JOURNAL NO. 35
Monday to Friday, Monday to Wednesday,
November 25 to 29, and December 2 to 4, 2002

CALL TO ORDER

At 10:00 a.m., Monday, November 25, 2002, Majority Leader Neptali M. Gonzales II called the session to order, pursuant to Section 14(h), Rule IV of the Rules of the House.

NATIONAL ANTHEM AND PRAYER

Pursuant to Section 71, Rule XI of the Rules of the House, the House Chorale led the singing of the National Anthem and thereafter, the Members observed a minute of silent prayer.

DEFERMENT OF THE ROLL CALL
AND THE APPROVAL OF THE JOURNAL

Whereupon, on motion of Rep. Del R. De Guzman, there being no objection, the Body deferred the calling of the Roll and the approval of the Journal of the previous session.

REFERENCE OF BUSINESS

On motion of Rep. De Guzman, there being no objection, the Body proceeded to the Reference of Business.

Upon direction of the Chair, the Secretary General read on First Reading the titles of the following Bills and Resolutions, including the Communications and Committee Reports, which were referred to the appropriate Committees or consigned to the Archives as hereunder indicated:

BILLS ON FIRST READING

House Bill No. 5456, entitled:

“AN ACT CONVERTING THE FLORIDABLANCA NATIONAL AGRICULTURAL SCHOOL IN THE MUNICIPALITY OF FLORIDABLANCA, PROVINCE OF PAMPANGA, INTO A POLYTECHNIC STATE COLLEGE TO BE KNOWN AS THE FLORIDABLANCA NATIONAL AGRICULTURAL POLYTECHNIC STATE COLLEGE, AND APPROPRIATING FUNDS THEREFOR”
By Representative Cruz-Ducut

TO THE COMMITTEE ON HIGHER AND TECHNICAL EDUCATION AND THE COMMITTEE ON APPROPRIATIONS

House Bill No. 5457, entitled:

“AN ACT PROVIDING FOR THE ESTABLISHMENT OF AN ADDITIONAL MUNICIPAL TRIAL COURT BRANCH IN THE MUNICIPALITY OF LA TRINIDAD, PROVINCE OF BENGUET, AMENDING FOR THE PURPOSE SECTION 30 OF BATAS PAMBANSA BILANG 129, OTHERWISE KNOWN AS ‘THE JUDICIARY REORGANIZATION ACT OF 1980’ ”

By Representative Dangwa

TO THE COMMITTEE ON JUSTICE AND THE COMMITTEE ON APPROPRIATIONS

House Bill No. 5458, entitled:

“AN ACT CREATING A SPECIAL ECONOMIC ZONE AND FREE PORT IN THE MUNICIPALITY OF SARANGANI, PROVINCE OF DAVAO DEL SUR CREATING FOR THIS PURPOSE THE SARANGANI SPECIAL ECONOMIC ZONE AND FREE PORT AUTHORITY, APPROPRIATING FUNDS THEREFOR AND FOR OTHER PURPOSES”

By Representative Bautista

TO THE COMMITTEE ON ECONOMIC AFFAIRS AND THE COMMITTEE ON APPROPRIATIONS

House Bill No. 5459, entitled:

“AN ACT PROMOTING A SMOKE-FREE ENVIRONMENT BY REGULATING THE PRODUCTION, MANUFACTURE, LABELLING, ADVERTISEMENT AND SALE OF TOBACCO PRODUCTS, AND ESTABLISHING A TRUST FUND THEREOF”

By Representative Gunigundo I

TO THE COMMITTEE ON TRADE AND INDUSTRY

House Bill No. 5461, entitled:

“AN ACT AMENDING REPUBLIC ACT NO. 7875, OTHERWISE KNOWN AS ‘AN ACT INSTITUTING A NATIONAL HEALTH INSURANCE PROGRAM FOR ALL FILIPINOS AND ESTABLISHING THE PHILIPPINE HEALTH INSURANCE CORPORATION FOR THE PURPOSE’ ”

By Representatives De Venecia, Yapha, Macias and Soon-Ruiz

TO THE COMMITTEE ON HEALTH

House Bill No. 5462, entitled:

“AN ACT UPGRADING THE SALARY GRADES OF EDUCATION SUPERVISORS IN THE DEPARTMENT OF EDUCATION”

By Representative Castelo Daza

TO THE COMMITTEE ON APPROPRIATIONS AND THE COMMITTEE ON BASIC EDUCATION AND CULTURE

House Bill No. 5463, entitled:

“AN ACT ESTABLISHING A LEGAL ATTACHE OFFICE IN THE MIDDLE EAST COUNTRIES, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 8042, OTHERWISE KNOWN AS THE ‘MIGRANT WORKERS AND OVERSEAS FILIPINOS ACT OF 1995’ AND APPROPRIATING FUNDS THEREFOR”

By Representative Syjuco

TO THE COMMITTEE ON LABOR AND EMPLOYMENT AND THE COMMITTEE ON APPROPRIATIONS

House Bill No. 5465, entitled:

“AN ACT CREATING THE NATIONAL AUTHORITY FOR REVENUE ADMINISTRATION, PROVIDING FUNDS THEREFOR AND FOR OTHER PURPOSES”

By Representatives Villanueva, Rosales, Abad, de Guzman, Acosta and Defensor (M.)

TO THE COMMITTEE ON WAYS AND MEANS AND THE COMMITTEE ON APPROPRIATIONS

House Bill No. 5466, entitled:

“AN ACT RESTRUCTURING THE EXCISE TAX ON AUTOMOBILES, AMENDING FOR THE PURPOSE SECTION 149 OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED”

By Representative Ledesma

TO THE COMMITTEE ON WAYS AND MEANS

House Bill No. 5467, entitled:

“AN ACT ESTABLISHING A NATIONAL HIGH SCHOOL IN BARANGAY GLAMANG, MUNICIPALITY OF POLOMOLOK, PROVINCE OF SOUTH COTABATO, TO BE KNOWN AS THE NICOLAS BARRERAS NATIONAL HIGH SCHOOL AND APPROPRIATING FUNDS THEREFOR”

By Representative Antonino-Custodio

TO THE COMMITTEE ON BASIC EDUCATION AND CULTURE AND THE COMMITTEE ON APPROPRIATIONS

House Bill No. 5469, entitled:

“AN ACT DECLARING DECEMBER 13 OF EVERY YEAR A SPECIAL NONWORKING HOLIDAY IN GENERAL TRIAS IN THE PROVINCE OF CAVITE”

By Representative Remulla

TO THE COMMITTEE ON REVISION OF LAWS

House Bill No. 5470, entitled:

“AN ACT AMENDING REPUBLIC ACT NUMBERED EIGHTY-FOUR HUNDRED AND TWENTY-FOUR, AS AMENDED, OTHERWISE KNOWN AS THE ‘TAX REFORM ACT OF 1997’, AND FOR OTHER PURPOSES”

By Representative Duavit

TO THE COMMITTEE ON WAYS AND MEANS

RESOLUTIONS

House Resolution No. 880, entitled:

“RESOLUTION URGING THE HOUSE OF REPRESENTATIVES, THROUGH THE COMMITTEE ON HEALTH, TO IMMEDIATELY CONDUCT AN INVESTIGATION, IN AID OF LEGISLATION, INTO THE ALLEGED OVERPRICING OF MEDICINES PERPETUATED BY CERTAIN DRUG COMPANIES, DRUGSTORES AND PRIVATE HOSPITALS AND TO REVIEW THE MONITORING AND REGULATORY FUNCTION OF THE BUREAU OF FOOD AND DRUGS (BFAD) OF THE DEPARTMENT OF HEALTH (DOH) IN REGULATING THE PRICES OF DRUGS AND MEDICINES”

By Representative Syjuco

TO THE COMMITTEE ON RULES

House Resolution No. 881, entitled:

“RESOLUTION DIRECTING THE COMMITTEE ON HEALTH AND THE COMMITTEE ON AGRICULTURE, FOOD AND FISHERIES TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, INTO THE NUTRITIONAL VALUE OF MILLED RICE IMPORTED INTO THE COUNTRY”

By Representative Violago

TO THE COMMITTEE ON RULES
House Resolution No. 882, entitled:

“RESOLUTION URGING THE ENERGY REGULATORY COMMISSION (ERC) TO IMMEDIATELY FORMULATE IMPLEMENTING RULES AND GUIDELINES FOR THE REFUND OF OVERCHARGED RATES COLLECTED BY THE MANILA ELECTRIC COMPANY (MERALCO), AND TO ENFORCE AND MONITOR MERALCO’S STRICT COMPLIANCE, PROVIDING FOR THE PENALTIES FOR VIOLATION THEREOF”

By Representative Syjuco

TO THE COMMITTEE ON ENERGY

ADDITIONAL COAUTHORS

With the permission of the Body, the following Members were made coauthors of the Bills and Resolution hereunder indicated:

Rep. Emmanuel Joel J. Villanueva for House Bills No. 4687 and 5225;

Rep. Herminia M. Ramiro for House Bill No. 4776;

Rep. Reynaldo A. Calalay for House Bills No. 5461, 5462, 5463, 5465, 5466, 5469 and 5470;

Rep. Gerardo S. Espina Sr. for House Bill No. 5338;

Rep. Monico O. Puentevella for House Bill No. 2169;

Reps. Raul V. Del Mar, J. Apolinario L. Lozada Jr. and Leovigildo B. Banaag for House Bill No. 5465; and

Rep. Aleta C. Suarez for House Resolution No. 127.

COMMUNICATIONS

2001 Annual Audit Report on the Department of Health

TO THE COMMITTEE ON APPROPRIATIONS
Public sector foreign borrowings approved by Bangko Sentral ng Pilipinas (BSP) during the third quarter of 2002

TO THE COMMITTEE ON BANKS AND FINANCIAL INTERMEDIARIES

2001 Annual Report of the National Confederation of Cooperatives (NATCCO) Network for 2001 and a copy of the Philippine Coop Sector Journal, Vol. 2, No. 2, May 2002

TO THE COMMITTEE ON COOPERATIVES DEVELOPMENT

2001 Annual Financial Report on Local Governments (Volume III) from the Commission on Audit

TO THE COMMITTEE ON APPROPRIATIONS

Annual Audit Reports on the Home Guaranty Corporation (HGC); the Philippine Retirement Authority (PRA); and the Commission on Audit (Central Office) for the year ended December 31, 2001

TO THE COMMITTEE ON APPROPRIATIONS

PLDT's performance for the year 2001 and for the first half of 2002 and 2001 Annual Report and the 2002 Midyear Report

TO THE COMMITTEE ON TRANSPORTATION AND COMMUNICATIONS

Letter dated September 27, 2002 of Officer-in-Charge Armando L. Suratos, Bangko Sentral ng Pilipinas, furnishing the House a copy of the Report on Economic and Financial Developments in the Philippines Second Quarter 2002

TO THE COMMITTEE ON BANKS AND FINANCIAL INTERMEDIARIES

Letter dated September 3, 2002 of Secondary School Principal II Roberto P. Naraja, Gigaquit National School of Home Industries, Surigao del Norte, submitting a copy of the Trial Balance for the quarter ending June 30, 2002, the required quarter Balance Sheet as of June 30, 2002 and the Statement of Income and Expenses for the quarter ended June 30, 2002 of Gigaquit National School of Home Industries

TO THE COMMITTEE ON BASIC EDUCATION AND CULTURE

A Primer and a publication on the Current Labor Statistics, Second Quarter 2002 of the Bureau of Labor and Employment Statistics (BLES)-DOLE

TO THE COMMITTEE ON LABOR AND EMPLOYMENT

Annual Report of the Commission on Elections for the year ended December 31, 2001

TO THE COMMITTEE ON SUFFRAGE AND ELECTORAL REFORMS

Annual Report of the Commission on Parole and Probation

TO THE COMMITTEE ON PUBLIC ORDER AND SECURITY

Annual Reports of the National Bureau of Investigation and Department of Justice for the year ended December 31, 2001

TO THE COMMITTEE ON JUSTICE

2001 Annual Audit Reports on the Sandiganbayan, Presidential Electoral Tribunal, Court of Appeals, Supreme Court of the Philippines and the Lower Courts, Civil Service Commission (National Capital Region), Land Registration Authority, Public Attorney's Office, Parole and Probation Administration (National Capital Region), Commission on Appointments, Career Executive Service Board, Senate of the Philippines, Commission on Human Rights (National Capital Region), Office of the Government Corporate Counsel, Bureau of Corrections, Commission on the Settlement of Land Problems, Office of the Solicitor General, Civil Service Commission and the Office of the Ombudsman for the year ended December 31, 2001

TO THE COMMITTEE ON APPROPRIATIONS

Letter of Manuel B. Gaite, OIC, Office of the Deputy Executive Secretary for Legal Affairs, Office of the President dated November 14, 2002 transmitting herewith two (2) original copies of the following Republic Acts which were approved and signed on November 13, 2002 by Her Excellency President Gloria Macapagal-Arroyo, to wit: Republic Act No. 9176, entitled:

"AN ACT EXTENDING THE PERIOD UNTIL DECEMBER 31, 2020 FOR THE FILING OF APPLICATIONS FOR ADMINISTRATIVE LEGALIZATION (FREE PATENT) AND JUDICIAL CONFIRMATION OF IMPERFECT AND INCOMPLETE TITLES TO ALIENABLE AND DISPOSABLE LANDS OF THE PUBLIC DOMAIN, AMENDING FOR THIS PURPOSE COMMONWEALTH ACT NUMBERED 141, AS AMENDED, OTHERWISE KNOWN AS THE PUBLIC LAND ACT"; and

Republic Act No. 9177, entitled:

"AN ACT DECLARING THE FIRST DAY OF SHAWWAL, THE TENTH MONTH OF THE ISLAMIC CALENDAR, A NATIONAL HOLIDAY FOR THE OBSERVANCE OF EIDUL FITR, AND THE TENTH DAY OF ZHUL HIJJA, THE TWELFTH MONTH OF THE ISLAMIC CALENDAR, A REGIONAL HOLIDAY IN THE AUTONOMOUS REGION IN MUSLIM MINDANAO (ARMM) FOR THE OBSERVANCE OF EIDUL ADHA, AMENDING FOR THE PURPOSE SECTION 26, CHAPTER 7 OF EXECUTIVE ORDER NO. 292, OTHERWISE KNOWN AS THE ADMINISTRATIVE CODE OF 1987, AND FOR OTHER PURPOSES";

TO THE ARCHIVES

COMMITTEE REPORTS

Report by the Committee on Labor and Employment (Committee Report No. 1023), re H. No. 5464, entitled:

"AN ACT GRANTING MATERNITY LEAVE BENEFITS TO WOMEN EMPLOYEES, WHETHER MARRIED OR NOT AND REGARDLESS OF EMPLOYMENT STATUS, AMENDING FOR THIS PURPOSE ARTICLE 133 OF PRESIDENTIAL DECREE NO. 442, AS AMENDED, OTHERWISE KNOWN AS THE LABOR CODE OF THE PHILIPPINES"
recommending its approval in substitution of House Bill No. 4302.

Sponsors: Representatives Barinaga, Ablan and Dy (C.)

TO THE COMMITTEE ON RULES

Report by the Committee on Basic Education and Culture and the Committee on Appropriations (Committee Report No. 1024), re H. No. 5468, entitled:

"AN ACT ESTABLISHING A NATIONAL HIGH SCHOOL IN BARANGAY GATE, MUNICIPALITY OF BULAN, PROVINCE OF SORSOGON, TO BE KNOWN AS THE GATE NATIONAL HIGH SCHOOL, AND APPROPRIATING FUNDS THEREFOR"

recommending its approval in substitution to House Bill No. 3899.

Sponsors: Representatives Reyes (E.), Andaya and Solis

TO THE COMMITTEE ON RULES

SUSPENSION OF SESSION

On motion of Rep. De Guzman, the session was suspended at 10:05 a.m.

RESUMPTION OF SESSION

At 10:08 a.m., the session was resumed.

THE PRIVILEGE HOUR

It being a Monday, on motion of Rep. De Guzman, there being no objection, the Chair declared a Privilege Hour.

Subsequently, on motion of Rep. De Guzman, the Chair recognized Rep. Mark "MJ" Jimenez for his privilege speech.

PRIVILEGE SPEECH OF REP. JIMENEZ

At the outset, Rep. Jimenez asked what wrongdoing he had done and what sin he had committed against the people to deserve 500 front page newspaper articles written about him, not to mention approximately 300 headlines and columns and thousands upon thousands of radio and television hours and programs devoted to him, almost all negative and derogatory, if not patently libelous and slanderous. He however disclosed that the offense he had been charged with is only alleged illegal political contributions and tax evasion.

Rep. Jimenez said that he had kept his peace and silence and had allowed his family, including his beloved children to suffer immeasurably and endure all the mudslinging, the venom and the spite reserved no less for the Hitlers of the present time.

Rep. Jimenez noted that he had been portrayed as a fugitive from justice, a common criminal, even practically a terrorist and a drug lord and that he had been described as a constant flight risk, ready to fly anytime.

All these, he said, for alleged illegal political contributions and tax evasion such that he may deserve to be recorded in the Guinness Book of World Records for having been printed more than 500 times in the front pages of the newspapers as a person being accused of alleged illegal political contribution and tax evasion. In addition to this, he said that some sectors of media as well as his enemies have properly conspired to depict him as a demon and an enemy of the State and of the people. He then asked why everything, even the proverbial "kitchen sink," had been thrown at him.

Whereupon, Rep. Jimenez pointed out that at the end of the day, the only offense he has been accused of is illegal political contributions, with the offense of tax evasion having been added only in order to crimininalize the offense.

Rep. Jimenez narrated to the Body his odyssey in Philippine courts to which he has submitted himself and for which he has adhered and abided by due process. He then said that he is ready to accept the verdict of the Regional Trial Court (RTC) on the extradition case he is accused of.

Whereupon, Rep. Jimenez asked whether he deserves all these, considering that rapists, kidnappers and mass murderers are not subjected to the same indignities, disdain, scorn and virtual profanities which some, but not all, sectors of the media have hurled at him aided by pernicious interests. He then disclosed that later on he will name those interests in the "Light and Day of Mark Jimenez."

Rep. Jimenez pointed out that the hatred directed at him is simply devastating, to the extent that even one of his colleagues had already convicted him even though his case is still pending in the RTC on the question of whether he is extraditable or

not. He maintained that he had been called a lawbreaker and had been told that he does not deserve to be in Congress because this is only for lawmakers.

Rep. Jimenez thereafter inquired if he has been judged and convicted by final judgment and why even the wrath of God has been hurled at him by the former editor-in- chief of the Manila Times, Ms. Malou Mangahas. He disclosed that even during the time of the deposed administration, Ms. Mangahas had already written an article against him which was nothing short of defamatory. He added that she described him as a swashbuckling Indiana Jones type and evil wheeler-dealer, a robber baron, a fixer no less. He disclosed that she recently wrote about him in her special article in Newbreak magazine after the Supreme Court decision was promulgated. He stressed that Ms. Mangahas hates him so much because she thought that he had engineered her and her fellow staff members' removal from Manila Times. He said that Ms. Mangahas does not know that Mr. Gokongwei and his family had already removed her before he acquired the paper.

Adverting to the article in the Newsbreak, Rep. Jimenez said that he knows that the conspirators are two Congressmen, one Congresswoman and a high-ranking Member of the august Body.

Whereupon, Rep. Jimenez recalled that on May 10, 1998, the eve of the national elections, he returned to the Philippines and became a close friend, confidante, and adviser of former President Joseph E. Estrada. He disclosed that he was an enfant entiro in the Philippine political scenery and had unwittingly stepped on the toes of powerful persons because he is not privy to the mechanics of political power play. Moreover, he said that he does not understand the snake pits and the terrain of the country when it comes to greed. He pointed out that according to these people, greed is good. However, he said that he has never been a greedy person and his indictment is for giving and not for stealing.

Whereupon, Rep. Jimenez disclosed that on November 27, 1998, one day after the Salim Group of Companies had acquired the Philippine Long Distance Telephone Company (PLDT) for P1,200 per share, a new label had been attached to him. He pointed out that there were some groups of people in the Estrada administration who just wanted a hostile takeover to steal the company. He noted that the name of the game then was valuation. As such, he said that he became a so-called "fugitive from justice" and from that day on some media members constantly and regularly used the phrase to malign his name. And to demolish him, he said that powerful people had conspired with their media surrogates.

Rep. Jimenez thereafter asked the Body to first consider the facts, if he is indeed a fugitive from justice. Considering that on April 19, 1999, the United States Federal Grand Jury indicted him and issued a warrant for his arrest, he asked how then did he become a fugitive in November 27. It was only on July 17, 1999, he said, that the note verbale requesting his extradition with eight boxes of documents was transmitted by the United States to the Department of Foreign Affairs (DFA). Even at that time, he stressed, his case had already been prejudged and there was already bias on the part of government agencies. He pointed out that the note verbale mentioned a strong case against him and also considered him as a powerful man. Manila's political and corporate circles had demanded, he continued, that the government take immediate action against him so that he will not railroad the extradition proceedings. He noted that apparently, the DFA had acceded to said demand because the former head legal officer, Secretary Franklin Ebdalin, had stated that the extradition request had a strong basis and that he had no defense.

Worse than this, he said, was that on the same day that the note verbale was received, the DFA immediately transmitted the extradition request and documents to

the Department of Justice (DOJ). He maintained that as the lead agency in the extradition proceedings against him, the least that the DFA should have done was to evaluate the request before transmitting the same to the DOJ; however, the DFA was in a great hurry to dispose of his extradition case. He added that the DOJ had created a technical panel to study the document and because of the many loopholes therein, it was forced to request additional documents from the US government.

Rep. Jimenez then opined that while the duty of the DFA is to protect the Filipinos, it should not be surprised if the governments of other countries do not respect the Filipinos because the DFA itself cannot protect them. As he learned of this development, he stated that he held his ground and did not flee to the comfort and safety of another country with which the Philippines has no extradition treaty. He added that he neither ran to the Southern back door nor took a jet or yacht to another country like a fugitive from justice might have done. He further noted that he used to be referred to as a powerful man at that time and as such could have done anything -- he had a diplomatic passport and was an adviser to the President, hence he could have come and gone as he pleased. However, he underscored that out of delicadeza, he has never left the country since May 10, 1999 nor applied for any passport even when he became a Congressman.
Thereupon, he emphasized that under the principle of duality, he has practically submitted himself to the jurisdiction and power of the American courts. The extradition treaty, he explained, provides that the extraditing party or the US, in this case, be represented by the Philippine DOJ, which in turn had filed an extradition suit in behalf of the US government in a Philippine court. This, he said, is as simple as saying that it was practically the US government which had filed extradition proceedings against him in their own court, and this is what the treaty and the law demand. He stressed that the important thing was that he had submitted himself to the jurisdiction of Philippine courts to face the proceedings filed by Filipino lawyers on behalf of the country seeking his extradition. He declared that he was not a fugitive from justice and maintained that the battle to have him extradited was waged not only in the judicial and legal front but in the battlefront of public opinion by media sectors who were used by his own enemies.

Thereupon, Rep. Jimenez recalled some stories told during the regime of former President Estrada, including the media articles, tirades and bombasts hurled against him. Among the most outrageous stories that had been printed and circulated against him, he said, included the visit of former US Federal Bureau of Investigation (FBI) Director Louis Free on November 6,1999 which was actually a brief stopover meeting with former President Estrada to discuss ways and means to combat illegal drug proliferation. He claimed that this was distorted by some media people who said that Mr. Free came to the country to convince former President Estrada to hasten his extradition. This, he said, was denied by the US government.

Then stressing that America is a pillar of democracy and of civil liberties, he asked how the people could have believed for a moment that the US marshals were in the country, including the planes and the FBI Director. He pointed out that his case is in the Supreme Court and the RTC and that if he were a fugitive from justice, they would have had the right to get him. He then asked how one could imagine an international scandal involving a person going to court who is then picked up by a marshal not for murder, rape, plunder or any heinous crime but for political contributions. This, as he noted that in the US where he used to be in the corridors of power, they have some room for tolerance unless the crime is against national security. He added that he could debate with any of the intellectuals in the country and explain the matter involving the bullshit about the airplanes and others.

REP. JIMENEZ' REMARK
STRICKEN OFF THE RECORD

At this juncture, the Chair motu proprio directed the Secretariat to strike off the records of the House the word bullshit in the speech of Rep. Jimenez.

PRIVILEGE SPEECH OF REP. JIMENEZ
(Continuation)

Subsequently, Rep. Jimenez asked whether the Body had heard of a name of a person to which the phrase "wanted in the USA for political contribution and tax evasion and multiple criminal offenses" is always attached. He further asked the Members whether they could imagine a situation wherein every person with a case in the Sandiganbayan would have to be named and their respective cases would have to appear beside their names. He claimed that he does not have a case in the country yet his name is always attached to said phrase like a twin brother or his wife.

He then clarified that he does not blame the media for the situation as it was merely conned by the political interests of power groups because of his silence on the matter. He explained that he did not answer the charges against him because he believes that good will prevail eventually and that those who are lying would finally come to their senses. He claimed, however, that his accusers are evil-minded and that there has been no end to their accusations.

Then recalling the report of a Texas-based think tank entitled "Strategic Forecasting" which he had leaked to the media, and which had predicted that Mr. Estrada would not be able to finish his term, he stated that said report later turned out to have been conducted by a public relations firm of the US Embassy without permission. He said that everybody knows the person and the American firm involved therein.

As regards reports that the US marshals had arrived in the Philippines with a transport plane that would take him to the US and with a boarding cell for his arrest, he asked how this could happen to a person who has been accused of political contributions and tax evasion, and whether anyone has heard of a man who was picked up by a plane for illegal political contributions.

He further maintained that the allegation that the US President did not want Mr. Estrada to go on a state visit to the US because the latter was delaying his extradition owing to his influence over him was another lie. Mr. Estrada had gone on a state visit, he claimed. It was said that thereafter he himself was linked to illegal drugs. This was outrageous, he said, because he had been indicted by the US government for illegal political contributions and tax evasion. He added that if he was involved in drugs, this would be the only indictment he would need to be extradited in one day. It is amazing that the story ran for a year, he said, even if he knows the source as there are only a few powerful people and lobbyists in the country.

Thereupon, Rep. Jimenez noted how rapacious and devastating the negative media mileage and demolition job had been done against him. This, as he underscored that while the country has a huge budget deficit, the man he refers to has a budget surplus. He pointed out that even after the change in administration by the year 2001, the demolition acts against him still continued. While under the Constitution, government agencies are mandated to protect Filipino citizens, uphold their rights and promote their welfare, he claimed that Secretary Hernando “Nani” B. Perez does not believe in any of these.

He opined that Secretary Perez' agenda is sinister and intended to destroy rather than to protect Filipino citizens; his acts are not acts of sensible and good

Filipino government officials but betrayed the mind of a cruel and wicked mind, of a remorseless man who is bent on destroying the life and family of a fellow human being without scruples and compassion, without regard for consequences, and with an evil drive to advance his own evil interests. He lamented that he only happened to be Secretary Perez' target and that it could have been any other Filipino.

He then cited the following points to support his claims:

On January 30, 2001, Secretary Perez resurrected the story that US marshals had arrived in the Philippines to arrest him. Some media and public relations practitioners believed the story and quoted Secretary Perez even if his statement was patently reckless and malicious because his case was still pending in court; and because said statement suggests that American authorities had broken their own laws to the extent that they would now interfere by sending US marshals to the Philippines to arrest him.

In May 2001, Secretary Perez had stated on record that he would investigate him for having been one of the financiers of "EDSA III", contributing P1 billion for the purpose, based on raw information. Many media practitioners believed the story even if the truth was that he was never investigated or prosecuted for his alleged participation in EDSA III which he actually never joined. Neither Secretary Perez nor the media men who had fallen prey to such black propaganda bothered to rectify the ridiculous story or apologize to him, and it was only 11 days before the May 2001 elections.

The plot Secretary Perez had used to ensure that he would not be elected nor proclaimed included the following: he did not contribute P1 billion for EDSA III; Secretary Perez had proposed that he be swapped with Mr. Atong Ang and he broadcast said proposal in the major dailies and in radio and television channels. This proposal is blatantly absurd because every freshman student of law would know that an American court, much less the American government, would not entertain the idea of a swap or exchange on account of political contribution or tax evasion. This is done only when the national security of the US is imperiled or terrorism, kidnapping, hijacking and other crimes are involved.

Secretary Perez had wanted to discredit him in the eyes of the public and would have extradited him by all means, including swapping him for Mr. Ang. Secretary Perez had also badly wanted him not to be elected or proclaimed as Representative of the House, and if all else fails, he would rather that he be silenced forever.

Secretary Perez had timed his black propaganda to coincide with the election before his proclamation and before President Macapagal-Arroyo delivered her year 2001 State of the Nation address. Almost daily during the election campaign up to his proclamation and oath-taking, Secretary Perez released to the media several stories which betrayed his sinister motives to destroy him. He appeared in the headlines of various newspapers five times before the elections in connection with the following: the P1 billion story; the planned swapping with Mr. Ang; his extradition in the event that he wins in the election; his eventual arrest if he wins; and his imprisonment for 100 years for political contribution and tax evasion.

Secretary Perez had wanted to negate his parliamentary immunity; and to condition the public mind to make him appear like a demon and a convicted common criminal so he could execute his unholy agenda against him.

Thereupon, Rep. Jimenez stressed that he is not a murderer and that he has not been convicted of any serious crime for which the penalty of reclusion perpetua or life imprisonment could be imposed. Moreover, he claimed that even convicted murderers

are entitled to probation or release after serving a great majority of their sentence in jail. However, he said that Secretary Perez had blinded himself with the illusion of 100 years of imprisonment for the crime of illegal political contribution. Even as he has not been convicted, he said, Secretary Perez already knows that he will be imposed the penalty of 100 years of imprisonment for tax evasion.

Rep. Jimenez pointed out that it was also during this same period that Secretary Perez had filed a petition for his extradition with a prayer for the issuance of a warrant for his arrest on May 18, 2001 while the election results were being canvassed and before he could take his oath, get proclaimed and eventually assume his post. He added that Secretary Perez had shown his immense flair and consummate timing for hogging the spotlight considering that he was appointed in January 2001 and about two days after President Macapagal-Arroyo had assumed her position, the former took his own sweet time in filing the case and waited until May 18, 2001 to do so during the election period and before he was proclaimed as Congressman. He remarked that this is what lawyers refer to as bad faith and malice.

He further recalled that on June 3, 2001, the RTC of Manila granted his application for bail on the condition that he would pay the P1 million, surrender his passport and be included in the hold departure order list. Seven days after, he stated that the DOJ filed a petition for certiorari questioning the grant of bail to him; and on September 23,2002, the Supreme Court issued a ruling denying him permission to post bail. He pointed out that this decision is under appeal and surmised that this probably signals something sinister in Secretary Perez' mind because the latter went on a media and black propaganda blitz against him to finally hammer the proverbial last nail on his coffin.

Immediately after the Supreme Court rendered its decision, he said that Secretary Perez directed the Bureau of Immigration (BI) to hold his departure despite an existing hold departure order issued by the lower court when he was granted bail on June 3, 2001. Moreover, he added that two days thereafter, Secretary Perez filed a motion for cancellation of his bail in order to effect a warrant for his arrest in Manila RTC Branch 42 through an ex parte motion. In this regard, he stressed that Secretary Perez did not even extend courtesy to the Supreme Court by waiting for the latter's decision to become final and executory.

On the succeeding days, Rep. Jimenez underscored that Secretary Perez had let loose a barrage of media black propaganda branding and sadistically showing his supposed detention cell in the NBI headquarters and that the latter and his subalterns had issued a statement that he would be jailed together with common criminals and will undergo the same criminal procedure. Moreover, he said that Secretary Perez had stated further that the NBI detention cell would be good for his health, and that he will lose more weight because his food allowance would only be P80.00 a day and he will learn patience as a result. He then asked whether any Member has heard of that kind of story from a Justice Secretary in a democratic country. He further asked how the issue would affect his family and his 11 children and how a mother would feel about him being in a jail cell together with common criminals, murderers and rapists when he was only accused of having given political contributions. Furthermore, he stated that this fiasco had caused him to lose all of his friends as they have shipped away from his house which used to be the common meeting place of the “who’s who” in the country. He added that his friends had advised him to fight back at his accuser, but he had told them that good will prevail and that someday, they will realize that Rep. Jimenez, up to the present, has not violated any laws in this country and has not even committed a petty crime such as jaywalking.

At this point, Rep. Jimenez stressed that he knows that he would be interpellated later on regarding his speech. He disclosed that he will reveal something that will shock the Members as to the reason why he was not able to depart to the United States to fix his problem. He then explained that after the SONA, he wrote a letter

to the US DOJ praying that he be allowed to voluntarily depart for the US to resolve his case considering that he had been elected as a Member of Congress, and that he does not want his colleagues to believe that the reason why he ran for Congress was to use it as his shield. He stressed that he never had any intention of doing so. However, he recalled that the US DOJ had replied that the Philippine DOJ had opined that there was no need for him to voluntarily depart for the US because he would anyway be extradited and will be detained soon.

Whereupon, Rep. Jimenez pointed out that the present issue involving the "million dollar man" is secondary considering that the primary issue which confronts the Members is whether they could trust the Secretary of Justice who is inhuman, unchristian and evil-spirited and can even plan somebody's death and incarceration. Moreover, he said that Secretary Perez did not even file a petition for certiorari in the Supreme Court regarding the bail bond that was issued against a person who stole P2.5 billion from the coffers of the government. He then emphasized that with regard to a political contributor, the aforementioned Secretary would go all the way to incarcerate him to the detriment of his children. He reiterated that his wife will go to Malacañang to ask for the resignation of Secretary Perez because of what the latter had done to his family, and not because of the issue of the “two million dollar man,” which is incapable of pecuniary estimation. Moreover, he added that he had been very patient and persevering until his son refused to go to school when he saw in the newspapers the cell that was intended for his father.

As he observed that Secretary Perez does not talk about drugs, kidnapping and illegal gambling, he pointed out that the latter has instead been talking about the issue of political contributions everyday. He said that he was already tired of this issue and would therefore have wanted to depart voluntarily to the US to fix his problem. However, he said that his request was denied by no less than Secretary Perez himself. With regard to the case of Mr. Atong Ang, he stressed that when the US District Court allowed the latter to post bail for his provisional liberty, it was also the Philippine government who asked the US court that the latter be allowed to do so. He said that this is surprising and that one cannot just imagine the ramifications of a situation wherein the Philippine government would arrest a Member of Congress and incarcerate him because of political contributions, and the implication on the international community whose countries grant bail to Filipino citizens whenever the Philippine government itself objects to the situation.

Thereupon, Rep. Jimenez inquired on the number of Filipino overseas contract workers (OFWs) who are currently languishing in jails all over the world and on whether the government has an inventory thereof. Considering that at the moment, Filipino human resources all over the world generate the biggest income for the nation, he asked whether the government has money to grant bail to jailed OCWs.

At this juncture, the Chair recognized Rep. Isidoro E. Real.

RESERVATION OF REP. REAL

At this point, Rep. Real reserved his right to interpellate Rep. Jimenez.

However, the Chair informed the Body that Rep. Jimenez still had the floor and he will be recognized at the proper time, during the interpellations.

QUESTION OF PRIVILEGE
OF REP. JIMENEZ
(Continuation)

Whereupon, Rep. Jimenez stressed that this matter is based on his own experience and that if some Members have any perception and speculation, he will grant them such right. However, he emphasized that the issue concerns his life and what had happened to him and his family because he and his children had been slandered and one of his children is currently undergoing rehabilitation for drugs. Stressing that his family members have been virtual living dead for three years he pointed out that his case

has nothing to do with the cases involving the Transmission Corporation (TRANSCO) and the Manila Electric Company (MERALCO), as it pertains to character, the life of a family that is priceless and which cannot be the subject of interpellation. In this regard, he emphasized that the spirits and souls of children are priceless and if any Member wants to contest his statements, then his life may have a price.
Hence, Rep. Jimenez confirmed that Rep. Wilfrido B. Villarama's expose' that Secretary Perez was the two- million dollar man was very well spoken as the latter is not only going after corrupt government officials and Cabinet members but also those people who allow such officials to remain in office. He pointed out that most, if not all of the ills that bedevil society and enslave the Filipino people, are caused by graft and corruption in high government positions. In this regard, he reiterated that he was accusing Secretary Perez of destroying the spirit, dignity and integrity of his family which are priceless. He also accused Secretary Perez of extortion because the latter had asked about $2 million from him. He then recalled that in one of Rep. Villarama's speeches, Secretary Perez had been branded as a liar and noted that the previous day, he had lied again when he had said in the newspapers that Mr. Escaler was Rep. Jimenez' friend. He pointed out that Secretary Perez knows that Mr. Escaler was fronting for the Secretary. He stressed that before any investigation could be conducted by the Ombudsman, Secretary Perez is already washing his hands off the issue of Mr. Escaler. However, he recalled that it was Secretary Perez who personally introduced Mr. Escaler to many of his friends who are known business taipans and tycoons in the country.
Thereafter, Rep. Jimenez inquired on the whereabouts of Mr. Lucio Co who was mentioned as the biggest smuggler in the country during the impeachment trial of former President Estrada. As he noted that Mr. Co's business endeavors have been flourishing, he maintained that it is for this reason that the government is suffering from a deficit and why Finance Secretary Jose Isidro Camacho has to borrow $500 million. He stressed that he will attend and participate in the budget hearings if only to show that the government has no revenues and thus suffers from a budget deficit everyday.
Rep. Jimenez said that having worked for President Estrada on the business firms of Latin America and the crafting of the budget, he is now well aware of what had happened to Argentina, Brazil and Uruguay. He observed how some people are afraid of him and they had to make him a criminal so that nobody would touch him. He said that he will watch over the budget deliberations day and night if only to show that poverty is being mandated and legalized by the government. He emphasized that a problem exists when the government does not have enough money to deliver basic services to the people. Moreover, he opined that the government's failure to grant salary increases to its executives breeds graft and corruption because these officials cannot even afford to enroll their children in schools like the Ateneo de Manila University.
In ending his speech, Rep. Jimenez inquired under what mandate the Secretary of Finance is borrowing money and who regulates him when he does so. He likewise asked on the purpose of his borrowing P500 million, as well as the interest rates, maturity, use and the repayment method thereon.
At this point, the Chair recognized Rep. Arthur D. Defensor for his manifestation.

MANIFESTATION OF REP. DEFENSOR (A.)

Rep. Defensor said that one or two Members had reserved to interpellate Rep. Jimenez. He manifested that he be allowed to interpellate after the second or third interpellator.

QUERY OF THE CHAIR

The Chair inquired whether there were other Members who had reserved to interpellate.

Rep. De Guzman clarified that aside from Rep. Defensor (A.), five more Members had registered to interpellate Rep. Jimenez.

Thereafter, Minority Leader Carlos M. Padilla sought recognition to interpellate Rep. Jimenez.

REMARKS OF REP. JIMENEZ

Rep. Jimenez stated that after the delivery of his speech, he will be called by the Ombudsman to testify and anything that he will say may be used against him if the question has something to do with the case that he will file.

REMARKS OF REP. PADILLA

Rep. Padilla said that he leaves it to Rep. Jimenez whether the latter will answer his interpellations or not.

QUERY OF THE CHAIR

Thereupon, the Chair inquired whether Rep. Jimenez wished to be interpellated by Rep. Padilla, to which Rep. Jimenez answered in the affirmative.

Rep. Jimenez subsequently stated that he would also like to be interpellated by Rep. Defensor (A.).

The Chair stated that he would recognize the Members who had reserved to interpellate Rep. Jimenez based on the motions of the Majority Leader.

INTERPELLATION OF REP. PADILLA

To the initial queries raised by Rep. Padilla, Rep. Jimenez replied that Justice Secretary Perez had extorted from him $2 million. He disclosed that the request for money was made on February 13, 2001 and was consummated with Mr. Ernest Escaler on February 23, 2001 in his house. As he stressed that while everything was on record, he does not have the time and expressed apprehension that he may say something that is not precise. He emphasized that the documents that he will present to the Ombudsman include a certification from the security agencies and the security guards in his house, as well as the people therein. He stressed that the transaction transpired in the third week of January 2001 and was consummated on February 13, 2001. The actual delivery of the US$2 million was on February 23, 2001, he added.

Thereupon, Rep. Jimenez said that he was surprised that as accuser, he was the one being questioned. He asked Rep. Padilla to raise the question to Secretary Perez, and to also ask why Mr. Ernest Escaler was always with the Secretary.

Rep. Padilla said that if Rep. Jimenez would be generous enough to advance the answer, then this would shorten his interpellation. He likewise asked why Mr. Escaler was always with Secretary Perez.

Rep. Jimenez answered that Rep. Padilla should better ask Mr. Escaler.

On whether he would like his speech to be referred to the appropriate Committee for investigation, Rep. Jimenez clarified that he will file the case with the Ombudsman so that he can request for its early resolution.

Rep. Padilla said that he raised the question because Rep. Jimenez had mentioned Mr.

Escaler. He stressed that if the speech will not be referred to a Committee, then he will not be in a position to direct questions to Mr. Escaler.

Thereafter, Rep. Padilla focused on his second question, and asked why Rep. Jimenez was asked to pay $2 million.

Rep. Jimenez said that the money was in exchange for his life. He asked whether Rep. Padilla had read in the Philippine Daily Inquirer (PDI) that he was slandered in his house.

In reaction, Rep. Padilla said that although he reads the PDI, he cannot interpellate on it. Since Rep. Jimenez had delivered a speech, then the Members should be allowed to interpellate; otherwise they would just inquire from the PDI, he underscored.
On whether he was acting as Secretary Perez' counsel, Rep. Padilla said that he merely wanted the truth to come out.

Rep. Jimenez stressed that he is pissed off because the issue is a question of slandering and mutilating his family, and not just one concerning the TRANSCO, the SPAV or the Absentee Voting Bill.

REMARKS OF THE CHAIR

At this point, the Chair directed the Secretary General to strike off the words "pissed off" because they were unparliamentary. He thereafter requested Rep. Jimenez to confine himself within parliamentary decorum.

INTERPELLATION OF REP. PADILLA
(Continuation)

Rep. Jimenez said that he is angry and is passionate and emotional because the issue is an attack on his family and does not pertain to money matters. He said that money comes and goes but the dignity, life and sanctity of his family is priceless. He added that he asked whether Rep. Padilla reads the PDI because the newspaper had reported on the slander made in his house, in front of his family. As he asked on the kind of person who could do that in his house, he expressed fear for his family. He said that his fear for his family is his own, and that if he fears for his family, it is his right to pay extortion money.

Rep. Padilla however emphasized that this was not the question he raised.

REMARKS OF THE CHAIR

The Chair asked Rep. Jimenez to address the queries in third person.

SUSPENSION OF SESSION

At 11:14 a.m., the session was suspended.

RESUMPTION OF SESSION

At 11:17 a.m., the session was resumed.

INTERPELLATION OF REP. PADILLA
(Continuation)

Upon resumption of session, Rep. Padilla rephrased his second question by asking

whether Rep. Jimenez had already filed a complaint before the Ombudsman.

Rep. Jimenez clarified that he will file the case as soon as possible.

In reaction, Rep. Padilla said that he raised the question because the Members should be able to know the circumstances behind the complaint.

Rep. Jimenez disclosed that he was being asked to testify against former President Estrada. He recalled having stated then that the former President wanted something else, which he found quite difficult. He said that he has always been consistent, and at the age of 56, this was his first time to experience something like this. He said that after being accused in the United States of giving illegal political contributions to former President Bill Clinton, he is now fighting hard because he would not like to snitch against a fellowman.

He then said that when Secretary Perez asked him to make an affidavit against certain friends of former President Estrada who are now friends of President Macapagal-Arroyo which the Secretary would place in a safe and would use in 2004, he told him that he does not know anything and that what was being asked of him was to commit extortion. He said that thereafter, Secretary Perez shouted and screamed at him and told his security personnel that they were going to be taken in.

Subsequently, Rep. Jimenez said that he frequently mentions the word "jail" inasmuch as this was what he, his wife and his children have been fearing day in and day out. He explained that when he requested Mr. Ken Starr to allow him to voluntarily leave the Philippines and resolve his case in the United States, the DOJ -- which should assist Filipinos like him -- had said that it will just keep him in detention because he would soon be extradited anyway. He said that the NBI has five extraditees under detention of from two years to five years. He mentioned several controversies regarding his status: 1) although he is covered by the extradition treaty for criminal offenses, the case against him is sui generis or a class by itself involving political contributions; 2) if his case is criminal, it is bailable; and 3) the administration does not want to state whether his case is criminal, civil or administrative because it does not want him to avail himself of bail. Citing the incarceration in the US of Mr. Charlie “Atong” Ang who was also granted bail for the alleged crime of plunder, he clarified that he was not questioning the same but was merely concerned about the ramification in the international community of the fact that his right to bail was being questioned by the Philippine DOJ itself. Reiterating his family's fear for their lives, he said that his children saw Secretary Perez cursing and slandering him in his own house.

At this point, Rep. Gonzales relinquished the Chair to Deputy Speaker Raul M. Gonzalez.

Then dwelling on the "million dollar man" issue, Rep. Padilla asked when the alleged extortion was consummated. Rep. Jimenez said that after he and Secretary Perez had settled the issue, he was advised to wait for a communication detailing the deposit of the money, which then came in through fax from the office of Mr. Ernesto Escaler; that he had called his lawyer who, on February 13, or 14, 2001, made a request for withdrawal for such amount for remittance to the aforecited account; and that said transfer was consummated on February 23, 2001.

As to where the amount was deposited or remitted, Rep. Jimenez replied that he is willing to waive the right of secrecy on his account with the hope that Secretary Perez, with the agreement they had in Hong Kong, will also waive the right of secrecy on the pertinent bank account. He informed his colleagues that the money was deposited in the Coutts Bank, a boutique bank in Switzerland that does banking

with Chase Manhattan Bank. He said that he will submit to the Ombudsman the name of the bank account and the bank account number; and that he will give Rep. Padilla a copy thereof, if requested.

To Rep. Padilla's statement that he will respect the prerogative of Rep. Jimenez not to identify the account number, the latter said that he did not have the number yet. He reiterated that everything that the Members might ask about his privilege speech would be based on their perception and speculation. He stressed that it is he alone who knows the feeling of his family being tormented which led him to agree to extortion; and that no one can judge how a person feels.

Rep. Padilla said that he respects Rep. Jimenez' feelings, sentiments and views.

Subsquently, Rep. Padilla inquired whether Rep. Jimenez could verify if the aforecited deposit was received by Secretary Perez.

Replying that the wiring of the money was confirmed, Rep. Jimenez said that the bank that wires a client's money confirms the same and issues a FED number. He added that no matter where one hides his money, the advising bank for wiring the same is always an American bank because the legal tender therefor is the American dollar.

Rep. Padilla concluded that if Rep. Jimenez will go to the Ombudsman, he will confirm that he had deposited the money and that it had been deposited to the aforecited account. He however pointed out that Secretary Perez could say that although Rep. Jimenez had deposited the money, Rep. Jimenez does not know in whose account it was deposited.

Rep. Jimenez reiterated that Secretary Perez and Mr. Escaler had been in his house seven to 10 times. He said that he knows what kind of man Secretary Perez is; that it has to sink somewhere in his brain that when a man is a judicial terrorist, that man will set and frame him up; and that a man who had shouted at someone and had slandered him in front of his family, is capable of doing anything. Noting that what the Members see is the materiality of the amount of $2 million, he opined that what they should interpellate him on, more importantly, is the character of the man involved. He recalled that Secretary Perez had previously said that he would be incarcerated for 100 years and that the Secretary had gone to the RTC to get an ex parte warrant of arrest for him even if he still had a motion for reconsideration.

TERMINATION OF THE PRIVILEGE HOUR

At this point, the Chair announced that the Privilege Hour had already expired.

MOTION OF REP. DE GUZMAN

Rep. De Guzman moved that the Body extend the same for 10 minutes.

SUSPENSION OF SESSION

The Chair suspended the session at 11:31 p.m.
RESUMPTION OF SESSION

At 11:31 p.m., the session was resumed, with the Chair stating that the Privilege Hour cannot be extended until the Business for the Day shall have been considered.

SUSPENSION OF SESSION

At 11:32, the Chair suspended the session upon Rep. De Guzman's motion.

RESUMPTION OF SESSION

At 11:37 a.m., the session was resumed.

The Chair thereupon recognized Rep. Edelmiro A. Amante.

PARLIAMENTARY INQUIRY
OF REP. AMANTE

Rep. Amante expressed his worry about the inability to extend the Privilege Hour, observing that everything can be extended if there is unanimous consent of the House. He opined that the truth must come out in the Chamber and the Members have the right to inquire about the truth.

RULING OF THE CHAIR

The Chair reminded the Body of Section 87 of the Rules of the House which provides that the extension of the Privilege Hour after it has been exhausted, can only be requested after the consideration of the Business for the Day.

PARLIAMENTARY INQUIRY
OF REP. AMANTE
(Continuation)

Rep. Amante clarified that he was not asking for an extension of the Privilege Hour. He stressed that the extension was already asked for; and that if there is unanimous consent for the same, such consent must prevail over the Rules. He added that he was not asking for the opinion of the Chair.

RULING OF THE CHAIR

The Chair clarified that what he had stated was not an opinion but was his ruling on the parliamentary inquiry. Such was the rule, he said, unless Rep. Amante wanted him to suspend the Rules.

PARLIAMENTARY INQUIRY
OF REP. AMANTE
(Continuation)

Rep. Amante stressed that he precisely wanted the Rules to be suspended to enable the Body to hear the truth. He then moved that the Body suspend the Rules of the House.

With the permission of the Chair, Rep. Gonzales remarked that the Chair had already ruled that the Privilege Hour may continue after the Business for the Day in accordance with the Rules of the House. He added that Rep. Jimenez had told him that he prefers a continuation of the Privilege Hour after the Business for the Day.

Saying that he wanted to tackle the issue at that moment and wanted the nation to know more about it, Rep. Amante pointed out the Business for the Day is about the budget, the deliberations on which will take from one week to three months. Appealing the ruling of the Chair, he moved that the Rules be suspended and that the House vote on the motion, if necessary.

Rep. Gonzales then said that Rep. Jimenez had changed his mind and is now willing to be interpellated.

MOTION OF REP. GONZALES

Whereupon, Rep. Gonzales moved that the Body extend the Privilege Hour for another 30 minutes.

Before acting on the motion, the Chair read the pertinent provision of the House Rules, to wit:

"On Mondays, after the first reading and referral to the Committee of bills, proposed resolutions, messages, communications, petitions and memorials there shall be without extension a Privilege Hour. Upon the unanimous consent of the House, the Privilege Hour may be continued on the same day after the consideration of the Business for the Day. On any other day, upon the unanimous consent of the House, there shall be a Privilege Hour after the consideration of the Business for the Day."

In his rejoinder, Rep. Amante explained that he asked for the suspension of the Rules in order that the truth will not be suspended.

SUSPENSION OF SESSION

On motion of Rep. Gonzales, the Chair suspended the session at 11:41 a.m.

RESUMPTION OF SESSION

At 11:42 a.m., the session was resumed.

PARLIAMENTARY INQUIRY
OF REP. SYJUCO

Upon recognition by the Chair, Rep. Augusto "Boboy" Syjuco inquired from the Chair the extent of time that Rep. Jimenez had availed himself to speak under the Privilege Hour.

The Chair replied that the Privilege Hour can last for one hour without extension and only a Member of the Committee on Rules can ask for the suspension of the Rules.

Whereupon, Rep. Syjuco noted that Rep. Jimenez started to deliver his speech after 10:00 a.m. or after the National Anthem and Prayer and that the latter spoke for at least one hour and 30 minutes. He then inquired whether there had already been a violation of the House Rules in this regard inasmuch as the Privilege Hour only provides for a maximum of one hour.

The Chair explained that when he ascended the rostrum as Presiding Officer, he precisely noted the length of time which Rep. Jimenez had taken to deliver his speech. He thereafter inquired from the Secretariat whether the Business for the Day had been completed and he was informed that there was no Business for the Day yet. He underscored that this was the reason why he had interrupted the ongoing interpellations and debate, so that he can advise the Members on the floor that the Privilege Hour had already expired.

In his rejoinder, Rep. Syjuco inquired whether it was correct to state that the one-hour rule for the Privilege Hour had been violated because there had been no items yet for discussion under the Business for the Day.

Upon recognition by the Chair, Rep. Gonzales informed the Body that there was a pending motion which he filed seeking the unanimous consent of the House for the

extension of the Privilege Hour. He explained that if Rep. Syjuco was objecting to his motion, then he would withdraw the same.

Rep. Syjuco however pointed out that he was not objecting to Rep. Gonzales' motion and to prove this point, he explained that he will pursue his parliamentary inquiry after the motion of Rep. Gonzales shall have been taken up. He informed the Body that he was seconding the motion of Rep. Gonzales.

Whereupon, the Chair explained that Rep. Gonzales' motion requires the approval of two-thirds of the Members.

Rep. Gonzales however explained that his motion, in which he seeks the unanimous consent of the House, does not seek the suspension of the Rules, but merely the extension of the Privilege Hour. He added that it is only the Committee on Rules that can move for the suspension of the Rules. He added that because of the pending discussion, the Members of the Committee have not yet met regarding this matter.

SUSPENSION OF SESSION

On motion of Rep. Gonzales, the Chair suspended the session at 11:46 a.m.

RESUMPTION OF SESSION

At 11:49 p.m., the session was resumed.

WITHDRAWAL OF REP. AMANTE'S
MOTION

Upon resumption of session, Rep. Amante withdrew his previous motion.

EXTENSION OF THE PRIVILEGE HOUR

Thereupon, Rep. Gonzales reiterated his previous motion and with the unanimous consent of the House, the Body extended the Privilege Hour for another 30 minutes.

MANIFESTATION OF REP. PADILLA

Upon recognition by the Chair, Rep. Padilla pointed out that he still had the floor when the session was suspended. Considering that he is not yet through with his interpellation, he informed the Body that he will resume the same at the appropriate time.

Thereupon, the Chair recognized Rep. Jimenez to continue with his privilege speech and Rep. Padilla for his interpellation.

INTERPELLATION OF REP. PADILLA
(Continuation)

Whereupon, Rep. Padilla adverted to Rep. Jimenez' statements alleging that Secretary Perez is personally desirous of having Rep. Jimenez extradited and removed from the House and from the territory of the Republic. He then asked whether it was possible that Secretary Perez's zeal could be due to his desire to prevent Rep. Jimenez from going to the Office of the Ombudsman and preventing him from taking the floor of the House to reveal the existence of the two million dollar Cabinet member who is an extortionist by the name of Hernando Perez.
Rep. Jimenez stated that this could only be a secondary reason since the primary reason of Secretary Perez was to incarcerate him. He cited as basis the

chronological order of what Secretary Perez had been doing, to wit: When he won as Congressman in the Sixth District of Manila, Secretary Perez immediately filed extradition charges with an ex parte warrant of arrest to put him in jail. He stated that he was able to avoid incarceration because he was able to post bail. Following this, he pointed out that Secretary Perez had filed a petition for certiorari to put him in jail. He explained that when the Supreme Court came out with a decision reversing this order, Secretary Perez immediately went to court, without waiting for the consummation of the motion for reconsideration, and bullied a judge to issue an ex parte warrant of arrest in order to send him to jail. It was apparent from these events, he said, that Secretary Perez was bent on incarcerating him first rather than having him extradited to the United States. He underscored that once in jail, he is not sure of what will happen to him.

On another matter, Rep. Padilla noted that since Rep. Jimenez will be filing charges before the Office of the Ombudsman, it would only mean that Rep. Jimenez was not only asking for the resignation of Secretary Perez but also intends to send the Secretary of Justice to jail.

Rep. Jimenez explained that sending Secretary Perez to jail will not depend upon his decision but upon the decision of the courts. He reiterated that Secretary Perez should not only resign because he had received $2 million but should tender his resignation because of his character flaw. He underscored that it is unbecoming of a Secretary of Justice to do what Secretary Perez had done inside his house: cursing, slandering and threatening him in front of his wife and children. He stressed that his wife would be calling President Macapagal-Arroyo today to ask the President for the resignation of Secretary Perez.

Rep. Padilla expressed sympathy for Rep. Jimenez and his family and stated that what Secretary Perez had done to his family could be done to any Filipino, especially those who are not in power.

In his rejoinder, Rep. Jimenez pointed out that based on Secretary Perez' actuations, the latter has no business being the Secretary of Justice. He pointed out that justice itself means the dispensation of justice and not the dispensation of terrorism, slander or coercion. He added that the aforecited events were witnessed by his own lawyer, the lawyer of Ms. Clarissa Ocampo, Atty. Mario Bautista.

Rep. Jimenez added that Atty. Bautista, who was the lawyer of Ms. Clarissa Ocampo, cannot be compromised considering he has two brothers who are Jesuit priests and a sister who is the head of the Pink sisters. He claimed that Atty. Bautista had counseled him to leave the matter to God and that such kind of human being has no place in society.

In ending his interpellation, Rep. Padilla noted that there were other Members who wished to interpellate Rep. Jimenez and that the points he would like to raise could be discussed in the ensuing interpellations.

MANIFESTATION OF REP. MARCOS

Upon recognition by the Chair, Rep. Imee R. Marcos made the following manifestation, pending the submission of the full transcript of the privilege speech of Rep. Jimenez:

If she were the "Congresswoman" referred to by Rep. Jimenez in his speech, Rep. Marcos stated for the record that she had never accused or prejudged Rep. Jimenez in any forum and that the word "lawbreaker" was used to state simply that lawmakers

should not be seen or perceived to be lawbreakers;

She categorically denied having conspired to produce said Newsbreak article which she was not aware of until she met reporter Malou Mangahas for the first time in the Media Center where the latter informed her, in the presence of Rep. Teodoro L. Locsin Jr. and other media practitioners, that she was working on said news piece; and

She commended Rep. Jimenez for his present and courageous effort to expose alleged wrongdoings in public office.

In closing, Rep. Marcos stressed that Reps. Jimenez and Wilfrido B. Villarama can count on her support in their endeavors.

The Chair took note of Rep. Marcos' manifestation.

REMARKS OF REP. JIMENEZ

In reaction, Rep. Jimenez expressed his gratitude for Rep. Marcos' support and hope that he and Rep. Marcos can discuss the issues more closely.

On motion of Rep. De Guzman, the Chair next recognized Rep. Fred H. Castro to interpellate Rep. Jimenez.

INTERPELLATION OF REP. CASTRO

Initially, Rep. Castro stated that he is not only a Representative but also a lawyer. He then recalled that a few months ago, Rep. Manuel "Way Kurat" E. Zamora had delivered a privilege speech in reaction to an allegation that he was a recipient of a vehicle from Rep. Jimenez. He also cited speculations that certain Members have received money as well as Rolex watches from Rep. Jimenez. He thereafter commented that when Rep. Jimenez delivered a privilege speech against Secretary Perez with the consent of the House, the issue now does not only involve Rep. Jimenez alone but the entire Chamber as well. He also cited the legal doctrine which states that "anyone who goes to court should go with clean hands."

On whether it is true that Rep. Zamora received a vehicle from him, Rep. Jimenez confirmed that "there was an offer that was legal, provided the Ethics Committee will approve it" but since said Committee disapproved it, the receiving never transpired. He then asked that he be crucified if the Members think that it is wrong to give gifts.

With regard to the issue of Rolex watches, Rep. Jimenez disclosed that during the barangay elections, Rep. Ernesto "Banzai" Nieva whom he said is an importer of fake Rolex watches, informed him that he had to dispose of his numerous watches because they were of an old model and he needed to reorder. Rep. Jimenez recounted having told Rep. Nieva to give the watches to any Congressman of his choice. He also opined that there is nothing wrong in giving fake Rolex watches to barangay chairmen and councilors. He underscored that he never asks for anything in return for the gifts that he gives away.

Furthermore, Rep. Jimenez revealed that he receives many solicitations but he is willing to be crucified or jailed if it is a crime to be compassionate and to be a philanthropist.

On whether he was confirming that not one of the Members were guilty of the accusations within the context presented by the media, Rep. Jimenez inquired how somebody can be guilty if he received a gift from the heart. He said that everyday,

he feeds 4,000 people and sends 300 to the hospital. He also stated that he had spent P55 million out of his own money for his constituents. He remarked that if something is wrong with what he is doing then he will resign as a Congressman.

Whereupon, Rep. Castro took note of Rep. Jimenez' statement that the two million dollars was given to Secretary Perez sometime ago. He then inquired why Rep. Jimenez delivered a speech only that day confirming that Secretary Perez was indeed the "two million dollar Cabinet member" alluded to in Rep. Villarama's speech.

In response, Rep. Jimenez pointed out that what prompted him to deliver a speech only happened a month ago when Secretary Perez showed the pictures of a jail to his children, remarked that Rep. Jimenez can be jailed for 100 days, and applied for an ex parte warrant of arrest even before the Supreme Court had decided on his motion for reconsideration. He then quoted Secretary Perez as having said that the National Bureau of Investigation (NBI) detention would be good for his health because the P80 food allowance would help him lose weight and he would also learn how to be patient. He stressed that he is looking at the issue with the sanctity of his wife and the dignity of his children in mind.

Rep. Jimenez opined that Rep. Castro will not feel bad because he is not the victim. He said that it is hard for him to qualify a lawyer's question because the issue involves the spirit of a family. He maintained that Rep. Castro did not witness his children's visit to a psychiatrist and his struggle in 2001 with three divorces. He underscored that the problem at hand is primarily the character flaw of Secretary Perez rather than the extortion.

After expressing his belief that the sufferings of Rep. Jimenez' family was what had prompted the latter to speak up, Rep. Castro next asked whether love of country had not prompted Rep. Jimenez to disclose the matter a long time ago.

Rep. Jimenez replied that Rep. Castro speaks of perceptions and speculations while he talks about the reality of his and his family's sufferings. He then apologized if he finds it difficult to answer Rep. Castro's questions which are based on speculations and perceptions.

In reaction, Rep. Castro pointed out that love of country is greater than love of family which was why he had asked the question. He however said that he would refrain from debating with Rep. Jimenez if the latter deemed his question as speculative, adding that he respects the latter's opinion.

As an answer, Rep. Jimenez surmised that if everybody would practice what Rep. Castro had said about love of country above love of family, then the Philippines will enjoy a trade surplus, zero case of graft and corruption, and the best environment.

Rep. Castro next cited the previous remark of Rep. Jimenez that from the beginning, there had been unseen hands working to destroy the latter's reputation in the media based on nefarious motives. He inquired why Rep. Jimenez had not filed a case in court to seek vindication for his family.

Rep. Jimenez said that Rep. Castro's questions are all speculations. He expressed hope that what he is experiencing at the moment would not happen to Rep. Castro's family. He pointed out that if ever Rep. Castro would be asked the very same question, his answer would be similar to his because Rep. Castro's liberty and freedom is totally his own and nobody owns it except he and his family.

Rep. Jimenez noted that Rep. Castro was asking him questions based on material

things and that his answer is far greater than material things, which is the dignity of his family.

Considering that the reason Rep. Jimenez did not even bring the case to court was that his family was involved, Rep. Castro then asked why and what prompted him to elevate the matter before the Ombudsman. Rep. Jimenez replied that as far as he is concerned, the last nail on the coffin was when his children was made to see where he will be incarcerated along with drug addicts, murderer and rapists when he was only being accused of making illegal political contributions.

As regards Rep. Jimenez's observation that some personalities would like to destroy his reputation and devastate his family, Rep. Castro underscored that this is also a general observation. He then asked who were behind the attempt to destroy him.

Rep. Jimenez replied that in due time, Rep. Castro will hear from him. However, he pointed out that what he would like Rep. Castro to ask him is when he sent the money, or a much better question would be, who received the money. He said that he would want Rep. Castro to know that he was challenging Secretary Perez.

The Chair requested Rep. Jimenez not to instruct Rep. Castro on what to ask.

Rep. Jimenez explained that he is willing to waive the right of secrecy over the bank account where the money came from so that an investigation on the issue can start immediately. He pointed out that what are before the Members are facts, and that speculation has no business in the House. These, he said, are the evidence which will go to the Ombudsman. He then requested the Members to proceed to the heart of the problem rather than to speculate.

Whereupon, Rep. Castro asked why Secretary Perez would still want him in jail when the extortion had come across.

In reply, Rep. Jimenez asked Rep. Castro to instead ask that question to the Secretary. He reiterated that perhaps the Secretary is afraid of him for what he knows about him. He informed Rep. Castro that when he was elected as Congressman of the Sixth District of Manila, there were five headlines against him, coming from the DOJ. He asked what would be the odds that five headlines would be released by the DOJ 10 days before the elections when the survey revealed that he was winning.

REMINDER FROM THE CHAIR

The Chair reminded the Members that the 30 minute extension of the Privilege Hour had expired.

MOTION OF REP. GONZALES

Considering that the unanimous consent of the House was for a 30-minute extension, and considering further that the Body is ready to begin consideration of the 2003 General Appropriations Bill, Rep. Gonzales moved that the Body suspend the Privilege Hour and continue the same after the Body shall have taken up the Business for the Day.

PARLIAMENTARY INQUIRY
OF REP. SYJUCO

Upon recognition by the Chair, Rep. Syjuco noted that the Business for the Day provides for the approval of the budgets of at least six departments which will not be finished in one day. He expressed belief that the Members are concerned about

the truth of the charges brought out by Rep. Jimenez. Further, he pointed out that the one hour rule had already been violated. Considering that there are very few people in the Session Hall to approve the budget of six departments, he requested Rep. Gonzales to consider the importance of the matter and asked that Rep. Jimenez' time be extended to accommodate the other Members who would wish to interpellate the latter.

REMARKS OF REP. GONZALES

Rep. Gonzales explained that his motion was in accordance with the Rules of the House and considering the fact that the unanimous consent of the House was only given for an extension of 30 minutes.

The Chair ruled that the time of Rep. Jimenez has long expired.

On the matter of the so-called violation of the Rules of the House, assuming that there was indeed a violation earlier, the Chair said that he will not allow a violation of the Rules indefinitely.

Rep. Syjuco corrected his statement by stating that there was a lapse in the enforcement of the Rules.

Whereupon, Rep. Syjuco moved to extend the time of Rep. Jimenez to allow other Members, including him, to interpellate the latter.

The Chair replied that only the Committee on Rules can ask for an extension of the Privilege Hour.

SUSPENSION OF SESSION

On motion of Rep. Gonzales, the session was suspended at 12:29 p.m.

RESUMPTION OF SESSION

At 12:30 p.m., the session was resumed.

REMARKS OF REP. JIMENEZ

Upon recognition of the Chair, Rep. Jimenez said that he would like to take a breather considering that he has been answering questions for almost three hours. He said that he will adopt the suggestion of Rep. Gonzales.

Rep. Syjuco asked that he be allowed to make a suggestion.

Rep. Gonzales said that the Members of the Committee on Rules know what they are doing and that Rep. Jimenez had adopted the motion for the suspension of his time, to continue thereafter in accordance with the Rules after the Body considers the Business for the Day.

RULING OF THE CHAIR

The Chair ruled that the Privilege Hour will be extended subject to the consideration of the Business for the Day and that Rep. Syjuco will be given time thereafter to proceed with his interpellation.

SUSPENSION OF SESSION

On motion of Rep. Gonzales, the session was suspended at 12:31 p.m.

RESUMPTION OF SESSION

At 12:31 p.m., the session was resumed.

MOTION OF REP. GONZALES

To allow the Members to partake of lunch in the South Lounge, Rep. Gonzales moved that the Body suspend the session until 1:30 p.m.

MANIFESTATION OF REP. CASTRO

Before the motion could be acted upon, Rep. Castro manifested for the record that he had not yet terminated his interpellation.

The Chair took note of Rep. Castro's manifestation.

SUSPENSION OF SESSION

At this point, on motion of Rep. Gonzales, the Chair suspended the session until 1:30 p.m.

It was 12:32 p.m.

RESUMPTION OF SESSION

The session was resumed at 1:50 p.m.

BUSINESS FOR A CERTAIN DATE:

COMMITTEE REPORT NO. 1044

ON HOUSE BILL NO. 5238

On motion of Rep. Gonzales, there being no objection, the Body considered on Second Reading House Bill No. 5238 as embodied in Committee Report No. 1044 and reported out by the Committee on Appropriations.

Upon direction of the Chair, the Secretary General read the title of the Bill, to wit:

“AN ACT APPROPRIATING FUNDS FOR THE OPERATION OF THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES FROM JANUARY 1 TO DECEMBER THIRTY-ONE, TWO THOUSAND THREE, AND FOR OTHER PURPOSES.”

On motion of Rep. Gonzalez, there being no objection, the Body dispensed with the reading of the text of the measure without prejudice to its insertion into the Record of the House.

Thereafter, on motion of Rep. Gonzales, the Chair recognized Rep. Rolando G. Andaya Jr. for his sponsorship speech.

SUSPENSION OF SESSION

On motion of Rep. Gonzales, the Chair suspended the session at 1:51 p.m. to allow the Committee staff to take their assigned seats.

RESUMPTION OF SESSION

The session was resumed at 1:53 p.m.

SPONSORSHIP SPEECH OF REP. ANDAYA

Rep. Andaya initially said that as proposed by President Macapagal-Arroyo, the 2003 General Appropriations Bill (GAB) adopts as its unifying element the theme "Investing in a Strong Republic" which reportedly builds upon past budgetary achievements, continues to support national efforts spurring economic growth, wins investors confidence, and restores macroeconomic stability.

Stressing that confidence is high that the momentum of growth would continue smoothly towards the goals identified with a strong Republic under the originally constructed macroeconomic framework of the national budget, he however pointed out that everything suddenly went wrong. He said that: 1) collections went awry; 2) the target deficit of P130 billion was breached; 3) the projected shortfall has swelled to around P223 billion; and 4) the deficit might reach rock-bottom at the end of the year and balloon beyond expectations due to the combined impact of dismal revenue performance and the worsening debt burden. He added that the peso also tumbled to

its lowest in 16 months at P53.825 to one dollar and plunged steeply away from the assumed rate used in crafting the current year's budget; and concluded that the country is in a state of a de facto or undeclared unmanageable national government deficit. He also said that the ripple effect of the September 11 debacle and the impending US-Iraq War continue to wreck the macroeconomic assumptions of the current administration. Notwithstanding this bleak and worsening scenario, he noted that the government continues to cling to its rosy and rainbow-colored forecast in the hope that the Bureau of Internal Revenue (BIR) and the Bureau of Customs (BOC) will find the much-needed revenue in the proverbial pot of gold.

Rep. Andaya opined that the government should avoid the havoc of sinking into a budgetary abyss from which it may not be able to rise again. He said that towards this end, the Committee on Appropriations ditched, set aside and discarded the government's rosy and rainbow-colored forecast of high tax collection and low budget deficit in fiscal year 2003 as Congress' initial step to help the administration control its 2002 and 2003 fiscal and socio-economic balance.

He pointed out that for the first time in history, the Committee prepared its own macroeconomic assumptions to serve as the basis of congressional action and of a review of the proposed 2003 budget. He said that these Committee assumptions which were concurred in by majority of the Members, are decidedly of national interest, they being among the primary scaffoldings of the budget. He added that the Committee's publication of their forecasts and assumptions in the November 18, 2002 issues of newspapers of general and national circulation has triggered the revision by the administration of its projected 2003 deficit to 4.7% of the Gross Domestic Product (GDP), an increase of the inflation target from 4.5% to 5.5%, and the trimming and scaling down of the GDP growth rate to a more realistic 4.2%.

He also pointed out that for the first time in history, the House of Representatives, through the Committee on Appropriations, had adopted the Projections of the National Fiscal Position as its guidepost for the formulation of the proposed 2003 GAB. He said that copies of the guidepost were distributed to the Members along with copies of his speech.

At this point, Rep. Andaya said that he will not burden his colleagues with figures, percentages and numericals and that it is enough to state that the revenue program continues to be the biggest challenge with the performance of the BIR and BOC as the best measure of the government's ability to maintain fiscal health. He emphasized that the House will not allow two major revenue-generating agencies to have excuses for not collecting taxes and will support all their reform initiatives; and that these bureaus should be answerable to the people for their deplorable performance.

He also emphasized that the percentage points used to predict the average annual population growth rate of 1.98% is an unforgivable error inasmuch as it is inconsistent with the 2.34 decimal growth rate per NCSB Resolution No. 2, series of 2002; and that all concerned should ensure that the oversight is not repeated.

He added that population is a key indicator for measuring the rate of change in population size and a very vital input for formulating development plans and programs. He however stated that the government cannot use erroneous population growth rates for monitoring the impact of the country's population management program and the formulation of 2003 development plans until such time that all of these are corrected and rectified by the Committee on Appropriations.

Rep. Andaya pointed out that based on simulations, the projected gross borrowings from domestic sources will dominate the borrowing program, constituting 52% or P202.101 billion as compared to gross foreign borrowings of 48 percent or P188.460 billion. For 2003, he explained that the national government expects to settle some P189.9 billion in principal amortization, consisting of P88.3 billion in foreign debt and P101.5 billion in domestic debt.

