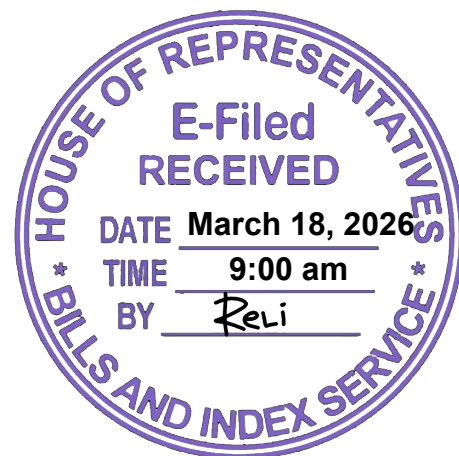




Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session

House Bill No. 8646



Introduced by Representative Ann Matibag

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 promote transparency, accountability, and financial discipline among Government-Owned or -Controlled Corporations (GOCCs). It established the Governance Commission for GOCCs (GCG) as the central oversight body mandated to ensure that GOCCs operate efficiently, remain relevant to national development objectives, and uphold sound corporate governance.

More than a decade after its enactment, experience in the implementation of the law has revealed the need to strengthen and update several provisions in order to address emerging governance challenges, clarify regulatory authority, and provide the GCG with more effective tools to rationalize the GOCC sector.

This measure seeks to amend Republic Act No. 10149 to strengthen the institutional capacity of the GCG and improve the governance framework of GOCCs.

First, the bill expands and clarifies key definitions and policy mechanisms within the law, including the concepts of merger, consolidation, and regularization of GOCCs. These reforms will enable the government to rationalize entities whose mandates overlap, whose corporate form is no longer appropriate, or whose functions are better suited within the structure of regular government agencies. By providing clear statutory authority for these restructuring mechanisms, the measure supports the efficient use of public resources and the elimination of redundant functions within government.

Second, the bill further clarifies the coverage and classification of GOCCs under the law, ensuring that entities that are effectively government-controlled fall within the regulatory jurisdiction of the GCG. At the same time, it

recognizes certain institutions—such as government hospitals—whose operational nature requires exclusion from the coverage of the Act.

Third, the measure strengthens the powers and functions of the GCG by granting it additional regulatory and quasi-judicial authorities necessary for effective oversight. These include the authority to issue subpoenas, conduct administrative proceedings, impose sanctions for noncompliance, and require the submission of information necessary for governance and accountability. These mechanisms will allow the Commission to more effectively enforce corporate governance standards and ensure compliance with national policies governing GOCC operations.

Fourth, the bill introduces reforms to improve the institutional structure and independence of the GCG. It provides clearer qualifications and fixed terms of office for the Chairperson and Commissioners, establishes the position of Executive Director, and defines the organizational structure of the Commission. These reforms are intended to professionalize the leadership of the GCG and ensure continuity in policy implementation.

Fifth, the measure provides legal protection mechanisms, such as qualified immunity and indemnification, for the officials and employees of the Commission who act in good faith in the performance of their duties. These provisions recognize the complex and sensitive nature of GOCC oversight and ensure that officials can perform their mandate without undue legal risk.

Finally, the bill introduces additional administrative and financial provisions that will enable the GCG to effectively carry out its mandate, including the authority to retain a portion of its income for operational requirements, reorganize its internal structure, and impose penalties for acts that obstruct or undermine its regulatory functions.

Through these reforms, the measure seeks to reinforce the principles of good governance, accountability, fiscal discipline, and institutional efficiency in the management of GOCCs. By strengthening the regulatory framework and empowering the Governance Commission for GOCCs, the bill ensures that government corporations remain aligned with their public mandates and contribute meaningfully to national development.

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


ANN MATIBAG
1ST DIST., LAGUNA



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

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

4
5 **“SEC. 3. Definition of Terms. —**

6
7 x x x

8
9 **(H) CONSOLIDATION REFERS TO THE UNION OF TWO OR MORE**
10 **EXISTING GOCCS TO FORM A CONSOLIDATED GOCC. IT IS A**
11 **COMBINATION OF TWO OR MORE GOCCS BY WHICH THEIR**
12 **RIGHTS, FRANCHISES, AND PROPERTY ARE COMBINED AND**
13 **BECOME THOSE OF A SINGLE, NEW GOCC.”**

14
15 x x x

16
17 **[(e)] (P) Government-Owned or -Controlled Corporation**
18 **(GOCC) refers to any agency organized as a stock or nonstock**
19 **corporation, vested with functions relating to public needs, whether**
20 **governmental or proprietary in nature, and owned OR CONTROLLED**
21 **by the Government of the Republic of the Philippines directly or**
22 **through its instrumentalities either wholly or, where applicable as in the**
23 **case of stock corporations, to the extent of at least a majority of its**

