

**REPUBLIC OF THE PHILIPPINES**

**S e n a t e**

**Pasay City**

# **Journal**

**SESSION NO. 96**

Wednesday, June 8, 2005

**THIRTEENTH CONGRESS  
FIRST REGULAR SESSION**

**SESSION NO. 96**  
Wednesday, June 8, 2005

**CALL TO ORDER**

At 5:42 p.m., the Senate President, Hon. Franklin M. Drilon, called the session to order.

**PRAYER**

Sen. "Compañera" Pia S. Cayetano led the prayer, to wit:

Lord, Our God,

Your word in Isaiah 26:12 says that all that we have accomplished You have done for us. Therefore, I will praise You, Lord, in the council of the upright and in the assembly of the righteous.

Great are Your works, O, Lord; they are pondered by those who delight in them. Glorious and majestic are Your deeds and Your righteousness endures forever.

You have caused Your wonders to be remembered; You are gracious and compassionate. All Your precepts are trustworthy. They are the source of our wisdom.

You have led us as the Senate of this Republic and we know without a shadow of doubt that You will continue to lead us.

Help us to realize that the burdensome concerns we carry as a nation are opportunities for You to show Your power and presence.

Help us to realize that our limitations are opportunities for You to show Your unsurpassed and boundless mercy and generosity.

Help us to realize that the difficulties we now face as a nation is a challenge for us to call upon You for help in these troubled times.

You said in Your word: Ask and it shall be given you, seek and you shall find, knock and it shall be opened to you.

That is what we are doing now. Father, we are asking for blessings for us, for the nation. Father, we seek Your face and Your forgiveness. Father, we knock at the door of Your temple of mercy and blessings.

Hear us we pray, in Jesus' Name.

Amen.

**ROLL CALL**

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

Arroyo, J. P.	Lim, A. S.
Biazon, R. G.	Madrigal, M. A.
Cayetano, C. P. S.	Magsaysay Jr., R. B.
Defensor Santiago, M.	Osmeña III, S. R.
Drilon, F. M.	Pangilinan, F. N.
Ejercito Estrada, J.	Pimentel Jr., A. Q.
Ejercito Estrada, L. L. P.	Recto, R. G.
Flavier, J. M.	Revilla Jr., R. B.
Gordon, R. J.	Roxas, M.
Lacson, P. M.	Villar Jr., M. B.
Lapid, M. L. M.	

With 21 senators present, the Chair declared the presence of a quorum.

Senator Enrile arrived after the roll call.

Senator Angara was absent.

**DEFERMENT OF THE APPROVAL OF THE JOURNAL**

Upon motion of Senator Pangilinan, there being no objection, the Body deferred the consideration and approval of the Journal of Session No. 95 to a later hour.

*for*

*for*

**REFERENCE OF BUSINESS**

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

**MESSAGE FROM THE HOUSE  
OF REPRESENTATIVES**

Letter from the Secretary General of the House of Representatives, dated June 7, 2005, informing the Senate that on even date, the House of Representatives concurred with the Senate amendments on House Bill No. 3696, entitled

AN ACT FURTHER AMENDING THE FRANCHISE OF VISAYAN ELECTRIC COMPANY, INC., GRANTED UNDER ACT NO. 3499, AS AMENDED, TO CONSTRUCT, OPERATE AND MAINTAIN A DISTRIBUTION SYSTEM FOR THE CONVEYANCE OF ELECTRIC POWER TO THE END-USERS IN THE CITIES OF CEBU, MANDAUE AND TALISAY AND THE MUNICIPALITIES OF MINGLANILLA, NAGA, SAN FERNANDO, CONSOLACION AND LILO-AN, PROVINCE OF CEBU AND RENEWING/EXTENDING THE TERM OF THE FRANCHISE TO ANOTHER TWENTY-FIVE YEARS FROM THE DATE OF APPROVAL OF THIS ACT

**To the Archives**

**BILL ON FIRST READING**

Senate Bill No. 2039, entitled

AN ACT ESTABLISHING THE PHILIPPINE COAST GUARD AS AN ATTACHED AGENCY TO THE DEPARTMENT OF TRANSPORTATION AND COMMUNICATIONS, FURTHER AMENDING REPUBLIC ACT 5173 AND PD 601, AND FOR OTHER PURPOSES

Introduced by Senator Magsaysay Jr.

**To the Committees on National Defense and Security; Civil Service and Government Reorganization; Ways and Means; and Finance**

**RESOLUTIONS**

Proposed Senate Resolution No. 280, entitled

RESOLUTION URGING THE COMMITTEE ON PUBLIC SERVICES TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, INTO THE PROCEDURE AND FORMULA USED BY THE LAND TRANSPORTATION FRANCHISING AND REGULATORY BOARD (LTFRB) IN GRANTING INCREASE OF FARE RATES

Introduced by Senator Mar Roxas

**To the Committee on Public Services**

Proposed Senate Resolution No. 281, entitled

RESOLUTION URGING THE SENATE COMMITTEE ON GOVERNMENT CORPORATIONS AND PUBLIC ENTERPRISES AND APPROPRIATE COMMITTEE/S TO CONDUCT A COMPREHENSIVE INQUIRY AND ASSESSMENT, IN AID OF LEGISLATION, ON THE STATUS AND VIABILITY OF THE GOVERNMENT'S PENSION FUNDS, THE SOCIAL SECURITY SYSTEM, THE GOVERNMENT SERVICE INSURANCE SYSTEM AND THE AFP RETIREMENT AND SEPARATION BENEFIT SYSTEM

Introduced by Senator Magsaysay Jr.

**To the Committees on Government Corporations and Public Enterprises; and National Defense and Security**

**COMMUNICATION**

Letter from Secretary Michael T. Defensor of the Department of Environment and Natural Resources, dated May 16, 2005, furnishing the Senate a copy of the final, approved copy of the Implementing Rules and Regulations of Republic Act No. 9275, a.k.a. Clean Water Act

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

*MS*

*MS*

**ADDITIONAL REFERENCE OF BUSINESS**

**BILLS ON FIRST READING**

Senate Bill No. 2040, entitled

AN ACT TO ESTABLISH DISASTER PREPAREDNESS AND MITIGATION MEASURES

Introduced by Senator Gordon

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

Senate Bill No. 2041, entitled

AN ACT PUNISHING THE SNATCHING OF MOBILE PHONES AND OTHER RELATED GADGETS

Introduced by Senator Gordon

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

Senate Bill No. 2042, entitled

AN ACT REQUIRING THE REGISTRATION OF SUBSCRIBER IDENTITY MODULE (SIM) CARDS IN MOBILE PHONES

Introduced by Senator Gordon

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

**SECOND ADDITIONAL REFERENCE OF BUSINESS**

**BILLS ON FIRST READING**

Senate Bill No. 2043, entitled

AN ACT ESTABLISHING APO REEF IN SABLAYAN, OCCIDENTAL MINDORO AS A PROTECTED AREA AND ITS PERIPHERAL WATERS AS BUFFER ZONES, PROVIDING FOR ITS MANAGEMENT, FUNDS AND FOR OTHER PURPOSES

Introduced by Senator "Compañera" Pia S. Cayetano

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

Senate Bill No. 2044, entitled

AN ACT TO ESTABLISH THE MALAMPAYA SOUND SITUATED IN THE MUNICIPALITIES OF TAYTAY AND SAN VICENTE, PROVINCE OF PALAWAN, AS A PROTECTED AREA PURSUANT TO REPUBLIC ACT NO. 7586 (NIPAS ACT OF 1992) PROVIDING FOR ITS MANAGEMENT AND FOR OTHER PURPOSES

Introduced by Senator "Compañera" Pia S. Cayetano

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

Senate Bill No. 2045, entitled

AN ACT TO ESTABLISH THE SIARGAO GROUP OF ISLANDS AS A PROTECTED AREA PURSUANT TO REPUBLIC ACT NO. 7586 (NIPAS ACT OF 1992) PROVIDING FOR ITS MANAGEMENT AND FOR OTHER PURPOSES

Introduced by Senator "Compañera" Pia S. Cayetano

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

**THIRD ADDITIONAL REFERENCE OF BUSINESS**

**BILLS ON FIRST READING**

Senate Bill No. 2046, entitled

AN ACT ESTABLISHING THE ALIWAGWAG FALLS LOCATED IN THE MUNICIPALITIES OF BOSTON AND CATEE, PROVINCE OF DAVAO ORIENTAL, AND THE MUNICIPALITY OF COMPOSTELA, COMPOSTELA PROVINCE AS A PROTECTED AREA UNDER THE CATEGORY OF PROTECTED LANDSCAPE AND ITS PERIPHERAL AREAS AS BUFFER ZONE,

*MS*

APPROPRIATING FUNDS THEREFOR,  
AND FOR OTHER PURPOSES

Introduced by Senator "Compañera" Pia S.  
Cayetano

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

Senate Bill No. 2047, entitled

AN ACT ESTABLISHING THE  
TUBBATAHA REEF NATIONAL  
MARINE PARK IN THE PROVINCE  
OF PALAWAN AS PROTECTED  
AREA, PROVIDING FOR ITS  
MANAGEMENT AND FOR OTHER  
PURPOSES

Introduced by Senator "Compañera" Pia S.  
Cayetano

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

**FOURTH ADDITIONAL  
REFERENCE OF BUSINESS**

**BILLS ON FIRST READING**

Senate Bill No. 2048, entitled

AN ACT TO ESTABLISH THE EL NIDO-  
TAYTAY MANAGED RESOURCE  
PROTECTED AREA LOCATED IN  
THE MUNICIPALITIES OF EL NIDO  
AND TAYTAY, PROVINCE OF  
PALAWAN, AS A PROTECTED  
AREA AND FOR OTHER PURPOSES  
PURSUANT TO REPUBLIC ACT  
7586 OTHERWISE KNOWN AS  
THE NATIONAL INTEGRATED  
PROTECTED AREAS SYSTEM  
(NIPAS) ACT OF 1992

Introduced by Senator "Compañera" Pia S.  
Cayetano

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

Senate Bill No. 2049, entitled

AN ACT ESTABLISHING THE SAMAR  
ISLAND NATURAL PARK (SINP),  
SITUATED IN THE PROVINCES

OF SAMAR, NORTHERN SAMAR  
AND EASTERN SAMAR, AS A  
PROTECTED AREA AND ITS  
PERIPHERAL AREAS AS BUFFER  
ZONE, PROVIDING FOR ITS  
MANAGEMENT PURSUANT TO  
REPUBLIC ACT 7586 (NIPAS ACT  
OF 1992) AND FOR OTHER  
PURPOSES

Introduced by Senators "Compañera" Pia S.  
Cayetano and Flavier

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

Senate Bill No. 2050, entitled

AN ACT DECLARING TURTLE  
ISLANDS AS PROTECTED AREA  
AND THEIR PERIPHERAL AREAS  
AS BUFFER ZONES, PROVIDING  
FOR THEIR MANAGEMENT AND  
FOR OTHER PURPOSES

Introduced by Senator "Compañera" Pia S.  
Cayetano

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

Senate Bill No. 2051, entitled

AN ACT DECLARING A PORTION OF  
THE SAN ISIDRO COASTAL  
WATERS AS PROTECTED AREA  
AND ITS PERIPHERAL AREAS AS  
BUFFER ZONES TO BE KNOWN AS  
THE SAN ISIDRO PROTECTED  
SEASCAPE AND FOR OTHER  
PURPOSES

Introduced by Senator "Compañera" Pia S.  
Cayetano

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

**LETTER OF SENATOR MAGSAYSAY**

Upon motion of Senator Pangilinan, there being  
no objection, the letter of Senator Magsaysay dated

*ms*

June 6, 2005, and addressed to Senate President Drilon was deemed read into the Record of the Senate and the Journal of the day's session, to wit:

Hon. Franklin M. Drilon  
Senate President  
Senate of the Philippines  
GSIS Bldg., Roxas Blvd.  
Pasay City

Dear Senate President Drilon:

In the plenary session of June 01, 2005, I took notice of a discussion between our distinguished colleagues, Senators Angara and Osmeña. They were then discussing Proposed Senate Resolution No. 271. In the course of their exchange, the issue of the pendency of bills in plenary, referring to the ACEF, among others, was raised. Senator Osmeña remarked that one reason for "bottling up" the bill was because I did not wish to be interpellated. Allow me therefore to put things in the proper context.

