

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS
First Regular Session

H. B. No. 660

Introduced by HONORABLE JUAN EDGARDO "SONNY" M. ANGARA

EXPLANATORY NOTE

The National interest calls for the institutionalization of budgetary innovations. It is a declared policy of the State that the budgets of all components of the government shall be reflective of national objectives, strategies and plans. It must likewise be supportive of and consistent with the socio-economic development plans of the country.

In pursuit thereof, the budgets of government owned and controlled corporations (GOCCs) shall be supportive and consistent with the budgets of all departments, bureaus, offices and agencies of the national government, brought also by the fact that all government corporations require national budget support either in the form of direct outlays, subsidies or guarantees.

Under current practice, however, the budgets of GOCCs, including those of their subsidiaries and affiliated companies, are not submitted to Congress as a matter of course.

Taking to mind the volume and capacity of public resources and activities undertaken by the government corporations, it is urgent, nay, imperative that a formal mechanism be institutionalized in the review and analysis of the budgets of these GOCCs to ensue that the same are consistent with the national development plan and also to assure transparency in the operations of said corporations.

With this end in view, Section 13 of Presidential Decree No. 1177, otherwise known as the "Budget Reform Decree of 1977" is amended to the effect that in addition to the annual budget of the national government which the President is required to submit to Congress (the basis for the enactment of a General Appropriations Act), it shall also include in its budget submission the proposed corporate operating budgets of government-owned and controlled corporations, their subsidiaries and affiliated companies, which require national government budgetary support.

Further, the bill also requires these GOCCs to submit to Congress separate and yearly financial performance reports vis-à-vis their approved budgets, as well as status reports on obligations they have entered into which are backed by government guarantees.



JUAN EDGARDO "SONNY" M. ANGARA
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FIFTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)

H. B. No. 660

Introduced by Honorable JUAN EDGARDO "SONNY" M. ANGARA

AN ACT
REQUIRING THE SUBMISSION TO CONGRESS OF THE CORPORATE BUDGET
OF ALL GOVERNMENT-OWNED OR CONTROLLED CORPORATIONS, THEIR
SUBSIDIARIES AND AFFILIATES, AMENDING FOR THE PURPOSE, SECTION 13
OF PD 1177, OTHERWISE KNOWN AS THE "BUDGETARY REFORM ACT OF
1977"

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

SECTION 1. Section 13 of Presidential Decree No. 1177, otherwise known as the "Budget Reform Decree of 1977" is hereby amended to read as follows:

"SEC. 13. *Submission of the Budget.* – The President shall, in accordance with section [sixteen] **TWENTY-FIVE** (1), Article [VII] **VI** of the Constitution, submit within thirty days from the opening of each regular session of [the National Assembly] **CONGRESS** as the basis for the preparation of the general Appropriations Act, a national government budget of estimated receipts based on existing and proposed revenue measures, and of estimated expenditures.

The President shall include in his/**HER** budget submission the proposed expenditure level of the Legislative and Judicial Branches and of Constitutional bodies, which shall have undergone the same process of evaluation and which shall have been subject to the same budgetary policies and standards applicable to agencies in the Executive Branch.

THE PRESIDENT SHALL ALSO SUBMIT TO CONGRESS THE PROPOSED CORPORATE OPERATING BUDGETS OF ALL GOVERNMENT-OWNED OR CONTROLLED CORPORATIONS, INCLUDING THEIR SUBSIDIARIES AND AFFILIATES, WHICH REQUIRE NATIONAL BUDGETARY SUPPORT IN ACCORDANCE WITH SUCH FORMAT, RULES AND REGULATIONS PRESCRIBED BY THE DEPARTMENT OF BUDGET AND MANAGEMENT (DBM).

The President may transmit to [the National Assembly] **CONGRESS**, from time to time, such proposed supplemental or deficiency appropriations, as are, in his judgment, (a) necessary on account of laws enacted after the transmission of the budget, or (b) otherwise needed in the public interest.

SEC. 2. Section 22 of the same Decree is likewise amended to read as follows:

"SEC. 22. *Budgetary Requirement of Government-Owned or Controlled Corporations.* The Internal operating budgets of government-owned and controlled corporations and of chartered institutions shall be approved by their respective governing boards in accordance with a budget calendar and format as may be approved by the President: *Provided,* That such budget **SHALL BE SUBMITTED TO CONGRESS AND** shall be subject to review and approval as part of the budget process in cases where national government budgetary support is needed, in terms of (a) capital or equity inputs, (b) operating contributions to support specific activities undertaken by the institution as part of its regular functions, and (c) guarantee of the national government for obligations or contracts entered into by the corporations; *Provided, Further,* That the submission of interim financial statements may be required by the [Commissioner] **SECRETARY OF THE DEPARTMENT OF BUDGET AND MANAGEMENT."**

SEC. 3. All government-owned or controlled corporations, including their subsidiaries and affiliates, shall also submit to Congress separate annual reports of financial performance as compared with their approved budgets explaining performance in terms of work and financial results. Reports pertaining to a given fiscal year shall be submitted on or before June 30 of the following year, through the Department of budget and Management (DBM), together with comparative data for the preceding year and the approved budget for the current year.

SEC. 4. In addition to the reports required to be submitted under the preceding section, all government-owned or controlled corporations, their subsidiaries and affiliates, shall periodically report of congress, through the Department of Finance (DOF) and the Department of Budget and Management (DBM), on the status of obligations and contracts which they have entred into and which are backed by government guarantees.

SEC. 5. The Department of Budget and Management (DBM) shall promulgate the necessary rules and regulations for the effective implementation of this Act.

SEC. 6. *Separability Clause.* - If any provision of this Act or an application thereof to any person or circumstance is held to be invalid, the other provisions of this Act, and the application of such provision to other persons or circumstances, shall not be affected thereby.

SEC. 7. *Repealing Clause.* - All existing laws, orders, rules and regulations or parts thereof deemed inconsistent with the provisions of this Act are hereby repealed or modified thoroughly.

SEC. 8. *Effectivity.*- This Act shall take effect fifteen (15) days following the date of its full publication in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved,