for Bohol and Cebu alone – about P10,000 worth of housing materials per family; for those damaged by *Typhoon Yolanda*, only P5,000 worth of housing materials would be allocated. He explained that the damage done by the earthquake affected the foundation of the houses, as compared to the damage made by the typhoon. However, he admitted that further study is necessary to determine the cost for the housing requirements.

As to how fast houses could be built, Senator Guingona informed the Body that NHA can build 17,000 houses at one site in one-and-a-half year but it can double or triple the production in order to build 380,000 houses in less than two years. He agreed with Senator Recto that spending P100 billion to build 359,000 homes would have a multiplier effect of eight times or P800 billion, to the economy of Tacloban which, in turn, would help the people get back on their feet, in effect, achieving two goals at the same time – building homes and creating jobs in the process.

#### **INTERPELLATION OF SENATE PRESIDENT DRILON**

Asked by Senate President Drilon about NHA's Treasury Trust Account, Senator Guingona affirmed that the agency has P13 billion unused and unobligated funds.

Senate President Drilon stated that the NHA was not given additional funding not because the Vice President is the chair of the agency but because of its absorptive capacity, considering that it has P13 billion in its Treasury Trust Account, unutilized and undisbursed.

Senator Guingona replied that even the NHA officials agreed that politics was indeed not part of it.

### SUSPENSION OF SESSION

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

*It was 6:35 p.m.*

### RESUMPTION OF SESSION

At 6:39 p.m., the session was resumed.

Senate President Drilon stated that the general manager of the NHA explained during the break that indeed there were funds available but that the agency would like to submit a written response to the questions raised. He said that the Body would await the response of the NHA on the matter.

### INTERPELLATION OF SENATOR CAYETANO (A)

Senator Cayetano (A) expressed concern over allegations that the reason behind the decrease in the NHA's 2014 budget was politics. He then inquired if the Vice President, who is also the HUDCC Chair, expressed the same sentiment.

Senator Guingona informed the Body that the Vice President called him very briefly before the committee hearing to point out and express his concern over the deletion of the Calamity Housing Assistance Fund although nothing was said about politics.

Senator Cayetano (A) shared the concerns of the Minority that the NHA should get its budget in terms of purpose, goals and vision of the government and not in terms of who heads the agency.

As to the agency's absorptive capacity, Senator Cayetano (A) cited the housing projects in the City of Taguig for the last 40 years, such as the Maharlika Village housing project where Muslims and Christians live side by side; the housing project for enlisted personnel; and the tenement housing built during the time of President Macapagal. However, he singled out the Dreamland Housing built by the BCDA because of the quality of the houses. He said the BCDA adopted the formula of allocating a specific

amount and allowing each to build his new house. He suggested that NHA could adopt the same formula, rid the government of the bidding problem, and give the beneficiaries a free hand to construct their new homes, subject to certain verification process.

Senator Guingona gave assurance that the NHA would consider the suggestion as well as those from civil society organizations and NGOs.

Finally, Senator Guingona disclosed that upon learning of the exclusion of the calamity housing assistance funds, he immediately got in touch with the Chair of the Committee on Finance who agreed to put the item, the amount for which would be subject to the judgment of the Body.

### SUBMISSION OF THE BUDGET OF THE NATIONAL HOUSING AUTHORITY

There being no other interpellation, upon motion of Senator Cayetano (A), there being no objection, the budget of the National Housing Authority was deemed submitted for the Body's consideration, subject to amendments at the proper time.

### SUSPENSION OF SESSION

Upon motion of Senator Cayetano (A), the session was suspended.

*It was 6:46 p.m.*

### RESUMPTION OF SESSION

At 6:56 p.m., the session was resumed.

### DEPARTMENT OF HEALTH

Senator Guingona presented the budget of the Department of Health in the amount of P85,660,189.00.

### MANIFESTATION OF SENATOR VILLAR

Senator Villar noted that the Las Piñas General Hospital and Satellite Trauma Center was included in the DOH list of medical centers, sanitarium and other hospitals, indicating therein that it is authorized to become a 200-bed hospital. She clarified that contrary to the data indicated in the list, the Las Piñas General Hospital and Satellite Trauma Center

presently has 150 beds instead of 88; it has a big outpatient clinic which services around 150 patients per day as well as a big emergency room where indigent patients are being admitted and allowed to stay for 24 hours, if the referred ailment is curable within the same number of hours, or otherwise admitted to the 150-bed hospital. She then requested that Las Piñas General Hospital and Satellite Trauma Center be classified on the same level as that of the Caraga Regional Hospital which has the same bed capacity and with a budget of P234 million. She said that the Committee on Finance has already agreed to increase its budget at par with the Caraga Regional Hospital.

Senator Guingona confirmed Senator Villar's manifestation.

#### **INTERPELLATION OF SENATOR AQUINO**

Following the declaration of the PDAF as unconstitutional, Senator Aquino asked whether the DOH has the capability to cater to the medical needs of the poor. He expressed concern over a misconception that has been circulating that as a result of the SC's decision, the needs of the people who are sick could no longer be served.

In response, Senator Guingona affirmed that it was indeed a misconception because the government, through PhilHealth, has launched a program called "The Point of Care Enrolment," the mechanics of which merely require an indigent patient, who is not yet a member to fill up an enrolment form and the hospital would pay the premium, and said indigent patient would immediately be deemed covered by the benefits of PhilHealth. He agreed with Senator Aquino that even without the PDAF, the medical needs of the poor would definitely still be taken care of even if only the government hospitals, and provincial, local and regional hospitals are covered in the program at present.

To Senator Aquino's questions regarding PhilHealth's "*Kalusugang Pangkalahatan*," specifically whether the list of diseases covered was sufficient, Senator Guingona said that as of September 2013, there are 31 million families enrolled, or 77 million individuals out of the country's population of 97 million. He said that PhilHealth's goal is to cover 90% to 95% of all Filipinos in the next three years in its universal health care program. He further explained that all diseases would be covered except that only 23 most common diseases are covered in the "no balance billing scheme"

whereby the indigent patient would not be charged any amount beyond the rates set for the specified diseases. He said that there are efforts to expand the coverage to include practically all diseases.

Asked whether diagnostic expenses are covered, Senator Guingona replied that these are subject to reimbursement.

Senator Aquino assumed that out of the 77 million members, only one-third would not be considered indigent. He asked whether there exists a separate program, cost structure, or benefit structure intended for those not considered as indigents. Senator Guingona answered in the affirmative, stating that it was actually included in the amendatory law.

Senator Aquino expressed hope that by augmenting the budget a little bit more, those who belong to the socioeconomic class D and E would be included in the coverage. Senator Guingona affirmed that those belonging to the socioeconomic class D would be included in the coverage next year.

#### **MANIFESTATION OF SENATOR CAYETANO (A)**

Senator Cayetano (A) requested the DOH to provide him with the facts and figures mentioned in the questions of Senator Aquino.

Senator Cayetano (A) recalled that President Arroyo had always claimed that 85% of the Philippine population was already covered by PhilHealth but during those same years, the DOH also requested more budget to cover more Filipinos. He informed the Body that this year, he went around the country to find out the real number of people who were already covered by PhilHealth, and he found out that it was not 85% but ranged only from 20% to 40%. He said that he also heard the Secretary of Health say that 12 million or 14 million would be covered next year, meaning, nine million families are going to be added so that if multiplied by four, that would be equivalent to 56 million Filipinos or less than 65% of the entire population which is contrary to PhilHealth's claim that its coverage was already above 80%. He said that he was giving Senator Guingona the opportunity to answer in writing or explain at a later time the conflicting statistics.

Senator Guingona said that he was informed that for next year, about 14.7 million indigent families or

roughly 50 million individuals would be covered by PhilHealth. However, Senator Cayetano (A) recalled that in his last SONA, President Aquino stated that 85% of indigents were already covered which is inaccurate because raising it from five million to 14 million would not be 85% but only 30% to 40% coverage.

Senator Cayetano (A) reiterated that what he really wanted to know is the actual PhilHealth coverage at present and how many more will be covered next year.

Senator Guingona said that the figures cited earlier were just purely on covered indigents or the poor population. He gave the assurance that he would provide the statistics that Senator Cayetano (A) has requested in writing so that they would all be able to agree on one set of figures on the coverage of PhilHealth.

#### **SUSPENSION OF CONSIDERATION OF THE BUDGET OF THE DEPARTMENT OF HEALTH**

Upon motion of Senator Cayetano (A), there being no objection, the Body suspended consideration of the budget of the Department of Health until two o'clock in the afternoon of Monday, November 25, 2013.

#### **SUSPENSION OF SESSION**

Upon motion of Senator Cayetano (A), there being no objection, the Chair declared the session suspended until 9:30 a.m. of the following day.

*It was 7:16 p.m.*

#### **RESUMPTION OF SESSION**

At 10:09 a.m., Thursday, November 21, 2013, the session was resumed with the Senate President presiding.

#### **OFFICE OF THE VICE PRESIDENT**

Senator Escudero presented the budget of the Office of the Vice President in the amount of P217,296,000.00.

Senator Escudero stated that the budget originally proposed for the Office of the Vice President was P417,296,000.00; however, the amount of P200 million

designated as PDAF was deducted from the budget per written request of Vice President Binay.

#### **SUBMISSION OF THE BUDGET OF THE OFFICE OF THE VICE PRESIDENT**

There being no reservation for interpellation, upon motion of Senator Escudero, there being no objection, the budget of the Office of the Vice President was deemed submitted for the Body's consideration.

#### **OMNIBUS SUBMISSION OF THE BUDGET OF THE OFFICE OF THE OMBUDSMAN; CIVIL SERVICE COMMISSION; CAREER EXECUTIVE SERVICE BOARD**

Upon motion of Senator Escudero, there being no objection, the budgets of the Office of the Ombudsman, Civil Service Commission and Career Executive Board were deemed submitted for the Body's consideration.

#### **SUSPENSION OF SESSION**

Upon motion of Senator Escudero, the session was suspended.

*It was 10:13 a.m.*

#### **RESUMPTION OF SESSION**

At 10:38 a.m., the session was resumed.

#### **COMMISSION ON ELECTIONS**

Senator Escudero presented the budget of the Commission on Elections for 2014 amounting to P2,735,321,000 which is a decrease from its budget of P8,265,743,000 for 2013.

#### **INTERPELLATION OF SENATOR BINAY**

Preliminarily, Senator Binay recalled that the Comelec has targeted all voters to have biometric records by 2016. However, she noted that as of 2013, only 44,000,000 out of 52,000,000 voters have biometric records. She asked for the Comelec's target number of voters that would have these biometric records for 2014. Senator Escudero replied that 100% of voters should be covered by the biometric system in 2016.



On whether the Comelec has a plan to encourage more voters to register, Senator Escudero explained that the Comelec has a yearly ongoing program to meet the 100% voter biometrics target in 2016 which is the schedule of the next national and local elections.

Senator Binay recalled the Comelec's claim in its 2010-2012 mid-term accomplishment report that it has implemented automated elections in Hong Kong and Singapore. She asked whether it plans to increase the number of voting areas abroad in 2016. Senator Escudero replied that the Comelec increased the number of automated voting election areas in the Middle East in 2013 which includes Abu Dhabi, Dubai, Kuwait, Riyadh, and Jeddah.

Asked how much fund the Comelec has for overseas voters registration, Senator Escudero explained that although Comelec proposed a zero budget for overseas registration in 2014, the Committee on Finance realigned P1 million for the Office of Overseas Voting for 2014 to allow the Comelec to augment this item from its savings.

Asked how many overseas voters are registered with the Comelec, Senator Escudero replied that even with 975,263 overseas absentee voters, the actual turnout was recorded at only 16.11% or 118,823.

On how the Comelec would address the problem of elderly people and persons with disabilities who find it difficult to vote because they had to climb stairways in certain polling precincts, Senator Escudero replied that these situations were only experienced in urban areas where there are two- or three-storey buildings unlike in rural areas where single-storey precincts were utilized. He said that the Comelec also issued a resolution that not only provided a special voting line for the elderly but also a disaggregation from the voters list to allow physically challenged citizens to vote at the first floor of the polling center.

#### **SUSPENSION OF SESSION**

Upon motion of Senator Cayetano (A), the session was suspended.

*It was 10:45 a.m.*

#### **RESUMPTION OF SESSION**

At 10:46 a.m., the session was resumed.

#### **INTERPELLATION OF SENATOR CAYETANO (A)**

At the outset, Senator Cayetano (A) pointed out aside from himself, many legislators including Senators Escudero, Guingona and Congressman Villanueva had worked hard in previous administrations to fight cheating and give Filipinos a more honest and transparent election process. He believed that despite criticisms over the Comelec's involvement in various scams in the past administrations, there were still many Comelec employees fighting for clean and honest elections.

He noted that in the two years since its implementation, the automated elections law has helped demolish various kinds of cheating such as ballot box switching and tampering of electoral returns amid power outages during the canvassing process. Relative thereto, he asked how many PCOS machines were utilized by the Comelec in 2010. Senator Escudero replied that 76,384 PCOS machines were used to cover 50,899,154 registered voters. He expressed willingness to provide Senator Cayetano (A) with a written copy of the Comelec report after the session.

Asked how many PCOS machines were used in 2013, Senator Escudero said that the Comelec allocated 78,166 PCOS machines — about 2,000 more than what was used in 2010 — to cover 52,014,648 registered voters in 2013, and that only 10% of the machines did not transmit data to the central server.

Senator Cayetano (A) pointed out that while Chairman Brillantes was not part of the Comelec at the time, several people who were employed with the Comelec in 2010 have remained with the commission up to the present.

Asked whether it was true that the Comelec did not expect a 100% transmission of election returns in 2010, Senator Escudero confirmed that indeed, the Comelec did not expect the system to be 100% perfect as it projected that a 10% margin would not transmit to the central server.

Senator Cayetano (A) recalled that the Comelec bought BGANs or internet satellites, even though these were a bit expensive, in the areas the telecom providers could not cover. Asked for the projections in terms of percentage of election returns that would not be transmitted, Senator Escudero said that the Comelec projected a margin of not more than 20%.

Asked how many of the PCOS machines were not able to transmit to the central server in the 2013 elections, Senator Escudero said that around 18,048 or approximately 23% of the total number of PCOS machines were not able to transmit to the central server in the last elections. He clarified that the machines did not transmit to the central server because there were three transmittals to be made: to the KBP, to the central server, and to the municipal or city central server. He said that the Comelec knew that redundancies might happen but not to the tune of 23% which was the reason why the Comelec resorted to manual uploading of election returns based on the SOVs in the municipal and city levels for those which were not transmitted to the central server.

Senator Cayetano (A) requested from the Comelec a report of the safeguards and redundancies from the 2010 and 2013 elections. He clarified that his question was not about the non-transmittal to the central server but how many PCOS machines were not able to transmit at all.

Asked how many CF cards had to be brought to the city or municipal halls in the last elections, Senator Escudero explained that of the 18,048 PCOS machines that did not transmit to the central server, 12,477 were brought to the municipal board of canvassers.

On whether the Comelec has submitted to Congress and to the Office of the President a report on the 2013 elections as required by law, Senator Escudero replied that the Comelec will be submitting the report before the end of the year as it is still being finalized.

Senator Cayetano (A) opined that if changes to the electoral system should be made in time for the elections in 2016, the budgetary support for the changes in the system should already be in the 2014 budget because to have it in 2015 might be too late.

Senator Escudero confirmed that if indeed the Comelec would be changing the system, the ideal scenario would be to have the budget by March 2014 since the procedure should start early given that it would be a long procedure that would include, among others, notification to prospective or interested bidders as to the specifications of certain requirements that would be needed.

Asked if it was true that traditionally, Congress and the DBM give to the Comelec the budget needed for an election only a year before the elections even if it is needed two years prior to it, Senator Escudero replied in the affirmative.

Senator Cayetano (A) asked the Committee on Finance to meet with the Comelec to determine whether there is need to allocate the required budget for 2016 in the 2014.

In a related matter, Senator Cayetano (A) recalled that in one of the hearings of the subcommittee, the Comelec explained that the reasons for the non-transmission were: heavy rainfall, defective transmission device, power interruption, and peace and order. But he disclosed that according to some members of the Advisory Committee, Comelec knew beforehand that 10%-15% and maybe up to 18%-20% of the PCOS machines would not transmit because of weak signals in the area.

Responding thereto, Senator Escudero believed that the Comelec knew that such a possibility would occur. He then gave the following figures as regards the reasons for non-transmission: 79% — weak or no signal; 18% — heavy downpour; 2% — defective transmission device; 1% — power interruption; and .06% — a peace and order problem.

Senator Cayetano (A) acknowledged that in certain areas, there would be no transmission because of weak or no signal, but he conveyed the information he received that the Comelec chairman had allegedly said in a private meeting that probably it would be better that CF cards be manually transmitted and that the mode or manner in which they are to be transported and the routes to be taken to take them to the municipal board of canvassers should not be known to avoid hijacking.

Senator Cayetano (A) stated that he was asking the question because he was aware that there is now a technology, such as the satellite internet, which is a bit more expensive. He said that the degree of non-transmittal would not have mattered in the 2010 elections since to a certain degree, President Aquino won by a landslide over his closest opponent, former President Estrada, as predicted by the surveys. However, he believed that if the elections would have been very close and there were 5% to 10% of areas that were not able to transmit and the CF cards were lost in the process of delivery to the

municipalities, then the country could have faced another situation similar to the 2004 elections. He said that the Comelec should be honest and tell the Senate the real problem because there is still enough time to prepare for 2016.

Asked if the BGAN satellite internet was used during the 2010 and the 2013 elections, Senator Escudero replied in the affirmative.

Asked by Senator Cayetano (A) whether the Comelec could project for the 2016 elections how much, in terms of percentage, would not be transmitted to the central server using the same equipment used in 2013 and with fair weather, Senator Escudero replied that the percentages would roughly be the same because the expansion in the areas where Smart and Globe, the major telecom carriers, is only for talk and text and does not really cover data transmission needed by Comelec to transmit the results.

Senator Cayetano (A) asked for data on how much the Comelec would need to upgrade the equipment and the areas to be covered for the 2016 elections to allow 100% transmittal of the results. Senator Escudero replied that the data would be submitted to Senator Cayetano (A) at a later time.

As regards the data pertaining to the problematic areas where there could be a possibility of non-transmission of election results to the central server, Senator Escudero said that data for 2013 could be made available but for the 2016 elections, Comelec would have to go to the field and conduct a survey first.

Asked what the legal basis was for the Comelec to require the barangays to contribute to the 2013 barangay elections and when the barangays were advised of this requirement, Senator Escudero replied that on July 10, 2013, Comelec promulgated Resolution No. 9739 as the basis and quoted one of the "whereas clauses" in the aforementioned resolution, to wit:

#### Section 50 of the Omnibus Election Code:

**"Funding.** — Local government shall appropriate such funds to defray such necessary and reasonable expenses of the members of the board of election tellers, board of canvassers and printing of election forms and procurement of other election paraphernalia and installation of polling booths."

Moreover, Senator Escudero said that pursuant to Sections 532 and 329 of the Local Government Code, "funding for regular elections of the SK shall be taken from the 10% of the general fund of barangays which have been reserved and set aside for the Sangguniang Kabataan."

Senator Cayetano (A) observed that the second law quoted by Senator Escudero was clearer with respect to the legal basis, but he pointed out that no SK election was conducted. He recalled that during the committee hearings for the 2012 budget, the Comelec did not mention that it would need money to fund the barangay elections and that it would source the funds needed from the barangays, and so the barangays were surprised when they were told about the funding only a few months before the elections and when the *Sangguniang Panlungsod* and the *Sangguniang Bayan* had already approved budget.

Senator Cayetano (A) clarified that he was not questioning the legal basis but the process which the Comelec undertook. He said that the Comelec should have informed the DILG a year before the elections so that it can appropriate the money and Congress should likewise be informed so that it would know how much should be appropriated. Also, he opined that the contribution of the barangays should not be in accordance with its population but with its own budget or capability.

Responding thereto, Senator Escudero said that according to Comelec, it asked for a budget of P3.5 billion for the *Sangguniang Kabataan* and barangay elections in 2013 but what was released to them and charged under the locally funded projects was only P1,175,098,000 or a deficit of P2,390,591,000.

Senator Cayetano (A) stated that the Comelec was not given the exact amount that it requested because the DBM as well as the Committee found out that it still has billions in savings that it can use for the SK elections but, instead, the Comelec has other plans for the savings which Congress did not approve, for instance, the purchase of a parcel of land.

Asked how much the Comelec was able to collect from the barangays, Senator Escudero replied that the agency was expecting more than P400 million but was only able to collect less than P100 million. The rest, he said, were just pledges.

Senator Cayetano (A) suggested that the Comelec either write the DILG a year before so that the barangays would be able to prepare and put it in their budgets, or tell Congress that if it is not given the needed budget, it would source the funds from the barangay themselves.

#### **INQUIRY OF THE CHAIR**

The Chair inquired what happened to the plan of the Comelec to purchase land on which to build its office. Senator Escudero replied that the parcel of land has been acquired, that was why the Committee included in the Comelec budget an item with nominal amounts for projects, namely, building, acquisition of the land, and warehouse so that it can allocate part of its savings to the said projects without including it in the GAA.

#### **SUBMISSION OF THE BUDGET OF THE COMMISSION ON ELECTIONS**

There being no other reservation for interpellation, upon motion of Senator Escudero, there being no objection, the budget of the Commission on Elections was deemed submitted for the Body's consideration.

#### **SUSPENSION OF SESSION**

Upon motion of Senator Escudero, the session was suspended.

*It was 11:14 a.m.*

#### **RESUMPTION OF SESSION**

At 11:18 a.m., the session was resumed.

#### **SUBMISSION OF THE BUDGET OF THE OFFICE OF THE PRESIDENT**

There being no reservation for interpellation, upon motion of Senator Escudero, there being no objection, the budget of the Office of the President was deemed submitted for the Body's consideration.

#### **SUBMISSION OF THE BUDGETS OF THE ATTACHED AGENCIES OF THE DEPARTMENT OF TRANSPORTATION AND COMMUNICATIONS**

There being no reservation for interpellation, upon motion of Senator Escudero, there being no

objection, the budget of the attached agencies of the Department of Transportation and Communications, namely, the Civil Aeronautics Board, the Maritime Industry, the Office of Transportation Cooperatives, the Office of Transportation Security, the Philippine Coast Guard, the Toll Regulatory Board and the Philippine National Railways, were deemed submitted for the Body's consideration.

Senator Escudero stated that the budget of the DOTC-Office of the Secretary would be taken up at a later time.

#### **SUBMISSION OF THE BUDGET OF THE DEPARTMENT OF AGRARIAN REFORM**

There being no reservation for interpellation, upon motion of Senator Escudero, there being no objection, the budget of the Department of Agrarian Reform was deemed submitted for the Body's consideration.

#### **SUSPENSION OF SESSION**

Upon motion of Senator Cayetano, the session was suspended.

*It was 11:23 a.m.*

#### **RESUMPTION OF SESSION**

At 11:31 a.m., the session was resumed.

#### **SUSPENSION OF SESSION**

Upon motion of Senator Cayetano (A), there being no objection, the Chair suspended the session until two o'clock in the afternoon for the continuation of the deliberations on the national budget.

*It was 11:32 a.m.*

#### **RESUMPTION OF SESSION**

At 2:28 p.m., the session was resumed.

#### **SUBMISSION OF THE BUDGETS OF THE DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES AND ITS ATTACHED AGENCIES**

Upon motion of Senator Escudero, there being no objection, the budgets of the Department of Environment and Natural Resources and its attached agencies, namely, the Office of the Secretary, Environment and Management Bureau, Mines and Geosciences



Bureau, National Mapping and Resource Information Authority, National Water Resources Board, and the Palawan Council for Sustainable Development Staff were deemed submitted for the Body's consideration.

### **SUBMISSION OF THE BUDGETS OF THE PRESIDENTIAL COMMUNICATIONS OPERATIONS OFFICE AND ITS ATTACHED AGENCIES**

Upon motion of Senator Escudero, there being no objection, the budgets of the Presidential Communications Operations Office and its attached agencies, namely, Presidential Communications Operations Office-PROPER, Bureau of Broadcast Services, Bureau of Communications Services, National Printing Office, News and Information Bureau, Philippine Information Agency, Presidential Broadcast Staff and the People's Television Network, were deemed submitted for the Body's consideration.

### **SUSPENSION OF SESSION**

Upon motion of Senator Escudero, the session was suspended.

*It was 2:30 p.m.*

### **RESUMPTION OF SESSION**

At 2:30 p.m., the session was resumed.

### **RECONSIDERATION OF THE SUBMISSION OF THE BUDGET OF THE OFFICE OF TRANSPORTATION SECURITY**

Upon motion of Senator Escudero, there being no objection, the Body reconsidered the budget of the Office of Transportation Security, one of the attached agencies of the Department of Transportation and Communications.

### **SUSPENSION OF SESSION**

Upon motion of Senator Escudero, the session was suspended.

*It was 2:31 p.m.*

### **RESUMPTION OF SESSION**

At 2:41 p.m., the session was resumed with Senator Aquino presiding.

### **RECONSIDERATION OF THE SUBMISSION OF THE BUDGETS OF THE DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES AND ITS ATTACHED AGENCIES**

Upon motion of Senator Cayetano (P), there being no objection, the Body reconsidered the submission of the budgets of the Department of Environment and Natural Resources and its attached agencies.

### **RECONSIDERATION OF THE SUBMISSION OF THE BUDGETS OF THE PRESIDENTIAL COMMUNICATIONS OPERATIONS OFFICE AND ITS ATTACHED AGENCIES**

Upon motion of Senator Cayetano (P), there being no objection, the Body reconsidered the submission of the budgets of the Presidential Communications Operations Office and its attached agencies.

### **DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES**

Senator Legarda presented the budget of the Department of Environment and Natural Resources.

The Chair recognized Senator Villar for her interpellation.

### **INTERPELLATION OF SENATOR VILLAR**

At the outset, Senator Villar recalled that in December 2011, the Philippine Reclamation Authority wrote to the DENR, specifically to the office of Secretary Paje, requesting a programmatic area clearance for the National Reclamation Plan (NRP). She explained that the NRP involves a total of 102 reclamation projects nationwide covering 38,272 hectares, of which 38 projects are to be undertaken in Manila Bay covering 26,234 hectares.

Asked by Senator Villar on the action undertaken by the department on the PRA's request, Senator Legarda replied that according to the Environmental Management Bureau (EMB) of the DENR, none of the pending requests for area clearance or ECC have been granted.

Senator Villar cited a letter from Peter Anthony Abaya to Secretary Paje wherein the former wanted to formally discuss the PRA's National Reclamation Plan which was approved by the PRA Board of Directors under Resolution No. 4161, dated February

25, 2011. Furthermore, she noted that the PRA was advised to submit a position paper to the concerned committee, for endorsement to the President, particularly on the projects along Manila Bay, given the prospective return of investment in the area.

Senator Legarda clarified that the DENR, through Undersecretary Analiza Teh, had responded to the letter of Peter Anthony Abaya and had requested a bay-wide assessment on the effects of reclamation. Pending compliance by the PRA, she reiterated that no clearances or ECCs have been granted.

Senator Villar, however, pointed out that the DENR had granted an ECC for the reclamation in Las Piñas and Parañaque.

## SUSPENSION OF SESSION

Upon motion of Senator Legarda, the session was suspended.

*It was 2:49 p.m.*

## RESUMPTION OF SESSION

At 2:52 p.m., the session was resumed.

Senator Legarda said that based on the EMB reports, the project in Las Piñas was granted an ECC in the 1990s, but only parts of it was implemented; however, three years ago, upon submission of the document called the Environmental Performance Report and Management Plan (EPRMP), the ECC was amended. She clarified that no new ECC has been granted, only that the old ECC was amended upon submission of the required documents.

Senator Villar asked how there could be an amended ECC when the ECC issued in the 1990s has expired and the PEA-Amari project upon which the ECC was based was declared unconstitutional by the Supreme Court.

Senator Legarda requested Senator Villar to state for the record which reclamation she was referring to so that the DENR could respond to the claim accordingly. Senator Villar clarified that the land in question is the 635 hectares reclamation project in the Las Piñas-Parañaque area that was issued an ECC as a continuance on the PEA-Amari ECC.

Senator Legarda agreed with Senator Villar that the PEA-Amari deal was declared unconstitutional

based on the classification of the land, that is, how the land was treated, and not because of the project itself. Since the project was deemed unconstitutional by the Supreme Court, she said that she would have to study the SC's decision to be able to competently answer the queries. She added that all she knew was that the EMB had issued the amendment to the original ECC by asking PEA-Amari to comply with the EPRMP.

Senator Villar stressed the need for the DENR, particularly the EMB, to explain to the Body how a project, which was started in the 1990s but was discontinued because it was declared unconstitutional, was issued an ECC for another project based on an old ECC.

Senator Legarda expressed support to Senator Villar's concerns and suggested a joint committee hearing regarding projects with expired ECCs so that she could also be familiar with the process.

As regards the Parañaque-Las Piñas reclamation which is included in the 38,272 hectares, Senator Villar said she was confused why the PRA was asking the DENR for an Area Clearance, the first step of the process, when the project already has an ECC. Senator Legarda replied that the EMB was insisting that the 600 hectares in question already has an Area Clearance prior to the granting of the amended ECC three years ago, based on the EPRMP, and the PRA's request for Area Clearance for the Manila Bay as a whole does not cover the said project.

Asked why the PRA was asking for Area Clearance for the Parañaque-Las Piñas project, Senator Legarda clarified that the Area Clearance that the PRA was requesting covers different areas. However, Senator Villar maintained that the area was already included in the 38,272 hectares. She then stressed the need for the PRA and the DENR to get their acts together to avoid confusion. She stated that what she was asking for is the procedure undertaken by the DENR regarding the request made by the PRA, further underscoring the need for the role of the PRA and the DENR to be clarified.

Senator Legarda stated that according to the EMB, the reclaimed land was already existing when the ECC was granted in the 1990s, an Area Clearance was already given, and a DAO Order No. 2007 requiring Area Clearance had already been granted by the DENR.



But Senator Villar pointed out that the land that the DENR can only be referring to is the Parañaque-Las Piñas project which was declared a protected area by the President in 2008, a critical habitat area which cannot be touched, and is included in the Ramsar list as one of the most important wetlands in the world, together with the Tubbataha Reef and the Palawan Underground River.

To the EMB's claim that the critical habitat or the protected area has been removed from the area that was given an ECC, Senator Villar pointed out that an ECC is granted only if there is land that already exists, and she maintained that the only land which she could see as the subject of the ECC is the area that was already declared a critical habitat.

Senator Villar insisted that the reclaimed land that was later declared protected area cannot be the subject of an ECC and besides, she questioned the propriety of issuing another ECC when the PEA-Amari project was declared unconstitutional by the Supreme Court.

Senator Legarda explained that the DENR granted an ECC to the area that was existing way back in the 1990s and that the critical habitat or protected area was not included in the ECC.

Senator Villar pointed out that the new ECC was issued prior to and not after the area was proclaimed a critical habitat. Since the area has been declared a critical habitat, she emphasized that a new ECC should be based on a different assumption and should not be a continuance of the old ECC.

Senator Legarda said that the new ECC excluded the protected area. Senator Villar maintained that issuing an amended ECC based on the old ECC issued in the 1990s is not applicable because it has ceased to exist. Besides, she asked how there can be a continuance of an ECC when the proponent of the previous ECC was Amari, while the proponent of the new ECC is Altech.

Senator Legarda informed that Body that the DENR has requested a committee hearing regarding Senator Villar's concern and even about other areas granted ECC that may cover critical habitats and protected areas.

Senator Villar then requested a deferment of the consideration of the budget of the EMB.

## SUSPENSION OF SESSION

Upon motion of Senator Legarda, the session was suspended.

*It was 3:08 p.m.*

## RESUMPTION OF SESSION

At 3:13 p.m., the session was resumed.

Senator Legarda expressed appreciation for the intervention of Senator Villar as this would lead to a hearing of her committee to investigate the PRA on its reclamation projects and determine the impact of such projects on protected areas and critical habitats. However, she believed that it was essential that the budget of the DENR be approved especially in the wake of the devastation brought about by *Typhoon Yolanda* in the Visayas. She then urged the DENR-EMB to submit to the Body the information on how an ECC is acquired, and explain how ECCs from 1990, which require EPRMP compliance, evolved into amended ECCs three years ago and how the PEA-Amari contract, which was deemed unconstitutional, was purchased by a new company.

Given the several studies showing that reclamation is an irreversible form of environmental degradation, the magnitude of the reclamation projects under the NRP as well as the growing public sentiments against reclamation, Senator Villar asked whether the DENR would consult the public regarding the issuance of clearances. Senator Legarda informed the Body that two days ago, President Aquino issued EO 146 delegating to the NEDA board the approval of any reclamation project. She believed that this move by the President shows sensitivity to the concerns on the possible impact of reclamation projects. In addition, she said that the Committee would urge the DENR, through the EMB, to conduct more transparent consultation, not only with the LGUs and politicians but also with the stakeholders in areas where ECCs would be granted not only pertaining to reclamation projects.

Senator Villar recalled that when Senator Legarda conducted the consultation for the reclamation project, a participating NGO narrated that during a hearing at the House of Representatives, the reclamation was never discussed. She disputed claims that there were transcripts of the consultation and that LGU officials were present.

Senator Legarda noted the concern of Senator Villar and urged the DENR-EMB to include in their consultations not only local governments but stakeholders as well.

As regards the case of *MMDA vs. Concerned Residents of Manila Bay*, Senator Villar stated that the Supreme Court ordered the petitioners to clean up, rehabilitate and preserve Manila Bay in their different capacities. She inquired what the particular mandate is of the DENR under the continuing mandamus and what the DENR has done in order to fulfill its mandate. She noted that the DENR was directed to fully implement its operational plan for the Manila Bay coastal strategy, for the rehabilitation, restoration and conservation of the Manila Bay at the earliest possible time.

Senator Legarda stated that as soon as she assumed chairmanship of the Committee on Environment and Natural Resources, she immediately called for a briefing on the rehabilitation of Manila Bay in line with the continuing mandamus of the SC. However, she lamented that not much has been done five years since the order of the SC due to lack of resources and political will. She averred that as the lead agency, the Manila Bay Rehabilitation Office of the DENR is tasked to clean up and rehabilitate Manila Bay. She said that the Committee has conducted three hearings thereon – 1) in the Senate; 2) with the technical working group; and 3) with the Philippine Coast Guard. She enjoined Senator Villar to attend the next hearing wherein there will be a tour of Manila Bay to see the squalor of what has become of what used to be the beautiful Manila Bay that gives sustenance to one-fourth of the Philippine population. She informed the Body that the acceptable coliform level should be 1,000 parts per 100 ml. Manila Bay has nine million. She said that the ideal and healthy marine life of the bay should be able to give livelihood and sustenance to the 23 million people from Metro Manila and Regions III and IV.

Senator Legarda also informed the Body that the Committee sat down with the Manila Bay Advisory Committee led by Supreme Court Justice Presbitero Velasco on the compliance reports of the concerned agencies on the continuing mandamus to clean up Manila Bay. She urged the other agencies involved to help in what seems to be an impossible task to improve the coliform level and make Manila Bay habitable. She said that she requested the DILG regional director to ask every mayor to give a report

on the implementation of RA 9003 because much of the waste comes from informal settlers and industries as well. She added that she has also inquired about the progress of the MMDA and MWSS on the treatment facilities, since they claimed that they could fully comply with the Clean Water Act by 2035. She vowed to make sure that the Manila Bay improves within her lifetime and sought the help of the Body to make it happen.

Asked whether the reclamation of Manila Bay is consistent with government policy, Senator Legarda lamented that the DENR is torn between being conservationists tasked to follow the continuing mandamus, and being an agency tasked to issue permits. She said that the department is asking the PRA to submit an impact assessment to see how reclamation would have an impact on Manila Bay.

Senator Legarda stated that with the recent executive order, NEDA should review the ECCs of approved projects, and that a more stringent measure would be for the DENR-EMB to seek NEDA's approval before issuing ECCs. She said that Secretary Paje has given assurance that he would submit the projects to NEDA for review before issuing ECCs.