It should be stated that on November 08, 2004, I rose on the floor to sponsor the measure, Senate Bill No. 1837 under Committee Report No. 3. The bill was calendared for interpellations, and as a matter of fact, the bill was subjected to interpellations by no less than six senators, namely, Senators Enrile, Luisa Estrada, Sergio Osmeña, Angara, Defensor Santiago and Gordon. On January 11, 2005, the Majority Leader, after consultations with our colleagues, and there being no other senator who manifested his or her intention to raise any further queries on the proposed measure, moved to close the period of interpellations. We then proceeded with the period of committee amendments, and subsequently opened the period of individual amendments.

In the course of introducing several individual amendments, our distinguished colleague, Senator Serge Osmeña, moved to reconsider the earlier motion of the Majority Leader, thus reverting the bill to the period of interpellations. He raised certain queries and apprehensions on the manner of handling the ACEF funds. In the spirit of camaraderie amongst us, we took the "extra mile" and explored avenues if only to expedite the proceedings. We took Senator Osmeña's proposal to sit down with the people of Landbank who may possibly recommend some proposals and concerns about the manner by which the fund is to be managed. We attempted to arrange informal meetings with Mr. Gary Teves, together with Senator Osmeña, so as to hear the proposals. I instructed my


secretary to prioritize these arrangements, but sad to say, the schedules of Mr. Teves and Senator Osmeña wouldn't jibe.

Moreover, on a number of occasions, I requested the Department of Agriculture to submit documents which would indicate the utilization, management, adoption of policies, collection and others. In fact, I even requested the Commission on Audit (COA) through a letter and personal communication with COA Chair Carague to personally help me in resolving Senator Osmeña's requests as regards assessment of the Fund. I have been requesting also the Department of Agriculture to facilitate the fulfillment of Senator Osmeña's request.

In this regard, I therefore take exception to the remarks of Senator Osmeña that the reason why the ACEF bill has been "bottled up" was due to my refusal to submit myself for interpellation.

On another note, and for record purposes, the proposed measure involves a relevant issue which ought to be addressed. The issue is on the matter of the terminal point of the fund because we recall that while the law which is sought to be amended (SEC. 8 of R.A. 8178) prescribed a 9-year period for its implementation, we are poised to raise the question of when the reckoning of the 9-year period should begin. A DOJ opinion has been requested and sought for the purpose.

We are faced with two different schools of thought. One says that the 9-year period ought to begin at the time the law became effective (sometime in the end of March or early April, 1996.); the other says that the 9-year period ought to begin from the time release of the fund was actually done (some two years after its effectivity).

We are in possession of a March 10, 2005 opinion of the Senate Legal Counsel who supports the second school of thought, that the 9-year period should be counted from the time of the fund's actual release. It substantially opined that "as clearly expressed by the law, the legislature gave the Fund a lifespan of 9 years and unqualifiedly requires that any unused balance from the Fund be reverted back to the General Fund." It further stated that they, however, "respectfully opine that the reckoning date of the ACEF may not necessarily be the date the law took into effect" and that "it may be another much later date or when the ACEF funds emanating from the proceeds of the importation of minimum access volume started to accrue." 



The House of Representatives, though, in an opinion of the House Legal Counsel contained in his April 11, 2005 Memorandum addressed to Secretary General Roberto Nazareno, presented a third view, substantially stating that the reckoning period, for purpose of applying the 9-year period of the Fund, should start from "the date of publication."

The records will speak for itself. As I mentioned earlier, I took the "extra mile" in the hope of forging a middle ground that would be acceptable to all sectors, expecting for the speedy passage of the bill. It was never my intention to shun any of our colleagues for purposes of addressing any relevant matter aimed toward crafting and passage of a measure that would ultimately benefit specially the small in our society.

Very truly yours,

(Sgd.) RAMON B. MAGSAYSAY JR.

Cc: All Senators

#### QUESTION OF PRIVILEGE OF SENATOR LACSON

Rising to a question of personal and collective privilege, Senator Lacson reacted to the speech of Senator Enrile.

The full text of his statement follows:

Yesterday, the 7th of June 2005, the distinguished senator from Cagayan Valley made a direct reference to this Representation on page 10 of his privilege speech with the subtitle "Lacson Aside" referring to the confirmation hearing of Secretary Michael Defensor before the Committee on Environment and Natural Resources of the Commission on Appointments last May 17, 2005, and I quote:

Before any motion to be acted upon by the committee, Senator Lacson, without addressing the Chair, made an aside and in effect said "a fellow senator should be allowed to be heard." The Committee took his aside as an objection to my motion. Then a heated debate ensued between the Chair and another member of the committee who was supporting my motion.

To set the record straight, please allow me to spread into the Record of this august Body, portions of the raw transcript of the proceedings

relative to the confirmation hearing of Secretary Defensor. Hence:

**Senator Lacson.** Mr. Chairman.

**The Chairman.** Yes, Senator Lacson.

**Senator Lacson.** I would just like to ask the Chair or the Secretariat whether they were duly informed of today's hearing.

**The Chairman.** Were they?

**Secretary Tiu.** Mr. Chairman, Your Honor, the oppositors I mentioned earlier Nos. 3 to 13 were filed last night at 7:00 o'clock. We are about to close office. Our staff in the Secretariat informed them that we are having a hearing today. And I believe that they know that we are going to conduct the hearing today.

**Senator Lacson.** My question, Mr. Chairman, is whether or not they were duly informed of today's hearing. I think the reply of the Secretariat is an assumption that they know of today's hearing.

I will skip the relevant portions of the transcript.

**Senator Enrile.** Mr. Chairman, I made my motion that since the oppositors who filed these lengthy oppositions are not here, we will consider them as having submitted this for the consideration of the committee and we will take this into account when we evaluate the case of the nominee without calling these people anymore. Because obviously, their non-presence here shows lack of interest to participate in the proceedings of this committee. But we have to take this into account. Read it. And if we agree with them, then we will act accordingly and if we are not, then throw it into the waste basket.

**The Chairman.** All right.

**Representative Veloso.** I second the motion of Senator Enrile, Mr. Chairman.

**Senator Lacson.** Mr. Chairman, again, I address the Chair: Do we have an information as to why Senator Madrigal is not around or why she is not coming?

**The Chairman.** All we have here is her representative, Ms. Thea Fermin, who said that she cannot come today. *He*

*ps*

**Senator Enrile.** I think with due respect, Mr. Chairman, it is too late for us to speculate. The best thing is for us to dispose this matter because I do not think we should demean the committee by allowing anybody, not even a senator, to show his arrogance in not coming here after filing an opposition. I am not going to allow that as far as I am concerned.

**Representative Marcos.** Mr. Chairman.

**The Chairman.** Yes, Congresswoman Marcos is recognized.

**Representative Marcos.** Yes, Mr. Chairman. There are those in the opposition who will still have some questions for the nominee.

**Senator Enrile.** Mr. Chairman, let me state my motion very carefully. Since the oppositor who signed this opposition did not care to come here this afternoon to participate in the proceedings of this committee, we will consider them as no longer interested to appear here personally to articulate the contents of opposition. And so, therefore, I move that we consider them as having submitted the matter for the consideration of this committee and take this document, their opposition into account when we evaluate the case of the nominee. I so move.

**Representative Veloso.** I second, Your Honor.

**Senator Lacson.** Mr. Chairman.

**The Chairman.** Yes.

**Senator Lacson.** We have a colleague of ours who is an oppositor. I think we should give her that certain amount of respect. I am speaking as a senator, as a colleague of Senator Madrigal.

**Senator Enrile.** Mr. Chairman, I have a motion and I expect the committee to, at least, give me the courtesy of disposing my motion. If I get defeated—I am the Minority Floor Leader here—and if I get defeated, so be it. But I put my motion on the table.

I am the Minority Floor Leader here and I think that I can speak just like the Majority Leader. Since I made the motion and there is reluctance to a division of the house, I withdraw my motion. Do whatever you want.

As I have just shown, I had addressed the Chair each time I spoke and made a point during the committee hearing contrary to the assertion of the distinguished gentleman from Cagayan.

There are other portions of the Gentleman's speech that I do not agree with or accept but which, out of respect to him being my Minister of National Defense when I was still with the defunct Philippine Constabulary, I will no longer argue and belabor.

One important reason why I brought up the matter of this Representation supposedly making an aside without addressing the Chair in that committee hearing is that I dread the thought that 50 years from now, when Senate Minority Leader Panfilo Lacson III of the 38th and the 39th Congress would be looking at the Records of the Senate of the Thirteenth Congress, he might think that his grandfather, Opposition Sen. Panfilo Lacson, did not know the proper parliamentary procedures during his stint as a senator of this Republic.

#### INQUIRY OF SENATOR MADRIGAL

Preliminarily, Senator Madrigal asked to be clarified if it is provided for in the Rules of the Senate that a Member should submit a medical certificate if he or she cannot attend a session or if a word of advice would not suffice. She confirmed that she attended the press conference but fell ill and wrote Senate President Drilon on May 16<sup>th</sup> and 17<sup>th</sup> accordingly.

Senator Madrigal pointed out that a formal notice about the hearing was never delivered to her. She apologized for obscuring Senator Enrile's view with her "considerable bulk."

Finally, she expressed gratitude to Senator Osmeña for defending her against allegations although it was not his duty to do so. She noted that chivalry still exists in the Senate in some form or another.

