

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City



15th Congress
Second Regular Session

COMMITTEE REPORT NO. 1420

Submitted by the Committee on People's Participation on 14 SEP 2011

RE : House Bill No. 5298
Recommending its approval in substitution of House Bill No. 1199

Sponsors : Representatives Benjamin D. Asilo, Marcelino R. Teodoro, Cinchona C. Gonzales, and Cresente C. Paez

Mr. Speaker:

The Committee on People's Participation to which was referred **House Bill No. 1199** introduced by Representative Marcelino R. Teodoro, entitled:

AN ACT TO PROVIDE FOR THE DISCLOSURE OF LOBBYING ACTIVITIES

has considered the same and recommends that the attached House Bill No. **5298** entitled:

AN ACT PROVIDING FOR THE DISCLOSURE OF LOBBYING ACTIVITIES IN THE PHILIPPINES, AND PROVIDING PENALTIES THEREFOR

be approved in substitution of House Bill No. 1199 with Representative Marcelino R. Teodoro as author and Representatives Benjamin D. Asilo, Cinchona C. Gonzales, Cresente C. Paez, Catalina G. Leonen-Pizarro, Arnel U. Ty, Reena Concepcion G. Obillo, Raymond V. Palatino, Christopher S. Co,

Winston "Winnie" T. Castelo, and Salvador P. Cabaluna III as co-authors thereof.

Respectfully submitted,



BENJAMIN D. ASILO

Chairman

Committee on People's
Participation

THE HONORABLE SPEAKER
HOUSE OF REPRESENTATIVES
QUEZON CITY

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

FIFTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. **5298**
(In substitution to HB 1199)

Introduced by Reps. Marcelino R. Teodoro, Benjamin D. Asilo, Cinchona Cruz-Gonzales, Cresente C. Paez, Catalina G. Leonen-Pizarro, Arnel U. Ty, Reena Concepcion G. Obillo, Raymond V. Palatino, Christopher S. Co, Winston T. Castelo, and Salvador P. Cabaluna III

AN ACT
PROVIDING FOR THE DISCLOSURE OF LOBBYING ACTIVITIES
IN THE PHILIPPINES, AND PROVIDING PENALTIES THEREFOR

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

1 **SECTION 1. Short Title.** – This Act shall be known as the *“Lobbying Disclosure*
2 *Act.”*

3 **SEC. 2. Declaration of Policy.** – It is hereby declared the policy of the State to
4 enhance public confidence in the integrity of public office and the decision-making process in
5 government by implementing a policy of full public disclosure of all lobbying activities and
6 transactions.

7 **SEC. 3. Definition of Terms.** – For purposes of this Act:

8 (a) *Lobbying activity* refers to the practice of influencing the introduction,
9 shepherding, or passage of legislation before either House of the Congress of the Philippines,
10 as well as intervening in the official decisions of public officials and the implementation of
11 government programs and projects;

12 (b) *Lobbyist* refers to any person or juridical entity, including a corporation, a
13 partnership, or an association, who engages in the practice of lobbying for a regular salary, a
14 retainer, or other compensation, or a non-monetary benefit;

15 (c) *Disclosure* refers to the act of revealing all information related to lobbying
16 activities and transactions;

(d) *Public officials* refer to elective and appointive officials and employees, permanent or temporary, whether in the career or non-career service, including military and police personnel, as defined under RA 6713, otherwise known as the Code of Conduct and Ethical Standards for Public Officials and Employees; and

(e) *Government Registering Agencies* refer to agencies that issue certificates of registration such as but not limited to: (1) the Securities and Exchange Commission (SEC) for private organizations and corporations; (2) the Department of Labor and Employment-Bureau of Labor Relations for unions and worker's associations; (3) the Housing and Land Use Regulatory Board for homeowners associations; (4) the Cooperative Development Authority for cooperatives; and (5) the Insurance Commission for mutual benefit associations.

SEC. 4. Coverage of Lobbying Activities. – Lobbying activities shall include any action or communication intended to influence:

- (a) the crafting of any legislative proposal by the government or by a member of either House of Congress;
- (b) the introduction, shepherding, and passage of any legislative proposal or amendment thereto in either House of Congress;
- (c) the drafting of implementing rules and regulations pursuant to a law;
- (d) the introduction of or change in any government policy or program;
- (e) the exercise of any authority or power conferred by law; or
- (f) the expenditure of public money.

