

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Philippines

FIFTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 806

Introduced by
HONORABLE EDCCEL C. LAGMAN

EXPLANATORY NOTE

Admittedly, the country's debt burden is less heavy today than it was during the crisis years 1983 and 1991. However, it remains to be heavy and crisis-vulnerable. It continues to crowd out provisions for basic social services and infrastructure development from the national budget. The disproportionately large appropriation for debt service has not only inordinately constricted budgetary allocation for basic social services, but it has derailed economic growth.

For FY 2009, government allocated P343.421 billion for principal and P278.886 billion for interest payments of the National Government's debts. For the first quarter of 2010, debt service already totaled P339.340 billion, P230.442 billion of which was for principal payments and P108.898 billion was for interest servicing. For the same period, the National Government's foreign debt service amounted to 28.1% of exports.

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

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Philippines

FIFTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 806

Introduced by **HON. EDCCEL C. LAGMAN**

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,