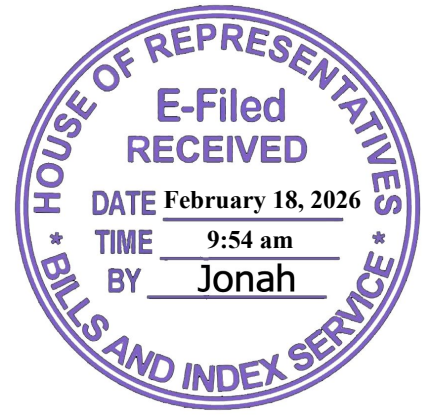


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session

House Bill No. 7841



Introduced by Representative **Eric L. Olivarez**

AN ACT
AMENDING REPUBLIC ACT NO. 10149, OTHERWISE KNOWN AS THE “GOCC
GOVERNANCE ACT OF 2011”

EXPLANATORY NOTE

Republic Act No. 10149, otherwise known as the GOCC Governance Act of 2011, was enacted to institutionalize reforms that promote transparency, accountability, and fiscal prudence among government-owned or -controlled corporations (GOCCs). However, more than a decade since its enactment, implementation experience has revealed critical gaps, ambiguities, and structural limitations that must be addressed to meet evolving governance standards and the State’s continuing public sector rationalization efforts.

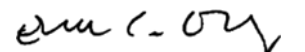
This proposed measure introduces targeted amendments to strengthen and modernize the mandate of the Governance Commission for GOCCs (GCG). It clarifies key definitions, most notably that of “GOCC”, to ensure uniform application of the law and eliminate inconsistencies across statutes. It expressly establishes restructuring mechanisms such as merger, consolidation, and regularization, thereby providing a definitive legal framework for streamlining entities whose corporate structures are no longer aligned with their mandates or whose functions are better suited to regular agency status.

The bill further enhances the regulatory and quasi-judicial authority of the GCG by empowering it to issue subpoenas, conduct investigations, impose administrative sanctions, and enforce compliance with governance standards. It strengthens accountability through improved reporting requirements, performance-based

compensation standards, and clearer rules on the terms of appointive directors. Institutional stability and independence are likewise reinforced through fixed terms, security of tenure, qualified immunity, and indemnification provisions, balanced by safeguards against abuse.

Notably, substantially similar reforms embodied in this measure were previously deliberated and approved by the Committee on Government Enterprises and Privatization during the previous Congress, reflecting institutional recognition of the urgent need to update and reinforce the governance framework for GOCCs. The present bill builds upon those prior efforts and incorporates further refinements to ensure responsiveness to current governance challenges.

In sum, this proposed legislation represents a decisive reform to ensure a disciplined, coherent, and accountable GOCC sector. By reinforcing oversight, rationalizing structures, and aligning corporate governance with contemporary public sector reforms, it safeguards public assets and strengthens fiscal responsibility. Its passage will affirm the State's unwavering commitment to good governance and ensure that GOCCs operate efficiently, transparently, and strictly in the service of the national interest.


ERIC L. OLIVAREZ

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AN ACT
AMENDING REPUBLIC ACT NO. 10149, OTHERWISE KNOWN AS THE “GOCC
GOVERNANCE ACT OF 2011”

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

SECTION 1. Section 3 of Republic Act No. 10149 is hereby amended with the addition of new paragraphs (h), (q), and (y) and the amendment of paragraph (o), with the other terms consequently re-lettered, to read as follows:

“SEC. 3. Definition of Terms. —

X X X

(H) CONSOLIDATION REFERS TO THE UNION OF TWO OR MORE EXISTING GOCCS TO FORM A CONSOLIDATED GOCC. IT IS A COMBINATION OF TWO OR MORE GOCCS BY WHICH THEIR RIGHTS, FRANCHISES, AND PROPERTY ARE COMBINED AND BECOME THOSE OF A SINGLE, NEW GOCC.”

X X X

~~[(e)]~~ (P) Government-Owned or -Controlled Corporation (GOCC) refers to any agency organized as a stock or nonstock corporation, vested with functions relating to public needs, whether governmental or proprietary in nature, and owned **OR CONTROLLED** by the Government of the Republic of the Philippines directly or through its instrumentalities either wholly or, where applicable as in the case of stock corporations, to the extent of at least a majority of its outstanding capital stock **OR, IN THE CASE OF NONSTOCK CORPORATIONS, AT LEAST A MAJORITY OF THE MEMBERS OF THE BOARD ARE GOVERNMENT OFFICIALS OR HAVE BEEN SELECTED WITH THE SUBSTANTIAL PARTICIPATION OF THE GOVERNMENT:** *Provided, however, That* ~~[for purposes of this Act,]~~ the term “GOCC” shall include GICP/GCE and GFI as defined herein~~[-]~~: **PROVIDED, FURTHER, THAT THE DEFINITION HEREIN SHALL SUPERSEDE ALL OTHER**

1 DEFINITIONS OF "GOCC" UNDER EXISTING LAWS, SUCH AS,
2 BUT NOT LIMITED TO, THE DEFINITION OF "GOCC" PROVIDED
3 UNDER SECTION 2(B) OF REPUBLIC ACT NO. 7656, AN ACT
4 *REQUIRING GOVERNMENT-OWNED OR -CONTROLLED*
5 *CORPORATIONS TO DECLARE DIVIDENDS UNDER CERTAIN*
6 *CONDITIONS TO THE NATIONAL GOVERNMENT, AND FOR*
7 *OTHER PURPOSES.*

8
9 x x x

10
11 (Q) *MERGER* REFERS TO A UNION WHEREBY ONE GOCC
12 ABSORBS ONE OR MORE EXISTING GOCCS, AND THE
13 ABSORBING GOCC CONTINUES THE COMBINED FRANCHISE,
14 MANDATE, AND BUSINESS.

