

REPUBLIC OF THE PHILIPPINES
HOUSE OF REPRESENTATIVES
Quezon City

SIXTEENTH CONGRESS
Second Regular Session

House Bill No. 5481



Introduced by **MAGDALO Party List Representatives**
Gary C. Alejano and Francisco Ashley L. Acedillo

EXPLANATORY NOTE

The Malampaya Fund was created to provide funds to finance for energy-related projects and for other purposes that may be decided by the President. It consists of royalties collected from operations of the Malampaya gas and oil fields in the waters off Palawan province.

However, such huge Presidential latitude purportedly became a blanket approval for the past administration to abuse said power. The fund was allegedly drained to accommodate bogus projects of the non-governmental organizations (NGOs) of Mrs. Janet Lim Napoles, in collusion with government officials.

The present law, laced with noble intentions but little guidelines, was thereafter partially junked by the Supreme Court, as it struck as illegal the discretionary power of the President in utilizing said Fund.

One of the basic and most urgent requirements for the peaceful and successful exploration and development of energy resource in the country is safety and security in the area. This is because energy sources are often found in isolated and sometimes contested areas. Hence, security provided by the military is often an indispensable requirement for the successful pursuit of any energy related project.

In fact, the Malampaya gas and oil field themselves, which are near disputed waters off Palawan, continue to remain secure because of the efforts of the Armed Forces of the Philippines (AFP) particularly, the Philippine Navy, which constantly patrol the area with ships coming from Naval Forces West (NavForWest) operating at Oyster Bay, Palawan, the country's first line of defense in the disputed waters in West Philippine Sea.

Unfortunately, the existing law is silent with regards the provision of military support for energy-related projects to guarantee the security of critical infrastructures in the Malampaya gas platform and other energy related projects.

Prior to the High Court's decision to clip the discretionary power of the President to disburse the Fund, President Benigno Simeon Aquino III was able to prudently approve the release of necessary funding to the AFP in order to expand and fortify the defences for natural gas exploration in northern Palawan. With the issuance of the Supreme Court decision, however, the President can no longer

It is now up to Congress to introduce the necessary guidelines in the law to authorize the use of the Special Fund to finance the energy-related expenses of the AFP, particularly those undertaken in part or in full for the security and protection of the Malampaya oil and gas fields and other energy projects.

Hence, this measure seeks ensure the continued viability of the country's energy program by including guidelines for the utilization of the Special Fund to include the financing of energy-related expenses of the AFP, such as but not limited to provisions for operational support, capacity-building, acquisition of vessels, machinery and materiel, bases and support system development and technology development, for the security and protection of the Malampaya oil and gas fields and other energy projects.

In view of the foregoing, immediate passage of this measure is earnestly sought.



HON. GARY C. ALEJANO



HON. FRANCISCO ASHLEY L. ACEDILLO

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AN ACT
AMENDING SECTION 8 OF PRESIDENTIAL DECREE NO. 910 TO ALLOW THE
FINANCING OF ENERGY-RELATED EXPENSES OF THE ARMED FORCES OF THE
PHILIPPINES IN THE USE OF THE SPECIAL FUND

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

1 **SECTION 1.** Section 8 of Presidential Decree No. 910 is hereby amended to read as
2 follows:

3 **Section 8. Appropriations.** – The sum of Five Million Pesos out of any
4 available funds from the National Treasury is hereby appropriated and authorized
5 to be released for the organization of the Board and its initial operations.
6 Henceforth, funds sufficient to fully carry out the functions and objectives of the
7 Board shall be appropriated every fiscal year in the General Appropriations Act.
8 All fees, revenues and receipts of the Board from any and all sources including
9 receipts from service contracts and agreements such as application and processing
10 fees, signature bonus, discovery bonus, production bonus; all money collected
11 from concessionaires, representing unspent work obligations, fines and penalties
12 under the Petroleum Act of 1949; as well as the government share representing
13 royalties, rentals, production share on service contracts and similar payments on
14 the exploration, development and exploitation of energy resources, shall form part
15 of a Special Fund to be used to finance energy resource development and
16 exploitation programs and projects of the government, **INCLUDING ENERGY-**
17 **RELATED EXPENSES OF THE ARMED FORCES OF THE**
18 **PHILIPPINES (AFP), SUCH AS BUT NOT LIMITED TO PROVISIONS**

1 FOR OPERATIONAL SUPPORT, CAPABILITY-BUILDING,
2 ACQUISITION OF VESSELS, MACHINERY AND MATERIEL, BASES
3 AND SUPPORT SYSTEM DEVELOPMENT AND TECHNOLOGY
4 DEVELOPMENT, FOR THE SECURITY AND PROTECTION OF THE
5 MALAMPAYA OIL AND GAS FIELDS AND OTHER ENERGY
6 PROJECTS [and for such other purposes] as may be hereafter directed by the
7 President.

8
9 **SEC. 2. *Repealing Provision.*** – All laws, executive orders or administrative orders, rules
10 and regulations or parts thereof which are inconsistent with this Act are hereby amended,
11 repealed or modified accordingly.

12
13 **SEC. 3. *Effectivity.*** – This Act shall take effect fifteen (15) days following its publication
14 in the *Official Gazette* or in two (2) newspapers of general circulation.

Approved,