

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

Sixteenth Congress
First Regular Session

HOUSE BILL NO. 08



Introduced by Rep. Reynaldo V. Umali

EXPLANATORY NOTE

The welfare, rights and interests of government owned and controlled corporations, their subsidiaries, other corporate offsprings, including government acquired asset corporations, government corporate entities and government instrumentalities with corporate powers, government financial institutions, and other government entities, agencies and offices (collectively called GOCC's) have always been of paramount importance. Their contribution to the country's economy has been very substantial in the last decade. The State, therefore is interested in protecting these GOCC's and in promoting their welfare.

Over the years, the Office of the Government Corporate Counsel (OGCC) has been in the forefront in protecting the legal interests of these GOCC's. Executive Order 292 or the 1987 Administrative Code mandates this Office to serve as the GOCC's statutory counsel and principal law office. As such, the law requires the OGCC to safeguard their client's legal interests in a competent, speedy and adequate manner consistent with its duty to uphold justice under the rule of law.

The steady increase in the number of these GOCCs lately has resulted in the increase in the number of requests for legal advice and cases for representation in courts and various tribunals being responded to and handled by the OGCC apart from its performance of other functions.

To efficiently and effectively address the expanding needs of these GOCC's, there is, therefore a need to strengthen the OGCC by re-defining, expanding, strengthening, rationalizing and further professionalizing it as an organization and upgrading the service benefits available to its lawyers and personnel to make them committed in providing excellent and professional service to the country.

For these reasons, the approval of this bill is earnestly sought.


REYNALDO V. UMALI

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SIXTEENTH CONGRESS

First Regular Session

HOUSE BILL NO. 08

Introduced by Hon. Reynaldo V. Umali

AN ACT
TO STRENGTHEN THE OFFICE OF THE GOVERNMENT CORPORATE
COUNSEL, BY RE-DEFINING, EXPANDING STRENGTHENING,
RATIONALIZING AND FURTHER PROFESSIONALIZING ITS
ORGANIZATION, UPGRADING EMPLOYEE BENEFITS AND
APPROPRIATING FUNDS THEREFOR

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

SECTION 1. *Declaration of Policy.* - It shall be the State's policy to protect and promote the welfare, rights and interests of government owned and controlled corporations, their subsidiaries, other corporate offspring, including government acquired asset corporations, government corporate entities and government instrumentalities with corporate powers, government financial institutions, and other government corporate entities, agencies and offices, referred here as GOCCs.

Toward this end, the State shall require the improvement of legal services in the government to efficiently and effectively address the expanding needs of these GOCCs in accordance with its initiative towards an improved fiscal management and good corporate governance.

SEC. 2. *Jurisdiction and Mandate.* - (a) Any law to the contrary notwithstanding, the office of the Government Corporate Counsel (OGCC) shall be the legal counsel and principal law office of all GOCCs. All GOCCs shall refer to the OGCC the following:

- (1) All legal questions for opinion and advice;

(2) Before their execution, all contracts for review; and,

(3) All cases for representation before regular courts, quasi-judicial bodies, administrative agencies and arbitral tribunals, provided that, the Government Corporate Counsel ("GCC") may thereafter authorize the GOCCs' legal department as collaborating counsel to handle cases, as the urgency or expediency of circumstances may warrant.

(b) In addition, the OGCC shall perform the following special functions:

(1) conciliate, mediate, act as hearing officers or adjudicate all disputes or controversies exclusively between GOCCs;

(2) Exercise control and supervision over the legal departments of all GOCCs;

(3) Approve the engagement of private lawyers by the GOCCs;

(4) Enforce the Property Insurance Law pursuant to Republic Act 656, as amended by Presidential Decree 245, in domestic or international transactions;

(5) Be detailed or assigned to GOCCs upon their request: *Provided, That* the GCC shall approve the assignment or designation, including attendance in meetings requested by GOCCs;

(6) Investigate and, in appropriate cases, hear administrative disciplinary cases involving all lawyers, officials and employees of GOCCs upon the latter's request and recommend appropriate administrative or disciplinary sanctions;

(7) Conduct periodic performance audit of the in-house lawyers or legal departments of the GOCCs and to recommend appropriate actions to GOCCs;

(8) Require the in-house lawyers or legal departments of GOCCs to submit periodic reports of work performed and/or accomplished and to supervise and control the necessary legal action;

(9) Conduct research and/or submit position papers on novel/important questions or issues affecting GOCCs;

(10) Conduct fact-finding and preliminary investigation in appropriately referred cases;

(11) Act as corporate officers of GOCCs upon their request;

(12) Be assigned as members of technical working groups, bids and awards committee, tasks force and other committees in relation to GOCC projects;

(13) Represent the OGCC in the Board of GOCCs and management committees; and

such other additional works as may be required by GOCCs; and

The OGCC shall be an independent and autonomous office attached to the Department of Justice for purposes of policy and program coordination. All opinions and issuances of the OGCC shall be binding on all GOCCs.