1 outstanding capital stock **OR, IN THE CASE OF NONSTOCK**
2 **CORPORATIONS, AT LEAST A MAJORITY OF THE MEMBERS OF**
3 **THE BOARD ARE GOVERNMENT OFFICIALS OR HAVE BEEN**
4 **SELECTED WITH THE SUBSTANTIAL PARTICIPATION OF THE**
5 **GOVERNMENT:** *Provided, however, That [for purposes of this Act,]*
6 *the term "GOCC" shall include GICP/GCE and GFI as defined*
7 *herein[-]:* **PROVIDED, FURTHER, THAT THE DEFINITION HEREIN**
8 **SHALL SUPERSEDE ALL OTHER DEFINITIONS OF "GOCC"**
9 **UNDER EXISTING LAWS, SUCH AS, BUT NOT LIMITED TO, THE**
10 **DEFINITION OF "GOCC" PROVIDED UNDER SECTION 2(B) OF**
11 **REPUBLIC ACT NO. 7656, AN ACT REQUIRING GOVERNMENT-**
12 **OWNED OR -CONTROLLED CORPORATIONS TO DECLARE**
13 **DIVIDENDS UNDER CERTAIN CONDITIONS TO THE NATIONAL**
14 **GOVERNMENT, AND FOR OTHER PURPOSES.**

15
16 X X X

17
18 (Q) **MERGER** REFERS TO A UNION WHEREBY ONE GOCC
19 **ABSORBS ONE OR MORE EXISTING GOCCS, AND THE**
20 **ABSORBING GOCC CONTINUES THE COMBINED FRANCHISE,**
21 **MANDATE, AND BUSINESS.**

22
23 X X X

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

34
35 X X X

36
37 **SECTION 2.** Section 4 of Republic Act No. 10149 is hereby amended to read as
38 follows:

39
40 **"SEC. 4. Coverage.** — This Act shall be applicable to all GOCCs,
41 GICPs/GCEs, and government financial institutions, including their
42 subsidiaries, but excluding the Bangko Sentral ng Pilipinas, state
43 universities and colleges, cooperatives, local water districts,
44 **GOVERNMENT HOSPITALS,** economic zone authorities and
45 research institutions: *Provided, That in economic zone authorities and*
46 *research institutions, the President shall appoint one-third (1/3) of the*
47 *board members from the list submitted by the GCG."
48*

1 **SECTION 3.** Section 5 of Republic Act No. 10149 is hereby amended with the
2 addition of new paragraphs (m), (n), (o), (p), (q), (r), (s), and (t), and the amendment
3 of paragraphs (a), (b), and (k), to read as follows:
4

5 **“SEC. 5.** *Creation of the Governance Commission for Government-*
6 *Owned or-Controlled Corporations.* — x x x The GCG shall have the
7 following powers and functions:
8

9 (a) Evaluate the performance and determine the relevance of the
10 GOCC, to ascertain whether such GOCC should be reorganized,
11 merged, **CONSOLIDATED**, streamlined, **REGULARIZED**, abolished,
12 or privatized, in consultation with the department or agency to which a
13 GOCC is attached. For this purpose, the GCG shall be guided by any
14 of the following standards:
15

16 x x x
17

18 Upon determination by the GCG that it is to the best interest of the
19 State that a GOCC should be reorganized, merged,
20 **CONSOLIDATED**, streamlined, **REGULARIZED**, abolished, or
21 privatized, it shall:
22

23 (i) Implement the reorganization [, merger] or streamlining of the
24 GOCC [~~-, unless otherwise directed by the President; or~~];
25

26 (ii) Recommend to the President the abolition, **MERGER**,
27 **CONSOLIDATION**, **REGULARIZATION**, or privatization of the
28 GOCC, and upon the approval of the President, implement such
29 abolition, **MERGER**, **CONSOLIDATION**, **REGULARIZATION**, or
30 privatization, unless the President designates another agency to
31 implement such abolition, **MERGER**, **CONSOLIDATION**,
32 **REGULARIZATION**, or privatization[-]:
33

34 **PROVIDED, HOWEVER, THAT IN CASE OF ABOLITION OF**
35 **GOCCS WHERE THERE IS A LACK OF QUORUM IN THE**
36 **BOARD OF DIRECTORS/TRUSTEES IN ORDER TO**
37 **IMPLEMENT IN ITS ENTIRETY THE LIQUIDATION OF THE**
38 **GOCC, THE GCG SHALL IMPLEMENT SUCH ACTIONS AS**
39 **MAY BE NECESSARY TO COMPLETE THE ABOLITION, SUCH**
40 **AS, BUT NOT LIMITED TO, THE APPOINTMENT OF A**
41 **TRUSTEE, OR ENLISTING THE ASSISTANCE OF ANOTHER**
42 **GOVERNMENT AGENCY:**
43

