



REPUBLIC OF THE PHILIPPINES

**S e n a t e**

**Pasay City**

# **Journal**

## **SESSION NO. 39**

Monday to Thursday, November 26 - 29, 2007  
Monday and Tuesday, December 3 & 4, 2007

**FOURTEENTH CONGRESS  
FIRST REGULAR SESSION**

**SESSION NO. 39**  
Monday to Thursday, November 26 - 29, 2007  
Monday and Tuesday, December 3 & 4, 2007

### **CALL TO ORDER**

At 3:20 p.m., Monday, November 26, 2007, the Senate President, Hon. Manny Villar, called the session to order.

### **PRAYER**

The Body observed a minute of silent prayer.

### **NATIONAL ANTHEM**

The Woodrose Chorale led the singing of the national anthem and thereafter rendered the song entitled, *Ako'y Isang Pinoy*.

### **ROLL CALL**

Upon direction of the Chair, the Secretary of the Senate, Emma Lirio-Reyes, called the roll, to which the following senators responded:

|                       |                     |
|-----------------------|---------------------|
| Angara, E. J.         | Lacson, P. M.       |
| Aquino III, B. S. C   | Lapid, M. L. M.     |
| Arroyo, J. P.         | Legarda, L.         |
| Cayetano, A. P. C. S. | Madrigal, M. A.     |
| Cayetano, C. P. S.    | Pangilinan, F. N.   |
| Defensor Santiago, M. | Pimentel Jr., R. B. |
| Ejercito Estrada, J.  | Revilla Jr., R. B.  |
| Enrile, J. P.         | Villar, M.          |
| Honasan, G. B.        | Zubiri, J. M. F.    |

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

Senators Biazon, Escudero and Roxas arrived after the roll call.

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

Senator Trillanes was unable to attend the session.

### **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. 38 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. 1896, entitled

**AN ACT ORDAINING A NEW SANITARY AND ENVIRONMENTAL ENGINEERING LAW OF THE PHILIPPINES**

Introduced by Senator Manny Villar

**To the Committee on Civil Service and Government Reorganization**

Senate Bill No. 1897, entitled

**AN ACT AUTHORIZING FARMER ORGANIZATIONS TO UNDERTAKE RICE IMPORTATIONS, PROVIDING FUND ASSISTANCE AND FOR OTHER PURPOSES**

Introduced by Senator Manny Villar

**To the Committee on Agriculture and Food**

Senate Bill No. 1898, entitled

**AN ACT PROVIDING FOR THE PROMOTION OF BIO-ORGANIC FARMING**

AS PB

**IN THE PHILIPPINES, AND APPROPRIATE FUNDS THEREFOR**

Introduced by Senator Manny Villar

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

Senate Bill No. 1899, entitled

**AN ACT MERGING THE BONDED EXPORT MARKETING BOARD OF THE DEPARTMENT OF TRADE AND INDUSTRY WITH THE BOARD OF INVESTMENTS, APPROPRIATING FUNDS THEREFOR AND FOR OTHER PURPOSES**

Introduced by Senator Manny Villar

**To the Committees on Trade and Commerce; and Finance**

Senate Bill No. 1900, entitled

**AN ACT DEFINING THE LIABILITY OF HEADS OF DEPARTMENTS CONCERNED FOR GROSS VIOLATIONS OF HUMAN RIGHTS COMMITTED BY MEMBERS OF THE PHILIPPINE NATIONAL POLICE OR OTHER LAW ENFORCEMENT AGENCIES**

Introduced by Senator Manny Villar

**To the Committees on Justice and Human Rights; and Public Order and Illegal Drugs**

Senate Bill No. 1901, entitled

**AN ACT REQUIRING THE EXPANSION OF SCHOLARSHIP PROGRAM BY PRIVATE ACADEMIC INSTITUTIONS, COLLEGES, UNIVERSITIES AND SCHOOLS AS A CONDITION FOR THE INCREASE IN TUITION FEE AND OTHER SCHOOL FEES APPLICATION**

Introduced by Senator Manny Villar

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

**RESOLUTION**

Proposed Senate Resolution No. 221, entitled

**RESOLUTION URGING THE SENATE COMMITTEES ON PUBLIC ORDER AND ILLEGAL DRUGS; AND TRADE AND COMMERCE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE PROLIFERATION OF ALMOST REAL-LIFE TOY GUNS, SUBSTANDARD PRODUCTS AND OTHER SUBSTANTIALLY IMMINENT INJURIOUS GOODS THAT ENDANGER THE LIVES AND SECURITY OF PEOPLE WITH THE END-IN-VIEW OF TIGHTENING THE IMPLEMENTATION OF RELEVANT LAWS AND FORMULATING REMEDIAL MEASURES NEEDED TO ADDRESS THE SAME**

Introduced by Senator Manny Villar

**To the Committees on Public Order and Illegal Drugs; and Trade and Commerce**

**COMMITTEE REPORT**

Committee Report No. 21, prepared and submitted jointly by the Committees on Public Order and Illegal Drugs; National Defense and Security; Education, Arts and Culture; and Finance, on Senate Bill No. 1895, with Senators Lacson, Jinggoy Ejercito Estrada, Manny Villar, Miriam Defensor Santiago, Gregorio B. Honasan II, Biazon, Alan Peter "Compañero" S. Cayetano and Enrile as authors thereof, entitled

**AN ACT EXPANDING AND MAXIMIZING THE SCHOLARSHIP GRANTS EXTENDED TO THE FAMILY MEMBERS OF PERSONNEL OF THE PHILIPPINE NATIONAL POLICE (PNP), ARMED FORCES OF THE PHILIPPINES (AFP), BUREAU OF FIRE PROTECTION (BFP), BUREAU OF JAIL MANAGEMENT AND PENALOGY (BJMP), AMENDING FOR THIS PURPOSE CERTAIN PROVISIONS OF REPUBLIC ACT NO. 6963, ENTITLED "AN ACT GRANTING SPECIAL FINANCIAL ASSISTANCE** *45*

AND BENEFITS TO THE FAMILY OR BENEFICIARY OF ANY POLICE OR MILITARY PERSONNEL OR FIREMAN KILLED OR PERMANENTLY INCAPACITATED WHILE IN THE PERFORMANCE OF HIS DUTY OR BY REASON OF HIS OFFICE OR POSITION AND FOR OTHER PURPOSES,"

recommending its approval in substitution of Senate Bill Nos. 195, 432, 951, 1101, 1606 and 1824.

Sponsors: Senators Gregorio B. Honasan II, Biazon, Alan Peter "Compadrero" S. Cayetano, Enrile, Lacson, Jinggoy Ejercito Estrada, Manny Villar and Miriam Defensor Santiago

#### To the Calendar for Ordinary Business

#### APPROVAL OF PROPOSED SENATE RESOLUTION NO. 212 ON THIRD READING

Upon motion of Senator Pangilinan, there being no objection, the Body considered, on Third Reading, Proposed Senate Resolution No. 212, printed copies of which were distributed to the senators on November 20, 2007.

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

#### RESOLUTION CONCURRING IN THE RATIFICATION OF THE TREATY ON THE TRANSFER OF SENTENCED PERSONS BETWEEN THE REPUBLIC OF THE PHILIPPINES AND THE KINGDOM OF SPAIN.

#### SUSPENSION OF SESSION

Upon motion of Senator Pangilinan, the session was suspended.

*It was 3:31 p.m.*

#### RESUMPTION OF SESSION

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

Upon direction of the Chair, Secretary Reyes called the roll for nominal voting.

#### RESULT OF THE VOTING

The result of the voting was as follows:

##### *In favor*

|                   |            |
|-------------------|------------|
| Angara            | Lapid      |
| Aquino            | Legarda    |
| Biazon            | Madrigal   |
| Cayetano (A)      | Pangilinan |
| Defensor Santiago | Pimentel   |
| Enrile            | Revilla    |
| Escudero          | Villar     |
| Honasan           | Zubiri     |
| Lacson            |            |

##### *Against*

None

##### *Abstention*

|        |                  |
|--------|------------------|
| Arroyo | Ejercito Estrada |
|--------|------------------|

With 17 senators voting in favor, none against, and two abstaining, the Chair declared Proposed Senate Resolution No. 212 approved on Third Reading.

#### EXPLANATIONS OF VOTE

##### *By Senator Aquino*

Explaining his affirmative vote, Senator Aquino stated that he was of the understanding that Articles 10 and 11 of the Treaty were sufficient guarantees that administering states are bound to enforce the decision of the sentencing state without any diminution or substitution of the sentence.

##### *By Senator Ejercito Estrada*

Senator Ejercito Estrada stated that he abstained from voting on the Treaty as he believed that it favored Francisco "Paco" Larrañaga who had been charged with the kidnap-rape slay of Marijoy and Jacqueline Chiong of Cebu City.

#### SUSPENSION OF SESSION

Upon motion of Senator Pangilinan, the session was suspended.

*It was 3:41 p.m.*

18

## RESUMPTION OF SESSION

At 3:42 p.m., the session was resumed.

### PRIVILEGE SPEECH OF SENATOR ARROYO

Availing himself of the privilege hour, Senator Arroyo spoke of the Pope's recent elevation of 23 Cardinals, none of whom was a Filipino.

Upon his request, there being no objection, hereunder is the full text of Senator Arroyo's privilege speech:

#### NOT A SINGLE FILIPINO NAMED CARDINAL

The Pope has elevated 23 cardinals according to an *Associated Press* dispatch over the weekend. There is not a single Filipino among them.

With that, more than half of the 201 members of the College of Cardinals are from Europe, 104 of them, 34 from Latin America, 20 from North America, 21 from Asia, 18 from Africa and four from Oceania.

On November 7, 2007, the Senate adopted unanimously Senate Resolution No. 192 expressing the concern of the Senate that the number of Filipino cardinals is grossly disproportionate to the huge Catholic population of the Philippines, 73 million, the country with the second biggest numbers of Catholics in the world and yet the Philippines has only three cardinals.

In Asia, for example, India with 16 million Catholics had five cardinals. Now, another Indian was just named cardinal. India has six cardinals for its 16 million Catholics, while we remain with three cardinals despite our 73 million Catholics.

Eighty percent (80%) of the Catholics in all of Asia are Filipinos, yet out of the 21 Asian cardinals, only three are Filipinos.

The resolution requests the Apostolic Nuncio to the Philippines to convey the sentiment of the Senate to the Vatican.

The Bishop of Basilan insularly reacted that it is none of our business because the appointment of cardinals is the exclusive prerogative of the Pope and our Philippine Ambassador to the Holy See chimed in, thereby sidelining what the Apostolic Nuncio is expected to do.

Nobody questions the unrestricted power of the Pope to appoint whomsoever His Holiness wants to be cardinal.

Are we asking for proportional representation in the College of Cardinals? Not at all. We seek edification.

The Catholic laity are entitled to be enlightened on temporal matters concerning the Church anymore than we welcome the views of the Catholic prelates on political issues of the day.

The seeds of political reform in the Philippines during the Spanish times germinated from the move for the secularization of the parishes expressed by the martyred Fathers Burgos, Gomez and Zamora known as Gomburza. They championed the rights of Filipino clergy to become parish priests of local parishes over the claims of friars.

### REMARKS OF SENATOR DEFENSOR SANTIAGO

Senator Defensor Santiago said that she shared the sentiments of Senator Arroyo for two reasons. Firstly, she noted that the Pope's discretionary powers was not the issue as the Pope was not acting *ex cathedra* when he appointed the cardinals. Secondly, she pointed out that in liberal democracies, there is freedom of expression within the Catholic Church.

## SUSPENSION OF SESSION

Upon motion of Senator Pangilinan, the session was suspended,

*It was 3:46 p.m.*

## RESUMPTION OF SESSION

At 3:54 p.m., the session was resumed.

## ADDITIONAL REFERENCE OF BUSINESS

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

## BILLS ON FIRST READING

Senate Bill No. 1902, entitled

AN ACT PROVIDING FOR A COMPREHENSIVE TRANSPORTATION *A*

*10*

SECURITY PROGRAM, CREATING FOR THE PURPOSE THE PHILIPPINE TRANSPORTATION SECURITY ADMINISTRATION (PTSA), DEFINING ITS POWERS AND FUNCTIONS AND APPROPRIATING FUNDS THEREFOR

Introduced by Senator Angara

**To the Committees on Public Services; Civil Service and Government Reorganization; and Finance**

Senate Bill No. 1903, entitled

AN ACT TO STRENGTHEN THE UNIVERSITY OF THE PHILIPPINES AS THE NATIONAL UNIVERSITY

Introduced by Senator Gordon

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

Senate Bill No. 1904, entitled

AN ACT PRESCRIBING WORK ARRANGEMENTS BASED ON SECURITY OF TENURE

Introduced by Senator Miriam Defensor Santiago

**To the Committee on Labor, Employment and Human Resources Development**

#### COMMITTEE REPORT

Committee Report No. 22, submitted by the Committee on Finance, on House Bill No. 2454, introduced by Representative Lagman *et al.*, entitled

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

recommending its approval with amendments.

Sponsors: Senators Enrile, Angara, Arroyo, Miriam Defensor Santiago and all the Members of the Committee on Finance

#### To the Calendar for Ordinary Business

#### SPECIAL ORDER

Upon motion of Senator Pangilinan, there being no objection, the Body approved the transfer of Committee Report No. 22 on House Bill No. 2454 from the Calendar for Ordinary Business to the Calendar for Special Orders.

#### COMMITTEE REPORT NO. 22 ON HOUSE BILL NO. 2454

Upon motion of Senator Pangilinan, there being no objection, the Body considered, on Second Reading, House Bill No. 2454 (Committee Report No. 22), entitled

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

Pursuant to Section 67, Rule XXIII of the Rules of the Senate, with the permission of the Body, upon motion of Senator Pangilinan, 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 Enrile for the sponsorship.

#### SPONSORSHIP SPEECH OF SENATOR ENRILE

In sponsoring House Bill No. 2454, Senator Enrile delivered the following speech.

**BOLSTERING THE LIVES  
OF THE FILIPINO PEOPLE  
THROUGH A BALANCED BUDGET**

#### *Heeding the call of 2008*

Another fiscal year beckons us. And once more, we are poised to promptly and judiciously heed its call. *HG*

10

Today, I stand before this Body to present and, at the same time, to appeal for the Body's consideration and support for the proposed national budget for the fiscal year 2008.

The President's Budget Message to the 14<sup>th</sup> Congress of the Philippines proudly proclaimed that the proposed budget for 2008 is pro-poor and, more significantly, is "a balanced budget, the first time in over 10 years." Indeed, the last time our fiscal ledgers exhibited a budget surplus was a decade ago, when the national government succeeded in attaining a budget surplus that ranged from 1.0% of our Gross Domestic Product in 1994 to 0.1% of the GDP in 1997.

We are heartened that the government is able to significantly reduce the budget deficit of P64.8 billion last year from a high of P210.8 billion in 2002. The government aims to decrease it further this year to P63 billion, thus paving the way for a zero budget deficit, with assurances that revenues to be collected shall sufficiently support the P1.227 trillion proposed budget for 2008.

Finally, after years of perennial deficits, our government is now targeting a balanced budget in fiscal year 2008.

Yet, one may ask, "Why is there a need to balance the budget?" Even the United States, the world's largest economy, has been successively running deficits under the Bush administration. Economists also posit the view that aiming for a balanced budget by restricting government spending too much will unwittingly inhibit the economy's growth and could be disadvantageous in times of recession.

When a government, just like any individual, spends more than it can afford, the gap would have to be covered by borrowings. Hence, successive years of deficits have eventually led to the ballooning of our outstanding debt.

That is why our national government's outstanding debt already amounted to P3.676 trillion by the end of December 2006. With an estimated population of 86,972,500 for the same year, every Filipino, whether six to 66 years old, owes a total of P42,265. With a skyrocketing public debt engendered by successive years of deficit financing, who knows how much more our children will owe in the years to come?

Meanwhile, with a huge national debt, our limited financial resources have had to be diverted to the payment of interest and principal amortization of loans, instead of being spent on programs which are geared towards raising the standard of living of Filipinos who are, at

present, subsisting miserably on a few pesos a day.

#### ***The President's budget***

In her Budget Message entitled "Sustaining the Momentum of Growth," the President proposed a budget of P1.227 trillion for the fiscal year of 2008. It is based accordingly on a real GDP growth of 6.1 percent to 6.8 percent, an inflation rate of 3.0 percent to 4.0 percent, and an exchange rate of P46-P48 to US\$1.

In view of the balanced-budget scenario next year, revenues and disbursements are both targeted at P1.236 trillion. Revenues are expected to grow in 2008 by P117.467 billion or 10.50 percent, from a projected P1.119 trillion this year, while disbursements are targeted to increase by P54.5 billion or 4.6 percent from P1.182 trillion in the current year.

Total New Appropriations which are proposed for enactment for 2008 amount to P770.729 billion. This includes P114.492 billion in Unprogrammed Appropriations which can only be spent if revenue collection exceeds targets or in the event that other additional sources of receipts are realized.

Automatic Appropriations, on the other hand, will increase to P570.763 billion, inclusive of P210.730 billion for Internal Revenue Allotment and P295.751 billion for Debt Service-Interest Payments, which constitutes the largest share.

#### ***The House-Approved budget***

In the General Appropriations Bill (GAB) passed by the House, Total New Appropriations stand at P1,066,479,857,000, which registers a net increase of P295.751 billion from the President's budget.

The appropriation for the Debt Servicing-Interest Payments was reduced by P17.8 billion, from P295.751 billion in the President's budget to P277.951 billion in the GAB. The amount was consequently transferred from Automatic to New Appropriations.

Among the significant increases by the House include the following:

- ◆ P1.82 billion increase for Family Health, including Family Planning under the Department of Health budget;
- ◆ P1 billion additional outlay for the National Health Insurance Program or PhilHealth;
- ◆ P1 billion increase for the creation of new teaching and non-teaching positions in 2008; *46*

- ♦ P1.72 billion for the construction of elementary and secondary school buildings under the Department of Education budget; and
- ♦ additional funds for scholarships, fire trucks, and fire-fighting equipment.

The House also imposed cuts, *inter-alia*, on the following:

- ♦ 50 percent or P500 million cut in the *Kalayaan Barangay* Program under the Department of National Defense budget;
- ♦ Deletion of the funding for the LRT Line 1 South Extension Project amounting to P2.042 billion under the DOTC budget;
- ♦ P2.6 billion cut in budgetary support to the housing GOCCs; and
- ♦ A P9.618 billion cut in various foreign-assisted projects under the DPWH budget.

#### *The Senate version*

Our Senate Committee on Finance conducted a total of 47 budget hearings which commenced last September 17, 2007, thus subjecting the proposed budget to a thorough examination. Thereafter, we arrived at these proposed amendments to the House bill:

(In Thousand Pesos)

|  |                       |
|--|-----------------------|
| New Appropriation  | P1,066,479,857        |
| Unprogrammed Appropriation   | 114,492,091           |
| Programmed New Appropriation<br>(including Debt Service<br>of P290.051B) | 951,987,766           |
| Automatic Appropriations   | 275,012,234           |
| <b>TOTAL</b>   | <b>P1,227,000,000</b> |

We concur with the House initiative to transfer the Debt Service Fund from Automatic to New Appropriations, although we have restored P12.1 billion of the House cut to provide more leeway for the payment of interest on so-called tainted or fraudulent loans. We have also reverted various allocations to the level of the President's budget, noting that it is the Executive Department which has the authority and is in better position to know how much the respective budgetary allocations of each department and each agency should have, at the same time taking into consideration the ability of these agencies to utilize their additional funds.

Some of the highlights of our amendments are as follows:

- ♦ For the Department of Education, most of the allocations have been reverted to the President's budget. However, we have provided funds for the repair of school buildings (P2B), and to cover the 2008 backlog for classrooms (P760M), school seats (P420M), and the hiring of new teachers (P330M).
- ♦ Under the Department of Health, we focused on disease prevention, and so we have restored the House cuts on these items and augmented the allocations for Infectious Disease Prevention Control.
- ♦ For the Bureau of Jail Management and Penology, we have provided P557.033 million for subsistence allowance of 78,306 prisoners at P60 per day, plus medical allowance amounting to P83.555 million at P3 per day.
- ♦ Also, we increased the budget of the Office of the Solicitor General by P81 million for the implementation of the reforms instituted by law in their structure and organization.
- ♦ Recognizing the need to shore up the quality of our human capital, we have also augmented the budget of the State Universities and Colleges (SUCs) by P163.573 million for research and development, new academic programs and additional classrooms/dormitories for our students.
- ♦ We have also provided funds for the National Commission on Culture and the Arts and its attached agencies for the provision of cultural and educational materials in foreign countries, expansion of the National Library, and for the preservation and rehabilitation of our archival records and documents.

We have likewise introduced amendments to the Special and General Provisions which are now embodied in our Committee Report. Among these are the following:

- ♦ Special Provision amending the definition of "Areas Experiencing Acute Classroom Shortage" under the Department of Education to include those areas where classrooms are temporary in nature or consist of makeshift structures, or those without any classroom at all. The special provision specifies that school buildings shall be constructed in such areas;
- ♦ A special provision under CHED stating that the P854 million Higher Education Development Fund (HEDF) shall consist of P485.1 million for the scholarship program, and the remaining P368.9 million shall be used for

10

- research and graduate scholarship, quality assurance and upgrading, and management and information systems development;
- ◆ A new special provision under the Department of Environment and Natural Resources stipulating the establishment of a seedling bank to ensure the availability of indigenous trees for planting along the side of the roads to be built by the Department of Public Works and Highways (DPWH);
  - ◆ A new special provision under the Department of Trade and Industry (DTI) requiring the creation of an inter-agency team to conduct training and promotional activities in economically disadvantaged areas; and
  - ◆ A new special provision on Consumers' Protection stating that the DTI shall coordinate and establish a network with Bureau of Food and Drugs, Bureau of Quarantine, Bureau of Standards, Bureau of Customs and other agencies relevant to the problem.

#### *Working in unison*

In facing the daunting challenge of nation-building, the Senate constantly responds to its constitutionally mandated responsibility of passing the National Budget after it has been approved by the House of Representatives. We assume an active responsibility for the future well-being of our people and of our country. We are doing the best we can to sustain the momentum of our development and even generate a more rapid economic growth. We continue employing and innovating policies and strategies to cope with the debt problems as well as poverty, population, and other national predicaments.

But the duty of attaining a sustainable development is not the burden of the Senate alone. Instead, it requires concerted action from both the private and public sectors as each plays an essential part in achieving our national goals. Taxes collected from private citizens comprise the required financial resources that fuel and rev up the machinery of government which, in turn, is constitutionally mandated and morally bound to disburse funds in a prudent and transparent manner in pursuit of growth and development.

#### *Fiscal responsibility is the key*

Fiscal responsibility for next year, fiscal responsibility for the years ahead. This, I think, is needed in this country. This is the antidote to the lingering malaise of successive deficits that led us to a rapidly mounting national debt. Evidently, debt payments have taken away a

huge amount of funds which could have otherwise been spent on roads and bridges, other public infrastructure, education, health, and social welfare especially for the 23,836,104 people living below the poverty threshold in our country.

And yet, even with our fiscal goal in sight, we have to continue taking the bitter pills needed to bolster and sustain our fiscal strength if we are to take pride in being a Congress that gives primacy to fiscal responsibility and generational equity. For deficits do matter, as it holds our economic future hostage to the necessity of financing a growing amount of debt that must be paid for by our children and even our children's children. Let us collectively and responsibly harness our constitutional power of the purse so that the costs of unrestrained government spending and burgeoning debt service payments are not injudiciously passed on to the next generation.

Having said all these, I urge the Members of this Senate to lend their support in the approval of this proposed precedent-setting balanced budget for fiscal year 2008 for the benefit of the Filipinos of today and for the betterment of the lives of the Filipinos of tomorrow and those yet to come.

#### **MANIFESTATION OF SENATOR PANGILINAN**

Senator Pangilinan informed the Body that Senator Enrile had designated three vice-chairpersons, namely, Senators Defensor Santiago, Angara and Arroyo, who would also cosponsor the proposed 2008 General Appropriations Act.

Thereupon, the Chair recognized Senator Defensor Santiago, Chairperson of Subcommittee B of the Committee on Finance, for her cosponsorship speech.

#### **COSPONSORSHIP SPEECH OF SENATOR DEFENSOR SANTIAGO**

In her cosponsorship of the budgets of the agencies under Subcommittee B of the Committee on Finance, Senator Defensor Santiago delivered the following speech:

Subcommittee B was tasked to review the budget proposals of the Office of the President, the Office of the Vice President, four Executive Departments, 13 independent agencies attached to the Departments, the Judiciary, including its attached agencies, three constitutionally *AC*

created bodies, and two Special Purpose Funds. All these agencies were allocated P48.667 billion of new general appropriations under House Bill No. 2454, the General Appropriations Bill for FY 2008 submitted by the House of Representatives to the Senate. Of these, P23.499 billion were proposed to be for Personal Services, P17.860 billion for Maintenance and Other Operating Expenses, and P7.308 billion for Capital Outlays.

The review of the spending proposals of 29 legally created juridical entities in the national government is a daunting, at the same time, a highly gratifying endeavor. I take the enormous responsibility seriously, and with the support of my honorable colleagues in the Subcommittee, we have completed our review and will now render our report.

*At this juncture, the Senate President relinquished the Chair to President Pro Tempore Ejercito Estrada.*

First, may I set the basic premises of our review. We undertook the process of scrutinizing the budget proposal considering the fundamental principle that the "power of the purse" is firmly rooted in Congress. While we are limited to the totality of the appropriations submitted by the President of the Philippines, we possess the power of allocation of government's appropriations resources to the various needs of our people, our communities and our national economy. This God-like power is exercised by us, the elected representatives of the people, through this annual exercise of deliberations and enactment of the General Appropriations Law.

We performed our assigned task diligently through a careful scrutiny of the individual appropriations proposals, the conduct of technical budget hearings with all agencies involved, except the Office of the Vice President, and a final review of the recommendations prior to the submittal of our final report to the Committee on Finance.

We, likewise, were duly guided by the rules prescribed by the Senate Committee on Finance and by the Senate itself in the performance of our duty.

The results of our review are summarized as follows:

1. Proposed P20 million reduction in the appropriation of the Office of the Vice-President and P20 million in the Department of Energy, for reasons that will be explained later;

2. Retention in the budgets of all other departments and agencies under the coverage of our Subcommittee;
3. Reduction of P200 million in the proposed appropriations of the E-Government Fund; and
4. Retention of all Special Provisions indicated in the appropriations language of the agencies under our coverage.

Consequently, the total appropriations proposed by Subcommittee B for all items under our jurisdiction amount to P48.667 billion, P240 million less than that submitted by the House of Representatives. This amount is divided as follows:

|                   |                        |
|-------------------|------------------------|
| Personal Services | P23,499,089,000        |
| MOOE              | 17,860,220,000         |
| Capital Outlays   | 7,308,278,000          |
| <b>TOTAL</b>      | <b>P48,667,587,000</b> |
| =====             | =====                  |

By department/agency, the proposed appropriations are shown below:

|                                      |                        |
|--------------------------------------|------------------------|
| Office of the President              | 5,204,928,000          |
| Office of the Vice President         | 156,941,000            |
| Department of Energy                 | 423,559,000            |
| Department of Foreign Affairs        | 10,167,036,000         |
| Department of Labor and Employment   | 6,128,976,000          |
| Other Executive Offices              |                        |
| Commission on Filipinos Overseas     | 38,322,000             |
| Energy Regulatory Commission         | 172,110,000            |
| Autonomous Region in Muslim Mindanao | 8,301,452,000          |
| The Judiciary                        | 9,869,798,000          |
| Commission on Elections              | 4,277,485,000          |
| Office of the Ombudsman              | 953,627,000            |
| Commission on Human Rights           | 214,269,000            |
| Special Purpose Funds                |                        |
| E-Government Fund                    | 841,000,000            |
| International Commitments Fund       | 1,908,084,000          |
| <b>TOTAL</b>                         | <b>P46,667,587,000</b> |
| =====                                | =====                  |

Let me now explain the justifications for the changes in the appropriations I mentioned above.

#### *The Office of Vice President*

The Office of the Vice President was allocated P176.9 million of new general appropriations in ~~18~~

2008 in the budget proposal endorsed by the House of Representatives. This is a 37.9 percent increase over the appropriations in 2007. Compared to that in 2006, the 2008 proposal is 134.7 percent higher, or more than double the appropriations of last year.

There are no significant new functions of the Office of the Vice President that justify substantial incremental funding.

More importantly, the Office of the Vice-President has reported unutilized new appropriations in 2005 and 2006 amounting to P13.7 million and P26.6 million, respectively. The level of unutilized appropriations in 2006 alone represents 32.2 percent, or one-third of authorized appropriations in 2006.

In 2007, the amount of P17.8 million has already lapsed, although the year is not yet over. This means that the Office of the Vice-President is amply provided for financially.

Thus, Subcommittee B recommends that the budget of the OVP be reduced by P20 million, equivalent to about one-half of the combined unutilized appropriations for 2006 and 2007. The reduction will be taken from the item on ceremonial functions which has received significant increases over the past two years. Even with this proposed reduction, the Office will still benefit from a P28 million, or 22.3 percent increase in appropriations in 2008, substantially higher than most departments and agencies of the government.

#### *Department of Energy*

The Department of Energy benefits from the use of income derived from various fees collected and deposited in a special account, and authorized to be spent to finance energy resources development and conservation programs pursuant to Section 10, PD 910 and Section 21, RA 7638. In 2008, these will provide P 3.092 billion of additional appropriations to the department, almost three times that of the equivalent amount in 2007.

The P84.4 million of appropriations for Maintenance and Other Operating Expenses (MOOE) of the newly created National Biofuels Board (NBB) is higher than any other unit in the Department of Energy, although in terms of manpower, it is the smallest unit outside of the legal office. Since the Board is newly created, it is not likely to spend a lot more than most other offices in the DOE. In addition, it can always get funding from the special account mentioned above in the event additional funds are required to finance the NBB's priority programs.

Subcommittee B, therefore, proposes to reduce the MOOE appropriations of the NBB, under the Office of the Secretary, by P20 million. This is roughly equivalent to the MOOE of the Office of the Secretary itself.

#### *E-Government Fund*

In 2006, appropriations amounting to P102.0 million were not utilized/released and were reported as savings. These savings were included among other unreleased appropriations and declared as "Overall Savings." These "Overall Savings" were then released to approximately 260 agencies to cover special benefits granted to government officials and employees in addition to their regular benefits.

In 2007, of the P1.0 billion appropriations, no amount has been released as of the end of the 3<sup>rd</sup> quarter, although some ICT projects are under discussion in the E-Government Committee.

The E-Government Fund was established to provide funding for priority ICT projects of agencies. With the very slow pace by which the government is using the funding facility, it appears that either there is no priority need for it. Furthermore, the fact that the government is declaring as savings the unutilized portion of the fund, as was done in 2006, indicates that government does not have much use for it. Moreover, either the E-Government Committee does not have a strategic plan of what the fund will be used for, or the agencies are simply not ready to undertake these kinds of projects. Worse, the E-Government Fund is very poorly managed.

Thus, Subcommittee B recommends that the E-Government Fund be reduced by P200 million.

#### *Concluding remarks*

Truly, the resources of the national government are never sufficient to finance the enormous needs of development. Because of this, every centavo that goes into the budget is the responsibility of everyone who had a hand in approving it. We, as legislators, should therefore ensure that spending agencies use their appropriations wisely and only for the good of the public. We cannot allow the agencies to spend more than what is needed, knowing that other sectors in the economy need them much more, or that any wasted spending that is avoided reduces the burden of our public debt.

I, therefore, respectfully recommend, on behalf of the Finance Subcommittee B, that we adopt the proposals of the Committee on Finance and give the Committee our full support.

AS  
P

Finally, I thank the distinguished and most competent Chairman of the Senate Committee on Finance for the wisdom and the guidance provided to our Subcommittee in the course of our deliberations.

## MANIFESTATION OF SENATOR DEFENSOR SANTIAGO

Senator Defensor Santiago noticed that there were no podia placed in front of both sides of the plenary hall. She proposed that instead of having the Members swivel their seats to face the speaker, podia can be placed on the left and right of the Senate President facing the Body which is similarly done in parliaments of other countries.

## COSPONSORSHIP SPEECH OF SENATOR ANGARA

Senator Angara delivered the following cosponsorship speech on House Bill No. 2454:

Subcommittee C covers the following three clusters of departments and agencies:

- ♦ *Food and agriculture*: the Department of Agriculture (DA), Department of Agrarian Reform (DAR) and the Department of Environment and Natural Resources (DENR);
- ♦ *Higher education*: the Commission on Higher Education (CHED), State Universities and Colleges (SUCs) system, and the Department of Science and Technology (DOST);
- ♦ *Trade, tourism and culture*: the Department of Trade and Industry (DTI), Department of Tourism (DOT) and all cultural institutions: National Commission on Culture and the Arts (NCCA), National Historical Institution (NHI), National Archives of the Philippines, National Library and National Museum.

What is the common thread in all three clusters? All these departments and agencies provide food for the Filipinos: food on the table through agriculture, food for the mind through education, and the means to acquire these through jobs – in science and technology, trade and tourism, and culture.

Put simply, this is an attempt to make a budget for a competitive Filipino.

### *Food and agriculture*

Food and agriculture are critical to our population of 88 million, which will grow to 100

million in three years. They will require not just sufficient food but adequate nutrition.

When studying food and agriculture, we examined department and agencies involved in food security.

In improving food security, we emphasized public spending in conserving water, coastal and marine resources, and promoting watershed protection and forest conservation.

Focus on water because that is the source of life. Without water, we cannot grow anything, including the food we need. We must begin redirecting our attention from the terrestrial land to our coastal and marine resources because they are bigger than our terrestrial resources, and our land is not expanding. In fact, it is being constricted by human settlement but our waters and territorial seas are virtually virgin territory. That is where the future source of our food will come.

On top of these priorities in public spending, research and development (R&D) has the highest economic payback/return of all economic activities.

### *Higher education system*

We have highlighted and channeled public spending towards more scholarships and student financial assistance. We have rationalized the CHED scholarship programs – from over 20 different programs to just three major headings namely: State Scholarship; Special Study Grant, and Study Loans.

Study loans should be a rich source of helping educate the leadership of this country, but there is very little set aside for financial loans to students who will pay it back. There is within the CHED a huge fund of almost a billion a year, the so-called Higher Education Development Fund (HEDF), which is collected as a percentage of travel taxes, from Pagcor, and others. This will also be rationalized – the bulk of its money will go to scholarship programs and the remaining funds will be for research and graduate scholarship; for quality assurance and upgrading; and for management and information systems development.

In the case of the State Universities and Colleges (SUC) system — there are still 112 of them — their standards and development stages are varying – some are outstanding, others are average, and some are underdeveloped.

Some outstanding SUCs include the Mariano Marcos State University in Batac, Ilocos Norte; Central Luzon State University in Muñoz, Nueva Ecija; Visayas State University in Baybay, Leyte; *Mao*

Aklan State University in Kalibo, Aklan; and University of Southern Mindanao in Kabacan, North Cotabato.

Why do I characterize them as outstanding? Because of three criteria: their notable R&D output, their international linkages with some of the leading universities in Asia, Europe and the U.S.; and the commercialization of their inventions.

These SUCs are models of development for the rest of the SUC system.

I did not mention UP because it is a class by itself. And so is Philippine Normal University.

Through the SUCs in the Cordillera Administrative Region (CAR), we are providing special support to upland agriculture. We are recommending a research consortium among the six SUCs. This research consortium will focus on:

*1. Conserving our national heritage such as the rice terraces, the native textile industry and wood-based industry.* We are about to lose the world heritage site title conferred on the Banaue Rice Terraces because of the neglect of government in maintaining it. It is quite a pity because this is the only wonder of the world that is still living and usable; the seven others are extinct. So that is one of the principal mandates of this research consortium. Apart from preserving the rice terraces as a world heritage site, we would like them to promote their own native textile industry. Ifugao, Bontoc, Abra, even Kalinga and Apayao, have such a wonderful native textile industry. We would like them to preserve that, as well as the woodcarving skills of our people in the Ifugao;

*2. Improving the variety of rice and vegetables in the uplands.* When Fujian province suffered a devastating drought in the 18<sup>th</sup> century and lost all its rice harvest, it turned to the Cordillera for its rice seed. That saved the life of the people of Fujian;

*3. Introducing organic farming.* The Cordilleras have been doing organic farming for all the past centuries. It is only the so-called modern agriculture that has adulterated their vegetables through the introduction of chemical fertilizer.

*4. Creating a joint program on fish breeding or captivity breeding.* In the Cordilleras, there are species of fish and shrimps that are unique to the upland, but those are disappearing, unless we introduce a breeding for them through our support.

The six institutions include Abra State Institute of Science and Technology, Apayao

State College, Benguet State University, Ifugao State College of Agriculture and Forestry, Kalinga-Apayao State College, and Mountain Province State Polytechnic College.

CAR is rich in history and culture, but is a severely impoverished region. We hope with this seed capital, we will be able to support their indigenous industries to sustain them.

Promoting science and engineering should become a central focus of our public spending for the simple reason that it is the technological breakthrough now, including information technology, communication revolution, the internet, biotechnology, that is creating new jobs in this decade, and we should not be left behind.

According to the 2006 DOLE Manpower Summit, the next five years will generate more than four million jobs in agribusiness, cyber services, tourism, including medical, health care services, the mining and aviation industries. More than two million jobs will be created in the agribusiness sector alone, from now until 2010.

And yet, only 2.7 million Filipino students are expected to graduate from these fields over the next five years. There is a huge shortfall here of 1.3 million Filipino students. Worse, more than 11 million Filipinos today in their critical development ages of 6-24 are out-of-school. We have high literacy rate, but we have very low functional literacy because this huge segment of our school-age population is out of school.

The Congressional Commission on Science, Technology and Engineering (COMSTE) emphasizes three areas to develop the RP economy: electronics and communication, agriculture and food sciences, and health sciences. These will create the wealth of the country in the future, and thus require huge investment in education and training.

It is important that we strengthen and develop high-level scientists and technologists. And we must create the magnet schools which will draw those young, bright minds all over the country. That is why our proposal is to build and establish Philippine science high schools in all 15 regions of the country. Right now, we have Philippine science high schools in nine regions, but we still have six regions without a Philippine science high school. Hence, we recommend one Philippine science high school in every region.

#### *Trade, tourism and culture*

But in order to empower Filipinos, we must provide them with jobs. *me*

Tourism will provide quick jobs to our rural people and give them income. Trade will facilitate movement of goods from the rural areas to the urban centers.

Why do we need to support our cultural institutions? Because the Filipinos' innate talent and artistry spring from our culture. Cultural institutions nurture these traits. That is why we are supporting these institutions, to provide opportunities for Filipinos to showcase their creativity and ingenuity.

This budget is geared towards developing the Philippine future through massive investment in human capital.

#### **COSPONSORSHIP SPEECH OF SENATOR ARROYO**

In cosponsoring the budget of the agencies under Subcommittee D of the Committee on Finance, Senator Arroyo delivered the following speech:

As Chairman of Subcommittee D, I rise to endorse, for the consideration and approval of this august Chamber, the budget appropriations of the Department of Social Welfare and Development, Department of Transportation and Communications, Other Executive Offices, Civil Service Commission, Commission on Audit, Allocations to Local Government Units, and the Energy-Attached Corporations.

In recommending the budget appropriations of the departments under your subcommittee, we have taken into the account the need for the judicious and prudent management of our limited resources. It is evident that we need to rein in government spending if we aim to close the gap between revenues and disbursements in the interest of fiscal discipline.

Hence, we have arrived at a cut of One Billion, Seven Hundred Ninety Two Million Six Hundred Sixty-Seven Thousand Pesos (P1,792,667,000.00) for Subcommittee D. This we have accomplished by reverting to the level of the President's budget the following agencies: Department of Social Welfare and Development (Office of the Secretary), Department of Transportation and Communications (Office of the Secretary), Metro Manila Development Authority, and the National Electrification Administration. We also need to prune the corporate operating budget of the National Power Corporation to One Hundred Fifty Billion Pesos (P150,000,000,000.00) for MOOE, and Five Billion Pesos (P5,000,000,000.00) for Capital Outlays and to revert the corporate

budget of the National Electrification Administration to the level of the President's budget. We have also introduced a Special Provision stipulating that new borrowings in excess of the amount included in the corporate operating budget of the National Power Corporation, as approved by Congress, shall require the approval of the Joint Congressional Power Commission.

I now join the Chairman of the Committee on Finance in endorsing the approval of the General Appropriations Bill for 2008 and the amendments introduced by the Committee on Finance.

#### **SUSPENSION OF SESSION**

Upon motion of Senator Pangilinan, there being no objection, the session was suspended.

*It was 4:57 p.m.*

#### **RESUMPTION OF SESSION**

At 4:58 p.m., the session was resumed

#### **SUSPENSION OF SESSION**

Upon motion of the Chair, there being no objection, the session was suspended.

*It was 4:58 p.m.*

#### **RESUMPTION OF SESSION**

At 5:07 p.m., the session was resumed.

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

Preliminarily, Senator Cayetano (P) noted that the Philippines has committed to achieve specific goals by the year 2015 as outlined in the Millennium Development Goals, such as achieving universal primary education; reducing child mortality; improving maternal health; combating HIV, malaria and other diseases, and ensuring environmental sustainability. She stated, however, that while there was an increase in the budget allocation for some of the items in the health sector, there were areas that have not been addressed.

Asked to be clarified if the Department of Finance (DOF) as well as the Committee on Finance had these issues in mind when they went over the budget

18

proposed by the House of Representatives, Senator Enrile replied in the affirmative, explaining that the responsibility of preparing the allocation of resources to the various needs of the country falls on the shoulder of the Executive and precisely, the Committee on Finance responded to the conceptualized expenditure of the Executive by restoring the cuts made by the House. He stated that in the budget submission of the Executive, the allocation for the health sector alone increased by almost P4 billion year-over-year.

Asked if all debts should be viewed equally, Senator Enrile stated that the people who lent money relied on the country's word that it will be paid back, regardless of the manner by which the debt was contracted, hence, a national debt carries with it the full faith and credit of the entire nation. He said that once a debt is concluded, the country is duty-bound to comply with its commitment, failing which, it would suffer certain consequences. He agreed with Senator Cayetano (P) that most of the country's debt have a "cross-default provision" that may trigger a domino effect and cause more problems.

Asked if Congress is duty-bound to automatically appropriate for debt service as it has been doing for the last twenty years in view of the law, Senator Enrile replied that there are some government obligations that need not be presented often to Congress but the law provides that there must be automatic appropriation for obligations like foreign loans and other borrowings, otherwise, the country would find it difficult to borrow.

Realizing the need to test the water, Senator Enrile bared that the Committee agreed to the proposal of the House of Representatives to include debt service payment as part of new appropriation rather than automatic appropriation, but he would not know whether the Executive would agree to it. He recalled that there have been instances when the automatic appropriation for debt service was reduced:

- ◆ 1993 – the proposed debt service of P126 billion was reduced to P100 billion;
- ◆ 1994 – the proposed debt service was more than P81 billion and was increased to P86 billion;
- ◆ 1995 – the proposed debt service of P109.6 million was reduced to P93 million; and

- ◆ 1996 – the proposed debt service of P69 billion was reduced to P54 billion.

Senator Enrile stated that the Executive Department's proposed budget for debt servicing was consequently reduced by Congress over the years until the year 2000.

Senator Cayetano (P) wondered whether there was a difference in the way the Executive and Legislative departments viewed various debts as she noted that various NGOs have been fighting for the repeal of the automatic appropriations law due to the so-called illegitimate debts incurred by the government in the past, citing cases such as the NBN deal, *Telepono Para sa Barangay*, North Rail project, and others that exist today. She expressed concern that aside from the fear of prosecution of erring government officials, there appeared to be no deterrent for the parties involved that connive and contract such anomalous deals that only add to the national debt.

For his part, Senator Enrile believed that Congress could not repudiate such obligations simply through legislation without a constitutional problem arising because these are contracts between one government with another, or with private lenders. He pointed out that passing a law to change the terms and conditions of these contracts constitutes impairment of contract which is a violation of the Constitution. He also noted that it is the function of the borrowing state, exercising its punitive powers, to discipline the people behind the corruptive activities. However, he bemoaned that although none of these individuals have been haled to court or punished, the government is still expected to fulfill its obligation to those parties that contracted these deals in good faith.

Senator Cayetano (P) believed that it would be ideal for Congress to look into these illegitimate debt cases while having a counterpart move by the Executive department so that there would be a basis not only to hold these people to task but also to give notice to lending parties that such situations would not be tolerated.

To the observation that such irregularities have not gone unnoticed as evidenced by the fact that the \$232 million loan by the Philippines to the World Bank was put on hold due to such anomalies, Senator Enrile pointed out that if the loan agreement had already been concluded between the Philippines and the World Bank, the money becomes part of *160*

government's resources and, as such, it becomes the responsibility of the borrowing state to dispose of this money according to the loan contract unless the World Bank reserves the right to scrutinize how it would be spent. He expressed concern over the fact that the World Bank official made such a complaint without showing proof that there were anomalies involved or whether this individual is a reliable source considering that the World Bank's participation in the bidding was a condition in the contract and that it can withhold the project if there is any complaint about the bidding process.

To the comment that the issue was brought up because, like the Senate, the World Bank is also questioning the utilization of these funds, Senator Enrile said that the World Bank official concerned ought to voluntarily appear in the Senate's investigation to substantiate his claims.

Citing allegations of anomalies surrounding the ZTE broadband project to be funded by the China Export-Import Bank and implemented by a subsidiary of the Chinese government, Senator Cayetano (P) believed that other lenders ought to take a firm stand against tolerating such deals because it is also detrimental to their business since they stand to lose legitimate income opportunities. She stressed the importance of differentiating between legitimate and illegitimate debts since this would have a positive impact on the country's business relationships with these lenders.

For his part, Senator Enrile doubted whether any bribery was involved in the ZTE deal considering that the Chinese government, through its Export-Import Bank, lent out to the Philippine government on the condition that the lender would nominate the company that will handle the project, which happened to be ZTE. Given such condition, he pointed out that there was no need for ZTE to bribe anyone since it already had the contract and only needed to go through the legal process to conclude the contractual relationship. He clarified that while the issue of overpricing was another matter entirely, he found no reason for any bribery as far as the implementor of the project was concerned.

Senator Cayetano (P) said that a study done by Dr. Joseph Lim for the United Nations recommended that if a middle-income country, such as the Philippines, is hampered from meeting the Millennium Development Goals (MDG) because of debt payments,

it should band with other similarly situated countries and negotiate with the Paris Club, which is composed of 12 affluent debtor-countries. She stressed that instead of being wary or restricted in discussing such options, the Philippines should be creative enough to explore other ways of meeting the Millennium Development Goals, and that, in fact, the House of Representatives has suggested the inclusion of the automatic debt payment into the General Appropriations Act.

Senator Enrile recalled that in the past, the Executive department, based on its responsibility to the country and to the lending institutions and states to the Philippines, had to veto this suggested approach to the debt service. However, he expressed willingness to test the waters and see whether it could be done. Senator Cayetano (P) agreed, as she noted that change begins with this kind of positive attitude.

Senator Enrile said that both Congress and the Executive department would want to reduce the country's foreign and domestic debt but are hard put in realizing a concrete result because this would require negotiating clout or leverage which the Philippines does not have, hence, the suggestion for it to band with other similarly situated countries to have a stronger voice and accomplish the goal.

Senator Cayetano (P) suggested that the Executive department file cases against parties involved in overpriced projects to send a clear message to private companies, GOCCs and other parties involved that such anomalies would not be tolerated. She added that this would also make it easier for the Executive to distinguish between an illegitimate and legitimate debt, which is a step beyond a mere congressional inquiry which would not have the time to go in-depth in the way that the Judiciary would.

On another matter, Senator Cayetano (P) stated that the MDG includes reduced infant mortality, improved maternal health, as well as combating of HIV, malaria and other diseases. However, she noted that certain changes were made in the Senate's version of the health budget. She lamented that the health budget, estimated between 2.2%-2.3%, is way below the World Health Organization's recommended allocation of 5% of the country's Gross Domestic Product (GDP). She said that the goal of increasing the health budget is not even moving forward at all.

Moreover, Senator Cayetano (P) pointed out that the Philippines, which is making small progress in its

effort to reduce the infant mortality rate in the country, is lagging behind its Southeast Asian neighbors.

Senator Enrile said that it cannot be denied that the Philippines has improved the situation in this particular area of concern, adding that there are provisions in the current budget for purposes of gradually reducing the child mortality rate by two-thirds by 2015. He believed that in order for the country to do better in accomplishing this goal, the Philippines would have to divert resources from other more pressing needs to this purpose.

Senator Cayetano (P) said that she was happy that the Senate version has increased the House version with respect to the allocation for the expanded program on immunization and vaccine self-sufficiency, which targets the concern of improving the infant mortality rate in the country. However, she questioned why there was a decrease in the budget intended for family health, including family planning considering that based on a number of studies, the state of health of the family, including an infant and child, begins with the mother. She expressed support for the use of contraceptives as she believed that women should have access to information and should make the decision based on their personal, moral and religious views.

Senator Cayetano (P) maintained that the budget for family health should not be decreased because this covers maternal health visits and prenatal health, both of which contribute to the reduction of the incidence of underweight infants, still-born babies or babies who have birth defects.

Senator Enrile stated that the President has included in the proposed GAA the amount of P967,000,013 for family health concerns, including family planning, which was increased in the House version through adjustments in other items in the President's budget proposal. However, he said that the adjustments were restored in the Senate version so as not to affect other government sectors.

Senator Cayetano (P) stated that people who do not support family planning are under the misconception that information to women on how to plan their family or how to take care of their own health is contrary to their personal views. She pointed out that the consequence of the problem among women who are misinformed on how to take care of their health

and their reproductive health spells the difference between life and death. For instance, she noted that there is a high incidence of cervical cancer in the country because men and women are unaware of its causes and the fact that this is preventable.

On another matter, Senator Cayetano (P) questioned the removal from the budget of the allocation for the purchase of autoclaves, as she pointed out that to date, government has not enough funds for purposes of medical waste management. She said that she would include this concern in her proposal for budgetary adjustments, in light of the fact that there is a social service crisis in the country which the Executive department has failed to address.

#### SUSPENSION OF SESSION

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

*It was 5:49 p.m.*

#### RESUMPTION OF SESSION

At 5:50 p.m., the session was resumed.

Senator Cayetano (P) expressed support to the proposal of increasing the allocation for the DENR, including soil conservation, watershed management and delineation of forest boundaries, which is consistent with the thrust of the Committee on Environment and Natural Resources to resolve the issue between production forest areas and protection areas. Nonetheless, she said that she would include in her proposal the budgetary increase for the protection of forests and the hiring of foresters which is within the jurisdiction of the Forest Management Bureau (FMB) whose budget has been decreased in the Senate version.

Going back to health concerns, Senator Cayetano (P) warned that the reduction effected by the House of the allocation for indigent patients confined in specialty hospitals and the use of specialized equipment from P16 million to P6 million could lead to bigger health care problems.

Senator Enrile explained that the Senate reversed the action of the House so as not to undermine the program that the Executive department had presented to Congress.

Senator Cayetano (P) said that she would submit her formal recommendation to increase the budget

for the benefit of the majority of Filipino people who cannot afford health care and rely only on subsidies. On a related matter, she informed the Body that one of the positive results of the dialogue between the Philippine Hospital Association and the DOH in connection with the drafting of the revised rules for the Detention of Patient Law which the 13<sup>th</sup> Congress passed recently is the increase by PCSO of the subsidy to indigent patients.

Regarding the decrease of the budget for the promotion of good nutrition, Senator Enrile disclosed that he has instructed the LBRMO to restore all the cuts made by the House to the President's budgetary proposal. He expressed the view that while Congress should exercise its power over the purse, the political responsibility to address the needs of the people belongs to the Executive department without prejudice to Congress' right to recommend.

Senator Cayetano (P) recalled the testimony of the director of the Environment Management Bureau before the Oversight Committee on the Clean Water and Solid Waste Management Act that there has been no allocation for sewage system management, which is counterproductive to making clean water available to the people. She expressed hope that this matter would be addressed at the appropriate time.

As she appreciated the increase in the budget intended for disease prevention, Senator Cayetano (P) suggested that another way of increasing the budget would be through the sin tax law which allocates 2.5% for disease prevention that amounted to P56 million in 2005 which the DBM has not released to date.

Senator Enrile stated that the matter would be discussed at the proper time.

#### **INTERPELLATION OF SENATOR LACSON**

Senator Lacson noted, and Senator Enrile confirmed, that the allocation of P295.751 billion for debt service in the national budget only covers interest payments and not principal payments in the amount of P328.341 billion.

Asked on the definition of the term "balanced budget," Senator Enrile replied that a balanced budget is achieved when current revenues equal current expenditures.

But Senator Lacson expressed the view that the 2008 national budget cannot be called a "balanced budget" considering that principal payment on obligations has to be dealt with, and to cope with it, government needs to borrow. Senator Enrile replied that the national budget is being referred to as a "soft budget," meaning, the government borrows to pay back an existing obligation. Moreover, he stated that when there is a surplus over the current needs, it is used to retire a portion of the principal payments. He said that from the point of view of business, debt service is an expense item but it is a capital return in the case of repayment of principal.

As regards gross borrowings in 2008, Senator Enrile supposed that government would need to borrow money to pay maturing domestic and foreign obligations in 2008. He said that the P346.18 to be borrowed is not part of the budget payments.

Senator Lacson pointed out that the principal payments are off-budget items. He expressed doubt that a balanced budget can ever be achieved because the P346 billion gross borrowings exceed the principal payments of P328.31 billion. Senator Enrile stressed that the borrowed money will be used to pay back maturing obligations and it is not part of the current expenditure.

Noting that the government would borrow more than the principal payments in 2008, Senator Lacson asked what accounted for the additional P18 billion in borrowing. Senator Enrile clarified that the P18 billion was a result of the obligation assumed by the government when the Central Bank was replaced by the *Bangko Sentral ng Pilipinas* and it is being retired over time as non-budgetary account.

#### **SUSPENSION OF SESSION**

Upon motion of Senator Enrile, the session was suspended.

*It was 6:11 p.m.*

#### **RESUMPTION OF SESSION**

At 6:14 p.m., the session was resumed.

Senator Enrile explained that the government has outstanding domestic and foreign obligations and the interest payments on these loans are included yearly in the budget. However, he pointed out that *NP*

there are government agencies that incurred obligations like the Central Bank which was liquidated and placed under a Board of Liquidators. Since the Central Bank no longer has assets, he said, the government must advance payment to its creditors which is what the P18 billion is for.

Asked if a balanced budget would be attainable in the coming year in light of the present state of government finances, Senator Enrile replied that there would be no more deficit precisely because the programmed expenditure of P1.227 trillion would be covered by generated tax revenue and non-taxable revenue plus the sale of government assets. He stated that government would not have to borrow next year because the government plans to match expenditures with projected revenue.

On whether the expected income of P29.562 billion from the privatization of government assets could be generated when it is the market that dictates their values, Senator Enrile said that the amount can be easily generated since the assets to be sold include San Miguel, P47 billion; Meralco, P8.2 billion; portion of the PNOC-EDC; the Food Terminal Incorporated; and the old Iloilo Airport.

As regards the P17.8 billion cut made by the House on debt service, Senator Enrile said that the Committee on Finance agreed to respect the cut to some extent but restored more than P12 million.

To Senator Lacson's reservations on providing "leg room" for payment of interest on the so-called tainted or fraudulent loans, Senator Enrile explained that he used the term simply because some people were claiming that some of the loans were tainted with anomalies which, however, have yet to be verified. He pointed out that the government could not just disregard the obligation as it involves the faith and credit of the Republic. Even as he agreed that the country would be better off if it repudiates some of its obligations, he cautioned that it would not be an easy task to do.

Asked on the nature of the Tax Expenditure Fund of P12.266 billion which is an automatic appropriation, Senator Enrile explained that these are obligations in the form of duties or taxes due from government agencies for such activities as importation which are put in the books to have a complete

accounting of what ought to have been received by governments by way of revenue even though there is no cash payment or no actual generation of funds.

Adverting to the four steps involved in the budget process—budget preparation, legislation, implementation and accountability, Senator Lacson noted that Congress' power of legislation is very limited. Senator Enrile disagreed, saying that the power of Congress is huge because it authorizes government to spend money.

Replying to further queries, Senator Enrile affirmed that budget preparation is a function of the Executive department that is supposed to know the needs of the people. He said that while Congress cannot increase the budget request of the President, it can reduce it, but to the Executive department, reducing it is detrimental to the people in terms of delivery of services.

Asked if he was consulted on the sensitivity analysis of the budget, Senator Enrile said that he has no participation in the preparation of the budget request.

On the macroeconomic factors used by DOF and DBM in coming up with the projection on debt service, Senator Enrile explained that the macroeconomic factors were based on the following assumptions for 2008: GDP is expected to grow between 6.2% and 6.9%; inflation rate, 3% and 4%; interest rate, 4% and 5%; labor, 5% and 5.5%; exchange rate, P46-P48 to U.S.\$1; and fuel, high of U.S.\$70, low of U.S.\$62.

Replying to another query, Senator Enrile said that the budget does not include an item on leakage or wastage in corruption because the assumption that government is corrupt cannot be factored in.

On the peso-dollar exchange rate estimate, Senator Lacson pointed out that, presently, the current rate is P43 to U.S.\$1, and any improvement thereon would mean the government could generate a certain amount of savings on debt service. In reply, Senator Enrile pointed out that a consequence of the situation is lower tax revenues because correspondingly, the tariff rate base is lower, income of exporters goes down, and corporate income tax is less, factors that had been included in the ~~ME~~

computation of the Executive department. He added that there are ensuing losses on other portions of governmental transactions when exchange rate improves.

Since it is the mandate of Congress to recommend the budget of the Office of the President, Senator Lacson expressed the need to study how the Executive department makes its assumptions. Senator Enrile assured that the government planners are using such assumptions based on the behavior of the economy.

#### **MANIFESTATION OF SENATOR PANGILINAN**

Senator Pangilinan said that based on the agreement in the caucus, the day's session would be suspended and resumed the next day for the resumption of interpellations on the General Principles. He appealed to the senators to make their reservation for interpellations on the budgets of the various agencies by communicating with the Office of the Majority Leader or the LBRMO.

#### **SUSPENSION OF CONSIDERATION OF HOUSE BILL NO. 2454**

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

#### **SECOND ADDITIONAL REFERENCE OF BUSINESS**

The Deputy Secretary for Legislation read the following Messages of the President of the Philippines, which the Chair referred to the Committee on Rules:

Letters of Her Excellency, President Gloria Macapagal Arroyo, both dated 23 November 2007, certifying to the necessity of the immediate enactment of the following Senate bills, pursuant to the provisions of Article VI, Section 26(2) of the 1987 Constitution:

Senate Bill No. 1881, entitled

**AN ACT ESTABLISHING A CREDIT INFORMATION SYSTEM, AND FOR OTHER PURPOSES,**

to meet the public emergency arising from the urgent need to address the lack of comprehensive and credible credit-related information, which is the fundamental problem of the domestic credit market, in order to improve the overall availability of credit, provide mechanisms to make credit more cost-effective, and reduce the excessive dependence on collateral to secure credit facilities,

and Senate Bill No. 1882, entitled

**AN ACT ESTABLISHING A PROVIDENT PERSONAL SAVINGS PLAN KNOWN AS THE PERSONAL EQUITY AND RETIREMENT ACCOUNT,**

to meet the public emergency arising from the urgent need to address the critical but under-reported national problem on the absence of savings and retirement funds by stimulating savings and providing long-term savings plan for our senior citizens.

#### **MANIFESTATION OF SENATOR PANGILINAN**

Senator Pangilinan reiterated that the day's session would be suspended and resumed at ten o'clock in the morning of the following day for the debate on the General Principles. He said that tomorrow, the session would be suspended for lunch and resumed in the afternoon for the deliberations on the budgets of the Department of Finance, NEDA and attached corporations, LEDAC, Department of Foreign Affairs and International Commitments Fund. He manifested that Senators Legarda and Pimentel have made reservation to interpellate on the General Principles and on the budgets of the agencies cited.

#### **SUSPENSION OF SESSION**

Upon motion of Senator Pangilinan, the Chair suspended the session until ten o'clock in the morning of the following day.

*It was 6:38 p.m. MP*

18

## RESUMPTION OF SESSION

At 11:07 a.m., Tuesday, November 27, the session was resumed with Senate President Pro Tempore Ejercito Estrada presiding.

## AFTERNOON AGENDA

Senator Pangilinan announced that in the afternoon's session, the Body would take up the budgets of the Department of Finance, the NEDA, and the Department of Foreign Affairs.

### COMMITTEE REPORT NO. 22

#### HOUSE BILL NO. 2454

*(Continuation)*

Upon motion of Senator Pangilinan, there being no objection, the Body resumed consideration, on Second Reading, of House Bill No. 2454 (Committee Report No. 2454), entitled

**AN ACT APPROPRIATING FUNDS FOR  
THE OPERATION OF THE GOVERN-  
MENT OF THE REPUBLIC OF THE  
PHILIPPINES FROM JANUARY ONE  
TO DECEMBER THIRTY-ONE, TWO  
THOUSAND EIGHT, AND FOR  
OTHER PURPOSES.**

Thereupon, the Chair recognized Senator Enrile, Sponsor of the measure, and Senator Angara for his interpellation.

## REMARKS OF SENATOR ENRILE

Senator Enrile said that he has been waiting in the session hall since 9:30 a.m. for the resumption of the budget deliberations at 10:00 a.m. Saying that an hour has been wasted, he stated that he would not agree to any further postponement of the schedule of the budget deliberations that had been agreed upon by the members.

## INTERPELLATION OF SENATOR ANGARA

In light of the general assumptions of the budget that were formulated at the beginning of the year, Senator Angara expressed concern over the drastic changes that have recently occurred because they could affect the overall forecast of economic growth. Citing the exchange rate of the pesos vis-a-vis the dollar as an example, he noted that the budget was

based on a low of P46 to a high of P48 to the dollar but the present exchange rate is running at P42.86 to P43.35 to the dollar. Senator Enrile said that the exchange rate of P46 to U.S.\$1 was a high and conservative estimate that the government used in preparing the budget. Nonetheless, he believed that based on present experience, the estimate of the government would be realized.

Asked on the impact of the change in crude oil price on the forecast of the country's economic growth, Senator Enrile said that the price of crude oil affects the balance of payment and tax revenue because as the base of tariffs and tax rates on fuel importation becomes bigger, government revenues from these products increase but its payouts also increase.

To Senator Angara's observation that the BSP estimated the inflation rate for 2008 at 4% to 5% and that for the current year, the inflation rate of 2.6% to 3.1% is within the band, Senator Enrile opined that it is a realistic estimate since the exchange rate is strengthening in favor of the peso and the government is coming up with plans to balance the budget.

On the concern that all these changes would alter the forecast of the GDP and GNP growth rates, Senator Enrile stated that the peso value of exported goods and services would decline because of the strengthening of the peso but that would be offset by the volume of dollar inflows from direct investments and OFW remittances.

Senator Angara pointed out that while the appreciation of the peso would strengthen the country's international reserves, there is also a corresponding downside because the OFWs and foreign direct investments like the call centers lose P3 for every dollar. Senator Enrile said that once the 2008 budget is in place, the Executive department has to review whether the estimates are realizable or not and make the necessary adjustments if needed. He informed the Body that the technical working group of the DBCC would be meeting on December 4 to reexamine the assumptions.

Senator Angara stated that there could be changes in the assumptions to the extent of lowering the country's growth forecast either in terms of GDP or GNP, which is why Congress must reexamine the wisdom and timing of a balanced budget. He believed that what is needed is not a balanced budget but ~~an~~

K

more spending power to sustain economic growth. He pointed out that based on experience, the objective of reducing the country's deficit to achieve a balanced budget takes its toll on education, health and infrastructure, the very sectors that fuel productivity.

