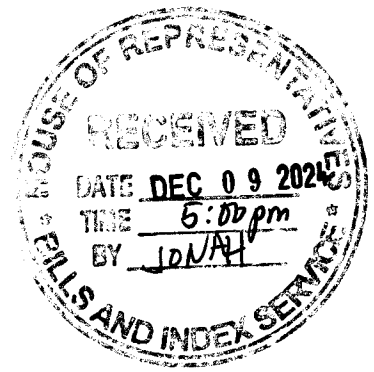




Republic of the Philippines
House of Representatives
Quezon City, Metro Manila



Nineteenth Congress
Third Regular Session

HOUSE BILL NO. **11181**

**Introduced by Representatives Ferdinand Martin G. Romualdez,
Aurelio "Dong" D. Gonzales Jr., Manuel Jose "Mannix" M. Dalipe,
Yedda Marie K. Romualdez and Jude A. Acidre**

EXPLANATORY NOTE

This bill seeks to provide a comprehensive fiscal autonomy for the Judiciary, creating for the purpose the Judiciary Trust Fund.

Section 3, Article VIII of the 1987 Constitution states that "*The Judiciary shall enjoy fiscal autonomy. Appropriations for the Judiciary may not be reduced by the legislature below the amount appropriated for the previous year and, after approval, shall be automatically and regularly released.*" This principle is essential for maintaining judicial independence, enabling the Judiciary to function freely from external pressures and influences.

As a separate and co-equal branch of government tasked with resolving actual controversies involving legally demandable and enforceable rights, the Judiciary includes the Supreme Court, Sandiganbayan, Court of Appeals, and Court of Tax Appeals and all lower courts. To effectively fulfill its constitutional mandate, the Judiciary must be equipped with the necessary financial resources and administrative authority.

A central feature of this bill is the establishment of the Judiciary Trust Fund in lieu of the current Judiciary Development Fund, which will consolidate all revenues, legal fees, and appropriations for the Judiciary. This fund will provide a stable financial foundation essential for the effective administration of justice. The legislation mandates that the Department of Budget and

Management (DBM) release funds unconditionally, preventing delays that could hinder judicial operations. Additionally, it empowers the Chief Justice or the Supreme Court to realign budgetary allocations as necessary, ensuring flexibility in resource management to meet urgent operational demands.

The bill grants the Judiciary the right to continue collecting legal fees and to adjust these fees based on principles of accessibility and the public's ability to pay. While local government units may contribute resources, the Act delineates clear limitations to preserve judicial independence and prevent undue influence on judicial functions.

Furthermore, the legislation allows for the reorganization of the Judiciary's administrative structure and aims to enhance compensation packages for both judicial and non-judicial personnel to ensure continuity and sustainability of service. Importantly, all judicial expenditures and revenues will remain subject to post-audit by the Commission on Audit (COA), ensuring transparency and accountability in managing public funds.

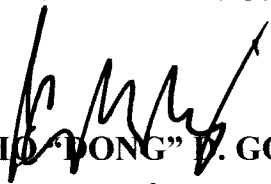
The necessity for this legislation is emphasized by various jurisprudential interpretations of judicial fiscal autonomy, as explained in key jurisprudence such as *Cesar Bengzon, et al. v. Hon. Franklin N. Drilon*, G.R. No. 103524, 15 April 1992, which highlighted the importance of allowing the Judiciary full flexibility in resource allocation. Similarly, rulings in *Civil Service Commission v. Department of Budget and Management*, G.R. No. 158791, 22 July 2005, affirm that appropriations for entities with fiscal autonomy should be released unconditionally.

This bill represents significant progress in securing the financial independence of the Philippine Judiciary. By establishing a Judiciary Trust Fund and granting essential financial and administrative authorities, the bill aims to enhance operational efficiency, transparency, and accountability, thereby effectively empowering the Judiciary to fulfill its constitutional responsibilities. A financially independent Judiciary is crucial for maintaining public trust, ensuring that justice is delivered impartially and equitably, and upholding the rule of law.

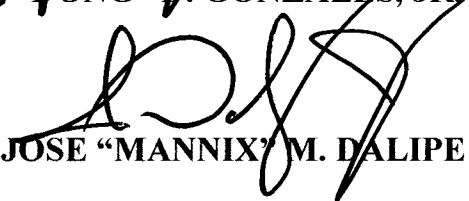
In view of the foregoing, the immediate passage of this bill is earnestly sought.



