

REPUBLIC OF THE PHILIPPINES Senate Pasay City

Journal

SESSION NO. 56

Wednesday, January 26, 2005

THIRTEENTH CONGRESS FIRST REGULAR SESSION

SESSION No. 56 Wednesday, January 26, 2005

CALL TO ORDER

At 3:42 p.m. the Senate President, Hon. Franklin M. Drilon, called the session to order.

PRAYER

Sen. Juan M. Flavier paraphrased "The New Year's Prayer" by Reverend Marcy, to wit:

Dear Lord, From Whom All Blessings Flow:

As we begin work in this New Year, 2005, let us give thanks for all we hold dear: our health, our family, our friends, and the nation. Let us also remember those who have suffered as a result of the disasters that befell the nation as well as our neighboring countries.

Let us release our grudges, our anger and our pains, for these are nothing but binding chains. Let us live each day in the most loving way, the God-conscious way. Let us serve all who are in need, regardless of race, color or creed.

Let us keep God in our hearts and to chant God's Name each day. Let us lead the world from darkness to light, from falsehood to truth and from wrong to right.

Let us remember that we are all one, embracing all, discriminating against none.

Lead us away from paths of destruction, greed, overindulgence, despair. Send Jesus to challenge us to stop, to encourage us to share, to love us into loving others.

May this year be filled with peace, prosperity and love. May God's blessings shower upon all of us and bestow upon each of us a bright, healthy and peaceful New Year, 2005.

Amen.

ROLL CALL

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

Angara, E. J.	Gordon, R. J.
Arroyo, J. P.	Lacson, P. M.
Biazon, R. G.	Lapid, M. L. M.
Cayetano, C. P. S.	Osmena III, S. R.
Defensor Santiago, M.	Pangilinan, F. N.
Drilon, F. M.	Pimentel Jr., A. Q.
Ejercito Estrada, J.	Revilla Jr., R. B.
Ejercito Estrada, L. L. I	P. Roxas, M.
Enrile, J. P.	Villar Jr., M. B.
Flavier, J. M.	

With 19 senators present, the Chair declared the presence of a quorum.

Senators Lim, Magsaysay and Recto arrived after the roll call.

Senator Madrigal was absent

ACKNOWLEDGEMENT OF THE PRESENCE OF GUESTS

At this juncture, Senator Pangilinan acknowledged the presence of students of Assumption College headed by Professors Rita Bustamante and Charina Domingo; University of Makati headed by Mr. Arthur Maravilla; and Dr. Filemon Aguilar Memorial College in Las Pinas City headed by Ms. Edralin Adriano.

APPROVAL OF THE JOURNAL

Upon motion of Senator Pangilinan, there being no objection, the Body dispensed with the reading of the Journal of Session No. 55 and considered it approved.

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. 1887, entitled

AN ACT AMENDING ACT NO. 3815, ALSO KNOWN AS THE REVISED PENAL CODE, AS AMENDED, ARTICLE 39, 1st PARAGRAPH, ON SUBSIDIARY PENALTY

Introduced by Senator Luisa "Loi" P. Ejercito Estrada

To the Committees on Justice and Human Rights; and Constitutional Amendments, Revision of Codes and Laws

Senate Bill No. 1888, entitled

AN ACT DECLARING AS UNLAWFUL ANY FORM OF CHEATING IN CIVIL SERVICE **EXAMINATIONS,** UNAUTHORIZED USE AND POSSESSION OF CSC EXAMINATION RELATED MATERIALS, AND GRANTING THE COMMISSION **EXCLUSIVE** JURISDICTION OVER THESE CASES INCLUDING THOSE COMMITTED BY**PRIVATE INDIVIDUALS**

Introduced by Senator Lacson

To the Committees on Civil Service and Government Reorganization; and Justice and Human Rights

Senate Bill No. 1889, entitled

AN ACT ESTABLISHING THE CAREER EXECUTIVE SYSTEM

Introduced by Senator Lacson

To the Committee on Civil Service and Government Reorganization

Senate Bill No. 1890, entitled

AN ACT STREAMLINING THE JURISDICTION OF THE SANDIGANBAYAN, AMENDING

 FOR THE PURPOSE PRESIDENTIAL DECREE NO. 1606, AS AMENDED BY R.A. NO. 7975 AND R.A. NO. 8249, AND FOR OTHER PURPOSES

Introduced by Senator Mar Roxas

To the Committee on Justice and Human Rights

RESOLUTIONS

Proposed Senate Resolution No. 163, entitled

RESOLUTION DIRECTING THE COMMITTEE ON BANKS, FINANCIAL INSTITUTIONS AND CURRENCIES TO CONDUCT AN INVESTIGATION, IN AID OF LEGISLATION, INTO THE EFFECTIVE IMPLEMENTATION OF R.A. NO. 9182, OTHERWISE KNOWN AS THE SPECIAL PURPOSE VEHICLE OF 2002

Introduced by Senator Mar Roxas

To the Committees on Banks, Financial Institutions and Currencies; and Ways and Means

Proposed Senate Resolution No. 164, entitled

RESOLUTION DIRECTING THE COMMITTEE ON YOUTH, WOMEN AND FAMILY RELATIONS TO CONDUCT AN INVESTIGATION, IN AID OF LEGISLATION, INTO THE PROLIFERATION OF ADS SOLICITING CLIENTS FOR ESCORT SERVICE

Introduced by Senator Mar Roxas

To the Committees on Labor, Employment and Human Resources Development; and Youth, Women and Family Relations

Proposed Senate Resolution No. 165, entitled

RESOLUTION DIRECTING THE SENATE COMMITTEE ON ACCOUNTABILITY OF PUBLIC #

OFFICERS AND INVESTIGATIONS TO INVESTIGATE, IN AID OF LEGISLATION, THE ALLEGED ILLEGAL APPOINTMENTS COMMITTED BY THE EXECUTIVE DEPARTMENT

Introduced by Senator Luisa "Loi" P. Ejercito Estrada

To the Committees on Accountability of Public Officers and Investigations; and Civil Service and Government Reorganization

SENATE RESOLUTION NO. 158

Upon motion of Senator Pangilinan, there being no objection, the Body considered Senate Resolution No. 158, entitled

RESOLUTION CREATING AN OVER-SIGHT COMMITTEE ON INTEL-LIGENCE AND CONFIDENTIAL FUNDS, PROGRAMS AND ACTIVITIES.