44 **PROVIDED, FURTHER, THE MERGER OR CONSOLIDATION**
45 **MAY COVER GOCCS, WHETHER CHARTERED OR**
46 **NONCHARTERED, AND SHALL BE EITHER OF THE**
47 **FOLLOWING RESTRUCTURING MODES TO BE DEFINED BY**
48 **THE GCG:**
49

1 (A) *DE JURE MERGER* REFERS TO THE PROCESS
2 WHEREBY ONE OR MORE EXISTING GOCC/S ARE
3 ABSORBED BY ANOTHER GOCC WHICH CONTINUES
4 THE COMBINED FRANCHISE, MANDATE, AND
5 BUSINESSES OF THE ABSORBED GOCCS; AND
6

7 (B) *DE FACTO MERGER* REFERS TO THE PROCESS
8 WHEREBY ALL OR SUBSTANTIALLY ALL THE ASSETS
9 AND BUSINESS ENTERPRISE OF AN EXISTING GOCC
10 ARE TRANSFERRED TO ANOTHER GOCC, WHICH
11 CONTINUES THE PURPOSE, FUNCTIONS, AND
12 PROGRAMS OF THE TRANSFERRING GOCC.
13

14 *PROVIDED, FINALLY*, THAT IN THE IMPLEMENTATION OF
15 ABOLITION OF GOCCS, WHEN THE INTEREST OF THE GOCC
16 SO REQUIRES, THE GCG SHALL HAVE THE EXCLUSIVE
17 POWER TO CONDONE, COMPROMISE, OR RELEASE, IN
18 WHOLE OR IN PART, ANY SETTLED CLAIM OR LIABILITY OF
19 ANY GOCC IN AN AMOUNT NOT EXCEEDING TEN MILLION
20 PESOS (P10,000,000.00), SUBJECT TO THE REVIEW AND
21 POST-AUDIT OF THE COMMISSION ON AUDIT. IN CASE THE
22 CLAIM OR LIABILITY EXCEEDS TEN MILLION PESOS
23 (P10,000,000.00), THE GCG SHALL SUBMIT THE
24 APPLICATION FOR RELIEF WITH ITS RECOMMENDATIONS,
25 TO THE COMMISSION ON AUDIT.
26

27 (III) DESIGN, PLAN, AND IMPLEMENT A SEPARATION
28 INCENTIVE PAY ("SIP") AND/OR EARLY RETIREMENT
29 INCENTIVE PAY ("ERIP"), IF NECESSARY, FOR AFFECTED
30 EMPLOYEES AND OFFICERS OF A GOCC, WHICH IS EITHER
31 REORGANIZED, STREAMLINED, MERGED, CONSOLIDATED,
32 REGULARIZED, ABOLISHED, OR PRIVATIZED.
33

34 THE GCG SHALL ISSUE THE NECESSARY GUIDELINES
35 THEREFOR, SUBJECT TO THE APPROVAL OF THE
36 PRESIDENT.
37

38 (b) ~~Classify GOCCs [into: (1) Developmental/Social Corporations; (2)~~
39 ~~Proprietary Commercial Corporations; (3) Government Financial,~~
40 ~~Investment and Trust Institutions; (4) Corporations with Regulatory~~
41 ~~Functions; and (5) Others as may be classified by the GCG, without~~
42 ~~prejudice to further sub-classifications in each category and/or any~~
43 ~~other classification]~~ based on parameters as it may find relevant
44 or material [such as, but not limited to], **INCLUDING** industry type.
45 **CLASSIFICATION HEREIN SHALL INCLUDE THE**
46 **DETERMINATION OF WHETHER OR NOT EXISTING GOCCS ARE**
47 **EXCLUDED FROM THE COVERAGE OF R.A. NO. 10149, UPON**
48 **EVALUATION OF THE ENTITIES' CHARTER, MANDATE, OR**
49 **PRIMARY PURPOSES, AS APPLICABLE. THIS SHALL INCLUDE**
50 **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;

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

5
6 (R) CONDUCT ADMINISTRATIVE PROCEEDINGS, IMPOSE
7 SANCTIONS, FINES OR PENALTIES FOR ANY NONCOMPLIANCE
8 WITH OR BREACH OF THIS ACT AND ITS IMPLEMENTING
9 RULES AND REGULATIONS (IRR) AND PUNISH FOR CONTEMPT;

10
11 (S) COLLECT AND CHARGE FEES TO MEET CONTINGENCIES,
12 OBLIGATIONS, AND UNDERTAKINGS NECESSARY TO
13 MAINTAIN AND PROMOTE SERVICE EFFICIENCY.
14 SPECIFICALLY, THE COMMISSION MAY CHARGE FEES FOR:

- 15
16 (I) THE EXERCISE OF ITS QUASI-JUDICIAL FUNCTIONS;
17 (II) VALIDATION OF PERFORMANCE SCORECARDS,
18 AND GOVERNANCE RECORDS;
19 (III) CORPORATE GOVERNANCE TRAINING, SEMINARS,
20 AND WORKSHOPS; AND
21 (IV) OTHER CORPORATE GOVERNANCE-RELATED
22 MATTERS.