SEC. 5. Limitations on Lobbying Activities. – Lobbying activities shall not include actions or communications that are:

- (a) Made by a public official, an agency, or any other person holding public office in their official capacity;
- (b) Made in response to a written request from a public official acting in official capacity;
- (c) Made by an employee of a media organization for the purpose of gathering and disseminating information to the public;
- (d) Made for the purpose of distribution and making available to the public, or through radio, television, and other media of mass communication;
- (e) Incidental to arranging or attending a meeting with a public official that is open to the public, or is attended by an employee of a media organization for the purpose of gathering and disseminating information to the public.
- (f) Made in the course of any judicial proceeding; or

1 (g) Made on behalf of the government of a foreign country;

2 **SEC. 6. *Registration Requirements.*** – Any person who shall engage in lobbying
3 activities shall register with the appropriate government registering agencies, and with the
4 appropriate Secretariat, as referred to under Section 9 hereof. The registration must be
5 notarized and shall contain the following information:

6 (a) The name and business address of the lobbyist;

7 (b) The name and business address of the employer or the principal in whose behalf
8 the lobbying activity is carried out: *Provided*, That if the employer is a
9 corporation, the name and business address of the corporation must be stated;

10 (c) A description of the employer's or principal's business activities and such other
11 related information;

12 (d) A description of the subject matter of the lobbying activity;

13 (e) Identification of the proposal, policy, program, authority, power, or expenditure
14 related to the lobbying activity; and

15 (f) Identification of public officials to whom lobbying activities are directed.

16 **SEC. 7. *Issuance of a License to Lobby.*** – Upon approval of registration, the lobbyist
17 shall be issued a license to lobby, which shall expire on the last day of December of the year
18 it was issued.

19 No license to lobby shall be issued to applicants in Congress without the approval of
20 the Secretaries of both Houses. Likewise, no license to lobby shall be issued to applicants in
21 Executive departments without the approval of the concerned Secretaries.

22 **SEC. 8. *Establishment of Register of Lobbyists.*** – The government registering
23 agencies, the House Secretary-General, the Senate Secretary, and the Secretaries of Executive
24 Departments, shall submit a Register of Lobbyists and a report of lobbying activities to the
25 Secretariats, as provided under Section 9 of this Act, which shall be made available to the
26 public upon request.

27 The Register shall be comprised of all the information set out in reports lodged under
28 this Act.

29 The Register may be compiled in such manner and form as the aforementioned offices
30 of the Legislative and Executive branches may consider convenient: *Provided*, That the
31 Register must be readily available and regularly updated.

32 The Register must be open to the public and must be posted in the websites of the
33 Legislative and Executive branches.

1 **SEC. 9. Secretariats.** – The House of Representatives and the Senate shall create a
2 Joint Secretariat for both Houses of Congress while each Executive Department shall form a
3 Secretariat to attend to the registration of lobbyists and the compilation and maintenance of
4 the Register of Lobbyists and the publication of the annual report on lobbying activities.

5 **SEC. 10. Reportorial Requirement.** – A duly licensed lobbyist shall be required to
6 submit an annual report on the lobbying activities undertaken to the Joint Secretariat for both
7 Houses of Congress and the Secretariat for the concerned Executive Department. The report
8 shall include a statement of expenses incurred in the course of lobbying which must be taken
9 under oath and must be duly notarized.

10 **SEC. 11. Notice Requirement.** – The concerned Secretariat shall, in writing, serve
11 notice to the lobbyists to provide additional information in relation to the report lodged
12 pursuant to Section 6 of this Act. The notice shall specify:

13 (a) The nature of the additional information required;

14 (b) The period of compliance within which the additional information must be
15 provided; and

16 (c) The person receiving the notice is required to comply with the notice.

17 A person who, without reasonable excuse, fails to comply with a duly served notice,
18 shall be cited for contempt by the concerned Secretariat, and shall be suspended from
19 performing or conducting lobbying activities until the requirement stated in the notice has
20 been complied.