Secretary Yabes read the text of the resolution, to wit:

WHEREAS, the re-appropriated national budget for the fiscal year 2005 has identified approximately P1.264 Billion for intelligence and confidential programs and activities of the government, such as but not limited to those relating to national security, intelligence and counterintelligence activities:

WHEREAS, intelligence and confidential funds are not subject to the regular auditing requirements of the Commission on Audit, thus, opening the filloodgates to the misuse and abuse in the utilization of these funds;

WHEREAS, during the Tenth Congress, a Senate Select Oversight Committee on Intelligence and Confidential Funds (the "Oversight Committee"), Programs and Activities was created on 12 August 1997 and was subsequently reconstituted in the Eleventh Congress and the Twelfth Congress;

WHEREAS, there is a need to reconstitute the Oversight Committee in the Thirteenth Congress to continue exercising its oversight functions over the use, disbursement and expenditures of intelligence and confidential funds granted to numerous government agencies, particularly in the wake of controversies involving a former police asset's claim of irregularities in the payment of her agent's fees from government intelligence funds;

WHEREAS, there is a need to reconstitute the Oversight Committee to enable the Senate to investigate the efficiency of such relevant institutions in the prevention of crimes and apprehension of criminals in aid of legislation, and to assure that the appropriate departments and agencies provide informed and timely intelligence on public order and national security;

WHEREAS, Section 14, Rule X of the Rules of the Senate provides that "Whenever necessary, special committees shall be organized, the membership and jurisdiction of which shall be determined by the Senate President."

RESOLVED BY THE SENATE, to create, as it hereby creates, an Oversight Committee on Intelligence and Confidential Funds.

Thereupon, the Chair recognized Senator Gordon for the sponsorship.

COAUTHOR

Senator Pangilinan manifested that Senator Angara is a coauthor of Senate Resolution No. 158.

SPONSORSHIP SPEECH OF SENATOR GORDON

In sponsoring Senate Resolution No. 158, Senator Gordon delivered the following speech:

It is the distinct honor of this Representation to rise before you today to call for the creation of an Oversight Committee on Intelligence and Confidential Funds to investigate the efficiency of the institutions

that receive intelligence funds from the General Appropriations Act in using these funds for the security of the country.

During the Tenth Congress, a Senate Select Oversight Committee on Intelligence and Confidential Funds, Programs and Activities was created on 12 August 1997, and was subsequently reconstituted in the Eleventh Congress and the Twelfth Congress. On August 10, 2004, I authored Senate Resolution No. 38 together with Sen. Edgardo Angara, expanding the jurisdiction of this oversight committee to include the monitoring of prison management, vehicle and firearms registration, and the use of intelligence and confidential funds, and the conduct of related programs and activities, in connection with the rise of crimes particularly against journalists and judges.

In the light of facilitating the legislative process, I refiled a more specific resolution, Senate Resolution No. 158 last January 17, 2005, particularly addressing the need to investigate the efficiency and efficacy of the intelligence operations of the various government agencies for which intelligence funds are allocated and to consider measures for the enhancement or refinement of these agencies' intelligence functions, entitled

"RESOLUTION CREATING AN OVERSIGHT COMMITTEE ON INTELLIGENCE AND CONFIDENTIAL FUNDS, PROGRAMS AND ACTIVITIES."

This resolution addresses the same concerns raised by the Honorable Minority Floor Leader Nene Pimentel Jr. during our caucus last January 17, which he reiterated yesterday in his privilege speech and which were further expounded through the insightful interpellations of our learned colleagues in the Senate, specifically the need to examine and assess the performance of our intelligence institutions tasked with protecting our country from threats, both external and internal. Senator Pimentel called for an inquiry into the alleged deployment of new U.S. espionage units, citing the unresolved case of Michael Meiring

who was spirited out of the country by FBI agents under suspicious circumstances, after losing both legs during a bomb blast in his hotel room.

I believe that we must reconstitute the Oversight Committee for the Thirteenth Congress to continue exercising its oversight functions over the use, disbursement and expenditure of intelligence and confidential funds granted to numerous government agencies, which are not subject to auditing by the Commission on Audit.

According to the records of the Senate's Legislative Budget Research and Monitoring Office, the total budget for intelligence in 2004 was P1,264,818,000, which was reenacted from the 2003 budget. The five largest intelligence budgets of government agencies go to the Philippine National Police with P270M, the Office of the Secretary of the Department of Justice with P95M, the Armed Forces of the Philippines with P78.6M, the Office of the Secretary of the Department of National Defense with P43M, and the National Intelligence Coordinating Agency with P29.8M,

If we are to base our figures on an article published in the e-publication Bulatlat.com dated August 24-30, 2003, the original proposed total budget for intelligence in 2004 was close to P2 billion, divided as follows: Intelligence Services of the Armed Forces of the Philippines (ISAFP), P265 million; Philippine Air Force (PAF), P56.4 million; Philippine Navy (PN), P176.5 million; Philippine Army (PA), 110.2 million. For the PNP intelligence service, P351.8 million was allocated, along with P51 million for National Security Council, P258 million for the National Intelligence Coordinating Agency, and P580 million for the Presidential Anti-Organized Crime Commission. However, the 2003 budget was reenacted for 2004. Otherwise, there would have been a P744M increase in the allocation for intelligence funds, which are exempt from the scrutiny of the public.

The fact that most government agencies and departments are given their own

intelligence and confidentials funds, but are unable to protect the country from the entry of illegal and smuggled substances, such as drugs, cars, agricultural products and petroleum, brings forth the question of the effectiveness of the use of these funds.

The bombings like the Rizal Day bombing of the LRT in December 2000 which killed 22 people and injured hundreds of others; the string of MILF attacks in Davao City, Maigo in Lanao del Norte, Siocon in Zamboanga del Norte and Koronadal in South Cotabato; and the sinking of the Super Ferry 14 in Mariveles on February 27, 2004, which killed about 200 passengers which the Abu Sayyaf claimed to be their handiwork, are examples of the lethal consequences of the failure of our intelligence agencies to gather the necessary information to protect our people from terrorist attacks. Worse, our country has also gained the reputation of being a training ground for terrorists. The Jewish Institute for National Security Affairs, (JINSA), a non-profit, non-partisan educational organization based in Washington DC stated in their publication JINSA Online dated October 29, 2004, that "it appears that many Jemaiah Islamiyah operatives are still training in camps that were set up in the 1990s in the southern Philippine Islands. It is believed that these operatives plan to carry out acts of terrorism in Malaysia, Singapore and Indonesia." Hence, it is imperative that the Senate be vested with the authority to examine if intelligence and confidential funds are being used effectively to determine internal and external threats against the security of the country.