For the Body's information, Senator Enrile stated that the inflation rate from January to October 2007 was 2.6%, imports from January to December 2007 was expected to grow by 4.4%, and exports by 4.9%.

Senator Enrile stated that the balance of payment is favorable to the country as he gave the following figures:

*January 2007 to October 2007*

|  |        |
|--|--------|
| Exchange Rate                              | 46.88% |
| Interest Rate based<br>on London Interbank |        |
| Offered Rate (LIBOR)                       | 5.34%  |
| 91 Treasury Bills (T-Bills) Rate           | 3.36%  |

*January 2007 to June 2007*

|                        |      |
|------------------------|------|
| Gross Domestic Product | 7.3% |
| Gross National Product | 8%   |

Senator Angara observed that the economy was doing great for the first semester of 2007 but when the global credit crunch came in August 2007, the local economy started to feel its effect. He expressed fear that the economic growth might not hold for the last semester as well as for the year 2008, as a consequence of which the assumptions of a GNP growth rate of 6.3% to 7.1% and GDP growth rate of 6.1% to 6.8% for 2008 have to be revised or at least adjusted. Senator Enrile gave assurance that the country's economic and fiscal managers would closely watch the trend of events to anticipate a possible recession but at the moment, the given estimates would have to be used to deal with the national budget. He added that the figures would be reassessed next month.

Senator Angara suggested that any adjustments be inputted in the plenary discussions and in the bicameral conference committee as these would be more realistic than the present figures.

As regards the exchange rate of the peso to the U.S. dollar, Senator Angara asked whether the government could adopt measures that are favorable to overseas Filipino workers (OFWs), some of whom have reportedly held back their remittance.

## SUSPENSION OF SESSION

Upon motion of Senator Enrile, the session was suspended.

*It was 11:32 a.m.*

## RESUMPTION OF SESSION

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

In reply to the query, Senator Enrile reported that the peso-dollar exchange movement does not affect OFWs in the Middle East and in Europe but Filipinos either remitting from the United States or earning in dollar. He said that he has requested the monetary authorities to submit to the Committee possible solutions to the problem of dollar earners like adjustments in remittance charges.

Senator Angara acknowledged that most remitting companies have indeed lowered their remittance charges but these are still high compared to those of Latin America, India and South Asia. He suggested adopting a two-tiered exchange rate, for instance, an extra one-peso for OFW remittance as a temporary measure. Senator Enrile stated that he would ask the monetary and fiscal authorities to study the proposal as he admitted that he does not know the restrictions with regard to the country's international commitments to the foreign currency exchange rate, if there are any. He stated that the Committee would study the matter very carefully.

Senator Angara emphasized that the combined remittance of OFWs is still bigger than all the ODA the country received. He informed the Body that if the exchange rate hits P42 to the U.S. dollar, all the country's shopping malls would lose money as the families of OFWs would lose their purchasing power. He pointed out that the task of the country's economic managers is also to consider the social implications of what is being done. Senator Enrile agreed, reiterating that the matter would be studied further to make sure that the real beneficiaries are the ones who would gain from it and not the speculators.

Saying that the remittance cost had been studied for so long, Senator Angara suggested that all remittance companies be under the supervision of the BSP so that fees could be regulated.

Senator Enrile welcomed the suggestion to place remittance companies under the supervision of the *Bangko Sentral* if Senator Angara, as chairperson of the Committee on Banks, Financial Institutions and Currencies, would undertake the effort. Senator Angara said that while that process is ongoing, the country's economic managers have to study other options for OFWs that could be put forward for discussion.

Asked for the reason behind the inflationary pressure and predicted uptick in inflation for 2008, Senator Enrile clarified that there has been no perceptible upward movement in the inflation rate which has remained steady thus far.

Senator Angara wondered how it was possible for the Philippines to be the only country which has not experienced any perceptible upward inflationary movement when strong economies such as China, the United States and those in Europe had been affected by rising inflation. Senator Enrile explained that the increase in the price of sugar, flour and retail fuel, among others, have so far exerted pressure on the current inflation rate.

To the observation that the price of meat products, such as chicken and pork, have also gone up due to the scarcity and resulting high price of feedstock the past three months, Senator Enrile believed that this is a regular phenomenon brought on by the Christmas season. However, Senator Angara maintained that the price hike is due to the sharp rise in the cost of feedstock such as corn and soya.

For his part, Senator Enrile stressed that aside from the volatility of the oil price in the world market, other factors that would bring up product prices include the rising prices of global commodities, a bigger future wage adjustment, more disposable income and adjustment in transport fares.

To the comment that such increases would bring about higher inflation in 2008, Senator Enrile said that while it is possible, these are all probabilities as this would happen within a 12-month period.

Senator Angara believed that it would be better for government to make a more realistic projection so as to prepare the people, especially families of OFWs, to become more thrifty and anticipate having a weakened purchasing power which would result in higher transportation and commodity costs.

Senator Enrile noted that the technical working group of the DBCC would study Senator Angara's suggestion.

Senator Angara asked for the rationale of having a balanced budget despite the volatility in the global economy and the rising uncertainty that the country might face in 2008. He believed it would be better for government to spend on productivity and efficiency by enhancing areas like education, health and infrastructure so that the growth momentum can be sustained. Senator Enrile surmised that the proposed P1.227 trillion national expenditure goal for 2008 is higher compared to the P126 billion for 2007 primarily because the Executive department wants to match government revenue with the same level of expenditure so as to attain a certain growth rate. Secondly, he believed that the Executive department has taken into account the capacity of the implementing agencies to absorb the additional infusion of funds for expenditure.

On whether he was convinced that having a balanced budget is the right course to take, Senator Enrile replied that government projects need to be planned before these are funded. Senator Angara said that there are many good projects, particularly those for the educational system and infrastructure, that need funding so that the greater movement of people and goods would spur economic growth. Senator Enrile, however, noted that while infrastructure projects entail much time, those for social services, health, education cover a broader scope for planning and funding.

Senator Angara pointed out that while social welfare projects are more predictable as the Executive department had already laid out a social program that could be funded each year, infrastructure projects require forward planning; nevertheless, there are many good projects that need to be funded in the areas of social services and infrastructure. Senator Enrile remarked that doling out money to the needy is easy but this would not be a productive investment.

Senator Angara insisted that there are already good and feasible projects that require financing. However, he pointed out that balancing the national budget would, by experience, mean controlling spending by curbing allocation for education, social services and infrastructure which has done the country very poorly over the years because productivity-enhancing activities are sacrificed. He reiterated his suggestion 160

that the balanced budget approach ought to be reviewed since the government might, in fact, need to spend just to be able to sustain the momentum of economic growth. He expressed concern that it would be hard to restart the current growth momentum if it is aborted for the sake of a balanced budget.

For his part, Senator Enrile stated that the Executive department has increased the budget for the following items:

- ◆ Economic services - P45.224 billion;
- ◆ Social services - P48.421 billion;
- ◆ General services - P19.134 billion;
- ◆ Defense - P7.618 billion; and
- ◆ Advances to GOCCs - P2.899 billion.

Senator Enrile clarified that even if the proposed budget for defense is combined with the budgets of the military and the Philippine National Police, it still could not match the combined incremental allotments to the budgets for economic and social services amounting to P93 billion.

Asked for the incremental allocation for social and economic services, Senator Enrile said that the bigger allotment of P48.421 billion is being proposed for social services which would cover education, health, housing, and science and technology, while P45.224 billion is set aside for economic services which would cover agriculture, natural resources, trade and industry, tourism, power and energy, and transportation and communications.

As to the combined increment to the military and the PNP budget, Senator Enrile said that it is less than P9 billion.

Senator Angara commented that the General Appropriations Act for 2008 is more balanced and favorable to social services and infrastructure because they are receiving a very good share for the first time.

Senator Enrile said that the President is trying a regime of balanced budget as against the old regime of pump-priming the economy through inordinate borrowing of funds in order to propel the growth and expansion of the economy and social services. He explained that many people are complaining about the bloated borrowings of the country which eat up a large proportion of the available resources for development in order to service the interest payments.

He said that if this does not work, Congress should advise the Executive department to reverse the system next year.

To Senator Angara's observation that it would only be the second time in 20 years that the Philippines would have a balanced budget, the first time being when he was Senate President, Senator Enrile stated that when President Marcos was ousted in 1986, the foreign borrowings of the Philippines at the time was only US\$26 billion, which includes the incremental borrowings of the country from the time of President Quezon to the time of President Marcos. Since then, he said, the foreign debts more than doubled because of too much borrowings from 1986 to 1996, and yet the growth of the country slid down tremendously that resulted in a situation wherein revenues could not cope with the needs of the people and the obligation to service bloated loans. Given this fact, he stated that he would rather give the Executive *the chance to try another system*, since it is the one politically responsible for devising the program of government and direction of the nation.

Senator Angara pointed out that a country's debt is relative to the size of its economy, explaining that if the country's economy is growing, it can afford to increase the debt proportionately because of its paying capacity. However, he noted that the present government has realized that this is not a good model for the Philippines because if government fails to collect enough taxes and mobilize internal resources to support domestic development projects, making it dependent on overseas development assistance (ODA) and borrowings alone, this would result in a boom and bust economy. He pointed out the fact that between 2001 and 2006, the country's ODA declined by about 28% and yet, the economy grew much faster through domestic mobilization.

Senator Enrile believed that government has exerted every effort to improve its tax collection, citing, among others, the move of the Bureau of Customs (BoC) in reducing the incidence of smuggling, and the Bureau of Internal Revenue (BIR) in creating an internal organization to look into the lifestyles of its members. He said that next year, the BIR is expected to yield P845 billion and the BoC, P254.5 billion, while the rest of the needed funds to support the programmed expenditures would be provided by the other non-tax sectors of government. Nonetheless, he believed that these agencies can do better if government would plug the loopholes. *AC*

Aside from the importance of a better tax administration in revenue generation, Senator Angara expressed the need to encourage the entrepreneurial skills of Filipinos by expanding business and enterprise throughout the country.

Senator Enrile believed that the easiest way to expand the country's economy is for government to provide the necessary amenities and infrastructure for the benefit of the people, pointing out that the country has a good chance in terms of tourism development.

Senator Angara said that Cagayan, which is a very scenic province with abundant natural and marine resources, has a vast expanse of idle land that government should utilize and develop. Senator Enrile agreed that government should spend more money for the improvement of road networks all over the country, airports and harbors, and the countryside to attract more visitors.

Senator Angara pointed out that the opening of the nautical highway has brought throngs of people from Luzon to Boracay, Iloilo, Roxas and Kalibo.

Senator Enrile stated that if the rest of the Philippines could replicate the economic boom in Sta. Ana, Cagayan, there would be no need to send Filipino workers to the Middle East. He said that the influx of Asian tourists is propelling the local economy of Sta. Ana: employment rose from 200 to 3,000; cost of real estate increased from P3 to more than P500 per square meter; hotel accommodations have expanded from 20 rooms to 350 rooms; and a direct flight from Macau to Tuguegarao has increased the volume of gambling that generates HK\$100 million in revenues every night.

Senator Angara believed that government should give more attention to building access roads and air and sea links on the eastern side of the country rather than on the western side.

Senator Enrile informed the Body that through his Priority Development Assistance Fund, a road system from the main highway in Sta. Ana is being opened to link the municipalities of Palanan, Dinapigue, Casiguran, Baler, Infanta and Sampaloc to the province of Camarines Norte, Camarines Sur all the way to Sorsogon. He said that while people are agog over Boracay, they have yet to see the pristine beaches on the eastern side of the country.

Senator Angara stated that the national budget should embody the country's vision of what it wants to be for which purpose, government has to establish the direction. He suggested that the budget set the parameters for future growth and vision. He said that limiting the government to a balanced budget that constricts spending would only confine it to a short-sighted view of the future as he stressed that it is easier to effect structural reforms if there is more leeway in spending.

Senator Enrile stated that the government is not limiting spending because once more revenues are generated, the unprogrammed portion of the budget could be used.

Asked how much of the P114 billion unprogrammed budget is earmarked for foreign-assisted projects, Senator Enrile replied that P16.4 billion is for foreign-assisted projects and P30.5 billion for support to infrastructure projects and social programs.

*At this juncture, Senate President Pro Tempore Ejercito Estrada relinquished the Chair to Senator Pangilinan.*

On the inability of the Executive department to absorb their budgets, Senator Enrile stated that it is not a question of their inability to absorb their budgets but their inability to prepare their projects in advance.

#### INTERPELLATION OF SENATOR LEGARDA

At the outset, Senator Legarda expressed full support for a pro-poor balanced budget.

Asked on the criteria for certain projects to qualify for funding under the unprogrammed funds, Senator Enrile stated that projects must have engineering studies in the order of priority of the government.

Senator Legarda recalled that when RA 8550, the Fisheries Code, was enacted in 1998, it required a funding of P1.6 billion but since its enactment, not a portion of the required funding has been released.

Asked if unfunded laws like RA 8550 and the People's Development Trust Fund of the NAPC would fall under the unprogrammed fund, Senator Enrile replied that the total amount of legislative authorization in various statutes passed by Congress for expenditure amounts to half a trillion pesos but the government, he emphasized, cannot allocate funds *etc.*

to programs provided for in laws that do not identify their funding source.

Asked how Congress could solve the problem of funding laws, Senator Enrile replied that under the Constitution, Congress has the power to appropriate and identify financial resources to support the laws being enacted. He said that Congress has to get the Bureau of Treasury to identify the source of funds to support statutory grants but if there are no funds available, they shall remain unfunded until the Executive department provides otherwise.

Senator Enrile suggested that Senator Legarda study all the laws that need to be funded and their sources of funds for inclusion in the DBCC budget.

### **SUSPENSION OF SESSION**

Upon motion of Senator Enrile, the session was suspended.

*It was 12:44 p.m.*

### **RESUMPTION OF SESSION**

At 12:45 p.m., the session was resumed.

Upon resumption, Senator Enrile said that according to the DBM secretary, the agency is aware of the laws but it is not imperative to provide funding for such authorizations in the budget.

Asked on the reason for the lack of urgency or compelling reason to fund such important legislations like the People's Investment Fund, the Fisheries Code, establishment of congressional, city and municipal libraries and barangay reading centers, Senator Enrile believed that different people have different notions about things; thus, while the authors of the statutes considered them as important projects for the government, the administration might decide things according to its perception of what society needs during its watch given the limited resources of government and the need to prioritize and allocate funds for projects.

Senator Legarda expressed concern over the way Executive department has set its priorities which ignored the efforts of Congress that enacted the laws with good intentions. She said that she would take the suggestion of Senator Enrile to peruse through the long list of unfunded laws for the past 10 to 15 years; see which actually are still very relevant today

and sit down with the DBCC to finally fund the laws in the next budget season.

In light of the varying estimates of GDP growth – DBCC estimate of 6.1%-6.8%, IMF projection of 5.8% and ADB forecast of 6%, Senator Legarda asked if the variances would affect revenue targets and the financing of government projects, assuming that the optimistic projection of the DBCC is not reached. Senator Enrile adverted to the performance record of the economy from 2004 to the present: in 2004, GDP growth was 6.4%; 4.9% in 2005, 5.4% in 2006; 6.1%-6.7% in 2007; and 6.1 to 6.8% in 2008. He said that he would not know how accurate the studies of the international agencies are, or whether they are looking at the same figures.

On the reason for the decrease in the assumption on tax efficiency from 15.3% to 14.7% despite an assumed increase in GDP from 5.7% to 6.1%, Senator Enrile opined that there could be no definite correlation between the increase in the GDP and the tax effort level because while the ideal situation is for tax collection to grow commensurate to the growth of the economy, there are still deficiencies in the capability of the Bureau of Customs and the Bureau of Internal Revenue to realize more revenues for the needs of the government.

Considering that tax revenue targets tend to be unattained, Senator Legarda asked what major measures are being undertaken by the Department of Finance to achieve the 2008 targets. Senator Enrile replied that apart from the statutory reforms, the DOF has adopted to following administrative reforms: Revenue Integrity Protection Services (RATS); Run After Smugglers (RUS); Run After Tax Evaders (RATE); Revenue Enhancement Task Force; and Anti-Smuggling Task Force.

Senator Legarda asked for the DOF estimate on the actual losses of government from smuggling.

### **SUSPENSION OF SESSION**

Upon motion of Senator Enrile, the session was suspended.

*It was 1:02 p.m.*

### **RESUMPTION OF SESSION**

At 1:02 p.m., the session was resumed. *100*

*100*

Upon resumption, Senator Enrile said that according to a study by financial experts in 2006, the estimated losses for 2007 from the Bureau of Customs would approximately be P65 billion, both from outright smuggling and technical smuggling, and even collusion. He expressed the belief that the losses could be lessened in due course, in view of the acquisition of 30 units of x-ray machines that monitor the contents of container vans entering the country, and the implementation of other administrative measures to prevent technical smuggling and outright smuggling.

To Senator Legarda's observation that the uncollected P65 billion could have been a huge earning for the government, Senator Enrile indicated that the amount would be reduced since the x-ray machines supposedly arrived in the middle of the year.

Upon further query, Senator Enrile replied that the P65 billion lost revenues came from all types of smuggled products like crude and other petroleum products, tiles, textiles, rice and sugar.

On whether the P65 billion has been drastically reduced with the adoption of administrative measures like the installation of x-ray machines, Senator Enrile admitted that the Committee does not have data on whether the Bureau of Customs was successful in arresting the incidence of smuggling.

As regards net lending to GOCCs, Senator Legarda asked whether the increase of P3 billion was justified despite the poor performance in net lending of GOCCs. She pointed out that in 2005, P1.98 billion was utilized out of the P7.6 billion automatic appropriation; in 2006, P1.3 billion out of P8.25 billion; and in 2007, P3 billion out of P9.10 billion. In reply, Senator Enrile explained that the amount is an automatic appropriation which serves as a standby source of fund to respond to the needs of the GOCCS.

However, Senator Legarda pointed out that based on the three-year period, not even one half of the automatic appropriation was actually utilized by the GOCCs. She suggested that the allocation be channeled instead to social services which received a low priority in the national budget.

*At this juncture, Senator Pangilinan relinquished the Chair to Senate President Pro Tempore Ejercito Estrada.*

Senator Enrile explained that net lending to the GOCCs is a special purpose fund that cannot be

used for any other purpose. He said that it is always included in the national budget just in case there is a need for it.

On whether the unutilized part of the amount is reverted to the National Treasury, Senator Enrile replied in the negative, stating that it is merely an authorization to spend.

On another matter, Senator Legarda stated that the presence of Secretary Andaya of the Department of Budget and Management, Secretary Teves of the Department of Finance, NEDA Director-General Santos and Secretary Ebdane of the Department of Public Works and Highways was sorely missed in the hearing of the Committee on Economic Affairs on the deferment of the US\$232 million World Bank loan to the Philippine government. She advised the concerned cabinet secretaries that the Committee would hold another hearing on the matter and that she expected them to attend it as assiduously as they did the deliberations on their proposed budgets.

With respect to the Official Development Assistance (ODA), Senator Legarda stated that based on the July 2007 NEDA information, there were 21 projects that have incurred cost overruns amounting to P36 billion due to increase in right-of-way acquisition cost, changes in designs, increase in the price of supplies and materials, higher bids, and foreign currency fluctuations. She noted that out of the P36 billion, the DPWH had the highest cost overruns of P13 billion for ten projects.

## SUSPENSION OF SESSION

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

*It was 1:16 p.m.*

## RESUMPTION OF SESSION

At 1:16 p.m., the session was resumed.

Upon resumption, Senator Enrile clarified that the total accumulated amount of cost overruns was P32,693,470,000 as he assumed that the reason for the discrepancy with the NEDA figure is the exclusion of Line 1 Capacity Expansion Project Phase 2. He explained that if the cost of the overrun does not exceed 20% of the total contractual cost, the agency concerned would shoulder it out of its savings,<sup>10</sup>

otherwise, it would be referred to the DBM for funding and inclusion in the general appropriations bill for the year. If the cost is over 20%, he said that it would be referred to NEDA for processing and once it is approved, it would be returned to the agency for appropriate action.

On whether the cost overruns had been inputted in next year's budget and divided among the agencies concerned, Senator Enrile replied that the amount was the total aggregate of cost overruns of several projects over the years and that many of said projects have already been included in the budget of previous years. He clarified that much of the amount had been retired in previous years and only a portion of it was included in next year's budget.

Asked what the concerned officials of the government are doing to make the project assessment more efficient and effective to prevent cost overruns, Senator Enrile explained that the cost of labor, for example, cannot be anticipated because it depends on so many variables and the cost of the right-of-way, when it is the subject of a court case, could also vary during the duration of the project owing to a decision of the court.

Senator Enrile explained that cost overruns, like price escalation, are very difficult to avoid considering the many factors that cannot be predicted with certainty when an estimate for a project is done. He maintained that if projects are handled by reputable construction companies, incidents of fraudulent machinations would be less but there is still the possibility of misconduct. Senator Legarda urged the departments to minimize the cost overruns so as not to cause a dent in the annual budget requirement.

Asked if there is any pending tax proposal filed in Congress, Senator Enrile replied that to the best of his knowledge, there is none. He agreed with Senator Legarda that the government has to make do with a more efficient tax collection, adding that government could also sell some of the valuable assets it no longer needs.

### SUSPENSION OF SESSION

Upon motion of Senator Enrile, the Chair declared the session suspended until three o'clock in the afternoon.

*It was 1:29 p.m.*

### RESUMPTION OF SESSION

At 3:20 p.m., the session was resumed with Senate President Pro Tempore Ejercito Estrada.

Thereupon, the Chair recognized Senator Honasan for his interpellation.

### INTERPELLATION OF SENATOR HONASAN

Asked by Senator Honasan whether the budget for the operations of the National Economic and Development Authority (NEDA), which has an allocation of P45.5 million, defined as coordination, formulation, updating and assessment of national development policies and plans, falls under the agency's general function to assess and evaluate loans acquired by the Philippines from foreign sources for specific social development projects, Senator Enrile explained that the NEDA, the national economic planning agency, has under its supervision the National Statistical Coordination Board, National Statistics Office, Philippine National Volunteer Service Coordinating Agency and Statistical Research and Training, most of which are involved in data-gathering for purposes of conceptualizing economic and social development plans for the country.

Senator Honasan believed that the NEDA can do much to put in place a qualitative and systematic means of putting each level of foreign-funded projects in the proper perspective so that there would be transparency both for those involved in the budgetary process as well as for taxpayers. Therefore, he asked whether it would be plausible to incorporate a special provision in the NEDA budget which shall require the agency to put in place a system of judiciously managing each foreign loan and project to be contracted by the Philippines with foreign creditors. He suggested that the NEDA institute a transparency flow mechanism through a proper inventory of all national loans, proper scrutiny and auditing on the utilization of funds and assessment of projects being entered into by the government. Senator Enrile noted that there is already a monitoring mechanism in place via the Congressional Oversight Committee on the Official Development Assistance Act. However, he posed no objection to the suggestion for NEDA to do the same, adding that the provision could be considered at the proper time.

In closing, Senator Honasan underscored the importance of having a sound, clear, transparent and *merit*

definitive system of planning, assessing, approving, programming, monitoring and auditing for the various government development projects and undertakings, particularly those that incur debt for the people. He believed that his proposal would intensify public accountability, optimize borrowings, aid in deterring onerous contracts, and provide a sound decision-making tool for government. He also said that it would help avoid various scandals that are being faced by some government agencies at present.

#### **INTERPELLATION OF SENATOR BIAZON**

Asked by Senator Biazon whether a percentage of the national budget is allocated for debt servicing, Senator Enrile clarified that while funds for debt payments are automatically appropriated in the budget, there is no fixed percentage allocated for it.

Asked how much of the proposed national budget has been allocated for debt servicing, Senator Enrile replied that over P290 billion or 24% of the total budget is set aside for payment of debt obligations which is lower compared to the estimated 40% allocation in previous years, specifically to last year's P318 billion. He explained that the debt amounts, which were incurred not only by the present but also by past administrations, were brought down as a result not only of lower government borrowing, but also because of increased revenue collections and retiring of some of the loans. He noted the gradual decrease in government loans as follows:

- ◆ P370.3 billion in 2006;
- ◆ P264.1 billion in 2007; and
- ◆ P220.7 billion projection for 2008.

He added that foreign loans reached P284 billion in 2006, P129.9 billion in 2007, and a projected P125.4 billion for 2008. He also clarified that the P318 billion covers both the entire interest obligation of government for 2006.

On whether payments for foreign loans are paid in dollars, Senator Enrile replied that the loan is computed in pesos but is translated in dollars for purposes of discharging foreign obligation.

Senator Biazon asked how much of the P318 billion was for foreign debt servicing.

#### **SUSPENSION OF SESSION**

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

*It was 3:35 p.m.*

#### **RESUMPTION OF SESSION**

At 3:36 p.m., the session was resumed.

Upon resumption, Senator Enrile enumerated the government's interest payments as follows:

|              | 2006           | 2007           | 2008<br>(projected) |
|--------------|----------------|----------------|---------------------|
| Domestic     | P197.3B        | P194.0B        | P186.0B             |
| Foreign      | 112.8B         | 109.3B         | 109.0B              |
| <b>Total</b> | <b>P310.1B</b> | <b>P303.3B</b> | <b>P295.0B</b>      |

Upon further queries, Senator Enrile said that government is monitoring the use of funds saved from interest payments due to the peso's appreciation against the dollar and that it is the Executive department that is recording these payments. He added that Congress can also look into such savings through its oversight committee.

Asked if there were instances in the past when government had to provide for the shortfall in the budget because of the movement of the peso, Senator Enrile said that he was of the understanding that government may save on one item, but in the end, there may be a need to use the cash to cover the deficit in other sectors in the budget.

Asked if the Executive department has the prerogative to align or realign the budget, Senator Enrile replied that the Constitution authorizes the President to realign the savings within her office, in the same manner that the Senate President, the Chief Justice of the Supreme Court and the House Speaker can align the savings of their respective agencies.

Senator Enrile pointed out that while government saves on the peso, it is possible that the income of government from the Bureau of Internal Revenue would go down as a result of the appreciation of the peso since the tariff base and value of imports would also go down.

*AC*

*PC*

Incidentally, Senator Enrile said that he was informed by the Budget Secretary that the savings in this particular area are not really the savings that can be moved around by the Executive department because they are just a book entry and not a fixed obligation, and move according to the volatility of the exchange rate.

#### **INTERPELLATION OF SENATOR PIMENTEL**

Preliminarily, Senator Pimentel informed the Body that most of the OFWs earning in dollars have been complaining that their remittances are no longer commensurate to the needs of their families because of the depreciation of the dollar. On the other hand, he noted that OFWs earning in euro are happy about the situation because the euro is appreciating much more than the dollar.

Senator Enrile said that Filipinos who have peso obligation to discharge in the country would be hard put because they computed their ability to retire those obligations on the basis of a certain exchange rate that is no longer valid, aside from the fact that they have less income even as their foreign earning is constant.

Asked if the Senate can make a proposal to adopt a two-tiered exchange rate that would give OFWs a chance to enjoy a higher exchange rate than the free dollar exchange rate dictated by the market, Senator Enrile said the proposal is worth exploring but it would require a law to implement the system, which shall ensure that only those who are affected would benefit, and can be implemented efficiently without injuring the economy through speculative activities or the manipulation of lawyers and accountants who might ride on the system. He stated that the government has been looking for solutions to alleviate the plight of the OFWs like lowering the cost of their remittances.

Asked what is covered by the *Kilos Asenso* Program which has a P3 billion allocation, Senator Enrile replied that the program is intended to address the problems of the rural communities. He explained that the allocation shall be used as national government counterpart fund to support the projects of LGUs under the program, such as 1) the construction of farm-to-market roads, small bridges and day-care centers; 2) improvement of potable water supply; 3) investment in agro-forestry; and 4) other similar

growth-enhancing projects designed to uplift the socioeconomic standing of the LGUs; provided that 50% of the project cost shall be sourced from local funds as identified by the LGUs, but the LGUs must also equal the assistance of the government, so that, in effect, the budget for the *Kilos Asenso* Program would be P6 billion.

Asked whether the projects must be initiated by the LGU, which is putting up the counterpart, Senator Enrile replied in the affirmative.

With respect to the *Kalayaan sa Barangay* Program of the Department of National Defense and Security (DND), Senator Enrile explained that the program is geared towards fighting insurgency or internal war in a given society, not with the use of military or police force but using developmental effort to win the hearts and minds of the people. He said that the amount of P1 billion shall be used to rehabilitate and develop around 200 barangays which are affected by the internal conflict that is besetting the nation, adding that each barangay shall receive P1 million to P5 million, depending upon the intensity and extent of the effect of the internal conflict.

Asked if the 200 barangays have already been identified, Senator Enrile said that he was sure that the DND has already done so.

Senator Pimentel stated that the Senate does not question the need to apply other persuasive mechanisms in reducing incidence of insurgency, but as policy-makers, legislators have the right to know how the budget would be put into operation. He said that when the Body discusses the AFP budget, the officials should be asked to submit a list of the areas in conflict.

Senator Enrile stated that based on experience, the defense department would have a listing of barangays that are afflicted by insurgency.

Senator Pimentel expressed concern over recent events when the AFP has penetrated even the urban barangays, citing instances when AFP personnel in full battle gear patrolled some barangays in Metro Manila, which have no demonstrated incidence of insurgency, as part of the *Kalayaan sa Barangay* program. He pointed out that under the law, it is the civilian agency, the local government officials, and the local police who have the primary obligation to combat insurgency in their area. He said that the ~~100~~

presence of fully armed men in Metro Manila highways could be very unsettling.

Senator Enrile clarified that it was Congress which transferred the handling of counterinsurgency operations from the police to the military. Moreover, he pointed out that based on experience, a quiet community does not necessarily mean that it is not affected by the insurgency as it could be part of the problem. He offered that the manner by which the program is being carried out could have caused the problem, saying that military personnel may be required to wear white shirts and not to display their armaments when they do civic work in urban localities.

On another matter, Senator Pimentel asked why the School Feeding Program under the Department of Education (DepEd) was transferred to the DSWD under the new name "Hunger Mitigation Program" with a P3.755 billion budget.

Senator Enrile explained that the Food for School Program is handled by the DepEd and the DSWD, with the latter solely in charge of providing free meals to pre-school children while the former is in charge of providing free meals to Grades 1 to 3 students and encouraging them to attend their classes.

Senator Pimentel stated that there would be a problem in monitoring the use of funds because while DepEd would be handling malnourished children who go to school, the DSWD would be in charge of malnourished children who do not go to school. He also recalled that when the program was initially implemented last year, local government officials entered the picture and they themselves distributed kilos of rice to the children.

Senator Enrile stated that at the proper time, he would welcome suggestions to put in place safeguards to ensure that the program shall be a more transparent and effective tool to help the people.

On another matter, Senator Pimentel asked if there was any feedback on the country's suspended P232-million loan from the World Bank.

## SUSPENSION OF SESSION

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

*It was 4:11 p.m.*

## RESUMPTION OF SESSION

At 4:11 p.m., the session was resumed.

Upon resumption, Senator Enrile informed the Body that there has been no loan contract concluded; therefore, there was no transfer of fund to the country, there was no project to be funded, so there was no reason to conduct public bidding.

Senator Pimentel said that the local media could have taken the information directly from the report of the *International Herald Tribune*. He pointed out that it is a real blow to the image of the country to be categorized as unworthy of receiving loan from the World Bank. He expressed hope that the committee handling the investigation on the matter would soon come up with a report, pointing out the need to assure the people that government transactions are aboveboard.

Asked how much was allocated to the Department of Health, Senator Enrile stated that the DOH has a budget of P16.242 billion, which is seventh in the ranking of budgetary allocations for departments.

Senator Pimentel pointed out that in his experience as mayor of Cagayan De Oro, most of the concerns of his constituents had to do with the need for money to buy medicines. On the suggestion that as a general principle, the DOH should follow the DepEd in the priority of appropriations for departments, Senator Enrile replied that the health of the entire populace used to be the function of the national government until it was devolved to local governments when they were given a share in the national income. Thus, he clarified that the DOH budget is the amount allotted only for use by the government to minister to the health of the nation, and not the totality of the amount allotted for health purposes that the LGUs, in fact, disburse. He pointed out that apart from the amounts in the budget, national government hospitals earn income which they retain in some cases. He reiterated that while seemingly the allocation for the DOH is rather low compared with the allocations for the other departments, the totality of the money for health is much bigger than what it appears.

## SUSPENSION OF SESSION

Upon motion of Senator Enrile, the session was suspended.

*It was 4:23 p.m.*

## RESUMPTION OF SESSION

At 4:30 p.m., the session was resumed.

Upon resumption, Senator Pimentel expressed appreciation for the disclosures as he noted the tendency of some sectors of society to look at the appropriations for health only from the perspective of what appears in the national budget, forgetting that a good portion of the internal revenue that is allocated to the local government units includes monies for the delivery of health services at the local level. He acknowledged that a number of local government units do not consider the delivery of health services as a priority, something that can hardly be remedied by law because it is a political issue, in the sense that people should elect those who are considerate of their needs.

Noting the P369.6 million allocation for drugs and medicines, Senator Pimentel affirmed that this could go a long way to address one of the saddest spectacles that public officials see in their own localities—people begging for money for medicines and other medical expenses. Asked if the allocation would be under the control of the office of the DOH secretary, Senator Enrile replied in the affirmative. He said that the DOH has also adopted an insurance system for health care that expands the available funding because the insurance companies take care of the hospitalization of the insured people up to a certain amount.

Senator Pimentel affirmed that the PhilHealth is a good program as it tries to make possible access of people to the medical services of various hospitals in the localities. He expressed hope that government would prioritize the expansion of the PhilHealth program in the various provinces. Relative thereto, he noted that many diseases are not covered by PhilHealth and some hospitals that are readily accessible normally do not have the necessary equipment. He underscored the need to allocate funds for the upgrading of hospital facilities in the provinces. Senator Enrile said that the national budget includes P1.31 billion for Health Facilities Enhancement Program.

As regards the identification of illnesses that are covered by the PhilHealth program, Senator Enrile said that the PhilHealth membership entitles the member to assistance for pneumonia and unspecified organism-related diseases, senile cataract, and single delivery by caesarian section. He said that about 3.5 million individuals are already enrolled in the program,

although the number is still small given the national population.

Senator Pimentel stated that funds generated by PhilHealth out of its own services could be used to upgrade hospital services. He said that its distribution would be more reasonable and more effective if it is based on the population ratio — 50% for Luzon, 25% for Visayas, and 25% for Mindanao — so that the hospitals would get a proportionate share of the allocations for medicine without the intervention of the DOH Secretary.

Senator Enrile explained that he started a program with a P20 million assistance to the regional hospital in Region II so that it could deal with emergency cases. He indicated that he would continue the financial assistance until the end of his term in 2010.

Senator Pimentel informed the Body that in Thailand, former Prime Minister Thaksin launched a project — still ongoing despite his departure from office — entitling every Thai citizen to a certain range of medical services for 39 baht. He asked whether a similar program could be adopted in the country so that some Filipinos would stop acting like mendicants seeking medical assistance from politicians and local hospitals. He expressed hope that the DOH would consider his suggestion as soon as possible so that by the end of their term in 2010, it shall have been implemented throughout the country.

Senator Enrile assumed that if all Filipinos could be enrolled in an insurance system for such an amount, the suggestion of Senator Pimentel could be realized. He asked the DOH to study the suggestion.

Senator Pimentel said that during the deliberation on the DOH budget, department officials could be asked to seriously consider the suggestion and be required to report on its progress after six months.

On the budgetary support to government-owned and -controlled corporations related to health services particularly the Lung Center of the Philippines, the National Kidney and Transplant Institute, the Philippine Children's Medical Center and the Philippine Heart Center, Senator Pimentel said that all these institutions deserve support because they are doing a great service for the people. However, he pointed out that the people of Visayas and Mindanao take a long time and incur a lot of expense just to bring their patients to Manila. In this regard, he said that at the proper <sup>as</sup>

time, he would propose the restructuring of these medical institutions through the establishment of their branches in the Visayas and Mindanao.

### SUSPENSION OF SESSION

Upon motion of Senator Pangilinan, the session was suspended.

*It was 4:47 p.m.*

### RESUMPTION OF SESSION

At 4:47 p.m., the session was resumed.

### INTERPELLATION OF SENATOR ESCUDERO

At the onset, Senator Escudero noted that in her budget message, the President said that there would be a balanced budget in 2008 but as far as he is concerned, a balanced budget is realized when there is adequate income for family expenses.

Asked whether this is how the government also defines "balanced budget," Senator Enrile replied in the affirmative, stating that it would be so if the expenditures of the national government for 2008 do not exceed the revenues it realizes from the collection of taxes, fees, charges, proceeds from the sale of assets, foreign grants and dividends from government investments.

Senator Escudero said his definition of "balanced budget" also covers obligations that the family has to contend with in a year, meaning the necessities that must paid for. Senator Enrile added that obligations include interest on the principal of loans, the monies for which could be sourced from tax collections or from loans.

On the observation that the national government would still borrow next year to retire maturing debts of about P340 billion, Senator Enrile explained that the new loans would not be used for the operations of the government but to roll over the maturing obligations.

Asked to differentiate a project loan from a program loan, Senator Enrile stated that a program loan is a multipurpose foreign loan that is used to finance a specific project but is conditioned on basic changes in economic, military or fiscal policies while

a project loan is also a foreign loan obtained to finance a specific project. He agreed that the government would indeed borrow but these would be treated as investments and the interests thereon would be paid in the future.

On the observation that project and program loans are not included in the national budget because the amounts of loans have not yet been projected much less determined, Senator Enrile said that the loans would be included when they have matured or have become demandable against the resources of the government.

As to the total amount of contingent capability, Senator Enrile replied that in 2005, it was P586.4 — P48.2 billion domestic and P538.2 foreign; in 2006, it was 569.9 billion — P71 billion domestic and P497.8 billion foreign; and in the first half of 2007, it was P527.1 billion — P72 billion domestic and P455.1 billion foreign.

Asked how much of the actual contingent liability was due and demandable in those years, Senator Enrile replied that the actual contingent liability has been assumed by the government and it is part of the national debt. He pointed out that the trend of the contingent liability, domestic and foreign, is downward: from P586.4 billion in 2005, to P569.9 billion in 2006, to P527.1 billion in 2007, and hopefully much less in 2008.

On the observation that the government has repaid some debts in the previous months because of the improvement in the exchange rate, Senator Enrile stated that government can be likened to a household that can repay some of its obligation when it has savings and divert the rest to other important expenses.

As regards "payback time" as used in President Arroyo's budget message, Senator Enrile said that to his understanding, "payback time" means that the nation has suffered long enough, and it is time to ease up a bit from years of paying debt and put the money in other government programs to help the poor. But Senator Escudero argued that DBM Secretary Andaya seems to interpret "payback time" as referring to the E-VAT which is estimated to reach P1 billion in 2008.

Senator Enrile stressed that any State, in order to survive, must impose tax as nobody will fund the needs of a society except its people. He agreed with *me*

Senator Escudero that there should be less burden on the people.

Asked about the 2008 budgets of certain departments in the Executive branch, Senator Enrile gave the following information:

- ♦ *Department of Health* — P15.7 billion, an additional P4.2 billion year-over-year and of this amount, close to P3.5 billion went to Miscellaneous and Other Operating Expenses (MOOE), where the medicines and other incidentals are charged for the use of the needy;
- ♦ *Department of Social Welfare and Development* — its 2007 budget is P3.6 billion, and P4.7 billion in 2008, an additional P1.1 billion, not as big as those of other agencies, but still a result of “payback time;”
- ♦ *Department of Education* — P8 billion.

Asked if an additional P13 billion allocation has been allocated to the DOH, the DSWD and the DepEd, which is just 13% of the P1 billion expected revenue from E-VAT in 2008, Senator Enrile replied in the affirmative.

Citing the allocation for the Philippine National Police (PNP) for the current year, Senator Escudero observed that as in the previous years, just like the DepEd, PNP has failed to fill up certain items and positions, thus giving it the option to use savings for other purposes.

Senator Escudero stated that he just wanted to see the sincerity of the administration when it said that it would be “payback time” in 2008. Asked if the P2.5 billion share from the Internal Revenue Allotment (IRA) had already been paid, Senator Enrile replied in the affirmative.

On whether the government plans to pay back its dues to people who suffered from the imposition of the E-VAT, Senator Enrile explained that the P13 billion additional funding may just be 13% of the projected E-VAT collection in 2008 but it is a start as he believed that the burden of paying the national debt will lessen, following a slow increase in tax collection throughout the coming years.

On the observation that the 2006 and 2007 budgets did not contain any “paybacks” and suddenly

there are supposedly “paybacks” in the 2008 budget, Senator Enrile maintained that finances are slowly being balanced, which has not been done in the previous years, and this is how he interprets “payback time.”

However, Senator Escudero assumed that it means giving back to the people what the administration got from them in the first place.

Asked whether the administration’s definition of “payback” means an installment payment of 13% of the projected E-VAT collection to the people in terms of services in 2008, Senator Enrile replied in the affirmative, saying that it is at least a positive start.

Asked how much of the country’s debt obligations have been prepaid by the government at present and in the past years considering that the fruits of a booming economy and higher tax collection supposedly are being used to provide more public services, Senator Enrile said that while the Department of Finance has paid \$70 million, the *Bangko Sentral* has made greater payments, although he does not have the exact figures at present.

To the comment that instead of using the money for public services, government chose to utilize \$70 million or P300 billion for its debt pre-payments even though these loans have yet to mature, Senator Enrile explained that the Executive department primarily decided to take advantage of the current low interest rates and make loan pre-payments to lower its debt service. Secondly, he said that savings gained from lower interest rates on past debts as well as from the strengthening of the peso are being used for the pre-payment of these loans.

Asked whether a pre-payment is payment made on a loan that has not yet matured to generate savings, Senator Enrile clarified that there may be a clause in such contracts specifying that certain loans could be paid in advance of their maturity. He said that payments made by government on its public sector debts were \$2.210 billion in 2006, of which \$679 million is government debt with the balance supplied by the *Bangko Sentral*, and \$1.078 billion in 2007, of which \$126 million is government debt and the balance supplied by the *Bangko Sentral* for a combined total of \$3.288 billion or P130 billion.

However, Senator Escudero noted that while governance is primarily about making wise choices *pro*

on how to allocate scarce government resources, the Executive department has opted to utilize the P130 billion it saved through the peso's appreciation and proper tax collection to make advance payments on government loans rather than for additional public services that are immediately beneficial to the people.

Senator Enrile clarified that there was no additional money gained from these developments as the budget for debt service was made available from savings gained through lower interest rates. He said that rather than put this money in the national treasury, the Executive department decided to use the money to pay existing loans.

To the contention that the Executive department is not only limited to choosing between putting the savings in the treasury or using it for debt service because it could also opt to use the money for additional public services considering that many government programs lack funding, Senator Enrile explained that realigning these savings is not possible because the budget for debt service is automatically appropriated.

Senator Escudero pointed out that as the government goes by a "one-fund policy," it can decide to use such savings, which are deposited in the national treasury, to fund any item it chooses. However, Senator Enrile reiterated that the money is only considered "theoretical savings" as it is not actual savings because there is no specific allocation for interest payments as this could fluctuate depending upon the movement of the interest rate.

To the observation that there is actual cash available for making debt pre-payments and that the government could choose how to utilize these monies, Senator Enrile explained that even if, for instance, the P295 billion allocation for interest payments is brought down as a result of lower interest rates and a stronger peso, savings gained from this positive development could not be used because government could not put additional funding to items that already have specific appropriation outside of the automatic appropriation. He added that the Executive department could not make a new budget unless it asks Congress for a supplemental budget.

Senator Escudero said that government has billions of pesos of unfunded laws which it could have chosen to fund. For instance, he noted that the savings could be used for the implementation of Republic Act No. 9227 (*granting additional*

*compensation in the form of special allowances for justices, judges and all other positions in the judiciary with the equivalent rank of justices of the court of appeals and judges of the regional trial court, and for other purpose*) which remains unfunded as well as those which fall under "unprogrammed expenditures" in the national budget. Senator Enrile explained that legal authorizations for such expenditures should be included in the annual budget.

To the observation that, due to budgetary constraints, the President, by virtue of Presidential Decree No. 1177, has the authority to decide which items should be funded annually, Senator Enrile maintained that even this should be covered under the yearly appropriation unless it is an automatically appropriated amount.

Senator Escudero pointed out that although Congress has the power of the purse, there are many government projects and expenditures which were not included in the budget but which the President has a wide latitude and discretion to spend on. For instance, he said that the President could visit a typhoon-ravaged province and authorize the DBM Secretary to release funds for calamity assistance even though this was not included in the budget. Senator Enrile noted that according to the Budget secretary, there are funds to back up such financial assistance coming directly from the President.

Upon further queries, Senator Enrile posited that although the money would not be sourced from the President's discretionary, contingent or intelligence funds, it could be sourced from the savings of the budget of the Department of Public Works and Highways or other such related agencies by way of realignment.

Senator Escudero maintained that unlike what has been practiced in previous years, particularly with the enactment of PD 1177, it should be Congress and not the President that should have the power of the purse.

Senator Enrile argued that what is needed is a revision of the budget law to give the Senate the power to decide. Senator Escudero informed the Body that he and Secretary Andaya filed a bill to that effect when they were still in Congress.

On the macroeconomic assumption, Senator Escudero argued that the peso-dollar exchange rate ~~45~~

PD

next year would definitely not reach P48 and if the assumption remains that way, then there would be errors in the budget projections, including savings which cannot be realigned to service the needs of the public.

Asked if the assumed exchange rate can be brought nearer to the current exchange rate of P43 to the dollar, Senator Enrile said that the DBM placed the rate between P46 and P48 and there is a possibility it will go down. However, he informed Senator Escudero that the technical working committee would meet on December 4 to review and, if needed, to revise the assumptions used in the budget.

On another matter, Senator Escudero asked for clarification on the use of the Dubai oil price as a benchmark for determining the prices of crude oil and not the Mean of Platts of Singapore (MOPS). He explained that the use of the Dubai oil price as a benchmark is relevant if 100% of the oil to be used in the country would pass through a refinery, but, to his knowledge, only 50% of the oil used in the country passes through a refinery. Senator Enrile said that there is a formula being followed to determine the price of a type of crude vis-a-vis the other types of crude being processed in refineries. He added that the MOPS is used as benchmark for finished products.

If the country is indeed using the MOPS, asked why it was not reflected in the macroeconomic assumptions, Senator Enrile said that the Bureau of Customs is using the MOPS to determine tariffs on refined products.

Asked if DOF officials have any knowledge on the exact mix of crude oil that is being used in the country, Senator Enrile said that the crude component of fuel imports is 65.6% and the finished product, 34.4%.

Senator Escudero advised the TWG to consider the inclusion to the extent of 35% of oil imports or to use the MOPS in determining the price because to a certain degree, that is higher than the Dubai oil price.

Proceeding to another matter, Senator Escudero asked if the DBM has any policy in the budget preparation with regard to departments that fail to comply with COA recommendations or findings. Senator Enrile explained that any department who fails to liquidate cash advances are not be allowed to

make cash advances until they settle their obligations; and the salaries of concerned government employees with unliquidated cash advances are withheld.

Senator Escudero asked what would be the accountability of the department in case a certain government official with unliquidated cash advances has already retired, specifically whether it would file the appropriate case in court. He suggested that the DBM secretary draft policies to solve the problem of unliquidated cash advances to enforce COA recommendations and findings.

## SUSPENSION OF SESSION

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

*It was 5:54 p. m.*

## RESUMPTION OF SESSION

At 6:01 p.m., the session was resumed.

## RESERVATIONS TO INTERPELLATE

Senator Pangilinan manifested that the following senators had made reservation to interpellate: Senator Legarda on the NEDA budget; and Senators Lacson and Cayetano on the DOF budget.

## SUSPENSION OF SESSION

Upon motion of Senator Pangilinan, the session was suspended.

*It was 6:02 p.m.*

## RESUMPTION OF SESSION

At 6:02 p.m., the session was resumed.

## DEPARTMENT OF FOREIGN AFFAIRS

In presenting the budget of the Department of Foreign Affairs (DFA), Senator Defensor Santiago delivered the following statement:

I am pleased to be here today to present the Department of Foreign Affairs' proposed budget for 2008.

As Chair of the Senate Committee on Foreign Relations, I have witnessed first-hand ~~at~~

how the DFA — through its Foreign Service posts and offices here at home — has carried out its mandate with resolve and commitment.

Our department's responsibility is tremendous and its mandate spans the globe. It is charged with the care and protection of more than eight million Filipino nationals abroad.

In times of crisis, the DFA is the first line of defense, mobilizing and exhausting all available resources to ensure that distressed Filipinos in foreign countries are safely out of harm's way.

The DFA is responsible for advancing our nation's interests in bilateral and multilateral fora.

Working with our partners in the community of nations are international organizations, our department has strived to protect and promote issues vital to our national security and economic well-being.

In the exercise of its functions, the department relies heavily on the sustained support of the Legislature to continuously build on the gains DFA has achieved through the years.

Today, therefore, is an important opportunity to reaffirm the partnership between the department and the Senate of the Philippines in the implementation of a more relevant and responsive foreign policy.

As I present a brief overview of the DFA budget, I wish to stress the importance and necessity of providing the DFA sufficient funding to fulfill its mandate of promoting the country's vital interests abroad and extending urgent assistance to our overseas Filipinos.

#### *Overview of the DFA budget*

With the budget of the attached agencies — the Foreign Service Institute, the UNESCO National Commission, and the Technical Cooperation Council of the Philippines — the department's total budget is P10,011,536,000.

It is important to note that, despite its national and international reach, the proposed DFA budget represents a mere 0.9% of the total national budget for 2008.

#### *2008 budget of DFA Proper*

The budget of the Department of Foreign Affairs, excluding the budgets of its attached agencies, is P9.957 billion.

The highlights of DFA's budget proposal for 2008 include allocations for:

- ♦ The DFA Building Fund;
- ♦ The purchase of passport booklets;
- ♦ The purchase of data-capturing machines;
- ♦ The Assistance to National Funds, or ATN Fund;
- ♦ The Legal Assistance Fund, or the LAF;
- ♦ Partial implementation of EO 461 s. 2004;
- ♦ Car Re-fleeting Program of Foreign Service Posts; and
- ♦ The opening of six new Foreign Service Posts — Embassies in Dublin, Ireland; Helsinki, Finland; Lisbon, Portugal; and Warsaw, Poland; and Consulates General in Chongqing and Macau SAR, China.

The DFA Building Fund covers the acquisition of properties abroad for Philippine chanceries and official residences, as well as properties in the Philippines for DFA's Regional Consular Offices.

For 2008, the department is proposing an increase in its Building Fund, which will allow it to more effectively maximize opportunities to acquire properties abroad.

This is a timely and wise move considering the prohibitive cost of rentals of buildings abroad — particularly in Europe, the depreciation of the U.S. dollar's value, and the strengthening of the Philippine peso.

The proposed increase will also fund the much-needed renovation, upgrade and repair of the DFA Building in the Home Office. Through the years, the building's appearance and utility have greatly suffered due to nearly four decades of wear-and-tear.

An increase in the Building Fund will likewise allow the DFA to purchase, construct and undertake improvements of our Regional Consular Offices.

Our colleagues in Congress have proposed an additional allocation of P66 million for the opening of Regional Consular Offices in Baguio, Palawan, Bacolod, Butuan, Cotabato, and General Santos City.

With the Senate's support for this key proposal, the DFA can provide frontline services to those who most need them in the regions.

The Philippines' passports are now fully compliant with International Civil Aviation Organization's (ICAO) standards. *ac*

13

The department is already issuing machine readable passports. In cooperation with other agencies, the DFA is also preparing further improvements in our passport services in line with rapid developments in international document safety and security.

Through this, we are further ensuring a more secure Philippine passport and facilitating the travel of our nationals to other countries.

We have become a truly global nation, with Filipinos in all four corners of the world, about two million of whom are in the Middle East.

With the increase in the number of Filipinos overseas, there is also need to significantly augment the department's Assistance to Nationals Fund and the Legal Assistance Fund.

These two critical funds are used to provide necessary assistance to overseas Filipinos in distress, particularly those in detention.

Expenses for criminal cases and non-labor related cases fall outside the ambit of DOLE and OWWA's jurisdiction. A significant number of assistance-to-nationals cases, therefore, are handled by the DFA's Foreign Service Posts.

The average cost of providing legal assistance for one assistance case in Saudi Arabia alone is roughly US\$100,000. This is about one-third of the entire allocation for legal assistance.

The presence of more than two million Filipinos in the Middle East underscores the urgency of this matter.

To provide the DFA with the wherewithal to aid more of our overseas Filipinos, I strongly recommend that the Senate support the Lower House's proposal of an additional allocation of P50 million for the ATN fund and another P30 million for the Legal Assistance Fund.

To further expand its reach and improve its effectiveness in advancing our nation's interests in the world community, the department is proposing the opening of six new Foreign Service Posts in the coming fiscal year:

- ♦ In Dublin, Ireland and Lisbon, Portugal to provide services to the increasing number of Filipinos in those areas;
- ♦ In Helsinki, Finland and Warsaw, Poland, to further deepen economic partnerships and strengthen defense and military cooperation with these countries;
- ♦ In Chongqing, China to strengthen economic ties in pursuit of our mutual

trade goal of US\$30 billion by 2010; and in Macau SAR, to serve the growing number of Filipinos there.

The opening of these new Foreign Service Posts will fully harness Philippine diplomacy in support of the President's vision of transforming the Philippines into a developed country in 20 years.

Part of the DFA's proposed budget will likewise cover Capital Outlays and Maintenance and Other Operating Expenses, including a much-needed car re-fleeting program to replace the current aging vehicles used by our posts.

In the Fiscal Year 2008 General Appropriations Bill, the House of Representatives has approved an additional allocation of P9.5 million for the purchase of motor vehicles for our embassies in Mexico and Lebanon, and the new consulate-general in Barcelona, Spain.

The Senate's support for these initiatives will ensure that the DFA's representational capacity is at least at par with our neighbors in the Southeast Asian region.

The proposed budget will likewise cover an increase in the allowances for our foreign service personnel assigned abroad. When fully implemented, this will be the first time in almost 10 years that such an adjustment will be made.

In conclusion, the Department of Foreign Affairs seeks your valued support for its proposed budget for 2008, particularly for the items it has highlighted for your appraisal.

The department is keen on implementing its constitutional mandate and is fully committed to focus its efforts on enhancing a people-centered foreign policy anchored on the pillars of promoting and protecting the welfare and rights of overseas Filipinos; promoting and attaining economic security; and preserving and enhancing national security.

#### **INTERPELLATION OF SENATOR PIMENTEL**

At the outset, Senator Pimentel lauded Senator Defensor Santiago for substantially painting the needs of the Department of Foreign Affairs. Likewise, he commended the DFA, under the stewardship of Secretary Romulo, for scoring points in international diplomacy, particularly in pushing for the ASEAN Charter and for asserting the need for a Human Rights Commission within it. *40*

Senator Pimentel expressed appreciation to the President for speaking out on the issue of the release of Aung San Suu Kyi and for prodding Myanmar's military junta to restore democracy in that country.

Asked what other steps the DFA is taking to express the country's sentiments on the restoration of freedom and democracy in Myanmar, Senator Defensor Santiago replied that during the last ASEAN Summit in Singapore last week, President Arroyo carefully considered the observations and views of Senator Pimentel on Myanmar issues. To emphasize its position on making the Human Rights Council a viable provision of the ASEAN Charter, she said that the Philippines called for the inclusion of an enforcement provision in the charter. Furthermore, she said that since the ASEAN states are committed to secure the ratification of the charter within their national jurisdictions, it was clarified that the Philippine Senate might not ratify the charter unless the country's conditions are met: punitive power for the Human Rights Council and the release of Aung San Suu Kyi. She looked forward to working with Senator Pimentel when the ASEAN Charter is endorsed for concurrence.

In closing, Senator Pimentel expressed support for the appropriations for the DFA. He said that without enough resources, it is difficult to operate in a foreign land and carry on the functions of the government. He reminded the ambassadors and the foreign service staff that they are the faces of the Filipino people abroad.

#### **WITHDRAWAL OF RESERVATION TO INTERPELLATE**

Senator Pangilinan stated that Senator Escudero has withdrawn his reservation to interpellate on the DFA budget.

#### **SUBMISSION OF THE BUDGET OF THE DEPARTMENT OF FOREIGN AFFAIRS**

Upon motion of Senator Pangilinan, there being no objection, the budget of the Department of Foreign Affairs was deemed submitted for the Body's consideration.

#### **SUSPENSION OF SESSION**

Upon motion of Senator Pangilinan, the session was suspended.

*It was 6:20 p.m.*

#### **RESUMPTION OF SESSION**

At 6:25 p.m., the session was resumed.

#### **DEPARTMENT OF FINANCE**

Senator Enrile presented the budget of the Department of Finance.

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

Initially, Senator Cayetano (P) stated that the Sin Tax Law provides that 2.5% of the incremental revenues shall go to the Department of Health (DOH), specifically for disease prevention programs, and another 2.5% to PhilHealth.

She asked the DOF to clarify why these shares, which amounted to P104.6 billion in 2005, have not been released.

#### **SUSPENSION OF SESSION**

Upon motion of Senator Enrile, the session was suspended.

*It was 6:29 p.m.*

#### **RESUMPTION OF SESSION**

At 6:30 p.m., the session was resumed.

In answer, Senator Enrile stated that the shares have not been released because the implementing rules and regulations of the law have not been issued but Secretary Teves promised to expedite it.

On the other hand, Senator Cayetano (P) pointed out that the E-VAT law specifies that the share of the LGUs in the incremental revenue shall be used for the following purposes: 15% for elementary and secondary education, 10% for health insurance premiums for enrolled indigents, 15% for environmental conservation, and 10% for agricultural modernization. The problem, she stated, is that the concerned agencies do not know how to compute these shares which explains why they have not been released. In reply, Senator Enrile stated that the DOF needed time to work out the problem.

Senator Cayetano (P) appealed to Secretary Teves to help in the computation of the shares and to facilitate their release.

10

On another matter, Senator Cayetano (P) queried why the funding for the Philippine Nurses Act and the Magna Carta for Public Health Workers has not been released as she underscored that health workers are underpaid. Senator Enrile replied that the matter can be best addressed by the DBM whose resource persons were no longer around.

Senator Cayetano (P) disclosed that in one of the hearings of the Committee on Health and Demography, a resource person from the DBM mentioned a statement from the DOF that the implementation of the Philippine Nurses Act would cause a salary discrepancy with physicians. She stated that the Committee is waiting for a bill rationalizing salaries for other government health workers so as not to prejudice them with the implementation of the aforementioned law. Senator Enrile stated that the DOF, in coordination with the DBM, would work out the problem and inform the Senate about the solution at the proper time.

#### **INTERPELLATION OF SENATOR PIMENTEL**

Senator Pimentel asked on the relationship between the DOF and the LGUs with respect to the latter's over-borrowing capability.

Senator Enrile replied that the Bureau of Local Government Finance under the DOF determines the borrowing capacity of the local government units so that when an LGU wants to borrow, it must first get a certification from the Bureau on the level of its borrowing capacity.

#### **REQUEST OF SENATOR ZUBIRI**

Relative to his speech on the illegal shipment of Philippine corals and seashells to the port of Buenos Aires in Argentina, Senator Zubiri requested Finance Secretary Teves to submit to him a report on who signed the shipping manifest.

Senator Enrile requested Secretary Teves to take note of the request.

#### **INTERPELLATION OF SENATOR PIMENTEL (Continuation)**

Upon query, Senator Enrile replied that the director of the Bureau of Local Government Finance was not in the session hall.

Senator Pimentel disclosed that many LGUs have over-borrowed and are funding these obligations out of their Internal Revenue Allotments (IRA), as a consequence of which, they are unable to start new projects. He said that he would rather take up this matter in private with the director. In reaction, Senator Enrile stated that Secretary Teves has given assurance that the director of the BLGF would be directed to visit Senator Pimentel to discuss the matter.

Upon further queries, Senator Enrile confirmed that the *Premyo sa Resibo* is sanctioned by the Bureau of Internal Revenue, it was started in the second half of 2006, and its exact earnings could not be quantified at the moment. However, he stated that the Committee has been given assurance that the program helped the BIR drive to collect more taxes and the exact figure on incremental earnings would be submitted in due time.

Senator Pimentel said that it would help if the BIR could quantify the earnings to let the people know that it is one of the projects worthy of support, otherwise, it could end up like other government projects such as the "How is my driving" campaign of the LTO that added only to the frustration of ordinary citizens. He said that while its true that there is no expense on the part of the government in the BIR raffle contest, the contestant spends P1.50 for every text message sent to the BIR to enter the contest and it is the service provider who is making money but the winners remain unknown. Senator Enrile stated that the BIR has a listing of the winners but it has not been published.

Asked if the BIR has data on the number of prizes won, the amount awarded, the identities and addresses of the winners, Senator Enrile gave assurance that the BIR would provide the data.

On another matter, Senator Pimentel inquired if there are more assets to be privatized other than TRANSCO, which is scheduled to be bidden out on December 13, 2007. Senator Enrile replied that other assets like the 120 hectares of land of the Food Terminal, Inc. (FTI) and a portion of the New Bilibid Prison are set to be privatized. He said that the Committee would ask the DOF to submit a list of assets that are open for privatization or sale.

As regards the New Bilibid Prison, Senator Pimentel informed the Body that the Chief Justice reportedly proposed to privatize the national penitentiary, pointing 

out that some jails in the United States, in fact, have been privatized. Senator Enrile surmised that the Chief Justice has valid reasons for coming up with the proposal.

Asked on the main function of the Bureau of Local Government Finance, Senator Enrile replied that the Bureau handles the assessment of the finances of local government units through the provincial and municipal treasurers.

As for the P4.581 million for intelligence activities for the Bureau in the proposed budget, Senator Enrile stated that there was, in fact, no allotment for intelligence for the entire department. However, he opined that the Bureau of Customs could justify its P9 million intelligence fund considering the widespread incidence of smuggling along coastlines and in remote customs territories.

Asked if the Committee would be willing to accept amendments to delete these items, Senator Enrile replied in the affirmative.

Replying to Senator Pimentel's queries, Senator Enrile stated that like the BIR, the BOC organized its own legal department to handle specialized cases involving internal revenue taxes and tariffs. In this regard, he recalled that when he was with the BOC, it took time before cases filed in the Department of Justice were terminated because of their technical aspects and the difficulty in gathering evidence. He stated that, precisely, the two bureaus have their own legal department to concentrate on cases coming from their respective offices.

As regards the allocation of P165,855,000, Senator Enrile affirmed that it is intended to hire in-house lawyers, saying that based on his experience, the legal department is the focal point of the bureau's operations. Moreover, he confirmed that the Office of the Government Corporate Counsel, would no longer handle BOC and BIR cases, although the DOJ retains its veto power on the right of the BIR to prosecute tax evaders. He underscored that special cases are best handled by the very bureau that enforces the law. Senator Pimentel agreed as he suggested that Congress be given periodic reports on the activities of the bureaus' legal departments for monitoring purposes. Senator Enrile added that there is the Oversight Committee on the Proper Implementation of the National Internal Revenue Code insofar as monitoring is concerned.

As regards the Municipal Development Fund Office, under the item of Personal Services in the Department of Finance, Senator Enrile clarified that it was created to handle foreign grants for poor municipalities. He said that the allocation of P5,479,000 earmarked for operations is broken down as follows:

|  |         |
|--|---------|
| ♦ Personal Services                          | - P5.4M |
| ♦ Miscellaneous and Other Operating Expenses | - P1.4M |
| ♦ Capital Outlay                             | - 0     |

On the item "Customs Police Administration," Senator Enrile explained that P103,687,000 is for the Customs Police Unit that is tasked to safeguard the perimeter of the ports, protect unloaded cargos from pilferage and illegal removals. He confirmed that the amount of P241,439,000 is allocated for "Customs Police Administration," for the maintenance of security, peace and order within custom zones, surveillance, prevention, apprehension of smuggled goods out of the premises. He said that the Anti-Narcotics Interdiction Unit has been allocated P1 million.

