



REPUBLIC OF THE PHILIPPINES
Senate
Pasay City

Journal

SESSION NO. 82
Tuesday, May 16, 2017

**SEVENTEENTH CONGRESS
FIRST REGULAR SESSION**

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Tuesday, May 16, 2017

CALL TO ORDER

At 3:21 p.m., the Senate President, Hon. Aquilino "Koko" Pimentel III, called the session to order.

PRAYER

Sen. Panfilo M. Lacson led the prayer, to wit:

God of all blessings, source and protector of all life, bestower of all grace, may the light of Your Word come unto us today as we undertake our duties for the greater glory of You, and for the service of our countrymen.

As we stand in Your holy presence, we praise You, Almighty Father, for Your infinite majesty, divine grace and boundless goodness.

Help us, our Lord, in the Name of Jesus, Your only Son, to walk in Your ways and righteousness and to embrace the positivity of Your grace.

Amen.

ROLL CALL

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

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

With 16 senators present, the Chair declared the presence of a quorum.

Senators Cayetano, Poe, Trillanes and Zubiri arrived after the roll call.

Senator Angara was on official business "attending the 57th International Art Exhibition of La Biennale di Venezia that showcases the work of Filipino artists Ms. Lani Maestro and Mr. Manuel

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Ocampo" as indicated in the May 15, 2017 letter of the Senator's chief of staff.

Senator Legarda was on medical leave as indicated in the May 15, 2017 letter of the Senator's chief legal officer.

Senator Pangilinan was on official business as indicated in the May 16, 2017 letter of the Senator's chief of staff.

Senator De Lima was unable to attend the session as she was under detention.

APPROVAL OF THE JOURNAL

Upon motion of Senator Sotto, there being no objection, the Body dispensed with the reading of the Journal of Session No. 81 (May 15, 2017) and considered it approved.

ACKNOWLEDGMENT OF THE PRESENCE OF GUESTS

Senator Sotto acknowledged the presence in the gallery of the following guests:

- From the United States Embassy: Mr. Geoffrey Siebengartner, chief of Internal Affairs Unit; Mr. Fred Brems, Political Specialist; Mr. Malcom Canja Flores, Cultural Affairs Assistant; and Mr. Eric Kneedler;
- From the Municipality of Datu Odin Sinsuat, Maguindanao: Hon. Datu Mohamad Yasser Sinsuat; Executive Assistant Bai Ivy Rose Sinsuat; SB Secretary Abdulrahman Amil; Marcial Ambolodto; and Datu Thong D. Pinguiaman;
- Ms. Suzy Domitrovic, Australian Political Exchange Council;
- Ms. Brooke Curin, member, Canberra Liberals;
- Mr. Alexander Polson, Office of Senator Simon Birmingham;
- Mr. Jason Hall, Finance Sector Union;
- Ms. Christina Ong, Lead Organizer, Finance Sector Union;
- Mr. Jeremy Patrick Greenwood, Adviser to Senator Canavan;
- Mr. Joshua Potter Millroy, Australian Labor Party;

- Mr. Arnell Ignacio of Pagcor;
- Mr. Raymond Basilio of ACT;
- Mr. Louie Zabala, president of the Manila Public School Teachers Association;
- Members of the NCR - Manila Public School Teachers Association;
- Alliance of Concerned Teachers;
- Members of the Philippine Public School Teachers Association (PPSTA); and
- PPSTA Manila Chapter and QC Chapter.

Senate President Pimentel welcomed the guests to the Senate.

REFERENCE OF BUSINESS

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

BILL ON FIRST READING

Senate Bill No. 1453, entitled

AN ACT TO FURTHER STRENGTHEN AND REORGANIZE THE NATIONAL PROSECUTION SERVICE, AMENDING FOR THE PURPOSE REPUBLIC ACT NO.10071, AND APPROPRIATING FUNDS THEREFOR

Introduced by Senator Legarda

To the Committees on Justice and Human Rights; Civil Service, Government Reorganization and Professional Regulation; Ways and Means; and Finance

RESOLUTION

Proposed Senate Resolution No. 376, 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

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COUNCIL THE IMMEDIATE SUBMISSION OF ITS REPORT ON THE 2016 NATIONAL AND LOCAL ELECTIONS

Introduced by Senator Maria Lourdes Nancy S. Binay

To the Committee on Electoral Reforms and People's Participation

COMMUNICATIONS

Letter from the *Bangko Sentral ng Pilipinas*, submitting to the Senate the 2016 BSP Annual Report, pursuant to Section 40, Chapter I, Article V of the New Central Bank Act (R.A. No. 7653).

To the Committee on Banks, Financial Institutions and Currencies

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

Circular Letter Nos. CL-2017-014, 015, 016, 017, 018, 019, 020, 021, 022, 023, 024, 025, 026, 027, 028, 029, 030, 031 and 032 dated 1, 3, 8, 9, 16, 21, 24 and 30 March; 7, 12, 20, 21 and 25 April 2017; and 4 May 2017;

Memorandum Nos. M-2017-008, 009, 010, 011, 012, 013, 014 and 015 dated 27 February 2017; 10, 15 and 31 March 2017; and 11 and 21 April 2017; and

Circular No. 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959 and 960 dated 15, 20, 22, 25, 27 and 30 March 2017; 11, 17 and 25 April 2017; and 4 May 2017.