At this time when the legislative branch is being tasked with passing new tax measures that further burden our people, I believe that it is our responsibility to ensure that the people's money is protected and used properly. It is incumbent upon the Senate to explore any and all means by which the intelligence and counterintelligence activities of our government institutions, both military and civilian, can be made most effective.

Hence, the Senate must exercise its function stated in Section 14, Rule X of the Rules of the Senate which provides that "Whenever necessary, special committees shall be organized, the membership and jurisdiction of which shall be determined by the Senate President," in order to oversee the use of these intelligence funds. Every government agency has confidential and intelligence expenses and the people are, for understandable reasons, not entitled to know the specific manner in which their money is being used. As their duly elected representatives, we must serve as the eyes and ears of the public to ensure that their money is used for the intended purposes and not needlessly squandered or pocketed by unscrupulous officials.

Given these reasons, the prompt approval of this resolution is earnestly sought.

INTERPELLATION OF SENATOR ARROYO

At the outset, Senator Arroyo stated that the thrust of the resolution is to create an oversight committee that will look into the intelligence activities of various offices. However, he pointed out that Congress granted these funds to certain offices and it might not be right for the Body to look into their intelligence operations. He explained that the Commission on Audit exercises audit functions over intelligence expenditures although the details are not examined to protect the secrecy of certain operations. If an investigation is done, he said, the oversight committee would force the disclosure of information and the identities of the assets which goes against the grain of intelligence work. He stressed that the Central Intelligence Agency of the United States is not questioned on its disbursements. He expressed the view that if the Body wants to control the abuses of certain offices, it should not give them funds.

Asked whether the idea of creating the oversight committee is to inquire whether intelligence expenditures are justified or not, Senator Gordon replied in the affirmative. But he disagreed to the statement that because Congress appropriates intelligence funds it cannot look into the expenditures of the funds especially when there is failure of intelligence in certain instances as in the explosion of

the WG&A ferry in Corregidor and the Rezal Day bombing in 2000. He maintained that the Senate has an oversight function over the country's intelligence agencies to ensure the proper use of funds. As protectors of the people, he said, the Senate must always look into how their money is spent.

However, Senator Arroyo maintained that whenever the Senate thinks there was failure of intelligence, it has the right to investigate the incident but the thrust of the resolution, he noted, is to empower the oversight committee to look into the funds which the Commission on Audit does not even do. He reiterated that COA does not insist on a detailed explanation of how certain intelligence funds were used for it will disclose intelligence operations and this is true of intelligence agencies worldwide. He expressed concern that the Senate would be supplanting the functions of COA, adding that the oversight function of the Senate has limitations.

Senator Gordon disagreed that the Body could not exercise oversight function as he noted that oversight committees were created in the past. He clarified that the Body would not audit the funds; rather, it would look into intelligence activities to determine whether the quality of intelligence gathered is efficient. Through the oversight committee, he said, Congress shall find out if intelligence funds are insufficient to produce quality results and whether there is need to augment the same. He stressed that the Senate will not try to secure documents or find out the identities of intelligence sources but to find out the direction of intelligence work and ensure the quality of output.

Senator Arroyo clarified that his concern is whether the Senate is treading on constitutional limits. He cited the case of the Absentee Voting Law and the Dual Citizenship Law for which the Body formed oversight committees to oversee whether the Commission on Elections is rightly carrying out the implementing rules and regulations. He disclosed that in Makalintal v. Commission on Elections, the Supreme Court decided that the Senate cannot oversee the operations or actions of a constitutional body like the Comelec. Drawing a parallel, he said that the Commission on Audit is a constitutional body that audits intelligence funds but the oversight committee would do more than what the COA does. If the objective of the oversight committee is to monitor the activities of the intelligence community but not ask for details, then the Body would not tread on constitutional restrictions. He expressed concern at the wording of the resolution. He clarified that he was leaving the matter to the Body but suggested that a careful study be made in the light of the Supreme Court decision.

Senator Gordon said that the powers of the proposed oversight committee are the same with those of other oversight committees created by previous Congresses. He stressed that the Senate has the duty to make sure that money is wisely expended to produce timely information and to support the agencies should they require additional funding.

INQUIRY OF THE CHAIR

Asked by the Chair if the Committee on National Defense and Security can look into the disbursement of intelligence fund during the budget hearings, Senator Gordon replied in the affirmative.

INTERPELLATION OF SENATOR ENRILE

At the outset, Senator Enrile stated that the Oversight Committee on Intelligence and Confidential Funds was first created in 1998. He asked if during those years it existed, the oversight committee has made any report. Senator Gordon replied that no documents or reports were made by oversight committees which conducted closed hearings.

Asked whether these oversight committees had discovered any abuse or misuse of funds, Senator Gordon replied that no such report had been made public.

Upon further queries, Senator Gordon stated that the agencies covered by the oversight committee would include those allotted confidential and intelligence funds in the national budget such as the Philippine National Police, Department of National Defense, Department of Justice, Armed Forces of the Philippines and the Bureau of Customs.

Asked to differentiate intelligence funds from confidential funds insofar as utilization, purposes and authorized users are concerned, Senator Gordon explained that intelligence funds are used to address national interest and security concerns such as gathering intelligence against terrorists and crime syndicates, while confidential funds are allocated to p

Eivilian agencies like the Bureau of Customs to combat illegal operations.

On whether the oversight committee would monitor the usage of confidential funds by the President who is the biggest user of these funds, Senator Gordon clarified that such is not the intent of the resolution not only because the Executive Department is a coequal branch of government but also out of respect for the Office of the President itself.

As he had been the liquidating officer of the confidential funds of Malacañang during his term as Defense Secretary, Senator Enrile stated that he was aware that only the Office of the President used confidential funds at the time. As such, he pointed out that the confidential funds mentioned in the resolution would have to be solely directed to the Office of the President.