In closing, Senator Pimentel claimed that the best kept customs zone in the country is in Cagayan de Oro.

#### **REMARK OF SENATOR PANGILINAN**

Senator Pangilinan informed the Body that Senator Escudero wanted to relay some matters to Senator Enrile regarding the BIR.

#### **SUSPENSION OF SESSION**

Upon motion of Senator Pangilinan, the session was suspended.

*It was 7:13 p.m.*

#### **RESUMPTION OF SESSION**

At 7:17 p.m., the session was resumed.

#### **SUSPENSION OF CONSIDERATION OF THE BUDGETS OF THE BUREAU OF CUSTOMS AND THE BUREAU OF INTERNAL REVENUE**

Upon motion of Senator Pangilinan, there being no objection, the Body suspended consideration of 

the budgets of the Bureau of Customs and the Bureau of Internal Revenue.

### **SUBMISSION OF THE BUDGET OF THE DEPARTMENT OF FINANCE**

There being no other reservation for interpellation, upon motion of Senator Pangilinan, there being no objection, the budget of the Department of Finance, along with the Office of the Secretary, Bureau of Local Government Finance, Bureau of Treasury, Central Board of Assessment Appeals, Cooperative Development Authority, Fiscal Incentives Review Board, Insurance Commission, National Tax Research Center, and Privatization and Management Office, was deemed submitted for the Body's consideration.

### **SUSPENSION OF SESSION**

Upon motion of Senator Pangilinan, the session was suspended.

*It was 7:18 p.m.*

### **RESUMPTION OF SESSION**

At 7:19 p.m., the session was resumed.

### **WITHDRAWAL OF RESERVATION TO INTERPELLATE**

Thereupon, Senator Pangilinan informed the Body that Senator Legarda would no longer interpellate on the budget of the National Economic and Development Authority (NEDA).

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

There being no other reservation for interpellation, upon motion of Senator Pangilinan, there being no objection, the budget of the National Economic and Development Authority, along with the Office of the Director General, the National Statistics Coordination Board, the National Statistics Office, Philippine National Volunteer Service Coordinating Agency, Statistical Research and Training Center, the Tariff Commission, the Philippine Institute for Development Studies and the Legislative-Executive Development Advisory Council, was deemed submitted for the Body's consideration.

### **SUSPENSION OF SESSION**

Upon motion of Senator Pangilinan, the session was suspended.

*It was 7:20 p.m.*

### **RESUMPTION OF SESSION**

At 7:20 p.m., the session was resumed.

### **THIRD ADDITIONAL REFERENCE OF BUSINESS**

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

### **BILLS ON FIRST READING**

Senate Bill No. 1905, entitled

**AN ACT PROVIDING ACCESS TO  
INDIGENOUS CULTURAL COM-  
MUNITIES/INDIGENOUS PEOPLES  
TO VARIOUS INFORMATION  
AND COMMUNICATIONS TECH-  
NOLOGY**

Introduced by Senator Miriam Defensor Santiago

**To the Committees on Cultural Communities; Science and Technology; and Finance**

Senate Bill No. 1906, entitled

**AN ACT PROHIBITING CELLULAR  
MOBILE PHONE PROVIDERS  
FROM CONVEYING UNSOUGHT  
SERVICES THAT ARE AUTOMATIC-  
ALLY AND INVOLUNTARILY  
CHARGED AGAINST THE ACCOUNT  
OF SUBSCRIBERS, IMPOSING  
PENALTIES ON UNLAWFUL ACTS  
OF THE PROVIDERS**

Introduced by Senator Miriam Defensor Santiago

**To the Committees on Public Services; and  
Trade and Commerce** *AC*

Senate Bill No. 1907, entitled

AN ACT MANDATING A SEPARATE COURSE OF SUBJECT OF WORKERS' RIGHTS FOR COLLEGE AND HIGH SCHOOL STUDENTS

Introduced by Senator Miriam Defensor Santiago

**To the Committees on Education, Arts and Culture; and Labor, Employment and Human Resources Development**

Senate Bill No. 1908, entitled

AN ACT ESTABLISHING THE NATIONAL MUSEUM FOR WOMEN, DEFINING ITS POWERS AND APPROPRIATING FUNDS THEREFOR

Introduced by Senator Miriam Defensor Santiago

**To the Committees on Education, Arts and Culture; Youth, Women and Family Relations; and Ways and Means**

Senate Bill No. 1909, entitled

AN ACT PROVIDING FOR THE MODERNIZATION OF FIRE PROTECTION

Introduced by Senator Miriam Defensor Santiago

**To the Committees on Public Order and Illegal Drugs; and Finance**

Senate Bill No. 1910, entitled

AN ACT TO SAVE THE LIVES OF MEN BY ESTABLISHING WITHIN THE DEPARTMENT OF HEALTH AN OFFICE OF MEN'S HEALTH

Introduced by Senator Miriam Defensor Santiago

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

Senate Bill No. 1911, entitled

AN ACT STRENGTHENING THE COMPREHENSIVE AGRARIAN REFORM PROGRAM (CARP), AMENDING REPUBLIC ACT NO. 6657, ALSO KNOWN AS THE COMPREHENSIVE AGRARIAN REFORM LAW OF 1988, SECTIONS 37 AND 63

Introduced by Senator Miriam Defensor Santiago

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

Senate Bill No. 1912, entitled

AN ACT PROHIBITING THE SALE OF TOYS AND OTHER ARTICLES CONTAINING PHTHALATES TO CHILDREN THREE (3) YEARS OF AGE AND BELOW

Introduced by Senator Miriam Defensor Santiago

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

Senate Bill No. 1913, entitled

AN ACT DECLARING THE FIRST MONDAY OF DECEMBER AS MOTHER'S DAY

Introduced by Senator Miriam Defensor Santiago

**To the Committees on Education, Arts and Culture; and Local Government**

Senate Bill No. 1914, entitled

AN ACT TO ESTABLISH AND ENFORCE STANDARDS FOR TESTING FOR THE ILLEGAL USE OF PERFORMANCE ENHANCING SUBSTANCES AND OTHER CONTROLLED SUBSTANCES IN PROFESSIONAL AND AMATEUR OR COLLEGIATE SPORTS

400  
100

Introduced by Senator Miriam Defensor  
Santiago

**To the Committee on Games, Amusement  
and Sports**

Senate Bill No. 1915, entitled

AN ACT GRANTING FILIPINO PROFESSIONALS WITH COMPETENCY IN MATHEMATICS, SCIENCE AND TECHNOLOGY SUBJECTS THE PRIVILEGE OF TEACHING ON A PART-TIME BASIS IN ALL PUBLIC AND PRIVATE ELEMENTARY AND SECONDARY EDUCATIONAL INSTITUTIONS, AND FOR OTHER PURPOSES

Introduced by Senator Manny Villar

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

Senate Bill No. 1916, entitled

AN ACT PROVIDING FOR THE MODERNIZATION OF THE PHILIPPINE ATMOSPHERIC GEOPHYSICAL AND ASTRONOMICAL SERVICES ADMINISTRATION, PROVIDING FUNDS THEREFOR AND FOR OTHER PURPOSES

Introduced by Senator Manny Villar

**To the Committees on Science and Tech-  
nology; and Finance**

Senate Bill No. 1917, entitled

AN ACT TO PROMOTE DONATIONS IN GOOD FAITH OF MEDICINES, FOOD PRODUCTS OR SUPPLIES BY ESTABLISHMENTS AND OTHER ENTITIES, INCLUDING INDIVIDUALS BY EXEMPTING THEM FROM ANY FORM OF LIABILITY ARISING THEREFROM

Introduced by Senator Manny Villar

**To the Committee on Social Justice, Welfare  
and Rural Development**

Senate Bill No. 1918, entitled

AN ACT ESTABLISHING A NATIONAL HEALTH PROMOTION INSTITUTE TO MAINSTREAM HEALTH PROMOTION IN THE PHILIPPINE HEALTH CARE SYSTEM, PROVIDING FOR A HEALTH PROMOTION FUND AND FOR OTHER PURPOSES

Introduced by Senator Manny Villar

**To the Committees on Government Corporations and Public Enterprises; Health and Demography; Ways and Means; and Finance**

Senate Bill No. 1919, entitled

AN ACT PROHIBITING TELECOMMUNICATIONS FRAUD AND DESTRUCTION OF TELECOMMUNICATIONS FACILITIES, PROVIDING PENALTIES THEREFOR AND FOR OTHER PURPOSES

Introduced by Senator Manny Villar

**To the Committee on Public Services**

**RESOLUTIONS**

Proposed Senate Resolution No. 222, entitled

RESOLUTION CONGRATULATING THE WORLD VISION IN THE PHILIPPINES ON THE OCCASION OF ITS GOLDEN ANNIVERSARY CELEBRATION THIS DECEMBER 2007 AND TO RECOGNIZE ITS FIFTY YEARS OF MINISTRY TO THE FILIPINO PEOPLE ESPECIALLY AMONG THE CHILDREN AND THE POOREST OF THE POOR

Introduced by Senator Manny Villar

**To the Committee on Rules**

Proposed Senate Resolution No. 223, entitled

RESOLUTION URGING THE SENATE COMMITTEES ON ACCOUNTABILITY OF PUBLIC OFFICERS AND INVESTIGATIONS; AND *etc.*

PUBLIC ORDER AND ILLEGAL DRUGS TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE REPORTED IRREGULARITY ATTENDING THE IMPLEMENTATION OF THE DILG'S PATROL 117 STREET WATCH PROGRAM UNDER THE EMERGENCY NETWORK PROJECT WHICH IS BEING PAID BY THE GOVERNMENT ANNUALLY WITHOUT BEING FULLY OPERATIONALIZED WITH THE END-IN-VIEW OF RECOMMENDING APPROPRIATE MEASURES TO PREVENT THE WANTON UTILIZATION OF SCARCE GOVERNMENT RESOURCES

Introduced by Senator Manny Villar

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

Proposed Senate Resolution No. 224, entitled

RESOLUTION DIRECTING THE SENATE COMMITTEE ON ENERGY AND OTHER APPROPRIATE SENATE COMMITTEES TO INQUIRE, IN AID OF LEGISLATION, INTO THE IMPACT OF CONTINUOUS INCREASES OF OIL PRICES ON THE DOMESTIC ECONOMY AND THE IMPLEMENTATION OF REPUBLIC ACT NO. 8479, WITH THE OBJECTIVE OF REVIEWING THE EFFECTIVITY OF THIS LAW

Introduced by Senator Ramon "Bong" Revilla Jr.

**To the Committees on Trade and Commerce; and Energy**

**NEXT DAY'S AGENDA**

Senator Pangilinan informed the Body that the budgets of the following agencies would be discussed beginning 10 a.m. the next day:

A.M. – Department of Health (DOH)  
Department of Science and Technology (DOST)

Other Executive Offices:  
Commission on Higher Education (CHED)  
State Universities and Colleges (SUCs)

P.M. – Commission on Elections (Comelec)  
Autonomous Region in Muslim Mindanao (ARMM)  
Office of the Vice President (OVP)  
Department of Agrarian Reform (DAR)  
Commission on Audit (COA)  
Department of Social Welfare and Development (DSWD)

**SUSPENSION OF SESSION**

Upon motion of Senator Pangilinan, there being no objection, President Pro Tempore Ejercito Estrada declared the session suspended until ten o'clock in the morning of the following day.

*It was 7:27 p.m.*

**RESUMPTION OF SESSION**

At 10:19 a.m., Wednesday, November 28, the session was resumed with Senate President Pro Tempore Ejercito Estrada presiding.

**MORNING AGENDA**

Senator Angara announced that the Body would take up in the morning's session the budgets of the Department of Science and Technology (DOST), Commission on Higher Education (CHED), and the State Universities and Colleges (SUCs).

**DEPARTMENT OF SCIENCE AND TECHNOLOGY**

Senator Angara presented the budget of the Department of Science and Technology.

Preliminarily, he stated that the Philippines has a very weak science base, having probably the smallest number of enrollees in science and technology in the region and very few scientists and technologists involved in research. He said that, in fact, they constitute less than one-half of the United Nations benchmark of 320 per million population. He noted that this is reflective of the weak science and technology education and, perhaps, the weak support *abc*

for these fields of endeavor. He believed that in the immediate five years, the jobs opportunities would be in technology-related fields such as IT, telecommunications, biotechnology, robotics and food and sciences. For the country to compete regionally, he recommended that it must produce more skilled workers to address the mismatch between college graduates and available jobs. He decried that the country has one of the largest number of unemployed and underemployed college graduates in the region.

#### **MANIFESTATION OF SENATOR LACSON**

Senator Lacson manifested that during the budget deliberations two years ago, he introduced an amendment to increase the budget of the DOST by P20 million to be allocated to research and development. He said that at the proper time, he would introduce the same amendment as he believed that science and technology is the future of the country.

#### **INTERPELLATION OF SENATOR PIMENTEL**

Asked by Senator Pimentel about the DOST budget in 2008, Senator Angara said that the DOST, which has 16 regional offices and 79 provincial offices, has a budget of P5,300,000,000 and with the proposal of Senator Lacson, P5,320,000,000.

Senator Pimentel expressed support for the idea that the DOST should have the money to implement its mandate nationwide, noting that there is a disproportionate distribution of resources that tends to favor Metro Manila.

As to the rank of the DOST in terms of monetary allocations compared to the rest of the bureaucracy, Senator Angara said that the DOST is not even in the top 12 departments because in terms of percentage, its budget represents .43% only or less than 1% of the national budget.

Senator Pimentel argued that to propel the country into the development world, the government should effectively utilize science and technology as the engine of growth. Senator Angara agreed, saying that to achieve productivity, efficiency and competitiveness, the country should invest in science and technology, both in education and application.

To Senator Pimentel's observation that it was Singapore's commitment to science and technology

that drove its development to a stratospheric height, aside from mitigating corruption, Senator Angara agreed, saying that Singapore is a classic example of a country that transformed itself within a generation into a world-class country with every Singaporean a knowledge worker. He stated that the country only needed vision and the political will to transform itself. On the other hand, he said that the Philippines has produced so many lawyers but with the rise of a creative class, jobs now favor engineers, scientists and artists who create new products and services.

Senator Angara recalled that the world grew fast when the industrial revolution was launched and inventions and innovations made trade faster and work much easier and in the last century, he added, the organization people working in the offices in Japan and America created some of the financial instruments that contributed so much wealth.

In this age of the creative mind, Senator Angara said, the world is leading towards innovation. In this regard, he recalled that during a Filipino Innovation Summit, sponsored by the DOST as well as information technology giants like IBM, it was pointed out that the Filipinos have a huge potential in innovation and creativity and that in the next five years, IT and electronics would be needing a million jobs. He lamented that the country's education system does not match the available jobs in the market.

Senator Angara noted that part of the government's effort at revising and refocusing public spending on science and education is to close the gap with its Asian neighbors. For his part, Senator Pimentel said that there is a need to rectify the faults in the educational system by funding the DepEd to concentrate on science and technology to close that gap.

Senator Angara recalled that through the initiative of the Senate and the House of Representatives, the Competitiveness Commission was created focusing on science, mathematics, engineering, research and development to fill in the gap in education, in linkages with industries as well as training.

Asked on the status of science and technology education in the provinces and in the regions, Senator Angara read the results of a research and survey done by Professor Orbeta of the Philippine Institute for Development Studies in December 2002, to wit:

### **Future Prospects and Education**

The World Bank calculates as of 1987, CDs also dated, the computers, telecoms, biotechnology and robotics will dominate the world economy in the next century.

Senator Angara predicted that biotechnology and robotics will dominate the world economy in the next century. He said that according to an educational researcher, Johanson, the Philippines will not have comparative advantage in sectors that require mass unskilled labor where China and India are dominant because they have millions of unskilled workers. He said that the country's advantage would be in skills-intensive industries because of the abundance of educated and skilled Filipino manpower, many of them are at present underemployed and unemployed. Moreover, he stated that the Philippines could aim for global excellence in software designs, health care systems, and biotechnology since there is a critical mass of technologists in the country today.

However, Senator Angara deplored the lack of strong prioritization in the field of research and development because the educational system seems to give in to populist tendencies. For instance, he said that many of the submissions of the state universities and colleges (SUCs) proposed research projects on jatropha involving low-technology activities that are better left to the private sector.

Senator Angara pointed out that many members, including Senators Pimentel and Enrile, are serious about improving the educational standards and hopefully within the next three years, they would be able to plant the seeds of genuine reforms in Philippine education.

At this juncture, Senator Pimentel expressed support for the proposal of Senator Lacson to increase the budget of DOST not only by P20 million but by P100 million to be used as scholarship funds for students and for faculty development to go deeper into widespread science and technology education.

Senator Angara welcomed the suggestion, stating that he would work with the Budget secretary and the staff of Senator Pimentel on the mechanics of the proposal.

### **INQUIRY OF SENATOR PANGILINAN**

At this juncture, Senator Pangilinan asked whether the secretary of the Department of Science

and Technology is in the session hall. Senator Angara replied that the secretary is in Kyoto, Japan for a scientific meeting.

Asked when the secretary would return, Senator Angara replied that she would be back on Friday, November 30, 2007.

Senator Pangilinan explained that he made the inquiry so as not to send the wrong signal to the rest of the bureaucracy that the Senate will discuss the budgets of all the departments and agencies despite the absence of their heads. He said that the budget of the DOST would be deemed submitted, subject to the appearance of its secretary in the plenary session next week.

At this juncture, Senator Pangilinan announced that Senator Escudero would also interpellate Senator Angara on the DOST budget.

### **SUSPENSION OF SESSION**

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

*It was 10:49 a.m.*

### **RESUMPTION OF SESSION**

At 10:49 a.m., the session was resumed.

### **INTERPELLATION OF SENATOR ESCUDERO**

Preliminarily, Senator Escudero expressed appreciation for the increase in the appropriation of the DOST in 2008 unlike the previous years when it was given very little attention. However, he asked whether all the agencies under the DOST are functioning, if they are really of help to the people, and what kind of data they generate.

Senator Angara explained that the DOST was conceived not as an operating agency but as a grant-giving body. He said that of all the agencies under the DOST, only the Philippine Science High School and the Philippine Institute of Volcanology and Seismology are operating agencies and the rest are research councils. He agreed that there are so many councils under the DOST, which was why he raised the issue of whether some of the councils may have outlived their usefulness and may need to reinvent <sup>140</sup>

themselves. In this regard, he stated that he has been advised that there is an ongoing rationalization whereby the DOST's structure would emphasize strategic areas like health, food sciences, metals, new materials, etc.

On whether the rationalization is part of the rationalization plan of the DBM, Senator Angara replied in the affirmative.

But Senator Escudero commented that the DBM rationalization plan has frustrated the different departments, like the DOST, because it is taking too much time and has yet to come up with a final plan.

Asked on the actual benefits that the Advance Science and Technology Institute (ASTI) provides the people, Senator Angara replied that the ASTI is into biotechnology, electronics and information technology, and one of its accomplishments was the provision of the technical aspect of the implementation of the E-government projects. Senator Escudero however, pointed out that this project is being undertaken through foreign-assisted grants. He said that he did not feel the presence of the DOST when the E-Commerce law was being discussed in the House of Representatives.

As to the kind of researches that are being undertaken by the Food and Nutrition Research Institute (FNRI), Senator Angara replied that the FNRI studies the nutritional values of the country's food crops, helps in the national malnutrition survey every five years, and comes up with simple food recipes with the use of indigenous supply.

As regards the Forest Products Research and Development Institute (FPRDI), Senator Angara explained that the institute is one of the entities under the DOST which should be restudied and given a new mandate.

As to the National Academy of Science and Technology (NAST), Senator Angara explained that the NAST is a society of academicians and scientists that should also reinvent itself similar to those in China and the United States that pioneered modern research.

Senator Angara gave assurance that his committee would work with the DOST to find ways to re-engineer the department as well as its attached councils and institutes.

Asked what equipment and how much additional funding are needed by the Philippine Atmospheric, Geophysical and Astronomical Service Administration (PAGASA) and the Philippine Institute of Volcanology and Seismology (Philvolcs) to improve their typhoon and earthquake warning systems, Senator Angara said that although PAGASA receives financial support from the national budget and the Overseas Development Assistance (ODA), it badly needs the latest satellite communication systems.

Asked whether it would be possible for the PAGASA to get access to accurate weather data from other countries such as Japan, without spending capital on new equipment, particularly since it does not provide real-time data, Senator Angara replied that while PAGASA already has access to such information, it needs to improve on its radar stations and other communication systems to be able to deliver data in real time.

As regards the funding needed to help PAGASA improve its weather technology, Senator Angara said that he would discuss the matter with the budget secretariat.

Asked on the nature, extent and scope of functions of the Philippine Nuclear Research Institute (PNRI) in relation to the use of nuclear power or technology, Senator Angara explained that the thrust of the PNRI is to utilize nuclear technology only for non-lethal and peaceful purposes such as for medicine, food, and agriculture. He gave the assurance that the programs of the PNRI would not impinge on the nuclear-free provision of the Constitution.

To the suggestion that the DOST downsize its councils and agencies, Senator Angara said that instead of waiting for national government to do so, his committee would even take the initiative of helping the DOST in this area.

#### **INQUIRY OF SENATOR PANGILINAN**

To Senator Pangilinan's suggestion that the Oversight Committee on Science and Technology could handle the matter of streamlining the DOST bureaucracy, Senator Angara replied that the matter could be addressed by the Congressional Commission to Review and Assess the State of Competitiveness in Science and Technology.

AP

PO

## SUSPENSION OF SESSION

Upon motion of Senator Pangilinan, the session was suspended.

*It was 11:10 a.m.*

## RESUMPTION OF SESSION

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

## SUBMISSION OF THE BUDGETS OF THE DEPARTMENT OF SCIENCE AND TECHNOLOGY AND ITS ATTACHED AGENCIES

Upon motion of Senator Pangilinan, there being no objection, the budgets of the Department of Science and Technology (DOST) and its attached agencies were deemed submitted for the Body's consideration, subject to the appearance of the DOST Secretary before the Senate during the plenary debates the following week.

## SUSPENSION OF SESSION

Upon motion of Senator Pangilinan, the session was suspended.

*It was 11:12 a.m.*

## RESUMPTION OF SESSION

At 11:37 a.m., the session was resumed.

## DEPARTMENT OF HEALTH

Upon resumption, Senator Enrile presented the proposed 2008 budget of the Department of Health, including its attached agencies.

## INTERPELLATION OF SENATOR LEGARDA

Senator Legarda informed the Body that she has just attended the launching of the fight against cervical cancer spearheaded by the Philippine Cancer Institute Foundation, which is an affiliate of the UP-PGH. She then asked what programs the Department of Health would undertake to prevent cervical cancer which is the second killer disease among marginalized indigent women in the country. She stated the fact that despite the availability of vaccines for the disease, especially for young women in the teenage years,

half of the women who contracted cervical cancer died because of lack of awareness and prevention.

Senator Enrile said that P5 million has been allotted for the purpose to impart to the public, particularly to the women, some degree of knowledge regarding the disease.

She wondered whether this very small allocation would be used for the vaccination of young indigent women or simply for information dissemination. Senator Enrile replied that the allocation would support the agency's information program on cervical cancer and the capability to handle the problem. He said that another P2.4 million would cover programs concerning non-communicable diseases.

Asked whether PhilHealth offers free cervical cancer immunization, Senator Enrile replied in the negative, saying that members can only avail themselves of free cervical cancer screening.

Senator Legarda urged the DOH to step up its information campaign to educate women that cervical cancer can be prevented through screening and vaccination. She said that she would collaborate with the DOH on its information campaign to encourage women to avail themselves of cervical cancer screening.

As regards the DOH's campaign against breast cancer, Senator Enrile informed the Body that the department has allocated P16 million for this particular purpose, which shall be supported by funds from other programs.

Asked whether mammography and ultrasonography for breast cancer screening is covered by the PhilHealth, Senator Enrile replied in the negative.

Senator Legarda pointed out that P16 million is a very measly amount for the prevention of another killer disease. She said that at the appropriate time, she would introduce amendments to increase the budget for the government's cancer program.

Senator Enrile stated that the allocation of scarce resources depends upon the people who are adopting the policies and establishing the priorities. Nonetheless, he said that the matter would be considered at the proper time without having to sacrifice other concerns.

Asked on the DOH's primordial policy on disease prevention, Senator Enrile replied that the department's

Millenium Development Goal (MDG) prioritizes tuberculosis, malaria and HIV-AIDS, and it also includes the elimination of public health threats such as rabies, schistosomiasis, leprosy, and filariasis. He said that the Senate has recommended a budget of P280 million for tuberculosis and P241.797 million for other infectious diseases such as HIV, dengue, and food- and water-borne diseases like cholera, dysentery and typhoid.

On whether the budget for tuberculosis includes free x-ray and treatment in health centers, Senator Enrile replied in the affirmative, adding that the DOH covers the first six months of treatment. Incidentally, he said that the PGH does not offer free x-ray treatments because it is not under the DOH.

As regards the DOH program in managing dengue, Senator Enrile stated that the department has allotted P20 million for this purpose: P200,000 for policy, standards, and program development; P10.5 million for human resource development; P7.150 million for logistics support; and P2.150 million for social mobilization and advocacy. He believed that the incidence of dengue is caused by too much urbanization, and people who are careless in throwing trash into streams and waterways, letting water remain stagnant especially during rainy days.

Senator Enrile recalled that when he was living in the rural area, he suffered from malaria for three years and he only used the bark of a tree as medicine. Today, he said that plants are used in the rural areas to cure the illness.

Senator Legarda wondered if the DOH is coordinating with the DOST in finding cure for diseases using alternative medicine. She said that when her son, who was inflicted with dengue, drank the water boiled from the herb called "*mangagao*," his platelet count increased.

Senator Enrile stated that when he himself contracted malaria, he was given the drug called "quinine" which was produced from cinchona. After the war, he said that the synthetic drug "atabrine" was introduced in the country.

As regards the R&D efforts of the DOH for a natural cure for infectious diseases, Senator Enrile said that P30 million has been allocated for the Philippine Institute for Traditional and Alternative Health Care. He said that as someone who grew up

in the rural areas until he was 21 years old without seeing any doctor, he knew what plants would cure him if he hurt himself.

Senator Enrile wondered why malaria is still being talked about today when it should have been eradicated in the past, except in the country's forested areas. Senator Legarda recalled that the son of broadcaster Rey Langit died of malaria contracted in Palawan. Senator Enrile said that the malaria virus in Palawan is of a very malignant type.

On the report of the Global Health Facts that the bed-to-person ratio in the country is 12 per 10,000 persons, with the Philippines ranking 62<sup>nd</sup> out of 73 countries, Senator Enrile said that the DOH target for an ideal bed-to-person ratio is 20 to 10,000, or 1 is to 500. However, he said that while the DOH overall capital outlay of P1,733,073 includes allocation for the necessary requirements to increase health facilities throughout the country, this does not include provision for additional hospital beds.

Adverting to the 2006 COA report that the DOH had P17 million worth of unutilized hospital buildings such as the out-patient building of the Mindanao Central Sanitarium and the psychiatric building of the Cotabato Regional and Medical Center, Senator Legarda asked what the DOH intends to do with the assets considering its dire need for resources. Senator Enrile replied that over P12 million has been appropriated for the construction of the Mindanao Central Sanitarium, and over P8 million for the construction of the psychiatric building of the Cotabato Regional Medical Center.

Replying to further queries, Senator Enrile said that while the facilities were indeed for public bidding because of structural defects, the COA report has been overtaken by events because the DOH had already acted by providing the necessary funds to complete the facilities.

Asked on the details of the P403 million allocation for the Promotion of Good Nutrition, Accelerated Hunger Mitigation Program, Senator Enrile stated that the money is intended for 30 targeted provinces that are in need of such assistance to be implemented through schools and community-based organizations. He said that the money would be allocated for the following purposes: community-based promotion of Nutritional Guidelines for Filipinos (NGF), the Young Child Filipinos (YCF), and *Pabasa sa Nutrisyon*, *Ma*

P190,495,000; one-on-one counseling of pregnant and lactating women, P17,500,000; nutrition and education classes to be funded by the LGUs, and follow-up of trained infant youth/child Filipino counselors, P950,000; multi-media campaign on the Nutritional Guidelines for Filipinos, P131,141,440; conduct of advocacy meetings, P2,195,800; school-based promotion portion of the program, P24,544,960; capability building, P11,281,125; and program management, P25,285,250.

Asked how much of the amount would be used for food to be given to schoolchildren, Senator Enrile replied that this data would have to be taken from the DSWD that implements the project in coordination with the DOH, even as it is carried in the latter's budget.

Senator Legarda wondered whether the DOH is not in a position to provide information on the kind of food that would be dispensed with.

#### SUSPENSION OF SESSION

Upon motion of Senator Enrile, the session was suspended.

*It was 12:18 p.m.*

#### RESUMPTION OF SESSION

At 12:19 p.m., the session was resumed.

Upon resumption, Senator Enrile said that the implementation of the project is divided among several departments, such as the DOH which allocated more than P3 million for promotions, and the DepEd and DSWD which are in charge of the giving of food. He said that the National Nutrition Council, which is under the DOH, is a promotional organization that devises the nutritional content of the food to be dispensed with.

Senator Enrile recalled that during the committee hearings, it was mentioned that the portion of the program being implemented by the DECS covers Grades I to III students, while the preschoolers or those out of school are being undertaken by the DSWD.

Senator Legarda stated that the Department of Health should go beyond merely promoting the program by taking the lead since it is supposed to know which food and products that must be given,

the frequency of feeding, and the kind of programs that must be implemented among the grade school and out-of-school children.

Senator Enrile explained that it is the DOH that would prepare the food but it would be the DECS and DSWD which shall implement the program. He stated that the total budget for the nutrition program of the government is P3,675,000,000, of which P765,750,000 million shall be given to the DSWD, P2.506 billion to the DECS, and P403 million to the DOH.

As to the number of children who would be benefitted by the program, Senator Enrile replied that the data was not available at the moment but gave the assurance that the Committee would come up with the figures.

As regards the milk-feeding program of the government, Senator Enrile replied that this is part of the Hunger Mitigation Program.

Asked if the DOH has a separate milk-feeding program, Senator Enrile replied in the negative. However, he presumed that since the DOH is in charge of the health of the nation, it knows better in determining the nutritional contents of the food to be fed to the children. The focus of the program, he said, is to promote breastfeeding and provide the guidelines to the people on what food to consume to keep a healthy body and a sound mind.

Asked if the promotion of breastfeeding is included in the P403 million allocation, Senator Enrile replied in the affirmative.

On whether the DOH has a plan of action to address the problem of brain drain in the health sector, in view of the continuous departure of doctors, nurses and other medical and health workers who seek better job opportunities in other countries, Senator Enrile explained that it is not the function of the department to prevent Filipino doctors and nurses from leaving the country and working abroad. He believed that the only way to prevent this is to provide them with adequate work and a decent income.

Asked if the DOH has undertaken measures to address the shortfall of qualified doctors and nurses in public hospitals, Senator Enrile replied that the department has a scholarship and internship program

which also assists doctors and nurses to be deployed in the rural areas.

On whether there are any public hospitals that have closed or ceased operation due to the lack of medical practitioners, Senator Enrile replied in the affirmative, explaining that the failure of the LGUs to use their money for health forced the local public hospitals to stop their operations. He added, however, that he was not aware if there are national hospitals that have closed.

Senator Legarda pointed out that due to the perennial problem of brain drain in the country, the midwives and even the barangay health workers have emerged to be frontliners in health care at the grassroots level. She inquired if there is a budgetary allocation for midwives and a provision for this purpose under the Barangay Health Workers and Benefits Incentives Act.

In reply, Senator Enrile said that there has been a proposal from the House of Representatives to put one midwife in every barangay, but this is not covered under the 2008 budget.

On whether the DOH is supportive of the plan to put one midwife in every barangay, Senator Enrile admitted that it is a very expensive plan because it would need an allocation of P5 billion. Instead, he opined that it would be better for the department to train volunteers in the rural areas because with very scarce resources, the government could not always employ people to render basic health services. Many people in the countryside or rural areas would be willing to serve as health workers, he said.

Asked if the DOH has provided funds for the implementation of the Barangay Health Workers Benefits and Incentives Act, considering that at present, barangay health workers receive very small honoraria, Senator Enrile replied that the implementation of the law is the responsibility of the LGUs, through their internal revenue allotments.

As regards the additional benefits for barangay health workers, Senator Enrile confirmed that there is no provision for the item since local governments, in the exercise of their autonomy, receive a portion of the national tax to help them support the program.

Asked if the DOH provides training for barangay health workers, Senator Enrile replied in the affirm-

ative, but he pointed out that this should be a function of the LGUs that were provided funding for the purpose. He believed that if these LGUs really wanted to help their constituents, they would use their funds and provide relief to the national budget.

With regard to funding for comprehensive research on alternative resources for medicines, Senator Enrile stated that the Philippine Institute for Traditional and Alternative Health Care, under the Department of Health, does research on alternative and herbal medicines using indigenous herbal plants like *makahiya*, *saluyot*, *takip-kuhol*, *lagundi* and *yerba buena*.

Asked if *malunggay* is included in the list, Senator Enrile replied in the negative. Senator Legarda informed the Body that she is a firm believer of the medicinal benefits of *malunggay* which has seven times the Vitamin C in oranges, four times the calcium in milk, four times the Vitamin A in carrots, twice the protein in milk, and three times the potassium in bananas. She requested the DOH, together with the other concerned agencies, to strengthen its campaign to promote the use of *malunggay*. Senator Enrile said that the DOST is doing research on such plant.

Senator Legarda recalled that before the Clean Air Act was enacted, the Philippines entered into an agreement with an Austrian bank to finance the importation of 26 incinerators for medical waste disposal; however, with the passage of the Clean Air Act, the use of incinerators was banned because they do not comply with the standards. She asked if the government is still paying for the loan amounting to P504 million. Senator Enrile replied in the affirmative, clarifying that the total project cost was P504 million, of which P133 million was used to purchase 26 incinerators that were used for four years and then put on hold.

Asked how medical wastes are being disposed, Senator Enrile stated that the "non-burn" technology is being used, specifically autoclave and microwave facilities, with a budget allocation of P200 million for all public hospitals.

Senator Legarda underscored her advocacy to fight cervical and breast cancers, as well as to combat infectious diseases that are curable and preventable. She expressed her support for the DOH's effort in developing alternative medicines as well as disseminating information on them.

Finally, with regard to the coverage of PhilHealth and its population target in the coming years, Senator Enrile disclosed that the DOH's target is to cover 85% of the entire nation by the year 2010. At present, he said that five million families are enrolled and an additional 4.7 million families by 2010 with a total cost of more than P3.5 billion for the national government and an LGU counterpart of P2.127 billion. He confirmed that all public school teachers are covered by PhilHealth and their entitlement includes regular check-up and hospitalization but not executive check-ups, as it would mean paying a higher premium.

*At this point, upon the request of Senator Enrile, Health Secretary Duque was allowed to answer the queries of Senator Legarda directly.*

Following is the full exchange between Senator Legarda and Secretary Duque:

**Secretary Duque:** Insofar as the benefit package of PhilHealth is concerned, it is essentially a hospital care benefit package with a limited outpatient ambulatory services benefit package.

An example of the outpatient benefit package would be the radiotherapy, chemotherapy for cancer patients, and then we have dialysis for end-stage renal failure of certain patients but, by and large, it is really a hospital care benefit package. We have CS. We have practically all the diseases for which hospitalization is warranted. PhilHealth covers a chunk of the hospitalization bill. But the share, what we call in the health insurance parlance "the average value per claim" that PhilHealth provides has a percentage of the total hospital bill and can range anywhere from 30% to about 100%.

For the private hospitals, it would be admittedly a lower support value vis-à-vis the government hospitals where the support value can reach as high as 100%.

**Senator Legarda:** We were informed earlier that cervical cancer screening was included.

**Secretary Duque:** Yes, it is part of the outpatient benefit package which is directed towards the more vulnerable sector of society, which is the indigent sector, and we certainly have obvious bias for the benefit packages for the poor rather than compared to the formal sector members.

**Senator Legarda:** Thank you very much.

**Secretary Duque:** I should like to take this opportunity to also thank Senator Legarda because she was one of the first senators, if not the first, I think, who actually supported the enrolment of millions of indigents in the different parts of the country using her PDAF.

**Senator Legarda:** When the gentleman was head of PhilHealth, and we will continue to do so.

## MANIFESTATION OF SENATOR PANGILINAN

Senator Pangilinan said that it was upon Senator Enrile's request that Secretary Duque had been allowed to speak before the Body during the plenary debates.

## REMARKS OF SENATOR ENRILE

Senator Enrile said that as he himself was not well-versed in the functions and programs of the DOH, he believed it was better to have Secretary Duque explain the needs of the DOH.

## SUSPENSION OF CONSIDERATION OF THE BUDGET OF THE DEPARTMENT OF HEALTH

Upon motion of Senator Pangilinan, there being no objection, consideration of the budget of the Department of Health was suspended.

## AFTERNOON AGENDA

Senator Pangilinan informed the Body that the budgets of the following agencies would be presented in the afternoon:

- Bureau of Internal Revenue
- Bureau of Customs (BOC)
- Department of Health (DOH)
- Commission on Higher Education (CHED)
- State Colleges and Universities (SUCs)
- Commission on Elections (Comelec)
- Commission on Audit (COA)
- Autonomous Region in Muslim Mindanao (ARMM)
- Office of the Vice President (OVP)
- Department of Environment and Natural Resources (DENR)
- Department of Agrarian Reform (DAR)
- Department of Social Welfare and Development (DSWD)

10  
11

## **SUSPENSION OF SESSION**

Upon motion of Senator Pangilinan, there being no objection, the Chair declared the session suspended until two-thirty in the afternoon.

*It was 1:02 p.m.*

## **RESUMPTION OF SESSION**

At 2:56 p.m., the session was resumed with Senate President Pro Tempore Ejercito Estrada presiding.

## **AFTERNOON AGENDA**

Senator Pangilinan announced that the Body would take up in the afternoon's session the budgets of the Department of Health, other Executive offices, Commission on Higher Education, State Universities and Colleges, Autonomous Region in Muslim Mindanao (ARMM), Office of the Vice President, Department of Agrarian Reform, Department of Social Welfare and Development, Bureau of Customs and the Bureau of Internal Revenue.

## **OFFICE OF THE VICE PRESIDENT**

Senator Defensor Santiago presented the budget of the Office of the Vice President. She stated that the Committee has recommended a budget of P156.941 million for the Office of the Vice President.

## **INTERPELLATION OF SENATOR PIMENTEL**

Asked by Senator Pimentel on the role of the Vice President in relation to the relocation of people living near the railroad which is being built in Caloocan all the way to Bulacan, Senator Defensor Santiago said that the matter refers to the Vice President's HUDCC's functions.

As regards the HUDCC budget, Senator Pimentel inquired on how it is being handled by the vice president and what the HUDCC's accomplishments are. Senator Defensor Santiago replied that the HUDCC is under the Office of the President that she would defend the following day.

## **SUBMISSION OF THE BUDGET OF THE VICE PRESIDENT**

Upon motion of Senator Pangilinan, there being no objection, the budget of the Office of the Vice

President was deemed submitted for the Body's consideration.

## **SUSPENSION OF SESSION**

Upon motion of Senator Pangilinan, the session was suspended.

*It was 3:03 p.m.*

## **RESUMPTION OF SESSION**

At 3:05 p.m., the session was resumed.

## **AUTONOMOUS REGION IN MUSLIM MINDANAO**

Senator Defensor Santiago presented the budget of the Autonomous Region in Muslim Mindanao for 2008. She stated that the Committee has recommended a budget of P8.614 billion which is bigger than that of Congress or of the Office of the President.

## **INTERPELLATION OF SENATOR PIMENTEL**

Senator Pimentel recounted that the ARMM was intended to address the concerns or demands of the Moro peoples of Mindanao for autonomy as a means of dissipating the cause of Muslim unrest in that part of the archipelago. Further, he said that the government gave the ARMM certain police powers within its own territory to implement and uphold the laws of the land and uphold the rule of law. Senator Defensor Santiago replied that there is a pending proposal in Congress for a law to create a PNP-ARMM but there has been no action.

Asked on the whereabouts of Mr. Bedol, Senator Defensor Santiago admitted that there has been no information on the whereabouts of Mr. Bedol. But she pointed out that in the recent past, Mr. Bedol was arrested not in the ARMM but in Davao City. She gave assurance that all efforts shall be taken to locate and arrest Mr. Bedol. Senator Pimentel stressed that the appropriations for ARMM cover the operation of its police force which is therefore expected to provide information. In reply, Senator Defensor Santiago suggested that the PNP follow the tactics of the Bureau of Immigration, when she was bureau head, in arresting fugitives for justice.

AB

P

Senator Pimentel underscored that what is important is the effective enforcement of the rule of law in the area, pointing out that the ARMM was created to run its affairs in accordance with the law; however, if it is unable to do so, the ARMM Organic Law could be revisited to make it more effective.

Senator Pimentel lamented that every election time, the ARMM provinces somehow become involved in shady operations of people from Manila as he refused to believe that the Muslims in ARMM would want to subvert the country's electoral process. Senator Defensor Santiago affirmed that election cheating is not inherent to the culture of Muslim Mindanao, noting that, in fact, it is sourced from Metro Manila operators who are corrupting the Muslims by giving them money and teaching them the techniques and strategies for cheating.

Senator Pimentel pointed out that a vicious cycle is put in motion because someone elected through fraudulent vote would tend to protect those behind the anomaly. He underscored the importance of putting an end to this kind of malaise lest the whole electoral process, which is a foundation for democracy, becomes nothing more than a joke. Senator Defensor Santiago stated that even though the ARMM governor and his staff have been attempting to solve the issue, the actual problem lies with the Comelec as there is no ARMM Comelec in the area and, as such, the ARMM is not even allowed to participate in the solution except on invitation of the Comelec.

Senator Pimentel noted that the peaceful retrieval of the ballot boxes from Maguindanao and other parts of the ARMM which were questioned at the Senate Electoral Tribunal (SET) by his son Koko against Senator Zubiri, was a good sign that instead of using force or violence to frustrate the law, the ARMM officials were allowing the rule of law to take its course. However, he wondered whether the ARMM officials knew where former Comelec commissioner Garcillano could be found as he was known to often take refuge somewhere in the ARMM. Senator Defensor Santiago replied that Mr. Garcillano was last sighted in Sultan Kudarat which is not part of the ARMM.

Upon further queries, Senator Defensor Santiago affirmed that the ARMM budget is now bigger than that of Congress primarily as the ARMM, which has been a conflict-affected area for more than 30 years,

is home to about 3.4 million people, 85% of whom are Muslims. She added that under the administration of Governor Ampatuan, the ARMM has adopted its regional executive agenda focusing on five priority areas:

- a. Peace, order and security;
- b. Development administration and governance;
- c. Economic development;
- d. Social services development; and
- e. Infrastructure and support facilities.

She stated that 62% of the ARMM budget for 2007 was allocated for Personal Services, 22% went to MOOE, 16% was set aside for Capital Outlay, along with a provision for Foreign-Assisted Projects Capital Outlay.

Asked how the ARMM government is addressing the reported delay or nonpayment of salaries of a number of teachers in the region, Senator Defensor Santiago replied that according to officials of the ARMM, there are no teachers who have not been paid or whose salaries have been delayed. She posited that the teachers involved in the issue were those whose special teaching permits have already expired. Therefore, she said that the complainants would have to persuade the Professional Regulation Commission to renew their permits before they could be paid.

Senator Pimentel noted that while the ARMM governor had informed him that the issue concerning the hiring of thousands of unqualified teachers was a problem that would be addressed by the regional government, he wanted to see specific action from the ARMM government to resolve the matter. He also asked for a list of names of the affected teachers.

For her part, Senator Defensor Santiago said that the problem was due to the fact that some teachers, particularly those from Lanao, had used fake special teaching permits. She informed the Body that the ARMM governor had, in fact, met with the ARMM congressmen and appealed for an extension of the Rasul Bill (RA 6850 — AN ACT TO GRANT CIVIL SERVICE ELIGIBILITY UNDER CERTAIN CONDITIONS TO GOVERNMENT EMPLOYEES APPOINTED UNDER PROVISIONAL OR TEMPORARY STATUS WHO HAVE RENDERED A TOTAL OF SEVEN (7) YEARS OF EFFICIENT SERVICE, AND FOR OTHER PURPOSES) so that the affected teachers could renew their permits with the PRC.

*[Handwritten signatures/initials]*

She also disclosed that the ARMM government had conducted an inventory of teachers by assessing the validity of their permits and that those whose names were included in the list of 1,000 that were submitted to the Office of the President, have been informed that there is an irregularity with their permits. Additionally, she stated that the bill to extend the teachers' Special Teaching Permit is now pending Second Reading in the House of Representatives. She said that Senator Pimentel would be furnished with a copy of the list the following week.

On whether the ARMM has been a party to government peace talks with the MILF in Kuala Lumpur, Senator Defensor Santiago replied in the negative. Senator Pimentel commented that this is a big anomaly since the ARMM, which is supposed to be the civil government in the area of conflict, was not made a party to the negotiations. He believed that this is one area where senators could rectify the problem by making recommendations.

In reply, Senator Defensor Santiago conveyed the willingness of the regional government of the ARMM to participate in the peace talks because its governor believes this is the key to the successful implementation of the programs of the the ARMM. She noted that the ARMM government supports peace talks with the MNLF concerning the final implementation of the 1996 peace agreement which is evidenced by the fact that the ARMM governor and his staff had joined the GRP panel in its latest preparatory talks in Jeddah this month. Likewise, she said that while the ARMM is equally supportive of peace talks with the MILF, it strongly suggests that the government should first finish the issue with MNLF before it enters into a final agreement with the MILF to avoid confusion and claims of a half-baked approach to the problem. She said that ARMM takes the stand that all talks along this line should always be subject to existing laws and the Constitution. She added that the ARMM representatives were grateful to Senator Pimentel for pointing out the need to give the ARMM government a prominent role in the actual peace talks.

Senator Pimentel noted that the problem in the ARMM and the rebellion of the Moro people affect the entire nation because the funds required to minimize, if not eliminate the cause of unrest in Mindanao, would have to come from the national government. He said that every centavo spent to buy arms to suppress the armed struggle in the ARMM

is a centavo taken away from other social needs of our people.

Asked if a provision could be added to the ARMM budget requiring the submission of an accounting of every quarterly release to the Commission on Audit, as well as to the Committee on Finance of the Senate and Committee on Appropriations of the House of Representatives so as to have a systematic means of checking and monitoring expenditures during the fiscal year, Senator Defensor Santiago welcomed the suggestion even as she noted that at present, both the releasing of funds to the ARMM and the COA audits are made on a monthly basis. She said that the ARMM government was willing to comply with the request because it would only have to issue a report on such expenditures by integrating the quarterly reports into one.

Senator Pimentel lauded the present ARMM governor for its modern ways of running the region as a civilized unit of government and not as a turf that belongs to a particular dynasty.

#### **INTERPELLATION OF SENATOR ESCUDERO**

Asked by Senator Escudero if the government is giving the local government units and the ARMM government the opportunity to participate, at any level or stage, in the peace talks or negotiations between the national government and the MNLF or the MILF, Senator Defensor Santiago replied in the negative, adding that ARMM officials were only invited to the preparatory talks in Jeddah this month.

Asked what Congress can do to compel the administration to include the LGUs and the ARMM government in the peace talks, given the fact that negotiations or agreements to be arrived at would always be coursing and/or implemented through the LGUs, Senator Defensor Santiago replied that the Senate can pass a resolution only in the nature of an appeal as the Supreme Court has already ruled that, with respect to the President's area of executive jurisdiction, legislature cannot compel her to do or not to do certain things like submitting a treaty to the Senate. She added that the President has the power to negotiate and conclude but the Senate has the power to concur. She pointed out that a case was brought before the Supreme Court, compelling the President to submit to the Senate for concurrence the Rome Statute on the Creation of the International 16

Criminal Court but until now, the President has refused and this refusal was upheld by the Supreme Court. She said that she could take up the matter with the President when they travel to Europe next month and draft the appropriate resolution as chairperson of the Committee on Foreign Relations.

In addition, Senator Defensor Santiago informed the Body that the President has agreed to her request that a member of the Senate Committee on Foreign Relations be included as part of any Philippine delegation that negotiates with a foreign government, particularly on treaties as broad-ranging as the JPEPA.

### **SUBMISSION OF THE BUDGET OF THE AUTONOMOUS REGION IN MUSLIM MINDANAO**

There being no other reservation for interpellation, upon motion of Senator Pangilinan, there being no objection, the budget of the Autonomous Region in Muslim Mindanao was deemed submitted for the Body's consideration.

### **SUSPENSION OF SESSION**

Upon motion of Senator Pangilinan, the session was suspended.

*It was 3:39 p.m.*

### **RESUMPTION OF SESSION**

At 3:41 p.m., the session was resumed.

### **MANIFESTATION OF SENATOR DEFENSOR SANTIAGO**

Senator Defensor Santiago informed the Body that she had received a letter from the Comelec commissioner and officer-in-charge, requesting the postponement of the deliberation of the Comelec budget because they are not prepared.

Senator Defensor Santiago stated that as chairperson of Subcommittee B, the motion for postponement is unacceptable because the Comelec, like the other agencies, was notified well in advance and the senators have already spent time studying its budget. She indicated that she would refuse to defend the Comelec budget at any future time because the motion for postponement showed a lack of discipline on the part the agency and a lack of courtesy to the

Senate. She stated that the gimmick resorted by the Comelec should not be allowed to go unremarked upon because it would set a precedent for other agencies.

Senator Defensor Santiago suggested to the Senate President and the Majority Leader that Comelec's unorthodox motion may warrant disciplinary action in the form of a reduction of its budget from P4.277 billion to P4 billion at the discretion of the Chairperson of the Committee on Finance.

Senator Pangilinan said that the Comelec officials should find another senator to sponsor their budget.

The Chair stated that Commissioner Resurreccion Borrà, the acting Comelec chairman, should be informed about the rejection of its request to postpone deliberation of the Comelec budget and Senator Defensor Santiago's refusal to defend it.

### **BUREAU OF CUSTOMS AND BUREAU OF INTERNAL REVENUE**

*(Continuation)*

At this juncture, the Body resumed the consideration of the budgets of the Bureau of Customs (BOC) and the Bureau of Internal Revenue (BIR).

### **INTERPELLATION OF SENATOR LACSON**

Preliminarily, Senator Lacson stated that Congress passed in rapid succession the Executive department's priority measures, namely, the sin tax law, lateral attrition law, E-VAT and tax amnesty law. This is payback time, he said, and it is incumbent upon the Members to take the cudgels for the taxpayers.

Senator Lacson asked for the comparison of the tax revenue collection of the BIR and the BOC from 2005 to 2007. He cited that in 2003, the excise tax collection for tobacco products was P19.7 billion and P13.6 for alcohol products; and in 2004, it was P15.9 billion for alcohol products and P23 billion for tobacco products.

Senator Enrile explained that normally when taxes on alcohol and tobacco are being revised, the manufacturers would do a forward withdrawal of their products before the effectivity of the higher tax and so it is common that there would a large drop in the collection of the government immediately after the imposition of the higher rate. He said that after *AA*

*10*

the enactment of the revised sin tax law, he anticipated a big drop in the BIR collections but this would eventually go up in the succeeding years.

### SUSPENSION OF SESSION

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

*It was 3:50 p.m.*

### RESUMPTION OF SESSION

At 3:51 p.m., the session was resumed.

According to figures provided by the BIR, Senator Enrile revealed that in 2005, the total tax collection from alcohol products was P17,012,390,413.15, and P23,702,165,725.88 from tobacco products; in 2006, the total tax collection from alcohol products dropped to P16.08 billion, while the tax from tobacco products went up to P26.81 billion.

Senator Lacson observed that the figures were not consistent with the assertion made by Senator Enrile that the tax collection would drop during the first year of implementation but it would steadily increase on the succeeding years. Further, he noted that since the implementation of the Sin Tax Law, the collection of sin tax revenues has fallen short of the goals set by the BIR. In reply, Senator Enrile stated that the targets were not realized probably because they were too high and ambitious and the economy dropped at the same time. However, he noted that a comparison of the collections in 2005 and 2006 showed that there was an increase in tobacco tax by more than P3 billion and a decrease in alcohol tax by P1 billion, meaning the loss from one type of product was compensated by the gain from another product.

As regards the Pall Mall issue, Senator Enrile stated that it is pending resolution and he surmised that the controversy arose because of differing interpretations of the law. He recalled that before the Internal Revenue Code was revised in 1997, the Secretary of Finance had no authority to review or modify the ruling of the BIR. He pointed out that the revision he authored restored to the Secretary of Finance the power of control and supervision over the BIR but it nonetheless retained the BIR's power to interpret revenue laws. Furthermore, he said that the Secretary of Finance, even he is the sole authority

to review and approve, cannot just issue regulations that have not been drafted by the BIR itself. In the case of the Pall Mall issue, he disclosed that it was a Finance Undersecretary who reversed the ruling of the BIR. Before the revision of the Sin Tax Law, he explained, existing brands of cigarettes were protected and any new brand had to be classified according to its retail price which is determined by a survey of the market. He recounted that when the Sin Tax Law was revised, the same policy was adopted but Pall Mall, a foreign brand of cigarette, was licensed to a local producer. He said that when the cigarette was registered with the BIR, there was no survey, so it was classified as a medium-priced cigarette which should not have been because it is a world-known brand; but when the survey was done, the BIR issued a ruling that Pall Mall should be taxed at the premium or highest level of price.

Senator Lacson recalled that all brands in the market prior to the cutoff date of August 1996 were not reclassified, and so, they retained their original price. He said that he fought against the provision because it was not leveling the playing field and that it was, in fact, protecting certain brands.

On another matter, Senator Lacson informed the Body that since the implementation of the Lateral Attrition Law, the Makati office was able to garner P600 million in incentives but the commissioner, instead of allocating it for the construction of the new building in Makati, as originally planned, realigned it for the construction of buildings in other regions, particularly in Tuguegarao, Cagayan. He indicated that he would propose an amendment relative to that amount at the proper time.

### SUSPENSION OF SESSION

Upon motion of Senator Enrile, the session was suspended.

*It was 4:07 p.m.*

### RESUMPTION OF SESSION

At 4:09 p.m., the session was resumed.

In the case of the Bureau of Customs, Senator Enrile stated that it not only exceeded the collection of previous years but it exceeded its target. He said that despite this achievement which should have <sup>100</sup>

entitled the agency to a reward pursuant to the law, it has not been given that award yet.

With respect to the BIR, Senator Enrile stated that although some revenue districts exceeded their targets like the Makati district, and the others did not, the agency's collection increased by 20% over the previous year but it failed to meet its target. He said that no attrition took place because the shortfall was only 3%. He added that the Makati district was supposed to be entitled to a noncash award — a building worth P600 million — for exceeding its target.

On the incentives and rewards given out to both bureaus since the law took effect, Senator Enrile said that for the BIR, approximately a little over P1 billion would be given because it has exceeded its target by P10 billion. He disclosed that out of the 20 regional district offices of the BIR, 13 have exceeded their targets by almost P11 billion, thus, over P1 billion in rewards would go to these regions.

On the part of the Bureau of Customs, Senator Enrile said that it has exceeded its target by P2.1 billion and is entitled to an incentive reward of 15% of the amount or P315 million which has not been given yet.

Senator Lacson wondered why both bureaus were reported to have exceeded their targets when the BIR was reported as having a P42-billion shortfall as of October 2007, and the Bureau of Customs has failed to meet its targets.

Senator Enrile replied that while the BIR target for 2006 was P675.353 billion, it collected only P651.936 billion, or a deficit of more than 3%; however, it exceeded the actual collection for 2005 by more than P100 billion. In the case of the Bureau of Customs, he said that it exceeded its collection for 2005 and target for 2006 by P2.199 billion, thus, it is entitled to a reward of P315 million. He affirmed that the base figure is the set target under the attrition law; thus, not meeting the target means a shortfall.

Given the fact that the BIR had a 3% shortfall in 2006, and assuming that Makati and 12 other RDOs have exceeded their set targets, Senator Lacson opined that the seven other regions with dismal performance should have been attrited. Senator Enrile replied that attrition would apply only if the region or the district has a 7.5% shortfall.

To the observation that the seven regions must have performed miserably, Senator Enrile explained that the observation might not necessarily be true as there might have been an error in establishing the target for those regions.

Replying to another query, Senator Enrile affirmed that the Lateral Attrition Law has so far been applied only on incentives but not on attrition because the regions, which failed to exceed their targets, did not have a shortfall lower than 7.5%; for instance, San Pablo, 4.26%; Bacolod, 0.58%; Cebu, 0.23%; Tacloban, 2.19%; and Large Scale Taxpayer Service, 3.9%.

Asked if the attrition law actually improved collections, Senator Enrile replied in the affirmative, pointing out that the BOC had increased its collections in 2006 by 31%, and the BIR, by 20%. He reiterated that the attrition law served its purpose although the targets could have been very high.

Replying to another query, Senator Enrile revealed that smuggling in Subic largely involves the importation of cars that are passed on as second-hand cars but are actually new and unused expensive cars. He said that the recent Supreme Court ruling disallowing the importation of used cars in Subic, would help arrest the incidence of smuggling. However, he pointed out that Subic has to contend with the problem of mixing its free port status with a customs territorial status or a port of entry. This is why, he said, that in Port Irene, there are no customs agents inside the free port and they are not allowed to board any vessel to check its contents.

Senator Lacson adverted to Revenue Regulation No. 15-2006 which might lead to the dropping of all court cases against tax delinquents and penalizing them instead, ironically, not by increasing their tax liabilities but by a reduction thereof. He said that the delinquent taxpayer is only mandated to pay for the basic tax, thus, the penalties, interests and surcharges are eliminated.

## SUSPENSION OF SESSION

Upon motion of Senator Enrile, the session was suspended.

*It was 4:34 p.m.*

## RESUMPTION OF SESSION

At 4:35 p.m., the session was resumed.

In reply, Senator Enrile explained that under the Internal Revenue Code, the BIR Commissioner has the power to abate penalties, surcharges and even interests on unpaid taxes. He stated that the revenue regulation, which was approved by the department head, was intended to enhance collection by encouraging the taxpayers to pay the basic tax, which is the principal purpose of imposing the tax, and the recurring source of income of the government and then forego the interest which is not really the purpose of the tax itself.

Upon further queries, Senator Enrile replied that the regulation has generated P6.9 billion and 3,000 taxpayers have availed themselves of the program.

As regards the E-VAT, Senator Enrile stated that the collection was P87.9 billion in 2005, and P140.934 billion in 2006, when it was increased from 10% to 12%. He said that the collection is a little over P4 billion short of the P145.348 billion target.

Senator Lacson asserted that the shortfall was partly due to the removal of the 70% cap on input VAT credit in November last year.

Asked how the BIR could monitor if big companies are bloating their input VAT credits, Senator Enrile stated that the taxpayer must reflect his input tax, supported by receipts as well as output tax before the Bureau can accept the tax computation. He recalled that it had been the practice of the BIR to audit taxpayers at random to find out whether they had faithfully complied with the requirements of the law. He expressed doubts whether big corporations like San Miguel Corporation would violate the law, but he acknowledged that there are businessmen who try to cut their operations to save money to increase their financial strength. He reasoned that if there is a suspicion of fraud, the BIR can exercise its power to audit the operation of a small or big corporation.

Asked what the commensurate growth should be in tax revenues vis-a-vis the growth in the GDP, Senator Enrile replied that there are no set rules but the ideal percentage should be based on factual experience. He said that in the 2008 budget, the projected GDP is 17% or P7.284 trillion compared to 16.5% GDP, or P6.609 trillion in 2007.

But Senator Lacson pointed out that for the first six months of 2006, tax revenues grew only by 2.7% against a GDP growth rate of 6.5%. Senator Enrile

stated that based on the records given to the Committee, the tax revenue aggregate from January to September 2007 was P683 billion, and the non-tax revenue, P129.3 billion, or a total of P812.259 billion.

As to the two intelligence technology projects, namely, the Revenue Watch Dashboard and the LGU Revenue Assurance, Senator Enrile said that they were designed to enhance transparency and efficiency in tax collection. The LGU Revenue Assurance, he said, is a sharing of information between the LGUs and the BIR to uncover incidence of fraud or non-payment of taxes by businessmen, the theory being that the local government officials know the businessmen in their respective areas.

On whether it also covers the widening of the tax base, Senator Enrile replied in the affirmative, stating that there may be other taxpayers in the localities who are not paying the full tax or who are not paying at all.

As to the tax base of the individual tax filers, Senator Enrile replied that it could be about 86 million Filipinos.

Regarding the profile of the taxpayers, Senator Enrile stated that for calendar year 2006, the breakdown was as follows: corporate taxpayers, 427,796; individual taxpayers, which include business professionals, and non-resident citizens, 7,921,073; estates and trust taxpayers, 20,195; and marginal income earners.

Asked on the meaning of "marginal income earners," Senator Enrile stated that it refers to people earning income that does not exceed their personal exemptions which makes them virtually tax exempt, and excluding them means that there are about 11 million people in the country who are taxpayers.

Asked if the 11 million taxpayers are quite a narrow tax-base considering the country's population of 86 million, Senator Enrile replied in the affirmative, but pointed out that almost everyone is contributing to the taxes whether buying a commodity, taking public transport and the like.

Senator Lacson expressed support for a balanced budget for 2008 and expressed appreciation to Senator Enrile for answering all his queries because it would help him find out if indeed a balanced budget is attainable.

AK

PCB

## **INTERPELLATION OF SENATOR ESCUDERO**

Preliminarily, Senator Escudero asked if it was correct to estimate that the budget allocated to the BIR and the BOC does not even reach 1% of what they are expected to collect. Senator Enrile replied in the affirmative, stating that the BIR and the BOC are going to contribute P845 billion and P254.5 billion, respectively, to the tax revenue. He agreed with Senator Escudero that it is quite elementary on the part of the administration to add more budget to two income-generating agencies to give them the wherewithal to do their job and avoid misbehaving.

Asked on the budgets requested by the agencies compared to the budgets actually approved by the DBM, Senator Enrile reported that the BIR requested P7.8 billion but was given only P5.2 billion, while the Bureau of Customs requested P2 billion but was given only P1.4 billion. Senator Escudero argued that if the budgets requested by the two agencies were not given, it would be unfair to expect them to meet the revenue targets imposed on them by the government. He suggested that the slashed amounts be restored as part of the Unprogrammed Funds which would be utilized as their additional budgets should they meet their first quarter target. He said that if the agency, in any event, does not perform up to expectation, it must be made to explain. Senator Enrile suggested that Senator Escudero prepare a special provision on the proposal.

## **MANIFESTATION OF SENATOR MADRIGAL**

Senator Madrigal manifested that for the past two-and-a-half years, she has been writing the BIR to report a tax scam involving a very wealthy family, all supported by documents, but has not received any response. As a courtesy, she requested the BIR to answer her letter. Senator Enrile stated that he would request the commissioners of the bureau to respond to the query of Senator Madrigal.

At this juncture, Senator Pangilinan remarked that the Code of Conduct and Ethical Standards for Public Officials and Employees requires government agencies to respond in writing to official communications brought to its attention. Senator Enrile said that the BIR would double check their records if they have already replied to the query of Senator Madrigal.

## **REQUEST OF SENATOR ZUBIRI**

Senator Zubiri requested the Bureau of Customs to submit a status report on the case of smuggled corals and seashells to Argentina. He said that he would provide the Bureau with the newspaper article on the matter and hoped that it would discourage future exports of the country's endangered flora and fauna.

Senator Enrile gave assurance that the bureau would heed the request of Senator Zubiri.

