

SIXTEENTH CONGRESS
OF THE REPUBLIC OF THE PHILIPPINES)
First Regular Session)

HOUSE OF REPRESENTATIVES
House Bill No. 3683



Introduced by Representative Ben P. Evardone
Lone District, Eastern Samar

EXPLANATORY NOTE

Since the inception of the first of the now hundreds of Government owned or controlled corporations (GOCCs) in the Philippines, the core purpose or rationale behind the creation of each GOCC remains the same—public service.

Indeed, a GOCC cannot be conceived if and when income generation is its sole reason for existence, unlike an ordinary business corporation. This is so because Article XII, Section 16, 1987 Constitution mandates the State to consider the common good as well as economic viability as a test for the establishment of a GOCC. Thus:

“Section 16. The Congress shall not, except by general law, provide for the formation, organization, or regulation of private corporations. **Government-owned or controlled corporations may be created or established by special charters in the interest of the common good and subject to the test of economic viability.**” (emphasis supplied)

It is worth recalling the case of AGRICULTURAL CREDIT and COOPERATIVE FINANCING ADMINISTRATION (ACCFA), vs. ACCFA SUPERVISORS' ASSOCIATION, ACCFA WORKERS' ASSOCIATION, and THE COURT OF INDUSTRIAL RELATIONS, G.R. No. L-21484, November 29, 1969 which, perhaps, elucidates the rationale and underlying purpose for the establishment of Government-owned or -controlled corporation. Thus:

“The growing complexities of modern society, however, have rendered this traditional classification of the functions of government (into constituent and ministrant functions) quite unrealistic, not to say obsolete. *The areas which used to be left to private enterprise and initiative and which the government was called upon to enter optionally, and only "because it was better equipped to administer for the public welfare than is any private individual or group of individuals," continue to lose their well-defined boundaries and to be absorbed within activities that the government must undertake in its sovereign capacity if it is to meet the increasing social challenges of the times.* Here as almost everywhere else the tendency is undoubtedly towards a greater socialization of economic forces. Here of course this development was envisioned, indeed adopted as a national policy, by the Constitution itself in its declaration of principle concerning the promotion of social justice.” (emphasis supplied).

Therefore, since the primordial consideration in the establishment of GOCCs is public service and the general welfare, not purely income generation, it becomes imperative for persons appointed or elected to carry out the tasks of such GOCC to be always mindful of that purpose. For, the office he holds is verily a public service office.

This bill, which among others, seeks to limit the tenure and place a cap on allowances, bonuses, and other incentives of Chairmen and members of the board of directors/trustees, reiterates and emphasizes the public service role of GOCCs, in light of recent events where the Commission on Audit has once again unearthed fat bonuses and allowances of certain officials running their respective GOCCs.

Hence, it is on this score that its immediate passage is earnestly sought.


BEN EVARDONE

HOUSE OF REPRESENTATIVES
House Bill No. **3683**

Introduced by Representative Ben P. Evardone
Lone District, Eastern Samar

AN ACT
MODIFYING REPUBLIC ACT NUMBER 10149 AND EXECUTIVE ORDER
NUMBER 24, SERIES OF 2011

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

1 **SECTION 1.** No chairman or member of the board of directors/trustees covered by Republic
2 Act Number 10149 and Executive Order Number 24, Series of 2011 shall serve in the board of
3 directors/trustees for more than a total period of twenty-four months, including reappointment and
4 hold-over capacity: Provided that, such chairman or board member may thereafter be appointed or
5 elected in another government-owned or controlled corporation or agency.
6

7 **SECTION 2.** Except for reasonable per diems and necessary expenses provided in
8 accordance with Executive Order Number 24, Series of 2011, no chairman or member of the board of
9 directors/trustees covered by Republic Act Numbered 10149 and Executive Order Number 24, Series
10 of 2011 shall, for every twelve months of incumbency, be entitled to receive allowances, incentives,
11 or bonuses in whatever form or nomenclature in excess of the amount equivalent to twice the amount
12 received as per diem.
13

14 In case a chairman or member of the board of directors/trustees serves as such in more than
15 one entity covered by Republic Act No. 10149 and Executive Order Number 24, Series of 2011 he
16 shall be entitled to receive, for himself, the highest amount of allowance, bonus, or incentive given by
17 any of the entities he serves in. All other amounts shall be received by him and remitted to the general
18 fund of the national government.
19

20 All benefits, allowances, incentives, bonuses, in whatever form or nomenclature, granted in
21 excess of the amount equivalent to twice the amount received as per diem during the period of
22 incumbency of any chairman or member of the board of directors/trustees covered by Republic Act
23 Numbered 10149 and Executive Order Number 24, Series of 2011, shall accrue to the general fund of
24 the national government.
25

26 **SECTION 3.** The Office of the President shall issue the necessary rules and regulations for
27 the effective implementation of this Act.
28

1 **SECTION 4. *Repealing Clause.*** — Provisions in Republic Act No. 10149 and Executive
2 Order Number 24, Series of 2011 which are inconsistent with this Act are hereby modified or
3 repealed accordingly.
4

5 **SECTION 5. *Effectivity.*** This Act shall take effect immediately after its complete
6 publication in a newspaper of general circulation.
7

8 **Approved,**