15
16 x x x

17
18 (Y) *REGULARIZATION* REFERS TO THE CONVERSION OR
19 INTEGRATION OF AN EXISTING GOCC TO A REGULAR AGENCY
20 OF THE GOVERNMENT, BECAUSE ITS CORPORATE FORM IS NO
21 LONGER RELEVANT FOR ITS CURRENT OPERATIONS. THIS
22 SHALL APPLY IN THE CASE OF GOCCS WHICH ARE NOT
23 UNDERTAKING PROPRIETARY OR BUSINESS-TYPE
24 OPERATIONS BUT FUNCTIONS AS REGULATOR, PROVIDES
25 TECHNICAL ASSISTANCE, AND CONDUCTS RESEARCH, WHERE
26 MINIMAL OR NO INCOME IS DERIVED."

27
28 x x x

29
30 **SECTION 2.** Section 4 of Republic Act No. 10149 is hereby amended to read as
31 follows:

32
33 "SEC. 4. *Coverage.* — This Act shall be applicable to all GOCCs,
34 GICPs/GCEs, and government financial institutions, including their
35 subsidiaries, but excluding the Bangko Sentral ng Pilipinas, state
36 universities and colleges, cooperatives, local water districts,
37 **GOVERNMENT HOSPITALS**, economic zone authorities and research
38 institutions: *Provided*, That in economic zone authorities and research
39 institutions, the President shall appoint one-third (1/3) of the board
40 members from the list submitted by the GCG."

41
42 **SECTION 3.** Section 5 of Republic Act No. 10149 is hereby amended with the addition
43 of new paragraphs (m), (n), (o), (p), (q), (r), (s), and (t), and the amendment of
44 paragraphs (a), (b), and (k), to read as follows:

45
46 "SEC. 5. *Creation of the Governance Commission for Government-*
47 *Owned or-Controlled Corporations.* — x x x The GCG shall have the
48 following powers and functions:
49

(a) Evaluate the performance and determine the relevance of the GOCC, to ascertain whether such GOCC should be reorganized, merged, **CONSOLIDATED**, streamlined, **REGULARIZED**, abolished, or privatized, in consultation with the department or agency to which a GOCC is attached. For this purpose, the GCG shall be guided by any of the following standards:

x x x

Upon determination by the GCG that it is to the best interest of the State that a GOCC should be reorganized, merged, **CONSOLIDATED**, streamlined, **REGULARIZED**, abolished, or privatized, it shall:

(i) Implement the reorganization [, ~~merger~~] or streamlining of the GOCC [~~unless otherwise directed by the President; or~~];

(ii) Recommend to the President the abolition, **MERGER, CONSOLIDATION, REGULARIZATION**, or privatization of the GOCC, and upon the approval of the President, implement such abolition, **MERGER, CONSOLIDATION, REGULARIZATION**, or privatization, unless the President designates another agency to implement such abolition, **MERGER, CONSOLIDATION, REGULARIZATION**, or privatization[-]:

PROVIDED, HOWEVER, THAT IN CASE OF ABOLITION OF GOCCS WHERE THERE IS A LACK OF QUORUM IN THE BOARD OF DIRECTORS/TRUSTEES IN ORDER TO IMPLEMENT IN ITS ENTIRETY THE LIQUIDATION OF THE GOCC, THE GCG SHALL IMPLEMENT SUCH ACTIONS AS MAY BE NECESSARY TO COMPLETE THE ABOLITION, SUCH AS, BUT NOT LIMITED TO, THE APPOINTMENT OF A TRUSTEE, OR ENLISTING THE ASSISTANCE OF ANOTHER GOVERNMENT AGENCY:

PROVIDED, FURTHER, THE MERGER OR CONSOLIDATION MAY COVER GOCCS, WHETHER CHARTERED OR NONCHARTERED, AND SHALL BE EITHER OF THE FOLLOWING RESTRUCTURING MODES TO BE DEFINED BY THE GCG:

(A) DE JURE MERGER REFERS TO THE PROCESS WHEREBY ONE OR MORE EXISTING GOCC/S ARE ABSORBED BY ANOTHER GOCC WHICH CONTINUES THE COMBINED FRANCHISE, MANDATE, AND BUSINESSES OF THE ABSORBED GOCCS; AND

(B) DE FACTO MERGER REFERS TO THE PROCESS WHEREBY ALL OR SUBSTANTIALLY ALL THE ASSETS AND BUSINESS ENTERPRISE OF AN EXISTING GOCC ARE TRANSFERRED TO ANOTHER GOCC, WHICH

CONTINUES THE PURPOSE, FUNCTIONS, AND
PROGRAMS OF THE TRANSFERRING GOCC.