To the Committee on Banks, Financial Institutions and Currencies

Letters from the Office of the President of the Philippines, transmitting to the Senate two (2) original copies of Republic Act No. 10925, entitled

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

Republic Act No. 10926, entitled

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

which were signed by President Rodrigo Roa Duterte.

To the Archives

COMMITTEE REPORT

Committee Report No. 77, submitted jointly by the Committees on Games and Amusement; and Justice and Human Rights, on Senate Bill No. 909, introduced by Senator Win Gatchalian, entitled

AN ACT INCREASING THE PENALTIES FOR OTHER ILLEGAL GAMBLING ACTIVITIES, AMENDING FOR THE

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PURPOSE REPUBLIC ACT NO. 9287, ENTITLED AN ACT INCREASING THE PENALTIES FOR ILLEGAL NUMBERS GAMES, AMENDING CERTAIN PROVISIONS OF PRESIDENTIAL DECREE NO. 1602, AND FOR OTHER PURPOSES,

recommending its approval with amendment.

Sponsor: Senator Lacson

To the Calendar for Ordinary Business

COMMITTEE REPORT NO. 44 ON SENATE BILL NO. 1363

(Continuation)

Upon motion of Senator Sotto, there being no objection, the Body resumed consideration, on Second Reading, of Senate Bill No. 1363 (Committee Report No. 44), entitled

AN ACT INSTITUTIONALIZING TELE-COMMUTING IN THE WORKPLACE AND FOR OTHER PURPOSES.

Senator Sotto stated that the parliamentary status was the period of amendments.

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

TERMINATION OF THE PERIOD OF AMENDMENTS

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

APPROVAL OF SENATE BILL NO. 1363 ON SECOND READING

Submitted to a vote, there being no objection, Senate Bill No. 1363 was approved on Second Reading.

SUSPENSION OF CONSIDERATION OF SENATE BILL NO. 1363

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

SUSPENSION OF SESSION

Upon motion of Senator Sotto, the session was suspended.

It was 3:35 p.m.

RESUMPTION OF SESSION

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

COMMITTEE REPORT NO. 62 ON SENATE BILL NO. 1449

(Continuation)

Upon motion of Senator Sotto, there being no objection, the Body resumed consideration, on Second Reading, of Senate Bill No. 1449 (Committee Report No. 62), entitled

AN ACT EXTENDING THE VALIDITY PERIOD OF DRIVER'S LICENSES, AMENDING FOR THAT PURPOSE SECTION 23 OF REPUBLIC ACT NO. 4136, AS AMENDED BY BATAS BLG. 398 AND EXECUTIVE ORDER NO. 1011, OTHERWISE KNOWN AS THE LAND TRANSPORTATION AND TRAFFIC CODE.

Senator Sotto stated that Senator Ejercito would deliver his cosponsorship speech.

Thereupon, the Chair recognized Senator Ejercito for his cosponsorship speech.

COSPONSORSHIP SPEECH OF SENATOR EJERCITO

Senator Ejercito delivered his cosponsorship speech on Senate Bill No. 1449 under Committee Report No. 62, entitled "An Act Extending the Validity Period of Driver's Licenses, Amending for that Purpose Section 23 of Republic Act No. 4136, as Amended by Batas Blg. 398 and Executive Order No. 1011, Otherwise Known as the Land Transportation and Traffic Code."

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

This bill seeks to extend the validity of driver's licenses from three years to five years

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up and, upon renewal, up to 10 years. The purpose of this measure is to reduce expenses of the government in facilitation of license applications. More importantly, by extending the validity of driver's licenses, it would also lessen, if not eliminate, the existence of "fixers" in the Land Transportation Office (LTO) that serves as an avenue for corruption and irregularities in obtaining license.

The end purpose of this proposed measure is to lessen interaction between license applicants and frontline government agencies, thereby reducing unnecessary waste in government resources and saving citizens' precious time from going to and from government institutions.

As coauthor of this proposed bill, allow me to present some simple facts that underscore the importance of this measure.

On June 20, 1964, Republic Act No. 4136 was enacted into law, entitled "*An Act to Compile Laws Relative to Land Transportation and Traffic Rules and to Create a Land Transportation Commission and for Other Purposes.*" This law also includes the provision for the mandatory application of licenses to operate motor vehicles, among others.

In the said law, the dates for annual registration of license to operate motor vehicle shall be once every three years and shall be based on a scheme prepared by then Land Transportation Commission, now Land Transportation Office (LTO).

With the growth of population in the country, which is now around 108 million as compared to 29.6 million in 1964, the demand and applications for driver's licenses exponentially increased, requiring for the release of 5.8 million license cards annually.

Upon observance of the process to obtain driver's licenses from the LTO, it was revealed that delays, corruption and irregularities persist. Alongside with the issue of corruption and irregularities to secure licenses, the government spends huge amounts of money and time in order to facilitate the registration process.

This proposed measure will pave the way for a new system that will distribute the facilitation of driver's license application and renewal over a longer period in order to lessen citizen interaction with the LTO. It would also give the agency ample time to come up with a more comprehensive examination and proficiency test for applicants.

Before I end, I would like to commend the chairperson of the Committee on Public Services, Sen. Grace Poe, and Senate President Pro Tempore Recto for introducing provisions for LTO to carry out a system for online application process for the renewal of licenses and for imposing that fees for driver's license shall not cost more than the government's procurement expense.