Citing the devastation brought about by *Typhoon Yolanda* and the studies of experts that storm surges of this nature could become a normal occurrence due to climate change, Senator Villar inquired what proactive measures the DENR would adopt to lessen the impact of storm surges and its programs to improve mangrove plantation on coastal areas since mangroves play a big role in mitigating the effects of storm surges.

Senator Legarda stated that before the session, she and Secretary Paje were discussing on what could be done to revive Tacloban and other areas affected by *Typhoon Yolanda*. She then presented to the Body pictures of mangrove areas and DENR's plans to make sure places where informal settlers who used to populate areas by the bay in Tacloban would now be a mangrove reforestation area. She said that government does not have to wait for another storm surge to happen to have an intensive mangrove rehabilitation area as mangrove reforestation is a great part of the National Greening Program.

Senator Legarda stated that under the term of former Mayor Alfred Arquillano of San Francisco, Camotes Island, with whom she worked at the

UNISDR *pro bono*, San Francisco was a recipient of the UN Sasakawa award. She said that among the policies that the province adopted was the planting of mangroves. She disclosed that days before the typhoon hit Camotes as it was in the eye of the typhoon, residents were advised to go to evacuation centers because they took note of the warnings every hour. She added that although the municipality was not a recipient of any international aid, they were ready for the typhoon. She believed that the mangroves that were planted years ago saved the town from further disaster because only about a thousand shanties were destroyed. She urged support for the National Greening Program of the DENR with respect to the planting of mangroves in certain areas.

Senator Villar informed the agency that the mangrove plantation in Las Piñas is a critical habitat. She feared that if the reclamation would proceed, as experts have warned, all the mangroves would perish because the natural flow of water will be impeded. She reminded the DENR that if it wants the mangroves to exist, it should not allow the reclamation.

Senator Villar warned that reclamation would inevitably destroy the mangrove which serves as the breeding ground of fish in Manila Bay. She appealed for a clearer policy and a stricter pursuit of advocacy, and that a choice should be made between the issuance of ECCs and the protection of the environment, otherwise, there would be no more supply of fingerlings from Manila Bay.

In response, Senator Legarda said that Senator Villar's fear is not likely to happen because the law prohibits the cutting of mangroves. She gave assurance that the preservation of the mangrove would be a necessary requirement in the impact assessment. But Senator Villar pointed out that it is not only the act of cutting that destroys the mangrove because the mere obstruction of the natural flow of water which is a necessary consequence of reclamation could produce the same effect.

Senator Legarda informed the Body that the 2,144 hectares under the National Greening Program is equivalent to 10.7 million propagules planted.

Senator Villar expressed hope that the DENR would become a partner and would help in pursuing the same advocacy.

## **SUSPENSION OF CONSIDERATION OF THE BUDGET OF THE DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES**

Upon motion of Senator Cayetano (P), there being no objection, consideration of the budget of the Department of Environment and Natural Resources was suspended.

## **SUSPENSION OF SESSION**

Upon motion of Senator Cayetano (P), the session was suspended.

*It was 3:32 p.m.*

## **RESUMPTION OF SESSION**

At 3:34 p.m., the session was resumed.

## **SUBMISSION OF THE BUDGET OF THE AUTONOMOUS REGION IN MUSLIM MINDANAO**

Upon motion of Senator Escudero, there being no objection, the budget of the Autonomous Region in Muslim Mindanao was deemed submitted for the Body's consideration.

## **PRESIDENTIAL COMMUNICATIONS OPERATIONS OFFICE**

Senator Escudero presented the budget of the Presidential Communications Operations Office.

## **INTERPELLATION OF SENATOR ESTRADA**

Senator Estrada stated that pursuant to Executive Order No. 4, the Presidential Communications Operations Office (PCOO) exercises direct control and supervision over the APO Production Unit, Inc. (APO), a government-owned and -controlled corporation. He asked what the office was all about. In response, Senator Escudero replied that while APO is a GOCC attached to the PCOO, it is self-sustaining and does not receive any budget from the latter.

Asked how APO manages to sustain itself and pay the salaries of its employees, Senator Escudero said that the funds are sourced from revenues derived from its printing jobs for the government, like the printing of the GAA upon its approval.



Senator Estrada stated that pursuant to Resolution No. 05-2010 issued by the Government Procurement Policy Board, APO was among the government agencies selected to handle the printing of accountable forms and sensitive high quality volume printing jobs of the government, its agencies and offices.

Asked whether PCOO was aware that APO was subcontracting the printing of BIR forms, BIR letterhead, tax information sheet, Pag-IBIG official receipts, Pag-IBIG monthly billing statement forms, and the NSO registry systems for basic sectors to private printers such as Ernest Printing Corporation, Trojan Computer Forms Manufacturing Corporation, All Just Forms Incorporated, Synergy Graphics Corporation, among others, Senator Escudero said that APO merely leases the printing equipment and does not allow subcontracting of printing jobs. He said that APO is headed by Mr. Jaime Aldaba who was appointed by the board as general manager during the present administration. He agreed with Senator Estrada that as the designated printer of government forms, APO should perform the job on its own, and that personally, he believed that APO should likewise handle the printing of passports which is being contracted out by the *Bangko Sentral ng Pilipinas*.

To Senator Estrada's concern that the practice of subcontracting is prone to kickbacks, Senator Escudero disclosed that during the committee hearings, he has personally discussed with the DFA the capabilities of the APO. He opined that the APO could afford to refurbish and procure the needed equipment if it will be awarded all the printing contracts for the government.

As to the legality of the practice of leasing printing equipment, Senator Escudero said that the practice is in accordance with resolutions issued by the Government Procurement Policy Board (GPPB) such as Resolution No. 05-2010. He said that the equipment being leased from the private entities as mentioned are the ones used for cutting and other printing jobs.

As regards the findings of the COA that APO has granted excessive benefits and additional allowances, such as medical and grocery expenses, to its officials and employees in contravention of COA Circular No. 002, Senator Escudero said that PCOO was aware of the said findings and that he has a copy of the COA Report, COA Recommendation and APO's response.

Senator Estrada read into the record excerpts from the 2012 COA Annual Audit Report on APO, to wit:

Observation No. 19. Various benefits and allowances received by the APO Board were found excessive by P6.25 million based on the maximum allowable compensation for members of the Board of Directors, Trustees under Executive Order No. 24, considering that the APO still had an accumulated deficit of P35.7 million as of December 31, 2004.

Observation No. 20. Various benefits and allowances in the total amount of P3.82 million were granted to APO officials and employees for Calendar Year 2012 without legal basis. Employees were also allowed to incur cash advances chargeable against the said benefits/allowances contrary to COA Circular No. 97-002 on the granting and utilization of cash advances.

Senator Escudero said that APO was given until the end of the month to respond to the findings of COA although the draft reply was already available so that COA could make its final determination on the matter.

As to the possible response of APO to the COA Report, Senator Escudero said that the board had already decided to comply with the COA's recommendation to return the excess honoraria that was received by the members of the Board of Trustees only considering that the officers and employees are not covered by the limitation.

Senator Estrada asked on the veracity of the report of the dismissal from the service of seven officers and employees of the Union of Asian Productivity Employees Association of the APO Production, namely, plant mechanics Mr. Salvador Prado, Mr. Rufino Vinluan and Mr. Rogelio Apo; plant electrician, Mr. Julius Brillantes; machine maintenance man, Mr. Gustav Carlson; aircon technician, Mr. Danilo Cruz; and technician, Mr. Rufino Felix. Senator Escudero stated that the said employees were terminated from the service pursuant to APO's Redundancy Program. He said that the matter was the subject of a labor case and that the National Labor Relations Commission upheld the position of the management. He reiterated that the said employees were terminated from the service due to redundancy or duplication of position, and he clarified that only two of them were officers of the union.

Asked about the report that more than a hundred contractual employees were hired by the management after the termination of the said employees and that their dismissal was due to reasons other than redundancy, Senator Escudero confirmed that the management has engaged the services of 30 to 50 contractual employees on a per project basis depending on the need which is seasonal in nature who are all paid on a piece rate basis.

Asked what these 30 to 40 casuals were hired to do, Senator Escudero replied that they were sorting and checking materials but were only employed on a per-project basis. He added that APO hires different people for these projects.

On whether the PCOO-owned People's Television Network (PTV4) was earning money from its operations, Senator Escudero replied in the negative. He explained that following the passage of its new charter, PTV4 would only receive its initial capitalization requirement in 2014.

Asked if there were plans to privatize PTV4, Senator Escudero replied that under the new charter, this would not be realized.

Asked if PTV4 is competitive in terms of viewership, Senator Escudero explained that PTV4's ratings are competitive with other news and public affairs programs such as ANC, GMA News or Solar News, especially in election coverage as well as Senate or House proceedings and calamities. However, he admitted that it cannot compete against primetime news shows like TV Patrol or Saksi.

Asked for PTV4's viewer share compared to that of other pure news programs, Senator Escudero explained that the network posted a 34% increase in viewership or a high of one million viewers per day.

Asked to disclose the budget of PTV4, Senator Escudero said that the proposed allocation was P859,190,00, with P759,190,000 to be set aside as equity by virtue of its charter and the remaining P100 million in subsidies.

Asked who heads PTV4, Senator Escudero replied that its general manager is Claire Dungat who was in Tacloban for a coverage.

On whether the network was hiring drivers, Senator Escudero replied that it has three contractual drivers.

Asked to confirm reports that retired soldiers from the Magdalo group have been hired to work as drivers for PTV4, Senator Escudero explained that about six to eight former Magdalo members were working as security personnel for the network.

On whether these men were endorsed by influential patrons, Senator Escudero replied that the men were hired after they applied and were found to be qualified for the position. Senator Estrada clarified that he had nothing against hiring retired soldiers for as long as they are qualified to perform their duties in that position.

Asked to identify the head of the International Broadcasting Corporation (IBC-13), Senator Escudero replied that Lito Cruz was the president of the government-sequestered corporation. He said that Channel 13's higher viewer rating compared to PTV4 was likely due to its airing of the PBA games until the program's recent transfer to Channel 5.

On whether there were plans of modernizing the equipment of Channels 13 and 4 to make them more competitive, Senator Escudero replied that the IBC management was planning to privatize the network.

As regards the state of RPN-9, Senator Escudero explained that under the definition of the new law, the network is a private corporation and not a GOCC because the government owns only 20.8% of the network, which is below the 50% requirement for it to be considered a GOCC. He said that the government intends to sell its stake in RPN-9.

Asked who the government nominees are in RPN-9, Senator Escudero replied said that the government's lone nominee in the network is Ms. Lourdes Sytangco.

Asked on the status of the dismissed employees of RPN-9, Senator Escudero explained that the issue has been settled as 220 of the 240 dismissed employees have accepted separation benefits while the remaining 20 have been retained.

Asked if there was infighting among the presidential spokespersons considering that Secretary Coloma has become more visible than Secretaries Lacierda and Carandang and Undersecretary Valte, in making statements to the media. Senator Escudero said that the President himself gave the directive for Secretary

Coloma to provide updates on statistics, data and what government has been doing in the aftermath of *Typhoon Yolanda*. He added that he preferred having Secretary Coloma as a spokesperson given his calm demeanor when making public statements.

Upon further query, Senator Escudero said that Secretary Coloma did not want to inquire into the reason why the President decided not to have Secretary Lacierda talk to the media.

Asked if Secretary Coloma would have the same reaction as Secretary Lacierda's supposing he gets into an argument with a senator, Senator Escudero said that Secretary Coloma was not in a position to do so and would not be an effective representative of the President if he did.

#### **SUBMISSION OF THE BUDGETS OF THE PRESIDENTIAL COMMUNICATIONS OPERATIONS OFFICE AND ITS ATTACHED AGENCIES**

There being no other reservation for interpellation, upon motion of Senator Escudero, there being no objection, the budgets of the Presidential Communications Operations Office and its attached agencies, namely, the Presidential Communications Operations Office (Proper), the Bureau of Broadcast Services, the Bureau of Communications Services, the National Printing Office, the News and Information Bureau, the Philippine Information Agency, the Presidential Broadcast Staff (RTVM) and the People's Television Network, were deemed submitted for the Body's consideration.

#### **SUSPENSION OF SESSION**

Upon motion of Senator Escudero, the session was suspended.

*It was 4:05 p.m.*

#### **RESUMPTION OF SESSION**

At 4:12 p.m., the session was resumed.

#### **SUBMISSION OF THE BUDGET OF THE DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES**

There being no other interpellation, upon motion of Senator Legarda, there being no objection, the

budget of the Department of Environment and Natural Resources and its attached agencies, namely, Office of the Secretary, Environment Management Bureau, National Mapping and Resources Board, and the Palawan Council for Sustainable Development Staff, were deemed submitted for the Body's consideration.

#### **SUSPENSION OF SESSION**

Upon motion of Senator Cayetano (A), the session was suspended.

*It was 4:13 p.m.*

#### **RESUMPTION OF SESSION**

At 4:14 p.m., the session was resumed.

#### **COMMISSION ON HIGHER EDUCATION AND STATE UNIVERSITIES AND COLLEGES**

Senator Guingona presented the budgets of the Commission on Higher Education and the State Universities and Colleges with total appropriations amounting to P7,091,041,000 and P34,677,635,000, respectively.

#### **INTERPELLATION OF SENATOR CAYETANO (P)**

At the outset, Senator Cayetano (P) stated that in her capacity as chair of the Senate Committee on Education, she sits as a member of the board of regents of over a hundred state universities and colleges (SUCs). She said that she, as well as those who sit in her behalf in the other colleges that she cannot personally attend to, has observed that a sufficient number of the transactions and expenses of some SUCs that are presented to the board of regents were questionable. Even as she was not prepared to mention the SUCs, she said that she was putting the matter on record so that the Body is apprised of the fact that the chair of the Committee on Education is looking at ways on how to save money and how to use it appropriately. She said that she could not just turn a blind eye if there are irresponsible and downright illegal transactions being committed by government entities including the SUCs.

Senator Cayetano (P) stated that the Committee is still collating the information and will be fair and conscientious in order to spare innocent people. However, she said that she will not allow those who



are clearly guilty and who have tried to circumvent requirements of the law to go scot-free, particularly those who go to the board of regents with transactions that are already done deals or absent board approval, those who under-sell assets, or those who overprice purchases.

Senator Guingona said that the CHED will look into the matter in coordination with, and taking into account, the findings of Senator Cayetano (P).

### SUSPENSION OF SESSION

Upon motion of Senator Cayetano (A), the session was suspended.

*It was 4:18 p.m.*

### RESUMPTION OF SESSION

At 4:19 p.m., the session was resumed.

### INTERPELLATION OF SENATOR CAYETANO (A)

At the outset, Senator Cayetano (A) expressed his concern for the over 400,000 PDAF scholars of legislators in light of the Supreme Court's decision declaring the PDAF as unconstitutional.

Asked on the total number of students in college, Senator Guingona said that there are 3.3 million students nationwide, 47% of whom are in public schools.

Senator Cayetano (A) noted that according to statistics, only 23% of Filipinos go to college and only about 15% to 17% graduate college, so that if the 400,000 PDAF scholars would stop schooling, the 23% going to college and the 10% to 17% graduating would decrease correspondingly. Senator Guingona agreed.

Senator Cayetano (A) observed that the CHED under the Aquino administration has strived to increase the number of students to have access to higher education, and has introduced a lot of reforms in basic education, higher education, as well as vocational and technical education. He noted under the watch of the present CHED chairperson, the DBM's and the administration's attitude seemed to have shifted towards realizing the objective of the policy statement in the 2010 budget message for SUCs to become self-sufficient. However, he pointed out that while

some SUCs may have hectares of land, these could not be rented out because of location and, therefore, not commercially viable to businessmen unless they are granted incentives.

Asked to elaborate on the CHED's position on PDAF scholars, Senator Guingona said that PDAF scholars in the SUCs will be able to continue their studies but only temporarily as they may have to pay tuition in the future; on the other hand, in the case of PDAF scholars enrolled in private schools, the CHED is yet to come up with a solution to the impending problems of future non-availment of scholarships.

Senator Cayetano (A) assumed that under the 2014 budget, the House of Representatives has appropriated money in CHED for its scholarship program.

Asked whether CHED has read the Supreme Court decision on the PDAF, Senator Guingona replied in the negative.

Thereupon, Senator Cayetano (A) read the dispositive portion of the Supreme Court decision on the PDAF case, to wit:

Accordingly, the Court's temporary injunction dated September 10, 2013 is hereby declared to be permanent. Thus, the disbursement release of the remaining PDAF funds allocated for the year 2013 as well as for all previous years in the Malampaya Fund under the phrase and for such purpose as may be hereafter directed by the President pursuant to Section 8 of Presidential Decree 910 which at this time of the decision is not covered by an NCA but only by special allotment release order whether obligated or not are hereby enjoined.

Senator Cayetano (A) asked for assurance that any of the funds appropriated by senators or congressmen to the CHED, assuming that the decision of the Supreme Court on the PDAF issue is final and since the CHED is not among those involved in the scam, would go straight to the SUCs or to the students, especially those graduating students or those taking board exams. Senator Guingona replied that the CHED will abide by the decision of the Supreme Court.

Explaining the difference between PDAF scholars and the CHED and DOST scholarship programs, Senator Cayetano (A) acknowledged the international standards followed by CHED and the DOST in

selecting their scholars, but he pointed out that there is always an exception to every rule that legislators follow. He explained that certain areas are so poor that getting good education is hard to get because the classrooms are jampacked and the children are malnourished; and that most of the students would get an average below 85% which is the international standard for scholarship, and yet they are the highest in their school. Thus, in such instance, he said that the legislators, the mayors or the barangay captains, intervene by offering scholarship programs to these poor but deserving students. He acknowledged that such was not an ideal general rule but it suffices as one of the requirements for a scholarship program. He noted that some SUCs also offer scholarship programs for students inclined into sports, music, culture and the arts, among others. He believed that following the SC decision, there should be a transition period and that the PDAF scholarship program should continue but this time, in compliance with the Supreme Court's ruling, senators or congressmen should not exercise any discretion on the funds. For instance, he cited the Rene Cayetano Science and Technology High School in Taguig where entry to the school is based on examination results. He said that many students wanted to enroll there because of the allowance and quality education, but he has always advised the parents or guardians to avail of tutors or have their children in review classes so they can pass the entrance exams. He said that he saw no problem with such requirements but he suggested having different categories for scholarship programs to serve the poorest of the poor. He cited a great debate in the U.S. regarding the policy of admitting at least 20% of "colored" students, and those who favored affirmative action asked why most of the schools with the "colored" race are poor. He requested that the CHED use next year as a transition period, assuming that Congress does not circumvent with the ruling on PDAF.

On the UP budget, Senator Cayetano (A) noted that the budget of UP is already equivalent to the budget of 10 or 15 state universities, but he acknowledged that the state university should be funded well in order to maintain its standard and stature in the international community. Thereupon, he raised the concern of Senator Cayetano (P) regarding the capital outlay of UP, especially that UP Tacloban was destroyed by *Typhoon Yolanda* while the UP Visayas Campus, particularly in Cebu, needs funding for the rebuilding of the two campuses. He asked if funds can be earmarked for rehabilitation not just for

UP but for all the other campuses that were destroyed by the earthquake and the typhoon. He assumed that there is going to be an assessment of how much funds are needed for the rehabilitation of the schools so that such can be included in the supplemental budget. He stated that rebuilding homes and residences, including dormitories, can already help the students, particularly those coming from Tacloban, Leyte and Samar, in such a way that the private sector also can benefit from it because money revolves around the rehabilitation funds. He urged the CHED and PASUC to come up with an estimate so that at the proper time, an amendment could be drafted to address the concern. He surmised that the universities in calamity-affected areas will open in the first or second quarter of next year, assuming that the buildings can be rehabilitated fast. Senator Guingona revealed that the Disaster Rehabilitation Reconstruction Fund earmarked P1 billion for the repair and rehabilitation of academic buildings and the figure can be compared with what CHED and PASUC can come up soon.

Senator Cayetano (A) surmised that each school president can come up with an offhand estimate of how much funds are needed for the rehabilitation of their facilities because each building construction will really cost differently.

In a related matter, Senator Cayetano (A) revealed that UP has announced that students from UP Tacloban may cross-enroll in any other UP campus. Noting that school records have already been damaged and would no longer be available, he suggested that SUCs and the CHED issue a memorandum or a ruling that those cross-enrolling in other state universities will only have to present a certification about their year level and course in order to be accepted. Replying thereto, Senator Guingona stated that CHED has already asked the schools through a formal memorandum to accept the students and that the school records will be worked out later. Senator Cayetano (A) asked that he be given a copy of the memorandum. He stated that CHED was one of the most affected institutions not only by *Typhoon Yolanda* but also the earthquake in Bohol, and *Typhoon Santi* in Nueva Ecija and Bulacan.

As regards the funding released by legislators in various SUCs for the construction of school facilities that already underwent bidding but not yet obligated for lack of a notice of cash allotment (NCA), Senator Cayetano (A) asked whether the projects

with blueprints and plans can already be funded for 2014, suggesting that funds can be sourced from other agencies, for instance, DPWH. He asked the SUCs and the CHED to come up with a list of the projects with SAROs, especially those with NCA that are not covered by the PDAF scam so that construction can start. But for those covered by the SC decision on the PDAF, he said that there should be a way for Congress to beef up the capital outlay.

Proceeding to another matter, Senator Cayetano (A) recalled that the Public Works Act passed in the 10<sup>th</sup> Congress contained projects that were planned to be accomplished in a certain period of time. In this regard, he recommended that the SUCs and the *CHED plan and study certain strategies and come up with a master plan for the universities*. He urged the SUCs and the CHED to make a list of the plans and needs of the 111 state universities so that Congress can sponsor the necessary legislation. Senator Guingona replied that the suggestion will be referred to the Committee on Education, Arts and Culture.

For his part, Senator Escudero confirmed that a budget of P1 billion was earmarked for the rehabilitation and reconstruction of damaged buildings of SUCs in the areas affected not only by *Typhoon Yolanda* but also the earthquake and tropical storms *Santi* and *Labuyo*. Despite government policy to allow the DPWH to implement infrastructure projects, he said that the implementing agency will still be the SUCs because the department might not be able to construct all the buildings given the many tasks assigned to it.

Regarding the SARO without NCAs, Senator Escudero stated that the OSG is studying the issue and might seek partial reconsideration in view of the fact that even without an NCA, a project for which a SARO had already been issued, can be bid out and awarded, and a contract between the SUCs or any government agency and the winning bidder can already be entered into. He said that should the Supreme Court rescind the contract, it might be violating the constitutional provision on impairment of obligation of contracts.

#### **INTERPELLATION OF SENATOR CAYETANO (P)**

Senator Cayetano (P) recalled that during the committee hearing, it was put on record that the capital outlay for all SUCs in the past years included

UP where the bulk of the capital outlay goes, that was why the subcommittee decided to separate the allocation for UP to ensure that the other SUCs would get a substantial part of the capital outlay. She noted, however, the absence in the budget of an allocation for the capital outlay of UP. She questioned how it could be said that the focus of the Aquino administration is education when there is no capital outlay to UP and she also refused to accept that it be taken out of scholarships and grants-in-aid.

Senator Cayetano (P) stated that despite being touted globally as a tiger economy, there remains a big disparity in the country's investments in higher education as compared to those of neighboring countries. She said that if the government is serious about economic growth and competitiveness, then the budget should not be passed without a capital outlay for UP which would be used for the following:

1. Completion of the Industrial and Mechanical Engineering Building – P75 million;
2. Renovation of the College of Arts and Sciences, computer, science laboratory rooms – P2 million;
3. Renovation of the Psychology laboratory, College of Arts and Sciences;
4. Rehabilitation of classrooms in the College of Arts and Sciences; and others.

Senator Cayetano (P) pointed out that the renovations mentioned are totally different from the rehabilitation to be done in calamity-stricken areas.

Senator Escudero clarified that the capital outlay for UP is not "zero" since a line budget was included in the Senate version of the bill. He explained that a "zero" appropriation cannot be amended, as opposed to a line budget because some budget reallocations have to be done in light of the recent calamities. Regarding the facilities of UP Tacloban, he said that the funding would be covered by the rehabilitation and reconstruction plan.

Senator Escudero further explained the P5 billion lump-sum allocation for CHED was unbundled and half of it was allocated to the various SUCS; however, the capital outlay is pending because data on laboratory capital outlay and machinery and equipment purchases were not provided. He confirmed, though, that there is no allocation for UP in the other P2.5 billion capital allocation for CHED.

Senator Cayetano (P) stated that, precisely, the budget cannot be approved without such allocation for UP. Senator Escudero mentioned a suggestion to transfer the PDAF earmarked for CHED to UP; however, it would be done in the bicameral conference.

Asked if part of the P1.5 billion for capital outlay would be allotted to PGH, Senator Escudero stated that the budget indicated for PGH has not been finalized since the other government agencies have yet to submit their readjusted budget proposals for review by the committee. From there, he said that it would be clear where the budget for UP's capital outlay could be taken from.

Lastly, in connection with the issue that she raised against the PSC, Senator Cayetano (P) stated that she would propose instead that the budget of the SUCs be augmented, particularly for UP, to make their sports facilities world-class, considering that she has not seen any move from the PSC to improve the existing sports facilities in the schools.

#### **INTERPELLATION OF SENATE PRESIDENT DRILON**

Regarding the augmentation of the budgets of PGH and UP, Senate President Drilon said that in its most recent decision, the Supreme Court has disallowed congressional insertions. He then asked if realignment of funds would henceforth be prohibited.

Senator Escudero stated that without saying that the Supreme Court might have misunderstood the import of the word "insertion," the Supreme Court must not in any way prohibit Congress from performing its job of reviewing, proposing amendments to, and approving the budget. He believed that what the Supreme Court's decision prohibits is the participation of the legislator in any activity after the enactment of the budget into law, thus, insertions, realignments or amendments to the budget which are all done before the measure is passed are not what is prohibited.

Senate President Drilon concurred, stating that the realignment of the items before the budget is passed into law is the prerogative of Congress, and that interpreting the decision otherwise would render the ability of Congress to review the GAA as unnecessary.

To illustrate, Senate President Drilon recalled that the Office of the Solicitor General requested an increase of P30 million in their budget for various

reasons, which he referred to the Committee on Finance. Should the committee find the request valid, he said that certain items in the budget would be realigned during the deliberations of the GAA. He surmised that the insertion, as well as other insertions or amendments done during the budget deliberations, would not be covered by the SC ruling; otherwise, the inherent function of Congress to review the national budget proposed by the President as part of the check and balance would be affected.

Senate President Drilon stated that he raised the issue because the prohibition of insertion can lead to a lot of misinterpretation.

#### **INTERPELLATION OF SENATOR ANGARA**

Senator Angara opined that the SC decision was not referring to anything that the legislature would propose before the passage of the budget, recalling the statement of Supreme Court Spokesman Teodoro Te that the delineation is before the President signs the budget and it is enacted into law; until then, legislators are free to propose projects.

Adverting to the budget of CHED, Senator Angara recalled that during the hearing of the Committee on Finance, he raised the matter of lump-sums at the disposal of CHED for scholarships to be taken from the P2.5 billion Capital Outlay. He said that when he looked at the allocations for various regions, he noticed that some of the smallest amounts went to some of the poorest regions of the country. He referred, in particular, to the CARAGA Region, P42 million; ARMM, P56 million; and Zamboanga Peninsula, P77 million. He believed that the CHED could use its discretion in prioritizing these areas.

Senator Angara pointed out that state universities and colleges can be catalysts for economic growth and for individual and community development. Senator Guingona assured the Body that CHED will review its formula in prioritizing areas.

Senator Angara stated that he is also a graduate of the University of the Philippines and had sat in many board meetings as a member of the Board of Regents during his term as a congressman. He expressed hope that something could be done to improve the state of infrastructure of UP.

As regards the budget for scholarships, Senator Angara said that he was happy for the almost



uniform scholarships for the 112 SUCs. However, he expressed concern that with the Supreme Court decision on the PDAF, 300,000 students could lose their scholarship. He said that a tuition of P6,000 multiplied by 400,000 students would mean P2.5 billion in scholarships. He then requested the Commission to submit to the Senate the exact figure, taking into account the increase in student population.

On another matter, Senator Angara stated that for many years, CHED has been pursuing the policy of amalgamation and rationalization of universities, and that over the last 10 years, there was not much creation of new educational institutions but more of a case of proliferation of campuses. He said that CHED can pursue the policy when it submits a report on the rehabilitation of the educational facilities that were damaged by *Typhoon Yolanda*. He opined that CHED should continue its policy of rationalizing the creation of satellite campuses and in accrediting courses that SUCs may teach.

Recalling the tsunami that hit Indonesia in 2004, Senator Angara informed the Body that the principle that the Indonesians followed was to “build better, build up better,” enabling it to construct more roads, schools and more public infrastructure. He supposed that CHED could follow the same principles when it rebuilds some of the campuses that were totally destroyed especially in Region VIII which has the biggest number of SUCs that were damaged by the typhoon. He said that it would be an opportunity for the CHED to build up better because it can rebuild along more rational lines.

#### **INTERPELLATION OF SENATOR ESTRADA**

As to the meaning of PCARI, Senator Guingona stated that it stands for Philippine-California Advanced Research Institute. He said that this project was originally implemented by CHED; however, for 2013, the budget release of funds would require the concurrence of the DOH and DOST. He said that 50% of CHED’s budget is allotted to PCARI, and that the 2013 budget for PCARI is in lump-sum but has since been itemized with corresponding amounts.

Citing the CHED website, Senator Estrada noted that only P8.5 million of the P1.7 billion allocation for 2013 has so far been spent. Senator Guingona clarified that P8.5 million had been spent while P60 million has been obligated.

#### **SUSPENSION OF SESSION**

Upon motion of Senator Estrada, the session was suspended.

*It was 5:26 p.m.*

#### **RESUMPTION OF SESSION**

At 5:28 p.m., the session was resumed.

As regards the proponent of the project, Senator Guingona replied that Mr. Dado Banatao, a Filipino-American entrepreneur from the Silicon Valley who is known to have invented 30% of all the computers in the world, introduced the project to CHED, linking the CHED and leading universities in the country with UC-Berkeley in the United States.

Senator Estrada said that Mr. Dado Banatao, as the chairman of PhilDev, a non-government organization, was said to be the main proponent and facilitator of the PCARI Project, and that on March 20, 2012, with the guidance of selected Philippine universities, he presented PCARI’s Executive Summary Proposal to DBM Secretary Abad. He said that the proposal would be for the Philippine government and leading Philippine academic institutions to collaborate with the University of California-Berkeley and the University of California-San Francisco in establishing two joint research institutes pursuant to government’s goal to mobilize knowledge for greater productivity and economic growth in the two key technology areas identified as the focus for the development of industry in the Philippines—information and communication technology, and health and bio-technology.

Senator Estrada said that the working titles and focused areas for each institute are the following: Institute for Information Infrastructure Development (IIID) to be supported by the University of California-Berkeley’s College of Engineering at Seacrest, Berkeley; and the Institute of Health Innovation and Translational Medicine to be supported by the University of California-San Francisco and University of California-Berkeley. He said that both institutes would be collectively known as the PCARI, the oversight of which would be managed by the PCARI Board.

Asked who constitute the PCARI Board, Senator Guingona stated that the CHED serves as

the governing policy body for the project, adding that a board never existed in the first place as it was decided that the CHED *en banc* would serve as the overseer of the project.

Asked about the current status of the PCARI Project, Senator Guingona said that the project is ongoing with a requested budget of P1.7 billion that comprises 50% of the entire budget of CHED.

Senator Estrada opined that PhilDev, which is being chaired by Mr. Banatao and which strives for a globally-competitive economy by supporting students and programs in the field of engineering, has a unique profile which boasts of a strong team composed of Filipino-American leaders in the private sector that include entrepreneurs, venture capitalists, investment executives, corporate executives, academic leaders as well as philanthropic leaders.

Asked what else makes the said NGO more unique, Senator Guingona said that while Mr. Banatao is the head of PhilDev, it has no connection at all with the PCARI Project.

Senator Estrada pointed out that it was the website of PhilDev that provided the information that PCARI is one of its projects. He noted that during the PhilDev Economic Forum on "Harnessing Filipino Innovation and Entrepreneurship" on October 8, 2012, at the Manila Hotel, no less than the President of the Philippines has specifically mentioned the PCARI Project in the following manner:

"Together with PhilDev led by its very able Chair, Mr. Dado Banatao, University of California-Berkeley and University of California-San Francisco, we are undertaking a project called Philippine-California Advanced Research Institute. Under the DBM's proposal, we will be spending P1.76 billion on this project. It will guide us in establishing better information infrastructure here which can improve the government's IT capacities. For example, for improving delivery of basic government services, the project also involves putting up another institute that focuses on health, innovation, and translational medicine which will further our research and development capabilities in terms of medicine and health equipment."

Senator Guingona explained that the original concept was to partner with PhilDev, however, upon consultation with several sectors of the government, the consensus was that it would be complicated to

push through with the plan, hence, the final decision was for CHED to take over the project.

Consequent to the President's speech at the PhilDev Forum and during the committee hearing of the budget of CHED for 2013, Senator Estrada recalled that certain presentations were made, one of which was as follows: "The PCARI is part of CHED's effort to build a research capacity of HEIs that will enable a selected group to achieve global recognition. PCARI is in partnership with selected Philippine HEIs and the University of California-Berkeley and San Francisco."

Asked on PCARI's educational partners in the Philippines, Senator Guingona cite the University of the Philippines, Ateneo de Manila University, De La Salle University, Mapua Institute of Technology, Mindanao State University and Iligan Institute of Technology. He agreed with Senator Estrada that the partnership idea is a known method for leapfrogging research capabilities. He explained that the research would be done in the United States with UC-Berkeley and UC-San Francisco in partnership with institutions and their faculties, using their individual knowledge and laboratory equipment which are not available in the Philippines but are intended to be built in the country eventually.

Asked who introduced Mr. Banatao to the CHED Chairperson, Senator Guingona said that CHED Chairperson Licuanan has met Mr. Banatao on several occasions but it was through the DBM that he and the PCARI Project were introduced to her. He said that the project has been going on for one year and that for its preparatory stage, it has spent a total of P8.5 million out of its P1.7 billion budget.

Asked how former CHED Commissioner Ricafort felt about the PCARI Project, Senator Guingona denied that she was against the project and that she was at odds with incumbent Chairman Licuanan.

As regards the cost of the project, Senator Guingona explained that for a period of five years, the PCARI Project would be allocated P1.7 billion per year.

Asked whether the PCARI Project can be expected to produce world-class scientists, entrepreneurs and doctors, Senator Guingona said that some of its current projects include diagnostic kits for the early detection of *schisto* which is supposed to be completed

next year. He explained that through the diagnostic kit, a person could be tested positive or negative with *schisto* by blood examination simply by the prick of a finger. He said that *schisto* is a type of parasite which goes to the liver and the brain ultimately killing its host. He said that there is already a considerable number of infected patients in the Visayas and Mindanao regions, and he believed that the diagnostic kit would be a cost-effective means to eradicate schistosomiasis in the country.

As regards other projects that would be undertaken by the Philippine-California Advanced Research Institute (PCARI) in the next five years, Senator Guingona said that one such program would connect a laboratory in an urban area to the countryside to allow for faster diagnosis of illnesses such as tuberculosis. He explained that instead of putting up several laboratories around the country, a doctor working through the TV-Connect project could diagnose the patient's condition using an image transmitted to him from a cellphone that is connected to the microscope where the actual specimen is placed.

Asked how much the project would cost, Senator Guingona replied that the project, which is one of 25 in the PCARI list, is estimated to cost P136 million and would be realized within a year.

At this juncture, Senator Cayetano (P) explained that she, being the chairperson of the Committee on Education, Arts and Culture, had also been following the developments in the PCARI Project. She explained that the program aims to use the extensive research facilities and knowledge of its U.S. partners to come up with research projects that are tailor-made for the medical problems of the country which the government could not do on its own. For instance, she noted that because of budget constraints, the 132 letters of intent received had been reduced to only the top 10 which are also aligned with the top 10 causes of morbidity and mortality in the Philippines, such as the genetics of type 2 diabetes and cardiovascular risk in the local population, the study of genes, environment and evolution, screening of medicinal plants native to the Philippines for anti-malarial activity and identification of drug targets, surveillance and discovery of diarrheal and respiratory pathogens in a hospital setting. She added that the PCARI Project consists of short-term scientific programs that would have to be evaluated by both the Philippines and the U.S. to come up with a final listing of which would qualify to be undertaken.