23
24 FOR THIS PURPOSE, THE GCG SHALL PRESCRIBE STANDARD
25 AND REASONABLE RATES FOR THE FOREGOING SERVICES.

26
27 THESE FEES SHALL ACCRUE TO A SPECIAL FUND OF THE
28 GCG, AND SHALL BE DEPOSITED IN AN AUTHORIZED
29 GOVERNMENT DEPOSITORY AS A TRUST LIABILITY AND
30 SHALL BE MADE AVAILABLE FOR EXPENDITURES WITHOUT
31 THE NEED FOR A CASH DISBURSEMENT CEILING, FOR
32 PURPOSES OF UPGRADING FACILITIES AND EQUIPMENT,
33 GRANTING OF EMPLOYEES' INCENTIVE PAY AND OTHER
34 BENEFITS, AND DEFRAYING SUCH OTHER INCENTIVE
35 EXPENSES NOT PROVIDED FOR IN THE GENERAL
36 APPROPRIATIONS ACT AS MAY BE DETERMINED BY THE
37 CHAIRPERSON: PROVIDED, THAT, THE DISBURSEMENT OF
38 SAID FUNDS SHALL BE SUBJECT TO EXISTING AUDITING
39 LAWS, RULES, AND REGULATIONS AS PRESCRIBED BY THE
40 COMMISSION ON AUDIT (COA).

41
42 (T) EXERCISE SUCH OTHER POWERS AS MAY BE PROVIDED BY
43 LAW, AS WELL AS THOSE WHICH MAY BE IMPLIED FROM, OR
44 WHICH ARE NECESSARY OR INCIDENTAL TO, THE CARRYING
45 OUT OF THE EXPRESS POWERS GRANTED TO THE
46 COMMISSION TO ACHIEVE THE OBJECTIVES AND PURPOSES
47 OF THIS ACT.

48
49 In the performance of its functions under subsections (a), (c), (e), (f),
50 (g), (h) and (l) herein and in any other review or evaluation of a GOCC

1 that the GCG may conduct, the GCG shall engage the participation of
2 the Secretary or highest ranking official of the relevant agency or
3 department, as the case may be.”
4

5 **SECTION 4.** Section 6 of Republic Act No. 10149 is hereby amended to read as
6 follows:
7

8 **“SEC. 6. Composition of the GCG.** — The GCG shall be composed of
9 five (5) members. The ~~[Chairman]~~ **CHAIRPERSON** with the rank of
10 Cabinet Secretary and two (2) members with the rank of
11 Undersecretary shall be appointed by the President. The Secretaries
12 of the Department of Budget and Management and the Department of
13 Finance shall sit as *ex officio* members.
14

15 **THE CHAIRPERSON AND THE COMMISSIONERS SHALL BE**
16 **CITIZENS AND RESIDENTS OF THE PHILIPPINES, OF GOOD**
17 **MORAL CHARACTER, OF RECOGNIZED PROBITY AND**
18 **INDEPENDENCE, AND MUST HAVE DISTINGUISHED**
19 **THEMSELVES PROFESSIONALLY IN PUBLIC, CIVIC, OR**
20 **ACADEMIC SERVICE IN ANY OF THE FOLLOWING FIELDS: LAW,**
21 **PUBLIC ADMINISTRATION, ACCOUNTING, FINANCE,**
22 **MANAGEMENT, OR ECONOMICS. THEY MUST HAVE BEEN IN**
23 **THE PRACTICE OF THEIR PROFESSIONS FOR AT LEAST TEN**
24 **(10) YEARS.**
25

26 **THE TERM OF OFFICE OF THE CHAIRPERSON AND THE**
27 **COMMISSIONERS SHALL BE SEVEN (7) YEARS WITHOUT**
28 **REAPPOINTMENT. OF THE FIRST SET OF APPOINTEES, THE**
29 **CHAIRPERSON SHALL HOLD OFFICE FOR SEVEN (7) YEARS**
30 **AND OF THE FIRST TWO (2) COMMISSIONERS, ONE (1) SHALL**
31 **HOLD OFFICE FOR A TERM OF FIVE (5) YEARS AND THE OTHER**
32 **FOR A TERM OF THREE (3) YEARS. IN CASE A VACANCY**
33 **OCCURS BEFORE THE EXPIRATION OF THE TERM OF OFFICE,**
34 **THE APPOINTMENT TO SUCH VACANCY SHALL ONLY BE FOR**
35 **THE UNEXPIRED TERM OF THE PREDECESSOR.**
36

37 **THE CHAIRPERSON AND THE COMMISSIONERS SHALL HAVE**
38 **SECURITY OF TENURE AND SHALL NOT BE SUSPENDED OR**
39 **REMOVED FROM OFFICE EXCEPT FOR JUST CAUSE, AS**
40 **PROVIDED BY LAW.”**
41