PROVIDED, FINALLY, THAT IN THE IMPLEMENTATION OF ABOLITION OF GOCCS, WHEN THE INTEREST OF THE GOCC SO REQUIRES, THE GCG SHALL HAVE THE EXCLUSIVE POWER TO CONDONE, COMPROMISE, OR RELEASE, IN WHOLE OR IN PART, ANY SETTLED CLAIM OR LIABILITY OF ANY GOCC IN AN AMOUNT NOT EXCEEDING TEN MILLION PESOS (P10,000,000.00), SUBJECT TO THE REVIEW AND POST-AUDIT OF THE COMMISSION ON AUDIT. IN CASE THE CLAIM OR LIABILITY EXCEEDS TEN MILLION PESOS (P10,000,000.00), THE GCG SHALL SUBMIT THE APPLICATION FOR RELIEF WITH ITS RECOMMENDATIONS, TO THE COMMISSION ON AUDIT.

(III) DESIGN, PLAN, AND IMPLEMENT A SEPARATION INCENTIVE PAY ("SIP") AND/OR EARLY RETIREMENT INCENTIVE PAY ("ERIP"), IF NECESSARY, FOR AFFECTED EMPLOYEES AND OFFICERS OF A GOCC, WHICH IS EITHER REORGANIZED, STREAMLINED, MERGED, CONSOLIDATED, REGULARIZED, ABOLISHED, OR PRIVATIZED.

THE GCG SHALL ISSUE THE NECESSARY GUIDELINES THEREFOR, SUBJECT TO THE APPROVAL OF THE PRESIDENT.

(b) ~~Classify GOCCs [into: (1) Developmental/Social Corporations; (2) Proprietary Commercial Corporations; (3) Government Financial, Investment and Trust Institutions; (4) Corporations with Regulatory Functions; and (5) Others as may be classified by the GCG, without prejudice to further sub-classifications in each category and/or any other classification]~~ based on parameters as it may find relevant or material ~~[such as, but not limited to],~~ **INCLUDING** industry type. **CLASSIFICATION HEREIN SHALL INCLUDE THE DETERMINATION OF WHETHER OR NOT EXISTING GOCCS ARE EXCLUDED FROM THE COVERAGE OF R.A. NO. 10149, UPON EVALUATION OF THE ENTITIES' CHARTER, MANDATE, OR PRIMARY PURPOSES, AS APPLICABLE. THIS SHALL INCLUDE THE DETERMINATION OF WHETHER OR NOT EXISTING ENTITIES ARE CONSIDERED GOCCS, WITHIN THE COVERAGE OF THIS ACT. UPON SUCH DETERMINATION, THE GCG SHALL PROCEED TO ASCERTAIN WHETHER SUCH ENTITIES ARE WITHIN THE REGULATORY JURISDICTION OF THE GCG.** The classification shall guide the GCG in exercising its powers and functions as provided herein;

x x x

(k) Prepare ~~[a semi-annual progress report to be submitted to the President and the Congress. In its report, the GCG will provide its performance assessment of the GOCCs and recommend clear and specific actions. Within one hundred twenty (120) days from the close of the year, the GCG shall prepare]~~ an annual report on the performance of the GOCCs and **RECOMMEND CLEAR AND SPECIFIC ACTIONS, AND** submit it to the President and the Congress; ~~[and]~~

x x x

(M) ISSUE SUBPOENA DUCES TECUM AND ORDER THE EXAMINATION OF ALL DOCUMENTS, PAPERS, FILES AND RECORDS, TAX RETURNS, AND BOOKS OF ACCOUNTS OF ANY GOCC OR PERSON WHO MAY HAVE CUSTODY OF THE SAME, AS MAY BE NECESSARY FOR THE PROPER IMPLEMENTATION OF THIS ACT, AS DETERMINED BY GCG.

TO ISSUE SUBPOENA TO SUMMON AND COMPEL WITNESSES TO APPEAR AND TESTIFY UNDER OATH BEFORE THE COMMISSION;

(N) CITE ANY PERSON FOR CONTEMPT OF THE COMMISSION, BOTH DIRECT AND INDIRECT, IN ACCORDANCE WITH THE PERTINENT PROVISIONS OF, AND PENALTIES PRESCRIBED, BY THE RULES OF COURT, FOR VIOLATION OF SECTION 5(M) OF THIS ACT, OR NONCOMPLIANCE WITH ANY LAWFUL ORDER ISSUED BY THE COMMISSION;

(O) INVESTIGATE ANY MALFEASANCE, MISFEASANCE, OR NONFEASANCE IN OFFICE ALLEGEDLY COMMITTED BY THE MEMBERS OF THE GOVERNING BOARD OF THE GOCC, AND REFER THE SAME TO THE OFFICE OF THE OMBUDSMAN AND OTHER PROPER GOVERNMENT OFFICE FOR APPROPRIATE ACTION;

(P) AFTER PRELIMINARY INQUIRY, REFER ANY MALFEASANCE, MISFEASANCE, OR NONFEASANCE ALLEGEDLY COMMITTED BY THE SENIOR OFFICERS OF THE GOCC TO THE PROPER BODY FOR APPROPRIATE ACTION;

(Q) DIRECT GOCCS AND ITS OFFICERS TO REGULARLY SUBMIT TO THE COMMISSION AN UPDATED INVENTORY OF ITS REAL PROPERTIES, AS WELL AS SHAREHOLDINGS IN PRIVATE OR OTHER GOVERNMENT CORPORATIONS;