#### QUESTION OF PRIVILEGE OF SENATOR MADRIGAL

Rising on a question of personal and collective privilege, Senator Madrigal delivered the following speech:

Yesterday, our venerable and learned colleague, Senator Juan Ponce Enrile, provided us with a demonstration of the sort of verbal



pyrotechnics that surely inspires, for some, nostalgia for a lost era. Normally, I would not rise to pop the bubble of misty memory conjured by his privilege speech. But it seems to me that what we saw yesterday was more suited to the halls of the martial law era Ministry of National Defense, or the cowed courts of the time. Certainly, what we witnessed yesterday was not in keeping with the traditions of this Chamber. A Chamber, which our esteemed and experienced colleague may not hold in high regard, once having been central in the effort to padlock it, but a Chamber to which we all, including he, now belong. Considering the great expenditure of time, energy, and finances that our venerable colleague has expended, both before and after martial law, with various degrees of success, in order to be elected to this Chamber, I think this Chamber deserves more from us, and definitely from him, than the unparliamentary and ungentlemanly throwback to the mentality of absolute rule we witnessed yesterday.

Were I to remain silent, it might be misconstrued that the charges he made yesterday have a kind of validity to them that they do not; were I to hold my tongue, it might be mistakenly believed that he deserves the last word. Were I to let this pass, the satisfaction he does not deserve, to think that history has blessed his life's work with a favorable verdict, might be his to enjoy though he does not deserve it.

Let us be clear on one thing. There was a time when our venerable colleague enjoyed the standing of a hero before our people. This was when he, with great emotion, confessed to the Filipino people that he had been party to a conspiracy to provide the pretext for the liquidation of our Third Republic. At EDSA, he confessed to having willingly played a part in a faked assassination attempt on himself, in order to foist on our people the pretext for martial law. He further confessed to participating in the rigging of national elections, in the interests of a patron he conspired to replace with a junta led by himself. For these sins against democracy and the people, contritely confessed, the people forgave him. But when the political situation turned against him, he reverted to his old ways; and I must ask that having publicly expressed remorse for his original act of patriotically confessing his sins, that is, for having publicly stated he regretted having had a hand in EDSA, then what is history to say, but that he has clearly, and forthrightly, renounced the very act for which his people once hailed him?

History hangs heavy on this Chamber. It hangs heaviest on all of us who are called upon to serve in this Chamber at present, adding to the mixed legacies of the past, our participation in the making of the future history of this country. We stand for different legacies. Some of us here thought martial law a noble thing; others of us were imprisoned for opposing it; what is certain is that it affected, for good or ill, all of us. I would be the first to insist that regardless of where we all stood during those times, what is important is the verdict, expressed at the polls, that has made possible our membership in this Chamber.

Acknowledging the supremacy of the people's will and taking the oath to serve conscientiously as the people's representatives in this Chamber, requires of us behavior in keeping with the long history of patriotism and civility that is characteristic of this house. What would be gained if I referred to my colleague as the, supposedly distinguished, purportedly honorable, arguably learned, possibly patriotic, allegedly elected, so-called gentleman, alias JPE? Nothing, absolutely nothing. And so it is that in referring to me as Ma. Consuelo Madrigal alias "Jamby" at least eight times in his privilege speech yesterday, my venerable colleague Mr. Enrile gained nothing as well, except to lead us to the lamentable conclusion that he confuses principle with personalities.

Seeing that our venerable colleague has a problem with the motion of the opposition to assert its rights to a constitutionally valid, fair, and equitable representation in the Commission on Appointments, I am inspired to remark that it is incumbent on all of us to address our venerable colleague and say, "*Problema mo, sagot ko.*" The problem is that our venerable colleague refuses to see the reason why this Chamber insists on courtesy being given by each of its Members, to all the other Members of this house. It is precisely to avoid untoward risk to the cardiovascular health of our venerable colleague as he undeniably faced yesterday during the exertions required of his privilege speech. We passionately, and often fiercely, debate issues in this Chamber but they are precisely that: issues, on which we differ according to sincerely held, and passionately upheld, principles. However, this should not blind us to the fact that, as our venerable and esteemed colleague himself says, we, each of us, ultimately are answerable only to our Maker and our people.

So then, what was the point in his vintage performance yesterday, if not to prove to his

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brethren, junior in years and not as long in the tooth as we may be, that he himself is not immune from breathtaking displays of arrogance? What was the result of his manifestation before this house except perhaps, that those of us not as suffused with the wisdom that comes from the absolute wielding of power that he has come to enjoy and expect, that even he is not exempt from displaying colossal conceit?

The Good Lord be praised for such a touching demonstration of the frailty, the humanity, of our elders. But as God proposes and man disposes, it is up to us, the Members of this Chamber, to put an end to a willful refusal to abide by the cherished principles of parliamentary conduct of this Chamber, and to return to the genuine issues at hand.

The first of these issues is the courtesy and respect we all owe each other, regardless of our closely held positions on those issues. Courtesy and respect make no room for lapses in the auditory or ophthalmological abilities, or even a *lapsus semilis* on the part of our colleagues. How else can I explain the startling and unfounded assertion that I displayed what our patriarchal colleague called "arrogance" for not appearing before the Commission on Appointments? And yet had he inquired, as was his duty to inquire, he would have known that I could not be expected to appear before the Commission without proper notice from it. Notice I was not given and didn't have. And that, furthermore, on the next day when I did appear before the Commission, he might say that I raised my voice and insulted its members, when, in plain fact, it was I who was subjected to treatment verging on the unparliamentary from its members belonging to the Majority. We all have our rough moments, but we all lose when the rough moments are made even rougher by accusations that have as their basis an almost hallucinatory interpretation of events. In all frankness, I must express bewilderment over the origin of statements such as the one that says that I, or any of my colleagues in the Minority, "glory" in being called "honorable," when I, for one, have never used that term. "Honorable" is a term restricted to invitations and envelopes, and not in written speech; none of us in the Chamber are entitled to be addressed as "Honorable," not because we lack that characteristic, but because it is a term of address to which only judges are entitled. Our venerable colleague will recall the late Jose Romero who pointed out in his memoirs, that "your honor" as a term of address was an unfortunate rendering of the Spanish term for addressing parliamentarians, and a mistake

made when this Chamber made an abrupt change to using English after from mainly using Spanish in its deliberations. The only way for our countrymen to address us is "Mr. Senator," or "Madam Senator," or the plain, democratic, Mr., Mrs., or Miss.

None of us want to remove Mr. Ponce Enrile from the Commission on Appointments. The Minority in this Chamber only insists that what the Constitution of our Republic mandates as the means for ensuring proportional representation in that Commission be observed. I believe that my venerable colleague proved beyond the shadow of a doubt yesterday, that he is basically for the implementation of the Constitution's provisions. He also obviously has a different interpretation of the Constitution than we do. We have our own view, one we believe firmly buttressed by relevant decisions of the Supreme Court. Let us arrive at a meeting of the minds then, so that our people will see that though our ideas are in contention, our dedication to the rule of law, and the efficacious implementation of our Constitution, is held by all of us.

Let us also, once and for all, put an end to retreating behind the thick walls of our own particular kinds of specialization, to the exclusion of others. We are all Members of this house, and it is our common task to write the laws of this land. In their wisdom, the nation has seen fit to elect those called before the bar, and those called to other professions and occupations, to write those laws. It is therefore not in keeping with the people's will to denounce non-attorneys for wrestling with the law, which, after all, should never be the sole preserve of lawyers. Those called before the bar, after all, have a fundamental duty to place their knowledge and talents at the disposal of the public, and in the collegial nature of this Chamber, at the disposal of their colleagues not called before the bar.

It is a source of great sadness to me that our venerable colleague has felt so slighted, so wounded, so strongly offended, by the motion of the Minority to set things straight when it comes to the Commission on Appointments. Knowing the passionate nature of our colleague, I find it, in a sense, invigorating that in his sunset years, he can still blaze forth with such dazzling manifestations of emotion and rhetorical skill. But I appeal to him, I appeal to all of you, to bear in mind that the traditions of this Chamber exist for a purpose, a sensible purpose, which is to ensure that the public good is done and not derailed by dangerous, and in the end, futile, personal feelings. We must never confuse

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disagreements based on principle, with attempts to malign persons, or engage in unparliamentary behavior on the basis of animosities motivated by personalities.

This Chamber, in its wisdom, accords us all the chance to express ourselves in speeches such as this one I am making, and the one Senator Enrile made, as a matter of personal and collective privilege. It is the way ideas and principles are ventilated, and the means by which we can clear the air. I am thankful for this chance to have said what I have to say, as a member of a party that played a distinguished role at a time when it, and my venerable colleague, were on different sides of the political fence. I am thankful that in today's democratic atmosphere, we can all stand before our colleagues and express ourselves. I am confident that having had his say, and having had mine, my venerable colleague will accept the offered hand of reconciliation. We can always agree to disagree. But we must never let our disagreements lead to perpetual discord.

#### **SUSPENSION OF SESSION**

Upon motion of Senator Pangilinan, the session was suspended.

*It was 6:21 p.m.*

#### **RESUMPTION OF SESSION**

At 6:21 p.m., the session was resumed.

#### **SPECIAL ORDERS**

Upon motion of Senator Pangilinan, there being no objection, the Body approved the transfer of Committee Report No. 27 on Senate Bill No. 2035 to the Calendar for Special Orders.

#### **COMMITTEE REPORT NO. 27 ON SENATE BILL NO. 2035**

Upon motion of Senator Pangilinan, there being no objection, the Body considered, on Second Reading, Senate Bill No. 2035 ( Committee Report No. 27), entitled

**AN ACT RATIONALIZING THE COMPOSITION AND FUNCTIONS OF THE NATIONAL LABOR RELATIONS COMMISSION, AMENDING FOR THIS PURPOSE ARTICLES 213,**

**214, 215, AND 216 OF P.D. 442, AS AMENDED, OTHERWISE KNOWN AS THE LABOR CODE OF THE PHILIPPINES.**

Pursuant to Section 67, Rule XXIII of the Rules of the Senate, with the permission of the Body, upon motion of Senator 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 Ejercito Estrada (J) for the sponsorship.

#### **SPONSORSHIP SPEECH OF SENATOR EJERCITO ESTRADA (J)**

In sponsoring Senate Bill No. 2035, Senator Ejercito Estrada (J) delivered the following speech:

#### **RATIONALIZING THE JURISDICTION OF THE NATIONAL LABOR RELATIONS COMMISSION (NLRC)**

The Committee on Labor, Employment and Human Resources Development has the honor to sponsor Committee Report No. 27.

This Committee Report is a consolidation of the various measures referred to the Committee on Labor concerning the National Labor Relations Commission (NLRC), namely: Senate Bill No. 1204, authored by Senator Ramon "Bong" Revilla, Jr.; Senate Bill No. 1543, authored by Senator Aquilino "Nene" Q. Pimentel, Jr.; Senate Bill No. 1771, authored by this Representation; Senate Bill No. 1841 authored by Senator Francis "Kiko" Pangilinan; and Proposed Senate Resolution No. 231, authored by Senator Aquilino Q. Pimentel, Jr.