Senator Gordon recalled that during his own term as a local government official, he called these funds as "confidential." He believed that other agencies may have wrongly labeled these funds. For instance, he said, the intelligence fund of the BOC, which has also a confidential fund, is used to "buy intelligence."

Senator Enrile pointed out that the phrase "buying intelligence" is a misnomer as the information gathered may only be gossip or rumor. Adverting to an October 1998 debate on the same question, Senator Gordon stated that Senator Enrile made a distinction between intelligence funds and confidential funds, to wit: intelligence funds are appropriated for the special purpose of intelligence-and information-gathering and are disbursed only by special offices for specific purposes; confidential funds are only disbursed by the authority of the President — they are used for purposes other than intelligence-gathering and must be accounted for by the disbursing officer.

Upon further queries, Senator Gordon opined that no government should be given funds for extralegal operations if these mean engaging in vigilante operations. Moreover, he admitted that he was not familiar with the term "extreme prejudice" used by those involved in intelligence and confidential operations.

On whether confidential funds could be used to reward effective informants, Senator Gordon

adverted to an account in the COA manual which allows cost of confidential services rendered by persons, but he believed that the confidential funds could not be used for operations similar to Operation Merdeka which led to the infamous Jabidah Massacre as this was an extra-legal operation.

Replying to further queries, Senator Gordon said that the intelligence and confidential funds are authorized by Congress which has also the power to oversee its usage or even withdraw the same.

Senator Enrile adverted to Article IX, Sections 2.1(d) and 2.2 of the Constitution on the authority, power and duty of the Commission on Audit. He observed that Senate Resolution No. 158 would not limit the power and auditing function of COA. He explained that Congress, as the provider of the funds, only wants to determine whether the intelligence organizations are operating effectively to protect the interest of the country. Thus, he believed that no incompatibility exists between the resolution and the Constitution.

Senator Enrile suggested that a written report on the activities of the oversight committee be submitted to the Senate President for safekeeping. Senator Gordon agreed, on the condition that extreme measures are taken to secure the documents.

Further, Senator Enrile stated that the documents could be classified and that the Senate should be bound by penalties for their custody. For his part, Senator Gordon suggested that select members of the oversight committee be sworn to secrecy concerning confidential documents.

In closing, Senator Enrile expressed support for the resolution, stressing that the oversight committee could look into the intelligence operations of agencies and determine if they are faithful to their mandate.

INTERPELLATION OF SENATOR PIMENTEL

To Senator Pimentel's observation that liquidation of expenditures related to intelligence operations only need to be written on a small piece of paper and sealed inside an envelope in mere compliance with the reporting requirement, Senator Gordon replied that he was not certain if such is the current practice.

The Chair disclosed that this practice is called the "closed auditing system" wherein the report is placed in a sealed envelope and submitted to the COA and this is deemed as compliance with the auditing requirements.

Senator Pimentel believed that such a procedure is open to abuse as this is merely a compliance with the letter of the COA rule. Senator Gordon agreed as he cited Section 399 of the General Accounting and Auditing Manual which provides that all transactions chargeable against the intelligence and confidential funds shall be submitted for audit in a sealed taped envelope direct to the COA chairman or his duly authorized representative.

Senator Pimentel commented that it is no wonder that duly elected representatives of the people like the members of the Senate are not privy to how intelligence funds have been used through the years. Senator Gordon believed that there is a tendency to keep the information from the legislators who are supposed to oversee the agencies so that the people's interest can be protected.

Senator Pimentel noted that the practice persists to date and that, in fact, there is hardly any oversight to speak of over the P1.2 billion appropriation for the intelligence and confidential programs. Considering the circumstances, he believed that the rules promul-gated by the Commission on Audit could be modified by Congress. Senator Gordon asserted that it is within the ambit of the legislature to make the necessary modifications to plug the loopholes in the COA rules.

Senator Pimentel clarified that the Senate does not intend to expose the use of intelligence funds but that it only wants the designated officials who dispose of these funds to appear before the oversight committee and thereby preserve the confidentiality of the information on the use thereof.

Senator Gordon agreed as he stressed the need to ensure that the sanctity of the information that has been gathered by the intelligence community is not imperiled.

Senator Pimentel underscored that the claim that the U.S. intelligence community is above scrutiny is not exactly true. Precisely, he said, there is a select oversight committee to preclude the abuse or misuse of funds by the intelligence community. Senator Gordon added that the oversight is also to prevent the intelligence community from interfering in the private lives of citizens on the pretext of security considerations.

Relative thereto, Senator Pimentel hoped that the oversight committee could also look into the disbursement and distribution of intelligence funds. He feared that the intelligence funds of the PNP or the AFP, for instance, are concentrated in the hands of the bigwigs in Manila so that only small amounts trickle down to the provincial and regional levels. He disclosed that he has received complaints from the military and police in the field that they do not receive a commensurate amount that is supposedly for their use. Senator Gordon stated that as mayor, he also received similar complaints.

Up to now, Senator Pimentel pointed out, police officers who take down the affidavits of complainants in far-flung areas sometimes ask them to bring typewriter ribbons and bond paper which only goes to show that indeed, the allocation of funds is not fair.

Asked whether the oversight committee has the power to look into the intelligence funds of agencies that are not entitled to them, Senator Gordon decried that the Bureau of Customs, which has intelligence funds, could not even produce a list of smugglers or cause the arrest and conviction of smugglers. He recalled that one time, when he talked to a Customs intelligence officer, the latter could not say anything about the institution because his predecessor never bothered to provide him the information. He pointed out that while select agencies have intelligence funds, they hardly perform up to par.

Asked why the DOTC has intelligence funds, Senator Gordon surmised that it probably wants to identify the car smugglers and to determine if the LTO agents are doing their job. He agreed to the observation that DOTC is, in effect, spying on its own people, adding that this is a reflection of the current situation owing to ineffective policies on governance and enforcement.

Senator Pimentel expressed full support for the resolution as he recalled that he authored a similar measure in the Tenth Congress.

INTERPELLATION OF SENATOR BIAZON

In reply to a query of Senator Biazon, Senator Gordon affirmed that the U.S. Congress exercises oversight function over the Central Intelligence Agency.