Rep. Andaya thereafter informed the Body that the Committee on Appropriations is very much elated to report in plenary session, that the administration's financial and economic managers have affirmed the validity and soundness of the projections of the House regarding the national budget. He added that the Committee fully understands the logic of investing in a strong Republic as enunciated by the President in her SONA and in her Budget Message to Congress. Considering their mandate to serve the Filipino people, he underscored that the Committee had opted to act consistently with the following guiding postulates: 1) that the welfare of the people is the primary concern of the government; and 2) that the advancement and promotion of their welfare is the beginning and the end of duties for all the Members who represent the people in government.

On the basis of all these premises and postulates, Rep. Andaya appealed for the support and the collective wisdom of the Members to help the Committee judiciously allocate and appropriate funds for a better future for the Filipino people. Whereupon, Rep. Andaya dwelt on the basics of pre-legislative authorization and pre-judicial issues embedded in the budget submitted by the Exective Department.

Firstly, he pointed out that he would like to discuss the issue of the uncustomarily late submission of the budget. He thereafter adverted to Section 22, Article VII of the Constitution, which mandates that "the President shall submit to Congress within thirty days from the opening of every regular session, as the basis of the general appropriations bill, a budget of expenditures and sources of financing, including receipts from existing and proposed revenue measures."

Rep. Andaya related that on August 21, 2002, the deadline set by the Constitution, the President submitted to the House the National Expenditure Program (NEP) and the Budget of Expenditures and Sources of Financing (BESF). He explained that the late submission by the Chief Executive had effectively deprived the House the material time needed to scrutinize, intelligently review and properly allocate the national budget. What is more disturbing, he said, is the constant annual specter of non-passage of the budget on time, which leads to the consequent operation of the automatic reappropriations clause under Section 25(7), Article VI of the Constitution.

Rep. Andaya stressed that Congress should not be forever held hostage to the automatic re-appropriations clause. The Committee, he said, strongly recommends the passage of remedial legislation to remove such provisions as "re-enactment" to enable the unimpeded exercise of the legislative prerogative of the House. For this purpose, the Committee, he said, will submit a proposed measure, entitled: "An Act Changing the Fiscal Year From the Period January First to December Thirty-First of the Calendar Year to July First of each Calendar year to June Thirtieth of the following year. He stressed that the measure, if passed into law, would give the Members ample time to deliberate on the national budget.

Secondly, Rep. Andaya underscored the issue on the constantly changing form and style of the budget and the annual experimentation on expenditure policies. He subsequently adverted to Section 25(1), Article VI of the Constitution, to wit: "the form, content, and manner of preparation of the budget shall be prescribed by law." He pointed out that this law is Presidential Decree (PD) No. 1177, as amended, whose provisions were reiterated under Sections 12 and 23 of Book VI of Executive Order No. 292, and the Administrative Code of 1987 which states, among others, that "the budget shall be presented in such form and contents as may be approved by the President."

Rep. Andaya pointed out that on the basis of the foregoing statutory authority, the President had submitted a one liner budget for agencies with fiscal autonomy like

Congress, the Judiciary, the Constitutional Offices, the State Universities and Colleges (SUCs) and the government-owned and/or controlled corporations, as well as a consolidation in the lump-sum accounts and in the unprogrammed fund pensions, retirement gratuities, terminal leave and separation benefits. He added that the details of these objects of expenditures were also selectively removed.

Rep. Andaya explained that these are the new fiscal year 2003 budgetary experiments on the format and style and funding presentation of personnel benefits. He stressed that the Members are all receptive to changes for the better, except for items of appropriation for intelligence and confidential expenses. He noted that these changes on the "Expenditure Policies" and the "form and style" of the budget introduced by way of initial implementation of the New Government Accounting and Auditing System, otherwise known as the NGAAS, should be given due course by the Legislature.

Rep. Andaya likewise manifested for the record that the Committee on Appropriations maintains the uncompromising position that henceforth, personnel amelioration and funding of personnel benefits should not be subject to annual budgetary experiments, new forms, new styles, much less, to doubtful expenditure policies. These, he said, will undoubtedly imperil and make more difficult the payment of benefits of government employees, hence these should never be countenanced by Congress.

Rep. Andaya underscored that the Committee had strongly recommended that Congress reverts back to the well established "agency-by-agency allocation format" of personnel amelioration, pensions and retirement benefits pursuant to the decision of the Supreme Court in the case of PHILCONSA vs. Enriquez. On the basis of this case, he added, the Supreme Court had ruled that "the President may propose the budget, but still the final say on the matter of appropriations is lodged in Congress."

As a penultimate issue, Rep. Andaya stressed that since time immemorial, Members of Congress were not involved in budget preparation activities. Due to this non-involvement, the Members are kept in the dark about the budget preparation guidelines, the financing strategies and the expenditure policies governing the budget submitted by the President to Congress.

Inasmuch as the national budget is a Legislative-Executive "participatory" legislation, Rep. Andaya stressed that the Committee on Appropriations shall initiate a study of the provisions of Section 6, entitled "Regional Budgeting" and Section 17, entitled "Regional Budget" of PD No. 1177 as reiterated verbatim under Sections 6 and 15 of Book VI of EO No. 292, and the Administrative Code of 1987 with the objective of finding possible statutory authorities or jurisprudence to allow the Members to participate in regional budget preparation activities.

Rep. Andaya surmised that this is the parliamentary and legislative dream of each and every Member; and thus, they should collectively study statutes and jurisprudence to find ways and means to make this dream a reality even if only in the district or regional level.

Whereupon, Rep. Andaya focused on the substance of the Bill, and thereafter enumerated the top 10 departments which will get the largest allocation of the proposed national budget, to wit: the Department of Education (DepEd), the Department of Public Works and Highways (DPWH), the Department of the Interior and Local Government (DILG), the Department of National Defense (DND), the Department of Agriculture (DA), State Universities and Colleges (SUCs), the Department of Health (DOH), the Department of Transportation and Communications (DOTC), the Judiciary and the Department of Finance (DOF).

Rep. Andaya subsequently discussed the rationale why in the 2003 and in the previous years' national budgets, the DepED often obtained the lion's share of the productive portion of the budget. While he pointed out that Debt Service Interest Payments, which is a non-productive portion of the budget will get a larger allocation of P223.2 billion followed by the DepEd, including the School Building Program with P106.4 billion, it should not be interpreted to be violative of Section 5(5), Article IV of the Constitution. He underscored that education is accorded the highest budgetary priority and does not only include the DepEd but also those departments and agencies catering to the educational needs of society.

Rep. Andaya subsequently noted that the P804.2 billion proposed budget is allocated as follows: P275.6 billion or 34.3% for personal services (PS); P449.5 billion or 55.9% for maintenance and other operating expenses (MOOEs); and P79.2 billion or 9.8 percent will go to capital outlays (CO) and on net lending.

In adhering to the total resource budgeting approach, Rep. Andaya explained that all funds earmarked for specific programs, activities and projects in the budget have been fully reflected. He pointed out that for fiscal year 2003, some P21.4 billion have been identified as earmarked revenues while P15.2 billion were identified as earmarked expenditures. He added that under the 2003 GAB, agencies are allowed to use income earmarked for specific purposes in a graduated manner and only the MOOE and the CO shall be financed by these earmarked revenues.

Rep. Andaya thereafter pointed out that budgetary support for Mindanao is intended to tap the enormous productive potential of the area and at the same time resolve nagging peace and order disturbances. For 2003, about P84.9 billion worth of programs and projects were identified for Mindanao, he added. He stressed that such budgetary allocation is imperative in the light of the government's efforts to counter the effects of insurgency and to rebuild the area from the ravages of terrorism. He thereafter enumerated the major projects in the areas to be funded in 2003.

In closing, Rep. Andaya reiterated his plea to the Members to properly allocate and judiciously appropriate funds today for a better future for the Filipinos. He stressed that the Committee is now submitting the 2003 GAB to the Members for their scrutiny and consideration with the request that they come up with their collective decision and recommendation. He subsequently urged the Members to approve the 2003 GAB.

PARLIAMENTARY INQUIRY
OF REP. PARAS

Upon recognition by the Chair, Rep. Jacinto V. Paras inquired whether a Member can request the Body to convene itself into a Committee of the Whole at any point during the budget deliberation in order to allow any department Secretary to answer interpellations.

Rep. Gonzales replied that it has always been the prerogative of any Member to file any such motion and the result would depend upon the vote of the entire House.
MANIFESTATION OF REP. ROMAN

Upon recognition by the Chair, Rep. Antonino P. Roman stated that it is out of the humility that Rep. Gonzales had not claimed the right to file such a motion inasmuch as under the Rules, it is the Majority Leader who has the discretion to file such motion.

PARLIAMENTARY INQUIRY

OF REP. LOBREGAT

Upon recognition by the Chair, Rep. Celso L. Lobregat asked for the ruling of the Chair regarding the advisory from the Majority Leader which states that under Section 35, Rule IX of the House Rules, no Committee may meet while the House is in plenary session and the fact that there are ongoing Committee hearings during the plenary deliberation of the 2003 GAB. He added that just that afternoon, he had received a Notice of Executive Meeting from the Committee on Ecology.

Rep. Gonzales replied that the Rules indeed provide that there should be no Committee meetings while the Plenary is in session. Considering that the plenary deliberations on the 2003 Budget will start from Monday to Friday beginning at 10:00 a.m., the Committee on Rules, he said, had come up with the necessary advice to the respective Committee chairmen to refrain from holding Committee meetings during plenary sessions.

Rep. Lobregat then asked whether the Committee on Ecology can be advised accordingly.

Rep. Gonzales replied in the affirmative.

On further query, Rep. Gonzales replied that upon an informal agreement with the Minority, the heads of the House panels have been advised to refrain from holding their bicameral conference committee meetings that week. For this reason, he said, the bicameral conference committee tackling the Special Purpose Asset Vehicles (SPAV) Bill had postponed its meeting for next Wednesday on the assumption that the budget deliberations will be concluded before said day. If the budget bill is not passed within the week, he assured Rep. Lobregat that the ruling of "no committee hearings" will continue.

MOTION OF REP. FAILON

Upon recognition by the Chair, Rep. Ted Failon moved that the Roll be called before the Body starts the period of interpellations on the budget bill.
SUSPENSION 0F SESSION

Whereupon, the Chair motu proprio suspended the session at 2:21 p.m.

RESUMPTION OF SESSION

At 2:26 p.m., the session was resumed.

WITHDRAWAL OF REP. FAILON'S MOTION

Upon resumption of session, Rep. Failon withdrew his previous motion.

On motion of Rep. Gonzales, the Chair recognized Rep. Ronaldo B. Zamora to interpellate Rep. Andaya.

INTERPELLATION OF REP. ZAMORA (R.)

At the outset, Rep. Zamora inquired which one between Rep. Jimenez's speech accusing Secretary Perez of extortion and the amazing performance of the Committee on Appropriations had cause more amazement in the House that day. He took note of the strong language used by Rep. Andaya in sponsoring House Bill No. 5238 by quoting excerpts from the sponsorship speech, to wit:

"tax collections went array, the tax deficit of P130 billion was breached, the projected shortfalls swerved to P223 billion";

"we should accept the reality that we are now in a state of de facto or undeclared, unmanageable national government deficit";

"for the first time in our history, your Committee on Appropriations prepared its own macroeconomic assumptions to serve as the basis of congressional action and the view of the proposed budget for fiscal year (FY) 2003"; and

"the percentage points used to project the average annual growth rate of the population of 1.98 is wrong and this error is, if by design, completely unforgivable."

Rep. Zamora pointed out that the Members from the Opposition agree with Rep. Andaya completely on several points, including his statement that the House is prepared to break away from the automatic reenactment clause of the Constitution. He thereafter inquired whether the economic team sitting behind Rep. Andaya agree with the salient points of his sponsorship speech or whether the Sponsor is provoking a fight with the economic managers thereby creating a break that might serve as the basis for redefining the role of Congress vis-á-vis the economic managers.

In reply, Rep. Andaya confirmed that the economic managers agree with all the figures he had presented. He stated that he would have wanted to deliver a toned-down speech but doing so would be hiding the truth from the Members. He expressed belief that the Members, whether from the Minority or the Majority, deserve the truth.

Rep. Andaya also expressed appreciation of the Minority's concurrence with his projections. This, as he stressed that crafting the budget is not only appropriating funds but largely involves the setting up of accurate macroeconomic assumptions to serve as the framework of the budget. He explained that the releases for the Members' projects had been delayed precisely because the macroeconomic assumptions for FY 2002 were wrong. He manifested his intent to turn the "myth of the power of the purse" of Congress into a reality by stepping in not only on the expenditure side of budget-making but in the formulation of macroeconomic targets as well.

In his rejoinder, Rep. Zamora expressed hope that the Body will be able to craft the kind of scaffoldings that a real budget demands -- one that is dependent upon truth, transparency and a complete desire to get to the bottom of the country's economic mess. He then expressed pride in being a member of the Committee on Appropriations and thereafter commended Rep. Andaya for his remarkable candidness in appraising the actual situation.

On whether a budget review involves not only asking the right questions but looking at the right numbers as well, Rep. Andaya replied in the affirmative.

Thereupon, Rep. Zamora suggested that instead of using the term "budget deficit," the Sponsors should instead use the terms "consolidated public sector deficit" and "public sector borrowing requirements" which are actually accepted by economists and researchers worldwide.

Rep. Andaya agreed therewith and opined that using these terms would actually give a complete picture of the economy.

In his rejoinder, Rep. Zamora recalled that there was a time when the terms

"national deficit", "consolidated public sector deficit" and "public sector borrowing requirements" were so closely connected that even the late father of the Sponsor, former Rep. Rolando G. Andaya Sr., who used to head the Committee on Appropriations during the Eighth, Ninth and Tenth Congresses, had remarked that there was no need to distinguish from among these concepts because their numbers approximate each other.

Rep. Zamora however observed that times have changed and the government, according to a news agency, had claimed a deficit of 5.6% of the gross domestic product (GDP) amounting to P223 billion at the end of the year, and a goal of a 4.7% shortfall that would translate to P202 billion for FY 2003.

He then asked whether the figures were correct.

Rep. Andaya replied in the affirmative.

Rep. Zamora then inquired whether it would be considerably high if the national consolidated public sector deficit was used. He further asked whether the figures were alarming for an emerging economy like the Philippines.

Whereupon, Rep. Zamora cited the GDP of Argentina and Brazil which were at their peak at 4.5% and 3.75%, respectively. He pointed out that instead of discussing the macroeconomic assumptions, the Members should instead be worrying about these figures and their effects not just on the government's performance but on the promises that the Majority and the Minority had made to the people.

Repyling in the affirmative, Rep. Andaya explained that this is the reason why the Committee on Appropriations had opted to have its own version of macroeconomic assumptions for next year. He pointed out that a GDP of 5.6% vis-a-vis the national government debt is quite high. He stressed that Congress should intervene and address the situation before it becomes too late.

Rep. Zamora inquired as to what the government would do to the consolidated public sector deficit of 6.5%. He pointed out that the problem could be traced to the rising public debt and the uncontrollable public deficit now experienced by the country. He asked anew what the government intends to do about it. He noted from several newspaper reports that the country's public debts as of September 2002 had risen to P2.715 trillion. He emphasized that the country's debt is no longer computed in billions but in trillions of pesos which is up by P394.2 billion from the previous year or an increase of 17%. He then explained that each one of the 80 million Filipinos has a debt load of P33,937.50 or P34,000.00. He then asked what Congress would do about this.

In reply, Rep. Andaya agreed that the country's total debt stock has increased to an alarming rate. However, he explained that a noble way of looking at the matter is that what every Filipino owes the government is dependent on his earnings or on the taxes he has to pay.

Rep. Zamora contended that P34,000 is not something he would like to give his children or anybody's children, the moment they are born. However, he pointed out that it is exactly the per capita load of every Filipino at present. He expressed apprehension that with the kind of borrowing program that the government seems determined to embark on, the per capita figures will even rise to P40,000 or P50,000. He explained that the Opposition had raised its voice not just to criticize or poke holes in the budget of the administration but to caution the government or even show other approaches. He expressed apprehension over the government's plan to borrow additional large amounts. In fact, he disclosed that the government had

stated that it plans to borrow 52% of its funding requirements domestically, and 48% overseas vis-a-vis the current debt of 44% at home and 56% externally. He then asked whether Rep. Andaya at this point, is prepared to discuss the reason the government wants to borrow rather than to collect revenue a little more energetically in order to get the country out of the budget deficit.

In reply, Rep. Andaya explained that the true culprit behind the country's problems at present is the ever increasing debt service. He pointed out that the country's deficit, at this point, is not a sustainable deficit. In layman's term, he explained that a sustainable deficit must be one wherein spending from this deficit should be translated into capital expenditures which should in turn yield more revenues to the nation such that the debt to GDP ratio would not be increased because increased spending would correlate to additional revenues. This, he said, is not happening. The so-called “pump-priming”, the favorite term used in budget deliberations, has only happened on the growth side as evidenced by the 4.1% growth for the first semester. He however noted that in terms of the accompanying revenues, it has not happened.

Whereupon, Rep. Zamora asked what Congress should do about this, He said that it is not enough for the Members to accept that the country's budget deficit is not sustainable. He expressed hope that the government does not intend to just continue on its merry-way without doing something drastic about its revenue collections. He noted that all the heads of the country's revenue collection agencies are present in the Session Hall. He then asked what the BIR and the BOC plan to do about it.

Rep. Andaya replied that the BIR has implemented a new program called the Value Added Tax (VAT) Relief Program designed to capture the taxes from VAT taxpayers. He revealed that the initial implementation was done after President Macapagal-Arroyo convened a task force composed of the heads of the revenue generating agencies. After the first meeting, he disclosed that the VAT Relief Program was implemented as per instructions of the President and that P4 billion additional revenue is expected from the BIR this year. The system, he said, is not an overnight success formula but will take about a year for its full implementation. He said that the BIR is expected to send around 10,000 letters to corporations but only a thousand had been given out at the moment. However, he said that an initial payment of P1.5 billion had been made and a corporation had promised to pay its tax delinquency of another P1 billion. He pointed out that the BIR is looking into the matter and will be more energetic in collecting taxes for next year.

Rep. Zamora expressed hope that Rep. Andaya would not find him overbearing by suggesting that these collections are perhaps just drops in a bucket. To make a fair general statement, he disclosed that VAT collections and specific tax collections have both been going down. In fact, as percentages of GDP, he pointed out that both VAT collections and specific tax collections have been going down by about 1% of the GDP or a total of 2% of the GDP. He then cited for instance that a GDP of about P3.8 trillion at 2% will translate to P76 billion in lost revenues. He pointed out that the P2 billion after a few months of implementation may be just a tad too small. He opined that more drastic solutions should be considered, such as what had been proposed by Rep. Enrique T. Garcia Jr., who warned the present administration and two past administrations about the failure of VAT collections in the Philippines, not only because revenue agents have failed to collect but more precisely because of systemic issues that he had been raising for at least eight or nine years. He disclosed that Rep. Garcia's suggestion was to remove the VAT and revert to the older and more effective system of using sales as a way of collecting more taxes. He then asked whether the Committee on Appropriations had considered something to this effect.
Replying in the affirmative, Rep. Andaya explained that he has filed a bill

restructuring the BIR or the much publicized Internal Revenue Management Authority (IRMA). Consequently, he said that Rep. Emmanuel Joel J. Villanueva had also filed another version called the NARA. Both bills, he said, have the same concept. He explained that in Rep. Villanueva's bill, the BIR is engineered to respond and be responsible for the revenues they have to collect.

Rep. Zamora inquired whether Rep. Andaya has read the paper prepared by the Congressional Planning and Budget Office (CPBO) which estimates VAT tax evasion at 60%. He then asked whether said figures are correct or the CPBO is just getting figures out of thin air.

Rep. Andaya replied that the figures are accurate.

Considering the accuracy of the figures, Rep. Zamora then inquired what the government has done about it.

Rep. Andaya replied that considering that Congress is part of government, the bills filed by the Members are its response to the problem. He agreed with Rep. Zamora's observation that the country's tax collection is actually going down but it is not flat because there is still time to remedy the situation. He said that Congress should take advantage of the time and respond to this challenge.

Rep. Zamora, in pursuing Rep. Andaya's point further, said that the country's tax and revenue collections have been going down quite dramatically over the last few years so that they are now only about 12% of GDP. He then asked whether this observation is correct.

Rep. Andaya replied that the BIR assumption is around 9.8% of the GDP but the closer to the truth would be the assumption of 9.9% of the GDP.

Rep. Zamora disclosed that the Minority has been using an even more optimistic figure. He said that the Minority's figure in the previous year's tax effort was about 12.7%. However, he said that this is even less than that of 1987 during the first year of the 1986 tax reform. He pointed out that the tax efforts have continued to deteriorate this year and are expected to do the same in the next year. In short, he said that the Minority is suggesting that the VAT base has been slowly eroding.
In fact, Rep. Zamora explained that the shift in the mode of taxation of oil products, cigarettes and liquor, from ad valorem tax to specific tax has reduced the responsiveness of the tax system to changes in the economy. Moreover, he said that it has effectively reduced the potential revenues under the ad valorem taxation system. The Minority, he said, at some point is hoping that Congress would try to fix the current tax system's structural weaknesses. He expressed hope that Rep. Andaya would be more optimistic about the approaches he had mentioned.

As regards the shifting of tax from ad valorem to specific, Rep. Andaya agreed with Rep. Zamora's observation. He said that he has already filed a bill with the Committee on Ways and Means to adjust or raise these taxes to make it more responsive to the economic changes.

He added that the taxes being paid are no longer commensurate to the prices of the products in the market at present.

Rep. Zamora inquired how the government intends to finance the deficit. He noted that the government intends to do this through a mixture of policy responses part of which is getting more from tax revenues and inquired whether the main part of the government's program is to borrow more.

Rep. Andaya replied that the government would have to resort to borrowings to finance its budget deficit for next year.

On further queries, Rep. Andaya pointed out that for the year 2003, the government intends to incur foreign borrowings amounting to P188.5 billion; and P202.1 for domestic borrowings, giving a total of P390.561 billion. The borrowing mix, he said, would be 48% foreign loans and 52% domestic loans. He added that this would include the $500 million that the Secretary of Finance will borrow in the form of 10-year dollar-denominated sovereign bonds. He affirmed that the $500 million offering is fully subscribed and thus the present administration would not have to worry about paying for the same.

Noting that the current mix of financing by the economic managers of the administration relies on long-term five to 10-year bonds, Rep. Zamora inquired whether this kind of borrowing would foster fiscal discipline considering that the users of the loan will not be responsible for the payments.

Rep. Andaya affirmed that the payments for said loan would have to be made probably by two more administrations that would succeed the present one. He stressed, however, that the government's economic managers would have to spend the money wisely, even as he acknowledged that the reverse could happen. He emphasized that the present economic managers have made a stand to use the funds in the best way possible so the economy could grow and the government could secure more revenues.

Rep. Zamora remarked that this is what all people hope for although the truth is that at the back of their minds, the economic managers would agree that such current mix of financing really puts future governments in a deeper fiscal hole.

Rep. Andaya replied that the government would indeed be placed in a deeper hole if it does not know the problem at present or if it does not do anything about it. He pointed out, however, that Congress has stepped in and intends to make sure that the coming administrations would not be placed in a similar if not far worse situation than what it is trying to fix at the moment.

Rep. Zamora inquired whether this requires a far more assertive, vigorous monitoring and the oversight role of Congress, specifically of the Committee on Appropriations.

Rep. Andaya affirmed this point and stated that the House has taken initial steps to ascertain the strategies that should be adopted by the country's financial managers.

Rep. Zamora expressed the Minority's concern that net foreign financing would continue to increase to such an extent that the total loan will be almost two out of every three pesos that the government would be spending. He expressed hope that the current policy debate on the size of and the source of financing for the deficit would provide Congress a way of determining its policy positions in the future. He likewise expressed concern that the evolving national government deficit may end up being reduced by means of a combination of window dressing exercises. This, as he stated that he is aware that the Committee on Appropriations does not participate in this kind of exercise like the building of arrearages; refusal to pay debts so they could be paid by future administrations; withholding of Internal Revenue Allotments (IRA) shares of local governments; or asking government corporations to declare dividends. He inquired whether Rep. Andaya had seen any of these acts being done by some of the economic managers.

Rep. Andaya replied that the Committee on Appropriations had seen all such practices done in the past, although he had no knowledge of whether they are being done up to this time. He assured Rep. Zamora that the economic managers would hesitate to do

them or think twice before committing them, knowing fully well that Congress, through its Oversight Committee, is carefully monitoring the same.

Rep. Zamora noted that every administration normally complains that the previous administration did not pay its debts and its obligations have remained. Because of this, he said, the present administration could declare that the deficits that the latter had passed on were not as big as they really were, like withheld IRA shares for local governments. He asked whether this is part of the entire process and whether the House does not want this to happen again.

Rep. Andaya affirmed that this is part of the game and that he would not want it to happen again. He likewise affirmed that he would not do the same if he were to accept a position in government. He added, however, that he had seen persons who are now in the Cabinet and who have adopted a paradigm shift on the matter. He then agreed with Rep. Zamora that people forget these things the moment they leave Congress and join the Executive Department. Rep. Zamora added that this should serve as a cautionary tale.

Thereupon, Rep. Zamora inquired on the allotments the government intends to reduce given the unmanageable fiscal deficit the Committee had declared.

Rep. Andaya cited that for the year 2002, the government had opted to trim down around P29 billion of expenditures to control the deficit, although given the year-end result, there would still be a large deficit gap. He added that the government had intended to finance all the expenditure items so it could attain its desired economic growth this year and there would be no, or very minimal, spillover of accounts payable for the year 2003. In short, this means that the government would have to finance spending from borrowings, he said.

Rep. Zamora inquired whether the Committee on Appropriations intends to cut down any of the present allocations of the government.

Rep. Andaya responded that there will be no reductions for the year 2002 expenditures and that the government would have to finance this with more borrowings considering that its revenue performance is not up to par.

On whether the government would maintain the borrowings at P804 billion, Rep. Andaya pointed out that for the year 2003, the Committee on Appropriations has proposed that certain cuts be made, although he could not come up with the exact figure that time. He stressed that the government is going through a tight balancing act on the matter in view of its big debt servicing allocation for the year 2003. He maintained that effectively, the productive portion of the budget is quite small and if further cuts are made, they would have to come from the capital outlay portion of the budget which presently stands at 9.9% of the total budget. The country may not experience any economic growth if it cuts too much of the budget, he cautioned.

On further queries, Rep. Andaya explained that 9.9% of the total budget translates to around P79 billion.

Rep. Zamora opined that when the proposed budget is presented to Congress, the House could essentially decide to set the figure at only P80 billion because the other items would be taken immediately by automatic appropriations including the IRA and debt service allotments.

Rep. Andaya replied that in the case of the IRA, the Committee believes that it is not automatically appropriated and thus could be further reduced. On further queries, he affirmed however that the government has not yet done this.

Assuming that the IRA is not automatic, although this matter is too risky to tamper with, Rep. Zamora noted that the House would then be left with only P80 billion or less. Rep. Andaya explained that the figure would amount to P98 billion after the PS, MOOE, IRA, debt service and other automatically reappropriated or appropriated allotments are factored in. He added that in this regard, Congress' power over the purse is essentially reduced.

Rep. Zamora observed that when Congress' power to appropriate the funds of the government is discussed, this refers to about less than P100 billion, or less than $2 billion, given the rising interest payments, costs of personal services and other equally important government expenditures which end up being crowded out. Hence, he claimed that economic services, social services, capital expenditure and the MOOE are all reduced in the budget, especially when allotments therefor are compared to the budgets of competing economies in the region.

Rep. Andaya affirmed that although some government sectors may have experienced increases nominally, they are all going down as percentages of the GDP and of the national budget.

Rep. Zamora asked how the government could pull out from this mess; how Congress could reestablish its role as the body that appropriates the funds, and make its power over the purse more effective.

Rep. Andaya replied that this would have to start with the macroeconomic assumptions which had already been done. In addition to this, he said that revenues would have to be generated in line with which bills concerning the IRMA and the restructuring of the BIR would be of much help. The proposed Procurement Reform Act which the House had passed on Third Reading will also be important as it could save the country around P20 billion every year. He added that the government could also provide a moratorium in the grant of fiscal incentives to industries because incentives lower government revenues. Excise taxes, including the so-called sin taxes and taxes on cigarettes and liquor will have to be rescheduled, he said, and the IRA shares of local governments would have to be reviewed. He explained that he is not proposing that the government should not grant local governments their IRA shares but simply stressing the fact that the framers of the Local Government Code did not envision a situation in which the total budget of the national government would grow by only 4.5%, while the IRA would grow to almost 6%. If this situation is allowed to go on, he said that time may come that the national budget will suffice only for personal services, debt service and the IRA. A review of the matter would thus be imperative, he added.

With regard to the macroeconomic assumption cited by Rep. Andaya that "the percentage of points used to project the annual population growth rates of 1.98% is wrong and is inconsistent with the 2.34% decennial growth rates of the National Statistical Coordination Board" and that "the error, if by design, was unforgivable", Rep. Zamora asked whether the Committee on Appropriations is really working out an honest to goodness population program.

Rep. Andaya affirmed this view and stated that population growth is a big factor to be considered in the 2003 GAB, in relation to the student-to-classroom ratio, the number of textbooks per student and the number of enrollments under the DepEd. He added that the specific government population program is focused more on a "Responsible Parenthood Program" wherein every citizen is given a choice of the type of family planning system he/she may want to adopt. However, he admitted that obviously, this program is not working effectively in view of some conflicting political, cultural and religious beliefs among the Filipino population. In this

regard, he maintained that the government should come up with a more aggressive population control program.

In short, Rep. Zamora pointed out that the government should not just look at the figures being presented but must become more aggressive in an actual and implementable population program. Rep. Andaya agreed therewith.

Thereafter, the Chair recognized Rep. Syjuco on a point of order.

POINT OF ORDER OF REP. SYJUCO

In view of the seriousness of the matter being discussed on the floor and considering that only a few Members were present in the Session Hall, Rep. Syjuco moved that the Body adjourn the session until four o' clock the following day.

SUSPENSION OF SESSION

Whereupon, the Chair motu proprio suspended the session.

It was 3:23 p.m.

RESUMPTION OF SESSION

At 3:49 p.m., the session was resumed.

REMARKS OF REP. SYJUCO

Upon resumption of session, Rep. Syjuco asked that the session be suspended anew for five minutes.

SUSPENSION OF SESSION.

The Chair suspended the session at 3:50 p.m.

RESUMPTION OF SESSION

At 4:22 p.m., the session was resumed.
ROLL CALL

Upon direction of the Chair, the Secretary General called the Roll and the following Members were present:

Abad Dy (F.)
Abaya Ecleo
Abayon Erice
Albano Ermita-Buhain
Alfelor Escudero
Almario Espino
Amante Espinosa (Edgar T.)
Amatong Espinosa (V.)
Ancheta Estrella
Andaya Failon
Antonino-Custodio Falcon
Apostol Floirendo
Aquino (A.) Fua
Arbison Fuentebella
Bacani Garcia (E.)

Baculio Garcia (V.)
Banaag Gatchalian
Barbers Gonzales (N.)
Baterina Gonzalez (R.)
Beltran Gozos
Bersamin Gullas
Biazon Hizon
Bueser Ipong
Bulut Jaafar
Cabilao Jala
Cagas Javier
Cajes Joaquin
Calalay Joson
Cari Kintanar
Castelo Daza Lacson
Castro Lapus
Chipeco Leviste
Chungalao Lobregat
Cojuangco (M.) Locsin (Ma. V.)
Cruz Locsin (T.)
Cruz-Ducut Lopez (J.)
Cua Macias
Cuenco Malanyaon
Dadivas Marañon
Dangwa Marcos
De Guzman Matalam
Defensor (A.) Mathay
Defensor (Ma. T.) Maza
Del Mar Monfort
Dilangalen Montilla
Dimaporo Nachura
Domogan Nantes
Dumpit Nicolas
Dy (C.) Nieva
Nograles Suarez
Olaño Sumulong
Pablo Suplico
Padilla Sy-Alvarado
Paras Syjuco
Perez Taganas Layus
Pichay Torres
Pilando Tulagan
Puentevella Umali (Alfonso V.)
Punzalan Umali (Aurelio M.)
Ramirez-Sato Unico
Real Uy (E.)
Remulla Veloso
Reyes (E.) Vicencio
Reyes (V.) Villanueva
Roco Villar
Rodriguez (I.) Villarama
Rodriguez (O.) Villareal
Roman Violago
San Juan Wacnang
San Luis Yapha
Sandoval (F.) Yumul-Hermida
Santiago Zamora (R.)

Silverio Zialcita
Singson Zubiri
Solis

With 149 Members responding to the Call, the Chair declared the presence of a quorum. (See Appendix 1)

The following Members appeared before/after the Roll Call:

Abaya (P.) Jaraula
Ablan Jimenez
Acosta Libanan
Amin Lopez (R.)
Angara-Castillo Macarambon
Badelles Ocampo
Barinaga Ortega
Bondoc Ramiro
Cayetano Romualdo
Cojuangco (C.) Rosales
De Venecia Salceda
Enrile Taliño-Santos
Gordon Teodoro
Gunigundo Uy (R.)
Imperial Ylagan

Whereupon, the Chair recognized Rep. Syjuco on a question of personal and collective privilege relative to the existence of a quorum.

QUESTION OF PRIVILEGE OF REP. SYJUCO

Rep. Syjuco initially pointed out that he had time and again taken the floor to question the quorum. He stated that he was happy to do so again today because at the time he questioned the quorum, it cannot be denied that there was no quorum present. He subsequently stressed that the Constitution mandates that the House shall not transact any business without the presence of a quorum. He added that his call for a quorum that afternoon had resulted in the presence of a quorum in the Session Hall.

Rep. Syjuco thereafter noted the importance of the presence of the Members, particularly during the consideration of the 2003 GAB. It is the Members' impression, he said, that failure of the House to pass the 2003 GAB could be seen as giving up on its inherent power and prerogative to the detriment of the country. He underscored that he will not question the pros and cons of whether the country would be better off or worse off with a reenacted budget or under the form, terms and circumstances in which the 2003 GAB is presented to the Members. He pointed out that he would only like to send notice to the House leadership that everytime there is no quorum, he will not hesitate to raise this issue on the floor on the account that any plenary proceeding without the benefit of a quorum is considered illegal, unconstitutional and improper.

Whereupon, on motion of Rep. Gonzales, the Chair recognized Rep. Zamora to continue with his interpellation.

INTERPELLATION OF REP. ZAMORA (R.)
(Continuation)

Whereupon, Rep. Zamora inquired on the national government's appropriation for contingent liabilities for 2003.

Rep. Andaya replied that the amount would be about P506.7 million.

Rep. Zamora commented that the government had always earmarked funds for its contingent liabilities for the last six to seven years.

Rep. Andaya replied that the amount of P19.9 billion was budgeted for contingent liabilities for FY 2002.

Rep. Zamora suggested that Congress budget some funds for the GOCCs, like the Home Guaranty Corporation, because they may incur losses in FY 2003 and the government may end up subsidizing their debt service requirements. He proposed that funds should also be budgeted for foregone amounts which have been running at P2.5 billion monthly since April of the current year.

Rep. Andaya concurred with the points of Rep. Zamora. He also agreed with the suggestion of Rep. Zamora to consider the consolidated public sector deficit as a more realistic figure rather than the national budget deficit because the former considers the ripened and matured contingent liabilities. He confirmed the observation of Rep. Zamora that they should look at the 6.9% of the GDP and not just the 5.6% which the government is looking closely at.

On whether the House wants to enact a new budget or will be forced by circumstances to just reenact the old budget law, Rep. Andaya stated that they should enact a new budget that adopts more realistic macroeconomic assumptions.

Rep. Zamora then urged the Members to consider the pre-legislative authorization and prejudicial issues mentioned by the Sponsor. He expressed hope that the late submission of budget proposals and the budget messages of the President will not happen again. He also enjoined his colleagues that as they change the form and style of the budget, they should ensure that they do not end up with a GAB which gives one-line budgets for agencies with fiscal autonomy.

In addition, Rep. Zamora encouraged the Members to support the position of Rep. Andaya that Members of Congress should participate in the budget preparation process, even beginning at the level of their respective districts and regions. While he cannot guarantee that the Opposition will vote in favor of the Bill, Rep. Zamora nonetheless emphasized that they must see to it that every peso they allocate is spent wisely for the good of the Filipinos.

On motion of Rep. Gonzales, the Chair recognized Rep. Edelmiro A. Amante for his interpellation.

INTERPELLATION OF REP. AMANTE

Initially, Rep. Amante stated that the purpose of his interpellation is to come up with new mechanisms aimed at controlling discretionary and direct spending so the government can accordingly reconcile its revenues and expenditures. He also said that he intends to set clear the annual budget deficit ceiling. He noted that people get disillusioned because political leaders like the Members are tempted to make more promises than they can fulfill. He then inquired whether Congress and the Executive should exert efforts to reach an agreement on these issues.

In reply, Rep. Andaya assured Rep. Amante that this has been done beginning with this year's budget deliberations. He admitted to having consulted with the government's economic managers to come up with simulations that resulted in a new set of figures which the Body is currently discussing. He also agreed with the point of Rep. Amante that the Legislature and the Executive Department should agree on the

country's budget deficit problem in order to send a message of goodwill to its foreign creditors and economic partners.

Rep. Amante also cited the need to set a budget deficit cap so the government can implement a national budget deficit reduction plan. He explained that exercising discipline in spending would make the Philippines more attractive. He then quoted the late Rep. Andaya Sr. who once cautioned the Chamber against going into piecemeal expenditures. He further suggested that Congress should stop enacting bills with appropriations requirements that cannot be funded anyway.

Rep. Andaya agreed with the foregoing observations of Rep. Amante. He added that the Committee on Appropriations is even considering a possible legislation along the last point raised by Rep. Amante, particularly with the "pay as you go" rule in mind.

On a related query, Rep. Andaya commended the good intentions of Rep. Amante in solving the country's budget deficit problem. He however stated that instead of placing a budget deficit cap, setting more realistic deficit targets and adopting more realistic macroeconomic assumptions would constitute a big step towards solving the country's deficit problem. He disclosed that the Development Budget Coordinating Committee (DBCC) had originally set the budget deficit at P142 billion for FY 2003 but the Committee changed it to the more realistic figure of P202 billion so the government would finally be cognizant of the problem and find ways to really fix the same.

In closing, Rep. Amante commended Rep. Andaya for his honesty and ability to advocate for change. He expressed hope that they would be able to spend the government's limited financial resources to attain the highest welfare of the people.

SUSPENSION OF SESSION

On motion of Rep. Gonzales, the session was suspended at 4:58 p.m.

RESUMPTION OF SESSION

At 4:59 p.m., the session was resumed.

On motion of Rep. Gonzales, the Chair next recognized Rep. Celso L. Lobregat for his interpellation.

INTERPELLATION OF REP. LOBREGAT

Before proceeding to discuss the 2003 GAB, Rep. Lobregat said that he would like to review first the 2002 GAA or RA No. 9162. He then asked whether the budget of the 2002 GAA was P780,790,751,000.

Rep. Andaya replied in the affirmative.

Adverting to the breakdown of the budget by departments, Rep. Lobregat pointed out that the departments had a P363,278,652,000 budget and special purpose funds in the amount of P394,997,079,000 for a total amount of P758 billion. He pointed out that the P758 billion included the interest payments of P204 billion. He then asked whether said figures were correct.

Rep. Andaya replied in the affirmative.

On whether the automatic appropriations of P22,515,000,000 which excluded interest

payment was already included in the P394 billion, Rep. Andaya replied in the affirmative.

On whether Congress had approved an unprogrammed fund in the amount of P21,114,000,000, Rep. Andaya replied in the affirmative.

On whether the total budget of P801 billion included P780 billion in programmed funds and P21 billion in unprogrammed funds, Rep. Andaya replied in the affirmative.

SUSPENSION OF SESSION

On motion of Rep. Andaya, the session was suspended at 5:03 p.m.

RESUMPTION OF SESSION

At 5:06 p.m., the session was resumed.
INTERPELLATION OF REP. LOBREGAT
(Continuation)

In reply to the query, Rep. Andaya explained that the figures presented by Rep. Lobregat, including the unprogrammed portion of the budget, were correct.

On whether the total figures for the revenue side was P624,307,000, Rep. Andaya replied in the affirmative.

Rep. Lobregat then inquired whether said amount was broken down into tax and non-tax revenues. He pointed out that the tax portion in the amounts of P447 billion and P115 million were supposed to have been collected by the BIR and the BOC, respectively. He thereafter noted that the non-tax portion included the amount of P53 billion for a total of P624,307,000 representing the tax revenue efforts of the government. He then asked whether this was correct.

Rep. Andaya replied in the affirmative.

On whether the computation of the deficit has an expenditure side and a revenue side, Rep. Andaya replied that generally speaking, that is correct.

Rep. Lobregat thereafter inquired what could have accounted for the balance that would make the deficit only P130 billion if the expenditure was P780 billion and the revenue was P624 billion.

In reply, Rep. Andaya explained that the deficit was based on a cash basis which means the actual cash which will be disbursed from the National Treasury. He pointed out that the basis is actually not the obligation budget but the cash budget. He said that in the year 2002, the approved total cash budget was only P754,306,000 less P624 billion for a remaining amount of P130 billion.

On whether the balancing figure would be about P26 billion, Rep. Andaya replied in the affirmative. He said that the amount will not have to be paid or in other words, there would be no cash involved in these items.

Comparing the figures, Rep. Lobregat inquired which would be used: the actual appropriation by Congress or the adjusted figures. This, as he noted that the adjusted figures had been used because in the course of the year, the expenditure targets and revenue targets have been scaled down.
Rep. Andaya replied that the new revenue figure for the year 2002 was P549,513,000,000 instead of P624,306,000,000 while the disbursements would be

P772,555,000,000.

Rep. Lobregat said that during the initial presentation of the budget on a per-department basis, the Members were presented with the scaled-down figure of P378,495,000,000 for the different departments. However, he said that Congress had approved the amount of P363,278,000,000 per department. He noted that instead of being scaled down, the expenditures had gone up. He then cited one particular department with an approved budget of P95,290,000,000 with the adjusted figure of P103,296,000,000. He asked how this could be accounted for.

Rep. Andaya explained that when these numbers were first presented to the Committee, the lump-sum appropriations had not yet been utilized. After a year, he continued, some of the items under lump-sum appropriations have been utilized and inputted into these various departments.

Rep. Andaya thereafter cited as an example the hiring of new teachers which at the beginning would be under a lump-sum fund and at the end of the year, after the teachers shall have been hired, would now be inputted in the PS portion of the DepEd.

Rep. Lobregat agreed therewith. However, he noted that in the budgetary support to government corporations, Congress had only approved a budget of P4,906,000,000 while the adjusted figures for 2002 was P13,400,000,000 representing an increase of P9 billion. He then asked how this increase could be accounted for.

Rep. Andaya replied that all the expenditures whether they have been increased from their original proposals or not, are well within the approved expenditures of Congress despite the differences in application after one year.

Rep. Andaya thereafter cited for instance that one example would be the utilization of the unprogrammed portion of the budget. Once implemented, he said that the amount will be credited to the various departments. He pointed out that there is a provision under unprogrammed funds which states that an approved loan is an authority to issue special allotment release orders (SAROs). He added that there is an allocation for the unprogrammed portion in the budget in the form of standby appropriations. He added that Rep. Lobregat is correct in including this in the expenditure program.

Rep. Lobregat noted that in every budget deliberations, the government had had so much revenues and so much expenditures and in order to put a cap or to lessen the budget deficit, these will have to be put under unprogrammed funds which can only be funded if revenues have exceeded collections. In this case, he noted that revenues have not exceeded collections and that part of the deficit was caused by the utilization or the implementation of projects under unprogrammed funds.

Rep. Andaya disagreed that the implementation of projects under unprogrammed funds had caused the deficit. However, he said that Rep. Lobregat is correct in stating that there is a provision under unprogrammed funds that these can only be utilized if and when government revenues have exceeded collections not on a per department basis but as a whole. He however pointed out that this refers only to locally-sourced revenues and that foreign borrowings per se are not considered as revenues but as sources of financing. He maintained that there is a provision on the matter which states that "a perfected loan agreement is authority to issue a SARO for the utilization of that fund or loan."

Whereupon, Rep. Lobregat asked how much of the unprogrammed funds, under the 2002 GAA, were supposed to go to the GOCCs.

Rep. Andaya replied that the total amount of P3,066,997,000 was allocated for GOCCs.

Rep. Lobregat noted that the amount allocated for the GOCCs in the budget was P4,906,000,000 and not P3 billion. He pointed out that even if the unprogramed funds for the GOCCs were utilized, it would only reach P7 billion. He then inquired how come the figures for 2002 was P13 billion.

SUSPENSION OF SESSION

On motion of Rep. Andaya, the session was suspended at 5:18 p.m.

RESUMPTION OF SESSION

At 5:20 p.m., the session was resumed.
INTERPELLATION OF REP. LOBREGAT
(Continuation)

In response to the query of Rep. Lobregat, Rep. Andaya cited that the obligation program for budgetary support to government corporations is P13.8 billion which is broken down as follows: P4,906,000,000 for the new appropriations; P7,145,000,000 for automatic appropriations; and P1.8 billion for unprogrammed appropriations.

On further queries, Rep. Andaya explained that the budget for unprogrammed appropriations is P3 billion but only P1.8 billion had been released.

Rep. Lobregat noted that out of the P226 billion budget for automatic appropriations, P204 billion is for interest payment and the balance was used by the GOCCs for the following items: retirement and life insurance premium -- P14 billion; net lending -- P6 billion; home guaranty -- P1 billion; and others - P23 billion.

To subsequent queries, Rep. Andaya affirmed that while the target revenue of the government is P624 billion, the figure has been reduced to P596 billion, leaving a shortfall of P28 billion. He likewise affirmed that the revenue target was scaled down from P624 billion to initially P596 billion and then to P549 billion, leaving an additional shortfall of P46 billion.

Assuming that the revenue target of the government would be reduced by P46 billion, and the budget deficit is targeted at P130 billion, Rep. Lobregat stated that adding up the two figures would result in a P176 billion deficit by the end of the year. However, as the projected deficit is already P223 billion, he opined that the government did not exercise fiscal restraint on the expenditure side and continued to overspend even if it already had a deficit.

Rep. Andaya affirmed this point, even as he pointed out that while there is an additional shortfall of P46.486 billion, there is also an increase in disbursements amounting to P46.456 billion. He clarified that while the government had indeed spent more in terms of cash, it did not necessarily overspend or go beyond the approved budget.

Rep. Lobregat recalled Rep. Andaya's statement that a lot of department representatives attend Committee hearings and complain that they have not received their SAROs. Assuming, as Rep. Andaya had said, that deficit figures are determined by actual releases, Rep. Lobregat asked where the various appropriations for different departments like the DPWH go. He noted that some departments have claimed that they have not received 25% of their MOOE funds that amount to P1 billion; and that the Department of Agriculture (DA) had said that it has not received the

releases for farm-to-market roads. If there were indeed savings in the releases, he asked where the actual money had gone.

Rep. Andaya pointed out that the money was used for the following items: 1) additional funds (around P8 billion) for personal services which were used after March 2001 to fill up positions which were not originally included in the year 2002 program; 2) implementation of the 20% salary adjustment of the Armed Forces of the Philippines (AFP) pursuant to a law passed by Congress, effective on October 2002, and which was not likewise included in the crafting of the 2002 budget; 3) increase in the MOOE in the amount to P11.6 billion; 4) increase in capital outlay in the amount of P31.6 billion which was partly due to disbursements sourced from grants which were automatically appropriated; and 5) a bigger inflow of the loan proceeds. All these increases would yield the amount that has been previously stated, he said.

Rep. Lobregat observed that there are many expenditures in the 2002 budget which were not used for the purposes indicated in the GAA for said year. He inquired whether Congress was informed of this matter and whether it concurred to such realignments which were not included in the year 2002 budget.

Rep. Andaya replied that Congress had actually given permission for this, which meant that all expenditures, along with the aforecited additional items had been primarily authorized by Congress either through an appropriations cover from the programmed portion or the unprogrammed portion of the budget, including the special or general provisions of the GAA.

On another query, Rep. Andaya affirmed that the unprogrammed expenses as proposed in the year 2003 budget amount to P54 billion.

Rep. Lobregat stated that he always had the impression that the unprogrammed appropriations could be included in the budget considering that these would not be touched if there are no revenues. He noted, however, that by including P54 billion in the year 2003, Congress is practically authorizing the Executive Department to simply borrow, as long as it secures a loan agreement, without considering the deficit. He underscored that the provision pertaining to the unprogrammed funds provides that the government can secure a loan by simply signing a loan agreement after which it is already authorized to implement a project.

Rep. Andaya explained that most of the official development assistance (ODA) funds for which the government has to pay commitment fees are not utilized. In view of this, he explained that said provision had been put in place because the government may have to wait for some time or for the next budget, and end up paying fees by not utilizing said funds. He added that the same provision was included in the budget to allow the government a faster assimilation of the project or programmed loans granted to it by foreign donors.

On further query, Rep. Andaya affirmed that if said loans are utilized, the deficit would definitely go up, especially if the revenue targets are not met.

Rep. Lobregat opined that even if the targets are met, the government would have a much higher deficit once it starts utilizing the unprogrammed funds because the deficit is computed based on the programmed portion. Hence, he claimed that the Committee does not have to go far by including a provision in the unprogrammed appropriations to the effect that for as long as the government is able to secure a signed loan agreement, it is allowed to increase its budgetary deficit.

Rep. Andaya stressed the need to consider the purpose of said projects which is capital expenditures and as such, are designed to raise more revenues for the

country. Such loans, he added, will not be used for recurring expenses like the payment of regular salaries.

Rep. Lobregat inquired on the difference between including the projects in the unprogrammed appropriations and in the programmed appropriations considering that the funds for some of the projects which are lumped in the latter are not released. He cited as example the P200 million allocation for the rehabilitation of the Zamboanga Medical Center which was supposed to be part of the big budget for Mindanao for the year 2002. He asked on the logic behind separating the two accounts when there are items in the programmed appropriations which are not utilized, and items in the unprogrammed appropriations which are being utilized at present.

Rep. Andaya explained that the unprogrammed funds which are sourced from foreign institutions are ODA in nature, and thus have to be utilized. He stressed the need to make a distinction between local and foreign-sourced funds: locally-sourced funds which are part of the unprogrammed portion of the budget and could only be tapped if the government exceeds its revenue projections for a particular year; and foreign-sourced funds or perfected loans which need prior authorization. He explained that most locally-sourced funds are not utilized to control the deficit; otherwise, it would have increased to as much as P223 billion. He added that had the government not utilized the ODA-funded loans, the deficit would have also become bigger, thus a balancing act is required.

Rep. Lobregat noted that this is one aspect of the budget wherein a bigger budget deficit is allowed. He underscored the need to be transparent given the usual argument that such loans could be included in the unprogrammed appropriations because the latter would be touched only if there are revenues. He opined that if the intent is to window-dress the facts, the House could simply transfer certain items in the programmed appropriations into the unprogrammed appropriations with the knowledge that they would be utilized. If such loans are not utilized, he further said, the Executive Department could actually reduce the deficit when it presents the budget to Congress; although the former could always claim when they come back in the next Congress that the deficit went up because the government had utilized the loans as Congress had authorized it to do so anyway. The important point is for the House to be more transparent and to include all loans that would be used in the programmed appropriations so that when the Executive Department comes to the House, the Body would know the real deficit.

Rep. Lobregat then asked how much would be used out of the P54 billion unprogrammed appropriation and how many loans are nearing perfection next year. He stated that these should be placed under programmed appropriations.

In reply, Rep. Andaya stated that there is only one loan which is about to be approved, the 26 yen loan package under Support to Foreign-Assisted Projects with a total amount of about P5 billion.

If the government has a good chance of securing the loan, and considering that the same will certainly increase the 2003 budget, to be more transparent, the same should be included in the programmed portion of the national budget in order to ascertain the real budget deficit for the coming year. This, as he recalled that Rep. Andaya himself had stated that he does not accept the initial macroeconomic assumptions of the government's economic advisers.

However, Rep. Andaya underscored that the House cannot add the amount of P5 billion to the proposed 2003 budget of P804 billion because this would contravene the constitutional provision that Congress cannot increase the budget proposal of the Executive Department.

In this regard, Rep. Lobregat surmised that based on the macroeconomic assumptions, there will already be a deficit of P5 billion plus an additional P5 billion if the aforementioned loan is obtained by the government.

Rep. Andaya affirmed this view, with the assumption that there will be no movement in the revenue collections whether up or down.

Inasmuch as the government's budget deficit is basically based on a cash in and cash out basis, which means that if a SARO is released but the Notices of Cash Allotment (NCA) are not released, Rep. Lobregat asked whether the expenditures in the former are also included in the budget deficit or only upon the latter's release.

As to how much of the SARO has been funded by NCAs, Rep. Andaya replied that the amount of SARO that had been released as of October 21, 2002 is about P711,920,041,000, out of which, about P1.9 billion came from continuing appropriations or from the appropriations previous to year 2002. He added that only about P710 billion of the SARO had been released pertaining to appropriations for the year 2002 and about P643.750 billion thereof was funded by the NCAs.

At this juncture, Deputy Speaker Gonzalez relinquished the Chair to Rep. Defensor (A.).

Inasmuch as the unfunded portion of the SARO is almost P60 billion, Rep. Lobregat asked whether the same had also contributed to lessening the targeted national budget deficit. Rep. Andaya replied in the affirmative.

Whereupon, Rep. Lobregat stressed that if all the projects were actually released with NCAs, the national budget deficit at the end of year would not be P223 billion as projected but about P300 billion. He then asked whether all the disbursed funds for the year 2002 would add up to the national budget deficit figure of about P60 billion.
Rep. Andaya replied in the negative and explained that the same was already included in the P223 billion national budget deficit and that the P60 billion budget deficit will be paid out in the months of November and December 2002.

As to the projected release of NCAs to cover the SAROs at the end of the year, Rep. Andaya explained that with regard to the actual cash flow, the projected disbursements for the end of 2002 would be about P772,555,000,000.

On whether only the payment of interest and not the payment for the retirement of loans were included in the computation of the budget deficit, Rep. Andaya replied in the affirmative, adding that the retirement of loans is automatically appropriated in the national budget.

As he noted that the government resorts to borrowings to pay for its loans, Rep. Lobregat inquired on the government's source of funds in paying for or retiring these loans.

Rep. Andaya replied all these loans are refinanced and that the Committee had no intention of hiding this matter. In fact, he explained that these loans have been included in the government's financing program in the 2003 GAA, under paragraph 83 on Payment of Amortization. He added that the amount of domestic borrowings are about P101 billion, foreign borrowings are about P88.328 billion, and the amortization of the loans are P189.911 billion.

Whereupon, Rep. Lobregat underscored that the government has to resort to borrowings

to pay for the retirement of its loans which is not included in the computation of the national budget deficit. He added that according to newspaper reports, the country's debts increased by 17% or about P2.7 billion in September of this year and in this regard, the government had borrowed about P394 billion and part of the same had been used to pay or to retire maturing loans. Moreover, he stressed that if the government would resort to borrowings in the coming years and there is no grace period for the payment of interests, then the automatic appropriations for the payment of interests will also automatically increase. In this case, he continued, if the government will not control its borrowings and considering that the IRAs have likewise increased, nothing would be left in the budget for projects or capital outlay.

Rep. Andaya affirmed this view.
As regards the plan of the Body to free the government from the bondage of debts, Rep. Andaya pointed out that first, the House should have realistic macroeconomic targets to prevent the proliferation of wrong signals and second, it should cut down on expenditures. He stressed that these two things combined would really help the Body solve the country's national budget deficit.

Agreeing therewith, Rep. Lobregat however pointed out that to collect more and to spend less is easier said than done. He noted that he does not see any direction towards spending less considering that the government's unprogrammed funds have increased from P21 billion to P54 billion and that in the earlier interpellations, many of the Members had signified that they do not want to leave a legacy of debt to their children and descendants. Worse, he said is that many of the Members will leave Congress by next year and many years from now, those Members would be responsible for allowing the government to incur so much debt. Moreover, he pointed out that the enactment of the proposed Securitization Act would likewise deprive future administrations or generations of a steady stream of income. He then asked what legacy the Members are going to leave for the coming administrations if the present government would resort to too much borrowings.

As regards budgeting, Rep. Andaya stated that the Committee firmly believes that a budget should always be a tool for economic stability which can only be achieved by setting the right projections. He added that if somebody starts talking of the wrong projections, he/she does not become an instrument of stability but rather, an instrument of economic risk, and this is the direction that the Members are veering away from. Moreover, he pointed out that at present, the Body is adopting a new stand with regard to budgeting as it is more involved in the macroeconomic assumptions. He then opined that the Body is well on its way towards achieving economic stability to lessen the country's debt burden and ultimately, to save future Filipino generations.

Stressing that Rep. Andaya was talking about actions that Congress had already undertaken, Rep. Lobregat recalled that Congress exercised its legislative power by introducing in the 2002 GAA new general provisions such as the prohibition against impoundment of appropriations. He then asked whether this provision was substantially followed by the Executive Department.

Rep. Andaya replied in the affirmative.
Rep. Lobregat inquired on the impoundment of the 25% DPWH maintenance fund. He said that the funds were not released, although the different districts in the regions had already been warned by the DPWH that they will not receive 25% of the maintenance fund.

Rep. Andaya admitted that there is indeed a lack of funds. He clarified that the Anti-Impoundment Bill was designed to protect Congress and other government

institutions from a baseless decision of not releasing funds. However, he stressed that the situation is now different because the problem is the lack of funds and not the impoundment thereof. He emphasized that appropriations have already been made by Congress but there is no money therefor. The Committee on Appropriations, in coordination with the DBM is working on a resolution extending the life of MOOE of the government so that the particular appropriation will not die a natural death, he disclosed. He added that the money can still be utilized in the coming year, hence there is really no intention to impound any appropriation.

In reaction, Rep. Lobregat noted that there are many provisions in the budget that the Executive Department does not follow. As he referred to Rep. Andaya's definition of an "unmanageable budget deficit" which position the government has not yet declared, he said that he admires the latter for having admitted that the government is now in a de facto situation of unmanageable national budget deficit.

A slight breach of the deficit target, even for only one centavo, will put the country in a state of unmanageable fiscal deficit, Rep. Andaya emphasized. He maintained that there is actually no need for an expressed declaration of such.

Thereafter, Rep. Lobregat focused on the memorandum of agreement (MOA) signed between the different agencies of government and the league of local governments, which circumvents the declaration of an unmanageable budget deficit and the provision on the automatic release of the IRAs. He asked whether an executive agreement can do away with all the provisions that the Committee on Appropriations had painstakingly put in the budget, and whether Rep. Andaya was aware of said MOA.

Rep. Andaya explained that a MOA cannot override an existing law. He admitted that he was not aware of such an agreement.

Rep. Lobregat thereupon asked for a one-minute suspension so that he can show Rep. Andaya the MOA that was signed by certain Cabinet Secretaries with the LGUs wherein a cut in or a deferment of the IRAs had been agreed upon.

SUSPENSION OF SESSION

On motion of Rep. Andaya, the session was suspended at 6:04 p.m.

RESUMPTION OF SESSION

At 6:12 p.m., the session was resumed.

INTERPELLATION OF REP. LOBREGAT
(Continuation)

Rep. Andaya said that before the aforestated MOA was signed, he had a meeting with the President where the matter was lightly discussed. As he noted that the MOA states that 20% of the total IRAs representing the months of September and October 2002 will be deferred for the following year, he observed that said MOA was not implemented, with all the LGUs receiving their IRAs in full.

Rep. Lobregat expressed his apprehension that the Executive Department through the MOAs can also circumvent the provisions of the GAA. He recalled that in the previous year, there was a MOA between the DepEd and the DPWH wherein the school building program was to be implemented by the former instead of the latter. He maintained that if Congress is indeed serious in undertaking a rigid budget process, then it should ensure that the provisions of the GAA are also followed by the Executive Department. He pointed out that the DepEd and the DPWH are examples of two agencies

of the Executive Department which have tried to circumvent the intent of the GAA.

Rep. Andaya agreed with the observations of Rep. Lobregat. He said that it is through Rep. Lobregat's intervention that said concern did not happen. However, he disagreed that there was a circumvention of the provisions of the GAA. He restated that a one-centavo breach of target can put the country in a state of unmanageable budget deficit and this is the trigger mechanism that empowers the President to withhold certain items in the budget.

Rep. Lobregat maintained that there are steps to be followed in the declaration of a state of unmanageable budget deficit. However, he noted that the Executive Department has refused to declare such a state when it could have done so, and by so doing could have also impounded or delayed the release of the IRAs.

At this point, Rep. Defensor (A.) relinquished the Chair to Deputy Speaker Gonzalez.

Rep. Andaya clarified that said deficit can either be declared or implied by the Executive Department. He said that a one-centavo breach can empower the Chief Executive to exercise certain powers.

Rep. Lobregat stressed that the declaration of an unmanageable budget deficit is contained in the Local Government Code. He opined that said deficit cannot be merely implied. He thereafter focused on the budget for the maintenance of road projects, and noted that the amount is only about P800 million. He pointed out that under the Motor Vehicles Act, the funds collected from such source will be used for the maintenance and operation of roads.

Rep. Andaya clarified that there was a consequent increase in the item for the motor vehicles users' charge (MVUC) which is intended for road maintenance but was placed under a different criteria.

During the deliberations of the MVUC Bill, Rep. Lobregat recalled that the Members were made to understand that the fund will be over and above the regular maintenance program of the DPWH.

There are two schools of thought on the matter, Rep. Andaya explained. The first is that the entire amount to be generated from the motor vehicles tax shall be over and above the regular maintenance so that whatever amount is appropriated for maintenance will be sourced from the MVUC which will be put in another account, he explained. However, he said that there is now a new interpretation on the use of said fund.

Rep. Lobregat subsequently pointed out that under Section 8 of RA No. 8794 or the Road Users Act, the special funds established under said law shall be distinct, separate from and in addition to any appropriation authorized and granted every year to the DPWH and the DOTC. The spirit and intent of said law, he explained, is to improve road maintenance. He said that if Rep. Andaya thinks that RA No. 8794 was only used to cover the normal DPWH expenses, the House did not have to pass it in the first place.

Rep. Andaya clarified that what is presented in the 2003 budget is over and above what is appropriated for maintenance and is distinct and separate; and that the problem lies on how much should be appropriated for maintenance and how much should be placed under the MVUC fund. He said that the more prudent interpretation is that only the incremental increase from the road users charge should be placed under the MVUC and the base amount which was formerly collected as the motor vehicles tax would remain under the road maintenance portion of the DPWH budget.

After commenting that the matter can be better discussed during the deliberations on the DPWH budget, Rep. Lobregat inquired on the amount of the DPWH maintenance fund for the last three years.

Rep. Andaya cited the figure of around P4 billion to P5 billion. He affirmed Rep. Lobregat's observation that the budget for 2003 contains a reduction of from P3.2 billion to P4.2 billion,

As regards the amount that would be collected under the MVUC, Rep. Andaya cited the figure P4.8 billion.

Noting that the aforecited P4.8 billion plus the aforecited P800,000 would amount to P5.6 billion, Rep. Lobregat inquired whether Rep. Andaya was saying that the DPWH appropriation for road maintenance increased due to the implementation of RA No. 8794.

The Sponsor replied in the negative and explained the matter by saying that motor vehicle owners used to pay the motor vehicle tax as well as the registration tax, which were placed in a special account called the "highway fund"; that said account was abolished and placed in a general fund; and that Congress passed the law providing for the imposition of the MVUC which was basically the same as the old motor vehicle tax but at a higher rate. He said that based thereon, it would be logical to state that all of the funds coming from previous motor vehicle charges would go to the maintenance portion of the budget. He pointed out that although` the tax was increased, the source of funds for the regular maintenance program is the same. He reiterated that the dilemma is whether all of the funds or merely the difference between the old and new rates, would accrue to the MVUC fund or whether only the base rate under the old motor vehicle tax would accrue to the maintenance budget.

Rep. Lobregat pointed out that based on the BESF for 2002, the amount collected from the MVUC since 2000 should already be P14 billion.
Citing a Bureau of Treasury (BTr) document citing the schedule of deposited collections of the MVUC from January 2001, Rep. Andaya said that around P6.6 billion has been collected under the MVUC.

Rep. Lobregat remarked that he did not pick up his figures from thin air and pointed out that one of the problems in the budgeting process is the difference in figures on sourcing of budget expenditures and sources of financing. He remarked that given the difference between his figures -- which were presented to Congress by the Executive Department itself -- and the Sponsor's figures, Rep. Andaya's computation on the deficit are at best guess work.

Agreeing therewith, Rep. Andaya clarified that the figures were merely projections. He added that although what he read from the BTr were the actual numbers, there is a very big gap between the actual numbers and the projection.

After congratulating the Sponsor for being candid and transparent and for adopting the position that macroeconomic assumptions and figures will not be accepted by the Chairman himself, Rep. Lobregat noted the latter's statement that the 2003 budget is biased towards Mindanao and towards investments for a strong Republic. Noting peace and order as one of the country's major problems, he inquired on the proposed budget of the Armed Forces of the Philippines (AFP).

REMINDER OF THE CHAIR

At this point, the Chair reminded Rep. Lobregat that he had exceeded his time. The latter replied that he had two questions left.

INTERPELLATION OF REP. LOBREGAT
(Continuation)

Rep. Andaya said that P42 billion was proposed for the Department of National Defense (DND) for 2003 as against P60 billion for 2002.

Thereupon, Rep. Lobregat asked how the government could claim having put more emphasis on the peace and order problem when the proposed budget for the DND was decreased by around P16 billion. Saying that the DND budget was merely presented in a different way, Rep. Andaya explained that the amount representing the reduction was allocated for veterans pensions, retirement benefits and the Philippine Veterans Affairs Office; and was placed under a lump sum fund. Saying that there was no actual drastic decrease in the DND budget, he added that he will ensure that 50% or P2.9 billion of the salary increase that the Committee had mandated in 2002 will be implemented the following year.

Rep. Lobregat asked how much of the total retirement fund, as he noted that the previous year's budget of the DND included a lump sum appropriation for P5 billion, was used by the DND. Rep. Andaya cited the figure P22.5 billion as compared to the previous year's P21.5 billion which was placed in a lump sum account.

Rep. Lobregat reiterated that the matter could be further discussed during the deliberations on the DND budget. He then observed that the 2003 GAB follows a presentation different from previous ones in terms of specific accounts such as intelligence and counterintelligence funds. He said that if the House does not follow the original presentation, the Executive Department will have so much flexibility in realigning the funds.

Affirming the same, Rep. Andaya said that the Members have been used to looking at the budget by expenditure items; for instance, under the MOOE, there are several categories ranging from travel to utilities to intelligence programs. Agreeing that such particulars are not in the 2003 proposed budget, he explained that the government is undergoing a transition period and has adopted the NGAAS which includes more than 100 different points instead of only around 26 points under the MOOE. It will be useless to insist on reverting to the old presentation, he said, if the agencies will be required to adopt the NGAAS or to break down the items under the MOOE into 100 different points after the GAB is passed.

Rep. Andaya however assured Rep. Lobregat that the Committee will bring back the confidential intelligence item on a per department basis. Under this setup, he explained, these amounts cannot be increased and would remain as the House had mandated them to be in case the government uses the NGAAS.

Rep. Lobregat opined that there are other accounts in the MOOE that should also be controlled even as he agreed that insisting on the old system will lead to a delay in the passage of the budget. He hoped that next year, the budget presentation can be drafted in time and in a manner prescribed by law.

Rep. Andaya said that he will see to it that this would be done.
INTERPELLATION OF REP. MAZA

On motion of Rep. Ma. Theresa T. Defensor, the Chair recognized Rep. Liza L. Maza who inquired on the budget priorities in general and on social services priorities in particular. Rep. Andaya said that the DepEd has the biggest allocation in the

2003 GAB at P106 billion which, in numerical terms, slightly increased from the previous budget.

Rep. Maza then inquired whether there is really an increase in the proposed DepEd budget in real terms.

Rep. Andaya replied that in terms of percentage of the GDP or share of the DepEd in the national budget, the same decreased from 30.7% from 2002 to 29.6% in 2003. He added that even if there was a decrease, the DepEd budget, which include social services, is still on top of the list on a per sector basis.

Rep. Maza however noted that in the CPBO analysis of the 2003 GAB, the DepEd budget decreased by 3.5% in real terms.

Rep. Andaya replied that if inflation is factored in on the DepEd budget, then this will be the case.

Whereupon, Rep. Maza noted that from 1997 to 2002, the DepEd budget showed that it had remained stagnant with an increase in appropriation of only around P60 billion for each year.

Rep. Andaya however replied that there is an increase in the DepEd budget for 2003.

Rep. Maza subsequently noted that for school year 2002 to 2003, 16.8 million children are enrolled in the public school system and that this number is expected to increase by 3.2% by school year 2003 to 2004 or equivalent to about 17.3 million children.

Rep. Andaya confirmed this observation. He stated that this was the reason why in his sponsorship speech, he had proposed to correct the projected growth for 2003. Having wrong projections as regards the population growth, he said, will result in lack of funds and a big disparity between the number of students to classrooms available, the teacher per student ratio, and the textbooks to desks ratio.

Thereupon, Rep. Maza inquired about the implication of the decrease in real terms of the DepEd budget in relation to shortages in teachers, classrooms, armchairs and textbooks.

Rep. Andaya replied that for one, the purchasing power of the money that Congress would be appropriating would be smaller due to inflation. He however pointed out that a solution is on hand to address this problem. He cited in particular the proposed Procurement Reform Act that was passed by the House. He cited that on the basis of a "dry run" of this measure, the procurement of books and textbooks have resulted in 30% savings. He pointed out that the savings from this undertaking were used by the DepEd to procure more books and desks for the classrooms.

Whereupon, Rep. Maza however clarified that the proposed budget of the DepEd seeks only to create 46% of the required teaching items; construct only 12% of the required classrooms; procure only 15% of the required armchairs and acquire only 59% of the required textbooks.

Rep. Andaya confirmed this observation. He pointed out that while the DepEd has substantial budgetary allocation on a per sector basis as against the rest of the government agencies, the bulk of the budgetary allocation for this year had gone mostly to debt service which had an increase of about P30 billion for expenditures. He underscored that had the government contained the deficit problem and had the administration projected the correct numbers, the DepEd and the rest of the

government agencies could have P30 billion more to spend for their respective projects.

Whereupon, Rep. Maza inquired whether Rep. Andaya knows that because of these budgetary shortages, the DepEd had resorted to such programs as the education service contracting scheme. She clarified that based on a CPBO study, this scheme operates under the principle that those who cannot be accommodated by the public school system due to lack of classrooms can be enrolled in private schools with part of the cost being shouldered by the government. She added that under this scheme, the government only shoulders P2,500 of the tuition, with the students shouldering the extra cost.

Rep. Andaya replied that he knows about this particular scheme which is an innovative way of solving the problem of lack of teachers as well as the lack of classrooms. As to whether this is an example of the government shrinking away from its constitutional duty to uphold the cost of public school education for its citizens, he pointed out that the Government Assistance for Students and Teachers in Private Education (GATSPE) program actually serves to further strengthen one of the mandates of the DepEd which is to invest more funds in education.

Rep. Maza stressed that he respects Rep. Andaya's opinion on this matter.

On another point, Rep. Maza inquired whether Rep. Andaya knows that the Executive Department had proposed a P143.9 million reduction of the budget of 70 state universities and colleges (SUCs).

Rep. Andaya replied in the affirmative. He however pointed out that the decrease should be taken in the light of the fact that these SUCs are now encouraged to earn for themselves and to be self-sustaining. He added that these SUCs are now allowed to retain the income that they derive from their operations.

Rep. Maza however pointed out that because of the decrease in government subsidy, the SUCs have now resorted to tuition fee increases, leasing school lands, and venturing into businesses with private corporations, thereby making education more inaccessible to the poor.

Rep. Andaya replied that he had not received any report about SUCs increasing their tuition fees. What he was only aware of, he said, is that some of the SUCs are leasing lands and venturing into businesses with private entities, which is one good approach. He cited the case of the Polytechnic University of the Philippines (PUP) and its venture with the private sector which has made the PUP one of the leaders in information and communication technology today. He added that based on its projections, PUP is expected to have a self-supporting budget in the future. He however stressed that support from the national government will always be there.

Whereupon, Rep. Maza informed Rep. Andaya about an ongoing Committee hearing conducted by the Committee on Higher Education regarding the budgetary allocation for the Batangas State University (BSU). She said that the BSU administration increased its tuition fees to the detriment of the poor students in the province.

On another matter, Rep. Maza asked how much of the 2003 GAB will be used to pay for debt service.

Rep. Andaya replied that it will be about P229 billion or about 30% of the proposed total national budget. With regard to the budgetary share of the military and the PNP in the 2003 GAB, he explained that for the defense sector, it is about 5%. He further explained that the 9.6% increase in the military budget is not due to any

procurement of new war material, be it in the form of new guns or planes, but was brought about by the implementation of the salary increase of military personnel.

As regards Rep. Maza's query concerning the 7% increase in the PNP's public order and safety budget amounting to P35.3 billion, Rep. Andaya however stated that there was actually a decrease in the PNP budget from P36.085 to P35 billion.

In summarizing her interpellation, Rep. Maza underscored that it is apparent from the budget presentation that there is an appalling contrast between the budget allocated to education and the budget allocated to debt servicing, to the military and to the police. She added that in order for the DepEd to meet its required targets, it needs an additional P64.3 billion which is a measly 15% of the total debt servicing budget. She manifested for the record that the 2003 GAB reflects the wrong priorities of the government.

SUSPENSION OF SESSION

Whereupon, on motion of Rep. Defensor, the Chair suspended the session at 6:56 p.m.

RESUMPTION OF SESSION

At 7:02 p.m., the session was resumed with Speaker De Venecia presiding.

On motion of Rep. Defensor (Ma. T.), the Chair recognized Rep. Syjuco for his interpellation.

INTERPELLATION OF REP. SYJUCO

To the initial query of Rep. Syjuco, Rep. Andaya replied that as computed by Rep. Lobregat, the projected budget deficit for FY 2002 would reach somewhere between P283 billion and P300 billion after all government payables have been settled, including the existing SAROs and NCAs. He however explained that the original deficit target for FY 2002 was P130 billion but by the end of the year, the emerging scenario would be P223 billion or an additional budget deficit of P93.042 billion which translates into an additional revenue shortfall of P46.6 billion and an additional expenditure of P46.5 billion. He clarified that the P223 billion is already factored in the cash disbursements for the SAROs and the NCAs.
Rep. Syjuco next inquired on whether the term "a state of de facto or undeclared, unmanageable national government deficit" as used by Rep. Andaya in his sponsorship speech can be rephrased as "galloping runaway government deficit."

Rep. Andaya said that the increase from P130 billion to P223 billion was indeed a big jump. He also informed Rep. Syjuco that for the first time, the Committee on Appropriations had prepared its own macroeconomic assumptions to serve as the basis of congressional action and review of the proposed 2003 GAB. He said that the Committee considered the assumptions prepared by the government's economic managers as unrealistic and non-achievable.

In his rejoinder, Rep. Syjuco observed that the Committee on Appropriations had even revised the administration's projected budget deficit for FY 2003 to 4.7% and the increase of inflation target from 4.5% to 5.5%; and had trimmed and scaled down the GDP growth to a more realistic 4.2%. He expressed surprise that the Committee found the macroeconomic assumptions and projections set by the economic managers to be unacceptable and unrealistic. He then commended Rep. Andaya and the members of his Committee for presenting what they feel is the true picture of the country's economic situation.

As an answer, Rep. Andaya expressed the view of the sponsoring Committee that the government should first be able to recognize its economic problems before it can solve them. He also said that Congress would be branded as a rubber stamp legislature if it would simply defend the figures submitted by the Chief Executive. He said that the House, being supreme as regards budgeting, would like to make the budget a tool for economic stability. He clarified that the Committee had adopted its own macroeconomic assumptions as an initial step towards putting the economy on the right track.

At this point, Rep. Syjuco commended Rep. Andaya for being an outstanding chairman of the Committee on Appropriations and expressed his pride in him. He underscored that in the little time that Rep. Andaya has led the House as chairman of the sponsoring Committee, particularly in unmaking the budget proposal of the Chief Executive, he had equaled the legacy of his late father.

In response, Rep. Andaya said that he would not have done any achievement without the support of all the Members, for which he would be forever grateful.
Rep. Syjuco then adverted to the portion of Rep. Andaya's sponsorship speech, entitled "House Projection of the Nation's Fiscal Position as Our Guidepost for the Formulation of the Proposed FY 2003 Appropriations Measure." He said that for the first time in Philippine history, the House of Representatives, under the leadership of the chairman of the Committee on Appropriations, had delivered a "State of the Nation" address to the Executive branch.

Rep. Syjuco further quoted from Rep. Andaya's speech, which states that "the percentage points used to project the average annual growth rate of population of 1.98% is wrong" and "the error, if by design, is unforgivable. If by oversight, then all concerned should ensure that this should not be repeated again."
These words, he continued, puts great doubt on the accuracy of and the good faith expressed in the budget proposal submitted by the Chief Executive.

On whether a galloping runaway national deficit forces the government to borrow more money which limits the supply of money that can be used to bolster investments in the country, Rep. Andaya replied in the affirmative. He however explained the need to balance foreign and domestic borrowings so as not to prejudice other entities who wish to borrow from domestic sources.

In reaction, Rep. Syjuco said that the government is in a "damned if you do, damned if you don't" situation because resorting to foreign borrowings would entail more pesos in view of the deteriorating value of the peso, while resorting to domestic borrowings would lessen the money available for business investments.

Rep. Andaya agreed therewith, adding that certain decisions have to be made when choosing between local or foreign funding. He said that at the moment, the government is enjoying low interest rates at the domestic market such that 50% of the government's borrowings come from domestic sources.

He added that had the ODA not been availed of, the government would be facing a higher deficit at this point in time and an even higher debt service for next year.

Speaking in Filipino, Rep. Syjuco said that he compares the situation to that of a snake eating its own tail. In doing this, he said that the snake would get smaller and smaller. He said that the more the government borrows, the greater the deficit would be. He said that he does not agree with the principle of borrowing because this would only increase the country's budgetary deficit. It seems, he said, that the only way out of this, especially in the context of a worldwide recession and great fear and anxiety over an imminent war, would be to decrease the budget

proposed by the Executive Department. He asked whether it would be within Congress' discretion and role, although traditionally it has not actually enacted a budget that is lower to a greater extent than what the Executive Department had proposed.

Rep. Andaya replied that this is very possible. In fact, he said, the Committee is now in the process of identifying certain items in the present NEP which can actually be cut. In adopting Rep. Syjuco's example of a snake eating itself, he said that the Committee is likewise caught in a similar situation wherein if any expenditure is cut from the capital outlay, economic growth from these capital expenditures would not be realized. On the other hand, he said that if the budget is not reduced and the revenue-generating agencies continue to perform dismally, then there might be another runaway deficit. He said that he cannot at this point give Rep. Syjuco an exact figure as to how much the budgetary cut would be. He however disclosed that the agreement is that the Committee on Appropriations would look for items which can be cut from the expenditure program as presented by the Executive Department.

Rep. Syjuco said that this is similar to a household budget wherein unnecessary expenditures have to be trimmed down. He further asked whether it was proper to cut down on unnecessary expenditures.

Rep. Andaya replied in the affirmative.

Noting that some government agencies do not judiciously spend the money of the government, Rep. Syjuco cited as an example the case of the DPWH, which has many scalawags. He said that it is common knowledge that the "garapata culture" has been existent and has been propagating for many decades in the DPWH. He recalled that the Institute of Private Investigative Journalism had even come out with figures showing loss and wastage of money by said Department. He then said that it would be proper that the budgetary cut should begin with said Department. He then asked Rep. Andaya whether he would agree with his thesis.

Rep. Andaya said that he agrees that perhaps there was a flaw in the system which has led to wastage of government money. He however suggested another solution that instead of reducing the budget, it would be better for Congress to ensure that the funds appropriated for any of the departments would be used properly.

Rep. Andaya further said that one way of solving the deficit problem is not merely to raise revenues but to stretch the value of the country's scarce peso. He said that this would be possible if Congress would pass into law the Procurement Reform Act which will be pioneered by the Philippines. He said that no law of this sort has been passed even in neighboring countries. In fact, he said that he had received invitations from other nations to speak on the subject. Moreover, he said that the proposed law is designed to help save the country around P20 billion in yearly procurement which includes infrastructure projects being implemented by the DPWH. He added that DPWH officials are cognizant of the problem and had joined in the crafting of the particular bill.

Rep. Syjuco said that he welcomes and supports Rep. Andaya on said piece of legislation which is badly needed by the country. Likewise, he said that he joins Speaker De Venecia in providing the leadership to see the Bill through its enactment.

Whereupon, Rep. Syjuco cited the analogy of a water tank with pipes used to distribute water to a plantation. He said that good pipes are similar to agencies wherein money is properly used and distributed. He however said that there are

pipes with leaks and these are the departments with many cases of graft and corruption.

Rep. Syjuco then asked whether Rep. Andaya would agree that instead of replacing the pipes which would take long, it would be more practical to appropriate a huge sum of money to those pipes without leaks and to appropriate a small sum of money to pipes which have leaks.

Rep. Andaya said that he fully agrees with Rep. Syjuco. He said that he will assume that the water from the analogy are the taxes collected by the government which form the lifeblood of the country. While the pipes wherein the water runs comprise the national budget because the national budget is similar to the veins which enable revenues to reach down to the plants or in this case, the different barangays, districts or provinces who are the end users of the national budget. He said he agrees that the government should tap those pipe lines without leaks and put the money in an agency which can best utilize or absorb these funds.

Whereupon, Rep. Sjyuco adverted to Section 22, Article VII of the Constitutions which provides that "The President shall submit to Congress within 30 days from the opening of every regular session, as the basis of the general appropriations bill, a budget of expenditures and sources of financing, including receipts from existing and proposed revenue measures." He then noted from Rep. Andaya's speech that the Executive Department was late in submitting the BESF which effectively deprived Congress of the material time needed to scrutinize, intelligently review and properly allocate the national budget. He surmised that this action by the Executive Department, if not intentionally done, should not be repeated next time. He expressed doubt that the delay could have been intentional so that Congress would not approve the budget on time and would instead re-enact the previous year's budget.

He then asked whether it is possible that the Cabinet members who were sent to sponsor and support the approval of their respective budgets may in fact not really want it passed. He asked whether the Executive Department is content with the present budget rather than passing a new one, what the problem would be if the old budget is reenacted and whether the old budget is much less than the proposed 2003 budget. He likewise asked whether the old budget contains the same amount for specific usage; whether he or the Members were wrong to say that if the previous budget would be reenacted, the same amount would be used to fund projects; and whether it would be tantamount to carte blanche authority which means giving the exact money without any requirements. He asked whether a reenacted budget would give the departments full discretion or uninhibited and unrestrained use of the funds.

Rep. Andaya replied in the affirmative and pointed out that the amount he was referring to in his speech is P780.4 billion which is the 2002 national budget. He explained that if the previous budget would be reenacted, Congress would lose control over the total P780.4 billion funds that would be used. He added that it is true that the same budget would be reenacted but Congress would be left in the dark as to the contents of the budget that would be used. As regards the opinion of some Members that the capital outlay would have the same amount, he said that this is not true because what is contained there are projects which have already been implemented and cannot be re-implemented. Citing road construction as an example, he said that it is not right to re-appropriate the same money for the project that had already been finished.

Rep. Andaya thereafter explained that the projects are not reenacted but only the amount of capital outlay. He said that Rep. Syjuco is right in saying it is similar to carte blanche or the giving of full discretion on the utilization of funds without any controls being imposed by Congress.

Rep. Syjuco sought clarification whether this would mean that the funds which were used for the construction of roads will be used again to construct the same road. He asked whether the DPWH should be under a legal or moral obligation to use the same amount to construct a different road.

Rep. Andaya replied that the amount for the construction of the road will be totally under their discretion. He explained that the word "their" refers to the Executive Department.

Rep. Syjuco said that the amount appropriated for the construction of roads should be used for this purpose and not for travel or other purposes. He asked whether the amount indicated in the previous year's budget intended for projects like roads, irrigation works and social welfare should be used for the same purpose.

Rep. Andaya explained that a reenacted budget has some limits. He said that the lump-sum amount intended for PS, MOOE and CO are the three items that would be reenacted. In a way, he said, these items are bound by that ceiling but certain movements can be made in these items. He said that the simple formula for the budget is that it can be reduced but will never be increased. Moreover, he said that personal services items can be realigned for MOOE or capital outlay.

He added that capital outlay can never be realigned for MOOE or personal services hence, in a way, this would still give them a lot of leeway with regard to how they should spend the money. In contrast, he said that capital outlay does not make any distinctions on whether it would be used for roads, school buildings or barangay halls. Rep. Andaya affirmed this point.

Rep. Syjuco inquired whether the same situation would transpire because the President has seen to it that the budget she is asking for would be adequate for the capital expenses she had proposed. In the same way, he said that Congress by tradition also gives the President the same things that she had asked for without any major changes. He opined that this state of things is based on Congress' trust in the Executive Department.
He further underscored that the democratic system provides for elections during which elected officials could face the people. Thus, he said that he understands the concern to make sure that the people understand the purpose for which the funds are allocated. He added that it was based on Rep. Andaya's belief that the House should have more leeway that the latter filed a bill seeking to change the fiscal year from the period January 1st to December 31st of the calendar year to July 1st of each calendar year to June 30th of the following year. The only problem he could see, he said, is the fact that the President would have to approve and sign the law which Congress had enacted.

In view thereof, he opined that the House may only be dreaming of an extension of time up to the middle of the year to discuss and scrutinize the budget in detail because the President and other succeeding presidents may not like the idea at all. This is because the Executive Department believes that the House is placed under great pressure to meet the deadline for approving the budget for the sake of the country, the people and their future, he said. He acknowledged that Rep. Andaya's idea is a good one although he believes that the same would remain a dream.

Rep. Andaya maintained that this could be realized because things could be achieved just as long as a person tries. He pointed out that in the present budget for the year 2002, Congress had been successful in inserting certain provisions which do not necessarily work in favor of the Chief Executive like the provision on anti-impoundment and the definition of the unmanageable fiscal deficit. He stated that he had the impression that these items could be vetoed by the President as they were

absent in the previous budgets and the House had taken a stand to propose their inclusion in the year 2003 budget. Fortunately, he said that the Chief Executive had seen the matter from the point of view of Congress and did not in any way think that they were meant to pit one branch of the government against another but to help the economy grow instead. As said items were not vetoed by the President, he expressed optimism that given the proper explanation, his proposed measure would be approved by the latter.

Rep. Syjuco admired Rep. Andaya's position and then urged his colleagues to exert efforts to bring about that dream to fruition. He then quoted Rep. Andaya's words that "only then could Congress claim that it had already broken away from the bondage and specter of the automatic reenactment clause of the Constitution."

Thereupon, he quoted Rep. Andaya's statement that "on the basis of the foregoing statutory authority, the President submitted a one-liner budget for agencies with fiscal autonomy like Congress, the Judiciary, the Constitutional Offices, the State Universities and Colleges and the GOCCs." He likewise quoted Rep. Andaya as having said that "as well as consolidation in the lump sum accounts and in the unprogrammed fund pensions, retirement gratuities, terminal leave and separation benefits. The details of objects of expenditures were also selectively removed, he continued. These are the new FY 2003 budget experiments on format and style and funding presentation of personnel benefits."

He stated that he could not imagine how the House could possibly be part of such an experiment in the budget process wherein the lump-sum accounts are consolidated in the unprogrammed funds. He further noted the Committee's intent to present an "agency-by-agency allocation" format of personnel amelioration, pensions and retirement benefits pursuant to the decision of the Supreme Court that the President may propose the budget but Congress has the final say on the matter of appropriations. He inquired whether Rep. Andaya believes that Congress could do all these within the next several days before it adjourns or even sooner assuming that there is a quorum in the House during all those days and that the Body could discuss each department or agency of the government. He inquired whether this is the format the Committee would use in the deliberations.

Rep. Andaya replied that the Committee is not using said format although it plans to do so. He explained that in the previous presentations of the budget, each department had an item for "retirement benefits." What the Committee had done, he said, was to consolidate all items for retirement benefits and lumped them into one account. He claimed that while this would appear as a good idea at first glance because the government would be able to manage these funds and control the release thereof, a majority believes, and he agrees with them, that it would be better to return the allocation for retirement benefits to each department because it would not be proper to require a retiring employee who had served the government for decades to queue and file for his benefits with another office. The Committee further believes that this would help facilitate the release of retirement benefits and show the retirees that the government is appreciative of their service to the public, he said.
Rep. Syjuco inquired whether this system would likewise apply to items other than retirement benefits under the appropriations for each department.

Rep. Andaya pointed out that the government is currently undergoing a transition period prior to its adoption of the NGAAS that is why some people are surprised that in the budget of each department as contained in the GAB, they could no longer see the usual listing of the 25 items, including the various expenditures of each department for services, intelligence, transportation, supplies and materials, among others. This, he said, is in line with the NGAAS which is set to take effect in the

year 2003 and wherein 100 items, instead of the usual 25, would be listed under each department. He admitted that even if the House reverts to the old system with a listing of the 25 items per department, said items would again be redistributed to the new 100 items under the new system, hence it would be an exercise in futility to go back to the old system.

He further pointed out that the funds for intelligence, income and expenses that are listed along with the retirement benefits will still be indicated because the allocations for these items in the NGAAS may not be increased. However, he stressed that this would only be implemented in the year 2003 in line with which the Committee will scrutinize the 100 expenditure items on a per department basis. In effect, he said that for the present year, the Committee is allowing each department to indicate all expenses except for intelligence funds and retirement benefits.

On further query, Rep. Andaya replied that the intelligence funds would also be listed as an exception to the one-liner presentation. Consequently, he said that the absolute amount would be indicated as it is feared that the one-liner presentation would allow the transfer of one item to another within the MOOE. The House will try to avoid this, he said, that is why the Committee has indicated an absolute amount for intelligence funds which may not be increased under the NGAAS.

Rep. Syjuco inquired whether the intelligence funds would be made more transparent than they had been in the previous years. He stated that he asked the question because while he is concerned about transparency, the same may neutralize or negate the very purpose of the intelligence funds.

Rep. Andaya explained that under the new system, the purpose of the intelligence funds would have to be approved by the President because said funds could not be spent merely on the wishes of a department head. Said funds would also have to be audited by the Commission on Audit (COA), he said.

Rep. Syjuco next quoted Rep. Andaya's statement that "notwithstanding this bleak and worsening scenario, the government continues to cling to its rosy and rainbow-colored forecast, hoping against hope that at the end of the rainbow, the BIR and the BOC shall find the much-needed revenue in the proverbial pot of gold." He inquired whether this prognosis of a possibly bleak scenario would be consistent with the view of the economic planners and the Cabinet members.

Rep. Andaya replied in the affirmative and stated that this would be true especially in the present year. He maintained that Congress is in step with the objectives and plans of the Executive Department for the year 2003 and could better monitor the performance of the latter, knowing first hand their targets. He added that Congress could also better watch over the expenditures, and that this would be a good start that may allow for a more exhaustive discussion on the revenue performance in the year 2003. Given the clear, realistic targets, be opined that the Executive Department would have a better economic performance considering Congress' conservative predictions. He stated that compared to a store, the rates being used in the budget are fire sale rates which have been greatly reduced and are thus achievable and could easily be monitored.

Thereupon, Rep. Syjuco remarked that he would not be uncomfortable in case of a reenactment of the year 2002 budget because he believes in the integrity, nobility, capability, wisdom and fairness of President Macapagal-Arroyo. Nonetheless, he joined Rep. Andaya in the latter's efforts to reform the system as he feared that the country may not be as lucky again to have a President like President Macapagal-Arroyo. Time may come, he said, when there would be a monster in the palace and when that time comes, he would remember Rep. Andaya for the wisdom of his proposals.

Rep. Andaya thanked Rep. Syjuco for validating his existence as chairman of the Committee on Appropriations.

On motion of Rep. Emmanuel Joel J. Villanueva, the Chair recognized Rep. Rolex T. Suplico for his interpellation.

INTERPELLATION OF REP. SUPLICO

Rep. Suplico initially congratulated Rep. Andaya for correcting the highest official of the land, President Macapagal-Arroyo in her budget message for fiscal year 2003. Indeed, he said that it takes courage for a Member of the House and an administration Congressman to stand up and correct the President.

Rep. Andaya replied that actually, he has never considered his present position as an administration representative as he considers himself equal to the other Members and his primary objective is to uphold the integrity and protect the interest of the House.

Whereupon, Rep. Suplico stated that Rep. Andaya had taught the present administration a lesson regarding honesty and then expressed hope that the latter will continue to speak the truth. Considering that the President had stated in her SONA that the Philippines is the third best performing economy in Asia and the best in Southeast Asia, he asked whether President Macapagal-Arroyo was telling the truth before the Filipino people.

Rep. Andaya replied in the affirmative, adding that this was the reflection of the country's status at the time she delivered her SONA. He then pointed out that before the President delivered her SONA, there were speculations that the government's deficit would reach almost P200 billion, but she has successfully trimmed it down and kept the deficit level at P147 billion, thereby stewarding the steady growth of the country's economic performance in terms of GDP and GNP. During the second quarter of 2002, he said that the government had registered a very high GDP growth of 4.5%. He added that at present, the very big question confronting the Members is the dismal revenue collections and that while the GDP continues to grow, it should naturally follow that revenue collections will also go up. However, he said that this is not happening in the country today and if the Members can solve this problem, then they may have won the battle. However, he stressed that the initial steps in winning this battle is to become honest and transparent, and to admit the problems besetting the country.

Whereupon, Rep. Suplico recalled that during the first SONA of President Macapagal-Arroyo in 2001, she had mentioned only one name, that of then BIR Commissioner Rene Bañez who brought her administration down. He then asked whether since July 2001, the President has been telling the Filipino people less than the truth.

Rep. Andaya disagreed therewith and stated that during that time, the President had high hopes for the government's revenue projections for the entire year and that this made her optimistic at the time. He added that it just happened that during that time the revenue collections went down, which was way below the projections of the President.

Rep. Suplico opined that in this case, the actor may have been better than the economist and maybe it would take another actor to correct the mistakes of the latter.

Rep. Andaya disagreed with this view and explained that a scrutiny of the economic performance of the past administration would show a much bleaker picture because at one time, the projected budget deficit had reached almost P100 billion and nobody

complained about this. He then surmised that although there is much to be desired, the present administration is in a much better position than the past administration.

To another query, Rep. Andaya answered that the National Treasurer was indeed planning to retire, but the latter was prevailed upon by DBM Secretary Emilia Boncodin to stay on the job.

With regard to the continued borrowing of the present administration, Rep. Andaya stated that having a budget deficit is not necessarily bad per se because some countries, like the United States, also incur budget deficits. He then explained that the government had thought of the deficit in terms of stimulating the economy in the form of capital expenditures, qualifying that the deficit will become bad only when it is no longer sustainable because the expenditures from deficit spending do not generate enough revenues for the government to pay for its debts. In this case, he said that he is not necessarily against foreign borrowings if these would result in needed revenues.

Whereupon, Rep. Suplico explained that he asked this question because the National Treasurer had made a pronouncement that the government is going to borrow P200 billion from foreign sources. He said that he was surprised when the macroeconomic assumptions were revised although the government has a shortfall of about P202 billion. He then asked whether the House is being conditioned to accept foreign borrowings to finance said revenue shortfall.
Rep. Andaya answered that the government does not resort to borrowings to finance the budget deficit and this is not the solution to the problem. He pointed out that foreign borrowings were only resorted to to finance the country's much needed expenditures. If the administration will not resort to borrowings, he then asked how then can the government function if the revenues are not enough to finance its expenditures for the succeeding years.

In ending his interpellation, Rep. Suplico expressed hope that the Members have learned something from Rep. Andaya, which is honesty.

Subsequently, on motion of Rep. Fuentebella, the Chair recognized Rep. Agapito A. Aquino for his interpellation.

INTERPELLATION OF REP. AQUINO (A.)

At the outset, Rep. Aquino stated that in view of the lateness of the hour, he will ask only two questions. He then surmised that the previous year, the government had paid interests from loan payments in the amount of P191 billion and for the current year, the interest is about P223 billion. Thereupon, he pointed out that the interests are amounts that the government would borrow and therefore, the borrowed amount will be added to the country's external debt. In this case, he said that aside from the P223 billion, plus the interest of 10%, the country's external debt would amount to about P245 billion. Stressing that this was the reason why the country's external debt has been increasing annually, he then asked whether there is any provision in the 2003 GAB for the payment of the principal, considering that the same is rolled over every year. Moreover, he recalled during the time of former President Marcos, the people had complained that the country's external debt was $26 billion which is at present already about $53 billion. Inasmuch as he does not see any light at the end of the tunnel, he inquired on the government's plan regarding its external debt.

Rep. Andaya replied that the government plans to pay off its principal debts by obtaining a balanced budget. In the year 2002, the government was projecting to pay

about P93 billion of foreign principal debts and about P75 billion of domestic debts for a total principal amortization in the amount of P168.106 billion.

Whereupon, Rep. Aquino pointed out that while the country's external debt will decrease in terms of pesos in the amount of about P190 billion, since the government still resorts to borrowings, the country's external debt will still be increased. He said that this is where the problem lies and expressed hope that the DBM would be able to find a solution to trim down the country's external debt.

Rep. Andaya affirmed this view.

Whereupon, Rep. Aquino noted that some government agencies practice austerity and have been able to save 10% of their budgets, which savings will be returned to the National Treasury. In this regard, he suggested whether it is possible to give some reward system to compensate government agencies that met their budget requirements judiciously, in order to encourage other agencies to do the same.

Rep. Andaya agreed therewith and added that this could greatly help the government in its drive to generate more revenues. However, he suggested that to attain this goal, the government will have to set realistic targets because it might send the agencies a wrong signal if the Body would give them very high targets.

Whereupon, Rep. Aquino pointed out that he was hoping for a 20% cut in the 2003 GAB because the government's allocations for automatic appropriations such as the IRA cannot be reduced. As a matter of fact, he stated that a 20% reduction in the budget would still be over P400 billion. He added that the reason he was proposing a cut in the budget is to send a signal to everybody that the government is in a very tight situation and that the business is not usual. Moreover, he said that his colleagues must also realize that they are presently working under a very tight situation.
In ending his interpellation, Rep. Aquino lauded Rep. Andaya for trying to come up with more realistic figures but said that he would still recommend a reduction in the country's actual budget in order to send a signal to everybody that the government is in a very tight situation.

At this point, on motion of Rep. Fuentebella, the Chair recognized Rep. Satur C. Ocampo for his interpellation.
INTERPELLATION OF REP. OCAMPO

Thereupon, Rep. Ocampo inquired on the government's policy of automatically appropriating a huge chunk of the budget for servicing foreign and domestic debts.

Rep. Andaya answered that the government has contracted loans which it is obligated to pay after benefiting from the use thereof. He disclosed that Congress had passed a law allowing the automatic appropriation of funds for the payment of said loans. In this manner, he stressed that the projected loan payments for the following year are made transparent to the Members. Even without the imprimatur of Congress, said items would have to be paid out, he emphasized. Thus, he stressed that even if no amount will be appropriated for loan payments, the government will still pay for the debts because the fund for the purpose is automatically allocated.

Rep. Ocampo surmised that the basis for this policy is Presidential Decree (PD) No. 1177 issued by former President Ferdinand E. Marcos in 1977. He asked whether there is a possibility of Congress initiating a move to amend or repeal the provisions pertaining to automatic appropriations because of their negative impact.

Rep. Andaya clarified that the specific law is the Foreign Borrowings Act which is enshrined in Section 26 of Executive Order (EO) No. 292. He explained that as a

safeguard and even in the absence of an allocation for debt servicing, loans are covered by automatic appropriations so that funds cannot just be used indiscriminately and without purpose.

At this point, Speaker De Venecia relinquished the Chair to Rep. Ace S. Barbers.

In reaction, Rep. Ocampo noted that there were huge amounts of foreign loans that had not benefited the people. He recalled that there had been an issue some time ago that these types of loans should be negotiated for condonation or settled through other means.

Rep. Andaya said that a particular debt was condoned by mandating the government to plant trees to save the environment, instead of paying back in terms of money. However, he stressed that the case is more of an exception rather than the rule.

Rep. Ocampo commented that this scheme has not made a dent on the country's foreign debts. He agreed with Rep. Aquino's (A.) observation that the principal amount of debts as well as the interest payments thereon have continued to increase. He noted that from 1997 to 2003, debt servicing had increased almost two times. As he observed that 29% of the budget is automatically appropriated for debt servicing, he lamented that this is contrary to the President's priorities as defined in her SONA. He pointed out that the allocation for agriculture and poverty eradication as well as the provision for social services, education, health and housing are being reduced.

Thereupon, Rep. Ocampo enjoined Congress to reexamine PD No. 1177 so that the government can use the funds that are automatically appropriated for loan payments in servicing the needs of the people. He lamented that the poverty level and the rate of unemployment have been increasing over the years. The government has failed to meet the demands of workers allegedly because of lack of funds, he observed. He stressed that if the will of the people can be exercised through Congress, then something can be done about the funds that are being used for automatic debt servicing. As he said that the members of the Bayan Muna are willing to initiate such a move, he asked his colleagues to support the same and study how the problem can best be resolved in order to address the basic needs of the people.

Rep. Andaya emphasized that the administration's priorities are very clear. Even without debt servicing, he said that the social sector which includes the DepEd is the number one priority, while the economic sector which involves several poverty alleviation projects is the second priority. However, he agreed that the real culprit is the big chunk of money allotted for debt servicing. He disclosed that there will be an adjunct of P30 billion for additional debt servicing that could have otherwise been used for other sectors. The sponsoring Committee, he conceded, would welcome any study to initiate a possible repeal of the automatic appropriations clause. He likewise agreed that it takes a lot of political will to amend such a law that has already withstood the test of time and changes in administration.

Rep. Ocampo thanked Rep. Andaya for articulating his views. He stressed that government priorities should be translated in terms of appropriating the right amount of money because the budget truly reflects the programs and direction of the government. He said that it is time to end the discrepancy between what was promised and the money that was alloted for said priorities.

SUSPENSION OF DEBATES ON GENERAL PRINCIPLES AND MACROECONOMIC ASSUMPTIONS

On motion of Rep. Gonzales, there being no objection, the Body suspended further debates on the general principles and macroeconomic assumptions of the GAB, with the understanding that at any given time, after the budgets of the different line agencies shall have already been taken up, the same shall be reopened for interpellations.

There being no objection to Rep. Gonzales' motion, the Body approved the same.

SUSPENSION OF SESSION

On motion of Rep. Gonzales, the session was suspended at 6:33 p.m.

RESUMPTION OF SESSION

At 8:40 p.m., the session was resumed with Rep. Escudero presiding.

CONSIDERATION OF THE PROPOSED BUDGETS OF THE DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS AND ITS ATTACHED CORPORATIONS

On motion of Rep. Gonzales, there being no objection, the Body considered the proposed budgets of the Department of Public Works and Highways (DPWH) and its attached corporations.

REMARKS OF REP. LOBREGAT

Upon recognition by the Chair, Rep. Lobregat, on behalf of the Minority, requested the deferment of the proposed DPWH budget.

SUSPENSION OF CONSIDERATION OF THE PROPOSED BUDGETS OF THE DPWH AND ITS ATTACHED CORPORATIONS

On motion of Rep. Gonzales, there being no objection, the Body suspended consideration of the proposed budgets of the DPWH and its attached corporations.

CONSIDERATION OF THE PROPOSED BUDGETS OF THE DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES AND ITS ATTACHED AGENCIES

On motion of Rep. Gonzales, there being no objection, the Body considered the proposed budgets of the Department of Environment and Natural Resources (DENR) and its attached agencies.
REMARKS OF REP. LOBREGAT

Upon recognition by the Chair, Rep. Lobregat, on behalf of the Minority, requested the deferment of the proposed DENR budget.

SUSPENSION OF CONSIDERATION OF THE PROPOSED BUDGETS OF THE DENR AND ITS ATTACHED AGENCIES

On motion of Rep. Gonzales, there being no objection, the Body suspended consideration of the proposed budgets of the DENR and its attached agencies.

consideration of the proposed budget of the department of agrarian reform

On motion of Rep. Gonzales, there being no objection, the Body considered the

proposed budget of the Department of Agrarian Reform (DAR).

suspension of consideration of
the proposed budget of the dar

Thereafter, on motion of Rep.Gonzales, there being no objection, the Body suspended consideration of the proposed budget of the DAR.

CONSIDERATION OF THE PROPOSED BUDGETS OF THE DEPARTMENT OF
SOCIAL WELFARE AND DEVELOPMENT
AND ITS ATTACHED AGENCIES

On motion of Rep. Gonzales, there being no objection, the Body considered the proposed budgets of the Department of Social Welfare and Development (DSWD) and its attached agencies.

REMARKS OF REP. LOBREGAT

Upon recognition by the Chair, Rep. Lobregat, on behalf of the Minority, requested the deferment of the DSWD budget.

SUSPENSION OF CONSIDERATION OF THE
PROPOSED BUDGET OF THE DSWD AND ITS
ATTACHED AGENCIES

On motion of Rep. Gonzales, there being no objection, the Body suspended consideration of the proposed budgets of the DSWD and its attached agencies.

CONSIDERATION OF THE PROPOSED BUDGETS OF THE DEPARTMENT OF
SCIENCE AND TECHNOLOGY (DOST)
AND ITS ATTACHED AGENCIES

On motion of Rep. Gonzales, there being no objection, the Body considered the proposed budgets of the Department of Science and Technology (DOST) and its attached agencies.

SUSPENSION OF SESSION

On motion of Rep. Lobregat, the Chair suspended the session at 8:42 p.m.

RESUMPTION OF SESSION

The session was resumed at 8:42 p.m.

Whereupon, on motion of Rep. Gonzales, the Chair recognized Reps. Eric D. Singson and Lobregat to sponsor the proposed DSWD budget and to interpellate thereon, respectively.

POINT OF ORDER OF REP. SYJUCO

Upon recognition by the Chair, Rep. Syjuco suggested that the Body defer further deliberations on the GAB until the following day considering the lateness of the hour, the tiredness of the Members, and the fact that there were more empty seats than guests in the Session Hall.

SUSPENSION OF SESSION

The Chair motu proprio suspended the session at 8:43 p.m.

RESUMPTION OF SESSION

At 8:44 p.m., the session was resumed.

MOTION OF REP. FAILON

Upon recognition by the Chair, Rep. Ted Failon moved that the Body approve the proposed DOST budget.

POINT OF ORDER OF REP. SYJUCO

Rep. Syjuco stated that he had raised a point of order before the Chair suspended session.
SUSPENSION OF SESSION

The Chair motu proprio suspended the session at 8:45 p.m.

RESUMPTION OF SESSION

At 8:45 p.m., the session was resumed.

REMARKS OF REP. SYJUCO

Upon recognition by the Chair, Rep. Syjuco said that he would postpone his point of order until after the DOST budget shall have been taken up.

TERMINATION OF THE PERIOD OF
INTERPELLATIONS ON THE PROPOSED BUDGETS OF THE DOST
AND ITS ATTACHED AGENCIES

On motion of Rep. Gonzales, there being no objection, the Body terminated the period of interpellation on the proposed budgets of the DOST and its attached agencies.

SUSPENSION OF SESSION

On motion of Rep. Gonzales, there being no objection, the Chair suspended the session until ten o'clock in the morning of Tuesday, November 26, 2002.

It was 8:46 p.m., Monday, November 25, 2002.

RESUMPTION OF SESSION

At 10:00 a.m., Tuesday, November 26, 2002 the session was resumed with Deputy Speaker Gonzalez presiding.

ADDITIONAL REFERENCE OF BUSINESS

On motion of Rep. Francis G. Escudero, there being no objection, the Body proceeded to the Additional Reference of Business.

Upon direction of the Chair, the Secretary General read on First Reading the titles of the following Bills and Resolution, including the Communication and Committee Reports which were referred to the appropriate Committees as hereunder indicated:
BILLS ON FIRST READING

House Bill No. 5471, entitled:

“AN ACT RATIONALIZING THE COMPENSATION OF JUSTICE, JUDGE, LAWYER POSITIONS, AND ALL COURT EMPLOYEES IN THE JUDICIARY AND APPROPRIATING FUNDS THEREOF”

By Representative Abaya (A.)

TO THE COMMITTEE ON JUSTICE AND THE COMMITTEE ON APPROPRIATIONS

House Bill No. 5483, entitled:

“AN ACT PROVIDING FOR THE CONVERSION OF THE PUNAY SEIT PROVINCIAL ROAD, SEIT KANSIPAT TANDU BATO PROVINCIAL ROAD, SEIT CAMP SEIT PROVINCIAL ROAD, JUNCTION KULAY-KULAY KARUNGDONG PROVINCIAL ROAD, KARUNGDONG PITOGO PROVINCIAL ROAD, PITOGO SUCUBAN PROVINCIAL ROAD, KARUNGDONG NIYOG-NIYOG PROVINCIAL ROAD, SUCUBAN LAHING-LAHING PROVINCIAL ROAD, SIASI SABLAY MUSOH PROVINCIAL ROAD, SIASI TAUSAN PROVINCIAL ROAD AND SIASI BUAN PROVINCIAL ROAD, ALL IN THE 2ND LEGISLATIVE DISTRICT OF SULU INTO NATIONAL ROADS, AND APPROPRIATING FUNDS FOR THE MAINTENANCE AND IMPROVEMENT THEREFOR”

By Representative Arbison

TO THE COMMITTEE ON PUBLIC WORKS AND HIGHWAYS AND THE COMMITTEE ON APPROPRIATIONS

RESOLUTION

House Resolution No. 883, entitled:

“RESOLUTION URGING THE HOUSE OF REPRESENTATIVES, THROUGH THE COMMITTEE ON GOOD GOVERNMENT, TO IMMEDIATELY CONDUCT AN INVESTIGATION, IN AID OF LEGISLATION, INTO THE OVERPRICING OF FIRE TRUCK UNITS IN THE AMOUNT OF P1.48 BILLION ALLEGEDLY APPROVED BY THE DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT (DILG) AND OTHER GOVERNMENT AGENCIES CONCERNED”

By Representative Syjuco

TO THE COMMITTEE ON RULES

ADDITIONAL COAUTHORS

With the permission of the Body, the following Members were made coauthors of the Bills hereunder indicated:

Rep. Filomena “Nenet” S. San Juan for House Bills No. 1034 and 3570; and

Rep. Imee R. Marcos for House Bill No. 5260.

COMMUNICATION

2001 Annual report of the Pag-IBIG Fund

TO THE COMMITTEE ON GOVERNMENT ENTERPRISES AND PRIVATIZATION

COMMITTEE REPORTS

Report by `the Committee on Basic Education and Culture and the Committee on Appropriations (Committee Report No. 1045), re H. No. 5472, entitled:

“AN ACT ESTABLISHING A NATIONAL HIGH SCHOOL IN BARANGAY SOUTHERN DAVAO, CITY OF PANABO, PROVINCE OF DAVAO DEL NORTE TO BE KNOWN AS SOUTHERN DAVAO NATIONAL HIGH SCHOOL, AND APPROPRIATING FUNDS THEREFOR”

recommending its approval in substitution of House Bill No. 1734.

Sponsors: Representatives Reyes (E.), Andaya and Floirendo

TO THE COMMITTEE ON RULES

Report by the Committee on Basic Education and Culture and the Committee on Appropriations (Committee Report No. 1046), re H. No. 5473, entitled:

“AN ACT ESTABLISHING A NATIONAL HIGH SCHOOL IN BARANGAY VILLARICA, ISLAND GARDEN CITY OF SAMAL, PROVINCE OF DAVAO DEL NORTE TO BE KNOWN AS THE VILLARICA NATIONAL HIGH SCHOOL, AND APPROPRIATING FUNDS THEREFOR”

recommending its approval in substitution to House Bill No. 1735.

Sponsors: Representatives Reyes (E.), Andaya and Floirendo

TO THE COMMITTEE ON RULES

Report by the Committee on Basic Education and Culture and the Committee on Appropriations (Committee Report No. 1047), re H. No. 5474, entitled:

“AN ACT ESTABLISHING A NATIONAL HIGH SCHOOL IN BARANGAY LALIGAN, CITY OF VALENCIA, PROVINCE OF BUKIDNON TO BE KNOWN AS THE LALIGAN NATIONAL HIGH SCHOOL, AND APPROPRIATING FUNDS THEREFOR”

recommending its approval in substitution to House Bill No. 1848.

Sponsors: Representatives Reyes (E.), Andaya and Ancheta

TO THE COMMITTEE ON RULES

Report by the Committee on Basic Education and Culture and the Committee on Appropriations (Committee Report No. 1048), re H. No. 5475, entitled:

“AN ACT ESTABLISHING A NATIONAL HIGH SCHOOL IN BARANGAY TABID, OZAMIZ CITY, PROVINCE OF MISAMIS OCCIDENTAL TO BE KNOWN AS THE TABID NATIONAL HIGH SCHOOL, AND APPROPRIATING FUNDS THEREFOR”

recommending its approval in substitution to House Bill No. 2360.

Sponsors: Representatives Reyes (E.), Andaya and Ramiro

TO THE COMMITTEE ON RULES

Report by the Committee on Basic Education and Culture and the Committee on Appropriations (Committee Report No. 1049), re H. No. 5476, entitled:

“AN ACT ESTABLISHING A NATIONAL HIGH SCHOOL IN BARANGAY GALA, OZAMIZ CITY, PROVINCE OF MISAMIS OCCIDENTAL TO BE KNOWN AS THE GALA NATIONAL HIGH SCHOOL, AND APPROPRIATING FUNDS THEREFOR”

recommending its approval in substitution to House Bill No. 2361.

Sponsors: Representatives Reyes (E.), Andaya and Ramiro

TO THE COMMITTEE ON RULES

Report by the Committee on Basic Education and Culture and the Committee on Appropriations (Committee Report No. 1050), re H. No. 5477, entitled:

“AN ACT ESTABLISHING A NATIONAL HIGH SCHOOL IN BARANGAY KAUSWAGAN, CITY OF PANABO, PROVINCE OF DAVAO DEL NORTE TO BE KNOWN AS THE KAUSWAGAN NATIONAL HIGH SCHOOL, AND APPROPRIATING FUNDS THEREFOR”

recommending its approval in substitution to House Bill No. 1733.

Sponsors: Representatives Reyes (E.), Andaya and Floirendo

TO THE COMMITTEE ON RULES

Report by the Committee on Basic Education and Culture and the Committee on Appropriations (Committee Report No. 1051), re H. No. 5478, entitled:

“AN ACT ESTABLISHING A NATIONAL HIGH SCHOOL IN BARANGAY BARACATAN, TORIL DISTRICT, DAVAO CITY TO BE KNOWN AS THE BARACATAN NATIONAL HIGH SCHOOL, AND APPROPRIATING FUNDS THEREFOR”

recommending its approval in substitution to House Bill No. 3458.

Sponsors: Representatives Reyes (E.), Andaya and Lopez (R.)

TO THE COMMITTEE ON RULES

Report by the Committee on Basic Education and Culture and the Committee on Appropriations (Committee Report No. 1052), re H. No. 5479, entitled:

“AN ACT ESTABLISHING A NATIONAL HIGH SCHOOL IN BARANGAY BANTOL, MARILOG DISTRICT, DAVAO CITY TO BE KNOWN AS THE BANTOL NATIONAL HIGH SCHOOL, AND APPROPRIATING FUNDS THEREFOR”

recommending its approval in substitution to House Bill No. 3459.

Sponsors: Representatives Reyes (E.), Andaya and Lopez (R.)

TO THE COMMITTEE ON RULES

Report by the Committee on Basic Education and Culture and the Committee on Appropriations (Committee Report No. 1053), re H. No. 5480, entitled:

“AN ACT ESTABLISHING A NATIONAL HIGH SCHOOL IN BARANGAY DEL PILAR, MUNICIPALITY OF CAGDIANAO, PROVINCE OF SURIGAO DEL NORTE TO BE KNOWN AS THE DEL PILAR NATIONAL HIGH SCHOOL, AND APPROPRIATING FUNDS THEREFOR”

recommending its approval in substitution to House Bill No. 1245.

Sponsors: Representatives Reyes (E.), Andaya and Ecleo

TO THE COMMITTEE ON RULES

Report by the Committee on Basic Education and Culture and the Committee on Appropriations (Committee Report No. 1054), re H. No. 5481, entitled:

“AN ACT ESTABLISHING A NATIONAL HIGH SCHOOL IN BARANGAY SINANGGUYAN, MUNICIPALITY OF DON CARLOS, PROVINCE OF BUKIDNON TO BE KNOWN AS THE DON CARLOS NATIONAL HIGH SCHOOL, AND APPROPRIATING FUNDS THEREFOR”

recommending its approval in substitution to House Bill No. 235.

Sponsors: Representatives Reyes (E.), Andaya and Zubiri

TO THE COMMITTEE ON RULES

Report by the Committee on Basic Education and Culture and the Committee on Appropriations (Committee Report No. 1055), re H. No. 5482, entitled:

“AN ACT ESTABLISHING A NATIONAL HIGH SCHOOL IN BARANGAY RITAGLENDA, MUNICIPALITY OF BASILISA, PROVINCE OF SURIGAO DEL NORTE TO BE KNOWN AS THE RITAGLENDA NATIONAL HIGH SCHOOL, AND APPROPRIATING FUNDS THEREFOR”

recommending its approval in substitution to House Bill No. 2969.

Sponsors: Representatives Reyes (E.), Andaya and Ecleo

TO THE COMMITTEE ON RULES

Report by the Committee on Higher and Technical Education and the Committee on Appropriations (Committee Report No. 1056), re H. No. 1776, entitled:

“AN ACT CONVERTING THE TAGUM NATIONAL TRADE SCHOOL IN THE CITY OF TAGUM, PROVINCE OF DAVAO DEL NORTE INTO A COLLEGE TO BE KNOWN AS THE TAGUM CITY COLLEGE OF ARTS AND TRADES, AND APPROPRIATING FUNDS THEREFOR”

recommending its approval with amendments.

Sponsors: Representatives Abayon, Lagman-Luistro and Olaño

TO THE COMMITTEE ON RULES

Report by the Committee on Basic Education and Culture and the Committee on Appropriations (Committee Report No. 1057), re H. No. 5485, entitled:
“AN ACT ESTABLISHING A NATIONAL HIGH SCHOOL IN BARANGAY SEMONG, MUNICIPALITY OF KAPALONG, PROVINCE OF DAVAO DEL NORTE TO BE KNOWN AS SEMONG NATIONAL HIGH SCHOOL, AND APPROPRIATING FUNDS THEREFOR”

recommending its approval in substitution to House Bill No. 4420.

Sponsors: Representatives Reyes (E.), Andaya and Olaño

TO THE COMMITTEE ON RULES

SUSPENSION OF SESSION

Whereupon, on motion of Rep. Escudero, the session was suspended at 10:02 a.m.

RESUMPTION OF SESSION

At 10:06 a.m., the session was resumed.

BUSINESS FOR THE DAY:
COMMITTEE REPORT NO. 907
ON HOUSE BILL NO. 5351

On motion of Rep. Escudero, there being no objection, the Body considered on Second Reading House Bill No. 5351 as embodied in Committee Report No. 907 and reported out by the Committees on Civil Service and Professional Regulation, and Appropriations.

Upon direction of the Chair, the Secretary General read the title of the Bill, to wit:

"AN ACT MODERNIZING THE PRACTICE OF LIBRARIANSHIP IN THE PHILIPPINES THEREBY REPEALING REPUBLIC ACT NO. 6966, OTHERWISE KNOWN AS `AN ACT REGULATING THE PRACTICE OF LIBRARIANSHIP AND PRESCRIBING THE QUALIFICATIONS OF LIBRARIANS', PROVIDING PENALTIES THEREFOR AND FOR OTHER PURPOSES."

As copies of the Bill had been distributed to the Members, on motion of Rep. Escudero, there being no objection, the Body dispensed with the reading of the text of the measure without prejudice to its insertion into the Record of the House.

SPONSORSHIP REMARKS
OF REP. ESCUDERO

Upon request of the author of House Bill No. 5351, on motion of Rep. Escudero, there being no objection, the Body approved to consider the Explanatory Note of the original House Bill No. 1466 as the sponsorship remarks on the measure.

TERMINATION OF THE PERIOD
OF SPONSORSHIP AND DEBATE

There being no interpellations and speeches en contra, on motion of Rep. Escudero, there being no objection, the Body terminated the period of sponsorship and debate.

TERMINATION OF THE
PERIOD OF AMENDMENTS

There being no Committee and individual amendments, on motion of Rep. Escudero, there being no objection, the Body closed the period of amendments.

ADDITIONAL COAUTHORS

Whereupon, Rep. Escudero manifested that the measure was originally authored by Rep. Padilla. He then moved that Rep. Padilla be made a coauthor of the measure. Thereafter, on motion of Rep. Salacnib F. Baterina, Reps. Celia Taganas Layus, Luis P. Bersamin Jr., and Samuel M. Dangwa were likewise made coauthors of House Bill No. 5351.

APPROVAL ON SECOND READING
OF HOUSE BILL NO. 5351

On motion of Rep. Escudero, there being no objection, the Body approved on Second Reading House Bill No. 5351.

BUSINESS FOR THE DAY:
COMMITTEE REPORT NO. 910
ON HOUSE BILL NO. 4826

On motion of Rep. Escudero, there being no objection, the Body considered on Second Reading House Bill No. 4826 as embodied in Committee Report No. 910 and reported out by the Committee on Social Services.

Upon direction of the Chair, the Secretary General read the title of the Bill, to wit:

"AN ACT EXTENDING THE PRESCRIPTIVE PERIOD FOR RECTIFICATION OF SIMULATED BIRTHS, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 8552, OTHERWISE KNOWN AS THE DOMESTIC ADOPTION ACT OF 1998."

As copies of the Bill had been distributed to the Members, on motion of Rep. Escudero, there being no objection, the Body dispensed with the reading of the text of the measure without prejudice to its insertion into the Record of the House.

SPONSORSHIP REMARKS
OF REP. ESCUDERO

Upon request of the author of House Bill No. 4826, on motion of Rep. Escudero, there being no objection, the Body approved to consider the Explanatory Note of the Bill as the sponsorship remarks on the measure.

TERMINATION OF THE PERIOD
OF SPONSORSHIP AND DEBATE

There being no interpellations and speeches en contra, on motion of Rep. Escudero, there being no objection, the Body terminated the period of sponsorship and debate.

TERMINATION OF THE
PERIOD OF AMENDMENTS

There being no Committee and individual amendments, on motion of Rep. Escudero, there being no objection, the Body closed the period of amendments.

APPROVAL ON SECOND READING
OF HOUSE BILL NO. 4826

On motion of Rep. Escudero, there being no objection, the Body approved on Second Reading House Bill No. 4826.

BUSINESS FOR THE DAY:
COMMITTEE REPORT NO. 923
ON HOUSE BILL NO. 46

On motion of Rep. Escudero, there being no objection, the Body considered on Second Reading House Bill No. 46 as embodied in Committee Report No. 923 and reported out by the Committees on Civil Service and Professional Regulation, and Appropriations.

Upon direction of the Chair, the Secretary General read the title of the Bill, to wit:
"AN ACT PROVIDING FOR A MORE RESPONSIVE AND COMPREHENSIVE REGULATION FOR THE PRACTICE OF CHEMICAL ENGINEERING IN THE PHILIPPINES REPEALING FOR THE PURPOSE REPUBLIC ACT NUMBERED THREE HUNDRED AND EIGHTEEN, AND FOR OTHER PURPOSES."

As copies of the Bill had been distributed to the Members, on motion of Rep. Escudero, there being no objection, the Body dispensed with the reading of the text

of the measure without prejudice to its insertion into the Record of the House.

SPONSORSHIP REMARKS
OF REP. ESCUDERO

On motion of Rep. Escudero, there being no objection, the Body approved to consider the Explanatory Note of the original House Bills No. 46, 675 and 3217 as the sponsorship remarks on the measure.

TERMINATION OF THE PERIOD
OF SPONSORSHIP AND DEBATE

There being no interpellations and speeches en contra, on motion of Rep. Escudero, there being no objection, the Body terminated the period of sponsorship and debate.

Thereafter, the Body proceeded to the period of amendments.

COMMITTEE AMENDMENTS

As proposed by Rep. Escudero, there being no objection, the Body approved the following Committee amendments:

On page 1, line 4, Section 1, to replace the figure "2001" with the figures "2002";

On the same page, line 10, Section 2, to replace the word "paw," with the word PAR;

On page 3, subsection (d), Section 3, lines 7 to 8, to delete the word "or" and to insert between the words "industrial" and "chemical" the words DOMESTIC AND;

On the same page, subsection (f), Section 3, line 18, to insert between the word "principles," and the word "industrial" the words PLANT DESIGN;
On the same page, subsection (f), Section 3, line 18, to insert between the word "processes," and the word "momentum" the words MASS AND HEAT TRANSFER;

On the same page, subsection (f), Section 3, line 18, to delete the word "industrial" between the word "transfer," and the word "waste";

On page 9, Section 9, lines 3 to 6, to delete the colon (:) and insert a period (.) after the word "investigation" and to delete the entire sentence beginning with the word "Provided" up to the period (.) after the word "executory";

On the same page, lines 7 to 10, to replace Section 10 with the following:

SEC. 10. COMPENSATION AND ALLOWANCES OF THE BOARD. - THE CHAIRMAN AND THE MEMBERS OF THE BOARD SHALL RECEIVE COMPENSATION AND ALLOWANCES COMPARABLE TO THE COMPENSATION AND ALLOWANCES RECEIVED BY THE CHAIRMAN AND MEMBERS OF OTHER PROFESSIONAL REGULATORY BOARDS;

On page 12, Section 21, line 2, to insert the phrase AND THE CODE OF TECHNICAL STANDARDS between the words "ethics" and "for";

On the same page, Section 22, line 7, to insert the phrase AND STAMPED WITH THE SEAL OF THE COMMISSION AND THE BOARD between the words "board" and the "period (.)";

On page 16, Section 31, line 17, to insert the word INTEGRATED between the words "accredited" and "professional";

On the same page, Section 31, lines 21 to 22, to insert the phrase INTEGRATED NATIONAL between the words "accredited" and "organization"; and,

On page 19, lines 3 to 5, to replace Section 41 with the following:

SEC. 41. APPROPRIATIONS. - THE CHAIRMAN OF THE PROFESSIONAL REGULATION COMMISSION SHALL INCLUDE IN THE COMMISSION'S PROGRAM THE IMPLEMENTATION OF THIS ACT, THE FUNDING OF WHICH SHALL BE INCLUDED IN THE ANNUAL GENERAL APPROPRIATIONS ACT.

TERMINATION OF THE
PERIOD OF AMENDMENTS

There being no other Committee and individual amendments, on motion of Rep. Escudero, there being no objection, the Body closed the period of amendments.

APPROVAL ON SECOND READING
OF HOUSE BILL NO. 46, AS AMENDED

On motion of Rep. Escudero, there being no objection, the Body approved on Second Reading House Bill No. 46, as amended.

SUSPENSION OF CONSIDERATION
OF THE BUSINESS FOR THE DAY

Whereupon, on motion of Rep. Escudero, there being no objection, the Body suspended further consideration of the Business for the Day.

UNFINISHED BUSINESS:
COMMITTEE REPORT NO. 1044
ON HOUSE BILL NO. 5238

On motion of Rep. Escudero, there being no objection, the Body resumed consideration on Second Reading of House Bill No. 5238 as embodied in Committee Report No. 1044 and reported out by the Committee on Appropriations.

Upon direction of the Chair, the Secretary General read the title of the Bill, to wit:

"AN ACT APPROPRIATING FUNDS FOR THE OPERATION OF THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES FROM JANUARY ONE TO DECEMBER THIRTY-ONE, TWO THOUSAND THREE, AND FOR OTHER PURPOSES."

Thereafter, on motion of Rep. Escudero, the Chair recognized Rep. Andaya to resume sponsorship of the measure and Rep. Padilla for his interpellation.
INTERPELLATION OF REP. PADILLA

Rep. Padilla initially congratulated Rep. Andaya for his sponsorship of the 2003 GAB. He underscored that he was not only articulating his own sentiment and perception, but that of the entire Minority.

Rep. Padilla subsequently noted from Rep. Andaya's sponsorship speech that it does not indicate any comparisons between the macroeconomic assumptions of the Committee on Appropriations and that submitted by the DBCC. In the case of the nominal GNP, he inquired whether there was a significant divergence between the macroeconomic assumptions that were submitted by the aforementioned entities.

In reply, Rep. Andaya explained that from the original submission of the DBCC, the

official macroeconomic assumption for the nominal GNP had been P4.307 trillion with the new low-end assumption at P4.298 trillion.

Rep. Padilla however noted that based on the BESF, the macroeconomic assumption for the nominal GNP was pegged at P4.582 trillion for the low-end and a high-end of P4.713 trillion. He then inquired whether the Committee on Appropriations has new macroeconomic assumptions.

Rep. Andaya replied in the affirmative and stated that for the low-end, it is P4.577 trillion and for the high-end, P4.719 trillion. He admitted that the macroeconomic assumption of the Committee for nominal GNP is a bit higher than what had been previously submitted by the DBCC. He pointed out that this is due to the high inflation projected for next year.

Whereupon, Rep. Padilla noted that it would seem that the Committee on Appropriations was more optimistic about its projections. He inquired from Rep. Andaya whether the estimates of the Committee should have been more conservative.

Rep. Andaya however pointed out that the figures should be seen both from the low- and the high-end sides. He explained that the low-end macroeconomic assumption is much lower now than the previous assumption that the DBCC had submitted.

Even as he expressed hope that this will be achieved, Rep. Andaya nonetheless clarified that the numbers still have to be tallied. He added that a higher end for the GNP would be had in view of the expected higher inflation rate for next year. To a related query, Rep. Andaya qualified that the Committee had projected a GNP growth rate of from 4.5% to 5.8% for FY 2003 as against the DBCC targets of from 5.15% to 5.7%.

As a rejoinder, Rep. Padilla noted the apparent intention of the Committee to play safe by setting a lower target for the lower projection but he also observed that it had set a higher target for the higher projection which may not reflect the real sentiment of the Committee.

Rep. Andaya agreed therewith but explained that by practice, it is always the lower end which happens, so in line with the stance of the Committee, it had decided to reduce the lower end projection. He however opined that its higher end projection of 5.8% is a possibility.

Rep. Padilla, in reaction, agreed on the intent of the Committee to rely on the lower-end projection. He however remarked that the targets are all plain conjectures, but that the Body will have to make a decision. He inquired whether the Members would be very conservative in making a decision to be able to capture the real sentiment not only of the Committee but of the entire House as well.

Rep. Andaya expressed the willingness of the Committee to consider any changes at the proper time. He stressed that for the first time, amendments on the macroeconomic assumptions would be had in the budget deliberations. He reiterated that amendments would be considered for purposes of the discussions and to further shed light on the country's current macroeconomic performance and conditions.

On other queries, Rep. Andaya disclosed the following projections of the Committee vis-a-vis those submitted by the DBCC: 1) nominal GDP -- from P4.2987 trillion to P4.403 trillion as against from P4.3071 trillion to P4.4399 trillion; 2) real GDP -- from P4.2 trillion to P5.2 trillion as against from P5 trillion to P5.5 trillion; and 3) inflation rate -- from 4.5% to 5.5% as against from 4% to 5%.

Rep. Andaya then assured Rep. Padilla that the Committee will distribute to the Members copies of its new macroeconomic assumptions. He however clarified that his sponsorship speech included the new revenue projections and the deficit figures. He confirmed that although these figures are not part of the budget proposal submitted by the Chief Executive, they are included in the official documents to be given to the Members. He also agreed with Rep. Padilla that these new assumptions will somehow influence revenue and expenditure projections.
Rep. Padilla then inquired whether the revised assumptions form a signal coming from the Sponsor that at the proper time, the budget submitted by the Executive Department will be revised to make it more realistic based on the Committee's revised assumptions.

In reply, Rep. Andaya maintained that the Committee is presently reviewing the budget proposal in detail and is looking for possible expenditure cuts for FY 2003. He stressed that this would entail a balancing act, adding that a lot of the cuts would come from capital outlay items, which however constitute 49.9% of the Chief Executive's budget proposal. He lamented that reducing this portion of the budget might adversely affect the country's performance next year so the Committee is also considering other MOOE items.

On further questions, Rep. Andaya affirmed that the proposed revisions are not yet reflected in House Bill No. 5238 but the Members will have an idea of how much will be actually reduced from the budget once the measure is considered on Second Reading. He expressed hope that if the Minority were willing, the Body would be able to pass House Bill No. 5238 on Second Reading by Friday.

Considering that huge figures and sensitive issues are involved, Rep. Padilla inquired whether it is possible for the Committee to be given two to three days so it can meet and discuss the figures to be submitted for purposes of revising the budget, before the Body approves the 2003 GAB on Second Reading.

Rep. Andaya confirmed that after the period of interpellations, he will personally look into the matter and ensure that the Committee will have another round of discussions regarding possible cuts for next year's budget, before the Body approves the Bill on Second Reading. He stressed this as a commitment of the Committee.

Rep. Padilla next inquired whether the Committee had set certain standards as to how to reduce the capital outlay items. He shared his apprehension that certain government agencies would defend their respective "priority" programs such that Congress may not be able to effect any cuts after all.

Rep. Andaya replied that first of all, the Members will have to follow the standards set in the Constitution which allocates to education the highest share of the budget pie. He said that other guideposts to be followed are the capability of a project to be implemented within a year and the absorptive capacity of a department in utilizing funds.

To a related query of Rep. Padilla, Rep. Andaya explained that even if an agency has the capacity to implement but funds are not available, then there is nothing to reduce in the first place. In case of an agency which is not capable of implementing a project, he proposed to trim down the project budget to such level which the agency would be capable of implementing. He underscored the need for the collective will of Congress to resolve the budget problem instead of asking people from the outside to do so.

In his rejoinder, Rep. Padilla reiterated his suggestion that after the period of interpellations and before the Bill goes into the period of amendments, the

Committee could conduct a two- or three-day marathon meeting so it could discuss the issues further at its level with maximum flexibility. He however stated that the Opposition will not mind if the Sponsors would rather conduct the discussion in plenary session. He stressed though that they should not sacrifice quality in favor of expediency, recognizing that the House leadership wanted the Bill approved at the soonest possible time. He pointed out that there were many sensitive and strategic issues which have to be resolved properly and squarely; hence his appeal to Rep. Andaya.

The Sponsor replied that he fully understood the sentiments expressed by Rep. Padilla. He said that to expedite matters, he can furnish the Minority with copies of the budget areas which can be reduced and the corresponding reasons therefor. He pointed out that there are certain considerations like local concerns and political biases which have to be taken into consideration before any budget cut can be done.

With regard to budgetary items under personal services, Rep. Andaya recognized that the bureaucracy is getting bloated and this problem should be addressed. He then proposed that no vacant positions in the government should be filled up for next year. He however noted that very few additional items in this area can be explored.

Rep. Andaya added that only a few additional items have been included in the 2003 GAB as regards personal services, except for the additional salaries of AFP personnel. He added that there will be no new hirees in the AFP for 2003.

Adverting to the President's budget message wherein she mentioned the hiring of 5,000 new policemen all over the country for the year 2003, Rep. Padilla asked whether this was included in the budget.

Rep. Andaya said that he stands corrected and stated that there will be 7,000 new troops for the Philippine army and 4,000 new policemen. However, he pointed out that not all of these would be implemented for 2003. He pointed out that the Committee would make certain changes to avoid any further distortions in the pay scale of these government servants. He cited for instance that if all the 7,000 new AFP personnel will be hired, they will not be able to enjoy the benefits being enjoyed by those who are already in service. He therefore explained that the number of new hirees will be slashed so that they may receive the same pay as those who are now in the service. He pointed out that the pay scale of the members of the Philippine National Police (PNP), the Bureau of Jail Management and Penology (BJMP) and the Bureau of Fire Protection (BFP) is somewhat distorted because these agencies used to be under one unit. However, he said that after the PNP was established, the BJMP and the BFP were all separated. He added that the PNP was able to secure pay increases, leaving behind the BFP and the BJMP. He averred that the number of additional policemen will have to be reduced to be able to at least start giving pay increases to BJMP and BFP personnel.

Rep. Padilla inquired whether the hiring of new teachers was included in the 2003 budget considering that additional money will be appropriated for the salaries of teachers.

Rep. Andaya replied that there will be no new hirees for teacher items in 2003. He explained that the only increase in the budget for personal services of teacher items under the DepEd would represent a full year's budget for the new hirees for 2002. He added that only the six months salary of the new hirees for 2002 had been appropriated. Considering that they will be hired within this year, the full salary next year of the 15,000 teaching and 5,000 non-teaching items will be included in the 2003 budget in addition to the increase in the PS portion of the Dep-Ed.

Stating that he will pursue this point when the Body takes up the proposed DepEd budget, Rep. Padilla added that during the budget hearing on the DepEd, he was given the impression that the Department lacks quite a number of teachers all over the country. He said that he will furnish the Body with the exact figures during the discussion on the budget of the DepEd.

Noting the continued increase in enrollment, Rep. Padilla added that the enrollment population have grown faster than the population growth of the country. This, as he observed that there are new items for the AFP and the PNP budgets and no new item for new classroom teachers in the DepEd budget.

Rep. Andaya said that the Committee recognized this problem. In fact, he said, the chairman of the Committee on Basic Education had allowed the Committee on Appropriations to adjust some items so that there will be items for new teachers for 2003 to answer the needs of the newly legislated schools. He said that he would welcome further questions on this matter considering that he will be the one to sponsor the budget of the DepEd.

Whereupon, Rep. Padilla inquired whether the Committee is open to an amendment on the budget of the DepEd without necessarily increasing its budget ceiling but addressing the shortage of classrooms and teachers. He said that the funds could be taken from other items within the department.

Replying in the affirmative, Rep. Andaya said that he welcomes any input coming from Rep. Padilla who is an expert in education.

As regards the MOOE, Rep. Padilla noted that there is some room for adjustments in the light of the previous points they have discussed such as reducing the ceiling of the 2003 budget.

Rep. Andaya said that while the MOOE can withstand some cuts, the Committee cannot just impose a simple rule of 10% across the board because some small items will be adversely affected. Probably, he said, the Committee can look at it on a case to case basis. He however agreed that the MOOE could be trimmed down and that further reductions can be accepted.

Rep. Padilla inquired whether the budgetary cut is arbitrary. He further asked whether he and Rep. Andaya share the same perception that the country's budgetary deficit has reached alarming proportions and that if it was happening in 2002, then there is a big possibility that it will happen in 2003.

Rep. Andaya agreed that he and Rep. Padilla are pursuing the issue not as a matter of one pillar of the government against another. He said that both the Minority and the Majority are actually trying to make the budget work for the government and to make the budget a tool for economic stability. This is their driving force, he added. He pointed out that the cuts in the budget should in no way be interpreted as one branch of government going against the other, but that one branch is trying to help the other branch in order to help the entire national government.

Rep. Padilla said that an increase in the budgetary deficit would correspondingly mean an increase in the country's indebtedness. He then asked whether this proposition is correct.

Rep. Andaya replied in the affirmative.

Whereupon, Rep. Padilla quoted an article in the day's newspaper entitled "Fitch Downgrades RP Rating to Negative." He then asked whether Rep. Andaya had read the article.

Rep. Andaya replied in the affirmative. He said that it was quite unfortunate that one rating agency had a negative outlook on the country and had actually downgraded the country's rating. He however said that this is the reality. He said that the House would want to have a clean start and not put any smoke screens or window-dress any items within the government. He said that this is the reality but he welcomes it so that the country can move forward and improve the situation next year.

Rep. Andaya said that the downgrading and negative outlook was brought about by missed targets, thereby prompting the Committee on Appropriations to change the macroeconomic assumptions for next year to make it more realistic, considering that this had caused the country's problem. He added that the rating gave the country an image of instability, although the government had indeed failed to meet its revenue deficit targets. In order to avoid this kind of image, he said that the Committee had opted for a new set of figures.

Rep. Padilla said that one way of addressing the budgetary deficit is by cutting the budget. He said that this had been discussed earlier and that some parameters have been agreed upon which can be pursued not only in the plenary level but even in the committee level before the 2003 budget is approved on Second and Third Reading.

Moreover, Rep. Padilla pointed out that the second way would be to increase revenues and this was also partly mentioned in the discussion and in Rep. Andaya's sponsorship speech. However, insofar as total revenues are concerned, he opined that there is a corresponding reduction based on the Committee’s recommendation. Agreeing therewith, Rep. Andaya pointed out that the P584,062,000,000 total revenues is a more realistic figure. As regards taxes, he said that the figures would be P530,774,000,000.

On whether the original figure is P640.7 billion, Rep. Andaya replied in the affirmative.

Rep. Padilla asked that he be enlightened on the amount of P584.62 billion which Rep. Andaya said is realistic. He then asked whether Rep. Andaya would agree that the P640.7 billion is actually a realistic figure despite some problems in tax collection. He said that the administration would be proud if the country would be able to achieve the GDP or GNP growth targets for 2002.

Rep. Andaya agreed therewith. He said that there will be no arguments or discussions as regards the GNP and GDP targets because these have always been achieved. However, he said that the corresponding increase in revenues vis-a-vis increases in the GNP and GDP do not seem to happen. He pointed out that Rep. Padilla's observation that there are flaws within the system and leakages which drive down the country's revenue collections, is correct.

Rep. Andaya pointed out that the country's revenue growth is not flat. Contrary to the opinion of some people that it is flat, he explained, it is actually going down. He said that this is the hard reality that the Members will have to face and take into consideration in coming up with the figure of P584 billion.

Rep. Padilla pointed out that in the previous years, even during hard times, while the BIR and the BOC may not have been able to hit their respective targets, it was not radically below the target set by the DBCC. He expressed concern why despite the fact that the country was able to hit the GNP growth as projected by the DBCC in 2002, the revenue collection was still low. He said that perhaps there is no need to cut the P640.7 billion target but to analyze why the BIR and the BOC were not able to deliver.

Rep. Padilla proposed that the government concentrate on this area of concern so that despite the downgraded expenditure, the targets allocated for agencies principally responsible for raising the needed revenue for the government would not necessarily be reduced.

Rep. Andaya said that he fully agrees with Rep. Padilla's observation. He however said that it is unfortunate that these two vital matters cannot be tackled in one single bill. This, he said, is the reason he is pushing for the approval of his bill, the IRMA Bill and Rep. Villanueva's version thereof - the NARA Bill. He however pointed out that both bills have the same objectives which is to restructure or reorganize the BIR to make it more responsive in meeting the needs of the government as well as the collection of sin taxes.

Rep. Padilla said that the Minority is not ready to say whether it would support these bills. Assuming that said bills will be approved, he said that it will still take time.

Rep. Padilla said that there are cases wherein reform can be done without necessarily adopting a new law to improve the performance of the BIR. The dismal performance of these agencies, he said may be due to the fact that Congress has not provided them with the necessary support. If from 70% to 80% of the country's revenue come from the collections of the BIR, he asked whether Congress had considered providing other areas of reform without having to wait for a law to be approved, he said.

Rep. Padilla said that he has obtained reports that even in the matter of computer breakdowns, it takes time for their computers or fax machines to be repaired or for the necessary spare parts to be purchased. He pointed out that while these things may sound petty, petty as they are, they may somehow affect the efficiency of the BIR. So, even if the IRMA Bill or the NARA Bill is approved into law, and there is still no money for the repair of computers which are vital equipment needed by these agencies to be able to perform their tasks well, then their performances will still be inefficient, he stressed.

Moreover, Rep. Padilla opined that even if there is already an IRMA but there are no lawyers to run after delinquent taxpayers, the government would not be able to achieve its purpose. He stressed that certain concerns could be addressed even without the bill that will be considered by the House, although the problem is that the House has been discussing the matter every year. He recalled that five years ago, he had already heard arguments to the effect that there will be reforms in the system; however, instead of improving its performance in revenue generation, the government has been retrogressing. He stated that he brought the matter to the attention of his colleagues so that immediate measures could be adopted and the House would not have to wait for the IRMA to be considered before it acts. He surmised that the IRMA may not even be acceptable to the Members of the House.

Rep. Andaya said that they had come to a meeting of the minds and that he agrees with Rep. Padilla's view that the House could do more in a productive way. He added that the House could help the BIR and inspire it to collect more revenues for the government. He affirmed that out of the P530.774 billion tax revenues, P424.007 billion will come from the BIR. Hence, he said that if the House wants to help the BIR, it could put an additional amount for the BIR's capitalization program in the unprogrammed portion of the budget, and that any amount over and above this very achievable target could be used by the agency for said capitalization program. He further claimed that the BIR would not have to wait until the end of the year to receive said amount which could be broken down into semesters or quarters, or even on a monthly basis. There is a date for projected collections every month and any amount over this could be utilized by the BIR for its capitalization program, he

said. He pointed out that this could be done in the year 2003 budget through the inclusion of a provision under the unprogrammed funds for the BIR.

Rep. Padilla remarked that he raised this point because he believes that the budgetary deficit is not "evil" per se because it could be an effective tool to stimulate the economy and increase revenue collection in the process. However, he lamented that it comes up year after year and the expected additional revenues from collection agencies are not realized. Considering that the government is willing to incur a budgetary deficit for projects which are not sure to benefit the people, he inquired on the possibility of setting up a compromise pursuant to which certain amounts would be placed under unprogrammed appropriations, and another amount would be made readily available when the year 2003 budget is already in place.