This measure is now being pushed in the august halls of this Chamber in view of the urgent call and need to improve the administrative and operational efficiency of the NLRC particularly on the issue concerning the speedy disposition of cases filed in their office and in reducing the ballooning backlog of cases. Let it, therefore, be placed on record that this proposed measure is not turning a blind eye on the series of complaints made against the NLRC concerning the alleged rampant graft and corruption happening in the resolution of cases and the accumulating volume of backlog cases.

Let me, however, state some important facts which will give us an overview of the present predicaments of the agency.

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The NLRC, at present, is composed of 728 personnel, 160 labor arbiters, and 15 commissioners, including the chairman, or with a total of 903 persons serving 34 million workers in the domestic labor market nationwide. Furthermore, in the regional arbitration branches of the NLRC, the labor arbiters of the NLRC handle a total of about 52,000 cases a year.

In view of the fact that there are only 100 arbiters assigned in the regional branches to conduct line functions, this figure would mean that each labor arbiter handles about 520 cases per year. Even if we require the 100 labor arbiters to work on Saturdays, Sundays and holidays, and require them to dispose of one case a day, that would mean that each labor arbiter will dispose of 365 cases per year, and still leave an annual backlog of 155 cases. Multiplying the 155 backlog cases by the 100 labor arbiters assigned in the regional arbitration branches, the figure would give a total of about 15,500 backlog cases per year.

Out of the 52,000 cases that are being handled by the NLRC, they are able to dispose of 30,000 cases per year, leaving an annual backlog of around 19,000 to 20,000 cases. Out of the 32,000 cases disposed of by the NLRC, 42 percent are being settled through the process of mediation and conciliation, meaning that 42 percent or 12,000 cases will no longer have to go through the slow and tedious process of arbitration and appeals process by our judicial system. Nonetheless, despite the efforts of the NLRC to perform their Herculean mandate, they still are left with 19,000 to 20,000 backlog cases which will add to their forthcoming cases in the following year.

This picture of delay and backlog in the NLRC is aggravated by the fact that 60 of the present labor arbiters are not assigned in the regional arbitration branches but are instead detailed with the NLRC commissioners to review and assist the commissioners in the disposition of appealed cases filed in their office. This arrangement is a result of the fact that when the 15-man commission of the NLRC was approved, the framers of the law forgot to incorporate a provision creating the position of commission attorneys whose job is to assist the commissioners in the resolution of cases. Unlike in the Court of Appeals, where they have permanent attorneys to assist the justices in reviewing the appealed cases, in the case of the NLRC, they do not have commission attorneys, that is why they have to detail some labor arbiters with the commissioners to help them.

This proposed measure seeks to address that problem by creating the position of commission attorneys in the NLRC who will assist the commissioners on a permanent basis, so that all the labor arbiters can be assigned to their respective regional arbitration branches and focus on their job as line and hearing arbiters.

In order to highlight the importance of this measure, please allow me to briefly present the salient features of this measure.

To begin with, it must be noted that the NLRC is tasked under the law to handle the following cases:

1. Appealed cases from the decisions/orders of the labor arbiters;
2. Petitions for injunction;
3. Cases certified by the Secretary of Labor and Employment (DOLE); and
4. Cases involving overseas Filipino workers (OFWs).

When Republic Act No. 6715 was enacted on March 2, 1989, five (5) divisions of the NLRC were created as follows:

1. The 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> Divisions were based in Metro Manila for the NCR, CAR and Regions I to IV or the Luzon areas;
2. The 4<sup>th</sup> Division in Cebu for the Visayas Regions; and
3. The 5<sup>th</sup> Division in Cagayan de Oro City for Mindanao regions.

Each division of the Commission Proper is composed of three (3) commissioners and each commissioner is assisted by three (3) labor arbiter-reviewers.

The following are the specific proposed amendments under Committee Report No. 27:

This measure seeks to amend Articles 213 and 214 of the Labor Code by creating three (3) additional divisions for Metro Manila and the Luzon areas for the following reasons:

The present three (3) divisions of the NLRC based in Metro Manila were created way back in March 2, 1989, through R.A. No. 6715 when the appealed cases from the decisions and orders of the Labor Arbiters in the National Capital Region, Cordillera Autonomous Region and Regions I to IV averaged two thousand (2,000) cases per year only.

Now, for the year 2002 alone, the present three (3) divisions in Metro Manila received a

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total of 8,946 cases. Adding said number to the beginning balance of 7,584 cases carried over the previous years, the total handled cases by the three divisions in Metro Manila reached 16,530 cases. This means that for the year 2002 alone, each of the three divisions handled an average of 5,510 cases or an average of 1,836 cases per commissioner. Thus, each commissioner handles an average of 204 cases per month.

Considering that each commissioner has an average output of 66 cases per month, it is, therefore, physically and humanly impossible for any commissioner or any division of the commission to dispose of their caseload within the reglementary period set by law. This situation is further compounded by the fact that the decisions of each commissioner are collegial in nature, hence, each commissioner will still have to study and pass upon the decisions of the other two commissioners in the division.

Very clearly, there is an urgent need to increase the number of divisions in Metro Manila which handle 74% of the total caseload of appealed cases nationwide.

A perusal of the inventory of cases in the five (5) divisions nationwide reveals a beginning balance for the year 2003 totaling 7,146 cases. With an average increase of six percent (6%) for the last five (5) years, the projected number of appealed and other cases for the year 2004 will be 9,483 cases or a total caseload of 16,629. The first three (3) divisions of the commission based in Metro Manila will handle 74% of the said total caseload, the 4<sup>th</sup> Division in Cebu, 17%, and the 5<sup>th</sup> Division in Cagayan de Oro, 9%.

This proposed measure seeks to create and institutionalize the position of commission attorney (three for each commissioner) through an amendment of Article 213 of the Labor Code for the following reasons:

— Said commission attorneys will replace the labor arbiters who are presently detailed as reviewers in the Commission (three arbiters for each commissioner). They draft decisions/resolutions for the commissioners.

— Once the labor arbiters/reviewers are replaced by the commission attorneys, they return to their primary function as line or hearing arbiters in the various regional arbitration branches. This will greatly lessen the overloaded dockets of the regional arbitration branches throughout the country and speed up

the disposition of labor justice as mandated by the law and the Constitution.

In the beginning of the year 2003, the regional arbitration branches of the NLRC had a beginning balance of 19,359 cases. Based on the 6% average increase for the last five years nationwide, it is projected that the number of cases which will be filed during the current year will total 34,182 cases. Adding this to the beginning balance of 19,359, the total caseload for the year 2004 will balloon to 38,550. The three divisions in Metro Manila will handle 72% of the said total caseload; while the Visayas and Mindanao arbitration branches will handle 15% and 13%, respectively.

With only 105 labor arbiters in the arbitration branches nationwide — 73 in Luzon, 16 in the Visayas, and 16 in Mindanao — the present caseload of the labor arbiters is indeed daunting, to say the least. This is particularly true in the National Capital Region which handles almost 50% of the total caseload nationwide.

In the NCR, an average of 35 to 40 cases are being raffled to each labor arbiter. This translates to an average 450 cases yearly per labor arbiter! Even if each labor arbiter disposes of one case a day, since there are only 24 working days a month, the total output per labor arbiter will only be an average of 288 cases yearly.

This measure likewise seeks to amend Article 215 of the Labor Code by providing that labor arbiters be appointed to specific regional arbitration branches.

In the same manner that a regional trial court judge is appointed to a specific regional judicial branch, a labor arbiter should also be appointed to a specific regional arbitration branch to finally free him from undue pressure caused by the ever-present threat of being unilaterally transferred from one regional arbitration branch to another. A labor arbiter being suddenly uprooted from his family suffers not only psychological and financial dislocation but also loses his sense of independence in the discharge of his quasi-judicial functions.

Please note that in the years 2002 and 2003, batches of labor arbiters appointed by Mrs. Gloria Macapagal Arroyo were already appointed to specific regional arbitration branches, thus ending the practice of appointing labor arbiters on the so-called "at large" status. Nonetheless, there is still a need to put into law such kind of appointment. Hence, this proposed amendment.

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Committee Report No. 27 finally proposes to amend Article 216 of the Labor Code, providing for the same retirement benefits to the NLRC commissioners and labor arbiters equivalent to that of the Court of Appeals and the Regional Trial Court judges, respectively.

As presently provided for in the Labor Code, the NLRC Chairman holds a position equivalent to that of the presiding justice of the Court of Appeals with a salary grade level of SG-31 while the commissioners hold a position equivalent to that of members of the Court of Appeals with a salary grade level of SG-30.

On the other hand, labor arbiters now hold a position equivalent to that of a Regional Trial Court judge with the same salary grade level of SG-29.

However, while the commissioners and the labor arbiters are holding the same salary grade level as that of the justices of the Court of Appeals and the Regional Trial Court judges, respectively, they do not enjoy the same retirement benefits.

No less than Sen. Aquilino Q. Pimentel Jr., in his Senate Bill No. 1543, which was incorporated in the instant Committee Report No. 27, proposed the increase in the allowances and retirement benefits of the commissioners and the labor arbiters. Senator Pimentel aptly recognized this "inequity" when he pointed out in the explanatory note:

This bill intends to remedy the inequity suffered by the labor arbiters and the commissioners of the NLRC. It will grant them due recognition of the vital role that they play not only in administering labor justice, but also in the maintenance of industrial peace among employers and the workforce.

The most emphatic call for the passage of this measure was articulated by Senator Aquilino Q. Pimentel, Jr. in his explanatory note to Senate Bill No. 849:

**Labor justice is a labor of love**

Labor arbiters and commissioners are the frontline magistrates in the administration of labor justice. But the important role that they play has been minisculed by the neglect of their welfare.

They are underpaid. Their retirement benefits pale in comparison with other government officials, yet, they are

saddled with duties beyond their physical limitations.

It is high time that our frontline labor arbiters and commissioners be given their due.

This measure should have been passed as early as 1992 but due to lack of material time, it was overtaken by the adjournment of that Congress.

Thus, the least we can do is to pass this measure with urgency.

We must do it now!

### **SUSPENSION OF CONSIDERATION OF SENATE BILL NO. 2035**

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

### **MANIFESTATION OF SENATOR GORDON**

Senator Gordon manifested that all barangay officials shall be on holdover status on July 15, 2005, adding that he did want the Senate to be accused later on of sitting on Senate Bill No. 2000 and cutting it real close.

He cautioned that when the Senate convenes for the Second Regular Session in July, it would have a limited period of time to discuss the barangay and Sangguniang Kabataan elections. He expressed hope that the Senate would not be throttled in enacting the bill if it intended to go through with the elections. He added that he did not want to make a decision under severe pressure.

The Chair took note of the manifestation.

### **SUSPENSION OF SESSION**

Upon motion of Senator Pangilinan, the session was suspended.

*It was 6:44 p.m.*

### **RESUMPTION OF SESSION**

At 6:46 p.m., the session was resumed.

### **APPROVAL OF THE JOURNAL AS CORRECTED**

Upon motion of Senator Pangilinan, there being no objection, the Body approved the Journal of Session

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No. 95 and considered it approved, subject to the following corrections made by Senator Osmeña:

1. On page 347, left column, under the caption INQUIRY OF THE CHAIR, rephrase the first sentence, to wit: "Asked by the Chair, Senator Osmeña clarified that Mr. ROMEO Roxas sold an UNDIVIDED 30% INTEREST IN THE PROPERTY in Talisay, Batangas, to CAP for P700 million and then CAP USED THIS 30% OWNERSHIP TO COLLATERALIZE A P330 MILLION LOAN FROM THE PHILIPPINE VETERANS BANK."
2. On the same page, right column, first paragraph, sixth line, change the words "the same" to "A"; and on the seventh line, before the name "MAEC," change the word "that" to "AFTER" and after "MAEC," insert the word "WHICH";
3. On page 360, fourth paragraph, first and second lines, change the words "brains thrust" to "BRAINTRUST"; and change the name "Chiptiangco" to "CHIKIAMCO"; and
4. On the same page, fifth paragraph, fourth line, change the word "have" to "had" and delete the words "six-month."

#### **PROPOSED SENATE RESOLUTION NO. 279**

Upon motion of Senator Pangilinan, there being no objection, the Body considered Proposed Senate Resolution No. 279, entitled

RESOLUTION DECLARING AS READ  
AND APPROVED THE JOURNAL  
OF THE 96<sup>TH</sup> SESSION OF THE  
SENATE.

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

RESOLVED, that the Journal of the  
96<sup>th</sup> Session of the Senate to be declared, as  
it is hereby declared, read and approved.

#### **ADOPTION OF PROPOSED SENATE RESOLUTION NO. 279**

Upon motion of Senator Pangilinan, there being no objection, Proposed Senate Resolution No. 279 was adopted by the Body.

#### **PROPOSED SENATE RESOLUTION NO. 278**

Upon motion of Senator Pangilinan, there being no objection, the Body considered Proposed Senate Resolution No. 278, entitled

RESOLUTION AUTHORIZING THE  
PRINTING AND DISTRIBUTION OF  
TWO HUNDRED (200) COPIES  
EACH OF THE JOURNAL AND THE  
RECORD OF THE SENATE FOR THE  
FIRST REGULAR SESSION OF THE  
THIRTEENTH CONGRESS OF THE  
PHILIPPINES.

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

RESOLVED by the Senate, to authorize,  
as it hereby authorizes, the printing of two  
hundred (200) copies each of the Journal  
and the Record of the Senate for the First  
Regular Session of the Thirteenth Congress  
of the Philippines, and its distribution under  
the direction of the Secretary of the Senate.

#### **ADOPTION OF PROPOSED SENATE RESOLUTION NO. 278**

Upon motion of Senator Pangilinan, there being no objection, Proposed Senate Resolution No. 278 was adopted by the Body.

#### **SENATE CONCURRENT RESOLUTION NO. 10**

Upon motion of Senator Pangilinan, there being no objection, the Body considered Senate Concurrent Resolution No. 10, entitled

CONCURRENT RESOLUTION PROVIDING  
FOR THE ADJOURNMENT OF THE  
FIRST REGULAR SESSION OF THE  
THIRTEENTH CONGRESS OF THE  
PHILIPPINES TODAY, JUNE 8, 2005,  
NOT LATER THAN TWELVE  
O'CLOCK MIDNIGHT.

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

RESOLVED BY THE SENATE, THE  
HOUSE OF REPRESENTATIVES OF  
THE PHILIPPINES CONCURRING,  
that the President of the Senate and the

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Speaker of the House of Representatives be authorized, as they are hereby authorized, to declare the First Regular Session of the Thirteenth Congress of the Philippine adjourned *sine die*, by adjourning the sessions of their respective Houses today, June 8, 2005, not later than twelve o'clock midnight;

RESOLVED, FURTHER, that a committee composed of three members of the Senate appointed by the President of the Senate, join a committee of the House of Representatives, and inform the President of the Philippines that the First Regular Session of the Thirteenth Congress of the Philippines is about to close, and that two Houses are ready to adjourn unless the President has some messages or communications to transmit.

#### **ADOPTION OF SENATE CONCURRENT RESOLUTION NO. 10**

Upon motion of Senator Pangilinan, there being no objection, Senate Concurrent Resolution No. 10 was adopted by the Body.

#### **COMMITTEE TO NOTIFY THE PRESIDENT**

Pursuant to Senate Concurrent Resolution No. 10, upon motion of Senator Pangilinan, there being no objection, the Body approved the designation of Senators Pangilinan, Flavio and Cayetano as members of the committee, on the part of the Senate, to notify the President that the First Regular Session was about to close.

#### **REMINDER OF SENATOR PANGILINAN**

Senator Pangilinan reminded the Body that pursuant to Senate Resolution No. 11, adopted on September 21, 2004, all permanent committees are authorized to hold meetings and hearings during the recess for purposes stated in said resolution.

#### **PROPOSED SENATE RESOLUTION NO. 274**

Upon motion of Senator Pangilinan, there being no objection, the Body considered Proposed Senate Resolution No. 274, entitled

RESOLUTION COMMENDING THE  
MINORITY LEADER OF THE SENATE,

THE HONORABLE AQUILINO Q. PIMENTEL JR., FOR HIS INVALUABLE AND EXEMPLARY CONTRIBUTION TO THE SUCCESS OF THE SENATE DURING THE FIRST REGULAR SESSION OF THE THIRTEENTH CONGRESS OF THE PHILIPPINES.

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

WHEREAS, the Honorable Aquilino Q. Pimentel Jr., the Minority Leader, performed his duty with distinction as the fiscalizer of this august Chamber through his active participation and incisive analysis of issues during floor deliberations on various legislative measures;

WHEREAS, in the spirit of constructive and democratic debate, he fearlessly upheld proposed legislative measures which he believed would uplift the plight of the poor and empower the less fortunate sector of society;

WHEREAS, with the interest of the people and the country at heart, he voiced out openly and publicly, without any reservation, the weaknesses in the national government's policies and programs in his quest for genuine reforms in governance and a corrupt-free society;

WHEREAS, as Minority Leader, he undertook consensus-building measures to bring the Minority members belonging to diverse political affiliations to a common and principled stand on vital issues and, when national interest dictates, worked with his peers in collaboration with the Majority for the passage of bills that would best serve the nation;

WHEREAS, his exemplary performance and dedication to legislative work deserve the gratitude of the nation and of this august body: Now, therefore, be it

RESOLVED BY THE SENATE, to commend, as it hereby commends, the Minority Leader of the Senate, the Honorable Aquilino Q. Pimentel Jr., for his

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invaluable and exemplary contribution to the success of the Senate during the First Regular Session of the Thirteenth Congress of the Philippines.

**ADOPTION OF PROPOSED  
SENATE RESOLUTION NO. 274**

Upon motion of Senator Pangilinan, there being no objection, Proposed Senate Resolution No. 274 was adopted by the Body.

**SUSPENSION OF SESSION**

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

*It was 6:59 p.m.*

**RESUMPTION OF SESSION**

At 6:59 p.m., the session was resumed.

**PROPOSED SENATE RESOLUTION NO. 275**

Upon motion of Senator Cayetano, there being no objection, the Body considered Proposed Senate Resolution No. 275, entitled

**RESOLUTION COMMENDING THE  
MAJORITY LEADER OF THE  
SENATE, THE HONORABLE  
FRANCIS N. PANGILINAN, FOR  
HIS DEDICATED LEADERSHIP IN  
GUIDING THE DELIBERATIONS  
OF THE SENATE DURING THE  
FIRST REGULAR SESSION OF THE  
THIRTEENTH CONGRESS OF THE  
PHILIPPINES.**

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

**WHEREAS**, the Honorable Francis N. Pangilinan, a youthful legislator and a committed public servant, efficiently and effectively performed his duties as Majority Leader of this august Chamber;

**WHEREAS**, his leadership, integrity and competence in parliamentary procedures earned for him the respect of his peers and facilitated deliberations and passage of important bills in the Chamber;

**WHEREAS**, he relentlessly pursued a progressive legislative agenda that would address serious national concerns such as judicial reforms, fiscal stability, government accountability and economic recovery with strong bias for legislations favorable to the less privileged sector of society;

**WHEREAS**, a mover of pro-poor initiatives, he advocated for budgetary priorities and programs in the areas of education, health and other social services to ease the incidence of poverty and hunger in the country;

**WHEREAS**, as Majority Leader, he exhibited exemplary knowledge and conduct in ably steering plenary debates and committee work and in fostering collegial relations among the members of the Chamber: Now, therefore, be it

**RESOLVED BY THE SENATE**, to commend, as it hereby commends, the Majority Leader of the Senate, the Honorable Francis N. Pangilinan, for his dedicated leadership in guiding the deliberations of the Senate during the First Regular Session of the Thirteenth Congress of the Philippines.

**ADOPTION OF PROPOSED  
SENATE RESOLUTION NO. 275**

Upon motion of Senator Cayetano, there being no objection, Proposed Senate Resolution No. 275 was adopted by the Body.

**SUSPENSION OF SESSION**

Upon motion of Senator Cayetano, the session was suspended.

*It was 7:01 p.m.*

**RESUMPTION OF SESSION**

At 7:01 p.m., the session was resumed.

**PROPOSED SENATE RESOLUTION NO. 276**

Upon motion of Senator Pangilinan, there being no objection, the Body considered Proposed Senate Resolution No. 276, entitled

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RESOLUTION COMMENDING THE PRESIDENT PRO TEMPORE OF THE SENATE, THE HONORABLE JUAN M. FLAVIER, FOR HIS OUTSTANDING PERFORMANCE DURING THE FIRST REGULAR SESSION OF THE THIRTEENTH CONGRESS OF THE PHILIPPINES.

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

**WHEREAS**, the Chamber, aware of his sterling qualities as a leader in the past Congresses, elected once again the Honorable Juan M. Flavier to the position of President Pro Tempore of the Senate during the opening of the Thirteenth Congress;

**WHEREAS**, as a strong adherent of parliamentary tradition and practice of democratic debates and consensus-building in a deliberative body, he presided over contentious floor deliberations with wisdom, patience, endurance and forbearance, which facilitated the passage of legislative measures in the Senate;

**WHEREAS**, with his exemplary record as legislator and skillful parliamentarian, he has ably discharged his responsibilities as President Pro Tempore and actively assisted the Senate President in leading the Chamber to pass vital laws that address the socio-economic and political problems of the country;

**WHEREAS**, his performance has earned for him the admiration of his colleagues in the Chamber and the high esteem of the nation: Now, therefore, be it

**RESOLVED BY THE SENATE**, To commend, as it hereby commends, the President Pro Tempore of the Senate, the Honorable Juan M. Flavier, for his outstanding performance during the First Regular Session of the Thirteenth Congress of the Philippines.