Senator Biazon disclosed that indeed the Committee on National Defense of the U.S. Congress exercises oversight function. He stated that on the part of the U.S. House of Representatives, it has a permanent select oversight committee on intelligence composed of seven members; and on the part of the U.S. Senate, it has a select oversight committee on intelligence composed of five members. He posited that the select committee has very few members because of sensitive nature very of matters that are referred to it. He stated that he did not want the Senate to follow the structure in the U.S. Congress but the Body should give it due consideration.

Asked whether the oversight committee would be a subcommittee of the Committee on National Defense and Security, as in the U.S. Congress, or a distinct and separate special committee, Senator Gordon replied that he would leave the matter to Senate President Drilon in view of Section 14 of the Rules.

The Chair stated that in the previous Congresses, the select committee was not under the Committee on National Defense and Security, the same structure it would prefer to maintain.

Asked by Senator Biazon whether it is not the intention of the resolution to expand the functions of the oversight committee to include the monitoring, among others, of the Bureau of Corrections, and the registration of firearms and vehicles, Senator Gordon replied in the affirmative. He affirmed that the objective of the oversight committee is to monitor the use of intelligence and confidential funds, and the conduct of related programs.

Senator Biazon observed that certain offices received or about to receive the following amounts in intelligence and confidential funds:

	2003	2004	2005*
Office of the			
President	P 650M	P 650M	P 650M

Office of the Vice-President	P 6M	P 6M	P 6M
Department of the Interior and Local Government	P 272M	P 290M	P 270M
Department of Justice	P 95M	P 95M	P 95M
Department of National Defense	P 111M	P 121M	P 111M
Department of Transportation and Communications	P 3M	P 3M	P 3M

Asked if the oversight committee would exercise oversight functions over these agencies, Senator Gordon replied that it would, with the exception of the Offices of the President and Vice-President.

Senator Biazon questioned why the Office of the President is being given P650 million for intelligence funds while the Armed Forces of the Philippines is being given only P111 million. He believed that if there is an agency that should get the lion's share, it should be the AFP since it is responsible for national security. Senator Gordon agreed.

Asked why the Office of the President is being exempted from the monitoring of its intelligence funds, Senator Gordon replied that it is out of respect for a coequal branch of government. He stated that the President is being given a wide latitude in the use of the funds so that she could act decisively on certain matters without having to look for funds. However, he disagreed with the apparent disparity in the allocation of the funds.

At this juncture, the Chair stated that the P650 million intelligence fund of the Office of the President is being used to fund the Presidential Anti-Crime Commission. It opined that the intelligence fund of the Office of the President should not be classified as such, rather, it should go to the specific office since it is not being used to purchase intelligence information.

Senator Biazon added that the bulk of the intelligence funds had been utilized for *ad hoc* agencies that were created by the President. He further noted that the intelligence funds were being used for personal services, in which case, they

^{*}as proposed in the GAB

should not be classified as "intelligence funds" which are audited in a different way.

The Chair stated that it would support any amendment to the General Appropriations Act to convert the intelligence fund of the Office of the President into an appropriation for either personal services or operating expenses, etc., subject to regular auditing rather than the closed envelope system of auditing.

Senator Biazon stated that he would still agree to a proposal that the Office of the President be provided with intelligence funds so long as the allocation is not lopsided.

Agreeing with Senator Biazon, Senator Gordon stated that there is a lopsided lump-sum allocation of the intelligence funds for the Office of the President that it abused by creating other offices. He opined that the budget of these offices should be submitted to Congress, and thereby be audited, However, he reiterated that the President is entitled to a certain degree of latitude in gathering information and intelligence to secure the State which is in keeping with her oath of office.

Asked about the rules that would guide the oversight committee in the conduct of its business, Senator Gordon replied that this would have to be formulated by the oversight committee, subject to the approval of the Body. He informed the Body that according to the Legislative Budget Research and Monitoring Office, under the Office of the President, the intelligence funds amount to P150 million and P500 million is being used to fund the PACC. He added that the P150 million is for General Administration and Support Services, General Management and Supervision.

Senator Biazon recalled that in the recent hearing of the finance committee, when the same issue was raised with the Executive Secretary, there was confusion as to the definition of "intelligence fund" and "confidential fund." He said that since the intelligence fund is not open public scrutiny, Congress should examine, in an executive session, how it was expended.

Senator Gordon clarified that the oversight committee is supposed to find out how the intelligence communities get their information; and how the information is being utilized to forecast how things would be in the future and how the country could best be protected.

INTERPELLATION OF SENATOR OSMEÑA

At the outset, Senator Osmeña informed the Body that he downloaded from the Internet information on the U.S. Senate Select Committee on Intelligence. He stated that the explanations of both Houses of the U.S. Congress seem to be unanimous that "it is important to have an oversight process to ensure that intelligence resources are not misused and activities are conducted lawfully." He noted that the U.S. Senate select committee has 17 members - nine Republicans and eight Democrats with Senator Pat Roberts (R) of Kansas as chair and Senator John D. Rockefeller IV (D) of West Virginia as vice-chair. He stated that the jurisdiction of the U.S. Senate select committee is "to oversee and make continuing studies of the intelligence activities and programs of the United States government, and to submit to the Senate appropriate proposals for legislation and report to the Senate concerning such intelligence activities and programs...the Select Committee on Intelligence shall make every effort to assure that the appropriate departments and agencies of the United States provide informed and timely intelligence necessary for the executive and legislative branches and make sound decisions affecting the security and vital interests of the nation to provide vigilant legislative oversight over the intelligence activities of the United States to assure that such activities are in conformity with the Constitution and laws of the United States." He noted that the U.S. Senate is an active participant in policy formulation on intelligence. He added that the information on the U.S. House of Representatives even listed organizations that specifically fall within the Oversight Committee on Intelligence - Central Intelligence Agency, Defense Intelligence Agency, Department of Defense, Department of Energy, Department of Homeland Security, Department of Justice, Department of State, Department of Treasury, Federal Bureau of Investigation, National Geospatial-Intelligence Agency, National Reconnaissance Office, National Security Agency, Office of Naval Intelligence, U.S. Air Force Intelligence, Surveillance and Reconnaissance, U.S. Army Intelligence and Security Command, U.S. Coast Guard and U.S. Marine Corps Intelligence Department with the subcommittees on Terrorism and Homeland Security, Technical and Tactical Intelligence, Intelligence Policy and National Security, and Human Intelligence, Analysis and Counter-intelligence.

On the committee history of the U.S. House of Representatives, Senator Osmeña stated that although it is very much similar to the U.S. Senate, it wants to have a "robust intelligence capability." He said that according to the information "because of the sensitiveness of intelligence and operations resources, the intelligence budget is classified." However, he underscored that it is discussed, inspected, analyzed and approved by members of Congress in accordance with the Constitution.

He noted that while the Philippine Senate objects to any type of scrutiny, the U.S. Senate emphasized that budget should receive an extra amount of congressional scrutiny and there is a legal requirement that intelligence funding not only be appropriated but authorized as well. He posited that the Philippine Congress should, therefore, not only appropriate funds but also authorize the specific activities for which they are used.

Believing that the resolution is very timely, Senator Osmeña suggested that a small group be formed to further strengthen the powers of the oversight committee so that Congress would not be questioned. He said that even in the U.S., tussles sometimes ensue when a department does not want to divulge information owing to the sensitivity of information. He opined that the Senate should "dot its i's and cross its t's" in making sure that the oversight committee shall have sufficient powers to carry out its mandate.

TERMINATION OF THE PERIOD OF INTERPELLATIONS

There being no further interpellation, upon motion of Senator Pangilinan, the Body closed the period of interpellations and proceeded to the period of committee amendments.

COMMITTEE AMENDMENTS

As proposed by Senator Gordon, there being no objection, the Body approved the following committee amendments:

1) On the title of the resolution, after the word "CREATING," delete the word "an," and insert the words A SELECT; and

2) Wherever found in the bill, before the word "Oversight," insert the word SELECT.

TERMINATION OF THE PERIOD OF COMMITTEE AMENDMENTS

There being no further committee amendment, upon motion of Senator Pangilinan, the Body closed the period of committee amendments.

INQUIRY OF SENATOR PIMENTEL

Asked by Senator Pimentel whether the intelligence funds of the Office of the President is included in the coverage of the select oversight committee, Senator Gordon replied in the affirmative.

SUSPENSION OF SESSION

Upon motion of Senator Pangilinan, the session was suspended.

It was 5:20 p.m.

RESUMPTION OF SESSION

At 5:29 p.m., the session was resumed.

GORDON AMENDMENTS

Senator Gordon proposed to amend, subject to style, the resolutory paragraph as follows:

RESOLVED BY THE SENATE. TO CREATE, AS IT HEREBY CREATES, A SELECT OVERSIGHT COMMITTEE ON INTELLIGENCE AND CONFIDENTIAL FUNDS SUBJECT TO THE PROVISION THAT ALL HEARINGS OF THE COMMITTEE SHALL BE IN EXEC-UTIVE SESSION AND SUBJECT ALSO TO THE CONDITION THAT ALL REPORTS SHALL BE SUBMITTED TO THE SENATE PRESIDENT WHO CAN RELEASE IT UPON CONCURRENCE OF THE SENATE.

However, Senator Osmeña said that providing that all hearings shall be held in "executive session" would tie the hands of the select oversight.

committee. Thereupon, he proposed that the select oversight committee be allowed to conduct public hearings when the matters to be discussed are of public interest or do not involve national security issues or sensitive matters. However, he said that the meeting should be held in executive session if any member of the Committee so desires.

As proposed by Senator Gordon and amended by Senator Osmeña and the Chair, there being no objection, the Body approved, subject to style, the rewording of the resolutory paragraph, as follows:

BYRESOLVED THE SENATE. TO CREATE, AS IT HEREBY CREATES, A SELECT OVERSIGHT COMMITTEE ON INTELLIGENCE CONFIDENTIAL FUNDS SUBJECT TO THE PROVISION THAT ALL HEARINGS, UNLESS DECIDED BY THE MAJORITY OF THE MEMBERS OF THE COM-MITTEE, SHALL BE IN EXECUTIVE SESSION AND SUBJECT ALSO TO THE CONDITION THAT ALL REPORTS SHALL BE SUBMITTED TO THE SENATE PRESIDENT WHO CAN RELEASE IT UPON CONCURRENCE OF THE MEMBERS OF THE SENATE.

TERMINATION OF THE PERIOD OF INDIVIDUAL AMENDMENTS

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

COAUTHOR

Upon his request, Senator Ejercito Estrada (J) was made coauthor of the resolution.

MANIFESTATION OF SENATOR PANGILINAN

Senator Pangilinan manifested the desire of Senator Osmeña to propose amendments to the resolution at a later date.

ADOPTION OF SENATE RESOLUTION NO. 158

Upon motion of Senator Pangilinan, with majority of the Members voting in favor, and one against, the resolution was adopted.

Senator Arroyo manifested his negative vote on the resolution.

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. 1891, entitled

AN ACT EXPANDING AND STRENG-THENING THE COVERAGE OF R.A. NO. 7323, OTHERWISE KNOWN AS THE SPECIAL PROGRAM FOR EMPLOYMENT OF STUDENTS

Introduced by Senator Angara

To the Committee on Labor, Employment and Human Resources Development

Senate Bill No. 1892, entitled

AN ACT PUNISHING THE PUBLIC-ATION, BROADCASTING, AND EXHIBITION OF PORNOGRAPHIC MATERIALS THAT APPEAR IN TRADITIONAL MEDIA SUCH AS, BUT NOT LIMITED TO, PAPER, CELLULOID. FILM, MAGNETIC TAPES, OR THROUGH AIRWAVES, OR THROUGH THE USE OF COMPUTERS, THE INTERNET, CYBERSPACE, INTERNET CHAT, WEB SITES, ELECTRONIC MAILS, OPTICAL MEDIA, OR OTHER ELECTRONIC MEDIA, AND OTHER TECHNOLOGICAL ADVANCE-MENTS THEREOF, PROVIDING PENALTIES AND FOR OTHER PURPOSES

Introduced by Senator Ramon Bong Revilla Jr.

To the Committees on Public Information and Mass Media; and Constitutional Amendments, Revision of Codes and Laws

MANIFESTATION OF SENATOR LIM

Senator Lim stated that he was shocked by the revelations of Senator Osmeña about the financial setbacks of the College Assurance Plan which, up to this day, is still swindling plan holders.

