

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Philippines

Thirteenth Congress
First Regular Session

HOUSE BILL NO. 2077



Introduced by
THE HONORABLE EDCCEL C. LAGMAN, RENATO B. MAGTUBO, LORENZO R. TAÑADA III AND EDUARDO C. ZIALCITA

EXPLANATORY NOTE

Automatic appropriation for debt service has constricted inordinately government efforts to adequately finance basic services. The disproportionately large appropriation for debt service has derailed economic growth. It has violated the constitutional mandate to "assign the highest budgetary priority to education".

From P2.8 trillion in 2002, the outstanding debt stock of the National Government has increased to P3.0 trillion in 2003 and is projected to hit P3.2 trillion in 2004. Accordingly, debt service payments rose from P358 billion in 2002 to P425.6 billion in 2003. For 2004, P542.2 billion is proposed for debt service payments. It is reported that for 2005, debt service payment will amount to P686.8 billion of which P301.7 billion or 33% of the P901 billion 2005 proposed budget is for interest payment.

Currently, Section 26 Chapter 4, Book VI of Executive Order numbered 292, otherwise known as the "Administrative Code of 1987" provides for automatic appropriation for debt service by reenacting *in toto* Section 31 of PD 1177. This provision hinders Congressional efforts to more rationally and meaningfully allocate government resources for the benefit of our people. It perpetuates the anomaly of a Congress not being able to exercise to the full its power over the national purse.

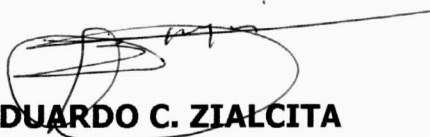
Thus, Congress must reassert without further delay this potent constitutional prerogative. This bill seeks to set things right by amending the said Section of E.O. 292, repealing in effect automatic appropriation for debt service. The repeal of automatic appropriation will actualize an effective and responsive determination of the true budgetary priorities of the nation as expressed by the people through their Representatives.

Considering the critical immediacy of subjecting the appropriation of funds for debt service to the scrutiny of our people through their duly elected Representatives, the prompt approval of this proposed measure is earnestly sought.


EDCEL C. LAGMAN


RENATO B. MAGTUBO


LORENZO R. TAÑADA III


EDUARDO C. ZIALCITA

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Philippines

Thirteenth Congress
First Regular Session

HOUSE BILL NO. 2077

Introduced by
THE HONORABLE EDCCEL C. LAGMAN, RENATO B. MAGTUBO, LORENZO R. TAÑADA III AND EDUARDO C. ZIALCITA

AN ACT
AMENDING SECTION 26, CHAPTER 4, BOOK VI OF EXECUTIVE ORDER
NUMBERED 292, OTHERWISE KNOWN AS THE "ADMINISTRATIVE CODE OF
1987"

Be it enacted by the Senate and the House of Representatives of the Philippines in Congress assembled:

SECTION 1. Section 26, Chapter 4, Book VI of Executive Order numbered 292, otherwise known as the "Administrative Code of 1987", is hereby amended to read as follows:

"SEC. 26. *Automatic Appropriations* - All expenditures for [(1)] personnel retirement premiums, government service insurance, and other similar fixed SOCIAL SECURITY expenditures[, (2) principal and interest on public debt, (3) national government guarantees of obligations which are drawn upon,] are automatically appropriated: *Provided*, That no obligations shall be incurred or payments made from funds thus automatically appropriated except as issued in the form of regular budgetary allotments."

SEC. 2. This Act shall take effect upon its approval.

Approved,