#### **ADOPTION OF PROPOSED SENATE RESOLUTION NO. 276**

Upon motion of Senator Pangilinan, there being no objection, Proposed Senate Resolution No. 276 was adopted by the Body.

#### **SUSPENSION OF SESSION**

Upon motion of Senator Pangilinan, the session was suspended.

*It was 7:03 p.m.*

#### **RESUMPTION OF SESSION**

At 7:03 p.m., the session was resumed with the Senate President Pro Tempore, Hon. Juan M. Flavier, presiding.

#### **PROPOSED SENATE RESOLUTION NO. 277**

Upon motion of Senator Pangilinan, there being no objection, the Body considered Proposed Senate Resolution No. 277, entitled

RESOLUTION COMMENDING THE PRESIDENT OF THE SENATE, THE HONORABLE FRANKLIN M. DRILON, FOR THE SUCCESSFUL PERFORMANCE OF THE SENATE DURING THE FIRST REGULAR SESSION OF THE THIRTEENTH CONGRESS OF THE PHILIPPINES.

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

**WHEREAS**, the Senate President, the Honorable Franklin M. Drilon, discharged with probity and dedication the responsibilities of his high office and presided with distinction over the First Regular Session of the Thirteenth Congress of the Philippines;

**WHEREAS**, his abiding faith in the parliamentary tradition of democratic debates and consensus-building promoted collegial harmony among the members of the Chamber, cordiality between the Majority and the Minority and comity between the Senate and the House of Representatives;

**WHEREAS**, guided by his solemn vow to serve the general welfare of the Filipino people, he participated in debates on policies of national importance that would benefit all sectors of society;

**WHEREAS**, the successful hosting of the 112<sup>th</sup> Inter-Parliamentary Union (IPU) General Assembly in Manila by the Philippine Senate on April 3-8, 2005 was the

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fulfillment of a dream pursued by the late Senate President Blas F. Ople in 1999, nurtured by former Senate President Aquilino Q. Pimentel Jr. in 2000, and accomplished by Senate President Drilon in 2002 when he secured the approval of the IPU Executive Committee;

**WHEREAS**, true to his vision that the IPU Assembly in Manila would present the country as a favorable area of trade and investment, a prime and safe destination for travelers, and build much needed political and diplomatic goodwill for the Philippines around the world, he worked tirelessly to ensure a conducive and fruitful international conference;

**WHEREAS**, the outstanding hosting by the Senate of the 112<sup>th</sup> IPU General Assembly has placed the Philippine Congress on the map of world legislatures as an active and relevant agent of the Filipino people strongly committed to the ideals of democracy, world peace, freedom, justice and equality;

**WHEREAS**, his immeasurable ability to bring out the best in his peers propelled the Senate to pass measures that would help resolve the country's fiscal crisis through tax reforms and accountability in governance, among others, and promote national growth and financial stability;

**WHEREAS**, the Senate President has once again demonstrated the enduring qualities of a statesman and a true national leader worthy of the admiration, respect, trust and confidence of the nation: Now, therefore, be it

**RESOLVED BY THE SENATE**, to commend, as it hereby commends, the President of the Senate, the Honorable Franklin M. Drilon, for the successful performance of the Senate during the First Regular Session of the Thirteenth Congress of the Philippines.

**ADOPTION OF PROPOSED  
SENATE RESOLUTION NO. 277**

Upon motion of Senator Pangilinan, there being no objection, the Body unanimously adopted Proposed Senate Resolution No. 277.

**COSPONSOR**

Upon his request, Senator Ejercito Estrada (J) was made cosponsor of Proposed Senate Resolution No. 277.

**SUSPENSION OF SESSION**

Upon motion of Senator Pangilinan, the session was suspended.

*It was 7:07 p.m.*

**RESUMPTION OF SESSION**

At 7:08 p.m., the session was resumed.

Upon resumption, Senator Pangilinan stated that the Body was ready to hear the closing speech of Senate President Drilon.

Senate President Drilon manifested that he would submit a report and requested that it be considered read into the *Record*.

**REPORT OF SENATE PRESIDENT DRILON**

Upon motion of Senator Pangilinan, there being no objection, the report of the Senate President was considered read into the Record of the Senate and the *Journal*.

The full text of the report follows:

**THE SENATE,  
EVER THE HOPE OF OUR PEOPLE**

My dear colleagues in this Chamber, I vividly recall that when we convened for the First Regular Session of this 13<sup>th</sup> Congress, our people were abuzz with an expectant chord, with a renewed hope, following the election of national and local leaders armed with a new mandate to set our nation's priorities in order—priorities that would correct the imbalance in our fiscal and economic house; priorities that would reform governance in public affairs; and priorities that would improve social justice, enhance education and strengthen peace and order for our people.

We, in the Senate, I can surely and confidently say, did carry out that mandate, and will continue to do so.

To attest to our resolve to address these national concerns, Senate Resolution No. 8 was

filed and adopted calling for a caucus of all senators to identify the strategic measures and priority legislations to solve the most urgent problems of the nation. Indeed, on October 22 to 23, 2004, the Senate conducted an all-senators workshop to arrive with a list of legislative priorities for the next three years. An ad hoc committee we formed identified needed legislations in these priority areas: fiscal reforms; financial sector reforms; increasing investments; agriculture, tourism and mining development; governance reforms; security and peace and order; social reforms to improve equity; education and health reforms; and managing the environment. (See Annex)

*Fiscal and Tax Reforms,  
our vehicle to recovery and stability*

Thus, Republic Act No. 9334 was passed to increase the excise taxes on alcohol and tobacco products in order to generate additional revenues needed to trim down the budget deficit and to fund more social services, among others. Another milestone was Republic Act No. 9335 or the Attrition Law of 2005, which provided a system of rewards and sanctions to improve the revenue collection of both the Bureau of Internal Revenue and the Bureau of Customs.

We then approved a national budget that answers the needs of the whole country as the public interest requires. For the past two (2) years or since 2002, we had been operating on a reenacted budget. For the year 2005, Congress has finally passed a new budget that, may I say, went through a long and itemized scrutiny by the Senate.

More recently, this Chamber had to face head on the issue of adopting a tough tax measure by amending the VAT Law. As expected, the country was divided on the issue while the Senate conscientiously conducted incisive and agonizing debates and exerted its best effort not only to lighten the tax burden but tighten as well the fiscal belt to address the need of the nation. The bill was finally passed by the Senate and signed into law as Republic Act No. 9337. The law enables the government to generate substantial income that would balance our fiscal priorities.

*Economic reforms*

To improve the economy, we are now deliberating Senate Bill No. 1936 or the Credit Information System Act which proposes to facilitate credit information. This addresses the need to create a comprehensive and centralized credit information system in the country for all entities involved in the financial system.

The system would be expected to direct its services and operations towards improvement in credit. Having an efficient credit information system would definitely result in a healthier and a more stable financial system and, thereby, contribute, essentially, to national development.

Of equal importance is Senate Bill No. 1943 which seeks to amend Republic Act No. 7653 or the New Central Bank Act. Said bill incorporates additional features that would strengthen BSP's mandate to oversee the banking system. The supervisory powers of the Bangko Sentral are sought to be expanded to make it more flexible in adapting to an environment of growth of investments in the financial system *vis-a-vis* the protection of deposits from possible abuses.

*Towards Continued Peace  
and Political Stability*

We have enacted into law Republic Act No. 9333 which fixes the date of regular elections for the elective officials of the Autonomous Region in Muslim Mindanao (ARMM) pursuant to the Organic Act for the ARMM. It provided that the regular election for Regional Governor, Regional Vice Governor and Members of the Regional Legislative Assembly of the ARMM shall be held on the second Monday of August 2005. The term of office shall be for a period of three (3) years commencing at noon of the thirtieth of September 2005 ending at noon of the same date three (3) years thereafter. Incumbent officials of the ARMM shall hold office in a hold-over capacity until their successors have been elected and qualified.

Under the law, the timing for the elections of the various member officials of the ARMM has been put in order.

We are in the stage of discussing in the plenary the proposal to reset the Barangay and Sangguniang Kabataan elections from October 2005 to May 2007 to synchronize with the national and local elections. This is Senate Bill No. 1956.

As the defender of the nation, it is imperative that the Armed Forces of the Philippines (AFP), as an organization, remains firm and stable. As such, the Body has approved on third reading and has sent to the House of Representatives for concurrence Senate Bill No. 1862 prescribing a fixed term of office for the Chief of Staff of the Armed Forces of the Philippines. The term of office of the Chief of Staff shall be fixed at three (3) years.

Senate Bill No. 1286 was also approved on third reading to create the rank of First Chief

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Master Sergeant/First Master Chief Petty Officer in the enlisted ranks of the Armed Forces of the Philippines (AFP). It appropriates funding for the purpose and is in consonance with the development of professionalism in the AFP by introducing another career step upward for all AFP personnel. The additional rank created becomes a significant part of the non-commissioned grades of the force.

#### *Strengthening Education*

As a major pillar of social reform, Senate Bill No. 1833 seeks to strengthen the University of the Philippines as a national state university. It aims to ensure that the leading educational institution in the country is at par with the best in the world. As the University of the Philippines leads in setting academic standards, it still needs to be developed into a more progressive university in order to provide greater education for the Filipino people. By improving its board's powers and functions, autonomy is ensured and makes UP more flexible to adapt to changes conducive to academic excellence. The university serves as a graduate university that provides advance studies and specialization for scholars. Its enhanced research and development activities also enable UP to serve as a research university.

#### *Social Justice*

Senate Bill No. 1956 or the proposed Rental Reform Act of 2005 is under consideration to protect the lessees of residential units from arbitrary rental increases because of the expiration of the effectivity of R.A. No. 9161 (Rental Reform Act of 2002). Under this bill, the monthly rentals of all residential units in the National Capital Region and other highly urbanized cities not exceeding P7,500 and the monthly rentals of residential units in other areas not exceeding P4,000 shall not be increased by more than 10% annually. The rent control is proposed to be effective until December 31, 2011.

On the other hand, Senate Bill No. 1745, pending on Second Reading, seeks to address the plight of the victims of human rights during the Marcos regime. The bill provides for the statutory basis and guidelines for awarding the compensation due these victims for the crimes committed against them during the Marcos dictatorship. A portion of the Swiss bank deposits held in escrow will be the source for the compensation.