With the current administration's policy towards premium public service, it is considered that the validity extension of the Philippines driver's license is one of the major steps in launching reform in our government services.

Having said that, it is high time that we passed the proposed measure.

SUSPENSION OF CONSIDERATION OF SENATE BILL NO. 1449

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

COMMITTEE REPORT NO. 59 ON SENATE BILL NO. 1431 (Continuation)

Upon motion of Senator Sotto, there being no objection, the Body resumed consideration, on Second Reading, of Senate Bill No. 1431 (Committee Report No. 59), entitled

AN ACT INSTITUTING A PHILIPPINE LABOR FORCE COMPETENCIES COMPETITIVENESS PROGRAM, ESTABLISHING FREE ACCESS TO TECHNICAL AND VOCATIONAL TRAINING PROGRAMS AND FOR OTHER PURPOSES.

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

Thereupon, the Chair recognized Senator Villanueva, chair of the Committee on Labor, Employment and Human Resources Development.

SUSPENSION OF SESSION

Upon motion of Senator Sotto, the session was suspended.

It was 3:44 p.m.

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RESUMPTION OF SESSION

At 3:47 p.m., the session was resumed.

SUSPENSION OF CONSIDERATION OF SENATE BILL NO. 1431

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

MANIFESTATION OF SENATOR SOTTO

Senator Sotto informed the Body that before the session started, the Minority Leader, Senator Drilon, requested that the Offices of the Senators, especially the Office of the Minority Leader, be given ahead of time a list of the bills scheduled for interpellations on the floor so that they would have ample time to prepare for their interpellation.

Senator Sotto assured the Members of the Body, especially Senator Drilon, that he would give them the list of bills in advance so that they could prepare for the interpellations.

MANIFESTATION OF SENATOR DRILON

Senator Drilon confirmed that he indeed requested, for the benefit of all the Members, that they be given a list of ten bills that Senator Sotto and the Committee on Rules are intending to calendar for interpellations or amendments. He said that personally he found it extremely difficult to be confronted with a bill that was up for interpellation but which he was made aware of two hours before the start of the session.

Senator Drilon clarified that they do not have to be informed of the bills scheduled for First Reading, and that his request would exclude bills of local application which can be calendared one hour before the session starts.

To the Members of the Body who would want to calendar their bills for interpellation just one or two hours before the session starts, Senator Drilon said that they have to understand that some Members may object to such immediate inclusion because they are not prepared to interpellate or propose amendments to such bills.

Senator Drilon expressed hope that such rule would be effective the following week.

MANIFESTATION OF SENATOR VILLANUEVA

Saying that he has no objection to the request of Senator Drilon, Senator Villanueva manifested that he had nothing to do with the calendaring of his measure.

MANIFESTATION OF SENATOR ZUBIRI

Senator Zubiri suggested that Senator Drilon be also provided with the list of pet bills that the Members wanted to be taken up in the next three weeks.

MANIFESTATION OF SENATOR SOTTO

Senator Sotto assured the Members of the Body that the Committee on Rules would give them a minimum of 12 bills per week that would be included in the agenda so that they could prepare for their interpellations.

Senator Drilon said that he would have no problem with having a maximum of 12 bills per week instead of ten, but he feared that if the rule is "at least 12 bills," the Body might not achieve anything. He suggested that instead of "at least 12 bills," it should be "12 bills for the week," which would be about four bills a day for interpellations and amendments.

Senate President Pimentel said that the Body does not have to change its rules because the suggestion of Senator Drilon simply involves an internal adjustment.

MANIFESTATION OF SENATOR GORDON

Stating that he understands the wisdom of allowing the Members to prepare for the bills, Senator Gordon pointed out that there would be instances when there are bills that do not need much preparation, just a mere amendment, but would benefit the people. He expressed hope that the Members would be liberal enough to allow some leverage and to facilitate legislation that is also necessary because there are certain challenges or pressures in the society that need to be addressed right away.

COMMITTEE REPORT NO. 61 ON SENATE BILL NO. 1444 (Continuation)

Upon motion of Senator Sotto, there being no objection, the Body resumed consideration, on Second



Reading, of Senate Bill No. 1444 (Committee Report No. 61), entitled

AN ACT DECLARING PROTECTED AREAS AND PROVIDING FOR THEIR MANAGEMENT, AMENDING FOR THIS PURPOSE REPUBLIC ACT NO. 7586, OTHERWISE KNOWN AS THE NATIONAL INTEGRATED PROTECTED AREAS SYSTEM (NIPAS) ACT OF 1992, AND FOR OTHER PURPOSES.

Senator Sotto stated that the parliamentary status was the period of individual amendments.

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

SUSPENSION OF SESSION

Upon motion of Senator Villar, the session was suspended.

It was 3:57 p.m.

RESUMPTION OF SESSION

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

At the outset, Senator Villar informed the Body that the Committee would be using Senate Bill No. 1444 as reference.