21 **SEC. 12. Penal Provisions.** –

22 (a) Any person who shall act as a lobbyist without a license shall be fined with not less
23 than Thirty Thousand Pesos (PhP 30,000.00) nor more than Fifty Thousand Pesos (PhP
24 50,000.00) and shall be prohibited from acting as a lobbyist for a period of three years from
25 the date of conviction.

26 (b) Any lobbyist who fails to file an annual report required under Section 10 of this Act
27 shall be punished with a fine of not less than Ten Thousand Pesos (PhP 10,000.00) but not
28 more than Thirty Thousand Pesos (PhP 30,000.00) or by imprisonment not to exceed six (6)
29 months or both at the discretion of the court.

30 (c) Any lobbyist who shall file a false or incomplete report or registration shall be
31 punished by a fine of not less than Thirty Thousand Pesos (PhP 30,000.00) but not more than
32 Fifty Thousand Pesos (PhP 50,000.00), or by imprisonment of not less than six (6) months
33 nor more than two (2) years, or both fine and imprisonment at the discretion of the court.

(d) Any person who shall willfully interfere with, restrain, coerce or commit any violation of any provision of this Act shall, upon conviction, be punished by a fine of not less than Thirty Thousand Pesos (PhP 30,000.00) but not more than Fifty Thousand Pesos (PhP 50,000.00), or imprisonment of one (1) year to six (6) years, or both fine and imprisonment at the discretion of the court.

(e) If the offender is a public official, the court may impose the additional penalty of disqualification from public service in addition to the penalties provided in the preceding paragraph.

SEC. 13. Appropriations. – The amount necessary to carry out the implementation of this Act shall be charged against the current year's appropriations of the implementing agencies under the General Appropriations Act. Thereafter, such sums as may be necessary for the continued implementation of this act shall be included in the annual general appropriations act.

SEC. 14. Implementing Rules and Regulations. – The Secretariats created under Section 9 of this Act shall promulgate the implementing rules and regulations as may be necessary to carry out the provisions of this Act within ninety (90) days from the effectivity thereof.

SEC. 15. Separability Clause. – If any provision or part hereof, is declared invalid or unconstitutional, the remainder of the law not otherwise affected shall remain valid and subsisting.

SEC. 16. Repealing Clause. – Any law, Presidential Decree or issuance, Executive Order, Letter of Instruction, Administrative Order, rule or regulation contrary to or inconsistent with, the provisions of this Act, are hereby modified, repealed, or amended accordingly.

SEC. 17. Effectivity Clause. – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in two (2) national newspapers of general circulation.

Approved,

HOUSE OF REPRESENTATIVES COMMITTEE AFFAIRS DEPARTMENT

FACT SHEET

House Bill No. **5298**
(In Substitution of HB No. 1199)

AN ACT PROVIDING FOR THE DISCLOSURE OF LOBBYING ACTIVITIES AND PROVIDING PENALTIES THEREFOR

Introduced by: **REP. MARCELINO "MARCY" R. TEODORO**

Committee Referral : **COMMITTEE ON PEOPLE'S PARTICIPATION**
Committee Chairperson: **REP. BENJAMIN D. ASILO**

OBJECTIVES:

- To make public the lobbying activities between the officials of the Executive and the Legislative Branches and lobbyists.
- To enhance public confidence in the integrity of public office by implementing a policy of full public disclosure of lobbying activities and transactions in the country

KEY PROVISIONS:

- Identifies the coverage of lobbying activities to include the following:
 1. any action or communication intended to influence the formulation, introduction, shepherding, or passage of legislation;
 2. the drafting of implementing rules and regulations;
 3. the formulation of policies, the exercise of public authority; and
 4. the expenditure of public money
- Delineates activities which shall not be considered as lobbying activities
- Directs lobbyists to register with appropriate government registering agencies
- Lists the requirements needed to merit the issuance of license to lobby
- Directs certain government agencies to establish a Register of Lobbyists and to submit a Report of Lobbying Activities
- Creates a Joint Secretariat for both Houses of Congress and another Secretariat for the Executive Department which shall attend to the registration of lobbyists and the compilation and maintenance of related records
- Requires lobbyists to submit annual reports on their lobbying activities with the Joint Secretariat of the Houses of Congress or the Secretariat for the Executive Department
- Mandates the punishment of certain lobbying acts and provides penalties thereto, such as the failure to register with proper authorities and to file accurate annual reports.