FERDINAND MARTIN G. ROMUALDEZ



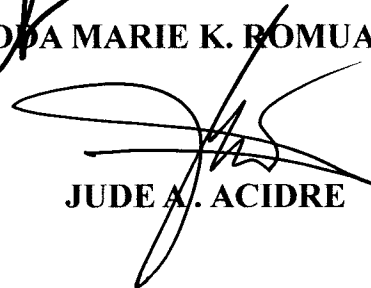
AURELIO "DONG" D. GONZALES, JR.



MANUEL JOSE "MANNIX" M. DALIPE



YEDDA MARIE K. ROMUALDEZ



JUDE A. ACIDRE



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1 **AN ACT**
2 **PROVIDING FOR A COMPREHENSIVE FISCAL AUTONOMY FOR**
3 **THE JUDICIARY, CREATING FOR THE PURPOSE THE JUDICIARY**
4 **TRUST FUND**
5

6 *Be it enacted by the Senate and the House of Representatives of the*
7 *Philippines in Congress assembled:*
8

9 SECTION 1. **Short Title.** – This Act shall be known as the “*Judiciary*
10 *Fiscal Autonomy Act.*”

11 SEC. 2. **Declaration of Policy.** – It is the policy of the State to protect
12 the independence of the Judiciary, including its fiscal independence, from any
13 interference and ensure that the rights of the parties are respected through the
14 conduct of fair judicial proceedings. Towards this end, the State affirms and
15 strengthens the fiscal autonomy of the Judiciary enshrined in the Constitution,
16 which declares that the appropriations for the Judiciary may not be reduced

1 below the amount appropriated for the previous year and, after approval by
2 Congress, shall be automatically and regularly released.

3 SEC. 3. ***Judiciary Trust Fund.*** – The Judiciary Trust Fund is hereby
4 established for the use and operation of the Judiciary, particularly to grant or
5 augment allowances and other benefits to members and personnel of the
6 Judiciary and to finance the acquisition, maintenance, and repair of office
7 equipment and facilities. All the funds collected for, or accruing to, the
8 Judiciary shall form part of the Judiciary Trust Fund, which includes the
9 following:

10 (a) Appropriations for the Judiciary under the annual General
11 Appropriations Act;

12 (b) Legal fees that are collected by the Judiciary pursuant to Rule 141
13 of the Rules of Court, as amended;

14 (c) Donations, contributions, bequests or grants from local government
15 units; and

16 (d) All interests or income derived from the Judiciary Trust Fund.

17 The Supreme Court shall utilize the appropriations for the purposes for
18 which the same was appropriated and use any savings from the appropriations
19 for whatever purposes it may deem necessary and reasonable for the fulfillment
20 of the Judiciary's mandate. The amounts accruing to the Judiciary Trust Fund
21 shall be deposited by the Chief Justice or the duly authorized representative in
22 an authorized government depository bank. All expenditures and revenues of

1 the Judiciary shall be subject to post-audit by the Commission on Audit (COA),
2 under pertinent laws, rules and regulations.

3 SEC. 4. ***Submission of Annual Budget Proposal.*** – The Supreme Court
4 shall submit to Congress for approval a budget of expenditures and sources of
5 financing, reflecting total revenues and expenditures for the budget year, with
6 copy furnished to the Department of Budget and Management (DBM).

7 SEC. 5. ***Administration and Allocation of Funds.*** – The Chief Justice of
8 the Supreme Court shall administer and allocate the Judiciary Trust Fund and
9 shall approve and authorize disbursements and expenditures of the Judiciary
10 Trust Fund in accordance with the guidelines set in this Act and its
11 implementing rules and regulations.

12 SEC. 6. ***Realignment and Automatic Release.*** – The Chief Justice of the
13 Supreme Court may realign the budget from one expense account to another,
14 except the Capital Outlays, or from one functional unit or category to another,
15 without the approval of the DBM.

16 The DBM shall automatically release to the Supreme Court, without need
17 for any request, the appropriations and monthly cash requirements of the
18 Judiciary. The releases shall not be conditioned on approved work and financial
19 plans, nor any financial report.

20 SEC. 7. ***Legal Fees.*** – The Supreme Court shall determine the
21 appropriate level of fees and charges pursuant to Section 3 of Rule 141 of the
22 Rules of Court, in accordance with the following policy objectives:

1 (a) Access to justice specially for the disadvantaged and poor sectors
2 of society;

3 (b) Internal revenue generation for the Judiciary, to support its
4 operations; and

5 (c) Ability to pay of those who avail the services of the judicial
6 system.

7 SEC. 8. ***Prohibition.*** – The local government units are strictly prohibited
8 from providing allowances, supplies, materials, vehicles and other resources for
9 the use of judges within their respective areas of jurisdiction, except for the use
10 of the courtroom located within the municipal or city hall, or other buildings or
11 facilities owned or leased by the local government unit, and the maintenance
12 thereof.