On another matter, Senator Estrada read a portion of the resignation letter of CHED Commissioner Nona Ricafort to President Aquino which cited the PCARI project as among the reasons behind her decision, to wit:

"To His Excellency, President Benigno Aquino:

This letter is in connection with my service as Commissioner of the Commission on Higher Education of the Philippines. My first four-year term ended last July 21, 2013. Albeit I am mandated by law under Republic Act No. 7722, Section 5, to remain in my office until a successor shall have been appointed and qualified.

It has been an honor to serve our country at your pleasure. However, after much thought and consideration, I have decided to forego the possibility of a second term and submit my resignation subject to Section 5 of Republic Act No. 7722, as stated above.

Following recent developments of CHED, it has come to my realization that I will be unable to give my full support to the P10 billion CHED-PCARI collaboration research project initiated by CHED chair Patricia Licuanan.

Currently, CHED is in the process of finalizing the implementation of the said research individual projects at the cost ranging from P50 million to P300 million per project item. These projects are good and directed to uplift the research standard in the Philippines. However, I find it difficult to comprehend how to reconcile the magnitude of this collaboration, specifically the budget costing per individual project to meet the level of expectations of the Filipinos, especially the students and their parents as appropriate answers to their current needs — the resources to meet the financial cost in their pursuit for education, and the vast need for resources of our public education programs.

As such, considering the current circumstances at this delicate time, I personally feel it is not the opportune time for this project implementation in our country. The growing disparity on the prioritization relevance and impact to the day's difficult times has brought out much apprehension on my part. Given the current conflicts in the allocation of government resources, the project objectives may not be viewed by the general public as appropriate solutions to the expectations and prioritization needs in the field of education. Given these concerns and constraints, I feel the need for a more thorough attention on the details justifying the P10-billion research project as related to

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individual project evaluation of budget cost. Equally important, the checks and balances must be consistent with COA pertinent laws, procurement rules and regulations, as may be applicable, particularly the procurement of the engagement for collaboration is template or tailor-fit to the University of California-Berkeley, which may encounter difficulty in the bidding process."

Stating that a former CHED Commissioner's opinion cannot just be disregarded, Senator Estrada asked whether PCARI was initiated by Chairperson Licuanan. Senator Guingona replied in the negative.

Asked why Ms Ricafort could not support the project, Senator Guingona surmised that as a presidential appointee, she might have thought it her duty not to renew her appointment because of a project she did not support. He said that Ms. Ricafort did the right thing when she resigned if she felt the project was against her principles. He explained that the CHED had a series of meetings where Ms Ricafort even signed some resolutions supporting the project.

At this point, Senator Estrada also read a portion of the alleged resignation letter of CHED Director Carmina Alonzo from the Bids and Awards Committee addressed to Chairperson Licuanan because of the PCARI Project, to wit: "May the undersigned respectfully signify her irrevocable resignation as member from the Bids and Awards Committee as a reiteration of the first letter given to your office last ... but with an additional basis for the same official action from the undersigned."

Asked on the reason behind Ms Alonzo's resignation, Senator Guingona surmised that Ms Alonzo might have deemed it wise to leave her position in the BAC because some of her many functions as director of the Administrative and Finance Services were in conflict with the mandate of the BAC.

As he asked whether Ms. Alonzo had been aware of an anomaly involving the project, Senator Estrada further quoted Ms. Alonzo's letter to Chairperson Licuanan, to wit:

"In the analysis of the PCARI presentation last September 16, 2013, DBM accordingly approved that government funds can be awarded to private institutions or foundations. It is with reservation that the undersigned is wanting of legal basis or document from the DBM to show that foundations are allowed to use government funds, and in this collaboration, it is not the UC-

Berkeley which will be paid but the individual researchers who are chosen, not by the BAC through a bidding process, but by the Philippine PCARI focal persons. How the U.S.-based researchers' services will be procured is likewise wanting of lawful basis, in the same manner that private schools and SUCs may be classified as foundations. The same reservations the undersigned cannot raise independently as a government officer and at the same time a member of multifarious functions considering the observance of the designations and directives issued for her to deliver."

Asked whether Ms. Alonzo has discovered an anomaly, Senator Guingona replied in the negative, saying that Ms. Alonzo was not even involved in the PCARI Project. He reiterated that Ms. Alonzo resigned to give up some functions which she felt would have been a conflict of interest. Thereupon, he read a portion of the first page of Ms. Alonzo's resignation letter, to wit:

"While there is one great noble mission in this project by our government, my lawyer pointed out to me the following facts and circumstances to which technicalities may be questioned. That one issue enumerated below was even raised in public during the congressional budget pre-plenary hearing last August 27, 2013.

The same group of Mr. Banatao had been under the DOST program to which DOST later did not anymore accept for implementation. The question is, why would DOST, whose primary mandate is on research, shrink from continuing the project considering that it already took off before CHED was given the same budget responsibility?

"That the jurisdiction of a research project is basically within the ambit of the DOST and not the Commission on Higher Education."

"(b) While the GAA explicitly named the PCARI for the project, the procurement of the engagement for collaboration is templated or tailored-fit to the University of California, Berkeley which is accordingly contrary to the bidding process. In one meeting with our procurement's consultant it was even emphasized that in the posting for such project, the same should be available to other universities in the United States. But to the undersigned's observation, the project is predestined to be collaborated only within the University of California-Berkeley."

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Senator Guingona said that he was informed by Ms. Alonzo that these issues were raised by a legislator and which she merely quoted in her letter. But Senator Estrada pointed out that the letter was written by Ms. Alonzo.

Senator Guingona maintained that the resignation of Ms. Alonzo from the BAC did not have anything to do with the PCARI Project.

Senator Estrada requested a copy of the list of projects of PCARI. Asked if within five years the Philippines can already produce world-class scientists and world-class entrepreneurs with the P10 billion allocated to CHED for the PCARI Project, Senator Guingona replied that the country's capability would, in fact, be very much higher.

#### **REMARKS OF THE CHAIR**

Senator Aquino stated that the Philippines has actually produced a world-class entrepreneur and scientist in the person of Mr. Diosdado Banatao. He said that Mr. Dado Banatao is very well-known in the technological and entrepreneurial circles, and is one of the people that many entrepreneurs look up to as a pioneer of Silicon Valley.

Senator Aquino further informed the Body that Mr. Banatao won the Pamana ng Filipino Award in 1997, the Master Entrepreneur of the Year Award of Ernst & Young and was on Forbes' Midas List for a couple of straight number of years. Finally, he said that Mr. Banatao was one of those people whom Filipinos could be very proud of because he was educated in a public school, made it very big in the U.S., and an inventor of a lot of technologies, including the graphic cards in personal computers.

#### **SUBMISSION OF THE BUDGETS OF THE COMMISSION ON HIGHER EDUCATION AND STATE UNIVERSITIES AND COLLEGES**

There being no other reservation for interpellation, upon motion of Senator Cayetano (A), there being no objection, the budgets of the Commission on Higher Education, and the State Universities and Colleges including its allocation for Capital Outlays and Scholarship Programs, were deemed submitted for the Body's consideration.

#### **SUSPENSION OF CONSIDERATION OF HOUSE BILL NO. 2630**

Upon motion of Senator Cayetano (A), there being no objection, consideration of House Bill No. 2630 was suspended.

#### **ACKNOWLEDMENT OF THE PRESENCE OF GUESTS**

At this juncture, Senator Cayetano (A) acknowledged the presence in the gallery of Hon. Phil Wyman, former California State Senator.

#### **OVERSIGHT COMMITTEE MEMBERSHIPS**

Upon nomination by Senator Cayetano (A), there being no objection, Senators Honasan and Binay were elected to the Oversight Committee on the Philippine Disaster Risk Reduction and Management.

#### **SUSPENSION OF SESSION**

Upon motion of Senator Cayetano (A), the Chair declared the session suspended until 9:30 in the morning of Monday, November 25, 2013.

*It was 6:18 p.m.*

#### **RESUMPTION OF SESSION**

At 10:21 a.m., November 25, 2013, the session was resumed with Senate President Drilon presiding.

#### **COMMITTEE REPORT NO. 5 ON HOUSE BILL NO. 2630 (Continuation)**

Upon motion of Senator Cayetano (A), there being no objection, the Body resumed consideration, on Second Reading, of House Bill No. 2630 (Committee Report No. 5), entitled

#### **AN ACT APPROPRIATING FUNDS FOR THE OPERATION OF THE GOVERN- MENT OF THE REPUBLIC OF THE PHILIPPINES FROM JANUARY ONE TO DECEMBER THIRTY ONE, TWO THOUSAND AND FOURTEEN, AND FOR OTHER PURPOSES.**

Senator Cayetano (A) stated that the parliamentary status was still the period of interpellations.

*pero*

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

## DEPARTMENT OF EDUCATION

For the budget of the Department of Education, Senator Escudero stated that the allocation included the school building program amounting to P281,752,791. He informed the Body that some adjustments would have to be made on the proposed budget of DepEd as it has submitted to the Committee its proposal in connection with the recent calamities in the country. He said that after evaluating the adjustments, the changes will be submitted during the period of amendments, but they would remain within the proposed budget of the DepEd.

### INTERPELLATION OF SENATOR CAYETANO (A)

At the outset, Senator Cayetano (A) recognized how busy the DepEd was especially in the areas that were hit by *Typhoon Santi*, the earthquake and superstorm *Yolanda*. During the deliberations on the K+12 bill, he recalled raising questions, along with Senator Trillanes, on the wisdom of adding two more years to senior high school or adding years in the lower levels but making sure that whatever the leading private or DOST schools have would also be made available to public schools. He further recalled Secretary Luistro's assurance that having extra two years and quality education can both be achieved. To find out if both goals have been achieved, he said that he and Senator Angara placed a provision in the K+12 law mandating an assessment to be conducted in 2015, based on which a decision would be made on whether or not to push forward the conversion of the present system into the K+12 system.

Asked by Senator Cayetano (A) whether the ideal ratio of 1:45, eight hours a day and no shifting could be achieved by 2015, Senator Escudero stated that the DepEd has assured that it is on target. He said that except for the areas affected by the earthquake and typhoon, the target of 66,000 rooms would be reached by the end of the year. He said that an adjustment of P5 billion would be redirected to the devastated areas with the Committee on Finance inputting a provision in the school building program specifically stating that the adjustment would be used to address the remaining shortages to meet the requirements of the K+12.

As regards class shifts, assuming that all 66,000 classrooms are constructed, Senator Escudero stated that there would still be two shifts, mostly in the urban areas like Metro Manila, principally because of land or title-related problems where the school cannot expand the capacity for classrooms to absorb additional enrollees.

Senator Cayetano (A) surmised that by the time the K+12 is implemented, there would still be shifting from Grade 1 to fourth year high school that allows the student only half of the time in the classroom. He expressed hope that shifting is already eliminated before the K+12 assessment in 2015. Senator Escudero manifested Secretary Luistro's assurance that DepEd would do its best to avoid that situation of shifting.

Senator Cayetano (A) reminded the DepEd that the 2015 assessment is all about meeting targets which he believed Secretary Luistro is determined to meet. He opined that the budget should reflect the amount of money that it needs either for legal services or for purchase of land and if it has no choice, to demolish smaller buildings in highly urbanized areas and construct taller buildings. He stated that a lot of private elementary and high schools have four to five-storey buildings, some of them with gyms on the top floor. He said that the option of DepEd is to either purchase land or to reconstruct the existing buildings to augment the space shortage; however, under the building code, schools more than five floors would be required to install elevators. He expressed hope, however, students do not have to climb more than four storeys.

Citing the City of Taguig, Senator Cayetano (A) stated that it is either putting more money in its local version of GATSPE or put more scholars in private schools, and he hoped that DepEd could adopt the same policy since it knows that the lack of school is a problem in highly urbanized areas.

Asked if there is a strategy to meet the shortages in areas that do not have land, Senator Escudero replied that P75 million of the proposed budget is allocated for the titling or acquisition of land for the construction of school buildings. In addition, he stated that the Committee, together with Undersecretary Muyot, is proposing a bill that would facilitate the titling of lands both in existing sites and future sites of school buildings in order to avoid the current legal problems that the Department is facing with respect to lands upon which schools would be put up.

Senator Cayetano (A) expressed concern on the good that the additional two years would bring if the present quality is the same – no science laboratory, no auditorium, no music room and no homeroom. He said that although much attention should be given to mathematics and science, subjects like physical education, music and subjects that enrich the soul should not be sacrificed under the K+12.

Asked if there is a P2 billion budget for science equipment, Senator Escudero replied in the affirmative. He disclosed that DepEd is crafting a voucher system under the GATSPE for senior high school in case there is a need for facilities or classrooms to accommodate the number of enrollees.

Senator Cayetano (A) recalled that during the hearing of the Committee on Finance on August 28, the DepEd said that it is targeting to procure 38,351 science-math equipment in 2014 amounting to P2.56 billion. He then inquired how the department was able to come up with the number of science-math equipment to be procured and how it corresponds to the total proposed budget of P2.56 billion.

Responding thereto, Senator Escudero stated that the number corresponds to the total number of elementary schools – from Kinder to Grade 6, and that the equipment will be for use of the teachers inside the classroom.

Senator Cayetano (A) revealed that Thai students have their instructional materials in tablets. He asked if the DepEd is also studying the possibility of using tablets instead of printing materials, and whether it would pay the authors for the copyright for the soft copy that would be made available to students. Senator Escudero stated that the Department is looking into such possibility. However, at the moment, he said that the Department has a portal for digitized materials which could be downloaded through the Internet.

Senator Cayetano (A) said that for the next budget hearing, there is a need to find out whether or not in the long term it would be cheaper to purchase digital equipment like a tablet which would contain study materials, and whose authors would be paid their copyright by DepEd, thereby eliminating printing cost.

On whether a year is enough to assess the K+12, Senator Escudero replied that Secretary Luistro expects to finish a study by the middle of 2014 so that it would be ready by the next deliberation.

Senator Cayetano (A) stated that he was aware that the DepEd was also working on the same project but would initially give the items only to the teachers. He said that he is amazed by how Thailand was able to do it, in the same manner that it was able to provide a comprehensive health care program where a person only pays 50 Baht for free hospitalization, operation and treatment. He then asked if the present administration has any plans to leapfrog before its term ends in 2016, noting that the country's population is double that of Thailand.

As regards allocation for music rooms, musical instruments, auditoriums, multimedia equipment and other facilities, Senator Escudero stated that according to Secretary Luistro, funding is not on a large scale or across the board, and that the Department has identified art schools and has funding for the construction of rooms in identified art schools, not for all schools nationwide.

Senator Cayetano (A) suggested the possibility of seeking the assistance of local government units in certain regions in the funding of special projects for sports, music auditorium, multimedia equipment and the like. As regards the special education fund, he asked whether amendments or new rules were introduced given that certain cities enjoy big allotments albeit with limited use. In response, Senator Escudero said that there were circulars and memoranda issued but there was no amendment in the Local Government Code and that the DepEd is continuously working with the DBM and the DILG.

Noting that per the statistics issued by the DepEd, 11% of the population consists of challenged or differently abled children, Senator Cayetano (A) asked how DepEd has addressed the issue of increasing the number of SPED schools as well as the latest data on the number of these challenged children. In reply, Senator Escudero stated that the goal was to put up SPED centers in all divisions nationwide next year with a budget of P227 million in order to help such class of students to cope and catch up with other students at the same level. He said that while the DepEd acknowledges the insufficiency of P1 million per school, there is still a need to complete the mapping and survey of the actual number of students to be covered considering that the data varies in every area.

Noting that the budget allocation should have to be the same regardless of the location, Senator

Cayetano (A) observed that there are actually more students in urban areas such that the percentage ratio would necessarily vary depending on the population. Senator Escudero agreed with Senator Cayetano (A), stating that there is a natural tendency to gravitate to the urban areas where people believed that their children who are differently abled could get better education and attention.

Senator Cayetano (A) recalled that in a research he conducted a few years ago, he found out that the national SEF budget was at P14 billion to P15 billion per year. Since the real estate has doubled in certain areas for the last three years, he assumed that the SEF has increased as well. Senator Escudero promised to furnish Senator Cayetano (A) with a copy of the latest data on the current amount of SEF.

Senator Cayetano (A) stated that the Secretary of DepEd could issue a circular on the concept of burden sharing. He suggested that schools, which do not have concrete plan on where to spend their SEF budget, could possibly share the funds to those in need for projects like school buildings, programs for arts, sports, science, and math, and SPED. He noted that some complaints were about the burden of paying extra teachers, explaining that they are forced to hire them to relieve the burden from the SEF.

In reply, Senator Escudero said that DepEd agreed on the need to consult with local government units in urban areas and promised to work on the suggestions made. He stated that he would furnish Senator Cayetano (A) with a copy of the damage report in the *Yolanda*-stricken areas in the Visayas, even as he pointed out that there were 4,492 classrooms in specified areas that need to be replaced and which are already included in the 2014 budget. He said that the target is to complete the construction before the opening of the school year 2014 to 2015.

As to the actions taken on the plight of the students while the school buildings have not yet been constructed, Senator Escudero said that classes have actually resumed in tents and makeshift classrooms, and that according to the DepEd Secretary, an extension of classes for an hour a day would be enough for the students to catch up.

Senator Cayetano (A) recalled that when he visited several areas in the Visayas, he noted that classes could not even be held under the trees because they were all uprooted by the typhoon. For the said reason, he asked whether the DepEd could

consider the kind of tents used during calamities in the City of Taguig or in other cities in Metro Manila. He stated that the kind of tents being sent are suitable only for night-time habitations.

As to whether the department has some funds for the said purpose, Senator Escudero said that DepEd has been utilizing its available savings of about P100 million for the year for the use of tents as temporary makeshift classrooms.

Senator Cayetano (A) stated that there were several teachers both in the public and private sector who have expressed their willingness to offer their services during summer to conduct special classes or a home schooling type of program. He suggested the utilization of the said manpower and expressed hope that DepEd could put together a uniform program for all those affected which is akin to *bayanihan* system involving volunteer teachers. He pointed out that there were roughly 6,000 affected who are already in Manila and even more in Cebu. In response, Senator Escudero said that DepEd agreed with the suggestions and disclosed there is an existing program for the debriefing of teachers from fellow teachers.

## INTERPELLATION OF SENATOR POE

Senator Poe noted that during the public hearing for the budget of DepEd, 500,000 were identified as severely wasted children or those that lacked nutrition or otherwise severely affected that they could not function very well, while the *Philippine Daily Inquirer* has reported that about 1.5 million Filipino children are affected by the typhoon in terms of nutrition. In this regard, she asked whether a corresponding adjustment has been made in the DepEd budget for feeding or anti-malnutrition program.

In reply, Senator Escudero said that DepEd has been working with the UNICEF and other entities for a 30-day feeding program. He stated that the number of severely wasted children nationwide was estimated at 562,262 for which a budget of P4.3 billion has been allocated and lodged in the budget of the DSWD because it is the DSWD that would implement the school-based feeding program in partnership with the local government units and DepEd.

As to the number of classrooms destroyed by the *Typhoon Yolanda*, Senator Escudero said that a total of 4,492 classrooms need to be replaced, excluding those that needs to be repaired.



Asked if there is a supplemental budget or a contingency fund that could be used for rehabilitation, Senator Escudero said that the budget for 2014 was readjusted, reprogrammed and reallocated from within the DepED to answer part of said need.

Asked about the construction of 9,301 classrooms under the Public-Private Partnership School Infrastructure Program (PSIP) and the target date for its completion, Senator Escudero said that more than 3,000 classrooms have been built while the rest shall be completed by mid-2014.

#### **SUBMISSION OF THE BUDGETS OF THE DEPARTMENT OF EDUCATION AND ITS ATTACHED AGENCIES**

Upon motion of Senator Escudero, there being no objection, the budget of the Department of Education, including the Office of the Secretary, Early Childcare and Development Council, National Book Development Board, National Council for Children's Television, National Museum, Philippine High School for the Arts and its School Building Program were deemed submitted for the Body's consideration.

#### **SUSPENSION OF SESSION**

Upon motion of Senator Escudero, the session was suspended.

*It was 10:58 a.m.*

#### **RESUMPTION OF SESSION**

At 11:21 a.m., the session was resumed.

#### **DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT**

Senator Escudero presented the budget of the Department of the Interior and Local Government and its attached agencies amounting to P100,195,430,000.

#### **INTERPELLATION OF SENATOR SOTTO**

To Senator Sotto's observation that the Bureau of Fire Protection (BFP) is tasked to establish at least one fire station in each local government unit, Senator Escudero affirmed, saying that the BFP has

a budget for achieving this target through a 10-year program. He added that approximately 600 local government units have yet to be equipped with fire stations.

As regards the observation that more than 50% of the 1,700 cities and municipalities have been provided with these facilities, Senator Escudero clarified that 61% of the program has been completed since BFP data as of December 2012 showed that only 667 municipalities are without a fire truck and 558 municipalities do not have a fire station.

Asked how many fire stations would be constructed and how many fire trucks would be procured to address the shortage, Senator Escudero replied that the P1.346 billion allocation of the BFP for 2014 would include P610 million for 52 fire trucks and P151 million for the construction of 52 fire stations. He said the funds would also be utilized to acquire protective gear, mini-pumpers and reading apparatus.

To the concern that the budget allocation has not changed over the years, Senator Escudero replied that while the DILG would have wanted to acquire more firefighting equipment and facilities, its budget has been limited to these basic items.

Asked for the target date to completely equip all local government units with fire stations and fire trucks, Senator Escudero pointed out that at the rate of adding 100 fire stations and fire trucks per year – not taking into account the cost for repairing or replacing existing equipment – it would take the BFP six years to cover the remaining 600 cities and municipalities.

As regards the capacity of the fire trucks to be purchased, Senator Escudero replied that these would be fire trucks carrying either 1,000 gallons or 2,500 gallons of water.

On whether the DILG has explored the possibility of using barangay fire trucks, Senator Escudero explained that some cities have provided this equipment for their barangays, citing Quezon City and Manila which have 500-gallon carrying mini-pumpers that can pass through narrow streets and roads. On the other hand, he said that although the BFP aims to provide firefighting equipment to towns without any fire trucks, it also plans to acquire mini-pumpers for smaller areas.

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Senator Sotto asked if the Canadian firm Bombardier was still willing to provide the Philippines with search-and-rescue planes that could hold thousands of gallons of water. Senator Escudero clarified that Bombardier was not lending but rather, selling these planes at the costly price of P1 billion each. However, he said that the BFP was open to exploring the possibility of acquiring these aircraft if it would prove to be mutually beneficial.

Asked on the coverage of DILG's P1.2 billion allocation for assistance to informal settler families (ISFs) in dangerous areas, Senator Escudero explained that the funding, which would all be coursing through the DSWD, would include the P18,000 assistance/family or P474,606,000 for 26,367 ISFs as well as P50 million for social preparation and P700 million for acquisition of land and provision for micro-and medium-rise buildings for ISFs.

Senator Sotto sought clarification on the DILG's provision for potable water supply. Senator Escudero explained that this would fund the government's program for waterless barangays identified by the National Anti-Poverty Commission (NAPC) to construct and/or build Level 1 and Level 2 water systems in accordance with the country's Millennium Development Goal (MDG) targets which began in 2011.

Asked for the difference between the two water systems, Senator Escudero pointed out that Level 1 refers to rain and river catchment and treatment facilities, spring development and shallow wells, while Level 2 refers to communal wells, spring boxes, deep/deeper wells and construction of basic near-source distribution systems such as transmission types, communal tap distribution and for water sourced from surface/ground. He said that the DILG aims to address the Levels 1 and 2 needs of the local government units while the Local Water Utilities Administration (LWUA) handles Level 3 systems.

As regards the P76 million budget for enhancing LGU capacity on disaster risk reduction and climate change, Senator Escudero said that the project aims to build the capacities of LGUs to address the impacts of disaster and to mainstream disaster risk reduction management and climate change adaptation in their systems and procedures in accordance with R.A. No. 10121 or the Disaster Risk Reduction and Management Act of 2010 which placed the DILG Secretary as the overall vice chairman of the committee.

Asked for the legal basis behind the DILG's proposed funding for these three major projects, Senator Escudero explained that the P500 million allocation for potable water supply is by virtue of R.A. No. 10121, while the P1.2 billion assistance to ISFs is supported by the UDHA law. He added that the budget for the LGU capacity on disaster risk reduction and climate change would fill a gap that is required under the Local Government Code.

Asked if it is the DPWH that would implement the *Payapa at Masaganang Pamayanan* (PAMANA) project, Senator Escudero explained that the P1.5 billion allocation for the PAMANA project would cover local roads which are an important component of the peace process because these are roads used by the LGUs in the respective areas where the PAMANA program would be undertaken.

Asked by Senator Sotto for the specific projects under the Enhancement of LGU Capacity on Disaster Risk Management, Senator Escudero reiterated that they are those he mentioned earlier under RA 10121.

Asked for the meaning of "competitive LGUs" under the item "Building Business-Friendly and Competitive LGUs," Senator Escudero said that basically, this is for technical assistance in the amount of P10 million that would enable LGUs to attract more investors and investments in their respective local government units, particularly in the field of the issuance of permits, minimizing red tape, streamlining regulatory services, such as the issuance of business permits, and improving competencies of the local economic development investment promotion officers.

Moving on to the budget of the BJMP, Senator Sotto asked for the details of the capital outlay for the five new jail buildings to be constructed. Senator Escudero clarified that P21 million has been allocated for eight jails, not only five, each of which is allocated roughly P2 million to P3 million. He said that the project has been undertaken in phases and some of it are already for completion.

As to the areas where the jails are located, Senator Escudero cited New Solano District Jail in San Mateo, Rizal Municipal Jail; Tanza, Cavite Municipal Jail; Meycauayan, Bulacan Jail; Labo District Jail; Danao City Jail; Burauen District Jail in Samar; Initao District Jail in Misamis Oriental; and Buguias District Jail in the Cordillera Autonomous Region.

Asked if there were enough jail buildings nationwide, Senator Escudero replied in the negative. He said that in Metro Manila, all LGUs already have their own jails, some of which, however, have to be repaired.

As to the system should one need to be confined in jail, Senator Escudero said that the provincial jail, also known as district jail, is filling the gap whenever a certain area lacks jail. He added that there are situations that provincial jails are being turned over to the BJMP for management and control.

Asked if this practice does not go against the Local Government Code, Senator Escudero clarified that the BJMP does not take over a provincial jail, and that it is more often than not that such situation occurs only upon the instigation of the province and it is done through a memorandum of agreement and only because of lack of resources of the local government unit to maintain the jail.

Proceeding to the PNP budget, Senator Sotto recalled that during the committee hearings, it was discussed that the police to citizen ratio in the Philippines is 1:645. Senator Escudero clarified that it is roughly at 1:700 police to citizen ratio.

Asked for the police to citizen ratio in LA, California, Senator Escudero replied that he has been informed that the PNP did not have the data for LA, California and what it had was that for Colombia in South America, which is 1:250.

Asked if the ideal ratio of 1:500 would eventually be achieved, Senator Escudero said that the PNP was already working along those lines. He stated that for 2014, PNP would be hiring 13,000 additional personnel to lower the current ratio in line with the ideal target.

Asked on what year the Philippines can hit the ideal ratio, Senator Escudero replied that according to the PNP, it would be in seven years at 10,000 new hires per year with 6,000 lost per year because of attrition.

In a related matter, Senator Sotto recalled Danding Cojuangco's idea to convert the entire Armed Forces into national guards, an idea that he opined would definitely and tremendously lower the police to citizen ratio. Commenting thereon, Senator Escudero pointed out that the police and the Armed

Forces have different skill sets and competencies—the police are more familiar with the crimes and the procedures when it comes to arrests and the corresponding cases to be filed before the court; on the other hand, the Armed Forces would have to be reoriented and retrained on these matters.

Senator Sotto agreed, as he recalled that when he was still with the Philippine Drug Enforcement Agency (PDEA), some members of the Marine Corps and the Philippine Army were incorporated into the PDEA, and he noticed that during buy-bust operations, the soldiers were more personality-oriented which caused some problems during the operations because while the soldiers would be successful in apprehending the suspects, much leave to be desired with respect to the matter of gathering evidence and in the filing of cases, an area where the police are more adept.

Moving to another matter, Senator Sotto recalled that during the committee hearings, it was revealed that 90% of the calls received by PNP hotline 117 are prank calls. Senator Escudero clarified that the calls would either be prank calls or totally irrelevant calls such as asking for directory assistance.

Senator Sotto asserted that there are two ways to confront this problem: the DILG should recommend the non-perpetration of the program or resolve the problem and to go after the prank callers. He said that in the U.S., people who do not use the 911 system properly are fined.

Responding thereto, Senator Escudero said that the PNP hotline system is primarily funded by private entities such as the PCCI and the PLDT group, and the PNP simply provides coordinative and manpower support for the system. He nevertheless welcomed Senator Sotto's recommendation and added that the Committee and the DILG would support any initiative to provide for penalties in the form of fines for those who would use the PNP hotline for prank calls. He also said that legislation might be needed to implement.

Asked by Senator Sotto whether prank calls could be traced, Senator Escudero said that it was unfortunate that the technology currently being used by the hotline 117 does not have the capacity to trace the prank calls. However, he stated that if a call made to hotline 117 emanated from a cellphone, it would be possible to trace it through the caller ID; however, if the call was made through a landline and analog phone, the call could not be traced.

Asked if the system could be upgraded, Senator Escudero said that it would have to be discussed with the private partners which are funding the project. He stated that this might not even need government funding should penalties be provided for illegal and unlawful use of hotline 117. At present, he said, for hotline 117, the government allocates P20 million mostly for manpower and P16 million for MOOE.

Finally, Senator Sotto asked for an update on the relief and rehabilitation efforts being undertaken by the government in Eastern Visayas in the light of *Typhoon Yolanda*. Senator Escudero replied that to date, 1.4 million relief packs have been distributed.

Asked if the DILG Secretary was also in charge of the foreign aid for the typhoon victims, Senator Escudero explained that if the foreign aid goes through the government, it would go to the DFA and then to the DSWD; however, in the case of private donations, the public solicitation law mandates the DSWD to receive reports of aid to accredited private relief organizations undertaking similar projects.

Asked whether the DILG has anything to do to ensure that donations are apportioned to different provinces, Senator Escudero said that in terms of logistics, manpower and security, the LGU would have an input but most donors usually specify where the donations should go.

Asked where the cash donations from abroad went, Senator Escudero replied that from the DFA it goes to the DSWD.

On the running total of the cash donations and how government plans to spend it, Senator Escudero said that according to newspaper reports, the cash donations amount to P12.6 billion and that other donations have not been unbundled yet. He said that some donations are donor-driven, which means their use depends on the dictates of the donors — whether for relief operations, rehabilitation, construction of school building, power restoration, or for other purposes.

Asked who should be held accountable for these donations and ensure that they are properly distributed, Senator Escudero stated that a portal called Foreign Aid Transparency Hub (FAITH) has been created to monitor all foreign aid and donations, with DFA, DWSD and DBM as lead agencies, the latter in charge of cash donations in particular. He said that President Aquino will give a statement about what the government is planning to do with the donations.

## INTERPELLATION OF SENATOR CAYETANO (A)

At the outset, Senator Cayetano (A) lauded the Committee and the DILG Secretary for working together during the budget deliberations.

Senator Cayetano (A) lamented how the Philippine National Police has always been at the receiving end when crime investigations are delayed. He underscored the great need of the PNP and the BJMP for funds to build facilities and for training and resources to meet people's expectations.

Asked if funds are available for closed-circuit television (CCTV) for the PNP, Senator Escudero admitted that there is no budget for CCTV for 2014, although the PNP is planning to issue a memorandum to all LGUs especially in the urban areas requiring business establishments to install CCTV before they could be issued a business permit.

Asked how much it would cost to build a crime laboratory with state-of-the-art equipment, Senator Escudero replied that PNP officials could not give an estimate.

Senator Cayetano (A) asked whether the PNP has a roadmap or plan, as he recalled that certain LGUs in the past, because of limited resources, would ask assistance from the local business community to fund certain programs or projects like CCTV cameras. He suggested that LGUs partner with the private sector for funds rather than wait for the budget of the following year. Senator Escudero disclosed that there is a PNP modernization plan even as he welcomed the idea of the LGUs working with the private sector. Senator Cayetano (A) expressed support for the PNP modernization plan as he hoped that the PNP and BJMP would be given the proper support and resources to be able to address peace and order efficiently.

Senator Cayetano (A) relayed the information given to him by Senator Cayetano (P) about Davao City Mayor Rodrigo Duterte who told her that when he was in Tacloban City in the aftermath of *Typhoon Yolanda*, he saw dead police officers still in their uniforms, apparently dying in the line of duty while trying to protect the people. He asked whether the DILG could study the possibility of their beneficiaries continuing to receive their salaries other than their death benefits and pension. He said that it is by itself difficult to lose a spouse or a parent, much more to

fend for the family after such loss. He expressed hope that the family of a "hero" continue to receive the salaries until the hero's retirement age of 56 years. The benefit, he said, could be classified as a "hero's pay" or a "patriot's pay." In the same manner, he hoped that those who become incapacitated in the line of duty could receive a similar benefit. He said that even while the PNP has several foundations that could help take care of its personnel, it is still best to have the benefit institutionalized.

In reply, Senator Escudero said that at present, the family of a PNP personnel who dies in the line of duty would receive the following benefits:

President's Social Fund	P 250,000
Special Financial Assistance (RA 6963)	P 140,000
Cumulative Leave	P 195,000
Gratuity and burial benefits	P 200,000
PSMVFI (members only)	P 350,000

In addition, Senator Escudero said that the family of the deceased personnel would receive a monthly pension of P8,000 until his or her supposed retirement age, and a monthly pension of P11,000 from Napolcom for five years, plus scholarships and educational assistance. He welcomed proposals to increase the aforementioned benefits or pay.

Senator Cayetano (A) said that the amount of P1,150,000 could only purchase a low-cost housing unit and that the P8,000 monthly pension is not even enough to pay the bills. However, he said that it would help the family if the PNP would grant a pension equivalent to a month's salary, for instance, P40,000 a month. He expressed willingness to sponsor a resolution to that effect.

## INTERPELLATION OF SENATOR POE

Senator Poe recalled that during the committee hearing, she asked on the examinations given to potential candidates for positions in the PNP.

Asked whether the type of examinations are already in its proper context and are not too complicated, Senator Escudero replied that it is still under review by Napolcom.

Whether the Napolcom has already asked an academician to look into the test questions, Senator Escudero replied that it has a test development

committee composed of members of the PNP as well as representatives from the academe. Senator Poe asked for a copy of the questionnaire as she cited a news report that about 400 applicants were caught cheating the previous year. She feared that the examinees might not be able to fully comprehend the examination which, upon being given a sample, she found to have questions that are not in the proper context. Senator Escudero assured the Body that the examination would be studied and revised accordingly.

Asked for an update on the Cagayan de Oro blast, Senator Escudero said that a copy of the latest detailed report would be forwarded to Senator Poe.

Lastly, Senator Poe asked on the cost of installing a national emergency hotline as she pointed out the need for the country to have a national emergency line which is not dependent on private sector's donations. To encourage tourists to visit the country, she said that an organized system for reporting emergency situations must be instituted. This, she said, could be done through partnership with telecommunication companies. She also stressed the need for the public to be educated about using the line responsibly.

Senator Escudero replied that the LGUs have their own emergency hotline numbers. He also disclosed that a request has been given to the telecom companies to reserve the number "911" since it is internationally known; however, some adjustments have yet to be made since the number is currently being used.

Senator Poe then requested a study to be submitted regarding the cost and requirements for a national hotline to be completed.

On a final note, Senator Poe commended the police in their role in the rehabilitation efforts, and greeted as well PNP Director General Alan Purisima on the occasion of his birthday.