## **INQUIRY OF THE CHAIR**

Asked by the Chair if there is any truth to the rumor that the Commissioner of the Bureau of Customs would be replaced any time soon, as reported in the newspapers, Senator Enrile replied that when he was the Customs Commissioner, it was an everyday rumor that he would be replaced.

## **INQUIRY OF SENATOR PANGILINAN**

Asked by Senator Pangilinan if the Commissioner of the Bureau of Customs has ironed out his differences with the Chief of the Anti-Smuggling Task Force, Senator Enrile clarified that contrary to rumors, there is no ill-feeling between the two officials.

## **SUBMISSION OF THE BUDGETS OF THE BUREAU OF CUSTOMS AND THE BUREAU OF INTERNAL REVENUE**

Upon motion of Senator Pangilinan, there being no objection, the budgets of the Bureau of Customs and the Bureau of Internal Revenue were deemed submitted for the Body's consideration.

## **SUSPENSION OF SESSION**

Upon motion of Senator Pangilinan, the session was suspended.

*It was 5:13 p.m.*

## **RESUMPTION OF SESSION**

At 5:21 p.m., the session was resumed.

## **DEPARTMENT OF HEALTH**

*(Continuation)*

At this juncture, the Body resumed consideration of the budget of the Department of Health (DOH). *NP*

*10*

## **INTERPELLATION OF SENATOR MADRIGAL**

Senator Madrigal stated that based on statistics, only 4,190 of the total 9,847 pharmacies have been issued licenses. She asked why the DOH was allowing the unlicensed operation of 5,667 *Botika ng Barangay* (BnBs) outlets.

## **SUSPENSION OF SESSION**

Upon motion of Senator Enrile, the session was suspended.

*It was 5:24 p.m.*

## **RESUMPTION OF SESSION**

At 5:25 p.m., the session was resumed.

Senator Enrile informed the Body that about 4,000 *Botika ng Barangay* outlets have been licensed by the Bureau of Food and Drugs (BFAD), while the rest received a special license issued under DOH Administrative Order No. 144 (Guidelines for the Establishment and Operations of Botika ng Barangay (BnBs) and Pharmaceutical Distribution Networks) which is a transitional measure granting a special license to unlicensed pharmacies to operate immediately to accomplish the purpose of the BnBs without prejudice to the final issuance of a license.

Senator Madrigal expressed concern that these unlicensed pharmacies' sale of substandard products would defeat the DOH's goal of immediate access and distribution of medicines. She asked how long it would take for the BFAD to issue licenses to the other pharmacies and whether the unlicensed BnBs' operation and sale of medicine is against the law. Senator Enrile said that the DOH secretary issued AO 144 in good faith, knowing that these pharmacies have to operate within the law. He maintained that these special licenses are valid as they are intended to give the BnBs the authority to dispense medicine preparatory to getting their final license from the BFAD. He expressed confidence in the quality of local and imported medicines sold by the BnBs as these pass through BFAD inspection. However, he said that the curative value of the medicine would depend on the physicians issuing the prescriptions.

Senator Madrigal asked how the DOH monitors the quality of non-prescription medicines sold through the BnBs.

## **SUSPENSION OF SESSION**

Upon motion of Senator Enrile, the session was suspended.

*It was 5:32 p.m.*

## **RESUMPTION OF SESSION**

At 5:33 p.m., the session was resumed.

Senator Enrile explained that the DOH regional offices have trained personnel to monitor the operations of the BnBs.

On whether it is necessary for the BnBs to be operated by pharmacists, Senator Enrile said that BnBs are supervised by pharmacists. He said that non-pharmacist operators of *botika* outlets are supervised at least two hours every two weeks or one hour every week by pharmacists who are under contract with the DOH.

Asked if the operators have enough know-how to read a doctor's prescription, Senator Enrile said they were trained by the DOH in the art of dispensing both rack or over-the-counter and prescription medicines. He revealed that there are only eight types of medicines that need a doctor's prescription like anti-hypertension, anti-diabetes, anti-asthma and antibiotics. He further said that operators of the 10,409 *Botika ng Barangay* must be at least 18 years old and must have been trained by the DOH.

Senator Madrigal commented that the DOH might be stretching the Pharmacy Law to the limit because the law requires a pharmacist in every drugstore.

On another matter, Senator Madrigal inquired on the P22.3 million worth of expired immunization vaccines under the expanded program on immunization that were stored in 14 regional centers and in the DOH central office warehouse. She asked if the DOH is following a cold-chain policy in the management of the vaccines and why they were allowed to expire.

*At this juncture, Senator Pangilinan relinquished the Chair to Senate President Pro Tempore Ejercito Estrada.* *AP*

## SUSPENSION OF SESSION

Upon motion of Senator Enrile, the session was suspended.

*It was 5:42 p.m.*

## RESUMPTION OF SESSION

At 5:43 p.m., the session was resumed.

Senator Enrile stated that the vaccines did not expire but because of the problem with the storage, they spoiled. He further explained that the vaccines were not refrigerated at the desirable temperature, prompting the DOH to transfer the spoiled vaccines to the Research Institute for Tropical Medicine for proper storage but they were eventually discarded. He said the DOH already took proper actions against those people who failed to take precautions in storing the vaccines.

With regard to the cold-chain policy, Senator Enrile said that the DOH follows the standards set by the World Health Organization in the handling, storage and transportation of medicinal products or materials. He stated that the DOH has 89 cold storage centers distributed in regional centers whose capacity varies from smallest of two meters by two meters or the biggest at 10 meters by 10 meters.

Senator Madrigal informed the Body that some barangays only use refrigerators to store the vaccines and because of temperature changes, the vaccines spoiled.

Asked on the difference between an ordinary refrigerator and a vaccine refrigerator, Senator Enrile said that the former can be brought down to -20 degrees. He said that some areas have standby generators in anticipation of fluctuations in power.

Senator Enrile stated to transport vaccines, the DOH has delivery trucks with adequate cooling system to protect the integrity of the vaccines. He believed that government officials dealing with the health of the nation are responsible enough to ensure the integrity of the vaccines to precisely prevent the onset of any kind of disease among the people they serve.

Asked if recipients were informed that most of the vaccines contain formaldehyde to preserve their elements, Senator Enrile replied that the vaccines

disseminated in the country are supplied through UNICEF and they are issued the Certificate of Good Manufacturing Practice (CGMP) by the Secretary of Health.

Asked if the DOH has information on how many of the vaccines are formaldehyde-based, Senator Enrile replied that the vaccines use thiomersal that has no formaldehyde component.

On whether the component is biodegradable, organic or chemical, Senator Enrile said that the DOH would answer Senator Madrigal in writing.

Senator Madrigal pointed out that there have been reports from the U.S., Finland, U.K., Germany and France that vaccines were responsible for "crib death" phenomenon which can happen when an infant is given vaccine with toxic component. Senator Enrile stated that according to Secretary Duque, there has never been an incidence of vaccine-associated ailment during his tenure. He said that the vaccine-related ailment is amphyaxis, an allergic reaction which could happen when a doctor does not conduct proper allergy testing before injecting his patient with the vaccine.

Thereafter, Senator Madrigal stated that she would just submit a copy of a research on this matter to the Secretary of Health.

## REMARKS OF SENATOR ZUBIRI

At the outset, Senator Zubiri thanked Secretary Duque for making the Province of Bukidnon a model of the PhilHealth program. He said that since its inception, 80% of Bukidnon residents have been enrolled with PhilHealth.

Adverting to his speech on the sale of body parts a few weeks ago, Senator Zubiri stated that he condemned the CNN report which put the Philippines in a bad light. He said that he would furnish the secretary with a copy of the speech as he expressed hope that the DOH would issue a formal statement on the issue.

## INTERPELLATION OF SENATOR PIMENTEL

Asked by Senator Pimentel when health care would be made universal in the country, Senator Enrile replied that PhilHealth's target is to have 85% of the population enrolled in the program by the

AK

year 2012. He hoped that by then, the PhilHealth would be able to expand its program at a lesser cost to families.

Citing a study in 2004, Senator Pimentel stated that expanding the coverage of PhilHealth nationwide would cost P7 billion.

As to the funding of PhilHealth, Senator Enrile stated that the total budgetary requirement for enrolling five million indigent families at P1,200 per family is P6 billion, 70% of which would be funded by the national government and 30% by the LGUs. Moreover, he said that PhilHealth would receive an additional funding of P3.5 billion to cover 4.7 million indigent families. In addition, he said that PhilHealth is directed to accomplish 85% universal coverage by the year 2012. He admitted that the remaining 15% is extremely difficult to cover as they are the indigenous people and informal workers.

Senator Pimentel expressed concern that tribal Filipinos, like the *lumads*, who are shy by nature, do not want to volunteer for coverage as he wondered how they would be included in the universal health programs. Senator Enrile replied that PhilHealth is working with the LGUs in encouraging the indigents to enroll.

Asked if there are PhilHealth officials in every province, Senator Enrile replied that the agency has 20 regional offices and 70 service offices throughout the country. He said that PhilHealth was the first to set up its office in the ARMM, ahead of GSIS and SSS.

Senator Pimentel believed that the program would be more effective if there is proper coordination between PhilHealth and the local government units.

As part of its oversight functions over the delivery of health services to the people, Senator Pimentel requested the PhilHealth officials and the DOH Secretary to furnish the Senate Committee on Finance with a semestral report every year so that it could check whether the agencies are concentrating only on a certain area and neglecting the other parts of the country. Senator Enrile conveyed the willingness of the DOH Secretary to do so, adding that it is, in fact, already submitting an annual report during the third quarter.

Senator Pimentel said that while senators and other public officials could alleviate some of the

problems of people who besiege them with outstretched arms begging for medical assistance, the matter of delivering health services should be done by the application of a universal health care principle in order to create a positive impact on the lives of the people. Thus, he opined that if the system proposed by Secretary Duque would be put in place, then there might be no need for the *30-Baht Health Scheme* of Thailand. He also expressed hope that the Secretary would share his findings with him on a private basis so that he could propose the creation of a committee precisely to find out how the universal health care system in the country could be pushed.

He said that if an allocation is made to enroll the entire nation in PhilHealth, Congress should find out what types of medical services would be covered by the program, similar to the *30-Baht Scheme* of Thailand that covers ordinary diseases commonly affecting the population.

As the author of the Generics Drugs Act, Senator Pimentel pointed out the bias by the medical fraternity against the more widespread prescription of generic drugs which they blame on the DOH for failing to issue the implementing guidelines of the law since 1988. Assuring that Secretary Duque is working hard to come up with the guidelines, Senator Enrile stated that the flaw was in the law which allowed the use of brand names. Senator Pimentel disclosed that during the debates on the measure, there was no intention to make generic drugs alone as a medicine of choice by people who go to doctors. He said that there was, in fact, a compromise allowing doctors to prescribe generics and/or brand names because a number of them were not comfortable with the thought of prescribing only generic drugs because the Bureau of Food and Drugs could not assure the supply of generic drugs and they suspect that the quality might not be up to par with that of a branded drug. He said that he was surprised that Secretary Duque would now consider prescribing generics drugs as necessary.

Senator Enrile opined that the doctors might also be apprehensive of prescribing generic medicine whose curative value they are uncertain of. Senator Pimentel affirmed that indeed that Generics Law allows the people a choice, thus, doctors could prescribe branded medicines. He lamented that the mandate of the law for pharmacies to put posters telling the prospective buyers that the branded names have FDA-approved and similarly potent generic counter-

parts is not being followed primarily because of the refusal of the drugstore chains to give a menu of generic alternatives for each branded medicine. Senator Enrile underscored the need to revisit the law to address the problems.

Senator Pimentel informed the Body that during a recent trip to New Delhi to attend a conference on federalism, he found out that some drugs that cost P100 in the Philippines actually cost P25 in India. Senator Enrile stated that as in all other sectors of national life, the pharmaceutical companies have big lobbyists plus high cost of advertising, thus, there is more reason now to push for the cheap medicine bill. He pointed out that while the right of the pharmaceutical companies to a fair return on their investment must be recognized, the people should not be inordinately squeezed with their expensive medical supplies.

Senator Pimentel urged the DOH to inform the Senate if there is need for a law to alleviate the problem of scarce and very expensive medicines. Senator Enrile expressed hope that the Cheap Medicine Act and the Anti-Trust law would address the concern. He said that he would conduct a hearing on the Anti-Trust law after the budget deliberations. Senator Pimentel likewise hoped that the monopolistic tendencies of companies operating in the country would collapse.

Replying to other queries, Senator Enrile said that there are 735 government and 1,336 private hospitals in the country with a total of 94,296 beds broken down as follows: infirmary beds for both government and private hospitals – 12,312; birthing homes – 619; primary – 27,080; secondary – 16,265; tertiary – 36,458 beds; Acute Chronic Psychiatric Care, 214 beds; Custodial Psychiatric Care, 280 beds; other health facilities, 1,113 beds.

Senator Enrile further stated that there are 282 primary level hospitals and facilities with a 15,583-bed capacity; 36 secondary level hospitals and facilities with a 4,282-bed capacity; and 54 tertiary hospitals and facilities with a 21,469-bed capacity.

Senator Pimentel noted that in the United Kingdom today, people talk about the establishment of the so-called "polyclinics" which are accessible centers of treatment for common ailments. He wondered whether these polyclinics could also be established in the Philippines, considering its archipelagic nature and low-level of development.

Senator Enrile disclosed that the DOH is considering a revision of the hospital law of the country. Senator Pimentel declared that even if he has differences with the present administration, he would not stand in the way of promoting the people's welfare. He believed that since hospital services are of utmost priority, the DOH should be open to innovative ways of doing and providing better health services.

As regards the issue on milk advertising, Senator Pimentel lamented that the high cost of advertising has increased the prices of commodities, including milk and milk products. But he pointed out that in the milk industry, the price of milk has a lot to do with the conflict between breastfeeding and formula milk. He then asked whether the DOH was on top of the situation with the recent Supreme Court ruling on the controversy.

Senator Enrile stated that the department, in coordination with other government agencies, would regulate the advertisements of the milk companies to ensure that their advertisements shall not undermine the efforts of the government to promote breastfeeding.

On whether the DOH would object to an amendment to the country's anti-smoking law by putting pictures of cancerous ailments, as a result of smoking, on the package of the cigarette products, Senator Enrile replied that the department is in favor of the proposal.

Senator Pimentel suggested that the Senate support the full implementation of the smoking ban in all government offices, pointing out the dangers of second-hand smoke to nonsmokers.

Senator Enrile recalled that when the sin tax on tobacco was being debated in the Senate, he proposed a very high tax on cigarettes precisely because of the remarkable disparity of prices between medicine and cigarettes.

Senator Enrile informed the Body that the department is in favor of an absolute smoking ban in public places, on billboard advertising, and of graphic health warning, although he predicted that this would draw the ire of the big cigarette manufacturers because it might result in their income and revenue loss. Senator Pimentel reasoned that it is important to pursue what is good for the people regardless of what the vested interests may think. *AF* *13*

On the concern that there is a need to provide sufficient medicine for prisoners, Senator Enrile stated that the Senate has allocated a daily allowance of P3 for medicine and P60 for food for every prisoner in the National Penitentiary and other jails.

Asked whether the DOH has already implemented the law upgrading the bed capacity of the Amang Rodriguez Memorial Hospital from 150 to 300 beds, Senator Enrile replied in the affirmative, adding that the release of funds has been slow.

Senator Pimentel stated that at the proper time, he would propose that the DOH budget be proportionately and equitably distributed throughout the country on the basis of the following formula respecting population: 50% for Luzon; 25% for the Visayas; and 25% for Mindanao.

Senator Enrile affirmed that this has already been done; in fact, there is a bigger allocation for Mindanao at 28%, compared to Luzon's 49%, and Visayas, 29%.

Still on the matter of hospitals, Senator Pimentel expressed concern over the existence of several laws mandating the creation and establishment of hospitals that have not been implemented yet because of lack of funds. He recalled that under the Local Government Code, only the city and provincial hospitals shall be devolved to their respective cities and provinces; unfortunately, there has been a flurry of bills creating hospitals even if there are no funds for this purpose because some members of Congress would like to immortalize their having authored some laws. He recommended that the DOH should be more proactive with respect to this matter by issuing a policy that henceforth public hospitals would only be created on a need basis and only if their establishment could be funded; otherwise, these measures would only be archived without any meaningful result for the people.

Senator Enrile said that many of these laws were enacted in aid of reelection. He recalled that after the devolution to local governments, the DOH had only 46 hospitals but this increased to 78 because of the enactment of laws re-nationalizing previously devolved hospitals.

Senator Pimentel suggested that the DOH strongly express either its support for or rejection of the proposal based on national interest and not on the

perceived need of a legislator who wants to be elected or re-elected. Senator Enrile stated that the DOH has risked denying the re-nationalization of certain hospitals because it would impose pressure on its own budget.

Finally, Senator Pimentel stated that government should ensure that an allocation earmarked for provincial health services is spent for that purpose.

#### **SUBMISSION OF THE BUDGET OF THE DEPARTMENT OF HEALTH**

Upon motion of Senator Enrile, there being no objection, the budget of the Department of Health was deemed submitted for the Body's consideration.

#### **SUSPENSION OF SESSION**

Upon motion of Senator Pangilinan, the session was suspended.

*It was 6:57 p.m.*

#### **RESUMPTION OF SESSION**

At 7:02 p.m., the session was resumed.

#### **COMMISSION ON HIGHER EDUCATION**

Senator Angara presented the budget of the Commission on Higher Education.

#### **INTERPELLATION OF SENATOR PIMENTEL**

Asked by Senator Pimentel on the whereabouts of CHED Chairman Romulo Neri, Senator Angara replied that he is in South Korea, for an academic conference.

Senator Pimentel took offense with bureaucrats who, believing that they are close to the powers that be, just ignore the call of the Legislature.

As regards the appointment of Commissioner Neri as CHED chair, Senator Pimentel pointed out Mr. Neri is not qualified to head the CHED since he does not have a doctorate degree which is a prerequisite for appointment to the position. He asserted that this matter should be brought to the attention of President Arroyo because it is not good for the administration to be perceived as ignoring the very specific requirements of the law.

*AP/jm*

Senator Angara shared the same sentiment as he gave assurance that these observations would be conveyed to Chairman Neri. He agreed that Mr. Neri has to attend the Senate's deliberation on his agency's budget.

## INTERPELLATION OF SENATOR LEGARDA

At the outset, Senator Legarda asked to be clarified if the increase in the budget of CHED is meant for incentives, scholarships and study grants to students in higher education. Senator Angara replied in the affirmative, clarifying that the House of Representatives increased the President's budget by P509 million.

Upon further query, Senator Angara explained that the P854 million for the Higher Education Development Fund is an endowment fund which is an automatic appropriation that is taken out of the travel tax, a share in the *lotto* operations of the PCSO and a share in the collection of the Professional Regulation Commission.

Asked if it has been complied with annually and what problems have been encountered, if any, Senator Angara replied that the endowment has remained at a level between P800 million and P1 billion and has even reached P3 billion at one point under the chairmanship of Ester Garcia.

Asked when the Higher Education Development Fund started, Senator Angara replied that it was created 13 years ago pursuant to RA 7722. He explained that the mandate and mission of CHED is to dedicate the endowment fund to developmental purposes like supporting scholarships, as well as faculty development and institutional capability-building in new courses. However, he admitted that as in the past years, it was distributed in the same manner as the pork barrel, creating a scholarship under a name of some public official. He disclosed that the new commission and its staff have agreed to rationalize the use of said fund from the original 22 items down to just three general headings.

On how the funds are being utilized at present, Senator Angara stated that there are only three general categories to which the fund could be applied: Research and Graduate Scholarship; Quality Assurance, and maintenance and upgrading of educational standards; and Management and Information Systems Development. He said that undergraduate

and graduate scholarships are limited to advanced sciences courses like biotechnology, which is part of agriculture, and information technology. He disclosed that there are no more nursing scholarships.

Considering the scarcity of research funds, Senator Angara explained that concentrating the utilization of the Higher Development Fund on the advanced sciences, and faculty development on information and management systems for SUCs and for other higher educational institutions would generate more impact and be more meaningful.

To Senator Legarda's other queries, Senator Angara replied that both faculty and students could avail themselves of the scholarship which has been informally offered since 1994. However, he revealed that the CHED is trying to restore a merit system as one of the most important criteria in the award of the scholarship. He also affirmed that the estimated P1 billion endowment fund had been distributed among politicians with the main criterion that the recipient is a recommendee either of a congressman or senator.

As regards the programs offered through the Higher Development Fund, Senator Angara explained that the three categories that fall under "Scholarship and Student Assistance" are as follows:

- ♦ *Merit scholarship* – earned strictly on merit and competitive ability;
- ♦ *Grants-in-aid* – offered to certain sectors of the youth such as those belonging to cultural communities, Muslims, indigenous and ethnic people; and
- ♦ *Student loan program* – open to all qualified Filipinos.

To prevent political determination of the recipients of CHED scholarships, Senator Angara said that the item "Other Scholarship Programs" which is over and above the P1.54 billion budget of the CHED has been removed, leaving only the three categories previously mentioned.

Asked on the mechanics for one to avail of the a merit scholarship, Senator Angara said that initially, certain criteria, including the applicant's academic record, his economic class, and his planned course, would be taken under consideration. However, he clarified that this scholarship is offered on a competitive basis, with the applicants submitting a *PP*

formal application therefor. He admitted that each congressman and senator would still be allotted 20 scholarship slots which shall be awarded on the condition that the recipients strictly comply with the criteria.

Asked where the biggest chunk of the CHED's proposed P1.54 billion would be allocated, Senator Angara said that almost two-thirds of the CHED budget would fund the MOOE and the rest going to the payroll.

On whether there is a budget for the CHED's Education for Peace Program for the Special Zone of Peace and Development, which is a grants-in-aid scholarship, Senator Angara said that the program, which would be funded through the P1 billion appropriation, is a scholarship open to students in conflict areas such as Mindanao.

Senator Angara further explained that funding for the Scholarship for Peace Program is not on the same magnitude and scale as the endowment fund, part of which is the P100 million budget given to various faculty scholarship programs under the faculty development program. He added that 225 faculty members have benefited from these scholarships from 2006 to 2007.

Asked how scholars are selected under the faculty development program, Senator Angara replied that the scholarship is granted based on application and competition. He clarified that while education is a meritocracy rather than a populist democracy, many outstanding faculty members coming from the generally economically and socially underserved areas, such as the CAR and the ARMM, have benefited from the fund.

Asked if there was a quota on the number of scholarships granted per region, Senator Angara replied that the scholarship grant is not a quota system since it is dependent on merit.

On whether beneficiaries are required to render service in exchange for the scholarship, Senator Angara said that they are required to render one year of service to the institution for every year of scholarship.

Senator Legarda expressed hope that more deserving students and faculty would benefit from the rationalization of the distribution of the CHED scholarships.

For his part, Senator Angara stressed the need for the government to expand not just scholarship level and volume but even student financial assistance or loan programs to provide opportunities for tertiary education amid the rising cost of the same. He pointed out that there is a direct correlation between higher education participation and graduation to economic growth since producing more college graduates leads to higher economic development. He expressed hope that this goal of bigger scholarship and other financial assistance could be achieved in the next six years.

Asked to elaborate on the CHED's grants-in-aid program, Senator Angara stated that scholars could study in any SUC, preferably in their area of residence. He explained that only P7.4 million has been allocated for program beneficiaries.

In closing, Senator Legarda expressed full support for the passage of the CHED budget, adding that she was also in favor of expanding its scholarship base.

For his part, Senator Angara said that this was the reason he had pushed for the allocation of at least 30% of receipts of the Philippine Amusement and Gaming Corporation (PAGCOR). He bemoaned the fact that contrary to the practice of many advanced countries, the PAGCOR does not allocate a portion of its P20 billion annual revenue for social welfare. He expressed hope that this kind of financing could be sourced from gambling and lottery proceeds in the next five years.

#### **INTERPELLATION OF SENATOR MADRIGAL**

Senator Madrigal said that she has one policy-related question for the CHED: whether rationalization of standards, programs and guidelines refers setting the rules and regulations.

Senator Angara explained that the item on the rationalization of the selection and awarding of scholarship grants and student financial assistance applies to the endowment portion of the CHED's budget.

Asked for the CHED's opinion with respect to examinations written in Taglish, Senator Angara said that the CHED does not allow students to use Taglish either in written or oral examination. However, he said that it is the Professional Regulation Commission (PRC) that makes the ruling on the matter. *M* *PC*

Expressing concern over the remarkable decline in English and Tagalog proficiency among young people, Senator Madrigal stressed the need for CHED to be involved in raising the standard of writing, either in English or Tagalog, pointing out that those with good writing skills get high-paying and better jobs. Senator Angara informed the Body that the CHED has given the assurance that it would discuss this particular concern as a policy matter, being the agency in charge of quality assurance standards and benchmarking.

In reply to other queries, Senator Angara explained that the seven (7) scholarship grants, 12 grant-in-aid programs, and one (1) student loan program are covered by the endowment fund.

Asked how many scholarship grants shall be allocated per congressional district, Senator Angara replied that a congressman may recommend 105 possible grantees but the grant shall be on the basis of merit and the recommendee should satisfy established criteria. He enumerated the following guidelines governing the CHED's program:

- 1) *State Scholarship Program* - the student should have a high aptitude of 98% and above in the priority discipline; he/she should belong to the top five percent of the high school class; and he/she should enroll in a priority discipline;
- 2) *Grants-In-Aid Program* - the student must have an average aptitude of 90% and above; the annual income level of his/her family should be P150,000 and below; he/she should belong to a disadvantaged group; and he/she should enroll in a priority discipline; and
- 3) *Study Loan Program* - the student must have a guarantor who is either an SSS or GSIS member.

Asked if the CHED is brave enough to go against the recommendation of the congressmen, Senator Angara stressed that the CHED should stand on their ground in the event that some congressmen would disregard the system and lobby for their recommendees who have failed to meet the requirements.

Senator Madrigal expressed hope that this would address the problem of scholarship programs

becoming a tool for patronage politics instead of helping those in need.

To the suggestion that scholarships be granted directly to the students upon recommendation by the CHED or the SUCs, and that congressmen be allowed to grant the same through their CDF, Senator Angara commented that such a drastic change in the policy might cause the non-approval of the budgets of the CHED and the SUCs in the House.

Asked on the status of the CHED Call Center Project, Senator Angara stated that P300 million of its P550 million budget has already been spent, and this was referred to the COA for audit. He believed that there is no reason for CHED to devote so much money to building a call center. However, he said that according to the CHED, this project seeks to, among other objectives, improve the competencies of students' and graduates' skills required by the business processing industry, and create a pool of qualified manpower to support the growth of the industry.

Asked whether the project is income-generating, Senator Angara replied that this is so only for the SUCs because this is not within the CHED's mandate.

Senator Madrigal said that this project should be made to concentrate on standards, pointing out that total allocation for this purpose can put a generation of students through college.

Senator Angara clarified that initially, the project cost was P500 million but Commissioners Puno, Defensor, Ocampo and Ricafort downscaled it to P300 million.

On another matter, Senator Madrigal stated that on February 20, 2007, the CHED Chairman issued a memorandum suspending the implementation of CMO 14, S. 2005 or the *Guidelines for the Regulation of Tuition and Other Fee Increases in Higher Education* and all its amendments pending its review, in effect, reverting the procedure for school fee increases to CMO 13, S. 1998. She observed that the memorandum was issued a week before the February 28 deadline for consultation in all schools. She disclosed that according to reports, the issuance of the CMO was brought about by the intense lobbying by private school owners with the Coordinating Council of Private Educators Association (COCOPEA). Subsequently, she said that private schools increased their tuition fees this year. *M*

Asked if the CHED is responsible for monitoring tuition fees, Senator Angara replied in the affirmative, as he explained that before the suspension, the average increase was 51.44% but by suspending the cap and allowing market forces to prevail, the increase was reduced to 46.06%. He stressed that the tuition fee increase is lower at present than when the cap was in effect.

On whether lifting the cap should have been done in transition and upon consultation with the students, Senator Angara stated that the regulation of tuition fees has given rise to complications and the problem would be better solved by giving more subsidy to scholarships, financial grants and loans schemes.

Senator Angara stated that the existing "Study Now, Pay Later" scheme has not worked because the requirement to pay right after graduation is not possible because there is a waiting time for employment. He said that other countries have developed a system wherein the private sector is encouraged to set up financial institutions that give direct loans, guaranteed by government, to students. He informed the Body that 85% of the students are enrolled in private schools while the remaining 15% study in public institutions like U.P. and SUCs. Relative to the population, he said that the Philippines has more college graduates but the quality of their education has suffered.

Asked what the CHED under Chairman Neri has done about the tuition fee problem, Senator Angara stated that CHED has given full support to the scholarship rationalization and student financial assistance program. He said that the Committee on Education, Arts and Culture has, in fact, begun studying how the scholarship and student assistance through formal legislation could be expanded so that it could be included in the budget.

In closing, Senator Madrigal hoped that the issue involving Commissioner Ricafort whose credentials are being questioned by some CHED officials would be addressed soon.

#### **SUBMISSION OF THE BUDGET OF THE COMMISSION ON HIGHER EDUCATION**

Upon motion of Senator Pangilinan, there being no objections, the budget of the Commission on Higher Education was deemed submitted for the

Body's consideration, subject to appearance of the CHED chairman in the plenary debates next week.

#### **MANIFESTATION OF SENATOR PANGILINAN**

Senator Pangilinan stated that the chair of the Finance Committee has agreed that the budgets of other agencies would not be considered without the presence of their heads and that the action of the Body on the budget of CHED shall not be a precedent.

Senator Pangilinan announced that henceforth, if an agency head does not appear beginning tomorrow, the budget deliberation of that particular agency would be deferred until the appearance of the said head of agency.

#### **SUSPENSION OF SESSION**

Upon motion of Senator Pangilinan, the session was suspended.

*It was 8:15 p.m.*

#### **RESUMPTION OF SESSION**

At 8:20 p.m., the session was resumed.

#### **STATE UNIVERSITIES AND COLLEGES**

At the outset, Senator Angara acknowledged the presence of the following presidents of SUCs: Dr. Miriam Pascua, Mariano Marcos State University; Dr. Ruben Sevilleja, Central Luzon State University; Dr. Jose Bacusmo, Visayas State University; Dr. Benny Palma, Aklan State University; Dr. Virgilio Oliva, University of Southern Mindanao; Dr. Eusebio Angara, Aurora State College of Technology; Dr. Godofredo Gallega, Technological University of the Philippines; Admiral Fidel Diñoso, Philippine Merchant Marine Academy; Atty. Lutgardo Barbo, Philippine Normal University; Dr. Luis Sorolla Jr., Western Visayas College of Science and Technology; Dr. Emerlinda Roman, University of the Philippines System; Dr. Roberto Tubaña, Abra State Institute of Science and Technology; Dr. Rogelio Colting, Benguet State University; Dr. Serafin Ngohayon, Ifugao State College of Agriculture and Forestry; Dr. Eduardo Bagtang, Kalinga-Apayao State College; and Dr. Nieves Dacyon, Mountain Province State Polytechnic College. *MK*

## INTERPELLATION OF SENATOR LEGARDA

Senator Legarda stated that she would no longer ask questions on the budgets of the SUCs even if she did not know where the resources would come from.

Noting the lack of hype over the U.P. centenary next year, Senator Legarda asked if there is budget for the centennial program and if there is any provision for promotional activities especially in enjoining all the U.P. alumni to engage in the activities. Senator Angara replied that the lack of hype might be a reflection of the character of the U.P. President — very low key but highly effective. He affirmed that the celebration, which was launched six months ago, has a substantial budget for promotion and that the hype would begin first week of December with multimedia publicity. He said that there would be a program for each celebration, the highlight of which is to raise P5 billion for U.P.'s 100<sup>th</sup> year celebration. He disclosed that U.P. had already raised more than half of its P5-billion target from friends in the private sector and in government.

Senator Legarda asked if there are any concrete efforts or plans in the next few months to improve the U.P. grounds to make it more green, for instance, to plant more trees, to restore century-old buildings and to improve restrooms, classrooms and basic amenities. She observed that there has not been a marked improvement in the basic facilities of U.P. since the late 1970s. Senator Angara affirmed the need to improve the physical infrastructure of SUCs, and especially of the U.P. which, for the past 99 years, has contributed to the making of the Filipino nation and has provided educational leadership. In fact, he said, many of the incumbent presidents and faculty members of the SUCs are products of U.P.

Senator Angara explained that of the P150 million allocation for the celebration, of which P100 million came from the President's fund, P85 million would be spent for repair and rehabilitation of buildings. He said that the P5-billion target would also be spent for physical infrastructure, scholarship, and faculty development of the entire U.P. system composed of seven campuses in Baguio, Clark, Manila, Los Baños, Iloilo, Cebu, and Davao.

As regards face-lifting of facilities, Senator Angara said that P40 million would go to repainting of the dormitories; greening and beautification of the oval,

P12 million; repainting of buildings and gates, P10 million.

On another matter, Senator Angara lamented that in the last five years, U.P. has lost 700 faculty members to other institutions that pay as much as three times more than what they receive in the university. He underscored the need to provide a promotion fund to address the exodus of faculty to other institutions because of the low salary scale and very rare promotion in ranks. He said that he would welcome a suitable amendment in the budget for salaries and promotion.

Senator Legarda indicated that she would propose a P30 million budget for the purpose and hoped that this would be accepted by the committee.

Asked on the number of teachers who left U.P. in the past year, Senator Angara said that 150 teachers, most of whom are technical people or professors of engineering and the sciences, left for Ateneo or La Salle or for abroad and into the industry. He stressed the need to stop the exodus considering the difficulty in recruiting and retaining teachers.

Asked on the status of the ongoing review of the Socialized Tuition Fee Program (STFP), Senator Angara replied that the U.P. has revised the tuition scale applicable to students who entered U.P. in June 2007, not to those who are already in U.P. He explained that U.P. students have not really been affected by the increase because the tuition fee structure of U.P. is very low.

Asked if the change in the tuition fee structure of U.P. means that there are now more students from the lower income brackets, Senator Angara replied that the qualified low-income bracket students have nothing to worry because their tuition is free and they would also get a monthly allowance. He pointed out that U.P. did not increase its tuition fees at all for the past 17 years and that the 230% increase this year had a low base.

On whether college and university scholars still enjoy subsidies similar to those in the 1970s, Senator Angara replied in the negative, explaining that U.P. has shifted to a thoroughly socialized tuition structure, thus, being a university scholar and having the potential of earning a *cum laude*, *magna cum laude* or *summa cum laude* honor is enough in itself. Further, *at*

he said that the socialized tuition has five levels, so that if a student belongs to Bracket E, he gets free tuition and a stipend of P12,000 per semester.

Asked why the Film and Broadcast Center of the U.P. College of Mass Communication has not yet been completed in spite of the more than P20 million she had given for six years from her Priority Development Assistance Fund(PDAF), Senator Angara replied that the construction of the Center has not been completed due to the erratic releases of the budget allocation; however, he disclosed that there will be a P7-million allocation for its completion.

Asked if the allocation would cover the cost of television and radio broadcast equipment, Senator Angara that it would partially, but the rest would be funded out of the proceeds from the fund-raising campaign.

Senator Legarda expressed her wish to help in the inauguration of the Media Center during U.P.'s centennial celebration next year.

Senator Angara said that U.P. President Roman gave the assurance that Senator Legarda would be invited to inaugurate the Center together with Senator Arroyo.

In closing, Senator Legarda expressed full support for the budget of U.P., saying that at the proper time, she would also propose amendments to upgrade the salaries of its teachers.

#### **ACKNOWLEDGMENT OF THE PRESENCE OF GUEST**

At this juncture, Senator Angara acknowledged the presence of Dr. Enerico Sampan, president of the Philippine State College of Aeronautics.

#### **INTERPELLATION OF SENATOR PANGILINAN**

Senator Pangilinan expressed the view that the alumni or graduates are one of the greatest resources of any academic institution like the University of the Philippines. In this regard, he asked what U.P. is doing to keep in touch with its alumni especially in light of its centennial celebration next year. He believed that the celebration would be an opportune time for U.P. to bring in and involve its more successful graduates here and abroad. Getting their

financial support and tapping their expertise, he said, would be one way of giving back to U.P. what it gave them.

Senator Pangilinan stated that U.P. officials can communicate with him or send him solicitation letters to his office in the Senate. He disclosed that the solicitation letters and communications he receives from his alma mater in the United States are very direct and straight to the point of asking denominated donations for very specific purpose.

Senator Angara announced that at present, there are 14 senators who are U.P. alumni. He said that U.P. President Roman has informed him that the data base for the Alumni Directory is being compiled and once completed, the Alumni Association would communicate with the alumni to solicit their support. In this regard, he disclosed that almost P1 billion had already been raised, P763 million of which came from Philippine-based alumni and P181 million from alumni abroad.

Senator Pangilinan looked forward to receiving communication and solicitation letters from the U.P. Alumni Association especially for the centennial celebration as he expressed hope that this would start regular contact between U.P. and its alumni.

At this juncture, Senate President Pro Tempore Ejercito Estrada inquired if he is included in the list of 14 senators who are U.P. alumni. Senator Angara replied in the affirmative, stating that the Senate President Pro Tempore is high up on the list because the Alumni Association is looking forward to a P10-million grant.

Still on the same matter, Senator Angara disclosed that last August, he joined U.P. President Roman and attended the U.P. Alumni Convention held in San Francisco which raised US\$ 1.5 million in just two days.

At this juncture, Senator Angara acknowledged and commended the following state universities: Mariano Marcos State University, Central Luzon State University, Visayas State University, Aklan State University and University of Southern Mindanao, for producing outstanding agricultural and technological, as well as research and development projects and outputs.

Also, Senator Angara informed the Body that the SUCs of the Cordillera had been requested to undertake the following special research projects: **AK**

1. Integrated Agro-Forestry System for the Cordillera;
2. Integrated Research and Development Program For Organic Vegetables, Legumes and Root Crops;
3. Improvement of the Fish-Shell Production in the Cordillera;
4. Improvement of the Cordillera Textile Industry; and
5. Integrated Research and Development for the Preservation of the Rice Terraces.

Senator Angara stated that these projects would be given special funding as he expressed the hope that in the next budget deliberations, the Senate would be informed of their success to justify the continuance of the research agenda.

#### **MANIFESTATION OF SENATOR PIMENTEL**

Senator Pimentel suggested that the amount of P30 million be provided for the U.P. centennial celebration.

Senator Angara relayed the appreciation of U.P. President Roman for the additional funding.

On another matter, Senator Pimentel asked that the Claveria State College in Misamis Oriental, his alma mater, be supported in promoting research on silk as well as in helping preserve the forests in the provinces in Mindanao. Senator Angara gave assurance that the Committee would do so immediately. He added that he would follow up on the initiatives of the college when the Body takes up the DENR budget in the next day's session.

#### **SUBMISSION OF THE BUDGETS OF STATE UNIVERSITIES AND COLLEGES**

Upon motion of Senator Pangilinan, there being no objection, the budgets of the State Universities and Colleges were deemed submitted for the Body's consideration.

#### **SUSPENSION OF SESSION**

Upon motion of Senator Pangilinan, the session was suspended.

*It was 8:57 p.m.*

#### **RESUMPTION OF SESSION**

At 9:06 p.m., the session was resumed.

#### **COMMISSION ON AUDIT**

Senator Arroyo presented the budget of the Commission on Audit.

#### **SUBMISSION OF THE BUDGET OF THE COMMISSION ON AUDIT**

There being no reservation for interpellation, upon motion of Senator Pangilinan, there being no objection, the budget of the Commission on Audit was deemed submitted for the Body's consideration.

#### **SUSPENSION OF SESSION**

Upon motion of Senator Pangilinan, the session was suspended.

*It was 9:07 p.m.*

#### **RESUMPTION OF SESSION**

At 9:11 p.m., the session was resumed.

#### **DEPARTMENT OF SOCIAL WELFARE AND DEVELOPMENT**

Senator Arroyo presented the budget of the Department of Social Welfare and Development.

#### **INTERPELLATION OF SENATOR PANGILINAN**

Citing the Juvenile Justice System Law, Senator Pangilinan stated that the Juvenile Justice and Welfare Council is supposed to be under the Department of Justice but the head of the Council is an under-secretary of the DSWD. Senator Arroyo explained that the disposition of juvenile cases is handled by the DSWD because they involve rehabilitative and not restorative justice.

Senator Pangilinan asked how much has been released for the implementation of the law since April 2006, noting that the law provided for an initial P50 million for setting up the Juvenile Justice Welfare Council (JJWC), which shall be taken from the proceeds of the PCSO. He expressed concern over reports from the PNP that there were problems in the 

implementation, effectiveness, understanding and intent of the law. He said he had received reports that in some instances, even minors involved in serious offenses, such as rape or serious physical injuries, were freed from custody. He explained that while the release of the minor offender is based on the premise that the action would be to his best interest, doing so for those involved in serious offenses would not be to their best interest because there is no restorative justice there. He asked how much of the P50 million has actually been released and utilized for the implementation of the law because he was told that there have been problems in terms of budgetary support from the Executive department.

For his part, Senator Arroyo believed that the problems in the law's implementation are more of an exception rather than the rule. He conceded that the conflict remains because the PNP and the DOJ would like to treat child offenders as adults and mete out retributive justice. He believed that more time is needed for the new system to work even as he recalled that it had taken two Congresses to craft and pass the law.

On a related matter, Senator Arroyo said that the DSWD had spent only P33 million of the P50 million budget in the past two years – P11.5 million in 2006, and P22 million in 2007. He explained that the remaining P30 million was used for capability-building and training of judges and the police.

Senator Pangilinan asked for details on the seminars conducted by the DSWD as he underscored the importance of greater information dissemination about the Juvenile Justice Law which is very different from the traditional criminal justice system, the very reason why the law has not been fully understood by some people. He also maintained that contrary to the belief that the law is soft on crime as there is no longer any accountability on the part of child/minor offenders, in fact, the juvenile justice system was specifically crafted for children in conflict with the law.

Senator Pangilinan also asked whether the law is still underfunded in light of the need to hire and train new social welfare officers for the new legal system that is being put in place. Senator Arroyo replied that while the DOJ is underfunded, P43 million of its proposed P73.78 billion appropriation for 2008 is being set aside for Capital Outlay, P5 million for Personal Services, and P25 million for MOOE.

On whether cutbacks made by the Committee in Finance in the DOJ appropriation would be restored, Senator Arroyo replied in the affirmative, as he noted the big difference between the P89-million DSWD budget and the P73-million DOJ budget.

Asked how the government plans to address the lack of rehabilitation facilities for children in conflict with the law, Senator Arroyo said that while P22 million of the DOJ's P50-million budget for the implementation of the Juvenile Justice law had been set aside for Capital Outlay, there has been no allocation for the same purpose in 2008. He said that he would welcome amendments at the appropriate time as he believed that the project could not succeed without the existence of such facilities.

Senator Pangilinan requested a comparative report from the Juvenile Justice Welfare Council on the number of child offenders in police custody, along with their case details, prior to and following the passage of the law and on the steps it had taken, including a listing of seminars and programs it had implemented to ease tensions between the DOJ and the PNP due to their differing views of handling children in conflict with the law. He expressed disagreement with the belief of some police directors that the law has resulted in more crimes committed by minors emboldened by the fact that they are no longer criminally liable. For instance, he maintained that instead of going after minors acting as drug couriers, the police ought to run after the criminal syndicates that they work for. He believed that bringing back criminal liability to minors would not address the problem of drug syndicates considering that the big guns in such organizations are not children. He expressed hope that the PNP is not suggesting such an amendment only because of their incapability to run after the syndicates. He expressed the view that there have been problems in the law's implementation mainly because people are resistant to change.

For his part, Senator Arroyo hoped that the DOJ, PNP and the DSWD would be able to work harmoniously in implementing the law.

Senator Pangilinan said that shifting paradigms must be processed by way of programs offering workshops, seminars and trainings.

Asked which agency is in charge of the P31 million funding from the DOJ for purposes of the implementation of the law, Senator Arroyo replied that it is the DSWD.

## **INTERPELLATION OF SENATOR PIMENTEL**

Asked by Senator Pimentel whether the DSWD has already caused the building of the facilities to house minor offenders, Senator Arroyo replied that it would be hardly possible for the DSWD to build any facilities with a Capital Outlay of only P22 million.

To the suggestion that the department employ a graduated kind of scheme, in consultation with the Senate, whereby all major regions in the country would have their respective facilities, Senator Arroyo agreed, saying that this would address the problem of the PNP and the DOJ in compartmentalizing the adult offenders from the minor ones.

Senator Pimentel stated that this would also protect minor offenders from being used as tools by criminal syndicates. He said that he would discuss the matter with the DSWD and introduce the necessary amendments at the proper time.

At this point, Senator Pangilinan said that this proposal would, in effect, also give minor offenders a new lease on life as the law allows them, through the diversion program, to undergo TESDA training for welding and computer programming, among others, and improve their lot.

## **SUBMISSION OF THE BUDGET OF THE DEPARTMENT OF SOCIAL WELFARE AND DEVELOPMENT**

Upon motion of Senator Pangilinan, there being no objection, the budget of the Department of Social Welfare and Development was deemed submitted for the Body's consideration.

## **SUSPENSION OF SESSION**

Upon motion of Senator Pangilinan, the session was suspended.

*It was 9:47 p.m.*

## **RESUMPTION OF THE SESSION**

At 9:50 p.m., the session was resumed.

## **DEPARTMENT OF AGRARIAN REFORM**

Senator Pangilinan stated that the Body would be tackling the budget of the Department of Agrarian

Reform (DAR), and of its two offices, namely, the Office of the Secretary and the National Commission on Indigenous Peoples.

## **INQUIRY OF THE CHAIR**

Asked by the Chair whether the DAR Secretary is aware of the plight of the Sumilao farmers, Senator Angara replied in the affirmative, adding that the secretary would be meeting with these farmers the following day.

Asked whether this case is still within the DAR's jurisdiction, Senator Angara affirmed, saying that this has been remanded recently to the department by the Office of the President. He added that DAR's legal arm has been carefully studying this case.

## **SUBMISSION OF THE BUDGETS OF THE DEPARTMENT OF AGRARIAN REFORM AND THE OFFICE OF THE SECRETARY**

Upon motion of Senator Pangilinan, there being no objection, the budgets of the Department of Agrarian Reform and the Office of the Secretary were deemed submitted for the Body's consideration.

## **ANNOUNCEMENT OF SENATOR PANGILINAN**

Senator Pangilinan stated that the Body would tackle the budget of the National Commission on Indigenous Peoples the following day, subject to the scheduling by the Committee on Finance.

## **INQUIRIES OF SENATOR PIMENTEL**

At this point, Senator Pimentel inquired into the reported lease of some one million hectares of agricultural land to Chinese investors.

Senator Angara conveyed the assurance of the Agriculture secretary that the department would not pursue the lease or any other arrangement.

Upon further query, Senator Angara stated that 1.1 million hectares are technically subject to CARP.

Asked why those lands have not been placed under CARP, Senator Angara replied that the government lacks acquisition money and some of the landowners have successfully delayed the acquisition. *Y*

Saying that the implementation of CARP has been spotty since its inception, Senator Pimentel asked what the DAR officials could recommend to Congress. Senator Angara bared that this issue has been extensively discussed during the public hearing because CARP shall expire in June 2008. Part of the Committee's suggestion, he said, is to set aside a certain amount so that an independent study can be commissioned to determine whether the government should continue CARP and, if so, what direction it should take, and if not, what should be done about the program. He stated that there is an ongoing internal study which naturally favors the renewal of CARP. He stated that there is a proposal to allocate P10 million to fund an independent study that would validate certain aspects about the program such as the concentration on acquisition money and the lack of technical support to the beneficiaries, 50% of whom have reportedly already sold their land.

In closing, Senator Pimentel asked the DAR to give an accounting of the Marcos ill-gotten wealth, at least that portion that was supposedly given to the department to enable it to accomplish its mission, specifically how much has been given to DAR from the very start and how it was expended. Senator Angara replied that so far, P162 billion has been appropriated for the program, P136 billion of which came from the Marcos ill-gotten wealth. He asserted that an honest-to-goodness appraisal, assessment and evaluation of the program are really necessary so as to help the lawmakers decide whether to continue the program or not.

#### **SUBMISSION OF THE BUDGET OF THE NATIONAL COMMISSION ON INDIGENOUS PEOPLES**

Upon motion of Senator Pangilinan, there being no objection, the budget of the National Commission on Indigenous Peoples was deemed submitted for the Body's consideration, subject to the reservation of Senators Legarda and Madrigal to interpellate at the proper time.

#### **SUSPENSION OF SESSION**

Upon motion of Senator Pangilinan, there being no objection, the Senate President Pro Tempore suspended the session until eleven o'clock in the morning of the following day.

*It was 10:02 p.m.*

#### **RESUMPTION OF SESSION**

At 11:24 a.m., Thursday, November 29, the session was resumed with Senate President Pro Tempore Ejercito Estrada presiding.

#### **FOURTH 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. 1920, entitled

#### **AN ACT TO SUBSIDIZE NEWSPAPER SUBSCRIPTIONS OF PUBLIC SCHOOL LIBRARIES**

Introduced by Senator Manny Villar

**To the Committees on Education, Arts and Culture; Public Information and Mass Media; and Finance**

Senate Bill No. 1921, entitled

#### **AN ACT INSTITUTIONALIZING SKILLS TRAINING AND RETRAINING AND FOR OTHER PURPOSES**

Introduced by Senator Manny Villar

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

Senate Bill No. 1922, entitled

#### **AN ACT PROVIDING FOR THE MAINTENANCE AND SUPPORT OF ELDERLY MEMBERS OF THE FAMILY, AND FOR OTHER PURPOSES**

Introduced by Senator Manny Villar

**To the Committees on Social Justice, Welfare and Rural Development; and Youth, Women and Family Relations** *K*

Senate Bill No. 1923, entitled

**AN ACT PROVIDING FOR GREATER FISCAL AUTONOMY IN FAVOR OF LOCAL GOVERNMENT UNITS (LGUs) IN THE CHOICE OF DEPOSITORY BANKS, AMENDING SECTION 311 OF REPUBLIC ACT NO. 7160, OTHERWISE KNOWN AS THE LOCAL GOVERNMENT CODE OF 1991**

Introduced by Senator Manny Villar

**To the Committee on Local Government**

Senate Bill No. 1924, entitled

**AN ACT TO ESTABLISH A FUND KNOWN AS THE TRANSPORT COOPERATIVES LOAN FUND TO FINANCE THE ACQUISITION OF VEHICLES BY TRANSPORTATION COOPERATIVES**

Introduced by Senator Manny Villar

**To the Committees on Cooperatives; and Banks, Financial Institutions and Currencies**

### **RESOLUTIONS**

Proposed Senate Resolution No. 225, entitled

**RESOLUTION DIRECTING THE APPROPRIATE COMMITTEES IN THE SENATE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, INTO THE VIABILITY OF PRIVATIZING THE JAIL MANAGEMENT SYSTEM IN THE COUNTRY, WITH THE END IN VIEW OF DECONGESTING THE JAILS IN OUR COUNTRY AND ENSURING A MORE HUMANE LIVING CONDITIONS FOR OUR PRISONERS AND PROVIDING AN ADEQUATE REHABILITATIVE FACILITIES FOR OUR INMATES**

Introduced by Senator Manuel "Lito" M. Lapid

**To the Committees on Justice and Human Rights; and Public Order and Illegal Drugs**

Proposed Senate Resolution No. 226, entitled

**RESOLUTION DIRECTING THE APPROPRIATE SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE REPORTED GOVERNMENT APPROVAL OF AN EXPERIMENT BY AN AUSTRALIAN-BASED COMPANY, OCEAN NOURISHMENT COMPANY TO RELEASE 500 TONS OF GRANULATED UREA INTO THE SULU SEA TO TEST ITS NEW TECHNOLOGY FOR CARBON SEQUESTRATION AND OCEAN FERTILIZATION**

Introduced by Senator Juan Miguel F. Zubiri

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

### **MORNING AGENDA**

Senator Escudero announced that in the morning's session, the Body would take up the budget of the Office of the Press Secretary.

**COMMITTEE REPORT NO. 22  
HOUSE BILL NO. 2454**

*(Continuation)*

Upon motion of Senator Escudero, there being no objection, the Body resumed consideration, on Second Reading, of House Bill No. 2454, entitled

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

Thereupon, the Chair recognized Senator Enrile, Sponsor of the measure, and Senator Pimentel for his interpellation.

### **OFFICE OF THE PRESS SECRETARY**

Senator Enrile presented the budget of the Office of the Press Secretary with an allocation of P845,966,000. He stated that the President proposed an allocation of P840,285,000 for the office to which *AC*

the Senate and the House of Representatives agreed, and that all agencies under the umbrella of the Press office were granted the same amount as proposed in the President's submission except for the PTV-4 whose P50-million equity contribution was increased by the House of Representatives to P573,930,000 and the Senate by P100 million or a P150 million increase.

### **INTERPELLATION OF SENATOR PIMENTEL**

Asked by Senator Pimentel on the status of the privatization of sequestered television stations, Senator Enrile replied that these television stations are mired by litigations and until the cases are resolved either through the courts or through compromise agreements, the government would not be able to privatize the assets.

As to the status of RPN Channel 9, he said that it is subject of a case pending before the *Sandigan-bayan* because the estate of the late Roberto Benedicto is reclaiming 40% of its equity.

Senator Pimentel recalled that the PCGG was created to identify the true owners of sequestered firms on the theory that they were owned by the late President Marcos and that the layers of ownership were part of cover-up. He expressed dismay that after 35 years, the true owners have yet to be determined and identified, depriving the persons who ought to be recognized as the owners of their assets which is contrary to all policies of the WTO and the free market. Moreover, he disclosed that employees of Channel 9 were not getting what is due to them, adding that their salaries have been delayed for months.

On the same issue, Senator Enrile wondered why Channel 13 that was owned by the Sorianos, and Channel 9 that was owned by the Benedictos, became the properties of the government. He recalled that before martial law, Channel 9 used to be known as KBS and during the martial law regime, it was the only surviving television station in the country and it took over the sequestered facilities of ABS-CBN; after the 1986 EDSA revolution, all the sequestered properties under the control of the Department of National Defense, including ABS CBN, were released but KBS or Channel 9 remained sequestered under the control of the PCGG.

As regards the status of the sequestered television stations, Senator Enrile said that they are under the control of the PCGG but are being operated by the

government. He said that it is about time that the government agreed to compromise on these cases to get the best deals, both for the government and the legitimate claimants like Channel 9 which is really owned by the Benedictos.

On whether the appropriation of the Bureau of the Broadcast Services under the OPS is subsidizing some of these television stations, Senator Enrile replied in the affirmative, saying that all the facilities are under the control of the government. He clarified that since the Bureau of Broadcast Services controls and runs the government radios, their employees are considered government employees and the facilities are government assets. Further, he said that there is no government subsidy for Channels 9 and 13 because although they are sequestered assets, they are operating on their own.

To the suggestion that Congress look into the use of Channels 9 and 13 which are being used mainly to air government propaganda during the elections, in the process depriving the opposition of equal air time, Senator Enrile agreed.

Asked if the charter of PTV 4 has been passed, Senator Enrile said that he was informed that PTV-4 is still operating under the old charter because Congress has yet to pass the bill creating a new charter for PTV-4.

At this point, Senator Angara informed the Body that the new charter which he and Senator Aquino sponsored in 1992 was passed. He affirmed that the conception then was for Channel 4 to ultimately have a BBC-type of broadcasting — educational, independent and neutral — but this did not happen.

Senator Angara said that in the succeeding Congress, an amendment to the charter was introduced, and this could be the one referred to as not having passed. Confirming the information, Senator Enrile said that Republic Act No. 7306, the law that governs the operation of PTV-4, was passed on March 26, 1992.

Senator Pimentel urged the PTV-4 management to share their proposals towards amending the charter to strengthen and make it a credible television station. He likewise expressed his willingness to support and file the necessary bill.

Senator Enrile pointed out that the function of the government to communicate with the world what ~~is~~ <sup>is</sup>

is happening in the country is actually being done by ABS-CBN News Channel. Senator Pimentel affirmed the need for PTV-4 to do so in an impartial, true and credible manner.

#### **INTERPELLATION OF SENATOR ROXAS**

Asked by Senator Roxas on the business model used by PTV-4 — whether it intends to earn money or is a fully funded entity by government, Senator Enrile explained that it is primarily an arm of the government to communicate to the public and to the world its vision and what is happening in the country; it is not profit-oriented but is still trying to earn its keep, although not in the same manner as other business organizations are competing for profit. Senator Roxas agreed that PTV-4 should be true to its mandate to be an information and communication arm of government and not necessarily a profit-making entity.

Senator Roxas asked how much of the programming of PTV-4 is dedicated to educational programs such as reading, writing and arithmetic, what times of the day these are aired, and whether there is, in fact, a harmonization between the stated priorities of government and the actions undertaken by the station as a communications arm of government. Senator Enrile said that the PTV-4 management would provide the Senate with a new programming proposal.

Senator Roxas disclosed that the government has undertaken a project that entails the borrowing of \$500 million supposedly to broadcast education-related programs in the countryside, which PTV-4 has the capability to broadcast. He expressed hope that such an asset is operated and managed in a way that is supportive of Congress' stated goals and vision. Senator Enrile added that PTV-4 should likewise disseminate information regarding the activities not just of the Executive department but also of Congress and of the Judiciary.

Senator Roxas hoped that he could have a listing of its programs in one or two months.

#### **MANIFESTATION OF SENATOR LEGARDA**

Senator Legarda stated that she has a soft spot for PTV-4, then NBN-4, as it gave her a jump in her career when she started out in America 20 years ago. Hoping that the budget of the station would increase, she articulated support for the station's

move to transform itself into an information channel or a BBC-type of station without allowing itself to be used by any administration for propaganda, but to give accurate, unbiased and comprehensive reports.

Senator Legarda also called upon the three government networks and the Philippine Information Agency to balance their news and cover even legitimate Opposition stories. Noting the tendency of government-controlled stations to cover only pro-administration projects and events, she expressed hope that they would use better editorial judgment and fair reporting to provide a balanced view of the political reality in the country.

Finally, she expressed hope for the privatization of Channels 9 and 13 soon and that the court would decide on their cases as soon as possible.

#### **SUBMISSION OF THE BUDGET OF THE OFFICE OF THE PRESS SECRETARY AND ITS ATTACHED AGENCIES**

Upon motion of Senator Escudero, there being no objection, the budget of the Office of the Press Secretary and its attached agencies was deemed submitted for the Body's consideration.

#### **SUSPENSION OF SESSION**

Upon motion of Senator Escudero, the session was suspended.

*It was 12:03 p.m.*

#### **RESUMPTION OF SESSION**

At 12:08 p.m., the session was resumed.

#### **DEPARTMENT OF TRADE AND INDUSTRY**

Senator Angara presented the budget of the Department of Trade and Industry.

#### **INQUIRY OF SENATOR PIMENTEL**

At this juncture, Senator Pimentel recalled that in yesterday's session, it was agreed that all the cabinet secretaries as well as the heads of offices and agencies have to be present during the presentation of their respective budgets to impress upon them that they cannot ignore the legislative's budgetary process.

*MD*

Asked to explain why Secretary Favila of the Department of Trade and Industry was not in the session hall, Senator Angara explained that Secretary Favila was in the session hall since 9:30 that morning but requested to be excused because he was instructed to proceed to Makati in view of the reported attempt to take over the Makati Stock Exchange. He said that he gave the Secretary permission to leave because it was an emergency situation.

Nonetheless, Senator Pimentel commented that the absence of Secretary Favila should not be taken as a precedent.

Thereafter, the Chair recognized Senator Roxas for his manifestation.

#### **MANIFESTATION OF SENATOR ROXAS**

Senator Roxas noted that over the last seven hearings on the JPEPA, it became apparent that the present system of providing support for agreements and treaties was inadequate due to lack of coordination among the agencies of the government and the inconsistent statements of officials of different departments. In this regard, he recalled that along with Senator Angara, he endeavored to create the Office of the Philippine Trade Representative because of the urgent need for it. Not knowing how Congress would react to his proposal, he proposed that the DTI, as the lead agency in all international trade negotiations, create a virtual Office of the Trade Representative to ensure greater coordination, accountability and cohesiveness most especially in determining the philosophy, strategy and tactics of the Philippine delegation in every agreement or treaty negotiation.

Senator Roxas pointed out that the U.S. government itself had created a high-level cabinet agency to harmonize the government's position in negotiations with the European Union, the World Trade Organization or a country like the People's Republic of China. He hoped to see the organizational structure of the Office of the Trade Representative that reflects the importance of international trade negotiations.

In this connection, Senator Roxas requested Senator Angara to instruct the DTI to submit to the Senate a list of the actions it has undertaken to create the said office.

Senator Angara agreed on the necessity and importance of the Office of the Trade Representative

especially in the light of the waning importance of the WTO and the growing significance of regional and bilateral negotiations. He strongly suggested that the DTI officials sit down with the Committee and the Office of Senator Roxas to determine if an interim arrangement could be set up before the end of the budget deliberations. He expressed hope that the DTI would submit a formal proposal to be incorporated in the measure creating the Office of the Trade Representative.

Senator Roxas expressed his appreciation for the support of Senator Angara as he emphasized that the proposal should include actual funding.

Finally, Senator Roxas stated that once established through law, the office would need technical expertise and operational support, among others, and a head who understands macro-concerns and operational details.

Relative thereto, Senator Angara reported that the Committee made three basic changes in the budget of the DTI, not necessarily reducing the amount but realigning and refocusing their priorities:

- 1) Redirecting funding for promotion of trade and industry more towards domestic business specifically small- and medium-scale enterprises (SMEs); for this purpose, a special task force was created to extend services to rural areas;
- 2) Readjusting the budget from foreign trade promotion to domestic trade promotion so as to strengthen the local economy and lessen the dependence on foreign investment; and
- 3) Creating, under an internal arrangement, a trade commission office.

#### **INTERPELLATION OF SENATOR LEGARDA**

Asked by Senator Legarda about the 3% cut in the allocation for SME Development and Promotion Services, Senator Angara clarified that not a single centavo was cut from the budget of the DTI because the President's budget submission of P733 million for the DTI was approved by both the Senate and the House of Representatives.

As regards the allocation for the promotion of SMEs, Senator Angara stated that precisely, the special task force was formed to promote the concept of micro enterprise in the rural areas where SMEs *are*

operate. He said that the DTI budget could be augmented not by increasing the President's proposal but by realigning it internally, which is exactly what the Committee did.

Senator Legarda asked how much of the P733 million DTI allocation would go to promotion, development and assistance to SMEs, and whether it is sufficient in the event the amendatory bill including micro enterprises in the Magna Carta for Small and Medium Enterprises is enacted into law, not to mention the unimplemented law governing barangay business enterprises.

### SUSPENSION OF SESSION

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

*It was 12:35 p.m.*

### RESUMPTION OF SESSION

At 12:40 p.m., the session was resumed.

In reply, Senator Angara allayed Senator Legarda's fear that funds for the SMEs might be insufficient especially with the inclusion of micro enterprises, as he cited the P20 million international grant and an additional P80 million to be realigned. He directed the Secretariat to provide Senator Legarda with the breakdown of the P733 million lumpsum appropriation. He explained that there was no separate budget for the SMED Councils because their funding is sourced from LGUs and other agencies, and that the DTI simply provides the personnel and logistics.

Asked if the One Town One Product (OTOP) program is funded from the P733 million budget and what products are available to the SMED Councils, Senator Angara replied that he had seen some of the products during fairs already conducted, and he pointed out that so far the OTOP program has created 42,000 jobs, generated \$95 million in export sales, developed 942 new SMEs, assisted 3,452 new SMEs, as well as established 137 *Pasalubong* centers and 752 OTOP market outlets.