VILLAB AMENDMENTS

As proposed by Senator Villar, there being no objection, the following amendments were approved by the Body, one after the other:

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1. Delete line 2 and renumber the succeeding items accordingly;
 2. Delete lines 10 and 11 and renumber the succeeding items accordingly;
 3. On line 22, insert the new item NIR (NEGROS ISLAND REGION);
 4. After line 22, insert the following two items and renumber accordingly:
 59. NORTHERN NEGROS NATURAL PARK

70,826.16

60. APO ISLAND PROTECTED LAND-
SCAPE AND SEASCAPE 691.40;

Page 30

5. On line 18, as amended by Senator Sotto, insert a new item C to read as follows:
 - C) A SENATOR OF THE REPUBLIC OF THE PHILIPPINES WHO IS A DULY REGISTERED RESIDENT OF THE CITY OR PROVINCE WHERE THE PROTECTED AREA IS LOCATED OR HIS/HER REPRESENTATIVE, UNLESS THE SENATOR MAY EXERCISE THE OPTION TO DECLINE MEMBERSHIP IN THE PAMB.
 6. Reletter the succeeding subparagraphs accordingly:
 7. On line 20, after the word "REPRESENTATIVE/S," insert the phrase UNLESS THE DISTRICT REPRESENTATIVE DECLINES MEMBERSHIP IN THE PAMB;

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8. On line 4, delete the words DEPARTMENT OF;
 9. On line 7, replace the word and figure "ONE (1)" with the word and figure THREE (3);
 10. On the same line, replace the word "REPRESENTATIVE" with REPRESENTATIVES;

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11. On line 2, replace the phrase “PRECEDING SUBPARAGRAPHS (A), (B), (C), (D), (E) AND (F) with PRECEDING SUBPARAGRAPHS (A), (B), (C), (D), (E), (F), AND (G);
 12. On lines 6 to 7, replace “SUBPARAGRAPHS (G), (H), (I), AND (J)” with SUBPARAGRAPHS (H), (I), (J), AND (K);

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13. On line 2, delete the words "IF FEASIBLE";
 14. On the same line, replace the word and figure "TWENTY (20%)" with FORTY PERCENT (40%);

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15. On line 21, between the words "TAX" and "AND," insert the phrase ON PROPERTIES OWNED BY THE GOVERNMENT;

At this juncture, the session was suspended and was resumed shortly thereafter.

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16. On line 14, after the word "ANNEX," insert a comma (,) and the phrase WHICH IS DULY CERTIFIED ACCURATE ON EVERY PAGE THEREOF BY THE DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES AND THE NATIONAL MAPPING AND RESOURCE INFORMATION AUTHORITY (NAMRIA); and
17. On line 15, after the word "ADOPTED," insert the phrase AND MADE AN INTEGRAL HEREOF.

MANIFESTATION OF SENATOR HONTIVEROS

Senator Hontiveros stated that since Senator Villar had already included her proposed amendment on the gender quota on page 33 and on the NGO composition in the PAMB on page 31, she would no longer propose further amendments to the bill.

VILLANUEVA AMENDMENTS

As proposed by Senator Villanueva and accepted by the Sponsor, there being no objection, the following amendments were approved by the Body, one after the other:

1. On page 53, line 9, after the phrase "FROM THE PROTECTED AREA," insert the following proviso: PROVIDED, THAT IN CASES OF EMERGENCY, THE DENR SECRETARY, AT HIS OR HER OWN DISCRETION, MAY ORDER THE IMMEDIATE EXIT OR DEPARTURE OF THE OFFENDER FROM THE PROTECTED AREA. THE SECRETARY MAY CALL ON OTHER ENFORCEMENT AGENCIES TO ASSIST IN EXECUTING THE ORDER TO VACATE.

2. Thereafter, insert the following paragraph:

AN EMERGENCY IS WHEN THERE IS A DEMONSTRATED IMPENDING THREAT TO HUMAN LIFE AND BIODIVERSITY OR TO THREATEN SPECIES OR TO THE INTEGRITY OF THE ECOSYSTEM OF THE PROTECTED AREA; and

As a matter of style, the sentence starting with "ALL MINERALS" shall be converted into a separate paragraph.

TERMINATION OF THE PERIOD OF INDIVIDUAL AMENDMENTS

There being no other individual amendment, upon

motion of Senator Sotto, there being no objection, the Body closed the period of individual amendments.

APPROVAL OF SENATE BILL NO. 1444 ON SECOND READING

Submitted to a vote, there being no objection, Senate Bill No. 1444 was approved on Second Reading.

SUSPENSION OF CONSIDERATION OF SENATE BILL NO. 1444

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

ADDITIONAL REFERENCE OF BUSINESS

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

Committee Report No. 78, submitted jointly by the Committees on Economic Affairs; and Trade, Commerce and Entrepreneurship, on Proposed Senate Resolution No. 213, introduced by Senator Win Gatchalian, entitled

A RESOLUTION DIRECTING THE APPROPRIATE SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, TO GENERATE EVIDENTIARY DATA TO ESTABLISH THE ECONOMIC EFFECTS UPON THE CONSUMER IN PARTICULAR, AND THE NATIONAL ECONOMY IN GENERAL, OF THE PRESENT MODEL OF OPERATION AND REGULATION OF THE TELECOMMUNICATIONS INDUSTRY, TO THE END IN VIEW OF RECOMMENDING POLICY TO STRENGTHEN KEY ECONOMIC REFORMS THAT ARE CONSISTENT WITH THE COUNTRY'S MEDIUM-TERM DEVELOPMENT PLAN AND LONG-TERM VISION AND PROTECTIVE OF THE INTERESTS OF CONSUMERS IN A ROBUST ECONOMY THAT IS FOSTERED BY FREE COMPETITION AND INCLUSIVE GROWTH,

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recommending the adoption of this report and its recommendations.