## INTERPELLATION OF SENATOR BINAY

Asked by Senator Binay whether the P700 million in the DILG budget would be used to construct housing units in the form of micro medium-rise buildings, Senator Escudero answered in the affirmative, emphasizing that the budget will go through the LGUs, the Social Housing Finance Corporation (SHFC), and the NGO partners in the area.

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Asked who would take the lead in the construction of the housing units, Senator Escudero replied that it is a community-driven project to be implemented by the NGOs, ISFs, LGUs and SHFC. He said that the role of the DILG would be for coordination purposes only without having a hand in the implementing stage. In that case, Senator Binay pointed out that the budget should be given to the SHFC rather than to the DILG. Senator Escudero explained that insofar as the ISFs and dangerous areas are concerned, the budget is lodged in the DILG because of its supervisory powers over the LGUs. He recalled that in the past, it was a challenge to persuade the informal settlers in the dangerous areas to relocate without the DILG's intervention. At present, he said that the government has been more effective in convincing families to leave the danger zones.

Referring to EO 90 under former President Corazon Aquino, Senator Binay stated that the NHA was named as the sole government agency that would be engaged in the direct shelter program. She then asked for the legal basis of DILG to engage in the construction of micro medium-rise buildings under the housing program for ISFs in danger areas in Metro Manila.

In reply, Senator Escudero stated that Section 29 of the UDHA law provides for the participation of the LGUs in resettlement projects in coordination with the NHA. However, Senator Binay pointed out that the same law states that the NHA is tasked to provide technical and other forms of assistance to the LGUs in the implementation of their housing programs. Senator Escudero agreed, but he explained that the task is not exclusive to the NHA.

Asked on the specific provision in the UDHA law that mentions the DILG, Senator Escudero said that Memorandum Order No. 57 states the role of the DILG in the transfer of ISFs.

#### **SUBMISSION OF THE BUDGETS OF THE DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT AND ITS ATTACHED AGENCIES**

Upon motion of Senator Escudero, there being no objection, the budgets of the Department of the Interior and Local Government and its attached agencies, namely, the Office of the Secretary, Bureau of Fire Protection, Bureau of Jail Management and

Penology, Local Government Academy, National Police Commission, Philippine National Police, and Philippine Public Safety College, were deemed submitted for the Body's consideration.

#### **SUSPENSION OF CONSIDERATION OF HOUSE BILL NO. 2630**

Upon motion of Senator Cayetano (A) there being no objection, consideration of House Bill No. 2630 was suspended.

#### **SUSPENSION OF SESSION**

Upon motion of Senator Cayetano (A), the session was suspended until two-thirty in the afternoon.

*It was 12:30 p.m.*

#### **RESUMPTION OF SESSION**

At 2:20 p.m., the session was resumed with Senate President Drilon presiding.

#### **THIRD ADDITIONAL 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. 1907, entitled

**AN ACT APPROPRIATING THE AMOUNT  
OF FIFTEEN BILLION PESOS  
(P15,000,000,000) FOR THE ASSIST-  
ANCE, RELIEF, REHABILITATION,  
HOME BUILDING FINANCING SUB-  
SIDY, LIVELIHOOD AND EMPLOY-  
MENT SERVICES, PUBLIC INFRA-  
STRUCTURE REBUILDING, AND  
HERITAGE STRUCTURES AND  
TOURISM SITES RESTORATION,  
FOR THE VICTIMS OF OCTOBER 15,  
2013 DEVASTATING EARTHQUAKE,  
ESTABLISHING THE CENTRAL  
VISAYAS EARTHQUAKE RELIEF AND  
REHABILITATION COMMISSION  
AND FOR OTHER PURPOSES**

Introduced by Senator Joseph Victor Ejercito

<b>To the Committee on Rules</b>	Senate Bill No. 1912, entitled  AN ACT TO PROMOTE CRIME AWARENESS AND SECURITY IN COLLEGE AND UNIVERSITY CAMPUSES
Senate Bill No. 1908, entitled  AN ACT DECLARING THE CHINESE NEW YEAR A SPECIAL NON-WORKING PUBLIC HOLIDAY IN THE PHILIPPINES	Introduced by Senator Defensor Santiago
Introduced by Senator Sonny Angara	<b>To the Committees on Public Order and Dangerous Drugs; and Education, Arts and Culture</b>
<b>To the Committee on Education, Arts and Culture</b>	Senate Bill No. 1913, entitled  AN ACT AMENDING PRESIDENTIAL DECREE NO. 442, ALSO KNOWN AS THE LABOR CODE OF THE PHILIPPINES, ARTICLE 248, MAKING IT UNLAWFUL FOR EMPLOYERS TO THREATEN TO CONTRACT OUT SERVICES BEING PERFORMED BY UNION MEMBERS
Senate Bill No. 1909, entitled  AN ACT PROVIDING FOR THE ESTABLISHMENT OF A PUBLIC LIBRARY FOR EVERY BARANGAY	Introduced by Senator Defensor Santiago
Introduced by Senator Defensor Santiago	<b>To the Committees on Education, Arts and Culture; Local Government; and Finance</b>
Senate Bill No. 1910, entitled  AN ACT CREATING A COLLECTION AGENCY REGULATORY BOARD	Senate Bill No. 1914, entitled  AN ACT GRANTING FAMILY AND TEMPORARY MEDICAL LEAVE UNDER CERTAIN CIRCUMSTANCES
Introduced by Senator Defensor Santiago	Introduced by Senator Defensor Santiago
<b>To the Committees on Banks, Financial Institutions and Currencies; and Civil Service and Government Reorganization</b>	Senate Bill No. 1915, entitled  AN ACT PROVIDING FOR AUTOMATIC MEMBERSHIP OF PROFESSIONALS IN THEIR RESPECTIVE ACCREDITED PROFESSIONAL ORGANIZATIONS
Senate Bill No. 1911, entitled  AN ACT REQUIRING THE PHILIPPINE INSTITUTE OF VOLCANOLOGY AND SEISMOLOGY (PHILVOCS) AND THE PHILIPPINE ATMOSPHERIC, GEOPHYSICAL AND ASTRONOMICAL SERVICES ADMINISTRATION (PAGASA) TO ESTABLISH THE NATURAL CALAMITIES HAZARD MITIGATION PROGRAM	Introduced by Senator Defensor Santiago
Introduced by Senator Defensor Santiago	<b>To the Committee on Labor, Employment and Human Resources Development</b>
<b>To the Committees on Science and Technology; Environment and Natural Resources; and Finance</b>	Senate Bill No. 1916, entitled  AN ACT DEFINING AND PUNISHING POLITICAL TURNCOATISM

Introduced by Senator Defensor Santiago	Senate Bill No. 1921, entitled  <b>AN ACT AMENDING BATAS PAMBANSA BLG. 68, OTHERWISE KNOWN AS THE CORPORATION CODE, SECTION 37, GRANTING STOCKHOLDERS THE RIGHT OF APPRAISAL WHEN THE TERM OF CORPORATE EXISTENCE IS EXTENDED</b>
To the Committee on Electoral Reforms and People's Participation	
Senate Bill No. 1917, entitled  <b>AN ACT APPROPRIATING THE SUM OF FIFTY BILLION PESOS (P50,000,000,000.00) FOR THE CREATION OF A NATIONAL CALAMITY RECOVERY, REHABILITATION AND RECONSTRUCTION FUND AND FOR OTHER RELATED PURPOSES</b>	Introduced by Senator Defensor Santiago
Senate Bill No. 1917, entitled  <b>AN ACT APPROPRIATING THE SUM OF FIFTY BILLION PESOS (P50,000,000,000.00) FOR THE CREATION OF A NATIONAL CALAMITY RECOVERY, REHABILITATION AND RECONSTRUCTION FUND AND FOR OTHER RELATED PURPOSES</b>	To the Committee on Trade, Commerce and Entrepreneurship
Introduced by Senator Trillanes IV  <b>To the Committee on Finance</b>	Senate Bill No. 1922, entitled  <b>AN ACT ESTABLISHING EDUCATIONAL TECHNOLOGY CLEARING-HOUSES</b>
Senate Bill No. 1918, entitled  <b>AN ACT AMENDING SECTION ONE OF REPUBLIC ACT NO. 1169, OTHERWISE KNOWN AS THE CHARTER OF THE PHILIPPINE CHARITY SWEEPSTAKES OFFICE</b>	Introduced by Senator Defensor Santiago  <b>To the Committees on Education, Arts and Culture; and Finance</b>
Introduced by Senator Defensor Santiago  <b>To the Committee on Government Corporations and Public Enterprises</b>	Senate Bill No. 1923, entitled  <b>AN ACT REQUIRING ALL GOVERNMENT OFFICES TO USE RECYCLED PAPER AND PAPER PRODUCTS TO THE GREATEST EXTENT PRACTICABLE</b>
Senate Bill No. 1919, entitled  <b>AN ACT PROVIDING FOR A NATIONAL FOLIC ACID EDUCATION PROGRAM TO PREVENT BIRTH DEFECTS</b>	Introduced by Senator Defensor Santiago  <b>To the Committees on Environment and Natural Resources; and Civil Service and Government Reorganization</b>
Introduced by Senator Defensor Santiago  <b>To the Committees on Health and Demography; and Finance</b>	Senate Bill No. 1924, entitled  <b>AN ACT ESTABLISHING MINIMUM STANDARDS IN THE QUALITY OF MOBILE PHONE SERVICES</b>
Senate Bill No. 1920, entitled  <b>AN ACT PROTECTING CONSUMER PRIVACY IN CREDIT CARD AND CHECK TRANSACTIONS</b>	Introduced by Senator Defensor Santiago  <b>To the Committees on Public Services; and Trade, Commerce and Entrepreneurship</b>
Introduced by Senator Defensor Santiago  <b>To the Committees on Banks, Financial Institutions and Currencies; and Trade, Commerce and Entrepreneurship</b>	Senate Bill No. 1925, entitled  <b>AN ACT ESTABLISHING A NATIONAL CAMPAIGN FOR OSTEOPOROSIS EDUCATION AND PREVENTION</b>

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- Introduced by Senator Defensor Santiago
- To the Committee on Health and Demography**
- Senate Bill No. 1926, entitled
- AN ACT PROVIDING FOR THE RIGHTS TO BE ACCORDED VICTIMS OF CRIMES AND DEFINING THE DUTIES OF RESPONSIBLE OFFICERS
- Introduced by Senator Defensor Santiago
- To the Committee on Justice and Human Rights**
- Senate Bill No. 1927, entitled
- AN ACT GRANTING WOMEN THE RIGHT TO KNOW WORK CONDITIONS AFFECTING THEIR HEALTH
- Introduced by Senator Defensor Santiago
- To the Committees on Labor, Employment and Human Resources Development; and Women, Family Relations and Gender Equality**
- RESOLUTIONS**
- Proposed Senate Resolution No. 353, entitled
- RESOLUTION DIRECTING THE PROPER SENATE COMMITTEES TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE NEED TO ESTABLISH A VOLUNTEER CORPS SPECIFICALLY TRAINED AND EQUIPPED FOR DISASTER RESPONSE AND RELIEF OPERATIONS IN TIMES OF CALAMITIES
- Introduced by Senator Lapid
- To the Committee on Social Justice, Welfare and Rural Development**
- Proposed Senate Resolution No. 354, entitled
- RESOLUTION EXTENDING DEEPEST SYMPATHY AND CONDOLENCES TO OUR COUNTRYMEN WHO LOST LOVED ONES TO SUPER TYPHOON YOLANDA WHICH MADE LANDFALL IN EASTERN SAMAR, LEYTE, CEBU, ILOILO, AKLAN, ANTIQUE, MINDORO, AND PALAWAN ON 08 NOVEMBER 2013
- Introduced by Senator Lapid
- To the Committee on Rules**
- Proposed Senate Resolution No. 355, entitled
- RESOLUTION CONGRATULATING AND COMMENDING MARIA LOURDES "MALOU" C. MANGAHAS, JARIUS Y. BONDOD, AND RODRIGO "JIGGY" D. MANICAD, JR. FOR BEING NAMED THE 2013 JOURNALISTS OF THE YEAR (JOY) HONORED BY THE METROBANK FOUNDATION, INC. AND PROBE MEDIA FOUNDATION, INC. (PMFI)
- Introduced by Senator Lapid
- To the Committee on Rules**
- Proposed Senate Resolution No. 356, entitled
- RESOLUTION DIRECTING THE PROPER SENATE COMMITTEES TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE NEED TO ESTABLISH EMERGENCY COMMUNICATIONS SYSTEMS IN THE LIGHT OF THE EVENTS SURROUNDING AND RESULTING FROM SUPER TYPHOON YOLANDA, WHICH HIT THE PHILIPPINES ON 08 NOVEMBER 2013
- Introduced by Senator Lapid
- To the Committee on Public Services**
- Proposed Senate Resolution No. 357, entitled
- RESOLUTION APPEALING TO THE SUPREME COURT OF THE PHILIPPINES TO LIFT THE TEMPORARY RESTRAINING ORDER ISSUED ENJOINING THE RELEASE AND

USE OF THE REMAINING PRIORITY DEVELOPMENT ASSISTANCE FUNDS (PDAF) ALLOCATED TO MEMBERS OF CONGRESS UNDER THE GENERAL APPROPRIATIONS ACT OF 2013 FOR THE SAID FUNDS TO BE AVAILABLE AND BE USED FOR THE RELIEF, RESCUE AND REHABILITATION OF THE AREAS AFFECTED BY DISASTROUS CALAMITIES

Introduced by Senator Joseph Victor Ejercito

**To the Committee on Rules**

Proposed Senate Resolution No. 358, entitled

RESOLUTION COMMENDING THE HIMIG BULILIT CHOIR OF ST. PAUL COLLEGE OF PARAÑAQUE FOR BEING THE GRAND CHAMPION IN THE 3RD ASIA PACIFIC CHOIR GAMES HELD FROM OCTOBER 10 TO 15, 2013 AT NORTH SULAWESI, INDONESIA

Introduced by Senator Cynthia A. Villar

**To the Committee on Rules**

Proposed Senate Resolution No. 359, entitled

RESOLUTION URGING ALL PHILIPPINE FLAGS TO BE FLOWN AT HALF-MAST TO SIGNIFY NATIONAL MOURNING IN LIGHT OF THE TREMENDOUS LOSS OF LIVES AND OVERWHELMING DEVASTATION BROUGHT ABOUT BY SUPER TYPHOON YOLANDA

Introduced by Senator Cynthia A. Villar

**To the Committee on Rules**

Proposed Senate Resolution No. 360, entitled

RESOLUTION CREATING A CONGRESSIONAL OVERSIGHT COMMITTEE ON THE AFP MODERNIZATION ACT

Introduced by Senator Trillanes IV

**To the Committee on Rules**

Proposed Senate Resolution No. 361, entitled

RESOLUTION CREATING A SELECT OVERSIGHT COMMITTEE ON INTELLIGENCE

Introduced by Senator Trillanes IV

**To the Committee on Rules**

Proposed Senate Resolution No. 362, entitled

RESOLUTION URGING THE SENATE COMMITTEE ON NATIONAL DEFENSE AND SECURITY TO REVIEW, IN AID OF LEGISLATION, ON THE PRESENT DISASTER RISK MANAGEMENT EFFORTS AND CAPABILITIES OF BOTH NATIONAL AND LOCAL GOVERNMENT WITH THE OBJECTIVE OF RECOMMENDING A MORE EFFICIENT COORDINATION GOVERNMENT PLAN ADDRESSING CALAMITIES, CATASTROPHES AND EMERGENCIES AND SUBMITTING POSSIBLE AMENDMENTS TO EXISTING LAWS

Introduced by Senator Grace Poe

**To the Committee on National Defense and Security**

Proposed Senate Resolution. 363, entitled

RESOLUTION DIRECTING THE PROPER SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE NEED FOR TRANSPARENCY AND ACCOUNTABILITY WITH REGARD TO INCOMING FOREIGN AND LOCAL AID FOR THE VICTIMS OF SUPER TYPHOON YOLANDA

Introduced by Senator Defensor Santiago

**To the Committee on Finance**

Proposed Senate Resolution No. 364, entitled

RESOLUTION DIRECTING THE PROPER SENATE COMMITTEE TO

CONDUCT AN INQUIRY, ON FORMULATING LEGISLATION THAT WILL STIMULATE FASTER GROWTH IN LENDING FROM BANKS IN THE PROVINCES AND RURAL AREAS TO ADDRESS THE PROBLEM OF NON-INCLUSIVE GROWTH IN THE COUNTRY, BASED ON THE REPORT FROM THE NATIONAL STATISTICAL COORDINATION BOARD THAT BANKS OUTSIDE THE NATIONAL CAPITAL REGION HAD BEEN LENDING LESS AS A PROPORTION OF DEPOSITS COMPARED WITH BANKS IN METRO MANILA

Introduced by Senator Defensor Santiago

**To the Committee on Banks, Financial Institutions and Currencies**

Proposed Senate Resolution No. 365, entitled

RESOLUTION URGING THE LAND BANK OF THE PHILIPPINES AND THE DEVELOPMENT BANK OF THE PHILIPPINES TO PROVIDE BETTER LOAN TERMS TO VICTIMS OF SUPER TYPHOON YOLANDA TO SPUR AND STIMULATE ECONOMIC ACTIVITY IN THE AREAS RAVAGED BY THE SAID TYPHOON

Introduced by Senators Recto and Escudero

**To the Committee on Banks, Financial Institutions and Currencies**

Proposed Senate Resolution No. 366, entitled

RESOLUTION URGING THE PRESIDENT OF THE REPUBLIC OF THE PHILIPPINES TO TAKE SUCH ACTIONS AS ARE NECESSARY TO ALLOCATE A PORTION OF THE PROCEEDS OF THE MALAMPAYA NATURAL GAS PROJECT FOR THE YEAR 2014, AS WELL AS THE SO CALLED COCONUT LEVY FUND FOR THE PURPOSE OF RESTORING AND/OR REBUILDING POWER INFRASTRUCTURE AND REHABILITAT-

ING THE COCONUT INDUSTRY RESPECTIVELY, IN AREAS RAVAGED BY SUPER TYPHOON YOLANDA; AND FURTHER URGING THE PRESIDENT TO ORDER THE ADVANCED RELEASE OF INTERNAL REVENUE ALLOTMENTS AND LOCAL GOVERNMENT SHARES IN NATIONAL WEALTH TO LOCAL GOVERNMENT UNITS IN SAID AFFECTED AREAS; ALL IN ORDER TO CUSHION THE IMPACT OF THE SEVERE DAMAGE TO INFRASTRUCTURE BROUGHT ABOUT BY THE SAID SUPER TYPHOON

Introduced by Senators Recto and Escudero

**To the Committee on Finance**

**FOURTH ADDITIONAL  
REFERENCE OF BUSINESS**

**BILLS ON FIRST READING**

Senate Bill No. 1928, entitled

AN ACT ESTABLISHING A GREEN BUILDING STANDARD FOR GOVERNMENT BUILDING PROJECTS IN THE COUNTRY

Introduced by Senator Lapid

**To the Committees on Public Works; Environment and Natural Resources; and Finance**

Senate Bill No. 1929, entitled

AN ACT AMENDING SECTION 26 OF REPUBLIC ACT NO. 8492, OTHERWISE KNOWN AS THE NATIONAL MUSEUM ACT OF 1988

Introduced by Senator Lapid

**To the Committees on Education, Arts and Culture; and Finance**

Senate Bill No. 1930, entitled

AN ACT INSTITUTING REFORMS IN REAL PROPERTY VALUATION AND

**ASSESSMENT IN THE PHILIPPINES,  
REORGANIZING THE BUREAU OF  
LOCAL GOVERNMENT FINANCE  
AND APPROPRIATING FUNDS  
THEREFOR**

Introduced by Senator Joseph Victor Ejercito

**To the Committees on Ways and Means;  
Local Government; and Finance**

Senate Bill No. 1931, entitled

**AN ACT DEVOLVING TO MUNICIPAL-  
ITIES AND CITIES THE REGIS-  
TRATION OF FISHING VESSELS WITH  
A MAXIMUM GROSS WEIGHT OF  
THREE (3) TONS OR LESS**

Introduced by Senator Joseph Victor Ejercito

**To the Committees on Public Services; and  
Local Government**

Senate Bill No. 1932, entitled

**AN ACT PROVIDING FOR THE  
PROTECTION, SECURITY AND  
BENEFITS OF WHISTLEBLOWERS,  
APPROPRIATING FUNDS THEREFOR  
AND FOR OTHER PURPOSES**

Introduced by Senator Joseph Victor Ejercito

**To the Committees on Justice and Human  
Rights; and Finance**

Senate Bill No. 1933, entitled

**AN ACT ESTABLISHING QUALITY  
STANDARDS FOR MINERAL,  
CARBONATED AND OTHER  
BOTTLED WATER**

Introduced by Senator Joseph Victor Ejercito

**To the Committees on Health and Demo-  
graphy; Trade, Commerce and Entrepreneur-  
ship; and Finance**

Senate Bill No. 1934, entitled

**AN ACT ESTABLISHING A COMPRE-  
HENSIVE SYSTEM FOR REGIS-  
TRATION AND LICENSING OF SOCIAL**

**WELFARE AND DEVELOPMENT  
AGENCIES AND ACCREDITATION  
OF SOCIAL WELFARE AND  
DEVELOPMENT PROGRAMS AND  
SERVICES, AND APPROPRIATING  
FUNDS THEREFOR**

Introduced by Senator Joseph Victor Ejercito

**To the Committees on Social Justice,  
Welfare and Rural Development; and Finance**

Senate Bill No. 1935, entitled

**AN ACT RATIONALIZING AND  
STRENGTHENING THE PROBA-  
TION SYSTEM BY INCREASING  
*INTER ALIA* THE PROBATIONABLE  
PENALTY TO LESS THAN EIGHT  
(8) YEARS, AMENDING FOR THE  
PURPOSE THE PERTINENT  
PROVISIONS OF PRESIDENTIAL  
DECREE NO. 968, OTHERWISE  
KNOWN AS THE "ROBATION LAW  
OF 1976," AS AMENDED**

Introduced by Senator Joseph Victor Ejercito

**To the Committee on Justice and Human  
Rights**

Senate Bill No. 1936, entitled

**AN ACT REQUIRING THE USE OF  
FILIPINO SIGN LANGUAGE INSETS  
FOR LOCAL NEWS PROGRAMS,  
AMENDING FOR THE PURPOSE  
SECTION 22 OF REPUBLIC ACT  
NO. 7277, AS AMENDED, OTHERWISE  
KNOWN AS THE MAGNA CARTA FOR  
PERSONS WITH DIABILITIES  
(PWDs)**

Introduced by Senator Joseph Victor Ejercito

**To the Committees on Public Information  
and Mass Media; and Social Justice, Welfare  
and Rural Development**

## **RESOLUTIONS**

Proposed Senate Resolution No. 367, entitled

**RESOLUTION COMMENDING THE  
FEAT OF "THE FILIPINO FLASH"**



NONITO DONAIRE JR. FOR WINNING A REMATCH AGAINST ARMENIAN BOXER VIC DARCHINYAN IN A BOUT DEDICATED TO FILIPINOS, PUTTING HIMSELF ONCE AGAIN IN THE BOXING MAP AND BOOSTING HIS BID TO RETURN TO THE BOXING ELITE

Introduced by Senator Grace Poe

**To the Committee on Rules**

Proposed Senate Resolution No. 368, entitled

RESOLUTION HONORING THE PHILIPPINES' PRIDE, ARIELLA HERNANDEZ ARIDA, FOR HAVING BEEN NAMED MISS UNIVERSE 2013 THIRD RUNNER-UP, THE FOURTH CONSECUTIVE YEAR THE COUNTRY HAS PLACED IN THE TOP FIVE IN THE COMPETITION, REPRESENTING HER COUNTRY WITH PRIDE, GLORY AND OPTIMISM IN THE MIDST OF A CATASTROPHIC SUPER TYPHOON THAT PUMMELED THE PHILIPPINES

Introduced by Senator Grace Poe

**To the Committee on Rules**

Proposed Senate Resolution No. 369, entitled

RESOLUTION RECOMMENDING THE INCLUSION OF A SPECIAL FUND IN THE AMOUNT OF TEN BILLION PESOS (PHP 10,000,000,000.00) IN THE 2014 GENERAL APPROPRIATIONS FUND TO AID THE VICTIMS OF SUPER TYPHOON "YOLANDA" AND FOR THE RECONSTRUCTION OF THE PROVINCES OF LEYTE, SAMAR, ILOILO, CEBU, PALAWAN AND OTHER LOCAL GOVERNMENT UNITS AFFECTED

Introduced by Senator Grace Poe

**To the Committee on Finance**

Proposed Senate Resolution No. 370, entitled

RESOLUTION URGING THE BUREAU OF INTERNAL REVENUE (BIR) TO

IMPLEMENT TWO-FISCAL YEAR MORATORIUM ON ALL KINDS OF TAXES TO AREAS THAT HAVE BEEN SEVERELY AFFECTED BY SUPERTYPHOON YOLANDA

Introduced by Senator Joseph Victor Ejercito

**To the Committee on Ways and Means**

**FIFTH ADDITIONAL  
REFERENCE OF BUSINESS**

**BILL ON FIRST READING**

Senate Bill No. 1938, entitled

AN ACT APPROPRIATING THE SUM OF FOURTEEN BILLION FIVE HUNDRED MILLION PESOS (14,500,000,000.00) AS SUPPLEMENTAL APPROPRIATION FOR FY 2013 AND FOR OTHER PURPOSES

Introduced by Senator Drilon

**To the Committee on Finance**

**RESOLUTIONS**

Senate Joint Resolution No. 5, entitled

JOINT RESOLUTION EXTENDING THE VALIDITY OF APPROPRIATIONS UNDER THE CALAMITY FUND, INCLUDING THOSE SOURCED FROM SAVINGS REALIGNED IN THE CURRENT YEAR, AS WELL AS ALL UNOBLIGATED/UNRELEASED ALLOTMENTS FOR CALAMITY RELATED PROJECTS COVERING APPROPRIATIONS FOR MAINTENANCE AND OTHER OPERATING EXPENSES AND CAPITAL OUTLAYS UNDER REPUBLIC ACT NO. 10352 OR THE FY 2013 GENERAL APPROPRIATIONS ACT, UNTIL DECEMBER 31, 2014, AMENDING FOR THE PURPOSE SECTION 63 OF THE GENERAL PROVISIONS THEREOF

Introduced by Senator Drilon

**To the Committee on Finance**

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Proposed Senate Resolution No. 371, entitled

**RESOLUTION DIRECTING THE APPROPRIATE SENATE COMMITTEES TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE IMPLEMENTATION OF LOCAL WATER DISTRICTS OF THEIR PROJECTS AND THE PARTICIPATION OF THE LOCAL WATER UTILITIES ADMINISTRATION IN THE WATER SUPPLY PROVISION IN THE COUNTRYSIDE TO PROTECT CONSUMERS, WITH THE END IN VIEW OF AMENDING PROVISIONS OF PRESIDENTIAL DECREE NO. 198 AND OTHER PERTINENT LAWS**

Introduced by Senator Palo Benigno "Bam" Aquino IV

**To the Committee on Public Services; and Trade, Commerce and Entrepreneurship**

Proposed Senate Resolution No. 372, entitled

**RESOLUTION URGING THE PROPER SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE POSSIBILITY OF A LOAN MORATORIUM FOR A PERIOD OF AT LEAST SIX MONTHS TO ONE YEAR AND DEBT RESSTRUCTURING TO HELP LOCALITIES, ENTITIES AND SPECIFICALLY LOCAL GOVERNMENT UNITS STRUCK BY THE RECENT CALAMITIES**

Introduced by Senator Maria Lourdes Nancy S. Binay

**To the Committee on Banks, Financial Institutions and Currencies**

Proposed Senate Resolution No. 373, entitled

**RESOLUTION RECOMMENDING THE DEPARTMENT OF SOCIAL WELFARE AND DEVELOPMENT TO EXPAND THE IMPLEMENTATION OF THE CASH-FOR-WORK PROGRAM TO INCLUDE FAMILIES AFFECTED**

**BY TYPHOON "YOLANDA" (HAIYAN)**

Introduced by Senator Maria Lourdes Nancy S. Binay

**To the Committee on Social Justice, Welfare and Rural Development**

Proposed Senate Resolution No. 374, entitled

**RESOLUTION EXPRESSING THE FULL SUPPORT AND ACTIVE PARTICIPATION OF THE SENATE IN THE OBSERVANCE OF THE INTERNATIONAL DAY OF PERSONS WITH DISABILITIES ON 3 DECEMBER 2013**

Introduced by Senator Drilon

**To the Committee on Rules**

Proposed Senate Resolution No. 375, entitled

**RESOLUTION COMMENDING THE HIMIG BULILIT CHOIR OF ST. PAUL COLLEGE OF PARAÑAQUE FOR BEING THE CHAMPION IN THE CHILDREN'S CATEGORY OF THE 3<sup>RD</sup> ASIA PACIFIC CHOIR GAMES HELD FROM OCTOBER 10 TO 15, 2013 AT NORTH SULAWESI, INDONESIA**

Introduced by Senator Cynthia A. Villar

**To the Committee on Rules**

Proposed Senate Resolution No. 376, entitled

**RESOLUTION CONGRATULATING AND COMMENDING THE 2013 AWARDEES OF "THE OUTSTANDING WOMEN IN THE NATION'S SERVICE (TOWNS)" CONFERRED BY THE METROBANK FOUNDATION, INC. AND METROBANK CARD CORPORATION**

Introduced by Senator Lapid

**To the Committee on Rules**

## COMMUNICATION

Letter from the Department of Labor and Employment, dated 29 October 2013, submitting to the Senate the Department's Mid-Year Report to Congress (January to June 2013), based on the submission of the 36 Philippine Overseas Labor Offices, pursuant to the DOLE's obligation, as stated under Rule XVII, Sections 2 and 3 of Republic Act No. 10022, series of 2010.

**To the Committees on Labor, Employment and Human Resources Development; and Foreign Relations**

**COMMITTEE REPORT NO.  
ON HOUSE BILL NO. 2630**

*(Continuation)*

Upon motion of Senator Cayetano (A), there being no objection, the Body resumed consideration, on Second Reading, of House Bill No. 2630 (Committee Report No. 5), entitled

**AN ACT APPROPRIATING FUNDS FOR  
THE OPERATION OF THE GOVERN-  
MENT OF THE REPUBLIC OF THE  
PHILIPPINES FROM JANUARY ONE  
TO DECEMBER THIRTY-ONE, TWO  
THOUSAND AND FOURTEEN, AND  
FOR OTHER PURPOSES.**

Thereupon, the Chair recognized Senator Guingona to sponsor the budget of the Department of Health.

**SUSPENSION OF SESSION**

Upon motion of Senator Cayetano (A), the Chair suspended the session.

*It was 2:37 p.m.*

**RESUMPTION OF SESSION**

At 2:39 p.m., the session was resumed.

**DEPARTMENT OF HEALTH  
AND ITS ATTACHED AGENCIES**

Upon resumption, Senator Guingona presented the budget of the Department of Health (DOH) and its attached agencies.

## INTERPELLATION OF SENATOR SOTTO

Upon query of Senator Sotto regarding DOH's budgets in 2013 and 2014, Senator Guingona affirmed that the 2013 budget of the DOH was P51.9 billion, while the proposed budget for 2014 is P81.6 billion, or an increase of P30 billion or 59%, the bulk of which in the amount of P22.6 billion went to the PhilHealth from a budget of P12.5 billion to P35 billion, while the remaining P9-billion increase was spread over the following programs:

Implementation of Doctors to the Barrios	170,484,000
Family Health and Responsible Parenting and Rural Health Practice Program	303,246,000
Expanded Program on Immunization	892,150,000

Senator Guingona informed the Body that the budget for Health Facilities Enhancement Program was decreased by P232 million; while the Expanded Program on Immunization which includes the immunization for senior citizens, has a total budget of P2,841,933,000 for 2014.

Asked on the budget for the immunization of senior citizens in 2013 and 2014, Senator Guingona replied that the amount were P252,586,000 and P374,835,000, respectively, or an increase of about P120,000,000.

As to why the budget for this program was increased, Senator Guingona explained that while the previous year's budget was limited to the poorest of the poor senior citizens, the 2014 budget would also cover those who do not belong to the poorest of the poor. He pointed out that the population of senior citizens was divided into quintiles of 20% each; the lowest 20% was covered in 2013 and the next 20% would be included in 2014.

On whether the implementation of the reproductive health law was included in the budget, Senator Guingona replied in the affirmative, but he clarified that the implementation of the law is under Supreme Court *status quo ante* order.

Asked on the items in the budget which are related to the reproductive health policy of the

*NPO*

government, Senator Guingona stated that in 2013, reproductive health was given P2,539,000,420, while for 2014, the allocation is P2.8 billion or an increase of 12%.

Senator Guingona gave the breakdown as follows:

<i>Item</i>	<i>Increase</i>
Family Planning, Commodities and Supplies	P825,851,418
Family Planning, Rural Health Training and Workshop	238,706,755
Community Health Teams Mobilization	993,397,000
Health Related Activities in Emergency Hospitals	304,000,761

Senator Sotto observed that compared to last year when it was a separate item, "Family Health and Responsible Parenting" is now under the budget item "Disease Prevention and Control." He suggested that the Committee allocate a separate budget like in the previous year to avoid the so-called "transfer of funds" from other items under the Disease Prevention and Control to possible buying of pills, condoms, IUDs and other contraceptives. He inquired if DOH encountered problems in the previous year which could be the reason why family health and responsible parenting was included under "disease prevention."

Senator Guingona explained that there are some aspects of disease prevention that include family health, such as the immunization of the child and the mother. He clarified that family health and responsible parenting is under the item Service Delivery Programs which is under "Disease Prevention Control." He said that this was the same as last year according to the document in his possession.

Senator Sotto noted that in the proposed budget for 2014, family health and responsible parenting was listed under "Disease Prevention and Control," whereas the same was listed separately under "Operations" in the 2013 budget.

In light of the issues that the government faces on graft and corruption, overspending and abuse of funds, Senator Sotto suggested that the said items be listed again separately to ensure that the funds for both items would be used exclusively from each

other. Senator Guingona replied that the DOH was not objecting to the suggestion.

Senator Sotto asked if the proposed budget of P825 million for the purchase of family planning commodities such as oral contraceptives, condoms, IUDs and the like would not effectively violate the TRO issued by the Supreme Court on the RH Law considering that it was even P625 million more than the P200 million budget for 2013. In response, Senator Guingona said that the budgetary allocation was based on the current law and not on the RH Law, and he stressed that the DOH respects the *status quo ante* order of the Supreme Court.

Senator Sotto then presented the breakdown of the P825 million budget for family planning commodities as follows: for Combined Oral Contraceptives (COC), P309,061,200; Progestogen-Only Pill, P196,230,000 Medroxyprogesterone Acetate, P164,055,030; IUDs, P32,669,538.00; implants, P106,070,000 and natural family planning, P12,373,000; for Basal Body Temperature Method (BBT), P1 million; Digital Thermometers, P1.4 million; Cervical Mucus Method (CCM), P2.6 million; and Sympto-Thermal Method (STM), P265,000.00 or a total of P825,851,000. As to how the allocation for a certain type of family planning method was determined, Senator Guingona said that the figures were based on a survey and historical data of the needs of women of reproductive age in previous years.

Noting that the cost of each item was already indicated in the proposed budget, Senator Sotto asked how the costs were determined. In reply, Senator Guingona said that the cost was based on the average market cost such that the price could vary depending on the outcome of the bidding that would be made later.

Senator Sotto also noted that the budget for the purchase of COCs was pegged at more than P300 million, while the POPs at P190 million, with approximate cost of P100 and P17.50 per cycle, respectively. He asked on the difference between the two in terms of their effect. Senator Guingona explained that COC is a combination of progesterone and estrogen, while the POP is composed of progesterone only and generally recommended for lactating mothers. He said that the effects of contraceptives vary for each individual; hence, there is the option to choose from a variety of oral contraceptives.