Likewise, Senator Legarda asked how the DTI implemented its information dissemination campaign on the Barangay Micro Business Enterprise (BMBE) program which aims to spur economic activity in the

grassroots level by providing incentives and benefits to barangay micro businesses for their formation and growth, as she noted that barangay leaders and local government officials do not seem to be familiar with it. Senator Angara acknowledged that LGUs, mayors and governors had been reluctant to help facilitate the registration of BMBEs which they consider as a threat to their revenue collection, but he believed that a more aggressive and consistent communication program by the DTI's regional and provincial offices would help create a better understanding and appreciation of the benefits of the program. He explained that the task force that would be created under the bill could conduct an effective information and educational campaign as well as provide training and technical assistance to the BMBEs. He underscored the importance of information and education in enlightening people on the benefits of the BMBEs as more economic and business activities would help increase local government revenues.

Senator Legarda expressed her interest to have an active participation in the DTI's Task Force on Rural Development. Senator Angara gave assurance that he would relay her sentiments to the chair of the Finance Committee so that she could help draft the implementing rules of the task force.

Senator Legarda noted that the Committee on Social Justice, Welfare and Rural Development has a pending bill which aims to include centers that would promote business and micro enterprises in every municipality and city. However, she expressed reservation that these might only duplicate the function of SMED councils. Nevertheless, she believed that all these efforts could be coordinated and that the localities ought to be informed of the resources, incentives and privileges available to them based on existing law.

Senator Angara believed that rather than having a national secretariat, it would be more effective if the DTI assisted the local governments in putting up their own promotion and development units so that the tangible benefit of this effort would be felt even at the grassroots level.

Upon further queries, Senator Angara clarified that the 88 SME centers run by the DTI representatives in the provincial level are different from the SMED councils as the centers refer to physical location while the council is a body. He disclosed that the DTI is trying to change the practice of seconding *AS*

*MS*

its employees to these centers so that local communities would have a sense of ownership and be willing to spend for them. He added that the DTI could provide the technical assistance for these centers while leaving the rest to the local government.

Asked for the rationale behind the existence of the SMED councils and SME centers since provincial residents still do not seem to know how to go about utilizing the maximum potential of the natural resources in their areas, Senator Angara replied that converting the DTI provincial offices into information centers would help solve the problem.

To the comment that rural development is the key to economic empowerment, Senator Angara stated that it was only after 20 years that the World Bank (WB) realized its mistake in neglecting rural development and agriculture, that was why, it has redirected its entire development efforts and lending to these two areas in the belief that this is the best way to beat poverty.

Senator Legarda commented that the deployment of SME centers and Public Employment Service Office (PESO) officers should have addressed the problem of poverty and unemployment. She stressed the importance of proper information dissemination so as to bring government closer to the people. In reply, Senator Angara agreed that government ought to take a different approach to development by empowering local communities and the local government. He said that there would be no improvement unless there is a change in the legislators' mindset towards decentralization and devolution considering that there is still the tendency to create more agencies that practically run local affairs.

Senator Legarda stated that she would like to see a detailed enumeration of how the proposed P733 million allocation would be utilized along with a list of all the 88 SME centers.

Asked whether the DTI had taken steps to minimize, if not totally recall hazardous goods such as imported goods from China that were found to contain toxic substances, Senator Angara said that while industrial goods and non-foods fall under the mandate of the DTI, food products are covered by the mandate of the Department of Health. He explained that since there is no single agency in charge of these matters, the Committee has encouraged the DTI, as the lead agency, to establish

an inter-agency body to monitor and act on any consumer complaints on both food and non-food consumer goods.

Upon further queries, Senator Angara stated that while it was the Department of Health that issued the recall order on the toxic-contaminated products from China, the DTI nevertheless is very supportive of the directive.

Asked to elaborate on the DTI's programs such as the National Competitiveness Agenda, Strengthening Consumer Protection, Intensifying Clear Government Measures, and Expanding Business for Economic Transformation that fall under the item "New Appropriations for New Locally Funded Projects" which has a P191-million appropriation, Senator Angara said that these are potential sources of realignment for the initiatives of the task force on SMEs development. He clarified that the full amount might not be utilized but a substantial portion would be realigned specifically for focused spending on consumer protection, assistance to SMEs in the rural sector, and the creation of an interim Office of the Trade Commissioner.

Senator Legarda commended the tangible projects planned by the Office of the Trade Commissioner. She said that she would introduce the necessary amendments at the appropriate time, particularly increase in DTI's P733-million budget by realigning funds from other areas such as the P191 million from the allocation for new appropriations because she could not understand the actual purpose behind it. Senator Angara noted that this was precisely the reason why the DTI would be realigning not only P80 million from the P191 million as additional funding for SMEs but also a certain amount from the remaining P110 million balance for consumer protection efforts.

Expressing her support for the DTI, Senator Legarda urged the department to be proactive, dynamic and vigilant in implementing the laws on the countryside barangay business enterprises which should empower economic activity in the barangay level so as not to leave the local governments feeling insecure, and the micro and small and medium enterprises which is actually the formula towards the country's economic development.

For his part, Senator Angara suggested that the DTI refocus its attention, efforts and funding to improve and encourage domestic trade, promote economic activities in the rural areas where 90% of ~~the~~

the SMEs and microfinance are in the rural sector and mostly agricultural-based.

Senator Legarda also urged the Design Center of the Philippines and the CITEM to assist small and medium enterprises, as she expressed confidence that the Filipino can produce many beautiful and potentially good export products. She cited products she had seen in the Crate and Barrel and other boutiques abroad which were exported by Gov. Elrey Villafuerte without any assistance from the government. She said that she was proud that Filipino products have reached big boutiques and department stores abroad like the Celestina bags costing US\$2,000 to US\$5,000 and being used by Hollywood celebrities. She pointed out that the products, which were designed by a couple who presented their prototypes to Barney's and Saks 5<sup>th</sup> Avenue, were made from mother of pearls, silver from Baguio and gold from Bulacan.

Senator Legarda urged the DTI and their offices abroad to assist Filipino exporters and creative entrepreneurs who have given a good name to the Filipino products.

#### **SUBMISSION OF THE BUDGETS OF THE DEPARTMENT OF TRADE AND INDUSTRY AND ITS ATTACHED AGENCIES**

Upon motion of Senator Escudero, there being no objection, the budgets of the Department of Trade and Industry and its attached agencies were deemed submitted for the Body's consideration.

#### **SUSPENSION OF SESSION**

Upon motion of Senator Escudero, the session was suspended until two-thirty in the afternoon.

*It was 1:10 p.m.*

#### **RESUMPTION OF SESSION**

At 2:54 p.m., the session was resumed.

#### **OTHER EXECUTIVE OFFICES**

Senator Escudero presented the budgets of the Other Executive Offices, namely:

- ♦ Film Development Council of the Philippines;

- ♦ Movie and Television Review and Classification Board;
- ♦ National Intelligence Coordinating Agency;
- ♦ Palawan Council for Sustainable Development Staff;
- ♦ Philippine Racing Commission;
- ♦ Cagayan Economic Zone Authority;
- ♦ Zamboanga City Special Economic Zone Authority;
- ♦ Southern Philippines Development Authority;
- ♦ Commission on the Filipino Language;
- ♦ Presidential Legislative Liaison Office;
- ♦ Office of Muslim Affairs;
- ♦ Dangerous Drugs Board;
- ♦ Presidential Commission for the Urban Poor;
- ♦ Philippine Drug Enforcement Agency;
- ♦ Presidential Management Staff;
- ♦ Games and Amusement Board;
- ♦ National Commission on the Role of Filipino Women;
- ♦ Development Academy of the Philippines; and
- ♦ The Presidential Commission on Good Government.

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

There being no reservation for interpellation, upon motion of Senator Escudero, there being no objection, the budgets of the aforementioned Other Executive Offices were deemed submitted for the Body's consideration, subject to recall should any Member decide to interpellate at a later time.

#### **SUSPENSION OF SESSION**

Upon motion of Senator Escudero, the session was suspended.

*It was 2:57 p.m.*

#### **RESUMPTION OF SESSION**

At 3:27 p.m., the session was resumed. *40*

*158*

## **RECONSIDERATION OF THE SUBMISSION OF THE PCGG BUDGET**

Upon motion of Senator Escudero, there being no objection, the Body reconsidered the submission of the PCGG budget.

## **SUBMISSION OF THE BUDGET OF THE NATIONAL ANTI-POVERTY COMMISSION**

Upon motion of Senator Escudero, there being no objection, the budget of the National Anti-Poverty Commission was deemed submitted.

## **DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES**

Senator Angara presented the budget of the Department of Environment and Natural Resources (DENR). He stated that there was no substantial change in the DENR budget that aims to rechannel the spending of the agency to achieve the following objectives: forest protection, watershed protection, coastal resources management, and education and information on carbon trading and the delineation of the country's continental shelf.

## **MANIFESTATION OF SENATOR MADRIGAL**

Senator Madrigal manifested that subject to the appearance of Secretary Atienza on another date, she would agree to the submission of the budget of the DENR.

Senator Angara gave assurance that the Secretary would attend the budget deliberation and his absence in the day's session was understandable given the situation in Makati.

Senator Aquino seconded the manifestation of Senator Madrigal, adding that the presence of the Secretary is essential to the budget deliberation.

Senator Angara indicated that even if the Secretary was not present, he was ready to answer questions as adequately as possible, because anyway it is not the Secretary who answers questions from the Senators.

## **SUSPENSION OF THE SESSION**

Upon motion of Senator Aquino, the session was suspended.

*It was 3:34 p.m.*

## **RESUMPTION OF SESSION**

At 3:34 p.m., the session was resumed.

## **INTERPELLATION OF SENATOR AQUINO**

Asked how much of the DENR budget has been earmarked for the delineation of forest and watershed boundaries, Senator Angara replied that P200 million has been allocated for the purpose.

On the total funding to comply with the UN Convention on the Law of the Sea (UNCLOS) specifically in the delineation of archipelagic waters, Senator Angara stated that P380 million has been allocated, P150 million of which shall be used to acquire equipment as well as two survey vessels, and P230 million for "parallel principal activities" involving other government agencies. He said that no money has been expended yet for the delineation survey.

Asked if P380 million would suffice to cover all the needs for the project so as to preserve the country's right to its exclusive economic zone, Senator Angara explained that the proposal came from the DA itself and that, in fact, the Committee thought that the money was too much for the purpose. However, upon closer inspection of data submitted to it, he said that the Committee was convinced that P380 million would suffice to be able to define very clearly the extent of the country's continental shelf.

Senator Aquino asked why there was no allocation for personal services under the NAMRIA budget which covers the RP Extended Continental Shelf Delimitation Project, given the fact that there are survey vessels involved. Moreover, he said that he was not aware if personnel with maritime experience are in the DENR plantilla. In reply, Senator Angara explained that existing regular government personnel from NAMRIA, Navy, Bureau of Fisheries and Aquatic Resources, Philippine Coast Guard, and the Philippine Coast and Geodetic Survey would be tapped to man the survey vessels. He believed that they are already quite experienced because they have been doing such activities on a regular basis.

Senator Aquino inquired how much further work is still needed given the fact that the Philippines has a bigger coastal area than, for instance, the United States. Senator Angara replied that the total area is about two million square kilometers which would *15*

require a specialized survey because unlike the delineation of the 200-kilometer territorial sea, the project includes the mapping of, in careful detail, some deepwater areas, including those in the China Sea, Scarborough, and the Kalayaan area close to the Spratlys, over which some countries have put parallel claims.

Asked if the P380 million is not intended to service other areas, Senator Angara said that the area in the Pacific across Isabela called the Benham Rise shall also be covered.

Asked how 200,000 square kilometers of coastline could be surveyed by only two vessels in less than two years, Senator Angara clarified that the area to be delineated covers the country's economic zones where survey work has been done since 1999. However, he pointed out that the current focus is on three locations – Scarborough of Zambales, Kalayaan of Palawan, and Benham Rise of Isabela and east of Cagayan. He predicted that very soon, there would be oil and gas coming out of Cagayan because it is known to be potentially rich in oil and gas.

On the likelihood that the two vessels could cover 150,000 square kilometers in the period of time left to be able to comply with the country's commitments to UNCLOS, Senator Angara said that the NAMRIA head has given assurance that given the availability of funds and the two vessels, it would be able to complete it on time for the deadline in 2009.

Senator Aquino wondered how one vessel could accomplish mapping 75,000 square kilometers of very deep waters in less than two years. Senator Angara replied that the effort would be done in cooperation with the Navy and other government agencies.

Even as he hoped that the work would be done within the given period, Senator Aquino warned that the penalty of failure is high if the calculations were wrong. Senator Angara affirmed that if the deadline is not met, the area would be deemed an open frontier and anyone could come in and explore for gas and oil. However, he relayed the confidence expressed by the officials concerned that through the joint efforts of the DENR, Department of Energy, U.P. Institute of Geology, Bureau of Mines, Bureau of Fisheries and Aquatic Resources and an army of private consultants who are covered by the budget, particularly on Item No. 4 on locally funded project,

the country would be able to comply with its commitment. Moreover, he pointed out that the other cooperating agencies have vessels equipped to carry out the function that the two survey vessels are also tasked to do, while others would be leasing and hiring to help in the effort. He said that NAMRIA expects to complete the project and would be ready to report by December 2008.

Asked if there is any funding assistance available from the United Nations or from any foreign entity for the project, Senator Angara replied in the negative.

#### **INTERPELLATION OF SENATOR ZUBIRI**

Senator Zubiri disclosed that a few weeks ago, there was a lot of hype on a planned ocean fertilization or the dumping of 500 tons of granulated urea into the Sulu Sea by an Australian company called Ocean Nourishment Corporation to test a new technology for carbon sequestration that would help mitigate the effects of global warming. He explained that the plan is to dump massive amounts of urea in nutrient-poor sites on the premise that urea, acting much like a plant fertilizer, would theoretically induce algae blooms in the hope of having more food for the fish to eat.

However, Senator Zubiri pointed out that in agriculture, urea is a by-product of oil and many concerns have already been raised about such a new technology, especially since the impact and risk of such an experiment have not yet been established. Moreover, he said that according to the World Wildlife Fund (WWF), the nitrogen runoff from agricultural land historically produces red tide when it reaches the shore of the coastal areas.

Senator Zubiri asked if the DENR has started the project and, if not, whether it could hold it off so that it can instead be tested in other places like the Great Barrier Reef rather than the Tubbataha area in the Sulu Sea.

Replying thereto, Senator Angara disclosed that the government, through the DENR, had totally rejected the Ocean Nourishment Project, which was put together by an Australian university in conjunction with the U.P. College of Fisheries-Visayas, because the chemical fertilizer runoff damages ocean, particularly the corals, and causes red tide.

Asked if a permit had been issued, Senator Angara replied that there was none. *AK*

Senator Zubiri said that he has still many questions on the steps being taken by the department to mitigate global warming and climate change which, he hoped, the succeeding hearings of the Committee on Environment and Natural Resources would unearth.

### **SUSPENSION OF SESSION**

Upon motion of Senator Angara, the session was suspended.

*It was 3:57 p.m.*

### **RESUMPTION OF SESSION**

At 4:00 p.m., the session was resumed.

Upon resumption, Senator Angara informed the Body that the DENR has pursued traditional reforestation and has submitted a list of 60 clean development mechanism proposals, 14 registered projects in the country and one project where a certificate had already been issued. He stated that if the 60 applications would be approved, the Philippines would be credited with 2,525,000 tons of carbon dioxide credits, of the 14 registered projects, the country would also be given 359,718 tons of carbon credit while for the project with an issued certificate, the Philippines obtained 27,807 credits.

Senator Angara commented that the credits may look small given the magnitude of global carbon emission but the DENR is doing something concrete. He hoped that the DENR would push the program even more with the allocation of funds for special information and education campaign.

Asked if the figures on clean development projects on biofuel plants and reforestation came from private investments, Senator Angara replied in the affirmative.

Senator Zubiri expressed appreciation that the DENR is encouraging the private investors to invest in solar and wind-power plants because the government does not have the expertise to undertake such projects. He said that he would like the DENR to be a more active participant because a lot of simple things can be done to mitigate global warming and to lessen the country's dependence on bunker fuel and coal-fired plants.

To Senator Zubiri's proposal for a summit between the different departments and the LGUs to

come out with a comprehensive and integrated plan and a clear strategy in response to the global warming, Senator Angara agreed. He underscored the need for the government to have a comprehensive action plan on global warming that needs the involvement of the Department of Energy and other offices, including the infrastructure agencies, which are involved in producing carbon. He asserted that the biggest step that the Senate can take is to enact the renewable energy law since the Philippines has abundant natural resources.

Senator Zubiri hoped that the bill on renewable energy would be approved immediately so that clean, green and renewable carbon-free energy can be promoted.

As an unsolicited advice to the DENR, Senator Angara suggested that the department restrain itself in giving away the country's mines and forests and begin concentrating more on environmental protection.

### **SUSPENSION OF SESSION**

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

*It was 4:11 p.m.*

### **RESUMPTION OF SESSION**

At 4:15 p.m., the session was resumed.

### **INTERPELLATION OF SENATOR LEGARDA**

Preliminarily, Senator Legarda expressed the view that despite the ongoing crisis in Makati, the government must continue to work and serve the greater majority of the people. She bared that 85% of the hotel occupants have already been evacuated but some sniper shots have been heard. She expressed hope that there would be no violence. Senator Angara agreed and stated that public business must be carried on by those who are able to do it.

On the community-based forest (CBF) programs, Senator Legarda asked why there was a decrease in the DENR budget and if it would affect the CBF programs. Senator Angara replied that the DENR realigned some of its expenditures to other items like the seedling bank, river protection, forest delineation and titling of school sites, among others. *#* *YB*

Asked about seedling nurseries, Senator Angara stated that the Committee has asked the DPWH to require winning contractors of roads and public works to plant trees on the roadside and since this would need seedlings, the DENR is tasked to provide nurseries for indigenous plant seedlings.

Asked if there are already such nurseries in the DENR regional offices, Senator Angara replied in the affirmative, as he added that they would be institutionalized at least in areas where it is possible to set up the nurseries.

Still on the matter of nurseries, Senator Angara cited a special provision in the GAB, to wit: "*Establishment of a seedling bank* – to ensure the availability of indigenous trees for planting along roadsides, to be constructed by the Department of Public Works and Highways. The Department of Environment and Natural Resources shall establish the seedling banks of indigenous trees in all provincial offices or it may contract it out to community-based forest management holder; the income generated from the sale of the seedlings shall be used to maintain its banks and the DENR, the DBM and the DPWH are tasked to issue the implementing rules and regulations." He added that a counterpart provision in the budget of the DPWH states, "In the construction of roads, the Department of Public Works and Highways shall include in its design and program cost the planting of indigenous trees on both sides of the road. The Department of Natural Resources shall ensure sufficient supply of seedlings in the provincial seedling bank." He opined that there is no reason for contractors, or anyone interested for that matter, not to comply as the seedlings would be provided for, although, it would have to be paid for.

Senator Legarda asked if a provision could be inserted in the GAB that in road construction, due consideration must be given to standing trees; that a permit must be secured from the DENR before uprooting them; and that the uprooted trees must be relocated. Senator Angara replied that the Committee would be amenable to that kind of an amendment.

As regards forest delineation, Senator Legarda inquired how many kilometers of forest land need to be delineated, how much budget is provided for this purpose, and how much is actually needed for the entire undertaking. She said that the figure she has is P241 million.

## SUSPENSION OF SESSION

Upon motion of Senator Angara, the session was suspended.

*It was 4:28 p.m.*

## RESUMPTION OF SESSION

At 4:29 p.m., the session was resumed.

Senator Angara clarified that the figure of P240 million is the sum of personal services of P102 million plus operating expense of P138 million. He stated that the remaining boundary to be surveyed is 55,000 kilometers but only 9,200 kilometers thereof can be given allocation based on the DENR's computation of P15,000 per kilometer. He noted that there is a price differential between national and local projects which explains why it did not cost much when Mayor Hagedorn of Puerto Princesa City used city funds to delineate the city's watershed. He said that survey delineation entails more work because it provides data on land use and assessment mapping.

Asked whether the DENR is dependent on foreign-assisted projects, grants and loans to implement its reforestation program, Senator Angara replied that while the DENR has allotted P600 million for the reforestation of 18,000 hectares, the budget can be maximized to cover 30,000 hectares if the project is contracted out to the private sector.

Upon further queries, Senator Angara pointed out that although P33,000/hectare is still a steep price, it would be the lowest possible rate for reforestation. He said that the DENR would submit a detailed costing per hectare and cite the specific locations of the areas covered by the reforestation program.

To the suggestion that due to limited government funds, the project should be farmed out to private suppliers via public bidding to double the hectarage for reforestation, Senator Angara said that a provision could be inserted in the budget allowing the DENR to determine which method would be more cost-effective.

Senator Legarda lamented that even though the Visayan Sea is considered the center of the center of biodiversity of marine wealth in the world, the fact that only P23 million of the P1.23 trillion national *✓✓*

budget was set aside for biodiversity operations shows that there is very little appreciation for the country's marine resources. Senator Angara clarified that the total budget is actually P86 million. He said that the DENR would add up all its projected expenditures for biodiversity and the protected areas and submit the summary to Senator Legarda.

Asked about the specific budgetary allocation for the Visayan Sea which hosts four protected areas, Senator Angara stated that the P24.777 million DENR budget for the protection of the Visayan Sea shall be divided among Regions V, VI and VII.

On whether the requirements of the 1995 Mining Act, including the creation of mine rehabilitation fund and its safekeeping in a government bank, has been carried out, Senator Angara explained that this was made possible through the mining permit which stipulates that the mining developer/operator should make a one-time deposit of P5 million to the fund. He added that all mining companies in the country have a standing commitment of P400 million for mine rehabilitation and environmental protection, with the total commitment pegged at P20 billion which is an amount large enough to pay off public debts. He said that he had requested the DENR to submit the actual bank statement on the deposit to the Committee.

Asked whether the DENR has initiated efforts to combat climate change amid the expiration of the Kyoto Protocol in 2012, Senator Angara informed the Body that the Philippines would present a position paper on the concrete actions it has taken on the matter during the Bali Conference on December 3 and 4. He stated that there are 14 energy-related projects pending in the United Nations which are expected to reduce carbon emission by two million tons.

Upon further queries, Senator Angara replied that the DENR has constituted a committee for the evaluation, processing and availment of carbon credits for the clean development mechanism. He assured Senator Legarda that the committee would be provided with a status report of these 14 projects.

Senator Angara welcomed Senator Legarda's suggestion for the DENR to have a Memorandum of Agreement (MOA) with the Department of Education for inexpensive tree-planting projects so that public schools could have their own nurseries.

## **SUBMISSION OF THE BUDGET OF THE DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES**

There being no other interpellation, upon motion of Senator Angara, there being no objection, the budget of the Department of Environment and Natural Resources was deemed submitted for the Body's consideration, subject to the appearance of the DENR Secretary.

## **SUSPENSION OF SESSION**

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

*It was 4:54 p.m.*

## **RESUMPTION OF SESSION**

At 5:10 p.m., the session was resumed.

## **DEPARTMENT OF AGRICULTURE AND ITS ATTACHED AGENCIES**

Senator Angara presented the budget of the Department of Agriculture and its attached agencies. He said that there was no reservation for interpellation in the department's budget, which, he said, was one of the few departmental budgets that were closely scrutinized during the hearings.

## **MANIFESTATION OF SENATOR LEGARDA**

Senator Legarda informed the Body that she has waived her reservation to interpellate as she expressed full support for the budget of the department and its attached agencies, and confidence in the capacity and competence of Secretary Yap.

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

Upon motion of Senator Angara, there being no objection, the budgets of the Department of Agriculture and its attached agencies were deemed submitted for the Body's consideration.

## **SUSPENSION OF SESSION**

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

*It was 5:11 p.m. *for**

*for*

## **RESUMPTION OF SESSION**

At 5:18 p.m., the session was resumed.

## **DEPARTMENT OF TOURISM AND ITS ATTACHED AGENCIES**

Senator Angara presented the budgets of the Department of Tourism and its attached agencies.

## **MANIFESTATION OF SENATOR LEGARDA**

Senator Legarda said that she prepared questions on the impact of present events on the tourism initiatives of the department, but she was waiving her reservation to interpellate in view of the ongoing events in Makati and her confidence in the department in terms of ecotourism and cultural tourism initiatives.

## **SUBMISSION OF THE BUDGET OF THE DEPARTMENT OF TOURISM AND ITS ATTACHED AGENCIES**

Upon motion of Senator Angara, there being no objection, the budgets of the Department of Tourism and its attached agencies were deemed submitted for the Body's consideration.

## **SUSPENSION OF SESSION**

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

*It was 5:20 p.m.*

## **RESUMPTION OF SESSION**

At 5:20 p.m., the session was resumed.

## **NATIONAL COMMISSION FOR CULTURE AND THE ARTS AND ITS ATTACHED AGENCIES**

Senator Angara presented the budgets of the National Commission on Culture and the Arts and its attached agencies. He said that there was no reservation for interpellation except on the budget of the National Youth Commission.

## **SUBMISSION OF THE BUDGET OF THE NATIONAL COMMISSION FOR CULTURE AND THE ARTS**

Upon motion of Senator Angara, there being no objection, the budgets of the National Commission

for Culture and the Arts and its attached agencies, except for the National Youth Commission, were deemed submitted for the Body's consideration.

## **MANIFESTATION OF SENATOR PIMENTEL**

At this juncture, Senator Pimentel stated that the Senate cannot proceed with its business while the lives of one of its Members, Senator Trillanes, and his companions are in danger. He appealed to the sense of compassion of the Members, as he believed that while the budgets of the agencies being discussed are important, the lives of people are more important.

Senator Pimentel moved for the adjournment of the session.

## **REMARKS OF SENATOR ANGARA**

Senator Angara stated that though he shared Senator Pimentel's sentiments, it is also a question of the Senate's balancing of duty and compassion. He believed that the Members can dispense with their business and fulfill their duties without showing indifference to what is happening outside the session hall.

## **MOTION OF SENATOR ESCUDERO**

Senator Escudero moved that the Body suspend consideration of the proposed GAA until Monday, December 3, 2007.

## **SUSPENSION OF SESSION**

Upon motion of Senator Angara, the session was suspended.

*It was 5:24 p.m.*

## **RESUMPTION OF SESSION**

At 5:26 p.m., the session was resumed.

## **MANIFESTATION OF SENATOR PIMENTEL**

Senator Pimentel stated that after conferring with Senators Enrile and Angara, it was agreed that the Body would proceed with the approval of the budgets of the other government agencies, provided that no other matter would be taken up until Monday. *rr*

**WITHDRAWAL OF MOTION**

Senator Escudero withdrew his earlier motion to suspend consideration of the proposed GAA.

**SUBMISSION OF THE BUDGETS  
OF THE HOUSING AGENCIES**

There being no reservation for interpellation, upon motion of Senator Escudero, there being no objection, the budgets of the Housing and Land Use Regulatory Board, Housing and Urban Development Coordinating Council, National Home Mortgage Finance Corporation, and Home Guarantee Corporation were deemed submitted for the Body's consideration.

**SUSPENSION OF CONSIDERATION  
OF HOUSE BILL NO. 2454**

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

**SUSPENSION OF SESSION**

Upon motion of Senator Escudero, there being no objection, the Chair declared the session suspended until ten o'clock in the morning of Monday, December 3, 2007.

*It was 5:28 p.m.*

**RESUMPTION OF SESSION**

At 10:40 a.m., Monday, December 3, the session was resumed with the Senate President, Hon. Manny Villar, presiding.

**COMMITTEE REPORT NO. 22****HOUSE BILL NO. 2454**

*(Continuation)*

Upon motion of Senator Pangilinan, there being no objection, the Body resumed consideration, on Second Reading, of House Bill No. 2454 (Committee Report No. 22), entitled

AN ACT APPROPRIATING FUNDS FOR  
THE OPERATION OF THE GOVERN-  
MENT OF THE REPUBLIC OF THE  
PHILIPPINES FROM JANUARY ONE  
TO DECEMBER THIRTY-ONE, TWO

THOUSAND EIGHT, AND FOR  
OTHER PURPOSES.

Thereupon, the Chair recognized Senator Enrile, Sponsor of the measure.

**SUGGESTION OF SENATOR ENRILE**

Senator Enrile suggested that the budgets of government offices on which no senator has made any reservation for interpellation be considered first so that the Body could dispense with the presence of their heads.

**SUSPENSION OF SESSION**

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

*It was 10:43 a.m.*

**RESUMPTION OF SESSION**

At 10:44 a.m., the session was resumed.

Upon consultation with Senator Pimentel, Senator Cayetano agreed to the suggestion.

**JUDICIARY**

Thereupon, Senator Enrile presented the budget of the Judiciary. He said that there were no reservations for interpellation.

**MANIFESTATION OF SENATOR PIMENTEL**

Senator Pimentel manifested that he has no objection to the motion to consider the budget of the Judiciary as deemed submitted but he would propose amendments thereto at the proper time.

Senator Escudero submitted the same manifestation.

Senator Cayetano (A) informed the Body that Senator Ejercito Estrada would interpellate on the budget of the Office of the Ombudsman.

**SUBMISSION OF THE BUDGET  
OF THE JUDICIARY**

Upon motion of Senator Cayetano (A), there being no objection, the budget of the Judiciary was

*450*

deemed submitted for the Body's consideration, with the exception of the budgets of the Office of the Ombudsman and the Sandiganbayan.

### **SUBMISSION OF THE BUDGET OF THE COMMISSION ON HUMAN RIGHTS**

Upon motion of Senator Enrile, there being no objection, the budget of the Commission on Human Rights was deemed submitted for the Body's consideration.

### **SUSPENSION OF SESSION**

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

*It was 10:47 a.m.*

### **RESUMPTION OF SESSION**

At 10:49 a.m., the session was resumed.

Senator Cayetano (A) clarified that the budgets of the Commission on Human Rights and the Judiciary, with the exception of the Office of the Ombudsman and the Sandiganbayan, were deemed submitted for the Body's consideration.

### **OFFICE OF THE PRESIDENT**

Senator Enrile presented the budget of the Office of the President.

### **INTERPELLATION OF SENATOR ESCUDERO**

At the outset, Senator Escudero recalled that during the ZTE hearings, the Telecommunications Office (TELOF) was supposed to undertake the ZTE contract had it pushed through. He said he was thinking that the budget therefor would be placed under the Department of Transportation and Communications (DOTC) but he noted that it was placed under the Office of the President.

In reply, Senator Enrile stated that the Commission on Information and Communication Technology (CICT) is under the Office of the President as reflected in the National Expenditure Program submitted by the President to Congress.

Senator Escudero recalled that the Administrative Code, issued by President Aquino through an

executive order which has the force and effect of a law, placed the CICT under the DOTC. He surmised that by mere administrative order, the CICT was separated from the DOTC, while the TELOF was created to cover the communications aspect and placed under the Office of the President as a precursor to the planned NBN transaction. He wondered, however, why the NBN was taken away from the DOTC when it took care of the negotiations. Senator Enrile explained that the President, exercising her standby reorganization powers, issued Executive Order No. 603 removing the CICT from the Office of the President and transferring it back to the DOTC. As confirmed by the Executive Secretary, he said that the communications aspect shall be removed from the DOTC in view of the proposal to create a Department of Communications.

Senator Escudero recalled that in the previous Congress, the administration proposed a bill creating a department of communications, which proves that legislation is necessary before the CICT can be separated from the DOTC.

Even as he agreed with Senator Escudero that Congress has the absolute power to create or abolish offices, Senator Enrile pointed out that Congress nonetheless delegated to the Executive the power to reorganize existing bureaucracies so as not to impede government from attaining a certain degree of efficiency.

Senator Escudero asserted that although the President has the power to reorganize, the rationalization plan to create a new department or separate the CICT from the DOTC should come from the DBM but no such document has been submitted by the DBM.

Senator Escudero asked on the reason for allocating P918 million budget for TELOF, especially in light of the revelation during the ZTE hearings that TELOF would also run the NBN network and would allocate as much as P500 million to handle the new function. Thus, he argued that if the NBN project does not push through, it stands to reason that Congress can remove or reallocate the same amount for other purposes.

Senator Enrile clarified that it was the ZTE contract that had been discarded but the NBN project remains. He said that the ZTE contract was abandoned due to doubts regarding its contractual integrity.

10

Senator Escudero affirmed that the NBN project remains but on the understanding that it would be undertaken by the private sector. Senator Enrile expressed doubt that the private sector would undertake the project as he pointed out that page 10 of the National Expenditure Program that was submitted by the President carries an item allocating an amount for the project. Senator Escudero pointed out that the fund allocation for CICT on page 10 is for Personal Services and MOOE, and not for Capital Outlay.

Asked if the NBN project would indeed push through, Senator Enrile said that according to the Executive Secretary, the allocation would be done only after the rationalization under Executive Order No. 366 is implemented. He said that Undersecretary Ramon P. Sales, CICT Chairman, in a letter dated 24 November 2006, wrote that the existing 4,642 TELOF personnel would either be redeployed to its mother department, the DOTC, transferred to other agencies, or retired under any available scheme allowed by law.

On the issue of whether or not the broadband project would be continued, Senator Enrile disclosed that the DOTC has formed a technical working group to discuss the status of the project and discuss it with private telecommunications companies. As of the moment, he said that there is no firm decision yet on the matter.

In view of the President's order for a review of the contract as well as other Official Development Assistance (ODA) projects, and considering that the Congressional Oversight Committee on Official Development Act of 1996 created by law precisely to oversee ODA projects, had already been constituted, Senator Escudero asked for the commitment of the Executive Secretary to include the Oversight Committee in the consultations before any decision on the project is made. Senator Enrile conveyed the willingness of the Executive Secretary to do so.

Adverting to the Special Provisions on page 10 of the NEP authorizing the increase of bicycle allowance of employees who use their own bicycles to deliver telegrams from P30 to P80 a month, Senator Escudero inquired why TELOF still uses bicycles. Senator Enrile stated that there are remote areas in the countryside that are accessible only to bicycles.

*Noting that rarely in the entire budget is there an allocation for capital outlay,* Senator Escudero pointed out that the budget of the Office of the President has

a provision for repair, maintenance and purchase of two (2) Bell helicopters amounting to P1.268 billion. Senator Enrile affirmed that the helicopters would be used by the President and other VIPs during local and provincial engagements. He said that the current helicopters of the Palace had been there since President Marcos.

Senator Escudero asked if the same amount had been allocated, for instance, in the proposed PNP budget for the purchase of helicopters or at least one helicopter for law enforcement and maintenance of peace and order. Senator Enrile replied that there is no such request from the PNP, as he believed that policemen must use land transportation to run after criminals. Senator Escudero disagreed. He then requested the Committee on Finance to furnish him with the proposed budget of the PNP to find out if there is any such request and, if so, if the DBCC did not allow it.

Asked why the proposed budget already has a specified brand of helicopters contrary to the provisions of the Procurement Law, Senator Enrile surmised that the particular brand might have been preferred for being reputably safe and because of the availability of spare parts.

Relative thereto, Senator Escudero expressed the need for the Office of the President to be guided accordingly with respect to prequalification, bidding and awards procedures. Taking note of the observation, Senator Enrile surmised that the people who prepared the budget might have a special preference for Bell helicopters because there are so many of them in use around the country.

To the observation that the President charters a plane when she travels, Senator Enrile replied that it is more expensive to maintain one.

As regards the Office of the President getting the bulk of the P1,290,329,000 intelligence fund, Senator Enrile admitted that he was responsible for realigning P500 million from the SGS to the Office of the President as intelligence fund. He affirmed that P500 million of the P650 million allocation would go to the Presidential Anti-Organized Crime Commission.

Senator Escudero asked what accomplishments the Presidential Anti-Organized Crime Commission has made to merit such a sizable intelligence fund which is double that of the PNP and of the Armed

pb hel

Forces of the Philippines. Senator Enrile explained that the PNP and AFP are part of government over which the President has control. He said that the President as chief executive, top cop of the country, and commander-in-chief should be granted such amount because it is her responsibility to know the situation in the entire nation in order for her to exercise executive powers and protect the interest of the nation. He added that the intelligence fund can be used to augment the intelligence allocations for each of the department.

At this point, Senator Lacson explained that the P500 million realigned in 1998 from the SGS to the Presidential Anti-Organized Crime Commission is not solely at the disposal of the President because it is being distributed to so many task forces such as the Presidential Anti-Organized Crime Task Force; Presidential Anti-Drug Task Force; Philippine Center for Trans-national Crime (PCTC); and other task forces and agencies under the Office of the President.

Asked whether the P500 million allocation could be reclassified as it is being used to fight organized crime, Senator Enrile replied that there can be no rebellion or syndicated crimes unless the perpetrators are organized.

As to whether the MNLF and MILF are considered organized crime groups, Senator Enrile stated that they are so defined under the Revised Penal Code.

As regards the release of intelligence funds upon approval of the President, Senator Enrile said that they are subject to liquidation in accordance with auditing laws.

Asked if reports on the disbursement and liquidation of intelligence funds are submitted to the chairs of Senate Committee on Finance and the House Committee on Appropriations, the Senate President and the House Speaker in accordance with the special provision in the General Appropriations Act, Senator Enrile said that, henceforth, he would require compliance with the provision.

#### **SUSPENSION OF SESSION**

Upon motion of Senator Enrile, the session was suspended.

*It was 11:34 a.m.*

#### **RESUMPTION OF SESSION**

At 11:42 a.m., the session was resumed.

#### **SUBMISSION OF THE BUDGETS OF THE COMMISSION ON OVERSEAS FILIPINOS AND E-GOVERNMENT FUND**

Upon motion of Senator Enrile, there being no objection, the budgets of the Commission on Overseas Filipinos and E-Government Fund were considered submitted for the Body's consideration.

#### **RECONSIDERATION OF THE SUBMISSION OF THE BUDGET OF THE COMMISSION ON OVERSEAS FILIPINOS**

Upon motion of Senator Cayetano, there being no objection, the Body reconsidered the submission of the budget of the Commission on Overseas Filipinos.

#### **INQUIRY OF SENATOR PIMENTEL**

Senator Pimentel inquired if there is any chance the government can save overseas Filipino worker Marilou Ranario who was sentenced to death by a Kuwaiti court.

#### **SUSPENSION OF SESSION**

Upon motion of Senator Enrile, the session was suspended.

*It was 11:43 a.m.*

#### **RESUMPTION OF SESSION**

At 11:44 a.m., the session was resumed.

Upon resumption, Senator Enrile replied that the Commission on Overseas Filipinos has nothing to do with the case of Ms. Ranario but he has been informed by the Executive Secretary that the Philippine government is seeking executive clemency for her from Kuwaiti authorities.

Senator Pimentel requested that the Executive Secretary inform his office of developments in the negotiations from time to time. Senator Enrile gave assurance that he would request the Executive Secretary to do so.

10

## **INTERPELLATION OF SENATOR EJERCITO ESTRADA (J)**

Senator Ejercito Estrada inquired on the role of the Vice President vis-a-vis the role of the Commission on Overseas Filipinos in handling the problem of overseas Filipino workers because there might be some duplications of functions between the two.

## **SUSPENSION OF SESSION**

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

*It was 11:45 a.m.*

## **RESUMPTION OF SESSION**

At 11:46 a.m., the session was resumed.

Upon resumption, Senator Enrile said that according to the chairman of the Commission on Overseas Filipinos, the Commission is involved with immigrant Filipinos and the Vice President with the OFWs.

## **INQUIRY OF SENATOR PIMENTEL**

On another matter, Senator Pimentel asked why the commander of the 4<sup>th</sup> Infantry Division in Cagayan de Oro still ordered the demolition of houses outside the boundaries of Camp Evangelista in spite of the issuance of a court injunction or a TRO by the Regional Trial Court of Misamis Oriental. Senator Enrile suggested that the matter be taken up during the deliberation on the budget of the Department of National Defense, including that of the AFP, in this afternoon's session. However, he said that the Executive Secretary has promised to look into the matter.

## **SUBMISSION OF THE BUDGET OF THE COMMISSION ON OVERSEAS FILIPINOS**

Upon motion of Senator Cayetano, there being no objection, the budget of the Commission on Overseas Filipinos was considered submitted for the Body's consideration.

## **INQUIRY OF SENATOR CAYETANO (A)**

Senator Cayetano (A) recalled that in 2001, the President, in the presence of his father, the late Sen. Renato "Compañero" Cayetano, and himself, signed a proclamation giving 40 hectares of land to the

people residing in the National Shrine area in Taguig. The problem, he said, was that the proclamation was never released, and so the military, through Task Force Bantay, time and again conducted demolitions in the area.

Even assuming that there was no presidential proclamation, he underscored that the residents are still covered by the UDHA law since they have been occupying the land before 1986.

Senator Cayetano sought the assurance of the Executive Secretary to look into the matter as he further requested that due process be followed just in case the President changed her mind on the issuance of the proclamation.

Senator Enrile said that he has already requested the Executive Secretary to look into the matter and provide the Committee with the necessary information.

## **OFFICE OF THE PRESIDENT (Continuation)**

Thereafter, the Body resumed consideration of the budget of the Office of the President.

## **INTERPELLATION OF SENATOR LACSON**

To Senator Lacson's comment that it would be unconscionable to buy two helicopters that cost several millions of pesos at a time when borrowings are projected to grow by P346 billion and a revenue shortfall of P40 billion is expected in 2008, Senator Enrile replied that he was not prepared to say that it is unconscionable when it concerns the safety of the chief executive of the country. To the suggestion to simply buy one helicopter, he stated that there should be a stand-by helicopter just in case the other one undergoes repair and maintenance.

Asked if he has recommended the realignment of several hundreds of millions from other agencies of the Executive to the Office of the President, Senator Enrile replied in the negative, clarifying that the House cut P17.8 billion from the automatic appropriation for debt service and although the Committee agreed to it, it nonetheless restored P12 billion since he cannot assume the responsibility of removing money for debt service without risking the government because it might be charged with defaulting on its obligations.

On another matter, Senator Lacson asked if the curfew imposed from November 29 to November 30, 2007 was covered by a proclamation or if it was merely a verbal order from the President. Senator Enrile explained that when the armed forces is called upon to suppress lawless violence, it carries with it the implicit power of the President to adopt other measures precisely to protect society.

On whether that power includes curtailing the freedom to travel, Senator Enrile replied that in case of disorder in the community, the police can place a roadblock or establish checkpoints to inspect vehicles and persons.

Senator Lacson expressed concern that the curfew might be imposed again depending on the security assessment of some officials in Malacafiang, the AFP or the PNP. Senator Enrile explained that it would be different if the duration of the curfew was overextended in such a way as to curtail freedom of movement. But as part of an effort of government to control an existing turmoil, he asserted that the issue of whether or not it is an intrusion into the liberties of the people is debatable.

To Senator Lacson's contention that the restraint of the movement of people either for five hours or for five days does not make any difference as far as the Constitution is concerned, Senator Enrile pointed out that even mayors are empowered to restrict the movement of people if, for instance, there is looting within their jurisdiction, but he noted that last Thursday, the President was dealing with an unknown security situation. He opined that it is better to err on the side of caution than to be complacent. He maintained that the President, as commander-in-chief, can call upon or order the armed forces, whether in writing or verbally, to maintain law and order within a period of time. He contended that it does not matter whether the announcement was made by the Executive Secretary or by the President herself because in such a situation, time is of the essence.

Asked if it is possible to increase the budget of the Judiciary which the DBM cut by P4 billion, Senator Enrile explained that the budget of the Judiciary was increased by the House of Representatives and it was adopted by the Senate. He noted that apparently, the Chief Justice wanted to restore their original request, but under the Constitution, he said, Congress is prohibited from increasing the budget proposal of the President.

On the suggestion to realign some amounts from different departments and agencies to the Judiciary, Senator Enrile expressed openness to an amendment at the proper time. However, he cautioned that the realignment would mean cutting the allocations of other departments that also have constituencies and functions to perform.

## **INTERPELLATION OF SENATOR ESCUDERO**

On the issue of curfew, Senator Escudero recalled that prior to its imposition, the President did not make any declaration about a state of lawlessness or a state of emergency last Thursday and neither did she call upon the Armed Forces of the Philippines. Senator Enrile confirmed, saying that under the Constitution, such pronouncement is left to the sound judgment and discretion of the chief executive.

Senator Escudero asked if there should have been a declaration first of the existence of lawlessness before the imposition of the curfew as he wondered how the administration arrived at such a decision. Senator Enrile explained that the declaration of a curfew is a part of the gradual response that law enforcement may exercise to prevent an escalation of a moving situation. He stressed that Section 18 of Article VII of the Constitution is rather absolute and does not require any act of Congress. He agreed with Senator Escudero that there is no law either allowing or prohibiting it as it is one of the residual powers of the Executive. He cited the Supreme Court case *Barcelon v. Baker* where no one can question the facts upon which the chief executive had to act to deal with a given situation although said decision was modified in the subsequent decisions of the Supreme Court. He underscored that it is a judgment call on the part of the President whenever she is called upon to deal with necessities.

Senator Escudero asked whether the courts can look into the factual circumstances and situations behind such declarations as provided for in the Constitution and in Supreme Court rulings subsequent to *Barcelon vs. Baker*. He said that Senator Lacson precisely asked whether there was a written order that, after all, provides the legal basis upon which to question the same before the court. Senator Enrile stated that there was no written order but the Constitution refers to the scrutiny of facts upon which the President acted post-event because nobody can <sup>do</sup>

determine the need for the decision other than the President herself.

Senator Escudero concluded that anyone who wants to question the curfew can go to the Supreme Court on the basis of the verbal declaration of Secretary Puno. Senator Enrile stated that the person can assert before the Supreme Court that it is a factual matter that curfew was in place and raise the issue whether that fact is legal, constitutional or otherwise.

Senator Escudero informed the Body that the Committee on Justice and Human Rights would look into the matter to propose, in aid of legislation, certain guidelines on the imposition of a curfew, its exemptions, if any, and its scope and coverage.

#### **INTERPELLATION OF SENATOR PIMENTEL**

Senator Pimentel suggested that the statement of Senator Enrile about mayors having the power to curtail freedom of movement in their municipalities is just another *obiter dictum*. Senator Enrile agreed but pointed out that whenever a mayor of a certain town is confronted with a fluid situation that calls for a curfew, he may do so.

Senator Pimentel clarified that it was not the President herself who declared the curfew but Secretary Puno and he pointed out that unless repudiated, the acts of cabinet members are deemed to be acts of the President. Since certain constitutional considerations came into play last Thursday, he asserted that Secretary Puno could not by himself proclaim curfew.

Finally, Senator Pimentel asked on the Executive department's official policy on the appearance of cabinet members when they are summoned to appear before the Senate. He asserted that the time to invoke executive privilege is when the cabinet members are already in the Senate as he maintained that it is the Senate's duty to request their appearance for any purpose. He said that the invocation of executive privilege should be formally presented before the Senate or any of its committees and the senators would decide whether or not there is a basis to allow it. He said that he wanted the Executive Secretary to be aware of these points.

#### **SUSPENSION OF SESSION**

Upon motion of Senator Enrile, the session was suspended.

*It was 12:15 p.m.*

#### **RESUMPTION OF SESSION**

At 12:15 p.m., the session was resumed.

Relative thereto, Senator Enrile said that the legal department of the Executive department would be asked to reexamine the position of the Office of the President.

Senator Pimentel noted the stand of the Executive Secretary but he requested the officials of the Executive not to give the impression that they could ignore any summons of the Senate to appear and submit certain documents.

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

On behalf of his former colleagues in the House of Representatives, Senator Cayetano (A) asked what happened to the Philippine Development Assistance Fund (PDAF) that was withheld for the past 2½ years and whether it is a continuing policy not to grant the share of a congressman who is against the administration.

Senator Cayetano (A) stated that as one of the critics of the President, Pateros and Taguig lost P180 million in unreleased funds. He said that it would have been better if the funds were given to the mayor or to the barangay chairman. He pointed out that if Taguig and Pateros are not going to get their share, there is no reason why their residents should pay taxes.

He suggested that a line item budget be studied next year as part of the pork barrel reform so that the congressmen cannot be accused of dipping their hands into it. He expressed confidence that Executive Secretary Ermita, who happened to be a House colleague in the Eleventh Congress, understood his concern that it is hard to secure funds for congressional districts.

#### **SUBMISSION OF THE BUDGET OF THE OFFICE OF THE PRESIDENT**

Upon motion of Senator Cayetano (A), there being no objection, the budget of the Office of the ~~the~~

President was deemed submitted for the Body's consideration.

### SUSPENSION OF SESSION

Acting on Senator Pimentel's request, the Chair declared the session suspended until two o'clock in the afternoon.

*It was 12:23 p.m.*

### RESUMPTION OF SESSION

At 2:22 p.m., the session was resumed with Senate President Villar presiding.

### MANIFESTATION OF SENATOR ENRILE

Senator Enrile announced that the budgets of the Sandiganbayan and the Office of the Ombudsman were set to be discussed that afternoon.

### OFFICE OF THE OMBUDSMAN

Senator Cayetano (A) presented the budget of the Office of the Ombudsman.

### INTERPELLATION OF SENATOR PIMENTEL

Asked by Senator Pimentel whether there are time limits allotted to the Ombudsman to dispose of cases filed with its office, Senator Enrile replied in the negative. He explained that while the resolution of such cases would depend on the volume pending before the office, in reality, the Ombudsman could not dispose of them all quickly enough to be able to deal with the current ones.

Senator Pimentel conceded that although there are certain limitations under which the Office of the Ombudsman operates, nevertheless, he believed that people should be made aware that the Ombudsman is disposing of cases as fast as it reasonably could without giving the impression that only cases against government critics are attended to with dispatch while those toeing the line of government would be forgotten.

Senator Enrile presented the following information on cases handled by the Office of the Ombudsman:

### STATUS OF CASES

*As of end-2006:*

|                               |   |        |
|-------------------------------|---|--------|
| Total number of pending cases | - | 18,200 |
| Pending with Sandiganbayan    | - | 51     |
| Pending with regular courts   | - | 184    |
| Dismissed                     | - | 933    |
| With sanctions                | - | 143    |

*As of 1<sup>st</sup> semester 2007:*

|                                |   |       |
|--------------------------------|---|-------|
| Total number of cases received | - | 4,328 |
| Filed in Sandiganbayan         | - | 35    |
| Filed in regular courts        | - | 155   |
| Dismissed                      | - | 1,123 |
| With sanctions                 | - | 150   |

|  |   |        |
|--|---|--------|
| Total number of pending cases<br>(including those in 2006) | - | 21,065 |
|--|---|--------|

Senator Pimentel asked how the legislature could help ease the backlog of cases in the Ombudsman.

### SUSPENSION OF SESSION

Upon motion of Senator Enrile, the session was suspended.

*It was 2:29 p.m.*

### RESUMPTION OF SESSION

At 2:30 p.m., the session was resumed.

Senator Enrile said that given the Office's lack of personnel to cope with heavy case load and the many cases it receives, many of which are politically motivated such as harassments by political opponents, it has indicated that Congress should consider enacting a law to address the propensity of many people in filing harassment cases with the office.

To the contention that the volume of political harassment cases should not be used as an excuse for the case backlog because if indeed they are established as such, they should be dismissed, Senator Enrile said that he has asked the Ombudsman to identify whether such cases were filed only against opponents or even supporters of the administration.

Senator Pimentel believed that the motivation for filing cases with the Ombudsman varies. For instance, he said that in the matter of stealing public funds, political opponents would have the guts to file a case with the Ombudsman because the ordinary citizen *has*

would rather punish the official concerned by not voting for him. Therefore, he said that it does not *ipso facto* mean that a case filed by a political opponent has no merit. He pointed out that there is also injustice in allowing cases to languish in the Ombudsman's office because people approach the Ombudsman in the hope of getting a speedy resolution of their complaint. As he urged the Ombudsman to expedite the resolution of the remaining cases, he asked to be furnished with a copy of its detailed list of pending cases from Mindanao including the action taken by the office, saying that this would help provide the aggrieved parties with an explanation of how their cases are faring. Senator Enrile gave assurance that the report would be submitted to Senator Pimentel the following day.

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

Senator Cayetano (A) believed that while there is no perfect system in the resolution of cases and no question about the hardworking members of the Office of Ombudsman, credibility is such an important part of being able to prosecute and go after the grafters in the country. He acknowledged that there are cases brought before the Office of the Ombudsman that could not be handled on a first-in-first-out (FIFO) basis, because some are more complicated than others. He then asked whether the Ombudsman could come up with a system, probably through the use of the internet, that can be used by the public for tracking and monitoring the status of these cases.

Senator Cayetano (A) expressed concern that the credibility of the Ombudsman might be questioned, particularly in its method of prioritizing cases. He cited, as an example, the Ombudsman's inaction on a case questioning the extension of tenure of a university president as well as another concerning a mayor's purchase of overpriced notebooks, which was in contrast to its speedy action on more recent cases filed against opposition members such as Makati Mayor Jejomar Binay and Pasay City Mayor Peewee Trinidad.

Senator Enrile asked whether Senator Cayetano (A) was suggesting that the Ombudsman was following the last-in-first-out (LIFO) rule rather than the first-in-first-out (FIFO) rule.

Senator Cayetano (A) asked how the people can be assured that the cases in the Office of the

Ombudsman are dealt without fear or favor, what system the Ombudsman can use to make sure that cases are being monitored and dealt with. Senator Enrile replied that the Ombudsman is currently in the process of implementing a system, which is being funded by foreigners, to address the problem.

Senator Cayetano (A) suggested that the Office of the Ombudsman come up with either a quarterly, annual or semi-annual type of reporting in the internet so that the people would know the movement of the cases they filed.

Senator Enrile stated that in the event of a request to inquire from an office into the usage of funds in its budget for that year, he would call a hearing and ask the concerned office to explain.

Asked on the three most corrupt government agencies based on the number of cases or complaints filed against them, Senator Enrile said that he would ask the information from the Office of the Ombudsman and provide the Members with a copy of the document, as he explained that disclosing the names of these offices would be unfair to those concerned because this is simply based on the number of cases received by the Office of the Ombudsman which could have been filed only out of disaffection or dissatisfaction.

Senator Cayetano (A) suggested that the Office of the Ombudsman include a list of agencies that have been most aggressive in preventing graft and corruption, and those that have succeeded in putting in place anti-graft measures, which shall help the Senate in crafting the necessary laws.

#### **MANIFESTATION OF SENATOR PIMENTEL**

Senator Pimentel stated that the incumbent Ombudsman has been in office for only two years, so she cannot be blamed for the 18,000 cases pending in her office.

#### **INTERPELLATION OF SENATOR EJERCITO ESTRADA**

Asked by Senator Ejercito Estrada if the Special Prosecutor has already resigned as what he announced on television after President Arroyo granted pardon to President Estrada. Senator Enrile replied that the Special Prosecutor is seriously considering resignation from office. He said that <sup>15</sup>

he would make the same announcement if he were in the place of the Special Prosecutor who represents what he perceives to be the interest of the State.

#### **INTERPELLATION OF SENATOR BIAZON**

Asked if there is a clear delineation of jurisdictions among the military Ombudsman, Office of the Ombudsman and the Armed Forces of the Philippines, in terms of prosecution or giving clearance to any military personnel who is facing charges, Senator Enrile believed that the delineation is a function of Congress. He explained that cases within the military's jurisdiction are covered by the Articles of War, while those involving civilian personnel of the Armed Forces of the Philippines, including the defense establishment, are within the jurisdiction of the Office of the Ombudsman. However, he acknowledged that insofar as the uniformed component of the AFP is concerned, there is a gray area there because with two laws operating — the law creating the Office of the Ombudsman and the Articles of War — there is no clear-cut definition of separation of jurisdiction.

*At this juncture, Senate President Villar relinquished the Chair to Senator President Pro Tempore Ejercito Estrada.*

Senator Biazon suggested that this matter be examined because both the military Ombudsman and the military authorities perform prosecutorial acts and they also issue clearances which could be conflicting.

Senator Enrile replied that it is up to Committee on National Defense and Security to look into the matter.

Senator Biazon inquired into the power of the Ombudsman to dismiss or disqualify officials like mayors and governors from running for public office with the exception of Members of Congress, on the basis of the implementing rules and regulations adopted by Ombudsman Simeon Marcelo in 2003.

#### **SUSPENSION OF SESSION**

Upon motion of Senator Enrile, the session was suspended.

*It was 2:53 p.m.*

#### **RESUMPTION OF SESSION**

At 2:54 p.m., the session was resumed.

Senator Enrile stated that based on a law which was enacted by Congress, the Ombudsman has disciplinary jurisdiction over all elective and appointive officials except members of the Judiciary, Congress and impeachable officers. He explained that an office can only issue rules and regulations when so delegated by Congress.

Senator Biazon said that the Senate should also look into the matter to settle the issues in the last elections.

#### **INTERPELLATION OF SENATOR HONASAN**

Asked by Senator Honasan what the Ombudsman does in a democratic society like the Philippines, Senator Enrile said that the concept was borrowed by the Philippines from Sweden, which he studied in August 1969 when he was justice secretary. He explained that under Swedish law, the Office of the Ombudsman is the counsellor and champion of the rights of the people like the tribune during the Roman period. He said that when the system was adopted in the country in 1987, the Ombudsman was tasked to deal with the complaints of the people against the officialdom and to punish officials of government who commit dereliction of duty.

Asked who the appointing authority of the Ombudsman is, Senator Enrile replied that it is the President of the Philippines.

Senator Honasan expressed concern that the Office of the Ombudsman has been contaminated with perceptions of the legitimacy of the appointing authority. He asked whether the office has a tracking mechanism for all cases even before the incumbent Ombudsman took over.

#### **SUSPENSION OF SESSION**

Upon motion of Senator Enrile, the session was suspended.

*It was 3:00 p.m.*

#### **RESUMPTION OF SESSION**

At 3:00 p.m., the session was resumed.

In reply to the query, Senator Enrile stated that the Office of the Ombudsman does not have any *4*

*10*

money for public information. Senator Honasan recommended that the Ombudsman give some attention to public information so that the public would know that the Office is trying its best to perform its job without fear or favor and in spite of limited resources.

Noting that the Ombudsman coordinates with other agencies, asked if there is any item in the budget to support a mechanism for that purpose, Senator Enrile replied that the Ombudsman investigates complaints against public officials, elective or appointive, and once the evidence is enough to file information, it is passed on to the Office of the Special Prosecutor which then files the case before the Sandiganbayan. Moreover, he explained that in developing a case, the Ombudsman employs the help of the National Bureau of Investigation, the Philippine National Police, the Bureau of Immigration, the Commission on Audit, etc. He said it takes time to build up a corruption case, but the Ombudsman does not have the money and the manpower for such an undertaking.

In closing, Senator Honasan said that the Ombudsman should look into the issue of credibility.

#### **INTERPELLATION OF SENATOR GORDON**

At the outset, Senator Gordon recalled that during the last hearing, he lauded the Office of the Ombudsman for achieving a 67% conviction rate and learned that a lot of harassment cases are being filed with the office. He said that if the harassment cases are put out in media regularly, it would appear that the country is indeed very corrupt. He urged the Ombudsman to resolve harassment cases speedily, otherwise, the budget of the government would be spent pursuing these cases.

Asked what the Ombudsman is doing about harassment cases, Senator Enrile replied it evaluates harassment cases just like any other case, and if there is any reason to dismiss or pursue it, the proper action is taken.

#### **SUSPENSION OF SESSION**

Upon motion of Senator Enrile, the session was suspended.

*It was 3:06 p.m.*

#### **RESUMPTION OF SESSION**

At 3:10 p.m., the session was resumed.

Senator Gordon stated that 70% of the cases in Mindanao are harassment cases and these create time and financial problems. Senator Enrile admitted that they add to the volume of paperwork and investigative work.

Senator Gordon observed that P11,942,000 has been allocated for the Development and Implementation of Corruption Prevention Program, and P44 million for the Public Assistance Research Studies and Establishment of Corruption Prevention Units. He asked what happens after the studies have been conducted.

#### **SUSPENSION OF SESSION**

Upon motion of Senator Enrile, the session was suspended.

*It was 3:12 p.m.*

#### **RESUMPTION OF SESSION**

At 3:13 p.m., the session was resumed.

Senator Enrile clarified that the P11,942,000 would be used for continuing research and studies to determine causes of inefficiency which breeds corruption, red tape, mismanagement, fraud in government contract and the measures to address them. On the other hand, he said that the P44,446,000 would be used for the development and implementation of corruption prevention programs which include public assistance research studies and establishment of corruption prevention units. He said that these projects, which are undertaken in collaboration with civil society organizations, civil service officers, trainers and observers, are aimed at monitoring project procurement, winning the cooperation of the wider public and information on graft and corruption prevention education. He affirmed that it is in a way a management audit.

To the observation that the COA does management audit from time to time which becomes the basis for filing cases against government officials, Senator Enrile supposed that the thrust of the studies is to identify and remove possible areas where corruption could emanate.

*148*

On another matter, Senator Gordon stated that a case of graft was filed three years ago involving the rental of 17 hectares of land in Subic. He asked for an update on the case. Senator Enrile replied that the matter has not reached the level of Ombudsman Gutierrez but she would look into it.

#### **INTERPELLATION OF SENATOR PANGILINAN**

Senator Pangilinan recalled that when he was chairman of the Committee on Justice and Human Rights in the Twelfth Congress, he was provided with data regarding the conviction rates of the Sandiganbayan — 6% in 2001, and 21% when Ombudsman Marcelo took the helm in 2003. Citing the conviction rate of the Hong Kong Anti-Corruption Commission at 79%, Senator Pangilinan expressed surprise as to how close the figure was to the more than 70% conviction rate in the country which President Arroyo announced in her State of the Nation Address in June, or a total of seven convictions out of 10 cases. He then asked what was the basis of the 70% conviction rate because he has always maintained that the rule, rather than the exception, was that more got away with acquittals, which is the reason why there are still so much corruption, extrajudicial and media killings and other crimes.

As to the basis of the three-fold jump of the conviction rate from 21% to 77%, Senator Enrile explained that the computation, which was done in March 2007, was done by dividing the number of convictions on a given period by the number of cases decided during that period. He revealed that according to the Chief Special Prosecutor, in the following month, the Sandiganbayan also released other cases for acquittal which lowered the conviction rate from 77% to 67%. However, he pointed out the fact that the ratio of performance has increased considering that there were additional cases that were decided by the Sandiganbayan that somewhat reduced the level of the conviction rate.

Senator Pangilinan asked that he be furnished with the documents so he could go through them himself and prepare his continuing evaluation of the performance of the Sandiganbayan and the Ombudsman and make recommendations thereon, as he hoped that there would be at least 80% conviction consistently. He reiterated that the wanton disregard for the rule of law is caused by the fact that there have not been enough convictions.

#### **INQUIRY OF SENATOR PIMENTEL**

Relative to a case filed by Maguindanao Provincial Prosecutor Reincar Pinote against Congressman Suharto Mangudadatu, Prosecutor Rodolfo S. Yanson of the Office of the Provincial Prosecutor of Maguindanao, Mikaela Santiago of Taguig City, Dante Mamalinta of Maguindanao, and six others, Senator Pimentel asked if a congressman is exempt from the jurisdiction of the Ombudsman. In reply, Senator Enrile stated that the exception involves only the congressman's administrative or plenary functions; otherwise, the Ombudsman could initiate disciplinary action against him.

Senator Pimentel expressed hope, without trying to prejudge the case, that the complaint of a fellow prosecutor would be acted upon by the Ombudsman expeditiously, as he believed that the prosecutor would not be inventing reasons to charge somebody if the statements were not true.

#### **SUBMISSION OF THE BUDGET OF THE OFFICE OF THE OMBUDSMAN**

Upon motion of Senator Pangilinan, there being no objection, the budget of the Office of the Ombudsman was deemed submitted for the Body's consideration.

#### **SUSPENSION OF SESSION**

Upon motion of Senator Pangilinan, the session was suspended.

*It was 3:31 p.m.*

#### **RESUMPTION OF SESSION**

At 3:41 p.m., the session was resumed with the Senate President Pro Tempore presiding.