He maintained that the problem with a budgetary deficit is that the government is willing to cut expenditures; however, even if the expenditures are cut but the revenues are not increased, the deficit would still exist. He added that the deficit is only a projection and not a part of the budget, and as such the government is not mandated to follow such target. While the target for the year 2002 is P130 billion, he estimated that it would be P230 billion if one were to rely on Rep. Andaya's projections. In effect, he said that the deficit for the year 2003 would be P100 billion higher than the figure for the year 2002. Rep. Andaya affirmed this point.

In addition to this, Rep. Padilla observed that while the government has been trying to cut on expenditures, and it does not want to admit this fact, it has impounded a number of items in the budget without necessarily releasing them on time. As a consequence thereof, he said that the government is not able to achieve its purpose of stimulating the economy when such funds are not released.

Rep. Padilla recalled the case of a particular department which had stated during a sub-committee hearing that its budget for the year 2002 was P7 billion. However, he said that the same department had only received P3 billion, but has not been able to spend this amount. He recalled that he had asked what guarantee said department could have that it could use its new budget for the year 2003 even when it has not received the P4 billion balance of its year 2002 budget, and has not spent the P3 billion it had received. He opined that it would take another 11 months for the department to spend the balance of said budget and thus it would have nothing to do in 2003 but spend that balance. He inquired how the government could stimulate the economy if the funds are not readily available. This, as he urged the government to improve its capacity to raise more funds and to look into the problems besetting the BIR and the BOC.

Rep. Andaya agreed therewith, and Rep. Padilla lamented that every time he raises the matter, the former would always agree with him. Rep. Andaya then replied that Rep. Padilla's suggestion that Congress help the BIR should be looked into.

Rep. Padilla expressed alarm at the huge budgetary deficit, and noted that for the year 2003, the interest payments for debt service alone is estimated to be around P223 billion, with P188 billion for the principal. He computed that the government would need P411 billion to settle both the principal and the interest payments. He added that given the P584 projected revenues, the government would have only P141 billion remaining if it opts to settle the interest payments and principal amount for debt service.

Rep. Andaya affirmed this point and emphasized that the government is forced to go into borrowing to finance its expenditures for the year 2003.

Rep. Padilla maintained that this situation is alarming because development projects

are being sacrificed in the name of debt payments either for the principal or the interests alone. He noted that the budget of the Department of Health (DOH) for the year 2002 has been decreased, although the Department of Tourism's (DOT) appropriation has been increased. He observed that in many areas of the budget, the expenditure program had suffered decreases in terms of money or percentage, to wit: for economic services, the 20.96% that had been earmarked for the year 2002 had been reduced to 20.19% for the year 2003; social services, from 30.74% to 29.61%; defense, from 54.5% to 50.6% general public services, 16.95% to 16.70%; and net lending, from 0.97% to 0.68%. He pointed out, however, that the budget for debt service had been increased from 24.93% in year 2002 to 27.76% for year 2003. He reiterated that he is alarmed and could not determine how this concern could be addressed.

Rep. Andaya agreed with Rep. Padilla's observation with regard to the increase in terms of percentage share in the national budget, specifically the debt service fund which had been increased by almost four percent, or an estimated P40 billion. He likewise affirmed that certain sectors have suffered decreases in the budgets, if not retained their old appropriations. He underscored that the first step in solving the deficit problem is to establish correct macroeconomic assumptions because faulty projections could force the government to miss its targets and go into another round of borrowings, thereby increasing its total debt stock and its interest payments.

Rep. Padilla claimed that while debt service is not the biggest item in the budget, the truth of the matter is that it is not even included in the proposed budget because the P223 billion for this purpose is automatically appropriated. He noted that the total budget had been increased by more than four percent, while the allocation for interest payments had been increased by four percent, hence whatever increase there is had been eaten up by the increase in interest payments.

Rep. Andaya affirmed this point and clarified that the proposed year 2003 budget shows a 4.5% increase from the year 2002 budget. He added that while all other items have remained constant, the IRA had been increased by five percent.

Rep. Padilla noted that the formula for the allocation of the IRA is provided for in the Local Government Code (LGC), hence there is nothing the House can do about it.

Rep. Andaya replied that this is not necessarily true because the LGC only states that the appropriations for the IRA are automatically released but does not mention that the same would be automatically appropriated. He added that the framers of the LGC may probably have not envisioned a situation in which the IRA would increase at a faster rate than the budget of the national government. Thus, he said that if this situation continues in the country for a couple of years or more, the government may have a budget that is purely composed of personal services, debt service and IRA, which is possibly what it is facing at the moment.

Rep. Padilla opined that this would entail an amendment to the LGC which mandates the formula for determining the IRA. As such, he said that whatever amount had been earmarked for IRA is no longer the money of the national government but of the LGUs. What is left to the DBM, the DOF and to Congress, he said, is to determine whether the formula is being followed as mandated by the LGC. He stressed that while he sympathizes with Rep. Andaya, the Secretaries of the DBM and of the DOF with regard to their positions on the IRA, the point is that the mandate of the LGC should be followed. He stressed that although it is hard to admit that there may be a problem on this matter, still it is the truth and is contained in the law.

Rep. Andaya responded that he respects Rep. Padilla's opinion on the matter.

Thereupon, Rep. Padilla inquired on the projected borrowings for the year 2003 and whether the P223 billion for interest payments is only a projection.

SUSPENSION OF SESSION

On motion of Rep. Andaya, the session was suspended at 11:22 a.m.

RESUMPTION OF SESSION

At 11:34 a.m., the session was resumed.

SUSPENSION OF CONSIDERATION
OF HOUSE BILL NO. 5238

On motion of Rep. Escudero, there being no objection, the Body suspended consideration of House Bill No. 5238.

BUSINESS FOR THE DAY:
COMMITTEE REPORT NO. 902
ON HOUSE BILL NO. 5343

On motion of Rep. Escudero, there being no objection, the Body considered on Second Reading House Bill No. 5343 as embodied in Commitee Report No. 902 and reported out by the Committee on Health.

Upon direction of the Chair, the Secretary General read the title of the Bill:

"AN ACT REGULATING THE USE OF GOVERNMENT AMBULANCES, PROVIDING PENALTIES THEREOF AND FOR OTHER PURPOSES."

As copies of the Bill had been distributed to the Members, on motion of Rep. Escudero, there being no objection, the Body dispensed with the reading of the text of the measure without prejudice to its insertion into the Record of the House.

SPONSORSHIP REMARKS
OF REP. ESCUDERO

Upon request of the author of House Bill No. 5343, on motion of Rep. Escudero, there being no objection, the Body approved to consider the Explanatory Note of the Bill as the sponsorship on the measure.

TERMINATION OF THE PERIOD
OF SPONSORSHIP AND DEBATE

There being no interpellations and speeches en contra, on motion of Rep. Escudero, there being no objection, the Body terminated the period of sponsorship and debate.

Thereafter, the Body proceeded to the period of amendments.

COMMITTEE AMENDMENTS

As proposed by Rep. Escudero, there being no objection, the Body approved the following Committee amendments:

On page 3, line 18, between the words "Section" and "and," to replace number "3" with the number 4;

On the same page, line 19, between the words "Section" and "hereof," to replace the number "4" with number 5;

To amend the title of the Bill to read as follows:

"AN ACT ESTABLISHING THE RULES FOR THE USE OF GOVERNMENT AMBULANCES AND PROVIDING PENALTIES FOR THE VIOLATION THEREOF."

TERMINATION OF THE PERIOD
OF AMENDMENTS

There being no other Committee and individual amendments, on motion of Rep. Escudero, there being no objection, the Body terminated the period of amendments.

APPROVAL ON SECOND READING
OF HOUSE BILL NO. 5343, AS AMENDED

On motion of Rep. Escudero, there being no objection, the Body approved on Second Reading House Bill No. 5343, as amended.

ARCHIVING OF CERTAIN committee
reports on HOUSE RESOLUTIONS

On motion of Rep. Escudero, there being no objection, the Body duly noted the recommendations in the following Committee Reports on House Resolutions and consigned the same to the Archives, with copies thereof furnished the concerned agencies specified in the recommendatory portion of said Committee Reports:

Committee Report No. 927 on House Resolution No. 476 and 224 protecting the ailing local onion industry and the consuming public; and

Committee Report No. 971 on House Resolution No. 358 regarding the state of the scrap metal industry.

SUSPENSION OF SESSION

On motion of Rep. Escudero, the session was suspended at 11:38 a.m.

RESUMPTION OF SESSION

At 11:39 a.m., the session was resumed.

ARCHIVING OF COMMITTEE
REPORT NO. 972

On motion of Rep. Escudero, there being no objection, the Body duly noted the recommendations in Committee Report No. 972 regarding the alleged transfer of eight Bureau of Internal Revenue District Officers and other BIR personnel without due process of law, and consigned the same to the Archives, with copies thereof furnished the concerned agencies specified in the recommendatory portion of said Committee Report.

BUSINESS FOR THE DAY:
COMMITTEE REPORT NO. 974
ON HOUSE BILL NO. 5411

On motion of Rep. Escudero, there being no objection, the Body considered on Second Reading House Bill No. 5411 as embodied in Commitee Report No. 974 and reported out

by the Committee on Civil Service and Professional Regulation.

Upon direction of the Chair, the Secretary General read the title of the Bill:

“AN ACT AMENDING CERTAIN SECTIONS OF REPUBLIC ACT NUMBERED SEVENTY-EIGHT HUNDRED AND THIRTY-SIX, OTHERWISE KNOWN AS THE ‘PHILIPPINE TEACHERS PROFESSIONALIZATION ACT OF 1994.’”

As copies of the Bill had been distributed to the Members, on motion of Rep. Escudero, there being no objection, the Body dispensed with the reading of the text of the measure without prejudice to its insertion into the Record of the House.

SPONSORSHIP REMARKS
OF REP. ESCUDERO

Upon request of the author of House Bill No. 5411, on motion of Rep. Escudero, there being no objection, the Body approved to consider the Explanatory Notes of House Bills No. 498, 4205 and 4411 as the sponsorship speeches on the measure.

TERMINATION OF THE PERIOD
OF SPONSORSHIP AND DEBATE

There being no interpellations and speeches en contra, on motion of Rep. Gonzales, there being no objection, the Body terminated the period of sponsorship and debate.

TERMINATION OF THE PERIOD OF AMENDMENTS

There being no Committee and individual amendments, on motion of Rep. Escudero, there being no objection, the Body closed the period of amendments.

APPROVAL ON SECOND READING
OF HOUSE BILL NO. 5411

On motion of Rep. Escudero, there being no objection, the Body approved on Second Reading House Bill No. 5411.
SUSPENSION OF CONSIDERATION
OF THE BUSINESS FOR THE DAY

On motion of Rep. Escudero, there being no objection, the Body suspended consideration of the Business for the Day.

UNFINISHED BUSINESS:
COMMITTEE REPORT NO. 1044
ON HOUSE BILL NO. 5238

On motion of Rep. Escudero, there being no objection, the Body resumed consideration on Second Reading of House Bill No. 5238 as embodied in Committee Report No. 1044 and reported out by the Committee on Appropriations.

Upon direction of the Chair, the Secretary General read the title of the Bill, to wit:

"AN ACT APPROPRIATING FUNDS FOR THE OPERATION OF THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES FROM JANUARY ONE TO DECEMBER THIRTY ONE, TWO THOUSAND THREE, AND FOR OTHER PURPOSES."

On motion of Rep. Escudero, the Chair recognized Reps. Andaya and Padilla to sponsor

the measure and to interpellate thereon, respectively.

REMINDER FROM THE CHAIR

The Chair reminded Rep. Padilla that he had already exceeded the one hour allowed for his interpellation.

Rep. Padilla said that he would try to be very brief.

INTERPELLATION OF REP. PADILLA
(Continuation)

Rep. Padilla referred to his earlier questions related to projected borrowings for 2003, this as he noted that the projected interest payment is P223 billion. He asked whether there has been a corresponding change in the report made by the sponsoring Committee.

In reply, Rep. Andaya disclosed that after adjustments, the amount is now P230.697 billion, and this includes revisions made with regard to macro-assumptions, particularly changes in the dollar to peso exchange rate.
To subsequent queries, Rep. Padilla disclosed that the gross borrowings from foreign sources is P188.460 billion or 48% and P202.101 billion or 52% from domestic sources. As regards interest payments for loans incurred by GOCCs, he said that for treasury bills, treasury notes, T-bills and bonds, the amount is P155.033 million. He added that the assumed domestic liabilities from the Philippine National Bank (PNB), the Development Bank of the Philippines (DBP), the Philippine Nuclear Power Plant (PNPP) and the National Power Corporation (NPC) is P297 million. For foreign loans, he said that the total for regular borrowing is P74.446 million while for assumed liabilities, the amount is P921 million. He clarified that the loans of the aforestated companies, including that of the Trade and Investment Development Corporation, the NDCM and the Philippine Airlines are included in the P1.2 billion assumed liabilities.

In particular, Rep. Andaya disclosed that the debts of the PNB, which had already been privatized, were assumed by the government in the late '80s. He affirmed that since the PNB is now financially capable to meet its obligations, then the government can now ask payment for the loans that it had assumed. He said that once the assets of the PNB are sold, under the privatization program, the proceeds will go to the national government and will be included as part of non-tax revenues. He said that the same scheme applies to the Development Bank of the Philippines (DBP).

As regards the PNPP, Rep. Andaya explained that the government will continue to assume the obligations that it had incurred way back in 1986. While there will be no new liabilities coming in from this power plant, he affirmed that P496 million has been earmarked for loan payments.

Rep. Padilla subsequently inquired on the status of the PNPP.

SUSPENSION OF SESSION

On motion of Rep. Andaya, the session was suspended at 11:52 a.m.

RESUMPTION OF SESSION

At 11:52 a.m., the session as resumed.

INTERPELLATION OF REP. PADILLA

(Continuation)

Rep. Padilla disclosed that at the start of 2002, PNPP had a loan balance of P8.775 billion, out of which P1.621 billion is expected to be paid, thus leaving an outstanding balance of P7.155 billion for the coming year. He said that given an annual payment of P1.6 billion, the government expects to pay in full its assumed liabilities in four or five years' time.

On whether the nuclear plant is being utilized, Rep. Andaya clarified that it is being safeguarded and maintained by the NPC which is under the Department of Energy (DOE) and will be converted into a natural gas power or petrochemical plant.

Rep. Padilla said that he will pursue the issue during the deliberations of the DOE budget.

Considering the huge amount that the government has to spend for principal amortization and interest payments in 2003, Rep. Padilla asked whether there is a way through which it can renegotiate payment schemes with its creditors so that it will not be unduly burdened. While he realizes the position of the DBM and the DOF and given the fact that the government would not like to renege on its commitments, he asked whether the country's economic managers can consider renegotiating so that more funds can be allocated for social and economic services as well as for development purposes.

Rep. Andaya answered that at this point in time and without sacrificing the country's credit rating by further pushing it down, the government is relegated to get the best deals being offered to it. He lamented that the government has not yet reached the point wherein it can run after its funders. He disclosed that the deficit would have been bigger had the government not opted to use the ODA funds, of which Rep. Padilla is a strong advocate on the use thereof. The use of the ODA funds has saved a lot money for the government in terms of interest payments because of the concessional rates given to it, he disclosed.

At this point, Rep. Padilla asked whether the issue of renegotiation is being seriously considered by the economic managers.

Rep. Andaya replied that they are considering it to a certain extent, as the government has some minimal success in renegotiating for loans. He cited the payment made in terms of tree planting instead of cash which case is more of an exception rather than the rule.

Rep. Padilla inquired on the percentage of interest payment vis-á-vis the 2003 budget. He noted the effort to reduce the budget by P3 billion to P4 billion, with an increased interest payment of P230 billion from the original amount of P223 billion.

Rep. Andaya clarified that the percentage is 28.6%. He added that the projected increase in interest payment would be about 4.5%.

Rep. Padilla subsequently asked on the increase in the appropriations for interest payments in 2003 as compared to its counterpart in the 2002 budget. Rep. Andaya said the P230 appropriation for interest payments represents an increase of P31.3 billion or around 20% of the 2002 figure.

Rep. Padilla then inquired whether the net 2003 national budget resulting from cuts in the original P804 billion represents an increase of around P30 billion as compared to the 2002 national budget. Rep. Andaya clarified that the increase will

be by P31 billion.

Rep. Padilla underscored that the figures show that the national budget will thus be almost consumed by automatic interest payments and will even end up in a deficit.

After Rep. Andaya affirmed his conclusion, Rep. Padilla took note of the President's budget theme for 2003 -- "Investing in a Strong Republic." He stressed that he was wondering how the government can use the budget to establish a strong Republic if the national budget will only be for automatic interest payments and if a budget deficit will still result even with said increase.

MOTION OF REP. PADILLA

Rep. Padilla asked that the Chair recognize Rep. Crispin B. Beltran to interpellate the Sponsor.

SUSPENSION OF SESSION

On motion of Rep. Padilla who noted that Rep. Beltran was not around, the Chair suspended the session at 12:04 p.m.

RESUMPTION OF SESSION

At 12:04 p.m., the session was resumed.

SUSPENSION OF SESSION

On motion of Rep. Escudero, the Chair suspended the session at 12:05 p.m.
RESUMPTION OF SESSION

At 12:06 p.m., the session was resumed.

On motion of Rep. Escudero, the Chair recognized Rep. Gilbert C. Remulla for his interpellation.

INTERPELLATION OF REP. REMULLA

Rep. Remulla first congratulated the chairman of the Committee on Appropriations for being so bold and for really playing his role as a Member of the House separate from that of the Executive Department by asserting himself and telling the economic managers of the country that the figures that they had submitted were wrong and needed to be corrected and that much has to be done regarding the budget that they had submitted. Then citing the proposed figures on government borrowings at 52% from domestic sources and 48% from foreign sources, he asked what the ratio of borrowing was in the previous years.

In reply, Rep. Andaya cited the following statistics on domestic borrowings vs. foreign borrowings: 1998 -- 69% (P105 billion) vs. 31% (P48 billion); 1999 -- 57% (P160.4 billion) vs. 43% (P120.3 billion); 2000 - -50% (P145.3 billion) vs. 50% (P145.4 billion); 2001 -- 75% (P206 billion) vs. 25% (P68 billion); and 2002 -- 59% (P247 billion) vs. 41% (P171 billion); and 2003 - 52% (P202 billion) vs. 48% (P188 billion).

Rep. Remulla thereafter inquired on the effect of domestic borrowings in very large amounts. He further inquired whether the projected P200 billion domestic borrowings in 2003 would crowd out local borrowers, thus pushing up interest rates.

Rep. Andaya explained that because the same could happen generally speaking, the borrowing mix will be delicately balanced and will depend every year on the prevailing situation as well as the internal and external offers for borrowing. He assured Rep. Remulla that the Committee had taken into consideration the fact that over-borrowing from the internal market could cause an increase in interest rates.

Rep. Remulla also inquired on the effect of foreign borrowings on the exchange rate considering that the ratings of all bonds have worsened or have been considered junk. Rep. Andaya replied that the exchange rate would depend on the supply and demand of dollars.

Noting the P53.8:$1 exchange rate, Rep. Remulla asked how the devaluation of the peso affects the budget deficit. The Sponsor said that every P1 devaluation results in an additional expenditure in net deficit of around P0.1 billion considering the expenditure increase of P1.5 billion and the revenue increase of P1.4 billion.

Rep. Remulla next observed that many macroeconomic targets or assumptions have changed and noted Rep. Andaya's statement the previous day that he could not yet give a round figure as to how such changes will affect the 2003 NEP because the figures which were submitted per department are still the same. He asked whether it would therefore be logical and practical to have a massive budget cut.

The Sponsor agreed with Rep. Remulla. He said that a budget cut is necessary to further strengthen the economic situation; that the Committee is already working on the reduction of some expenditures for 2003 through a formula which he had assured Rep. Padilla he would adopt; and that he could soon come up with a tentative list of projects with the corresponding cuts.

On whether the cuts would come from capital outlay, Rep. Andaya replied that majority would come from it. Although he added that the Committee is also seriously considering MOOEs, he agreed with Rep. Remulla's statement that personal services and MOOE are almost untouchable.

Rep. Remulla then dwelt on personal services. Observing that one million government employees constitute a pretty large bureaucracy for a population of only 80 million, he asked whether the P275.6 billion appropriation for personal services could be trimmed down and transferred to pump-priming the economy.

Rep. Andaya said that what the Committee will trim down is the number of new hirees for 2003. He added that certain collateral problems will also be addressed along the way such as the distortion in the pay scales of the personnel of the AFP, BJMP, BFP and the PNP. He informed his colleagues that the funds saved from such trimming down will be used to upgrade the salaries of the personnel of the aforementioned agencies.

At this point, Rep. Remulla asked whether the Committee also considered the salaries of teachers. Noting the exodus of teachers abroad, he said that only the mediocre or not too-qualified teachers are left behind to teach Filipinos while the best ones go to the United States.

The Sponsor said that the Committee is also looking into new teacher items for newly legislated schools in response to the bills passed in Congress which would be given life through the provision of teachers and operating money. He stressed that what the Committee would rather address at this point in time is the problem of salary distortion such as the receipt by regional and division officials of salaries which are lower than that received by their principals or teachers. He pointed out that government schools have a better salary pay scale as compared to private schools.

Rep. Remulla said that he hoped that the exodus of teachers will eventually be addressed because what is at stake is the education of the next generation by low-qualified teachers. Agreeing therewith, Rep. Andaya said that he also hopes to address the problem of quality education through the provision of adequate instructional materials and school buildings.

Then noting the downscaling of economic growth projections from 5.2% to 4.2%, Rep. Remulla sought clarification and details thereon. He likewise asked about the components of the 4.2% projected growth rate.

Rep. Andaya replied that the Committee had opted for a more conservative growth rate for next year considering the possibility of a conflict between the United States and Iraq. In case of war between the two countries, the Philippines, he said, would have a hard time allocating its scarce foreign reserves to buy oil in the international market. He subsequently informed Rep. Remulla that the country's 4.2% growth rate will be fueled mainly by the manufacturing and agricultural sectors. He thereafter cited the following growth rate projections for 2003: agriculture -- from 3% to 4% or from 3.1% to 3.6%; industrial sector -- from 3.4% to 4.4%; manufacturing sector -- 3% to 3.4%; and services sector -- from 5.2% to 6.2%.

In closing his interpellation, Rep. Remulla expressed hope that in some way, the revisions that would be made in the budget would indeed translate to an improved fiscal situation next year.

Whereupon, on motion of Rep. Escudero, the Chair recognized Rep. Beltran for his interpellation.

INTERPELLATION OF REP. BELTRAN

Rep. Beltran initially adverted to the November 25, 2002 issue of the Manila Standard, the headline and subheadline of which read: "Government Owes P3 Trillion -- Every Filipino is hooked for P34,000." He then asked whether Rep. Andaya has read this particular article.

Rep. Andaya replied in the affirmative. He however clarified, with regard to Rep. Beltran's query of whether every Filipino indeed owed the government P34,000, that the aforementioned amount was arrived at by dividing the total of P3 trillion by the total population of the Philippines. He underscored that no Filipino owes the government P34,000. What they owe the government, he said, are the taxes that they have to pay which corresponds to their earnings from their employment. He added that the headline of the Manila Standard was a good way of stressing the point that the domestic and foreign debt of the Philippines had reached P3 trillion.

Rep. Beltran thereafter inquired whether the Philippines would go the way of some Latin American countries if this trend continues.

Rep. Andaya replied that this could be possible, although the difference is that the country's foreign debts are payable over a longer period of time while that of the Latin American countries are payable on a short-term basis. Another difference, he said, is that the currencies of the Latin American countries are pegged to the dollar such that any fluctuation in the cost of money would have serious repercussions on their local economies. He explained that the country does not have these elements in its economy.

Whereupon, Rep. Beltran adverted to the economic and financial crisis in Argentina. At present, the incumbent president of Argentina, he said, is running a fragile economy and a precarious government that had declared bankruptcy.

Rep. Andaya confirmed these observations and added that it would indeed be difficult for a country, such as Argentina to immediately rise up from the throes of bankruptcy.

Whereupon, Rep. Beltran noted that the Argentine government, upon declaring bankruptcy, had also made a unilateral declaration of deferring payments of their foreign indebtedness and corresponding interests. This declaration, he said, stoked up fears that creditor banks and their respective countries would launch retaliatory actions against Argentina.

Rep. Andaya confirmed these observations and affirmed the possibility that creditor banks may initiate such actions against countries reneging on their loan obligations.

Whereupon, Rep. Beltran noted that instead of initiating retaliatory actions, these creditor banks are running towards Argentina and offering additional loans in order to save the international banking institutions and the economy of Argentina.

Rep. Andaya replied that this was because the creditor banks would be in a better financial position in refinancing or restructuring such defaulted loans. He thereafter related that prior to declaring bankruptcy, Argentina had poor economic performance. He likewise pointed out that said country was compelled to declare bankruptcy because no international financial institution was willing to help it out of its present economic situation. He thereafter underscored that the consideration of the 2003 GAB is a good opportunity for the Philippine government to show and reaffirm its commitments to the international lending community. Since it is very intent in meeting its financial obligations to avoid any backlash from its creditors, he stressed that the Philippine government need not declare a moratorium on its future debts.

Rep. Beltran however argued that the longer the Philippine government delays declaring such moratorium on the payments of its indebtedness, the bigger the chance that the country will wade into the path of bankruptcy.

Rep. Andaya replied that this would be assuming that the funds the country is borrowing are used for non-productive purposes. The main objective for borrowing funds, he said, is to fund infrastructure projects designed to stimulate the economy and thus gain more revenues to pay for the country’s debts when they become due.

Rep. Beltran however pointed out that this kind of debt servicing program has been implemented for a very long time.

In response, Rep. Andaya opined that the reason why the country always ends up in this kind of situation can be attributed to the lack of vision of the leaders of government regarding economic and political directions. He explained that a five-year development plan is a sort of "eternity" for most government officials, who keep on changing government policies every three years or after every election. He underscored that the government must have a clear-cut vision of where the interests of the country should lead.

In his rejoinder, Rep. Beltran explained that the reason why the government maintains this kind of foreign debt policy can be traced back to the time of then former Senator, now Executive Secretary Alberto G. Romulo, who proposed through a privilege speech which he delivered on September 17, 1988, for an immediate reconsideration of a government policy regarding the issue of foreign debt. He then asked whether Rep. Andaya was familiar with the proposal of former Senator Romulo which the latter had made 14 years ago in the Senate.

Rep. Andaya replied in the negative. He however pointed out that that speech of former Senator Romulo should be taken in the context that there was a new administration coming in and that former Senator Romulo was speaking of the fact that there were lots of loans contracted during the Marcos administration, such as for the Bataan Nuclear Power Plant, which were completely useless to the Philippine government. He explained that former Senator Romulo was of the opinion then that instead of paying for these loans, the Philippine government should not make such payment since there was no accompanying benefit to the nation. As a "food for thought," he expressed surprise why former Senator and now Executive Secretary Romulo is not pursuing the same cause this time around.

Rep. Beltran stressed that this was the rationale for his privilege speech. He then inquired whether the Executive Department had considered this speech of Secretary Romulo. He then quoted an excerpt from former Senator Romulo's speech.

Rep. Beltran encouraged the Members to bear in mind the jobless, the landless, the hungry, the sick, the children, the women and the youth as they discuss bills of national importance, including those affecting the country's foreign debt.

At this juncture, Deputy Speaker Gonzalez relinquished the Chair to Rep. Felix William B. Fuentebella.

Further quoting from former Senator Romulo's speech, Rep. Beltran recounted how Oliver Cromwell moved to dissolve the English parliament during the 17th century because of its inaction, obfuscation and excesses. Rep. Beltran then inquired whether now Executive Secretary Romulo was consulted with regard to the 2003 GAB.

Rep. Andaya replied that as per procedure, the Executive Secretary should have seen the budget proposal and read its guiding principles and objectives considering that he is the highest Cabinet member of the administration.

Rep. Beltran thereafter adverted to a privilege speech delivered by former Senator Wigberto Tañada on February 9, 1994 encouraging the country to get out of the clutches of the International Monetary Fund (IMF). He recalled that the speech was delivered at the time when the emergency powers given to then President Fidel V. Ramos to address the energy crisis, were about to expire. Rep. Beltran said that according to Senator Tañada: 1) there is still life for the Filipinos after the IMF refused to give the country a certificate of good housekeeping; and 2) with the power crisis almost over, the government can devote more resources to the rehabilitation of other physical and social infrastructure as a foundation for massive pump-priming and this can be done by getting out of the IMF's narrow development framework, giving budgetary priority to social services, and adopting a just and balanced approach to debt servicing.

Rep. Beltran further quoted excerpts from the former Senator's speech which illustrated how the automatic debt servicing provision of Presidential Decree (PD) No. 1177 had effectively crowded out needed appropriations for infrastructures and social services and which cited a Supreme Court suggestion that repealing said law would enable Congress to assume the real work of budgeting. He then inquired whether Congress has initiated a repeal of PD No. 1177 since the time Senators Romulo and Tañada delivered their speeches up to the present.

In reply, Rep. Andaya maintained that in the past, a provision of PD No. 1177 regarding transfer of funds, had been successfully amended by legislation but this was stricken down by the Supreme Court for being unconstitutional. He however clarified that Congress has not yet succeeded in amending the automatic debt servicing provision of said PD although there were formal talks to repudiate the country's debt, but Congress had disapproved the same.

On a related query, Rep. Andaya agreed the need to amend certain provisions of PD No.1177 but not a repeal of the entire law.

In his rejoinder, Rep. Beltran referred to the law amending the Electric Power Industry Reform Act (EPIRA), which authorized the Power Sector Assets and Liabilities Management Corporation (PSALM) to incur loans that will be guaranteed by the national government. He noted that this will only increase the government's indebtedness.

Rep. Andaya replied that strictly speaking, the guaranteed loans would not be loans of the government but were just included to make the project or deal more attractive. He also assured Rep. Beltran that certain safeguards accompany these government guarantees. He said that if the government fails to manage these guarantees properly, the country will really fall deeper into the debt trap. He however reiterated that these guaranteed loans are just contingent liabilities, and not liabilities per se, of the government.

Thereupon, Rep. Beltran quoted from the closing portion of former Senator Tañada's speech which cautioned the government against "violating the very laws that it is using to justify the automatic appropriation of huge sums for debt servicing" and continuing with its "usual one-sided relationship with the IMF" which only drains the national economy.

Whereupon, Rep. Beltran reiterated the call of former Senator Tañada eight years ago, that it is time for the country to make an exit from the dictates of the IMF-World Bank. He said that Congress should craft a resolution that would repeal RA No. 1177 and 4850 in order to carve the real destiny of the country through its national budget.

TERMINATION OF THE PERIOD OF
SPONSORSHIP AND DEBATE ON THE
GENERAL PRINCIPLES AND PROVISIONS
OF THE 2003 GAB

There being no other Member who registered to interpellate, on motion of Rep. Escudero, there being no objection, the Body terminated the period of sponsorship and debate on the General Principles and Provisions of the 2003 GAB.

MOTION TO CONSIDER THE PROPOSED
BUDGETS OF THE DEPARTMENT OF
SOCIAL WELFARE AND DEVELOPMENT
AND ITS ATTACHED AGENCIES

Whereupon, Rep. Escudero moved that the Body consider the proposed budgets of the Department of Social Welfare and Development (DSWD) and its attached agencies.

MANIFESTATION OF REP. LOBREGAT

Upon recognition by the Chair, Rep. Lobregat requested for the deferment of the budget of the DSWD until Friday, November 29, 2002.

SUSPENSION OF CONSIDERATION OF
THE PROPOSED BUDGET OF THE DSWD

As requested by Rep. Lobregat, there being no objection, the Body suspended consideration of the proposed budget of the DSWD.

CONSIDERATION OF THE
PROPOSED BUDGET OF THE
LEGISLATIVE/EXECUTIVE
DEVELOPMENT ADVISORY COUNCIL

On motion of Rep. Escudero, there being no objection, the Body considered the proposed budget of the Legislative/Executive Development Advisory Council (LEDAC).

MANIFESTATION OF REP. AQUINO (A.)

Upon recognition by the Chair, Rep. Agapito A. Aquino manifested that the Minority had no questions on the proposed budget of the LEDAC.

MANIFESTATION OF REP. ESCUDERO

Likewise, Rep. Escudero manifested that the Majority had no questions on the proposed budget of the LEDAC.

TERMINATION OF THE PERIOD
OF INTERPELLATIONs ON THE
PROPOSED BUDGET OF THE LEDAC

On motion of Rep. Escudero, there being no objection, the Body terminated the period of interpellations on the proposed budget of the LEDAC.

SUSPENSION OF SESSION

On motion of Rep. Escudero, the session was suspended at 1:04 p.m.

RESUMPTION OF SESSION

At 1:57 p.m., the session was resumed.

SUSPENSION OF CONSIDERATION
OF HOUSE BILL NO. 5238

On motion of Rep. Escudero, there being no objection, the Body suspended consideration of House Bill No. 5238.

Thereafter, the Chair recognized Rep. Francisco S. Perez II on a question of personal and collective privilege.

QUESTION OF PRIVILEGE OF REP. PEREZ

Rep. Perez recalled that the previous day, his father, Secretary Hernando B. Perez of the Department of Justice was accused by his colleague, Rep. Jimenez, of extorting the amount of $2 million from the latter. As Representative of the Second District of Batangas, he said that he has no other choice but to take the floor on a question of privilege. He said that he would have wanted to interpellate Rep. Jimenez the other day but unfortunately, the latter was not around to defend his position. Hence, Rep. Perez said that he has no choice but to put up his own position.

Whereupon, Rep. Perez stated that many of the Members have been expecting him to attack Rep. Jimenez for what he had done or to accuse him of all kinds of crimes. He said that he was not prepared to do so and in fact, even commiserates with Rep. Jimenez. He then recalled that the previous day, Rep. Jimenez pointed out that his

family had become upset over the baseless accusations made against his character.

Rep. Perez thereupon said that he knows what it is like to have a father who is the subject of baseless accusations, because in the previous day's session, Rep. Jimenez made these against his father. As he stressed how he loves his father in the same manner that the children of Rep. Jimenez love him, he expressed hope that the latter will not take it against him if he takes the floor to defend his father.

Rep. Perez noted how Rep. Jimenez would like the Members to believe that his father is an evil-spirited, demonic man who has nothing better to do but harass and extort money from a person, particularly Rep. Jimenez. By logic, he asked whether he should therefore assume that Rep. Jimenez is also an evil-spirited and demonic man for having made accusations without any supporting documents to back up his statements against Secretary Perez.

On the contrary, Rep. Perez surmised that Rep. Jimenez is not this kind of man, but is merely one who is desperate to keep himself from being extradited to the United States and face charges of illegal political contributions and tax evasion. He said that on the other hand, he sees his father as a government official who is merely doing his job as Secretary of the Department of Justice. He surmised that his father has been doing his job too well that he had stepped on the toes of some powerful people who have to fight for survival to avoid the wheels of justice.

Rep. Perez thereupon emphasized that he has not accused Rep. Jimenez of any demonic or evil act, and neither has he accused the latter of any crime. He opined that Rep. Jimenez is facing the cases against him and for which reason had said things against his father. He stressed that he would like to set the record straight that his speech is not an act of vengeance. Neither is he angry at Rep. Jimenez, he added.

In closing, Rep. Perez stated that he was willing to answer any questions that his colleagues would like to raise.

Thereafter, the Chair recognized Rep. Benasing O. Macarambon Jr. for his interpellation.

INTERPELLATION OF REP. MACARAMBON

At the outset, Rep. Macarambon noted that the treatment being given to Rep. Jimenez by the Department of Foreign Affairs (DFA) and the DOJ is not the kind that is usually accorded to a member of the Legislature. He stressed that it was unusual for the DFA, with a mere note verbale from the US requesting for the extradition of Rep. Jimenez and without even reviewing the same and asking for supporting papers, to immediately transmit the extradition papers to the DOJ. He asked whether the DFA had not been too hasty in its action.

Rep. Perez admitted that he was not aware of the action of the DOJ, which at that time was headed by former Secretary Serafin Cuevas. He speculated that it was the DFA's opinion that the DOJ could best determine whether the papers were complete and in order. He thereafter recalled that Secretary Cuevas had ruled that the papers were not in order.

Rep. Macarambon pointed out that the DFA has its own Legal Department that can review said papers to determine whether the accusation against Rep. Jimenez warrants his extradition. He recalled that during the deliberations made by the Committee on Justice on the case, a certain Undersecretary Rodriguez seemed too eager to have Rep. Jimenez jailed. He disclosed that when he inquired from the Undersecretary how the case of Rep. Jimenez differs from that of the case of the former Governor of

Quezon and his wife who were accused and asked to be extradited in the US, the Undersecretary had answered that Rep. Jimenez has not gone to jail, whereas the governor and his wife had.

Thereafter, Rep. Macarambon asked anew why the Undersecretary was so eager to have Rep. Jimenez jailed. He maintained that it is the constitutional right of the government to protect its citizens. In the particular case, he continued, it is the Philippine government that is pushing Rep. Jimenez to the dogs. He however stressed that he would not like to comment on any transaction between Secretary Perez and Rep. Jimenez. As he maintained that Rep. Jimenez deserves the protection of the State, he nevertheless clarified that he has nothing against Secretary Perez whom he respects in the highest degree.

The Chair subsequently recognized Rep. Monico O. Puentevella for his interpellation.

INTERPELLATION OF REP. PUENTEVELLA

Rep. Puentevella initially inquired why despite the allegation that Secretary Perez had received some money from Rep. Jimenez, the former has been pursuing through legal means the extradition case of the latter. He maintained that this observation is inconsistent insofar as human behavior is concerned.

Rep. Perez answered that he had also raised the same issue with the media who interviewed him. He said that he cannot see any reason behind this action, because if it is true that Secretary Perez had received $2 million, then there is no reason for him to still pursue the extradition case against Rep. Jimenez. He concluded that his father did not receive said amount and had never attempted to extort money from Rep. Jimenez.

Thereupon, Rep. Puentevella noted that in the previous day's session, Rep. Jimenez had mentioned in his speech that he will take legal action against Secretary Perez before the Ombudsman. He asked how Rep. Perez can defend his father outside the halls of Congress.

Rep. Perez answered that he can only assure media practitioners of his father's motives and character, and that to his knowledge, the latter has never attempted to extort money, nor has he done anything that would besmirch the name of the House of which he was once a Member. Other than that, he said that he has no means of helping his father in a judicial case.

INTERPELLATION OF REP. DILANGALEN

On motion of Rep. Fuentebella, the Chair recognized Rep. Didagen P. Dilangalen who first asked whether it would be natural for a father to tell all of his activities to a son.

Opining in the negative, Rep. Perez said that no one would tell another person all of his or her activities and assured Rep. Dilangalen that he has not been informed either of all the activities of his own father.
Rep. Dilangalen inquired whether he could conclude that the father did not tell his son about his extortion activities. Rep. Perez said that the former is free to conclude that the father did not tell his son of any alleged extortion activities.
Rep. Dilangalen said that he asked said questions because Secretary Perez was his professor in the Ateneo Law School and was a very bright, intelligent and handsome man. Pointing out that the Secretary was his professor in criminal procedure, he explained that he wanted to find out whether there is truth to Rep. Jimenez' allegations. He said that he assumed that Rep. Jimenez was trying to defend himself

and the integrity of his family and noted his statement that the amount of $2 million was only a secondary matter and loose change.

Rep. Dilangalen pointed out that Rep. Jimenez had alleged the previous day that Secretary Perez had extorted $2 million from him in the first week of January 2001 which was only a few days after Mrs. Macapagal-Arroyo entered Malacañang through unconstitutional means; that the extortion was consummated some time in February 2001; and that this can be documented. He inquired whether or not a certification was secured by Secretary Perez or his representatives attesting to the fact that Secretary Perez has no account in the Coutts Bank in Hong Kong.

Rep. Perez replied that he cannot really answer for all the actions of his father and cannot know for certain as to what he had done. He however said that it is his understanding that the Coutts Bank had given a certification or is prepared to give a certification that neither the Justice Secretary nor his brother-in-law who has also been accused by another lawmaker of having a Coutts account in Hong Kong, has an account with them.

Rep. Dilangalen asked whether Secretary Perez has not yet obtained a certification from the Coutts Bank in Hong Kong that he has no account therein. Rep. Perez replied that he cannot really answer for certain whether his father has or has not obtained this certification.

Whereupon, Rep. Dilangalen asked whether the son was there to defend the integrity and honesty of his father. Rep. Perez said that he was there to defend to the best of his knowledge and ability the integrity of his father based on the latter's past actions; but that as to his present actions, the best man to defend Secretary Perez' integrity is none other than himself.

Rep. Dilangalen thereafter inquired whether Rep. Perez will go to any extent just to defend his father's integrity.

Replying in the negative, Rep. Perez said that he cannot say that he would go to any extent to defend his father's integrity.

On whether he will defend the integrity of his father to any legal or moral extent, Rep. Perez however said that he would be willing to defend his father's integrity within all legal and moral means.

Rep. Dilangalen observed that the Justice Secretary said that he has no account in the Coutts Bank in Hong Kong. He asked whether Rep. Perez will convince his father to waive his right and instruct said bank to provide any information relative to any account wherein his father may have a beneficial interest even if the account is in another person's name, so as to save or protect his father's integrity. He noted that it is alleged that there are two accounts in the Coutts Bank in Hong Kong, one in the name of Mr. Ernest Escaler and the other in the name of Mr. Ramon Arceo who is Secretary Perez' brother-in-law.

Rep. Perez said that he would be willing to talk with his father regarding these matters even as he pointed out that the Coutts Bank is ready to certify that Mr. Arceo does not have any account with them. He however clarified that he does not know Mr. Escaler and whether he has any account in said Bank, and that he cannot answer for the latter.

Rep. Dilangalen said that it was precisely for this reason that he was asking Rep. Perez whether or not he could tell, convince or advise his father to allow the Coutts Bank to reveal any information, thereby waiving the principle of confidentiality on any account wherein his father may have a beneficial interest, whether the account be in his father's name or not.

Rep. Perez stressed that he had already affirmed that he was willing to discuss these matters with his father but that being able to persuade his father is an entirely different matter.

Rep. Dilangalen explained that it is not a matter of Rep. Perez persuading his father but of giving the latter the opinion that the best option under the

circumstances is to request the Coutts Bank to release any information relating to any account wherein he may have a beneficial interest, whether the account is in the name of the Secretary or any other person such as Messrs. Arceo or Escaler. He maintained that this is the only way by which Rep. Perez could protect his father if he wants to. Noting Secretary Perez' statement, "I do not have any account with Coutts Bank," he concluded that there is thus no reason for Rep. Perez not to convince his father to waive his right to secrecy as regards any of the accounts concerned.

INTERPELLATION OF REP. ZAMORA (M.)

Upon recognition by the Chair, Rep. Manuel “Way Kurat” E. Zamora explained that since he arrived this morning, he had heard many things about what Rep. Jimenez had stated during his privilege speech. He then inquired whether Rep. Perez delivered his privilege speech in defense of his father.

Rep. Perez stated that this was his intention.

Subsequently, Rep. Zamora inquired whether it was also the intention of Rep. Perez to tell the Members that many points in Rep. Jimenez’ speech about his father was not true and was full of lies.

Rep. Perez stated that in all honesty, he really cannot say whether the speech of Rep. Jimenez were lies or not. He would rather leave it, he said, to the other authorities who are in a better position to make such judgment. What he can give at the moment, he said, is an alternative hypothesis that in spite of the baseless allegations of Rep. Jimenez, his father was only doing his job as Secretary of Justice.

In his rejoinder, Rep. Zamora pointed out that inasmuch as Rep. Perez would rather leave it to the people to decide whether Rep. Jimenez's speech was truthful or full of lies, then he himself could be one of those persons who could render judgment on the matter.

Rep. Perez however pointed out that this all depends on what capacity Rep. Zamora would be holding so as to render such judgment on the speech of Rep. Jimenez. He stressed that if Rep. Zamora happens to be a member of the Committee to which his speech would eventually be referred, then the latter would have the chance to determine whether the accusations made by Rep. Jimenez were indeed baseless.

Rep. Zamora stressed that he was asking these questions since he had made some observations on the privilege speech delivered by Rep. Jimenez and the subsequent interpellation made by Rep. Castro. He noted in particular the questions posed by Rep. Castro to Rep. Jimenez, such as whether Rep. Zamora was indeed a recipient of a luxury vehicle from Rep. Jimenez; whether some Members received monthly allowances from Rep. Jimenez; and whether Rep. Jimenez gave Rolex watches to some Members.

Rep. Zamora thereafter underscored that all of these questions can be answered by a simple “Yes” or “No.” He however noted that based on Rep. Jimenez’ answers to the interpellation of Rep. Castro, the former chose not to give a categorical answer. For instance, on the question of whether Rep. Zamora (M.) indeed received a sports utility vehicle, Rep. Jimenez' answer was "there was an offer that was legal provided the Committee on Ethics would approve it. Since the Committee on Ethics disapproved it, it never transpired."

Rep. Zamora pointed out that Rep. Jimenez answer contradicted the fact that the matter was never referred to the Committee on Ethics. In fact, he explained that there has never been a Resolution calling for an investigation of the matter; thus, it can be deduced that the Committee on Ethics had nothing to approve or disapprove. Despite this however, Rep. Zamora rued that Rep. Jimenez, in his answers to the questions of Rep. Castro, still made it appear that he had given a vehicle to Rep. Zamora. He cited in particular Rep. Jimenez additional remarks "... if there is anything wrong in giving a gift, then crucify me."

Rep. Zamora subsequently pointed out that Rep. Jimenez' answer to this particular

query was not a categorical “Yes” or “No,” as in the other questions raised by Rep. Castro pertaining to the Rolex watches issue and the allegations that some Members were receiving monthly emoluments from Rep. Jimenez. He then inquired whether Rep. Perez will agree with him that not all of the allegations contained in the privilege speech of Rep. Jimenez were true. Rep. Perez replied in the affirmative.
In closing, Rep. Zamora stressed that since Rep. Perez had agreed with his observations, then Secretary Perez has nothing to worry about.
PARLIAMENTARY INQUIRY
OF REP. DEFENSOR (A.)

Whereupon, Rep. Arthur D. Defensor inquired on the parliamentary status of the privilege speech that Rep. Jimenez delivered the previous day. He stated that he had been listed as one of those who will interpellate Rep. Jimenez.

The Chair replied that the parliamentary status was that after the last extension of the time of Rep. Jimenez, the latter agreed to temporarily abbreviate his time in order to give way to the Business for the Day. He then pointed out that even if the Members would like to resume consideration of Rep. Jimenez' privilege speech, they will not be able to do so since Rep. Jimenez was not in the Session Hall.
POINT OF ORDER OF REP. SYJUCO

Whereupon, Rep. Syjuco manifested that he was next to interpellate Rep. Jimenez. He thereafter made the reservation to interpellate Rep. Jimenez at the appropriate time.

PARLIAMENTARY INQUIRY
OF REP. DEFENSOR
(Continuation)

As a follow-up to his parliamentary inquiry, Rep. Defensor inquired whether the consideration of Rep. Jimenez' privilege speech would form part of the Unfinished Business. He pointed out that there were other Members who would like to interpellate Rep. Jimenez.

With the permission of the Chair, Rep. Fuentebella replied in the affirmative. He stated that the time of Rep. Jimenez had only been temporarily suspended yesterday.

Whereupon, Rep. Defensor inquired whether the privilege speech of Rep. Jimenez had been referred to the appropriate Committee.

The Chair replied in the negative, citing that the referral would only be made after the interpellations on the privilege speech of Rep. Jimenez shall have been concluded.

MOTION OF REP. DEFENSOR (A.)

Thereupon, Rep. Defensor moved that the consideration of the privilege speech of Rep. Jimenez be immediately made part of the Unfinished Business. He stressed that this should be given top priority considering the subject matter of the speech and its implications on the credibility of the Members and the credibility of the administration of President Macapagal-Arroyo.

The Chair replied that he understands the concerns of Rep. Defensor. However, he maintained that the consideration of the 2003 GAB is the more important matter for the Body to consider.

PARLIAMENTARY INQUIRY

OF REP. SYJUCO

Whereupon, Rep. Syjuco inquired whether he could interpellate Rep. Zamora (M.).

With the permission of the Chair, Rep. Fuentebella replied that the House Rules do not allow a Member to interpellate the interpellator. He added that Rep. Syjuco can only interpellate the Member who delivered the privilege speech.

The Chair affirmed Rep. Fuentebella's answer.

Thereupon, Rep. Syjuco proceeded with his interpellation of Rep. Perez.

INTERPELLATION OF REP. SYJUCO

Rep. Syjuco expressed gladness that Rep. Perez took the floor that day to deliver a privilege speech in defense of his father. He noted that Rep. Perez was absent the previous day when Rep. Jimenez delivered his privilege speech.

Rep. Syjuco opined that he would also take the floor if he were the son of a father under attack. He said that he commiserates with Rep. Perez because his task of speaking for his father is not an easy one. He noted that the son has the natural obligation and responsibility to speak for the character of his father as he knows him. He said that the Members cannot undermine the perception of a son because the latter may have a deeper perception into the character of his father as the son grew up with him since birth. He then inquired whether it was more of Rep. Perez' personality and character as a son rather than as a colleague that he was taking the floor in defense and in testimony of the integrity of his father.

Rep. Perez first stated for the record that he was not absent the previous day but arrived in the Session Hall in the afternoon in view of a prior commitment in the morning. He admitted to having received a text message at around ten o'clock the previous morning, informing him that Rep. Mark Jimenez had delivered a privilege speech.

In answer to Rep. Syjuco's question, Rep. Perez affirmed that he was speaking firstly, in his capacity as a son whose father's reputation had been besmirched and secondly, as a politician to protect his name as well. He agreed with Rep. Syjuco that he took the floor in defense of his father because it is his moral and legal duty and right to defend his father in the halls of Congress.

Rep. Syjuco ended his interpellation by commending Rep. Perez for having taken the floor and for doing what any good, worthy and loving son would do which is to speak for the character, integrity and defense of his father.

REFERRAL OF REP. PEREZ' SPEECH

On motion of Rep. Escudero, there being no objection, the Body referred the speech of Rep. Perez, including the interpellations thereon, to the Committee on Rules.

MOTION TO RESUME CONSIDERATION
OF HOUSE BILL NO. 5238

Whereupon, on motion of Rep. Escudero, there being no objection, Body resumed consideration on Second Reading of House Bill No. 5238 as contained in Committee Report No. 1044 submitted by the Committee on Appropriations.

Upon direction of the Chair, the Secretary General read the title of the Bill, to wit:

“AN ACT APPROPRIATING FUNDS FOR THE OPERATION OF THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES FROM JANUARY ONE TO DECEMBER THIRTY-ONE, TWO THOUSAND THREE, AND FOR OTHER PURPOSES.”

POINT OF ORDER OF REP. SYJUCO

Upon recognition by the Chair, Rep. Syjuco rose on a point of order and requested that the session be suspended until such time that a quorum is present on the floor.

SUSPENSION OF SESSION

Thereupon, the Chair motu proprio suspended the session at 3:05 p.m.

RESUMPTION OF SESSION

At 3:46 p.m., the session was resumed with Speaker De Venecia presiding.

ROLL CALL

Upon direction of the Chair, the Secretary General called the Roll and the following Members were present:

Abaya (P.)
Abayon
Ablan
Albano
Alfelor
Almario
Amante
Amatong
Ancheta
Andaya
Antonino-Custodio
Apostol
Aquino (A.)
Aquino (B.)
Bacani
Banaag
Barbers
Barinaga
Baterina
Bautista
Beltran
Bersamin
Bulut
Cabilao
Cagas
Cajes
Calalay
Cari
Castro
Celeste
Clarete
Cojuangco (M.)
Cruz
Dadivas
Dangwa
De Guzman
De Venecia
Defensor (A.)
Defensor (Ma. T.)
Del Mar
Dilangalen
Domogan
Dumpit
Dy (C.)
Dy (F.)
Ecleo
Ermita-Buhain
Escudero
Espino
Espinosa (Edgar)
Espinosa (V.)
Estrella
Failon
Floirendo
Fuentebella
Garcia (V.)
Garin
Gonzales
Gonzalez
Gullas
Olaño
Pablo
Paras
Perez
Pichay
Pingoy
Puentevella
Ramirez-Sato
Ramiro
Real
Reyes (E.)
Reyes (V.)
Roco
Rodriguez (I.)
Roman
Rosales
Salapuddin
Salceda
Saludo
San Juan
Sandoval (F.)
Sandoval (V.)
Santiago
Seachon
Silverio
Singson
Solis
Soon-Ruiz
Suarez
Sumulong
Suplico
Sy-Alvarado
Syjuco
Taganas
Layus

Ipong Taliño-Santos
Jaafar Teodoro
Jala Torres
Jaraula Tulagan
Javier Umali (Alfonso)
Kintanar Unico
Lapus Uy (E.)
Leviste Uy (R.)
Locsin (Ma. V.) Veloso
Locsin (T.) Vicencio
Lopez (J.) Villanueva
Lopez (R.) Villar
Macarambon Villareal
Macias Violago
Malanyaon Ylagan
Marcos Yumul-Hermida
Moreno Zamora (M.)
Nepomuceno Zamora (R.)
Nicolas Zialcita
Nograles Zubiri

With 134 Members present, the Chair declared the presence of a quorum and stated that the Body shall continue to discharge the official business of the House.

The following Members appeared before/after the Roll Call:

Abad Joaquin
Abaya(A.) Joson
Acosta Lacson
Amin Lanot
Arbison Ledesma
Badelles Libanan
Biazon Lobregat
Bondoc Lozada
Bueser Marañon
Calizo Mathay
Cayetano Mitra
Chipeco Monfort
Cruz-Ducut Nachura
Cua Nieva
Cuenco Ocampo
Duavit Ortega
Durano Padilla
Echiverri Pilando
Enrile Punzalan
Falcon Remulla
Fua Rodriguez (O.)
Garcia (E.) Romualdo
Gatchalian Teves
Gordon Villarama
Gozos Wacnang
Gunigundo Yapha
Hizon

MOTION OF REP. GONZALES

Thereupon, Rep. Gonzales moved that the Body consider the proposed budget of the

Department of Budget and Management (DBM).

MANIFESTATION OF REP. SYJUCO

At this point, Rep. Syjuco sought recognition from the Chair to raise a parliamentary inquiry.

CONSIDERATION OF THE PROPOSED BUDGET OF THE DEPARTMENT OF BUDGET AND MANAGEMENT

On motion of Rep. Gonzales, there being no objection, the Body considered the proposed budget of the DBM.

OBJECTION OF REP. SYJUCO

At this point, Rep. Syjuco objected and manifested his desire to raise a parliamentary inquiry.

SUSPENSION OF SESSION

Thereupon, on motion of Rep. Gonzales, the session was suspended.

It was 4:00 p.m.

RESUMPTION OF SESSION

At 4:01 p.m., the session was resumed.

MANIFESTATION OF REP. JARAULA

Upon recognition by the Chair, Rep. Constantino G. Jaraula manifested that the Minority had no problems with the proposed budget of the DBM.

QUERY OF REP. GONZALES

At this point, Rep. Gonzales inquired whether, aside from stating that they have "no problems" with the proposed budget of a certain department, the Minority will likewise forego with their interpellations thereon.

Rep. Jaraula replied in the affirmative.

MANIFESTATION OF REP. GONZALES

Likewise, Rep. Gonzales manifested that the Majority had no questions on the proposed budget of the DBM.

TERMINATION OF THE PERIOD
OF INTERPELLATIONS ON THE
PROPOSED BUDGET OF THE DBM

On motion of Rep. Gonzales, there being no objection, the Body terminated the period of interpellations on the proposed budget of the DBM.

MOTION TO CONSIDER THE PROPOSED
BUDGETS OF THE DEPARTMENT OF ENERGY AND ITS ATTACHED AGENCIES

At this point, Rep. Gonzales moved that the Body consider the proposed budgets of the Department of Energy (DOE) and its attached agencies.

OBJECTION OF REP. SYJUCO

Whereupon, Rep. Syjuco objected to Rep. Gonzales' motion.

MOTION OF REP. GONZALES

Inasmuch as there was an objection to his motion, Rep. Gonzales moved for a division of the House regarding Rep. Syjuco's objection.

At this point, Rep. Syjuco sought recognition from the Chair on a parliamentary inquiry.

POINT OF ORDER OF REP. GONZALES

Thereafter, Rep. Gonzales inquired whether Rep. Syjuco was raising an objection or a parliamentary inquiry.

POINT OF ORDER OF REP. SYJUCO

Upon recognition by the Chair, Rep. Syjuco stated that his point of order was that he wanted to rise on a parliamentary inquiry regarding the quorum and the attendance recently taken by the Secretariat.

With permission of the Chair, Rep. Gonzales replied that a quorum had already been declared by the Chair and that only one official counting of attendance of Members is recognized on the floor.

However, Rep. Syjuco pointed out that any Member can stand on a matter of parliamentary inquiry regarding the quorum which the Chair had previously declared.

Whereupon, Rep. Gonzales reiterated that the Chair had already declared the presence of a quorum.

Thereafter, Rep. Syjuco stressed that a Member has every right to inquire into the accuracy of the Roll Call that determined the quorum.

In this regard, Rep. Gonzales suggested that the proper procedure would be for Rep. Syjuco to appeal the ruling of the Chair.

However, Rep. Syjuco stated that this was not a matter of appeal as he merely wanted to ask for information so that he could be convinced of the presence of a quorum.

Thereafter, Rep. Gonzales stated that if Rep. Syjuco will not appeal the ruling of the Chair, then he is out of order because the proper remedy had already been pointed out to him.

At this point, Rep. Syjuco surmised that an attempt is again being made to run roughshod over individual Members of the House by sheer numbers.

MOTION TO STRIKE OFF
FROM THE RECORDS

Whereupon, Rep. Gonzales moved to strike-off from the records of the House Rep. Syjuco's unparliamentary remark.

The Chair ruled that said remark should be deleted.

OBJECTION OF REP. SYJUCO

Rep. Syjuco objected to Rep. Gonzales' motion.

REMARKS OF THE CHAIR

At this point, the Chair inquired whether Rep. Syjuco wanted to appeal his ruling.

POINT OF ORDER OF REP. GONZALES

Thereupon, Rep. Gonzales stressed that the proper remedy would be to appeal the ruling of the Chair and not to raise a point of order.

Rep. Syjuco stated that life can be made simpler.

MOTION OF REP. GONZALES

At this point, Rep. Gonzales moved that Rep. Syjuco be declared as delaying the proceedings and that the latter be ordered in the meantime to refrain from using the microphone.

OBJECTION OF REP. SYJUCO

However, Rep. Syjuco objected to Rep. Gonzales' motion, stating that the latter was the one out of order.

VIVA VOCE VOTING ON THE MOTION
OF REP. GONZALES

Inasmuch as there was an objection to Rep. Gonzales’ motion, the Chair called for a viva voce voting on the motion. With the majority of the Members voting in favor of the motion, the same was carried.

MOTION OF REP. GONZALES

Whereupon, Rep. Gonzales reiterated his motion that the Body consider the proposed budget of the DOE and its attached agencies.
MOTION OF REP. UY (R.)

Upon recognition by the Chair, Rep. Reynaldo S. Uy moved that the Body defer consideration of the proposed budget of the DOE.

SUSPENSION OF SESSION

On motion of Rep. Gonzales, the session was suspended at 4:06 p.m.

RESUMPTION OF SESSION

At 4:07 p.m., the session was resumed.

WITHDRAWAL OF REP. UY'S (R.) MOTION

Upon resumption of session, Rep. Uy withdrew his previous motion.

Thereafter, on motion of Rep. Gonzales, the Chair recognized Rep. Joey Sarte Salceda to sponsor the proposed budget of the DOE.

MOTION OF REP. NACHURA

Upon recognition by the Chair, Rep. Antonio Eduardo B. Nachura reiterated Rep. Uy's (R.) motion to defer the consideration of the proposed budget of the DOE.

SUSPENSION OF SESSION

On motion of Rep. Gonzales, the session was suspended at 4:08 p.m.

RESUMPTION OF SESSION

At 4:20 p.m., the session was resumed.

SUSPENSION OF CONSIDERATION OF
THE PROPOSED BUDGETS OF THE DOE
AND ITS ATTACHED CORPORATIONS

On motion of Rep. Gonzales, there being no objection, the Body suspended consideration of the proposed budgets of the DOE and its attached corporations.

CONSIDERATION OF THE PROPOSED BUDGETS OF THE ATTACHED AGENCIES OF THE DEPARTMENT OF LABOR
AND EMPLOYMENT

On motion of Rep. Gonzales, there being no objection, the Body considered the proposed budgets of the attached agencies of the Department of Labor and Employment (DOLE).

Thereafter, on motion of Rep. Gonzales, the Chair recognized Rep. Rolex T. Suplico for his manifestation.

SUSPENSION OF SESSION

On motion of Rep. Gonzales, the session was suspended at 4:21 p.m.

RESUMPTION OF SESSION

At 4:22 p.m., the session was resumed.

Upon resumption of session, the Chair recognized Rep. Lobregat for his manifestation.

MANIFESTATION OF REP. LOBREGAT

Rep. Lobregat manifested that the Minority had no questions on the proposed budget of the National Labor Relations Commission (NLRC).

MANIFESTATION OF REP. GONZALES

Rep. Gonzales likewise manifested that the Majority had no questions on the proposed budgets of the NLRC.

TERMINATION OF THE PERIOD
OF INTERPELLATIONS ON THE
PROPOSED BUDGET OF THE NLRC

On motion of Rep. Gonzales, there being no objection, the Body terminated the period of interpellations on the proposed budget of the NLRC.

CONSIDERATION OF THE PROPOSED BUDGET OF THE TECHNICAL EDUCATION AND SKILLS DEVELOPMENT AUTHORITY

On motion of Rep. Gonzales, there being no objection, the Body considered the proposed budget of the Technical Education and Skills Development Authority (TESDA).

Subsequently, on motion of Rep. Gonzales, the Chair recognized Rep. Jaraula for his manifestation.

MANIFESTATION OF REP. JARAULA

Rep. Jaraula manifested that the Minority had no questions on the proposed budget of the TESDA.

SUSPENSION OF SESSION

On motion of Rep. Gonzales, the session was suspended at 4:23 p.m.

RESUMPTION OF SESSION

At 4:31 p.m., the session was resumed.

MANIFESTATION OF REP. GONZALES

Rep. Gonzales manifested that the Majority had no questions on the proposed budget of the TESDA.

TERMINATION OF THE PERIOD OF INTERPELLATIONS ON THE PROPOSED BUDGET OF THE TESDA

On motion of Rep. Gonzales, there being no objection, the Body terminated the period of interpellations on the proposed budget of the TESDA.

SUSPENSION OF SESSION

On motion of Rep. Gonzales, the session was suspended at 4:31 p.m.

RESUMPTION OF SESSION

At 4:32 p.m., the session was resumed.

REMARKS OF REP. GONZALES

Rep. Gonzales informed the Body that the House was in receipt of a communication from the Commission on Elections regarding the proclamation of Party-List Representatives representing the Association of Philippine Electric Cooperatives (APEC), BUTIL, Citizen's Battle Against Corruption (CIBAC) and AKBAYAN. He thereafter moved that said Representatives be allowed to ascend the rostrum for their oath-taking to be officiated by the Speaker.

REMARKS OF THE CHAIR

The Chair invited the five new Party List Representatives to ascend the rostrum and take their oaths of office.

READING OF THE NAMES OF THE NEW PARTY-LIST REPRESENTATIVES

Thereafter, upon direction of the Chair, the Secretary General read the names of the following new Party-List Representatives: Reps. Edgar L. Valdez and Sunny Rose A. Madamba of APEC; Rep. Leonila Chavez of BUTIL; Rep. Mario L. Aguja of AKBAYAN; and Rep. Ma. Blanca Kim Bernardo-Lokin of CIBAC.

OATH TAKING OF MEMBERS

At this point, the Party-List Representatives individually proceeded with their oath-taking before the Body with Speaker De Venecia officiating.

SUSPENSION OF SESSION

The Chair motu proprio suspended the session at 4:39 p.m.

RESUMPTION OF SESSION

At 5:39 p.m., the session was resumed with Deputy Speaker Gonzalez presiding.

RESUMPTION OF CONSIDERATION
OF HOUSE BILL NO. 5238

On motion of Rep. Escudero, there being no objection, the Body resumed consideration on Second Reading of House Bill No. 5238 as contained in Committee Report No. 1044 reported out by the Committee on Appropriations.

Upon direction of the Chair, the Secretary General read the title of the Bill, to wit:

“AN ACT APPROPRIATING FUNDS FOR THE OPERATION OF THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES FROM JANUARY ONE TO DECEMBER THIRTY-ONE, TWO THOUSAND THREE, AND FOR OTHER PURPOSES.”

CONSIDERATION OF THE
PROPOSED BUDGET OF THE
ENERGY REGULATORY COMMISSION

On motion of Rep. Escudero, there being no objection, the Body considered the proposed budget of the Energy Regulatory Commission (ERC).

MANIFESTATION OF REP. AQUINO (A.)

Upon recognition by the Chair, Rep. Aquino (A.) manifested that the Minority had no questions on the proposed ERC budget and thereafter, recommended the approval of the same.

MANIFESTATION OF REP. ESCUDERO

Upon recognition by the Chair, Rep. Escudero said that the Majority had no questions on the proposed budget of the ERC.

MOTION TO TERMINATE THE PERIOD
OF INTERPELLATIONS ON THE
PROPOSED BUDGET OF THE ERC

Rep. Escudero moved that the Body terminate the period of interpellations on the proposed budget of the ERC.

QUERY OF REP. PARAS

Upon recognition by the Chair, Rep. Jacinto V. Paras said that he had a few questions on the proposed ERC budget.

SUSPENSION OF SESSION

The Chair motu proprio suspended the session at 5:40 p.m.

RESUMPTION OF SESSION

At 5:50 p.m., the session was resumed.

TERMINATION OF THE PERIOD OF
INTERPELLATIONS ON THE PROPOSED
BUDGET OF THE ERC

On motion of Rep. Escudero, there being no objection, the Body terminated the period of interpellations on the proposed budget of the ERC.

RECONSIDERATION OF THE
TERMINATION OF THE PERIOD
OF INTERPELLATIONS ON THE
PROPOSED BUDGET OF THE NLRC

On motion of Rep. Escudero, there being no objection, the Body reconsidered the termination of the period of interpellations on the proposed budget of the NLRC.

CONSIDERATION OF THE PROPOSED

BUDGETS OF THE DOE AND ITS
ATTACHED CORPORATIONS

Whereupon, on motion of Rep. Escudero, there being no objection, the Body proceeded to the consideration of the proposed budgets of the DOE and its attached corporations.

Subsequently, on motion of Rep. Escudero, the Chair recognized Reps. Salceda and Aquino (A.) to sponsor the budgets of the DOE and its attached corporations and to interpellate thereon, respectively.

INTERPELLATION OF REP. AQUINO (A.)

At the outset, Rep. Aquino noted that the budget of the DOE has increased from P518 million for 2002 to P1,545,000,000. for 2003, or equivalent to a 200% increase. He further noted that the increase was due to the DOE's automatic appropriations of P14 million this year to more than P1 billion next year. He then asked where the proceeds of the P909 million Special Accounts would go.

In reply, Rep. Salceda explained that the big increase in the budget comes from the proceeds of the Malampaya plant which are automatically appropriated because of the difference between the price and the cost of servicing the Malampaya contract. He pointed out that there is a special provision under the contract with the operators of Malampaya that the share of the government will be automatically appropriated to pay for the differential. He maintained that the budget may look higher but actually, it is rather flat.

Rep. Aquino agreed with this observation, considering that the budget of the DOE increased by only P6 million. He then asked whether the P900 million allocation for Special Accounts will go to servicing the contract.
Rep. Salceda replied that the royalty that will accrue to the government will be used first to pay for the differential between the price and the cost of the operation.
Rep. Aquino inquired whether the DOE is looking for a possibility of investing in alternative or indigenous sources of energy like solar or wind power since society is moving to new sources of energy and shifting from fossil oil to gas. He then asked whether there are investments in this area.

In reply, Rep. Salceda explained that the pursuit of new and renewable energy which includes geothermal, wind power, water, ocean and solar energy is actually one of the major programs of the Department. He pointed out that the Department is investing roughly about P130 million out of its budget for these energy sources. Unfortunately, he disclosed that because of the demands and pressure from congressional districts, they are generally also being used to finance electrification services to the barrios. He pointed out that the DOE is more into technology dissemination rather than technology development.
Recalling that the previous year, Congress had broadly discussed this new material called deuterium, Rep. Aquino asked for an update on this substance or whether it is all just rumor.
In reply, Rep. Salceda explained that deuterium which can be found in West Mindanao refers to the use of heavy water to produce energy. However, he disclosed that feasibility studies conducted on deuterium do not suggest its ability or sustainability as an energy source.

In closing, Rep. Aquino congratulated the DOE for the smoothness of the Malampaya project. He likewise expressed hope that the Department can increase this source of energy to reduce the country's dependence on fossil fuel. He then wished the DOE

good luck on its new endeavors regarding alternative sources of energy.
REMARKS OF REP. ESCUDERO

Rep. Escudero informed the Body of the order of interpellators, to wit: Reps. Enrique T. Garcia Jr., Cynthia A. Villar and Ronaldo B. Zamora.

Whereupon, the Chair recognized Rep. Enrique T. Garcia Jr. for his interpellation.

INTERPELLATION OF REP. GARCIA (E.)

At the outset, Rep. Garcia said that his concern centers on his constituents' properties, specifically small plots of land which the NPC had expropriated a long time ago and had not paid for. He said that they still form part of the $600 million owed by NPC to small and poor people from his district. He said that he is wondering whether the Secretary of Energy can do something about this to facilitate just compensation for his constituents.

Rep. Salceda replied that the Department commits to take the matter up in the next TRANSCO board meeting. He presumed that the action will be appropriately relayed to Rep. Garcia.

Whereupon, Rep. Garcia inquired on the 10-point plan that was developed by the DOE to address the very high cost of electricity in the country. He then pointed out that one of these is the Wholesale Electricity Spot Market or the WESM. He asked Rep. Salceda to enlighten him as to how the WESM can reduce electricity rates.

Rep. Salceda replied that the WESM is a technical facility which allows generators and distributors to meet and match supply and demand requirements in the wholesale market.

On further query, Rep. Salceda affirmed that the WESM primarily applies to electric generators within a transmission grid. As energy cannot be transported in any other way, he likewise agreed that competition is limited to the generators within a transmission grid.

Rep. Garcia inquired whether in the event that a technological breakthrough is made through which electricity could be transported without the use of wires, the WESM would automatically include or allow generators from all over the country and even Taiwan, Korea, Japan or the US to compete with WESM to attain an honest-to-goodness competition from as many suppliers of electricity as possible.

Rep. Salceda replied in the affirmative.

Noting the constraint that electricity could only be transported through transmission wires, Rep. Garcia maintained that in the case of the petroleum industry, such constraint does not exist because all gasoline products can be transported or stored. Rep. Salceda affirmed this point.

Rep. Garcia asked Rep. Salceda whether he is familiar with the idea of an oil exchange which he had proposed in the House during the Tenth Congress. He further asked why the DOE has, from the start, resisted the establishment of an oil exchange when it has found practical and necessary the establishment of WESM in the power industry to reduce electricity rates.

Rep. Salceda opined that the DOE has no resistance to the idea of an oil exchange but perhaps a reservation that the oil industry is very much developed. He maintained that involvement of the DOE, and in effect, state intervention in the

development of a wholesale energy spot market for electricity, stems from the fact that it is a relatively new industry. In this regard, state power is needed to get the suppliers and buyers together towards using a particular technology that is more or less acceptable. In other words, he said that there is nothing in the law that prevents players from establishing an oil exchange without the participation of the State.

Rep. Garcia remarked that Rep. Salceda very well knows that without the State's participation, the oil exchange will never materialize or ever be set up.

Rep. Salceda stated that he does not actually resist the idea of having an oil exchange and even finds it attractive. He said that the Body may look into the possibility of creating an oil exchange wherein the state may be provided with incentives instead of being made an active player in the establishment of such a market because its mere involvement already destroys the essence of a free market.

As to who is going to operate the WESM, Rep. Salceda replied that the Transmission Company (TRANSCO) will have physical control of the WESM.

On whether the WESM is interfering or competing in the market, Rep. Salceda replied in the negative and explained that the plan requires the adoption of a step-by-step sequential process wherein TRANSCO will initially provide US$26 million and eventually secure the services of an independent market operator to operate the WESM. This is the plan, he said, because the government cannot start from zero and merely depend on the private sector to initiate such activities. He added that the argument for the infant industry is in support of the wholesale energy spot market.

Rep. Garcia inquired whether the local petroleum industry is a monopoly. Rep. Salceda replied that if one disregards concentration indices in terms of a regulatory framework, the petroleum industry should be a free market. However, he said that in actual practice, and if concentration indices are used, the petroleum industry is still an oligopoly except that the concentration ratios are collapsing quite fast to the point that it borders on an imperfect competitive market.

On further queries, Rep. Salceda affirmed that he was referring to the Big Three which is composed of Petron, Shell and Caltex.

Rep. Garcia opined that the Big Three controls 95% of gasoline, diesel, liquified petroleum gas and other petroleum products on the average. Rep. Salceda replied that after the passage of the law, its control has been reduced to 90% of the market.

Rep. Garcia contended that Rep. Salceda may be a little confused considering that the 90% refers to the monopoly in the marketing of petroleum products. However, he stated that with regard to the supply thereof, the percentage is higher at 95% because the much-bruited new players which number to around 60 account for only 10% of the market.

Rep. Salceda pointed out that based on statistics from the DOE, the market share of other companies outside of the Big Three had been increased from five to 30 which shows a tripling of the market share.

Rep. Garcia remarked that the market share of other companies had long been increased to 10, to which Rep. Salceda replied that this may be so.

On whether an oil exchange would be easier to establish than a WESM, Rep. Salceda replied that an oil-type WESM would be easier to establish. He reiterated that he has no strong resistance to the proposed creation of an oil exchange except only

that the involvement of the State should be calibrated in the process.

Rep. Garcia inquired whether the WESM is involved in the electric power industry, to which Rep. Salceda replied in the negative.

Rep. Garcia pointed out that this would be in the same way that an oil exchange will operate like a WESM. It will simply bundle the total requirement of each and every petroleum product, he said, put them out in the market and enable every supplier from all over the world to compete with the Big Three and the result would clearly be the overnight removal of the monopoly.

Rep. Salceda agreed therewith, even as he noted the heavy hand of the government as a determinant of the market forces.

Rep. Garcia replied that there would be no heavy hand involved because the oil exchange will just bundle all the requirements and put them out in the market through spot bidding or long term contracts. He then inquired whether the Big Three is against the establishment of the oil exchange.

Rep. Salceda replied that he is not privy to this although he is aware that the Big Three had signed as coauthors of Rep. Garcia's proposal.

Rep. Garcia remarked that there may be a misconception because his questions are directed not to the Sponsor of the budget of the DOE but to the DOE itself. He stated that Rep. Salceda may consult with the DOE from time to time, to which the latter replied that he would do so.

Rep. Garcia inquired why Rep. Salceda thinks that the Big Three is against his proposal. He also asked whether Rep. Salceda believes the argument that even with the existence of an oil exchange, oil prices will not go down. Rep. Salceda replied that Rep. Garcia's suspicion may be on the right track.

Rep. Garcia maintained that crude oil is overpriced because its price, which accounts for 80% of the cost of petroleum products, is controlled by the cartel. He stressed that the establishment of an oil exchange is a good way of lowering the cost of fuel which is used by all industries. The earlier the government wakes up to this reality, he said, the better it would be for the people. He added that the people should go out of their way to find out from whom they could buy petroleum requirements at the lowest possible prices, and not just from the Big Three.

Rep. Garcia inquired whether Article XII, Section 19 of the Constitution mandates the State to either prohibit or regulate monopolies.

Rep. Salceda affirmed this point.

Rep. Garcia opined that the government has violated the Constitution because even though there is a monopoly, it has prematurely deregulated the industry. Unfortunately, he recalled that when he raised this constitutional issue to the Supreme Court, the latter passed the buck to Congress by saying that it was a judgment call. This was unfortunate, he said, because if the actions of Congress are considered, every action is a judgment call. He added that it was likewise unfortunate for the Supreme Court to have washed its hands and claimed that its reason for not having declared premature deregulation as unconstitutional is the fact that it was a judgment call. He underscored that the other half of the constitutional mandate is to prohibit monopolies, and that the establishment of an oil exchange may prohibit monopolies because it would force the Big Three to compete with all the other suppliers all over the world.

Rep. Garcia asked anew why the Big Three is against the idea of an oil exchange which is in line with the mandate of the Constitution and would ease the burden of the people in terms of the costs of the things they buy. He stressed that fuel is the most important of all products because it is used in the production of oil products.

Rep. Salceda replied that the chief policy-making body in the country is not the DOE but Congress itself, hence if Congress has the political will despite intellectual resistance from the DOE, the measure proposing the creation of an oil exchange will become a law and would thus be implemented.

Rep. Garcia inquired whether it is the fault of Congress, to which Rep. Salceda replied that he is not the Supreme Court.

Rep. Garcia claimed that it is not the fault of the DOE and asked whether with a little help from said Department, the establishment of an oil exchange could become a reality.

Rep. Salceda replied that he would urge the DOE not to completely close its eyes on the proposed oil exchange. He added that a task force may also be created to study the merits of said proposal and help enrich policy-making in the process. He opined that such study would be beneficial for the establishment of the WESM, which may even speak strongly for the idea of an oil exchange.

Rep. Salceda maintained that if the WESM is good for the power industry, it follows that the oil exchange would be good for the oil industry.

Thereupon, on motion of Rep. De Guzman, the Chair recognized Rep. Cynthia A. Villar for her interpellation.

INTERPELLATION OF REP. VILLAR

Rep. Villar asked Rep. Salceda to explain the difference between the computation of the Supreme Court which had ruled that MERALCO had overcharged the consumers, and that of the ERC which had approved MERALCO's rate increases through the years.

SUSPENSION OF SESSION

On motion of Rep. Salceda, the session was suspended at 6:18 p.m.

RESUMPTION OF SESSION

At 6:24 p.m., the session was resumed.

MANIFESTATION OF REP. SALCEDA

Upon conferring with the Minority, Rep. Salceda manifested his desire to voluntarily seek for a reconsideration of the approval of the proposed budget of the ERC so that some important questions or issues being raised by Rep. Villar may be answered. He then opined that the ERC would be in a better position to answer the latter's query because the Commission was the one which filed the petition with the Supreme Court.

RECONSIDERATION OF THE
TERMINATION OF the PERIOD OF
INTERPELLATIONS ON THE
PROPOSED BUDGET OF THE ERC

In view of Rep. Salceda's manifestation, on motion of Rep. Escudero, there being no objection, the Body reconsidered the termination of the period of interpellations on the proposed budget of the ERC.

INTERPELLATION OF REP. VILLAR
(Continuation)

Upon recognition by the Chair, Rep. Villar thanked the Majority for considering the concerns of the Minority and stated that they will interpellate on the proposed budget of the ERC at the proper time. She then asked whether the DOE is the one seeking a deferment of the implementation of the Clean Air Act.

Rep. Salceda replied in the negative, adding that as a matter of policy, the DOE is mandated to implement the law and not to seek a deferment of the implementation thereof. However, he surmised that it can be inferred from the industry's situation that it is the "Big Three" which are pushing for the deferment of the Clean Air Act.

Whereupon, Rep. Villar contended that according to some reports, the DOE influenced the Members to file a resolution calling for the deferment of said law.

At this point, Rep. Salceda emphasized that during the meeting of the National Security Council, the DOE merely presented the scenarios and options because of the Middle East crisis wherein oil prices are likely to go up and this will be aggravated by higher costs arising from the requirements of the Clean Air Act. The NSC concluded, he said, that the impact on consumers should be mitigated. He added that some Members of the House were also present during that meeting wherein the idea to defer the implementation of the law was brought up.

On the matter of deciding whether or not to defer the implementation of the Clean Air Act, Rep. Villar opined that the Body should also consider the medical costs that the people will incur due to medical problems brought about by pollution. However, she said that this matter may be water under the bridge because the House had given its commitment that it would not defer the implementation of the law.

Nonetheless, Rep. Salceda stated that the DOE would seriously adopt her concern as part of its decision.

Thereafter, on motion of Rep. De Guzman, the Chair recognized Rep. Zamora (R.) for his interpellation.

INTERPELLATION OF
REP. ZAMORA (R.)

At the outset, Rep. Zamora noted that in the President's budget message to the House of Representatives with regard to the cost of power, she had stated that: "The reduction in the cost of power, a major achievement in the sector thus far has provided immediate relief to households, industries and commercial end-users alike. Despite the problem, we will pursue the deregulation of the power industry as a major structural reform to ensure reliability of power supply and affordability of prices." He then said that this statement refers to an important accomplishment of the present administration.

Rep. Salceda affirmed this view.

Inasmuch as Rep. Salceda was present when he asked the chairman of the Committee on Appropriations on the consolidated public sector deficit, Rep. Zamora asked how much this beneficent act of the President costs the NPC, the government and the public

every month.

Rep. Salceda replied that based on his own computation, it would be about $305 million annually or about P17 billion consisting of foregone revenues.

As to whether, regardless of the amount, the government does not have money to pay the costs, Rep. Salceda answered that under the plan, the abolition of the Purchased Power Adjustment (PPAs) would be offset by a universal levy charge and the immediate impact of the reduction will spread for several years so that the consumers will still enjoy lower electricity rates.

In this regard, Rep. Zamora pointed out that the consumers may pay less on a month-to-month basis but since the period would be extended, then they would in effect be paying the same rate.

Whereupon, Rep. Salceda stated that in the middle of the period, there would be major asset sales which will effectively lop off substantial amounts from debt loans, thereby eventually lowering the cost of electricity.

On whether the proceeds of the assets sales may be used for something more beneficial, Rep. Salceda agreed therewith and opined that the Philippines ranks sixth among the countries that have the highest electricity rates. After the PPA was reduced, he said that the application of the benefits will lower debt in the energy sector and should be on a quid pro quo basis because the consumers of that sector should be the first to avail themselves of the benefits coming from the structural change in the industry.

However, Rep. Zamora stated that this is more of a "massaging" or a "feel better" kind of approach to managing which does not really delve on the issue of reducing electricity rates but is more of a political and public relations matter. He then reiterated that in this case, there is actually no power rate reduction because by spreading the payment over a longer period of time, in the end, the consumers will be paying every single centavo that the government had passed on to them. He then surmised that although Rep. Salceda would like very much to agree with him on this matter, present circumstances prevent him from doing so.

Whereupon, Rep. Salceda pointed out that with the structural reforms that have been put in place under the EPIRA, the specter of higher rates would be prevented, and the reliability of the system as a whole would reduce the debt load and improve the capacity of the system to absorb pressures. He added that a qualitative improvement in the industry could be effected and the introduction of the asset sales and the unloading of NPC's debts will produce some, if not quantitative, then at least qualitative differences. He added that one of the solutions to this problem is for the consumers to value the reliability of the system as a major factor in their daily lives. One may also consider high quality as lower cost, he opined, although the Members may agree there was only a mechanical division of the accumulated price increases which will be paid by universal charges.

At this point, Rep. Zamora stated that if the DOE Secretary has a number of policy choices, he would not necessarily choose this scheme as the right approach in dealing with this particular situation in the power industry. He expressed hope that since the Secretary has experience in handling deficits, he would understand this kind of forbearance -- the letting go of huge amounts of revenues which should really be part of a regular revenue stream.

Rep. Zamora subsequently recalled that in the previous session, the Members had tried to talk about the differences between the term the Committee wants to use,

which is "budget deficit," against his proposal for a more transparent and accurate representation of the terms “consolidated public sector deficit” and “public sector borrowing requirements.” He asked whether the foregoing PPA does not affect the national government deficit but affects the consolidated public sector debt and the public sector borrowing requirements.

Rep. Salceda answered in the affirmative to this.

Thereupon, Rep. Zamora commented that the country's economic managers and economists understand the difference between real reduction and window dressing. He maintained that for the Members to be treated with respect by these managers and economists, and as representatives of the people, the Members should be careful in providing their constituents with figures, issues, and policy choices that may undermine their role. He asked whether the Members should take the position that indeed, the country is in a mess, but something can be done about it so that the Philippines will not become another Argentina, Bangladesh or Mongolia. He likewise asked whether the Members should not be treated with a little more respect.

On another concern, Rep. Zamora noted that the DOE has embarked on a program using alternative power sources. He inquired whether the President, in one of her trips abroad, had witnessed the signing of the contract with the Wind Technology Corporation.

Rep. Salceda said that the contract, which will cost $200 million, will allow the company to invest in the production of solar panels to reduce the cost of generating the so-called new and renewable energy.

As regards the 14 megawatt wind project of the PNOC-ADC, Rep. Salceda disclosed that it will be constructed somewhere in Ilocos and will be funded by the Japan Bank on International Cooperation (JBIC) at a cost of $55 million. He clarified that the project is an agreement with a private company which encourages the production of solar panels.
To subsequent queries, Rep. Salceda explained that the Wind project is being bidded out because it is funded by the JBIC where very strict bidding procedures are observed. The other project is a concessional loan with a 30-year payment period that will be wind turbine-driven and will generate 40 megawatts of energy, he stressed. He added that the project, which will be built in the town of Burgos, will have 55 towers that will produce one megawatt or 750 kilowatts of energy per tower and will be fed into the Luzon grid so that the product can be sold to everyone. Rep. Zamora, in reaction, expressed hope that said technology will prove workable.

As regards the solar tower project, Rep. Salceda clarified that the President invited a manufacturer to invest $200 million or some P10.5 billion in the country for solar panel production. He affirmed that a power company was not considered to do away with a power contract containing a take-or-pay provision. He however clarified that the agreement is not a long-term sales contract with the government but a mere invitation using presidential suasion for a company to put up a solar panel factory and sell its product to cooperatives. He said that based on his experience, some 30 barangays who were provided with solar energy under the off-grid were able to pay for it. He estimated that the cost per household is P5,000 as the entire panel costs P120,000 which is good for 20 households, and which amount is reasonable enough.

Rep. Zamora expressed hope that this is the right option, because the World Bank has been providing the government with an off grid project involving the energizing of sitios and barangays at a cheaper amount. He emphasized that the House is tasked to monitor as well as develop an oversight function for such activities.

Thereupon, on motion of Rep. De Guzman, the Chair recognized Rep. Didagen P. Dilangalen for his interpellation.

INTERPELLATION OF REP. DILANGALEN

Rep. Dilangalen initially referred to the Supreme Court decision dated November 15, 2002 regarding the case of the ERC and the Manila Electric Company (MERALCO) in which the latter was required to refund the consumers what they had excessively paid in the amount 16.7 centavos. Considering the dispute over the computation of the return on rate base (RORB), he inquired on the computation made by the ERC.

Rep. Salceda clarified that according to Rep. Villar, the Energy Subcommittee had agreed to recall the approval made by the ERC. He said that the ERC will be asked to clarify the issue before the House as a Committee of the Whole so that the Members can have the answers straight from the ERC which had filed the case rather than the DOE.

Rep. Dilangalen inquired whether there were ERC officials present in the Session Hall.

SUSPENSION OF SESSION

On motion of Rep. Padilla, the session was suspended.

It was 6:58 p.m.

RESUMPTION OF SESSION

At 6:58 p.m., the session was resumed.

REMARKS OF REP. DILANGALEN

After having been informed that the ERC will answer any questions after the Body shall have been converted into a Committee of the Whole, Rep. Dilangalen reserved the right to raise questions during the aforestated hearing.

SUSPENSION OF SESSION

The Chair motu proprio suspended the session at 6:59 p.m.

RESUMPTION OF SESSION

At 7:00 p.m., the session was resumed.

On motion of Rep. De Guzman, the Chair recognized Rep. Syjuco for his interpellation.

INTERPELLATION OF REP. SYJUCO

Rep. Syjuco sought clarification on the total budget of the DOE as contained in pages 212 to 214 of the 2003 GAB. Rep. Salceda said that it is P509.3 million and that the detailed programs and projects are found in page 101 of the National Expenditure Program (NEP); and affirmed that said amount includes the income which the DOE is projected to derive.

Adverting to the bottom of page 101 of the document entitled "on the NEP," Rep. Salceda said that the amount of P509 million is from a special income; that around P774 million is earmarked to pay the contractor of the Malampaya project; and that

only P134 million is at the disposition of the Office of the DOE Secretary. He affirmed that P1 billion of the grand total of P1.5 billion represents the projected income from the Malampaya project.

Rep. Syjuco read into the records a portion of the "Special Provisions" found at the bottom of page 212 of the 2003 GAB, which states that in addition to the amounts appropriated, P134 million shall be funded from the Special Account in the General Fund (Fund 151) maintained by the DOE in accordance with the provisions of Section 8 of PD No. 910 and Section 21 of RA No. 7638, out of which P128 million shall be for the Barangay Electrification Program. He asked whether the P128 million is in addition to the total budget figure of P509 million and the grand total of P1.5 billion.

Rep. Salceda said that the aforecited amounts of P128 million and P134 million are inclusive of around P909 million which is the net amount after deducting some P774 million for the Malampaya contractor.

Rep. Syjuco added that under the same "Special Provisions", P1.67 million shall be for the Power Conservation and Demand Management Project, P1.66 million for the Fuel Conservation and Road Transport Efficiency Project, and P1.8 million for the Oil Deregulation Management Project, subject to the submission of a special budget pursuant to Section 35, Chapter 5, Book VI of EO No. 292. He then inquired whether the phrase "subject to the submission of a special budget" means that the aforecited amounts are not yet part of the total of P1.5 billion.

Rep. Salceda clarified that the special budget mentioned is not the GAA per se but a budget presented by the DOE to the DBM. It is just one of the scaffoldings for controlling the disbursement of funds, especially special funds, he said. The mere fact that they were enumerated already suggests that there are limitations being imposed on the use of the special purpose funds, he added.

At this point, Rep. Syjuco adverted to a Commission on Audit (COA) document entitled "Executive Summary" which contains a "Summary of Significant Findings, Recommendations and Favorable Observations" stating: 1) that management should continue the reconciliation process and come up with a reconciled and complete inventory/accounting of agency property; and 2) that the P2.7 million bonds posted by the two service contractors were inadequate by P5.3 million as compared to the computed bond in the amount of P8 million based on the provisions of the Government Accounting and Auditing Manual, Volume 1. He asked what the DOE has done about said insufficiency in bonding requirements.

Rep. Salceda replied that the Department is strictly following the COA recommendation. He pointed out that in the DOE's janitorial maintenance contract manuals for 2002, the bonds posted by the two service contractors include the cost of labor in addition to 30% of the total contract cost; the initial contract cost; P500,000 for body injuries insurance; and P1 million for property damage insurance. He affirmed that the aforecited bonding requirement deficit has been duly attended to and the bonds now fully cover the amounts guaranteed.

Adverting to the same COA summary, Rep. Syjuco said that the COA had found out that the Partido Development Authority (PDA) had violated COA Circular No. 94-013 dated December 13, 1994 when it failed to liquidate the amount of P5 million for the installation of 10 solar-powered battery charging stations despite the expiration of its contract period and/or the completion of the project; and had recommended that the DOE direct the PDA to immediately submit a COA-audited disbursement report on the same as well as monitoring and inspection reports from the Department's Non-Conventional Energy Division (NCED). He asked on the status of the required report.

Rep. Salceda replied that the PDA had already submitted the liquidation report which was booked by the NCED.

Still adverting to the same summary, Rep. Syjuco then noted the COA's finding that the DOE accumulated an excessive and useless stock of centennial mailing envelopes and 5.25 DSSD diskettes worth P253,739.20 and the recommendation that management should strictly implement the maximum three-months-to-one-year quantity limit for office supplies purchase and the monitoring of stock balances in order to avoid spoilage. Asking what was done with the excessive supplies, he lamented the government's loss and surmised that some purchasing officers had bought more than enough because of the suppliers' public relations.

Speaking in Filipino, Rep. Salceda said that the Department is using the envelopes as pay slips and is now implementing more reasonable inventory management systems as regards their supplies. He however said that the Department disposed of the diskettes -- which were purchased some time in 1998 -- because they were obsolete, or used them as decoration.

Rep. Syjuco asked for an assurance from the Secretary of Energy that the individuals responsible for the wastage -- whether it was done because of their over-anxiousness or wrong estimation or the aggressiveness of the suppliers -- be held accountable because the money that was used for the supplies came from public funds and could be used to fill the stomachs of a lot of people. Rep. Salceda reiterated in Filipino that the Department is already following the maximum limit of three months for property purchases.

Again referring to the COA summary, Rep. Syjuco subsequently dwelt on the suspensions amounting to P638,094.08 and disallowances in the amount of P2.3 million as of December 31, 2001 out of which only 26% and 33%, respectively, had been settled.

He added that management should enforce immediate settlement of these suspensions and disallowances in accordance with Section 9.1 of the revised manual. He then inquired what had happened with these unsettled disallowances amounting to a total of P1.561 million.

Rep. Salceda explained that most of the amount or almost half of the suspensions had already been paid. On the matter of disallowances, he pointed out that cases have been pending with the Supreme Court for its final resolution. Moreover, with respect to liquidation in the amount of about P60,000, the same is awaiting the decision of the COA regional director as with all other balances or suspensions that have not been liquidated. He thereafter admitted to Rep. Syjuco that part of the disallowances or the unauthorized expenses have been returned to the government by the concerned employees.

Rep. Syjuco stressed that this is one remedy that can be made to cover up for the disallowances or unauthorized expenses. Since he noted that the DOE officials had at one time or another come across the COA's executive audit summary, he inquired whether the DOE had made any disbursement schedule detailing the circumstances and nature of disallowances and the corresponding measures that it intends to implement to prevent such malfeasances from happening in the future.

Rep. Salceda explained that the DOE management is actively enforcing the immediate settlement of these disallowances and suspensions such that the Department intends to clear its books of unauthorized expenses before the year ends.

Whereupon, Rep. Syjuco adverted to Rep. Salceda's statements that the DOE had

already caused the settlement of half of the pending disallowances. He then inquired whether the DOE can furnish him with a disbursement schedule or list of disallowances that have yet to be settled by the Department.

Rep. Salceda replied that the DOE will do so at the appropriate time.

Rep. Syjuco thereafter underscored that before Congress allocates funds to the DOE, it should first review its past financial and budgetary history in order to prevent a repeat of the questionable use of government funds or unauthorized expenses.

Rep. Salceda agreed therewith.

Whereupon, Rep. Syjuco adverted to the "Status of Implementation by the Auditing of Prior Years Audit Recommendations," which contained the following: "The department fully implemented two audit recommendations; partially implemented three; and did not implement at all but two out of the seven audit recommendations embodied in the 2000 Annual Audit Report." He then asked Rep. Salceda to further explain to him all these audit recommendations.

At this juncture, Deputy Speaker Gonzalez relinquished the Chair to Deputy Speaker Gerry A. Salapuddin.

In reply, Rep. Salceda explained that what is important in all these audit recommendations is what the DOE has not accomplished. Foremost, he said, is the non-remittance to the National Treasury of the interest that accrued from the DOE's trust fund. He opined that this is a matter of policy in the entire bureaucracy since normally, government agencies do not return the interest earned on trust funds that they manage. He stressed that it is up to Congress or the Executive Department to decide whether to change this particular policy which has also some legal basis.

Rep. Salceda noted that the second most important matter that the DOE had failed to accomplish is the submission of an AAE for the infrastructure projects that have been bidded and contracted. He pointed out that while the infrastructure projects involved ranges from P500,000 to P700,000, the DOE, not being a project-implementing agency, still had committed some minor lapses. He stressed that the DOE, being a government agency, is committed to strictly follow all the rules and procedures governing the implementation of infrastructure projects. He stressed that this is the COA's second audit recommendation to the DOE.

Whereupon, Rep. Syjuco asked for an official statement from the DOE regarding these particular partially implemented, fully-implemented, and unimplemented COA recommendations.

Rep. Salceda replied that the DOE would gladly oblige the request of Rep. Syjuco.

Whereupon, Rep. Syjuco adverted to a pertinent paragraph in the aforementioned audit report, to wit: "The low accomplishment rates are due to the following: 1) the NIDO and Masinloc Oil Fields were on cyclic production and North Masinloc was temporarily shut down." He then inquired on the meaning of the term "cyclic production."

Rep. Salceda explained that this only means that there was intermittent oil production. With regard to the temporary shutdown of the North Masinloc oil field, he explained that this was due to the high cost of production. As regards the suspension of operations of the San Antonio Gas Field on April 2001, he explained that this was due to an archaic gas turbine. He stressed that San Antonio Gas Field only resumed operations in November 2002 when a replacement was found.

Whereupon, Rep. Syjuco asked whether this kind of equipment has a time rating to determine the expected number of hours within which the gas turbine can operate under normal conditions. He underscored that the DOE needs to anticipate the life span of its equipment to avoid low-accomplishment rates.

Rep. Salceda however pointed out that the low-accomplishment rates can be attributed to the non-release of funds by the DBM which can be used to buy new gas turbines. Whereupon, Rep. Syjuco asked why the DBM had failed to release the necessary funds. He stressed that the DBM should have a system of priorities for releasing funds needed to cover the costs of breakdown of operating assets since this will eventually result into losses and low accomplishment rates. He surmised that funds could have been made available by the DBM; however, these funds failed to reach its intended beneficiaries because of red tape and a complicated process. He then proposed that the DOE come up with a proposal to the DBM, copy furnished the House of Representatives, as to how the funds can be immediately released to address the anticipated requirements.

Rep. Salceda replied that the DOE will consider such proposal.

On another matter, Rep. Syjuco inquired about the non-remittance of the reported national government share due from the Semirara Coal Corporation amounting to P30.994 million. He surmised that had the amount of P31 million only been remitted, it would have been used to replace the turbine of San Antonio Gas Field.

Rep. Salceda replied that Semirara is bankrupt but the DOE is exerting efforts to come up with a compromise agreement with the private corporation so the latter can settle its obligations with the Department. He informed Rep. Syjuco that Semirara was covered by a bond but instead of the government going after the bond, it is management look-out to explore the opportunities under a compromise agreement so Semirara can pay its obligations to the government.

As a rejoinder, Rep. Syjuco inquired why they had to compromise the people's money. This, as he cited the failure of Semirara to remit P31 million to the government, thereby depriving the Filipino people of said amount.

Rep. Salceda clarified that the DOE is negotiating for installment terms although the company would still have to pay its entire obligation to the government.

In reaction, Rep. Syjuco opined that since it had received its share in full, Semirara should not pay the share of the government from the contract in installments. He suggested that the funds be deposited directly to a bank and not to the account of Semirara so that the government's share will not be neglected. He cited the case of San Antonio Gas Field which was suspended until it had the money to replace its turbine.

In response, Rep. Salceda explained that although Semirara is in a state of bankruptcy, it is not being treated differently from similarly-situated companies. He manifested the intent of the government to recover in full its rightful share from Semirara. He however pointed out that the government is adopting safety measures to optimize its revenues and protect the national interest.

Rep. Syjuco further asked why the government’s share of the income was not paid and opined that the non-payment thereof will only increase the government's huge budget deficit and borrowings. He then expressed the public disgust and suspicion that apparently, Semirara had misused the money in cooperation with the DOE.

Rep. Salceda stated that aside from the government, other coal-fired power plants

buy coal from Semirara. He disclosed that to settle its P31 million obligation to the government, Semirara is negotiating with the NPC and certain IPPs which operate coal-fired power plants. He also cited the parallel offset arrangement between the DOE and the NPC which would enable the settlement of Semirara's obligation worth P13 million within the year.

In reaction, Rep. Syjuco urged the Members to heed the results of the COA audit report so the government agencies concerned would learn their lessons well. He expressed hope that the case at hand would be the last of its kind, adding that the government should handle public funds and the public trust seriously.

Rep. Syjuco thereafter inquired why the Members are always being asked to approve legislative measures with great dispatch. Further citing the COA audit report, Rep. Syjuco pointed out that four contractors, including one under moratorium and another one who has ceased operation, had requested for a deferment of the COA audit. He asked why the contractors and Semirara are being given preferential treatment to the disadvantage of the Filipino people.

SUSPENSION OF SESSION

On motion of Rep. Salceda, the session was suspended at 7:51 p.m.

RESUMPTION OF SESSION

At 8:04 p.m., the session was resumed.

REMINDER FROM THE CHAIR

Upon resumption of session, the Chair reminded Rep. Syjuco that he barely has seven minutes more to speak.

Rep. Syjuco then asked whether there is a set time limit within which to interpellate.

The Chair replied that under the Rules of the House, no Member can speak for more than one hour on one particular issue without the leave of the House.
With due respect to the Chair, Rep. Syjuco pointed out that he was not speaking but interpellating on certain items relative to the approval of the budget and other items relative to an audit report.
The Chair then asked Rep. Syjuco to proceed with his interpellation.
Rep. Syjuco said that he will not even need all seven minutes to wind up with his interpellation.
INTERPELLATION OF REP. SYJUCO
(Continuation)

Rep. Syjuco disclosed that the Secretary of the DOE had assured him that these matters, along with other matters he had spoken about that day, will be attended to forthwith. He expressed belief that the Secretary is trying his best, considering that the issue was only inherited by the Department. He likewise complimented the Secretary for having cleared up all the other things formerly besetting the Department.

MOTION OF REP. SYJUCO

In view thereof, and with the assurance from the Secretary, Rep. Syjuco said that he was ending his interpellation and moved that the Body approve the budget of the DOE.

MOTION OF REP. GONZALES

Rep. Gonzales moved that the Body defer in the meantime action on Rep. Syjuco's motion considering that Rep. Padilla has manifested his intent to interpellate the Sponsor.

The Chair ruled that the Body should temporarily suspend Rep. Syjuco's motion to give way to Rep. Padilla's interpellation. He however took note of said manifestation.

MOTION TO ADJOURN OF REP. SYJUCO

Considering the lateness of the hour, Rep. Syjuco noted that there were more "butikis" or lizards up in the ceiling of the Session Hall than there were Members of the House. He then moved to adjourn the session until four o'clock in the afternoon of Wednesday, November 27, 2002.

SUSPENSION OF SESSION

The Chair motu proprio suspended the session at 8:07 p.m.

RESUMPTION OF SESSION

At 8:13 p.m., the session was resumed.

WITHDRAWAL OF REP. SYJUCO'S
MOTIONS

On the understanding with the leadership of the House that the budget of the DOE will be approved that night and to give way to the two remaining Members who wished to interpellate the Sponsor, Rep. Syjuco withdrew his motion to approve the proposed budget of the DOE and his motion to adjourn.

The Chair duly noted Rep. Syjuco's manifestation.

At this point, on motion of Rep. Gonzales, the Chair recognized Rep. Herminio G. Teves to interpellate.

INTERPELLATION OF REP. TEVES

At the outset, Rep. Teves inquired whether the DOE has undertaken a study on the return on investments (ROI) of each and every player in the power industry, more particularly the Independent Power Producers (IPPs).

Rep. Salceda replied in the negative.

On whether there is any entity in government which should undertake said study, Rep. Salceda replied that perhaps it would be the NEDA because it is engaged in policy-making activities with regard to the power sector. He expressed belief that an estimate of the profitability, or at least some parameters thereof, of the value chain within that industry must be established.

Rep. Teves said that the ROI is a legal procedure which has to be undertaken. Considering that the matter involves power, he said that the DOE should have responsibility therefor.

Rep. Teves asked why the Palimpinon Geothermal Plant located in his district in Valencia, Negros Oriental, which is connected by an underwater cable to Cebu and

Panay costing a substantial amount, is charging Negros Oriental, the source of said power for said interconnection.

Rep. Salceda replied that one of the reasons advanced by the ERC is for the decrease of the cost of transmission to the importing island, which is Panay. He explained that the cost of the transmission, especially the installation of transmission lines, are being apportioned to as many players or consumers as possible to reduce the cost of power not just in Panay but in Negros Island as well.

The number two reason, he said, is that in exporting more, the fixed cost of the transmission lines are spread over to as many units as possible. This, he said, will benefit the consumers of Negros because the average cost of producing electricity, not only in Negros, will be reduced.

Rep. Teves opined that this may have a reverse effect because if consumers do not pay for the interconnection cost, the cost of power in the province would have been lower. Considering that the cost of power is one of the keys to attracting industries to invest in the province, he opined that the consumers should not be charged thereon. He pointed out that the concept should be to bring low-cost power to the people.

Whereupon, Rep. Teves asked why the DOE does not have a one-country, one-rate scheme, instead of a one-grid, one-rate program. He asked why one region would have a low cost of power while another would have a high cost of power considering that this is one nation and one country.

Under the current regulatory framework, Rep. Salceda replied that the country is moving towards said direction because if the market sets a uniform price across all regions, then it will indeed have uniform pricing or cost. He said that the market, instead of the DOE, will now dictate the price, and to a certain extent, the ERC will do so by regulation of the distribution and transmission utilities.

Rep. Teves said that he cannot understand Rep. Salceda's explanation.

Rep. Salceda stated that this was the initial condition set when the EPIRA was passed. He added, however, that at a certain point when the markets operate freely with the WESM and the interconnections, there should be very little variance in electricity rates across the regions in the country.

Rep. Teves noted that electricity rates in Mindanao are much lower than in Central Visayas. He inquired why the people of one country, the Philippines, have to be charged differently.

Rep. Salceda replied that this is part of the initial conditions of the power sector. He stated that this situation may not be ideal, although under the EPIRA, the implementation of the structural changes may eventually lead to interconnection in the country and consequently, the operation of the free market will standardize rates across all the regions. He further maintained that given the discontinuous and segmented nature of the industry at present, power supply conditions are different from one area to another. This, he said, is the basis for the differential pricing across regions.

As to what constitutes one grid. Rep. Salceda explained that under the grid system, the production of all power plants are pooled and distributed according to the demand of various cooperatives or the major industry that is directly connected.

Rep. Teves then opined that this could apply even if the power plants have separate

power as in the case of Bohol which is not interconnected with Cebu because it has its own diesel power in Siquijor. Rep. Salceda remarked that in this case, Bohol would be excluded from the grid. Rep. Teves added that this is disadvantageous to the source of power.

Rep. Teves next noted that the Negros Oriental Cooperative (NORECO) II has excess personnel and because it requires bigger funds to maintain, the cost of power in Negros Oriental has increased. He inquired on the action the DOE could take in this regard.
Rep. Salceda replied that the power industry is in the right direction because the condonation of electric cooperative loans are made dependent on the implementation of the IPPs which include efficiency ratios and personnel manpower complement. He stressed that such incentive system should be very strong to make the cooperatives efficient.

Rep. Teves reiterated that the NORECO II has more than double the number of staff of the NORECO I in the Visayas. He inquired on the possible remedies to reduce the number of personnel in said cooperative.
Rep. Salceda called on the management of the National Electrification Administration (NEA) who are present in the Session Hall to look into the aforecited situation and to act immediately to ensure that the cost of distribution would be reduced.

Thereupon, on motion of Rep. Gonzales, the Chair recognized Rep. Hussin T. Amin for his interpellation.

INTERPELLATION OF REP. AMIN

Rep. Amin recalled that in a briefing paper submitted to the Committee during its budget deliberations, it was stated that the DOE prepared the Mindanao Energy Plan (MEP). Said paper, he added, stated that the DOE had updated the MEP in the first semester of the year 2002. He asked what the MEP was and its cost.

Rep. Salceda replied that he had asked the representatives of the DOE to present to him a copy of said MEP. Subsequently, he informed Rep. Amin that the MEP, which is part of the Philippine Energy Plan, had been updated. He added that it is a big section of the Medium-Term Philippine Development Plan and that the DOE is willing to give Rep. Amin a copy of the MEP.

Rep. Amin inquired whether the MEP is included in the GAB for the years 2002 and 2003.

Rep. Salceda replied that in his sponsorship speech, Rep. Andaya had specifically mentioned the concerns of Mindanao. He opined that Mindanao would get more than its disproportionate share in the energization of barangays which is inputted in the various cost items of the NEA and the DOE. These items may not be as ambitious as the rest of the other items, he said, but Mindanao would have a disproportionate share of the total allocation for said sector.

Rep. Amin remarked that he had not read Rep. Andaya's speech because he does not have a copy thereof. Nonetheless, he noted that the Southern part of Mindanao has three island provinces, namely, the provinces of Sulu, Basilan and Tawi-Tawi. He inquired on the status of the energy sector in said provinces and how the government intends to address the energy problem. He cited that Sulu is currently experiencing a power shortage and inquired on the status of the energy sector therein.

Rep. Salceda replied that in line with the situation in Sulu which is not connected to a grid, the DOE is pursuing a project jointly with the United States Agency for

International Development (USAID) called Alliance for Mindanao Off-Grid Renewable Energy (AMORE) which would essentially energize the entire island.

Rep. Amin inquired when the province of Sulu would be energized because its twin engines are already very old and the DOE has not replaced them yet.

Rep. Salceda replied that inasmuch as the entire country is expected to be energized by the year 2006, Rep. Amin should demand the same for his province or even the energization of Sulu on an earlier date.

On further query, Rep. Salceda pointed out that while the country is expected to be energized by the year 2006, there will be significant activities that would materialize in the island like the installation of the 3.6 megawatt Daihats plant, and the start of construction activities in the year 2003 which are both aimed at bringing in a more reliable supply of electricity in the province.

Rep. Amin inquired on the "O Ilaw" program of the government. Rep. Salceda explained that this project is a multi-agency approach aimed at energizing the rural areas. It mobilizes the private sector, primarily Mirant and the other sectors of the industry including the IPPs, NPC, the PNOC, the PNOCEDC, the NEA and the DOE, he said. He emphasized that this project seeks to mobilize the scattered resources to focus on the single goal of energizing the whole country by the year 2006.

On further queries, Rep. Salceda affirmed that the "O Ilaw" project includes the three provinces of Southern Mindanao.

Thereafter, on motion of Rep. Fuentebella, the Chair recognized Rep. Padilla for his interpellation.

The Chair, however stated that Rep. Beltran would be recognized ahead of Rep. Padilla who had yielded to the former.

INTERPELLATION OF REP. BELTRAN

Rep. Beltran inquired whether the proposed DOE budget for the year 2003 is 198% more than its budget for the year 2002. Rep. Salceda explained that the DOE budget for the year 2003 has reached that figure because of the inclusion of the proceeds from the Malampaya project which would amount to P1 billion. However, he pointed out that if the P1 billion would not be included, the increase in the actual budget of the DOE would only be P6 million. The P1 billion, he said, would serve to cover any shortage from the revenues that would come from the Malampaya project and would be used to pay the contractors who operate said project. Essentially, he added that the DOE budget for the years 2002 and 2003 would be the same.

As regards the additional P909 million special account, Rep. Salceda replied in Filipino that it was because of this additional P909 million that the P503 million DOE budget has increased to P1.5 billion

Rep. Beltran inquired whether it was true that the President had ordered in May 2002 the reduction of the PPA. Rep. Salceda affirmed this point.

Rep. Beltran inquired in Filipino whether the reduction in the PPA was assumed by the government instead of the suppliers and the IPPs. Rep. Salceda replied in the negative and pointed out that the government had assumed such reduction and borrowed money to pay for this purpose. He stressed that it was an unfunded power rate reduction.

Rep. Beltran inquired whether this is why after the reduction in the PPA in June and July, it was increased again recently.

Rep. Salceda replied that this is not necessarily the case because the total reduction of the PPA had reached as much as P1.25 per kilowatt hour. He claimed that the gradual effect of the increase in the price of imported oil had been added, but the P1.25 reduction in the average power rates of consumers who consume 100 kilowatts per month was not affected. Thus, he said that it would take a long time before this is depleted and this is caused by the devaluation of the peso and the increase in the price of imported oil.

Rep. Beltran cited the IPP payments from May to November 2002, to wit: May -- P3.30/kwh; June -- P2.04/kwh; July -P1.71/kwh; September -- P1.93/kwh; and October -- P1.92/kwh.

Rep. Salceda affirmed this point and noted that the increase in the PPA from July to October amounted to P0.20, and the increase in November reached up to P2.08. He noted, however, the effect of international events like the devaluation of the peso from P50 to P53.50 to $1 which started when war between the US and Iraq seemed imminent.

He then pointed out that the 20-centavo increase in the PPA is very reasonable as compared to the P1.25 proposal thereon. He then clarified that initially, the proposed PPA was P3.40 which was lowered to about P2.08 such that there remained an amount of P1.28.

With regard to the 6.53% increase in Cost of Electricity Rate Adjustment (CERA), Rep. Beltran asked whether this is the only increase that will cover the depreciation in the value of the peso as against the dollar.

Rep. Salceda replied in the negative, adding that the aforementioned CERA covers only the NPC plants and that the IPP plants are forced to import fuel from other countries, such that the price would be in dollars, which amount will be passed on to the consumers in the form of PPAs.

Based on records, Rep. Beltran asked whether the consumers have been paying too much for electricity which they have not consumed.

In response, Rep. Salceda explained that the amount of PPA paid by the consumers was only P2.08 from the original P3.40 and that the amount had considerably decreased from the months of May to November. However, he clarified that the national government is the one shouldering the burden of the decrease in the PPA just to give financial relief to poor electricity consumers.

As to where the money came from, Rep. Salceda said that the government had resorted to borrowings, which were also paid for by the consumers or taxpayers with corresponding interests.

With regard to the PPA, Rep. Beltran pointed out that the payment therefor had been extended over the years but in the end, consumers would be paying more than the actual amount that should have been paid by them had the PPA not been decreased.

Rep. Salceda affirmed this view, stating that the purpose of this scheme is to shift the burden of payment from the consumers to taxpayers who have the capacity to pay.

In this case, Rep. Beltran pointed out that the government is not the one who will bear the burden but ordinary citizens.

Rep. Salceda agreed with this view stating that primarily, the one who usually shoulders the burden are the taxpayers and not the consumers.

At this point, Rep. Beltran pointed out that what is happening here is that both the consumers and the taxpayers pay taxes and still shoulder the burden of the PPA. However, Rep. Salceda explained that consumers are classified into different classes such that although they could be the taxpayers, in the final analysis, the beneficiaries would be the consumers and not the taxpayers who are the ones paying for the taxes. In essence, he said that this is a transfer from the rural workers to the urban middle class.

Whereupon, Rep. Beltran recalled that during the hearings in the ERC wherein the primary witness was former Senator Juan Ponce Enrile, the records of MERALCO showed that from January 2001 to June 2002, its income was about P30 billion. In the same hearing, he continued, it was proven that only one kilowatt hour of electricity had been supplied to consumers. He said that this is a case of robbery in broad daylight.

At this point, Rep. Salceda admitted that he could not answer this question due to lack of supporting documents. In this regard, he said that the Members have already agreed to reconsider the proposed ERC budget so that its officials could personally explain the matter.

Thereupon, Rep. Beltran pointed out that the people already have serious doubts about the problems besetting the country's power industry which stem from privatization of the NPC and the generation and transmission companies under the EPIRA. He added that under House Bill No. 4847, all the government's debts and expenses will be transferred to private entities. For this reason, he asked why the DOE was still asking for a 198% increase in its 2003 proposed budget.

Rep. Salceda replied that the DOE budget was not increased, since the amount of P1 billion is a special account to be paid as royalty for the payment of the remaining balance of the construction cost of the Malampaya power plant.

Rep. Beltran then asked on the Sual, San Roque and IMPSA power plants which, although not yet operational, were being paid for by the government.

In response, Rep. Salceda explained that since the NPC is a government corporation, then indirectly, the consumers are paying for the cost of its privatization.

At this point, Rep. Beltran underscored that among the power plants, the most controversial is the IMPSA because according to Senator John Osmeña, although the company had spent only about $9 million from February 2001 to June 2002, the NPC has already paid the aforementioned company the amount of $50 million. Stressing that IMPSA had already gained a profit of $41 million for this period alone, he inquired on the veracity of Sen. Osmeña's allegation.

Rep. Salceda replied that this matter is being verified by the NPC and is already the subject of a Senate investigation.

Moreover, Rep. Beltran stated that the electricity consumers of IMPSA will have to pay the company the amount of $112 million within a span of 25 years. He then asked whether this is institutionalized robbery sanctioned by the government.

In response, Rep. Salceda said that he was not privy to the matter but is amenable to an investigation of the contract between the IMPSA and NPC through the help of

Rep. Beltran, so that the Members will be enlightened on the issue.

To another point, Rep. Beltran referred to the newspaper article in the November 13, 2001 issue of the Philippine Daily Inquirer written by Mr. Neal Cruz which states that "May 28, 2001 was a day of infamy in view of a series of events that happened that day, one of which was the NPC's request for the release of about P470 million, particularly made by Mr. Alcordo, which amount has been hastily released that day." Surprisingly, he said that the same day, May 28, 2001, was also the start of Congress' special sessions for the approval of the EPIRA. He then inquired about the matter.

Rep. Salceda replied that he will leave the matter to the courts to decide.

In ending his interpellation, Rep. Beltran surmised that all these issues besetting the power industry still remain a mystery and should be put to an end. In the meantime, he said that it is almost an atrocity on the part of the House to approve the 198% increase in DOE’s proposed budget.

MOTION TO SUSPEND CONSIDERATION
OF HOUSE BILL NO. 5238

Whereupon, Rep. Gonzales moved that the Body suspend further consideration of House Bill No. 5238.

OBJECTION OF REP. SYJUCO

At this point, Rep. Syjuco objected to Rep. Gonzales' motion. He then asked what Bill the latter was talking about.
SUSPENSION OF SESSION

On motion of Rep. Gonzales, the session was suspended at 8:57 p.m.

RESUMPTION OF SESSION

At 8:58 p.m., the session was resumed.

REMARKS OF REP. GONZALES

Thereafter, Rep. Gonzales stated that Rep. Padilla had signified his intention to interpellate on the measure the following day.

QUERY OF REP. SYJUCO

Upon recognition by the Chair, Rep. Syjuco asked whether Rep. Padilla was the last to interpellate on the measure.

With the permission of the Chair, Rep. Gonzales explained that as of the moment, Rep. Padilla is the last interpellator on the measure, and that he does not know whether somebody else would like to interpellate thereon.

Thereafter, Rep. Syjuco asked whether Rep. Gonzales could assure him that after Rep. Padilla's interpellation and that of the other Members, his pending motion for the approval of the DOE budget and its attached agencies/corporations will be considered the next day.

Rep. Gonzales then clarified that the Body's action on such motion had been temporarily deferred just to accommodate the other Members who would like to

interpellate on the proposed DOE budget, after which Rep. Syjuco's pending motion will then be acted upon by the Body.

SUSPENSION OF CONSIDERATION
OF HOUSE BILL NO. 5238

On motion of Rep. Gonzales, there being no objection, the Body suspended consideration of House Bill No. 5238.

SUSPENSION OF SESSION

At this juncture, on motion of Rep. Gonzales, there being no objection, the Chair suspended the session until ten o'clock in the morning of Wednesday, November 27, 2002.

It was 9:00 p.m., Tuesday, November 26, 2002.
RESUMPTION OF SESSION

At 10:01 a.m., Wednesday, November 27, 2002, the session was resumed with Rep. Junie E. Cua presiding.

RESUMPTION OF CONSIDERATION OF THE PROPOSED BUDGETs OF THE DOE AND ITS ATTACHED AGENCIES

On motion of Rep. Escudero, there being no objection, the Body resumed consideration of the proposed budgets of the DOE and its attached agencies.

On motion of Rep. Escudero, the Chair recognized Rep. Salceda to sponsor the same and Rep. Padilla to interpellate thereon.

SUSPENSION OF SESSION

On motion of Rep. Escudero, the Chair suspended the session at 10:02 a.m.

RESUMPTION OF SESSION

At 10:06 a.m., the session was resumed with Rep. Escudero presiding.

The Chair then recognized Rep. Ernesto "Banzai" Nieva for a clarificatory statement.

REMARKS OF REP. NIEVA

Rep. Nieva rose to comment on Rep. Jimenez' speech which he delivered on November 25, 2002, which mentioned him as the source of "Rolex" watches. He said that he did not take the floor immediately due to personal family problems.

Rep. Nieva recalled that two months ago, he went to China at his own expense but on official travel to invite investors to the Philippines; and that before leaving that country, he bought six dozen "Rolex" watches as gifts or "pasalubong." He said that on the first day of the resumption of session during that period, Rep. Jimenez saw that he was wearing one of said watches and commented that it was a fake "Rolex" watch but wanted to have some pieces to give to his barangay leaders. Admitting in Filipino that the watches were fake and cost only 200 yuan each, he added that he yielded to Rep. Jimenez' request out of "pakikisama" but asked him to pay for the same because he bought them as "pasalubong." He informed the Body that Rep. Jimenez eventually paid him for the watches according to the cost price in China. He stated that he used the proceeds to buy watches again but this time in the local market, as

"pasalubong" for his leaders and friends.
Whereupon, Rep. Nieva stressed that the aforestated shows that he is not an importer of "Rolex" watches and that he bought the aforecited watches as "pasalubong."

QUERY OF REP. CARLOTO

Upon recognition by the Chair, Rep. Angel M. Carloto asked whether the Body was considering the proposed budget of the DOE and its attached corporations, including the NEA. Replying in the affirmative, Rep. Escudero said that only the ERC is excluded from the deliberations.

Rep. Carloto also asked whether NEA personnel were present in the Session Hall, saying he wanted to take up some issues with them in private. With the permission of the Chair, Rep. Salceda said that they were on their way.

INTERPELLATION OF REP. PADILLA

Subsequently, Rep. Padilla proceeded with his interpellation and asked how the government can implement in the oil industry one of its major thrusts which is to promote market competition and efficiency in the energy sector.

Rep. Salceda explained that after the approval of the Oil Deregulation Law, new players had entered the market and the market share of the three biggest oil companies fell from 98% to 87%. He pointed out that although the fall is small in the short term, new players entered the smaller segments of the oil industry such as the liquefied petroleum gas segment and gasoline station segment. While stressing that the regulatory framework for new players has been set up, he nevertheless admitted that the oligopolistic structure of the "Big Three" has not been successfully broken.

Rep. Padilla asked what steps are being taken by the DOE to promote market competition and, in the light of the 87% market share of the "Big Three," what it is doing to ensure fair play and protect the interests of consumers. He observed that despite the entry of several new gasoline dealers who are not under the umbrella of the three major players, these will eventually draw their supply from their mother countries; and that the market share of the small players is only 13%. He noted that consumers are therefore still at the mercy of the major players.

At this point, Rep. Escudero relinquished the Chair to Deputy Speaker Gerry A. Salapuddin.
The Sponsor said that in the absence of the enabling law for the implementation of the constitutional provision against cartels and oligopolies, the DOE is encouraging new players to invest in the oil industry. He opined that in addition, the Department must pursue negative rather than affirmative action through the passage in Congress of measures such as the Fair Competition Law which will give teeth to the aforecited constitutional provision.

Rep. Padilla inquired how long would the country have to wait before it could say that the Oil Deregulation Law is a success or a failure.

Rep. Salceda replied that there was no such projection and opined that a deadline would be unenforceable anyway. What the government is really doing in setting up a regulatory framework, he explained, is allowing the supply curb to switch in the left direction so that new players can come in and, in effect, force supply to increase with the entry of imports and prevent any abuse of market power by existing players.

Rep. Padilla however emphasized that despite the mandate to allow new players, the bulk of the oil industry is still controlled by the "Big Three." He opined that the supply curb would change direction only when the market is not controlled by very few players. He asked whether the House must review or revisit the Oil Deregulation Law because the participation of new players is very negligible.

Replying in the affirmative, Rep. Salceda nevertheless pointed out that the entrance of new players would compel incumbent players to behave in a reasonably competitive manner. He pointed out that if existing players raise their prices very highly, they will only provide more incentive for new players to come into a free market where returns would also be very high. He concluded that although the intention of the law is not perceptible in the market share ratio, the theoretical threat of new entrants will force incumbent players to behave, thereby disallowing any abuse of market powers which will be detrimental to consumers.

Rep. Padilla remarked that theoretically, he can agree with Rep. Salceda's position. He said that it was enough that he was able to express his concern on the matter.

Rep. Padilla further stressed that he would want an honest-to-goodness assessment regarding the financial and economic conditions of the consumer during the period of regulation and under the present deregulation setup.
He thereafter expressed the common lament of consumers that the prices of oil in the local market do not automatically decrease despite a dip in the prices of oil in the world market.

Moreover, he said that it has also been observed that when the prices of crude oil in the world market increase, the prices of oil in the local market automatically go up. Considering their predicament, the consumers, he said, feel that there should be a regulating authority, like in the previous setup, that would check whether or not the oil price increases are reasonable and justified. He added that the law should not protect the major players because foremost, it must protect the interests of the Filipino people.

On another point, Rep. Padilla inquired on the agencies that are now involved in accelerating rural electrification.

Rep. Salceda replied that it is principally the NEA that implements this undertaking. However, he pointed out that under the “O Ilaw” concept, rural electrification is now being spearheaded by a multi-agency team consisting of the DOE, the NEA, the NPC-SPUG, the PNOC-ADC and private agencies such as Mirant and other IPPs under EO No. 194. He subsequently pointed out that while the DOE is the lead agency for the “O Ilaw” project, it is still the NEA which would carry out the brunt of rural electrification.

Whereupon, Rep. Padilla inquired on the measures being undertaken by the DOE to increase self-sufficiency in energy through the use of indigenous energy resources.

Rep. Salceda replied that the DOE has committed P128 million for New and Renewable Energy (NRE) or power sourced from wind, water and solar energies. Aside from this locally-funded project, the JBIC, he said, has funded a $40 million wind project in Burgos, Ilocos Norte. Moreover, he informed Rep. Padilla that the DOE also undertakes other NRE projects through other agencies and/or corporations such as the Energy Development Corporation (EDC) whose projects are being funded by the JBIC. He stressed that the P128 million NRE fund for the DOE is allocated primarily for this specific task.

Subsequently, Rep. Padilla inquired whether the DOE budget contains a specific

budgetary allocation that will address its goals of intensifying energy efficiency and conservation programs.

In response, Rep. Salceda referred to page 212 of the 2003 GAB and pointed out the special provision amounting to P6 million that the DOE has allocated to address these goals.

Whereupon, Rep. Padilla adverted to the DOE's mandate to formulate and implement policies and programs that would address social and environmental concerns. He then inquired on the DOE's position with regard to implementing Section 26 of the Clean Air Act.

Rep. Salceda explained that definitely, the DOE would have a special participation in implementing this particular provision of the Clean Air Act by specifically providing for a technical committee which will set up and review the specifications for fuel and fuel additives pursuant to RA No. 8749.

Rep. Padilla expressed the hope that Rep. Salceda was articulating the position of the DOE, to which the latter stated that he was.

Rep. Padilla thereafter inquired whether the DOE had a hand in drafting House Joint Resolution No. 21 which was almost approved a few weeks ago by the House on Second and Third Reading. He explained that had the measure been approved by the House, it would thus have the force and effect of a law, which would mean the suspension of the implementation of Section 26 of the Clean Air Act.

Rep. Salceda pointed out that he also entertained the same suspicions. He however explained that under the circumstances or the possibility of an imminent war between the United States and Iraq, the DOE's position, if it has indeed influenced the drafting of House Joint Resolution No. 21, can only be considered appropriate and justifiable to mitigate the impact of an oil crisis. He underscored that House Joint Resolution No. 21 was envisioned only as an option to a possible scenario of a US-Iraq conflict.

Whereupon, Rep. Padilla inquired whether it would be possible to convert the Body into a Committee of the Whole so that DOE Secretary Vincent Perez will be the one to answer the questions. He then asked Rep. Salceda whether he would be in favor of such motion.

SUSPENSION OF SESSION

Thereupon, on motion of Rep. Salceda, the Chair suspended the session at 10:35 a.m.

RESUMPTION OF SESSION

At 10:48 a.m., the session was resumed.

SUSPENSION OF CONSIDERATION OF THE PROPOSED BUDGETS OF THE DOE AND ITS ATTACHED CORPORATIONS

On motion of Rep. Escudero, there being no objection, the Body suspended further consideration of the proposed budgets of the DOE and its attached corporations.

CONSIDERATION OF THE PROPOSED bUDGET OF THE GAMES AND AMUSEMENT BOARD

On motion of Rep. Escudero, there being no objection, the Body considered the proposed budget of the Games and Amusement Board (GAB).

SUSPENSION OF SESSION

On motion of Rep. Dilangalen, the Chair suspended the session at 10:49 a.m.

RESUMPTION OF SESSION

At 10:50 a.m., the session was resumed.

MANIFESTATION OF REP. DILANGALEN

Upon recognition by the Chair, Rep. Dilangalen manifested that the Minority had no questions on the proposed budget of the GAB.

MANIFESTATION OF REP. ESCUDERO

Likewise on the part of the Majority, Rep. Escudero manifested that they had no questions on the proposed budget of the GAB.

TERMINATION OF THE PERIOD OF
INTERPELLATIONS ON THE PROPOSED BUDGET OF THE GAB

On motion of Rep. Escudero, there being no objection, the Body terminated the period of interpellations on the proposed budget of the GAB.

CONSIDERATION OF THE PROPOSED BUDGET OF THE PHILIPPINE RACING COMMISSION

On motion of Rep. Escudero, there being no objection, the Body considered the proposed budget of the Philippine Racing Commission (PHILRACOM).

MANIFESTATION OF REP. DILANGALEN

Upon recognition by the Chair, Rep. Dilangalen manifested that the Minority had no questions on the proposed budget of the PHILRACOM.

MANIFESTATION OF REP. ESCUDERO

Likewise on the part of the Majority, Rep. Escudero manifested that no Member had registered to interpellate on the proposed budget of the PHILRACOM.

TERMINATION OF THE PERIOD OF
INTERPELLATIONS ON THE PROPOSED BUDGET OF THE PHILRACOM

On motion of Rep. Escudero, there being no objection, the Body terminated the period of interpellations on the proposed budget of the PHILRACOM.

SUSPENSION OF SESSION

On motion of Rep. Escudero, the Chair suspended the session at 10:52 a.m.

RESUMPTION OF SESSION

At 10:54 a.m., the session was resumed.

CONSIDERATION OF THE PROPOSED BUDGET OF THE PHILIPPINE SPORTS COMMISSION

On motion of Rep. Escudero, there being no objection, the Body considered the proposed budget of the Philippine Sports Commission (PSC).

MANIFESTATION OF REP. DILANGALEN

Upon recognition by the Chair, Rep. Dilangalen manifested that the Minority had no questions on the proposed budget of the PSC.

MANIFESTATION OF REP. ESCUDERO

Likewise on the part of the Majority, Rep. Escudero manifested that no Member had registered to interpellate on the proposed budget of the PSC.

TERMINATION OF THE PERIOD OF
INTERPELLATIONS ON THE PROPOSED BUDGET OF THE PSC

On motion of Rep. Escudero, there being no objection, the Body terminated the period of interpellations on the proposed budget of the PSC.

SUSPENSION OF SESSION

On motion of Rep. Escudero, the Chair suspended the session at 10:55 a.m.

RESUMPTION OF SESSION

At 11:00 a.m., the session was resumed.

resumpTION OF CONSIDERATION
OF THE PROPOSED BUDGET OF THE DOE
AND ITS ATTACHED CORPORATIONS

On motion of Rep. Escudero, there being no objection, the Body resumed consideration of the proposed budget of the DOE and its attached corporations.

PARLIAMENTARY INQUIRY
OF REP. ABAYA (A.)

Upon recognition by the Chair, Rep. Antonio M. Abaya asked whether the budget of the Department of Public Works and Highways (DPWH) has already been approved.

With the permission of the Chair, Rep. Escudero replied that the budget of DPWH has not yet been approved.

Considering that the DPWH budget was scheduled the previous day, Rep. Abaya said that he thought it was approved on that day. He likewise said that if the Body has approved said budget, he would move for a reconsideration of said approval because he would like to ask some questions thereon.

In connection therewith, Rep. Abaya requested the Committee on Appropriations to furnish him with an updated listing of the schedule of the budget deliberations because what he has in his possession is the schedule which was distributed two weeks ago.

Whereupon, Rep. Abaya noted that in the previous years, the Members were updated with the schedule of the budgets of each department and their attached agencies scheduled for deliberation from day to day.

Rep. Escudero said that the Committee will furnish Rep. Abaya with the schedule thereof.

Likewise, Rep. Abaya manifested his reservation to interpellate the Sponsor of the proposed budget of the DPWH at the proper time.

The Chair duly noted said manifestation.

suspension of session
On motion of Rep. Escudero, there being no objection, the Chair suspended the session at 11:02 a.m. to enable the Body to convert itself into a Committee of the Whole.

It was 11:02 a.m.
RESUMPTION OF sessION
At 11:20 a.m., the session was resumed.
Thereafter, on motion of Rep. Escudero, there being no objection, the Body utilized the records of the interpellations of Rep. Padilla and the replies of Secretary Perez as the report of the Committee of the Whole. (See Appendix II for the Journal of the Committee of the Whole for November 27, 2002)
TERMINATION OF THE PERIOD OF
INTERPELLATIONS ON THE PROPOSED BUDGETS OF THE DOE AND ITS ATTACHED CORPORATIONS

On motion of Rep. Escudero, there being no objection, the Body closed the period of interpellations on the proposed budgets of the DOE and its attached corporations.

SUSPENSION OF SESSION
On motion of Rep. Escudero, the session was suspended at 11:20 a.m.

RESUMPTION OF SESSION
At 11:24 a.m., the session was resumed.
CONSIDERATION OF THE PROPOSED BUDGET OF THE HOUSING AND LAND
USE REGULATORY BOARD
On motion of Rep. Escudero, there being no objection, the Body considered the proposed budget of the Housing and Land Use Regulatory Board (HLURB).

On motion of Rep. Escudero, there being no objection, the Chair recognized Rep. Lobregat to interpellate on the HLURB budget.
PARLIAMENTARY INQUIRY
OF REP. CAGAS
Before the Body could proceed to the consideration of the proposed HLURB budget, Rep. Douglas RA. Cagas, upon recognition by the Chair, inquired on the updated schedule of the hearings because he had not received any copy thereof. He added that many of the Members could not follow the deliberations because they do not have copies of said schedule. He asked when the budget of the Department of Education (DepEd) would be considered by the Body.

Rep. Escudero replied that per information from Rep. Gonzales, the DepEd budget will be taken up on Friday.

RESERVATION OF REP. CAGAS
Thereupon, Rep. Cagas reserved to interpellate on the proposed budget of the DepEd, which reservation was noted by the Chair.
CONSIDERATION OF THE PROPOSED
BUDGET OF THE HLURB
(Continuation)

Thereupon, the Chair recognized Rep. Lobregat to interpellate on the proposed budget of the HLURB.
REMARKS OF REP. LOBREGAT

Rep. Lobregat informed the Body that the Minority had already asked their questions in the Committee level and that they have no further interpellations on the HLURB budget.
MOTION OF REP. ESCUDERO

At this point, Rep. Escudero moved that the Body close the period of interpellations on the proposed budget of the HLURB.

POINT OF ORDER OF REP. SYJUCO

Upon recognition by the Chair, Rep. Syjuco noted that there was no quorum in the House.

SUSPENSION OF SESSION

On motion of Rep. Escudero, the session was suspended at 11:27 a.m.

RESUMPTION OF SESSION

At 11:41 a.m., the session was resumed.

TERMINATION OF THE PERIOD
OF INTERPELLATIONS ON THE
PROPOSED BUDGET OF THE HLURB

Upon Rep. Escudero's previous motion, there being no objection, the Body terminated the period of interpellations on the proposed budget of the HLURB.

CONSIDERATION OF THE PROPOSED
BUDGET OF THE NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY AND ITS ATTACHED AGENCIES/CORPORATIONS

On motion of Rep. Escudero, there being no objection, the Body considered the proposed budget of the National Economic and Development Authority (NEDA) and its attached agencies/corporations.

Thereafter, on motion of Rep. Escudero, the Chair recognized Reps. Salceda and Zamora (R.) to sponsor the proposed NEDA budget and to interpellate thereon, respectively.

INTERPELLATION OF REP. ZAMORA (R.)

At the outset, Rep. Zamora referred to Rep. Andaya's sponsorship speech regarding the macroeconomic assumptions of the 2003 GAB such as population and public debts and other matters that will be discussed during his interpellation. Citing a portion of Rep. Andaya's speech regarding the issue of population, he asked whether the growth rate projected in the National Census and Statistics Board (NCSB) resolution which Rep. Andaya had denounced as wrong, was an error by design or an error by oversight.

Rep. Salceda replied that this is in the nature of an inadvertent error which means that the 1.98% population growth rate was based on the inter-regional data of the National Statistics Office (NSO) conducted in 1995 and that the 2.34% growth rate adopted by the NSCB based on the year 2000 census.

POINT OF ORDER OF REP. SYJUCO

Upon recognition by the Chair, Rep. Syjuco stated that earlier, he had stood up and informed the Body about the lack of quorum in the Session Hall. In this regard, he pointed out that the Constitution prohibits the House from conducting business without a quorum.

SUSPENSION OF SESSION

Thereafter, on motion of Rep. Escudero, the session was suspended at 11:47 p.m.

resumption of session

At 12:08 p.m., the session was resumed.

suspension of session

On motion of Rep. De Guzman, the session was suspended at 12:09 pm.

RESUMPTION OF SESSION

At 1:45 p.m., the session was resumed with Rep. Arthur D. Defensor, presiding.

On motion of Rep. De Guzman, the Chair recognized Rep. Edgar R. Erice on a question of personal and collective privilege.

QUESTION OF PRIVILEGE OF REP. ERICE

Rep. Erice initially stated that he was set to deliver his speech on Monday, November 25, but was surprised when Rep. Mark "MJ" Jimenez stood first and delivered a bombshell against Secretary Hernando B. Perez. This prompted him to doubt the propriety and timing of his speech, he said, as it may be construed as a defense of Secretary Perez. He added that he even consulted some of his colleagues who were kind enough to bring to Rep. Jimenez' attention what the latter had done to him. Rep. Jimenez then approached him, he said, admitted his mistakes and apologized. He admitted that he was really moved when Rep. Jimenez held his hand and bowed his head telling him that he has a lot of problems. Thus, he said that he went home and resolved to let the matter pass.

Nevertheless, Rep. Erice said that he had something in his mind and heart that bothered him, and that his conscience had told him that his experience with Rep. Jimenez is very relevant to the controversy of the moment. There is something in him that said that proceeding with his speech is a matter of responsibility because it seemed that Rep. Jimenez had employed a manipulative scheme to use the House as a shield for his many misadventures.

He then asked why Rep. Jimenez was flaunting his money before each Member of the House and why he is so generous. He further asked in Filipino why Rep. Jimenez often fools the Members and even flaunts the huge amount he spends to support politicians and Members of Congress. He asked whether these are designed to make the Members cooperate with him as he maintained that giving is not necessarily good because it really depends on the motive of the giver. He asked whether Rep. Jimenez is trying to bribe all the Members so they may serve as a mantle of protection for his travails.

Thereupon, he called on his colleagues to join him in examining Rep. Jimenez' character and motives and to determine how he will affect the credibility and integrity of the House as an institution. He stressed that he rose to address an affront that was committed by Rep. Jimenez not only to himself but to his constituents as well. Believing that his colleagues know how highly politicized the city of Caloocan is, he stated that this early, political pundits are already talking as to who will be the next mayor of Caloocan City. It is under this backdrop, he said, that his name and also that of other politicians had figured prominently in the discussion pertaining to the 2004 mayoralty elections. He opined that such discussions are perfectly normal and are in fact a reflection of the political awareness of the citizenry of Caloocan. Yet, he said that what has been bothering him are the remarks that were brought to his attention as uttered by Rep. Jimenez.

He recalled that some time ago, Rep. Jimenez had spoken to Councilor Tolentino Bagus of the Second District of Caloocan and the former told the latter that he should shift loyalties. He stated that Mr. Bagus is his personal friend and is politically identified with him. However, he said that for reasons that seem to escape him, Rep. Jimenez had told Mr. Bagus to stop supporting him and instead start helping his likely opponent in the 2004 elections. Rep. Jimenez was even quoted to have said in Filipino, he claimed, "Kung kay Erice, wala iyan. Pero kung dito ka, may pera diyan dahil suportado ko."

He reiterated that there is nothing wrong if this early, people are already conducting loyalty checks and soliciting support for potential candidates in 2004. However, he said that he could not take Rep. Jimenez' snide remarks to the effect that if Mr. Bagus remains his ally then the latter would not make any money. He added that Rep. Jimenez had also told Mr. Bagus that if he shifted sides and supported his opponent instead, the latter would be rewarded with money. He maintained that if there was anyone who was insulted by the incident, it was Mr. Bagus. This, as he asked how one would feel if someone had tried to buy his loyalty to turn against a friend. But what was really worse, he said, was Rep. Jimenez' remark in Filipino, to wit: "Kung dito ka, sisiguraduhin niya na babaha ng pera sa Caloocan City." He claimed that there is no other way to interpret this but a slap to the face of the people of Caloocan City. He asked how Rep. Jimenez could have dared create an atmosphere that implied that the leaders of Caloocan City could be bought, even if it was none of his business to meddle in the affairs of Caloocan City. He stressed that the people of Caloocan City do not need his money.
Rep. Erice emphasized that he could not let what had transpired pass without giving Rep. Jimenez a piece of his mind. He explained that he had made an effort to try and dialogue with Rep. Jimenez and had done this conciliatory gesture because after having worked so hard to remove patronage politics in Caloocan City, he does not want to see any election wherein votes are rampantly bought. Like all electoral processes, he claimed that he wants to ensure that the mandate of the people is held sacred.

He lamented that after having cleared the air with Rep. Jimenez, and he thought that things had been settled between them, he was proven wrong because on November 18, the latter again tried to convince his supporters, by promising money, to abandon him and to join the forces of his political adversary. He noted that Rep. Jimenez was extremely arrogant this time and even told, in Filipino, the barangay captains in his constituency that Rep. Erice and Mayor Reynaldo Malonzo would pay them only in pesos but he (Rep. Jimenez) would pay them in dollars. Furthermore, he said that Rep. Jimenez had even bragged that former US President Bill Clinton and former Philippine President Estrada have been running after him because he had given them dollars, while Secretary Perez is likewise going after him because he is asking for additional dollars.

Thereupon, Rep. Erice expressed disgust over Rep. Jimenez's behavior, particularly with his pronouncements regarding his dollars. He has practically admitted through his own bragging, he said, that Secretary Perez, and US President Clinton had tasted his dollars, while he himself has professed his non-innocence to the charges of illegal political contributions which he has doggedly avoided by seeking refuge in the House. Considering Rep. Jimenez' brash pronouncement that former President Estrada had also "tasted" his dollars, he noted how one could only wonder at the extent of Rep. Jimenez' participation in whatever plunder raps are currently being faced by former President Estrada and his co-defendants. This, he believed, is conduct unbecoming of an elected Representative of the House.

He explained that he had intended to bring to the Body's attention Rep. Jimenez' behavior. He contended that Rep. Jimenez' threat to buy and determine the results of the elections in Caloocan by using his money is plain and simple conceit, and any self-respecting Member of Congress should never make such a remark. Worst of all, he claimed that the fact that Rep. Jimenez had broadcast to the people that he can make them earn dollars is a testament to the latter's indiscretion. If Rep. Jimenez' declarations and the reports heard about him were true, Rep. Erice said that he was no match for the latter's resources. This, as he recalled that it has not been too long ago when Rep. Manuel Zamora of Compostela Valley had complained that he had been featured in the news as having received a van from Rep. Jimenez.

There were also newspaper reports, he added, that Rep. Jimenez had given Rolex watches to some of their colleagues. He emphasized that obviously, Rep. Jimenez' track record of having been connected to bribes will readily lend credence to the situation that he had brought to the attention of the House. He stated that he had personally witnessed at the South Lounge how Rep. Jimenez distributed P50,000.00 in checks last Christmas. It was fortunate that he politely rejected his check, he said, otherwise, Rep. Jimenez would have bragged again that he was one of his beneficiaries.

Rep. Erice further noted that when Rep. Jimenez sought support when his extradition case was in the headlines, he signed in as a show of parliamentary courtesy. He saw Rep. Jimenez then as a beleaguered colleague, he said, although he has begun to regret this because the latter's arrogance and flamboyant display of wealth, the source of which he could only suspect, is eating away at the House. The people, he added, have begun to suspect that most of the Members are willing to be pawns of Rep. Jimenez in his fight against the government's extradition case. He stressed that it is during these tough times that the Members have to rise above the situation because as leaders, it is their obligation to steer the country and the citizens in the right direction. However, he opined that to do this, those whom they lead have to put their faith in the Members and that this faith is earned and not bought, be it pesos or dollars. This, he said, is a lesson Rep. Jimenez should be taught.

He then admitted that if all these would come to a bidding war, he would surely lose; however, before the bar of public opinion, and where no money changes hands, he is willing to meet Rep. Jimenez head-on. He stressed that he would not retaliate because he has no grudge against Rep. Jimenez. Nonetheless, he stated that he could not allow, and for which he seeks his colleagues' assistance, Rep. Jimenez' brazen declaration to put a stigma on the House because the latter's actuations and arrogance reflect on Congress as an institution. He added that most of all, he utterly resents Rep. Jimenez' suggestions that the people of Caloocan City can be bought.

Rep. Erice emphasized that in the end, Rep. Jimenez must live up to his title of being the distinguished Gentleman from the Sixth District of Manila. This, he said, is a challenge that Rep. Jimenez must accept, and which he must accomplish not by money and influence, but by his words and deeds. As for himself, he expressed desire that the next time he addresses Rep. Jimenez as Honorable Congressman Mark Jimenez, he would mean it because the latter deserves it.

MANIFESTATION OF REP. PARAS

Subsequently, Rep. Paras sought recognition to interpellate Rep. Erice.

REMARKS OF REP. CASTRO

Upon recognition by the Chair, Rep. Castro pointed out that he was the first one who had registered to interpellate with the Majority Leader.

In this regard, Rep. Castro asked whether the House still follows the same procedure that any Member who had first signified his/her reservation should also be the first to be recognized.