Sponsor: Senator Win Gatchalian

SECOND ADDITIONAL REFERENCE OF BUSINESS

Committee Report No. 79, prepared and submitted jointly by the Committees on Justice and Human Rights; and Environment and Natural Resources, on Senate Bill No. 1454 with Senators Richard J. Gordon, Paolo Benigno "Bam" Aquino IV and Cynthia A. Villar, entitled

AN ACT REMOVING THE RESTRICTIONS IN THE REGISTRATION OF LAND TITLES UNDER SECTIONS 118, 119, AND OTHER RESTRICTION AGAINST ENCUMBRANCE OR ALIENATION ON FREE PATENTS ISSUED UNDER SECTION 44 OF COMMONWEALTH ACT NO. 141 OR THE PUBLIC LAND ACT, AS AMENDED,

recommending its approval in substitution of Senate Bill Nos. 101, 645 and 1260.

Sponsor: Senator Richard J. Gordon

SPECIAL ORDER

Upon motion of Senator Sotto, there being no objection, the Body approved the transfer of Committee Report No. 78 on Proposed Senate Resolution No. 213 from the Calendar for Ordinary Business to the Calendar for Special Orders.

COMMITTEE REPORT NO. 78

Upon motion of Senator Sotto, there being no objection, the Body considered Committee Report No. 78, Re: RESOLUTION DIRECTING THE APPROPRIATE SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, TO GENERATE EVIDENTIARY DATA TO ESTABLISH THE ECONOMIC EFFECTS UPON THE CONSUMER IN PARTICULAR, AND THE NATIONAL ECONOMY IN GENERAL, OF THE PRESENT MODEL OF OPERATION AND REGULATION OF THE TELECOMMUNICATIONS INDUSTRY,

TO THE END IN VIEW OF RECOMMENDING POLICY TO STRENGTHEN KEY ECONOMIC REFORMS THAT ARE CONSISTENT WITH THE COUNTRY'S MEDIUM-TERM DEVELOPMENT PLAN AND LONG-TERM VISION AND PROTECTIVE OF THE INTERESTS OF CONSUMERS IN A ROBUST ECONOMY THAT IS FOSTERED BY FREE COMPETITION AND INCLUSIVE GROWTH.

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

The Chair recognized Senator Gatchalian for the sponsorship.

SPONSORSHIP SPEECH OF SENATOR GATCHALIAN

Senator Gatchalian, on behalf of the Committee on Economic Affairs, submitted for plenary consideration Committee Report No. 78, Re: RESOLUTION DIRECTING THE APPROPRIATE SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, TO GENERATE EVIDENTIARY DATA TO ESTABLISH THE ECONOMIC EFFECTS UPON THE CONSUMER IN PARTICULAR, AND THE NATIONAL ECONOMY IN GENERAL, OF THE PRESENT MODEL OF OPERATION AND REGULATION OF THE TELECOMMUNICATIONS INDUSTRY, TO THE END IN VIEW OF RECOMMENDING POLICY TO STRENGTHEN KEY ECONOMIC REFORMS THAT ARE CONSISTENT WITH THE COUNTRY'S MEDIUM-TERM DEVELOPMENT PLAN AND LONG-TERM VISION AND PROTECTIVE OF THE INTERESTS OF CONSUMERS IN A ROBUST ECONOMY THAT IS FOSTERED BY FREE COMPETITION AND INCLUSIVE GROWTH.

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

I have the honor to present Part One of this report containing a summary of the most significant findings that were culled from three long and intense public hearings conducted by the Committee on Economic Affairs, jointly with the

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Committee on Trade, Commerce and Entrepreneurship, on Proposed Senate Resolution No. 213 which I filed on October 25, 2016. This resolution directed the appropriate Senate committee to conduct an inquiry, in aid of legislation, to generate evidentiary data to establish the economic effects upon the consumer, as well as the national economy, of the present model of operation and regulation of the telecommunications industry. The purpose of conducting this inquiry is to decipher the most befitting legislative policy that will embody a key economic reform in the telecommunications industry that protects the interests of the consumer in the midst of a rapidly evolving telecommunications ecosystem. The issues discussed in the public hearings were delimited by the following points of inquiry: regulation, competition and spectrum management.

Pursuant to Republic Act No. 7925, otherwise known as the "Public Telecommunications Policy Act of the Philippines," it is the National Telecommunications Commission, or the NTC, which has jurisdiction over the supervision, adjudication and control over all telecommunications services throughout the country. The NTC has further made it its mission to "proactively and continually create a responsive regulatory environment for a viable, affordable, reliable and accessible telecommunications and information infrastructure and services to ensure the welfare and protection of our people."