(R) CONDUCT ADMINISTRATIVE PROCEEDINGS, IMPOSE SANCTIONS, FINES OR PENALTIES FOR ANY NONCOMPLIANCE WITH OR BREACH OF THIS ACT AND ITS IMPLEMENTING RULES AND REGULATIONS (IRR) AND PUNISH FOR CONTEMPT;

1 (S) COLLECT AND CHARGE FEES TO MEET CONTINGENCIES,
2 OBLIGATIONS, AND UNDERTAKINGS NECESSARY TO MAINTAIN
3 AND PROMOTE SERVICE EFFICIENCY. SPECIFICALLY, THE
4 COMMISSION MAY CHARGE FEES FOR:

- 5
6 (I) THE EXERCISE OF ITS QUASI-JUDICIAL FUNCTIONS;
7 (II) VALIDATION OF PERFORMANCE SCORECARDS, AND
8 GOVERNANCE RECORDS;
9 (III) CORPORATE GOVERNANCE TRAINING, SEMINARS,
10 AND WORKSHOPS; AND
11 (IV) OTHER CORPORATE GOVERNANCE-RELATED
12 MATTERS.

13
14 FOR THIS PURPOSE, THE GCG SHALL PRESCRIBE STANDARD
15 AND REASONABLE RATES FOR THE FOREGOING SERVICES.

16
17 THESE FEES SHALL ACCRUE TO A SPECIAL FUND OF THE GCG,
18 AND SHALL BE DEPOSITED IN AN AUTHORIZED GOVERNMENT
19 DEPOSITORY AS A TRUST LIABILITY AND SHALL BE MADE
20 AVAILABLE FOR EXPENDITURES WITHOUT THE NEED FOR A
21 CASH DISBURSEMENT CEILING, FOR PURPOSES OF
22 UPGRADING FACILITIES AND EQUIPMENT, GRANTING OF
23 EMPLOYEES' INCENTIVE PAY AND OTHER BENEFITS, AND
24 DEFRAYING SUCH OTHER INCENTIVE EXPENSES NOT
25 PROVIDED FOR IN THE GENERAL APPROPRIATIONS ACT AS
26 MAY BE DETERMINED BY THE CHAIRPERSON: PROVIDED, THAT,
27 THE DISBURSEMENT OF SAID FUNDS SHALL BE SUBJECT TO
28 EXISTING AUDITING LAWS, RULES, AND REGULATIONS AS
29 PRESCRIBED BY THE COMMISSION ON AUDIT (COA).

30
31 (T) EXERCISE SUCH OTHER POWERS AS MAY BE PROVIDED BY
32 LAW, AS WELL AS THOSE WHICH MAY BE IMPLIED FROM, OR
33 WHICH ARE NECESSARY OR INCIDENTAL TO, THE CARRYING
34 OUT OF THE EXPRESS POWERS GRANTED TO THE COMMISSION
35 TO ACHIEVE THE OBJECTIVES AND PURPOSES OF THIS ACT.

36
37 In the performance of its functions under subsections (a), (c), (e), (f),
38 (g), (h) and (l) herein and in any other review or evaluation of a GOCC
39 that the GCG may conduct, the GCG shall engage the participation of
40 the Secretary or highest ranking official of the relevant agency or
41 department, as the case may be."

42
43 **SECTION 4.** Section 6 of Republic Act No. 10149 is hereby amended to read as
44 follows:

45
46 **"SEC. 6. Composition of the GCG.** — The GCG shall be composed of
47 five (5) members. The [Chairman] **CHAIRPERSON** with the rank of
48 Cabinet Secretary and two (2) members with the rank of Undersecretary
49 shall be appointed by the President. The Secretaries of the Department

1 of Budget and Management and the Department of Finance shall sit
2 as *ex officio* members.

3
4 **THE CHAIRPERSON AND THE COMMISSIONERS SHALL BE**
5 **CITIZENS AND RESIDENTS OF THE PHILIPPINES, OF GOOD**
6 **MORAL CHARACTER, OF RECOGNIZED PROBITY AND**
7 **INDEPENDENCE, AND MUST HAVE DISTINGUISHED**
8 **THEMSELVES PROFESSIONALLY IN PUBLIC, CIVIC, OR**
9 **ACADEMIC SERVICE IN ANY OF THE FOLLOWING FIELDS: LAW,**
10 **PUBLIC ADMINISTRATION, ACCOUNTING, FINANCE,**
11 **MANAGEMENT, OR ECONOMICS. THEY MUST HAVE BEEN IN THE**
12 **PRACTICE OF THEIR PROFESSIONS FOR AT LEAST TEN (10)**
13 **YEARS.**

14
15 **THE TERM OF OFFICE OF THE CHAIRPERSON AND THE**
16 **COMMISSIONERS SHALL BE SEVEN (7) YEARS WITHOUT**
17 **REAPPOINTMENT. OF THE FIRST SET OF APPOINTEES, THE**
18 **CHAIRPERSON SHALL HOLD OFFICE FOR SEVEN (7) YEARS AND**
19 **OF THE FIRST TWO (2) COMMISSIONERS, ONE (1) SHALL HOLD**
20 **OFFICE FOR A TERM OF FIVE (5) YEARS AND THE OTHER FOR A**
21 **TERM OF THREE (3) YEARS. IN CASE A VACANCY OCCURS**
22 **BEFORE THE EXPIRATION OF THE TERM OF OFFICE, THE**
23 **APPOINTMENT TO SUCH VACANCY SHALL ONLY BE FOR THE**
24 **UNEXPIRED TERM OF THE PREDECESSOR.**