Senator Sotto said that he was apprehensive of the allocation of half a billion for pills alone in light of the research conducted by the World Health Organization on the carcinogenic effect of oral contraceptives to humans, specifically, Press Release No. 167, entitled "*IARC Monographs Programme Finds Combined Estrogen-Progestogen Contraceptives and Menopausal Therapy are Carcinogenic to Humans*," the pertinent portion of which he read into the record as follows:

"Use of OCs increases risk of breast, cervix and liver cancer...xxx

There is a small increase in the risk of breast cancer in current and recent users of oral contraceptives. However, 10 years after cessation of use, the risk appears to be similar to that in never-users. The risk of cervical cancer increases with duration of use of combined oral contraceptives. The risk of hepatocellular carcinoma is increased in long-term users of combined oral contraceptives in populations with low prevalences of hepatitis B infection and chronic liver disease – two major causes of human liver cancer."

In this regard, Senator Sotto asked that the budget for the procurement of contraceptive pills be reviewed given the result of the research conducted by the WHO on oral contraceptives. Senator Guingona said that the said research has been the subject of debates in the department and the House of Representatives and it was established that there was no clear evidence that oral contraceptives lead to cancer but merely a potential risk which outweighs the benefit.

Senator Sotto said that he was putting the matter on record and hoped that it could be taken up at the proper time.

Senator Sotto stated that an implant, a small, 40-millimeter flexible tube inserted under the skin of a woman's upper arm lasts for three years, and he noted that for the purchase of implant, there is an allocation of P106,070,000.00. He then asked whether the P900 cost per piece is also the prevailing cost in the market. Senator Guingona answered in the affirmative. He also affirmed that a separate provision in the budget provides that another P80 million was allocated for the implementation of implants which means that almost P200 million would be spent for only 212,140 recipients.

Asked why the DOH was considering the method even though it is too expensive and has never been included in past budget proposals, Senator Guingona explained that since it is effective for three years it was being recommended for women who have a history of poor compliance with the use of birth control pills which have to be taken at regular intervals. He clarified that these new alternative family planning methods in the Philippines, which were not included in the 2013 budget, would depend on the preference of the female recipient.

Senator Sotto expressed concern over the inclusion of intra-uterine devices (IUDs) amid the number of cases that have been filed because the device was ineffective. For instance, he noted that on May 24, 2013, the New Jersey Supreme Court consolidated more than 300 lawsuits related to IUDs. He explained that the lawsuits alleged that women "have suffered devastating injuries when the IUD migrated and perforated the uterus, often resulting in infection and the need for surgical removal of the birth control implant." Also, he informed the Body that over 70,000 reports have been filed with the United States Food and Drug Authority (FDA) involving problems and complications of the IUDs since the year 2000, and that since 2008, the FDA had received 4,775 reports of device dislocation, 3,774 on abdominal pains and 1,332 on the perforation of the uterine wall. He also cited an October 2009 FDA press release which reported the most serious side effects associated with the IUDs such as the perforation of the uterine wall, embedment of the device in the uterine wall, intrauterine pregnancy, ectopic pregnancy, and group A streptococcal sepsis. He noted that surgical removal is always required when injuries occur which may lead to other serious injuries and, in fact, some of the serious injuries are long-term and sometimes permanent. As such, he said that he was inclined to ask for the deletion of the allocation for IUDs in the DOH budget. In reply, Senator Guingona said that the DOH does not discriminate in the family planning methods and, in fact, makes all of these available, leaving the woman to decide on her preferred choice. Moreover, he said that the DOH had no records of any perforation of the uterus due to the use of the IUD.

Reiterating his concern over the thousands of cases that have been filed in the U.S. against the use of IUDs, Senator Sotto asked whether Filipino women were aware of the adverse effects of using IUDs. Senator Guingona requested a copy of the report for

DOH validation. Senator Sotto said the report was available online but expressed willingness to provide him a copy as well. He believed that IUDs should not be made available to the public particularly since the government itself is spending millions of pesos for a lethal device. However, Senator Guingona clarified that all patients are made aware of the full range of contraceptives, their benefits and potential side effects.

Senator Sotto pointed out that natural family planning devices have the lowest allocation in the DOH budget even though these are the safest options for the public, to wit:

Basal body temperature device	-	P1,060,650
Digital thermometer	-	1,414,200
Cervical mucus method	-	2,651,775
Syntothermal method	-	265,125
SDM	-	12,373,900

Total P17,765,650

Asked whether the devices included in the natural family planning method have been proven to be safe and effective, Senator Guingona replied that validated studies of the DOH showed the products to be safe but only 40% effective. He gave assurance that he would provide Senator Sotto with a copy of the study for his perusal.

On another matter, Senator Sotto quoted a 2011 COA report on the DOH , to wit:

"The procurement of infrastructure projects, hospital, medical and IT equipment and goods and services totaling more than P396 million were not in accordance with the provisions of RA 9184 and its IRR thereby defeating the purposes on transparency, competitiveness and accountability in the procurement process and depriving the agency from availing the mostly advantageous offers/prices in their procurement."

Moreover, he noted that the DOH had set prices for the contraceptive products even though it has not undergone the appropriate bidding process according to the COA report.

In reply, Senator Guingona pointed out that the DOH has given an adequate explanation to the COA regarding the matter and gave assurance that he would provide Senator Sotto with a copy of the same the next day. He gave assurance that the DOH conducted a bidding for all their projects, equipment and supplies.

Senator Sotto questioned how the DOH could set a unit price of P17.50/cycle for COC pills even though no bidding has been undertaken for the product. This, he noted, is more costly compared to the P12/cycle for the product based on data from city health offices in Metro Manila and key cities in Visayas and Mindanao. Senator Guingona replied that the DOH only provided indicative prices for purposes of the budget.

Senator Sotto pointed out that what is involved is the very significant increase of the allocations, from P200 million in the previous year to P825 million for 2014. He reiterated his request for a copy of the DOH reply to the COA report for 2011.

#### **SUSPENSION OF SESSION**

Upon motion of Senator Sotto, the session was suspended.

*It was 3:38 p.m.*

#### **RESUMPTION OF SESSION**

At 3:40 p.m., the session was resumed.

#### **SUSPENSION OF CONSIDERATION OF THE BUDGET OF THE DEPARTMENT OF HEALTH**

Upon motion of Senator Escudero, there being no objection, the consideration of the budget of the Department of Health was suspended.

#### **SUBMISSION OF THE BUDGETS OF THE ATTACHED AGENCIES OF THE DEPARTMENT OF SCIENCE AND TECHNOLOGY**

There being no reservation for interpellation, upon motion of Senator Escudero, there being no objection, the budgets of the following attached agencies of the Department of Science and Technology were deemed submitted for the Body's consideration, namely: Advanced Science and Technology Institute; Food and Nutrition Research Institute; Forest Products Research and Development Institute; Industrial Technology Development Institute; Information and Communications Technology Office; Metals Industry Research and Development Center; National Academy of Science and Technology; National Research Council of the Philippines;

PP

Philippine Council for Agriculture, Aquatic and Natural Resources Research and Development; Philippine Council for Health Research and Development; Philippine Council for Industry and Energy Research and Development; Philippine Institute of Volcanology and Seismology; Philippine Nuclear Research Institute; Philippine Science High School; Philippine Textile Research Institute; Science and Technology Information Institute; and the Technology Application and Promotion Institute.

### **SUBMISSION OF THE BUDGETS OF THE DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS AND ITS ATTACHED AGENCIES**

There being no reservation for interpellation, upon motion of Senator Escudero, there being no objection, the budgets of the Department of Public Works and Highways and its attached agencies and corporations, were deemed submitted for the Body's consideration.

### **SUSPENSION OF SESSION**

Upon motion of Senator Escudero, the session was suspended.

*It was 3:48 p.m.*

### **RESUMPTION OF SESSION**

At 4:05 p.m., the session was resumed.

### **SUBMISSION OF THE BUDGETS OF THE DEPARTMENT OF ENERGY AND ITS ATTACHED AGENCIES**

There being no reservation for interpellation, upon motion of Senator Escudero, there being no objection, the budget of the Department of Energy, including the Office of the Secretary, Energy Regulatory Commission, National Electrification Administration, National Power Corporation and Philippine National Oil Company, was deemed submitted for the Body's consideration.

### **SUBMISSION OF THE BUDGET OF THE OFFICE OF THE SECRETARY PROPER OF THE DEPARTMENT OF SCIENCE AND TECHNOLOGY**

There being no reservation for interpellation, upon motion of Senator Escudero, there being no

objection, the budget of the Office of the Secretary Proper of the Department of Science and Technology, was deemed submitted for the Body's consideration.

### **SUBMISSION OF THE BUDGET OF THE E-GOVERNMENT OF THE DEPARTMENT OF SCIENCE AND TECHNOLOGY**

There being no reservation for interpellation, upon motion of Senator Escudero, there being no objection, the budget of the E-Government Fund of the Department of Science and Technology was deemed submitted for the Body's consideration.

### **SUBMISSION OF THE BUDGET OF THE CONGRESS OF THE PHILIPPINES**

There being no reservation for interpellation, upon motion of Senator Escudero, there being no objection, the budget of the Congress of the Philippines (Senate of the Philippines, Senate Electoral Tribunal, Commission on Appointments, House of Representatives and House Electoral Tribunal) was deemed submitted for the Body's consideration.

### **INQUIRY OF THE CHAIR**

The Chair inquired whether the budget of the PAG-ASA was still pending. Senator Escudero answered in the affirmative.

### **DEPARTMENT OF HEALTH**

*(Continuation)*

Upon motion of Senator Escudero, there being no objection, the Body resumed consideration of the budget of the Department of Health for the continuation of the interpellation of Senator Sotto.

### **INTERPELLATION OF SENATOR SOTTO**

*(Continuation)*

At the outset, Senator Sotto manifested that he was still waiting for the copy of the answer of DOH which he would need for his amendments.

Asked regarding the item on Maternal Newborn and Child Health and Nutrition (MNCHN), Family Health, Advocacy and Communication Package Development which commands a budget of P100 million, Senator Guingona replied that the funds would be used for barangay health workers training,

community health teams training, registry, and gathering of data such as maternal death, infant mortality, nutritional data and dental health.

Asked on the budget for Training and Mobilization of Health Workers—MNCHN/Family Planning Implementation amounting to P120 million, Senator Guingona explained that the funds are earmarked for the promotion of the programs, like anti-smoking, child health and nutrition and family health and for training and mobilization of health workers. He added that the money will be given to the LGU depending on their needs.

As regards the budget of P15 million for awarding and recognition for family health, Senator Guingona said the budget would be an incentive for LGUs that have the best practices on health programs like immunization and breastfeeding.

On the budget of P72,717,791 for freight and handling cost for commodities and supplies, Senator Guingona clarified that the budget was actually P90 million to cover any donation coming in through importation, the freight and handling cost of which is collected by the Bureau of Customs.

Senator Sotto asked why the DOH has to pay for this when it is the supplier that should be shouldering the cost.

Senator Guingona explained that the payment to the BOC is in lump-sum, while freight allocation pertains to the cost of distribution to regional health units all over the country.

To the observation that the P90 million allocation is for the distribution of commodities from the DOH Central Office to the various RHUs, Senator Guingona agreed, adding that the lump-sum payment for customs duties is also included. Senator Sotto suggested the separation of customs duties so that the supplier could bear said charges. Senator Guingona pointed out that apart from the goods from suppliers, the DOH also receives donations, and the department shoulders the freight charges for its distribution nationwide.

Asked on the breakdown of the P304,761,062 allocation for Reproductive Health-Related Activities – BemOC/CEmOC Training Advocacy Policy, Senator Guingona replied that the budget is for training and capacity building of district hospitals and RHUs for emergency operations such as appendectomy and caesarean section. He said that the

activities mentioned could not be placed under the Health Enhancement Program, as it refers to facility enhancement while the capacity building is refers to people.

As regards Community Health Teams Mobilization, Senator Guingona explained that there would be teams composed of BHW, BNS and nutrition scholars who are going to educate households in various communities about health practices. He said that this public health initiative is quite necessary since the teams reach out even to the communities in the far-flung areas.

Senator Sotto asked for a copy of the breakdown of the P304 million allocation for reproductive health-related activities. Senator Guingona gave assurance that a copy would be furnished the following day.

Senator Sotto lamented that the budget proposal of the DOH clearly contains allocations for contraceptives, establishment of RH facilities, RH education training campaign, and other RH-related activities despite the fact that the RH Law is pending with the Supreme Court. He asked if the aforementioned budget allocations could be realigned towards the rehabilitation of the typhoon-stricken areas in Visayas supposing the law is declared unconstitutional. Senator Guingona clarified that the RH-related programs are implemented in accordance with laws prior to the RH law, therefore, regardless of the existence of the RH law, the DOH would still implement such programs. Senator Sotto remarked that he was right, therefore, when he said that even without the RH law, DOH would implement RH-related programs.

Asked if the department is doing anything to address the continued exodus of health professionals, Senator Guingona stated that the DOH is trying to improve the health workers' situation through the improvement of health facilities and the increase in PhilHealth subsidies to the poor, thereby increasing the compensation of health workers.

On whether the law or policy requiring medical professionals and practitioners to serve in the country for two years before going abroad is being observed, Senator Guingona said that there is no such law because it would be tantamount to involuntary servitude. He also cited a Supreme Court ruling that health workers cannot be prohibited from going abroad, but have to return the amount that the public institutions had spent on them if they were scholars.

Asked on the policy direction of the DOH regarding alternative medicine, Senator Guingona replied that the department promotes it, but subject to studies by the FDA. As for the local *hilot* system, Senator Guingona said that the department also has a program for it, as well as an accreditation system for the *hilots*.

Regarding chiropractic medicine, Senator Guingona explained that chiropractic concerns bones and joints and their alignments, and the department accepts chiropractic, but a PRC accreditation is required.

Senator Sotto pointed out that in Republic Act No. 9711 (Food and Drug Administration Act of 2009) and Republic Act No. 9502 (Universally Accessible and Cheaper Medicine Act of 2008), the definition of "drugs" includes homeopathic medicines or a non-pharmacological product with no active ingredient. Asked if the FDA created a separate regulation for homeopathy after the enactment of Republic Act No. 9711, Senator Guingona answered in the negative. He stated that homeopathy is subject to quality, efficacy and safety, but the problem lies on how to validate it when it has no active ingredient.

Senator Sotto surmised that homeopathic drugs are non-pharmacological products that do not have a separate regulation.

Asked on the five major causes of deaths in the Philippines, Senator Guingona enumerated that following in the exact order:

1. Heart Disease
2. Stroke and Hypertension
3. Pulmonary
4. Cancer
5. Accidents

Senator Sotto stated that accidents are on the rise, noting that 75% of road accidents are attributed to motorcycles.

On whether prevention is still the major concern of the DOH rather than curative measures, Senator Guingona replied that both are major concerns.

As regards the use of iodized salt, Senator Guingona stated that it is very useful in preventing certain illnesses.

Asked whether there is an adequate number of dialysis and treatment centers nationwide, Senator

Guingona replied in the negative. He said that around 15,000 Filipinos develop renal failure every year and the number increases every year. He added that there are 15,000 to 20,000 patients who are currently undergoing dialysis all over the country, and those who cannot afford treatment end up dead.

Senator Sotto said that even those receiving treatments die. He recalled that some years back, Secretary Ona told him that once a person starts dialysis, his/her health is already in danger. He emphasized that prevention is the key.

On whether the budget of the Department has allocation for viagra or cialis, Senator Guingona replied in the negative.

As regards the role of the DOH in the NDRRMC rescue and relief operations in the disaster areas, Senator Guingona said that the agency is fully active.

Senator Sotto stated that he would wait for the documents to be submitted by the DOH.

#### **INTERPELLATION OF SENATOR RECTO**

Asked on the budget of the Department of Health for 2014, Senator Guingona said that it is P85,660,189,000 in the Senate version.

On whether the PDAF was included in the DOH budget under the House of Representatives version, Senator Guingona replied in the affirmative, saying that the amount is P3 billion.

As for the biggest item in the budget of the DOH, Senator Guingona stated that it is the PhilHealth with P35 billion.

Senator Recto stated that according to the documents from the LBRMO, the Congressional Planning Budget Office, and the COA report for 2011, 84% of the Filipinos in 2012 are covered under the PhilHealth insurance program.

Senator Guingona clarified that only 81% are enrolled but only 71% are active. He explained that "enrolled" means that one becomes a member of PhilHealth at one point in time; "active" means that they can avail of the program readily.

On whether the remaining 10% cannot avail of PhilHealth services, Senator Guingona stated that



they can avail of the services provided that they settle their unpaid premiums.

Senator Recto believed that those who do not pay regularly are not government employees since PhilHealth contributions are automatically deducted from their payslips. Senator Guingona stated that this is not true for the poorest local government units because they do not remit to the PhilHealth regularly. He affirmed that because of this problem, 29% are not covered by the program.

Asked how many Filipino families, both in the private and public sectors, are paying members of PhilHealth, Senator Guingona replied that in 2012, there were two million individual members in the government sector and 9.6 million in the private sector, or a total of 11.6 million individuals which would translate to 80.9 million beneficiaries.

Citing the financial statement of PhilHealth on its website, Senator Recto observed that the previous year's government subsidy was P12.5 billion; and as of June 30, the reserve fund of the agency is P116 billion which is a big chunk not being utilized by the members. But he pointed out since PhilHealth is a financing corporation, its funds should be spent for the benefit of its members. He noted that from the year 2012 to 2013, PhilHealth's reserve fund has increased from P107 billion to P116 billion which, per the COA Report, is already an improper accumulation of reserve fund.

Noting that PhilHealth is seeking an additional allocation of P23 billion for its 2014 budget, Senator Recto opined that PhilHealth should already be able to provide 100% coverage for its members. In response, Senator Guingona said that it was how PhilHealth was able to expand the benefits, so that in 2012, P47.9 billion worth of benefits was granted to its members, exceeding the P47.2 billion premium payments received. Senator Recto argued that it was the subsidy that caused the increase in benefits.

Senator Recto pointed out that as of June 2013, the expenses for benefits amounted to P26 billion while the total income amounted to P28 billion, excluding the P6 billion worth of receivables from the national government, and the excess went to PhilHealth's reserve fund. He lamented that in exchange of the increased benefit package, the premium payments doubled from P1,200 to P2,400 for each member, which is equivalent to 100% increase in the premiums

of both the government and private sector employees, and the government's subsidy was likewise increased by P12.5 billion.

He noted that PhilHealth has many sources of funds, the bulk of which comes from the contributions of its members and the subsidy of the government. He reiterated that the slight increase in benefits was not commensurate to the considerable increase of its reserve fund.

In response, Senator Guingona said that the increase of contribution from P1,200 to P2,400 is the national subsidy for the poor which is in consonance with the provision of law that the poor should be charged the smallest amount at P2,400.

As to the 20% increase in contribution, Senator Guingona stressed that there was no increase because it was maintained at 2.5% of the basic pay in the private sector. Senator Recto maintained that there was an increase and that there was even an advertisement published in the *Philippine Daily Inquirer* to announce the increases both from the employers and the employees. At this point, he asked whether PhilHealth still intends to pursue with the plan to further increase the contributions at P3,600 next year and P4,800 the following year.

Adverting to the "Implementing Guidelines for the Employed Sector," Senator Guingona said that the premium rate should be 2.5% of the basic salary ranging from P8,000 to P35,000.

As to whether there was an increase in premiums or not, Senator Guingona stressed that the smallest rate is still as P2,400 while the floor price was increased by P1,000 or from P7,000 to P8,000, reiterating that the increase was based on the premium that the government pays for the poor.

Senator Recto stressed that there was an increase in premium rate as follows: for the national government, the share doubled from P1,200 to P2,400; for the LGU, from P600 to P2,400; and for an individual member, from P1,200 to P2,400; for an OFW, from P1,200 to P2,400. He said that the premium rate for professionals with a monthly income of P25,000 remained at P3,600 per annum. Senator Guingona agreed with Senator Recto that there was, indeed, an increase in premium payments.

Senator Recto pointed out that members pay the premium for their health insurance, so that using the

increase to subsidize the poor would necessarily mean that PhilHealth is getting subsidies from the national government and from the increased premiums of its members. He lamented that the increase has affected members who belong to the smallest income bracket, an increase made despite the subsidy from the national government. In fact, he said, P9 billion went to PhilHealth's additional reserve fund. He maintained that the improvement in the benefit package was due to the increase of premium rate.

Further, Senator Recto pointed out that the biggest item in the P85-billion budget of the DOH for 2014 is allocated for PhilHealth in the amount of P35 billion. He said that he would not want to see that the P23-billion increase that it is seeking would eventually end up in the reserve fund. He pleaded for the improvement of the service to the people, as he estimated that the considerable increase in subsidy would already cover roughly three-fourths of Filipinos or 15 million families.

Senator Guingona stated that 14.7 million families would be equivalent to 51 million individuals, or 3.5 to four members for each family. Senator Recto, however, argued that the average family in the Philippines consists of five members, based on what he gathered during the DSWD budget, his participation in the deliberations of the DOH budget, as well as his stint as secretary of NEDA.

Senator Guingona said that children over 21 years are considered separate from the family. Senator Recto agreed, adding that a family member aged 60 years old and above is still considered part of the family. He said that with the coverage of 14.7 million families, the balance would necessarily come from the private sector and the government. Senator Guingona agreed.

Senator Recto opined that with the coverage of 90% to 100% of Filipinos, there would be no more need for the use of a PhilHealth card because everyone is presumed to be insured and could seek treatment from the hospital free of charge. Senator Guingona confirmed that it is the plan of PhilHealth at the start of next year, but still a member would be required to present the PhilHealth card when availing of its benefits.

Senator Recto said that the problem lies in the fact that not all indigents were issued PhilHealth cards notwithstanding its P12-billion budget last year.

He said that even with a P35-billion budget, an indigent with no card would not be able to enjoy the benefits of PhilHealth. He stated that in the 13 hospitals being run in Batangas, a majority of the people do not have PhilHealth cards. Senator Guingona said that cards were issued albeit not the same as the regular PhilHealth card.

Senator Recto said that if, indeed, 80% of the people are covered, the same percentage of hospital income should have come from PhilHealth. Senator Guingona admitted that one of the difficulties faced by PhilHealth was to make the poor sector aware of its services.

Senator Recto said that with the budget allocation, PhilHealth cards would no longer be necessary because if 90% to 95% are members, the poor sector could easily be identified in hospitals because the wealthy would certainly not go to a public hospital.

Senator Guingona said that the data on the poor sector was provided by DSWD and NHA which Senator Recto estimated to be from four million to five million.

Asked about the 10 million being sponsored by the national government, Senator Guingona said that the intention was to cover practically all the poor by next year without the use of the PhilHealth card. Senator Recto said that the middle class should be included considering that 75% or 15 million families have already been covered. Senator Guingona replied that the target was to cover 14.7 million families, which includes the parents who are 60 years old and above, and excluding the children over 21 years old.

Asked on the percentage of Filipinos who will have PhilHealth coverage in view of the additional P35 billion that would be included under the proposed budget, Senator Guingona replied that 95% of the citizenry would become members of PhilHealth. That being the case, Senator Recto said that there would no longer be a need for a PhilHealth card the following year.

Senator Recto noted that there are more district hospitals or health service providers operated by LGUs than those operated by the national government, and he stated that these health establishments source 95% of their income from the PhilHealth. He also recalled that in the past, district hospitals only earned 35% to 50% from the PhilHealth due to the improper

accumulation of the reserve fund. In reply, Senator Guingona maintained that there is no connection between the earnings of the hospitals and the reserve fund. But Senator Recto pointed out that the connection lies in the fact that district hospitals are not being paid by PhilHealth and instead, the money goes to the reserve fund.

Senator Recto questioned why money is set aside as reserve fund when it should be used to increase the benefits of members and the sponsored program. Senator Guingona noted that in adherence to COA rules, the LGUs do not return the money to hospitals so that these could be spent on the facilities.

Senator Recto pointed out that the PhilHealth was unable to pay the claims of local district hospitals even though PhilHealth has an unutilized P117 billion reserve fund. He believed that leaving a fund untouched for two years should be a subject for discussion particularly since payroll taxes and premium contributions of employees have been increased while the indigent subsidy has been raised 100% — from the previous P1,200 to P2,400. Senator Guingona stated that the adequacy of the reserve fund would be a non-ending debate particularly since there is a need for such a fund amid the recent calamities.

Senator Recto clarified that he favors the existence of a reserve fund but that he was merely questioning the amount being put into it. He pointed out that P9 billion of the P12.5 billion budget for PhilHealth went to the reserve fund. He expressed hope that not all of the P35 billion allocation would go to the fund.

Senator Recto pointed out that PhilHealth addresses the demand side of health as it increases the demand for health services. However, with the remaining P50 billion of the DOH budget being allotted to various programs, he asked how much of the allocation would be set aside for its facility enhancement program. Senator Guingona replied that P13 billion was allotted for this purpose, P9 billion of which will be used for infrastructure and P4.5 for equipment.

Asked how much would be allotted to district, municipal, city, provincial hospitals, rural health units and barangay health stations, and whether these would be considered line items or lump-sums, Senator Guingona replied that the budget would be itemized for all the areas in the country so that every provincial governor, city and municipal mayor

would know which hospital was receiving financial assistance from the DOH. He gave assurance that Senator Recto would be provided a copy of the line items. On the other hand, Senator Recto suggested that the information on the line items be uploaded through a website.

At this juncture, the Chair recalled that during the debates on the sin taxes earlier in 2013, the representation of the DOH was that a big portion of the incremental collection from the excise taxes would be used to enhance the services of rural health centers, district hospitals and barangay health centers. Senator Recto said that P13.5 billion was the proposed appropriation for this undertaking. The Chair recalled that this was the data that had been used during the deliberations on the sin taxes. As such, the Chair asked how the funds were being utilized.

Being a lump-sum appropriation, Senator Recto stated that the P13.5 billion budget does not list the amount that each province will receive. As such, he asked the DOH to provide a list of the same.

The Chair pointed out that the DOH's promise to use the collection from the sin taxes to augment the funds for the upgrading of the hospitals regardless of whether or not these are being operated by LGUs was precisely the justification for the passage of the sin tax law since in many instances, the local governments could not afford to upgrade their health units.

Senator Recto believed that Congress was able to pass the ideal sin tax reform which is expected to generate P500 billion until 2017, of which the DOH promised to allocate P74 billion for the health and facility enhancement program to meet the supply requirement. He stressed the importance of increasing the demand through PhilHealth and benefit packages alongside the improvement of hospital equipment and facilities because an imbalance on either side would render the program ineffective. He noted that the P13.5 billion allocation was a major reduction from the original P74 billion in projections.

For its part, the Chair asked for a detailed, itemized listing of the P13.5 billion budget. Senator Recto expressed his intention to study the listing to see whether the allocation was equitably done among the provinces and to ensure that no single province is favored over the other. Senator Guingona said that the list was on hand for their perusal.

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## SUSPENSION OF SESSION

Upon motion of Senator Recto, the session was suspended.

*It was 5:33 p.m.*

## RESUMPTION OF SESSION

At 5:42 p.m., the session was resumed.

Upon resumption, Senator Recto said that on the supply side, as he mentioned earlier, what was promised a year ago was that the health facility enhancement program would at least be P374 billion. However, he noted out that looking at the current budget and to match both supply and demand, the budget is only P13.5 billion. He expressed appreciation to the Health secretary for the list of infrastructure and equipment needed by the provincial, district, city, municipal and RHUs nationwide no matter how limited the funds are. However, he wished that the "health economists" would look into the budget of the DOH from both the supply and demand side precisely to make better use of the very limited resources available.

## SUBMISSION OF THE BUDGETS OF THE DEPARTMENT OF HEALTH AND ITS ATTACHED AGENCIES

There being no other reservation for interpellation and subject to the submissions as requested by the senators, upon motion of Senator Escudero, there being no objection, the budgets of the Department of Health and its attached agencies, namely, the Commission on Population; National Nutrition Council; Lung Center of the Philippines; National Kidney and Transplant Institute; Philippine Children's Medical Center; Philippine Heart Center; and Philippine Institute for Traditional Alternative Health Care, were deemed submitted for the Body's consideration.

## SUSPENSION OF SESSION

Upon motion of Senator Escudero, the session was suspended.

*It was 5:45 p.m.*

## RESUMPTION OF SESSION

At 5:46 p.m., the session was resumed.

## PHILIPPINE ATMOSPHERIC GEOPHYSICAL AND ASTRONOMICAL SERVICES (PAGASA)

Senator Recto presented the budget of the Philippine Atmospheric Geophysical and Astronomical Services (PAGASA).

## INTERPELLATION OF SENATOR SOTTO

Asked by Senator Sotto for the total budget of the PAGASA for 2013 and 2014, respectively, Senator Recto replied that for 2013, PAGASA was allocated a budget of P1,434,921,000 and for 2014, it is a bit lower with a total appropriation of P1,229,217,000. He said that the reduction was in the Capital Outlay.

Asked if the reason for the decrease in the budget for 2014 was that PAGASA has already procured the equipment it needed in 2013, Senator Recto replied in the affirmative, noting, however, that because of *Typhoon Yolanda*, many of the equipment were destroyed and at a later time, there might be a need to augment the budget of PAGASA.

Asked for the amount to cover the additional budget, Senator Recto said that no amount has been identified yet as the PAGASA and the DOST are still conducting final evaluation and assessment of the damage.

Senator Sotto inquired whether it would be possible to include the budget of the PAGASA during the time that the supplemental budget is discussed by the chamber, assuming the amount would not come at the appropriate time. Senator Recto replied that as he recommended during the senators' caucus, the unprogrammed funds in the budget can be utilized to support the construction-rehabilitation efforts to be undertaken, including that for PAGASA.

Asked who gives the names of the typhoons in the Philippines, Senator Recto replied that it is the PAGASA which has a list of names of typhoons from "A" to "Z" without "X," and that the agency already has a list of names for the next four years.

Asked for the reason behind the changing of the names of typhoons from its international names, Senator Recto explained that names are localized to be better understood by the Filipinos. He explained that with regard to international names, once a weather disturbance enters the Pacific Ocean, it is given an international name by a committee headed

by Japan, the same way in the Americas, once a weather disturbance enters the Mexico gulf, it is given a name by the committee in charge there.

Senator Sotto observed that changing the name of a typhoon from its international name to a local name creates confusion. For instance, he said that in Europe, when people were called on to send donations to the victims and survivors of *Typhoon Haiyan*, they were not aware that it is the same typhoon that was called *Yolanda* in the Philippines.

Asked by the Chair for the policy reason behind giving a weather disturbance a local name, Senator Recto replied that the reason primarily is for the Filipinos to easily become aware of the typhoon. He added that only the Philippines is giving a name to a tropical depression, the lowest tropical cyclone category.

#### **SUBMISSION OF THE BUDGET OF THE PHILIPPINE ATMOSPHERIC GEOPHYSICAL AND ASTRONOMICAL SERVICES (PAGASA)**

There being no other reservation for interpellation, upon motion of Senator Escudero, there being objection, the budget of the Philippine Atmospheric Geophysical and Astronomical Services (PAGASA) was deemed submitted for the Body's consideration.

#### **FILM DEVELOPMENT COUNCIL OF THE PHILIPPINES**

Senator Escudero presented the budget of the Film Development Council of the Philippines (FDCP) which has an appropriation of P46,931,000 for 2014.

#### **INTERPELLATION OF SENATOR SOTTO**

At the outset, Senator Sotto stated that he was the principal sponsor and one of the authors of the law which created the Film Development Council of the Philippines. He recalled that during the committee hearing, he learned that there was no law compelling film studios and producers to submit films for preservation by the Film Development Council of the Philippines, thus, the FDCP was tasked to submit a proposal for a draft bill that would cover this concern.

Senator Escudero replied that while EO 26 was issued mandating all government agencies to submit copies of all films and productions that they make, no

similar requirement was issued for private production outfits. He said that FDCP was finalizing a similar bill on the matter and that he had held discussions with the council members and with Senator Poe who has a very extensive storage of his late father's films.

Senator Sotto stated that one of the mandates of the FDCP is to maximize the country's comparative advantage as a location site for international movie-and-television making to generate income, promote tourism and enhance the image of the country abroad. On whether the council benefitted from the funds raised whenever foreign films are made in the country, Senator Escudero replied in the negative, explaining that the council does only coordinative work in order to facilitate any needs of the foreign outfit while in the country. He agreed to Senator Sotto's suggestion to amend the law to introduce the appropriate proviso on the matter.

Asked for the viewer turnout of the three day film festival held in key cities and the mobile cinema, or *Sine ng Masa*, and whether the FDCP plans to continue these festivals and how much is allotted for this activity, Senator Escudero informed the Body that data on viewer turnout are with the theaters, like SM theaters where most of the movies are shown, and this activity is allotted P12 million in the 2014 budget. On the mobile cinemas, he disclosed that the council presently has two, one in Zamboanga and the other, in Iloilo, but it has no plans of buying a new mobile cinema this year as the budget it asked is only for maintenance.

Asked whether those attending the workshops conducted by the council are thereafter employed in the industry, and how much is the budget for these workshops, Senator Escudero replied that the program has a budget of P500,000. He stated that the council has five cinematic training for technical skills improvement and most of the participants are hired for higher position after the training. He added that a certificate is given upon completion of the training.

As to how many personnel the National Film Archives of the Philippines has, Senator Escudero replied that it has 14 staff, three of whom were sent to Singapore and another to France for a two-year masteral course on advance techniques for film storage and preservation.

Asked whether the budget for the Cinema Evaluation Board, formerly the Film Ratings Board,

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is part of the P46 million budget of the council, Senator Escudero replied in the negative. He said that the board receives P5 million from cinema rebates.

Senator Sotto revealed that the Cinema Evaluation Board and the Film Development Council of the Philippines were created and given the power to rate films in order to give the local film industry an edge over foreign films. He recalled that foreign film makers were against this provision, citing the GATT, but he insisted over the objections of the DOF, on incorporating the provision in his bill the power to classify films. He said that films rated "A" are exempted from paying amusement tax, those rated "B" pay 65% tax, and those not rated pay the full tax. He called on the council to give quality local films, including indie movies, a tax incentive by giving them "A" or "B" ratings, as he pointed out that producing a local film usually costs a high P25 million compared to foreign film's lower cost of production but both local and foreign films would pay tax of 10%. However, Senator Escudero pointed out the proviso granting independence to the board, so that the council has very minimal influence over the board and its decision. Senator Sotto insisted that the members of the council knew the intention of the law which was implemented by Laurice Guillen during the time of President Estrada but this was changed during the tenure of President Arroyo when it was made into an award-giving body.

## **INTERPELLATION OF SENATOR ESTRADA**

Asked by Senator Estrada on the budget of the FDCP for 2013 and 2014, Senator Escudero replied that the council was given a budget of P37,924,000 in 2013 and P46,931,000 for 2014.

Asked why the budget was significantly increased, Senator Escudero explained that there was an increase in plantilla positions of the National Film Archives following an increase of its function. He informed the Body that it now employs 14 personnel, three of whom were sent to Singapore and one to France to study advance archiving of films.

Asked whether the travelling expenses contributed to the increase in the budget, Senator Escudero answered in the affirmative, adding that the expense account was reduced in the 2014 budget.

Asked further why the budget for repairs and maintenance increased by 900% from P300,000 in

2013 to P3 million in 2014, Senator Escudero explained that the increase covered the expenses for the restoration of two films, namely, *48 Oras* by Gerry de Leon and *Portrait of a Filipino Artist* by Lamberto Avellana. He said that the films were restored because they are part of the Filipino heritage and the program sends a good message to the film industry as far as restoration, maintenance, storage and preservation of the country's film heritage are concerned. He informed the Body that the council has created a technical committee composed of five people from the film industry and one from the council which chooses the films to be restored. Further, he disclosed that two films were already restored, namely, *Maynila sa Kuko ng Liwanag* and *Genghis Khan* which cost P2.5 million for both while *48 Oras* and *Portrait of a Filipino Artist*, which will be restored next year, would have a budget of P3 million.

Asked if the films would be shown to the public, Senator Escudero answered in the affirmative. He said that *Genghis Khan*, directed by Manuel Conde, was shown in both the Cannes Film Festival and the Venice Film Festival, while *Maynila sa Kuko ng Liwanag*, directed by Lino Brocka, was also shown in the Cannes Film Festival. As for the year the films were produced, Senator Escudero replied that *Genghis Khan* was produced in 1956, *Maynila sa Kuko ng Liwanag* in 1978, *48 Oras* in the 1950s, and the *Portrait of the Filipino Artist* in the late 1950s. He stated that the film *Genghis Khan* was done in 16mm format and a copy thereof, in fact, was found in Venice.