SEC. 3. *Expansion, upgrading and creation of positions.* – The GCC shall have a cabinet rank and the same prerogatives, salary, allowances, benefits and privileges as the Presiding Justice of the Court of Appeals. He/ She shall be assisted by a Deputy Government Corporate Counsel (DGCC) and twelve (12) Assistant Government Corporate Counsel (AGCC) who shall have the rank, salary, allowances, retirement benefits and privileges of an Associate Justice of the Court of Appeals.

No person shall be appointed GCC, DGCC or AGCC unless he/she is a natural-born citizen of the Philippines and, for at least fifteen (15) years, has been engaged in the practice of law in the Philippines. The number, rank, qualifications for appointment, salary, allowances, retirement and other benefits and privileges of other members of the legal staff shall be as follows:

(a) Twenty (20) Government Corporate Attorney IV (GCA IV) who shall have the rank, salary, allowances, retirement benefits and privileges of a Regional Trial Court Judge. No person shall be appointed GCA IV unless he/she is a natural-born citizen of the Philippines and, for at least ten (10) years, has been engaged in the practice of law in the Philippines;

(b) Twenty (20) Government Corporate Attorney III (GCA III) who shall have the rank, salary, allowances, retirement benefits and privileges of a Metropolitan Trial Court Judge. No person shall be appointed GCA III unless he/she is a natural-born citizen of the Philippines and, for at least five (5) years, has been engaged in the practice of law in the Philippines;

(c) Twenty (20) Government Corporate Attorney II (GCA II) who shall have the rank, salary, allowances, retirement benefits and privileges of a Municipal Trial Court Judge in Cities. No person shall be appointed GCA II unless he/she is a natural-born citizen of the Philippines and, for at least five (5) years, has been engaged in the practice of law in the Philippines;

(d) Twelve (12) Government Corporate Attorney I (GCA I). No person shall be appointed GCA I unless he/she is a natural-born citizen of the Philippines and, for at least two (2) years, has been engaged in the practice of law in the Philippines;

(e) Twelve (12) Legal Research Associate who must be law graduates;

The GCC, DGCC and AGCC shall be appointed by the President of the Philippines. The other members of the legal staff and administrative personnel shall

be appointed by the GCC.

Appointments of the DGCC, AGCC and other members of the legal staff shall be deemed permanent upon compliance with the prescribed qualification standards.

The administrative structure of the OGCC shall be organized into the Finance and Accounting Services, the Human Resources and Management Services, the Case and Records Management Services, the Library Management and Information Technology Services and the Property and Supply Services.

The legal and non-legal staff of the OGCC occupying the positions affected by the changes embodied in this Act at the time of its approval shall thereafter occupy and discharge the duties and functions of the upgraded positions and receive the corresponding salary and benefits without necessity of new appointment.

SEC. 4. Compensation. - The basic monthly compensation of the OGCC officials and employees shall be as follows:

Position	Salary Grade	
	From	To
Government Corporate Counsel	30	31
Deputy Government Corporate Counsel	29	30
Assistant Government Corporate Counsel	29	30
Government Corporate Attorney IV	28	29
Government Corporate Attorney III	27	28
Government Corporate Attorney II	26	27
Government Corporate Attorney I	25	26
Legal Research Associate	22	24

Except for the Legal Research Associate positions created under the foregoing Section, all the other non-legal personnel shall have the same compensation as that of their counterparts in the Office of the Solicitor General and Court of Appeals.

The salaries and privileges of the personnel of the OGCC granted under this Act may further be increased to match any corresponding increase in salaries and privileges subsequently granted to their respective counterparts in the Judiciary.

SEC. 5. Personnel benefits and privileges. - Provisions of other laws to the contrary notwithstanding, the OGCC may provide its officials and employees the following benefits:

1. Health care services through a health maintenance organization. Expenses for the mandatory medical annual check-up of the GCC, the DGCC and the AGCC shall be for the account of the OGCC;
2. Accident insurance for all officials and employees to be procured by the OGCC at its own expense during travels while in the performance of the

official duties;

3. Without prejudice to the efficiency of the service, scholarships for the deserving employees on official time and at the expense of the OGCC to upgrade their knowledge and skills: *Provided*, That scholars under this provision shall be selected on the basis of merit as determined by competitive examination; and
4. A provident fund which shall consist of, but not be limited to contributions made by the OGCC and by its lawyers and employees to a common fund for the payment of benefits to such lawyers or employees or their respective beneficiaries/heirs.

SEC. 6. *Seminar and other Professional Fees.* – Subject to availability of funds, fees for relevant seminars, as well as professional membership fees for lawyers, registration fees and related miscellaneous expenses incurred in completing the mandatory continuing legal education shall be borne by the OGCC.