13 SEC. 9. ***Creation and Reorganization of Administrative Structure.*** –
14 The Supreme Court shall create such offices as may be necessary, and
15 reorganize its administrative structure, both at the national and regional levels,
16 for purposes of oversight or operations, to carry out the purposes of this Act,
17 and enable additional functions and responsibilities stated in this Act, within the
18 limit of available resources.

19 The Supreme Court shall create such positions, and allocate the necessary
20 budgetary support for the operations of such offices. The creation of offices at
21 the regional level shall be guided by the principle of decentralization of
22 administrative, financial, and personnel matters, and the objective to bring court

1 management closer to the litigants, and others who avail the services of the
2 judicial system.

3 SEC. 10. ***Salary and Personnel Administration.*** – The Supreme Court
4 shall determine the number and positions of court personnel necessary for the
5 smooth functioning of the Judiciary, within the limits of the approved
6 appropriation and guided by constitutional and legislative policies on hiring and
7 compensation. A copy of the annual approved staffing pattern of personnel
8 shall be furnished the COA and the DBM.

9 The Supreme Court shall institute measures to provide sufficient,
10 attractive and competitive compensation for judicial and non-judicial personnel
11 to ensure continuity and sustainability of service, and support career
12 development. Such measures include the broadbanding of salaries, and the
13 provision of total cash compensation packages.

14 For purposes of this Section, “*broadbanding*” refers to the consolidation
15 of a range of similar job classifications into a single pay band for purposes of
16 compensation.

17 Sec. 11. ***Proposed Revisions of the DBM.*** – The budget proposal
18 prepared by the Supreme Court shall be incorporated in the *National*
19 *Expenditure Program (NEP)* without any revisions. The DBM may, however,
20 propose revisions thereon as it may deem appropriate: *Provided*, That the
21 revisions are clearly indicated in the NEP: *Provided, further*, That the DBM

1 shall consult in writing the Supreme Court concerning its comments on, and
2 suggested revisions to, the proposed budget for the Judiciary.

3 Upon written request of the DBM, the Supreme Court may submit reports
4 of operation and income, current personnel, work and financial plans and
5 similar reports to the DBM only for recording purposes and shall not be a
6 condition precedent for subsequent fund releases.

7 SEC. 12. ***Transfer of Physical Assets.*** – Within six (6) months from the
8 effectivity of this Act, all real and personal properties not presently titled to the
9 Supreme Court, which have been acquired for the Judiciary shall, as far as
10 practicable, be transferred to the Supreme Court, by other national or local
11 government units, or government-owned or -controlled corporations.
12 Thereafter, the Supreme Court shall exercise the ownership, management,
13 control, as well as the security, maintenance and disposition, of such properties.

14 SEC. 13. ***Delegation of Authority.*** – The Supreme Court *En Banc* may,
15 through an appropriate instrument, delegate to the Chief Justice, the Court
16 Administrator, or other heads of offices which currently exist or may be created
17 in the future, any and all powers, functions and responsibilities which are
18 granted under this Act, under such conditions and under such periods as the
19 Supreme Court *En Banc* may prescribe.

20 SEC. 14. ***Reportorial Requirement.*** – Within thirty (30) days from the
21 opening of each regular session of Congress, the Supreme Court shall submit to
22 the President and to Congress its annual accomplishment and financial report.

1 SEC. 15. ***Implementing Rules and Regulations.*** – Within six (6) months
2 from the effectivity of this Act, the Chief Justice of the Supreme Court shall, in
3 consultation with the DBM and the COA, promulgate the rules and regulations
4 necessary to carry out the intent of this Act, save for those provisions where
5 particular agencies of government are mandated to promulgate the
6 implementing rules.

7 SEC. 16. ***Separability Clause.*** – If any provision of this Act shall be held
8 unconstitutional or invalid, the other provisions not otherwise affected shall
9 remain in full force and effect.

10 SEC. 17. ***Repealing Clause.*** – Presidential Decree No. 1949 establishing
11 the Judiciary Development Fund is repealed. Section 373 of Republic Act No.
12 7160, as amended, otherwise known as the “*Local Government Code of 1991*,”
13 is deemed amended. All other laws, executive orders, rules, and regulations
14 inconsistent with or contrary to this Act, are deemed repealed or modified
15 accordingly.

16 SEC. 18. ***Effectivity Clause.*** – This Act shall take effect after fifteen (15)
17 days following its publication in the *Official Gazette* or in at least two (2)
18 newspapers of national circulation.

19 Approved,