However, despite efforts at making the telecommunications industry an open, competitive and dynamic sector of the Philippine economy, the Philippines was recently ranked to have the slowest internet speed in the whole of Asia Pacific. This was revealed in the latest "State on the Internet Report" of Akamai, the global leader in content delivery network services, for the Fourth Quarter of 2016. We have already been overtaken by India which was previously ranked to have the slowest average connection speed in the Asia Pacific Region. In the same State of the Internet Report, Akamai revealed that South Korea was again the top country in the world with the fastest average connection speed. The gap between South Korea (with a 26.1 average Mbps) and the Philippines (with a 4.5 average Mbps) — is almost 22Mbps. And yet, despite having the slowest average connection speed in the region, the Philippines has some of the most expensive internet connections in the world. It was precisely this inequitable context — pervading our everyday lives as consumers of telecommunications services in the country — that prompted us to conduct this legislative inquiry.

Does the present model of operation and regulation of the telecommunications industry promote the paramount welfare of the consumer? It was brought to light during the public hearings that the NTC is organizationally handicapped as a regulator to ensure that consumers are given genuine options, quality services and reasonable prices by the existing telecommunications companies or the so-called telcos. First, the NTC's present organizational and legal framework affects its independence as a regulator. It should be reorganized and given fiscal autonomy to enable it to freely create an environment of regulatory certainty and operational conditions that are necessary to promote the paramount welfare of consumers. Second, there is an urgent need to depoliticize the appointment of its commissioners. The complex and rapidly evolving nature of the industry requires officials who are qualified and fully capable of formulating and deploying policies for the sustainable development of the industry. The commissioners should also have a fixed term of office in order to eliminate their vulnerability to all forms of pressure that may constrain or discourage them from implementing plans of action that promote the rights and welfare of the consumer. This will prevent the recurrence of instances in the past where some NTC officers would be threatened with lawsuits whenever they engaged, or were poised to engage, in activities that were detrimental to the bottomline of the telcos. The NTC must be empowered and strengthened to be able to shield its officers from such threats of litigation and harassment.

We proceed to the second point of inquiry whether the present system of operation and regulation of the telecommunications industry allows the realization of the policies and objectives under the Philippine Competition Act. As the issues were intertwined, it was discussed whether the Co-Use Agreement of the 700-Megahertz spectrum by Globe and Smart has any economic effect on the consumer in terms of prices, options and quality of services. It was also heavily debated whether the joint acquisition effectively diminished, or eliminated, the viability for a potential third player.

Our present system does not guarantee a competitive environment by the mere entry of a third player. The capacity of such third player to bring in real competition against the existing duopoly is contingent on various factors such as the availability of spectrum, capitalization, an incentive systems for new players. During the public hearings, an NTC official pronounced that the currently available spectrum allocations are

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sufficient for the entry of a viable third player into the telecommunications industry. In fact, this claim has been consistently reiterated by the NTC during the first Telco Summit held in March.

I beg to disagree that the present available spectrum allows the entry of a viable third player into the telecommunications industry. Spectrum is a frequency of electromagnetic radiation in the range at which radio signals are transmitted. It is the means by which telcos deliver services to their subscribers. It is a scarce public resource. The Supreme Court itself held that it is “a finite resource that is part of the national patrimony and the use thereof is a privilege conferred upon the grantee by the State and may be withdrawn anytime, after due process xxx.” To rephrase, the Filipino people own the spectrum, and may only allow its use by the private sector if permission is granted by Congress.

I am showing you these pie charts which illustrate the current state of spectrum allocation in the telecommunications industry. The charts were illustrated by Democracy.Net.PH, based on data given by the NTC in reply to an FOI request on telco frequency allocations. The frequencies in the 900 MHz and 1800 MHz bands are the bands used by non-LTE cellular phones for calls and texts. They are the so-called “workhorse call and text frequencies.” On the other hand, the 700Mhz, 850Mhz, and 2500Mhz up to 3400 Mhz bands are frequencies that can be used only by LTE-enabled cellular phones.

During the third public hearing, the Radio Spectrum Planning Division of the NTC manifested that the earnings from these “workhorse frequencies” represent 55% of the telcos total income. The representative of the Philippine Coalition of Consumers in the same hearing countered that these “workhorse frequencies” actually bring in 77% of their total earnings. Until these numbers are rebutted, these workhorse frequencies appear to be the bread-and-butter frequencies of the duopoly. We can see from these charts that these bread-and-butter frequencies in the 900Mhz and 1800 Mhz bands—or the workhorse spectrum for GSM calls and SM—are now 100% occupied by Globe and Smart. Nothing, or 0%, of these workhorse bands is available for any new potential, viable player in the industry.

Simply put, there is not enough spectrum for a third player to enter and compete viably. The monopolization of the “workhorse frequencies” by Globe and Smart makes it impossible for a third player to viably compete against them. Given prevailing conditions, the hypothetical third

player will be limited to data-driven services, and will not be able to provide services for calls and texts at par with the array of services offered by the duopoly. To be sure, the controversial Co-Use Agreement of the 700Mhz spectrum by Globe and Smart has resulted in a “spectrum split” between the duopoly – further crowding out other viable players in the telecommunications industry.

This brings us to another issue discussed in the public hearings: Does our present system of spectrum allocation provide the most efficient method of assignment for purposes of allowing the entry of new competitors in the telecommunications industry?

Republic Act No. 3846, otherwise known as the “Radio Control Law of the Philippines,” was enacted in 1931 and it empowers the NTC to control the allocation of spectrum. There are two basic principles for spectrum allocation and assignment that the NTC must follow under RA 7925. One, allocation should be given to the best- qualified applicant; two, when demand for specific frequencies exceeds availability, an open tender bidding process shall be used.