42 **SECTION 5.** A new subsection to Section 6, denominated as Section 6.1, is hereby
43 inserted to read as follows:
44

45 **“SEC. 6.1. EXECUTIVE DIRECTOR OF THE COMMISSION. - AN**
46 **EXECUTIVE DIRECTOR, WITH A RANK EQUIVALENT TO AN**
47 **ASSISTANT SECRETARY, SHALL BE APPOINTED BY THE**
48 **PRESIDENT OF THE PHILIPPINES UPON RECOMMENDATION BY**
49 **THE CHAIRPERSON: PROVIDED, THAT NO PERSON SHALL BE**
50 **APPOINTED AS EXECUTIVE DIRECTOR UNLESS A HOLDER OF**

1 A DEGREE IN ANY OF THE FOLLOWING FIELDS: ECONOMICS,
2 BUSINESS, PUBLIC ADMINISTRATION, LAW, MANAGEMENT OR
3 THEIR EQUIVALENT AND HAS AT LEAST TEN (10) YEARS
4 RELEVANT EXPERIENCE IN CORPORATE GOVERNANCE:
5 *PROVIDED, FURTHER*, THAT PRIOR TO APPOINTMENT, THE
6 CANDIDATE HAS THE REQUISITE ELIGIBILITIES FOR THIRD
7 LEVEL CAREER SERVICE POSITION PURSUANT TO THE
8 CAREER EXECUTIVE RANK SYSTEM.¹

9
10 THE EXECUTIVE DIRECTOR SHALL ASSIST THE COMMISSION
11 IN CARRYING OUT THE FUNCTIONS OF THE GCG AND SHALL
12 HAVE THE FOLLOWING DUTIES AND FUNCTIONS:

- 13
14 A. TO IMPLEMENT POLICIES, STANDARDS, RULES, AND
15 REGULATIONS PROMULGATED BY THE COMMISSION;
16
17 B. TO EXERCISE GENERAL SUPERVISION OVER THE DAY-
18 TO-DAY OPERATIONS OF THE GCG, UNDER THE
19 DIRECTION OF THE CHAIRPERSON;
20
21 C. TO REPRESENT THE GCG IN OFFICIAL FUNCTIONS
22 WHICH THE CHAIRPERSON AND THE OTHER
23 COMMISSIONERS MAY NOT BE ABLE TO ATTEND; AND
24
25 D. TO EXERCISE SUCH OTHER DUTIES AND FUNCTIONS AS
26 MAY BE DELEGATED BY THE CHAIRPERSON AND THE
27 COMMISSIONERS.”
28

29 **SECTION 6.** A new subsection to Section 6, denominated as Section 6.2, is hereby
30 inserted to read as follows:

31
32 **“SEC. 6.2. ORGANIZATIONAL STRUCTURE OF THE GCG. — THE**
33 **GCG SHALL BE COMPOSED OF SUCH BUREAUS, OFFICES, AND**
34 **FUNCTIONAL UNITS AS MAY BE NECESSARY TO CARRY OUT**
35 **ITS MANDATE, SUBJECT TO PERIODIC REVIEW AND**
36 **RATIONALIZATION.**

37
38 **INITIALLY, THE GCG SHALL BE COMPOSED OF THE**
39 **FOLLOWING BUREAUS, EACH OF WHICH SHALL BE HEADED**
40 **BY A DIRECTOR AND ASSISTED BY AN ASSISTANT DIRECTOR:**

- 41
42 A. THE CORPORATE STANDARDS BUREAU;
43 B. THE CORPORATE GOVERNANCE BUREAU A;
44 C. THE CORPORATE GOVERNANCE BUREAU B;
45 D. THE CORPORATE GOVERNANCE BUREAU C;
46 E. THE LEGAL AFFAIRS BUREAU;
47 F. THE ADMINISTRATIVE AND FINANCE BUREAU;
48 G. THE DISPOSITION AND ASSETS MANAGEMENT BUREAU;

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

- 1 H. THE STRATEGY AND MANAGEMENT BUREAU;
2 I. THE INFORMATION AND COMMUNICATIONS TECHNOLOGY
3 BUREAU; AND
4 J. THE OPERATIONS AND COMPENSATION STANDARDS
5 BUREAU.”
6

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

10 **“SEC. 6-A. QUALIFIED IMMUNITY. — THE CHAIRPERSON, THE**
11 **COMMISSIONERS, OFFICERS, AND EMPLOYEES OF THE**
12 **COMMISSION SHALL NOT BE SUBJECT TO ANY ACTION,**
13 **CLAIM, OR DEMAND, IN CONNECTION WITH ANY ACT DONE OR**
14 **OMITTED IN THE PERFORMANCE OF DUTIES AND EXERCISE OF**
15 **POWERS, EXCEPT FOR ACTIONS AND OMISSIONS DONE IN**
16 **EVIDENT BAD FAITH OR GROSS NEGLIGENCE.”**
17