Senator Estrada disclosed that a lot of classic movies were done by the late Fernando Poe, Jr. and other action stars which could also be included. Senator Escudero explained that the FPJ Studio has its own archives that is in the process of archiving, restoring and preserving the films. Citing Administrative Order No. 26, he stated that only government entities, including the PIA, are required to submit to the FDCP a copy of the films. He further clarified that film restorations could only be done if private studios will submit the material to the FDCP for digitization.

Regarding the allocation for Awards and Rewards, Prizes and Other Claims, Senator Estrada noted that it had a budget of P50,891,000 in 2012, while no amount was indicated in 2013. Senator Escudero explained that the DBM had indicated an adjusted

amount, but in reality, P48,625,000 was expended by the FDCP as of October 31, 2013.

Senator Estrada noted that in the 2014 proposed budget, the allocation for the same item was increased to P69,860,000. Senator Escudero explained that rebates in amusement tax are given to producers. He said that in 2013, P23.308 million was given to Grade A film producers and P25.317 million for Grade B film producers. He said that mainstream and indie films are eligible for rebates in accordance with the film's grade.

Asked on the number of mainstream films produced in the current year, Senator Escudero replied that the FDCP only accounts for the films that apply for grading. He stated that 43 films were applied for grading, 21 of which are mainstream and 22 are indie films. As for the grade received, he said that for Grade A, three are mainstream films and eight are indie films; for Grade B, 12 are mainstream films and 11 were indie films; while six mainstream films and three indie films had no grade. He said that the board, not the council, decides on the grading system, as he reiterated that the board is independent of the latter.

Relying to another query, Senator Escudero stated that Grade A films get 100% rebate.

Asked if the Cinema Evaluation Board (CEB) was included in the budget of the FDCP, Senator Escudero said that only the honorarium and rental of theatres are included. As to the number of CEB members, he said that there are 31, including the chairman, and that as long as there is a quorum, or at least 15 members, the rating could be determined and decided.

Senator Estrada expressed concern over what might be some power play and lobbying involved in rating a film. Senator Escudero said that the Council is prohibited from interfering with the functions of the CEB as he assured the Body that if such practices exist, it is not at the level of the Council.

Asked who heads CEB, Senator Escudero replied that Cristine Dayrit is the chairperson. Senator Estrada acknowledged Chairperson Dayrit as a very diligent and cooperative person.

Asked on the other sources of income of the FDCP aside from its budget allocation, Senator

Escudero replied that the Council had a 35% share from rated B films in the amount of P13.632 million as of November 12, 2013, as well as subsidy from the MMA on the Metro Manila Film Festival at P325,000 as of November 23, 2013.

Asked if the FDCP subsidizes indie films to help producers, Senator Escudero said that the FDCP share of P13.6 million is used to help them.

On the application process for subsidy, Senator Escudero said that a technical committee decides on the matter upon application by the producer at a maximum budget of P1.5 million to P2 million.

Responding to Senator Estrada's observation that the amount could already pay for the whole film, Senator Escudero stated that it depends on the classification and level of production of the indie film. He assured the Body that there is a counterpart amount from the producers, thus, the Council has never funded for an entire film production, even as he agreed that P1.5 milion to P2 million could already finance a full length film.

Asked on the recipients of the subsidy, Senator Escudero said that they are the so-called "masters" or the renowned actors and directors in the industry such as Joel Lamangan and Peque Gallaga who are in the Council's list of masters.

Asked if Director Brillante Mendoza had applied for subsidy, Senator Escudero replied that the FDCP subsidized a portion of his film "Thy Womb" for about P5 million as a form of investment.

Asked whether the FDCP charter allows it to invest on movies, Senator Escudero replied in the affirmative, explaining that since the movie is still being shown, the income from the DVD, copyright and TV rights are yet to be accounted for. He disclosed that the main producer invested a counterpart P10 million in the movie to FDCP's P5 million for a total investment of P15 million which included talent fees, production and promotion costs.

Asked how much was the return of investments, Senator Escudero informed the Body that the producer gets the sale from the TV or ancillary rights but the council to date still does not have the complete data on the total sales although its counterpart has remitted P200,000 to the FDCP.



To the observation that the FDCP seemed not interested in finding out how much profit the movie made, which indicates that the FDCP does not care where government's money went, Senator Escudero stated that the movie was pulled out from the Metro Manila film festival last year. He reiterated that the producers of "Thy Womb" already remitted the amount of P200,000 as part of the earnings in the Metro Manila Film Festival but the FDCP is still awaiting the remittance from other showings and airings. He added that the council has no share in the earnings from abroad and various international movie competitions. Upon further query, he replied that the expected earnings from ancillary rights is P1 million.

As for other movies that the FDCP subsidized, Senator Escudero stated that there are 12 movies that are considered "maindie," movies made by independent producers directed by big-name directors and starred by big-name casts. However, he classified that other films produced by small outfits with lesser-known directors/artists also receive subsidies but not on the same level as "Thy Womb."

Senator Escudero stated that of the 12 "maindie" films, four were able to return the subsidy through gate receipts and TV rights; the other eight movies were just break-even. He said that the average subsidy given is P1.5 million.

Senator Estrada inquired why the movie "Thy Womb" was given P5 million. Senator Escudero supposed that the FDCP was made to believe that the movie would be a big hit because of its cast headed by Ms. Nora Aunor; it was shot on location in Tawi-Tawi; and the planned coverage was wider.

As to who decides to give subsidies, Senator Escudero explained that the decision lies in a technical working group of six members headed by Mr. Granado which makes the recommendations for approval by Mr. Santos, the president of the agency.

On whether there was a sure way of knowing if a film would sell, Senator Escudero stated that standards vary, depending on whether the film is for artistic or for commercial purposes. He said that the agency intends to adopt stricter guidelines and procedures, adding that the agency plans to conduct scriptwriting contests.

On the number of movies to be subsidized for 2014, Senator Escudero replied that 14 films are

slated for subsidy at an average of P1.5 million per movie. He explained that the budget allocation depends on the film's projected income from rebates on the classification as Grade "B." He said that as of November 12, 2013, the FDCP has received P13.6 million in rebates and P18 million is expected for next year.

Senator Estrada inquired how the FDCP could fund 12 films if they only have P13 million and the average subsidy is P1.5 million. He estimated that with 14 films to be produced at P1.5 million per film, the budget should be P21 million, which would still be short. Senator Escudero explained that the balance is taken from the previous year's income.

As for the FDCP's losses, Senator Escudero stated that there are still collectibles. He assured the Body that the agency would submit a copy of its financial statement for all the 12 indie films, including "Thy Womb."

On whether there were action movies subsidized by FDCP. Senator Escudero replied that only the movie "Eman" applied. He said that "Eman" is still filming to date.

Asked on the credentials of Mr. Santos, Senator Escudero stated that he was a director and an independent film maker with his share of awards; he directed nine movies, most of which were indie films, while the first one, produced in 1978 was a mainstream movie. He informed the Body that Mr. Santos was among the first to direct and produce such films, the last one in 2009 before he assumed his current position. He said Mr. Santos' most notable movie was "Damortis," produced in 1983 and starred Lito Karating, Robert Villanueva and Madeleine Nicolas and was shown in France, New York and Germany. He said it was a drama-psychological type of movie about a faith healer, and the title was derived from the last train station in Pangasinan.

#### **SUBMISSION OF THE BUDGET OF THE FILM DEVELOPMENT COUNCIL OF THE PHILIPPINES**

Upon motion of Senator Escudero, there being no objection, the budget of the Film Development Council of the Philippines was deemed submitted for the Body's consideration.

## SUSPENSION OF SESSION

Upon motion of Senator Escudero, the session was suspended.

*It was 7:02 p.m.*

## RESUMPTION OF SESSION

At 7:33 p.m., the session was resumed.

### OMNIBUS SUBMISSION OF THE BUDGETS OF CAGAYAN ECONOMIC ZONE AUTHORITY, DEPARTMENT OF BUDGET AND MANAGEMENT AND ITS ATTACHED OFFICES, AND THE ALLOCATIONS FOR THE DIFFERENT FUNDS

Upon motion of Senator Escudero, there being no objection, the budgets of the Cagayan Economic Zone Authority, the Department of Budget and Management (including the Office of the Secretary and the Government Procurement Policy Board), the Allocations to Local Government Units (including the Metropolitan Manila Development Authority, Special Share of LGUs in the Proceeds of National Taxes, Barangay Officials Death Benefits Fund, Local Government Support Fund and the Special Shares of LGUs in the Proceeds of Fire Code Fees), Budgetary Support to Government Corporations, National Disaster Risk Reduction Management Fund (Calamity Fund), Contingent Fund, Feasibility Studies Fund, Miscellaneous Personnel Benefits Fund, Pension and Gratuity Fund, Disaster Reconstruction and Rehabilitation Fund, and Unprogrammed Funds were deemed submitted for the Body's consideration.

## DEPARTMENT OF TRANSPORTATION AND COMMUNICATIONS

Senator Osmeña presented the budget of the Department of Transportation and Communications and its attached agencies in the amount of P45,805,306,00 and of the Office of Transportation Security in the amount of P52,535,000.

## INTERPELLATION OF SENATOR SOTTO

Asked by Senator Sotto about the physical and corporate interconnection between LRT and MRT, Senator Osmeña said that there was already a plan to construct a common station that would link the two, but a decision has yet to be made on the locations although the choice was leaning towards

the Trinoma area where the cost would be a billion less. He said that the procurement period could take six months and the actual construction in one year.

Asked if the said construction was included in the 2014 budget, Senator Osmeña answered that the budget allocation was P5 billion.

As to the revenue income of both transits, Senator Osmeña said that a charge of P35 to P45 has to be made to break even, but the government has to withhold the imposition of P35 to P45 charge and instead subsidizes the transit operations, as the Hong Kong government also does.

Senator Sotto noted that from the data of the DOH, road accidents placed fifth in the top causes of death in the Philippines next to cancer, stroke, heart disease and pulmonary disease. Replying thereto, Senator Osmeña explained that the Land Transportation Agency is the one charged to determine the roadworthiness of public vehicles everytime their registration is renewed. But he disclosed that the United States actually does not check the roadworthiness of a vehicle, and that instead, it conducts a spot check on the catalytic converter because some vehicle owners disconnect them to save on gasoline, a prohibited practice for which a fine is imposed by the government. He agreed with Senator Sotto that the roadworthiness of buses and jeeps must be checked.

Senator Sotto said that he raised the question of roadworthiness in view of the recent accident along EDSA-Magallanes involving a Sta. Elena bus which left six people dead and 30 others injured. He narrated that according to the report of Sr. Supt. Manuel Lucban Jr. of the Makati Police, the driver of the Sta. Elena bus admitted that he lost control of the vehicle because of its faulty brakes which caused the bus to sweep the pedestrians and commuters who were waiting for a ride. He stressed that the DOTC and the LTO should always exercise caution and diligence in the inspection of buses to avoid the occurrence of similar mishaps. He said that upon registration of the license or the franchise, a certificate of roadworthiness must be issued.

Senator Osmeña disclosed that there are Motor Vehicle Inspection Services in five regions which the department hopes to expand through privatization so that the private sector could undertake the inspection subject to DOTC's regulatory control. But he acknowledged the tendency of bus companies to maxi-

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mize the utilization of their assets. He also lamented that because of the boundary system, the driver would choose to keep to himself any defect on the bus instead of reporting the same to the management so that he would not skip the earnings for the day.

Senator Osmeña also questioned the lack of commensurate punishment for road mishaps, and he warned that unless the punishment is amended to conform with the gravity of the damage caused, there would always be an attempt to circumvent the law.

Moreover, Senator Osmeña underscored the need to increase the coverage of third party liability insurance so that the operator would be more cautious and diligent in the management of vehicles. He said that increasing the burden was the best deterrent he had seen in the United States where for every two moving violations, the driver is required to pay insurance at a double or triple rate for the next three years which, he opined, could be more painful than a one-time fine.

Senator Sotto agreed to the suggestion that the government should do something to help prevent the rising number of road accidents. He said that somebody should be held accountable when a vehicle figures in an accident killing a number of people despite the issuance of a certificate of roadworthiness.

On the premise that government has done its best to ensure the roadworthiness of public utility vehicles, Senator Osmeña asked who would then be held accountable for accidents. Senator Sotto clarified that he only wanted to put pressure on the government to be more strict, thorough and diligent in the enforcement of the law. He lamented that the Philippines is noted in the world for having the easiest system of issuing a driver's license, as he recalled that in one of the shows he had with Channel 7, the show's staff was able to get a driver's license for a blind man.

Asked whether the DOTC was in charge of apprehending smoke belchers, Senator Osmeña replied unless the government raises the budget for policemen and patrol cars, the problem of smoke belching would not be resolved.

Senator Sotto believed that the problem of smoke belchers would be minimized if requirements for vehicle and license registrations be tightened, for instance, their licenses should not be renewed unless their vehicle is repaired. Senator Osmeña noted that the emission testing centers which are under the

supervision of the Land Transportation Office apparently are not doing their job properly. It was for his reason, he said, that the LTO has installed some closed-circuit television cameras to check whether the inspection of smoke belching vehicles was being done properly. He added that some local government units have also assigned certain law enforcers on streets where there is heavy traffic, especially those close to the highways and main roads, to flag down, arrest and issue tickets to smoke belchers. He agreed that smoke belching is a hazard to the health and environment and he suggested that the committee of Senator Revilla ought to take a closer study so that Congress could come up with a law that will increase the penalty and punishment for smoke belchers, particularly the private sector that operates public utility vehicles for a profit.

On whether the emission testing budget for the LTO would be sufficient, Senator Osmeña pointed out that he was only aware of five regions with emission testing centers, but he hoped that the LTO could expand these to the more heavily populated regions in the south like Regions VI, VII, VIII, IX, XII, among others.

In a related matter, Senator Sotto asked whether the DOTC has resolved the issue of the LTO chief that has issued a memorandum to Region VII for the removal of the drug testing procedure in the renewal of licenses but whose directive was overturned by a judge in Toledo City who declared the same to be unconstitutional. Senator Osmeña replied that the LTO was now in the process of getting the opinion of the Office of the Solicitor General as to whether it would have to withdraw the memorandum issued by LTO Chairperson Torres.

On whether the South Luzon Expressway and the Star Tollway are under the jurisdiction of any DOTC agency such as the Toll Regulatory Board, Senator Osmeña replied that traffic enforcement in that area is one responsibility of the Philippine National Construction Corporation, which used to be supervised by the Department of Trade and Industry but has been transferred to the Office of the President.

#### **SUBMISSION OF THE BUDGETS OF THE DEPARTMENT OF TRANSPORTATION AND COMMUNICATIONS AND ITS ATTACHED AGENCIES**

There being no further interpellation, upon motion of Senator Escudero, there being no objection, the



budgets of the Department of Transportation and Communications and its attached agencies were deemed submitted for the Body's consideration.

### SUSPENSION OF SESSION

Upon motion of Senator Escudero, the session was suspended.

*It was 7:58 p.m.*

### RESUMPTION OF SESSION

At 8:02 p.m., the session was resumed.

### DEPARTMENT OF SOCIAL WELFARE AND DEVELOPMENT

Senator Recto presented the budget of the Department of Social Welfare and Development amounting to P83,591,386,000.

### INTERPELLATION OF SENATOR ESTRADA

Asked by Senator Estrada for the whereabouts of the secretary of the DSWD, Senator Recto said that Secretary Soliman was still in Tacloban addressing the needs of the people affected by the recent typhoon.

As regards the tradition that the secretary should appear before the Senate during the plenary debates on the budget, Senator Recto replied that this was the first time that the country has ever been hit by the strongest typhoon in the world, and in view of the primary role of the DSWD and the secretary in such a situation, Secretary Soliman has opted to stay in Tacloban.

Senator Estrada enumerated the major findings to the COA on the DSWD's *Pantawid Pamilyang Pilipino Program* (PPP) or the conditional cash transfer program, to wit:

#### 2008

- Lack of sufficient monitoring system to determine compliance by all beneficiaries of the conditions imposed by the program;
- Need to validate the eligibility of selected beneficiaries; and
- Double entries of names of beneficiaries;

#### 2009

- Failure to demand from the Land Bank of the Philippines the regular submission of list of beneficiaries who were paid grants resulted in accumulation of huge over-the-counter disbursements amounting to P1.26 billion;

He said that these were during the time of former President Gloria Macapagal-Arroyo.

#### 2010

- Inclusion of beneficiaries who were not extremely poor and earning income based on the validation of beneficiaries;
- Occurrence in the list of names;
- Double entries of names;
- Transfer of funds to Land Bank of the Philippines amounting to P138 million remained unclaimed due to deficiencies;
- P367 million cash grants released to beneficiaries despite noncompliance with conditionalities; and
- P6.64 billion fund transfers to Land Bank of the Philippines remained unliquidated due to failure of management to compel the Land Bank of the Philippines to submit the required liquidation reports;

#### 2011

- P3.77 billion remained unaccounted for the over-the-counter mode of payment of grants not properly documented and verified; and
- Inclusion of not extremely poor beneficiaries;
- Decrease in the number of grant recipients due to noncompliance to program conditionalities;
- Delayed updating of database;
- Inaccurate and not updated compliance verification forms;
- Discrepancies in the names; and
- Double entries of the names;

#### 2012

- Double entries in *Pantawid Pamilyang Pilipino Program* database payroll;



- Overpayment of grants as of December 31, 2012;
- Disbursements of P3.4 billion for grants paid through over-the-counter for calendar years 2008 to 2012 remained unsupported with required certificates of liquidation; and
- Grants and service fees amounting to P50.1 million were paid to 7,782 household beneficiaries which could not be found in the list of validated and registered household beneficiaries.

Senator Estrada stated that the PPPP was initially implemented in 2008 to address the high incidence of poverty in the country. He noted that from its initial allocation of P298 million in 2008, the annual budgetary allocation increased drastically to P44.2 billion in 2013, and P62.6 billion for 2014. He said that the amount excludes other funding sources such as multilateral loans in grants from Asian Development Bank and the World Bank.

Asked what measures have been undertaken by the DSWD to address the concerns raised by COA's findings, Senator Recto said that of the P3 billion mentioned by Senator Estrada covering the period 2008 to 2011, only P44 million remained unliquidated. He stated that as far as the years 2000 to 2013 was concerned, there is a cumulative balance of P1.6 billion representing 2008 to the present.

Adverting to the 2012 COA Report on the DSWD, Senator Estrada inquired why the DSWD failed to eliminate the double entries of names of beneficiaries resulting in the overpayment of grants. Responding thereto, Senator Recto replied that the DSWD did not fail to eliminate the problem but admitted that there was inefficiency in the program. As regards the reported double entries, he said that many of these have already been corrected by the DSWD. He stressed that it is DSWD's objective to reduce poverty incidence and it has worked with COA to reduce the inefficiency.

Asked how the DSWD corrected the double entries, Senator Recto said that 1,971 names were validated as duplicates out of the 4.3 million beneficiaries, and that out of the 4.3 million names, 237 were found to be fraudulent, 3,476 were retained for a total of 6,082 which constitute only a small percentage.

Senator Recto said that the program is laudable as it was being run well by the DSWD although admittedly there are still some improvements to be made to the system.

Asked how one would qualify to be a beneficiary under the program, Senator Recto said that one would qualify if the family's income is below \$1.25 a day, based on the National Household Targeting System, and which is the international standard for poorest of the poor. However, he explained that this conditional cash transfer is not a dole-out as there are other conditions like availing of the health services provided by the barangay and attending classes representing 85% of the school calendar. He said that this program has an economic multiplier which is like double-the-family income scheme — a family that earns P1,500 monthly would receive another P1,500. He stated that for a family with a maximum of three children, the amount being given is P300 per child or P900 per family plus P500 or P1,400 a month. Further, he said that the effect of the program can be seen and felt with the growth of the economy in the local level.

Asked about the measures undertaken by the DSWD should a family fail to follow or obey the conditions set by the *Pantawid Pamilyang Pilipino Program*, Senator Recto said that the DSWD removes the family from the program, as he informed the Body that roughly 145,000 families have been removed from the program because of fraudulent acts, waiver, inclusion errors, change of residence or the children in the family have already graduated.

Asked whether the government could refund the money which has already been given to the family, Senator Recto replied in the negative.

Asked how much in terms of actual amount of government funds have been wasted, Senator Recto refused to call it as "wasted," saying that there are also benefits to the local economy and that the program teaches the family values such as sense of responsibility.

Asked who evaluates the beneficiaries of the program, Senator Recto said that the task is lodged with the municipal social workers and the job orders that the DSWD will regularize in 2014. He added that evaluation of beneficiaries is a tedious process wherein teachers and barangay health workers are also involved.

Asked how many beneficiaries have been there since 2010 when President Aquino assumed office, Senator Recto gave the following figures:

2008	337,000
June 2010	780,000
December 2010	995,000
2011	2.3 million
2012	3.1 million
2013	3.8 million
2014	4.3 million (target)

Asked if the quadruple increase in the figures from 2010 to 2013 was the reason for the increase of the budget of the program for 2014, Senator Recto explained that the reason for the increase would be to extend the coverage of the program to high school because based on a study conducted by PIDS-NEDA, the program should be extended to include high school education to make a full impact on the objective of the program to reduce inter-generational poverty. He noted that based on studies, high school graduates earn 40% more than those who just graduated from elementary school.

Asked whether it would be the first time that the program would be extended to high school, Senator Recto replied in the affirmative. He said that in the past years, only elementary education was provided.

As to the percentage increase of the budget of the DSWD excluding this program, Senator Recto replied that the increase would translate to roughly P18 billion. He said that P12 billion would be needed for the program while P6 billion would go to Personal Services because the DSWD seeks to regularize the 11,000 job orders in its employ and provide them with GSIS, PhilHealth and other benefits.

Asked whether the DSWD is allowed to tap civil society organizations (CSO), NGOs or other private institutions to monitor the program to ensure that funds are wisely spent, Senator Recto replied in the affirmative, saying that there are roughly 567 CSOs involved in the process.

Going back to the COA report, Senator Estrada inquired why the DSWD failed to submit its liquidation on time. Senator Recto asserted that the DSWD has been timely in submitting its liquidation. He said that he was not aware of any disallowance of the COA on the DSWD.

Asked whether the DSWD has encountered any problem with the Landbank or any LGU, Senator Recto said that there might have been some problems with LGUs. He stated that Batangas does a better job than the National Household Targeting Survey because the provincial capitol conducts a community-based house-to-house survey of its constituents. He revealed that the number of CCT beneficiaries in Batangas has further increased, given the very slight difference between the “poorest of the poor” and the “poor.” He assured that the CCT revolves only in the local economy.

Senator Estrada adverted to some criticisms that the *Pantawid Pampamilyang Pilipino Program* is a waste of the people’s money because it is a dole-out to the poor thereby fostering a culture of dependency on government. Senator Recto refuted the allegation, as he reiterated that the 4Ps, like the minimum wage, is a social protection program created by the state to help the poorest of the poor, like the fisherfolk and the farmers. Stating that there is sufficient fiscal space in the budget, he expressed support for the President in such investment to help the families break the cycle of poverty. He said that many parents were not able to get proper education, the reason why they do not give much importance to the education of their children, but there are those who do but could not afford to send their children to school. He maintained that the 4Ps is not a dole-out program because there are conditions to qualify. He disclosed that the World Bank has had many findings showing that there are more children under the 4Ps who are in school and are attended to in the health aspect than children from regular Filipino families or are not part of the program. Also, he revealed that parents have lessened their drinking problems as a result of the seminars conducted by the DSWD on family development.

Asked on the source of funds for the program, Senator Recto replied that the program has a yearly allocation in the GAA and is also funded by loans from banks such as the U.S.\$405 million from the World Bank, lent for four years starting January 2010, and ADB that lent US\$400 million from 2009 to 2016. He explained that both World Bank and the ADB granted such loans because the Philippines has feasible and model program, like the CCT.

As regards the interest rate of the loans, Senator Recto replied that the World Bank’s interest rate is 0.3%, or 1/3 of 1%, totaling U.S.\$35 million for 25

years or US\$1.4 million interest per year, while ADB is pegged at a higher rate of 0.5% or U.S.\$52 million, also payable in 25 years. He believed that there is no better time than the present to apply for loans to be used for reconstruction because interest rates are very low.

Asked why the government keeps on borrowing money, Senator Recto said that as long as borrowed money is spent properly, then economic growth will be faster. He added that the country has a lower GDP at 40%, which is within the investment rate.

#### **INTERPELLATION OF SENATOR EJERCITO**

At the outset, Senator Ejercito cited the huge increase in the budget of the CCT Program under the Aquino administration starting 2012, to wit:

<i>Year</i>	<i>Allocation</i>
2007	P 50 million
2008	P298.5 million
2009	P 5 billion
2010	P10 billion
2012	P21.2 billion
2013	P39.4 billion
2014	P62.6 billion

Asked by Senator Ejercito for proof on the effectiveness of the program, Senator Recto replied that the outcome would be known when the students graduate from elementary and high school. He believed that poverty cannot be reduced overnight unless the government makes the necessary investments in education, although he gave assurance that he does not consider it right to extend the program after high school.

Asked whether there are independent studies conducted as regards the effectiveness of the program considering that huge amounts have been released, Senator Recto replied that the World Bank, ADB and PIDS have done numerous studies.

On whether the budget allocation for the program for the past six years already amounted to about P120 billion, Senator Recto answered in the affirmative.

Asked whether the outcome of the program could be seen in the next four to five years after the beneficiaries have graduated, Senator Recto answered in the affirmative. He added that there are positive developments such as the doubling of the consumption

of the poor sector at the local level which is helping the economy. As regards school dropouts, he said that those enrolled in CCT have higher attendance rates and higher grades in school.

Citing the poverty incidence in the country of 28.8% in 2006, 28.6% in 2009 and 27.9% in 2012, Senator Ejercito said that it seemed that the 4Ps has not made a dent in reducing poverty incidence in the country. Senator Recto explained that the total size of the Philippine economy is P13 trillion and total spending for the program in the last five years was only P120 billion, or less than 1% of the size of the Philippine economy, which means that while the economy is growing, the rich are getting richer while the poor are not getting much. Thus, he said that many things need to be done like investing in education and better public infrastructure which are all public goods. Senator Ejercito agreed, adding that investing in human resources is one of his advocacies. He suggested that investments be made also in SUCs and other direct services.

Noting that Senate President Drilon has filed a resolution to use the remaining PDAF as calamity fund for the victims of typhoon *Yolanda* and other calamities, Senator Ejercito agreed to the channeling of almost P20 billion of the CCT budget to the victims of calamities and to implement the cash-for-work program in the area. Senator Recto replied that a cash-for-work is currently implemented in the affected areas. He said that he would inquire from the Chair of the Committee of Finance on the possible use of the P139 billion unprogrammed funds of the national government, the idea of which is to use new money. He cautioned that using the money intended for the CCT for reconstruction would result in the lowering of consumption, hence, government would just be building old capacities.

Asked on the exact amount of increase in the CCT budget from 2013 to 2014, Senator Recto replied that the budget increased by P18 billion, part of it to be used in the calamity-ravaged areas.

Senator Ejercito hoped that a big chunk of the budget would be used to help the people of Eastern Visayas, particularly Tacloban and Leyte.

#### **INTERPELLATION OF SENATOR CAYETANO (A)**

At the outset, Senator Cayetano (A) thanked the

DSWD for allowing him to join the relief operations not only for the victims of *Typhoon Yolanda* but also of other calamities.

Senator Cayetano (A) stated that among his advocacies is the plight of the orphans. He asked whether there are institutions under the DSWD that are helping orphans, as he noted that there are certain accredited organizations that already do so. Senator Recto replied that said institutions are called reception and study centers. He said that together with Senator Cayetano (P), he has filed several bills on orphanages and tax breaks for the private sector to be able to take care of the orphans.

Senator Cayetano (A) stated that he filed a bill establishing a trust fund to be administered by the DSWD where an amount would be deposited each year for the orphans who are not yet adopted and not in foster homes, so that by the time they reach the age of majority, they would still have funds for their studies. He compared it to the conditional cash transfer which provides cash grants to indigent families to help with the children's education. He pointed out that if P62 billion could be allotted for CCT, then a similar amount could also be allocated for the education, well-being and health of orphans. Senator Recto said that there is an allocation for that purpose, in particular the Comprehensive Project for Street Children, Street Families and IPs, in the amount of P36.5 million.

Senator Cayetano (A) said that there was no question that the CCT helps people, families and the education. However, he asked if there are alternatives to the program, noting that the usual problem of small businessmen is the access to capital, the reason why the "5-6" loan arrangement thrives. In Malolos, he recalled that the DSWD had a loan program for the victims of a house fire, and the people have been diligently paying their dues.

Senator Recto gave the breakdown of the DSWD's P78 billion budget, as follows: *Pantawid Pamilyang Pilipino Program* – P62 billion; Supplemental Feeding Program – P4.3 billion; Social Pension for Indigent Senior Filipino Citizens – P3.1 billion; Sustainable Livelihood Program – P2.4 billion; implementation of various programs and projects in partnership with the LGUs – P484 million; and PAyapa at MASAGANANG PamayaNAn Program (PAMANA) – P922 million. He reiterated that about P3 billion has already been allocated for livelihood

programs under the item Sustainable Livelihood Program.

Asked how much was the budget for the Sustainable Livelihood Program, Senator Recto replied that for 2013, P1,797,090 was allocated for Sustainable Livelihood Program with an 80% repayment rate. Senator Cayetano (A) noted that the budget was increased because the repayment rate was high, and since the program has been successful, he believed that it would be more beneficial as compared to the CCT. Supposing the allocation for the Sustainable Livelihood Program is equally divided among the regions, he computed that it would only amount to P150 million each, but he believed that P500 million would be a more acceptable amount for each region, since the Sustainable Livelihood Program could be likened to a CCT for business.

Senator Recto explained that there are many government agencies involved in livelihood programs that could provide micro-finance assistance, such as the People's Credit and Finance Corporation, DBP and DTI, livelihood not being the core competency of the DSWD.

Senator Cayetano (A) noted that there has been so much criticism on the CCT as being a dole-out while the success rate of the Sustainable Livelihood Program is very high. Senator Recto explained that the allocation for the Sustainable Livelihood Program had a 30% increase from its P1.8 billion allocation in 2013. He added that the dramatic increase of the CCT is due to the objective of sending the children to high school, and the DSWD has already counted the number of beneficiaries, hence the increase.

Senator Cayetano (A) maintained that there would be a multiplier effect in funding businesses as well so that the parents could support their children's education. Senator Recto reiterated that the increase of the budget for CCT is commensurate to the department's absorptive capacity. However, he agreed that additional credit assistance to MSMEs and individuals should also be provided. He observed that the 5-6 loan arrangement operates because, admittedly, there is a failure in certain formal institutions.

Upon further query regarding the CCT program, Senator Recto stated that the main objective is for the children to graduate high school. On the premise that the DSWD has already collated data regarding the 4.6 million beneficiaries, he said that by 2014,

there would be an increase of about 1.6 million high school students, and additional P15 billion in 2015 and an additional P18 billion by 2016, but it would decrease starting 2025.

Senator Cayetano (A) then asked if the additional two years in high school would make sense in such a scenario, especially since there is a high percentage of dropout rate – 40% in Grade 6 and 20% in high school. He said that an additional P250 billion budget would be needed for the K+12 system, and DSWD would need an additional P30 billion. Senator Recto maintained that the subsidy is necessary to ensure that the children would stay in school. Senator Cayetano (A) assumed that instead of the additional years, the children would stay in school if the budget would be allocated for the improvement of facilities and educators. Senator Recto stated that even as he supported the K+12 program, he had warned the proponents of the cost.

Senator Recto stated that the BIR revenues are growing at a rate faster than the GDP and inflation, hence, he presumed that there would be a 14% increase in the budget the following year, or P280 billion which will be divided among the sectors, with education being both economic and social in nature. Senator Cayetano (A) stated that if the sectors are totally socialized, then there is no need for the CCT. Senator Recto remarked that it would be difficult to attain such a scenario because there is no innovation on the part of the private sector.

Senator Cayetano (A) supposed that it would depend on the quality of services. He cited the programs of Makati which has *Ospital ng Makati* where constituents spend less for health services; and Taguig which has earmarked P300 million for a totally free college. He pointed out that while the program is growing, many people remain poor. He maintained that while the subsidy would reverse by 2025, as was projected, the small businesses would suffer in the meantime as he does not see growth from P5 billion to P62 billion in microfinance in the last four years as well as in other programs not considered dole-outs. He informed the Body that during the 2013 campaign he met many people who were thankful for the Conditional Cash Transfer but who preferred instead jobs or loans for a small business as the government dole-outs make them feel helpless. He added that the financial assistance is limited to P1,200 whereas a capital loan of P10,000 to P20,000 could earn more for them.

Agreeing with Senator Cayetano (A), Senator Recto acknowledged that there are many ways of doing the program, for example, through government banks like DBP whose resources could be utilized to help entrepreneurs and to help farmers.

Senator Cayetano (A) opined that the administration and Congress are not pushing as hard the other programs as it has done with the CCT. He believed that there should be two or three more centerpiece programs to help the poor as he expressed concern with the ballooning cost of the CCT program. He clarified that he was not objecting to the program but he hoped that other programs that are similar to conditional cash transfers that have higher returns would be considered. He stated that DSWD has a good experience with the program with its 80% repayment rate and it is hiring people for the CCT program.

On the number of orphans nationwide, Senator Recto stated that there are 2,832 declared abandoned and 516 are still in RSSC.

Senator Cayetano (A) requested the department to double check its data as the number was quite small. He posited that after what happened in the Visayas the number would definitely go up. He requested DSWD to review its budget even just for the victims of the earthquake and of *Typhoon Yolanda*, believing that if government can spend P62 billion for the CCT, it can do so for the orphaned. He cited the orphanage he visits frequently in Baguio to which he donated a computer and a digital camera so that the kids, as they grow old, could enjoy the perks of a normal childhood. He believed that the DSWD was on the right track and would be able to take better care of not only orphans but also the elderly if its budget would be increased. He encouraged the Body to help the department by giving it a substantial budget to enable it to carry out its mandate fully.

#### **SUBMISSION OF THE BUDGETS OF THE DEPARTMENT OF SOCIAL WELFARE AND DEVELOPMENT AND ITS ATTACHED AGENCIES**

There being no other reservation for interpellation, upon motion of Senator Escudero, there being no objection, the budgets of the Department of Social Welfare and Development, along with its attached agencies, namely: the Office of the Secretary, Council for the Welfare of Children, Inter-Country Adoption

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Board, National Council on Disability Affairs and National Youth Commission, was deemed submitted for the Body's consideration.

### **SUSPENSION OF SESSION**

Upon motion of Senator Escudero, the session was suspended.

*It was 9:16 p.m.*

### **RESUMPTION OF SESSION**

At 9:25 p.m., the session was resumed.

### **SUBMISSION OF THE BUDGET OF THE PHILIPPINE SPORTS COMMISSION**

There being no other reservation for interpellation, upon motion of Senator Escudero, there being no objection, the budget of the Philippine Sports Commission was deemed submitted for the Body's consideration.

### **RECONSIDERATION OF THE SUBMISSION OF THE UNPROGRAMMED FUND**

Upon motion of Senator Escudero, there being no objection, the Body reconsidered the submission of the Unprogrammed Fund

### **INTERPELLATION OF SENATOR RECTO**

Senator Recto noted that for the Unprogrammed Fund, the total available appropriations for 2014 are as follows:

General Appropriations	P 1.6 trillion
Automatic Appropriations	P 796 billion
Total	P2,268,000,000,000

But Senator Recto explained that there are two parts to the budget – the programmed and the unprogrammed. He stated that if the P139.9 billion unprogrammed fund is added, the total appropriations that Congress is giving the President is P2.4 trillion and not what is usually quoted in the newspapers as P2,268,000,000,000

As to the definition of the Programmed and the Unprogrammed, Senator Recto explained that the "programmed" in the budget is the priority of the

administration to be funded by taxpayers money with a level of deficit of P200 billion; on the other hand, the unprogrammed part of the budget is the second priority list of the President which is like a supplemental budget, and totals P139 billion. He stated that the Unprogrammed Fund kicks in when the revenue of the national government surpasses its target and/or as in the past, if there were savings in one department, which could be used to augment the budget as appropriated in the Unprogrammed Fund.