RELATED LAW:

- Republic Act No. 1827, entitled, "*An Act to Regulate Lobbying in the Congress of the Philippines and in the Commission on Appointments*," enacted on June 22, 1957.

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

FIFTEENTH CONGRESS
First Regular Session
House Bill No. 1199

INTRODUCED BY HON. MARCELINO "MARCY" R. TEODORO

EXPLANATORY NOTE

Lobbying activities are being carried out today in the Philippines and greatly influence the making of government's policies and decisions and even the creation of laws.

The Constitution, Article 2, Section 28 states:

"Article 2. Subject to reasonable conditions prescribed by the law, the State adopts and implements a policy full public disclosure of all its transactions involving public interest."

This proposal upholds the above quoted provision by making lobbying activities more public, as well as, ensuring openness, honesty and integrity in dealings of and between Members of Congress and lobbyist or lobbying group. Specifically, the measure makes it possible for citizens to communicate their views on controversial issues.

The recurring and numerous Senate and House inquiries investigating alleged anomalous deals of the government are proof of public distrust in the way government transactions and contracts are being done. It must be remembered that while records of the deliberations of the Senate and the House of Representatives are open to the public, the "behind-the-scenes" negotiations are not.

Thus, it is important that lobbying activities be legislated for it will greatly help in restoring the people's trust and confidence in the government, and ultimately instill responsibility to those people influencing policy makers.

In view of the foregoing statements, approval of this bill is earnestly sought.


HON. MARCELINO "MARCY" R. TEODORO
1st District, Representative
City of Marikina

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

FIFTEENTH CONGRESS
First Regular Session

House Bill No. 1199

INTRODUCED BY HON. MARCELINO "MARCY" R. TEODORO

AN ACT
TO PROVIDE FOR THE DISCLOSURE OF LOBBYING ACTIVITIES

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

SECTION 1. Short Title. - This Act may be cited as the Lobbying Accountability Act 2010."

SECTION 2. Declaration of Policy. - It is the policy of the State to enhance public confidence in the integrity of public office and the decision-making process in government by implementing a policy of full public disclosure of all its transactions involving public interest.

SECTION 3. Lobbying activity defined. - For the purposes of this Act, but subject to this section, lobbying activity means:

(1) Any oral or written communication (including an electronic communication) with a public official intended to influence:

- (a) the development of any legislative proposal by the government or by a member of either House of Congress; or
- (b) the introduction of any bill in either House of Congress or the passage or amendment of any bill that is before either House of Congress; or
- (c) the making or amendment of any delegated legislation; or
- (d) introduction of or change to any government policy or program; or
- (e) the exercise of any authority or power conferred under a written law; or
- (f) the expenditure of public money.

(2) Lobbying activity does not include oral or written communication (including an electronic communication) that is:

- (a) made by a public official, an agency, or any other person holding office under a written law in his, her or its official capacity; or
- (b) made on behalf of the government; or
- (c) made on behalf of the government of foreign country; or
- (d) constituted by any application required or authorized by a written law; or
- (e) made in response to a written request from a public official acting in his or her official capacity; or

((f) made by a representative or employee of a media organization for the purposes of gathering and disseminating news and information to the public; or

(g) made in a speech, article, publication or other material that is distributed and made available to the public, or through radio, television, or other medium of mass communication; or

(h) made in a petition to either House of Congress or in evidence of submissions to a committee of either of those Houses, or a joint committee of both Houses of Congress; or

(i) made in the course of any judicial proceedings.

(3) Lobbying activity does not include arranging or attending a meeting with a public official:

(a) that is open to members of the public; or

(b) by a representative or employee of a media organization for the purposes of gathering and disseminating news and information to the public.

SECTION 4. Requirement of Registration. - (1) A person or group engaged in lobbying activities must register with the Securities and Exchange Commission setting out the information referred to in subsection (2) below.