25
26 **THE CHAIRPERSON AND THE COMMISSIONERS SHALL HAVE**
27 **SECURITY OF TENURE AND SHALL NOT BE SUSPENDED OR**
28 **REMOVED FROM OFFICE EXCEPT FOR JUST CAUSE, AS**
29 **PROVIDED BY LAW.”**

30
31 **SECTION 5.** A new subsection to Section 6, denominated as Section 6.1, is hereby
32 inserted to read as follows:

33
34 **“SEC. 6.1. EXECUTIVE DIRECTOR OF THE COMMISSION. - AN**
35 **EXECUTIVE DIRECTOR, WITH A RANK EQUIVALENT TO AN**
36 **ASSISTANT SECRETARY, SHALL BE APPOINTED BY THE**
37 **PRESIDENT OF THE PHILIPPINES UPON RECOMMENDATION BY**
38 **THE CHAIRPERSON: PROVIDED, THAT NO PERSON SHALL BE**
39 **APPOINTED AS EXECUTIVE DIRECTOR UNLESS A HOLDER OF A**
40 **DEGREE IN ANY OF THE FOLLOWING FIELDS: ECONOMICS,**
41 **BUSINESS, PUBLIC ADMINISTRATION, LAW, MANAGEMENT OR**
42 **THEIR EQUIVALENT AND HAS AT LEAST TEN (10) YEARS**
43 **RELEVANT EXPERIENCE IN CORPORATE GOVERNANCE:**
44 **PROVIDED, FURTHER, THAT PRIOR TO APPOINTMENT, THE**
45 **CANDIDATE HAS THE REQUISITE ELIGIBILITIES FOR THIRD**
46 **LEVEL CAREER SERVICE POSITION PURSUANT TO THE CAREER**
47 **EXECUTIVE RANK SYSTEM.¹**
48

¹ Section 47, Chapter 10, Book IV, Executive Order No. 292.

1 THE EXECUTIVE DIRECTOR SHALL ASSIST THE COMMISSION IN
2 CARRYING OUT THE FUNCTIONS OF THE GCG AND SHALL HAVE
3 THE FOLLOWING DUTIES AND FUNCTIONS:

- 4
- 5 A. TO IMPLEMENT POLICIES, STANDARDS, RULES, AND
6 REGULATIONS PROMULGATED BY THE COMMISSION;
7
- 8 B. TO EXERCISE GENERAL SUPERVISION OVER THE DAY-
9 TO-DAY OPERATIONS OF THE GCG, UNDER THE
10 DIRECTION OF THE CHAIRPERSON;
11
- 12 C. TO REPRESENT THE GCG IN OFFICIAL FUNCTIONS WHICH
13 THE CHAIRPERSON AND THE OTHER COMMISSIONERS
14 MAY NOT BE ABLE TO ATTEND; AND
15
- 16 D. TO EXERCISE SUCH OTHER DUTIES AND FUNCTIONS AS
17 MAY BE DELEGATED BY THE CHAIRPERSON AND THE
18 COMMISSIONERS.”
19

20 **SECTION 6.** A new subsection to Section 6, denominated as Section 6.2, is hereby
21 inserted to read as follows:
22

23 **“SEC. 6.2. ORGANIZATIONAL STRUCTURE OF THE GCG. — THE**
24 **GCG SHALL BE COMPOSED OF SUCH BUREAUS, OFFICES, AND**
25 **FUNCTIONAL UNITS AS MAY BE NECESSARY TO CARRY OUT ITS**
26 **MANDATE, SUBJECT TO PERIODIC REVIEW AND**
27 **RATIONALIZATION.**
28

29 **INITIALLY, THE GCG SHALL BE COMPOSED OF THE FOLLOWING**
30 **BUREAUS, EACH OF WHICH SHALL BE HEADED BY A DIRECTOR**
31 **AND ASSISTED BY AN ASSISTANT DIRECTOR:**
32

- 33 A. THE CORPORATE STANDARDS BUREAU;
34 B. THE CORPORATE GOVERNANCE BUREAU A;
35 C. THE CORPORATE GOVERNANCE BUREAU B;
36 D. THE CORPORATE GOVERNANCE BUREAU C;
37 E. THE LEGAL AFFAIRS BUREAU;
38 F. THE ADMINISTRATIVE AND FINANCE BUREAU;
39 G. THE DISPOSITION AND ASSETS MANAGEMENT BUREAU;
40 H. THE STRATEGY AND MANAGEMENT BUREAU;
41 I. THE INFORMATION AND COMMUNICATIONS TECHNOLOGY
42 BUREAU; AND
43 J. THE OPERATIONS AND COMPENSATION STANDARDS
44 BUREAU.”
45

46 **SECTION 7.** A new Section denominated as Section 6-A is hereby inserted to read as
47 follows:
48