At this point, Rep. De Guzman asked whether Rep. Paras was willing to yield to Rep. Castro because the latter was the first to reserve his right to interpellate Rep. Erice.

Rep. Paras said that he was willing to do so but he had not been notified about the procedure that any Member will first have to register his reservation.

Stating that he was just making a point, Rep. Paras however said that next time, as is the tradition in the House, any Member who stands first in the podium should be the first one to be recognized.

Thereafter, the Chair recognized Rep. Castro for his interpellation.

INTERPELLATION OF REP. CASTRO

At the outset, Rep. Castro stated that Rep. Erice had alleged that Rep. Jimenez was trying to manipulate the voters in the City of Caloocan and that the latter had brandished enormous wealth in his district. He added that Rep. Erice had further alleged that Rep. Jimenez was also trying to manipulate the House. In this regard, he asked Rep. Erice to explain before the Body the relevance between his constituents in Caloocan being manipulated by Rep. Jimenez and the latter's attempt to manipulate the Chamber considering that the former is a parochial concern and the latter is a matter of national concern.

In reply, Rep. Erice clarified that what had happened to Caloocan is relevant to what is happening to the Chamber considering that Rep. Jimenez is trying to extend his influence to almost every district. He added that he had heard some rumors that the latter had promised to help certain politicians.

As Member of the House, Rep. Castro pointed out that he believes in the integrity and fidelity of each and every Member in representing their respective districts. In this regard, he inquired as to how Rep. Jimenez could influence the Members of the House.

In reply, Rep. Erice pointed out that politics is a battle of perception and that Rep. Jimenez has succeeded in portraying himself as a moneyed kingmaker who can always extend support to politicians. That is why, he said, many barangay captains in his district had told him that his opponent has the support of a very big financier in the person of Rep. Jimenez.

On whether he would agree that he and all the other Members possess the integrity to represent their constituents, Rep. Erice replied in the affirmative.

At this juncture, Rep Defensor (A.) relinquished the Chair to Rep. Gonzales.

With this perception, Rep. Castro asked whether anybody, aside from Rep. Jimenez, would be able to influence the Members of the House. Rep. Erice answered that although he believes in the integrity of each and every Member of the House, he was alarmed by the perception of the people regarding this issue.

Whereupon, Rep. Castro emphasized that anybody who would try to exert any influence on the Members will never succeed.

Rep. Erice affirmed this view.

As to whether Rep Jimenez came to his house and apologized to him, Rep. Erice replied in the negative, stating that the former had approached him at his desk last Monday.

As to the reason why Rep. Jimenez had approached and apologized to him, Rep. Erice replied that this is the second time that the former had approached him and

apologized.

Thereafter, Rep. Castro asked why Rep. Jimenez wants to spread his wings outside of the Chamber, in fairness to every Member of the House who may also extend their wings but not necessarily guided by any sinister design.

Rep. Erice replied that Rep. Jimenez' case is a controversial one because the latter is facing an extradition case and the perception of the media is that the House is supporting him in this matter.

Rep. Castro disagreed therewith and explained that the moment that the Supreme Court decision on Rep. Jimenez’ extradition case becomes final and executory, not even a scintilla of legal means could save the latter from being extradited.

REMINDER FROM THE CHAIR

At this point, the Chair informed the Body that the time of Rep. Erice had already expired.

MOTION TO EXTEND REP. ERICE'S TIME

Whereupon, Rep. Fuentebella moved that the Body extend Rep. Erice's time for another five minutes.

MANIFESTATION OF REP. AQUINO (A.)

Subsequently, Rep. Aquino stated that the Minority would not object if the extension is strictly for five minutes only, considering that the Body would still have to deliberate the 2003 GAB.

EXTENSION OF REP. ERICE'S TIME

On Rep. Fuentebella's previous motion, there being no objection, the Body extended the time of Rep. Erice for another five minutes.

SUSPENSION OF SESSION

Whereupon, the Chair motu proprio suspended the session at 2:14 p.m.

RESUMPTION OF SESSION

At 2:15 p.m., the session was resumed.

INTERPELLATION OF REP. PARAS

Upon recognition by the Chair, Rep. Paras stated that he will ask questions not in defense of Rep. Jimenez but of the institution that is being dragged into the controversy due to personal reasons between the latter and Rep. Erice. In this regard, he asked what had prompted Rep. Erice to deliver a speech on this matter and why the latter was so angry with Rep. Jimenez.
Rep. Erice replied that Rep. Jimenez had talked to one of his friends and political supporters, Councilor Bagus of Caloocan City, and had told the latter to stop supporting him.

Whereupon, Rep. Paras asked whether this incident is something to be mad about considering that such is a natural political exercise.

Rep. Erice replied that it is indeed something to be mad about.

Stating that the matter is a personal one, Rep. Paras asked whether Rep. Jimenez is a very influential person in Caloocan City for him to be alarmed that the latter might win away all his councilors later on.
In response Rep. Erice explained that he was only trying to protect his political leaders and supporters and stressed that Rep. Jimenez has no business meddling in the political affairs in Caloocan City. He added that when the latter asked him to sign a certain House Resolution supporting him at the height of his extradition case, he had signed the same as a matter of parliamentary courtesy.

At this point, Rep. Paras stated that maybe, Rep. Jimenez is more friendly with his probable opponent, Rep. Enrico R. Echiverri.

Rep. Erice stressed that he will not argue with this matter for as long his name is not dragged into the issue.

Thereupon, Rep. Paras reiterated that in a personal or political issue like the case at hand, the parties concerned should neither be involved nor drag the names of other Members, nor of the House as an institution. He said that he does not know the councilors and barangay captains in Rep. Erice's district, but the Members are not those kinds of persons.

Rep. Erice expressed belief that Rep. Paras will not be influenced by Rep. Jimenez' generosity. However, he opined that the institution is being affected by the wanton display of wealth and generosity by Rep. Jimenez who has a pending case before the Supreme Court.

Rep. Paras said that should Rep. Jimenez decide to offer gifts to the barangay captains in his district, then he would be glad because the former will be doing him a favor as he would no longer have to give gifts to his constituents.
In reaction, Rep. Erice said that they have different perceptions of such gesture.

At this point, Rep. Arrel R. Olaño sought recognition to interpellate Rep. Erice.

REMARKS OF THE CHAIR

The Chair stated that Rep. Erice had only been granted a five-minute extension, which extension Rep. Aquino (A.) had qualified earlier that the same be limited to only five minutes.

SUSPENSION OF SESSION

On motion of Rep. Escudero, the session was suspended at 2:21 p.m.

RESUMPTION OF SESSION

At 2:26 p.m., the session was resumed.

REMARKS OF REP. ESCUDERO

Without extending the time of Rep. Erice, Rep. Escudero asked for the recognition of Rep. Arrel R. Olaño who would ask only one question.

INTERPELLATION OF REP. OLAÑO

Upon recognition by the Chair, Rep. Olaño inquired whether it was true that Rep.

Erice had witnessed the giving of checks amounting to P50,000 each to some Members at the South Lounge.

Rep. Erice answered in the affirmative. He said that Rep. Jimenez had told him and three other Members that the former was giving Christmas gifts to them. However, he recalled that since there were only three remaining checks, he told Rep. Jimenez not to bother giving him and to just give said checks to the other three Members. Thereafter, he said that he left the lounge.

On whether Rep. Olaño was one of those three Members, Rep. Erice answered that he was not. He said that he was not aware whether the three Members received the checks because he had already left the lounge.

Rep. Olaño suggested that the matter be referred to the appropriate Committee to determine who really received the checks from Rep. Jimenez.

REFERRAL OF REP. ERICE'S SPEECH

On motion of Rep. Escudero, there being no objection, the Body referred the speech of Rep. Erice and the interpellations thereon to the Committee on Ethics.

SUSPENSION OF SESSION

On motion of Rep. Escudero, the session was suspended at 2:29 p.m.

RESUMPTION OF SESSION

At 2:30 p.m., the session was resumed.

RESUMPTION OF CONSIDERATION OF THE PROPOSED BUDGET OF THE NEDA AND ITS ATTACHED AGENCIES/CORPORATIONS

On motion of Rep. Escudero, there being no objection, the Body resumed consideration of the proposed budget of the NEDA and its attached agencies/corporations.

On further motion of Rep. Escudero, the Chair recognized Rep. Salceda for his sponsorship of the NEDA budget, and Rep. Zamora (R.) for his interpellation.

INTERPELLATION OF REP. ZAMORA (R.)
(Continuation)

Rep. Zamora referred to his interpellation earlier during the day regarding population figures, and noted the absence of an honest-to-goodness population program in the budget.

Rep. Salceda, in response, alluded to the speeches delivered by the President wherein she had admitted that population is a very important policy for sustainable development. He however stressed that while the President recognized the requirements for controlling the population growth rate to pursue economic development, she also conceded to the constitutional mandate that couples have the primary responsibility of determining the size of their families.

On whether the Constitution prohibits any alternative methods of birth control other than the natural rhythm method, Rep. Salceda clarified that the Constitution is silent on which method should be pursued, except for its pro-life provision and principal thrust of giving such responsibility to the family rather than to the State. On the other hand, he opined that the State can play an active role by

providing couples with the means to determine the size of their families.

In reaction, Rep. Zamora cited the report made by the NEDA regarding population and development that a more aggressive campaign for natural family planning methods, which include the newly-launched necklace method, was jointly undertaken by the government and private sectors. He then inquired on the meaning of the necklace method.

Rep. Salceda explained that the necklace or collar method is a mnemonic device used to help one remember which days of the month are reproductive and which days are not. He said that he has with him a study made by the Institute for Reproductive Health which may be informative and instructive.

Rep. Zamora asked how the necklace method can help prevent 6.5% of live births.

Rep. Salceda admitted that being single and not having used this method, he cannot answer the question.

SUSPENSION OF SESSION

On motion of Rep. Salceda, the session was suspended at 2:30 p.m.

RESUMPTION OF SESSION

At 2:42 p.m., the session was resumed.

INTERPELLATION OF REP. ZAMORA
(Continuation)

To Rep. Zamora's queries, Rep.Salceda explained that the "necklace" is a family planning device composed of 30 beads corresponding to the 30-day menstrual cycle, of which bead number 1 represents the first day of menstruation and beads number 8 to 19 represent the unsafe period during which a couple should not have unprotected sex.

Rep. Zamora eventually inquired whether the government provides the means for protected sex. Rep. Salceda opined that based on the strength of the pronouncements of the President, she is well-intent in providing means to help a couple responsibly manage the size of their family.

Rep. Zamora explained that the Members do not want a population program that is a joke or is ineffective but one that does better than the rate of 6.5 live births per family at class “E” levels. Saying that he has seen what unrestrained population growth has done to the country, Rep. Zamora stressed that the government must get out of the bedroom and provide alternatives so that every family can make a rational and intelligent decision on family size regardless of whether some sectors say that it should just stick to the natural rhythm method program.

After Rep. Salceda said that he agrees with the position of Rep. Zamora, the latter added that they are not interested in the President's public pronouncement. He remarked that she does not need to make one and the NEDA Director General does need to say that he is prepared to defy the Catholic Church on the issue. He emphasized that what is needed is for the government to do something and to just do it without any discussion. He said that he was worried that the budget of the DOH has been stripped of P90 million for the birth control program. Opining that a responsible government should not implement such a cut, he stressed that the Committee on Appropriations is in the best position to tell the government agencies concerned

that it will not stand for such malfeasance or misbehavior and that the House is serious about the population program.

Whereupon, Rep. Zamora inquired how serious the outstanding public debt problem is. Saying that it is very serious, Rep. Salceda pointed out that Rep. Andaya had said in his sponsorship remarks that the government is in a debt deficit spiral. Expressing his alarm over the situation, Rep. Zamora said that he had told Rep. Andaya in previous interpellations that government figures themselves show that borrowings have already reached P2.1 trillion as of September 2002. He stressed that this translates to a per capita public debt load of P33,937.50 for every Filipino. Even as he admitted that every single administration has contributed to this, he asked whether there is cause for worry.

Rep. Zamora also said that the Philippines is at the same level as Indonesia in having the highest borrowing rate and deficit financing bloat in the region. He observed that real interest has outstripped real GDP growth in the Philippines which means that debts and deficits have gone beyond the levels of sustainability and the economic tipping point of the fiscal deficit has been reached. He asked what the government intends to do about the same.

Rep. Salceda pointed out that the government expenditure program for the following year will suffer a negative 3% growth rate in real terms net of inflation, thus suggesting a conservative fiscal policy. He opined that as in traditional business, the government will sell assets, cut costs and raise revenues; and will pursue a more aggressive privatization program of power assets such as the TRANSCO. He added that with the help of Congress, the Chief Executive should raise more revenues.

Rep. Zamora agreed that the government should raise and collect rather than borrow more funds and dig itself deeper into the fiscal deficit hole. He asked that the Members not discuss only 10% of the figures in the deliberations on the different agency budgets.

Whereupon, Rep. Zamora inquired whether the truth is that the House is talking of a 2003 national budget of only less than P100 billion.

Rep. Salceda estimated the figure to be P162 billion net of debt service, PS and IRA as compared to P172 billion for 2002. He remarked that Rep. Zamora's estimate itself suggests that the government is already on the right track of curtailing the growth in expenditures.

Rep. Zamora subsequently inquired whether the figure is still far too low for what the government intends to do for the economy to go back on track.

The Sponsor replied in the affirmative.

Whereupon, Rep. Zamora suggested that the government just stop deficit spending and consider a budget that is dependent on revenues and, while it will mean some loss in political revenues, should tell the people that it is determined to live within its means and it is better to save now rather than to mortgage the future of the next generation. Rep. Salceda remarked that the proposition is very interesting but is bloody and means political suicide.

After Rep. Zamora nevertheless asked whether the government can do the aforecited, Rep. Salceda pointed out that the government will still sustain primary surpluses if debt service is removed from the deficit. To Rep. Zamora's comment that the same is not what a balanced budget means, he explained that doing away with borrowings means that the government will have to forego economic opportunities computed at 8%,

especially for projects whose internal rate of return is from 12% to 21%, inasmuch as World Bank loans have an interest of only 3% to 4%. He opined that what the government can do is hold a budget summit -- which Rep. Zamora had himself proposed when he was Executive Secretary -- wherein Congress and the Executive Department can work on a multi-year budget that will allow the pruning down of the deficit.

In reply, Rep. Salceda explained that a more sustainable, reasonable and pragmatic estimate would be about 3% of the GDP. He stated that this is a more workable budget program inasmuch as the government would not be able to spend the revenues that it would have otherwise been earning. He likewise underscored that the government can borrow foreign funds for as long as these will be used to finance projects that have a rate of return much higher than the cost of loans. He also stressed that foregoing such projects, even if there were loans available, would mean so much economic loss to the country.

Rep. Zamora agreed with these observations. Considering however that his primary concern is how the government will be able to finance the deficit, the Committee should understand, he said, that the proposed mix of financing the deficit remains worrisome. He pointed out that borrowing from the domestic market to finance the deficit will obviously restrict credit resources to local businesses and industries. Similarly, he pointed out that sourcing funds from foreign financing would entail foreign exchange risks and thus would be a more expensive alternative than domestic borrowing. He likewise underscored that foreign exchange risks could always put future governments in a deeper fiscal hole, and further compounded by the depreciation of the peso, this would mean higher taxes and less public services. He expressed hope that the Committee will consider an approach that would foster fiscal discipline rather than fiscal irresponsibility.

In terminating his interpellation, Rep. Zamora adverted to a discussion that he had with Rep. Prospero S. Amatong regarding the burgeoning budget deficit. He pointed out that while it is the common observation that the deficit is equated with increasing population growth, Rep. Amatong, he said, was of the opinion that the deficit was brought about primarily by the loss of a strong work ethic. Since it would be difficult to discuss these issues in a budget hearing, he expressed hope that everybody understands that if the country would have to get out of this fiscal hole, it would not only be a question of spending less or borrowing less, but of working more and being responsible about the kind of work that is being done not just in Congress but in the rest of the bureaucracy.

SUSPENSION OF SESSION

Whereupon, on motion of Rep. Defensor (Ma. T.), the Chair suspended the session at 3:05 p.m.

RESUMPTION OF SESSION

At 3:06 p.m., the session was resumed.

MANIFESTATION OF REP. SYJUCO

Wheruepon, Rep. Syjuco noted that he had requested for a recess earlier that morning to enable the Body to obtain the required quorum. He however observed that his motion was unfortunately being disregarded since there was still no quorum at the moment. In this regard, he moved that the Roll be called.

SUSPENSION OF SESSION

Whereupon, on motion of Rep. Defensor, the Chair suspended the session at 3:07 p.m.

RESUMPTION OF SESSION

At 3:12 p.m., the session was resumed.

MANIFESTATION OF REP. AMANTE

Upon recognition by the Chair, Rep. Amante inquired whether a Member who is not in the Session Hall can be marked absent even if he is in his office attending to his constituents. He noted that the supposed "emptiness" in the Chamber should not be equated with "emptiness in performance." He pointed out that if it is the purpose of the House to make the Members permanently stay in the Session Hall, then he will gladly oblige.

The Chair noted the manifestation.

MANIFESTATION OF REP. AQUINO (A.)

Rep. Aquino briefly manifested that the Members should show their faces to the Secretariat in order to be marked present. In case they are in their respective offices or in the rest room, he explained, they should still be marked present, but in case of doubt the Sergeant-at-Arms should verify their whereabouts.

ROLL CALL

Upon direction of the Chair, the Secretary General called the Roll and the following Members were present:

Abad Ablan
Abaya (A.) Aguja
Abaya (P.) Albano
Abayon Alfelor
Almario Fua
Alvarez Fuentebella
Amante Garcia (E.)
Amatong Garcia (V.)
Ancheta Garin
Andaya Gonzales
Apostol Gonzalez
Aquino (A.) Gordon
Aquino (B.) Gozos
Arbison Hizon
Bacani Ipong
Badelles Jaafar
Banaag Jala
Barbers Jalosjos-Carreon
Barinaga Jaraula
Baterina Joaquin
Bautista Kintanar
Beltran Lacson
Bernardo-Lokin Lapus
Bersamin Leviste
Biazon Lobregat
Cabilao Locsin (Ma. V.)
Cagas Lopez (J.)
Cajes Lopez (R.)
Calalay Lozada
Calizo Macarambon
Cari Macias

Carloto Madamba
Castelo Daza Malanyaon
Castro Marañon
Cayetano Matalam
Celeste Mitra
Chavez Montilla
Chipeco Nachura
Clarete Nicolas
Cruz Nieva
Cua Nograles
Dadivas Olaño
Dangwa Pablo
De Guzman Padilla
De Venecia Paras
Defensor (A.) Pichay
Defensor (Ma. T.) Pilando
Del Mar Pingoy
Dilangalen Puentevella
Dy (C.) Ramirez-Sato
Ecleo Ramiro
Erice Real
Ermita-Buhain Remulla
Escudero Reyes (E.)
Espina Roco
Espino Rodriguez (O.)
Espinosa (Edgar) Roman
Espinosa (V.) Salapuddin
Failon Salceda
Falcon San Juan
Floirendo Sandoval (F.)
Santiago Unico
Silverio Uy (R.)
Singson Valdez
Solis Veloso
Soon-Ruiz Vicencio
Sumulong Villanueva
Sy-Alvarado Villar
Syjuco Villareal
Taganas Layus Violago
Taliño-Santos Wacnang
Teves Yapha
Torres Ylagan
Tulagan Zamora (M.)
Umali (Alfonso) Zamora (R.)

With 150 Members present, the Chair declared the presence of a quorum.

The following Members appeared before/after the Roll Call:

Antonino-Custodio Monfort
Bondoc Nantes
Bueser Ocampo
Cuenco Ortega
Domogan Perez
Duavit Punzalan
Dy (F.) Reyes (V.)
Estrella Rodriguez (I.)

Gatchalian Rosales
Gullas Suarez
Gunigundo Teodoro
Joson Umali (Aurelio)
Libanan Uy (E.)
Marcos Zialcita
Mathay Zubiri

pOINT OF ORDER OF REP. GONZALES

Upon recognition of the Chair, Rep. Gonzales stated that under the Rules, no Member should stand near the Secretariat during the Roll Call.

The Chair noted the same.

PARLIAMENTARY INQUIRY OF REP. UNICO

Upon recognition by the Chair, Rep. Renato M. Unico Jr. inquired when the deliberations on the proposed budgets of the agencies which had been deferred the previous day will be rescheduled.

In reply, the Chair stated that the Committee on Appropriations had been previously requested to furnish the Members with updated schedules of the budget deliberations. He noted that the Committee was still preparing the new schedules.

PARLIAMENTARY INQUIRY
OF REP. PUENTEVELLA

Also upon recognition by the Chair, Rep. Puentevella inquired as to the status of the impeachment complaint filed against COMELEC Commissioner Luzviminda Tancangco. He commented that the action on an impeachment case has a time limit and the Member-complainants want to be informed accordingly in view of the ongoing budget deliberations.

With the permission of the Body, Rep. Gonzales stated that the Committee on Rules has not received any report from the Committee on Justice regarding the matter. He affirmed that pursuant to the House Rules, the Committee on Rules will immediately include said committee report in the Business for the Day as soon as the Justice Committee shall have submitted the same and that the Body shall act on the report within 10 days from the time of its inclusion in the Business for the Day.

In reaction, Rep. Puentevella manifested his intention to state for the record the status of the impeachment case because his colleagues have been wondering about the case.

As previously moved by Rep. Gonzales, the Chair recognized Rep. Jose Carlos V. Lacson to interpellate Rep. Salceda.

INTERPELLATION OF REP. LACSON

Initially, Rep. Lacson manifested his intent to pose questions regarding the population issue lest it be said that only the Members from the Minority are concerned about the problem. He also commended Rep. Andaya for mentioning the population issue in his sponsorship speech.

Rep. Lacson explained that the country is composed of 80 million Filipinos and is adjudged the 14th most populous nation in the world and the eighth in Asia. He then

cited certain demographic figures and adverted to economist Gunther Hecker of the Asian Development Bank who said that "the long-term goal performance of the Philippines is somewhere along four percent, while the population growth is 2.3% so there is not much of a positive dent on poverty reduction. The Philippines has to achieve a growth rate of seven percent to about 10% over the long-term." He then inquired on NEDA's policy on population which is closely related to the problem of poverty.

In response, Rep. Salceda manifested that NEDA's position reflects the policy of President Macapagal-Arroyo that population growth must be managed to sustain economic development. Another guideline, he continued, is based on the Constitution which provides that Filipino couples should determine for themselves the size of their families, hence the government should make the means accessible to couples so they can make informed decisions on the size of their families.

Rep. Lacson said that in addition, the government must make the means available so that it can manage the country's population. He recognized that a continued population growth will strain the country's ability to provide services, particularly jobs, health and education. He opined that a population policy depends on how it should be implemented. He pointed out that aside from the NEDA, several administration officials have acknowledged that economic development and poverty alleviation programs would be useless if the population spins out of control.

Furthermore, Rep. Lacson cited the need for the administration to make a definite statement on population management so that its officials would be able to implement a viable population management program. He observed that while the President had made a statement on the matter in 2001, she has apparently mellowed down on the issue based on her recent pronouncements.

In reply, Rep. Salceda underscored that giving population management a bigger share of the budget is one way of sending a strong signal that the government is serious in its efforts to control population growth. He disclosed that for the past five years, the Population Commission (POPCOM) has been receiving a budget of P100 million annually and that the same amount has been proposed for FY 2003.

Rep. Lacson revealed that certain foreign donors led by the World Bank had allocated $20 million to assist the government in embarking on a more aggressive population management program. He however commented that the Macapagal-Arroyo administration seems a bit lukewarm towards this program. In view thereof, there were comments that the funds should be handled by non-government organizations (NGOs), he added. Nonetheless, he expressed belief that the NGOs cannot afford to handle a population management program such as that required by the country.

Rep. Salceda agreed therewith.

MANIFESTATION OF REP. AQUINO (A.)

Rep. Aquino (A.) manifested that the Minority had no further questions on the proposed budgets of the NEDA and its attached agencies/corporations.

MANIFESTATION OF REP. DEFENSOR (Ma. T.)

Rep. Defensor (Ma. T.), likewise manifested that the Majority had no further questions on the proposed budgets of the NEDA and its attached agencies/corporations.

TERMINATION OF THE PERIOD OF

INTERPELLATIONS ON THE PROPOSED
BUDGETS OF THE NEDA AND ITS
ATTACHED AgENCIES/CORPORATIONS

On motion of Rep. Defensor (Ma. T.), there being no objection, the Body terminated the period of interpellations on the proposed budgets of the NEDA and its attached agencies/corporations.

SUSPENSION OF SESSION

On motion of Rep. Defensor (Ma. T.), the session was suspended at 3:41 p.m.

RESUMPTION OF SESSION

At 3:59 p.m., the session was resumed.

CONSIDERATION OF THE PROPOSED
BUDGET OF THE JUDICIARY

On motion of Rep. Defensor, there being no objection, the Body considered the proposed budget of the Judiciary.

Subsequently, on motion of Rep. Defensor, the Chair recognized Rep. Antonino P. Roman to sponsor the budget of the Judiciary.

On motion of Rep. Defensor, the Chair recognized Rep. Roman to sponsor the proposed DOJ budget and Rep. Dilangalen to interpellate thereon.

INTERPELLATION OF REP. DILANGALEN

Rep. Dilangalen inquired whether Rep. Roman would agree with him that judicial power is vested in the Supreme Court and other inferior courts as may be created by law; and that in theory, the Judiciary must be very independent.

Rep. Roman affirmed these points and added that the Judiciary should be independent in both theory and practice.

Rep. Dilangalen further inquired whether in the disposition of cases, the Justices of the Supreme Court as well as the judges of inferior courts must exercise the cold neutrality of an impartial judge.

Rep. Roman replied that the cold neutrality of an impartial judge is the classic term that lawyers use.

Rep. Dilangalen recalled that on January 19, 2001, or even days before, people had already agitated for the ouster of then President Joseph Estrada.

Rep. Roman replied that this had been reported in the newspapers.

Rep. Dilangalen further recalled that on January 19, 2001, the AFP headed by then Chief of Staff Angelo Reyes who is the present Secretary of National Defense had withdrawn support from then President Estrada.

Rep. Roman remarked that this had also been reported in the newspapers.

On whether he recalls a provision of the Constitution which mandates that the members of the military must not engage in any partisan political activity except to

vote, Rep. Roman replied in the affirmative.

Rep. Dilangalen inquired whether Rep. Roman would consider the military's act of withdrawing support from the President as a political act which is prohibited under the Constitution.

Rep. Roman replied that this is one way of looking at the matter.

Rep. Dilangalen further inquired whether Rep. Roman recalls a provision of the Constitution which states that the AFP "is the protector of the State and the people and towards this end its goal is to secure national sovereignty and protect the territorial integrity of the Republic." Rep. Roman replied that this is so provided in the Constitution.

Thereupon, Rep. Dilangalen inquired whether there were Justices who represent the Supreme Court in the Session Hall.

Rep. Roman responded that the Court Administrator, Justice Velasco, was present in the Session Hall. He added that the other Justices are in an en banc special session at the Supreme Court.

Rep. Dilangalen underscored that it has been a tradition that during budget deliberations, a member of the Supreme Court is deputized to represent it, in the same manner that chiefs of offices are required to represent their departments.

Rep. Roman affirmed this and remarked that the Justices of the Supreme Court had been present in the previous deliberations. He pointed out that the Court Administrator who was present in the Session Hall could answer questions concerning the details of their proposed budget.

Rep. Dilangalen inquired whether the Court Administrator had been authorized to represent the Supreme Court by virtue of an Administrative Matter Resolution (AMR), in the same manner that when the Chief Justice administered the oath of office to President Macapagal-Arroyo as Acting President, the former had been authorized by the Supreme Court through an AMR. He asked anew whether the Chief Administrator had been authorized through an AMR duly signed by a majority of the members of the Supreme Court.

Rep. Roman agreed with Rep. Dilangalen on this point.

SUSPENSION OF SESSION

On motion of Rep. Roman, the session was suspended at 4:07 p.m.

RESUMPTION OF SESSION

At 4:11 p.m., the session was resumed.

INTERPELLATION OF REP. DILANGALEN
(Continuation)

Upon resumption of session, and after conferring with Rep. Dilangalen, Rep. Roman stated that he had agreed with the former that it is indeed a tradition in the House that at least the Chief Justice must be present during budget deliberations in plenary session.

SUSPENSION OF consideration OF the
PROPOSED BUDGET OF THE JUDICIARY

In view thereof, on motion of Rep. Roman, there being no objection, the Body suspended consideration on the proposed budget of the Judiciary.

MOTION OF REP. VILLANUEVA

Thereupon, Rep. Villanueva moved that the Body consider the proposed budget of the Commission on Elections (COMELEC).

SUSPENSION OF SESSION

On motion of Rep. Villanueva, the session was suspended at 4:13 p.m.

RESUMPTION OF SESSION

At 4:29 p.m., the session was resumed.

CONSIDERATION OF THE PROPOSED
BUDGET OF THE COMMISSION ON
ELECTIONS

On motion of Rep. Gonzales, there being no objection, the Body considered the proposed budget of the Commission on Elections (COMELEC).

Thereafter, on motion of Rep. Gonzales, the Chair recognized Rep. Oscar G. Garin for his interpellation.

INTERPELLATION OF REP. GARIN

Initially, Rep. Garin asked whether the constitutional branches of the government such as the Judiciary, the Executive, and Legislative Departments and the COMELEC still maintain their independence.

Rep. Roman replied in the affirmative.

As to whether the COMELEC is very independent that it cannot be swayed by any pressure from the Members of the Senate, the House of Representatives or even by the President, Rep. Roman affirmed this view, adding that this is the fundamental rule in the affairs of the State whether it be in theory or in practice.

However, Rep. Garin disagreed therewith and pointed out that the COMELEC's independence is true only in theory but not in actual practice because he has in his possession some documents that will prove that COMELEC officials can be influenced by Members of Congress. He then stressed that he can wield his influence for the betterment of his district, but he had never used his power in Congress to promote a mockery of justice and fairness. With his long years in Congress, he said that he seldom speaks. But at this very moment, although he was advised by the leadership of the House to keep silent and to settle the matter amicably, he said that he was forced to speak out to inform the public of what is happening to the COMELEC which he thought all along was a constitutional body and an instrument to eliminate all election-related offenses. He then asked whether COMELEC Commissioners Borra and Tuazon had been influenced by one of the Senators because their confirmations are pending before the Commission on Appointments. He further asked whether both of them have exchanged such favor for justice and fairness.

Whereupon, Rep. Garin pointed out that he personally knows Commissioner Borra since their college days in Iloilo City to be an honest guy who stands by his principles and he expects the latter to be the only hope of the COMELEC for justice and

fairness. However, he said that like Commissioner Tuazon, the former had likewise reversed his previous decision on the case involving Messrs. Torres and Flores as respondents; (COMELEC case number 200044), for violation of the Election Law. With regard to the proposed Absentee Voting Act, he pointed out that since the COMELEC cannot even maintain the integrity of elections in the country, how much more in other countries. Based on the findings of the House of Representatives Electoral Tribunal regarding the aforementioned case, he said that it has been confirmed that the respondents had indeed transported and changed the contents of 23 ballot boxes and that these findings were confirmed by no less than the Supreme Court. Moreover, he explained that the case had stayed for almost six months before the Law Department and had also stayed before the COMELEC en banc for a long period of time.

REMINDER FROM THE CHAIR

At this point, the Chair reminded Rep. Garin to asked straightforward questions so that the Sponsor can properly reply.

INTERPELLATION OF REP. GARIN
(Continuation)

Whereupon, Rep. Garin expressed his apologies for delaying the proceedings but clarified that he was just laying the premise, evidence and documents to support his questions. He then asked whether Commissioners Borra and Tuazon were influenced by a member of the Senate because the latter was dangling their confirmation before the Commission on Appointments and whether this was the reason why they had reversed their former decision regarding the aforecited case.

In reply, Rep. Roman stated that Commissioner Tuazon was not yet inside the Session Hall but Commissioner Borra is present. He said that the latter had denied all these allegations.

Rep. Garin next asked how often does Mr. Borra change his decision. He thereafter focused on the 100 cases that the COMELEC had confirmed en banc, and inquired on the percentage that had been changed whenever Commissioner Borra changes his position.

Rep. Roman answered that according to Commissioner Borra, he will change his position in the interest of justice.

Rep. Garin surmised that this means that Commissioner Borra's first decision was not for the cause of justice. He opined that this is unjust because it means one decision was just while the other was not.

SUSPENSION OF SESSION

On motion of Rep. Roman, the session was suspended at 4:41 p.m.

RESUMPTION OF SESSION

At 4:50 p.m., the session was resumed.

Upon resumption of session, on motion of Rep. Gonzales, the Chair recognized Rep. Garcia (E.) for his interpellation.

INTERPELLATION OF REP. GARCIA (E.)

Rep. Garcia focused on the legal requirement of the COMELEC that the voters' registration certificates should have pictures. He opined that this will prevent

cheating during elections, particularly the use of flying voters. Thereafter, he asked when the program will be implemented.

Rep. Roman answered that the COMELEC intends to implement the plan as soon as it is practicable to do so, long before the 2004 elections.

Thereafter, Rep. Garcia opined that it would be more useful to help maintain clean voters registration records with complete data thereon in diskettes that can be used by anybody.

Rep. Roman disclosed that by March 2004, which date will be in compliance with the 90-day requirement, the COMELEC will be able to record the names in diskettes that will be available at the national, provincial and district levels.

Rep. Garcia stressed that the diskettes are necessary in analyzing and determining who the bona fide voters are. He asked whether the diskettes can be made available before 2004.

Rep. Roman answered that the Chairman has assured him that within six months from the day of the approval of the 2003 budget, the COMELEC will be able to meet this requirement before the 90-day deadline which would be in March 2004.

Rep. Garcia said that having said diskettes by 2003 is good enough.

Thereupon, on motion of Rep. Gonzales, the Chair recognized Rep. Dilangalen for his manifestation.

MANIFESTATION OF REP. DILANGALEN

Rep. Dilangalen said that he could have stated his piece as early as last year, were it not for the unavoidable circumstance that he was not able to do something about. As such, he said that he will now deliver his speech in the hope of establishing good relations with the COMELEC.

Whereupon, Rep. Dilangalen pointed out that he had won overwhelmingly with a lead of almost 30,000 votes in the May 2001 elections, despite being with the Opposition and being the number-one supporter of President Estrada. He explained that it was because of such affiliation that someone filed a disqualification case against him as he had allegedly given P50,000 to the election registrar in one of the municipalities in his district. He said that when he was thus about to be proclaimed, the Second Division of the COMELEC issued an order signed by Commissioners Tuazon and Lantion but not by Commissioner Sadain, suspending his proclamation notwithstanding his overwhelming victory.

He added that although he had subsequently filed a motion for reconsideration, the COMELEC did not act on it until July 24, 2001 when it decided that he should be proclaimed as the duly elected Representative of the First District of Maguindanao and Cotabato City. He recalled that on the same day, a COMELEC commissioner was called to Malacañang and a new resolution was issued, this time denying his proclamation. He said that he came to know about these through a position paper or memorandum written by the Commissioners who had opposed the confirmation of Commissioner Tuazon in the Senate.

Lamenting the situation, Rep. Dilangalen expressed commiseration with Rep. Garin of Iloilo who had a similar experience. Noting that the COMELEC did not proclaim him at once on the ground that it has full power to decide on the fate of any candidate, he pointed out that COMELEC Resolution No. 2050 provides that the Commission should

proclaim winning legislative representatives immediately after the canvassing of votes. He stressed that there was no pre-proclamation question in his election.

Rep. Dilangalen explained that he brought his case to the Supreme Court despite his pending motion for reconsideration in the COMELEC because of the fact that the latter was sitting on his case. He said that even if the Supreme Court had unanimously decided in his favor and he was eventually proclaimed, he had lost three months' opportunity of representing his constituents in Congress.

Rep. Dilangalen then cited the case of his candidate for mayor in the municipality of Matanog. He said that the COMELEC had proclaimed his opponent as the elected mayor although it was his candidate who had won, only to determine in a subsequent re-counting of votes that indeed his candidate was the one who had really won. Nevertheless, Rep. Dilangalen lamented, the winning candidate has not yet been able to occupy office and his son and his son's companion were even ambushed and killed, respectively, only four days ago at the doorstep of the COMELEC office.

At this point, Rep. Dilangalen stressed that the COMELEC, being an independent constitutional body, must decide all cases as expeditiously as possible so that the voice of the electorate will be heard. Saying that what was important was that he had said his piece, he expressed hope that the COMELEC will listen and will be guided by the law and not by instructions from Malacañang or the glitter of pittance.

MOTION OF REP. DILANGALEN

Adding that he had already forgiven the persons involved, he moved that the Body terminate the period of interpellations on the proposed budget of the COMELEC. He said that he hopes that the COMELEC will reciprocate by immediately deciding on all pending cases, according to law and conscience and not to the dictates of politicians.

MANIFESTATION OF REP. PUENTEVELLA

Upon recognition by the Chair, Rep. Puentevella manifested his intention to interpellate the Sponsor of the proposed COMELEC budget.

DEFERMENT OF REP. DILANGALEN'S
MOTION

Whereupon, Rep. Gonzales moved that the Body defer action on Rep. Dilangalen's motion in view of Rep. Puentevella's manifestation.

Upon recognition by the Chair, Rep. Dilangalen said that his motion was made only in behalf of the Minority.

INTERPELLATION OF REP. PUENTEVELLA

Rep. Puentevella inquired on the status of the cash advances made by Commissioner Luzviminda Tancangco totaling P199 million. Rep. Roman initially said that the amount constitutes the cash advances not only of Commissioner Tancangco but of other COMELEC personnel as well.

Rep. Puentevella then asked whether Commissioner Tancangco was in the Session Hall, to which Rep. Roman replied that she was attending a meeting.

Pointing out that he was asking his questions in spite of her absence, he

acknowledged the fact that the incumbent COMELEC Chairman had nothing to do with the issue as the advances were not made during his administration. He explained that he just wanted to know how much has been liquidated or whether anything has been liquidated more than two years after the advances were made.

Rep. Roman informed his colleagues that around P53.3 million in cash advances granted to COMELEC employees holding coterminous appointments, have already been covered by liquidation reports which were now being audited. He added that around P6 million remains unliquidated.

In Filipino, Rep. Puentevella asked the Sponsor and the COMELEC officials present to verify their figures and to check whether new cash advances had been made. Rep. Roman said that out of the P109 million in cash advances that should be liquidated, around P70 million are already the subject of liquidation reports.

At this point, Rep. Salapuddin relinquished the Chair to Rep. Gonzales.

After Rep. Puentevella asked for a copy of the audit report of the COA on the COMELEC for the last two years, he inquired on the status of the P25 million which a recent Manila Standard headline report alleged had been granted to Commissioner Tancangco and out of which P10 million was allegedly given to her sister-in-law, a stenographer, and a clerk. Rep. Roman replied that out of the P59 million which the Manila Standard reported on, P53.3 million has already been covered by liquidation reports while around P6 million has not yet been supported by liquidation papers.

At this point, Rep. Puentevella again stressed that the officials concerned must check their records very well. He pointed out that a day after the Manila Standard came out with the aforecited headline story, it published a report that a COMELEC cashier had claimed that only P2 million has remained unliquidated. He opined that Rep. Roman should not be defending the budget of the COMELEC because its officials are giving him figures different from those cited by said cashier. In Filipino, he stressed that the COMELEC officials feeding Rep. Roman with information should straighten out the figures.

SUSPENSION OF SESSION

On motion of Rep. Roman, in order to clarify the figures, the Chair suspended the session at 5:15 p.m.

RESUMPTION OF SESSION

At 5:17 p.m., the session was resumed.

INTERPELLATION OF REP. PUENTEVELLA
(Continuation)

Rep. Puentevella requested the COMELEC to give him a status report on the unliquidated amount of P199 million within 24 hours.

Rep. Roman assured him that the same will be submitted within 12 hours.

Turning to another matter, Rep. Puentevella asked what will happen to millions of unused films found in the warehouse of the COMELEC; and how much of the people's money had been wasted on said items which were supposed to be used in the Mindanao elections. The Sponsor replied that they will be disposed of in a manner that is most advantageous to the government, most possibly by public bidding.

Thereupon, Rep. Puentevella inquired on the assignment of automobiles costing P1.2 million each to the COMELEC Commissioners.

In reply, Rep. Roman reiterated the request of the COMELEC Chairman that he be given the benefit of a "judgment call" inasmuch as there had been no grave abuse of authority.

Whereupon, Rep. Puentevella reiterated his request for the Committee to submit within 12 hours a checklist of all the automobiles given to all the COMELEC Commissioners in the last three years together with the accompanying pertinent details about these vehicles. He then stated that he had no more questions to ask Rep. Roman provided that the information he had requested be given within 12 hours.

Thereupon, the Chair recognized Rep. Lobregat for his interpellation.

INTERPELLATION OF REP. LOBREGAT

Rep. Lobregat initially inquired about the COMELEC's identification photo requirement in the voters' registration records.

Rep. Roman replied that this requirement will be implemented six months after the approval of the proposed COMELEC budget and this will be done through a validation process and not through a re-registration of voters.

To further queries, Rep. Roman explained that these ID pictures will be taken by the different digital picture processing centers that will be established all over the country. He pointed out that the digital pictures will be placed in the voters' registry and if budget permits, in the new voters' ID. He pointed out that about P80.00 is needed per voter or about P300 million to have a digital ID and another P30 per voter or about P320 million to have it validated in the voters' registry book. He however informed Rep. Lobregat that the COMELEC does not yet have the budget for these projects.

Whereupon, Rep. Lobregat inquired about the proposed budget of the COMELEC for 2003, to which Rep. Roman stated that it is about P1.854 billion or 35% lower than its previous year's budget.

Rep. Lobregat subsequently inquired whether the COMELEC's digital picture project would be an absolute requirement for the 2004 elections.

Rep. Roman replied that this is not an absolute requirement but only part of the validation process. Nonetheless, he stressed that if a voter would not have his digital picture taken and his name and picture validated and made part of the voters' registration book then he would not be able to vote in the coming elections. He assured Rep. Lobregat that this requirement would be part of the implementing rules and regulations which the Comelec had already prepared on the assumption that its budget will be approved.

In his rejoinder, Rep. Lobregat stated that the Minority will definitely support the proposed COMELEC budget if it has a plan that will eliminate a lot of prospective cheating in the elections.

Whereupon, Rep. Lobregat asked whether there was any budgetary allocation for the proposed absentee voting measure. Likewise, he inquired from Rep. Roman whether he shares the statements made by the COMELEC Chairman in the media that the proposed absentee voting bill will be hard to implement.

In reply, Rep. Roman explained that there is no budgetary allocation in the 2003 GAB for the proposed absentee voting measure. He pointed out that about P1.2 billion is

needed to enable the government to implement this bill.

On another matter, Rep. Lobregat inquired whether the digital picture requirement will still be needed in the validation process and in the voters' registration book for absentee voters.

Rep. Roman replied in the affirmative.

In his rejoinder, Rep. Lobregat explained that it would be difficult to implement this particular requirement if the COMELEC has still not decided on whether the process for casting votes for absentee voters will be through voting by mail.

Rep. Roman stated that all these matters will depend upon the Bicameral Conference Committee on the proposed Absentee Voting act to resolve. He stressed that the COMELEC had already made some necessary preparations in case this measure becomes a law.

MANIFESTATION OF REP. LOBREGAT

Whereupon, Rep. Lobregat informed the Body that the Minority had no more questions on the proposed budget of the COMELEC.

POINT OF CLARIFICATION
OF REP. AQUINO (A.)

Upon recognition by the Chair, Rep. Aquino noted that the 12-hour requirement requested by Rep. Puentevella for the COMELEC to produce certain documents would fall at exactly five o'clock the following morning. He then asked whether Rep. Puentevella really wanted to have these papers by five o'clock tomorrow morning.

Rep. Roman explained that the COMELEC will be ready to provide the necessary documents if anybody wanted to receive it at that time.

Whereupon, the Chair recognized Rep. Jaraula for his interpellation.

INTERPELLATION OF REP. JARAULA

Rep. Jaraula initially inquired whether there is anything in the budget that will guarantee the independence of the members of the COMELEC.

Rep. Roman replied that one of the limitations of the powers of the COMELEC is its inability to legislate uprightness and morality. He pointed out that the COMELEC can have a budget way beyond its needs and still not be independent, or it can have a low budget and still have independence. He thereafter underscored that the amount of money does not guarantee the independence of a particular agency. What the COMELEC can only speak of, he said, is that it stands ready to discharge its mandate under the Constitution regardless of the reduced budget granted to it by Congress.

Whereupon, Rep. Jaraula asked that if it is still the same COMELEC system that is being maintained by the proposed budget, and whether there is anything in the proposed budget that will guarantee its independence.

Rep. Roman replied that there is nothing in the proposed budget that can guarantee morality or independence; however, he pointed out that these are the lofty goals that the COMELEC seeks to achieve in the light of its mandate. He stressed that what the Committee can only do is provide the COMELEC with the fiscal autonomy as provided for in the Constitution and expressed hope that the legislative intent be

given fruition.

In his rejoinder, Rep. Jaraula inquired whether Congress would be "left to look to the skies for that independence they dream of."

Rep. Roman stressed that this is one way of looking at it, but that this is not necessarily so.

Whereupon, on motion of Rep. Villanueva, the Chair recognized Rep. Paras for his interpellation.

INTERPELLATION OF REP. PARAS

Initially, Rep. Paras inquired on whether prior to the passage of the Absentee Voting Bill in the House, COMELEC Chairman Benjamin Abalos had reportedly said that the Commission will have a hard time implementing the same once it becomes a law and takes its first test in the year 2004.

In reply, Rep. Roman stated that according to Chairman Abalos, the Commission is prepared to implement the proposed Act as long as it is passed on time. He however disclosed that the House and the Senate versions of the Absentee Voting Bill are still in the process of being reconciled.

Rep. Paras said that he had ran twice in an election and based on his experience, the ballots and other election paraphernalia from the COMELEC normally do not arrive on time, especially in the hinterlands. He surmised that this seems to be a practice of the Commission throughout the country during election time. He then inquired how the proposed law will be efficiently implemented if the election will cover Filipinos residing abroad.

Rep. Roman replied that Chairman Abalos had been listening intently to Rep. Paras' valid observations which would certainly guide the COMELEC accordingly. He also informed Rep. Paras that the funds needed to implement the law are not yet included in the FY 2003 GAB and echoed the hope of Chairman Abalos that the funding source would be included in the final version of the Absentee Voting Bill.

Thereupon, Rep. Paras remarked that the Bill aims to cover a minimum of seven million voters living abroad. He inquired how the COMELEC Chairman would be able to supervise absentee voting if he is in the Philippines while the election will be administered by Filipino consuls or ambassadors abroad.

Rep. Roman stressed the need for Congress to expedite the final passage of the Bill and ensure that its funding requirement in the amount of P1.2 billion is included therein. He also cited the necessity of settling other issues like the role of the COMELEC in the absentee voting system. He underscored that no one can blame the COMELEC if Congress is taking too much time crafting the law.

Rep. Paras inquired whether it is the proper time to postpone the budget of the COMELEC and let the DBM infuse the much needed funds.

Rep. Roman stated that the projected government revenues as well as the Constitution impede them from increasing the absolute total of the budget proposal. He remarked that whatever amount is given to the COMELEC under the total expenditure program will be a reduction in the budget of another agency.

As a rejoinder, Rep. Paras opined that the honesty and integrity of the result of the absentee voting in 2004 will remain a question mark because the funds are still

wanting.

Rep. Roman stressed that the responsibility still lies in Congress and it is not up to the DBM to decide whether or not it will provide funds for the implementation of the law.

Rep. Paras thereafter ended his interpellation with the hope that his interpellation had forewarned the people from the COMELEC and the DFA.

SUSPENSION OF SESSION

On motion of Rep. Villanueva, the session was suspended at 5:49 p.m.

RESUMPTION OF SESSION

At 5:50 p.m., the session was resumed.

INTERPELLATION OF REP. LACSON

Upon recognition by the Chair, Rep. Jose Carlos V. Lacson commented that the move to modernize the operations of the COMELEC may not become a reality in view of the financial condition of the government. He then inquired whether the sponsoring Committee is willing to accept an amendment at the proper time, giving the Commission the authority to contract loans to enable it to meet its modernization requirements.

Rep. Roman replied in the affirmative.

MANIFESTATION OF REP. AQUINO (A.)

Whereupon, Rep. Aquino reiterated that the Minority had no questions on the proposed budget of the COMELEC.

TERMINATION OF THE PERIOD OF
INTERPELLATIONS ON THE PROPOSED BUDGET OF THE COMELEC

On motion of Rep. Villanueva, there being no objection, the Body terminated the period of interpellations on the proposed budget of the COMELEC.

SUSPENSION OF SESSION

Thereafter, the Chair motu proprio suspended the session at 5:52 p.m.

RESUMPTION OF SESSION

At 6:04 p.m., the session was resumed.

CONSIDERATION OF THE PROPOSED
BUDGET OF THE OFFICE OF THE
OMBUDSMAN

On motion of Rep. Villanueva, there being no objection, the Body considered the proposed budget of the Office of the Ombudsman.

Subsequently, on motion of Rep. Villanueva, the Chair recognized Reps. Roman and Dilangalen to sponsor the budget of the Office of the Ombudsman and to interpellate thereon, respectively.

INTERPELLATION OF REP. DILANGALEN

On whether the Tanodbayan is present in the Session Hall, Rep. Roman replied that the Tanodbayan is symbolic, but Ombudsman Simeon Marcelo, together with his deputies, are in the Session Hall.

To Rep. Dilangalen's query, Rep. Roman replied that the Tanodbayan is Ombudsman Marcelo.

Rep. Dilangalen disclosed that the Constitution explicitly states that the Office of the Ombudsman should be independent and as such, the Tanodbayan himself must be independent too.

Rep. Roman agreed therewith.

Whereupon, Rep. Dilangalen inquired on the number of cases that are now pending in the Office of the Ombudsman and how many of these cases haver been filed before the filing of the plunder case of former President Estrada.

Rep. Roman replied that about 4,600 cases are pending in the Office of the Ombudsman and more than 4,000 cases have been filed before the filing of the plunder case of former President Estrada.

Rep. Dilangalen asked Rep. Roman to discuss briefly the progress in the prosecution of these cases, excluding the case of former President Estrada.

SUSPENSION OF SESSION

On motion of Rep. Roman, the session was suspended at 6:07 p.m.

RESUMPTION OF SESSION

At 6:09 p.m., the session was resumed.

INTERPELLATION OF REP. DILANGALEN
(Continuation)

In answer to Rep. Dilangalen's previous query, Rep. Roman replied that 3,216 cases are filed before the Sandiganbayan and 4,600 are now pending before the Office of the Ombudsman.

Rep. Dilangalen inquired on the progress of the cases which are pending before the Sandiganbayan, including the number of cases to be decided upon, those that are pending and those still in the process of arraignment.

In reply, Rep. Roman said that he is certain that the 3,216 cases are in different stages right now. However, he said that he has to verify how many are for arraignment, trial and submitted for resolution.

Rep. Dilangalen said that he needs to know this to be able to lay the predicate for his future questions.

Rep. Dilangalen thereafter inquired whether the cases of the Marcoses are included among the more than 3,000 cases pending before the Sandiganbayan.

Rep. Roman replied in the affirmative.

To Rep. Dilangalen's queries, Rep. Roman stated that 52 of the Marcos cases which were filed more than 10 years ago are pending in the Sandiganbayan.

As to what the Office of the Ombudsman is doing with these cases, Rep. Roman replied that the present Office of the Ombudsman is meeting with the officers of the Presidential Commission on Good Government (PCGG) to expedite the prosecution of said cases, adding that the Ombudsman is aware of the long pendency thereof.

On whether the Office of the Ombudsman would like a speedy trial on these cases, Rep. Roman replied in the affirmative.

Whereupon, Rep. Dilangalen asked whether these cases have been pending with the Sandiganbayan even before the plunder case of former President Estrada was filed, and whether the case of President Estrada is likewise pending before said office, Rep. Roman replied in the affirmative.

On whether former Solicitor General Marcelo, who is now the Tanodbayan or otherwise known as the Ombudsman under the Constitution, did his best in order that the case of President Estrada would be tried by the Sandiganbayan, Rep. Roman replied in the affirmative.

On whether a preliminary investigation was conducted and the former President was required to submit counter-affidavits and after submitting the counter-affidavits, a resolution was prepared by the then Ombudsman for the filing of the appropriate case of plunder under RA No. 7080, Rep. Roman replied in the affirmative.

Rep. Dilangalen inquired whether during the prosecution of the plunder case of former President Estrada, the Solicitor General was also actively engaged in other landmark cases, like the case of the Marcoses.

In reply, Rep. Roman said that then Solicitor General Marcelo had preferred to concentrate on the impeachment case of former President Estrada but was involved in the civil aspect of the cases against the Marcoses.

On whether it is the mandate of the Solicitor General to concentrate on the civil aspect of the Marcos cases, Rep. Roman replied that it is his mandate to handle said cases.

On whether that is within the mandate of the Office of the Solicitor General (OSG), Rep. Roman replied that as the Legal Officer of the government, it is one of his duties.

To Rep. Dilangalen's next query, Rep. Roman reiterated that the Office of the Ombudsman handles the criminal aspect of the Marcos cases.

Rep. Dilangalen sought clarification on whether the Ombudsman handles the criminal aspect of a case while the OSG is in charge of the civil aspect of a case.

Rep. Roman replied in the affirmative.

On whether these cases involved government monies or properties, Rep. Roman replied in the affirmative.

Rep. Dilangalen asked why the Ombudsman, who was at that time the Solicitor General was actively involved in the criminal prosecution of the case of former President Estrada when the Office of the Ombudsman should properly handle the case. He

further inquired on the different ways of treating the case.

In reply, Rep. Roman explained that former Solicitor General Marcelo was deputized to assist in the prosecution of the criminal aspect of the case.

On whether it was an admission of the Office of the Ombudsman at that time that it could not successfully prosecute the case of former President Estrada, unless the Solicitor General, who is now the Ombudsman was deputized, Rep. Roman replied that it does not necessarily mean so.

Under the circumstances, Rep. Dilangalen inquired whether the present Ombudsman is involving the OSG in the civil aspect of the case of former President Estrada.

Rep. Roman replied that under the Plunder Law, the Ombudsman would handle both aspects of the case.

On whether the OSG is prosecuting the civil aspect of the case of former President Estrada before the Ombudsman, Rep. Roman replied that both the civil and the criminal aspects are being handled by the Ombudsman.

Rep. Dilangalen inquired whether the OSG is not anymore interested in the civil aspect of the case and it is now the Ombudsman who is prosecuting the criminal aspect of the case considering that the civil aspect is automatically instituted with the criminal aspect of the case. He further asked whether this is the reason why both the criminal and civil aspects of the case are presently prosecuted by the Office of the Ombudsman.

Rep. Roman stated that the Office of the Ombudsman is prosecuting both the criminal and civil aspects of the case because this is so stipulated in the Plunder Law.

Rep. Dilangalen inquired on the difference between the Plunder Law and the Marcos cases, as far as prosecution is concerned. He pointed out that under the rules of criminal procedure, there is no distinction between a plunder case or a case of malversation of public funds or any case involving a violation of the Anti-Graft and Corrupt Practices Act.

Stating that there is a distinction, Rep. Roman explained that the Plunder Law expressly provides that both the civil and criminal aspects of the case should be handled by the Ombudsman. He however said that this is not applicable to the Marcos cases.

If that is the case, Rep. Dilangalen inquired why the Office of the Ombudsman has involved itself in the civil aspect of former President Estrada's case. He reminded Rep. Roman that the Solicitor General was deputized as Solicitor General and as such, he carries with it the mandate of his Office. He then asked why Rep. Roman was now saying that since Mr. Marcelo is the Ombudsman, he can prosecute both the criminal and civil aspects of the case, but before he was the Solicitor General, the civil aspect was with his Office and the criminal aspect was with the Ombudsman. He then asked whether Ombudsman Marcelo is inseparable from the case of former President Estrada.

Rep. Roman replied that this is not the case because the Ombudsman has no choice but to prosecute both the civil and criminal aspects of the case. He added, however, that with regard to the Marcos cases which are covered by EOs No. 1 and 14, the situation is different.

Rep. Dilangalen pointed out that under the law on criminal procedure the civil

aspect of the case is not automatically instituted with the criminal aspect unless a reservation is made. He inquired whether there was any reservation under RA No. 7080 even as he doubted that there was any because the reservation must be made by the complainant himself. If there is no reservation, he said that the criminal and civil aspects are instituted at the same time.

Rep. Roman maintained that the aforecited EOs expressly provide the separate handling of the two aspects; and that unlike in ordinary cases wherein the complainant himself must hire a private prosecutor to enforce the civil aspect of the case, the EOs, which have the force and effect of law, make such distinction. Rep. Dilangalen inquired whether equal treatment is applied in the prosecution of criminal cases handled by the Ombudsman before the Sandiganbayan.

Rep. Roman replied that equality of treatment is observed although priorities have to be made considering that certain things can only be achieved within a period of time.

Rep. Dilangalen inquired on the basis of the prioritization if equality of treatment is applied.

Rep. Roman replied that this is generally based on what will serve the higher interest of justice. He added that the Ombudsman had informed him that they are giving priority to the Marcos cases.

On whether this means that it did not deserve the highest public interest at the time to prosecute the cases of the Marcoses, Rep. Roman replied that this is not necessarily so. He reiterated that the present Tanodbayan is giving priority to the Marcos cases even if he had only assumed his office the previous month.

Rep. Dilangalen inquired whether the Marcos cases as well as the cases of former President Estrada would be given equal treatment this time. Rep. Roman replied that this would be done within the usual constraints of the Office of the Ombudsman.

Rep. Dilangalen further asked whether it is the policy of the Office of the Ombudsman to give equal treatment to all cases which may be filed or investigated in the interest of the country.

Rep. Roman replied that under the provisions of RA No. 6770, the Ombudsman is directed to give priority to complaints filed against high-ranking government officials, those occupying supervisory positions and those involving grave offenses and large sums of money. He added that pursuant to the mandate of the law, their priorities will have to be guided accordingly.

On whether this is provided in the Constitution, Rep. Roman pointed out that this is provided for in Section 15 of RA No. 6770 otherwise known as the Ombudsman Law.

With regard to cases which could be the subject of investigation even if a complaint is filed with the Office of Ombudsman or not, Rep. Dilangalen inquired whether said Office may give priority to the initial investigation of a case. He further asked whether a case of national prominence would be left for the time being and await the filing of a complaint, or the Office of the Ombudsman may immediately initiate to investigate said case.

Rep. Roman replied that there are motu proprio situations in which the Ombudsman can initiate the proceedings without having to wait for any complaint.

Noting that the term motu proprio means "on its own motion," Rep. Dilangalen

inquired on the instances when the Office of the Ombudsman or the Tanodbayan himself may initiate the investigation of cases even if a case has not yet been filed. Rep. Roman replied that this would be left to the judgment of the Tanodbayan.

On whether he had heard of the case involving Secretary Perez, Rep. Roman pointed out that the Office of the Ombudsman had written a letter that day to the Office of the Presidential Anti-Graft Commission (PAGC) headed by Mr. Rama to ask for copies of Rep. Villarama's complaint. He added that the Ombudsman had also written Rep. Jimenez to give the latter a copy of Rep. Villarama's privilege speech. In other words, he said that the Ombudsman had taken all steps to show that the priorities of his office are being implemented.

Rep. Dilangalen inquired whether Secretary Perez' case is of such national prominence that the Ombudsman has no choice but to initiate an investigation. He noted Rep. Jimenez' remarks that said case involves extortion and not bribery.

Rep. Roman replied that the Ombudsman himself is not above the law and that the Ombudsman Law says that the case should be given priority.

Rep. Dilangalen stated that he had read in the newspapers a few days ago that the Ombudsman had been quoted as saying that priorities have to be made because people are agitating for the Tanodbayan or the Ombudsman to immediately initiate the investigation of Rep. Jimenez' accusations against Secretary Perez. He opined that the case is actually not a priority.

Rep. Roman urged Rep. Dilangalen to be patient because concrete moves had been made during the week and representations had been made with the PAGC and their two colleagues. He expressed hope that Rep. Dilangalen's queries would lead to matters affecting the budget.

Rep. Dilangalen stated that he was very interested in the case because he would like Secretary Perez to be extricated from said case because the latter was his idol and professor in law school. He likewise hoped that his actions would not be mirrored in the actions of Secretary Perez but he simply wishes that the latter would be extricated from the case and the proper investigation would be conducted thereon.

Rep. Roman stated that he was trying to believe Rep. Dilangalen, to which the latter retorted that the former has to believe him, otherwise all his statements would be subject to suspicion and he does not want to be suspected of ill will against his favorite professor.

To the series of queries of Rep. Dilangalen, Rep. Roman replied that before the Tanodbayan became the Solicitor General, he was engaged in private practice as senior partner and corporate litigator at the Carpio, Villaraza and Cruz Law Offices.

Rep. Dilangalen inquired why despite the Solicitor General's expertise in corporate litigation, he was handpicked to prosecute a criminal case which had nothing to do with a corporation but with jueteng. Rep. Roman replied that the Solicitor General was involved in the impeachment case and thus became familiar with the law on evidence and this did not require a big jump.

On further queries, Rep. Roman affirmed that the “Carpio” in the Carpio, Villaraza and Cruz Law Offices is newly-appointed Supreme Court Justice Antonio Carpio, and the “Cruz” therein is Presidential Legal Counsel Nonong Cruz.

Rep. Dilangalen surmised that the present Ombudsman must be close to the present

dispensation because the Presidential Legal Counsel and a Justice of the Supreme Court were his law partners. He inquired whether the Ombudsman has any relation to Secretary Perez and whether there was ever a time that they had collaborated on a case before.

Rep. Roman replied that the two have no personal or working relationship at all, except as regards the budget of the Ombudsman which is under the budget of the DOJ and for which purpose they were in the Session Hall at that time.

Rep. Dilangalen recalled that Secretary Perez had worked along with the Solicitor General and the Ombudsman in the prosecution of the case against former President Estrada in the Sandiganbayan. He asked anew whether they had any personal relationship.
Rep. Roman replied that said officials have a professional working relationship although the Ombudsman wishes to make clear to everyone in the House that he has no personal relationship with said officials.

Rep. Dilangalen inquired whether Rep. Roman recalls that Secretary Perez was also a private prosecutor in the impeachment case before the Senate along with the Ombudsman then. Rep. Roman affirmed this point and stressed that this was part of a working relationship.

Rep. Dilangalen surmised that their working relationship had started way back from the impeachment days up to the time that a case of plunder had been filed against former President Estrada.

Rep. Roman replied that the Ombudsman and Secretary Perez used to work in the same impeachment case, although they handled different charges.

Rep. Dilangalen opined that the cases all led to the impeachment complaint and the eventual conviction of Mr. Estrada, and that there was a common intention to impeach and convict Mr. Estrada in court.

Rep. Roman replied that while they had a common objective, the Ombudsman and Secretary Perez did not work together because they were assigned to different cases with different sets of witnesses, and documentary and testimonial evidence.

Rep. Dilangalen inquired whether the two officials never had a meeting to discuss strategies on how to arrive at the objective of convicting former President Estrada.
Rep. Roman replied that based on the information he had received, the two officials did not have any strategic meetings.

On whether there was an occasion at that time wherein then Solicitor General discussed with Secretary Perez ways on how to convict and penalize former President Estrada, perhaps with lethal injection.

Rep. Roman replied that the two officials had meetings in the past.

Noting the pending extradition order and charges against Rep. Jimenez, Rep. Dilangalen stated that he had recommended that the case be not left to the PAGC but to the Office of the Ombudsman itself because he trusts the latter as an independent body. He added that Deputy Ombudsman Gervacio had also sent a memorandum to the Ombudsman to request the latter to immediately conduct an investigation on the case as people have been agitating and calling for an immediate investigation. In this regard, he stated that the Ombudsman had been quoted as saying in Filipino "Linya-linya muna kasi marami pang naunang kaso; as a matter of fact there are over 4,000 cases." He inquired whether the Ombudsman had initiated the investigation on the

basis of the recommendation of the Deputy Ombudsman or did it on his own, motu proprio.

Rep. Roman pointed out that on Monday, November 25, 2002, the Ombudsman handled the tax scam and the cases involving the Marcoses. On the same day and within an hour after which the matter had reached his hands, he said that the Ombudsman immediately got in touch with the PAGC and asked for pertinent documents, and wrote Reps. Villarama and Jimenez on the same day.

On another point, Rep. Dilangalen inquired whether the Ombudsman was a participant in EDSA II, to which Rep. Roman replied that the latter was.

On whether Secretary Perez was also a participant of EDSA II, Rep. Roman replied that he was not privy thereto.

On whether EDSA II was a movement to fight corruption in the country, Rep. Roman replied that he does not know if it was so because he had only prepared for the deliberations on the budget.

Rep. Dilangalen stated that he asked such questions because he had been laying the predicate. He added that he may even be able to work for an increase in the budget of the DOJ.

Rep. Roman replied that he is willing to answer other questions on laying the premises although such premises may be too long and could take some time.

Rep. Dilangalen inquired whether Rep. Roman believes that the Ombudsman became a part of EDSA II because of the crusade against corruption. Rep. Roman replied in the affirmative

On whether the corruption charge was trumped up just to get rid of former President Estrada in order to make Ms. Macapagal-Arroyo President of the country, Rep. Roman replied in the negative.
To another point, Rep. Dilangalen pointed out that in many occasions, Secretary Perez and Ombudsman Aniano Desierto banded together for a common cause -- to fight graft and corruption which was the basis of EDSA II, and to impeach and convict then President Estrada. Referring to the extortion case against DOJ Secretary Perez involving the amount of $2 million, he asked whether it would be proper for the Ombudsman to inhibit himself from the investigation and leave the matter to the Deputy Ombudsman or to other responsible officers of the office.

Rep. Roman replied that at the moment, he sees no reason why the Ombudsman should inhibit himself but certainly, the latter will act according to his conscience and eventually, will decide on the case consistent with his oath of office.

Aside from requesting the necessary documents from the PAGC, Rep. Dilangalen asked what other steps would be undertaken by the Ombudsman in determining the guilt or innocence of DOJ Secretary Perez, so that the people will not doubt the objectivity and integrity of his office.

In reply, Rep. Roman stated that as soon as necessary, the Ombudsman will begin gathering evidence on the aforementioned case and in this connection, urged the Members to restore the P4 million intelligence funds of the Ombudsman. He then expressed hope that Rep. Dilangalen will support him on this matter.

Under the circumstances prevailing in this case, Rep. Dilangalen asked whether the Ombudsman will send a representative to the Coutts Bank in Hong Kong and avail

himself of the mutual legal assistance between the Philippine government and the Hong Kong government if only to determine the guilt or innocence of Secretary Perez.

Rep. Roman agreed with this view if the same would be necessary and done in a legal manner.

Inasmuch as Secretary Perez is a national figure and is very close to the President, Rep. Dilangalen asked whether the Ombudsman is committed to do his very best in order to have an objective and impartial investigation of the case.

Rep. Roman replied in the affirmative.

At this point, Rep. Dilangalen pointed out that the proposed budget of the Office of the Ombudsman is not sufficient. However, he pointed out that under the Constitution, the Congress of the Philippines may not increase the budget for the operation of the government proposed by the President of the Philippines.

He said that the word that was used was "may" which means permissible and therefore, Congress can still increase the budget of the Office of the Ombudsman. Given the assurances of an objective investigation on the case and the integrity of the Ombudsman and of the Sponsor, he said that he will end his interpellation and recommend the immediate approval of the proposed budget of the Office of the Ombudsman. At the proper time, he added that he will personally move that the issue of increasing the budget of the Office of the Ombudsman be considered in order to assure the people of an honest investigation of the $2 million dollar man who is very close to Malacañang.

PARLIAMENTARY INQUIRy
OF REP. LOBREGAT

Upon recognition by the Chair, Rep. Lobregat asked whether the Committee on Rules had issued an advisory not to conduct committee meetings while Congress is in plenary session and whether this has been followed.

The Chair replied in the affirmative.

In this regard, Rep. Lobregat pointed out that both the Members of the Minority and the Majority had agreed not to conduct any committee meeting during the budget deliberations. However, he said that he has in his possession an invitation by the Congressional Oversight Committee on Agriculture and Fisheries Modernization regarding the 8th en banc meeting of COCOFAM dated November 27, 2002, from 10:00 a.m. to 1:00 p.m. at the Senator Tañada Room, Senate of the Philippines. He noted that said meeting was originally scheduled on November 21, 2002.

The Chair clarified that he is aware of the ramification thereof and for this reason, the leadership of the House had advised the Members concerned to cancel their meetings and if possible, to hold the same on Monday. He added that as soon as their request is confirmed by the members of the Oversight Committee, he will inform Rep. Lobregat as soon as possible of the same.

Whereupon, Rep. Lobregat asked whether there was no committee meeting held that day.

SUSPENSION OF SESSION

At this point, the Chair motu proprio suspended the session.

It was 6:50 p.m.

RESUMPTION OF SESSION

At 6:53 p.m., the session was resumed.

PARLIAMENTARY INQUIRY
OF REP. LOBREGAT
(Continuation)

Thereupon, Rep. Lobregat continued that he is the representative of the Minority to the COCOFAM and in view of the importance of the budget deliberations, they have requested that the Members not be distracted by any committee hearings to ensure the presence of a quorum. In fact, he said that he has another invitation from the Congressional Oversight Committee on Anti-Money Laundering at seven o'clock that evening such that the Members will have to choose between being at the meeting or at the budget deliberations. In view of the importance of the matter, he said that he does not want to miss the budget deliberations because the same is also important to his constituents. Inasmuch as the agreement of "no committee meeting" between the Majority and the Minority had been violated by the former, he said that he will have no choice but to request for an adjournment of the session until tomorrow.

SUSPENSION OF SESSION

Thereafter, the Chair motu proprio suspended the session at 6:54 p.m.

RESUMPTION OF SESSION

At 7:01 p.m., the session was resumed with Deputy Speaker Salapuddin presiding.

REMARKS OF REP. GONZALES

Rep. Gonzales said that he would like to take exception to the manifestation of Rep. Lobregat that there has been a violation of the Rules of the House. As he explained that there are oversight committees created by law which have their own secretariat, he stressed that the Rules only pertain to the holding of Committee hearings by Committees that the Rules have created.

SUSPENSION OF SESSION

On motion of Rep. Gonzales, the Chair suspended the session until ten o'clock in the morning of Thursday, November 28, 2002.

It was 7:02 p.m.

PARLIAMENTARY INQUIRY
OF REP. LOBREGAT
(Continuation)

Thereupon, Rep. Lobregat continued that he is the representative of the Minority to the COCOFAM and in view of the importance of the budget deliberations, they have requested that the Members not be distracted by any committee hearings to ensure the presence of a quorum. In fact, he said that he has another invitation from the Congressional Oversight Committee on Anti-Money Laundering at seven o'clock that evening such that the Members will have to choose between being at the meeting or at the budget deliberations. In view of the importance of the matter, he said that he does not want to miss the budget deliberations because the same is also important to his constituents. Inasmuch as the agreement of "no committee meeting" between the Majority and the Minority had been violated by the former, he said that he will have

no choice but to request for an adjournment of the session until tomorrow.

SUSPENSION OF SESSION

Thereafter, the Chair motu proprio suspended the session at 6:54 p.m.

RESUMPTION OF SESSION

At 7:01 p.m., the session was resumed with Deputy Speaker Salapuddin presiding.

REMARKS OF REP. GONZALES

Rep. Gonzales said that he would like to take exception to the manifestation of Rep. Lobregat that there has been a violation of the Rules of the House. As he explained that there are oversight committees created by law which have their own secretariat, he stressed that the Rules only pertain to the holding of Committee hearings by Committees that the Rules have created.

SUSPENSION OF SESSION

On motion of Rep. Gonzales, the Chair suspended the session until ten o'clock in the morning of Thursday, November 28, 2002.

It was 7:02 p.m., Wednesday, November 27, 2002.

RESUMPTION OF SESSION

At 10:00 a.m., Thursday, November 28, 2002, the session was resumed.
SUSPENSION OF SESSION

At 10:01 a.m., the Chair suspended the session upon Rep. Escudero's motion.

RESUMPTION OF SESSION

The session was resumed at 10:09 a.m.

SUSPENSION OF CONSIDERATION
OF HOUSE BILL NO. 5238

On motion of Rep. Escudero, there being no objection, the Body suspended consideration of House Bill No. 5238 in order to consider the Reference of Business.