(2) A registration lodged in accordance with subsection (1) must be notarized and shall set out the following information in relation to all of the lobbying activity carried out by the lobbyist:

(a) the name and business address of the lobbyist;

(b) the name and business address of the employer or the person in whose behalf the lobbying activity is carried out;

(c) if the employer is corporation, the name and business address of any related entity of the employer that, to the knowledge of the lobbyist, has a direct interest in the outcome of the lobbying activity;

(d) any other person that, to the knowledge of the lobbyist, has direct interest in the outcome of the lobbying activity;

(e) a description in summary form of the employer's business or activities and such other information to identify the nature of the employer's business or activities as is prescribed;

(f) a description, in summary form, of the subject matter of the lobbying activity, and such other information regarding the subject matter as is prescribed;

(g) particulars to identify any legislative proposal, bill, delegated legislation, policy, program, authority, power or expenditure to which the lobbying activity related;

(h) the names and designations of the public officials in relation to whom lobbying activity was directed;

(i) such other information in relation to lobbying activity as is prescribed.

(3) The Commissioner may, on the application of a lobbyist, extend the time within which the registration required by subsection (1) must be made by not more than fourteen (14) days.

SECTION 5. Establishment of register of lobbying activities. - (1) The Commissioner must compile and maintain a register to be called the Register of Lobbying Activity.

(2) The register is to comprise all of the information set out in returns lodged under this Act.

(3) The register may be compiled in such manner and form as the Commissioner considers convenient, except that the register must be available and up-to-date for inspection.

(4) The register must be open to inspection by any person at such place and at such reasonable times as the Commissioner may determine.

SECTION 6. Appropriations. - There shall be authorized to be appropriated such amounts as necessary to carry out the provisions of this Act.

SECTION 7. Separability Clause.- If any provision, or part thereof, is declared invalid or unconstitutional, the remainder of the law not otherwise affected shall remain valid and subsisting.

SECTION 8. Repealing Clause. - Any law, presidential decree or issuance, executive order, letter of instruction, administrative order, rule or regulation contrary to or inconsistent with, the provisions of this Act, are hereby modified, repealed, or amended accordingly.

SECTION 9. Effectivity Clause.- This Act shall take effect fifteen (15) days after its publication in at least two (2) newspapers of general circulation.

Approved,

Republic of the Philippines
House of Representatives
Quezon City

**MINUTES OF THE MEETING OF THE COMMITTEE ON PEOPLE'S PARTICIPATION
HELD ON AUGUST 3, 2011, 1:30 P.M. AT CONFERENCE ROOM 11, MITRA BLDG.,
HOUSE OF REPRESENTATIVES**

I. CALL TO ORDER/ROLL CALL

The Chairperson of the Committee on People's Participation, Rep. Benjamin D. Asilo, presided over the meeting, which he called to order at 1:57 PM. The Chair also determined the presence of a quorum and dispensed with the calling of the roll.

II. ACKNOWLEDGEMENT OF MEMBERS AND GUESTS

The Chair introduced the members of the committee who were present during the meeting, namely Vice-Chair Cresente V. Paez (PL-Coop NATCCO), Reps. Winston T. Castelo (2nd District, Quezon City), Rafael V. Mariano (PL-ANAKPAWIS), Godofredo V. Arquiza (PL-Senior Citizens), Christopher S. Co (PL-Ako Bicol) and Salvador P. Cabaluna III (PL-1Care). The Chair also acknowledged the presence of Reps. Loreto Leo Ocampos (2nd Dist., Misamis Occidental), the author of House Bill 3912, and Raymond V. Palatino (PL-Kabataan).

Upon the authority of the Chair, the Committee Secretary acknowledged the presence of the following resource persons: Executive Director Joselito De Vera and Angie Gabino of Philippine National Volunteer Service Coordination Agency (PNVSCA); and Malou Tiquia and Suzette Lopez of Publicus Asia.

Later, the following guests were also acknowledged: Director Carmencita N. Delantar of the Department of Budget and Management (DBM); Atty. Jay R. Villegas of Philippine Health Insurance (PhilHealth); Director Nelia Tabliago of the Office of Civil Defense of the Department of National Defense, representing the National Disaster Risk Reduction Management Council (NDRRMC); and Ms. Amie Pombuena of the National Barangay Operations Office of the Department of the Interior and Local Government (DILG).

III. APPROVAL OF THE MINUTES OF THE PREVIOUS MEETINGS

Upon the motion of Rep. Cabaluna, duly seconded by Rep. Paez, the Committee approved the minutes of the meeting dated May 25, 2011.