49 **“SEC. 6-A. QUALIFIED IMMUNITY. — THE CHAIRPERSON, THE**
50 **COMMISSIONERS, OFFICERS, AND EMPLOYEES OF THE**

1 COMMISSION SHALL NOT BE SUBJECT TO ANY ACTION, CLAIM,
2 OR DEMAND, IN CONNECTION WITH ANY ACT DONE OR
3 OMITTED IN THE PERFORMANCE OF DUTIES AND EXERCISE OF
4 POWERS, EXCEPT FOR ACTIONS AND OMISSIONS DONE IN
5 EVIDENT BAD FAITH OR GROSS NEGLIGENCE.”
6

7 **SECTION 8.** A new Section denominated as Section 6-B is hereby inserted to read as
8 follows:
9

10 “**SEC. 6-B. INDEMNITY.** — UNLESS THE ACTIONS OF THE
11 COMMISSION OR ITS CHAIRPERSON, ANY OF ITS
12 COMMISSIONERS, OFFICERS, OR EMPLOYEES ARE FOUND TO
13 BE IN WILLFUL VIOLATION OF THIS ACT, PERFORMED WITH
14 EVIDENT BAD FAITH OR GROSS NEGLIGENCE, THE
15 COMMISSION, ITS CHAIRPERSON, APPOINTIVE
16 COMMISSIONERS, OFFICERS, AND EMPLOYEES ARE HELD
17 FREE AND HARMLESS TO THE FULLEST EXTENT PERMITTED BY
18 LAW FROM ANY LIABILITY, AND THEY SHALL BE INDEMNIFIED
19 FOR ANY AND ALL LIABILITIES, LOSSES, CLAIMS, DEMANDS,
20 DAMAGES, DEFICIENCIES, COSTS, AND EXPENSES OF
21 WHATSOEVER KIND AND NATURE THAT MAY ARISE IN
22 CONNECTION WITH THE EXERCISE OF THEIR POWERS AND IN
23 THE PERFORMANCE OF THEIR DUTIES AND FUNCTIONS.
24

25 THE COMMISSION SHALL UNDERWRITE OR ADVANCE
26 LITIGATION COSTS AND EXPENSES, INCLUDING LEGAL FEES
27 AND OTHER EXPENSES OF EXTERNAL COUNSEL, OR PROVIDE
28 LEGAL ASSISTANCE TO ITS CHAIRPERSON, COMMISSIONERS,
29 OFFICERS, AND EMPLOYEES IN CONNECTION WITH ANY CIVIL,
30 CRIMINAL, ADMINISTRATIVE OR ANY OTHER ACTION OR
31 PROCEEDING, TO WHICH THEY ARE MADE A PARTY BY REASON
32 OF, OR IN CONNECTION WITH, THE EXERCISE OF THEIR
33 AUTHORITY OR THE PERFORMANCE OF THEIR DUTIES AND
34 FUNCTIONS UNDER THIS ACT: *PROVIDED*, THAT SUCH LEGAL
35 PROTECTION SHALL NOT APPLY TO ANY CIVIL, CRIMINAL,
36 ADMINISTRATIVE, OR ANY ACTION OR PROCEEDING THAT MAY
37 BE INITIATED BY THE COMMISSION, AGAINST SUCH
38 CHAIRPERSON, COMMISSIONERS, OFFICERS, AND
39 EMPLOYEES: *PROVIDED, FURTHER*, THAT THE CHAIRPERSON,
40 COMMISSIONERS, OFFICERS, AND EMPLOYEES WHO SHALL
41 RESIGN, RETIRE, TRANSFER TO ANOTHER AGENCY OR BE
42 SEPARATED FROM THE SERVICE, SHALL CONTINUE TO BE
43 PROVIDED WITH SUCH LEGAL PROTECTION IN CONNECTION
44 WITH ANY ACT DONE OR OMITTED TO BE DONE BY THEM IN
45 GOOD FAITH DURING THEIR TENURE OR EMPLOYMENT WITH
46 THE COMMISSION: *PROVIDED, FINALLY*, THAT IN THE EVENT OF
47 A SETTLEMENT OR COMPROMISE, INDEMNIFICATION SHALL BE
48 PROVIDED ONLY IN CONNECTION WITH SUCH MATTERS
49 COVERED BY THE SETTLEMENT AS TO WHICH THE
50 COMMISSION IS ADVISED BY COUNSEL THAT THE PERSONS TO

1 BE INDEMNIFIED DID NOT COMMIT ANY NEGLIGENCE OR
2 MISCONDUCT.

3
4 THE COSTS AND EXPENSES INCURRED IN DEFENDING THE
5 AFOREMENTIONED ACTION, SUIT, OR PROCEEDING MAY BE
6 PAID BY THE COMMISSION IN ADVANCE OF THE FINAL
7 DISPOSITION OF SUCH ACTION, SUIT, OR PROCEEDING UPON
8 RECEIPT OF AN UNDERTAKING BY OR ON BEHALF OF THE
9 CHAIRPERSON, COMMISSIONER, OFFICER, AND EMPLOYEE TO
10 REPAY THE AMOUNT ADVANCED SHOULD IT ULTIMATELY BE
11 DETERMINED BY THE COMMISSION THAT ONE IS NOT ENTITLED
12 TO BE INDEMNIFIED AS PROVIDED IN THIS SECTION.”