Recalling that some senators have accused the government of being helpless against big-time swindlers for lack of political will, Senator Lim pointed out that the offenders, in fact, could be charged for violating certain provisions of Republic Act No. 4885, entitled "An Act to Amend Section 2, Paragraph (d), Article 315 of Act Numbered Thirty-Eight Hundred and Fifteen, as Amended, Otherwise Known as the Revised Penal Code" which was approved on June 17, 1967:

- "2. By means of any of the following false pretenses or fraudulent acts executed prior to or simultaneously with the commission of the fraud:
- "(d)By postdating a check, or issuing a check in payment of an obligation when the offender had no funds in the bank, or his funds deposited therein were not sufficient to cover the amount of the check. The failure of the drawer of the check to deposit the amount necessary to cover his check within three (3) days from receipt of notice from the bank and/or the payee or holder that said check has been dishonored for lack or insufficiency of funds shall be prima facie evidence of deceit constituting false pretense or fraudulent act."

In addition, Senator Lim said that Presidential Decree No. 818 amended Article 315 of the Revised Penal Code by increasing the penalties for estafa committed by means of a bouncing check, the dispositive portions of which read as follows:

"WHEREAS, reports received of late indicate an upsurge of estafa (swindling) cases committed by bouncing checks; "WHEREAS, if not checked at once, these criminal acts would erode the people's confidence in the use of negotiable instruments as a medium of commercial transaction and, consequently, result in the retardation of trade and commerce and the undermining of the banking system of the country;

"WHEREAS, it is vitally necessary to arrest and curb the rise of this kind of estafa cases by increasing the existing penalties provided therefore."

Senator Lim said that he could not understand why the SEC officials were unaware of P. D. No. 818 which has increased the penalty for swindling from life imprisonment to death if the crime is committed by a syndicate of five or more persons formed with intent to carry out unlawful or illegal acts, transactions, or scheme in defraudation which results in misappropriation of money contributed by stockholders or members of rural banks, and so on. If not committed by any syndicate, he said, the penalty is reclusion temporal to reclusion perpetua if the amount involved exceeds P100,000.

Senator Lim stated that Rule 113, Section 5, Arrest Without Warrant When Lawful, of the Rules of Court provides that "a peace officer or a private person may, without a warrant, arrest a person:

- a) when in his presence, the person to be arrested has committed, is actually committing, or is attempting to commit an offense; and
- b) when an offense has, in fact, just been committed and he has probable cause to believe based on personal knowledge of facts or circumstances indicating that the person to be arrested has committed it."

Senator Lim reiterated that if the officers and men of the PNP, and the director and the agents of the NBI are hesitant to do their duty in neutralizing the activities of these highly connected people who are depriving their countrymen of their rights, he would implement the citizen's arrest as a private citizen.

Senator Lim informed the Body that a certain Mr. Romy Roxas had proposed to the SEC that his title over about 50,000 hectares of land in Quezon and Aurora be used as collateral for CAP which has

failed to settle the bouncing checks it issued but fortunately, the SEC declined the proposal. A Supreme Court decision, he pointed out, provided that:

- Titulo de Propriedad No. 4136 is declared null and void and therefore, no rights could be derived therefrom;
- All lands covered by Titulo de Propriedad No. 4136 are excluded from the inventory of the estate of the late Mariano San Pedro y Esteban;
- 3) The petition for letters of administration docketed as Special Proceedings No. 312-B should be as it is hereby closed and terminated;
- 4) The heirs, agents, privies or anyone acting for and in behalf of the estate of the late Mariano San Pedro y Esteban are hereby disallowed to exercise any act of possession or ownership, or to otherwise dispose of in any manner the whole or any portion of the estate covered by Titulo de Propriedad No. 4136 and they are hereby ordered to immediately vacate the same if they are or any of them are in possession thereof."

Senator Lim noted that an obsolete title, declared null and void, was used to apply for a permit for logging activities that caused the death of more than 1,000 persons.

On July 19, 2004, Senator Lim pointed out that another devastating news came out in *The Herald*, portions of which read as follows:

"Big visions marked Soledad growth plan. Tycoon's proposal for 5,000-acre development met with mixed reactions. A Filipino tycoon's 5,000-acre dream development proposal for South Monterey County is raising interest and ire.

Romeo Roxas, a lawyer with real estate, timber, mining, and banking interests in the Philippines, is proposing a 5,000-acre development to be annexed to Soledad. It would include a 200,000-student, 830-acre educational complex to be affiliated with prestigious East Coast universities, as well as a 20-acre retirement community, about 1,300 acres of residential development, and about 230 acres of commercial development."

Senator Lim noted that CAP is providing the same benefit of an 830-acre educational complex to

poor Filipinos. Then, he continued reading the article, to wit:

"Roxas purchased the property east of Highway 101, near Pinnacle's National Monument, for about US\$3.5 million from the Schmidt family in 1997. It is currently featured on Katz website on sale for US\$12.5 million, or available to split with a development partner in a joint venture...

...According to news media in the Philippines, Roxas owns several holding companies, including Green Square Properties, the corporation that owns the South County property, as well as Green Circle and Green Dream, companies involved with development, lumber and mining. Katz said that Roxas is the largest property owner in his home country, and is developing the Pacific Coast City, a project encompassing more than 200,000 acres in two provinces.

Roxas, he said, has the ability and support to make things happen.

"He's been involved with projects that were owned for hundreds of years or thousands of years with no vision,"

Senator Lim stated that Green Square Properties is conducting logging activities in Quezon. He asked why a poor citizen is called a "swindler" when an influential person who has political backers is called an "investor" or "trustee." He appealed to all government agencies to coordinate their efforts in neutralizing the activities of big-time swindlers who are causing the deaths of citizens and perpetrating their notorious scheme to defraud people.

REFERRAL OF MANIFESTATION TO COMMITTEE

Upon motion of Senator Pangilinan, there being no objection, the Chair referred Senator Lim's manifestation to the Committee on Banks, Financial Institutions and Currencies.

REFERRAL OF SPEECH TO COMMITTEE

Senator Pangilinan moved that the speech of Senator Pimentel on January 25, 2005, on the issue of the presence of American troops and spies in Mindanao be referred to the Select Oversight

Committee on Intelligence Funds, Programs and Activities instead of the Committee on Rules.