IV. PRELIMINARY REMARKS OF THE CHAIRPERSON

The Chair explained that the meeting will initially consider Substitute Bill to House Bill 1199, or the Lobbying Disclosure Act, a re-filed measure which reached 2nd reading in the past Congress, to be followed by the consideration of Substitute Bill to House Bill 3912, or the Barangay Volunteers Act, which is a product of several committee and technical working group meetings.

V. CONSIDERATION AND APPROVAL OF SUBSTITUTE BILL TO HOUSE BILL 1199

Ms. Ma. Lourdes N. Tiquia, the Founder and General Manager of Publicus Asia Inc., introduced the lobby firm to the body and reacted on the measure at hand. She stated that Publicus Asia welcomes the measure because it addresses certain problems encountered under RA 1827, the existing but largely unimplemented lobbying law. She recommended several refinements of the measure, the most important of which is the inclusion of shepherding measures in the scope of lobbying activities.

Ms. Tiquia brought to light certain issues which pertain to lobbying such as the difference between direct and indirect lobbying; the need to level the playing field in lobbying; and other ethical issues related to lobbying. She also enumerated the benefits derived from lobbying, namely: (a) creating ~~forums~~ *fora* for diverse opinions; (b) providing checks and balances; (c) granting access to reliable data and impact evaluation of measures; and (d) preventing regulatory capture.

At this juncture, Rep. Cabaluna pointed out the need to refine Section 7 of the measure, to clarify that lobbyists need to separately register in Congress and/or in the Executive Departments, depending on the objective of their lobby.

After getting the concurrence of Ms. Tiquia, Rep. Paez moved to approve the bill with amendments and subject to style. Duly seconded by Rep. Cabaluna, the committee approved the measure as moved.

VI. CONSIDERATION AND APPROVAL OF SUBSTITUTE BILL TO HOUSE BILL 3912

Rep. Ocampos, the author of the measure, conceded that he is amenable to any amendment deemed appropriate by the committee such as the deletion of the section earmarking thirty percent (30%) of the income of the local government units (LGUs) to the allowances of Barangay volunteers and the deletion of the term "volunteers."

Ms. Amie Pombuena of the DILG agreed with the deletion of the section earmarking funds, reasoning out that LGUs have to deal with a lot of other mandatory expenditures.

On the deletion of the term "volunteer," Rep. Paez opined that doing so may render the bill futile. Executive Director De Vera of PNVSCA likewise forwarded that deleting the term may be tantamount to creating an employer-employee relationship between the LGU and the volunteer.

Nonetheless, the guests from the DILG and the PNVSCA are in agreement that volunteers may be provided benefits. Ms. Pombuena of DILG suggested that volunteers can be given transportation and food allowance, as well as insurance benefits. However, she recommended that instead of itemizing the benefits, the measure must state that volunteers be given equal benefits as those given to regular Barangay officials. Likewise, Executive Director De Vera of PNVSCA stressed that granting benefits to volunteers is accepted internationally, particularly in the form of monthly subsistence allowances to cover their meals and transportation costs. He added that volunteers can also be provided life and accident insurance, especially if the volunteer is working on hazardous assignments.

The Chair verified with the DILG and the DBM whether it is legal to provide volunteers with compensation. Ms. Pombuena of DILG replied that this is provided under the Local Government Code (LGC), subject to the availability of funds. Director Delantar of the DBM explained that positions for Barangay volunteers may be created as non-mandatory positions under Section 387 of the LGC.

Dir. Delantar further informed the committee of other relevant LGC provisions, such as (a) Section 325, which limits the use of funds for Personal Services (PS) or salaries and other benefits of personnel to 45 to 55% of the budget; (b) Section 393, which provides that positions in Barangays may be funded on an honorarium basis, until there is a compensation plan to warrant payment on salary basis; and (c) Section 286, which precludes the National Government from earmarking from the Internal Revenue Allotment (IRA) of LGUs. She detailed that only the percentage budgetary allocation for senior citizens and specially-abled persons, as well as programs on gender, AIDS, and protection of children are mainstreamed within local budgets through the local budget memorandum given at the start of the budget preparation.

Rep. Ocampos complained about the recent Joint Memorandum Circular of the DBM and the DILG prohibiting the charging of honorarium to 20% of the Local Development Fund (LDF). Director Delantar justified that at least 20% of the IRA share shall be for development projects, to ensure that there is capital expenditure or local investment, and went on to detail the menu of projects listed under the circular. Finally, she suggested that instead of using the 20% of the LDF for honorarium, these must be paid out of the remaining 80% of the IRA, which is specifically provided for administrative costs.