#### **SUSPENSION OF CONSIDERATION OF HOUSE BILL NO. 2454**

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

#### **PRIVILEGE SPEECH OF SENATOR GORDON**

Availing himself of the privilege hour, Senator Gordon delivered the following speech:

*16*

## THE MANILA PENINSULA HOTEL STANDOFF

I rise today on a matter of personal and collective privilege. I am not here to demand the expulsion of Sen. Antonio Trillanes IV from this Chamber for I believe he, himself, has already and effectively done that through his actions and by his conscious decision to employ extra-constitutional means to achieve his ends. He has placed himself beyond the pale of the very same laws he swore to execute in the oath of office that you and I — and everyone else in this Chamber — solemnly pledged ourselves to.

What I am more concerned about is our response as an institution to the damage that has been done by Senator Trillanes and his ragtag band of putschists — not just to the Manila Peninsula Hotel and its lobby, and not just a few days' worth of business, but to our nation as a whole. I am appalled and distressed that we have not spoken more uniformly and unequivocally to condemn the events of November 29 and their instigators.

A few days ago, just before this caper or coup or whatever you wish to call it happened, I was in Geneva, in my capacity as a board member of the International Red Cross, attending the international convention of the International Red Cross. In my report, I drew attention to the many actions we were simultaneously undertaking to cope with natural disasters, such as three typhoons converging in the Philippines at the time, and to the search-and-rescue operations for a couple of ships that were missing when they sunk along with 30 or so passengers, and two air force pilots who were also missing. At the same time, we had an earthquake of 4.5 to 6 magnitude in the Richter scale, we had ocean surges in Zamboanga, Sulu, Pangasinan, and La Union. This was in relation to climate change.

The next day came the jarring news that a revolt of sorts had broken out in Manila. Not surprisingly, but to my keen embarrassment, my Red Cross colleagues raised the question that, I am sure, occurred to many of our countrymen as well: "Don't Filipinos have enough natural disasters to deal with, that they should hurt themselves with more man-made disasters?"

There is no doubt in my mind that — whatever its professed reasons — the November 29 caper was an unqualified, man-made disaster. Its only mitigating factor seems to be that no lives were directly lost. But there are clearly tremendous economic and other costs to be paid for that incident, and we will continue to feel

those effects long after Senator Trillanes and General Lim shall have faded from the headlines.

My question today is: Who is going to be held accountable for the costs? The monetary costs are high enough. I read about Senator Trillanes' reported offer to reimburse the hotel for the damage done. I also heard General Esperon saying that his budget will cover the costs, which leads me to wonder about the depth of their pockets, both of Mr. Trillanes and the military or those of Mr. Trillanes' friends. But what about the costs to our nation's image, to our sense of well-being, to our fragile hopes for a peaceful resolution to our political travails?

When I first encountered Antonio Trillanes, he was then a lieutenant, I was the secretary of Tourism. He and his men had taken over the Oakwood Apartments in July 2003, in full view of the nation and the world. And it fell on me — among other government officials and the staff of the DOT as well as many of our people, our ambassadors — to repair the damage he wrought.

That he was able to do that once is remarkable enough; that he should be allowed to do it twice leads me to question the sanity of our political system. Do we have a national death-wish, some deep-seated urge to coddle those who have sworn themselves to our destruction?

On another level, the most disturbing aspect of this incident for me is how some Filipinos, many of whom you would expect to be more intelligent than their pronouncements, continue to venerate the likes of Antonio Trillanes as a hero.

We, Filipinos, are a theatrical lot. Rather than appreciate the lifelong struggles of a Nelson Mandela or a Mahatma Gandhi, or for that matter, Jose Rizal, we like to applaud and edify individuals who immolate themselves at the altar of politics in one brief, dramatic moment. We neglect or forget the kind of quiet, consistent, substantive heroism that others do — of Filipinos who improve themselves so they can improve the lives of many others; of Filipinos who toil, obscure and unheralded, both here and abroad, for their families and communities.

I could not help thinking about this when I met with some OFWs in Geneva after we had all heard about what everyone thought was an unfolding coup. One of them asked me, 'Mr. Senator, what good are our efforts here if someone at home keeps undoing them?' Indeed, can we not consider misadventures like this a slap on the face of our millions of OFWs who labor so mightily to shore up our economy? The OFWs 

are the ones who buy the prepaid cards, 95% of which is the market covered by the cell phone industry and, therefore, prop up the telecommunications business. The OFWs are the ones who send money to buy house and lots and condominiums, built by people who are entrepreneurs, and the OFWs prop them up as well. The OFWs prop up the economy of the malls that have blossomed everywhere else in the country. And yet, they shore up the economy, only to have their gains erased by the megalomaniac of a few.

I find it extremely ironic that this standoff happened on the eve of what we celebrate as Bonifacio Day. I majored in History and Government in college, and one of the things we learned from our history is that the *Magdalo* faction of the *Katipunan*, to which Senator Trillanes and his men pay homage, was associated with General and later President Emilio Aguinaldo, while Andres Bonifacio led the *Magdiwang* wing.

By his actions, Trillanes acted more like Bonifacio at his petulant worst — willing and able to jeopardize the revolution on account of a personal plaint. I can understand the dismay of many of Trillanes' political allies and erstwhile supporters, who now find their principles compromised by one man's impetuousness.

*Tila baga di tayo magkakasundo kaya palagi nagpruprotesta o di kaya naman pag may nanalo ng presidente, inaaway nang inaaway kaya hindi tayo makaahon sapagkat palaging hinaharangan ang mga initiatives. It is not my brief to defend President Arroyo. Far be it from that. What I am saying is simply, there are ways of fighting any president in this country, one of which is through the Senate, and we have been conducting investigations on the shenanigans of the administration. The court is another one. But certainly to march on the streets, to embarrass the whole country, and destroy our tourism and our business efforts, and put many people in harm's way, including the police, the media, the private citizens, is not the way.*

History also reminds us of the example set by none other than Adolf Hitler who, in another November 84 years ago, staged the infamous beer hall putsch in Munich. Flanked by a few cohorts, the young Hitler held some people hostage in a bar in Munich and declared himself the leader of Germany, after intimidating the leaders of Munich at that time, only to find himself pathetically bereft of military and public support. The putsch collapsed within hours. Advised by a sadly misguided old man, General Ludendorff,

Hitler marched out onto the streets of Munich, only to be met with a hail of police bullets.

Thankfully, the parallels end there. It was not to be the end of Adolf Hitler, and he went on to become history's worst and deadliest dictator. Trillanes may be no Hitler, but we have too many old men willing to play his Ludendorff. I hope they will remember how, in his last years, Ludendorff himself saw Hitler for what he was, and denounced him as "one of the greatest demagogues of all time."

In fact, he even told Von Hindenburg, the President of Germany at that time, that by appointing Mr. Hitler as chancellor of Germany, that would be his greatest mistake and the greatest error in Germany. By then, it was too late to be sorry.

Let me remind my distinguished colleagues that had this man's putsch succeeded, you and I in the Senate would not be here today, and we would all be at the mercy of a revolutionary government whose composition would be as muddled and confused as Senator Trillanes' thinking.

While we are on the issue of accountability, let us take a moment to reflect on the events of that day. We may call it Monday morning quarterbacking, and I am glad the local government secretary and the police are here. If news reports and footages are to be believed, then it must have taken Trillanes and his group more than an hour to walk from RTC-Makati to the Manila Peninsula Hotel. The media covered the whole event and broadcasts were uninterrupted. It was even shown in Geneva on BBC and on CNN. Police should have been alerted by the incident. I know they were. If these were so, then why were they not apprehended at anytime while they were en route to the hotel? Why did it take so long for the local police to arrest Trillanes and his group? Televised pa yan. Ganyan ba iyan kapag may hinohold-up na bangko, matagal dumating ang pulis? Iyon ba ang sinasabi natin dito? Ito, nasa telebisyon na, nakikita na ng buong mundo, ang tagal pang dumating ng kapulisan. Although, noong umabot na doon sa Manila Peninsula Hotel, nasubo na at kailangang umaksiyon nang talagang matindi para maramdaman ng mga nananaginip na ito na seryoso ang gobyerno, na hindi sila papaya-gang makalamang sa ating bansa sa pamagitan ng karahasan. Pero hindi na sana umabot doon kung noong papunta pa lamang sila sa Peninsula ay naharang na. The forceful attack employed by use of an armored personnel carrier (APC), as shown on international television,

on BBC, on CNN, everywhere in the world, to demolish the lobby of the hotel would have not been necessary if the local police acted promptly.

Where was our police force? The prompt resolution was important. There would have been no need for an APC to demolish private property and endanger lives had the local police been able to act swiftly and decisively.

I urge this Chamber to conduct an investigation on the events that transpired on 29 November so that accountability will be properly attached to persons responsible.

After all, there is a local police force in Makati the last time I heard. After all, Fort Bonifacio is not too far away from the Makati area.

#### *Media and the law*

This incident sparked a debate on the extent of media's constitutionally protected right to press freedom. During the incident, media practitioners covering within the perimeter of the Manila Peninsula Hotel were requested to evacuate the area. Thereafter, media men and women were herded like cattle and led to a bus, some of them handcuffed, and detained at Camp Bagong Diwa. The actions of the police forces displayed the lack of parameters of proper engagement under similar sensitive incidents.

In this light, I urge this Chamber, as I urged in Geneva through a press release I sent here, to express its sense that a dialogue between the media, the military and the police is immediately necessary. During incidents such as the one in Manila Peninsula Hotel, swift resolution, with the least damage to property and loss of life, is the intent of the police. *Tungkulin ng pulis iyan na ipagtanggol ang tao, ipagtanggol ang propedad ng tao, at kailangan na ang media ay respetuhin din nila. Ang tungkulin ng media ay i-report ang insidente minu-minuto sa ating bansa. Pero, dapat talaga mayroon tayong rules of engagement, na hindi lang gagamitin pagkatapos mangyari nito ngunit tuwi-tuwina. Dapat gamitin ng police at ng military ang miting sa media kahit na once every semester, para sa ganoon na kung may mangyayaring ganito ay hindi na mauulit iyong ipinapakita sa mundo na pati mga media ay nakaposas at isinasakay sa bus.*

This is done in a constructive manner so that we do not have to be the laughing stock of the world.

*Napakahalaga na nandoon ang media. Kaya nga nagkakaroon tayo ng question*

because the deaths of so many journalists in our country should be enough for proper mechanisms and procedure to be put in place to avoid cases where they stand to be at cross hairs with the police force tasked to safeguard their persons.

This Representation proposes that rules of engagement among the media, the military and the police be drafted and implemented right away. In coming out with these rules, a balance must be struck between the rights of the media and the duty of the police force, to serve and protect the people and contain a situation as professionally and swiftly as possible. Media, the military and the police must sit down together to draft the rules for their mutual benefit.

We are fully aware that the police have to do their jobs. *Kailangan walang tatamaan na private, media o public. But on the other hand, media must understand that they could be putting also the police in harm's way kapag sila ay pumasok at may nakaharang na mga tao na puwedeng i-hostage ng mga taong ganito.*

The incident, while resolved in a day, has done considerable damage to our country's reputation as the international community bore witness to the atrocity of the attack both to the government, as an institution, and media, as the fourth estate. With economic development on the upswing — *kanina, nabasa ko iyong Namura Securities they are going to adjust positively their recommendations about the Philippine economy — we cannot afford to shoot ourselves once more in the foot by blunders in the handling of similar incidents in the future. We cannot afford a Trillanes incident; we cannot afford the mistakes done during and after the Trillanes incident.*

This is why, while we are here, and because we are here as representatives and, hopefully, the conscience of our people, I seek your support for an unequivocal denunciation of this failed revolt of November 29, 2007, of its plotters, its supporters, and their objectives. I ask for this Chamber's unity behind the rule of law, and for the full application of that law against anyone who would put this nation's well-being and image at risk through violent means, for their own aggrandizement. Not just our image but our democratic way of life.

Finally, let me say that Senator Trillanes and I, as well as all of us here, I am sure, are in agreement on one point: we need genuine political, social and economic reform. Nobody won that day. Everybody, everyone lost. Tourism, busi-

ness, and the economy lost, the OFWs lost, the common man lost. Even as the aggression was quelled that day, it must send a strong message to the administration. They have to be more forthright in their actions and platforms. Government should improve transparency, governance and accountability.

While the Senate continues to investigate them here, it only behooves the President or the administration to continue its efforts to try and minimize graft and corruption, and try to be forthright at all times in the matter of questions being asked about the government.

The President should not brush this incident aside even as the country enjoys the strengthening of the economy. The lack or absence of civilian support for the call for her resignation at the Manila Peninsula Hotel should not be interpreted as an approval, but a challenge to put in place reforms that are needed and called for. But that reform will not come from the barrel of a gun, in one afternoon's revolt. It will come from patient, hard work over many years. That is why we are here. That is why I have risen to speak today.

#### **SUSPENSION OF THE PRIVILEGE HOUR**

Upon motion of Senator Pangilinan, there being no objection, the Body suspended the privilege hour and consequently, the consideration of the privilege speech of Senator Gordon to give way to the interpellations on the 2008 General Appropriations Bill.

#### **COMMITTEE REPORT NO. 22 ON HOUSE BILL NO. 2454**

*(Continuation)*

Upon motion of Senator Pangilinan, there being no objection, the Body resumed consideration, on Second Reading, of House Bill No. 2454 (Committee Report No. 22), entitled

#### **AN ACT APPROPRIATING FUNDS FOR THE OPERATION OF THE GOVERN- MENT OF THE REPUBLIC OF THE PHILIPPINES FROM JANUARY ONE TO DECEMBER THIRTY-ONE, TWO THOUSAND EIGHT, AND FOR OTHER PURPOSES.**

Thereupon, the Chair recognized Senator Enrile, Sponsor of the measure,

#### **DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT**

Senator Enrile presented the budget of the Department of the Interior and Local Government (DILG).

#### **SUSPENSION OF SESSION**

Upon motion of Senator Aquino, the session was suspended.

*It was 4:01 p.m.*

#### **RESUMPTION OF SESSION**

At 4:02 p.m., the session was resumed.

#### **INTERPELLATION OF SENATOR AQUINO**

Asked by Senator Aquino, if the *Kalayaan sa Barangay* Fund is under the DILG, Senator Enrile replied that it is under the Department of National Defense.

On whether the *Kilos Asenso* program would be administered by the DILG, Senator Enrile replied that it would, but only to the extent of the counterpart fund to be sourced from the local government units (LGUs) but it is essentially a program of the Department of Budget and Management. He explained that under the Special Provision of the National Expenditure Program (NEP), the fund for the program shall be used as national government counterpart to support the projects of the LGUs identified therein, such as the construction of farm-to-market roads, small bridges and day care centers; improvement of potable water system; investments in agri-forestry projects and the like to uplift the socio-economic standing of the LGUs; and that 50% of the project cost shall be sourced from local government funds identified by the LGUs.

Asked if the program has implementing rules and regulations (IRR), Senator Enrile replied in the negative, stating that it is the DBM that would issue the IRRs.

At this juncture, Senator Aquino asked how the Committee arrived at the amount of P3 billion as a necessary component to enhance the program.

*AC*

*FB*

## SUSPENSION OF SESSION

Upon motion of Senator Enrile, the session was suspended.

*It was 4:05 p.m.*

## RESUMPTION OF SESSION

At 4:08 p.m., the session was resumed.

Senator Aquino noted that the projects identified under the *Kilos Asenso* program like the farm-to-market roads and day care centers are already being done through the initiatives of congressmen and senators and various agencies of the national government. He wondered how the program would enhance the efficiency of the LGUs considering that they would be funding 50% of the project cost. In response, Senator Enrile acknowledged that the projects under the *Kilos Asenso* program are already being done by government agencies like the DPWH and DAR, but he clarified that the P3 billion is a counterpart fund for LGUs that want to avail of it. He explained that the availing municipality must initiate a project, for which purpose, it must have a counterpart fund and a detailed project study. He said that he was not discounting the possibility that the fund could be a source of pork barrel, but he would still support it nonetheless because it would help in the improvement and development of the rural communities.

Asked if the same program was included in the 2007 national budget, Senator Enrile replied that there was a proposal but it was not adopted for lack of adequate funding.

*At this juncture, Senate President Pro Tempore Ejercito Estrada relinquished the Chair to Senator Pangilinan.*

On whether he would agree to amendments creating an oversight committee for the program and providing in the IRRs that the funds shall not be used for grandiose and unnecessary projects, Senator Enrile gave assurance that the Committee would consider the proposals at the proper time.

Proceeding to the budget of the Philippine National Police (PNP), Senator Aquino noted that there is an ongoing program for the procurement of handguns. Senator Enrile stated that part of the

PNP's P670 million allocation for capital outlay is to be used for the procurement of 5,000 units of 9mm Glock at a cost of about P176,200,000 or P35,240 per unit. He bared that the PNP is deficient by about 20,000 handguns.

Senator Enrile disclosed that the purchase price of a Glock pistol is P35,240 with the same 9mm calibration as the Beretta, only better. He explained that the Austrian Glock pistol was chosen because it is made of polymer, most of its parts are nonmetallic, therefore less prone to rusting, and it is durable.

To the information that the Steyr pistol, a direct competitor to Glock pistol, was offered at P25,000.00, Senator Enrile stated that Glock was the only one that made an offer to the PNP and besides, its pistol is the only one made of polymer.

But Senator Aquino adverted to reports that there were at least three suppliers who made an offer to the PNP at lower costs, namely, Arms Corporation of the Philippines (Armscor), Armament Unlimited, Inc. and Talon Security Services. Senator Enrile explained that based on his experience as a former DND secretary, the cheapest pistol is not always the best and while it may help economize, it might turn out to be more expensive in the long run because it might have to be replaced in a shorter time.

Questioning the durability of Glock pistols, Senator Aquino bared that his personal pistol of the same brand had to undergo replacement of a major part three times over two years.

On the need for at least 27,000 pistols, Senator Aquino asked how many Beretta pistols the PNP has at the moment. Senator Enrile explained that the current number of handguns the PNP has in its possession would be replaced when each unit becomes unserviceable. He cited the planned injection of 5,000 units of Glock into the PNP's arms supply.

Considering that the solicitation for the bidding of handguns posted on the PNP website quoted the amount of P23,000 per pistol, Senator Aquino asked why the contract awarded was P35,000 per unit. He argued that by posting a lower figure of P23,000, it meant that the PNP was confident and it is sufficient enough to meet their needs and with the peso appreciating against the U.S. dollar, then more pistols could be purchased. *mc* *po*

## SUSPENSION OF SESSION

Upon motion of Senator Enrile, the session was suspended.

*It was 4:29 p.m.*

## RESUMPTION OF SESSION

At 4:33 p.m., the session was resumed.

Senator Enrile informed the Body that for the current year, the PNP procured 5,000 Beretta handguns at P19,500 per unit as well as 1,750 Glock handguns at P35,240 per unit as posted in their website. He supposed that since the guns are of European origin and there were no substantial changes in the peso against the euro exchange rate, the unit price at the time probably increased.

On the observation that the PNP procured two kinds of handguns that are not at all interchangeable, Senator Aquino asked why a more expensive gun was procured, when clearly, buying a less expensive unit would mean more guns for more personnel. Senator Enrile replied that both pistols met the criteria of the PNP for their own special purposes, adding that the Glock handguns would be used by specialized units, especially in island municipalities where guns are more prone to rust.

Adverting to the police-military assault at the Manila Peninsula Hotel the previous week, Senator Aquino observed that some of the men were seen still assembling the filters on their gas masks. He asked whether the masks were issued only after the assault started and the tear gas was fired. Senator Enrile said that according to the director-general of the PNP, the gas masks were issued prior to the assault and the ones seen assembling brand-new gas masks were probably just reinforcements as some were not in the combat area prior to the assault.

Noting that Senator Trillanes left the trial court at around 11:00 a.m. and was given the final warning to surrender before 3:00 p.m., Senator Aquino asked what time the assault actually happened and if the PNP had any contingency plans to address different possible scenarios. Senator Enrile replied that even during his time in the DND, studies were made on how to extricate people from different types of buildings. He gave assurance that there is a contingency plan which is part of the anti-terrorism training.

Asked to confirm that a general was killed when the director-general of the PNP, who was then still part of the SAF, assaulted Camp Cawa-Cawa, Senator Enrile recalled that it was an incident in Zamboanga where Brig. Gen. Eduardo Batalla and his aide were killed.

Senator Aquino wondered how the assault team was able to secure the Manila Peninsula Hotel considering the vastness of the structure and the fact that the assaulting team had only about five hours to prepare the assault plan and brief the members. Senator Enrile supposed that the team was able to get a floor plan of the hotel and planned their operations based on these available materials. He added that the rebel group was taken by surprise because unlike the 1986 people power rebellion where government forces were unaware of the location and movements of the rebels, the rebels involved in the hotel siege had already broadcasted their positions.

Upon further query, Senator Enrile said that the assault team employed specific equipment and number of personnel precisely to minimize casualties and subdue the adversary.

## MANIFESTATION OF SENATOR CAYETANO (A)

At the outset, Senator Cayetano (A) commended the DILG for having extended full cooperation to his staff, to the point that DILG Undersecretary Corpus and 35 key personnel went to his office to explain the department's programs, projects and funding. This, he noted, was in contrast to his experience with the personnel of the Department of Public Works and Highways (DPWH).

Senator Cayetano (A) suggested that in the absence of salary increases, the DILG could set up camp facilities for policemen similar to those found in the former Camp John Hay. He lauded PNP Chief Avelino Razon who, during his term as NCRPO chief, was able to solicit P500,000 from each congressman to fund the creation of a sports complex in Camp Bagong Diwa. He expressed hope that the DILG Secretary would look into this possibility as well, which, he believed, is one project that would be supported by congressmen and local government officials.

Senator Cayetano (A) also observed that agencies that have funding sourced from taxes have an easier

*ps* *hd*

access to these resources than those that do not. For instance, he said that the Commission on Higher Education (CHED) is able to allocate P1 billion for scholarships yearly because its funding comes from 40% of revenues generated from travel taxes, while the special education fund of mayors is taken from one percent of revenues earned from real property taxes. Expressing support for the DILG's project of setting up regional crime laboratories which would give policemen an edge over criminals, he urged the Members to look for a means so that the agency could receive funding for the purchase of new equipment considering that local law enforcers are behind in terms of technology. He requested that Senator Escudero, chairperson of the Committee on Ways and Means, study the matter.

Finally, Senator Cayetano (A) requested that the police handling the area of Taguig and Pateros act on the problem of drug pushers living across his residence and behind Camp Bagong Diwa as he had done for the last 15 years. He posited that the problem with having a highly politicized atmosphere is that some police chiefs do not even make the courtesy of presenting themselves before opposition senators or congressmen living within their area of jurisdiction. Senator Enrile said that the PNP Director General was acting on his request that very moment.

At this juncture, the Chair asked whether drug pushers were residing behind Camp Bagong Diwa. Senator Cayetano (A) replied in the affirmative. The Chair echoed Senator Cayetano's request for the police to act on the matter.

#### **INTERPELLATION OF SENATOR LACSON**

At the outset, Senator Lacson noted that while the Administrative Code of 1987 authorized the DILG to have three undersecretaries and three assistant secretaries, the same act was amended by Republic Act No. 6975 or the PNP Law (Department of the Interior and Local Government Act of 1990) which then gave the DILG the authority to have two undersecretaries – one for local government, and another for peace and order, one of which must at least belong to the career executive service – and three assistant secretaries. He noted that while Section 20 of the Administrative Code gives the President residual powers to reorganize the bureaucracy, there is also a provision which states that such reorganization is possible only if Congress so

provides. That being the case, he asked for the rationale behind the DILG's request for funding for six undersecretaries and eight assistant secretaries in its proposed budget.

#### **SUSPENSION OF SESSION**

Upon motion Senator Enrile, the session was suspended.

*It was 4:53 p.m.*

#### **RESUMPTION OF SESSION**

At 4:58 p.m., the session was resumed with Senate President Villar presiding.

Senator Enrile stated that under the Administrative Code, the DILG has three regular undersecretaries: one handling peace and order and transnational crimes, another managing public safety, and the third handling local government. He explained that by virtue of the standby reorganization powers of the President, other undersecretaries and assistant secretaries are seconded from the Office of the President to the DILG, with their salaries paid by the Office of the President.

Senator Enrile recalled that he himself was seconded by then President Marcos to be the Undersecretary of Justice Secretary Yulo but he did not accept the appointment because of some political consideration.

Asked on the specific duties and functions of the DILG undersecretaries and assistant secretaries, Senator Enrile enumerated the names of the following officials and their respective assignments:

- ◆ Joselito Ruiz – Undersecretary for Special Concerns;
- ◆ Austere Panadero - Undersecretary for Interior and Local Government;
- ◆ Marius Corpuz - Undersecretary for Public Safety;
- ◆ Melchor Rosales – Undersecretary for Peace and Order and Transnational Crimes;
- ◆ Clarito Malinlin - Assistant Secretary for Finance and Comptrollership (seconded);

*hl r*

- ♦ Encarnacion Blanco - Assistant Secretary for Barangay Affairs (seconded);
- ♦ Brian Raymond Yamsuan - Assistant Secretary for Strategic Planning and Public Affairs;
- ♦ Danilo Valero - Assistant Secretary for Peace and Order;
- ♦ Edgardo Abenina - Assistant Secretary for Transparency in Governance; and
- ♦ Oscar Valenzuela - Assistant Secretary for Napolcom Affairs

Asked if there was overlapping of functions, Senator Enrile replied in the negative.

On whether the DILG Secretary exercises his powers over the PNP in his capacity as *ex officio* chairman of the Napolcom, Senator Enrile replied in the affirmative.

As to the level of authority of the PNP Chief and the directors of the Bureau of Jail Management and Penology and the Bureau of Fire Protection in terms of assignment of officers, promotions and fund allocations, Senator Enrile said that they have full authority over the deployment of personnel subject to whoever has the power of control and supervision. He assumed that a department head can always influence his department on matters concerning the allocation of funding for certain purposes.

Senator Lacson said that he would like General Razon to exercise the same level of authority that he enjoyed when he was PNP Chief. Senator Enrile affirmed that the incumbent PNP Chief has the same level of authority.

Senator Lacson pointed out that under the PNP law, it is within the authority of the PNP Chief to promote officers up to the superintendent level, subject to review by the National Police Commission (Napolcom); however, he may assign personnel up to the director staff level, subject to the recommendation of the Senior Officers Placement and Promotions Board. He added that the members of the command group — Deputy for Administration, Deputy for Operations, and Chief of the Director Staff — are all presidential appointees, thus, the PNP Chief is limited only to recommendatory authority. He asserted

that the PNP Chief should be given the authority to appoint provincial directors.

With respect to the reassignment and deployment of commanders, Senator Enrile stated that under the PNP implementing rules and guidelines, local government officials are given three nominees to select from.

Senator Lacson said that the PNP Chief should be given the authority to recommend provincial directors to local government officials. He wondered how the PNP Chief can impose disciplinary action on erring police officers if he does not possess the commensurate authority to do so. He said that the Interior and Local Government Secretary as Napolcom Chairman should interfere only when the PNP Chief has erred in his judgment.

Senator Enrile recalled that when he was the defense secretary he was not in the line of command, but being the alter ego of the President in the field, he caused the removal of PC companies, transferred detachments *in toto* and replaced them with another unit to correct any misbehavior.

Asked for an update on the insurgency situation in the country, Senator Enrile replied that the *Kalayaan sa Barangay* program has targeted some 200 controlled *barangays*. He revealed that there are 100 guerilla fronts throughout the country, covering about 3,000 of the 41,000 *barangays*. He said that he would ask the PNP and AFP to provide Senator Lacson with the information on the number of *barangays* that are influenced, infiltrated and threatened. He stated that in 2004, there were 2,900 affected *barangays*; 2,142 in 2005; 2,093 in 2006; and 2,193 for the first half of 2007.

On whether the PNP is receiving adequate financial and logistical support in their battle against the insurgents, Senator Enrile said that PNP was given P200 million for its counterinsurgency program in support of the AFP which is the one directly responsible for handling counterinsurgency measures.

Senator Enrile stated that the recent event was not an insurgency problem but called for the exercise of police power. However, he said that quelling the ongoing leftist rebellion, the secessionist moves of Muslim groups in Mindanao and criminal activities of the Abu Sayyaf group are all functions of the AFP. He added that while the GAA allocated P200 million

16  
JUL

for counterinsurgency in favor of the PNP, there was also a special release of P650 million to the PNP for that purpose.

Senator Lacson stated that he had written the Committee, copy furnished the PNP, to request that the Senate be furnished with the document on the allotment advises before the budget deliberations. Senator Enrile clarified that the letter had been referred to the DBM which is the source of funding, but it has not replied yet.

Senator Lacson said that the DBM only replied to the query on special releases for election duties in the recent barangay elections but not to the request for documents on the special releases by Malacañang and Comelec in the May 2007 elections and counterinsurgency operations.

## SUSPENSION OF SESSION

Upon motion of Senator Enrile, the session was suspended.

*It was 5:24 p.m.*

## RESUMPTION OF SESSION

At 5:25 p.m., the session was resumed.

As regards the revenue-generating units of the PNP, Senator Enrile stated that the PNP Firearms Section collects fees for firearms licenses that are turned over to the National Treasury but the PNP has the authority to utilize a portion thereof.

Asked how much the PNP could utilize from the fees collected, Senator Enrile stated that the exact distribution is not indicated in the NEP but the Special Provision on page 226 provides that:

*Use of Income.* — In addition to the amounts appropriated herein, fees and charges authorized to be collected by the PNP by virtue of its absorption of the then Philippine Constabulary, Integrated National Police, and AFP units shall be classified as Trust Receipts to augment its appropriation: *Provided*, that the PNP shall submit a quarterly report to the DBM of its income and expenditures and the status of the Trust Receipts.

Upon further queries, Senator Enrile replied that the current strength of the PNP, both uniformed and

non-uniformed personnel, is 120,000 more or less; and the ratio of field assignments to headquarters assignment is 90% for fieldwork and 10% for headquarters duty.

As regards the Anti-Kotong campaign, Senator Enrile stated that 98 PNP personnel have been arrested in two weeks' time.

On the physical fitness program of the PNP, Senator Enrile believed that the effort started by Senator Lacson when he was still PNP Chief is still being pursued.

Thereupon, Senator Lacson commended the PNP, especially the head of the tactical unit who implemented the assault at the Manila Peninsula Hotel. He stated that whoever prepared the tactical plan should not only be commended but also promoted, because the acoustic fire that the PNP conducted broke the fighting spirit of those people holed inside the hotel. He pointed out that the mere sound of the machine gun in an enclosed place can really break one's spirit and prompt him to think about surrendering. Senator Enrile stated those trained in military school know that in war, the military should use all the weapons they have to subdue the enemy as fast as they can.

Senator Lacson said that the best thing that happened was that not one life was lost during the incident and damage to property was minimal. However, he said that after the smoke had cleared and the situation controlled, subsequent actions like the arrest of media personalities and the imposition of curfew, which has no constitutional basis, were not commendable.

Adverting to the collection of fees, Senator Enrile stated that there is a formula for sharing the trust receipts: 40% goes to the PNP; 30% to the AFP; 20% to the Bureau of Fire Protection; and 10% to the BJMP.

Senator Lacson opined that there is no reason for the AFP to get a share from the trust receipt because the PNP has been separated from the AFP since 1991. For his part, Senator Enrile suggested that Senator Lacson author a law removing the share of the AFP from the trust receipt.

Senator Lacson clarified that whenever he makes exposés on the PNP on the floor, it is done out of *fr*

love and respect to the institution that he headed at one time. However, he decried that even if he only wanted to prove a point, for instance, when he bared that the counterinsurgency fund was used to fund KAMPI congressmen, he had been accused of being on a fishing expedition. Certainly, he said, he would like the PNP funds and the personnel to be utilized properly.

#### **MANIFESTATION OF SENATOR CAYETANO (A)**

Senator Cayetano (A) manifested that Senator Ejercito Estrada had withdrawn his reservation to interpellate on the budgets of the Sandiganbayan and the Optical Media Board.

#### **SUBMISSION OF THE BUDGET OF THE SANDIGANBAYAN**

Upon motion of Senator Enrile, there being no objection, the budget of the Sandiganbayan was deemed submitted for the Body's consideration.

#### **SUBMISSION OF THE BUDGET OF THE OPTICAL MEDIA BOARD**

Upon motion of Senator Enrile, there being no objection, the budget of the Optical Media Board was deemed submitted for the Body's consideration.

#### **MANIFESTATION OF SENATOR CAYETANO (A)**

Senator Cayetano (A) said that he received a letter from the chairman of the Philippine Sports Commission informing the Body of his unavailability in the day's session because his presence was needed to send off the RP Contingent to the Southeast Asian Games in Bangkok at 6:30 p.m. He urged the Body to approve the budget of the Commission if there are no reservations for interpellation.

#### **SUBMISSION OF THE BUDGET OF THE SECURITIES AND EXCHANGE COMMISSION**

There being no reservation for interpellation, upon motion of Senator Enrile, there being no objection, the budget of the Securities and Exchange Commission was deemed submitted for the Body's consideration.

#### **SUSPENSION OF SESSION**

Upon motion of Senator Pangilinan, the session was suspended.

*It was 5:41 p.m.*

#### **RESUMPTION OF SESSION**

At 5:42 p.m., the session was resumed.

#### **SUBMISSION OF THE BUDGET OF THE PHILIPPINE SPORTS COMMISSION**

There being no reservation for interpellation, upon motion of Senator Cayetano (A), the budget of the Philippine Sports Commission was deemed submitted for the Body's consideration.

#### **CIVIL SERVICE COMMISSION**

Senator Cayetano (A) presented the budget of the Civil Service Commission.

#### **MANIFESTATION OF SENATOR PIMENTEL**

Noting the complaints against the tedious pre-employment requirement of the Civil Service Commission (CSC) to fill out a long personal data sheet for purposes of data-gathering, Senator Pimentel asked whether the CSC could simplify it.

On the assurance of Chairman Karina David that the matter has already been properly addressed, Senator Pimentel withdrew his manifestation.

#### **SUBMISSION OF THE BUDGET OF THE CIVIL SERVICE COMMISSION**

Upon motion of Pangilinan, there being no objection, the budget of the Civil Service Commission was deemed submitted for the Body's consideration.

#### **DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT**

*(Continuation)*

At this juncture, the Body resumed consideration of the budget of the DILG.

#### **INTERPELLATION OF SENATOR BIAZON**

Upon query of Senator Biazon, Senator Enrile stated that the government spends P360 million *40*

annually for the purchase of ammunition, such as 9mm, caliber 45, and 5.56mm, from the Armscor, a local supplier which is also a local manufacturer. Even as he admitted that some of the 5.56mm are produced by the government arsenal, he said that some are imported or procured from civilian suppliers because the government arsenal has limited capability to produce the total needs of the AFP and the PNP.

Senator Biazon underscored the need to look at the capability of the arsenal to supply not only the AFP but also the PNP. He stated that there is a huge market within the country for the products of the arsenal, such as private security agencies.

Asked on the present police-to-population ratio, Senator Enrile replied that the ratio is one is to 700, when ideally it should be 1 to 500. He stated that the PNP, for lack of resources, had to apply command discretion in deploying available manpower depending upon the need of the communities; for instance, forces would be sent even in low-density communities with very high incidence of criminality.

On whether the decision regarding the strength of the PNP is left to the judgment of the PNP chief or is established by national policymakers, Senator Enrile stated that it is a confluence of the judgment of the command as well as the leadership of the land, because the decision has both political and organizational implications.

Asked if the strength of the PNP is established by law, or simply a policy prescribed by the DILG or by the PNP director-general, Senator Enrile believed that, similar to the AFP, the strength is dictated by perceived internal and external threats to the nation; thus, it would depend upon the notion of the command and the Executive department as to the level of criminality and disorder in the land.

Senator Biazon acknowledged the fluctuating need for manpower of the AFP particularly when it jumped from 47,000 to 200,000 after the declaration of martial law to address the threat of the CPP-NPA. However, in the case of the PNP, he theorized that the normal requirement for plain criminality might be constant, except if they are given the supporting role to the counterinsurgency program. In fact, he recalled, the DILG, the PNP director-general, and even the Philippine Constabulary had declared that the desired ratio was one policeman for every 1,000 persons in urban areas, and one policeman for every 500 persons in rural areas.

Senator Enrile replied that under Section 27 of Republic Act No. 6975, the average manning level or ideal target nationwide shall be approximately and in accordance with a police-to-population ratio of one policeman for every 500. He added that the actual strength by cities and municipalities shall depend on the state of peace and order of the population and the actual demands for the service in a particular area, provided that the minimum police-to-population ratio shall not be less than one policeman for every 1,000.

However, Senator Biazon recalled that in almost all the past budget deliberations, the justification for asking the hiring of additional policemen is to make the ratio in the urban areas one policeman for every 1,000 persons, and one policeman for every 500 persons in the rural areas. Senator Enrile replied that the law provides for the average ratio nationwide.

Asked if there has been any change in the ratio of policemen to civilians which is 1:500 in rural areas and 1:1,000 in urban areas, Senator Enrile replied in the negative, saying that the ideal ratio nationwide is 1:500. He explained that the actual strength by cities and municipalities shall depend on the following aspects: the state of peace and order; population density; and the actual demands of the service in a particular area. He added that the deployment of forces depends on one's notion of the condition of a particular area or locality. He pointed out that according to law, the force level of the PNP is obtained by dividing the total population by 500, meaning that with a current population of say 90 million, the force level should be 180,000 but with an express limitation, the government should be able to support that number.

As regards the shortage of police force under present condition, Senator Enrile stated that with a population of 90,000,000 divided by 500, subtracted by the total police force of 120,000, the present deficit is 60,000 police personnel.

Upon further queries, Senator Enrile said that the shortage in handguns is 20,000. He agreed that the interchangeability of spare parts is a factor to be considered in purchasing the handguns.

Asked whether only one type of handgun could service the need of the PNP, Senator Enrile clarified that different units require different types of weapons. *46*

Finally, Senator Biazon questioned why in just 45 days, covering the campaign period in the last elections, Muntinlupa had three chiefs of police, coming in one after the other. Senator Enrile assured that Senator Biazon would give the answer in writing.

### SUSPENSION OF SESSION

Upon motion of Senator Enrile, the session was suspended.

*It was 6:08 p.m.*

### RESUMPTION OF SESSION

At 6:09 p.m., the session was resumed.

### INTERPELLATION OF SENATOR GORDON

Asked by Senator Gordon on the number of fire trucks and the municipalities they service, Senator Enrile replied that there are 1,272 serviceable fire engines at the moment, adding that the country is short by 1,891 fire trucks to cover the needs of a population numbering 88,500,000.

As to how the fire trucks are distributed among the 1,600 municipalities and 118 cities in the country, Senator Enrile stated that in the rural area, the BFP clusters the municipalities according to their proximity and allots a certain number of fire trucks to cover a certain area. He said that the BFP has 86 fire trucks in Metro Manila.

Citing the Chinese federations in Metro Manila which have 200 fire trucks, Senator Gordon inquired if the BFP has creative ways of encouraging people to volunteer as firemen in their communities. Senator Enrile stated that the BFP has a program involving the community in the firefighting effort.

As regards the purchase of second-hand fire trucks, Senator Enrile said that the BFP is prohibited by law to acquire second-hand fire trucks, and so it has to buy new ones which are admittedly expensive.

Since the BFP fire trucks presently in operation are equipped to fight fire up to the seventh floor, Senator Gordon wondered whether Congress should craft legislation to allow the BFP to purchase second-hand fire trucks like what the Chinese federations do. He recalled the tragic incident at Speaker De

Venecia's house, noting that the BFP did not have sufficient oxygen bottles or equipment. For his part, Senator Enrile said that some of the LGUs in Metro Manila, like Makati City, use their funds to acquire firefighting equipment to cover their area and also assist other localities in peril.

Senator Enrile stated that for 2008, DILG has a program to acquire 76 additional fire trucks, and another proposal to be submitted to Congress to authorize the Bureau of Fire Protection (BFP) to utilize the Fire Code fees for the purpose of acquiring firefighting equipment.

In connection therewith, Senator Gordon pointed out that the Chinese community in Sta. Cruz, for instance, literally collects money from the different stores in the area for the procurement of second-hand fire trucks.

On another matter, Senator Gordon noted that a lot of crimes like the so-called extrajudicial killings, assassinations and even cellphone snatchings, have been perpetrated by criminals using motorcycles. He asked if motorcycle drivers can be required to wear numbered helmets to make it easier for the police to identify the owners of the motorcycles and to serve as a deterrent to the commission of crimes.

Senator Enrile said that the PNP has set up checkpoints to monitor suspicious persons, especially those who ride in tandem on motorcycles.

Senator Gordon recalled that during his term as Olongapo City mayor, passenger jeepneys and tricycles were color-coded, a system which drastically reduced crimes aboard public utility vehicles. He expressed the hope that the Secretary of the Interior and Local Government would endorse a bill which requires the compulsory numbering of motorcycles and helmets in Congress, and recommend it as a certified measure to the President.

On another matter, Senator Gordon asked if the proliferation of illegal drugs is still the main problem of the PNP and the Filipino people. Senator Enrile agreed, saying that a high incidence of drug users and pushers in the country would multiply the incidence of crime.

Asked what the government authorities are doing to stop the influx of illegal drugs into the country, Senator Enrile said that the POEA, PNP, NBI and 

other law enforcement agencies have succeeded in dismantling many of the drug-producing factories.

On whether the PNP has implemented a neighborhood watch system to monitor and prevent illegal activities like drug trafficking and blast fishing in localities, and whether the identification system has already been put in place. Senator Enrile cited the so-called Barangay Information Network (BIN) which is supposed to undertake intelligence operation at the barangay level. He believed that it is the responsibility of barangay officials to monitor and prevent illegal activities in their respective areas.

Senator Gordon explained that he asked the question to remind the DILG that it should unite with the PNP and the LGUs to arrest the alarming incidence of crime throughout the country, given the limited resources for this purpose.

However, Senator Enrile commented that the DILG and the PNP would be hard put to detect and fight crime if the mayors and barangay officials themselves are the ones involved in criminal activities.

Senator Gordon said that the DILG can suspend erring local officials as it has done in the past when mayors were suspended before the elections. He said that senators can also visit places where people have always complained about the mayor's mediocre performance of duties.

Senator Enrile pointed out that in a democratic setting, it would be very difficult to enforce criminal laws because everytime a suspect of a well-funded crime syndicate is arrested, the authorities would have to contend with a battery of well-paid lawyers.

Senator Gordon recalled that when he was Olongapo City mayor, he succeeded in cleaning the city of criminal elements despite the lack of resources with the help of then Secretary Enrile and with the involvement and cooperation of the community.

In closing, Senator Gordon commended the PNP for the successful resolution of the Manila Peninsula Hotel siege, even as this could have been avoided by a more alert police force.

#### **REQUEST OF SENATOR PIMENTEL**

At this juncture, Senator Pimentel requested that the officers of the Sangguniang Kabataan be allowed

to leave the Session Hall because they have already submitted the papers he had requested in connection with the National Youth Commission budget.

#### **SUBMISSION OF THE BUDGETS OF THE ANTI-MONEY LAUNDERING BOARD AND THE NATIONAL YOUTH COMMISSION**

Upon motion of Senator Pangilinan, there being no objection, the budgets of the Anti-Money Laundering Board and the National Youth Commission were deemed submitted for the Body's consideration.

Thereafter, consideration of the budget of the DILG was resumed.

#### **INTERPELLATION OF SENATOR PIMENTEL**

Considering that the government has followed a regime of devolution, Senator Pimentel believed that the DILG may have already lost its validity to exist as such and that instead, it can simply become the department of the interior with primary jurisdiction over the police.

Senator Enrile said that the Secretary of the Interior and Local Government is of the view that the matter should be left to the wise discretion and judgment of Congress.

Senator Pimentel pointed out that the DILG is a vital cog in the administration of the rule of law especially in relation to its supervision over the PNP.

Regarding the *Kilos Asenso* program, Senator Pimentel stated that the funds therefor, which shall serve as counterpart fund, shall be used to support the development of the lowest class municipalities. He then asked on the number of fifth and sixth class municipalities.

Senator Enrile said that it is about 800 or one-half of the existing number of municipalities.

However, Senator Pimentel stated that based on 2001 data, there are only 17 sixth class municipalities because most of the municipalities had increased their income, which made them qualify for a higher category.

Senator Enrile informed Senator Pimentel that the *Kilos Asenso* program has expanded its coverage to include fourth, fifth and sixth class municipalities. *HC*

Asked what kind of presence the PNP has in the Autonomous Region in Muslim Mindanao and what other police force is operating in the region, if any, Senator Enrile replied that only the PNP is operating in the area with its 5,950-strong personnel.

As regards the PNP's inability to locate Maguindanao election supervisor Lintang Bedol, Senator Enrile explained that efforts to locate Mr. Bedol proved futile and as a consequence, the PNP could not serve the warrant and arrest him.

Senator Pimentel asserted that there should be an effective tie-up between the police force and barangay officials to effectively implement the laws.

Asked what kind of mechanism the PNP has put in place in relation to the barangay, Senator Enrile replied that the DILG and the PNP have put up peace and order councils in the regional, provincial, municipal and barangay levels as a coordinating mechanism to link up with the communities with regard to law enforcement.

Senator Pimentel stated that many criminal activities within the barangay are easy to spot and report by just having a strong tie-up between the PNP and the barangay units. He suggested that the DILG reform the council to address its apparent inability to maximize the efficacy of law enforcement. Senator Enrile agreed that the structure and composition of the council has to be reviewed because more often than not, the council just selects the prominent people in the locality who are not really attuned to what is going on in the community. He added that the council needs people who are close to the community residents and who know the situation in their locality. He gave assurance that the leadership of both the DILG and the PNP would take note of these concerns.

As regards Executive Order No. 546, calling for the support of all barangay officials for law enforcement, Senator Pimentel stressed that barangay support should indeed be encouraged because it is the barangay officials who know the more intimate profile of their locality. The barangay, he said, albeit the smallest unit of government, plays a vital role in governance.

Senator Pimentel noted that the Office of the Undersecretary for Local Government has issued an advisory informing all concerned that the term of all officers and members of the board of directors of

the *Liga ng mga Barangay* at all levels shall be from the date of their election until their successors shall have been elected and qualified unless sooner removed from office for cause. He pointed out that the advisory is a faulty interpretation of the law because the term of a barangay official who lost in the elections cannot be extended. He requested the DILG to rectify the error at the soonest possible time as elections for the *Liga ng mga Barangay* officers are scheduled in a week's time. Senator Enrile disclosed that the matter has been rectified and the proper order is awaiting signature. He also assured the Body that the DILG has already issued an order on December 3, 2007, deferring the payment of legal dues to all chapters of the *Liga ng mga Barangay*.

Senator Pimentel also requested the DILG to look into allegations that Senator Trillanes was harmed and manhandled when he was arrested.

Asked how Senator Trillanes is doing at the moment, Senator Enrile reported that the Senator underwent physical examination and any evidence of manhandling, if any, would be coming out in the medical report. He requested that the Committee be furnished with a copy of the report.

As to Senator Trillanes' visitation rights, Senator Enrile stated that the Senator is allowed to be freely visited by his lawyers and next of kin. He recalled that he was arrested in the Senate some years ago and brought to Camp Karingal. He stressed that when one is a rebel, he is a rebel, whether he is a senator or an ordinary person.

To the observation that certain rules apply in the course of treatment, Senator Enrile said that as someone who has experienced being in jail, he knows that one cannot engage in such activities without expecting any hurt and if one wants to be a real rebel, one should not complain. Senator Pimentel recalled his own jail experience and stated that he was treated well.

Senator Pimentel noted that police use modest words like "invite" when, in fact, it means "arrest," because when one is invited, one has the right to refuse that "invitation." He asked how could it be considered an "invitation" when the people supposedly invited were handcuffed and shoved into the police van. Senator Enrile pointed out that "invitation" is a polite way of saying that a VIP like Senator Trillanes is under police custody. *40*

*40*

Senator Pimentel urged the police to be a little more circumspect on the matter, particularly in handling the media, whose only offense was their presence during the incident. He pointed out that the police would only create more enemies because media reports on the incident would be picked up by the international media, as he noted that one highlight of the report from the Cable News Network (CNN) and the British Broadcasting Corporation (BBC) was on the arrest of the media people. Senator Enrile explained that prior to the actual police operation, the personalities inside the Manila Peninsula who were challenging the government, as well as the media, were sufficiently warned by the PNP to leave the area; however, when the final operation ensued, the authorities had to place everyone under police custody for processing purposes because they had a hard time distinguishing rebels from nonparticipants. He added that the police had received a very reliable intelligence report that many of the Magdalo members inside the hotel were in civilian clothes and wearing media identification cards.

Senator Pimentel acknowledged the difficulty that the police had to face in pinpointing the suspects in such a tense situation. However, he refused to believe that the PNP could mistake ABS-CBN anchorwoman Ces Drilon for being a Magdalo supporter, as she was only there to cover that important event. He believed that such incidents could have been avoided had the DILG issued an advisory to the media and if this were ignored, then the police would no longer be faulted for whatever happens to the media in the course of the authorities' takeover of the place.

Senator Enrile pointed out that media, particularly those belonging to television or radio organizations, operate under a franchise which carries conditions including the prohibition against using broadcast facilities to injure the tranquility and national security of the state. Nonetheless, he stated that as had been the case even before martial law, the police commander of the area is authorized to exclude people who might be involved in a violent situation as what had happened in the Manila Peninsula Hotel siege wherein the police repeatedly warned noncombatants to withdraw from the place so that the operating units could perform their duty of quelling the escalating violent situation. These, he said, are factors which have to be taken into consideration in assessing the problem.

But Senator Pimentel expressed concern over the possible overreaction on the part of the PNP

which might intrude into individual freedoms guaranteed by the Constitution. He said that while it is difficult to balance this in the actual situation where media is caught in the confrontation between the rebels and government forces, the better part of discretion should be used in favor of the freedom of the media to cover such situations, hopefully without impairing police operations.

On another matter, Senator Pimentel believed that the danger of DILG Secretary Puno's announcement of a curfew on the evening of Thursday, November 29, lies in the fact that the freedom of movement of the people as guaranteed by the Constitution cannot be curtailed by an act of a functionary of government. He noted that several commuters were stranded that evening, as many public utility vehicles stopped plying their routes following the curfew announcement. He also observed that while call center agents and others working the graveyard shift were exempted from the curfew, other legitimate businesses being conducted at that time, such as vendors purchasing vegetables, meat and other wares for sale, were unduly prejudiced by the announcement.

Senator Pimentel also noted that the fact that the President did not make the curfew announcement herself gave the impression that the act was impelled by DILG Secretary Puno's own desire to suppress any attempt by other sources to assist Senator Trillanes and the other rebels. He stated that under administrative law, any announcement made by a secretary that is not repudiated by the President is deemed to be the act of the President.

On the other hand, Senator Pimentel said he was relieved to learn that the President had also publicly expressed her concern over the manner in which the media people were arrested. This, he said, was a sign that the President had probably not been fully informed of the actual issuing of certain orders that her subordinates thought had to be given because of the challenge that was presented at that particular time.

Senator Enrile disclosed that there was a material issued on the setting up of the curfew last Thursday. He stated that the advisory limited the effectiveness of the curfew only from 12 midnight to 5:00 a.m. the following day and covered all persons residing, visiting, working or traveling to and from the National Capital Region as well as Regions III and IV-A, except the following:

16

- ◆ Those who are transporting goods and services;
- ◆ Airline passengers, whether domestic or international, taking late or early flights, including well-wishers;
- ◆ Drivers of public utility vehicles like taxis, buses, jeepneys and tricycles;
- ◆ Doctors and other medical health care practitioners who are on actual duty;
- PNP and AFP personnel in actual performance of duties;
- ◆ Emergency responders such as firemen, paramedics and others of similar nature of work;
- ◆ Night shift workers such as those in call centers and factories;
- ◆ Legitimate media people;
- ◆ Provincial bus passengers and commuters coming from said areas; and
- ◆ Members of the diplomatic corps.

Senator Enrile expressed the view that the proclamation of the President would be necessary only when the privilege of the writ of *habeas corpus* is suspended or when martial law is declared for the whole or any part of the country. On the other hand, he said that when the situation warrants, the President can issue a verbal or written order to the AFP to prevent or suppress lawless violence; in turn, the area commander would exercise the necessary measures to ensure that the suppression or prevention is effective, subject to the power of the President as commander-in-chief to control the application of force needed to quell a given violent situation.

Senator Pimentel believed that the cited situation might not be applicable to the Manila Peninsula incident primarily because it was not the AFP but the PNP that had been called to suppress the violence, and secondly, the many exceptions to the curfew as enumerated by Senator Enrile already nullified the rule itself. Senator Enrile surmised that these exceptions might have only been adopted from those that were imposed during martial law.

Senator Pimentel pointed out that the exceptions to martial law were made over a period of time. He expressed concern over the use of martial law methods without actual proclamation of martial rule because the rights of the people might slowly be curtailed over time.

## INTERPELLATION OF SENATOR LEGARDA

Senator Legarda asked whether the DILG still implements the Gender and Development (GAD) law, which was enacted by the Senate in the early '90s, mandating the DILG and other government agencies to allocate 5% of their funds to gender and development. She explained that the DILG is also mandated by law to coordinate with the National Commission on the Role of Filipino Women as well as other departments, which are likewise mandated to allocate 5% of their total budget. She also asked what other programs the DILG is presently undertaking for gender and development.

Senator Enrile replied that the DILG still implements the GAD law and it has, in fact, organized local councils of women all over the country in collaboration with the National Commission on the Role of Filipino Women.

Asked on the specific projects and programs implemented currently by the DILG to promote women's causes, Senator Enrile said that he would later provide Senator Legarda with the information in writing.

Asked whether the DILG has allocated 5% of its budget to the GAD, Senator Enrile replied in the affirmative.

On whether the DILG has monitored the implementation of R.A. No. 9003 (Ecological Solid Waste Management Law), Senator Enrile replied in the affirmative.

*At this juncture, Senator Pangilinan relinquished the Chair to Senate President Pro Tempore Ejercito Estrada.*

Senator Legarda further inquired whether the DILG has monitored the phasing out of open dump sites from the time of the enactment of the law in 2001, as she expressed concern that to date, some LGUs have not complied with the law. Senator Enrile replied that the DILG, which has been monitoring the LGUs, especially the ones still operating open dump sites, has referred the matter to the Department of Environment and National Resources for their recommendations.

Senator Legarda requested that she be furnished with the list of LGUs that refused to comply with the law.

Noting that the present custodial rate of jail officers to inmates is placed at 1:60, Senator Legarda asked on the ideal ratio of jail officers to inmates. Senator Enrile replied that it is one jail guard for every seven inmates.

Asked whether the present BJMP budgetary allocation would be enough to improve the ratio, Senator Enrile replied in the negative, saying that the allocation would cover the recruitment of only 500 jail guards in addition to the 7,000 guards of the BJMP, still far from the 40,000 jail guards needed to attain the ideal ratio.

On whether the BJMP has provided for the meal allowances of inmates, Senator Enrile replied in the affirmative.

To the query whether the DILG has addressed the issue of minor offenders being detained along with adult criminal offenders, Senator Enrile informed the Body that the department has completed the segregation of detention centers between minor and adult offenders and that there are only 500 young people left in the ordinary cells to be relocated, subject to the approval of the court.

On another matter, Senator Legarda asked whether the equipment that were seized from media practitioners during the Makati standoff have already been returned to their respective networks. Senator Enrile replied that everything that was taken from the media practitioners was returned. However, he said that if he were the commander in the field, he would keep the materials as evidence to be used in the criminal prosecution.

Asked whether any broadcast network has already filed a case against the PNP, Senator Enrile replied in the negative, but he said that based on reports, the National Press Club would file action.

#### **SUBMISSION OF THE BUDGETS OF THE DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT AND ITS ATTACHED AGENCIES**

There being no further interpellation, upon motion of Senator Enrile, there being no objection, the budgets of the Department of the Interior and Local Government and its attached agencies, namely, the Office of the Secretary, Bureau of Fire Protection, Bureau of Jail Management and Penology, Local

Government Academy, National Police Commission, Philippine National Police and the Philippine Public Safety College, were deemed submitted for the Body's consideration.

#### **SUSPENSION OF SESSION**

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

*It was 7:32 p.m.*

#### **RESUMPTION OF SESSION**

At 7:41 p.m., the session was resumed.

#### **NATIONAL WATER RESOURCE BOARD**

Senator Enrile presented the budget of the National Water Resource Board.

#### **INTERPELLATION OF SENATOR PIMENTEL**

Replying to Senator Pimentel's query on the personnel component of the National Water Resource Board, Senator Enrile stated that the Board has a total of 126 personnel, all of whom are working in the Quezon City office.

Senator Pimentel commented that the Board should have personnel, at least, in the major areas of the country but apparently, it cannot for lack of funds. He stated that while not many people realize it, the Board plays a vital role in addressing the problem of dwindling water supply in the country.

Asked what the Board has done to address the problem of water supply, Senator Enrile reported that for 2007, the Board has prepared the framework of the national integrated water resources management, a national water supply sector road map, and conducted a national conference for small-scale water service providers. He said that in 2008, the Board will continue with its existing programs in addition to which, it will conduct an integrated water resource management program for poverty alleviation and economic development at the Pampanga River basin, strengthen capacities for ground water management and aquifer protection, and enhance the stakeholders' awareness and appreciation of the integrated water resource management. *AC*

Regarding the composition the Board, Senator Enrile stated that the DENR secretary is the chairman of the board, the secretary of the NEDA is the vice chair, and the members are the heads of the Department of Health, Department of Justice, Department of Finance, University of the Philippines, National Hydraulic Research Center, and the Executive Director of the National Water Resource Board.

Senator Pimentel opined that the composition of the Board is a prescription for inutility because when department secretaries compose the board, the board does not get the importance it deserves because they simply send someone else to represent them in the meetings.

Senator Pimentel emphasized that the Board has to come up with doable proposals to alleviate the water crisis as he noted that water levels all over the country have been going down and sea water has been seeping into the fresh water ducts. He stressed that the Board needs to be reorganized to ensure that qualified people sit in the Board.

Senator Enrile suggested that Senator Pimentel craft a bill changing the composition of the Board.

Thereafter, Senator Pimentel requested the executive director of the Board to sit down with the senators to come up with a proposal.

#### **SUBMISSION OF THE BUDGET OF THE NATIONAL WATER RESOURCE BOARD**

Upon motion of Senator Pangilinan, there being no objection, the budget of the National Water Resource Board was deemed submitted for the Body's consideration.

#### **SUSPENSION OF SESSION**

Upon motion of Senator Pangilinan, the session was suspended.

*It was 7:49 p.m.*

#### **RESUMPTION OF SESSION**

At 7:49 p.m., the session was resumed.

#### **NATIONAL HOUSING AUTHORITY**

Senator Enrile presented the budget of the National Housing Authority.

#### **INTERPELLATION OF SENATOR BIAZON**

At the outset, Senator Biazon stated that the Comprehensive and Integrated Shelter Finance Act of 1995 (RA 7835) allocated a total of P13.742 billion for the shelter program but, so far, only P12.4 billion or 80% has been provided.

Asked if the GAB provides for the shortfall of P1.3 billion and whether that is enough to implement the relocation program for those affected by North Rail and South Rail projects, Senator Enrile replied that the President's budget submission of P5 billion for the National Housing Authority was reduced by the House of Representatives to P3.5 billion but the Senate restored it to P5 billion. He said that there is still a shortfall of P5 billion over and above the proposed 2008 NHA budget.

Senator Biazon then inquired on the number of families to be relocated to give way to the North and South Rail projects.

#### **SUSPENSION OF SESSION**

Upon motion of Senator Enrile, the session was suspended.

*It was 7:56 p.m.*

#### **RESUMPTION OF SESSION**

At 7:56 p.m., the session was resumed.

In reply, Senator Enrile clarified that a total of 141,804 families shall be relocated: Bulacan segment, 14,269; Metro Manila segment, 8,158; and Pampanga segment 19,377. He explained that the relocation would be covered by the proposed budget of P5 billion plus an additional P5 billion to cover the deficit in the future.

Asked if the proposed policy of HUDCC Chairman and Vice President Noli de Castro to float bonds to provide for the shortfall would be followed, Senator Enrile replied in the affirmative. He said that bonds would be floated next year.

As regards the South Rail project, Senator Enrile stated that there are 55,637 families to be relocated, of which 16,732 are in the Laguna segment.

On whether there is already a relocation site for the 11,000 families from Muntinlupa who are supposed *to*

to be relocated by the end of the year, Senator Enrile replied that some of the housing units were already completed while the others are still being constructed.

Asked if there is already an access road, Senator Enrile replied in the affirmative.

At this point, Senator Biazon stated that he would end his questioning because he was not getting the correct answers.

### **DEFERMENT OF CONSIDERATION OF THE BUDGET OF THE NATIONAL HOUSING AUTHORITY**

Upon motion of Senator Enrile, there being no objection, consideration of the budget of the National Housing Authority was deferred.

### **SUSPENSION OF SESSION**

Upon motion of Senator Pangilinan, the session was suspended.

*It was 8:03 p.m.*

### **RESUMPTION OF SESSION**

At 8:09 p.m., the session was resumed.

### **MANIFESTATION OF SENATOR PANGILINAN**

Upon resumption, Senator Pangilinan stated that the budget of the National Security Council was also deferred until the appearance of the National Security Adviser.

### **DEPARTMENT OF EDUCATION**

Senator Enrile presented the budget of the Department of Education.

### **INTERPELLATION OF SENATOR AQUINO**

Senator Aquino asked on the status of the Cyber Education project, as he noted that there was no allocation for the same in the proposed GAA.

### **SUSPENSION OF THE RULES OF THE SENATE**

Upon motion of Senator Enrile, there being no objection, the Body suspended the Rules of the

Senate to allow Education Secretary Lapuz to respond directly to the queries of Senator Aquino.

Following is the full exchange between Senator Aquino and Secretary Lapuz:

**Secretary Lapuz:** The Cyber Education Project is, first, technically on hold because even before Malacañang suspended the project, we in the DepEd, in our due diligence, have asked for an opinion from the Department of Justice on whether this potential transaction is covered by the Procurement Law or not. We have not, to this day, received any response. Therefore, the project is still very much on a due diligence basis for, as we know, the legal documentation went as far as a Memorandum of Agreement, which means that there is total flexibility at this stage.

**Senator Aquino:** Just to be clear, Mr. President. There is no supply contract already tendered for CyberEd?

**Secretary Lapuz:** There is none, Mr. President.

**Senator Aquino:** None at the contract signing in China?

**Secretary Lapuz:** What was signed was a Memorandum of Agreement.

**Senator Aquino:** For my last question. Since this is not really an item in the GAA, in case the Department of Justice rules favorably and says that the Department of Education can proceed, where does it intend to get the funding for DepEd's plans for 2008 with regard the CyberEd?

**Secretary Lapuz:** First of all, Mr. President, the process, as we understand it, is once the Department of Justice rules positively and defines whether this would be subject to bidding, we will comply with whatever is legally mandated. Before any loan agreement or monetary loan approval can be secured, a forward obligation authority should be secured which we have already secured.

We stress, and we have it in writing, that CyberEd will not compete with our aggressive funding for basic resource gaps and this is evidenced by the GAA proposal that is on the table — the additional classrooms, the additional teachers, the additional furniture and textbooks. They remain aggressively funded and being increased actually. It was increased by the House and I understand this august Body is predisposed to address this. Contrary to initial erroneous *me*

publicity, in fact, we are proposing a front-loading of all these because we see open and distance learning — which is really a generic term for cyber education — and is considered a basic augmentation to the basic needs so that it will improve the pedagogue on our classrooms which are beyond the desired 30 pupils per classroom. Audiovisual will improve the achievement level. No. 2, teacher training will be enhanced with this. And No. 3, the management of the biggest bureaucracy in the department on school-based management will be enhanced because this will provide an MIS on all statistics.