At the instance of the Chair, there being no objection, Senator Pimentel's speech was referred to the Committee on National Defense and Security.

ACKNOWLEDGEMENT OF THE PRESENCE OF GUEST

Senator Pangilinan acknowledged the presence of Ms. Fiesta Filipinas-in Las Vegas, Ms. Laura Jean Cruz.

MANIFESTATION OF SENATOR BIAZON

Senator Biazon said that in yesterday's session, he moved that the select oversight committee be constituted so that the speech of Senator Pimentel could be referred to it. He reasoned that the function of the committee is to oversee the allocation and use of intelligence and confidential funds.

REFERRAL OF MANIFESTATION TO COMMITEE

The Chair referred Senator Biazon's manifestation to the Committee on Rules as it involves the jurisdiction of the Committee on National Defense and Security and the Select Oversight Committee on Intelligence Funds, Programs and Activities.

Senator Biazon stated that the select oversight committee is the appropriate committee to handle the sensitive matter that Senator Pimentel discussed in his speech. He cautioned the Body to be careful in conducting hearings on such sensitive matters.

The Chair said that the Committee on National Defense and Security could conduct its hearings in executive session.

MANIFESTATION OF SENATOR VILLAR

Senator Villar stated that based on the timetable of the budget deliberation that the senators have agreed upon, he was supposed to deliver in the day's session his sponsorship speech on the GAB and that the tentative deadline for the approval of the Conference Committee Report is Friday next week. However, he announced that he decided to come up with a new timetable to accede to the request of some senators to be given more time to scrutinize the budget of the Department of Energy and other departments. He informed the Body that the

committee report would be finished on Friday and he would furnish any senator who is interested with a copy of the report.

The Chair requested that all senators be furnished with a copy of the report. Senator Villar said that he would be willing to send the copies to the respective offices of the senators.

Based on the new timetable, Senator Villar stated that on Monday, January 31, 2005, the sponsorship speeches on the budget would be delivered and interpellations would start right after the speeches. He expressed hope that the *turno en contra* and the period of amendments would be finished in time for the approval of the measure on Second Reading on February 4, and the approval on Third Reading on February 7, so that the bicameral conference committee could begin its work right away.

Asked by the Chair whether sessions would start at ten o'clock in the morning as previously agreed upon by the senators, Senator Villar replied that on Monday, the session would begin at ten o'clock, and it is open-ended since the Committee is prepared to work late.

INQUIRY OF SENATOR ENRILE

Asked by Senator Enrile whether the schedule would limit the discussion on the budget, Senator Villar replied that there is no deadline on the measure's approval. He clarified that the tentative deadline is for the committee.

Senator Enrile disclosed that he had studied the budget and uncovered many flaws in the operations of certain departments. He believed that limiting the discussion on the budget according to a timetable might be considered a cloture on the members.

Senator Villar clarified that he merely gave the tentative timetable of the committee. He gave assurance that each senator would be allowed to ask any question and the deliberations could be extended until every issue shall been clarified.

Senator Enrile suggested that all the concerned officials of departments and agencies must be present in the session hall, armed with facts to answer the senators' questions and thus avoid delays.

Senator Villar stated that it has been the practice of the Senate to hear only the budgets of departments whose secretaries are present.

The Chair clarified that the February 4, 2005 date mentioned by Senator Villar was agreed upon during the caucus but it is merely an indicative date as there is no intention to impose a cloture on the senators. It stressed that the debate shall not be stopped at any point.

REMARKS OF SENATOR PIMENTEL

Stating that all the members of the Senate are fit, Senator Pimentel said that the Minority is willing to work from 10 o'clock in the morning up to 10 o'clock in the evening which should be the indicative number of hours that the senators would set for themselves to do their work.

INQUIRY OF SENATOR ROXAS

Asked by Senator Roxas which budget would be taken up on Monday after the sponsorship speeches, Senator Villar replied that the committee would be ready with the final list by Monday.

SUSPENSION OF SESSION

Upon motion of Senator Villar, the session was suspended.

It was 6:03 p.m.

RESUMPTION OF SESSION

At 6:04 p.m., the session was resumed.

Upon resumption, Senator Villar informed the Body that the committee would be prepared to work up to ten o'clock in the evening and beyond, if necessary. In this regard, he stated that the sponsorship speeches on the 2005 budget, the submission of the schedules of the debates, and the discussion on the general principles would be done on Monday morning next week.

The Chair said the earliest a specific budget of a department or agency would be discussed would be on Tuesday, February 1, 2005.

INQUIRY OF SENATOR OSMEÑA

On whether the sessions on the budget would begin every ten o'clock in the morning with lunch breaks from 12:30 to 2:30 p.m. and dinner breaks from 6:30 to 7:30 p.m., the Chair replied in the affirmative. Senator Osmeña said that he was clarifying the schedule for the benefit of the new members and the senators' visitors.

Moreover, he said that the other senators might be conducting hearings before the start of the morning sessions or during the break time which is allowed under the Rules of the Senate.

Further, since the February 4 deadline may no longer hold, Senator Osmeña suggested that Senate President Drilon and Senator Pangilinan indicate to the members that the debate might go on up to February 7, 8 and 9.

Finally, Senator Osmeña said that considering the debates on the national budget tend to last until the wee hours of the following day, he requested that there should always be a quorum who would pay attention to the issues that would be raised during the period of interpellations. Senator Villar gave assurance that as Chairman of the Committee on Finance, he would always be present during the debates on the budget.

At this juncture, Senator Enrile reminded the Body of his reservation to deliver a privilege speech on Tuesday on the practice of some foreign banks in selling unregistered securities in the Philippines.

The Chair suggested that it be done at nine o'clock in the morning.

INQUIRY OF SENATOR GORDON

Asked by Senator Gordon whether as a rule the Body could meet at nine o'clock in the morning to hear privilege speeches, the Chair replied that the Body can be flexible.

To Senator Villar's query on whether there would be sessions during Thursdays and Fridays, Senate President Drilon replied in the affirmative.

ADJOURNMENT OF SESSION

Upon motion of Senator Pangilinan, there being no objection, the Chair declared the session adjourned until ten o'clock in the morning of Monday, January 31, 2005.

It was 6:10 p.m.

I hereby certify to the correctness of the foregoing.

OSCAR

YABES

Secretary of the Senate

Approved on January 31, 2005