We have uncovered, however, during the public hearings that in 1999, instead of conducting a spectrum auction, the NTC merely assigned spectrum frequencies in the 1800 Mhz workhorse bands to Globe and Smart. The NTC reasoned that conducting a rigorous auction at that time would have delayed the roll-out of telecommunications infrastructure by the two telcos and prevented them from responding adequately to the then growing demand for their services due to the emerging popularity of SMS.

Eighteen years later, or on May 27, 2016, the NTC again approved a Co-Use Agreement executed between Globe and Smart on the 700Mhz frequencies which were previously owned by Vega Telecom—a subsidiary of San Miguel Corporation. The May 27 approval was stamped by the NTC only three days after the receipt of the May 24 joint letter-request of Globe and Smart for the co-use of the frequencies. The NTC approved the co-use, believing that it would substantially improve the services of Globe and Smart by expanding the functionality of their existing network of cell sites and allowing existing cell sites to decongest in-use frequencies in order to deliver improved services to consumers. It has been a year since the approval of the Co-Use Agreement, and these improved services have not been felt by us consumers.

Such failure of the NTC in the past to properly govern our publicly-owned spectrum

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has resulted in the private trading of frequencies. Private corporations have treated spectrum allocations as their property, resulting in relatively easy and effective "spectrum trading" via corporate mergers and acquisitions – as in the recent case of the joint acquisition of the 700Mhz frequencies.

The damage caused by such "spectrum trading" to the industry is immense. When the NTC approved the Co-Use Agreement, it did not only limit the available spectrum that may be allocated to a potential third player. It severely restricted such third player's ability to expand since its limited spectrum allocation will now require more capital investment as more cell sites are needed to create the same capacity as the existing duopoly. The new player will now need more time to build and expand its network, incur higher cost, have little incentive to reduce prices, and will not be able to attract new customers.

I believe that one of the committee's most important findings from this legislative inquiry is the role that spectrum allocation plays in the telecommunications industry. The amount of spectrum rights allocated to a telecommunications company determines the number of subscribers it can sustain, the capitalization it needs to infuse, the quality of service it can provide, or the rates it can offer. Consequently, a company's spectrum allocation can eliminate its competitors with not enough frequencies, as well as potential players who know that the available spectrum will not pave the way for a level-playing field.

The public hearings gave away the solution to this spectrum dilemma. And it is not far from obvious. To open the telecommunications industry to competition and give way to a viable third player, we need a more transparent system of spectrum allocation, assignment, re-allocation and re-farming, as well as the development, promotion, and deployment of a competitive selection process in the allocation of our publicly-owned spectrum. There seems to be no other visible way. Our efforts at relaxing constitutional restrictions to allow foreign firms to enter the telecommunications industry will be merely illusory if these firms do not have enough frequencies that will enable them to offer real competition and give consumers the best value for their money.

I will be discussing the complete policy recommendations and proposed legislative agenda on spectrum management, as well as competition and regulation, on the second part of my presentation. At this juncture, I conclude the presentation of the summary of our key findings.

MANIFESTATION OF SENATOR SOTTO

Senator Sotto manifested that the second part of Senator Gatchalian's committee report would be delivered in the next session day, followed by the period of interpellations.

SUSPENSION OF CONSIDERATION OF COMMITTEE REPORT NO. 78

Upon motion of Senator Sotto, there being no objection, the Body suspended consideration of Committee Report No. 78.

SPECIAL ORDER

Upon motion of Senator Sotto, there being no objection, the Body approved the transfer of Committee Report No. 79 on Senate Bill No. 1454 from the Calendar for Ordinary Business to the Calendar for Special Orders.

COMMITTEE REPORT NO. 79 ON SENATE BILL NO. 1454

Upon motion of Senator Sotto, there being no objection, the Body considered, on Second Reading, Senate Bill No. 1454 (Committee Report No. 79), entitled

AN ACT REMOVING THE RESTRICTIONS IN THE REGISTRATION OF LAND TITLES UNDER SECTIONS 118, 119, AND OTHER RESTRICTIONS AGAINST ENCUMBRANCE OR ALIENATION ON FREE PATENTS ISSUED UNDER SECTION 44 OF COMMONWEALTH ACT NO. 141 OR THE PUBLIC LAND ACT, AS AMENDED.

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

The Chair recognized Senator Gordon for the sponsorship.

SPONSORSHIP SPEECH OF SENATOR GORDON

Senator Gordon submitted for plenary considera-

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tion Senate Bill No. 1454, entitled “An Act Removing the Restrictions in the Registration of Land Titles under Sections 118, 119, and Other Restrictions Against Encumbrance or Alienation on Free Patents issued under Section 44 of Commonwealth Act No. 141 or The Public Land Act, As Amended,” otherwise known as the “Agricultural Free Patent Reform Act of 2017,” under Committee Report No. 79.

The full text of Senator Gordon's sponsorship speech follows, details of which were accompanied by a series of slides shown on the screen:

I stand before you today to sponsor what is probably one of the most important pieces of economic legislation we will pass today. The bill, if passed into law, will have a huge and immediate impact on the economy, on inclusive growth, on investment in the countryside. It will not rely on billions from the Treasury but from the powers of the market and private initiative.

I am referring to Senate Bill No. 1454, or the “Agricultural Free Patent Reform Act of 2017.”