13
14 **SECTION 9.** A new Section denominated as Section 6-C is hereby inserted to read as
15 follows:

16
17 **“SEC. 6-C. COMPENSATION AND OTHER EMOLUMENTS FOR**
18 **MEMBERS AND PERSONNEL OF THE COMMISSION. — ALL**
19 **POSITIONS OF THE GCG SHALL BE GOVERNED BY A**
20 **COMPENSATION AND POSITION CLASSIFICATION SYSTEM**
21 **APPROVED BY THE PRESIDENT OF THE PHILIPPINES, BUT**
22 **WHICH SHALL HAVE SALARY SCHEDULES, ALLOWANCES,**
23 **BENEFITS, AND INCENTIVES NOT LESS THAN THOSE**
24 **APPLICABLE TO CIVILIAN GOVERNMENT PERSONNEL IN**
25 **GENERAL. THE COMPENSATION PLAN SHALL BE SUBJECT TO**
26 **PERIODIC REVIEW BY THE DEPARTMENT OF BUDGET AND**
27 **MANAGEMENT NO MORE THAN ONCE EVERY TWO (2) YEARS,**
28 **WITHOUT PREJUDICE TO YEARLY INCREASES BASED ON**
29 **PRODUCTIVITY AND EFFICIENCY OF THE AGENCY. THE SYSTEM**
30 **SHALL CONFORM AS CLOSELY AS POSSIBLE WITH THE**
31 **PRINCIPLES UNDER THE COMPENSATION AND POSITION**
32 **CLASSIFICATION ACT OF 1989 (REPUBLIC ACT NO. 6758, AS**
33 **AMENDED).”**

34
35 **SECTION 10.** Section 7 of Republic Act No. 10149 is hereby amended to read as
36 follows:

37
38 **“SEC. 7. Powers and Functions of the ~~[Chairman]~~ CHAIRPERSON. —**
39 **The ~~[management of the GCG shall be vested in the Chairman who]~~**
40 **CHAIRPERSON shall have the following powers and duties:**

- 41
42 (a) Preside over the meetings of the GCG;
43
44 (b) Direct and manage the day-to-day affairs and business of the
45 GCG;
46
47 (c) **DETERMINE** ~~[With the approval of the GCG, determine]~~ the
48 staffing pattern and the number of personnel of the GCG and
49 define their duties and responsibilities;
50

(d) **APPOINT**, ~~[With the approval of the GCG, to appoint,]~~ remove, suspend, or otherwise discipline for cause, any **DIRECTOR, OFFICER, OR** employee of the GCG; and

(e) Perform such other duties as may be delegated or assigned ~~[to him]~~ by the GCG from time to time.”

SECTION 11. Section 17 of Republic Act No. 10149 is hereby amended to read as follows:

“SEC. 17. Term of Office. — Any provision in the charters of each GOCC to the contrary notwithstanding, the term of office of each Appointive Director shall be for ~~[one (1) year]~~ **TWO (2) YEARS**, unless sooner removed for cause: *Provided, however,* That the Appointive Director shall continue to hold office until the successor is appointed. An Appointive Director may be nominated by the GCG for reappointment by the President only if one obtains a performance score of above average or its equivalent or higher in the immediately preceding year of tenure as Appointive Director based on the performance criteria for Appointive Directors for the GOCC.

Appointment to any vacancy shall be ~~[only for the unexpired term of the predecessor]~~ **FOR A TERM OF TWO (2) YEARS FROM THE DATE OF APPOINTMENT**. The appointment of a director to fill such vacancy shall be in accordance with the manner provided in Section 15 of this Act.

~~[Any provision of law to the contrary notwithstanding, all incumbent CEOs and appointive members of the Board of GOCCs shall, upon approval of this Act, have a term of office until June 30, 2011, unless sooner replaced by the President: *Provided, however,* That the incumbent CEOs and appointive members of the Board shall continue in office until the successor have been appointed by the President.]”~~

SECTION 12. Section 23 of Republic Act No. 10149 is hereby amended to read as follows:

“SEC. 23. Limits to Compensation, per Diems, Allowances, and Incentives. — The charter of each of the GOCCs to the contrary notwithstanding, the compensation, *per diems*, allowances, and incentives of the members of the Board of Directors/Trustees of the GOCCs shall be determined by the GCG ~~[using as a reference, among others, Executive Order No. 24 dated February 10, 2011],~~ **SUBJECT TO THE APPROVAL OF THE PRESIDENT: *Provided, however,* That Directors/Trustees shall not be entitled to retirement benefits as such directors/trustees[-]: *PROVIDED, FURTHER, THAT SUCH COMPENSATION SHALL BE SUBJECT TO PERIODIC REVIEW: PROVIDED, FINALLY, THAT THE COMPENSATION, PER DIEMS, ALLOWANCES, AND INCENTIVES MUST HAVE THE FOLLOWING CHARACTERISTICS:***

- 1
2 1. JUST AND EQUITABLE IN ACCORDANCE WITH THE
3 PRINCIPLE OF EQUAL PAY FOR WORK OF EQUAL
4 VALUE;
- 5
6 2. GENERALLY COMPARABLE WITH THE PRIVATE
7 SECTOR DOING COMPARABLE WORK IN ORDER TO
8 ATTRACT, RETAIN, AND MOTIVATE A CORPS OF
9 COMPETENT MEMBERS OF THE BOARD OF DIRECTORS
10 OR TRUSTEES;
- 11
12 3. PERFORMANCE-BASED WITH DUE CONSIDERATION TO
13 INDIVIDUAL AND ORGANIZATIONAL, DEVELOPMENTAL,
14 AND REGULATORY PERFORMANCE, WHERE
15 APPLICABLE; AND
- 16
17 4. FAIR, REASONABLE, AND IN CONSIDERATION OF
18 FISCAL REALITIES, SUCH AS THE AVAILABILITY OF
19 FUNDS AND THE FINANCIAL CAPABILITY OF THE
20 ORGANIZATION.