18 **SECTION 8.** A new Section denominated as Section 6-B is hereby inserted to read
19 as follows:
20

21 **“SEC. 6-B. INDEMNITY. — UNLESS THE ACTIONS OF THE**
22 **COMMISSION OR ITS CHAIRPERSON, ANY OF ITS**
23 **COMMISSIONERS, OFFICERS, OR EMPLOYEES ARE FOUND TO**
24 **BE IN WILLFUL VIOLATION OF THIS ACT, PERFORMED WITH**
25 **EVIDENT BAD FAITH OR GROSS NEGLIGENCE, THE**
26 **COMMISSION, ITS CHAIRPERSON, APPOINTIVE**
27 **COMMISSIONERS, OFFICERS, AND EMPLOYEES ARE HELD**
28 **FREE AND HARMLESS TO THE FULLEST EXTENT PERMITTED**
29 **BY LAW FROM ANY LIABILITY, AND THEY SHALL BE**
30 **INDEMNIFIED FOR ANY AND ALL LIABILITIES, LOSSES, CLAIMS,**
31 **DEMANDS, DAMAGES, DEFICIENCIES, COSTS, AND EXPENSES**
32 **OF WHATSOEVER KIND AND NATURE THAT MAY ARISE IN**
33 **CONNECTION WITH THE EXERCISE OF THEIR POWERS AND IN**
34 **THE PERFORMANCE OF THEIR DUTIES AND FUNCTIONS.**
35

36 **THE COMMISSION SHALL UNDERWRITE OR ADVANCE**
37 **LITIGATION COSTS AND EXPENSES, INCLUDING LEGAL FEES**
38 **AND OTHER EXPENSES OF EXTERNAL COUNSEL, OR PROVIDE**
39 **LEGAL ASSISTANCE TO ITS CHAIRPERSON, COMMISSIONERS,**
40 **OFFICERS, AND EMPLOYEES IN CONNECTION WITH ANY CIVIL,**
41 **CRIMINAL, ADMINISTRATIVE OR ANY OTHER ACTION OR**
42 **PROCEEDING, TO WHICH THEY ARE MADE A PARTY BY**
43 **REASON OF, OR IN CONNECTION WITH, THE EXERCISE OF**
44 **THEIR AUTHORITY OR THE PERFORMANCE OF THEIR DUTIES**
45 **AND FUNCTIONS UNDER THIS ACT: PROVIDED, THAT SUCH**
46 **LEGAL PROTECTION SHALL NOT APPLY TO ANY CIVIL,**
47 **CRIMINAL, ADMINISTRATIVE, OR ANY ACTION OR PROCEEDING**
48 **THAT MAY BE INITIATED BY THE COMMISSION, AGAINST SUCH**
49 **CHAIRPERSON, COMMISSIONERS, OFFICERS, AND**
50 **EMPLOYEES: PROVIDED, FURTHER, THAT THE CHAIRPERSON,**

1 COMMISSIONERS, OFFICERS, AND EMPLOYEES WHO SHALL
2 RESIGN, RETIRE, TRANSFER TO ANOTHER AGENCY OR BE
3 SEPARATED FROM THE SERVICE, SHALL CONTINUE TO BE
4 PROVIDED WITH SUCH LEGAL PROTECTION IN CONNECTION
5 WITH ANY ACT DONE OR OMITTED TO BE DONE BY THEM IN
6 GOOD FAITH DURING THEIR TENURE OR EMPLOYMENT WITH
7 THE COMMISSION: *PROVIDED, FINALLY*, THAT IN THE EVENT
8 OF A SETTLEMENT OR COMPROMISE, INDEMNIFICATION
9 SHALL BE PROVIDED ONLY IN CONNECTION WITH SUCH
10 MATTERS COVERED BY THE SETTLEMENT AS TO WHICH THE
11 COMMISSION IS ADVISED BY COUNSEL THAT THE PERSONS
12 TO BE INDEMNIFIED DID NOT COMMIT ANY NEGLIGENCE OR
13 MISCONDUCT.

14
15 THE COSTS AND EXPENSES INCURRED IN DEFENDING THE
16 AFOREMENTIONED ACTION, SUIT, OR PROCEEDING MAY BE
17 PAID BY THE COMMISSION IN ADVANCE OF THE FINAL
18 DISPOSITION OF SUCH ACTION, SUIT, OR PROCEEDING UPON
19 RECEIPT OF AN UNDERTAKING BY OR ON BEHALF OF THE
20 CHAIRPERSON, COMMISSIONER, OFFICER, AND EMPLOYEE TO
21 REPAY THE AMOUNT ADVANCED SHOULD IT ULTIMATELY BE
22 DETERMINED BY THE COMMISSION THAT ONE IS NOT
23 ENTITLED TO BE INDEMNIFIED AS PROVIDED IN THIS
24 SECTION.”