REFERENCE OF BUSINESS

Upon direction of the Chair, the Secretary General read on First Reading the titles of the following Bills and Resolutions, including the Committee Reports, which were referred to the appropriate Committees hereunder indicated:

BILLS ON FIRST READING

House Bill No. 5484, entitled:

“AN ACT DECLARING BARANGAY LITTLE BAGUIO, PROVINCE OF DAVAO DEL SUR AS AN ECOTOURISM ZONE AND PROVIDING FUNDS THEREFOR”

By Representative Bautista

TO THE COMMITTEE ON TOURISM AND THE COMMITTEE ON APPROPRIATIONS

House Bill No. 5486, entitled:

“AN ACT PROVIDING FOR PROTECTION TO CONSUMERS IN THEIR CREDIT CARD TRANSACTIONS”

By Representative Alfelor

TO THE COMMITTEE ON TRADE AND INDUSTRY

House Bill No. 5487, entitled:

“AN ACT SEPARATING THE BORLONGAN NATIONAL HIGH SCHOOL, ALSO KNOWN AS AURORA NATIONAL HIGH SCHOOL - ANNEX I OF BARANGAY BORLONGAN, MUNICIPALITY OF DIPACULAO, PROVINCE OF AURORA FROM AURORA NATIONAL HIGH SCHOOL IN BARANGAY RESERVA, MUNICIPALITY OF BALER AND CONVERTING IT INTO A SEPARATE AND INDEPENDENT NATIONAL HIGH SCHOOL TO BE KNOWN AS THE BORLONGAN NATIONAL HIGH SCHOOL AND APPROPRIATING FUNDS THEREFOR”

By Representative Angara-Castillo

TO THE COMMITTEE ON BASIC EDUCATION AND CULTURE AND THE COMMITTEE ON APPROPRIATIONS

House Bill No. 5488, entitled:

“AN ACT ESTABLISHING A HIGH SCHOOL IN BARANGAY PAWA, MUNICIPALITY OF PANAY, PROVINCE OF CAPIZ TO BE KNOWN AS THE PAWA NATIONAL HIGH SCHOOL AND APPROPRIATING FUNDS THEREFOR”

By Representative Dadivas

TO THE COMMITTEE ON BASIC EDUCATION AND CULTURE AND THE COMMITTEE ON APPROPRIATIONS

House Bill No. 5489, entitled:

“AN ACT PROVIDING FOR THE CONSTRUCTION OF A FLOOD CONTROL IN BARANGAY GUINAOANG, MUNICIPALITY OF MANKAYAN, PROVINCE OF BENGUET TO BE KNOWN AS THE GUINAOANG FLOOD CONTROL AND APPROPRIATING FUNDS THEREFOR”

By Representative Dangwa

TO THE COMMITTEE ON PUBLIC WORKS AND HIGHWAYS AND THE COMMITTEE ON APPROPRIATIONS

House Bill No. 5490, entitled:

“AN ACT PROVIDING FOR THE CONSTRUCTION OF A FLOOD CONTROL IN BARANGAY AMPUSONGAN, MUNICIPALITY OF BAKUN, PROVINCE OF BENGUET TO BE KNOWN AS THE NAKANGA - ALIWEG - BEY MAYAN FLOOD CONTROL AND APPROPRIATING FUNDS THEREFOR”

By Representative Dangwa

TO THE COMMITTEE ON PUBLIC WORKS AND HIGHWAYS AND THE COMMITTEE ON APPROPRIATIONS

House Bill No. 5491, entitled:

“AN ACT AMENDING SECTION 66 OF BATAS PAMBANSA BILANG 881, OTHERWISE KNOWN AS THE OMNIBUS ELECTION CODE OF THE PHILIPPINES”

By Representative Castro

TO THE COMMITTEE ON SUFFRAGE AND ELECTORAL REFORMS

House Bill No. 5495, entitled:

“AN ACT ESTABLISHING A SEPARATE CITY SCHOOLS DIVISION OFFICE IN THE CITY OF CALAPAN, PROVINCE OF ORIENTAL MINDORO, AMENDING FOR THE PURPOSE REPUBLIC ACT NUMBERED EIGHTY-FOUR HUNDRED AND SEVENTY-FIVE, ENTITLED ‘AN ACT CONVERTING THE MUNICIPALITY OF CALAPAN IN THE PROVINCE OF ORIENTAL MINDORO INTO A COMPONENT CITY TO BE KNOWN AS THE CITY OF CALAPAN’, AND APPROPRIATING FUNDS THEREFOR”

By Representative Leviste

TO THE COMMITTEE ON BASIC EDUCATION AND CULTURE AND THE COMMITTEE ON APPROPRIATIONS

RESOLUTION

House Resolution No. 884, entitled:

“RESOLUTION URGING THE HOUSE OF REPRESENTATIVES, THROUGH THE COMMITTEES ON JUSTICE AND PUBLIC ORDER AND SECURITY, TO IMMEDIATELY CONDUCT AN INVESTIGATION, IN AID OF LEGISLATION, INTO THE PROLIFERATION OF CELLULAR PHONES, PROHIBITED DRUGS AND OTHER BANNED PARAPHERNALIAS INSIDE THE NEW BILIBID PRISON (NBP) AND OTHER CITY OR MUNICIPAL JAILS NATIONWIDE, AND TO REVIEW THE POLICY AND MEASURES OF THE DEPARTMENT OF JUSTICE (DOJ), THE BUREAU OF CORRECTIONS AND THE BUREAU OF JAIL MANAGEMENT AND PENOLOGY (BJMP) ON THIS MATTER”

By Representative Syjuco

TO THE COMMITTEE ON RULES

ADDITIONAL COAUTHOrs

With the permission of the Body, the following Members were made coauthors of the Bills hereunder indicated:

Rep. Leovigildo B. Banaag for House Bills No. 2460, 4431, 4564 and 4789;

Rep. Francis “Blueboy” L. Nepomuceno for House Bill No. 4002;

Rep. Carmen L. Cari for House Bill No. 5384;

Rep. Julio A. Ledesma IV for House Bill No. 4002;

Rep. Arthur D. Defensor for House Bill No. 5511; and

Rep. Reynaldo A. Calalay for House Bills No. 5471, 5486, 5496 and 5498.

WITHDRAWAL OF COAUTHORSHIP

Rep. Satur C. Ocampo withdrew his coauthorship of Committee Report No. 928 on the Siege of Lamitan.

COMMITTEE REPORTS

Report by the Committee on Natural Resources (Committee Report No. 1058), re H. No.

5492, entitled:

“AN ACT EXCLUDING A PARCEL OF LAND FROM THE FORBES PARK NO. 1 RESERVATION, CITY OF BAGUIO TO BE GRANTED TO THE BOY SCOUTS AND GIRL SCOUTS OF THE PHILIPPINES FOR THEIR EXCLUSIVE USE AND POSSESSION, REPEALING FOR THE PURPOSE REPUBLIC ACT NO. 5786, ENTITLED ‘AN ACT EXCLUDING A CERTAIN PARCEL OF LAND FROM THE FORBES PARK NO. 1 RESERVATION, CITY OF BAGUIO, TO BE LEASED TO THE BOY SCOUTS AND GIRL SCOUTS OF THE PHILIPPINES’ ”

recommending its approval in substitution of House Bill No. 4725.

Sponsors: Representatives Veloso, Reyes (E.), Domogan, Barinaga, Solis, Espina, Carloto and Ablan

TO THE COMMITTEE ON RULES

Report by the Committees on Natural Resources and Appropriations (Committee Report No. 1059), re H. No. 5493, entitled:

“AN ACT ESTABLISHING THE COASTAL ENVIRONMENT PROGRAM, APPROPRIATING FUNDS THEREFOR AND FOR OTHER PURPOSES”

recommending its approval in substitution of House Bills Numbered 203 and 733.

Sponsors: Representatives Veloso, Andaya, Acosta and Villar

TO THE COMMITTEE ON RULES

Report by the Committee on Natural Resources and the Committee on Appropriations (Committee Report No. 1060), re H. No. 5494, entitled:

“AN ACT DECLARING A PORTION OF THE SAN ISIDRO COASTAL WATERS AS PROTECTED AREA AND ITS PERIPHERAL AREAS AS BUFFER ZONE TO BE KNOWN AS THE SAN ISIDRO PROTECTED SEASCAPE AND APPROPRIATING FUNDS THEREFOR”

recommending its approval in substitution of House Bill No. 2776.

Sponsors: Representatives Veloso, Andaya, Almario, Banaag, Gordon, Joaquin, Leviste, Solis, Ramirez-Sato, Chungalao, Domogan, Jala and Sumulong

TO THE COMMITTEE ON RULES
ADDITIONAL REFERENCE OF BUSINESS

BILLS ON FIRST READING

House Bill No. 5496, entitled:

“AN ACT RATIONALIZING THE IMPORTATION OF RICE, PROHIBITING THE RE-MILLING, REPACKING AND MIXING OF IMPORTED AND LOCAL RICE VARIETIES, AND FOR OTHER PURPOSES”

By Representative Violago

TO THE COMMITTEE ON AGRICULTURE, FOOD AND FISHERIES

House Bill No. 5498, entitled:

“AN ACT TO UPGRADE THE MINIMUM SALARY GRADE LEVEL OF PUBLIC SCHOOL TEACHERS FROM

SALARY GRADE TEN (10) TO SALARY GRADE EIGHTEEN (18) AND APPROPRIATING FUNDS THEREFOR”

By Representative Vicencio

TO THE COMMITTEE ON APPROPRIATIONS AND THE COMMITTEE ON BASIC EDUCATION AND CULTURE

RESOLUTIONS

House Resolution No. 885, entitled:

“RESOLUTION DIRECTING THE HOUSE OF REPRESENTATIVES, THROUGH THE COMMITTEES ON ENERGY AND LEGISLATIVE FRANCHISES, TO IMMEDIATELY RECALL THE APPROVAL IN THIRD READING OF HOUSE BILL NO. 4451, RENEWING THE FRANCHISE OF THE MANILA ELECTRIC COMPANY AND REVERT IT TO THE APPROPRIATE COMMITTEES FOR REVIEW AND WITH SUFFICIENT PUBLIC PARTICIPATION DUE TO ANOMALOUS AND CONTROVERSIAL ISSUES INVOLVING MERALCO AND ITS REFUSAL TO IMPLEMENT THE SUPREME COURT’S DECISION ORDERING IT TO REFUND P28.15 BILLION OF OVERCHARGES”
By Representatives Beltran, Ocampo, Maza and Suplico

TO THE COMMITTEE ON RULES

House Resolution No. 886, entitled:

“RESOLUTION EXPRESSING THE SENSE OF THE HOUSE OF REPRESENTATIVES, IN SUPPORT OF THE DEMAND OF ELECTRIC CONSUMERS, THAT THE MANILA ELECTRIC COMPANY IMMEDIATELY IMPLEMENT THE DECISION OF THE SUPREME COURT TO REFUND THE MORE THAN P28 BILLION OF OVER-CHARGES THAT WERE ILLEGALLY COLLECTED FROM ITS ELECTRIC CUSTOMERS”

By Representatives Beltan, Ocampo and Maza

TO THE COMMITTEE ON ENERGY

House Resolution No. 887, entitled:

“RESOLUTION URGING THE HOUSE OF REPRESENTATIVES, THROUGH THE COMMITTEES ON WAYS AND MEANS AND TRADE AND INDUSTRY, TO IMMEDIATELY CONDUCT AN INVESTIGATION, IN AID OF LEGISLATION, INTO THE EFFECT AND IMPACT OF THE UNABATED ENTRY OF USED OR SECOND HAND VEHICLES INTO THE COUNTRY AND TO LOOK INTO THE VIABILITY OF THE LOCAL AUTOMOTIVE INDUSTRY IN VIEW OF THE SITUATION”

By Representative Syjuco

TO THE COMMITTEE ON RULES

House Resolution No. 888, entitled:

“RESOLUTION URGING THE HOUSE OF REPRESENTATIVES, THROUGH THE COMMITTEES ON NATIONAL DEFENSE AND FOREIGN AFFAIRS, TO IMMEDIATELY CONDUCT AN INVESTIGATION, IN AID OF LEGISLATION, INTO THE FIVE (5) YEAR MILITARY LOGISTIC AGREEMENT OR THE RP-US MUTUAL LOGISTICS AND SUPPORT AGREEMENT (MLSA) RECENTLY SIGNED BY THE PHILIPPINES AND THE UNITED STATES”
By Representative Syjuco

TO THE COMMITTEE ON RULES

COMMITTEE REPORT

Report by the Committee on Health and the Committee on Appropriations (Committee Report No. 1061), re H. No. 5497, entitled:

“AN ACT STRENGTHENING THE CAPABILITY OF THE BUREAU OF FOOD AND DRUGS (BFAD) BY ESTABLISHING ADEQUATE TESTING LABORATORIES AND FIELD OFFICES IN ALL PROVINCES AND CITIES, UPGRADING ITS EQUIPMENT, CREATING A DRUG ENFORCEMENT UNIT (DEU) UNDER ITS OPERATIONAL AND ADMINISTRATIVE CONTROL, AND APPROPRIATING FUNDS THEREFOR”

recommending its approval in substitution to House Bills Numbered 2729, 993 and 3636.

Sponsors: Representatives Yapha, Andaya, Pingoy, Monfort and the Members of the Committees on Health and Appropriations

TO THE COMMITTEE ON RULES

Report by the Committees on Agrarian Reform, Banks and Financial Intermediaries, Appropriations and Ways and Means (Committee Report No. 1063), re H. No. 5511, entitled:

“AN ACT PROVIDING MEASURES TO ENHANCE THE ACCEPTABILITY OF AGRICULTURAL LANDS AS SECURITY FOR LOANS OBTAINED FROM LENDERS, BANKS AND OTHER FINANCIAL INSTITUTIONS THEREBY PROMOTING ACCESS TO RURAL CREDIT, PROVIDING MECHANISMS THEREFOR AND FOR OTHER PURPOSES”

recommending its approval in substitution of House Bills Numbered 341, 2665 and 3946.

Sponsors: Representatives Ipong, Lopez (J.), Andaya, Ledesma, Banaag, Lapus, Gonzales II, Jaraula, Lacson, Amin, Dadivas, Monfort, Syjuco, Badelles, Espina, Espino, Cari, Zialcita, Chatto, Del Mar and Joaquin

TO THE COMMITTEE ON RULES

unfinished BUSINESS:
COMMITTEE REPORT NO. 1044
ON HOUSE BILL NO. 5238

On motion of Rep. Escudero, there being no objection, the Body resumed consideration on Second Reading of House Bill No. 5238 as embodied in Committee Report No. 1044 submitted by the Committee on Appropriations.

Upon direction of the Chair, the Secretary General read the title of the Bill, to wit:

"AN ACT APPROPRIATING FUNDS FOR THE OPERATION OF THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES FROM JANUARY ONE TO DECEMBER THIRTY-ONE, TWO THOUSAND THREE, AND FOR OTHER PURPOSES."

CONSIDERATION OF THE
PROPOSED BUDGET OF THE
OFFICE OF THE OMBUDSMAN

On motion of Rep. Escudero, there being no objection, the Body resumed consideration of the proposed budget of the Office of the Ombudsman.

SUSPENSION OF SESSION

On motion of Rep. Escudero, the Chair suspended the session at 10:13 a.m.

RESUMPTION OF SESSION

The session was resumed at 10:14 a.m.

The Chair then recognized Rep. Lobregat, upon Rep. Escudero's motion.

REMARKS OF REP. LOBREGAT

Rep. Lobregat stated that the Minority had no questions on the proposed budget of the Office of the Ombudsman.

TERMINATION OF THE PERIOD OF INTERPELLATIONS ON THE PROPOSED BUDGET OF THE OFFICE OF THE OMBUDSMAN

On motion of Rep. Escudero, there being no objection, the Body terminated the period of interpellations on the proposed budget of the Office of the Ombudsman.

CONSIDERATION OF THE PROPOSED BUDGET OF THE CULTURAL CENTER OF THE PHILIPPINES

On motion of Rep. Escudero, there being no objection, the Body considered the proposed budget of the Cultural Center of the Philippines (CCP).

On motion of Rep. Escudero, the Chair recognized Rep. Aleta C. Suarez to sponsor the proposed budget of the CCP and Rep. Lobregat to interpellate thereon.

REMARKS OF REP. padilla

Rep. Padilla stated that the Minority had no questions on the proposed budget of the CCP.

TERMINATION OF THE PERIOD OF INTERPELLATIONS ON THE PROPOSED BUDGET OF THE CCP

On motion of Rep. Escudero, there being no objection, the Body terminated the period of interpellations on the proposed budget of the CCP.

CONSIDERATION OF THE PROPOSED BUDGET OF THE NATIONAL HISTORICAL INSTITUTE

On motion of Rep. Escudero, there being no objection, the Body considered the proposed budget of the National Historical Institute (NHI).

On motion of Rep. Escudero, the Chair recognized Rep. Suarez to sponsor the proposed budget of the NHI and Rep. Lobregat to interpellate thereon.

REMARKS OF REP. LOBREGAT

Upon recognition by the Chair, Rep. Lobregat stated that the Minority had no questions on the proposed budget of the NHI.

TERMINATION OF THE PERIOD OF
INTERPELLATIONS ON THE
PROPOSED BUDGET OF THE NHI

On motion of Rep. Escudero, there being no objection, the Body terminated the period of interpellations on the proposed budget of the NHI.

CONSIDERATION OF THE PROPOSED BUDGET OF THE RECORDS MANAGEMENT AND ARCHIVES OFFICE

On motion of Rep. Escudero, there being no objection, the Body considered the proposed budget of the Records Management and Archives Office (RMAO).

On motion of Rep. Escudero, the Chair recognized Suarez to sponsor the proposed budget of the RMAO and Rep. Lobregat to interpellate thereon.

REMARKS OF REP. LOBREGAT

Upon recognition by the Chair, Rep. Lobregat stated that the Minority had no questions on the proposed budget of the RMAO.

TERMINATION OF THE PERIOD OF
INTERPELLATIONS ON THE
PROPOSED BUDGET OF THE RMAO

On motion of Rep. Escudero, there being no objection, the Body terminated the period of interpellations on the proposed budget of the RMAO.

CONSIDERATION OF THE PROPOSED BUDGET OF THE NATIONAL LIBRARY

On motion of Rep. Escudero, there being no objection, the Body considered the proposed budget of the National Library.

On motion of Rep. Escudero, the Chair recognized Suarez to sponsor the proposed budget of the National Library and Rep. Lobregat to interpellate thereon.

REMARKS OF REP. LOBREGAT

Upon recognition by the Chair, Rep. Lobregat stated that the Minority had no questions on the proposed budget of the National Library.
TERMINATION OF THE PERIOD OF
INTERPELLATIONS ON THE PROPOSED BUDGET OF THE NATIONAL LIBRARY

On motion of Rep. Escudero, there being no objection, the Body terminated the period of interpellations on the proposed budget of the National Library.

CONSIDERATION OF THE PROPOSED BUDGET OF THE NATIONAL COMMISSION FOR CULTURE AND THE ARTS

On motion of Rep. Escudero, there being no objection, the Body considered the proposed budget of the National Commission for Culture and the Arts (NCCA).

On motion of Rep. Escudero, the Chair recognized Suarez to sponsor the proposed budget of the NCCA and Rep. Lobregat to interpellate thereon.

INTERPELLATION OF REP. LOBREGAT

Rep. Lobregat inquired whether the head of the NCCA was present in the Session Hall.

The Chair requested the head of the NCCA to stand up.

REMARKS OF REP. LOBREGAT

Rep. Lobregat then stated that the Minority had no more questions on the proposed budget of the NCCA.

TERMINATION OF THE PERIOD
OF INTERPELLATIONS ON THE
PROPOSED BUDGET OF THE NcCA

On motion of Rep. Escudero, there being no objection, the Body terminated the period of interpellations on the proposed budget of the NCCA.

CONSIDERATION OF THE PROPOSED BUDGET OF THE COMMISSION ON
FILIPINO LANGUAGE

On motion of Rep. Escudero, there being no objection, the Body considered the proposed budget of the Commission on Filipino Language (CFL).

On motion of Rep. Escudero, the Chair recognized Suarez to sponsor the proposed budget of the CFL and Rep. Lobregat to interpellate thereon.
INTERPELLATION OF REP. LOBREGAT

Rep. Lobregat inquired whether the head of the CFL was present in the Session Hall, to which Rep. Suarez replied in the affirmative.

At this point, Rep. Lobregat conducted his interpellation in Cebuano and Rep. Suarez answered his questions in the same dialect.

POINT OF ORDER OF REP. VILLAREAL

Whereupon, Rep. Raul L. Villareal raised a point of order and stated that he does not understand the dialect being used by the Members on the floor.

Rep. Lobregat stated that this is precisely his point. He stressed that there are many Members and Filipinos alike who have their own concerns about the national language.

RULING OF THE CHAIR

Thereupon, the Chair ruled that the debate between the Members should be conducted in Filipino or English.

In continuing with his interpellation, Rep. Lobregat asked what the Filipino language is and what the mandate of the Commission on Filipino Language is.

SUSPENSION OF SESSION

On motion of Rep. Suarez, the Chair suspended the session at 10:22 a.m.

RESUMPTION OF SESSION

At 10:23 p.m., the session was resumed.

INTERPELLATION OF REP. LOBREGAT

(Continuation)

In reply to the previous query, Rep. Suarez explained that the Commission on the Filipino Language is tasked to undertake, coordinate and promote researches for the development and propagation and preservation of Filipino and other Philippine languages. She subsequently admitted that the Filipino language is continuously evolving.

Whereupon, Rep. Lobregat inquired about the steps being undertaken by the Commission to ensure the evolution of the Filipino language. He asked on the percentage of Philippine dialects that make up the composition of the present Filipino language. In reply, Rep. Suarez explained that based on the NSO survey of about 68,431,213 Filipinos, 20,044,487 or 29.3% are Tagalog speakers; 21.2% Cebuano and 9.3% speak Ilocano.

Whereupon, Rep. Lobregat inquired on the percentage of Tagalog-based words in the present Filipino language.

SUSPENSION OF SESSION

On motion of Rep. Suarez, the Chair suspended the session at 10:26 a.m.

RESUMPTION OF SESSION

At 10:27 a.m., the session was resumed.

MANIFESTATION OF REP. LOBREGAT

Upon resumption of session, Rep. Lobregat informed the Committee that he can receive the figures he had requested on a later date, considering that Rep. Padilla, who was the author of the law creating the Commission on Filipino Language, had assured him that the Commission intends to incorporate other dialects in the emerging Filipino language. He thereafter stated that the Minority does not have any more questions regarding the budget of the Commission on Filipino language.

MANIFESTATION OF REP. ESCUDERO

Rep. Escudero likewise manifested that the Majority had no questions on the proposed budget of the CFL.

TERMINATION OF THE PERIOD OF
INTERPELLATIONS ON THE
PROPOSED BUDGET OF THE CFL

Thereupon, on motion of Rep. Escudero, there being no objection, the Body terminated the period of interpellations on the proposed budget of the CFL.

SUSPENSION OF SESSION

On motion of Rep. Escudero, the Chair suspended the session at 10:29 a.m.

RESUMPTION OF SESSION

At 10:31 a.m., the session was resumed.

CONSIDERATION OF THE
PROPOSED BUDGET OF THE
BONDOC DEVELOPMENT PROGRAM

On motion of Rep. Escudero, there being no objection, the Body considered the proposed budget of the Area Development Assistance Fund, particularly that of the Bondoc Development Program (BDP).

MANIFESTATION OF REP. LOBREGAT

Upon recognition by the Chair, Rep. Lobregat manifested that the Minority had no questions on the proposed budget of the BDP.

MANIFESTATION OF REP. ESCUDERO

Rep. Escudero likewise manifested that the Majority had no questions on the proposed budget of the BDP.

TERMINATION OF THE PERIOD OF
INTERPELLATIONS ON THE
PROPOSED BUDGET OF THE BDP

Thereupon, on motion of Rep. Escudero, there being no objection, the Body terminated the period of interpellations on the proposed budget of the BDP.

CONSIDERATION OF THE PROPOSED BUDGET OF THE NATIONAL BOOK
DEVELOPMENT BOARD

On motion of Rep. Escudero, there being no objection, the Body considered the proposed budget of the National Book Development Board (NBDB).

MANIFESTATION OF REP. LOBREGAT

Upon recognition by the Chair, Rep. Lobregat manifested that the Minority had no questions on the proposed budget of the NBDB.

MANIFESTATIONOF REP. ESCUDERO

Rep. Escudero likewise manifested that the Majority had no questions on the proposed budget of the NBDB.

TERMINATION OF THE PERIOD OF
INTERPELLATIONS ON THE
PROPOSED BUDGET OF THE NBDB

Thereupon, on motion of Rep. Escudero, there being no objection, the Body terminated the period of interpellations on the proposed budget of the NBDB.
SUSPENSION OF SESSION

Whereupon, on motion of Rep. Escudero, the Chair suspended the session at 10:34 a.m.

RESUMPTION OF SESSION

At 10:37 a.m., the session was resumed.

OMNIBUS MOTION OF REP. ABAYA (A.)

Whereupon, Rep. Abaya (A.) made an omnibus motion for the termination of the period of interpellations on the proposed budgets of the departments and agencies scheduled for deliberation.

SUSPENSION OF SESSION

On motion of Rep. Escudero, the Chair suspended the session at 10:38 a.m.

RESUMPTION OF SESSION

At 10:40 a.m., the session was resumed.

MOTION OF REP. ESCUDERO

Upon resumption of session, Rep. Escudero moved to consider the proposed budget of the Philippine Information Agency (PIA).

QUERY FROM THE CHAIR

Before acting on Rep. Escudero's motion, the Chair inquired into the status of Rep. Abaya's omnibus motion.

Rep. Escudero remarked that Rep. Abaya had agreed to defer his motion.

WITHDRAWAL OF
REP. ABAYA'S (A.) MOTION

Upon recognition by the Chair, Rep. Abaya manifested his observation that the Body had been deliberating on House Bill No. 5238 for the past two weeks and the questions being asked on the floor regarding the proposed budgets of the different agencies had been asked during the subcommittee hearings. He believed that the Members should use time more constructively. While he does not want to play hero for the day, he however commented that the people in the galleries of the Session Hall have many other things to do in their respective offices. He claimed that the Members are depriving the public of the services of these bureaucrats.

Nonetheless, Rep. Abaya temporarily withdrew his pending motion.

CONSIDERATION OF THE
PROPOSED BUDGET OF THE PIA

As previously moved by Rep. Escudero, there being no objection, the Body considered the proposed budget of the PIA.

The Chair thereafter recognized Rep. Trinidad "Ebbie" G. Apostol to sponsor the Bill and Rep. Rozzano Rufino B. Biazon for a manifestation.

MANIFESTATION OF REP. BIAZON

Upon recognition by the Chair, Rep. Biazon manifested that the Minority had no questions on the proposed budget of the PIA.

MANIFESTATION OF REP. ESCUDERO

On the part of the Majority, Rep. Escudero manifested that no Member had registered to interpellate on the proposed budget of the PIA.

REMARKS OF REP. APOSTOL

Rep. Apostol expressed her gratitude to Rep. Biazon.

TERMINATION OF THE PERIOD
OF INTERPELLATIONS ON THE
PROPOSED BUDGET OF THE PIA

On motion of Rep. Escudero, there being no objection, the Body terminated the period of interpellations on the proposed budget of the PIA.

CONSIDERATION OF THE
PROPOSED BUDGET OF THE
BUREAU OF BROADCAST SERVICES

On motion of Rep. Escudero, there being no objection, the Body considered the proposed budget of the Bureau of Broadcast Services (BBS).

MANIFESTATION OF REP. BIAZON

Upon recognition by the Chair, Rep. Biazon manifested that the Minority had no questions on the proposed budget of the BBS.
TERMINATION OF THE PERIOD
OF INTERPELLATIONS ON THE
PROPOSED BUDGET OF THE BBS

On joint motion of Reps. Biazon and Escudero, there being no objection, the Body terminated the period of interpellations on the proposed budget of the BBS.

CONSIDERATION OF THE PROPOSED BUDGET OF THE NEWS AND
INFORMATION BUREAU

On motion of Rep. Escudero, there being no objection, the Body considered the proposed budget of the News and Information Bureau (NIB).

MANIFESTATION OF REP. BIAZON

Upon recognition by the Chair, Rep. Biazon manifested that the Minority had no questions on the proposed budget of the NIB.

TERMINATION OF THE PERIOD
OF INTERPELLATIONS ON THE
PROPOSED BUDGET OF THE NIB

On a joint motion of Reps. Biazon and Escudero, there being no objection, the Body terminated the period of interpellations on the proposed budget of the NIB.

CONSIDERATION OF THE
PROPOSED BUDGET OF THE
NATIONAL PRINTING OFFICE

On motion of Rep. Escudero, there being no objection, the Body considered the proposed budget of the National Printing Office (NPO).

MANIFESTATION OF REP. BIAZON

Upon recognition by the Chair, Rep. Biazon manifested that the Minority had no questions on the proposed budget of the NPO.

TERMINATION OF THE PERIOD

OF INTERPELLATIONS ON THE
PROPOSED BUDGET OF THE NPO

On joint motion of Reps. Biazon and Escudero, there being no objection, the Body terminated the period of interpellations on the proposed budget of the NPO.

CONSIDERATION OF THE PROPOSED BUDGET OF RTV-MALACAÑANG

On motion of Rep. Escudero, there being no objection, the Body considered the proposed budget of RTV-Malacañang.

MANIFESTATION OF REP. BIAZON

Upon recognition by the Chair, Rep. Biazon manifested that the Minority had no questions on the proposed budget of RTV-Malacañang.

TERMINATION OF THE PERIOD OF
INTERPELLATIONS ON THE PROPOSED BUDGET OF RTV-MALACAÑANG

On joint motion of Reps. Biazon and Escudero, there being no objection, the Body terminated the period of interpellations on the proposed budget of the RTV-Malacañang.

CONSIDERATION OF THE
PROPOSED BUDGET OF THE
OFFICE OF THE PRESS SECRETARY

On motion of Rep. Escudero, there being no objection, the Body considered the proposed budget of the Office of the Press Secretary (OPS).

MANIFESTATION OF REP. BIAZON

Upon recognition by the Chair, Rep. Biazon manifested that the Minority had no questions on the proposed budget of the OPS. He said that the manifestation was made in behalf of the people of Muntinlupa who are proud to have one of its own as head of the OPS.

TERMINATION OF THE PERIOD
OF INTERPELLATIONS ON THE
PROPOSED BUDGET OF THE OPS

On joint motion of Reps. Biazon and Escudero, there being no objection, the Body terminated the period of interpellations on the proposed budget of the OPS.

SUSPENSION OF SESSION

On motion of Rep. Escudero, the session was suspended at 10:47 a.m.

RESUMPTION OF SESSION

At 10:48 a.m., the session was resumed.

CONSIDERATION OF THE PROPOSED BUDGETS OF THE DEPARTMENT
OF FOREIGN AFFAIRS AND ITS
ATTACHED AGENCIES

On motion of Rep. Escudero, there being no objection, the Body considered the proposed budgets of the Department of Foreign Affairs (DFA) and its attached agencies.

On further motion of Rep. Escudero, the Chair recognized Reps. Imee R. Marcos and Constantino G. Jaraula to sponsor the Bill and to interpellate thereon, respectively.

INTERPELLATION OF REP. JARAULA

At the outset, Rep. Jaraula remarked that the DFA has been attending to a lot of things amidst a fast-paced world and a national economy that depends on the remittances of overseas Filipino workers (OFWs). In this regard, he inquired on the need to strengthen the DFA. He also noted the need to strengthen Philippine relations with other countries, especially its Asian neighbors.

Rep. Marcos agreed therewith and commended the support extended by the Minority to the DFA. She said that the Department is the human face of Philippine governance abroad and takes care of almost 7.4 million Filipinos living abroad. She however lamented that despite the DFA mandate, its measly budget has not increased in the last five years.

Rep. Jaraula pointed out that the figure 7.4 million does not include yet the undocumented overseas Filipinos who were forced to work abroad out of economic hardship and who are the ones in need of assistance the most.

Rep. Marcos disclosed that these OFWs may run to the DFA in case of any legal or labor problem. She also agreed with the observation of Rep. Jaraula that there have been past instances when the DFA was unable to extend adequate support to the problems of the OFWs, particularly in the case of the Filipino deportees in Sabah. She manifested the desire of DFA Secretary Blas Ople to increase the proposed budget of P40 million for this area of concern.

Whereupon, Rep. Jaraula pointed out that for the first time, the Department is headed by someone who has varied experiences in government service, having served as Minister of Labor and Employment as well as Member of Congress. He opined that even as they would rely on Secretary Blas Ople's talents, his Department cannot deliver its mandated services if its budget is inadequate.

Rep. Marcos agreed therewith.

Rep. Jaraula then manifested the challenge posed by the Minority for the Majority to double the amount of P40 million in order to intensify the DFA's capacity to serve almost eight million Filipinos abroad who are regarded as "modern-day heroes."

Rep. Marcos stated that the DFA appreciates the sentiments of the Minority.

With regard to the regularization of casual DFA employees, Rep. Marcos affirmed that 205 DFA employees are working as casuals because of a fundamental defect in the implementation of the Salary Standardization Law. She revealed that approximately P36 million is needed to make permanent the services of these employees who are holders of master's degrees and higher academic certificates.

Rep. Jaraula opined that regularization is imperative if the Body is to honor the service of, and give confidence to, these people. He then inquired on whether the DFA can partially meet the funding requirement of “regularizing” the 205 casuals if the amount of P36 million is too burdensome.

Rep. Marcos replied that the Department is open to a staggered implementation and that it would welcome any suggestion from the Minority about the matter. This, as

she revealed that the DFA transfers roughly P2 billion to the National Treasury every year.

As a rejoinder, Rep. Jaraula found it ironic that a Department which serves and earns for the country gets a meager share of the budget pie. He then posed another challenge to the Majority to increase the allocation of the DFA so that it can do justice to casual DFA employees. He expressed disappointment that the Body had terminated the period of interpellations on the proposed budget of the DBM. He opined that they should have deferred its consideration until such time that all the adjustments in the budgetary allocations have been made.

Considering that technology is fast-paced, Rep. Jaraula further opined that it is necessary to modernize the machinery that produces passports so that the Filipino passport will finally gain the respect it deserves. He noted that the world considers the Filipino passport as almost in the level of the Mickey Mouse money that can be produced any time. He then asked whether Rep. Marcos agrees that this area of concern necessitates an additional allocation.

Replying in the affirmative, Rep. Marcos narrated the DFA experience in Zamboanga during the deportation in Sabah when reports were rife about racketeering in the area of fake passports and the recent arrests of Indonesian suspected terrorists indicated that they carry at least two to five Filipino passports bought under suspicious circumstances. Stating that this is definitely an area of concern, she revealed that there is an on-going BOT project for a machine readable passport system that should be in place by June 2003. However, she said that funds are still short in the Department's coffers for said project.

To Rep. Jaraula's query, Rep. Marcos replied that the DFA Secretary is requesting a paltry P5 million in order to effect machine-readable passports against fraud and terrorism.

Rep. Jaraula pointed out that P5 million is insulting to the Members' conscience and they should not deny the DFA the machinery needed to institutionalize the production of the Philippine passports. He said that the Minority is proposing an increase in the DFA budget and is challenging the Majority to come up with the corresponding change in the Department's allocation if it would like to honor the DFA and give integrity to the Philippine passport anywhere in the world.

Rep. Marcos said that she is grateful to the Minority for all the recommendations. She said that all these manifestations will be sent to the DBM and other authorities concerned. In the meantime, she observed that Rep. Jaraula is a better sponsor of the DFA than her.

Rep. Jaraula said that it can never happen because he is only trying his best to articulate what is already in the mind of Rep. Marcos.

Whereupon, Rep. Jaraula noted that Rep. Marcos had made reference to the refugees coming from Sabah on at least two major occasions in the House -- once during the Eleventh Congress and another in the Twelfth Congress. He said that he had called the attention of the Body to the necessity of finally finding a permanent solution to the so-called Philippine claim over Sabah. However, he said that he will no longer go into the details of his proposal that the Philippine claim over Sabah be limited to the proprietary aspect and that the Philippines should abandon the dream on the claim of sovereignty or imperium, so that once and for all the matter can be settled.

Whereupon, Rep. Jaraula recalled that two or three months ago, President Macapagal-Arroyo had issued an Executive Order creating or reestablishing the Legislative-

Executive Development Advisory Council (LEDAC) on Sabah. He then asked whether the proposed budget contains an allocation for said purposes to aggressively prosecute the mission of the LEDAC on Sabah.

Repyling in the affirmative, Rep. Marcos said that the DFA shares Rep. Jaraula's advocacy. Although she said that the LEDAC on Sabah has not been fully implemented, it will certainly be supported by the Secretary of the DFA.

Although he had many more items to look into, Rep. Jaraula thanked Rep. Marcos and ended his interpellation to give way to more qualified Members of the Minority.

The Chair remarked that Rep. Jaraula is also a new hero to overseas Filipinos.

At this point, on motion of Rep. De Guzman, the Chair recognized Rep. Macarambon for his interpellation.

INTERPELLATION OF REP. MACARAMBON

At the outset, Rep. Macarambon said that it was the first time he had read the recently signed MLSA. Although he is not a lawyer, he said that he knows for a fact that his region is one of the areas most affected by the Mutual Defense Agreement, the Visiting Forces Agreement (VFA) and the implementation of the 01-02 Balikatan exercises.

Before Rep. Macarambon could continue with his interpellation, the Chair recognized Rep. Amante for his manifestation.

MANIFESTATION OF REP. AMANTE

With due respect to Reps. Macarambon and Marcos, Rep. Amante, as a matter of diplomacy, requested Rep. Macarambon to face Rep. Marcos while interpellating.

The Chair requested Rep. Macarambon to take another podium so that he can face Rep. Marcos.

INTERPELLATION OF REP. MACARAMBON
(Continuation)

To continue with his interpellation, Rep. Macarambon underscored that his region was one of the most affected by the Balikatan exercises. After perusing over the recently signed MLSA, he expressed apprehension about the applicability of the MLSA in the Philippines. He then read portions of the MLSA.

Considering that the recently-signed MLSA has not been ratified by the Senate, Rep. Macarambon expressed apprehension that there could be an unlimited scope of implementing arrangements which were violated in the previous MLSA signed by representatives of both the government of the United States and the Philippines. He however noted that the the previous MLSA had little reference to the Balikatan exercises in Basilan.

Rep. Marcos replied that the administration's position was that the MLSA is merely a low-level military to military agreement implementing present treaties between the US and the Philippines defense forces. However, she opined that the ongoing Senate review of the MLSA should look into these problematic provisions.

Rep. Macarambon said that the “low-levelness”of the MLSA is quite disturbing because it could run into dangerous terms and agreements between the US and the Philippines.

Replying in the affirmative, Rep. Marcos explained that the BAYAN vs. Zamora case regarding the VFA determined that even the nomenclature of “executive agreement” does not disguise the fact that said agreement is in fact a treaty in force and effect.

Rep. Macarambon noted that Senate President Franklin Drilon during a previous television interview, had agreed that the MLSA should first pass review and scrutiny by the Senate. He then asked whether Rep. Marcos agrees with the opinion of the Senate President.

Rep. Marcos said that the DFA's position on the MLSA is that it is merely an implementing agreement. Likewise, she said that during the previous day's committee hearing in the Senate, the DFA took note of the questions posed by the Senate President and that of the other Senators. She added that her personal opinion on the matter is well-known to her colleagues in the House.

Rep. Macarambon said that he understands and wonders why Rep. Marcos is defending the budget of the DFA considering her opinion on the MLSA. He said that his questions should be directed to the DFA Secretary. He thereafter moved that the Body convert itself into a Committee of the Whole to allow the DFA Secretary to answer the questions. Although Rep. Marcos is qualified to answer his questions, he expressed apprehension over her opinion regarding the MLSA.

The Chair said that only the Majority Leader can move to convert the Body into a Committee of the Whole.

SUSPENSION OF SESSION

On motion of Rep. Escudero, the session was suspended at 11:18 a.m.

RESUMPTION OF SESSION

At 11:20 a.m., the session was resumed.

WITHDRAWAL OF
REP. MACARAMBON'S MOTION

Upon resumption of session, Rep. Macarambon withdrew his motion that the Body convert itself into a Committee of the Whole in the deliberations on the proposed budget of the DFA because he had found out that the DFA is not a signatory to the MLSA. He then stated that he would later move that the Body convert itself in to a Committee of the Whole when it considers the proposed budget of the Department of National Defense (DND) so he could seek clarification on the MLSA.

The Chair informed Rep. Macarambon that his motion should be properly directed to the Committee on Rules because only said Committee could move that the Body convert itself into a Committee of the Whole.

Rep. Escudero stated that at the proper time, the Body would consider Rep. Macarambon's reservation which is shared by the Minority Leader.

MANIFESTATION OF REP. PADILLA

Thereupon, Rep. Padilla manifested the Minority's intent that in the delierations on the proposed budget of the DND, the House should convert itself into a Committee of the Whole so that the questions that the Members may propound may be answered by the

Secretary of the DND.

The Chair stated that this would be subject to the proper procedure as provided for in the Rules of the House because only the Committee on Rules can move that the Body convert itself into a Committee of the Whole.

INTERPELLATION OF REP. MACARAMBON
(Continuation)

Adverting to what he termed as the most controversial issue of the year, that is the issue involving the DFA, the DOJ and Rep. Jimenez, Rep. Macarambon inquired as to who was in charge of the extradition case of Rep. Jimenez in the DFA, and who took charge of endorsing the same from the DFA to the DOJ. He further asked whether Underscretary Ebdalin was present.

Rep. Marcos replied that Underscretary Ebdalin was present in the Session Hall.

Rep. Macarambon stated that he had read in the newspapers that upon receipt from the US of the note verbale requesting the extradition of Rep. Jimenez, the DFA immediately transmitted the same to the DOJ. He inquired whether this is the right procedure.

Rep. Marcos replied that it is the sense of the DFA that it merely acts as a go-between or a postal box between the governments of the US and the Philippines. As a result, she said that when the request for the extradition of Rep. Jimenez was sent by the US government, it was coursed through the DFA whose single role was to determine the satisfactory compliance of formal requirements in an extradition request. In line with this, she said that the DFA then sent the request directly to the DOJ which is tasked with the determination of the proper action on said case.

Rep. Macarambon noted that it is the duty of the DFA to receive documents properly and ensure that they are supported by necessary documents before it submits to the DOJ a request for extradition.

Rep. Marcos replied that it is the sense of the Undersecretary of the DFA that the formal requirements for an extradition request have been complied with. Inasmuch as the Philippines is determined to fulfill its commitments under the Extradition Treaty and the Philippine law on extradition, she added that the DFA likewise believes that it had done its part and that the case is now left to the courts to decide.

Rep. Macarambon opined that the DFA did not do its part properly because upon receipt of the note verbale on the extradition request of the US, it immediately transmitted the same to the DOJ even without the supporting papers. He claimed that it is imperative on the part of the DFA to scrutinize the request and determine whether it is supported by evidence and pertinent documents, and that it is not merely a scrap of paper.

Rep. Marcos pointed out that there is a division of labor between the departments of the government. She stated that it was apparent to the Undersecretary that the request of the US government for the extradition of Rep. Jimenez was adequate and had in fact supporting documents. The determination of prima facie evidence, she however said, appears to be the role of the DOJ and not the DFA.

Rep. Macarambon inquired when the DFA received the note verbale from the US government.

Rep. Marcos replied that the records were not with her at the moment, although she

recalled that it was sometime in April that Undersecretary Ebdalin received said request. She added that upon completion of the DFA checklist the following day, Undersecretary Ebdalin sent the request to the DOJ.

Rep. Macarambon asked when the DFA received the supporting documents on the case of Rep. Jimenez.

Rep. Marcos expressed Undersecretary Ebdalin's point that the single role of the DFA is to receive and transmit the request for extradition as the determination of evidence lies with the DOJ.

Rep. Macarambon inquired on the role of the DFA, and whether it is tasked to receive the note verbale and its supporting papers, and allow its legal department to read through said documents. He opined that there may have been no reason for the DFA to transmit the documents to the DOJ especially because they may have been mere scraps of paper. He maintained that it was very improper and premature for the DFA to have transmitted with haste the note verbale of the US to the DOJ even without the supporting papers.

Rep. Marcos replied that according to Undersecretary Ebdalin, the request for extradition contained supporting documents that adequately complied with the DFA's checklist of formal requirements for an extradition request. She added that the DFA was compelled to transmit the same to the DOJ because the role of the DFA is merely that of a gatekeeper who transmits and receives communications with no determination of fact or law.

Rep. Macarambon noted anew the impropriety and the premature nature of the DFA's transmission of the request to the DOJ even without the supporting documents and without even going through the same. He added that even if he had not yet received the supporting documents, Undersecretary Ebdalin had issued a statement to the press to the effect that the potential extraditee, Rep. Jimenez, was guilty of the charges the US government had accused him of. He asked who Undersecretary Ebdalin was and whether he was the Chief Justice of the Supreme Court or the Secretary of Justice.

Rep. Marcos stated that Undersecretary Ebdalin has categorically denied having made such a statement declaring Rep. Jimenez guilty of the charges against him, regardless of how it may have been reported in the media. In addition to this, she stressed that the eight boxes of documents did not accompany the request from the US government; they may have followed the request to provide evidence in the DOJ. Lastly, she remarked that the DOJ takes pride in pushing for the immediate extradition of Rep. Jimenez.

REMARKS OF REP. ABAYA (a.)

Upon recognition by the Chair, Rep. Antonio M. Abaya noted that Rep. Macarambon's questions, however interesting they may be, were veering away from the subject matter which is the budget of the DFA.

MOTION OF REP. ABAYA

Upon a query from the Chair, Rep. Abaya moved to declare Rep. Macarambon out of order.

REMARKS OF REP. MACARAMBON

Thereupon, Rep. Macarambon claimed that it is no longer the business of any Member of the House to take care of his personal and official business as Representative of

the Second District of Lanao del Sur. He added that it is no longer the business of anybody to caution him because it is his privilege, his right and the right of his people to be represented in the House. It is nobody's business, he stressed.

SUSPENSION OF SESSION

On motion of Rep. Defensor, the session was suspended at 11:38 a.m.

RESUMPTION OF SESSION

At 11:41 a.m., the session was resumed.
MANIFESTATION OF REP. ABAYA (A.)

Upon recognition by the Chair, Rep. Abaya stated that upon conferring with Reps. Escudero and Macarambon, he was withdrawing his previous motion to declare the latter out of order.

REMINDER FROM THE CHAIR

Whereupon, the Chair suggested that considering that the same questions had been asked repeatedly and answers thereto had also been made repeatedly, Rep. Macarambon should proceed to another matter in his interpellation.

Rep. Macarambon agreed therewith only to the extent that his questions are properly answered, otherwise he will pursue his questions.

INTERPELLATION OF REP. MACARAMBON
(Continuation)

Upon recognition by the Chair, Rep. Macarambon pointed out that DFA Undersecretary Ebdalin has categorically denied making an announcement as judge, jury and executioner of Rep. Jimenez. This, he said, despite the articles published in the June 19, 1999 issue of the Philippine Daily Inquirer entitled "Estrada Keeping Hands Off Pal’s Case"; in the June 22, 1999 issue of the same newspaper entitled, "Secretary Aventajado Denies Squeezing Jimenez”; and in the column of Ms. Ninez Cacho-Olivarez in the same newspaper dated June 20, 1999, wherein she branded the matter as stupid. He then asked whether despite the fact that all the aforementioned articles contain Undersecretary Ebdalin's statement marking Rep. Jimenez as guilty, the former has denied all these allegations.

Rep. Marcos replied in the affirmative.

Stating that he is appalled by the way the DFA is expediting the case against Rep. Jimenez, Rep. Macarambon pointed out that the primary duty of the DFA is to protect the interest of the citizens of the Republic, even those who have been accused of a crime. He then asked why the DFA was eagerly pushing for the immediate extradition of Rep. Jimenez.

Rep. Marcos replied that the DFA is merely performing its obligation under the Extradition Treaty between the Philippines and the US, as a transmittal office of Rep. Jimenez' extradition case.

While he affirmed that the Republic is duty bound to uphold the Extradition Treaty with the United States, Rep. Macarambon asked why the DFA is doing this to a Filipino citizen and a Member of the House of Representatives. At this point, he cautioned Undersecretary Ebdalin not to disturb the proceedings, otherwise he would request disciplinary action from the Chair. With regard to the case of Mr.

Pacificador, he continued that the latter was not extradited to the Philippines because the Canadian government did not trust the justice system of the Republic. He pointed out that Canada and the United States, with which the Philippines has extradition treaties, protect their citizens and even foreigners, like Filipinos. He then asked why the extradition from the Philippines of a Filipino citizen accused of a crime in a foreign land is being pushed by the DOJ and the DFA.
At this point, Rep. Marcos explained that considering that according to the DFA, the circumstances surrounding Mr. Pacificador's case are different from that of Rep. Jimenez' extradition case, the DFA's actions in both cases were different. Subsequently, she stressed that the DFA had given its assurance that the Philippine Embassy in Ottawa, Canada and the DOJ have been closely coordinating with each other to prove to the Canadian government that there is basis for Mr. Pacificador to appeal his case.

However, Rep. Macarambon noted that while the Canadian government is concerned about Mr. Pacificador's right to justice, the Philippine government is pushing for the extradition of Rep .Jimenez to the US. Rep. Marcos clarified that the DFA is not pushing for or expediting the extradition of Rep. Jimenez.

Whereupon, Rep. Macarambon pointed out that what is happening to Rep. Jimenez is a very alarming precedent which would indicate that if this could happen to Rep. Jimenez, even ordinary Filipino citizens cannot obtain justice in the country.

Thereafter, on motion of Rep. De Guzman, the Chair recognized Rep. Biazon for his interpellation.

INTERPELLATION OF REP. BIAZON

To the queries of Rep. Biazon, Rep. Marcos replied that the mandate of the DFA is to uphold the welfare of all Filipinos in the country and abroad and to give emphasis to the growing number of Filipinos abroad, referred as "the Filipino Diaspora." Moreover, she stressed that the mandate of the Department further includes the upholding of agreements entered into by the Philippine government with other states, whether they be regional, bilateral or multilateral agreements. She added that the position of the DFA Secretary can be likened to that of the US Secretary of State. With regard to the MLSA, Rep. Biazon pointed out that this agreement between the United States and the Philippines has been regarded as a low-level agreement and that the signatory thereto is only a Member of the staff of the AFP Chief of Staff.

He then inquired on the role of the DFA in the signing of the agreement, and whether the proposed amendments were merely recommendatory.

Rep. Marcos disclosed that the DFA and the DOJ had made strenuous efforts to amend the original draft to conform with the requests of many sectors. She pointed out that the MLSA is largely a defense document such that the other Departments had only a secondary role to that of the DND. For certain, she stressed that the MLSA is a defense-related policy, with the DFA and the DOJ merely providing diplomatic and legal services.

On whether the DFA did not object to the initiatives taken up by the DND, Rep. Marcos ascertained that it did not, because Secretary Blas Ople as well as Secretary Angelo Reyes presented the same proposal to the Legislature.

To subsequent queries, Rep. Marcos noted that arrangements between states are coursed through the DFA which has the primordial role in the country's international relations. She clarified that under the Constitution and as provided by EO No. 459, the DFA merely determines the guidelines for international agreements, but the

delineation of policy belongs to the concerned agency.

Thereupon, Rep. Biazon asked under what authority the DND had entered into such an agreement.

After explaining that the reciprocal provision of logistics support undertaken by the MLSA is merely a military agreement between the Philippines and the US Department of Defense, Rep. Marcos further clarified that as such, the authority is incumbent upon the DFA Secretary as he determines the guidelines of international agreements, including the MLSA under the DND Secretary.

As to under what authority had the AFP entered into an agreement with the US, Rep. Marcos disclosed that it was through the authority of Secretary Reyes as represented by Commodore Ernesto De Leon with respect to the signing of the MLSA. On the other hand, she clarified that the US Department of Defense was represented by a certain Colonel Velasco, who derived his authority from the US Secretary of Defense. She said that the Philippine side as well as the American side had the imprimatur of their respective Presidents who are both recognized in their jurisdictions as architects of foreign policies.

At this point, Rep. Biazon cited Section 2341, Title 10 of the US Code which states that the authority of the US Secretary of Defense is derived from law. Thus, he stressed that the US Secretary cannot simply enter into an agreement like the MLSA in the absence of any appropriation. He subsequently asked whether similarly, the Philippine Secretary of Defense was backed up by an appropriation. He pointed out that under the MLSA, there is an exchange of supplies and logistics which would therefore need appropriations.

In reply, Rep. Marcos said that it is the position of the DFA that such an agreement merely contains the best efforts that can be obligated from both parties, with no fixed sum stipulated therein. As a result, she said that it is the sense of the Secretary that no appropriations were made for the MLSA.

Rep. Biazon however pointed out that even before the US entered into the agreement, it already had the authority derived from Congress. He thereafter referred anew to Section 2342 which provides that subject to Section 2343 of the same law, after the determination of the availability of appropriations and consultation with the Secretary of the State, the Secretary of Defense may enter into an agreement. He inquired on the parameters that the country's Secretary of Defense has to follow before he can enter into any such agreement. It is obvious, he continued, that the Secretary had entered into an agreement without even informing Congress, notwithstanding the fact that the MLSA involves the use of logistics, supplies and even the services of the AFP. He lamented that the House, which is tasked with handling appropriations, had just been set aside.

While there are no similar laws in the Philippines, Rep. Marcos said that the Constitution clearly endows the President with the power to formulate foreign policy. She pointed out that on December 3, 2001, the President issued EO No. 57 creating a Cabinet committee on the MLSA which included the DND Secretary as chairman, together with the Secretaries of the DFA and the DOJ as members. However, she added that the concerns raised by Rep. Biazon are now being reviewed in the Senate with respect to the determination of the appropriation and tax relief clauses contained in the agreement.

While he concedes that the President is the chief architect of foreign policy, Rep. Biazon maintained that it is enshrined in the Constitution that Congress has the right to appropriate funds. He opined that just like the US, there should be a law

in the country that will ensure the welfare of Filipinos, and another law regarding logistics and allocations passed by Congress.

Rep. Marcos thanked Rep. Biazon for his observations, this as she agreed that the Lower House is sworn to uphold its primacy in the matter of appropriations and tax relief initiatives.

Thereupon, Rep. De Guzman moved for the recognition of Rep. Puentevella for his manifestation.

REMARKS OF THE CHAIR

Before giving the floor to Rep. Puentevella, the Chair noted Rep. Marcos' use of the term "Lower House," and stressed that the better term is the "Bigger House."

MANIFESTATION OF REP. PUENTEVELLA

Rep. Puentevella noted that the issues raised on the floor with regard to the DFA operations are mostly negative. However, he said that he would like to share with the Members and the people present in the galleries something good about the DFA.

He disclosed that early during the year, his constituent who is an overseas contract worker (OCW) in Kuwait was accused of murder and convicted for life despite his innocence. He said that he would like to put on record that with the help of some officials under President Macapagal-Arroyo as well as the DFA personnel headed by Vice President Teofisto Guingona and Undersecretary Baja, the Kuwait government had pardoned his constituent. He said that this happened after several months of agony on the part of the family of the accused and after reconsiderations on the case as sought by the legal counsel and the petitions made by the DFA.

Rep. Puentevella thanked President Arroyo, Vice President Guingona and the DFA for helping save the life of a family man and giving them a beautiful Christmas. He likewise thanked the DFA for its diligence, competence and concern for all the OCWs.

Finally, Rep. Puentevella expressed his gratitude to all the other officials who had participated in this beautiful human endeavor of saving a life and giving him back to his family, and enjoined his colleagues to support the DFA budget.

Rep. Marcos thanked Rep. Puentevella for his commendation, this as she noted that the success stories of the DFA are seldom reported.

SUSPENSION OF SESSION

Thereupon, on motion of Rep. Failon, the session was suspended at 12:19 p.m.

RESUMPTION OF SESSION

At 12:20 p.m., the session was resumed.

SUSPENSION OF CONSIDERATION OF
THE PROPOSED BUDGET OF THE DFA

On motion of Rep. Escudero, there being no objection, the Body suspended consideration of the proposed budget of the DFA.

CONSIDERATION OF THE PROPOSED BUDGET OF THE ZAMBOANGA CITY
SPECIAL ECONOMIC ZONE AUTHORITY

On motion of Rep. Escudero, there being no objection, the Body considered the proposed budget of the Zamboanga City Special Economic Zone Authority (ZCSEZA).

REMARKS OF REP. LOBREGAT

Rep. Lobregat said that the Minority had no questions on the proposed budget of the ZCSEZA but that if it can be increased, they will make the proper motion at the proper time.

TERMINATION OF THE PERIOD Of
INTERPELLATIONS ON THE PROPOSED BUDGET OF THE ZCSEZA

On motion of Rep. Escudero, there being no objection, the Body terminated the period of interpellations on the proposed budget of the ZCSEZA.

SUSPENSION OF SESSION

The session was suspended at 12:21 p.m., upon Rep. Escudero's motion.

RESUMPTION OF SESSION

At 12:21 p.m., the session was resumed.

CONSIDERATION OF THE PROPOSED BUDGET OF THE PRESIDENTIAL
LEGISLATIVE LIAISON OFFICE

On motion of Rep. Escudero, there being no objection, the Body considered the proposed budget of the Presidential Legislative Liaison Office (PLLO).

REMARKS OF REP. TALIÑO-SANTOS

Rep. Emmylou J. Taliño-Santos said that the Minority had no questions on the proposed budget of the PLLO.

TERMINATION OF THE PERIOD OF
INTERPELLATIONS ON THE
PROPOSED BUDGET OF THE PLLO

On motion of Rep. Escudero, there being no objection, the Body terminated the period of interpellation on the proposed budget of the PLLO.

CONSIDERATION OF THE PROPOSED BUDGET OF THE CAGAYAN SPECIAL
ECONOMIC ZONE AUTHORITY

On motion of Rep. Escudero, there being no objection, the Body considered the proposed budget of the Cagayan Special Economic Zone Authority (CSEZA)

REMARKS OF REP. PADILLA

Rep. Padilla said that the Minority had no questions on the proposed budget of the CSEZA.

TERMINATION OF THE PERIOD OF
INTERPELLATIONS ON THE PROPOSED BUDGET OF THE CSEZA

On motion of Rep. Escudero, there being no objection, the Body terminated the period of interpellations on the proposed budget of the CSEZA.

SUSPENSION OF SESSION

The session was suspended at 12:23 p.m. upon Rep. Escudero's motion.

RESUMPTION OF SESSION

At 12:23 p.m., the session was resumed.

RESUMPTION OF CONSIDERATION OF
THE PROPOSED BUDGET OF THE DFA

On motion of Rep. Escudero, there being no objection, the Body resumed consideration of the proposed budget of the DFA.

On motion of Rep. Escudero, the Chair recognized Rep. Marcos to sponsor the proposed budget of the DFA and Rep. Failon to interpellate thereon.

INTERPELLATION OF REP. FAILON

At the outset, Rep. Failon asked about Rep. Marcos' sentiments about Region VIII due to the fact that her mother is from the region. Rep. Marcos replied that she is much a part of Region VIII as she is of Region I and her maternal ties commit her to support the budget requirements of Region VIII.

On whether she agrees that Region VIII is one of the most depressed regions, she said the figures will attest to the same such that she is committed to support development in the area through the national budget as an instrument of policy.

Rep. Failon said that he had made representations with the DFA on the possibility of establishing a Regional Consular Office (RCO) in Tacloban City to cater to the people of Region VIII; and that according to the National Statistics Office, there are around 3.6 million Waray-Waray in the Region. He then inquired how many RCOs there are in the country and where they are located.

Saying that only 10 RCOs have been established, Rep. Marcos said that the DFA has asked the DBM to set up RCOs in all the regions but that the DBM has not yet acted on the request due to financial incapacity. She informed the Body that the RCOs are in Tuguegarao, Cayayan de Oro, Lucena, lloilo, Pampanga, Legaspi City, La Union, Cebu, Davao and Zamboanga; and pointed out that the RCOs closest to Region VIII are those in Cebu and Legazpi City.

Rep. Failon said that he does not want to offend his colleagues from other regions, but inquired on the wisdom of establishing an RCO in Pampanga whereas Metro Manila is very near to the province, as well as in Iloilo or Legaspi City. The Sponsor explained that the volume of passport applicants in Region III was the reason behind the opening of an RCO near the Metro Manila area; and that RCOs have been established based entirely on the concentration of OFWs as well as the total population in the areas concerned.

On whether she has data on the number of OFWs and passport applicants coming from Region VIII, Rep. Marcos affirmed that the region is ill-served. She however pointed out that establishing a new RCO would cost at least P7.8 million and that the request for CO and MOOE in this regard had been rejected by the DBM. She said that what the DFA can only commit to at the moment is to send more frequently to Region VIII including Tacloban City, a mobile passport team to process and collect applications within five days. She observed that Tacloban City is only six hours away from the RCO in Legaspi City which usually services Region VIII; and that the

situation in Tacloban City is similar to that in Ilocos Norte where passport applicants can be serviced by the closest RCO in La Union which is four hours away.

Thereupon, Rep. Failon inquired on the expenses that would be entailed in sending a mobile passport team per instance. He also asked whether it would be thriftier to establish a permanent RCO.

Rep. Marcos said that sending a mobile passport team of three personnel once a month for a period of five days would entail an annual cost of P928,000. She surmised that the DBM had turned down the request for more RCOs because a million pesos is clearly less than P7.8 million.

Rep. Failon remarked that based on experience, a Cabinet Secretary can really find a way to get funds or to convince the DBM to grant funds for projects that he is particularly interested in. He asked what the DFA has done so that the P7.8 million could be allocated for the establishment of an RCO in Tacloban City.

Rep. Marcos pointed out that requests for CO have been almost routinely rejected by the DBM. She added that other crises have arisen in the DFA for which the greater bulk of the budget of the DFA- OSEC has been addressed, such as the deportation of Filipinos from Sabah. Nevertheless, she stressed her commitment to give her best effort for the establishment of an RCO in Tacloban City at the earliest opportunity.

Rep. Failon stated that he cannot understand why the DBM and the DFA cannot work hand in hand in sourcing funds for the aforecited project, saying that CO for it will only be required once. He explained that the DOLE office in Region VIII has already formally manifested its willingness to accommodate the RCO in its office building without rent, and asked whether the DFA can instead allocate P5 million for said RCO and do away with other items in the proposed budget. He pointed out that the project would be a long-term investment, saying that 3.6 million people who live in Region VIII will benefit and the establishment of an RCO therein will show that the government is working for the development of depressed regions. In Filipino, he emphasized that his constituents do not have money for bus fare to Manila and it would take them not five hours but eight hours by bus -- depending on the weather condition in Matnog, Sorsogon -- to travel to Legaspi City.
Thanking Rep. Failon for advocating an additional P5 million for the DFA budget, Rep. Marcos said that the DFA will study the possibility of sharing office with the DOLE in Tacloban City for the establishment of an RCO therein at the earliest opportunity.

At this point, Rep. Failon asked where the aforecited P5 million will come from and whether it will be sourced within the DFA budget. He revealed that the project cannot be funded out of his Priority Development Assistance Fund (PDAF).

After the Sponsor clarified that the DFA budget does not include an item for the establishment of a new RCO in Leyte although it has kept this plan in mind for several years now, Rep. Failon moved that the Body defer consideration of the proposed budget of the Department while it threshes out where it can get the aforecited P5 million.

SUSPENSION OF SESSION

The Chair motu proprio suspended the session at 12:36.

RESUMPTION OF SESSION

The session was resumed at 12:36 p.m.

SUSPENSION OF CONSIDERATION OF
THE PROPOSED BUDGET OF THE DFA

On motion of Rep. Escudero, there being no objection, the Chair then suspended consideration of the proposed budget of the DFA.

CONSIDERATION OF THE PROPOSED BUDGET OF THE PRESIDENTIAL
COMMISSION FOR THE URBAN POOR

On motion of Rep. Escudero, there being no objection, the Body considered the proposed budget of the Presidential Commission for the Urban Poor (PCUP).

On motion of Rep. Escudero, the Chair recognized Rep. Apostol to sponsor the proposed budget of the PCUP and Rep. Biazon to interpellate thereon.

TERMINATION OF THE PERIOD OF
INTERPELLATIONS ON THE
PROPOSED BUDGET OF THE PCUP

On motion of Rep. Biazon, as adopted by Rep. Escudero, there being no objection, the Body terminated the period of interpellations on the proposed budget of the PCUP.

SUSPENSION OF SESSION

On motion of Rep. Escudero, the Chair suspended the session at 12:38 p.m. to allow the Members to take their lunch.

RESUMPTION OF SESSION

At 2:10 p.m., the session was resumed.

BUSINESS FOR THE DAY:
COMMITTEE REPORT NO. 981
ON HOUSE BILL NO. 2460

On motion of Rep. Escudero, there being no objection, the Body considered on Second Reading House Bill No. 2460 as embodied in Committee Report No. 981 and reported out by the Committee on Labor and Employment.

Upon direction of the Chair, the Secretary General read the title of the Bill, to wit:

"AN ACT EXPANDING THE COVERAGE OF THE EMPLOYEES COMPENSATION AND STATE INSURANCE FUND TO INCLUDE RETIRED EMPLOYEES AGED SEVENTY (70) AND BELOW WHO SUBSEQUENTLY REACQUIRED EMPLOYMENT, AMENDING FOR THE PURPOSE THE LABOR CODE OF THE PHILIPPINES."

As copies of the Bill had been distributed to the Members, on motion of Rep. Escudero, there being no objection, the Body dispensed with the reading of the text of the measure without prejudice to its insertion into the Record of the House.

SPONSORSHIP REMARKS
OF REP. ESCUDERO

Upon request of the author of House Bill No. 2460, on motion of Rep. Escudero, there being no objection, the Body considered the Explanatory Note of the measure as the sponsorship remarks on the measure.

TERMINATION OF THE PERIOD
OF SPONSORSHIP AND DEBATE

There being no interpellations and speeches en contra, on motion of Rep. Escudero, there being no objection, the Body closed the period of sponsorship and debate.

TERMINATION OF THE
PERIOD OF AMENDMENTS

There being no Committee and individual amendments, on motion of Rep. Escudero, there being no objection, the Body closed the period of amendments.

APPROVAL on second reading
OF HOUSE BILL NO. 2460

On motion of Rep. Escudero, there being no objection, the Body approved on Second Reading House Bill No. 2460.

BUSINESS FOR THE DAY:
COMMITTEE REPORT NO. 1063
ON HOUSE BILL NO. 5511

On motion of Rep. Escudero, there being no objection, the Body considered on Second Reading House Bill No. 5511 as embodied in Committee Report No. 1063 and reported out by the Committees on Agrarian Reform, Banks and Financial Intermediaries, Appropriations and Ways and Means.

Upon direction of the Chair, the Secretary General read the title of the Bill, to wit:

"AN ACT PROVIDING MEASURES TO ENHANCE THE ACCEPTABILITY OF AGRICULTURAL LANDS AS SECURITY FOR LOANS OBTAINED FROM LENDERS, BANKS AND OTHER FINANCIAL INSTITUTIONS THEREBY PROMOTING ACCESS TO RURAL CREDIT, PROVIDING MECHANISMS THEREFOR AND FOR OTHER PURPOSES."

As copies of the Bill had been distributed to the Members, on motion of Rep. Escudero, there being no objection, the Body dispensed with the reading of the text of the measure without prejudice to its insertion into the Record of the House.

SPONSORSHIP REMARKS
OF REP. ESCUDERO

Upon request of the author of House Bill No. 5511, on motion of Rep. Escudero, there being no objection, the Body considered the Explanatory Note of the measure as the sponsorship remarks on the measure.

TERMINATION OF THE PERIOD
OF SPONSORSHIP AND DEBATE

There being no interpellations and speeches en contra, on motion of Rep. Escudero, there being no objection, the Body closed the period of sponsorship and debate.

TERMINATION OF THE
PERIOD OF AMENDMENTS

There being no Committee and individual amendments, on motion of Rep. Escudero, there being no objection, the Body closed the period of amendments.

APPROVAL ON SECOND READING
OF HOUSE BILL NO. 5511

On motion of Rep. Escudero, there being no objection, the Body approved on Second Reading House Bill No. 5511.

UNFINISHED BUSINESS:
COMMITTEE REPORT NO. 1044
ON HOUSE BILL NO. 5238

On motion of Rep. Escudero, there being no objection, the Body resumed consideration on Second Reading of House Bill No. 5238 as embodied in Committee Report No. 1044 and reported out by the Committee on Appropriations.

Upon direction of the Chair, the Secretary General read the title of the Bill, to wit:

"AN ACT APPROPRIATING FUNDS FOR THE OPERATION OF THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES FROM JANUARY ONE TO DECEMBER THIRTY-ONE, TWO THOUSAND THREE, AND FOR OTHER PURPOSES."

SUSPENSION OF SESSION

On motion of Rep. Escudero, the session was suspended.

It was 2:12 p.m.

RESUMPTION OF SESSION

At 2:13 p.m., the session was resumed.
CONSIDERATION OF THE PROPOSED
BUDGETS OF THE DEPARTMENT OF TRADE AND INDUSTRY AND ITS
ATTACHED AGENCIES/CORPORATIONS

On motion of Rep. Escudero, there being no objection, the Body considered the proposed budgets of the Department of Trade and Industry (DTI) and its attached agencies/corporations.

Thereafter, on motion of Rep. Escudero, the Chair recognized Rep. Marcos to sponsor the measure and Rep. Dilangalen for his manifestation.

MANIFESTATION OF REP. DILANGALEN

Whereupon, Rep. Dilangalen manifested that the Minority had no questions on the proposed budget of the DTI and its attached agencies/corporations.

MANIFESTATION OF REP. ESCUDERO

Likewise, Rep. Escudero, manifested that the Majority had no questions on the proposed budgets of the DTI and its attached agencies/corporations.

TERMINATION OF THE PERIOD OF
INTERPELLATIONS ON THE PROPOSED
BUDGETS OF THE DTI AND ITS
ATTACHED AGENCIES/CORPORATIONS

On motion of Rep. Escudero, there being no objection, the Body terminated the period of interpellation on the proposed budgets of the DTI and its attached agencies/corporations.

SUSPENSION OF SESSION

On motion of Rep. Escudero, the session was suspended at 2:15 p.m.

RESUMPTION OF SESSION

At 2:16 p.m., the session was resumed.

CONSIDERATION OF THE PROPOSED BUDGETS OF VARIOUS STATE UNIVERSITIES AND COLLEGES

On motion of Rep. Escudero, there being no objection, the Body considered the proposed budgets of various SUCs.

Thereafter, on motion of Rep. Escudero, the Chair recognized Rep. Josefina M. Joson to sponsor the proposed budgets of the SUCs and Rep. Failon for his manifestation.
MANIFESTATION OF REP. FAILON

Rep. Failon manifested that the Minority had no questions on the proposed budgets of the SUCs.

MANIFESTATION OF REP. ESCUDERO

Likewise, Rep. Escudero, stated that the Majority had no questions on the proposed budgets of the various SUCs.

TERMINATION OF THE PERIOD OF INTERPELLATIONS ON THE PROPOSED BUDGETS OF the SUCS

On motion of Rep. Escudero, there being no objection, the Body terminated the period of interpellations on the proposed budgets of the SUCs.

SUSPENSION OF SESSION

On motion of Rep. Escudero, the session was suspended.

It was 2:17 p.m.

RESUMPTION OF SESSION

At 2:20 p.m., the session was resumed.

CONSIDERATION OF THE PROPOSED BUDGET OF THE NATIONAL ANTI-POVERTY COMMISSION

On motion of Rep. Escudero, there being no objection, the Body considered the proposed budget of the National Anti-Poverty Commission (NAPC).

MANIFESTATION OF REP. DILANGALEN

Rep. Dilangalen manifested that the Minority had no interpellations on the proposed

budget of the NAPC.

MANIFESTATION OF REP. ESCUDERO

Rep. Escudero likewise manifested that the Majority had no interpellations on the proposed budget of the NAPC.

TERMINATION OF THE PERIOD OF
INTERPELLATIONS ON THE
PROPOSED BUDGET OF THE NAPC

On motion of Rep. Escudero, there being no objection, the Body terminated the period of interpellations on the proposed budget of the NAPC.

CONSIDERATION OF THE PROPOSED BUDGET OF THE COMMISSION ON AUDIT

On motion of Rep. Escudero, there being no objection, the Body considered the proposed budget of the Commission on Audit (COA).

On a subsequent motion of Rep. Escudero, the Chair recognized Rep. Jesli A. Lapus to sponsor the proposed COA budget, and Rep. Dilangalen for his manifestation.

MANIFESTATION OF REP. DILANGALEN

Rep. Dilangalen manifested that the Minority had no interpellations on the proposed budget of the COA.

MANIFESTATION OF REP. ESCUDERO

Rep. Escudero likewise manifested that the Majority had no interpellations on the proposed budget of the COA.

TERMINATION OF THE PERIOD OF
INTERPELLATIONS ON THE
PROPOSED BUDGET OF THE COA

On motion of Rep. Escudero, there being no objection, the Body terminated the period of interpellations on the proposed budget of the COA.

SUSPENSION OF SESSION

On motion of Rep. Escudero, the session was suspended at 2:23 p.m.

RESUMPTION OF SESSION

At 2:27 p.m., the session was resumed.