The Chair inquired on other possible sources of income of the Barangay. Ms. Pombuena of the DILG replied that the Barangay's revenue raising power is limited to fees and charges. In addition, she related that Barangays cannot collect community taxes unless mandated by the higher LGU. Nonetheless, she pointed out that the share of the Barangay in real property taxes (RPT) can be a source of funds.

Dir. Delantar stressed that under Sec. 325 of the LGC, the discretionary amount of the LGU shall not exceed 2% of the proceeds from the RPT. She reiterated that the Barangay should use the 80% for administrative cost for compensation.

Rep. Castelo conferred with Dir. Delantar to confirm that once the IRA is received by the LGUs, these may give allowances, subject to the availability of funds. Dir. Delantar concurred but emphasized that the use of funds must also be subject to accounting and budgeting rules.

Rep. Cabaluna propounded that since the allowances of Barangay volunteers can only be taken from the 80% administrative budget, then these must be exempted from the 55% PS cap. Dir. Delantar agreed that if these were paid on volunteerism basis, then these are not covered by the PS cap.

The Chair also asked Atty. Villegas of Philhealth to react on the provision on Philhealth benefits. Atty. Villegas asked that the word "free" under Section 9 be deleted since this may connote that all medical expenses will be paid by PhilHealth. On financing PhilHealth, he recommended that it be fully subsidized by the local government concerned or through cost-sharing between local governments and other sponsors, including the legislators. In addition, he proposed that if the volunteers are indigents, then the national government shall take care of their coverage. Finally, he recommended that the definition of civilian volunteer organization be revised to include Barangay health workers and Barangay nutrition scholars.

At this juncture, Reps. Castelo and Arquiza verified the status of implementation of the provision reserving one percent (1%) of the LGU budget for senior citizens, asserting that there are Local Chief Executives (LCEs) who do not follow the provision. Dir. Delantar explained that all LCEs should include this in the budget. Rep. Arquiza added that RA 7876, or the Senior Citizens Law, even provides for a senior citizen center in every city and municipality, which unfortunately, remains unimplemented.

Rep. Castelo also asked the DBM and the DILG to identify the reviewing authorities of LGUs. Ms. Pombuena of the DILG expressed that the department does not review nor regulate LGUs but only reminds them to follow the pertinent rules. For the budget, Dir. Delantar explained that the reviewing authorities are the higher LGUs, and the DBM only reviews the budgets of provinces and highly urbanized cities. Dir. Delantar further related

that these should have been considered at the level of the concerned Local Development Council, which is mandated to map out the plan and identify the programs for senior citizens, persons with disabilities, and other identified sectors.

The Chair inquired with the DBM and the DILG of their course of action when the LDC is not convened. Ms. Pombuena of the DILG and Dir. Delantar of the DBM explained that there are committees who do the work when the LDC is not convened. The Chair decried the practice of coming up with budgets even when LDCs are not convened.

The Chair also asked Dir. Tabliago of the NDRRMC to share her views on the provision on disaster management training. Dir. Tabliago related that this is specifically provided under Section 13 of RA 10021, or the Philippine Disaster Risk Reduction and Management Act of 2010. She informed the body that disaster trainings should be part of the calamity plan, and should be funded out of the calamity fund, which should comprise of at least 5% of the total LGU budget.

Rep. Ocampos requested that the technical working group (TWG) be tasked to polish the bill. After ascertaining that the body is unanimous in recognizing the import of the measure, Rep. Castelo moved for its approval subject to the amendments discussed by the body and the refinements of the TWG. The Chair expressed that all inputs were noted and approved the motion. The Committee approved the measure subject to amendments and style.

VII. ADJOURNMENT

There being no other matters to discuss, the Chair thanked the guests and the resource persons for their valuable insights, and adjourned the meeting at 4:05 P.M.

Prepared by:


LORENA A. FERNANDEZ
SLSO II

Reviewed by:


ROLANDO C. CRONICO, PhD.
Committee Secretary

Noted by:

HON. BENJAMIN D. ASILO
Chairperson
Committee on People's Participation