25
26 **SECTION 9.** A new Section denominated as Section 6-C is hereby inserted to read
27 as follows:

28
29 **“SEC. 6-C. COMPENSATION AND OTHER EMOLUMENTS FOR**
30 **MEMBERS AND PERSONNEL OF THE COMMISSION. — ALL**
31 **POSITIONS OF THE GCG SHALL BE GOVERNED BY A**
32 **COMPENSATION AND POSITION CLASSIFICATION SYSTEM**
33 **APPROVED BY THE PRESIDENT OF THE PHILIPPINES, BUT**
34 **WHICH SHALL HAVE SALARY SCHEDULES, ALLOWANCES,**
35 **BENEFITS, AND INCENTIVES NOT LESS THAN THOSE**
36 **APPLICABLE TO CIVILIAN GOVERNMENT PERSONNEL IN**
37 **GENERAL. THE COMPENSATION PLAN SHALL BE SUBJECT TO**
38 **PERIODIC REVIEW BY THE DEPARTMENT OF BUDGET AND**
39 **MANAGEMENT NO MORE THAN ONCE EVERY TWO (2) YEARS,**
40 **WITHOUT PREJUDICE TO YEARLY INCREASES BASED ON**
41 **PRODUCTIVITY AND EFFICIENCY OF THE AGENCY. THE**
42 **SYSTEM SHALL CONFORM AS CLOSELY AS POSSIBLE WITH**
43 **THE PRINCIPLES UNDER THE COMPENSATION AND POSITION**
44 **CLASSIFICATION ACT OF 1989 (REPUBLIC ACT NO. 6758, AS**
45 **AMENDED).”**

46
47 **SECTION 10.** Section 7 of Republic Act No. 10149 is hereby amended to read as
48 follows:
49

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

- 4
- 5 (a) Preside over the meetings of the GCG;
- 6
- 7 (b) Direct and manage the day-to-day affairs and business of the
8 GCG;
- 9
- 10 (c) **DETERMINE** ~~[With the approval of the GCG, determine]~~ the
11 staffing pattern and the number of personnel of the GCG and
12 define their duties and responsibilities;
- 13
- 14 (d) **APPOINT**, ~~[With the approval of the GCG, to appoint,]~~ remove,
15 suspend, or otherwise discipline for cause, any **DIRECTOR,**
16 **OFFICER, OR** employee of the GCG; and
- 17
- 18 (e) Perform such other duties as may be delegated or assigned ~~[to~~
19 ~~him]~~ by the GCG from time to time.”
- 20

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

23

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

34

35 Appointment to any vacancy shall be ~~[only for the unexpired term of~~
36 ~~the predecessor]~~ **FOR A TERM OF TWO (2) YEARS FROM THE**
37 **DATE OF APPOINTMENT.** The appointment of a director to fill such
38 vacancy shall be in accordance with the manner provided in Section
39 15 of this Act.

40

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

47

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

1 **“SEC. 23. *Limits to Compensation, per Diems, Allowances, and***
2 ***Incentives.*** — The charter of each of the GOCCs to the contrary
3 notwithstanding, the compensation, *per diems*, allowances, and
4 incentives of the members of the Board of Directors/Trustees of the
5 GOCCs shall be determined by the GCG [~~using as a reference,~~
6 ~~among others, Executive Order No. 24 dated February 10, 2011~~],
7 **SUBJECT TO THE APPROVAL OF THE PRESIDENT: *Provided,***
8 ***however,*** That Directors/Trustees shall not be entitled to retirement
9 benefits as such directors/trustees[-]: **PROVIDED, FURTHER, THAT**
10 **SUCH COMPENSATION SHALL BE SUBJECT TO PERIODIC**
11 **REVIEW: *PROVIDED, FINALLY,* THAT THE COMPENSATION, *PER***
12 ***DIEMS*, ALLOWANCES, AND INCENTIVES MUST HAVE THE**
13 **FOLLOWING CHARACTERISTICS:**
14

- 15 1. JUST AND EQUITABLE IN ACCORDANCE WITH THE
16 PRINCIPLE OF EQUAL PAY FOR WORK OF EQUAL
17 VALUE;
- 18 2. GENERALLY COMPARABLE WITH THE PRIVATE
19 SECTOR DOING COMPARABLE WORK IN ORDER TO
20 ATTRACT, RETAIN, AND MOTIVATE A CORPS OF
21 COMPETENT MEMBERS OF THE BOARD OF
22 DIRECTORS OR TRUSTEES;
- 23 3. PERFORMANCE-BASED WITH DUE CONSIDERATION
24 TO INDIVIDUAL AND ORGANIZATIONAL,
25 DEVELOPMENTAL, AND REGULATORY
26 PERFORMANCE, WHERE APPLICABLE; AND
- 27 4. FAIR, REASONABLE, AND IN CONSIDERATION OF
28 FISCAL REALITIES, SUCH AS THE AVAILABILITY OF
29 FUNDS AND THE FINANCIAL CAPABILITY OF THE
30 ORGANIZATION.