So, Mr. President, there is no provision in the expenditure program in this and there is no sacrifice at all to the resource gaps.

**Senator Aquino:** Mr. President, we take that to mean that there is a serious commitment on the part of the Secretary of the Department of Education that no resources intended for the basic services will be diverted to this project.

**Secretary Lapuz:** Not at all, Mr. President. Once provided in the GAA, of course; as we know, the GAA, that is the bible for spending. And the idea is to have a five-year grace period if there is a loan at all that will be secured. So, from a cash flow standpoint, our first cash flow on the principal will be on the sixth year.

**Senator Aquino:** Mr. President, we are reminded that before we entered public service, there was also a GAA that had in its implementation a mandatory savings on all departments that was transferred to a project. But be that as it may, we had discussions with the Secretary of the Department earlier, and we will tackle all of the other details with regard to cyber education through communications with this office.

## MANIFESTATION OF SENATOR ESCUDERO

Senator Escudero requested that the Oversight Committee on the Official Development Assistance Act be duly informed of the CyberEd project should it proceed because this is part of government's ODA program. He also manifested his intent to propose an amendment to the DepEd budget with respect to the total number of classrooms for the Bicol Region, which is a typhoon-prone area, so that they are adequately covered by insurance, if possible by the GSIS, so that repair and rehabilitation of existing classrooms destroyed by typhoons would already be

covered by a policy. He expressed hope that this insurance cover would start before the typhoon season next year.

## SUBMISSION OF THE BUDGETS OF THE DEPARTMENT OF EDUCATION AND ITS ATTACHED AGENCIES

Upon motion of Senator Enrile, there being no objection, the budgets of the Department of Education and its attached agencies, namely, the National Book Development Board, National Council for Children's Television, National Museum, Philippine High School for the Arts, and School Building Fund, were deemed submitted for the Body's consideration.

## SUSPENSION OF SESSION

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

*It was 8:19 p.m.*

## RESUMPTION OF SESSION

At 8:21 p.m., the session was resumed.

## SUSPENSION OF SESSION

Upon motion of Senator Cayetano (A), there being no objection, the Chair declared the session suspended until ten o'clock in the morning of the following day.

*It was 8:21 p.m.*

## RESUMPTION OF SESSION

At 10:12 a.m., Tuesday, December 4, the session was resumed with Senate President Villar presiding.

## SUBMISSION OF THE BUDGET OF THE DEPARTMENT OF SCIENCE AND TECHNOLOGY

Senator Pangilinan informed the Body of the presence of the Secretary of the Department of Science and Technology who was not present when her budget was defended by Senator Angara because she was attending a conference in Kyoto, Japan.

Thereafter, upon motion of Senator Pangilinan, there being no objection, the budget of the Department of Science and Technology was deemed submitted for the Body's consideration.

10

## **DEPARTMENT OF NATIONAL DEFENSE**

Senator Pangilinan informed the Body that Senators Aquino, Lacson and Legarda have made reservations to interpellate on the budget of the Department of National Defense.

## **SUSPENSION OF SESSION**

Upon motion of Senator Pangilinan, the session was suspended.

*It was 10:14 a.m.*

## **RESUMPTION OF SESSION**

At 10:20 a.m., the session was resumed.

## **INTERPELLATION OF SENATOR PIMENTEL**

At the outset, Senator Pimentel raised again the issue involving Major Gen. Jose T. Barbieto Jr., the Area Command Chief of the Army's Northeastern and Northern Mindanao 4<sup>th</sup> Infantry Division, who disregarded the rule of law in spite of the existence of a TRO issued by the court.

## **SUSPENSION OF SESSION**

Upon motion of Senator Enrile, the session was suspended.

*It was 10:23 a.m.*

## **RESUMPTION OF SESSION**

At 10:24 a.m., the session was resumed.

Upon resumption, Senator Enrile stated that he was told by the Defense Secretary that General Barbieto had already explained his side. Nonetheless, he suggested that the matter be threshed out by the Defense Secretary with Senator Pimentel at any time after the proceedings.

Senator Pimentel said that General Barbieto should be around when they discuss the issue. He emphasized that he never insinuated to the DND, AFP and the PNP that General Barbieto should be removed or relieved of his post because he has always believed that this issue should be isolated from political pressure. But he admitted being upset because this matter has been dragging for over a month now.

Senator Enrile said that he would be the first one to take action with respect to anybody who violates the law, especially when this is done by people in uniform who are supposed to enforce, obey and respect the law, and protect the civilian population of the country.

Meanwhile, Senator Pimentel asked for the cooperation of the AFP and DND in the conduct of Senate hearings on complaints involving them so that both sides of any issue would be heard.

To Senator Pimentel's request that the P1 billion *Kalayaan sa Barangay* allocation be spelled out with more details, Senator Enrile stated that the program is part of the government's effort to recover some communities, about 500 barangays, in the rural areas that are under the influence of the New People's Army. He explained that the counterinsurgency fund would be used to clear, hold and develop these areas, specifically to cover the construction of schoolbuildings, farm-to-market roads, and water systems; install electrification; and promote livelihood programs, to bring the people back into the mainstream.

Senator Pimentel stated that there was no question that insurgency cannot be crushed by sheer force, and the government must therefore struggle to gain the hearts and minds of the people. Nonetheless, he expressed reservation on the propriety of getting the DND-AFP to do tasks that are properly handled by concerned agencies like DepEd and DPWH. He surmised that what the military is doing is replicating the work of these agencies and, in effect, it is not maximizing its funds properly.

Senator Enrile stressed that the program, used to be called civic action (Civac) during his time as DND chief, is part of the counterinsurgency operations. He stated that in an ordinary situation, those tasks would be done by other departments but the areas of concern are in the remote areas that are not connected to the main arteries of communication and transportation and which the civilians are fearful to penetrate without military cover.

Senator Pimentel posited that, in effect, the AFP bears not only a military face but also a civilian face in the areas of conflict. Senator Enrile agreed as he added that as part of the program, the military would conduct medical missions in those areas.

Senator Pimentel stated that the sight of soldiers building roads or putting up schools would demon-

strate to the people that they do have a humanitarian side.

Senator Enrile recalled that during his watch, the soldiers were even deployed to teach in schools in danger areas where civilian teachers were fearful to enter. He assured Senator Pimentel that every centavo of the P1 billion would be used for the purpose so stated.

As to the distribution of the 500 barangays in Luzon, Visayas and Mindanao that are covered by the *Kalayaan sa Barangay* program, Senator Enrile stated that Secretary Teodoro submitted a one-page document listing the number of targeted barangays in different provinces, to wit: 14 in Luzon, 70 in Mindanao and 116 in Visayas. He stated that he would request a full listing of the names of these barangays.

As regards the intelligence fund of the DND, Senator Enrile stated that it is P151,640,000, broken down as follows:

|   |              |
|---|--------------|
| Office of the Secretary<br>Armed Forces<br>of the Philippines | P 33,000,000 |
|   | 118,640,000  |
| <hr/>   |              |
|   | P151,640,000 |

#### Services and General Headquarters:

|                      |              |
|----------------------|--------------|
| Philippine Army      | P 24,000,000 |
| Philippine Air Force | 6,243,000    |
| Philippine Navy      | 24,749,000   |
| General Headquarters | 34,777,000   |

As to the P6,243,000 allocation for the Philippine Air Force, Senator Enrile stated that it is comparatively small because the PAF does not need much for intelligence work.

Senator Pimentel stated that there is no problem with the budget of the DND which is rather minuscule considering that the work it is doing is enormous, and that he would even support a proposal to increase it. Senator Enrile stated that the increase should be without prejudice to the augmentation to come from the P650 million reallocated Intelligence Fund for the Office of the President.

But Senator Pimentel expressed reservation about the President's Intelligence Fund since the office is not an intelligence-gatherer but an assessor.

He believed that as a matter of policy, agencies that have intelligence services — AFP, PNP and NBI — should be correspondingly funded.

As regards the allocation for the Philippine Navy, Senator Pimentel recalled that there was a proposal that the Philippines ask the U.S. for a good serviceable destroyer or a bigger ship that can patrol the wide shorelines of the Philippines instead of many small speed boats. Senator Enrile said that it would be best to rethink the government's position whether the country needs to maintain a Blue Water Navy with destroyers and cruisers which are very difficult and expensive to maintain, or to acquire fast-moving crafts with smaller platforms but with missile components. Senator Pimentel agreed that they would be more feasible under the circumstances.

Senator Enrile recalled that in the mid-1970s, he traveled to Israel to discuss the possibility of acquiring Gabriel-type, frigate-platform ships with missile component; however, because of pressures from both the Philippine and American sides and in view of the problem in Mindanao, the plan was discarded. He said that the equipment could have been gotten at a very much cheaper price than if they were to be purchased now.

Senator Pimentel believed that government should, nonetheless, still aspire to get such kind of a system, considering that under the UNCLOS, the country has a 200-mile economic exclusive zone which needs to be policed. He added that unless there is a credible naval support, poachers from nearby countries could take advantage of the vast resources in the area. He expressed hope that the DND could discuss the matter with Congress to come up with a reasonable and doable plan and establish a networking among the civilian population and their leaders to ensure support for such an ambitious project.

Senator Enrile agreed, stating that the Committee of National Defense and Security should provoke a debate on how to modernize the AFP, with particular emphasis on the air force and the ground force in tandem to provide at least a modest, effective initial security cover for the country in the event of a possible intrusion into Philippine territory, without prejudice to developing the Navy, which admittedly is a very expensive organization to reequip. He added that patrolling the coastlines would take time. Given the proper weaponry, he said that aircraft could *AK*

instead patrol the area while the Navy is being rebuilt.

On the remark of Senator Pimentel that he could not foresee any invasion of the country by any intruder, Senator Enrile stated that some predatory powers would probably do so considering the vast resources of the country as well as its strategic location. In fact, he recalled that nobody ever thought that the country would be invaded by the Japanese in 1941. Senator Pimentel reasoned that he was raising the issue in reaction to the proposal to prioritize some of the service commands of the AFP. Relative to the economic zone, he maintained that the Navy should have a sizeable share of the funds for modernization. Senator Enrile agreed that the Navy could not be expected to perform its function to protect the coastlines and the integrity of the Philippine territory and its seas with its meager force of 22,000 — about 13,000 with white caps and 8,000 marines who are land-based and not ship-bound. Moreover, he disclosed that the Navy has 102 World War II vintage ships. He lamented that the situation is also true in the Air Force.

Giving cognizance to the good quality of Filipino soldiers, Senator Enrile expressed the need to provide them with the necessary means to perform their jobs. However, he opined that the ground force could do with what they have at the moment.

Senator Pimentel affirmed the need for the Committee on National Defense and Security to start an honest-to-goodness dialogue with the DND and start seriously planning about modernizing the armed forces given the meager resources to be apportioned.

Asked what happened to the aircraft that reportedly crashed which was on a search-and-rescue operation, Senator Enrile affirmed that an airplane bearing two pilots crashed in the Kalayaan reef, the cause of which has yet to be known because the aircraft has not been recovered yet. Senator Pimentel surmised that the bad weather might have caused the crash. Senator Enrile said that accordingly, the pilots could have entered into what airmen call "soup" of rain clouds that affects visibility.

Adverting to a think tank report that the U.S. was quietly putting up military bases in the country, Senator Pimentel believed that there was no truth

to the report because, to him, the U.S. does not need to put up bases in the country because of the existing Visiting Forces Agreement that allows joint Philippine-U.S. military exercises in the country. He expressed hope that the DND could also forcefully refute the statement.

At this point, Senator Pimentel asked on the P6.4 billion proposal for DND projects.

#### **SUSPENSION OF SESSION**

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

*It was 11:03 a.m.*

#### **RESUMPTION OF SESSION**

At 11:07 a.m., the session was resumed.

Replying to the query, Senator Enrile said that the P6.4 billion would be used for the acquisition of equipment, some of which are: 1) Harris radios, which were already bidden out, P3.7 billion; 2) squad automatic weapons, P1.2 billion; and 3) 1½ ton trucks.

Senator Pimentel expressed satisfaction on the information of the DND Secretary that the processes of the law, especially on the requirements of bidding, have been complied with and were undertaken with transparency.

Finally, Senator Pimentel requested information regarding the standardization and upgrading of the benefits of the veterans and their dependents.

Senator Pimentel requested a written directive from the DND requiring the Philippine Veterans Affairs Office to give specific information as to how the veterans' pensions claims have been addressed, noting that the veterans' funds have been subjected to abuse and misuse.

#### **SUSPENSION OF SESSION**

Upon motion of Senator Enrile, the session was suspended.

*It was 11:10 a.m.*

#### **RESUMPTION OF SESSION**

At 11:11 a.m., the session was resumed. *AS*

Senator Pimentel reiterated his request for the submission of the PVAO's report so that the Senate would have a basis for the enactment of legislation to correct whatever needs to be corrected. He also asked PVAO to indicate the complaints it has received regarding false claimants.

Senator Enrile disclosed that the P23-billion arrears on the total administrative disability is one issue that should be addressed but for the current pension of veteran retirees, next year's adjustment will cover 50% of the differential and by 2009, the adjustment will reach 100% so that there would be a parity between the old retirees and the new entrants into the pension system.

#### **INTERPELLATION OF SENATOR AQUINO**

Citing a special provision in the House version of the GAA for the past eight years on the requirements for public bidding for petroleum, oil and lubricants to be used by the DND and the AFP, Senator Aquino asked if this requirement was complied with in 2007. Senator Enrile recalled that during his time, the DND, to the extent of maintaining the inventory, bidden out a lot of fuel supply; however, people in the field are allowed to purchase on an emergency basis.

Senator Aquino noted that since 1974, Petron has been the only supplier for the AFP and the DND and the sole entity that is not subject to the bidding requirement with respect to the procurement of supplies. In response, Senator Enrile said that Petron was then a government corporation and it was acquired by the Philippine government so that the people would not be injured by the price manipulation of the fuel distributors and to assure the nation of enough supply in case of emergency.

Senator Aquino averred that after the privatization of Petron and the passage of the Oil Deregulation Act, the government has been losing its ability to source its oil supply from the cheapest suppliers. Senator Enrile replied that according to the DND Secretary, Caltex was invited to bid, but it did not participate. He said that he could understand why some companies are reluctant to supply the government because of the red tape in the collection and other reasons.

Senator Aquino noted that in an earlier failed bidding, one of the requirements of the DND/AFP was that the supplier must set up a network of distributors but he pointed out that the construction of

these depots entailed a lot of investments that could not be recovered within a six-month period which is the life of the contract. He surmised that the bidding was done in such a way as to preclude other oil companies. Senator Enrile replied that there are practical considerations to be taken in account as he explained that Petron, Shell and Caltex have nationwide network of distribution outlets, while others are confined mostly in Luzon and in Metro Manila. Further, he said that the DND separated Metro Manila from the nationwide market arena to enable the distributors to participate in the bidding for gasoline and other needs of fuel of the AFP in the area. The AFP units spread all over the country, he added, need suppliers with a wide network.

As to whether there are suppliers to the AFP-DND other than Petron, Senator Enrile replied in the negative.

#### **SUSPENSION OF SESSION**

Upon motion of Senator Enrile, the session was suspended.

*It was 11:22 a.m.*

#### **RESUMPTION OF SESSION**

At 11:23 a.m., the session was resumed.

As regards the plans of the DND-AFP to comply with the general provision of bidding for supplies of government pursuant to R.A. No. 9184, Senator Enrile stated that although the DND wanted to save money, it encountered problems because most of the suppliers were reluctant to deal with the government. Furthermore, from a practical deployment considerations, he said that the DND and the AFP have to deal with suppliers with nationwide network so that they can draw the products anywhere. At this point, he suggested that the problem and the DND system be revisited after the budget hearing to redo the entire process through the budget next year. In the meantime, he said that the special provision in the GAB be disregarded since anyway there is a procurement law.

Senator Aquino expressed hope that there would be a positive movement under the stewardship of Secretary Teodoro.

Asked why the government needs to maintain three sniper systems instead of just two to simplify *ME*

the logistics trail and training requirements, Senator Enrile read the following report:

The sniper rifles being procured are of different calibers ranging from short, medium and long range. Sniper rifle 5.56 mm has an effective range of 700 meters that is designated as short-range and is being used by squad-designated marksman. The sniper rifle 7.62 mm has an effective range of 1,000 meters, designated as medium-range sniper rifle; and sniper rifle 12.7 mm has an effective range of 1,800 meters and is a long-range rifle used by scout snipers. The mission given to snipers dictates the type of sniper rifle that they would use. The different purposes for different targets and ranges use different types of sniper rifles.

But Senator Aquino informed the Body that the ammunition used in the 5.56 mm weapon is not the standard 5.56 mm ammunition used in RM16. He noted that the inventory not only has multiple caliber ammunitions but also variations within the same caliber. Senator Enrile pointed out that another reason could be the weight of the weapons and the different physical abilities of the trained snipers and their preference for certain types of weapons.

Senator Aquino pointed out, however, that the weight advantage of a 5.56 mm caliber rifle is lessened because it uses a heavier and longer barrel, a heavier scope and other accessories. Senator Enrile reasoned that the rifle could be used as an ordinary weapon in combat aside from sniping purposes since it uses ammunition that is common with the other 5.56 mm weapons of the squad.

Senator Aquino agreed that there is commonality in that both rifles are of the same caliber, but he argued that there is a very significant difference since the M193 is the standard 5.56 mm ammunition of the AFP and the heavier SS109, and it does not follow that the bullet can be used in an M16 currently in the inventory because it will not be accurate.

#### **SUSPENSION OF SESSION**

Upon motion of Senator Enrile, the session was suspended.

*It was 11:32 a.m.*

#### **RESUMPTION OF SESSION**

At 11:37 a.m., the session was resumed.

Upon resumption, Senator Aquino said that he already made his point on the sniper weapon system and that after the discussion, the DND made a commitment to reexamine the program.

Asked what automatic weapons are to be purchased for which a significant amount has been allocated, Senator Enrile replied that with the new authorization, the DND would conduct a new bidding.

Senator Aquino asked if an automatic weapon would cost the government about P304,000 per unit.

#### **SUSPENSION OF SESSION**

Upon motion of Senator Enrile, the session was suspended.

*It was 11:39 a.m.*

#### **RESUMPTION OF SESSION**

At 11:41 a.m., the session was resumed.

Upon resumption, Senator Enrile stated that the unit cost of the weapon is P185,272.17, with integrated logistic support system which is equivalent to 15% of the unit cost.

But Senator Aquino said that according to the data on the RRPL completed projects under the heading Project 20-45 Item No. 1, 402 units of squad automatic weapons would be purchased at the cost of P122.325 million and in Phase 2 of the Reprioritized List of Projects (62), Item No. 1, it would cost about P928.53 million to purchase about 2,200 weapons. Senator Enrile gave assurance that he would request the DND to submit an explanation thereon so that the discussion would not be bogged down by details.

Senator Aquino disclosed that the units of the United States Armed Forces and private contracting parties have been using weapons of the former communists-bloc countries because they are more reliable. Assuming that the amount of P300,000 was correct, he noted that the Chinese equivalent of the weapon with all the taxes paid is P120,000 per unit.

Asked if the AFP ever considered importing the same weapons from the former communist-bloc countries, Senator Enrile replied that these countries do not participate in the bidding. *AS* 10

Senator Aquino pointed out that if the weapons system and its ammunitions are cheaper in the former communist-bloc countries, it would be prudent to explore the possibility of inviting them to the bidding to ensure that the government would be able to avail of affordable weapons for the military. Senator Enrile said that if the procurement law were revised or amended to give more flexibility to the DND or the AFP, it would be possible to invite these countries to bid to enable government agencies to procure products at cheaper costs instead of forcing every procurement through the bidding process which may cause a lot of delay and entail a lot of cost.

Regarding the allocation for the upgrading of an Islander aircraft, Senator Aquino stated that he was informed that the plane would be used for maritime surveillance activities. Senator Enrile described the aircraft as a low-level flying aircraft with pressurized twin engines to be used for patrolling the country's coastline.

*At this juncture, Senate President Villar relinquished the Chair to Senate President Pro Tempore Jinggoy Ejercito Estrada.*

Asked if the Islander aircraft referred to by the AFP is the same BM-2 Islander aircraft found on the Internet, Senator Enrile replied in the affirmative.

Senator Aquino stated that the Islander aircraft is described on the Internet as a commuter airplane and he wondered what kind of upgrading would be done by the AFP so that it would be able to perform maritime surveillance activities. Senator Enrile said that the aircraft is capable of visual surveillance but it cannot give chase because it is not equipped with any sophisticated instrument or weaponry.

Senator Aquino asked to be clarified on the amount of P40 million for the upgrade of one BNI aircraft.

#### SUSPENSION OF SESSION

Upon motion of Senator Enrile, the session was suspended.

*It was 11:50 a.m.*

#### RESUMPTION OF SESSION

At 11:52 a.m., the session was resumed.

Senator Enrile informed the Body that the Secretary of Defense would study the item and submit a breakdown of the P40 million to the Committee.

Senator Aquino inquired if "force protection" refers to the complete body armor for the troops that includes armored vests and Kevlar helmets. Senator Enrile replied in the affirmative.

Senator Aquino noted that P683.53 million was appropriated for 1,660 sets of "force protection" uniform, or P411,000 per set.

#### SUSPENSION OF SESSION

Upon motion of Senator Enrile, the session was suspended.

*It was 11:55 a.m.*

#### RESUMPTION OF SESSION

At 11:56 a.m., the session was resumed.

Senator Aquino stated that DND officials are aware of the problem with the body armor as well as the price discrepancy and are attending to it.

Regarding the communities outside Camp Aquino in Tarlac City, whose residents were given notice for demolition, Senator Aquino informed the Body that these communities were already in existence even when he was a child, and majority of them are former members of the AFP who have chosen to retire in the area. If indeed they are going to be demolished, he asked what the plans are for the communities, where they would be relocated and at what cost. Senator Enrile replied that there is no information on the estimated cost and date of demolition.

Senator Aquino asked the DND to look into the matter and possibly abort the demolition project because it would cost the government more to move the residents given that there are no immediate plans for the utilization of the land. Senator Enrile gave assurance that DND officials would look into it and if ever the families are asked to move out, the department would make sure that they are properly relocated and compensated.

#### INTERPELLATION OF SENATOR MADRIGAL

Regarding the program *Kalayaan sa Barangay*, Senator Madrigal asked to be clarified why the *#*

*106*

Presidential Adviser on the Peace Process was the one tasked to choose which barangay may avail of the program. She also inquired what process is going to be followed. Senator Enrile explained that the program would be used in areas where the presence of Marxist revolutionaries is strong, also known as "influenced barangays" which the DND estimates to be close to 500. He said that a list containing the names of the provinces, towns and barangays would be submitted to the Committee. Further, he pointed out that the P1 billion is for counterinsurgency operations of the AFP, which include clearing the area of armed elements, putting up stations, and winning the hearts and minds of the people who have been influenced by Marxists elements.

On the observation that there were contradicting statements from concerned agencies during last week's crisis at the Manila Peninsula, Senator Enrile explained that there was coordination among the units but incidents like miscommunication at a certain point do happen sometimes. He said that the Defense Secretary has assured him that they were in coordination with the DILG.

#### **INTERPELLATION OF SENATOR LACSON**

Referring to a previous Commission on Audit report submitted to the Senate by the DND for the budget deliberation some years ago, Senator Lacson asked about the amount of around P10 million unliquidated cash advance for an equipment in transit. Senator Enrile assured the Body that the Committee would ask the DND to explain what happened to the equipment.

Senator Lacson observed that in the Senate version of the General Appropriations Bill, DND's budget increased by P0.5 billion, all for the General Headquarters of the AFP. Senator Enrile explained that technically, there is no increase because the amount cut by the House of Representatives was restored by the Committee.

Finally, Senator Lacson asked if the memorandum of agreement signed by then Secretary Avelino Cruz with Comelec is still valid. Senator Enrile replied in the affirmative.

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

Upon motion of Senator Pangilinan, there being no objection, the budgets of the Department of

National Defense and its attached agencies, namely, the Office of the Secretary, Government Arsenal, National Defense College of the Philippines, Office of Civil Defense, Philippine Veterans Affairs Office, Military Shrine Services, Veterans Memorial Medical Center, Philippine Army, Philippine Air Force, Philippine Navy, General Headquarters, Armed Forces of the Philippines, AFP Modernization Fund, and National Unification Fund, were deemed submitted for the Body's consideration.

#### **SUSPENSION OF SESSION**

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

*It was 12:11 p.m.*

#### **RESUMPTION OF SESSION**

At 12:18 p.m., the session was resumed.

#### **DEPARTMENT OF LABOR AND EMPLOYMENT**

Senator Enrile presented the budget of the Department of Labor and Employment (DOLE).

#### **INTERPELLATION OF SENATOR EJERCITO ESTRADA**

Asked by Senator Ejercito Estrada on the status of the Filipina OFW who was sentenced to death in Kuwait, Senator Enrile said that the Philippine government is currently negotiating for a grant of clemency for the OFW involved.

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

Asked by Senator Cayetano whether the DOLE has a system for receiving complaints on the performance of its personnel abroad, as well as details on how this is done so that NGOs assisting OFWs would have a hotline, Senator Enrile replied in the affirmative, as he gave assurance that he would furnish Senator Cayetano (A) with a report on the mechanics behind it.

As to how the DOLE is addressing the matter of funding the repatriation of OFWs considering that it has only set aside P10 million a year for this purpose, Senator Enrile explained that the DOLE has funds

10  
K

for repatriation but it has not been replenished yet, so it has proposed additional funding.

Asked how the DOLE assists undocumented workers considering that the Overseas Workers' Welfare Administration (OWWA) only takes care of documented workers, Senator Enrile replied that the Department of Foreign Affairs (DFA) is in charge of dispensing the P10 million fund for OFW assistance, but he would welcome suggestions to address the issue at the appropriate time.

Senator Cayetano suggested that the DOLE promote overseas employment in countries where the OFW is given the right pay and is kept safe, while imposing a ban on deployment to countries that are known for implementing unfair labor practices particularly since government funds are exhausted on assisting distressed OFWs in such countries. Senator Enrile replied that the DOLE is already devising a program for that purpose.

#### **INTERPELLATION OF SENATOR LACSON**

Asked by Senator Lacson how the Philippine Overseas Employment Agency (POEA) is addressing the plight of the 26 nurses in New York who have been victimized by the Sentosa Recruitment Agency, Senator Enrile stated that the decision on the Sentosa case is being reviewed by the office of the Labor Secretary.

#### **INTERPELLATION OF SENATOR PIMENTEL**

Senator Pimentel suggested that the DOLE run after recruiters who make false promises to OFWs and asked that he be furnished with a report on specific steps it has taken on the matter. Senator Enrile said that the DOLE has suspended 80 recruitment agencies, the list of which should be published and submitted to the Senate for appropriate action on the problem.

Recalling the case of the British teacher who was released from a Sudanese prison after being meted the death penalty for having blasphemed the prophet Mohammed, Senator Pimentel urged the DOLE to cite that incident when it seeks clemency for the Filipina overseas worker who had also been sentenced to death in Kuwait. Senator Enrile said that no less than the Vice President would be traveling to Kuwait to plead for her life.

#### **INTERPELLATION OF SENATOR MADRIGAL**

At the outset, Senator Madrigal requested that she be furnished with a copy of the blacklisted agencies as well as those that have received new operating licenses as she noted that recruitment agencies that have been blacklisted by the POEA have the habit of declaring bankruptcy and closing shop only to restart operations in another location.

Senator Madrigal also bemoaned the practice of "layering" contracts, wherein OFWs already under contract with a local recruitment agency end up getting lower pay after being given another contract by that firm's sister company abroad. She suggested that aside from disallowing this practice of double contracts, the DOLE should also fully scrutinize recruitment agencies with sister companies and consider contracts written in Arabic as illegal.

Senator Enrile suggested that the Committee on Labor, Employment and Human Resources Development gather all of the situational problems, craft a bill to address the same, and impose heavier penalties for people who violate laws to the detriment of the Filipinos abroad who are actually defenseless.

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

There being no other reservation for interpellation, upon motion of Senator Pangilinan, there being no objection, the budgets of the Department of Labor and Employment and its attached agencies, namely, the Institute of Labor Studies, Office of the Secretary, National Conciliation and Mediation Board, National Labor Relations Commission, National Maritime Polytechnic, National Wages and Productivity Administration, Philippine Overseas Employment Administration and Technical Education and Skills Development Authority, were deemed submitted for the Body's consideration, subject to the appearance of Labor Secretary Arturo Brion.

#### **MANIFESTATION OF SENATOR PANGILINAN**

Senator Pangilinan stated that the DOLE officials have given assurance that Secretary Brion, who is scheduled to arrive from a trip abroad, would appear before the Body. *AB*

## SUSPENSION OF SESSION

Upon motion of Senator Pangilinan, there being no objection, the session was suspended until two o'clock in the afternoon.

*It was 12:32 p.m.*

## RESUMPTION OF SESSION

At 2:23 p.m., the session was resumed with Senate President Villar presiding.

## DEPARTMENT OF JUSTICE

Senator Enrile presented the budget of the Department of Justice (DOJ).

## INTERPELLATION OF SENATOR AQUINO

Preliminarily, Senator Aquino stated that after the Manila Peninsula incident, the DOJ Secretary defended the imposition of a curfew and asserted that even barangays are authorized to impose curfew within their jurisdictions. However, he cited the second sentence of Section 6, Article III of the Constitution which states, "Neither shall the right to travel be impaired except in the interest of national security, public safety, or public health, as may be provided law."

Asked if there is a law that authorizes the imposition of curfew, Senator Enrile replied that even in the absence of an enabling law, the Constitution authorizes officials, whose responsibility it is to maintain order and to safeguard the security of the State as well as the health and safety of the communities, to exercise judgment to protect the interest of the public.

Senator Aquino stated when the curfew was imposed last Thursday, people were detained from 12:00 a.m. to 5:00 a.m. without a court order. He believed that violating the curfew was not a major crime that required imprisonment.

Senator Enrile pointed out that last Thursday, there was breach of peace in the community, in fact, an emerging violent crisis in the center of government and the President, who is in charge of securing peace within the national community, asked the police to intervene and called on the AFP to support

its efforts to prevent violence. He said that it became a matter of judgment on the part of the commander in the field to act on the situation. He believed that those responsible for maintaining order used their discretion and momentarily impeded the movement of the people within a certain time. He said that if there was a violation of the law, the offended parties are free to air their grievances and exact redress from the courts.

Asked if there was a violation of Section 18, Article VII of the Constitution, Senator Enrile stated that Section 18 provides that the President may call out the AFP to prevent or suppress lawless violence based on a perception that the act is necessary. He said that the provision implicitly carries everything that is needed to accomplish the suppression of an undesirable event. He acknowledged that in case the police cordons off a particular place in a community in the presence of disorder, the liberty of the people is seemingly abridged. But he posited that in a dynamic society, the law contemplates these situations and therefore allows sound discretion to be exercised to attain a greater goal which is to maintain order in the community.

On another matter, Senator Aquino asked if the head of the Public Attorney's Office was present. Senator Enrile replied in the affirmative.

At this juncture, Senator Aquino read the mandate of the Public Attorney's Office, to wit:

The Public Attorney's Office (PAO), formerly called the Citizen's Legal Assistance Office, is an agency under the Department of Justice whose function is to provide legal assistance to indigent persons and member of their families in all civil, administrative, labor and criminal cases where due investigation or the interest of justice will be served thereby...."

In reaction, Senator Enrile stated that while the State has the power to exact retribution for any criminal offense, it has the responsibility nonetheless to provide members of the community, who are not financially able to provide for themselves with adequate legal defense, with credible lawyers who can offer an effective legal defense.

As to the number of cases handled by the PAO, Senator Enrile provided the following data: *ME*

| Cases                         | Cases Received | Cases Handled  | Cases Terminated |
|-------------------------------|----------------|----------------|------------------|
| Criminal                      | 327,726        | 516,067        | 303,330          |
| Civil Cases                   | 29,958         | 59,354         | 26,568           |
| Administrative<br>by Category |                |                |                  |
| I                             | 12,459         | 16,949         | 12,274           |
| II                            | 20,141         | 37,034         | 16,516           |
| III                           | 17,841         | 26,938         | 16,702           |
| <b>TOTAL</b>                  | <b>408,125</b> | <b>656,342</b> | <b>375,390</b>   |

Asked about the difference between cases handled and cases received, Senator Enrile replied that at the end of a given year, there is an inventory of cases that are carried over to the following year. He said that most of the cases were disposed of in 2006.

As to the term "terminated cases," Senator Enrile stated that these were cases resolved in court, mooted, dismissed, or settled, meaning there was a final resolution of the cases.

Asked if the PAO has the option of choosing cases it would take on, Senator Enrile replied that the PAO is only allowed to handle cases of indigents, unless it is tasked by the Supreme Court or any lower court to act as *de officio* counsel for some people who require its advice.

As to the number of cases won by the PAO, Senator Enrile stated that the PAO has a winning rate of 50% to 60%.

Senator Aquino recalled that in an investigation of the House Committee on Human Rights, witnesses complained that the PAO lawyer assigned to them had recommended that they plead guilty to charges of violating the Anti-Vagrancy Law so that the case could be terminated posthaste and thereby avoid numerous hearings.

Asked if it is the practice of the PAO to recommend such pleadings, Senator Enrile replied that when handling a criminal case, a lawyer assesses the chances of winning the case or getting a better deal out of settlement. He supposed that in a vagrancy case, the evidence has to be clear-cut. He said that if there was no way by which the lawyer can win an acquittal for his client, it would be better for the client to pay the fine than spend too much time, effort and energy in fighting a losing battle.

On another matter, Senator Aquino stated that Memorandum Circular No. 155, dated November 17, 2004, directs the Bureau of Correction, Bureau of Jail Management and Penology and the Board of Pardons and Parole, to submit to the Office of the President the names of inmates who are turning 70 years old, already 70 years old, and above 70 years old for the purpose of reviewing and extending executive clemency to them.

Asked how many convicts would qualify for executive clemency, Senator Enrile replied that 121 cases are under review by the Supreme Court.

Senator Aquino stated that the way he understood it, clemency and pardon cannot be given by the President to those undergoing appeal. Senator Enrile said that 78 of the 121 are those without pending appeals, 23 with pending appeals, and 15 with pending cases that might be separate from the cases that caused their imprisonment. In the case of the latter, he said that they could be pardoned for the case for which they were imprisoned, subject to the final termination of their pending cases that are under review by the Supreme Court.

Senator Aquino asked if indeed a Dolores Baguio Sr., who is 92 years old, is still in jail. Senator Enrile said that the person mentioned has a pending case in addition to the case for which he was incarcerated. He said that it was possible that the person committed murder inside the penitentiary.

## SUSPENSION OF SESSION

Upon motion of Senator Enrile, the session was suspended.

*It was 2:47 p.m.*

## RESUMPTION OF SESSION

At 2:47 p.m., the session was resumed.

Stating that the DOJ could not give an exact answer about the case of Mr. Baguio, Senator Enrile expressed the assurance of the department that it would provide the necessary information on the exact status of said person.

Senator Aquino asked if the PAO is handling the case of another inmate by the name of Cornelio Sindac, 74 years old, who was committed to the New *AB*

Bilibid Prison last year allegedly for stealing coconuts. Senator Enrile replied in the negative.

Senator Aquino asked if the other agencies — Bureau of Corrections, Board of Pardons and Parole, Bureau of Jail Management and Penology — did submit the records of the inmates to the Office of the President, as required by Memorandum Circular No. 155. Senator Enrile requested time for the DOJ to check the background and records of the named inmates. Acceding to the request, Senator Aquino wondered why there was difficulty in remembering the particulars of 78 persons.

Relative thereto, Senator Enrile requested the secretary of Justice to submit to the Senate, through the Committee on Finance, the names of the 121 inmates who are 70 years old and over, indicating briefly the status of their detention, the nature of their cases if they have pending cases, the time the case was committed and the sentence rendered, the status of the appeal, and other particulars.

At this point, Senator Aquino adverted to the case of Sergeant Martinez, one of those convicted for the assassination of Senator Ninoy Aquino, who admitted participation in a conspiracy but who was eventually granted clemency because he has turned 70 years old. He presumed that some of the 78 inmates are older than Sergeant Martinez and their crimes could be more in the nature of a private crime than a public crime for which the latter was convicted. He wondered why such a person whom the Sandiganbayan sentenced to death, together with his co-accused, for a crime with aggravating circumstances of evident premeditation, advantage taken of public position, superior strength, employment of graft and fraud, and without any mitigating circumstances, was released ahead of the 78 or the 121 others who are similarly situated or are even posing a lesser threat to society. He said that Sergeant Martinez and his companions were sentenced to two instances of *reclusion perpetua* which, under the Revised Penal Code, is meted 20-40 years of imprisonment. He noted that Sergeant Martinez only served the minimum period.

In reply, Senator Enrile disclosed that since the issuance of Memorandum Circular No. 155 on November 17, 2004, there has already been 355 persons released. Senator Aquino wondered if there is justice for all concerned when Mr. Sindac, who is older than Sergeant Martinez, is in jail for stealing

coconuts while the latter, who gave the nation the possibility of entering a bloody civil war, is scot-free. Senator Enrile stated that the case of Mr. Sindac was forwarded to the Board of Pardons and Parole and the Office of the President on November 8, 2007. He said that the appeal of Sergeant Martinez was considered on November 7, 2007.

Senator Enrile surmised that the cases of the named inmates are not that popular and notorious, so they went through the normal process of being reviewed by the Board of Pardons and Parole. He disclosed that when he was sponsoring the PAO bill, he was informed that the people who were involved in the death of the late Sen. Benigno Aquino, Jr. had asked the PAO for assistance to review their cases. He supposed that the grant of clemency would indicate the tenacity of the PAO leadership who really exercised their function to protect the interest of the people who have no influence to protect their interests.

To the observation that there was special treatment to Sergeant Martinez compared to Mr. Sindac, Senator Enrile surmised that Mr. Sindac might have not approached the PAO, unlike the persons involved in the death of the late senator who approached the PAO for assistance.

Senator Aquino asked on the number of cases that the PAO had brought before the Supreme Court during the incumbency of Atty. Persida Rueda-Acosta, asking for reinvestigation or reopening of cases.

#### SUSPENSION OF SESSION

Upon motion of Senator Enrile, the session was suspended.

*It was 3:00 p.m.*

#### RESUMPTION OF SESSION

At 3:01 p.m., the session was resumed.

Replying to the query, Senator Enrile said that the PAO has brought a total of 6,729 cases before the appellate courts, including the Court of Appeals and the Supreme Court.

Senator Aquino said that he would understand if the Public Attorney, if she believes that it is *ME*

her own personal crusade, had asked the Supreme Court for a reinvestigation or reopening of Criminal Case No. 10010 and, possibly, Criminal Case No. 10011 which is attendant to the same incident. He asked if there had been any such extraordinary effort exerted on behalf of any other person convicted and languishing in jail. Senator Enrile pointed out that there was not only a special effort but a special division precisely to attend to appealed cases in the Supreme Court involving indigent litigants.

Senator Aquino noted that the PAO still pursued the particular case and other cases even after the Supreme Court had thrown out the motion on the basis that the arguments presented were speculative and no new evidence were presented. Affirming the observation, Senator Enrile said that there was one case in America where the convict was the subject of many appeals, and after making so many, finally got acquitted.

Senator Aquino asked how much of the PAO's budget was utilized to undertake the crusade of Attorney Acosta who had been championing the convicts' cause for quite a number of years, including the holding of press conferences on the matter and appealing to the Supreme Court. Senator Enrile said that the PAO would provide the necessary information. However, he posited that the government expenses bearing on the case would be for the salary of those who attended to the reopening of the case, their transportation and personal allowances.

Senator Aquino wondered how anyone can say that the program fairly treated everyone concerned when some of these freed were younger or were involved in controversial cases. He pointed out that there are 78 inmates who have not benefited from the circular.

For his part, Senator Enrile said that the only consolation is a clear conscience of having done something that in one's belief ought to be done.

#### **MANIFESTATION OF SENATOR PANGILINAN**

Senator Pangilinan shared the sentiments of Senator Aquino who, he said, raised a matter of public interest.

#### **INTERPELLATION OF SENATOR PIMENTEL**

Senator Pimentel observed that the pardon of Sergeant Martinez has raised a lot of questions in the people's mind as he recalled a speech delivered by the President at San Beda College Alumni Association justifying the pardon of former President Estrada and the sergeant on the ground that both are above 70 years old and are no longer a menace to society.

Referring to the Bureau of Prisons, Senator Pimentel noted that an average of 350 prisoners, mostly indigent, die in prison annually. He disclosed a report submitted by his staff which revealed that a lot of cadavers were being kept in the morgue because the families of the deceased cannot raise the amount to bring the remains home. He urged that the Bureau of Prisons to rectify the situation immediately.

#### **SUSPENSION OF SESSION**

Upon motion of Senator Enrile, the session was suspended.

*It was 3:14 p.m.*

#### **RESUMPTION OF SESSION**

At 3:14 p.m., the session was resumed.

In reply, Senator Enrile stated that normally, the family of the deceased brings the remains home with the assistance of the DSWD but he believed that it behooves the State to look into the matter and find a solution, especially since some of the deceased have no kin.

Senator Pimentel stated that at the proper time, he would introduce an amendment to provide funds for the purpose.

On another matter, Senator Pimentel noted that the Justice secretary reportedly threatened to file charges against the media people who covered the Manila Peninsula incident; on the other hand, the President has apologized for the treatment of media. He suggested that the DOJ just hew to the line the President has defined and thereby put closure to the issue.

Senator Enrile clarified that it was the CIDG, not the DOJ, that wanted to invite the media to appear in the inquest.

16

15

To the observation that the DOJ has the final say on the matter, Senator Enrile explained that the initial step in filing a case is for the police to gather evidence which should be written down before being presented to the DOJ for criminal investigation.

Asked what was the basis for the hold departure order list, Senator Enrile said that it was the DILG that made the request. Senator Pimentel argued that the hold departure order must be issued by the courts and not by administrative fiat.

### **SUSPENSION OF SESSION**

Upon motion of Senator Enrile, the session was suspended.

*It was 3:21 p.m.*

### **RESUMPTION OF SESSION**

At 3:24 p.m., the session was resumed.

Senator Enrile admitted that there seemed to be a void in the law even if there was already a Supreme Court decision that the courts may issue a hold departure order against somebody who has a pending case because the same decision was silent whether any official in the Executive department can assume to have the same power. He recalled that when the Department of Labor banned overseas Filipino workers from entering areas of conflict, particularly in the Middle East, the affected parties filed a case that eventually reached the Supreme Court which sustained the power of the DOLE to issue the ban as valid and constitutional and not an intrusion into the liberties of the OFWs. He believed, however, that there should be a law to cover the gray areas.

Senator Pimentel agreed that the DOLE-issued ban may be justified in view of the dangerous situations prevailing at that time and it is the duty of the government to protect the welfare of its OFWs. But he maintained that the hold departure order being issued by the Department of Justice to prevent people from traveling abroad is questionable. He said that government functionaries should not assume that they have the power to issue such an order even if the law is silent on the matter, pointing out that the law must always be upheld under a democratic system. He pointed out that in many instances when government officials and even private individuals

refused to attend Senate hearings because they were going abroad, he had always resisted the suggestion that the Senate issue a hold departure order against the said individuals, believing that it cannot be done without proper legislation.

Senator Enrile said that Congress should look into the matter but it would still be the Supreme Court which would issue the necessary ruling.

On another matter, Senator Pimentel lauded the educational program of the Bureau of Corrections for its 1,800 student-prisoners, the main idea of which is to prepare inmates for their return to their respective communities and for employment opportunities as well. He pointed out that the Senate has already approved a bill in support of such effort and is just awaiting the corresponding action of the House of Representatives.

On another matter, Senator Pimentel asked what the Land Registration Authority (LRA) is doing about the proliferation of fake land titles in the country.

In reply, Senator Enrile stated that the LRA has started microfilming the land titles, and the computerization of records and identification of fake titles, and it has also proposed the modernization of land and titling laws to prevent the occurrence of this malaise. He disclosed that most of the fake titles came from the lower level offices of the DENR and the Bureau of Public Lands where old forms for the issuance of patents were used to come out with the fake patents signed by dead officials of the department and forwarded to the Registry of Deeds for the issuance of the original certificate of titles. He added that many of the survey plans, which were used to fake the titles, were "table surveys" not even done by competent land surveyors. He expressed hope that the proper law would soon be drafted to modernize existing land laws in order to address the problem.

Senator Pimentel expressed support for the efforts of the LRA in addressing the problem of fake titles, saying that he has filed the bill placing all lands in the country under cadastral survey to ensure that even the poorest of the poor, who are claiming the lands which they are occupying, would be entitled to have a title over such lands which can be used to raise capital for their needs.

Likewise, Senator Pimentel urged the LRA to run after the forgers and fakers of land titles, warn *ME*

the people of certain syndicates who are in this illegal business, and to assure them that these illegal activities would not be tolerated.

Senator Enrile stated that whenever the LRA is informed of the operation of illegal activities, it coordinates with the NBI which undertakes thorough investigation and forwards its findings and recommendations to the DOJ which then files the appropriate case in court.

On another matter, Senator Pimentel commended the Bureau of Immigration and Deportation (BID) in deporting aliens who were involved in the manufacture and sale of illegal drugs in the country. However, he pointed out that these aliens cannot run their illegal activities without the connivance of Filipino counterparts. He said that the BID should prosecute all the people involved in this nefarious activity, including the locals.

Senator Enrile stated that aliens who violate Philippine laws are prosecuted by the BID, made to serve their sentence in Philippine jails, after which they are deported; on the other hand, conniving Filipinos are investigated by the police and the DOJ.

As regards the busting of the so-called one-stop shop of illegal drugs in Pasig City, which operated near the city hall and police station, Senator Enrile replied that the people responsible were already charged in court and under detention.

#### **INTERPELLATION OF SENATOR PANGILINAN**

Senator Pangilinan expressed concern over the information provided by Senator Pimentel that there are 350 deaths in prison every year and 168 deaths for 2007, which, he said, is ironic in view of the fact that the previous Congress had already abolished the death penalty. He requested that he be furnished with the data containing the causes and circumstances surrounding the deaths of prisoners.

Senator Enrile disclosed that of the 168 deaths, 31 was due to tuberculosis, 30 was due to heart attack, 15 due to pneumonia, while the rest was due to common causes. He said that the officials and personnel of the Bureau of Corrections should be congratulated with the way they have handled the inmates in Muntinlupa, as he recalled that during his time, many riots were staged in this prison facility.

Senator Enrile recalled the time when gangs fought inside the prison and it caused the removal of then Prisons Director Alejo Santos. He expressed relief that rioting in jails has been stopped and at present prison officials only have to deal with deaths inside the prison.

On the recorded 168 deaths, 77 of which were of medical reasons, Senator Pangilinan asked what the cause was for the remaining 90 deaths. Senator Enrile said that probably it was due to unnatural causes as he pointed out that one of the problems of the Bureau is the lack of adequate hospital facilities because there is no budget for it. He said that the Committee proposed an increase in medical and food allowance for the inmates which is a good start.

Senator Pangilinan requested data for further study so that he could make the necessary suggestions in the bicameral conference.

Asked for data on jailbreaks, Senator Enrile stated that there was none this year for the Bureau of Corrections, but for other jails, the information may be obtained from the DILG. Senator Pangilinan stated he would raise the issue of streamlining the jail system of the country in future committee hearings.

#### **INTERPELLATION OF SENATOR MADRIGAL**

Regarding the 350 deaths occurring annually in the Bureau of Corrections, Senator Madrigal asked how the claimed and unclaimed bodies are disposed. Senator Enrile explained that most of the bodies are retrieved by the next of kin and those who have no next of kin are given a pauper's burial inside the prison compound, and for families who cannot afford and would want to take home their dead relatives, there is some assistance from the Bureau of Corrections or DSWD. He gave assurance that there have been no incidents of trading of cadavers or body parts for that matter.

Asked if there is any truth to the rumor that the New Bilibid Prison is up for bidding to Megaworld Corporation, Senator Enrile disclosed that there is a plan to transfer the prison because its present site is becoming highly urbanized, and there is a vision of converting the compound into a liveable community.

Asked where the future home of the inmates would be should the transfer happen, Senator Enrile

106

replied that the plan is to relocate them to Barangay Cuyambay in Tanay, Rizal, a site owned by the AFP and within the military reservation.

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

Upon motion of Senator Pangilinan, there being no objection, the budgets of the Department of Justice (DOJ) and its attached agencies, namely: Bureau of Corrections, Bureau of Immigration, Commission on the Settlement of Land Problems, Land Registration Authority, National Bureau of Investigation, Office of the Government Corporate Counsel, Parole and Probation Administration, Public Attorney's Office, the Office of the Solicitor General, subject to the appearance of Solicitor General Agnes Devenadera before the Senate during the plenary debates on December 7, 2007, were deemed submitted for the Body's consideration.

### **SUBMISSION OF THE BUDGETS OF THE PROFESSIONAL REGULATION COMMISSION AND THE NATIONAL COMMISSION ON INDIGENOUS PEOPLES**

There being no other reservation for interpellation, upon motion of Senator Pangilinan, there being no objection, the budgets of the Professional Regulation Commission (PRC) and the National Commission on Indigenous Peoples (NCIP) were deemed submitted for the Body's consideration.

### **SUSPENSION OF SESSION**

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

*It was 3:58 p.m.*

### **RESUMPTION OF SESSION**

At 4:15 p.m., the session was resumed.

### **DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS**

Senator Enrile presented the budget of the Department of Public Works and Highways (DPWH).

Senator Enrile stated that the new appropriation proposed by the Senate for the DPWH is

P86,766,346,000, which is higher than the original P86,754,923,000 under the National Expenditure program but lower than the P90,977,591,000 recommended by the House of Representatives.

### **RESERVATIONS TO INTERPELLATE**

Senator Pangilinan manifested that Senators Revilla and Legarda have made reservations to interpellate on the DPWH budget.

### **SUSPENSION OF SESSION**

Upon motion of Senator Pangilinan, the session was suspended.

*It was 4:18 p.m.*

### **RESUMPTION OF SESSION**

At 4:18 p.m., the session was resumed.

### **INTERPELLATION OF SENATOR REVILLA**

Asked by Senator Revilla to comment on the government's practice of hiring foreign consultants in the implementation of foreign-funded projects, Senator Enrile stated that the hiring of nationals of the lending country is one of the conditions of the Official Development Assistance (ODA) package.

Asked whether there is any disparity in salaries and benefits between local and foreign consultants, Senator Enrile explained that while local consultants are normally paid less than their foreign counterparts, nonetheless, government has to fulfill its commitment of hiring foreign consultants nominated by the funding country to ensure that the project's concept and construction follows their own standards.

He clarified that while local consultants could also be hired for such projects, foreign consultants are hired and are paid more not necessarily because they are better than their local counterparts, but only to fulfill the conditions imposed by the lending country.

Senator Revilla noted that the DPWH's share in the Motor Vehicle User's Charge (MVUC) fund is automatically appropriated as social account, managed by the Road Board and deposited in four special trust accounts in the National Treasury, namely:

11

- ♦ Special Road Support Fund (DPWH) - 80%
- ♦ Special Local Road Fund (DPWH) - 5%
- ♦ Special Road Safety Fund (DPWH) - 7.5%
- ♦ Special Vehicle Pollution Control Fund (DOTC) - 7.5%

He asked how contractors for DPWH projects are selected considering that 90% of the maintenance funds for roads and bridges may be contracted out to qualified entries.

### SUSPENSION OF SESSION

Upon motion of Senator Enrile, the session was suspended.

*It was 4:23 p.m.*

### RESUMPTION OF SESSION

At 4:23 p.m., the session was resumed.

Senator Enrile explained that contractors do not need to have any special qualification to be hired to perform maintenance work under the MVUC fund because they are selected based on the results of the public bidding.

Asked on the difference between the Special Road Safety Fund and the Local Road Fund, Senator Enrile explained that the Special Local Road Fund is the fund allocated to local government units for the repair and maintenance of roads.

Regarding the Special Vehicle Pollution Control funding, Senator Enrile said that 7.5% thereof shall be used for the implementation of the Clean Air Act.

Asked how the agency distributes the collection of the Special Road Support Fund throughout the country, Senator Enrile said that the DPWH is following a formula as mandated by law.

As regards the Equivalent Maintenance per Kilometer (EMK), Senator Enrile stated that it is the physical length of the road in kilometers adjusted by factors reflecting variances of actual traffic volume, road surface type and road width from the standard.

On whether there are other funds in the Office of the Secretary for maintenance purposes, Senator Enrile replied that apart from the MVUC proceeds, more than P4 billion was allocated for maintenance

purposes for 2007, and P6 billion for 2008. Given the scarce resources, he said that the department prepares a list of priority projects to serve as guide in the allocation of funds.

Asked whether the DPWH is working on better alternatives for road repair and rehabilitation, Senator Enrile gave the assurance that DPWH officials are doing research on the design and bearing capacity of materials which are necessary for road construction. He noted that asphalt and concrete roads break easily during the rainy season.

On another matter, Senator Revilla inquired into the status of the Tullahan bridge, pointing out that cracks started to appear at the approach to the Tullahan Bridge days after the DPWH opened it to traffic. Senator Enrile explained that the department decided using asphalt for the construction of the approach to the bridge because roads made of asphalt can already be used four hours after the construction as against those made of concrete that would take days to cure.

Asked on the whereabouts of DPWH Director Josefino Rigor, who was in charge of the Tullahan Bridge, Senator Enrile said that he has been transferred from the NCR to Region VII.

### INTERPELLATION OF SENATOR LEGARDA

Asked by Senator Legarda on the "Restoration, Rehabilitation of a Nationwide Selected River Basins and Waterways" project with a budget of P161 million under Foreign-Assisted Projects, Senator Enrile said that this is an effort to dredge some rivers and waterways in Pangasinan, and Oriental and Occidental Mindoro.

Asked how the concerned LGUs can avail of the same kind of budget for the Malabon-Navotas river, Pasig river, and Tullahan river, which are in dire need of dredging, Senator Enrile said that this is within the MMA's jurisdiction and not the DPWH's.

As regards the allocation for flood control projects for 2008, Senator Enrile informed the Body that the National Flood Control Program, which is a locally funded project worth P1.9 billion, would cover rural areas outside of Metro Manila.

On whether the budget would also cover the cleaning of *esteros*, canals and the construction of *NS*

seawalls, Senator Enrile said that they fall under the jurisdiction of the MMDA, which has a P260-million allocation for its own flood control program, while the concerned LGUs would provide the funding for those in the Metropolitan area.

Asked why the drainage and flood control program did not improve despite its annual allocation, Senator Enrile stated that there are many factors that cause flooding in certain areas like the volume of rainfall. Incidentally, he said that his province was badly affected by typhoon "Mina" which caused massive destruction of crops and infrastructure.

Senator Enrile surmised that in Metro Manila, it was the heavy population centers that covered the *esteros*, preventing the flow of water into the sea, as a consequence of which the streets are flooded.

Asked who is responsible for the relocation of squatters who had built their homes on top of *esteros* and waterways, Senator Enrile stated that for Metro Manila, it is the MMDA and the LGUs. He said that the DPWH would come in if it only involves infrastructure.

Senator Legarda stated that there is a lot to be discussed with MMDA especially since many LGUs have requested the senators for assistance in dredging their *esteros* and rivers.

## SUSPENSION OF SESSION

Upon motion of Senator Enrile, the session was suspended.

*It was 4:48 p.m.*

## RESUMPTION OF SESSION

At 4:49 p.m., the session was resumed.

Senator Enrile informed the Body that the GAA provides P5.4 billion for locally funded and foreign-assisted flood control projects.

Senator Legarda recalled that an environmental expert from the Netherlands, who specializes in polders, was once consulted by the Laguna Lake Development Authority (LLDA). She took particular note of the dike system in the Netherlands that has reclaimed most of its land area from the sea. She said that when someone makes the mistake in

opening or closing the polder, the waters can come in and flood it. She said that the Philippines could learn a lesson or two from the Dutch on how to maintain an efficient flood control system in spite of limited resources.

Asked if the government has sought technical assistance from foreign experts on flood control, Senator Enrile replied that while it is worth pursuing, the different climatic conditions and cheaper fuel in those countries should be taken into consideration. The Netherlands, he pointed out, has a contiguous territory that made it possible for the Dutch to put up heavy dikes to prevent the sea from coming in. He stated that putting up dikes along the perimeter of Laguna Lake could cause flooding in the interior lands because the rainfall from the highlands of the Sierra Madre flows into the lowlands. He admitted that some communities could benefit from the Dutch flood control system but it cannot be applied nationwide.

Asked if the dredging of the Lanao Lake falls under the jurisdiction of the DPWH, Senator Enrile replied that it can be under the LGU or the National Power Corporation which has to maintain water levels to run its turbines.

As regards the Memorandum of Agreement between the DENR and DPWH on tree planting along the road, Senator Enrile stated that the tree planting is to be done along national roads, with the trees planted away from the paved portion of the road because the roots would affect its stability.

Senator Legarda stated that the species of the tree should be considered to ensure that it can acclimatize to the place and it would be best to purchase the land where the tree is to be planted so that it cannot be cut anytime. She recalled that in an earlier interpellation, she was informed that there is a provision in the GAB for seedling banks and nurseries which would provide the trees to be planted along the national roads and highways. Senator Enrile cautioned that while planting trees along roadways is ideal, the need to expand the road should not be impaired by the presence of trees.

Senator Legarda said that the growing population has to be taken into consideration in planning for the urban centers.

As regards the DPWH's implementation of the Rainwater and Spring Development Act, Senator *AS*

Enrile stated that it had been devolved either to the local governments or to the Local Water Utilities Administration (LWUA).

Upon Senator Legarda's request, Senator Enrile clarified that the Malabon-Navotas, Tullahan and Pasig rivers are not under the jurisdiction of the DPWH but of the MMDA.

### **INTERPELLATION OF SENATOR GORDON**

At the outset, Senator Gordon said that he has always been concerned about road signage even during his stint as DOT secretary. He asked the DPWH what it has done to perpetrate good international and domestic signage.

### **SUSPENSION OF SESSION**

Upon motion of Senator Enrile, the session was suspended.

*It was 4:59 p.m.*

### **RESUMPTION OF SESSION**

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

Asked if the DPWH has a master plan on directional signage, Senator Enrile replied that there is a project wherein 7.5% of the collection of the Motor Vehicle User's Charge (MVUC) is used for traffic safety devices, directional signs, etc. He said that from hereon, the DPWH would commit to coordinate with other agencies in putting up a master plan.

Senator Gordon stated that as roads and ports are being built, a master plan should be in place upon completion of these projects so that tourists and local travelers can locate the police, hospitals and filling stations.

Asked if the DPWH takes care of the mapping of roads, Senator Enrile replied that the NAMRIA produces all the maps. To the suggestion of having a master plan by next year, he opined that it would require at least a joint resolution of Congress calling for the preparation of a master plan which shall involve government agencies like the DPWH, DOT, DOTC, DENR, DILG and the Executive Secretary who shall take the lead. Senator Gordon stated that he would gladly sponsor such a resolution.

Senator Enrile stated that Congress can also pass a resolution directly asking the President to exercise her executive power and designate the DPWH as the lead agency in the preparation of the master plan.

On another matter, Senator Gordon adverted to the *Mileno* disaster which was dubbed in the Red Cross community as "a forgotten disaster," so-called because the public was made to pay more attention to the hazards of billboards than to providing assistance to victims. He observed that billboards are sprouting all over EDSA again despite the resolution filed by Senator Defensor Santiago. He wondered whether the DPWH could also experiment on the use of electronic billboards as other countries do. In reply, Senator Enrile stated that it would take a lot of money to maintain and secure these billboards. Senator Gordon said that this could be privatized and covered by franchises as they do in airports and highways.

Senator Enrile stated that while the proposals are worth exploring, these would require legislation. He then suggested that the proper Senate committees study the possibility of introducing measures to control billboards. Senator Gordon stated that initiative on the part of the DPWH and support from the House of Representatives would also be needed, particularly since Senator Defensor Santiago has already formally raised the matter in the Chamber.

Senator Enrile stated that as far as the road right-of-way is concerned, although the DPWH has been able to control the proliferation of billboards along the highways, still it has to get authorization to control billboards in private properties. Senator Gordon pointed out that they are still subject to the police and fire stations if they are unsafe or a public nuisance. He disclosed that after *Mileno*, the President has instructed the DPWH to start removing billboards all over the place. In fact, he said, the function is included as an item in the budget.

Senator Enrile suggested the review of Administrative Order No. 160, issued on October 4, 2006, that lodged the duty to inspect billboards in the DPWH. However, he said that he finds it rather tedious because it requires legislation to perform the functions contemplated by the President's administrative order because the department is going to deal with private property and private lives. *HP*

Asked if it is the DPWH's responsibility to do dredging of harbors and ports, Senator Enrile pointed out that this is the function of the Philippine Ports Authority, particularly the dredging of areas where cargoes from foreign and local ports are loaded and unloaded. Senator Gordon warned that unless they are dredged based on a maintenance schedule, siltation would eventually become a problem, and the government would end up paying a lot more.

At this point, Senator Gordon requested the DPWH to look into the situation of the rivers in Zambales which have been very impacted because of lahar flows that go into the bays and even to the port of Subic, which has not been dredged since the Americans left, endangering very expensive assets within the bay. Senator Enrile said that according to the Public Works secretary, it could be included in one of the lump-sum funds for flood control projects. However, he admitted that he does not know whether Subic would be within DPWH jurisdiction considering that there is an authority covering the area. Senator Gordon said that he was talking about Kalakalan and Sta. Ana rivers.

In view of the alarming rate of strong typhoons that hit the country and the recent ocean surges in Zamboanga, Pangasinan and La Union, Senator Gordon asked if the administration has a climate change policy that involves various government agencies. Senator Enrile stated that the DPWH is not involved in formulating the policy which is assumed to be within the realm of the DENR. He surmised that there might really be a perceptible change in the climactic condition of the world, possibly due to the drawing of too much crude from the bowels of the earth and not necessarily due to the so-called pollution or thinning of the ozone layer.

Senator Gordon said that he raised the question on climactic change because aside from lives lost, public works have been destroyed in the process, citizens who were in harm's way had to be relocated, and landslide-prone areas had to be identified.

On another matter, Senator Gordon asked about an item in the budget creating six to ten millions jobs. Senator Enrile replied that along with the construction of roads and extensive infrastructure projects is the employment of people. Senator Gordon noted that indeed the economy is looking good because government is spending; in fact, according to the Nomura Report, increased government and consumer spending

causes the readjustment of schedules and assessment of the growth.

To Senator Gordon's observation that six to ten million jobs to be generated by the DPWH seemed rather excitingly large, Senator Enrile said that these are only job opportunities, not "jobs" per se. In the budget for infrastructure, he said that 30% of the cost represents labor. He believed that the number of jobs to be created would be realized if the number of people being employed during the year in road constructions and other infrastructure were to be counted, depending upon the length of time a person would get employed.

Senator Gordon requested the DPWH to submit to the Senate the names of the so-called six to ten million job opportunities, particularly in Zambales. Likewise, he asked DPWH what its total assets are that are being used for construction.

## SUSPENSION OF SESSION

Upon motion of Senator Pangilinan, the session was suspended.

*It was 5:25 p.m.*

## RESUMPTION OF SESSION

At 5:26 p.m. the session was resumed.

Senator Enrile replied that the Department of Public Works and Highways (DPWH) has various types of equipment numbering 8,166, some of which are being serviced, serviceable, maintained; and it is also acquiring new equipment.

Senator Enrile said that the DPWH has rehabilitated 75% of its old equipment to make them serviceable. Senator Gordon suggested that the DPWH sell its unserviceable equipment as scrap as he noted that in Cagayan, second-hand equipment are sold at very low prices. He wondered what law Congress could craft to address this problem which affects not only the DPWH, but also the other government agencies.