#### *Agricultural development*

Senate Bill 1837 was filed to extend the utilization period of the agricultural competitive-

ness enhancement fund. This proposes to amend Republic Act No. 8178, which replaced the quantitative import restrictions on agricultural products with the exception of the rice tariffs, giving rise to the creation of the Agricultural Competitiveness Fund. Under the proposal, agri-based production, post production and processing activities including market promotion will get 85% share of the fund while research development and the commercialization of such, including the upgrading of research facilities of qualified universities and colleges will get 15% of the fund. The bill is pending on second reading in the Senate.

#### *On Foreign Relations*

In the field of foreign relations, the Senate stepped up to the plate to bat for democracy and greater economic interaction. Senate Resolution No. 22 expresses the sense of the Senate that Burma should not assume the Chairmanship of the Asean in 2006 unless Aung San Suu Kyi is freed. On the other hand, Resolution No. 23 expresses the sense of the Senate that the country gives new impetus to its economic relations with the European Union.

May I add in all modesty that this Chamber hosted with resounding success the 112<sup>th</sup> Inter-Parliamentary Union (IPU) General Assembly last April 2005. The achievement has put the Senate, and the Philippine Congress for that matter, in the map of world legislatures as an advocate for democratic representation, equality, liberty and justice.

#### *General Accomplishments*

Summing up, we, in the Senate, have filed 2,051 Senate bills and 296 Senate Resolutions during the First Regular Session. We have conducted 311 extensive committee meetings, 11 bicameral conference committee meetings and 46 consultative and organizational briefings.

As I have discussed earlier, we have acted adequately and competently on a wide variety of concerns to bring about socio-economic and political reforms, more accountability in government and a general environment of peace and stability.

It was a fruitful eleven months, to say the least.

#### *Conclusion*

Indeed, the legislative homework of the Senate in the First Regular Session of this 13<sup>th</sup> Congress is far from being accomplished. What is worthy of note, however, is that this Chamber

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continues to give hope to our people as we, Senators of the land, persevere to carry out our mandate amidst extremely difficult times.

On a personal note, I have firmly believed in consensus-building in this Chamber and have done my utmost to continue our tradition of democratic debates so that our people who look up to us, and who continue to have faith in us, would be wisely informed, educated and enlightened by the burning national issues of the day. And I believe I did not fail on this direction and neither did you.

Let me thank the Secretariat and our respective staff once more for the continuous support and efficient service they have done for us in this Chamber. Let me thank you all, my dear colleagues, for your continued trust and confidence in my leadership. And I thank our Divine Creator for making this Chamber a more significant and relevant institution as we continue to give hope and lead the nation to the path of growth and stability.

*Salamat, at mabuhay po kayo!*

## ANNEX

### LEGISLATIVE PRIORITIES FOR THE NEXT THREE YEARS Senate of the Philippines

#### I. ACHIEVING MACRO ECONOMIC STABILITY

##### A. *Fiscal Reforms*

At present, the biggest threat to macroeconomic stability is the fiscal problem. The deficit and growing debt problems are causing interest rates to rise and putting pressures on the country's current account position. These also cause uncertainty and worry among creditors and investors, and make the banking sector more vulnerable. Further, the high debt service is crowding out expenditures for infrastructure and social services, putting a strain on future growth. Thus, it is imperative that the fiscal house is placed in order as soon as possible. Reforming the fiscal sector requires measures to address the issues of a declining revenues base, closing leakages in the administration of taxes and government spending, and reforming the GOCC sector. To accomplish these, the following measures have been successfully pursued:

1. **Increased sin taxes** – This law, known as RA 9334 enacted December 21, 2004, increased excise taxes for tobacco and alcohol products and is expected to raise P 15 billion.
2. **Enacted the Lateral Attrition Bill** – Known as RA 9335, this provides incentives to motivate collection officials, officers, and employees to render exemplary service while upholding the highest ethical standards. It also provides sanctions to officers who fail to meet revenue targets. This is expected to increase revenues by P 10 billion.
3. **Limited exemptions from VAT and granted the President powers to increase the VAT rate from 10 percent to 12 percent, under certain conditions.** RA 9337 expands the coverage of the VAT and is expected to yield an additional P 28.8 billion this year and P 104.2 billion in 2006.

These three reform measures augur well for the country's return to the path of fiscal sustainability. However, additional supporting reforms are needed. Thus, the following reforms will be pursued by Congress:

1. **Rationalization of fiscal incentives** – This reform seeks to harmonize and simplify the government's administration of programs and policies on the grant of incentives to promote investments in the Philippines.
2. **Institute fiscal rules.** – The bill currently being looked into seeks impose a debt cap as a ratio to GDP and to link annual budgets to a medium-term expenditure framework. It also removes automatic guarantees to GOCC debts and provides a monitoring and disclosure system for local government units, GOCCs, GFIs, and other agencies of the national government.
3. **Review of income-generating agencies** like PAGCOR, PCSO, LRA, etc and **re-align their revenues** to fund tourism, infrastructure, education and health programs.
4. **Increase the road users' tax** – This measure would like to increase

- registration fees for motor vehicles. Revenues from this measure can be earmarked for road maintenance.
5. **Increase taxes on luxury goods** – This measure increases the excise tax on luxury products such as luxury vehicles, jewelry, watches, clothing, precious metals and related products. This will be a good symbolic action to the public as it improves the progressivity of the tax system.
  6. **Tax on telecommunication** – This proposal wants to impose a 2 percent franchise tax on telecommunication companies based on gross receipts. An alternative is to impose a tax on text messaging.
  7. **Review policy on customs bonded warehouses** especially on trading warehouses.
  8. **Enact an anti-smuggling act.** – This seeks to halt technical and outright smuggling. Bills are already being discussed in both houses of Congress.
  9. **Provide a framework for stronger financial oversight of GOCCs, GFIs, state-owned universities, and other agencies in the public sector by Congress.**
  10. **Provide a framework for a Congressional role in the executive department's decision-making process of contracting loans.** This is to prevent contingent liabilities, which are a big source of the consolidated public sector deficit.
  11. **Creation of a Debt Commission.** – The commission will review and assess the debt policies, strategies and programs of the country. It will also conduct a public audit of all loans acquired including assumed and contingent liabilities, validate the utilization of loan proceeds and payments made.
  12. **Institute a Simplified Net Income Tax System (SNITS)** – The bill seeks to simplify the declaration of individual income taxes of professionals by allowing them to deduct the direct costs of producing goods and/or rendering of services.

## B. Financial sector reforms

The financial sector remains threatened by fragilities in the banking sector and the slow development of the capital markets. Reforms in the financial sector are necessary to enable the sector to effectively and efficiently capture savings in the economy. As intermediaries between investors and savers the role of banks to mobilize savings and direct them to productive investments is crucial to economic development. The weakness of the banking sector and the development of the capital market must, therefore, be prioritized. The legislative measures recommended are:

1. Improving bank regulation and addressing the NPL problem

- 1.1. **Amendment to the Central Bank Act** – This seeks to give the Bangko Sentral broader authority to effectively discharge its supervisory and regulatory powers over banks and quasi-banks.

- 1.2. **Creation of a Credit Information Bureau** – This seeks to strengthen the credit information system of banks to minimize credit risks.

- 1.3. **Extend the SPV Law** – The SPV law is recommended to be extended for a brief period of 2 years, a period long enough for banks to find buyers of NPLs but short enough to force a fast clean-up of banks' assets. Currently, BSP expects P 104 billion of NPLs to be disposed.

- 1.4. **Consider a single regulator to integrate supervision of the whole financial system.**

- 1.5. **Amendments to the Anti-Money Laundering Act (AMLA)**

2. Capital markets development

- 2.1. **Corporate Recovery Act** – The measure will improve the insolvency procedures to make the debt recovery process more efficient. At present, there are 70 pending cases of corporate rehabilitation and the bill will help unlock the assets of these corporations for more productive uses.

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**2.2. Enact a Lending Investors Act** – This measure will convert some 10,000 lending investors to financing companies and will require them to capitalize at Ph P 10 million on the minimum.

**2.3. Amend the Revised Investment Companies Act (RICA)** to facilitate the growth of the country's mutual funds industry. - The proposed RICA aims to establish a comprehensive regulatory framework to enable investment companies to play a key role in capital formation. It is also aimed at promoting the application of fiduciary principles in investment management and administration of investment companies as well as preventing its abuse and protecting the interests of the investing public.

**2.4. Enact a Pre-need Code** - This seeks to establish rules to govern the operation of pre-need firms and provide protection to consumers in order to spur more investment.

**2.5. Personal Equity and Retirement Account (PERA)** – This will serve as an alternative long-term savings instrument.

**2.6. Review the financial tax structure, particularly the withholding tax on long-term investments, the 5 percent premium on life insurance/annuities, and documentary stamp tax on insurance and annuities.**

**2.7. Amendments to the Insurance Code** - This seeks to update outdated provisions and tax structure of the insurance industry.

**2.8. Amendments to the Corporation Code** – This measure will strengthen the powers of SEC to impose corporate governance standards.

**2.9. Amendments to the Securities Regulations Code (SRC).** – This seeks to strengthen the commodity futures market in the Philippines provide statutory policies adoptive to competitive market structure.

## II. CREATING AN ATTRACTIVE BUSINESS ENVIRONMENT

### A. Increasing Investments

Increasing investments is necessary to create jobs. We need to create a more attractive business environment to do this. The reforms which can be addressed through legislation are creating a more effective regulatory environment in the infrastructure sector, developing economic zones and ensuring the implementation of the EPIRA. The measures proposed to address these are:

#### 1. Regulatory Environment

**1.1. Amendments to the PPA charter** – This will redefine its mandate and resolve its conflicting mandates as regulator and operator of ports.

**1.2. Anti-Trust Legislation** – This is to address issues on monopolies and oligopolies.

**1.3. Review the return on investment cap on shipping companies.**

**1.4. Implement a Cadastral Survey, review the Land Registration Act and revise the Public Land Act** - This measure will curb the proliferation of fake land titles and enhance the integrity of the Torrens Titles System. Revisions to the Public Land Act will define government's policy on reclaimed lands.

#### 2. Develop Economic Zones

**2.1. Expand the Subic and Clark economic zones** to take advantage the strategic infrastructure in the Subic, Clark, and Manila area and attract more investments.

#### 3. Energy Sector Reforms

**3.1. Revision of Electric Power Industry Reform Act (EPIRA or R.A. 9136)** – The revisions to the EPIRA aims to clarify vague and conflicting provisions, afford protection to end-users of electricity and to level the playing field for all industry players. The bill aims to (1) create a more competitive industry by instituting stricter measures against cross-



ownership and bilateral contracts between generation and distribution companies, (2) encourage retail competition and open access by relaxing pre-conditions to its implementation and promoting participation in the wholesale electricity spot market and (3) ensure the imposition of realistic power rates by providing clearer rules regarding the determination of a reasonable return on rate base.

**3.2. Explore the possibility of developing alternative energy sources** – This includes the utilization of bio-ethanol as an alternative energy source. The Committee of Energy is currently looking into this.