The latest SWS survey shows that self-rated poverty rose to 50% in the last quarter, or almost half the population, despite the country’s high 7% economic growth. The sad fact of the matter is that growth and increasing incomes are only touching our urbanized centers, leaving much of the countryside behind.

This bill will do much to address our unbalanced development and give agriculture a much-needed shot in the arm. Trillions in dead capital will be unleashed in the market in the form of credit and livelier investments.

How is this so?

This bill will remove those Commonwealth-era restrictions that prevent banks from lending to farmers against agricultural patents. Under the current law, crafted in 1936 under the Public Land Act, agricultural patent holders are prohibited from selling or borrowing against these patents for the first five years from the date of the grant. A second deadlier restriction gives agricultural patent farmer-beneficiaries and their heirs a perpetual option to buy back the property within five years of sale or alienation.

Removing these restrictions will unleash the power of freer land markets. It will make agricultural patents bankable to improve the economy, because right now, nobody will want to buy it because of the restrictions. Thus, there will be a huge impact on our economy with the passage of this bill.

Credit will now flow more freely to farmers with agricultural land patents. Currently, because of these restrictions, banks, and rural banks in particular, do not wish to lend agricultural patents because they have to hold it within the five-year option of buyback by the borrower, if foreclosed. *Sino nga ba naman ang bibili ng lupa at mag-i-invest kung mayroong buyback provision ang nagbenta* within the five-year period?

This is one of the reasons why banks are having difficulty meeting the requirements of the Agri-Agra Reform Credit Act of 2009 (Republic Act No. 10000), which mandates that a certain percentage of the bank’s portfolios be directed to rural lending.

The other mechanism by which growth will happen in agriculture is that by removing these restrictions, farm lands will go to the highest and best use. Currently, productive farmers do not wish to buy farm lands covered by agricultural patents to improve them and make them more productive if the seller has the option to buy back the farm after the buyer has made it more productive. The result is that we have stagnant land markets where farm lands lay fallow for want of improvement.

I am not resorting to hyperbole if I say that this will have a tremendous and immediate impact on economic growth in the countryside. There are about 2.5 million to 3 million of these agricultural patents with these restrictions, or nearly a quarter of total titles numbering 12 million.

These represent nearly a trillion in dead or idle capital if calculated by market value. These cannot be mortgaged or sold, except in the informal markets where their value remains depressed. *Ini-exploit ang farmer ng mga nakakabili at napakababa ng ibinibigay na presyo.* If we remove these Commonwealth-era restrictions, a tremendous amount of capital can be unleashed. The value of these properties, whether for borrowing or sale, will immediately rise. Such a boon to our farmers! The impact will be immediate and immense.

These conclusions are not without economic and scientific basis. Most of the prominent agricultural economists support this bill. The National Scientist for Economics, Dr. Raul Fabella; the head of the University of Asia and the Pacific, Dr. Rolando Dy; the former Dean of the UP School of Economics, Dr. Ramon Clarete; and the Deputy Director of the International Rice and Research Institute (IRRI) and former Undersecretary of Agriculture, Dr. Bruce Tolentino; they have signified their support for removing

these restrictions and making the land market more active and lively.

The government will benefit from removing these restrictions, too: from the increase in lending activities and documentary taxes, and other taxes related to credit growth; and from the increase in land transactions and related taxes. Imagine, here is a pro-poor and pro-farmer legislation that does not require any money from the government to give away. In fact, it is the other way around, with government benefiting from increased revenues from the increased economic activity that this bill will unleash.

More importantly, we will empower the farmer. We will give him options about what he can do with the land—options such as borrowing against the land to develop it, or selling the land to a more productive farmer, which he does not have at present. The land will naturally go to the highest and best use because the farmer who can make the land more productive will now be able to purchase the land without fear that it will be bought back from him by the original seller.

According to the Department of Agriculture, the average age of farmers now is 57 years of age. Young people are turning away from farming because they do not see any future in it. It is not hard to see why. It is so hard for farmers to obtain credit. It is also hard for them to expand and buy more land if they are successful. If enacted into law, this bill will help solve the problems our young generations face with farming.

Ten years from now, people will look back and see what this legislation really is—the most consequential piece of economic legislation promoting rural development and inclusive growth. It will be the “Big Bang” or singularity that jumpstarts the agricultural revolution in the countryside.

Coauthoring and cosponsoring this bill with me is Senator Benigno “Bam” Aquino.

SUSPENSION OF CONSIDERATION OF SENATE BILL NO. 1454

Upon motion of Senator Sotto, there being no objection, the Body suspended consideration of the bill to allow the senators time to study the measure.

CHANGE OF REFERRAL

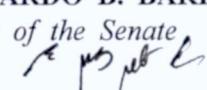
With the concurrence of Senators Poe and Escudero, upon motion of Senator Sotto, there being no objection, the Chair approved the change of referral of Proposed Senate Resolution No. 367 (Motor Vehicle Accident Claims) to the Committee on Public Services as the primary committee, and to the Committee on Banks, Financial Institutions and Currencies as the secondary committee.

ADJOURNMENT OF SESSION

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

It was 5:40 p.m.

I hereby certify to the correctness of the foregoing.


ATTY. LUTGARDO B. BARBO
Deputy Secretary of the Senate


Approved on May 17, 2017