At this point, Senator Escudero informed the Body that the Senate restored the provision that savings could be used to fund the unprogrammed funds.

Senator Recto stated that the budget also authorized the President to borrow an additional P139 billion to fund the items in the Unprogrammed Fund which, in effect, would result in a bigger deficit.

Senator Recto pointed out that the priorities in the budget have changed because of typhoons *Santi* and *Yolanda*, the Zamboanga siege and the Bohol earthquake. He quoted NEDA Secretary Balisacan as saying that reconstruction could be anywhere between P150 billion to P250 billion following World Bank estimates. Senator Escudero confirmed the statement.

Senator Recto stated that per estimates made by various international organizations, the total devastation could be roughly U.S.\$15 billion including public utilities, public infrastructure, private goods and the like, and he noted that the targeted 7% growth rate might no longer be achieved because even if the programmed fund were used for reconstruction, it would still mean spending the same amount of money for old capacity. Senator Escudero agreed with Senator Recto that there has to be new money to achieve the target.

Senator Escudero likewise agreed with Senator Recto that the opportunity for new money may come from the unprogrammed funds for 2014, the reason why the total unprogrammed fund was pegged at P139 billion because the size of the economy next year was projected at P14 trillion which is equivalent to 1% of GDP.

Senator Recto said that when the budget was crafted, the idea of borrowing another P140 billion floated, considering that the borrowing cost is low. Senator Escudero affirmed that the country is presented an opportunity to borrow cheaper money

especially since the pledging session in of the World Bank for reconstruction and rehabilitation is ongoing.

As regards the unprogrammed fund, Senator Escudero explained that the items increased from eight to nine, namely: Budgetary Support to GOCCs, Support to Foreign-Assisted Projects, General Fund Adjustments, Support for Infrastructure Projects and Social Programs, AFP Modernization, Debt Management Program, Risk Management Program, People's Survival Fund and the new Disaster Relief and Mitigation Fund. He affirmed that during the sponsorship of the budget and based on the committee deliberations, the Secretary of Finance admitted that the Risk Management Program of P30 billion would no longer be needed. Senator Recto commented that *Typhoon Yolanda* has not yet struck the country at that time. He expressed the view that many items in the budget like the risk management program and the debt management program (P55 billion), support to foreign-assisted projects (P16 billion), and support for infrastructure projects and social programs (P53 billion) are no longer necessary because the priority of the government has changed. He said that the reconstruction initiative could be taken from the unprogrammed fund which the President is authorized to borrow, whenever necessary, for reconstruction purposes. He stressed the need for the government to be more wary of deficit in aid.

Senator Escudero agreed, saying that the timing is perfect for the government to rehabilitate and reconstruct using new money and without adversely affecting the targeted growth rate. Senator Recto said that in the process, the government could give people hope to rebuild their place. At this point, he said he would give Senator Escudero a short list of recommendations upon his receipt of the indicatives that would to be furnished to him by the DBM Secretary amounting to roughly P100 billion.

Senator Escudero explained that the Committee opted to propose a conservative amount with the hope of increasing it by the day, rather than propose a humongous amount only to be decreased eventually which could evoke a negative feeling among those affected by the calamities. Expressing support for the proposal, Senator Recto suggested that amendments be made subject to the discussion with the DBM Secretary.

Senator Recto cited four issues in the list of priorities which he has listed, to wit: public utilities,

which include energy, water, communication and additional weather forecast equipment for PAGASA; public infrastructure, which include damaged and destroyed roads, bridges, airports, seaports, schools, hospitals, multipurpose buildings like the city hall, municipal hall, provincial hall as well as irrigation; private goods, which include more than 600,000 houses, boats for fishermen; and livelihood, which includes crops and livestock for agriculture. He hoped that the unprogrammed fund could accommodate the said type of reconstruction activities.

Senator Escudero agreed with Senator Recto, adding that the existing QRFs of various agencies and the Calamity Fund of the President should be removed in the proposed budget for 2014 considering that these are already being used for the same purpose in the budget of 2013 for the immediate needs in the affected areas. He said that the remaining balance would be covered by the rehabilitation fund.

Senator Recto agreed that the Committee on Finance has already improved the QRFs of different departments, but he said that more emphasis must be made on NDRRMC's quick response as he noted that the Office of Civil Defense was not included in the list of programs for QRF. Senator Escudero explained that while it was not so included, the intention was to allow the Office of the Civil Defense under the NDRRMC to utilize the P4.5 billion allocated for Disaster Relief and Mitigation Fund, which is a new item under the Unprogrammed Fund.

Senator Recto said that the P10.8 billion for AFP Modernization Program could be used to purchase three additional C130s. In response, Senator Escudero disclosed the plan to purchase three refurbished C-130s at P900 million each which would be charged to the Disaster Relief and Mitigation Fund.

Senator Recto said that the worst that could happen in case of another calamity would be a slow response from NDRRMC. Senator Escudero admitted that its capabilities are limited but it would be affected more if a similar calamity occurs simultaneous with a Zamboanga-like attack because then the resources of the government would be thinly spread.

At this juncture, Senate President Drilon asked whether the intention was to carve out certain items from the Unprogrammed Fund as possible sources of money that could be used for rehabilitation. Senator Recto replied that funds from the Unprogrammed

Fund would be used for appropriations covered for reconstruction purposes under the Programmed Fund such as the Calamity Fund and the Reconstruction Fund of P20 billion. He explained that his initial recommendation was at least P55 billion available fund for next year, although he estimated the need to reach P100 billion as things unfold on the ground.

For his part, Senator Escudero said that the Committee would try to target about P100 billion for the programmed and unprogrammed funds.

Senate President Drilon stated that with that suggestion, there would be no need to realign funds.

#### **SUBMISSION OF THE BUDGET FOR OF THE UNPROGRAMMED FUND**

There being no other interpellation, upon motion of Senator Escudero, there being no objection, the budget for the Unprogrammed Fund was deemed submitted for the Body's consideration.

#### **COMMISSION OF AUDIT**

Senator Escudero presented the budget of the Commission on Audit.

#### **SUSPENSION OF SESSION**

Upon motion of Senator Escudero, the session was suspended.

*It was 9:42 p.m.*

#### **RESUMPTION OF SESSION**

At 9:43 p.m., the session was resumed.

#### **SUSPENSION OF THE RULES OF THE SENATE**

Upon motion of Senator Escudero, there being no objection, the Body suspended the Rules of the Senate to allow Maria Gracia Pulido-Tan, chairperson of the Commission on Audit, to respond directly to the questions of Senator Estrada.

Senate President Drilon noted that there were already precedents in the past where secretaries of certain departments were allowed to respond directly to the questions raised by the Members of the Chamber during plenary session upon suspension of the Rules.

*Following is the full exchange between Senator Estrada and COA Chair Pulido-Tan:*

**Senator Estrada:** Thank you, Mr. President.

Mr. President, I heard that it is the lady chairman's birthday today or tomorrow.

**Ms. Pulido-Tan:** Yes, Your Honor.

**Senator Estrada:** Is it today or tomorrow?

**Ms. Pulido-Tan:** Today, Your Honor. *Malapit na pong matapos.*

**Senator Estrada:** So rest assured that I will be very, very lenient with my questions, Mr. President, since it is your birthday.

**Ms. Pulido-Tan:** Thank you, Your Honor.

**Senator Estrada:** May I ask how old is the chairperson of COA or how young she is?

**Ms. Pulido-Tan:** Fifty-eight years old.

**Senator Estrada:** Is it 50?

**Ms. Pulido-Tan :** It is 58.

**Senator Estrada:** But I think she looks like 48 years old.

**Ms. Pulido-Tan:** I look like 32 years old.

**Senator Estrada:** *Sobra naman iyan.* [Laughter]

**Ms. Pulido-Tan:** *Sobra na, opo.*

**Senator Estrada:** Anyway, Mr. President, may I ask how much is allotted in the agency's 2013 budget with regard to the travel expenses?

**Ms. Pulido-Tan:** It is P78 million, Your Honor.

**Senator Estrada:** That is for 2013.

**Ms. Pulido-Tan:** Yes, Your Honor.

**Senator Estrada:** The proposed budget for 2014 with regard to travelling expenses?

**Ms. Pulido-Tan:** It is P88 million, Your Honor.

**Senator Estrada:** Why the increase of P10 million?

**Ms. Pulido-Tan:** The increase is most of the travelling expenses that we incur

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have to do with the travel expenses of our auditors when they do field work, that is on the local side, and for the foreign, much of it goes to travel expenses for auditing of foreign-based government agencies. We audit at least half of the embassies every year. We do not have the funds to audit all of them every year, so we do it on a biennial cycle as well as the other foreign-based offices like the POLO, the defense attachés office, tourism offices, SSS, PhilHealth and similar foreign offices of our government agencies.

**Senator Estrada:** All right. And that includes also the travel expenses of the chair of the COA and the commissioners of the COA.

**Ms. Pulido-Tan:** Only for travelling expenses that are not otherwise sponsored, because a lot of our foreign trips are sponsored, Your Honor.

**Senator Estrada:** By?

**Ms. Pulido-Tan:** By, for example, the World Bank, by the INTOSAI, this is the International Organization of Supreme Audit Institutions, as well as the Asian Organization of Supreme Audit Institutions because we do have a lot of meetings as well as trainings and workshops. So, these expenses are usually borne by these organizations. The other trips that are not otherwise provided for by this kind of sponsors, then we get from the travel expenses. But, I would say that these are not as much as the sponsored trips.

**Senator Estrada:** All right. Assuming out of the 10 travels, how many were sponsored by other organizations?

**Ms. Pulido-Tan:** Out of 10, on the average, Your Honor, *siguro mga* five to six would be sponsored.

**Senator Estrada:** *At iyong kalahati chargeable sa* travelling expenses?

**Ms. Pulido-Tan:** Thereabouts, Mr. President, but may even be less than that.

**Senator Estrada:** Did you consume all of this P78 million?

**Ms. Pulido-Tan:** According to our

finance officer, we actually exceeded. The excess was mainly for local travel expenses.

**Senator Estrada:** So, *nag-exceed kayo ng* P78 million. Where did you get the funds for that?

**Ms. Pulido-Tan:** From savings, Your Honor.

**Senator Estrada:** All right. I will repeat what I asked you during the committee hearing, Madam Chair, that in 2010 — When were you appointed, by the way?

**Ms. Pulido-Tan:** In 2011, Your Honor.

**Ms. Pulido-Tan :** In 2011.

**Senator Estrada:** In 2011. All right. In 2011, you travelled nine times; 2012, 10 times; and 2013, nine times as of September of this year, are you aware of it Madam Chair?

**Ms. Pulido Tan:** I do not count really, Your Honor, but if you have the...

**Senator Estrada:** But some of them are not official also. Because I remember phoning you or calling you that you were in New York because you attended to the medical needs of your daughter?

**Ms. Pulido-Tan:** Yes, Your Honor.

**Senator Estrada:** So that was not official.

**Ms. Pulido-Tan:** Yes, Your Honor and it did not come from the COA fund.

**Senator Estrada:** As I understand, I never said it came from the COA funds. All right.

May this Representation be informed of the actual amount disbursed by the COA only for your travel and the travel of your commissioners.

**Ms. Pulido-Tan:** I do not have the figures now, Your Honor, but I think that we can reveal that.

**Senator Estrada:** Do you think iyong P78 million *na* provided for, *iyong budget na* provided for in 2013, *iyon bang kalahati ba noong* P78 million *ay nagugol lamang o nagastos dahil sa* travels *ninyo...*

**Ms. Pulido-Tan:** Not mine.

**Senator Estrada:** ...or iyong bulk ay nagastos doon sa travels ng mga local auditors ninyo?

**Ms. Pulido-Tan:** As I said a while ago, Your Honor, we spend a lot for travel expenses of our auditors, our teams who go to the different embassies. And I think in one year, for example, we probably audit about 50 of these, at least, 50 of these foreign offices and we send teams. They usually are there for two weeks to complete the audit and so that is really a very, very big bulk of our travelling expenses.

**Senator Estrada:** So more than half of the budget went to the travelling expenses.

**Ms. Pulido-Tan:** Yes, I would think so, Your Honor, I would think so.

**Senator Estrada:** So, iyong travels ninyo at saka iyong mga commissioner ninyo ay hindi niyo pa po alam kung magkano.

**Ms. Pulido-Tan:** Hindi po.

**Senator Estrada:** All right. May I know who are entitled to travel allowances aside from you and your commissioners and from iyong mga pupunta sa embassies natin abroad to audit?

**Ms. Pulido-Tan:** Lahat po.

**Senator Estrada :** They are authorized.

**Ms. Pulido-Tan:** Opo.

**Senator Estrada:** Are all the personnel of the COA authorized to avail of these allowances?

**Ms. Pulido-Tan:** Only when they are deployed for these kind of assignments, Your Honor.

**Senator Estrada:** All right. For the COA officers travelling abroad in the performance of their duties, what are the types of allowances and other perks given to them? Are they given per diem?

**Ms. Pulido-Tan:** Yes, Sir, may per diem po.

**Senator Estrada:** Magkano?

**Ms. Pulido-Tan:** At saka...

**Senator Estrada:** Siyempre kailangan may...

**Ms. Pulido-Tan:** May rates po iyon depende po sa rank, No, I think per diem is the same, standard. Whatever your rank is, it is standard.

**Senator Estrada:** Kaya po nakakatanggap ng per idem?

**Ms. Pulido-Tan:** Opo.

**Senator Estrada:** Chargeable din sa travelling expenses?

**Ms. Pulido-Tan:** Opo.

**Senator Estrada:** Magkano po ang natatanggap ninyo? Pantay-pantay po ba kayo?

**Ms. Pulido-Tan:** Opo, pantay-pantay po kami. I think, if I remember correctly, we got US\$200 for hotel accommodation –

**Senator Estrada:** A day.

**Ms. Pulido-Tan:** —a day, yes.

**Senator Estrada:** Reasonable.

**Ms. Pulido-Tan:** And if you are travelling to Asia, that is okay. But if you are travelling to Europe, out of pocket na po kami. Tapos, I think the meal and miscellaneous per day would be US\$120. I think that is the rate, sir.

**Senator Estrada:** Do you think that is reasonable enough?

**Ms. Pulido-Tan:** Sir, it is not. But that is the guiding...

**Senator Estrada:** Kulang.

**Ms. Pulido-Tan:** Kulang po pero iyong po iyong existing regulations po and I think that is applicable to all government agencies, US\$200 for hotel and U.S.\$120 for a daily rate.

**Senator Estrada:** If the government shoulders your plane fare, Madam Chair, saan kayo sumasakay, sa business o sa economy?

**Ms. Pulido-Tan:** Ako po at saka iyong dalawang commissioners po entitled po sa business...

**Senator Estrada:** Hindi po sa first class?

**Ms. Pulido-Tan:** *Hindi po.*

**Senator Estrada:** *Pero iyong iba?*

**Ms. Pulido-Tan:** Sa coach.

**Senator Estrada:** *Kapag sponsored, ganoon din?*

**Ms. Pulido-Tan:** *Ganoon din po.*

**Senator Estrada:** Business?

**Ms. Pulido-Tan:** *Opo.*

**Senator Estrada:** *Dapat kapag sponsored, humingi na kayo ng first class.*

**Ms. Pulido-Tan:** *Hindi naman.* Well, *iyon po talaga ang standard, because, for example, World Bank, they have that rule also; UN, they have that rule.* I do not think anyone travels first class anymore.

**Senator Estrada:** All right. On the average, how many times does the COA chair or the other commissioners travel per year? For example, in 2011, because based on our records she travelled nine times.

**Ms. Pulido-Tan:** Yes.

**Senator Estrada:** *Doon sa nine times sa pag-alis ninyo, sa paglalakbay ninyo abroad, how many of these trips are official and how many of these trips are unofficial?*

**Ms. Pulido-Tan:** Is the senator talking of what year?

**Senator Estrada:** I am talking of 2011 when she was appointed. It says on my record that she travelled nine times.

**Ms. Pulido-Tan:** I cannot – I do not have the breakdown with me right now. I cannot say, sir.

**Senator Estrada:** Even in 2012 and 2013, she cannot recall?

**Ms. Pulido-Tan:** In 2012, that would be more recent.

**Senator Estrada:** In 2012, just to brief her, she travelled 10 times. In 2013, as of September, *hindi pa ho natatapos ang taon*, she traveled nine times. Can she remember *ilan po rito ang official...*

**Ms. Pulido-Tan:** Sir, *sa 2013, because that would be more recent memory, I think*

I did three personal travels. So if I had traveled for nine times as the senator's record would say, then, the official would be six.

**Senator Estrada:** So six travel expenses were charged?

**Ms. Pulido-Tan:** No, I traveled on personal funds, four times in 2013.

**Senator Estrada:** The rest chargeable to government funds?

**Ms. Pulido-Tan:** To government or to the sponsor. It depends where that trip was and for what purpose.

**Senator Estrada:** I noticed for fiscal year 2012, there was a substantial increase for allocation for travel expenses from P78 million as indicated in the 2012 GAA to P141 million as actual disbursement as indicated in the 2014 BESF, or the Budget of Expenditure Sources of Financing. Is this correct?

It reflects an 81.1 percent increase from 2011.

**Ms. Pulido-Tan:** Sir, *sandali po, if I may...*

**Senator Estrada:** Does Madam Chair want to suspend the proceedings?

## SUSPENSION OF SESSION

Upon motion of Senator Estrada, the session was suspended.

*It was 9:59 p.m.*

## RESUMPTION OF SESSION

At 10:00, the session was resumed.

**Ms. Pulido-Tan:** The one I have with me, and this is from our finance and accounting people, for local travel in 2012, actual disbursement was P48.386 million and for foreign and this includes the audit of foreign-based government agencies of about P38 million. Sir, the total is actual, P36.695 million. So I was just asking them why we have a P141 million under actual...



**Senator Estrada:** Excuse me, if I may interrupt, Madam Chair. The gentlewoman mentioned earlier P40 million went to the local travels.

**Ms. Pulido-Tan:** P48,386,383.62

**Senator Estrada:** Went to?

**Ms. Pulido-Tan:** Local travels.

**Senator Estrada:** The balance of P30 million went to?

**Ms. Pulido-Tan:** For foreign travel, it says P36,695,801.00

**Senator Estrada:** That is P78 million. *Tama po ito.*

**Ms. Pulido-Tan:** And of the P36 million spent for foreign travel, about P30 million or P29,826,630.00 went to the audit of foreign-based government agencies.

**Senator Estrada:** My question is: Why from 2012 with regard to the travel expenses, *bakit nag-reflect ng 81.1% increase from 2011 dito sa 20134, naging P141 million? Masyado yatang malaki ang...*

**Ms. Pulido-Tan:** Sir, *iyong P141 million na nakalagay dito sa actual, kasama daw iyong obligations or earmarked. Pero iyong actual po na expense out in 2012 was iyong P48 million at saka iyong P36 million.*

**Senator Estrada:** *Ano po itong ini-earmark ninyo? Kasi ang nakalagay po rito sa DBM mismo actual. What is this that you have already earmarked?*

**Ms. Pulido-Tan:** Sir, according to our director for budget, these were obligated because there were travels that were arranged but were not carried out *pero na-obligate. Kaya ho lumalabas na ganoon. So iyong actual po, iyon lamang P48.3 million at saka iyong P36.6 million.*

**Senator Estrada:** All right. I will not belabor that point, Madam Chair.

Madam Chair, if the World Bank, for example, sponsors your trip abroad, *nagbibigay din ho sila ng per diem?*

**Ms. Pulido-Tan:** Opo.

**Senator Estrada:** *Magkano po iyon?*

**Ms. Pulido-Tan:** The same rates usually.

**Senator Estrada:** Does the lady not consider it as an indirect compensation, Madam Chair?

**Ms. Pulido-Tan:** Sir, I do not think because if the payment really is in the nature of per diem, it is not an income. *Kasi nga ho* as we say, it is even *kulang*. For the hotel alone, unless we are in Asia, except Japan or Korea, then P200 would be just right. But one is travelling to other places, then it is really so much more expensive *kaya nga po madalas nag-a-out of town pocket po kami o kaya*, if we are many in the group, we room together.

**Senator Estrada:** All right. Madam Chair, next point. I received information that the Philippines lost with regard to our candidature to the U.N. Board of Auditors, am I correct?

**Ms. Pulido-Tan:** Yes, sir.

**Senator Estrada:** The Philippines lost to India?

**Ms. Pulido-Tan:** Yes, sir.

**Senator Estrada:** India defeated the Philippines by a very wide margin?

**Ms. Pulido-Tan:** Yes, sir.

**Senator Estrada:** While the Philippines got 62... half?

**Ms. Pulido-Tan:** Yes, sir.

**Senator Estrada:** And the incumbent member is China, am I correct?

**Ms. Pulido-Tan:** Yes, sir.

**Senator Estrada:** All right. May I know how much government funds was spent for this candidature?

**Ms. Pulido-Tan:** Sir, the funding for the U.N. candidature was taken from savings that the previous administration had in 2008, when we were auditors of the U.N., and had set aside, I think, from unused per diems, and savings in travelling expenses. I do not think that we sourced funds from our appropriations, sir.

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**Senator Estrada:** Let us go to the controversial Disbursement Acceleration Program, DAP for short. Has the lady been a recipient of the DAP funds? Has COA been a recipient of the funds from DAP?

**Ms. Pulido-Tan:** We received P140 plus million, sir, in 2012 for the funding of computers essentially, yes sir, which it turns out.. that was a source from the DAP.

**Senator Estrada:** All right. Per the lady's recollection, when was this DAP conceived?

**Ms. Pulido-Tan:** Sir, in 2011, I think towards the latter part of 2011 and, in fact, we reported this in our 2011 and annual financial report of which the Congress has a copy because we are required by law to submit that report every year, every September 30, sir, to the Congress and to the President. And in our 2011 financial report which was submitted to Congress in 2012, we already reported on the Disbursement Acceleration Program. It is included in that report.

**Senator Estrada:** The lady herself admitted that her agency received funds from the DAP to purchase computers. What else, aside from computers?

**Ms. Pulido-Tan:** Actually, mostly computers and then I think we also –

**Senator Estrada:** Mostly IT products?

**Ms. Pulido-Tan:** Sir?

**Senator Estrada:** Mostly IT products?

**Ms. Pulido-Tan:** IT sir, and we also hired or engaged some consultants who are litigation experts to help us in moving the backlog at the COA and some other law-related activities.

**Senator Estrada:** Aside from purchasing computers, aside from hiring consultants or lawyers who are under contract with COA, what else?

**Ms. Pulido-Tan:** Sir, as far as I can remember –

**Senator Estrada:** That's it. What about the purchase, or did the agency purchase a service vehicle for one of the agency's commissioners? Commissioner Mendoza?

**Ms. Pulido-Tan:** Yes, in 2012. Actually, I think what happened there was that the budgetary allocation for litigation experts and/or the IT purchases made some savings and –

**Senator Estrada:** Madam Chair, if I may interrupt, I am sorry to interrupt the lady. *Iyon pong pambili ng sasakyang*, was it new? I think it is new.

**Ms. Pulido-Tan:** Yes, sir.

**Senator Estrada:** What kind of vehicle is this?

**Ms. Pulido-Tan:** Sir, with due respect, because I am not too involved here, but the chair at our back is here, I think she was the one who really intimately knows about this...

**Senator Estrada:** All right, one question *na lamang po* Madam Chair.

**Senator Estrada:** One question *na lang po*, was DAP fund used to purchase the vehicle of your commissioners?

**Ms. Pulido-Tan.** Yes, from that amount that was released to us by the DBM, yes.

**Senator Estrada.** So you admit *na iyong pambili ng kotse ng mga commissioners niyo ay galing po sa DAP?*

**Ms. Pulido-Tan.** *Sabi ho nila*, yes.

**Senator Estrada.** May I know who requested for this amount?

**Ms. Pulido-Tan.** Well, I did. I requested from the DBM because when I got into COA, we found out that we were very behind in terms of our computerization. Our computers were the type who had floppy disk *pa* and so we needed to modernize so that we could carry out our work efficiently and well. We found out the great backlog in the cases, so we wanted to hire some consultants so that we could be helped. So I did request for that but I...

**Senator Estrada.** You requested from the DBM?

**Ms. Pulido-Tan.** Yes.

**Senator Estrada.** All right. Was the request, particularly from the DAP funds?

**Ms. Pulido-Tan.** No, I think that when we made the request because that was early on in my term. *Wala pa ho yatang DAP noon.*

**Senator Estrada.** *Alin po? 2012 may-roon na po.*

**Ms. Pulido-Tan.** 2011 pa ho iyong request namin.

**Senator Estrada.** 2011?

**Ms. Pulido-Tan.** Opo.

**Senator Estrada.** *Tapos ang pondong ginamit ninyong pambili ng kotse galing sa DAP?*

**Ms. Pulido-Tan.** 2012.

**Senator Estrada.** When did you purchase the vehicles of your commissioners?

**Ms. Pulido-Tan.** 2012.

**Senator Estrada.** So *galing na po sa DAP funds iyon.*

**Ms. Pulido-Tan.** 2012 po kami na-release-an ng DBM.

**Senator Estrada.** Yes, 2012, *galing po sa DAP?*

**Ms. Pulido-Tan.** I cannot – yes, I mean, from the records of the DBM they say that it came from the DAP. But at the time that we requested...

**Senator Estrada.** *Wala pang DAP.*

**Ms. Pulido-Tan.** Opo.

**Senator Estrada.** All right.

**Ms. Pulido-Tan.** *Iyon po ang ibig sabihin.*

**Senator Estrada.** So *paano ninyo nalaman na galing sa DAP, nakalagay po sa SARO?* Was it indicated in the SARO?

**Ms. Pulido-Tan.** Yes.

**Senator Estrada.** It was indicated in the SARO that they came from DAP?

**Ms. Pulido-Tan.** Yes.

**Senator Estrada.** So did you not even bother to ask DBM *ano po itong DAP dahil wala naman sa GAA ito, kayo naman ho ay nag-o-audit?*

**Ms. Pulido-Tan.** Yes, we knew what the DAP was about at that time already. And as a matter of fact, it was reported in the 2011 AFR which came out in September 30 of 2012.

**Senator Estrada.** If you ask my opinion, your agency, COA, cannot be objective in its audit on the propriety and legality of the DAP when the agency itself is a recipient and beneficiary of the DAP. Even if there is no irregularity in the disbursement of the DAF as everything was in accordance with the SARO issued by the DBM, the same cannot cure the defect on its legality and propriety.

**Ms. Pulido-Tan.** With due respect, as to the legality of the DAP, as to the releases by the DBM, that is already before the Supreme Court and we did not raise any issue on the legality. That's for the Supreme Court to decide. What we are auditing is the utilization of the DAP.

**Senator Estrada.** Yes, I understand. That was only my opinion. That was never an opinion of anybody else. That was only my opinion, from a non-lawyer's point of view.

So how much in total funds came from DAP? *Iyong pag-hire ninyo ng consultants, pagbabayad ninyo ng kotse ng mga commissioners, pambayad ng mga computers, lahat-lahat magkano po?*

**Ms. Pulido-Tan.** Allotment was for P143,700,000.

**Senator Estrada.** *Magkano po — P143,700,000?*

**Ms. Pulido-Tan.** Yes.

**Senator Estrada.** *Magkano po ang nagastos ninyo sa pambili ng mga computers kung alam ninyo po?*

**Ms. Pulido-Tan.** All right. *Ito po iyong ano, ito po iyong utilization — IT infrastructure program, P68,352,737; then the CCTV kasi nagpalagay din po kami ng CCTV, P2,079,900; the consultants, litigation experts, legal consultants as well as management consultants, P4,607,000; and for the vehicles, P5,115,000.*

Sir, I have a copy here of the letter that I sent to DBM for the request of funds



dated August 25, 2011, if you need I can give you a copy.

**Senator Estrada.** If you sum everything that you have mentioned — IT costs — the purchase of IT items, P68.3 million; CCTV, approximately P2.8 million; consultants, P4.6 million; and vehicles, 5.13 million, *kulang pa ho*.

**Ms. Pulido-Tan.** Yes, sir, mayroon pa hong balance na P63,545,000.

**Senator Estrada.** It is P63 million?

**Ms. Pulido-Tan.** Opo.

**Senator Estrada.** So *hindi ninyo pa ho nagagamit?*

**Ms. Pulido-Tan.** Hindi pa po.

**Senator Estrada.** Where do you plan to use it?

**Ms. Pulido-Tan.** Marami pa po kaming...

**Senator Estrada.** To purchase additional vehicles?

**Ms. Pulido-Tan.** Not vehicles, sir. We have more IT needs and this is where we are putting our focus now because it is really what we need.

**Senator Estrada.** *Iyong nag-purchase po ng dalawang sasakyan commissioners ninyo. Siguro, I presume kaya kayo nag-purchase ng vehicles para sa dalawang commissioners ninyo. Siguro huma na o unserviceable na po iyong kanilang sasakyan, tama po ba ako?*

**Ms. Pulido-Tan.** Wala po talagang sasakyan.

**Senator Estrada.** Ah, wala talagang sasakyan. *Kayo po mayroon na ho kayong service?*

**Ms. Pulido-Tan.** Mayroon na rin, after one year.

**Senator Estrada.** *Noong pagpasok ninyo po sa COA, mayroon na ho kayong sasakyan?*

**Ms. Pulido-Tan.** Wala po. Not from COA. I use my car.

**Senator Estrada.** You mean to say your predecessor did not have any service or official vehicle?

**Ms. Pulido-Tan.** *Kasi ho ang nang-yayari kapag nagre-retire sila binibili po nila iyong sasakyan kaya wala pong naiiwan.*

**Senator Estrada.** And that is allowed? That is allowed?

**Ms. Pulido-Tan.** Opo.

**Senator Estrada.** *So kayo nag-purchase kayo ng sarili ninyo?*

**Ms. Pulido-Tan.** I used my car for one year, I think I was given a service vehicle after one year in office.

**Senator Estrada.** Through the DAP also, *hindi naman*.

**Ms. Pulido-Tan.** Hindi daw po.

**Senator Estrada.** *Galing sa regular budget ninyo? Sa Capital Outlay?*

**Ms. Pulido-Tan.** Yes daw po.

**Senator Estrada.** I see some of your staff nodding, so galing po sa Capital Outlay.

*So kayo po galing sa regular budget, iyong commissioners ninyo galing po sa DAP ang kanilang kotse.* That is safe to say?

**Ms. Pulido-Tan.** Yes, sir.

**Senator Estrada.** As promised, let us just go to the Special Audit Report.

Before I touch into the Special Audit Report — again, going back to the IT infrastructure program, is the IT infrastructure program included in your 2011 regular budget under the GAA of COA?

**Ms. Pulido-Tan.** Wala daw ho kaming release ng Capital Outlay ng 2011.

**Senator Estrada.** Bakit po?

**Ms. Pulido-Tan.** Sir, *hindi ko po alam.* I am sorry but I do not know.

**Senator Estrada.** On the succeeding years?

**Ms. Pulido-Tan.** 2012 mayroon po.

**Senator Estrada.** All right. *Magkano po.*

NPO

**Ms. Pulido-Tan.** For computers?

**Senator Estrada.** Yes.

**Ms. Pulido-Tan.** Sir, iyong 2012, office equipment, furniture and fixtures, *nakalump-sum na ito*, P156.9 million.

**Senator Estrada.** *Magkano*, again?

**Ms. Pulido-Tan.** P156.9 million.

**Senator Estrada.** *Kung mayroon na po sa 2012, then I presumed mayroon na rin sa 2013. May budget tungkol sa —*

**Ms. Pulido-Tan.** *Mayroon na din po sa 2013.*

**Senator Estrada.** *Bakit kailangan humingi pa ng request, additional?*

**Ms. Pulido-Tan.** *Noong 2011 namin hinungi iyon.*

**Senator Estrada.** *Noong 2011.*

**Ms. Pulido-Tan.** *Opo.*

**Senator Estrada.** All right, I stand corrected.

**Senator Estrada.** All right, *ang sabi ni Secretary Abad, iyong ibig sabihin ng DAP was designed by the DBM to ramp up spending and help accelerate economic expansion. And that releases from DAP were used for quick moving projects that directly supported the Aquino administration's socio-economic platform. Have you heard him say about this na to ramp up spending?*

**Ms. Pulido-Tan.** Yes, sir. I think *nasa website ng DBM iyan.*

**Senator Estrada.** Correct, to ramp up spending and help accelerate economic expansion. So *isa pala sa mga project nito ay pambili ng kotse*, to ramp up spending. *Kasi sinabi ninyo kanina galing sa DAP iyong pambili ng kotse ng mga commissioners ninyo, isa pala sa quick moving projects na sinasabi ni Secretary Abad ay pambili ng kotse. Tama ba iyon? Is my interpretation correct?*

**Ms. Pulido-Tan.** Sir, I think the rationale for the DAP is precisely at issue in the Supreme Court. So I would like to decline to comment on that.

**Senator Estrada.** I respect your position, being a lawyer.

Anyway, let us go to the special audit report. I will just go *siguro* repeat what I have asked you during the committee hearing, Madam Chair, to hasten the proceedings. Why did the special audit report cover only the period of 2007 to 2009? Why did it not include the prior years?

**Ms. Pulido-Tan.** Sir, I do not know. Because I was not the one who authorized it and the office order that authorized it which was issued by my predecessor, Chair Villar, did not say so. I mean, I do not have any sense. But I can only surmise that because the special audit was authorized in 2010, then it was logical that the periods covered would have been 2007 to 2009, 2009 because it is the year immediately preceding 2010, and 2007 because that is already going back three years. So I suppose that is the reason why they chose 2007 to 2009.

**Senator Estrada.** All right. *Wala ba kayong report noong*, for example, the start of the administration of former Pres. Gloria Macapagal Arroyo, say 2001, *wala po ba kayong report?*

**Ms. Pulido-Tan.** *Hindi ko alam. Wala akong nakita.*

**Senator Estrada.** *Ibig ninyong sabihin kayo ang Chair ng COA, wala kayong file doon sa inyong office?*

**Ms. Pulido-Tan.** *Wala. Noong pumasok ako sa opisina, mga upuan lang at saka mesa ang laman.*

**Senator Estrada.** So *ibig ninyong sabihin, kung mayroong mga irregularidad or irregularities tungkol sa pag-disburse ng pera, o pag-misuse, alleged misuse ng funds ng PDAF, wala ho kayong alam?*

**Ms. Pulido-Tan.** Only those that in the course of my work, came into my possession or came into my knowledge *at may mga records naman po. Pero kung iyong iisa-isahin ko po kung ano ang nangyari noong mga taon na iyon, hindi ko po alam.*

M

**Senator Estrada.** So, kahit 2004, wala na ho kayong kopya ng kahit ano mang report tungkol sa kung saan po nilagay ng mga legislators ang kanilang mga PDAF?

**Ms. Pulido-Tan.** Kung sa annual audit reports po ng 2004, mayroon po sa records at saka nasa amin din pong website. Pero hindi ko naman po binasa isa-isa iyon.

**Senator Estrada.** All right. Ah, hindi ninyo po binasa?

**Ms. Pulido-Tan.** Hindi po. Hindi ko po kaya iyon.

**Senator Estrada.** So, iyong ibang mga auditors ninyo, wala ba ho silang naktang irregularities or anomalies doon sa 2004 up to 2006, halimbawa? Because I am pretty sure, if I may, if not anomaly, siguradong mayroong mga irregularities. Kasi base din sa inyong special audit report, mayroon ding mga legislators na nagkaroon ng irregularities.