Professional membership, registration fees including those for mandatory continuing professional education, and related miscellaneous expenses of other employees holding positions for which a professional license is required by the office, shall also be borne by the OGCC.

SEC. 7. *Transportation Benefits.* – Subject to availability of funds, employees shall be provided with contracted transportation services until such time that the OGCC can procure additional motor vehicles for this purpose.

SEC. 8. *Other benefits.* – Provisions of other laws to the contrary notwithstanding, the legal staff of the OGCC are allowed to receive allowances and honoraria from the GOCCs. Employees of the OGCC may likewise be extended such benefits and privileges as are given to the employees of their clients.

When the exigency of the service so requires, any member of the legal staff may be designated by the GCC to act in concurrent capacity as corporate officer of, or assigned to perform special or additional tasks in, any of the GOCCs and by virtue of such designation or assignment, receive such additional compensation and privileges as may be granted them by the concerned GOCC.

SEC. 9. *Attorney's Fees and special Assessment.* – The OGCC is authorized to receive twenty percent (20%) of all the money claims collected by, or awarded/adjudged to GOCCs, in addition to the attorney's fees awarded by a court, tribunal or panel, including awards/judgments, stipulated under court-approved compromise agreements. The OGCC is hereby authorized to use such awards and attorney's fees to meet contingencies, obligations and undertakings, or for employee

salaries, allowances, other benefits and incentives, necessary or proper to promote efficiency in the service as determined by the GCC.

The GCC is likewise authorized to make special assessments upon GOCCs to similarly meet such contingencies, obligations and undertakings, or to provide for employee salaries, allowances, other benefits and incentives, as may be warranted or proper as determined by the GCC.

Attorney's fees and special assessments shall be deposited in an authorized government depository as a trust liability and shall be made available for expenditure without the need for a cash disbursement ceiling, for purposes of upgrading facilities and equipment, granting of employees' incentive pay and other benefits, and defraying such other incentive expenses not provided for in the General Appropriations Act as may be determined by the GCC. In both cases, the usual accounting and auditing procedures shall apply.

SEC. 10. *Special Allowance.* - The GCC, DGCC, AGCC and other members of the legal staff may be granted special allowances in such amounts to be determined by the GCC to implement the salary increase. The grant of special allowances shall be implemented uniformly in such amounts and up to the extent only that can be supported by the funding source specified in Section 11 hereof: *Provided*, That such said special allowances shall not exceed One Hundred Percent (100%) of their basic salary as provided under the Salary Standardization Law (Republic Act 6758).

SEC. 11. *Funding.* - The funds required for the implementation of this Act including additional employee benefits under Section 5 shall be taken from:

1. The twenty percent (20%) share of the money claims collected or awarded in judgments in favor of GOCCs and all attorney's fees authorized to be received by the OGCC pursuant to this Act and Executive Order 292 or the Revised Administrative Code of 1987;
2. Special Assessments made by the GCC upon GOCCs; and
3. Other revenues, savings, fees generated and collected and donations received by the OGCC.

SEC. 12. *Franking Privilege.* - The OGCC may transmit through ordinary mail and/or registered mail with return card, free of charge, all official communications and papers directly connected with the conduct of its duties, functions and/or its exercise of administrative supervision over its personnel.

The envelope or wrapper of the privileged mail matter shall bear on the left upper corner "Office of Government Corporate Counsel" together with its address

and on the right upper corner, the word "Private or unauthorized use to avoid payment of postage is penalized by fine or imprisonment or both."

SEC. 13. *Appropriations.* - The amount needed for employees' salaries, mandatory allowances and benefits under other laws and office expenses and capital outlay shall be appropriated in the budget of the OGCC under the annual General Appropriations Act.

SEC. 14. *Implementing Rules and Regulations.* - Within sixty (60) days from the approval of this Act, the GCC, in consultation with the Secretary of Justice and Secretary of Budget and Management, shall promulgate such rules and regulations as may be necessary to carry out the provisions of this Act.

SEC. 15. *Repealing Clause.* - Provisions of Executive Order 292 or the Revised administrative Code of 1987, as amended, Executive Order 878 dated March 4, 1983, Presidential Decree 1415 dated June 9, 1978, Republic Act No. 6000 dated August 4, 1969 and other pertinent laws, rules and regulations shall remain in force and effect unless otherwise contrary or inconsistent with the provisions of this Act.

SEC. 16. *Separability Clause.* - If any of the Provisions of this Act is declared invalid or unconstitutional, the provisions not affected thereby shall continue to be in full force and effect.

SEC. 17. *Effectivity.* - This Act shall take effect after fifteen (15) days from its publication in a national newspaper of general circulation.

Approved,