31
32
33
34
35 In case of GOCCs organized solely for the promotion of social welfare
36 and the common good without regard to profit, the total yearly *per*
37 *diems* and incentives in the aggregate which the members of the
38 Board of such GOCCs may receive shall be determined by the
39 President upon the recommendation of the GCG based on the
40 achievement by such GOCC of its performance targets.”
41

42 **SECTION 13.** A new Section denominated as Section 30 is hereby inserted, and the
43 subsequent sections consequently renumbered, to read as follows:
44

45 **“SEC. 30. *PARTIAL USE OF INCOME.*** — **TO CARRY OUT THE**
46 **PURPOSES OF THIS ACT, THE GCG IS HEREBY AUTHORIZED, IN**
47 **ADDITION TO ITS ANNUAL BUDGET, TO RETAIN AND UTILIZE**
48 **AN AMOUNT EQUAL TO ONE HUNDRED MILLION PESOS**
49 **(P100,000,000.00) FROM ITS INCOME.”**
50

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

3
4 **“SEC. 31. REORGANIZATION. — TO ACHIEVE THE GOALS OF**
5 **THIS ACT, CONSISTENT WITH THE CIVIL SERVICE LAWS, THE**
6 **COMMISSION SHALL BE AUTHORIZED TO ARRANGE FOR ITS**
7 **REORGANIZATION, TO STREAMLINE ITS STRUCTURE AND**
8 **OPERATIONS, UPGRADE ITS HUMAN RESOURCE COMPONENT,**
9 **CREATE OR ABOLISH ORGANIZATIONAL DIVISIONS, UNITS OR**
10 **BRANCHES, AND CREATE REGIONAL OFFICES.”**

11
12 **SECTION 15.** A new Section denominated as Section 32 is hereby inserted, and the
13 subsequent sections consequently renumbered, to read as follows:

14
15 **“SEC. 32. PENALTIES. — ANY PERSON WHO WILLFULLY**
16 **OBSTRUCTS OR HINDERS THE PROPER EXERCISE OF THE**
17 **FUNCTIONS OF THE COMMISSION OR WILLFULLY MISLEADS**
18 **OR ATTEMPTS TO MISLEAD THE COMMISSION OR ANY OF ITS**
19 **OFFICERS IN REPLYING TO INQUIRIES, SHALL BE IMPOSED A**
20 **FINE OF NOT LESS THAN FIFTY THOUSAND PESOS (P50,000.00)**
21 **UP TO TWO MILLION PESOS (P2,000,000.00).**

22
23 **LIKEWISE, ANY PERSON WHO, ACTUATED BY MALICE OR**
24 **GROSS BAD FAITH, FILES A COMPLETELY UNWARRANTED OR**
25 **FALSE COMPLAINT WITH THE COMMISSION, SHALL BE**
26 **IMPOSED A SIMILAR FINE NOT LESS THAN FIFTY THOUSAND**
27 **PESOS (P50,000.00) UP TO TWO MILLION PESOS**
28 **(P2,000,000.00).”**

29
30 **SECTION 16.** A new Section denominated as Section 33 is hereby inserted, and the
31 subsequent sections consequently renumbered, to read as follows:

32
33 **“SEC. 33. IMPLEMENTING RULES AND REGULATIONS. —**
34 **WITHIN ONE HUNDREDY EIGHTY (180) DAYS FROM THE**
35 **EFFECTIVITY OF THIS ACT, THE COMMISSION SHALL**
36 **PROMULGATE THE NECESSARY IMPLEMENTING RULES AND**
37 **REGULATIONS FOR THE IMPLEMENTATION OF THIS ACT:**
38 **PROVIDED, THAT THE GCG MAY REVISE SUCH IMPLEMENTING**
39 **RULES AND REGULATIONS AS IT DEEMS NECESSARY:**
40 **PROVIDED, HOWEVER, THAT SUCH REVISED IMPLEMENTING**
41 **RULES AND REGULATIONS SHALL ONLY TAKE EFFECT**
42 **FIFTEEN (15) DAYS FOLLOWING ITS PUBLICATION IN TWO (2)**
43 **NEWSPAPERS OF GENERAL CIRCULATION.”**

44
45 **SECTION 17. Separability Clause.** - If any provision of this Act is declared
46 unconstitutional or invalid, the other provisions not otherwise affected shall remain in
47 full force and effect.
48

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

4
5 **SECTION 19. *Effectivity.*** - This Act shall take effect fifteen (15) days after its
6 publication in at least two (2) newspapers of general circulation.

Approved,