*B. Agriculture, Tourism and Mining Development*

The agriculture, tourism and mining sectors were identified as areas where the potential for job generation are huge. Hence, the investments bottlenecks in these sectors should be addressed. Promoting micro, small and medium enterprises (MSMEs) in the agriculture and tourism sectors will likewise create more jobs and increase the income of the population.

**1. Agriculture development**

**1.1. Farmland as Collateral bill** – This will allow CARP beneficiaries to sell, lease or mortgage their farmlands. This facilitates the farmers' access to credit and encourage economies of scale in agriculture production.

**1.2. Extend the duty free importation of agriculture and fisheries equipment under the AFMA.**

**1.3. Amendments to the Magna Carta for SMEs** – This measure seeks to improve the efforts to encourage and strengthen the MSMEs sector by providing better access to credit and technical assistance.

**1.4. Promote the development of public markets** by establishing a 4 year development plan and identify creative ways to finance public markets.

**1.5. Amendments to the Agraria law** – This is to close the loopholes that prevent the increase of credit to agriculture and expand financing windows for high-value and long-term crops.

**1.6. Extension of the Agricultural Competitiveness Enhancement Fund (ACEF)** – This seeks to enhance the agriculture sector's access to sources of funds for productivity enhancement.

**2. Tourism Development**

**2.1. Change the philosophy in tourism development** by enhancing promotional efforts and creating the necessary political and legal structures.

**2.2. Establish Tourism Ecozones** in priority destinations and provide incentives to investors similar to PEZA.

**2.3. Develop a matching funds program** where government and the private sector share the cost of developing tourist destinations.

**3. Mining Development**

**3.1. Review of the Mining Act.** – This is to make the sector attractive to foreign investors without sacrificing the national interest as defined in the Constitution.

**III. ESTABLISHING GOOD GOVERNANCE AND STRONG INSTITUTIONS**

*A. Governance Reforms*

The relationship between governance and economic growth has been established, as countries with better governance create efficient markets and attract investments. Public institutions characterized with transparency, accountability and policy predictability are what investors look for. The Philippines is perceived by international agencies and investors' surveys as poor in many aspects of good governance because of the problems of corruption, red tape, and strong vested interests in government. To address these issues the following measures are recommended:

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1. Ensure the efficiency of the bureaucracy

**1.1. Re-engineer the bureaucracy** – This will rationalize the function of agencies to resolve the overlapping, overstaffing and fragmentation of responsibilities across agencies.

**1.2. Amendments to the Civil Service Code** by updating its mandate to provide for a framework that aligns the role of civil servants to the changing environment. Amendments may be pursued to: (1) separate professional civil service provisions and positions of confidence; (2) update policy provisions and employment details; (3) align selection and promotions with principle of competitive assessment of merit; and (4) empower the CSC to oversee the appointment and discipline of public employees that have ranks below undersecretary.

**1.3. Establish public sector compensation scheme that is competitive and uniform.** Performance contracts for instance may be explored as a basis for a more flexible salary scale. The review should take into consideration the fiscal feasibility of the program.

2. Make civil servants accountable to the public

**2.1. Amendments to the Ombudsman Law** and pattern it after the Hong Kong's Independent Commission Against Corruption (ICAC). Also there is a need to increase the number of investigators and prosecutors, and authorize the agency to hire private lawyers to help them prosecute the case.

**2.2. Repeal the Bank Secrecy Law (RA 1405).** – This seeks to provide the public access to bank accounts of public officials given reasonable grounds for disclosure.

**2.3. Whistleblower's Protection Act** – This will encourage people to expose government irregularities.

**2.4. Freedom of Information Act** – This will promote transparency and accountability in the bureaucracy.

**2.5. Ratification of the UN Convention Against Corruption** –

The convention aims to facilitate international cooperation to prevent, investigate and prosecute of corruption by confiscating and returning proceeds of corrupt practices. Currently, the bill is lodged at the Committee on Foreign Relations.

3. Institute political party and electoral reforms

**3.1. Political parties and campaign finance reform** - This seeks to provide government subsidy for political parties and imposes penalties on political turncoatism. It promotes party loyalty and discipline, and institutionalizes party registration and accreditation.

**3.2 Postponement of barangay and SK elections** – This will save the national government P 1 billion.

*B. Security and Peace and Order Reforms*

To achieve the country's development goals, a responsive defense establishment that will create a secure, peaceful and stable environment conducive to economic growth is necessary. There is a need to strengthen the military structure and capability, address threat of terrorism and improve crime prevention. The following are recommended:

1. Military Reforms

**1.1. Amendments to the National Defense Act (CA No.1) of 1935** –

This seeks to achieve the following ends: (1) delinking defense and security so as to do away with the highly contested nature of the latter; (2) updating the organization and the structure of the military; (3) explicitly defining the role and functions of the military, and (4) defining a three-year maximum term limit for the COS of the AFP and commanders of the major services.

**1.2. Amendments to the existing law governing the National Intelligence Coordinating Agency (NICA)** – This seeks to return

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NICA to its original mandate as the coordinating intelligence agency.

**1.3. Reform the Retirement Service and Benefits System (RSBS) including pension and insurance system of the AFP.** - This seeks to make military pension financially sustainable.

**1.4. Establishing an Internal Affairs Office (IAO) directly under the Commander-in-Chief in the AFP.** - Such an office will absorb the functions of the Inspector General and the Office of Ethical Standards and Public Accountability (OESPA).

## 2. Terrorism

**2.1. Anti-Terrorism Law** - This seeks to consider the following features: (1) distinguishing the problem of terrorism from armed communist insurgency or Moro secessionism; (2) considering as a terrorist act the hostageing and harming of non-combatants, and (3) putting flesh into bilateral and multilateral agreements; and (4) controlling terrorist activities in terms of spaces between funds, the production of fraudulent documents and having a more effective system of detection and surveillance.

## 3. Crime Prevention and Social Justice

**3.1. Amendments to RA 6975** (An Act of Establishing the Philippine National Police) and RA 8551 (PNP Reform and Reorganization Act) - This is to clarify the vague provisions pertaining to (1) the appointment and retirement of the PNP Chief; (2) delineation of responsibility between the PNP leadership and the local executives over gambling, and (3) provisions on recruitment, training, promotion and attrition.

**3.2. Amendments to RA 9165** (Comprehensive Dangerous Drugs Act) - The amendments are to include: (1) an administrative system of forfeiture such as that found in the USA and Australia and (2) non-prohibition of wiretapping of drug personalities/operations.

**3.3. Review the Revised Penal Code.** - This is needed to remove obsolete provisions in the code.

**3.4. Compensation of Human Rights Victims** - This bill seeks to set aside \$200 million of the Marcos ill-gotten wealth for documented human rights victims.

**3.5. Amendment of the Rental Reform Act of 2002** - This seeks to extend until 2007 the 2002 Rental Law which places a cap on rents in highly urbanized cities.

## IV. INSTITUTING SOCIAL REFORMS TO IMPROVE EQUITY

### A. Education Reforms

The quality of education in the country has deteriorated as evidenced by the poor performance of students in international and local diagnostic tests. The shortage in school facilities and low-quality instructions due to limited teacher trainings has resulted in poor student performance. There is a need to arrest this situation and what is needed to put more funding into teacher training and provision of inputs.

**A.1. Draw up a long-term plan** to arrest deterioration of the quality of basic education and identify possible sources of funds for teacher training, acquisition of educational inputs, etc.

**A.2. Standardize day care instruction** - This institutionalizes day care by making it a part of the basic education system.

**A.3. Create a National Testing Agency** - This seeks to create a testing agency independent of the DepEd to formulate student evaluation strategies and analyze education outcomes.

**A.4. Strengthening the University of the Philippines charter** - This seeks to allow greater flexibility in the running of the country's premier university for it to be able to meet current and future challenges.

### B. Health Reforms

For health, limited funding coupled with mismanagement of available funds

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has made the population vulnerable to common diseases. These outcomes seriously affect the quality of the country's human resources which is a vital factor for growth. Given these, the following measures are put forward:

**B.1. Reproductive health care reforms**

– This will give people access to a full range of methods, techniques and services that contribute to reproductive health and well being.

**B.2. Transform regional health budgets into performance funds** that may be accessed by better performing provincial and municipal health facilities.

**B.3. Review the health care delivery system.**

**V. MANAGING THE ENVIRONMENT**

The pervasive and accelerating environmental degradation is one of the leading contributors to poverty. Poor environmental conditions caused by poor sanitation, air and water pollution undermine the ability of the country's poor to pursue economic opportunities. When a person becomes unable to anticipate, cope with, resist and recover from impacts of calamities or natural disasters and health risks due to the degradation of the environment or depletion of the natural resources, he or she reduces his opportunities to improve the quality of his life and security. Given these, the following measures are recommended:

1. **Adopt and implement an integrated watershed management policy. The Forest/Watershed Management Bill** gives way for a comprehensive and integrated approach of utilizing and managing our forests and mangrove areas. Critical watersheds and damaged habitats should be rehabilitated to arrest further degradation of resources.
2. **National land use policy.** Adopt and implement a comprehensive land use policy to delineate what, when, where and how the private firms and the public should employ our natural assets.
3. **Formulate and adopt capacity-building and awareness initiatives.**

Empower the direct and indirect resource users thru capacity-building and environment awareness initiatives spearheaded by the LGUs.

4. **Formulate and adopt an incentive system to attract investors.** Create and adopt economic incentives and disincentives, and appropriate pricing mechanisms to direct the behavior of resource users and other stakeholders. Environmental costs such as extraction or rehabilitation costs and externalities such as pollution must also be made an integral part of the production process. This helps reduce risks and attract more investors to participate.
5. **Establish proper environment accounting system.** Maximum sustainable yield and carrying capacity of our ecosystems must be established and be made readily available to stakeholders and other interested parties.
6. **Ensure strict implementation of environmental laws.** Strengthen the oversight function of Congress to ensure the proper and strict implementation of vital environmental law.

**SUSPENSION OF SESSION**

Upon motion of Senator Pangilinan, the session was suspended.

*It was 7:09 p.m.*

**RESUMPTION OF SESSION**

At 7:09 p.m., the session was resumed with the Senate President presiding.

**REMARKS OF THE CHAIR**

Senate President Drilon expressed gratitude to the senators for their continued trust and confidence in him. He likewise thanked the Secretariat and the staff for their continuous support and efficient service to the Members. He expressed hope that the Senate would continue to be a more significant and relevant institution that gives hope to the nation and leads it on the path of growth and stability. *AF*

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**ADJOURNMENT *SINE DIE***

Pursuant to Senate Concurrent Resolution No. 10, the Chair declared the First Regular Session of the Thirteenth Congress of the Philippines, on the part of the Senate, adjourned *sine die*.

*It was 7:10 p.m.*

I hereby certify to the correctness of the foregoing.



OSCAR G. YABES

Secretary of the Senate

Approved on June 8, 2005 pursuant to Resolution No. 30 (P. S. Res. No. 279)