**Ms. Pulido-Tan.** Are you referring to the PDAF, sir?

**Senator Estrada.** Yes.

**Ms. Pulido-Tan.** All right. I will give you an example because this one recently came to my knowledge. This is the case involving the PDAF of then Congressman Cuenco of Cebu. I think that the audit was conducted sometime in the mid-2000s. I am not sure if there is anyone who would remember. The reason that I am quite familiar with that now is because it was appealed — the notice of disallowance was appealed — *kasi ho nag-issue kami ng disallowance doon at inapil* (appeal) po iyon ng mga kinauukulan — it came to us before the commission proper. We decided the net, we affirmed the disallowance and the persons concerned went all the way to the Supreme Court and appealed their decision. And the Supreme Court affirmed us, sir. I think that decision of the Supreme Court upholding our disallowance of expenses made from the PDAF of Congressman Cuenco, the implementing agency was the Vicente Sotto Memorial in Cebu. It was affirmed by the Supreme Court. So, *kung mayroon po, mayroon*. And I... that example because it is based on records.

**Senator Estrada.** All right. Was it during your time? No?

**Ms. Pulido-Tan.** Which one, sir? The disallowance?

**Senator Estrada.** Yes.

**Ms. Pulido-Tan.** Sir, *hindi*. I think around 2003-2004. Pero iyong apela —

**Senator Estrada.** *Iyong panahon ni Congressman Cuenco.* You were saying *panahon ni* Congressman Cuenco when he was congressman.

**Ms. Pulido-Tan.** That was his PDAF, sir.

**Senator Estrada.** Yes.

**Ms. Pulido-Tan.** I am not sure of the year. But definitely, when the audit was made and when the disallowance was made, *wala pa po ako sa Commission. Ang na-abutan ko po ay iyong apela na dinenay* (deny) *naman po namin kaya nga po sila nagpunta sa Supreme Court at ang Supreme Court naman pinanigan po kami at inaphold* (uphold) *iyong disallowance.*

**Senator Estrada.** All right. I just would like to get your honest and legal opinion on my next question. I understand you are a brilliant lawyer. Where did you graduate? U.P.?

**Ms. Pulido-Tan.** U.P., sir.

**Senator Estrada.** *Kaya naman* brilliant. All right. Assuming that legislators — senators, congressmen — repeatedly endorse NGOs, are the IAs or the implementing agencies not supposed to inform the concerned legislators?

**Ms. Pulido-Tan.** Well, as a matter of prudence, they should. If I were in their position, I would, sir. But whether or not they did that or whether or not in their sense, they would have thought about doing it, I cannot say.

**Senator Estrada.** *Kasi ganito na lamang, assuming — ako na lamang, kasi ako iyong isa sa mga nasasangkot dito sa scam na ito — assuming, I repeatedly endorse a particular NGO, unang-una I write a letter to the Senate President pati*

*rin sa DBM tapos iyong DBM ita-transfer iyong funds sa IA, for example, ipagpalagay natin NABCOR o ano pa bang ibang implementing agency diyan? TLRC ba, are you aware of it?*

**Ms. Pulido-Tan:** Yes, sir, TLRC.

**Senator Estrada:** *Ipagpalagay mo Nabcor or TLRC. Tapos nag-endorse na naman ako, kung puwede dalhin sa isang NGO. Ipagpalagay natin lahat na ng PDAF ko ay napunta sa iisang NGO, dalawang NGO, tatlong NGO, kapag alam ng implementing agency or head ng implementing agency na bogus ang NGO na pinagdaduhan niya ng pera or inendorsohan ng isang senador o isang legislator, is it not their duty to inform the legislators concerned na, "Tigilan ninyo na iyan, Mr. Senator, tigilan ninyo na iyan, Mr. Congressman, at bogus pala itong NGO na ini-endorse mo."*

**Ms. Pulido-Tan:** Sir, my honest and professional answer as a lawyer, *unang-una*, it begs the question: *Alam ba nila na bogus iyon?*

**Senator Estrada:** All right. Who ascertains, who determines whether the NGOs are legitimate or not?

**Ms. Pulido-Tan:** Well, *dapat po sila*, under the law.

**Senator Estrada:** Correct.

**Ms. Pulido-Tan:** Noon pong ...

**Senator Estrada:** Excuse me, Madam Chair.

**Ms. Pulido-Tan:** Yes, sir.

**Senator Estrada:** Because as far as I am concerned, I am not a lawyer. It is not my responsibility to ascertain or to determine whether an NGO is legitimate or illegitimate. It is not a duty of the legislators. How would I know if these are bogus or not? If these are legitimate or not? *Hindi ba ina-accredit iyan?* For example, *sa* Department of Agriculture, *sa* Department of Agrarian Reform, *sa* Department of Social Welfare and Development, *sila mismo ang nag-a-accredit nitong mga NGO*. How will we know? How would we know if these are all bogus? In fact, there was already a

precedent before. Even before I assumed office in 2004, there are a lot of senators who were endorsing NGOs left and right. And I think information has reached my office that the senators before me endorsed NGOs which were also bogus. How will they know if it was bogus or not? *Wala kaming alam. Hindi ba ang pinaka-magandang ginawa ng mga heads ng IAs na just to inform the legislator concerned, "Oy, Mr. Senator, tigilan mo na iyan, panay bogus iyan."* What we should have done, *ililipat namin iyong pera namin sa legitimate NGO. Hindi ba ganoon ho dapat?*

**Ms. Pulido-Tan:** So, can I continue, sir?

**Senator Estrada:** Sure, sure.

**Ms. Pulido-Tan:** *Una, sir, as I said, alam ba nila? Well, sa amin, as COA, it is their business to know because it is their duty to know. But, of course, they were telling us na, "Hindi na namin tiningnan iyan."* I mean, not so many words. *"Kasi in-endorse naman ng ano... ."*

**Senator Estrada:** *Iyon po ang sabi ng IAs?*

**Ms. Pulido-Tan:** Yes, sir. And all of their responses to this effect are in our report. *Kinopya po talaga namin iyong kanilang written responses. But nonetheless, even with that excuse, hindi po namin tinanggap kasi nga*, under the law, primary responsibility *po nila* to be accountable for the funds that was given to them and that would include their due diligence, they are taking the due diligence to make sure that the NGOs they were "partnering" with were legitimate. Of course, they insisted that their hands were practically tied because they were endorsed by the legislators and so forth and so on. And out of curiosity, sir, if you will allow me to ask: So when you got to know because of our audit report, *tinanong niyo po ba sila bakit hindi nila kayo pinagsabihan noong una pa, bogus pala ito*. I mean, we can only do so much. We can only call their attention *na hindi tama o hindi na ayon sa batas iyong kanilang ginawa* and they have to be accountable for that. That is why, I think, in the investigation by the Ombudsman and the DOJ, *kasama rin po sila*.

**Senator Estrada:** Madam Chair, in response to what you mentioned, we never had the chance of talking with the heads of the IAs *kasi tanggap sila nang tanggap ng pera*. So kami, alam namin na legitimate *itong NGOs na iniindorso namin*. Had we known *na bogus pala iyong NGOs...Sino namang sira ulong senador... sino bang sira ulong legislator ang magbibigay ng pera sa isang bogus NGO?* I myself would have not allowed it to happen, Madam Chair.

So, in the honest opinion of the chairman as a legal luminary, as a graduate from U.P. Law, *kami ba ang dapat sisihin dito?*

**Ms. Pulido-Tan:** Sir, graduate from U.P. Law pero legal luminary *parang wala pa po ako doon*. Anyway, again, going back to our mandate which is to do the audit, that is exactly what we did. And we reported our findings in our audit report and then endorsed our audit report to the Ombudsman for further evaluation. *Hanggang doon na lamang po kami*. It is no longer for us, it is no longer our mandate to make a decision *kung sino ang dapat kasuhan at kung sino ang hindi*. *Kung sino ang mas may kasalanan at kung sino ang hindi*. *Wala na po kami doon kaya hindi ko po masasagot ang tanong ninyo*.

**Senator Estrada:** All right, what was the role of the resident auditor *sa mga IAs, sa mga implementing agencies*? What was the role of the Chair's resident auditor assigned in that particular implementing agency, for example, Nabcor or TLRC or whatever Madam Chair calls it? *Noong nalaman nilang bogus, why did they not call their attention? Why did the resident auditors of the COA not call their attention or call our attention, the legislator's attention na dapat sinabi nila, "Hoy! Mr. Head ng IA tigilan na ninyo iyang kabibigay ng pera dito sa NGO-1, NGO-2, NGO-3, bogus lahat iyan. Ano ang naging kasagutan naman ng resident auditors ninyo?*

**Ms. Pulido-Tan:** Well, *sa totoo lang po isa rin po iyong aking inaalam na ngayon after doing the audit at nalaman po namin na ganito pala, pero as the*

distinguished senator said, *mukhang wala naman silang nakita kaya iyong po inaalaman din namin*. We are also asking our auditors during those times to explain, and I think that they are also being investigated by the Ombudsman now.

**Senator Estrada:** Madam, *ngayon ninyo na lang po tinatanong malapit na kaming kasuhan. Marami kaming kakasuhan, ngayon ninyo na lang po tinatanong kung bakit ano ang nangyari sa mga resident auditors?* I think that is unfair. I mean, *kami ang kinakasuhan, tatlo kaming senador na kinakasuhan, na-highlight pa yata sa inyong special audit report na tatlong senador na nag-misuse ng kanilang PDAF and that I cannot accept. Bakit ngayon ninyo lamang tatanungin ang inyong mga resident auditors, Madam Chair?*

**Ms. Pulido-Tan:** Sir, it is not today. When I say *ngayon*, it is not today. I am talking of the circumstances.

**Senator Estrada:** *Kaya nga recently lang when the Chair discovered.*

**Ms. Pulido-Tan:** Yes, sir. *Siyempre noong nadiskubre namin, up until the report is not released, it is not officially there. So, as soon as it became official then we did our internal job naman of finding out from our auditors and that was mid-August.*

So, I think some of the auditors have put in their comments; some auditors were still waiting for their comments. The NBI and the Ombudsman are also investigating them and I think two of our auditors have been already included in the....

**Senator Estrada:** In the charge sheet?

**Ms. Pulido-Tan:** Yes, sir.

**Senator Estrada:** *Lahat po ba ng implementing agencies may resident auditors? All of the IAs?*

**Ms. Pulido-Tan:** All of the implementing agencies covered in the audit report, sir, *mayroon po*.

**Senator Estrada.** *Alin ang hindi covered sa audit report?*

**Ms. Pulido-Tan:** Sir, *may mga ahensiya*

*kasi na wala kaming resident auditors, halimbawa, Nabcor daw po wala. Wala kaming resident auditor sa Nabcor.*

**Senator Estrada:** Nabcor?

**Ms. Pulido-Tan:** Nabcor, opo.

**Senator Estrada:** *Bakit po wala?*

**Ms. Pulido-Tan:** *Ngayon po mayroon na kaming resident auditor pero noon hindi kasi usually mayroon ang mga agencies na malit. For example, Philippine Forest Corporation is also among them.*

**Senator Estrada:** Yes.

**Ms. Pulido-Tan:** I think they only have 15 to 17 people. So *hindi po* efficient *na magtalaga po kami doon ng* resident auditor *kasi matatali po siya doon.* So, what we do we make a team approach, we call it the team approach where we assign a particular team to audit for a certain period of time, *pero hindi po siya everyday of the year nandoon.*

**Senator Estrada:** *Sa Nabcor, kailan lang po nagkaroon ng resident auditor?*

**Ms. Puliod-Tan:** Last year *po.*

**Senator Estrada:** Last year.

**Ms. Pulido-Tan:** *Opo.*

**Senator Estrada:** Last year 2012?

**Ms. Pulido-Tan:** Yes, *kasi po ang sa Nabcor maski walang resident auditor may mga findings na pong lumalabas kaya we decided, well, I decided that we should, even if the Nabcor is small, have a resident auditor para nang sa ganoon ay mabantayan. And the audit findings—*

**Senator Estrada:** *Ano po ang nababaitaan ninyo noon? May findings kamo?*

**Ms. Pulido-Tan:** Sir, *may audit findings po kami.* They are in our audit report of Nabcor.

**Senator Estrada:** *May audit findings kayo?*

**Ms. Pulido-Tan:** *Opo.*

**Senator Estrada:** What were the audit findings?

**Ms. Pulido-Tan:** Sir, may I take, if you will allow me, sir, if we can, of course, it is in the website, but I would like to give you a hard copy of our audit report for Nabcor, at least for 2011 and 2012, *kasi makikita po ninyo doon ng mga panahon na iyon na may mga audit findings na po kami.*

**Senator Estrada:** *Sige lang.* All right. Next point, Madam Chair. I guess you read excerpts of my privilege speech.

**Ms. Pulido-Tan:** I heard it, sir.

**Senator Estrada:** You heard it, all of it?

**Ms. Pulido-Tan:** Yes, sir. We were in the House of Representatives at that time for our budget hearing and so while waiting for our turn.

**Senator Estrada:** You took time to watch my privilege speech?

**Ms. Pulido-Tan:** Sir, I had no choice, I was in front of the TV.

**Senator Estrada:** I thought you were having budget hearing at the House of Representatives.

**Ms. Pulido-Tan:** Sir, while we were waiting for our turn.

**Senator Estrada:** *Ah, hindi pa nagresume ang budget ninyo. Talagang* you have no choice.

**Ms. Pulido-Tan:** *Hindi pa ho namin toka.*

**Senator Estrada:** You had no choice but to listen to me.

**Ms. Pulido-Tan:** Yes, sir.

**Senator Estrada:** All right.

**Ms. Pulido-Tan:** And I liked to listen to what you said.

**Senator Estrada:** Oh, really, thank you very much, Madam. *Idol ho ninyo ako?*

Well, anyway, Madam Chair. Immediately after I delivered my privilege speech, members of the media approached you and you said, and because I mentioned in my privilege speech if my memory serves me right, that there was no notice of disallowance.

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**Ms. Pulido-Tan:** Notice of disallowance, not yet at that time.

**Senator Estrada:** And in the media interview and you have confirmed it during the committee hearing of the budget, you said that you will issue disallowances in relation to their findings in the special audit report. As a matter of fact, you were quoted as saying: "I will be the first one who will be served with the notice of disallowance." Is the news accurate?

**Ms. Pulido-Tan:** I confirm that, sir.

**Senator Estrada:** *Ako ba puwede ninyo akong issue-han ng notice of disallowance, kasi hindi naman ako custodian ng pera, hindi naman dumadaan sa amin ang pera.*

**Ms. Pulido-Tan:** *Puwede po.*

**Senator Estrada:** Correct me if I am wrong.

**Ms. Pulido-Tan:** *Puwede po*, under the rules, under the law, yes, sir.

**Senator Estrada:** *Pero, if you confirm it na puwede kaming issue-han ng notice of disallowance, bakit hanggang ngayon wala pa akong natatanggap?*

**Ms. Pulido-Tan:** *Pina-finalize na po ni Susan. Iyong director po ang mag iisyu noon.*

**Senator Estrada:** *Ako yata ang unang makakatanggap dapat ng notice of disallowance.*

**Ms. Pulido-Tan:** *Wala pa daw pong nakakatanggap. So—*

**Senator Estrada:** *Nagtataka lang ako kasi from my own opinion, correct me if I am wrong, bakit naman ako iisyuhan ng notice of disallowance? Katulad nga nang sinabi ko kanina, hindi naman po ako iyong implementing agency, hindi naman po ako ang humahawak ng pondo ng gobyerno.*

**Ms. Pulido-Tan:** Sir, because under the law and the rules, all persons whom we find in audit to have been involved in the disbursement of the funds or in the use of the funds will be issued a notice of disallowance.

**Senator Estrada:** *Dapat IAs, hindi mga legislators.*

**Ms. Pulido-Tan:** Sir, if I may. *Sayang lamang po*, had I known that the gentleman would be asking this, I would have brought the records. But, anyway, if my memory serves me right, and I hope it does, I am only 58 years old anyway. *Meron po kayong mga MOA na pirmado ninyo o pirmado ng inyong staff. Ang nakalagay po doon, among the provisions of the MOA, this is a tripartite MOA, by the way. It is among the senator, the implementing agency and the NGO. So, tripartite po iyon.*

Now, if I remember right, one of the provisions there is some kind of a warranty or an undertaking on the part of the senator saying, in not so many words, that you warrant that this NGO is *bona fide*, legitimate and with track record to carry out and implement the project.

So, it is not merely an endorsement from your end that NGO should, or that you are recommending them to be the partner of the agency, but also a positive act, by contract, which states.... That is, to us, an indication of your participation in the disbursement of the money, at least, that were given to the NGO to implement.

So, that is our basis for including the distinguished gentleman in the notice of disallowance.

**Senator Estrada:** Did you see my signature appear in any of the MOA?

**Ms. Pulido-Tan:** Sir, I think it was your representative. But you had a letter authorizing or designating that representative to be your representative in the transaction.

**Senator Estrada:** But my signature never appeared.

**Ms. Pulido-Tan:** In the MOA? I am not sure now.

**Senator Estrada:** It was allegedly the signature of my staff?

**Ms. Pulido-Tan:** Yes, sir. But you have a letter I think designating her, authorizing her.

**Senator Estrada:** Yes, assuming. But you came to learn, during the committee

hearings of the Senate Blue Ribbon, that the main whistleblower, Mr. Benhur Luy, admitted in the hearing that they were forging signatures left and right with regard to a lot of documents, including the tripartite memorandum of agreement. Are you aware of it, Madam Chairman?

**Ms. Pulido-Tan:** Sir, I am sorry I did not quite catch all the proceedings in the Senate inquiry. But even assuming that to be the case and it is not for us anymore to make a determination of that. I think that is something that you can raise before the Ombudsman.

**Senator Estrada:** Just to give you that piece of information.

**Ms. Pulido-Tan:** Thank you, sir.

**Senator Estrada:** Madam Chairman, next point. Are you tired?

**Ms. Pulido-Tan:** Okay *lamang po*, sir.

**Senator Estrada:** You are only 58 years old.

**Ms. Pulido-Tan:** Yes, sir.

**Senator Estrada:** With regard to the alleged—*sinabi ko* “alleged”—*hindi ko sinasabing* misuse, alleged misuse of the PDAF funds by certain legislators. Let us go now to the members of the House of Representatives.

I have come to know about this information that some congressmen had made their own offices as their implementing agencies. Is there truth to it, Madam Chairman?

**Ms. Pulido-Tan:** They were not implementing agencies, not the congressional offices themselves, but part of the funds from their PDAF were used for expenditures benefitting their congressional offices. Yes, I think, sir, that you mentioned that in your privilege speech and I suppose that you read that from our report because we said so in our report.

**Senator Estrada:** *Sa tingin ba ninyo* is that in violation of our laws?

**Ms. Pulido-Tan:** Yes, sir. And we said that in our report, too.

**Senator Estrada:** *Sa tingin ba ninyo*, is that in violation of our laws?

**Ms. Pulido-Tan:** Yes, sir. And we said that in our report, too.

**Senator Estrada:** *Simu-sino po itong mga ito?*

**Ms. Pulido-Tan:** As far as I can remember, and you mentioned him in your report, in your privilege speech....

**Senator Estrada:** I think I only mentioned one or two, if my memory serves me right.

**Ms. Pulido-Tan:** Yes, sir. They are the ones I remember also. I think that you mentioned Cong. Boyet Gonzales and the other one that I remember is Congresswoman Almario. I am sorry, I do not mean to malign anyone, but I hope that I remember correctly.

**Senator Estrada:** Who else?

**Ms. Pulido-Tan:** I cannot remember now, sir.

**Senator Estrada:** *Hindi ba mga sampo ho iyon, o lima hanggang sampo?*

**Ms. Pulido-Tan:** *Parang apat.*

**Senator Estrada:** *Apat lamang?*

**Ms. Pulido-Tan:** *Parang*, sir. I am not sure now.

**Senator Estrada:** *Siguro* that cannot escape your mind.

**Ms. Pulido-Tan:** Sir, in any event, it is all in the Special Audit Report. It is documented. It is written. So, I am sure you have a copy of the audit report. You referred to it in your privilege speech.

**Senator Estrada:** Okay. I will not belabor the point anymore lest I be accused of ferreting out the names of those concerned.

*Doon naman po sa nakalagay sa inyong COA Special Audit Report, tungkol naman po roon sa “unidentified legislators,” bakit po unidentified legislators?*

**Ms. Pulido-Tan:** I think that we used that term in respect of the VILP.

**Senator Estrada:** I understand, *iyong VILP ay isa sa mga public works? Sa mga hard projects.*

**Ms. Pulido-Tan:** Yes. That is the lump-sum item under the DPWH budget from which the hard projects were being financed. So, *parang iyong PDAF proper was for soft; VILP is for hard project.*

**Senator Estrada:** *Bakit po unidentified?*

**Ms. Pulido-Tan:** Sir, *kasi po ganito—* and, again, I will emphasize that *nakalagay din po sa aming audit report*—when we asked the DBM for a list of their VILP releases for that period, they gave us a list that was, like, P32 billion. So, *okey lamang po iyon.* But, then as we went through our audit and we were able to secure other documents, copies of SAROs from the other agencies and offices, like the district engineering offices of the DPWH, *nakita po namin na kulang iyong listahan ng DPWH.* So, we matched it with DBM. So, we matched it with DBM's list and *hindi po sila nagtugma.* I think there were about P70 billion—almost—*na nakita namin na dapat idinagdag pa.*

So, we asked the DBM to give us a copy or to identify who those legislators were. *Kasi po sa SARO hindi po nakalagay ang pangalan ng legislator.* It is usually in the NCA or in... NCA-issued *iyong listahan na iyon na doon ho nilalagay ang pangalan ng legislator.* But the DBM, up until the time we released the report, did not give us.

**Senator Estrada:** Up to this date, as we speak?

**Ms. Pulido-Tan:** Yes, sir. So, we had to account for that amount of almost P70 billion by using the term "unidentified." *Kaya makikita po ninyo nandoon po sa column ng VILP.*

**Senator Estrada:** *Marami ho?*

**Ms. Pulido-Tan:** I do not know, sir. I do not know. I can only speak to you of the aggregate amount of almost P70 billion.

**Senator Estrada:** Billion?

**Ms. Pulido-Tan:** Yes, sir.

**Senator Estrada:** So, is it possible that the list of SAROs released by DBM can be sanitized?

**Ms. Pulido-Tan:** Sir, I do not know. I mean, I do not know how the DBM deals with their work.

**Senator Estrada:** *Kasi—sa aking opinyon lamang ito—kung hanggang ngayon ay wala pa ho silang binibigay sa COA, meaning the DBM, di puwede nilang huwag nang ibigay dahil puwedeng meron silang pinuproteksonan o meron silang tinatago. Posible ho ba iyon? Dahil hanggang ngayon kasi ayaw nilang ibigay sa inyo eh. Iyong sa amin, naibigay na lahat sa inyo. Iyong sa ibang mga senador naibigay na lahat sa inyo. So, posible na mayroon ding SAROs ng mga legislator na hindi binibigay sa inyo dahil pinagtatakpán siguro nila. Posible po iyon?*

**Ms. Pulido-Tan:** *Iyong hindi ho binibigay sa amin, opo,* I confirm that. But the reason for not giving it to us, I cannot say. I would not want to speculate, sir.

**Senator Estrada:** *Dahil* it really bothers my mind why up to now, as we speak, *matagal ninyo na pong hinihingi sa DBM iyan.* I guess, I presume *na* when you were doing this special audit report *ay hiniling ninyo na po sa DBM itong SAROs ng mga unidentified legislators dahil wala ngang pangalan, di ba?* When did you ask for the list?

**Ms. Pulido-Tan:** Sir, 2010, we started asking *na.*

**Senator Estrada:** It was 2010.

**Ms. Pulido-Tan:** *Opo.*

**Senator Estrada :** *Hindi ninyo ba na-follow up sa DBM, "Oy, DBM, nasaan na iyong mga listahan na hinihingi namin?"*

**Ms. Pulido-Tan:** *Nag-follow up po ako pero wala.* If I remember again correctly, one of the reasons they were saying they could not get anymore because they migrated to another system. *Siguro nawala iyong mga papel.*

**Senator Estrada:** *Ibig mong sabihin, na-hack? Parang na-hack?*

**Ms. Pulido-Tan:** I do not know, sir.

**Senator Estrada:** *Ano po ang sagot sa inyo ng DBM?*

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**Ms. Pulido-Tan:** Parang nag-computerize sila and then I think some of the papers or documents got lost. I do not know, sir. But I remember Usec. Relampagos of DBM was here during the Senate inquiry, I suppose that would have been a good question to have asked him. *Baka sa inyo sumagot.*

**Senator Estrada:** Kasi kung mayroong iregularidad, irregularities or anomalies doon sa mga sinasabing unidentified legislators, now there is no way for you to determine if there are, indeed, irregularities or anomalies dahil walang sina-submit sa inyo ang DBM.

**Ms. Pulido-Tan:** Correct, sir.

**Senator Estrada:** All right. So, kawawa naman pala kami. Unang na-submit ng DBM iyong aming SARO sa inyo, in-audit ninyo, may nakita kayong allegedly irregularities, kami ngayon ang nasa diyaryo, kami ngayon ang sinasangkot dito sa alleged PDAF scam. Whereas, iyong mga hindi na-submit ng DBM, unidentified legislators, kung mayroon silang anomalya, you have no way of knowing about it kung mayroon talagang irregularities. So that is what I said, selective justice.

All right. Let us go to another point. *Maliwanag na maliwanag po sa akin iyon, ha. Iyong hindi po binigay ng DBM na mga SAROs, hindi po nai-forward sa COA, you have no way of finding out whether these unidentified legislators committed any irregularities.*

**Ms. Pulido-Tan:** Sir, iyon pong unidentified, VILP po iyon, hindi po PDAF. The irregularities that we found....

**Senator Estrada:** Wala bang irregularities ang VILP? Siyempre mayroon din.

**Ms. Pulido-Tan:** Mayroon po kaming mga nakitang deficiencies doon sa projects, like road, mga ganoon. May physical evidence po kasi iyon. Doon ang pinagkaiba. Let me just explain this since you asked me, sir, with your indulgence. Doon po kasi sa PDAF, napunta sa livelihood. Practically invisible po iyon kasi wala na eh. Foliar fertilizer, sprayer, seeds, mga ganoon. Eh, sinabi mong tinanim

pero namatay, wala na talaga kaming ebidensiya. Pero pagdating po doon sa VILP, medyo mas mayroon po kaming audit trail kahit papaano, because there is a physical structure.

**Senator Estrada:** I understand.

**Ms. Pulido-Tan:** And there were several deficiencies also in the infrastructure projects that we found and we reported them in the....

**Senator Estrada:** I understand that. It is well-taken. What I am questioning is the system, the procedure ng DBM ng pag-transmit sa inyo ng SAROs. Siguro mayroon ding instance na mayroong din mga SAROs na hindi rin naipo-forward sa inyo tungkol sa PDAF. Mayroon ba ho?

**Ms. Pulido-Tan:** Sa PDAF, we are not aware.

**Senator Estrada:** Palagay ko naman, impossible naman...

**Ms. Pulido-Tan:** Nakuhad po naming lahat ang SAROs from the agencies on the PDAF.

**Senator Estrada:** All the legislators concerned? Maybe all the senators, but what about the congressmen?

**Ms. Pulido-Tan:** Sir, di ba sa privilege speech ninyo, sabi ninyo 300 plus iyon, kasama lahat, pati ang mga congressmen. Nakapangalan po lahat doon.

**Senator Estrada:** Lahat iyon? I mean, nakuhad ninyo lahat ng mga SARO ng mga PDAF ng mga congressmen? Hindi na bale mga senador.

**Ms. Pulido-Tan:** Yes, sir.

**Senator Estrada:** Okay. So 300 ang...

**Ms. Pulido-Tan:** Iyong mga nakapangalan po na legislators.

**Senator Estrada:** Base sa inyong COA Report.

**Ms. Pulido-Tan:** Sa amin pong report, yes.

**Senator Estrada:** Three hundred congressmen.

**Ms. Pulido-Tan:** No, all in all. Legislators *po ang sinabi ko.*

**Senator Estrada:** *Kasama ang mga senador.*

**Ms. Pulido-Tan:** *Opo. Kasama po sila.*

**Senator Estrada:** *Pero siyempre mas marami ang congressmen. Mas marami ang congressmen sa amin, eh.*

**Ms. Pulido-Tan:** *Opo. I think there were only about 23 senators in the list.*

**Senator Estrada:** Twenty-three senators. *Buong Senado na iyon.* I mean, past and present.

**Ms. Pulido-Tan:** *Hindi po.*

**Senator Estrada:** Past and present?

**Ma. Pulido-Tan:** *Opo.*

**Senator Estrada:** *Doon sa, more or less, 300 legislators na mga congressmen, you found some irregularities and anomalies.*

**Ms. Pulido-Tan:** Yes, sir.

**Senator Estrada:** *Pero tatló lang kaming senador na nasasangkot sa ....*

**Ms. Pulido-Tan:** *Kasi po kayo iyong kinasuhan ng DOJ at saka Ombudsman.*

**Senator Estrada:** *Kaya nga. Ibig sabihin...*

**Ms. Pulido-Tan:** *Pero lahat po nang mga nakita namin, naka-report po. Excuse me, with your indulgence, sir, it is not that I do not want to answer your questions.*

**Senator Estrada:** It is okay if you do not want. No problem with me. That is my birthday gift to you.

**Ms. Pulido-Tan:** But I just find it....

**Senator Estrada:** Weird?

**Ms. Pulido-Tan:** Yes, it is. Because I think that during your privilege speech, you quoted very extensively from our audit report. And I would say that having done so, you read our audit report. And all of these questions now that you are asking me are in our audit report. So, I do not know why, sir, you have to ask me *pa.* But in any event, I will answer you.

*Ang limitasyon ko lang po ngayon, hindi ko maibigay sa inyo ang eksaktong sagot kasi wala po iyong kopya sa harapan ko. Salamat po.*

**Senator Estrada:** *Wala po iyong special audit report sa iyo.*

**Ms. Pulido-Tan:** Not in front of me, sir.

**Senator Estrada:** Do you want me to provide you a copy of the audit report?

**Ms. Pulido-Tan:** Yes, sir, please. So, you have it and I am sure you read it. So, it is all there *naman po.*

**Senator Estrada:** Okay, *hindi bale.* I will not ask you about the... I am done with the special audit report.

I will just ask your legal advice *pro bono sana.*

Is it a correct view that the implementing agencies were the ones that transferred funds to NGOs, and before releasing the fund, the IAs and the COA, through its resident auditors, are duty bound to ascertain the legitimacy of the NGOs? That was what I mentioned earlier.

Is that a correct view as far as legality is concerned?

**Ms. Pulido-Tan:** Sir, partly, I would say. Because the participation of the COA would have been there, or it should have been there during a certain point, I think in 2009, because at that time we had pre-audit. But 2007-2008, *wala po kaming pre-audit.* *Kaya hindi po ipi-pre-clear ng COA iyon.* But in 2009, at least they should have done that. And precisely, that is why we are asking now, "why not?" And I think that is also the reason why the NBI is now looking into the possible involvement of our auditors at least during the time that pre-audit was present which was 2009.

**Senator Estrada:** All right, another point. Just answer if I have the correct view.

The IAs must determine their qualification to implement the subject, or the project, which duty is mandatory prior to the release of funds notwithstanding the endorsement of an NGO by legislators. The proper

release of PDAF funds and the efficient and effective implementation of the projects are obligation and duties both individual and collective of: (1) the DBM; (2) the implementing agencies; and (3) the COA itself. The legislators' function goes as far only as to enact the budget to allocate funds. They do not have post-budget official function pertaining to PDAF.

Is this a correct view?

**Ms. Pulido-Tan:** Sir, on the legislators not having post-enactment authority, I think that is precisely the reason why the Supreme Court recently struck down as unconstitutional—

**Senator Estrada:** The PDAF.

**Ms. Pulido-Tan:** —the PDAF.

**Senator Estrada:** All right.

**Ms. Pulido-Tan:** Precisely because there was, in the words of the decision, a *prima facie* evidence of post-enactment interference by Congress as shown in our audit report. *Iyon nga po ang nakita namin.* So, ideally, *dapat wala pero ang audit findings po namin, mayroon.*

**Senator Estrada:** *Pero doon sa unang sinabi ko.*

**Ms. Pulido-Tan:** *Na alin po iyon?*

**Senator Estrada:** The IAs must determine their qualification—I mean, maybe the NGOs—to implement the subject project—

**Ms. Pulido-Tan:** Yes, sir. And we said that in our report.

**Senator Estrada:** —which duty is mandatory prior to the release of funds notwithstanding the endorsements of the legislators.

**Ms. Pulido-Tan:** That is correct, sir. And we said that in our report. We really insisted and stuck to our position that they are primarily responsible for the financial affairs of their agencies. *Kaya nga po hindi namin tinanggap iyong explanation nila na kasi nga daw* they were just acting on the basis of your endorsement.

**Senator Estrada:** All right. Thank you,

Madam Chair. It is 11:06 p.m. Just one last question, if I may.

Do you have a daughter working for COA?

**Ms. Pulido-Tan:** Yes, sir.

**Senator Estrada:** What is her position?

**Ms. Pulido-Tan:** She is my executive assistant.

**Senator Estrada:** Where is she based?

**Ms. Pulido-Tan:** She is actually based in the Philippines. But during the candidature of the UNBOA, I deployed her there upon the request of the Department of Foreign Affairs as foreign administrative assistant.

**Senator Estrada:** Are you aware of COA Resolution No. 2012-013?

**Ms. Pulido-Tan:** Yes, sir.

**Senator Estrada:** If you are aware, can you read the subject of... You want me to read it to you?

**Ms. Pulido-Tan:** Yes, sir.

**Senator Estrada:** COA Resolution No. 2012-013

SUBJECT: Upholding the Integrity and Credibility of Recruitment Process by Prohibiting the Recruitment of Relatives of COA Officials and Employees.

That is only the subject.

Is your daughter still connected with the COA?

**Ms. Pulido-Tan:** Yes, sir. And I think that there is an exception there, if you will please read up to the exceptions.

**Senator Estrada:** You want me to read the whole context?

**Ms. Pulido-Tan:** *May exceptions po.*

**The President:** Why do you not just state the exceptions to save time?

**Ms. Pulido-Tan:** Okay. Sir, one of the exceptions is that if the position is confidential and coterminous, which is exactly the appointment of my daughter, confidential and coterminous, like all other executive assistants in the commission.

**The President:** Okay.

**Senator Estrada:** *Hindi mo siya appointed? Kailan siya na-appoint?* February 2013?

**Ms. Pulido-Tan:** Yes, sir.

**Senator Estrada:** Is this confidential in nature, *iyong kaniyang* position?

**Ms. Pulido-Tan:** Yes, sir. *Lahat po ng executive assistant positions or "EAs" ang tawag namin – and I am sure that there are also a lot of them in the Senate – are confidential and coterminous.*

**Senator Estrada:** Okay. Thank you, Mr. President. That concludes my questions.

**The President:** No more questions. I think you have asked all the questions.

**Senator Estrada:** And before that, I would like to greet the Chairperson of the COA a happy, happy birthday!

**Ms. Pulido-Tan:** Thank you, sir.

#### SUBMISSION OF THE BUDGET OF THE COMMISSION ON AUDIT

Upon motion of Senator Cayetano (A), there being no objection, the budget of the Commission on Audit was deemed submitted for the Body's consideration.

#### TERMINATION OF THE PERIOD OF INTERPELLATIONS

There being no further interpellation, upon motion of Senator Cayetano (A), there being no objection,

the Body closed the period of interpellations on House Bill No. 2630.

#### SUSPENSION OF CONSIDERATION OF HOUSE BILL NO. 2630

Upon motion of Senator Cayetano (A), consideration of House Bill No. 2630 was suspended.

#### SUSPENSION OF SESSION

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

*It was 11:10 p.m.*

#### RESUMPTION OF SESSION

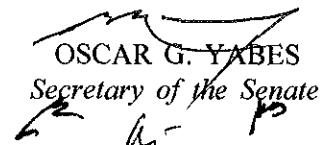
At 11:20 p.m., the session was resumed.

#### ADJOURNMENT OF SESSION

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

*It was 11:21 p.m.*

I hereby certify to the correctness of the foregoing.



OSCAR G. YABES  
Secretary of the Senate

Approved on January 20, 2014