21
22 In case of GOCCs organized solely for the promotion of social welfare
23 and the common good without regard to profit, the total yearly *per diems*
24 and incentives in the aggregate which the members of the Board of
25 such GOCCs may receive shall be determined by the President upon
26 the recommendation of the GCG based on the achievement by such
27 GOCC of its performance targets.”

28
29 **SECTION 13.** A new Section denominated as Section 30 is hereby inserted, and the
30 subsequent sections consequently renumbered, to read as follows:

31
32 **“SEC. 30. PARTIAL USE OF INCOME. — TO CARRY OUT THE**
33 **PURPOSES OF THIS ACT, THE GCG IS HEREBY AUTHORIZED, IN**
34 **ADDITION TO ITS ANNUAL BUDGET, TO RETAIN AND UTILIZE AN**
35 **AMOUNT EQUAL TO ONE HUNDRED MILLION PESOS**
36 **(P100,000,000.00) FROM ITS INCOME.”**

37
38 **SECTION 14.** A new Section denominated as Section 31 is hereby inserted, and the
39 subsequent sections consequently renumbered, to read as follows:

40
41 **“SEC. 31. REORGANIZATION. — TO ACHIEVE THE GOALS OF**
42 **THIS ACT, CONSISTENT WITH THE CIVIL SERVICE LAWS, THE**
43 **COMMISSION SHALL BE AUTHORIZED TO ARRANGE FOR ITS**
44 **REORGANIZATION, TO STREAMLINE ITS STRUCTURE AND**
45 **OPERATIONS, UPGRADE ITS HUMAN RESOURCE COMPONENT,**
46 **CREATE OR ABOLISH ORGANIZATIONAL DIVISIONS, UNITS OR**
47 **BRANCHES, AND CREATE REGIONAL OFFICES.”**

48
49 **SECTION 15.** A new Section denominated as Section 32 is hereby inserted, and the
50 subsequent sections consequently renumbered, to read as follows:

1
2 **“SEC. 32. PENALTIES. — ANY PERSON WHO WILLFULLY**
3 **OBSTRUCTS OR HINDERS THE PROPER EXERCISE OF THE**
4 **FUNCTIONS OF THE COMMISSION OR WILLFULLY MISLEADS OR**
5 **ATTEMPTS TO MISLEAD THE COMMISSION OR ANY OF ITS**
6 **OFFICERS IN REPLYING TO INQUIRIES, SHALL BE IMPOSED A**
7 **FINE OF NOT LESS THAN FIFTY THOUSAND PESOS (P50,000.00)**
8 **UP TO TWO MILLION PESOS (P2,000,000.00).**

9
10 **LIKEWISE, ANY PERSON WHO, ACTUATED BY MALICE OR**
11 **GROSS BAD FAITH, FILES A COMPLETELY UNWARRANTED OR**
12 **FALSE COMPLAINT WITH THE COMMISSION, SHALL BE**
13 **IMPOSED A SIMILAR FINE NOT LESS THAN FIFTY THOUSAND**
14 **PESOS (P50,000.00) UP TO TWO MILLION PESOS (P2,000,000.00).”**

15
16 **SECTION 16.** A new Section denominated as Section 33 is hereby inserted, and the
17 subsequent sections consequently renumbered, to read as follows:

18
19 **“SEC. 33. IMPLEMENTING RULES AND REGULATIONS. — WITHIN**
20 **ONE HUNDREDY EIGHTY (180) DAYS FROM THE EFFECTIVITY OF**
21 **THIS ACT, THE COMMISSION SHALL PROMULGATE THE**
22 **NECESSARY IMPLEMENTING RULES AND REGULATIONS FOR**
23 **THE IMPLEMENTATION OF THIS ACT: PROVIDED, THAT THE GCG**
24 **MAY REVISE SUCH IMPLEMENTING RULES AND REGULATIONS**
25 **AS IT DEEMS NECESSARY: PROVIDED, HOWEVER, THAT SUCH**
26 **REVISED IMPLEMENTING RULES AND REGULATIONS SHALL**
27 **ONLY TAKE EFFECT FIFTEEN (15) DAYS FOLLOWING ITS**
28 **PUBLICATION IN TWO (2) NEWSPAPERS OF GENERAL**
29 **CIRCULATION.”**

30
31 **SECTION 17. Separability Clause.** - If any provision of this Act is declared
32 unconstitutional or invalid, the other provisions not otherwise affected shall remain in
33 full force and effect.

34
35 **SECTION 18. Repealing Clause.** - All laws, decrees, executive orders, rules and
36 regulations, and other issuances or parts thereof which are inconsistent with this Act
37 are hereby repealed, amended, or modified accordingly.

38
39 **SECTION 19. Effectivity.** - This Act shall take effect fifteen (15) days after its
40 publication in at least two (2) newspapers of general circulation.

Approved,