Senator Enrile stated that precisely, the DPWH is rehabilitating its equipment because it is prohibited from buying new ones unless the units are unserviceable.

Senator Gordon underscored the need to pursue a legislative policy to address the issue of bidding *no*

*yes*

out scrap or unserviceable equipment to enable government agencies to save money in the long run.

Senator Enrile said that since Congress has the power of the purse, it is tasked to determine, formulate and adopt policies to guide the bureaucracy accordingly.

### SUBMISSION OF THE BUDGETS OF THE DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS AND ITS ATTACHED AGENCIES

Upon motion of Senator Enrile, there being no objection, the budget of the Department of Public Works and Highways, including its attached agencies, was deemed submitted for the Body's consideration.

### SUSPENSION OF SESSION

Upon motion of Senator Pangilinan, the session was suspended.

*It was 5:33 p.m.*

### RESUMPTION OF SESSION

At 5:39 p.m., the session was resumed.

### ANNOUNCEMENT OF SENATOR PANGILINAN

At this juncture, Senator Pangilinan announced that the Body would consider the budget of the Department of Energy. He informed the Body that the following senators have made reservation for interpellation: Senators Legarda, Aquino, Madrigal and Ejercito Estrada.

### SUSPENSION OF SESSION

Upon motion of Senator Pangilinan, the session was suspended.

*It was 5:40 p.m.*

### RESUMPTION OF SESSION

At 5:41 p.m., the session was resumed.

### REMARKS OF SENATOR ARROYO

Senator Arroyo suggested that the Body consider the budget of the Presidential Commission on Good Government (PCGG) ahead the Department of Energy.

### SUSPENSION OF SESSION

Upon motion of Senator Pangilinan, the session was suspended.

*It was 5:42 p.m.*

### RESUMPTION OF SESSION

At 5:42 p.m., the session was resumed.

### PRESIDENTIAL COMMISSION ON GOOD GOVERNMENT

Upon resumption, the Body proceeded to consider the budget of the Presidential Commission on Good Government (PCGG).

### INTERPELLATION OF SENATOR PIMENTEL

Senator Pimentel pointed out that 21 years have passed since the creation of the PCGG, one of the specific mandates of which is take over certain properties that were supposed to be tainted with the ownership of President Marcos, but up to now, the sequestration process is not yet over. He said that sequestered radio and television stations, which are often used by the administration during the campaign and election periods, should be open even to those who disagree with the administration.

Senator Arroyo stated that Channel 4 has always been a government station, and that Channel 9 which is a sequestered station, and Channel 13 which is a surrendered station, have been up for sale but since these television stations are heavily indebted, their debts are more than any price that they would fetch.

Senator Pimentel informed the Body that he has received complaints from employees of Channel 13 that its management had entered into so-called "sweetheart deals" with some favored advertisers, which involve the sale of the station's block time at a very low price to the prejudice of the corporation and its employees. Senator Arroyo pointed out that the problem with this particular television station is that it has no takers.

Senator Pimentel pointed out that it is the responsibility of management to make the company survive and pay the services of its employees. He asked how the employees' complaint that their salaries are often delayed would be addressed. Senator Arroyo replied that management is trying its best to address the matter. *10*

To the suggestion that government sell the asset even at a loss, Senator Arroyo said that the Privatization Council does not want to.

On another matter, Senator Pimentel doubted the decision of the Sandiganbayan to uphold the 20% share of Mr. Danding Cojuangco in San Miguel Corporation (SMC) in light of a previous case which was decided that his shares in the corporation are imbued with public interest involving more than 18 million coconut farmers and their families. He said that he was in the dark as to the rationale of that decision.

Senator Arroyo informed the Body that when the Supreme Court declared that the SMC shares were bought using coconut levy funds, it directed the Sandiganbayan to dispose of the issue and not of the shares, under specific guidelines; however, the Sandiganbayan rendered a decision which was inconsistent with the Supreme Court guidelines and awarded the shares to Mr. Cojuangco. He said that he was told that Chairman Sabio would appeal the decision unless there is a settlement.

Asked why Chairman Sabio should even consider a compromise in light of the Supreme Court decision that was favorable to the coconut farmers, Senator Arroyo pointed out that it was Chairman Sabio himself who said that it was the farmers who wanted a settlement. However, he disagreed with the position considering that the farmers who advocated a settlement represent only one group of coconut farmers and that there are other claimants like those who are represented by former Sen. Wigberto Tanada.

Senator Pimentel said that he was told by Mr. Oscar Santos, who is representing thousands of coconut levy claimants, that the negotiation may not be in the best interest of the coconut farmers. Since negotiations last long and there is a better bargaining position if the case is appealed, Senator Arroyo believed that making the appeal would be the best course to take.

Asked if the money involved in the coconut levy controversy is P130 billion, Senator Arroyo replied in the affirmative.

On whether the PCGG is authorized to sell properties under sequestration, Senator Arroyo replied in the negative.

Asked how the PCGG would justify its sale of 42,000 square meters of property in Tagaytay City to Pagcor amounting to P172 million, Senator Arroyo said that according to the PCGG, it has been authorized by the Privatization Council to sell the surrendered property.

Senator Pimentel stated that it was reported in the news that the sale of the property in favor of Pagcor is subject to the final approval of the Privatization Council. Senator Arroyo explained that the Council delegated to the PCGG the authority to sell the property but the sale still needs the Council's approval. Senator Pimentel stressed that what is important is that the processes of law are followed and the money is duly accounted for. He pointed out that it is the PCGG that is duly authorized to dispose of the property.

Senator Arroyo reported that the PCGG sold the property, originally price at P120 million, for P170 million.

Noting that the PCGG has requested a budget of P84.914 million, Senator Pimentel asked whether the income derived from sequestered properties takes care of the rest of its needs. Senator Arroyo replied in the negative, pointing out that PCGG cannot use the money earned from sequestration. He affirmed that the fiscal agents of PCGG are paid by corporations where they sit as members of the board.

#### **SUBMISSION OF THE BUDGET OF THE PRESIDENTIAL COMMISSION ON GOOD GOVERNMENT**

There being no other reservation for interpellation, upon motion of Senator Pangilinan, there being no objection, the budget of the Presidential Commission on Good Government (PCGG) was deemed submitted for the Body's consideration.

#### **SUSPENSION OF SESSION**

Upon motion of Senator Pangilinan, the session was suspended.

*It was 6:08 p.m.*

#### **RESUMPTION OF SESSION**

At 6:15 p.m., the session was resumed.

*106*

## DEPARTMENT OF ENERGY

Senator Enrile presented the budget of the Department of Energy (DOE).

### INTERPELLATION OF SENATOR AQUINO

Senator Aquino asked why there is an item for Miscellaneous and Other Operating Expenses of P73.823 million in the budget of the National Biofuels Board when most of the members of the Board are heads of their respective departments and its secretariat has its own budget of P3 million. Senator Enrile explained that since the National Biofuels Board is a new office, it would have its own personnel complement and its own need for infrastructure, thus the need for the MOOE.

Senator Aquino noted that the Board's main function of basically monitoring the biofuels program of the DOE entails office work. He asked if there are specific programs envisioned by the Board to merit a P74 million budget. Senator Enrile explained that the Board is organizing itself and planning its functions, and anticipating expenditures that would be incurred in the great push towards the use of biofuel as an alternative source of energy.

Senator Aquino asked whether the allocation for the Board is actually P100 million considering that there is an automatic appropriation coming from various revenues that accrues to the DOE. He noted that P449 million is earmarked for 15 locally funded projects, one of which is the Board which will get another P21.2 million. Replying thereto, Senator Enrile explained that the DOE has requested an allocation for the Board to enable it to organize, in addition to which, it would also have other undertakings like the rationalization of the industry; pushing for the policy of developing biofuel as an alternative energy source; and designing production facilities, the manner of distribution and financing scheme, among others. He acknowledged that there is a certain amount allocated out of the special account from the government's share from the Malampaya Natural Gas project.

Senator Enrile explained that of the P21.2 million budget for the biofuel program, P648,000 is allocated to personal services while the remaining P20,638,563 would be used for Maintenance and Other Operating Expenses (MOOE) for traveling, communication services, supplies and materials, training, seminars, gasoline oil, lubricants and other services. He promised

to supply Senator Aquino with a copy of the breakdown.

Upon further query, Senator Enrile stated that the PNOC plans not only to put up a jatropha plant but even feedstock plants for sugarcane, cassava, and palm and coconut oil to be used for producing biofuels.

Asked on the administration's program for the propagation of biofuel in 2008, Senator Enrile replied that the DOE is preparing a one-stop shop system which would have personnel to answer queries from potential investors concerning the following matters of interest:

- ◆ soil condition and availability;
- ◆ acreage;
- ◆ climate condition;
- ◆ planting methods;
- ◆ availability of supply for the purpose;
- ◆ location and types of production facilities to be set up including tankerage or depots;
- ◆ loading points;
- ◆ transport systems;
- ◆ distribution facilities; and
- ◆ financing.

Senator Enrile noted that many prospective private investors are looking into many areas in the country such as Cagayan Valley, where some parties have expressed interest in trying to consolidate acreage for the purpose of planting feedstock for biofuel.

As for other activities being undertaken by the DOE on the matter, Senator Enrile read an update on the DOE's biofuel program as follows:

#### A. BIODIESEL

| <i>Accredited Biodiesel Producers (6)</i> | <i>Projected fuel production per year (in million liters)</i> |
|---|---|
| Chemrez Inc.                              | 75  |
| Senbel Fine Chemicals Inc.                | 72  |
| Romtron Philippines                       | 0.30  |
| Freyvonne Milling Services                | 15.60   |
| Golden Asian Oil International, Inc.      | 30  |
| Pure Essence                              | 60  |
| <b>TOTAL</b>                              | <b>252.90</b>   |

10  
AK

He said that the DOE also evaluated five (5) prospective manufacturers namely, Mount Holly Coco (Lucena City), Lion Chemical (Valenzuela City), Bioenergy 8 (Davao City), Rasza Agro Produce and Atson Coco Inc. (both in San Pablo City), which would have an additional total capacity of 64.72 million liters per year.

#### B. JATROPHA

- ◆ PNOC-AFC – established nurseries and plantation in Fort Magsaysay, Nueva Ecija (280 hectares) in collaboration with the Philippine Army/ Philippine Forest Corporation (PFC) and 287 hectares in Cagayan de Oro City;
- ◆ D1 Oils – established 200 hectares in General Santos;
- ◆ Lacto Asia – established 17 hectares in Camarines Sur;
- ◆ Provincial government of Camarines Sur – established 155 hectares in Camarines Sur in collaboration with PFC;
- ◆ PNOC-EDC – established 5 hectares in Dacong Cogon, Negros Oriental in coordination with D1 Oils; and
- ◆ Philippine Forest Corporation – established 450 hectares in Tamlang Valley, Negros Oriental.

#### C. BIOETHANOL

| <i>BOI Registered Bioethanol Plants</i>                     | <i>Annual Capacity<br/>(in million liters)</i> |
|---|--|
| San Carlos Bioenergy  | 30   |
| JG Summit   | 30   |
| Biofuels 88   | 19.8   |
| Leyte Agri Corporation                                      | 9  |
| Southern Bukidnon Bioenergy                                 | 45   |
| First Pampanga Biofuels                                     | 60   |
| Pampanga Industrial Park Corp.<br>(endorsed by DOE to PEZA) | 150  |

In terms of policy action, Senator Enrile stated that the DOE has finalized the National Biofuels Program, drafted accreditation guidelines for biofuel producers, and formulated test protocols for the conduct of engine and vehicle tests for higher biofuel blends, all of which were achieved by the DOE even though the Biofuels Law had only been passed recently.

Asked whether the biofuel proponents are already engaged in biofuel production or are only in the process of being accredited, Senator Enrile replied that the accredited companies are already producing coco methyl esters using coconut oil as their primary feedstock, which have a total production capacity of 252.9 million liters.

Citing a report on the agreement signed by the PNOC Alternative Fuels Corporation (AFC) with the provincial government of Quezon for the establishment of jatropha plantations, Senator Aquino asked whether such an activity is already taking place. Senator Enrile confirmed that the AFC, which is under the umbrella of the DOE and is being used for the exploration and development of the biofuel program, had entered into a Memorandum of Agreement (MOA) with Quezon province.

Asked for details on the loan facility being extended by the Land Bank to the AFC, Senator Enrile said that this available P10 billion credit facility shall be made available to those who would venture into this industry, which would include the planting of jatropha. He explained that the farmers could borrow the money for the development of their respective acreage while the technical support as well as the purchase of seeds would come from the DOE.

Expressing concern over the possible toxicity of jatropha, Senator Aquino wondered whether pilot jatropha farms are already in existence in the country. Senator Enrile said that at present, there are only nurseries to produce seedlings for the farms.

Asked to explain the process of operating a jatropha farm, Senator Enrile explained that similar to operations in a sugar central, jatropha farmers would plant the feedstock while the capitalist would set up the production and classing facilities and depots. He noted that while there are limitations regarding the acreage of agricultural lands that could be handled by corporations, many farmers would nevertheless be employed by these firms to produce, distill and convert the oil into fuel for certain purposes.

Asked if there have been pilot or demonstration farms where intricacies of setting up a new industry can be studied, Senator Enrile answered in the negative, explaining that the agency is still in the stage of preparing the seedlings and propagating them.

106

Citing sugar as an example, Senator Aquino argued that a variety that produces well in Negros Occidental does not necessarily translate into producing the same yield or even a comparative yield if it were planted in Pampanga or Tarlac because of several factors like the difference in climate and soil. He noted that Land Bank is already offering a facility for P10 billion but there are no demonstration farms yet to study the process. He said that jatropha has to be picked manually like coffee beans, and in India, where it is grown, there have been reports of allergins and health considerations as to the workers.

Senator Aquino disclosed that one of the people supposed to be involved in the program relayed that the loan facility would be granted to them and that the payment would only be made when their plantation becomes commercial. In the regard, he expressed his concern over Land Bank, particularly on its exposure and how it will be run conservatively based on a "pay-when-able" scheme.

Citing as a classic example, Senator Enrile recalled how he was branded as "amboy" for bringing in the country an exportable banana variety called "Chiquita." He said that investors from abroad brought in the country manufacturing facilities to produce the products, skills, experience and know-how in order to bring about fruition of an efficient production system. He imagined that some support would be extended to the biofuel industry. But Senator Aquino argued that the same does not exist in the case of jatropha.

Senator Enrile asserted that there are risks involved but he expressed confidence the people who will get into it will understand and they will have to bring the experience and the know-how into play in order to accomplish their objective of making profit. He noted that there are degrees of conservatism and venturism in the business.

Asked whether the venture into bananas started on a large scale right away, Senator Enrile answered in the affirmative, adding that he released 3,000 hectares to the Florendos in Davao and it was followed by Marsman and the Tuazons, among others. He stated that there were a lot of things to be considered in growing bananas and the market was very particular because buyers do not want blemished bananas.

In a related matter, Senator Enrile said that Quezon Province has agreed to consolidate 50,000 to 100,000 hectares for the project and it would be divided into several lots or plantations. He said that the P10 billion from Land Bank will be a credit facility and he believed that Land Bank will scrutinize the viability and feasibility of the project before releasing any money. He added that the land to be consolidated by the Province of Quezon would be a combination of public lands, alienable and disposable lands as well as titled lands from farmers who would want to participate in the program.

On another matter, Senator Aquino said that he was surprised how huge the budget allocation of the Department of Energy was when he found out that there are other sources of funding for the department. He noted that for 2008, there is a projection of at least P8 billion. He also noted expenditures of P3.092 billion and a balance of P9 billion as of December 2006. He asked where all of the funds would be utilized.

Senator Enrile explained that the DOE receives a budget of around P8.3 billion from various sources like petroleum production in Palawan and coal production in Semirara, among others. The money, he said, goes to the National Treasury subject to the condition that 20% of it may be used by DOE for its own usage to fund projects like barangay electrification and oil deregulation program. On the P3.092.085 billion expenditures, he said that the amount is programmed for 2008 to support its 15 projects.

Senator Aquino observed that there is a difference between the projected revenues from the itemized budget and the surplus after the projected expenditures. Asked what is done to the surplus, Senator Enrile replied that it becomes the beginning balance of the succeeding year which goes into an account in the Treasury.

Asked who determines where the excess would be spent, Senator Enrile stated that it is the Department of Budget and Management and it forms part of the non-taxed revenue to support the budget for 2008.

Senator Aquino reiterated that the government should give farmers a guarantee of success when they venture into something new like renewable sources of energy, otherwise, any viable and worthwhile government programs would lose their support. *AK*

## SUSPENSION OF SESSION

Upon motion of Senator Pangilinan, the session was suspended.

*It was 7:07 p.m.*

## RESUMPTION OF SESSION

At 7:09 p.m., the session was resumed with Senator Pangilinan presiding.

## INTERPELLATION OF SENATOR EJERCITO ESTRADA

Upon queries of Senator Ejercito Estrada, Senator Enrile stated that Secretary Reyes has been in office for four months and two days and that he was probably appointed by the President because his skills and capabilities could be used in the area of economy that is covered by the DOE.

Senator Ejercito Estrada stated that Secretary Reyes has served in a number of departments, namely, the Department of National Defense, the Department of the Interior and Local Government, the Department of Environment and Natural Resources, and now the Department of Energy.

Asked how many personal staff the Secretary has with him, Senator Enrile replied that he has 20 personal staff, five of whom he brought with him to the different agencies he served.

Upon queries, Senator Enrile replied that Dr. Athir Sajib, a Pakistani national, is the special adviser on Official Development Assistance and Privatization of Secretary Reyes; he has worked with the ADB, the NEDA and USAID; and he has been a resident of the country for 18 years and while he has not acquired Filipino citizenship, he is married to a Filipina.

On whether having a foreigner as a consultant is better than having a Filipino consultant, Senator Enrile stated that consultant's nationality does not matter as long as he has the skills and knowledge.

On whether Gen. Victor Corpus is employed at the DOE, Senator Enrile stated that he is a member of the board of directors of the Alternative Fuels Corporation that is wholly owned by the DOE.

Asked if General Corpus possesses expertise in the field of energy, Senator Enrile replied in the

affirmative. He said that General Corpus was already sitting in the board by the time Secretary Reyes was appointed by the President to the DOE.

As regards General Kiamco, Senator Enrile stated that he is a presidential assistant holding the rank of an undersecretary who has been seconded to the DOE, but he does not know if he is the same person mentioned in the "Hello, Garcí" tape since mere possession of the tape is prohibited.

Senator Ejercito Estrada stated that it was through the intercession of Secretary Reyes that General Kiamco was appointed to the DOE to serve supposedly as anti-*kotong* czar.

Asked what the DOE has to do with this anti-*kotong*/anti-*colorum* campaign, Senator Enrile stated that it is being undertaken by an interagency task force headed by the Secretary of Energy and he assigned General Kiamco to enforce the campaign in order to minimize transportation costs especially for consumer goods in view of the present situation in the world's oil industry. He said that the DOE was given the task of preventing *kotong* activities with respect to people bringing in goods from the provinces into the cities, moving them from one market to another.

Asked on the number of consultants needed to run an efficient department, Senator Enrile said that the DOE has five consultants who are being paid a regular consultancy fee of P25,000 a month by Transco, an attached agency, from an off-budget money, while there are consultants who render free consultation service out of the goodness of their hearts and are given a one-peso a year stipend.

As regards news reports that Secretary Reyes is planning to hire additional 120 consultants, Senator Enrile said that Secretary Reyes denied the reports.

Senator Ejercito Estrada asked how many more people Secretary Reyes' plans to place in the DOE as regular employees, getting their salaries from job orders.

## SUSPENSION OF SESSION

Upon motion of Senator Enrile, the session was suspended.

*It was 7:31 p.m.*

10

## RESUMPTION OF SESSION

At 7:32 p.m., the session was resumed.

Replying to the query, Senator Enrile said that the Secretary recruited 15 males and six females to serve as personnel of a climate change task force doing administrative and advocacy work, each of whom receives a maximum of P500 a day. He said that the task force was established in the DOE upon instruction of the Executive department.

Asked on the veracity of a report that a lot of job orders are being made by the DOE to accommodate the Secretary's personnel, Senator Enrile said that the Secretary only recruited 21 people.

Senator Ejercito Estrada indicated that he could show proof that the Secretary has recommended or even placed his personnel and staff in the DOE. Senator Enrile maintained that while there was a plan, it did not push through.

Replying to another query, Senator Enrile affirmed that the Secretary holds office at PNOC in his capacity as chairman of the Board.

Senator Ejercito Estrada adverted to media reports that upon his designation, the Secretary arrogantly asked the former president of the PNOC to vacate the floor and allow his staff to move in. Senator Enrile stated that as chairman of the Board, the Secretary can tell the executive officers that he wants a portion of the assets of the corporation as his office. He pointed out that the one who controls the assets of the corporation is the board, not its president.

Senator Ejercito Estrada asked where the salaries of the personnel of the Task Force Climate Change, which was created after the DOE budget was endorsed by the President, come from.

## SUSPENSION OF SESSION

Upon motion of Senator Enrile, the session was suspended.

*It was 7:37 p.m.*

## RESUMPTION OF SESSION

At 7:37 p.m., the session was resumed.

Upon resumption, Senator Enrile stated that Task Force Climate Change is an interagency task force created by the President, the funding of which is sourced from the savings of the department. He said that the task force was created in March of this year and the mandate was amended sometime in August. He said that the Secretary denies that he has any office in other corporations as he clarified that while the Secretary might have been provided his own space in each of the corporations, he had only gone there in his official capacity but has not occupied the offices.

To the information that the Secretary had requested the heads of the attached agencies to provide him an office for his exclusive use, Senator Enrile reminded that the Secretary is vice chairman of PSALM, TRANSCO, Napocor and other corporations. However, he said that according to the Secretary, he is not sure whether he has any space in these corporations.

Asked how the Secretary became vice president of all the agencies mentioned, Senator Enrile said that as DOE Secretary, he becomes *ex-officio* vice chairman of the agencies mentioned.

On the reason for the Secretary's preference to hold office at PNOC, Senator Enrile pointed out that it is the major subsidiary corporation of the DOE and is situated in the heart of the DOE compound.

Noting that there is no *per diem* for sitting in the board of PSALM, Napocor and Transco, Senator Ejercito Estrada asked if the Secretary received an allowance or *per diem* as vice chairman of the PNOC. Senator Enrile said that the Secretary does not receive any stipend from PNOC and the other attached agencies.

Replying to further queries, Senator Enrile reiterated that the Secretary only receives compensation and representation expenses as DOE Secretary but not as vice chairman of the attached agencies.

Asked if the Secretary accepts privileges like playing rights in any golf course, Senator Enrile said that the Secretary has stopped playing golf for the last 1½ years because of too much work. To economize on time, he said that instead of exercising for four hours playing golf, the Secretary plays tennis for at most one hour. He added that according to Secretary Reyes, he played golf as a *KK*

means of entertaining his foreign counterpart during his terms as Secretary of DND, DILG and DENR.

Asked whether it is true that the permits being issued by the department for the importation of coal as well as construction of coal, gasoline and diesel fueling stations and others, which used to be signed by a mere director, are now being signed by the Secretary, Senator Enrile clarified that for purposes of quality control, the Secretary signs only the approval of the imported fuel, but not the permits for its importation.

On a related matter, Senator Enrile said that the Secretary assumed the responsibility of issuing the approval, emanating through the department to assure himself that the standards are complied with.

Asked on the number of foreign trips that have been made by the DOE Secretary, Senator Enrile said that Secretary Reyes had gone out of the country four times to such countries as Australia, China, Malaysia and Singapore — two trips were with the President while the other two were official trips, which were probably charged to the DOE budget.

#### **INTERPELLATION OF SENATOR PIMENTEL**

Senator Pimentel wondered if the DOE, through any of its attached agencies, is addressing the issue on the disproportionate reduction and increase in oil prices being implemented by oil companies despite the fact that the Philippines is operating under a free-trade regime.

#### **SUSPENSION OF SESSION**

Upon motion of Senator Enrile, the session was suspended.

*It was 7:55 p.m.*

#### **RESUMPTION OF SESSION**

At 7:56 p.m., the session was resumed.

Senator Enrile replied that the Secretary has required the oil companies to submit their documents showing costs of imports and the basis of their pricing that would be audited by the SGV to determine whether their products are reasonably priced. He added that the DOE has also employed a Singaporean

economist to look at the economics of the prices in order to safeguard the interest of the consumers.

As to when the report could be acquired, Senator Enrile said while the Secretary would be meeting the industry participants the next day, the DOE has yet to sign its MOA with the SVG, University of Asia and the Pacific.

Senator Pimentel stressed that any increase in the price of gasoline would directly impact the lives of people, as evidenced by the recent turmoil in Myanmar.

Asked whether the DOE could look into the matter of transport fares rising as a result of an increase in gasoline prices, Senator Enrile said that the *Anti-Kutong/Anti-Colorum* Task Force was created for this purpose. He stated that in one of their meetings in the Congressional Oversight Commission, there had been a proposal that the DOE Secretary exercise his visitorial powers to look into the books of the oil companies. He believed it is about time for Congress to enact an Anti-Trust Law that would discipline not only the oil companies but all the distributors of the consumer goods to regulate the operation and practice of monopolies and cartels.

Senator Pimentel expressed support for the Chairman's initiative but suggested that a law should be drafted to punish any aberrant behavior in the market.

Asked for the composition of the National Biofuels Board, Senator Enrile explained that it is chaired by the Secretary of Energy; with secretaries of Trade and Industry, Science and Technology, Agriculture, Finance, Labor and Employment, as well as administrators of the Philippine Coconut Authority and the Administrator of the Sugar Regulatory Authority as members.

Senator Pimentel suggested that the composition should be revamped because department secretaries have no time to attend such meetings themselves.

Asked by Senator Pimentel if the criticisms in the U.S. against devoting huge tracks of land for ethanol production would also apply in the Philippines, Senator Enrile replied that ethanol production in the country would not encounter big problems because unlike in the U.S., there are no indigenous big oil companies whose market and profit would be surely *X*

eroded by the entry of alternative fuel such as ethanol.

But Senator Pimentel said that those who oppose ethanol production in the U.S. have argued that devoting large tracks for biofuel production would diminish the number of hectares of land for food production. Senator Enrile agreed but he pointed out that in the Philippines, there are plenty of unutilized lands especially in the Cagayan Valley and Mindanao which could be used for biofuel production.

Senator Pimentel noted that the main crop that can be produced for ethanol production is sugar cane, an indigenous agricultural produce.

Moving on to another issue, Senator Pimentel stated that mining has always been looked upon as a major source of foreign investment but, apparently, the best argument against it is that the government has yet to see an area that has improved or developed as a result of mining operations. On the contrary, he said that mining activities have devastated the countryside, destroyed the environment and ecological balance. While he believed that mining activities have positive contributions to the country, he revealed that certain international standards are not being applied in the Philippines, thus, making it a very attractive site for mining operations. He lamented that with the government itself supporting mining, huge foreign mining companies, such as HP-Billiton and Anglo-American, who are known for their notoriety in dumping toxic pollutants and rock mine tailings in rivers of countries where they are operating like Papua New Guinea, have signified their intention to invest in the Philippines.

In the case of Anglo-American, he disclosed that this company was tagged by the Canada Committee for Environmental Cooperation as a toxic lead polluter in Venezuela and Colombia. He clarified, however, that if these companies are allowed into the country, they must be required to follow national mining standards and regulations.

Asked what safeguards have been made by the DENR to ensure that foreign mining companies would not devastate or destroy the environment and ecological balance, Senator Enrile replied that the DOE is not concerned with mining nonmetals but the extraction of coal, gas and with petroleum production. He stated that mining is part of the responsibility of the DENR.

Senator Pimentel said that at the proper time, he would suggest that the DENR be split into two departments because it is ironic that the giver of the rights and the regulator of the exercise of those rights are lodged in one department.

On another matter, Senator Pimentel said that he was made to understand that it was Secretary Reyes, as DENR chief, who gave permission to cut 69,000 trees in an island off the coast of Mindoro. Senator Enrile denied that Secretary Reyes had issued any permit for mining. However, he affirmed that the department had issued permits to clear forested areas where road systems were constructed by the DPWH.

As to the status of the disposal of Transco, Senator Enrile stated that the privatization of Transco is the responsibility of PSALM. However, he clarified that it would be privatized not through the sale of some of its assets but through the grant of a concession to an operator of a power grid.

Asked if the disposal of Transco is not covered by the mandate of the DOE, Senator Enrile replied that the Privatization Council, headed by the Secretary of Finance, would act in an advisory capacity but the PSALM, as the owner of Transco, would sign the privatization contracts.

#### INTERPELLATION OF SENATOR GORDON

At the onset, Senator Gordon commended Secretary Reyes for coping with the challenges of the Department of Energy like the rising price of oil, climate change and closing the gap in the budget deficit by selling assets.

Asked if an executive order outlining a policy on climate change had already been issued, Senator Enrile replied that an administrative order created a Task Force on Climate Change whose primary task is to advocate a certain behavior aimed at mitigating the effects of climate change.

Senator Gordon asserted that climate change has loomed as the one of the biggest challenges of mankind and the world. In the face of a slew of typhoons in the past three years, he asked whether the DOST, which is a member of the task force, has recommended the purchase of more scientific equipment for PAGASA so that it would be able to better monitor the sudden change of weather or *etc.*

climate that the Philippines has been experiencing. Senator Enrile replied that the most desirable thing to do is for the department to make the necessary recommendation for the purchase of modern equipment in preparation for any eventuality.

Senator Gordon reasoned that with modern equipment, PAGASA would be in a better position to assess how climate change would affect certain regions of the country and what kind of strategies in tree planting or reforestation and in construction would be needed. Senator Enrile said that PAGASA has a program to modernize its equipment.

To the observation that there is no capital outlay in its proposed budget, except for the construction of a building, Senator Enrile pointed out that for 2008, PAGASA has a capital outlay of P48 million for weather and flood forecasting, geophysical and astronomical services, observation and requisition of data for atmospheric, geophysical and allied sciences.

Senator Gordon argued that equipping PAGASA with modern or sophisticated equipment would really help mitigate and perhaps prevent great damage wrought by climate change. It is for this reason, he said, that he wanted to realign portions of the science budget to PAGASA.

On the issue of the rising cost of fuel, Senator Gordon inquired if the government had already instituted policies to mitigate the effects of very high fuel prices like energy conservation and carpooling.

Senator Enrile replied that oil companies have agreed to give public transportation a one-peso discount on diesel per liter and transport operators have been encouraged to set up their own gasoline stations to reduce fuel cost and lastly, the Tariff Commission has been studying the reduction of tariff on oil products.

Senator Gordon expressed fear that to curb the fiscal crisis, different assets of the government are being sold such as Transco which is probably going to be leased out for 25 years, and the PNOC-EDC which was sold just recently. He asked if the DOE offered solutions other than selling government assets. Senator Enrile replied that raising funds to support the budget is the concern of the Finance secretary.

Senator Gordon agreed but asked the DOE to give its position on the matter. Senator Enrile explained

that according to the secretary, it is a national policy adopted by the Executive and the department has to comply. He stressed that while the President discusses policy matters with her Cabinet, she makes the final decision. Senator Gordon commented that the Senate would have to come to terms with that policy.

#### **SUBMISSION OF THE BUDGET OF THE DEPARTMENT OF ENERGY**

There being no other reservation for interpellation, upon motion of Senator Pangilinan, there being no objection, the budget of the Department of Energy was deemed submitted for the Body's consideration.

#### **SUSPENSION OF SESSION**

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

*It was 8:31 p.m.*

#### **RESUMPTION OF SESSION**

At 8:32 p.m., the session was resumed.

#### **SUBMISSION OF THE BUDGETS OF THE NATIONAL POWER CORPORATION, PHILIPPINE NATIONAL OIL COMPANY, NATIONAL ELECTRIFICATION ADMINISTRATION, NATIONAL TRANSMISSION CORPORATION AND THE ENERGY REGULATORY COMMISSION**

There being no other reservation for interpellation, upon motion of Senator Pangilinan, there being no objection, the budgets of the National Power Corporation, Philippine National Oil Company, National Electrification Administration, National Transmission Corporation and the Energy Regulatory Commission were deemed submitted for the Body's consideration.

#### **SUSPENSION OF SESSION**

Upon motion of Senator Pangilinan, the session was suspended.

*It was 8:33 p.m.*

#### **RESUMPTION OF SESSION**

At 8:38 p.m., the session was resumed. *NP*

## **SUBMISSION OF THE BUDGETS OF THE SPECIAL SHARES OF LOCAL GOVERNMENT UNITS, THE PROCEEDS OF NATIONAL TAXES THE *KILOS ASENO* SUPPORT FUND AND THE MUNICIPAL DEVELOPMENT FUND**

There being no reservation for interpellation, upon motion of Senator Pangilinan, there being no objection, the budgets of the Special Shares of Local Government Units, the Proceeds of National Taxes, the *Kilos Asenso* Support Fund and the Municipal Development Fund were deemed submitted for the Body's consideration.

## **DEPARTMENT OF TRANSPORTATION AND COMMUNICATIONS**

*(Continuation)*

Senator Enrile presented the budget of the Department of Transportation and Communications.

## **INTERPELLATION OF SENATOR GORDON**

Preliminarily, Senator Gordon asked about the status of the P45 million budget allocation for the construction of an airport in Panglao, Bohol. Senator Arroyo replied that it is only for the acquisition of the land but the project is being fast-tracked.

On the status of the Bagabag Airport in Nueva Vizcaya, Senator Arroyo reported that about P83 million was allotted for the project which is also being rushed because it would shorten the travel to the Banaue Rice Terraces.

To the suggestion that the DOTC ought to take action to finally complete the slow-paced construction of the Bagabag airport in Nueva Vizcaya so that it could be utilized at the soonest possible time, Senator Arroyo agreed, adding that there are funds available for this purpose.

Asked on the status of construction of the Guiuan airport in Region VIII which has a P130 million allotment, Senator Arroyo pointed out that although its construction is already underway, local officials apparently lack the motivation to hasten its completion, and seemingly, they fail to realize the growing demand for tourism in the region.

Regarding the Kalibo airport, Senator Arroyo replied that work is still ongoing on the instrument

landing system (ILS) for the P294-million airport project in Kalibo, Aklan, which is expected to be the hub, rather than the airport in Caticlan, to bring small planes to Boracay. He assured Senator Gordon that while there are plans to extend the Caticlan runway for bigger planes, this would be made possible through the initiative of the private sector. He also confirmed that the airport in Silay has already been inaugurated and would be operational by January.

Senator Gordon suggested that when the Silay airport finally opens, the Bacolod airport be converted and utilized for other productive purposes, such as a business processing office (BPO). Senator Arroyo explained that there is a proposal from the DOTC Secretary for the Bacolod airport, which is jointly owned by the DOTC and the Philippine Airlines (PAL), to be closed for safety reasons considering that the distance separating the two airports is less than the standard 50 kilometers.

Asked whether the DOTC has plans to convert old airports set for closure into possible business areas such as BPOs, shopping malls or university sites, Senator Arroyo replied in the affirmative, citing the old Iloilo airport which would be up for bidding.

Asked why the airport in General Santos City has not been declared an international airport despite its being one of the finest airports in the country, Senator Arroyo clarified that it has already been declared as such.

On whether the DOTC has plans to extend the runway in the Sulu Airport particularly since this would help boost tourism in the area which is considered a war zone, Senator Arroyo said that an engineering study is still being conducted on the project. He confirmed that the paving of the Sulu runway would be completed by January 1, 2008.

## **SUSPENSION OF SESSION**

Upon motion of Senator Pangilinan, the session was suspended.

*It was 8:55 p.m.*

## **RESUMPTION OF SESSION**

At 8:56 p.m., the session was resumed. *✓*

Senator Gordon explained that the extension of the Sulu runway would provide a speedier means of transporting and selling fresh fruits and other produce from the province to urban centers like Manila and Cebu. He also noted that North Cotabato, which has become the leading province in Region XII due to its rich supply of fruits, corn and rubber, needs an airport or facility where these goods could be picked up, transported by plane and sold to other areas. He said that such a facility would be a great reward for the industriousness of the people as well as help spur productivity and bring in agro-industry tourism. Senator Arroyo said that the DOTC is aware of the problem which is why the M'lang airport is being expanded for cargo purposes.

#### **SUBMISSION OF THE BUDGETS OF THE DEPARTMENT OF TRANSPORTATION AND COMMUNICATIONS AND ITS ATTACHED AGENCIES**

There being no other reservation for interpellation, upon motion of Senator Pangilinan, there being no objection, the budgets of the Department of Transportation and Communications and its attached agencies, namely, the Office of the Secretary, Civil Aeronautics Board, Maritime Industry Authority, National Telecommunications Commission, Office of Transportation Cooperatives, Office of Transportation Security and the Philippine National Railways, were deemed submitted for the Body's consideration.

#### **SUSPENSION OF SESSION**

Upon motion of Senator Pangilinan, the session was suspended.

*It was 9:03 p.m.*

#### **RESUMPTION OF SESSION**

At 9:04 p.m., the session was resumed.

#### **METRO MANILA DEVELOPMENT AUTHORITY**

Upon resumption, Senator Arroyo presented the budget of the Metro Manila Development Authority (MMDA).

#### **INTERPELLATION OF SENATOR PIMENTEL**

Citing road safety concerns, which are within the MMDA's jurisdiction, Senator Pimentel pointed out

that the isle divisions that the MMDA installed on existing roads tend to narrow the roads and have caused a number of accidents because of the lack of warning lights and signs especially at night. Senator Arroyo believed that some of the road accidents could have been caused by the motorists themselves and were only attributed to the installations which, he said, are a way of disciplining the motorists. He said that the MMDA has sufficiently equipped these divisions with signages which shall soon be complemented by gantries and blinkers.

Senator Pimentel warned the MMDA from entering into contracts involving constructions which are not within its jurisdiction, pointing out that it would need a law before doing public service to certain local government authorities outside of Metro Manila. He said that not even the President can give the authority to the MMDA.

#### **INTERPELLATION OF SENATOR LEGARDA**

Replying to Senator Legarda's query, Senator Arroyo affirmed that the DPWH has given the MMDA the responsibility of dredging the waterways, *esteros*, canals and rivers in Metro Manila, which shall be supported by the necessary budget, personnel and equipment.

Noting that the DPWH budget has a provision of more than P100 million for a Finnish project involving the dredging of rivers in Pangasinan and Oriental and Occidental Mindoro, Senator Legarda asked whether the MMDA has similar foreign-assisted projects to clean up the Pasig River, Tullahan River, and the Malabon/Navotas River in Metro Manila, which have become an eyesore and a health hazard. She pointed out that these rivers, which traverse the cities and towns in the NCR, should be used for sustenance and ecotourism purposes.

Senator Arroyo stated that there is a provision of P200 million in the budget for "Operation Support, Maintenance, Repair and Rehabilitation of Flood Control and Drainage Systems, Structures and Related Facilities," which includes the P2-million allocation for the Malabon-Navotas area.

Senator Legarda said that the measly amount would not serve any purpose for the Malabon-Navotas River. Senator Arroyo stated that it was so provided in the budget that every congressional district in Metro Manila has a P2-million allocation.

AS  
P

Asked if there is any lump-sum budget for the rehabilitation of the Tullahan, Pasig, Malabon-Navotas and other rivers, Senator Arroyo answered in the negative.

Asked whether the MMDA has already implemented the projects for the dredging of rivers, Senator Arroyo replied in the affirmative, saying that the MMDA "in-house" personnel are doing the job. He agreed with Senator Legarda that the budget for this purpose is really inadequate.

Senator Legarda expressed willingness to share her CDF, to work on the 2009 budget, and to propose amendments to the 2008 budget for the rehabilitation of rivers if there is a study on which the budget allocations shall be made. She asked whether the MMDA has a timetable for this particular project.

Senator Arroyo said that the MMDA is undertaking the projects one at a time, adding that a barge crane is continuously undertaking dredging work in the Malabon-Navotas River.

Senator Legarda urged the MMDA to prioritize the cleaning of the Metro Manila river and water systems to finally address the flood problem during the rainy season.

On another matter, noting that the item on "Urgent Disaster Flood Control Works under the Pasig-San Juan-Marikina River System has a P50-million budget, Senator Legarda asked why the areas not within this system were allocated only P2 million.

Senator Arroyo stated that aside from this P50-million budget and the P200-million budget for the item on "Operation Support, Maintenance, Repair and Rehabilitation of Flood Control and Drainage Systems, Structures and Related Facilities," there is another P56 million for the "Flood Control and Drainage Project" in NCR, with every congressional district, allocated more than P2 million. In sum, he stated that the P306 million would be used for the maintenance of 40 pumping stations, with 1,000 personnel, 100 various equipment, and fuel requirement.

As to the present state of the Pasig River, Senator Arroyo stated that it cannot sustain any marine life since it is very much contaminated, and he acknowledged that it would probably be difficult to rehabilitate. However, he gave assurance that the MMDA is doing its best despite the difficulties it has encountered.

Senator Legarda stressed that a defeatist attitude is not acceptable because it is a known fact that a great river traverses every great city all over the world. She asserted that all it takes is political will and vision and the involvement of the community. She posited that the dramatic change of the river systems traversing Metro Manila could happen within this lifetime.

At this juncture, Senator Gordon believed that with political will and support from the community, the river systems in Metro Manila could be cleaned up. He noted that the Chicago River and Hudson River used to be contaminated but were cleaned up.

Senator Arroyo stated that the Pasig River Rehabilitation Commission, which has a budget of P254 million, is coordinating the clean-up operation with the MMDA. He expressed hope that the two government agencies would be able to achieve what everyone is aspiring for the Pasig River. Furthermore, he said that by 2009, the recreational quality of Marikina River would be Class C.

Upon query, Senator Arroyo replied that Pasig, the Tullahan, and the Malabon-Navotas Rivers are Class E but the objective is to make them at least Class C. He affirmed that these rivers cannot sustain marine life at the moment.

Asked on the number of squatters living on the river banks of Metro Manila, Senator Arroyo replied that the MMDA gave a ballpark figure of 70,000 families living along Pasig River. He said that 10,113 families living along the stretch that passes through Manila, Makati, Pasig, Mandaluyong, Taguig, San Juan, Quezon City and Pateros have been relocated, leaving 3,933 families to be relocated.

Asked who is responsible for the relocation of the families along the Pasig River, Senator Arroyo stated that it is the Pasig River Rehabilitation Commission and an interagency committee consisting of the LGU, NHA and HUDCC is responsible for urban settlers living along the other river systems.

At this point, Senator Legarda requested a copy of the MMDA's plan of action for the clean-up of Metro Manila rivers so that the mayors of Navotas, Malabon and Valenzuela would be informed of the MMDA's commitment to address their concerns about the Tullahan and Malabon-Navotas Rivers.

In conclusion, Senator Legarda observed that mahogany trees have been planted on the Marikina River banks and she wondered if it is possible for the MMDA to spearhead a Metropolitan Manila-wide tree-planting program in all vacant spaces without obstructing traffic. She recalled that during her first term as senator, the mayors of Metro Manila supported her tree-planting program. Further, she said that mini-forest parks within the metropolitan area would offer tired and weary commuters a nice place to rest. She said that she would offer her services *pro bono* to the endeavor.

Senator Arroyo stated that the MMDA has a nursery that is being expanded and it would start planting as soon as the trees get bigger and taller. He added that the chairman has committed to clean up the rivers and put up mini-forest parks wherever and whenever possible.

At this point, the Chair inquired if the San Juan River is included in the clean-up program. Senator Arroyo replied in the affirmative.

#### **SUBMISSION OF THE BUDGET OF THE METRO MANILA DEVELOPMENT AUTHORITY**

Upon motion of Senator Pangilinan, there being no objection, the budget of the Metro Manila Development Authority was deemed submitted for the Body's consideration.

#### **SUBMISSION OF THE BUDGET OF THE PASIG RIVER REHABILITATION COMMISSION**

Upon motion of Senator Pangilinan, there being no objection, the budget of the Pasig River Rehabilitation Commission was deemed submitted for the Body's consideration.

#### **SUSPENSION OF SESSION**

Upon motion of Senator Pangilinan, the session was suspended.

*It was 9:40 p.m.*

#### **RESUMPTION OF SESSION**

At 9:43 p.m., the session was resumed.

#### **MANIFESTATION OF SENATOR PANGILINAN**

Senator Pangilinan manifested that Senator Pimentel had withdrawn his reservation to interpellate on the Barangay Officials' Death Benefit Fund.

#### **SUBMISSION OF THE BARANGAY OFFICIALS' DEATH BENEFIT FUND**

Upon motion of Senator Pangilinan, there being no objection, the Barangay Officials' Death Benefit Fund was deemed submitted for the Body's consideration.

#### **NATIONAL HOUSING AUTHORITY**

*(Continuation)*

Senator Enrile presented the budget of the National Housing Authority.

#### **INTERPELLATION OF SENATOR AQUINO**

Asked by Senator Aquino if the P5 billion budget is earmarked for the resettlement of informal settlers who would be affected by the South Rail project, Senator Enrile replied in the affirmative.

Senator Enrile explained that the P5 billion budget for the NHA in the NEP submitted by the President was reduced by the House by P1.5 billion, but the amount was restored by the Senate.

Senator Aquino noted that while the NHA is one of the most vital agencies with regard to resettling informal settlers, its funds last year were again earmarked for both the North and South Rails. He asked when the other informal settlers would be attended to given the fact that the entire budget for resettlement next year would be devoted only to the South Rail settlers. Senator Enrile clarified that the priority is to deal with the problem of the North and South Rails, after which, the NHA would attend to the other informal settlers.

Senator Aquino reminded that the NHA has committed to actively participate in a review of the local government's role in implementing the UDHA, the law that deals with the resettlement problem.

#### **SUBMISSION OF THE BUDGET OF THE NATIONAL HOUSING AUTHORITY**

Upon motion of Senator Enrile, there being no objection, the budget of the National Housing Authority was deemed submitted for the Body's consideration.

## SUSPENSION OF SESSION

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

*It was 9:47 p.m.*

## RESUMPTION OF SESSION

At 9:49 p.m., the session was resumed with Senate President Pro Tempore Ejercito Estrada presiding.

Senator Pangilinan said that the Body is ready to tackle the budget of the National Security Council which was earlier deferred because Secretary Gonzales was not around. In this regard, he noted the earlier action of the Body approving the budgets of other agencies, subject to the personal appearance of their respective heads during the budget debates.

## SUBMISSION OF THE BUDGET OF THE NATIONAL SECURITY COUNCIL

Upon motion of Senator Pangilinan, there being no objection, the budget of the National Security Council was deemed submitted for the Body's consideration, subject to the personal appearance of Secretary Norberto Gonzales before the Senate's plenary debates on the budget either the following day or next week.

## SUBMISSION OF THE BUDGET OF THE CONGRESS OF THE PHILIPPINES WHICH INCLUDES THE SENATE, SENATE ELECTORAL TRIBUNAL, COMMISSION ON APPOINTMENTS, HOUSE OF REPRESENTATIVES AND HOUSE ELECTORAL TRIBUNAL

Upon motion of Senator Pangilinan, there being no objection, the budget of the Congress of the Philippines, which includes the Senate, Senate Electoral Tribunal, Commission on Appointments, House of Representatives and House Electoral Tribunal, was deemed submitted for the Body's consideration.

## MANIFESTATION OF SENATOR PIMENTEL

Senator Pimentel stated that at the proper time, he would introduce amendments in the budgetary allocation of the Senate to enable the Senate employees to be placed at par with the employees of

the House of Representatives as far as perks and privileges are concerned.

Senator Enrile requested Senator Pimentel to submit the proposed amendments in writing so that these could be considered at the proper time.

## SUSPENSION OF SESSION

Upon motion of Senator Pangilinan, the session was suspended.

*It was 9:53 p.m.*

## RESUMPTION OF SESSION

At 9:53 p.m., the session was resumed.

## SUBMISSION OF THE BUDGETS UNDER "FUNDS," NAMELY, THE CALAMITY FUND, CONTINGENT FUND, MISCELLANEOUS PERSONNEL BENEFITS FUND, PRIORITY DEVELOPMENT ASSISTANCE FUND, PENSION AND GRATUITY FUND, AND UNPROGRAMMED FUND

Upon motion of Senator Pangilinan, there being no objection, the budgets under "Funds," namely, the Calamity Fund, Contingent Fund, Miscellaneous Personnel Benefits Fund, Priority Development Assistance Fund, Pension and Gratuity Fund and Unprogrammed Fund were deemed submitted for the Body's consideration.

## SUBMISSION OF THE BUDGET OF THE OFFICE OF THE SECRETARY OF THE DEPARTMENT OF BUDGET AND MANAGEMENT

Upon motion of Senator Pangilinan, there being no objection, the budget of the Office of the Secretary of the Department of Budget and Management, was deemed submitted for the Body's consideration.

## COMMISSION ON ELECTIONS

*(Continuation)*

Senator Enrile presented the budget of the Commission on Elections. He stated that this is the second time that the budget of the Comelec was called.

*AK*

## INTERPELLATION OF SENATOR GORDON

At the outset, Senator Gordon stated that the Comelec is the constitutional agency tasked to come up with what is still a dream —free, honest, orderly and speedy elections despite the passage of the Automated Election Law in 1997, as amended by Republic Act No. 9369, which streamlined the procurement process by not favoring any particular computer plan but only that which is available in the market and which also allowed a paper trail in the elections.

Senator Gordon lamented the fact that there was no automation during the recent senatorial and barangay elections supposedly for lack of time and resources as claimed by Comelec. He recalled that the experiment to automate did not quite work out because the P1.3 billion worth of machines, which were nullified by the Supreme Court and were placed in storage, were destroyed, prompting the Comelec to propose to the Senate Committee on Constitutional Amendments, Revision of Codes and Laws, which he chaired, to purchase new machines. He also recalled that the biometrics ID card, for which billions of pesos was spent, also did not push through.

Senator Gordon asked if the ARMM elections in August 2008 would push through, saying that this would be the last opportunity to test the machines for the 2010 national and local elections. Recalling that every President has expressed desire for clean, honest and orderly elections, he reiterated the need for the machines to be tested in the ARMM elections.

As regards the status of the election modernization by the Comelec as of December 7, 2007, Senator Enrile read the following issues by way of an answer and information to numerous queries:

### STATUS OF COMELEC ELECTION MODERNIZATION AS FOLLOWS:

#### I. 2008 AUGUST ARMM ELECTIONS

##### A. LEGAL ISSUES:

- 1) RA 8046 — Authorizing COMELEC to nationwide demonstration of computerized election system and pilot-test in March 1996 Elections in ARMM and Onwards.

a.i) 1996 and 1998 ARMM Elections were pilot tested using AIS (now

called ES&S) facilitated by NAMFREL and were reported to Congress its outcome.

- 2) RA 9369 (which amended RA 8436) are very precise with their requirements, in particular Section 31 (Section 26 amending Section 25 of RA 8436) that requires stakeholder education and training *not later than six months from date of before* actual automated election exercise.
- 3) The COMELEC Advisory Council (CAC) created under Section 8 of RA 9369 (Section 9 whereby Sections 8, 9, 10 and 11 of RA 8436 are provided), submitted a clarification on the legal merit of the above issues which Acting Chairman Resurreccion Z. Borra wrote separately to the Department of Justice and Office of the Solicitor General for their legal opinion.
- 4) IRR of RA 9189 (Government Procurement Reform Act) under Rule VII, Invitation to Bid, as stipulated in Sections 21 and 22, clearly states that deadline of submission of bids should take place not later than 30 to 90 days for bids on goods, infrastructure and/or consultancy which would prompt the motion thereafter the delivery of goods and services, the inspection and testing of the same, until the final certification of the accepted systems which easily can take anywhere between nine months to one year.

#### B. ADMINISTRATIVE ISSUES

1. Executive Director is due to retire by December 2007 and will be replaced by the Deputy Executive Director for Operations of which the latter is due for a replacement.
2. Two Commissioners will be retiring by 2 February 2008.
3. Two new Commissioners plus One Chairman has to be appointed by or after February 2008.
4. With new developments in key positions for COMELEC, expect delays in the execution of the computerization project, subject to the prompt appointment on these vacancies, and the respective management style and decision-making process and preferences of the new officials.

14

5. There is an apparent lack of time to implement any automation at this late stage if RA 9369 and RA 9189 are to be followed unless RA 8046 is followed without compliance to the former.

#### C. TECHNICAL ISSUES AND OPTIONS

1. There are still some stocks of Automated Counting Machines (ACMs) withheld in Maxilite warehouse on the Supreme Court ruling, 23 January 2004, nullifying the contract with Mega Pacific eSolutions, Inc., but was cleared on any graft charges by the Ombudsman in October 2006 following series of hearings and fact-finding investigation.
2. ACMs passed the hazard testing by the Department of Science and Technology in 2003 and can conduct the same if need be to test their usability for pilot testing in ARMM elections.
3. The COMELEC Project Management Office of then 2003-04 Computerization Project before the Supreme Court decision can be reactivated and proceed where they left off. The software programs that were scheduled for testing can commence as planned.
4. Judicial Approach – Request the Supreme Court to lift the suspension on the use of ACM on the strength of the Ombudsman's ruling without waiving the liabilities until ACMs proved their worthiness to operate without failure and if proven likewise for the COMELEC to settle the remaining balance to the contractor.
5. If the petition to lift the suspension on the ACMs is granted, the Advisory Council will be mobilized to monitor the progress of the project and activate the Joint Congressional Oversight Committee as stipulated in RA 9369, Section 33 (Section 27 amending Section 27 of RA 8436 for their review of the ACMs performance.

#### II. 2010 NATIONAL ELECTIONS

##### A. LEGAL ISSUES

- 1) Non-pending as the motion for activating the courses of action was initiated upon creation of the Comelec Advisory Council and the Technical Evaluation Committee. The only legal impediment being questioned so far is the legal

interpretation of RA 9369 over the pilot test areas in the provision of the law whether it applies 2007 only and/or 2010 since 2007 was not executed for lack of time as declared by the Advisory Council.

#### B. ADMINISTRATIVE ISSUES

1. Target schedule of activities in pursuing the computerization of election as follows:
  - 1.1 December 2007- January 2008, Preparation of the Terms of Reference for the Request for Proposal (TOR for RFP) by the Technical Working Group as commissioned by the *en Banc* (in compliance to Rule V, Creation of the Bids and Awards Committees, and Rule VI, Preparation of the Bidding Documents of IRR of RA 9184, with reference to Sections 6 & 7 of RA 9369 for the minimum capabilities) with the Advisory Council as non-voting members of the BAC (Section 9 of RA 9369).
  - 1.2 February 2008-April 2008, Invitation to Bid (in compliance to Rule VII of IRR of RA 9184, as well as Rule XVI of IRR of RA 9184, *i.e.* alternative Methods of Procurement as deem applicable and Section 12 of RA 9369) with the Advisory Council as non-voting members of the BAC (Section 9 of RA 9369).
  - 1.3 May 2008-June 2008, Receipt and Opening of Bids, Bid Evaluation and Post Qualification (in compliance with Rule VIII, IX, and X of IRR of RA 9184, as well as Rule XVI of IRR of RA 9184, *i.e.* Alternative Methods of Procurement as deem applicable and with reference to Section 12 of RA 9369) with the Advisory Council as non-voting members of the BAC (Section 9 of RA 9369).
  - 1.4 July 2008-August 2008, Awards and Hearing of Protests (in compliance to Rule XI, XII, XIV, XV and XVII of IRR of RA 9184).
  - 1.5 August 2008-October 2008, Delivery, Inspection and Testing of Machines Delivered.
  - 1.6 October 2008-October 2009, Analysis, Design, Programming Development, Testing and Certification of Systems (as overseen by the Technical Evaluation Committee in compliance with Sections 11 and 14 of RA 9369). *AF*

*14*

1.7 August 2009-September 2009, Examination and Testing of Automated Election System (AES) equipment and devices and Opening of Source Codes by political parties and citizens arms in reference to Section 14 of RA 9369.

1.8 September 2009-December 2009, Testing and authenticity of the electronic transmission of Election Results (per Section 30 of RA 9369).

1.9 November 2009-May 2010, Stakeholder education and training commences (per Section 31 of RA 9369) with the widest form of information dissemination and the certification of IT-capable election officers by DOST (Section 3 of RA 9369).

1.10 November 2009-1<sup>st</sup> week of February 2010, Certification by an established international certification entity (e.g. ISACA, ISO, TUV) of the systems coursing through the Technical Evaluation Committee and with the source code put on escrow with *Bangko Sentral ng Pilipinas*.

#### C. TECHNICAL MATTERS

1.1 The COMELEC Advisory Council on its own initiative has tasked the De La Salle University Computer Science Department to conduct a research on the front-end computing among assessing its user friendliness and accuracy done separately in three (3) major island groups. This is a six-month study and has requested the DOST to fund the project under their Science and Technology Research and Development Fund for the academe. This coincides with some of the peculiarities of the system configuration specified in the RA 9369.

Senator Enrile said that the paper submitted by the Chairman of the Comelec would answer the questions of Senator Gordon.

However, Senator Gordon stated that the answer is unacceptable because the reasons Comelec has just given for failing to implement the computerization program were the same reasons that it gave before the barangay elections were held. Further, he noted that the advisory council has confirmed that the computerization of the barangay elections could be tested in two provinces and two cities, as originally

intended. He opined that Comelec, in fact, could have done it by using different types of machines in the different test areas.

Senator Gordon refused to accept the statement on page 2 on "administrative issues" of the paper submitted by Comelec which says, "We want the old machines that were bidden and that were declared illegal by the Supreme Court," saying that it is another excuse of Comelec for failing to do its mandate under the 1997 Election Law.

For his part, Senator Enrile recalled that Comelec had computerized the ARMM elections under the previous law. However, he pointed out that the provision in the new law that pilot testing is to be conducted in two provinces and two cities in Luzon, Visayas and Mindanao did not materialize because there was no budget. Moreover, he explained that Comelec could not procure new machines to conduct the pilot testing and they could not use the old machines in view of the Supreme Court decision.

Senator Gordon pointed out that Comelec cannot claim "lack of funds" as there are companies willing to have their machines tested. He admitted feeling exasperated because the dream of every Filipino to have clean and modernized elections and a credible system has not materialized.

Senator Enrile clarified that the Comelec is subject to the procurement law as he cautioned that if it used a lent-out machine during the elections that is found to be successful, it is ground for acquiring the machine which, to the Comelec, is a violation of the procurement law.

Sensing no sense of urgency on the part of the Comelec to perform its mandate, Senator Gordon moved to defer its budget, as he warned that he would oppose its submission. He stressed that if the Comelec does not agree to the recommendation of the advisory council, it can put the matter into writing. Senator Enrile noted that the advisory council has not submitted its recommendations to the Comelec as to what types of equipment to acquire to computerize the elections.

Senator Gordon stated that the records would bear him out that the Advisory Council was invited to the hearings on the barangay elections where it was determined that there was still time to computerize 

the elections in the two provinces and two cities. Likewise, he pointed out that under Republic Act No. 9369, nothing in the role of the Advisory Council, or any outside intervention or influence shall be construed as an abdication or diminution of the Comelec's authority and responsibility to develop, manage and implement the automated election system. He surmised that the Comelec insisted on using the manual system simply because it had already made commitments to the suppliers of the controversial machines.

Senator Enrile said that according to Acting Chairman Borrà, the Comelec had no budget for computerization in 2006 and 2007 and that the funding for this purpose was included only in the 2008 budget.

Senator Gordon said that it was obvious from the very beginning that the Comelec had no intention of implementing the system because it did not include in its budgetary proposals for 2006 and 2007 the necessary funding for this purpose. He asked whether the Comelec, which should not be rewarded for its negligence and perfidiousness, is making it appear that the President had lied when she certified the two election bills.

Senator Enrile explained that he was told by Acting Chairman Borrà that the President's certification was only for the immediate enactment of the bills but even after the approval of these bills, there was still the need to fund the requirements of the laws so that these can be implemented.

At this juncture, Senator Pimentel asked what should be done in order for the ARMM elections to be computerized. Senator Enrile replied that the Comelec can implement the system if Congress would pass a law authorizing the Comelec to utilize the available equipment, which have been prohibited by the Supreme Court.

Senator Pimentel declared that he would oppose any proposal to that effect. For his part, Senator Gordon expressed dismay on the Acting Chairman's proposal, saying that this would be a complete breakdown of the rule of law.

Senator Enrile stated that the Comelec has been willing to comply with the requirements of Congress but there was no funding for the implementation of the system.

## SUSPENSION OF SESSION

Upon motion of Senator Gordon, the session was suspended.

*It was 10:32 p.m.*

## RESUMPTION OF SESSION

At 10:35 p.m., the session was resumed.

Upon resumption, Senator Enrile informed the Body that the Acting Chairman of the Comelec has given assurance that it would computerize the ARMM elections in August 2008 if they are given the P2.6-billion budget. He appealed to Senator Gordon to withdraw his motion to defer the submission of the Comelec's budget for the Body's consideration.

Senator Gordon withdrew his motion.

## INTERPELLATION OF SENATOR PIMENTEL

In reply to Senator Pimentel's query, Senator Enrile stated that apart from the P24-million funding for "Support to Operations," there is a P4-million funding for "Legal Services and Adjudication of Election Contests," which shall cover the conduct of legal research, and issuance of rulings and opinions.

As regards the provision of P7,534,000, P41,894,000, and P928,330,000 for the "Conduct and Supervision of Elections and other Political Exercises" under the item "Support to Operations," Senator Enrile explained that the amount of P7.5 million is for the "Dissemination of Information and Election Law Rules and Regulations and Continuing Voters Education in Collaboration with Comelec Accredited Citizens Act" under the item on "Conduct and Supervision of Elections and other Political Exercises." He said that the provision for "Operations, Conducts and Supervision of Elections and Other Political Exercises" is a separate item.

Senator Pimentel suggested that the Secretariat reword the provisions, in coordination with the Comelec, to avoid confusion.

Asked on the status of the case of Mr. Lintang Bedol, Senator Enrile said that the Comelec has asked General Goltiao to explain why the authorities have not yet arrested Mr. Bedol.

Senator Pimentel asked what the Comelec has done with respect to the case of Atty. Alioden Dalaig.

Senator Enrile disclosed that an investigation conducted by Commissioner Tuazon, acting head of the Comelec Legal Department, has already identified the perpetrator whose identity is being withheld at the moment. Senator Pimentel expressed hope that the Comelec would share the information with the Senate at the appropriate time.

In closing, Senator Pimentel asked the Comelec to submit a report on the status of overseas voting. Senator Enrile gave assurance that the Comelec would do so.

#### **SUBMISSION OF THE BUDGET OF THE COMMISSION ON ELECTIONS**

There being no other reservation for interpellation, upon motion of Senator Pangilinan, there being no objection, the budget of the Commission on Elections (COMELEC) was deemed submitted for the Body's consideration.

#### **SUSPENSION OF SESSION**

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

*It was 10:46 p.m.*

#### **RESUMPTION OF SESSION**

At 10:48 p.m., the session was resumed.

#### **MANIFESTATION OF SENATOR PANGILINAN**

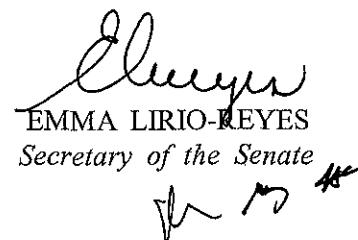
Senator Pangilinan manifested that Senator Enrile has requested the senators to submit their proposed amendments to the GAB, tomorrow at the latest, to the LBRMO.

#### **ADJOURNMENT OF SESSION**

Upon motion of Senator Pangilinan, there being no objection, the President Pro Tempore declared the session adjourned until three o' clock in the afternoon of the following day.

*It was 10:49 p.m.*

I hereby certify to the correctness of the foregoing.

  
EMMA LIRIO-REYES  
*Secretary of the Senate*  


Approved on December 10, 2007