CONSIDERATION OF THE PROPOSED BUDGET OF THE COMMISSION ON
HIGHER EDUCATION

On motion of Rep. Escudero, there being no objection, the Body considered the proposed budget of the Commission on Higher Education (CHED).

On a subsequent motion of Rep. Escudero, the Chair recognized Rep. Joson to sponsor the proposed CHED budget, and Rep. Lobregat for his interpellation.

INTERPELLATION OF REP. LOBREGAT

Rep. Lobregat initially inquired on the money due to the CHED from the collections

of travel tax.

SUSPENSION OF SESSION

On motion of Rep. Joson, the session was suspended at 2:28 p.m.

RESUMPTION OF SESSION

At 2:29 p.m., the session was resumed.

INTERPELLATION OF REP. LOBREGAT
(Continuation)

Rep. Joson clarified that the CHED receives some P600 million a year from travel tax.

Rep. Joson noted that in past budget deliberations and even from past Congresses, the funds due to the CHED from travel tax had always been lacking. He inquired on the amount that is still due to the agency.

Rep. Joson clarified that the amount released to the CHED was P200 million, with some P400 million not yet given by the DBM. She added that the CHED is still making representations with the DBM for the immediate release of the balance.

As he noted that the balance has already reached billions of pesos, Rep. Lobregat asked how much is due to the CHED since the Travel Tax Law was implemented.

In response, Rep. Joson disclosed that the DBM has committed to release P200 million for 2003.

Rep. Lobregat said that he has with him a copy of the summary of funds as of July 2001 which provides that there was a total cash release of P1.768 billion although the fund has already reached P4.4 billion. As he pointed out that the DBM is withholding the money, he asked why the CHED has not yet received the funds due it.

The Commission has been requesting the DBM to release the fund but the latter has committed to give only P200 million, Rep. Joson clarified.

After stressing that Congress has always been accused of passing laws that have remained unfunded, Rep. Lobregat said that in the case of CHED, there is already a collection of P4 billion as provided for by law but the money has not yet been released in accordance therewith. He emphasized that the CHED needs a lot of money and for which reason he took the floor in behalf of the agency so that it will be given the funds due it. He thereafter inquired on the whereabouts of said fund.

The DBM is in a fund management crisis but has committed to release P200 million in 2003, Rep. Joson answered.

Rep. Lobregat expressed hope that Congress will support CHED because despite its more than P4 billion budget, it has been allocated only P200 million. He observed that the crisis in the country happened only this year, but the fund of more than P4 billion has been collected since 1996.

Rep. Joson thanked Rep. Lobregat for his concern.

SUSPENSION OF SESSION

To enable Rep. Lobregat to compare the CHED figures with Rep. Joson, the session was suspended at 2:36 p.m.

RESUMPTION OF SESSION

At 2:44 p.m., the session was resumed.

SUSPENSION OF CONSIDERATION OF
THE PROPOSED BUDGET OF THE CHED

On motion of Rep. Escudero, there being no objection, the Body suspended consideration of the proposed budget of the CHED.

SUSPENSION OF CONSIDERATION
OF HOUSE BILL NO. 5238

On motion of Rep. Escudero, there being no objection, the Body suspended consideration of House Bill No. 5238.

REQUEST OF THE CHAIR

The Chair requested the guests in the Plenary Hall -- except the technical staff and the resource persons -- to refrain from crowding the hallways because it was affecting the egress and ingress of people.

BUSINESS FOR THE DAY:
COMMITTEE REPORT NO. 797
ON HOUSE BILL NO. 5226

On motion of Rep. Escudero, there being no objection, the Body considered on Second Reading House Bill No. 5226 as embodied in Committee Report No. 797 as submitted by the Committee on Labor and Employment.

Upon direction of the Chair, the Secretary General read the title of the Bill, to wit:

"AN ACT STRENGTHENING THE WORKERS' CONSTITUTIONAL RIGHT TO SELF-ORGANIZATION, AMENDING FOR THIS PURPOSE P.D. NO. 442, AS AMENDED, OTHERWISE KNOWN AS THE LABOR CODE OF THE PHILIPPINES."

SPONSORSHIP remarks
OF REP. escudero

On motion of Rep. Escudero, there being no objection, the Body approved to insert Rep. De Guzman's sponsorship speech on the measure into the Record of the House.

TERMINATION OF THE PERIOD
OF SPONSORSHIP AND DEBATE

There being no interpellations and speeches en contra, on motion of Rep. Escudero, there being no objection, the Body terminated the period of sponsorship and debate.

TERMINATION OF THE
PERIOD OF AMENDMENTS

There being no Committee and individual amendments, the measure being a substitute Bill, on motion of Rep. Escudero, there being no objection, the Body terminated the

period of amendments.

APPROVAL on second reading
OF HOUSE BILL NO. 5226

On motion of Rep. Escudero, there being no objection, the Body approved on Second Reading House Bill No. 5226.

UNFINISHED BUSINESS:
COMMITTEE REPORT NO. 1044
ON HOUSE BILL NO. 5238

On motion of Rep. Escudero, there being no objection, the Body resumed consideration on Second Reading of House Bill No. 5238 as embodied in Committee Report No. 1044 and submitted by the Committee on Appropriations.

Upon direction of the Chair, the Secretary General read the title of the Bill, to wit:

"AN ACT APPROPRIATING FUNDS FOR THE OPERATION OF THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES FROM JANUARY ONE TO DECEMBER THIRTY-ONE, TWO THOUSAND THREE, AND FOR OTHER PURPOSES."

SUSPENSION OF SESSION

On motion of Rep. Escudero, the Chair suspended the session at 2:47 p.m.

RESUMPTION OF SESSION

At 2:56 p.m., the session was resumed.

CONSIDERATION OF THE
PROPOSED BUDGET OF THE CHED

On motion of Rep. Escudero, there being no objection, the Body resumed consideration of the proposed budget of the CHED.

On motion of Rep. Escudero, the Chair recognized Rep. Andaya to sponsor the proposed budget of the CHED and Rep. Lobregat to interpellate thereon.

INTERPELLATION OF REP. LOBREGAT
(Continuation)

To clarify the answers he had previously given, Rep. Andaya said that the GAA contains a lot of special accounts such as the HEDF and MVUC but which the DBM cannot release. He explained that the HEDF and MVUC have been collected and placed in a special account for the past four to five years; but that the deficit is computed on a yearly level by deducting the corresponding expenditures from the revenues. He said that to justify the release of the special accounts which have remained intact, the revenues must be enough. He added that if said funds are released, they will just contribute to the ballooning of the deficit because they are prior collections and are not part of the current year's revenues.

Rep. Lobregat said that he is aware that the deficit may reach P223 billion. He noted that the aforecited problem has spanned three administrations, namely, the current administration, the Ramos administration and the Estrada administration; and that although the fund has reached P4 billion, what was actually released to CHED

was very much less. He opined that if this situation continues, Congress will be reneging on its responsibilities inasmuch as there are other laws of similar nature for which the money has already been released. Nevertheless, he said that he was happy that Rep. Andaya had stated that he will bite the bullet; and expressed hope that Congress can start correcting infractions as to fund releases and as to the special provisions of the GAA.

He pointed out that these funds can redound to an increase in social benefits, such as scholarships for indigents, that will benefit their constituents.

Rep. Andaya replied that the Committee recognizes this need such that it will have to make adjustments in the proposed CHED budget and that of the national government.

At this point, on motion of Rep. Escudero, the Chair recognized Rep. Joson to sponsor the proposed budget of the CHED.

MANIFESTATION OF REP. ABAYA (A.)

Upon recognition by the Chair, Rep. Abaya (A.) underscored the need to provide SUCs with a P30 million additional capital outlay since they do not have any budgetary allocation for such purposes. As to where the funds will come from, he stated that he will have to sit down with the Chair of the Committee on Appropriations and that Rep. Joson will have to find ways in which to scrounge for the funds.

The Chair noted Rep. Abaya's manifestation; however, he informed the latter that the budget of all the SUCs had already been approved.

MANIFESTATION OF REP. LOBREGAT

Thereupon, Rep. Lobregat requested for a certification from the Bureau of Treasury of the actual collection that had been remitted to the CHED. The certification, he said, would enable the Members to determine and make a comparison, for purposes of the following year's budget, of whether the fund releases for the CHED had improved or not.
Rep. Joson replied that the Committee will certainly accede to the request of Rep. Lobregat.

On another matter, Rep. Lobregat inquired for an update on the proposed reclassification of the Western Mindanao State University (WMSU). He likewise asked for a certificate of all the letters of the CHED to the DBM, pertaining to their request for reclassification. The certification, he said, could at least help him explain to his constituents who is responsible for the delay in the reclassification of the WMSU.

Rep. Joson stated that the CHED will furnish Rep. Lobregat with said certification on December 2, 2002.

In terminating his interpellation, Rep. Lobregat thanked Rep. Joson and the Chairman of the Committee on Appropriations who is committed to the increase in funds for scholarships.

Thereupon, on motion of Rep. Escudero, the Chair recognized Rep. Padilla for his interpellation.

INTERPELLATION OF REP. PADILLA

Rep. Padilla initially inquired whether there are indeed 111 SUCs all over the

country which are under the supervision of the CHED, whose Chairperson, he said, also serves as the Chairperson of the Board of Trustees of every SUC. He asked this question, he said, to point out the fact that the SUCs cannot be detached from the CHED.

Rep. Joson replied in the affirmative.

Whereupon, Rep. Padilla adverted to the Higher Education Development Fund (HEDF), which, based on the previous interpellation, still has a substantial balance that the DBM needs to fund.

Rep. Joson confirmed this point.

Subsequently, Rep. Padilla inquired on the reason why only one out of the 111 SUCs has a budgetary allocation for capital outlay.

Rep. Joson explained that the reason the University of the Philippines (UP) has been allocated with capital outlay was because it has a foreign-funded project (FAP) -- the Philippine General Hospital (PGH). He stressed that the government has a commitment to maintain the medical equipment of the PGH. She subsequently agreed that without this FAP, the government would not have given UP a capital outlay since it is cash-strapped at the moment.

Since other agencies of the government have been given their respective capital outlays, Rep. Padilla asked whether this would mean that the government does not consider tertiary education as a priority.

Rep. Joson replied that the reason can also be that pursuant to RA No. 8292, SUCs are now given the fiscal flexibility to use funds that they have generated from various revenue-raising projects.

Rep. Padilla however disagreed therewith, considering that even before the passage of RA No. 8292, UP already enjoyed fiscal autonomy, enabling it to use a substantial amount of money for capital outlay. It is plain and simple, he said, that the government seems to have a very low regard for tertiary education. Moreover, he pointed out that if this will be the government's position, then all the SUCs will not be able to perform their mandated functions and duties and would instead focus their attention on income-generating projects.

Whereupon, Rep. Padilla noted that since there is still a substantial balance in the HEDF, once the funds are remitted by the DBM, the same should be utilized to address a number of concerns of the SUCs, such as: a decrease in budget; the 3% annual increase in enrollment; and the 4% to 5% inflation rate. He thereafter asked the Committee on Appropriations to note this particular manifestation and answer the question of why the SUCs have not been provided with a capital outlay.

Rep. Joson noted these observations.

TERMINATION OF THE PERIOD OF
INTERPELLATIONS ON THE
PROPOSED BUDGET OF THE CHED

Whereupon, on motion of Rep. Escudero, there being no objection, the Body terminated the period of interpellations on the proposed budget of the CHED.

SUSPENSION OF SESSION

On motion of Rep. Escudero, the Chair suspended the session at 3:17 p.m.

RESUMPTION OF SESSION

At 3:17 p.m., the session was resumed.

CONSIDERATION OF THE PROPOSED BUDGETS OF THE CIVIL SERVICE COMMISSION AND tHE CAREER EXECUTIVE SERVICE BOARD

Thereupon, on motion of Rep. Escudero, there being no objection, the Body considered the proposed budgets of the Civil Service Commission (CSC) and the Career Executive Service Board (CESB)

Subsequently, on motion of Rep. Escudero, the Chair recognized Rep. Antonino P. Roman and Rep. Dilangalen to sponsor the proposed CSC and CESB budgets and to interpellate thereon, respectively.

QUERY OF REP. ALBANO

Thereupon, Rep. Rodolfo B. Albano inquired whether the consideration of the proposed CSC budget would also include the attached agencies of the CSC.

The Chair replied in the affirmative.

Rep. Albano subsequently made an appeal for "moderate" interpellation so that the Body can already terminate the period of interpellations and proceed with the approval of the proposed CSC budget.

INTERPELLATION OF REP. DILANGALEN

Upon recognition by the Chair, Rep. Dilangalen inquired about the mandate of the CSC.

Rep. Roman stated that the CSC's mandate include, among others, the professionalization of the civil service.

Rep. Dilangalen stated that the Constitution explicitly states that appointments in the civil service shall be based on merit and fitness to be determined as far as practicable by competitive examinations. He qualified that exceptions to the rule are positions which are policy-determining, primarily confidential in nature or highly technical.

As to the meaning of the term "competitive examination," Rep. Roman stated that it refers to an examination which would make a person eligible for civil service based on constitutional standards. He referred to the Professional and Sub-Professional Civil Service Examinations (CSE), among others.

On queries pertaining to the Professional CSE, Rep. Roman explained that any Filipino of legal age may take the examination, regardless of his or her educational qualification. He said that by virtue of a recent CSC policy, even a high school graduate may take the examination. He further said that there are two types of the Professional CSE, namely, the computer-assisted examination and the pencil and paper test. He qualified though that both are written examinations.

Rep. Roman likewise maintained that the examination is usually conducted in schools and is administered once every quarter or four times a year. He disclosed that the national passing average of successful applicants is 15% to 18% and the

examination's passing rate is 80% transmuted.

At this point, Rep. Dilangalen recounted that the CSC administered an examination on April 21, 2002 in two testing sites in Maguindanao, specifically in Shariff Aguak and Brose, Datu Odin Sinsuat.

To the queries of Rep. Dilangalen, Rep. Roman affirmed that the Commission was aware of said examination and that no complaint was filed relative to the conduct of the examination on the testing day. He confirmed that the services of proctors, the Philippine National Police (PNP) and even the Marines were availed of to preserve the integrity of the examination papers. He also confirmed that a total of 220 examinees, specifically 18 in Brose and 212 in Shariff Aguak, who are all Muslims, passed the CSC examination conducted on April 21, 2002 and that no allegation of irregularities had been made with regard to the conduct of the test.

On whether the CSC withheld the result of the examination even if no irregularities were reported at the time of the examination, Rep. Roman replied in the affirmative. He reasoned out that the CSC made this decision because of its findings that the results were statistically improbable under normal testing conditions. He explained that according to the Commission, the CSE is a multiple choice type of test wherein for every question, an examinee has to choose from among five possible answers. The Commission discovered that in this particular examination result in Maguindanao, when the answers were correct, 85% were the same but when the answers were wrong, the passing applicants uniformly chose the same wrong answers, Rep. Roman added.

In view thereof, the Sponsor said that the CSC considered the test results as statistically improbable and is now looking into a possible leakage in the answers to said CSE examination despite the absence of actual complaints during the examination day. He pointed out that leakage occurs when the examinees already know the correct answers even before the conduct of the actual test.

In his rejoinder, Rep. Dilangalen recalled the confirmation made by Rep. Roman that PNP and AFP elements were deputized to guard the examination papers and to preserve their integrity. He stressed that no irregularity or complaint was reported then. He then inquired why a possible leakage is now being raised just because the 220 examinees passed the CSE.

Rep. Roman replied that the CSC's theory of a leakage is not compatible with Rep. Dilangalen's argument. He maintained that if the test applicants already knew the test answers even before they took the test, there was no need to commit any other irregularity during the conduct of the test itself because everything would proceed smoothly anyway.

On a related query, Rep. Roman disclosed that a total of 800 applicants took the CSE in Brose, Datu Odin Sinsuat and Shariff Aguak and that the 220 successful applicants represent 28% thereof.

Rep. Dilangalen inquired how the successful 28% would be considered statistically improbable under normal testing conditions. He asked for the meaning of the term "under normal testing condition" and who determines what is "normal" or "abnormal."

In response, Rep. Roman adverted to the claim of the Commission that the national average of successful examinees in the past 10 years has been 15% to 18% which is far disparate from the 28% passing rate in Mindanao. He also reiterated that in the case at hand, each time the successful applicants would choose the wrong answer from among four possible wrong answers, they uniformly chose the same wrong answers. He informed Rep. Dilangalen that for this particular CSE, the national passing

percentage was 15%. He also clarified that the abnormality in the instant case lies in the fact that the successful examinees chose the same wrong answers out of four different choices, hence the test result was termed as statistically improbable.

On whether he believes in miracles, Rep. Roman replied in the affirmative but stated that the CSC does not think that a miracle took place in this instance.

In reaction, Rep. Dilangalen recalled that during his stint as a lawyer of the Moro National Liberation Front (MNLF) in the early 1990s, he presented a suggestion to the Philippine government, as witnessed by representatives of the Organization of Islamic Conference (OIC), asking for a waiver of the civil service eligibility requirement even for a period of five years on the ground that the peace and order situation in Mindanao had caused many Muslims not to avail of education. He recalled the government's answer that as per advice of the CSC, the requirement cannot be waived because it is so mandated by the Constitution.

Rep. Dilangalen stressed that they then advised the Muslims to go to school and get a good education despite the hardships. Adverting to the case of the 220 Muslims from Maguindanao who allegedly passed the April 21, 2002 CS examination, he inquired why the test results would be termed as statistically improbable just because the 28% passing rate was higher than the national passing rate of 15%. He underscored that these Muslims have tried their best to get a good education but now that they had passed the CSE, the Commission is apparently finding excuses to withhold the test results.

In addition, Rep. Dilangalen opined that the least that the CSC can do is to award these Muslims and recognize their competence, but instead the Commission had recommended a revalidation of the examination which implies that these successful applicants had either cheated or are "idiots." He scored the discriminatory stance of the CSC. He also opined that instead of solving the Mindanao problem, the case will only foment more trouble. He emphasized that he believes in the Constitution which states that "No person shall be deprived of life, liberty or property without due process of law."

He added that the CSC had not given the examinees any explanation as to why they had to take revalidation examinations. This, he said, is a violation of due process.

Rep. Roman said that it does not matter to the CSC whether the examinees were Muslims, Christians or from other regions but what matters is that the answers of the examinees were statistically improbable. He explained that out of the 180 questions, the examinees were wrong in similar items or questions and chose the same wrong answer out of five choices in the multiple choice type of examination.

Rep. Roman pointed out that revalidation of examinations each time the results were statistically improbable had been done many times in the past by the CSC. This, he said, does not mean that the CSC thinks that the examinees are idiots but because the results of the examinations were statistically improbable notwithstanding the absence of any complaint during the conduct of the examination because of the possibility, theoretical as it may be, of leakages.

Rep. Roman thereafter cited that since two years ago the CSC has been conducting revalidation examinations in several places in the country. He said that if the CSC will exempt the Muslim examinees from the revalidation examination after discovering that the results were statistical improbable, he would surmise that the CSC was discriminating in favor of them although the CSC does not intend to do so.

Rep. Dilangalen inquired whether the examinees complained when the CSC invalidated

the examination.

Rep. Roman replied that the CSC has already been conducting examinations revalidation as he had earlier mentioned.

On whether the examinees had officially complained, Rep. Roman replied that some of the examinees had complained.

Rep. Dilangalen said that this time the examinees are complaining because they know their rights under the Constitution.

If such incidents would go on, Rep. Dilangalen said that he will recommend a P1 budget for the CSC because they should be the first to uphold the Constitution. He then asked what right the CSC has to invalidate the result of the examination. At most, he said that it should have released the result of the examination and thereafter notified the examinees concerned on the matter.

Rep. Dilangalen asked Rep. Roman to give him other reasons for invalidating the examination results but not in a manner which is "capricious, whimsical and discriminating." He pointed out that no other reason will ever convince him.

Rep. Roman said that revalidating the examination does not mean that the first examinations were being invalidated. He explained that the rationale for revalidating the examinations was to determine whether the conjecture that the examination results were statistically improbable had any basis.

Rep. Roman explained that this is a Standard Operating Procedure (SOP) for similar situations.
Rep. Dilangalen said that he is not indulging in an election where there is a doctrine of statistical improbability.

Rep. Roman explained that the doctrine of statistical improbability is a doctrine founded on statistics and is not derived from elections. He said that while it is applied in elections, it is also applicable to all other disciplines, whether mathematics, examination results or elections, which all involve numbers.

On whether the CSC has caught any of the examinees cheating, Rep. Roman replied in the negative.

On whether there was any complaint of irregularity in the manner of guarding the test papers for purposes of protecting or preserving the integrity thereof, Rep. Roman reiterated his earlier reply that nothing irregular had happened on the day the examinations were conducted.

To Rep. Dilangalen's query, Rep. Roman replied that he would not blame any of the examinees if there was possibility of any leakage. He however said that the only remaining theoretical possibility is that the examinees had the same set of answers even before the examinations were taken.

Rep. Dilangalen asked what circumstances would lead to the conclusion that the results were theoretically improbable. He said that he is not referring to the result or the answers but to the actions of man. He asked whether there was negligence on the part of the CSC in guarding the test papers.

Rep. Roman said that he is not privy to the matter.

Rep. Dilangalen said that in that case, nobody is liable under the circumstances.

He then asked why the examinees have to be penalized.

Rep. Roman replied that the CSC cannot invalidate the first examination because of statistical improbability. However, he said that the second revalidating examination would show whether or not in truth the results of the first examinations were indeed statistically improbable because if the revalidation examination would yield the same results, then it would negate the claim that that first examination was statistically improbable.

Rep. Dilangalen said that the CSC is penalizing the examinees without any evidence of guilt on their part. He said that the examinees are innocent and that the CSC does not want to admit its guilt. The CSC must first refute the presumption of innocence because if not, he would recommend that the CSC Chairman and officials resign because of their incompetence. He said that the CSC is blaming the Muslims for having a high passing percentage in the examinations because it does not believe they could pass the same. He said that the Minority cannot grant the CSC its budget and he will not continue with his interpellation because there is no quorum. He said that he will create all the trouble for the government and for the CSC because it is fomenting trouble in Mindanao. He said that he will tell the Muslims that the CSC does not believe in the Constitution. He reminded the Body that the Muslims do not recognize the Philippine Constitution but he had told them to do so. The CSC, he said, is teaching the Muslims to go against the Constitution. Noting that the CSC Commissioner is smiling, he informed him that this is a serious matter. He noted that there was no quorum on the floor and asked that the Body defer its deliberations on the proposed budget of the CSC.

SUSPENSION OF SESSION

On motion of Rep. Roman, the session was suspended at 3:50 p.m.

RESUMPTION OF SESSION

At 4:04 p.m., the session was resumed with Rep. Gonzales presiding.

SUSPENSION OF CONSIDERATION OF
THE PROPOSED BUDGET OF THE CSC

Upon resumption of session, on motion of Rep. Escudero, there being no objection, the Body temporarily suspended consideration of the proposed budget of the CSC.

CONSIDERATION OF THE PROPOSED BUDGETS OF THE DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT
AND ITS ATTACHED AGENCIES

On motion of Rep. Escudero, there being no obejction, the Body considered the proposed budgets of the Department of the Interior and Local Government (DILG) and its attached agencies.

On his motion, there being no objection, the Chair recognized Rep. Wilhelmino M. Sy Alvarado to sponsor the proposed DILG budget and Rep. Dilangalen to interpellate thereon.

SUSPENSION OF SESSION

At 4:05 p.m., the Chair motu proprio suspended the session.

RESUMPTION OF SESSION

At 4:23 p.m., the session was resumed.

Subsequently, on motion of Rep. Escudero, the Chair recognized Rep. Andaya to sponsor the proposed DILG budget and Rep. Lobregat for his interpellation.

INTERPELLATION OF REP. LOBREGAT

Rep. Lobregat stated that he will pose only one query and asked whether there is an appropriation for regional transfers in the proposed DILG budget, to which Rep. Andaya replied in the negative.

Whereupon, Rep. Lobregat stated that the Minority had no more questions.

SUSPENSION OF SESSION

On motion of Rep. Escudero, the session was suspended at 4:30 p.m.

RESUMPTION OF SESSION

At 4:31 p.m., the session was resumed.

MANIFESTATION OF REP. BIAZON

Upon recognition by the Chair, Rep. Biazon pointed out that nowadays, anti-terrorism is at the forefront and that the PNP is taking the frontline in the fight against terrorism. In this regard, he opined that the Committee should consider the matter of increasing the budget of the PNP in its fight against terrorism. He thereafter stated that the Minority had no more questions on the proposed DILG budget and then moved that the Body terminate the period of interpellations on said budget.

MANIFESTATION OF REP. ESCUDERO

Likewise, Rep. Escudero, manifested that the Majority had no questions on the proposed DILG budget.

TERMINATION OF THE PERIOD
OF INTERPELLATIONS ON THE
PROPOSED BUDGETS OF THE DILG
AND ITS ATTACHED AGENCIES

On motion of Rep. Escudero, there being no objection, the Body terminated the period of interpellations on the proposed budgets of the DILG and its attached agencies.

RESUMPTION OF CONSIDERATION
OF THE PROPOSED BUDGETS
OF THE CSC AND THE CESB

On motion of Rep. Escudero, there being no objection, the Body resumed consideration of the proposed budgets of the CSC and the CESB.

Thereafter, on motion of Rep. Escudero, the Chair recognized Rep. Roman to sponsor the aforestated budgets and Rep. Zamora (R.) for his interpellation.

MANIFESTATION OF REP. DILANGALEN

Thereafter, Rep. Dilangalen stated that he is not yet finished with his

interpellations on the CSC proposed budget but at the moment, he would defer his interpellations with the reservation that he will continue the same after Rep. Zamora's (R.) interpellation.

INTERPELLATION OF REP. ZAMORA (R.)

Initially, Rep. Zamora stated that he had listened to Rep. Dilangalen's previous interpellations, and was distressed by some of the issues tackled which should be immediately resolved. With regard to the case of Aniera Maulana Ulsup vs. Civil Service Commission, et al, he inquired on the number of examinees who took the CSC examinations held in the province of Maguindanao in April 2002.

In response, Rep. Roman explained that out of 800 examinees, 220 passed which is equivalent to a 25% passing percentage. He then stressed that according to the CSC, the fact that the clustering of responses of at least 50% of the examinees in the same room in at least 90% of the total number of items, yielded a standard deviation which was definitely higher than the standard deviation indicated, such that the results of the examination were statistically improbable, thereby warranting the conduct of revalidation examinations.

On whether the doctrine of statistical improbability does not include the percentages of examinees who passed the examinations because a 25% passing percentage is not improbable. Rep. Roman replied in the affirmative and pointed out that the national passing average in the past 10 years had been 15%.

As to why the CSC validated the results of the examinations in the Province of North Cotabato wherein, according to Rep. Taliño-Santos, the passing percentage was 35%, Rep. Roman replied that the CSC has not yet conducted CSC examinations in said province. Stressing that there are two types of CSC examinations, the professional and sub-professional, he said that the CSC will still have to find out what type of examinations were given in the aforementioned province.

In this regard, Rep. Zamora suggested that the Body wait until the result of the examinations in North Cotabato shall have been determined. Stating that he does not want to delay the proceedings, he pointed out that the 25% is only 10% above the 15% national passing average. However, he stated that Rep. Taliño-Santos had given a passing figure of 35% in her district, which is double the figure of the national average, yet he stressed that said figure was clearly validated.

Rep. Zamora further pointed out that the number of examinees should be considered against the overall percentage of those passing, to which Rep. Roman agreed.

To subsequent queries, Rep. Roman clarified that in Room 2, three out of 24 examinees passed for a 12% passing rate which is below the national average, while in Room 7, five out of 74 examinees passed for a 24% passing rate. As regards the examinees of Shariff Ampatuan Central Elementary School in Shariff Aguak, he disclosed that out of 755 examinees, 212 got passing remarks.

To Rep. Zamora's allusion to the doctrine of statistical improbability as taught in law schools, Rep. Roman said that he remembers statistical improbability in Supreme Court decisions as applied to election cases.

Rep. Zamora maintained that regardless of the resolution of cases by the court or the giving of examinations by authorized agencies, the standards of fairness and justice should always be the same. He asked whether an examinee has the right to know the results of his examination. Unless there is a clear evidence of cheating and collusion between the examinees and the examiners, then ordinarily, the results

of examinations should be validated, he stressed.
Rep. Roman agreed therewith. He however clarified that there was a need for a revalidating examination only in the rooms where the percentage of passing was almost double the national average of 15%, and the rest need not be revalidated. He however stressed that the percentage of passing examinees in certain rooms was 62%, this as he pointed out that all the examinees gave the wrong answers to the same questions.

Rep. Zamora emphasized that it is not necessary for him to burden anyone with too many legal opinions. However, he maintained that a number of examples gathered from the cases will serve as a good road map of how to deal with the situation. He pointed out that the examinees do not want to have their examinations revalidated, and neither was there a 100% passing rate. He cited Rep. Roman's figures, that only about 24% or 25% of the examinees passed. It is therefore obvious, he stressed, that three out of four did not cheat.

Rep. Roman deferred to the observations of Rep. Zamora, this as he stressed that the CSC also has other things to look into.

Pursuing his point, Rep. Zamora asked why Rooms 2 and 7 were singled out.

In response, Rep. Roman disclosed that in Room 2, the examination data of the eight examinees revealed lopsided clustering of responses under normal testing conditions. He noted that there was a 90% clustering of responses either right or wrong to 50% of the total questions. Even if there were only a few examinees, 70% of the identified pairs of examinees seated together copied each other's answers as they have similar correct and incorrect answers.

Similarly, Rep. Roman noted that in Room 7, conditions 1, 3 and 5 existed. There was also a 90% clustering of answers in at least 50% of the total number of questions, he added.

Rep. Zamora thereupon recalled that during his days in the Ateneo Law School, they were taught the theory that if there are any number of explanations, the simplest one is often the correct one. He asked whether in the particular case, the CSC had not contemplated the possibility of the simplest explanation, that the good reviewers taught the examinees how to answer well.

Subsequently, Rep. Zamora asked whether the CSC has set a standard for Maguindanao because being a poor province in a poor region, it should produce only so many successful examinees, or only 25% as punishment, while North Cotabato can produce 35%.

Rep. Roman clarified that there is no such discrimination, as there are many places where revalidating examinations are conducted by the CSC. He said that the simple approach would be to take the examinations again with good preparation so that everybody can be convinced that what was improbable was not really so. He called on his colleagues to finally put down to rest the many errors committed in the past by taking affirmative action to ensure that Maguindanao and similar poor provinces are not excluded from the mainstream of society.

Rep. Zamora expressed apprehension that the specters that have been raised in the minds of many people especially those in Mindanao may be raised again. He said that he was afraid of the possibility that the application of certain doctrines may end up destroying the foundations of the kind of society that the government would like to establish.

Rep. Zamora subsequently said that the revalidation of the results of examinations that had already been taken distresses him. What also increases his anxiety, he added, is that those examinees who have not been given the rightful view will end up being given revalidation exams that do not necessarily apply to others who took the same examination. He opined that they should have taken note of Rep. Dilangalen's statements because society, in the end, is not going to be built up by how many budgets the Body has passed. Approving the CSC budget to great applause, he opined, is certainly not as important as determining how they stand both as individuals and as Members on an issue that is so pregnant with possibilities of discrimination and racial profiling. He urged Rep. Roman to ask the officials of the CSC to move back just a little and take a look at a precipitate decision on an important matter that affects not just 200 examinees and their lives, careers and future but also the life and sustainability of the Republic.

While opining that the CSC shares the concerns of Rep. Zamora especially as regards the unity of the country, Rep. Roman assured the latter that it had applied one standard for all examinees in the country and will give revalidating exams in those places where the results were statistically improbable. He said that if the Commission will not give a revalidating examination notwithstanding the finding of statistical improbability, they would be discriminating against all examinees who have taken revalidation exams.

MOTION OF REP. SUPLICO

Upon recognition by the Chair, Rep. Suplico opined that Rep. Roman's response was unacceptable and moved that the Body defer consideration of the proposed budget of the CSC.

SUSPENSION OF SESSION

On motion of Rep. Escudero, the Chair suspended the session at 5:04 p.m.

RESUMPTION OF SESSION

The session was resumed at 5:05 p.m.

SUSPENSION OF CONSIDERATION
OF THE PROPOSED BUDGET
OF THE CSC AND THE CesB

On motion of Rep. Escudero, there being no objection, the Body suspended consideration of the proposed budgets of the CSC and the CESB.

SUSPENSION OF CONSIDERATION
OF HOUSE BILL NO. 5238

On motion of Rep. Escudero, there being no objection, the Body suspended consideration of House Bill No. 5238.

SUSPENSION OF CONSIDERATION
OF THE UNFINISHED BUSINESS

On motion of Rep. Escudero, there being no objection, the Body suspended consideration of the Unfinished Business.

APPROVAL OF HOUSE BILL NO. 5511
ON THIRD READING

On motion of Rep. Escudero, there being no objection, the Body proceeded to the approval on Third Reading of House Bill No. 5511 as a certified urgent Bill, pursuant to Section 26(2), Article VI of the Constitution.

Upon direction of the Chair, the Secretary General read the title of the Bill, to wit:

"AN ACT PROVIDING MEASURES TO ENHANCE THE ACCEPTABILITY OF AGRICULTURAL LANDS AS SECURITY FOR LOANS OBTAINED FROM LENDERS, BANKS AND OTHER FINANCIAL INSTITUTIONS THEREBY PROMOTING ACCESS TO RURAL CREDIT, PROVIDING MECHANISMS THEREFOR AND FOR OTHER PURPOSES."

The Chair directed the Secretary General to call the Roll for nominal voting. Thereafter, pursuant to the Rules of the House, a second Roll Call was made.

RESULT OF THE VOTING

The result of the voting was as follows:

In favor:

Abad Dilangalen
Abaya (A.) Domogan
Abaya (P.) Dumpit
Abayon Dy (F.)
Ablan Ecleo
Aguja Erice
Albano Ermita-Buhain
Alfelor Escudero
Almario Espina
Alvarez Espino
Amante Espinosa (Edgar T.)
Amin Espinosa (V.)
Andaya Estrella
Apostol Failon
Aquino (A.) Falcon
Arbison Fua
Bacani Fuentebella
Badelles Garcia (E.)
Banaag Garin
Barbers Gonzales
Barinaga Gonzalez
Beltran Gozos
Bernardo-Lokin Gullas
Bersamin Gunigundo
Bondoc Hizon
Bueser Ipong
Bulut Jala
Cabilao Jalosjos-Carreon
Cagas Jaraula
Cajes Joaquin
Calizo Joson
Cari Kintanar
Carloto Lapus
Castelo Daza Leviste
Castro Lobregat
Celeste Locsin (Ma. V.)

Chavez Macarambon
Chipeco Macias
Cruz Madamba
Cua Malanyaon
De Guzman Marcos
De Venecia Matalam
Defensor (A.) Mitra
Del Mar Montilla
Nachura Singson
Nicolas Solis
Nieva Soon-Ruiz
Nograles Suarez
Olaño Sumulong
Pablo Suplico
Padilla Sy-Alvarado
Paras Taganas Layus
Puentevella Taliño-Santos
Ramirez-Sato Teves
Ramiro Torres
Real Unico
Remulla Uy
Reyes (E.) Valdez
Reyes (V.) Veloso
Roco Vicencio
Rodriguez (I.) Vllanueva
Roman Villar
Rosales Villareal
Salapuddin Yapha
San Juan Yumul-Hermida
Sandoval (F.) Zamora (M.E.)
Santiago Zamora (R.)
Silverio Zubiri

Against:

None

Abstention

None

With 136 affirmative votes, no negative votes and no abstentions, the Body approved House Bill No. 5511 on Third Reading.

ADDITIONAL COAUTHORS

On motion of Rep. Escudero, there being no objection, the following Members were made coauthors of House Bill No. 5511:

Reps. Florencio B. Abad, Antonio M. Abaya, Plaridel M. Abaya, Harlin Cast. Abayon, Roque R. Ablan Jr., Mario L. Aguja, Rodolfo B. Albano, Felix R. Alfelor Jr., J. Mayo Z. Almario, Generaro M. Alvarez Jr., Edelmiro A. Amante, Hussin T. Amin, Rolando G. Andaya Jr., Trinidad “Ebbie” G. Apostol, Agapito A. Aquino, Benigno C. Aquino III, Munir M. Arbison, Rodolfo C. Bacani, Alipio Cirilo V. Badelles, Leovigildo B. Banaag, Ace S. Barbers, Roseller L. Barinaga, Crispin B. Beltran, Ma. Blanca Kim Bernardo-Lokin, Luis P. Bersamin Jr., Juan Pablo “Rimpy” P. Bondoc, Danton Q. Bueser, Elias C. Bulut Jr., Belma A. Cabilao, Douglas RA. Cagas, Roberto C. Cajes,

Gabriel V. Calizo, Carmen L. Cari, Angel M. Carloto, Nanette Castelo Daza, Fred H. Castro, Arthur F. Celeste, Leonila Chavez, Joaquin M. Chipeco Jr. Benjamin A. Cruz, Junie E. Cua, Del R. De Guzman, Jose De Venecia Jr., Arthur D. Defensor, Raul V. Del Mar, Didagen P. Dilangalen, Mauricio G. Domogan, Tomas M. Dumpit, Faustino “Bojie” G. Dy III, Glenda B. Ecleo, Edgar R. Erice, Eileen Ermita-Buhain, Francis G. Escudero, Gerardo S. Espina Sr., Amado T. Espino Jr., Edgar T. Espinosa, Vida V. Espinosa, Conrado M. Estrella III, Ted Failon, Jesnar R. Falcon, Orlando A. Fua Jr., Felix William B. Fuentebella, Enrique T. Garcia Jr., Vincent J. Garcia, Neptali M. Gonzales II, Raul M. Gonzalez, Oscar L. Gozos, Jose R. Gullas, Magtanggol T. Gunigundo I, Joey D. Hizon, Gregorio T. Ipong, Eladio “Boy” Jala, Cecilia G. Jalosjos-Carreon, Constantino G. Jaraula, Uliran T. Joaquin, Josefina M. Joson, Simeon L. Kintanar, Jesli A. Lapus, Charity P. Leviste, Celso L. Lobregat, Ma. Victoria L. Locsin, Benasing O. Macarambon Jr., Emilio C. Macias II, Sunny Rose A. Madamba, Corazon N. Malanyaon, Imee R. Marcos, Guimid P. Matalam, Abraham Kahlil B. Mitra, Angelo O. Montilla, Antonio Eduardo B. Nachura, Reylina “Neneng” G. Nicolas, Ernesto “Banzai” Nieva, Prospero C. Nograles, Arrel R. Olaño, Ernesto C. Pablo, Carlos M. Padilla, Jacinto V. Paras, Monico O. Puentevella, Josephine Y. Ramirez-Sato, Herminia M. Ramiro, Isidoro E. Real Jr., Gilbert C. Remulla, Edmund O. Reyes Jr., Victoria Hernandez Reyes, Cho Roco, Isidro S. Rodriguez, Antonino P. Roman, Loretta Ann P. Rosales, Gerry A. Salapuddin, Filomena “Nenet” S. San Juan, Federico S. Sandoval II, Joseph A. Santiago, Lorna C. Silverio, Eric D. Singson, Jose G. Solis, Nerissa Corazon Soon-Ruiz, Aleta C. Suarez, Victor R. Sumulong, Rolex T. Suplico, Wilhelmo M. Sy-Alvarado, Celia Taganas Layus, Emmylou J. Taliño-Santos, Herminio G. Teves, Ruben D. Torres, Renato J. Unico Jr., Reynaldo S. Uy, Edgar L. Valdez, Eduardo K. Veloso, Romualdo T. Vicencio, Emmanuel Joel J. Villanueva, Cynthia A. Villar, Raul L. Villareal, Antonio P. Yapha Jr., Georgilu R. Yumul-Hermida, Manuel “Way Kurat” E. Zamora, Ronaldo B. Zamora, Juan Miguel F. Zubiri.

SUSPENSION OF SESSION

The Chair suspended the session at 5:08 p.m. upon Rep. Escudero's motion.

RESUMPTION OF SESSION

At 5:41 p.m., the session was resumed with Rep. Gonzales presiding.
SUSPENSION OF SESSION

On motion of Rep. Fuentebella, there being no objection, the Chair suspended the session until ten o'clock in the morning of Friday, November 29, 2002.

It was 5:42 p.m., Thursday, November 28, 2002.

RESUMPTION OF SESSION

At 10:00 a.m., Friday, November 29, 2002, the session was resumed with Rep. Gonzales presiding.

ADDITIONAL REFERENCE OF BUSINESS

On motion of Rep. De Guzman, there being no objection, the Body proceeded to the Additional Reference of Business.

Upon direction of the Chair, the Secretary General read on First Reading the titles of the following Bills and Resolutions, including the Committee Report, which were referred to the appropriate Committees hereunder indicated:

BILLS ON FIRST READING

House Bill No. 5499, entitled:

“AN ACT SEPARATING THE GOLDEN ACRES HIGH SCHOOL ANNEX FROM ITS MOTHER SCHOOL, LAS PIÑAS NATIONAL HIGH SCHOOL, LOCATED IN LAS PIÑAS CITY AND APPROPRIATING FUNDS THEREFOR AND FOR OTHER PURPOSES”

By Representative Villar

TO THE COMMITTEE ON BASIC EDUCATION AND CULTURE AND THE COMMITTEE ON APPROPRIATIONS

House Bill No. 5500, entitled:

“AN ACT SEPARATING THE CAA HIGH SCHOOL ANNEX FROM ITS MOTHER SCHOOL, LAS PIÑAS NATIONAL HIGH SCHOOL, LOCATED IN LAS PIÑAS CITY AND APPROPRIATING FUNDS THEREFOR AND FOR OTHER PURPOSES”

By Representative Villar

TO THE COMMITTEE ON BASIC EDUCATION AND CULTURE AND THE COMMITTEE ON APPROPRIATIONS

House Bill No. 5501, entitled:

“AN ACT CONVERTING INTO A ONE STATE COLLEGE THE UNIVERSITY OF SOUTHEASTERN PHILIPPINES - BISLIG CAMPUS, THE UNIVERSITY OF SOUTHEASTERN PHILIPPINES EXTENSION PROGRAM - HINATUAN AND THE SURIGAO DEL SUR POLYTECHNIC STATE COLLEGE IN TAGBINA, ALL OF THE 2ND DISTRICT OF SURIGAO DEL SUR AND BE NAMED AS SOUTHERN PHILIPPINES STATE COLLEGE AND CORRESPONDINGLY APPROPRIATE FUNDS THEREFOR”

By Representative Falcon

TO THE COMMITTEE ON HIGHER AND TECHNICAL EDUCATION AND THE COMMITTEE ON APPROPRIATIONS

House Bill No. 5503, entitled:

“AN ACT ESTABLISHING A NATIONAL HIGH SCHOOL IN BARANGAY TIGNAPOLOAN, CITY OF CAGAYAN DE ORO TO BE KNOWN AS TIGNAPOLOAN NATIONAL HIGH SCHOOL, AND APPROPRIATING FUNDS THEREFOR”

By Representative Jaraula

TO THE COMMITTEE ON BASIC EDUCATION AND CULTURE AND THE COMMITTEE ON APPROPRIATIONS

RESOLUTIONS

House Resolution No. 889, entitled:

“RESOLUTION EXPRESSING THE SENSE OF THE HOUSE COMMITTEE ON MINDANAO AFFAIRS ON THE ONGOING CONTROVERSY BETWEEN THE BOARD OF DIRECTORS AND ADMINISTRATOR OF THE SOUTHERN PHILIPPINES DEVELOPMENT AUTHORITY AND URGING THE EXECUTIVE BRANCH TO TAKE DRASTIC MEASURES TO ARREST THE IMPASSE”

By Representatives Pichay, Nograles and Macarambon

TO THE COMMITTEE ON MINDANAO AFFAIRS

House Resolution No. 890, entitled:

“RESOLUTION DIRECTING THE COMMITTEE ON TRANSPORTATION AND COMMUNICATIONS TO INVESTIGATE, IN AID OF LEGISLATION, THE RECENT ACCIDENT INVOLVING THE FALCON BUS LINE THAT PLUNGED INTO A RAVINE ALONG TAGKAWAYAN, QUEZON, RESULTING IN THE DEATH OF THIRTY-THREE (33) PASSENGERS, WITH THE END IN VIEW OF DETERMINING FURTHER MEASURES THAT WILL PREVENT FUTURE SIMILAR INCIDENTS FROM OCCURING”

By Representative Dy (C.)

TO THE COMMITTEE ON RULES

House Resolution No. 891, entitled:

“RESOLUTION STRONGLY RECOMMENDING TO THE OFFICE OF THE PRESIDENT THE SUSPENSION OF THE IMPLEMENTATION OF REPUBLIC ACT NO. 8482, ENTITLED ‘AN ACT UPGRADING THE CAMIGUIN ISLAND HOSPITAL TO TERTIARY LEVEL II TO BE KNOWN AS THE CAMIGUIN GENERAL HOSPITAL, AND APPROPRIATING FUNDS THEREFOR”

By Representative Romualdo

TO THE COMMITTEE ON HEALTH

House Resolution No. 892, entitled:

“RESOLUTION URGING THE HOUSE OF REPRESENTATIVES, THROUGH THE COMMITTEES ON ENERGY AND WAYS AND MEANS, TO IMMEDIATELY CONDUCT AN INVESTIGATION, IN AID OF LEGISLATION, INTO THE ALLEGED SMUGGLING OF PETROLEUM PRODUCTS BY UNIOIL IN CONNIVANCE WITH SOME BUREAU OF CUSTOMS (BOC) OFFICIALS”

By Representative Syjuco
TO THE COMMITTEE ON RULES

House Resolution No. 893, entitled:

“RESOLUTION REQUESTING THE BANGKO SENTRAL NG PILIPINAS TO RECONSIDER AND GRANT AN AUTHORITY TO OPERATE THE ZAMBOANGA CITY COOPERATIVE BANK AND FOR OTHER PURPOSES”

By Representatives Tulagan and Apostol

TO THE COMMITTEE ON BANKS AND FINANCIAL INTERMEDIARIES

ADDITIONAL COAUTHORS

With the permission of the Body, the following Members were made coauthors of the Bills and Resolution hereunder indicated:

Rep. Raul V. Del Mar for House Bills No. 3493, 5369, 5422 and 5423;

Rep. Monico O. Puentevella for House Bill No. 695;

Rep. Hussin U. Amin for House Bill Nos. 5004, 5267 and 5268, and

Rep. Imee R. Marcos for House Resolution No. 600.

COMMITTEE REPORT

Report by the Committee on Labor and Employment (Committee Report No. 1062), re H. No. 5502, entitled:

“AN ACT REQUIRING EMPLOYERS TO INFORM THEIR EMPLOYEES OF THEIR RIGHTS, BENEFITS AND PRIVILEGES UNDER EXISTING LAWS AND COMPANY POLICIES OR EMPLOYMENT CONTRACTS”

recommending its approval in substitution of House Bill No. 216.

Sponsors: Representatives Barinaga, Ablan, Zubiri and Puentevella

TO THE COMMITTEE ON RULES

SUSPENSION OF SESSION

On motion of Rep. Gonzales, the session was suspended at 10:02 a.m.

RESUMPTION OF SESSION

At 10:28 a.m., the session was resumed.

UNFINiSHED BUSINESS:
COMMITTEE REPORT NO. 1044
ON HOUSE BILL NO. 5238

On motion of Rep. De Guzman, there being no objection, the Body resumed consideration on Second Reading of House Bill No. 5238 as embodied in Committee Report No. 1044 and reported out by the Committee on Appropriations.

Upon direction of the Chair, the Secretary General read the title of the Bill, to wit:

"AN ACT APPROPRIATING FUNDS FOR THE OPERATION OF THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES FROM JANUARY ONE TO DECEMBER THIRTY-ONE, TWO THOUSAND THREE, AND FOR OTHER PURPOSES."

CONSIDERATION OF THE PROPOSED
BUDGET OF THE INTELLECTUAL
PROPERTY OFFICE

On motion of Rep. De Guzman, there being no objection, the Body considered the proposed budget of the Intellectual Property Office (IPO) under the Executive Offices of the Office of the President.

On motion of Rep. De Guzman, the Chair recognized Rep. Salceda to sponsor the proposed IPO budget and Rep. Dilangalen for his interpellation.

MANIFESTATION OF THE
REP. DILANGALEN

Thereupon, Rep. Dilangalen manifested that the Minority would not interpellate on the proposed budget of the IPO and would thus recommend the termination of the debates on said budget.

TERMINATION OF THE PERIOD
OF INTERPELLATION ON
THE PROPOSED BUDGET OF THE IPO

On motion of Rep. De Guzman, there being no objection, the Body terminated the period of interpellations on the proposed budget of the IPO.

CONSIDERATION OF THE PROPOSED BUDGET OF THE COOPERATIVES DEVELOPMENT AUTHORITY

On motion of Rep. De Guzman, there being no objection, the Body considered the proposed budget of the Cooperatives Development Authority (CDA).

On his motion, the Chair recognized Rep. Apostol to sponsor the proposed CDA budget and Rep. Dilangalen for his interpellation.

INTERPELLATION OF REP. DILANGALEN

Rep. Dilangalen inquired whether the head of the CDA was in the Session Hall.

Rep. Apostol replied that Mr. Obet Pagdanganan, head of the CDA, was present in the Session Hall.

SUSPENSION OF SESSION

On motion of Rep. Dilangalen, the session was suspended at 10:31 a.m.

RESUMPTION OF SESSION

At 10:33 a.m., the session was resumed with Deputy Speaker Salapuddin presiding.

Upon resumption of session, on motion of Rep. De Guzman, the Chair recognized Rep. Jaraula to interpellate on the proposed budget of the CDA.

INTERPELLATION OF REP. JARAULA

Rep. Jaraula stated that the Minority does not intend to ask many questions on the proposed budget of the CDA. He maintained, however, that in the choice of beneficiaries of the cooperatives, a certain degree of flexibility should be provided: said beneficiary should have a track record of two or three years; and each district should be given the discretion to analyze the performance of certain cooperatives. He added that if the failure of the cooperatives is not due to their incompetence or malicious acts, but to factors beyond their control, said cooperatives should be made deserving of assistance.

In view thereof, he reiterated that the Minority had no further interpellations in view of which he moved for the termination of the period of interpellations, and the consequent approval of the proposed budget of the CDA.

TERMINATION OF THE PERIOD OF INTERPELLATIONS ON THE PROPOSED BUDGET OF THE CDA

Rep. Gonzales stated that the Majority had no interpellations on the proposed budget of the CDA and on his motion, there being no objection, the Body terminated the period of interpellations on the proposed budget of the CDA.

MOTION OF REP. GONZALES

Thereupon, Rep. Gonzales moved for the consideration of the proposed budget of the Metropolitan Manila Development Authority.

SUSPENSION OF SESSION

At this juncture, the Chair suspended the session motu proprio.

It was 10:36 a.m.

RESUMPTION OF SESSION

At 10:40 p.m., the session was resumed.

WITHDRAWAL OF REP. GONZALES'
MOTION

Whereupon, Rep. Gonzales withdrew his previous motion.

CONSIDERATION OF THE PROPOSED
BUDGET OF THE MOVIE AND TELEVISION
REVIEW CLASSIFICATION BOARD

On motion of Rep. Gonzales, there being no objection, the Body considered the proposed budget of the Movie and Television Review Classification Board (MTRCB).

Thereafter, the Chair recognized Rep. Lobregat for his manifestation.

MANIFESTATION OF LOBREGAT

Whereupon, Rep. Lobregat manifested that the Minority had already asked all their questions during the committee hearings and therefore have no further questions on the proposed budget of the MTRCB. He then asked whether the chairman of the Board was present in the Session Hall.

Rep. Gonzales replied in the affirmative.

MANIFESTATION OF REP. GONZALES

Likewise, Rep. Gonzales stated that the Majority had no questions on the proposed budget of the MTRCB.

MOTION TO TERMINATE THE PERIOD
OF INTERPELLATIONS ON THE PROPOSED BUDGET OF THE MTRCB.

At this point, Rep. Gonzales moved for the termination of the period of interpellations on the proposed budget of the MTRCB.

MOTION OF REP. BATERINA

Before the Body could act on the motion, Rep. Baterina requested for a suspension of session and the deferment of the ruling of the Chair on the proposed budget of the MTRCB.

SUSPENSION OF SESSION

Whereupon, the Chair suspended the session.

It was 10:42 a.m.

RESUMPTION OF SESSION

At 10:43 a.m., the session was resumed.

WITHDRAWAL OF REP. BATERINA'S
MOTION

At this point, Rep. Baterina withdrew his previous motion.

TERMINATION OF THE PERIOD OF
INTERPELLATIONS ON THE PROPOSED BUDGET OF THE MTRCB

On Rep. Gonzales' previous motion, there being no objection, the Body terminated the period of interpellations on the proposed budget of the MTRCB.

CONSIDERATION OF THE PROPOSED BUDGET OF THE METROpolitan
MANILA DEVELOPMENT AUTHORITY

On motion of Rep. Gonzales, there being no objection, the Body considered the proposed budget of the Metropolitan Manila Development Authority (MMDA).

Thereafter, on motion of Rep. Gonzales, the Chair recognized Reps. Federico S. Sandoval II and Rep. Zamora (R.) to sponsor the aforestated budget and to interpellate thereon, respectively.

INTERPELLATION OF REP. ZAMORA (R.)

At the outset, Rep. Zamora stated that his interpellations will focus only on four technical issues and on one extremely important issue that will benefit not only the MMDA hierarchy and the LGUs in Metro Manila but the entire Filipino nation as well. First, with regard to the road user's tax, wherein the national government had not released any amount for the development and maintenance of roads particularly in Metro Manila, he inquired on the MMDA's stance on this matter.

Rep. Sandoval replied that the MMDA wants to get its fair share of the road user's tax for the improvement and maintenance of roads and traffic safety in Metro Manila, including the amount intended for the flood control program which had recently been devolved to the MMDA, from the Department of Public Works and Highways (DPWH) by virtue of an Executive Order. He added that the amount involved is roughly about P6 billion but the MMDA will get only a portion of that amount, considering that much of it will go to the maintenance of roads all over the country, which is still under the DPWH. He said that the flood control component is only a small part of the road maintenance project.

During the subcommittee deliberations on the proposed budget of the DPWH, Rep. Sandoval said that he had pointed out that the DBM and the DPWH had technically taken out the funding for the maintenance of roads from the GAA. What was then provided, he explained, was the lump sum amount of P6 billion to be taken out from the road users' tax. Inasmuch as there is no exact figure as to how much will go to the MMDA for flood control components, he surmised that from the years 2001 to 2002, the amount of P188 million was given to the DPWH for this purpose. He said that this amount is not sufficient because according to various engineering districts, in 2001 alone, the undertaking of such project cost about P300 million. He stressed that there was already a shortfall of about P120 million. He pointed out that under the 2003 GAA, the MMDA was given only P23 million for the maintenance of flood control component system. Moreover, he said that the law further provides that the MMDA should get its fair share of the flood control component under the MVUC.

With regard to flood control and foreign assisted projects (FAPs), Rep. Zamora asked whether the Executive Department had already determined the functions that should be devolved to the MMDA which do not necessarily include the support fund for the project.

Rep. Sandoval replied in the affirmative.

As to whether the technical requirements had not also been transferred, Rep. Sandoval replied that the transfer of the flood control project by the DPWH to the MMDA in the year 2003 also includes its personnel component, the amount for personal services, MOOE and part of capital outlay in the amount of P93 million. However, he affirmed that under the Executive Order which provides for the transfer of the flood control project from the DPWH to the MMDA, the FAPs were not included because the country's loan agreement with foreign funding agencies specifically provides that it is the DPWH that will supervise and implement the projects. However, he surmised that during the Regional Development Council (RDC) meeting, DPWH Secretary Simeon Datumanong had signified that he was willing to negotiate with foreign funders for the transfer of implementing and supervisory powers for any future projects, from the DPWH to the MMDA. He said this will take about six months to one year to negotiate and that it depends on whether the foreign funders will agree to the proposal.

Whereupon, Rep. Zamora pointed out that this will include future railroad projects in the Camanava area which is also a foreign funded project and involves a huge amount of about P4 billion such that its implementation should not be left in the hands of another agency. He added that if the MMDA is supposed to be a singular authority on these projects, then said project will also be included.

Rep. Sandoval affirmed this view and pointed out that in fact, the DPWH and the Department of Finance had already communicated with the Japan Bank for International Cooperation through a letter of intent for the transfer of the implementing agency from the DPWH to the MMDA. Quoting the opinion of the chief representative of the JBIC, Mr. Mitsuru Taruki, in a letter dated July 24, 2002 addressed to DOF Secretary Camacho and Dr. Dante Canlas of the NEDA, he said that the bank would like to maintain the status quo as provided in the loan agreements and for the DPWH to remain as the executing agency of the projects. He stressed that if flood control projects are to be undertaken by the MMDA, then it should include all future flood control projects. He added that the aforementioned opinion of the JBIC representative is considered an exception because presently, the project is ready to be awarded.

In this regard, Rep. Zamora expressed hope that the MMDA would take a stronger stance to ensure that this policy decision centralizing flood control activities and the supervision thereof in one agency, would in fact be enforced. Together with the road user’s tax, he said that the issue of flood control projects will no longer be left for the budget officers to decide but for the MMDA to do so in order to attain an honest and efficient implementation of the project. Underscoring the statement of President Macapagal-Arroyo in her first SONA regarding a Peruvian economist, Hernando de Sotto, he pointed out that he raised this issue because many things that he thought the President had wanted to do are exactly the things that Mr. de Sotto had spent a lifetime trying to develop.

Thereafter, even as Rep. Zamora commended Chairman Fernando for his desire to ensure that the laws of the land and the regulations in Metro Manila are enforced, he cautioned the sponsoring Committee to make sure that it exercises its oversight functions with respect to the powers of the MMDA. He maintained that the MMDA should also provide alternatives so that the people are not just swept away but are

nurtured to become good members of mainstream society.

As he acknowledged Rep. Zamora's wealth of experience in government service, Rep. Sandoval expressed hope that the MMDA as well as the Members would consider the points raised by the former.

On motion of Rep. De Guzman, the Chair recognized Rep. Biazon for his interpellation.

INTERPELLATION OF REP. BIAZON

At the outset, Rep. Biazon inquired whether the MMDA has made a study on whether Metro Manila is capable of harboring its residents.

Rep. Sandoval admitted that given a population of about 11 million, Metro Manila's infrastructure is not sufficient to cater to the needs of the people. He stressed, however, that the MMDA intends to conduct a study on the need for more roads and housing facilities. Studies regarding waste management is included in the 2003 budget, he added.

As he clarified that the population limit of Metro Manila has already been exceeded, Rep. Sandoval agreed that the MMDA will include funds for the population management policy of the government in the 2003 GAB. He added that the policy is already stipulated in the NCR Development Plan.

To the next query, Rep. Sandoval said that he is not aware that the MMDA Chairman will be appointed as the railroad czar.

Rep. Biazon subsequently inquired on the development of the South railroad.

In response, Rep. Sandoval explained that the Makati area is now being cleared of its informal settlers. He clarified that the right of way should be about 15 meters each on both sides in order to get the full width of the track. He added that this will be the policy for the whole stretch of the South rail.

As regards the case of Muntinlupa City where the areas given for right of way are 3.5 meters and 7.5 meters, Rep. Sandoval said that the issue was overtaken by events. He disclosed, however, that during the Cabinet meeting held two weeks ago, it was decided that the right of way would be 30 meters on both sides. He thereafter explained that there was an earlier plan to spare informal settlers on both sides of the tracks. However, he emphasized that in view of safety issues and considering the speed of a train, it was decided during said Cabinet meeting that the full width of 30 meters will be used to ensure the safety of the dwellers. The MMDA is at present in the process of informing the LGUs concerned, he added.

As to the length of time that the LGUs will have to wait for the completion of the process, Rep. Sandoval assured that the MMDA will do it as fast as it can because it will still have to coordinate with various government agencies.

Rep. Biazon expressed hope that the process will be finished soon because people at the grassroots level are concerned about the size of the areas that will be cleared and this has caused a lot of stress at the local level, not only in his district but in the nearby cities and municipalities as well. He thereafter inquired on targeted relocation areas, this as he disclosed that in Muntinlupa City, Proclamation No. 234 was already issued by the President, reserving some portions of the National Bilibid Prison for the resettlement of affected residents.

Rep. Sandoval agreed that even the informal settlers in Navotas and Malabon are also affected. Since the railways in his district are no longer visible because they have already been cemented, he said that the National Housing Authority (NHA), together with the LGUs, are now identifying the locations. He assured Rep. Biazon that the Administration is sympathetic enough such that all informal settlers have already been cleared out so that they can be relocated efficiently, preferably also within the same city or municipality.

Rep. Biazon subsequently inquired on the areas that would be the subject of relocation, to which Rep. Sandoval mentioned the New Bilibid Prison area and other properties near the railways in Muntinlupa and some areas in Malabon, and stressed that the relocatees will be brought to relocation sites near their former residences in order not to disturb their means of livelihood.

Thereupon, Rep. Biazon asked how the MMDA plans to improve the traffic-ridden South Super-highway which is the only major route in and out of Metro Manila.

The Sponsor mentioned the plan to expand the South Expressway as a result of the clearing of the railways area, of informal settlers. He said this will take two years to complete in time for the opening of the road going to Batangas.

mainfestation of rep. biazon

Rep. Biazon then stated in behalf of the Minority, that they had no more questions on the proposed budget of the MMDA.

TERMINATION OF THE PERIOD OF
INTERPELLATIONS ON THE PROPOSED BUDGET OF THE MMDA

On motion of Rep. De Guzman, there being no objection, the Body terminated the period of interpellation on the proposed budget of the MMDA.

CONSIDERATION OF THE PROPOSED BUDGET OF THE PASIG RIVER REHABILITATION COMMISSION

On motion of Rep. De Guzman, there being no objection, the Body considered the proposed budget of the Pasig River Rehabilitation Commission (PRRC).

SUSPENSION OF SESSION

The Chair suspended the session at 11:25 a.m. upon Rep. De Guzman's motion.

RESUMPTION OF SESSION

At 11:27 a.m, the session was resumed.

REMARKS OF REP. ZAMORA

Upon recognition by the Chair, Rep. Zamora stressed the Minority's concern about the very low budget being proposed for the PRRC. He then stated that the Minority had no more questions on the proposed budget of the PRRC.

TERMINATION OF THE PERIOD OF
INTERPELLATIONS ON THE PROPOSED BUDGET OF THE PRRC

On motion of Rep. De Guzman, there being no objection, the Body terminated the period of interpellations on the proposed budget of the PRRC.

CONSIDERATION OF THE PROPOSED BUDGET OF THE TOLL REGULATORY BOARD

On motion of Rep. De Guzman, there being no objection, the Body considered the proposed budget of the Toll Regulatory Board (TRB).

MANIFEATATION OF REP. ZAMORA (R.)

Upon recognition by the Chair, Rep. Zamora stated that the Minority had no questions on the proposed budget of the TRB.

TERMINATION OF THE PERIOD OF
INTERPELLATIONS ON THE PROPOSED BUDGET OF THE TRB

On motion of Rep. De Guzman, there being no objection, the Body terminated the period of interpellation on the proposed budget of the TRB.

ACKNOWLEDGMENT OF GUESTS

Rep. De Guzman thereafter acknowledged the presence in the Session Hall of the Cagayan de Oro National High School Rondalla Ensemble headed by their principal, Mrs. Fe L. Pajo and conductor, Mr. Hilario Bacabis Jr.; Education Division Supervisor Raymond Antolo; and Mr. Leo Salvana, who were guests of Rep. Jaraula. He said that the rondalla qualified for the NAMCYA competition for public elementary school pupils.

SUSPENSION OF SESSION

The Chair suspended the session at 11:31 a.m. upon Rep. De Guzman's motion.

RESUMPTION OF SESSION

At 11:31 a.m., the session was resumed.

CONSIDERATION OF THE PROPOSED BUDGET OF THE DEPARTMENT OF
FINANCE AND ITS ATTACHED AGENCIES

On motion of Rep. De Guzman, there being no objection, the Body considered the proposed budget of the Department of Finance (DOF) and its attached agencies.

On motion of Rep. De Guzman, the Chair recognized Rep. Salceda to sponsor the proposed budget of the DOF and Rep. Herminio G. Teves to interpellate thereon.

INTERPELLATION OF REP. TEVES

Rep. Teves first asked what office in the DOF is responsible for projecting revenue potentials as differentiated from revenue goals and revenue collections.

Rep. Salceda replied that this would be the Domestic Finance Group under Undersecretary Ferrer.

Rep. Teves then asked what the goals of the BIR and the BOC are for 2003.

Rep. Salceda replied that the BIR's potential is around P650 billion while its goal is around P388 billion or 60% thereof.

Subsequently, Rep. Teves asked what remedial measures the DOF will take to address the 40% loss in tax collection, or to attain a tax collection of 21% of the GDP

which is the tax collection rate in Vietnam.

Rep. Salceda mentioned the computerization of the operations of the Internal Revenue Service so as to come up with a complete database, thus preventing leakages and improving "total revenue service"; and the implementation of the "relief" system which tries to reconcile the differential between the reported output VAT vis-a-vis the reported input VAT for certain transacting parties in the domestic market.

On whether the country can expect transparency in tax collections for 2003, Rep. Salceda opined that transparency should be expected every year. On whether any Member of Congress will be able to know exactly how much each individual, group or business has paid, he also opined that such is technically feasible subject to certain limitations of law.

Rep. Teves pointed out that while the law requires that tax collection records be made part of public records, there are limitations on the publication of certain data. He said that these include how much was paid by certain businesses and how much input VAT was declared by certain entities in enabling consumers to find out where their VAT payments have gone to.

Rep. Salceda said that he agrees with Rep. Teves' opinion, but that it was Congress itself that imposed such limitations.

Thereupon, Rep. Teves inquired whether the DOF can recommend a change in the system so that tax collection records will be made part of public records.

Saying that the Department will welcome steps to improve the transparency of BIR operations, the Sponsor remarked that such change would depend on the collective wisdom of Congress as regards balancing the interest of the state and the interest of the individual.

Dwelling on another matter, Rep. Teves asked whether the DOF agrees with the "system of pay" which, as a columnist of the Business World has said, is being recommended by the World Bank.

Rep. Salceda opined that the Chief Executive has already agreed to the concept.

Whereupon, Rep. Teves inquired whether the concept is to limit expenditures as the money comes in, to which Rep. Salceda explained that to be more specific, expenditures are only allowed if there are earmarked revenues to support such expenditures.

On whether the government had come up with administrative and legislative measures to increase revenues in view of the ballooning deficit, Rep. Salceda explained that firstly, the DOF is lobbying Congress not to change the law governing the VAT on professionals as this could easily earn P10 billion for the government. Secondly, he said that the DOF is strongly lobbying Congress for the approval of the indexation of sin taxes and thirdly, the DOF will be providing for rules that will essentially raise excise taxes on automobiles. These three major items, he said, are part of the DOF's revenue-enhancement program for 2003.

To further queries, Rep. Salceda stated that the DOF can furnish the House, particularly the Committee on Ways and Means, with its revenue projections and its projected collections for 2003 within 24 hours. With regard to Secretary Camacho's statements that the government has no other choice but to keep on borrowing, he explained that this statement should be placed in its proper context inasmuch as the need for the government to maintain budgetary expenditures is premised on the fact

that at the moment, the expenditures are already sub-optimal vis-á-vis the growth targets of the government. The statement, he said, should not be construed to mean that borrowing is already the financial strategy of the government.

Whereupon, Rep. Teves inquired whether the P130 billion budgetary deficit and the P70 to P80 billion expected deficit for the current year is already financed by borrowing.

Rep. Salceda replied in the affirmative, adding that the deficit for the current year has already been funded.

As to whether the P142 billion budget deficit for next year will have to be funded through borrowing, Rep. Salceda explained that since interest rates in the financial market had not radically reacted to the deficit situation, the DOF and the BTr are taking advantage of the current market condition in order to borrow ahead to cover the deficit for the following year's budget. In short, he pointed out that the financial market would be able to finance the government's budgetary deficit at low interest rates, thereby giving the government greater leeway in managing its financial condition.

To subsequent queries, Rep. Salceda explained that at the moment, the interest rate for a 91-day Treasury Bond is 5.2%; however, for longer term T-bills, he admitted that some borrowings have interest rates of over 9%.

Whereupon, Rep. Teves adverted to Rep. Andaya's statements that the government's budgetary deficit is unmanageable. He expressed belief, however, that it will be the country's total debt that will be unmanageable in the future inasmuch as the budgetary allocation for debt servicing already accounts for over 50% of the total budget. He then inquired whether Rep. Salceda shares this observation.

Rep. Salceda replied that insofar as he is concerned, it is the deficit "driving in" the debt and not vice versa. Moreover, he pointed out that insofar as the ratios are concerned, the country's threshold, using a 30-year cycle for debt servicing, excluding the principal, should reach 30% before the budgetary deficit can be considered unmanageable. For the current year, the country is about 28% of the total budgetary deficit but by next year could hit the 30% or about the P224 billion threshold mark. With respect to the total debt, he pointed out that the country had experienced a greater debt level standup; however, this should not be taken as a license for the government to incur higher debt.

Rep. Salceda subsequently explained that starting this year, the DOF would be trying to go for a balanced budget within the next five years inasmuch as the country is already at the critical threshold levels. Moreover, what the government should also do at the moment is raise revenues, cut costs, and sell assets. He maintained that it would only be next year that the government will not have any budgetary surpluses, although it would still have a balanced budget.

Rep. Salceda underscored that to the extent that the government is still producing primary surpluses to be spent on capital expenditures, like farm-to-market roads and ports and bridges whose Internal Rates of Return (IRR) ranges from 16% to 21% and given that the government can borrow at an interest rate of 8%, then the resulting gain from these capital expenditures would justify the government's budgetary deficit in the short term.

Rep. Teves however expressed disagreement that in order to attain a balanced budget, the government has to undertake domestic and foreign borrowings. He underscored that while the government may have a balanced budget, it is at the same time increasing the country's indebtedness.

Rep. Salceda reiterated his previous arguments that the government is not pursuing debt financing as a means of re-incurring deficit but merely to finance government expenditures. He subsequently pointed out that since the total capital expenditure for this year has amounted to P176 billion and that the projected deficit will be about P223 billion, the government need only worry about the P50 billion

differential because this does not pertain to any economic income-generating appropriation.

Whereupon, Rep. Teves adverted to Rep. Salceda's statements regarding the possibility that the government will not be paying its loan principal, but only the loan interests for the coming year.
Rep. Salceda replied that in all of the operations of governments worldwide, the principal debts were commonly "rolled over" by the governments.

Rep. Teves pointed out that if this will be the case, then the government will be perpetually borrowing to cover up the budgetary deficit for the coming years. Thus, he said, the principal will grow even bigger and will reach unmanageable levels.

In response, Rep. Salceda explained that there are certain conditions wherein the government can manage its principal debts, particularly when these are securitized. He pointed out that it is not really absolute that loan principals keep on increasing, since there is the secondary market that allows the government to correct such situations.

On another matter, Rep. Teves inquired whether the tax exemptions being given by the Board of Investments correspond to the improvement of the economy in the last 10 years.

Rep. Salceda replied in the negative. He stated that he will favor any move that may be initiated by Rep. Teves that will address this orthodox notion that "tax exemptions readily result in an increase in domestic output." He underscored that there are enough economic studies that suggest that tax exemptions may even be regressive to domestic output or to an increased economic activity.

Whereupon, on motion of Rep. De Guzman, the Chair recognized Rep. Padilla for his interpellation.

SUSPENSION OF SESSION

Thereupon, the Chair suspended the session at 11:55 a.m.

RESUMPTION OF SESSION

At 11:56 a.m., the session was resumed.

INTERPELLATION OF REP. PADILLA

Noting that the macroeconomic assumptions of the Committee on Appropriations were different from that of the DBCC, Rep. Padilla inquired what macroeconomic assumptions will prevail with regard to the projections made by the BIR, the BOC and the BTr for 2003.

In reply, Rep. Salceda explained that insofar as the BIR is concerned, its revenue target for next year amounts to P424 billion; for the BOC, P100 billion, for other revenue-generating offices, P6.7 billion and for non-tax revenue, P53.3 billion. He subsequently informed Rep. Padilla that with regard to the macro-assumptions made by the DBCC and the Committee on Appropriations, the chairman of the DBCC had already stated that the figures adopted by the DBCC and those adopted by the Committee have very little variance. He likewise adverted to Rep. Padilla's television program the previous night wherein the Secretary of the DBM also made the same statements.

Rep. Padilla cited the big difference between the DBCC's and the Committee's

targets. He pointed out that the difference in revenue targets of P76 billion is not a small amount.

On a related query, Rep. Salceda informed Rep. Padilla that the Department should follow the targets set by the Committee because Congress has oversight functions and the Executive agencies are accountable to Congress.

As a rejoinder, Rep. Padilla presumed that when Rep. Salceda said that the figures submitted by Congress shall prevail, the latter was articulating the official position of the DOF. He then noted that the revenue target set by DBCC for FY 2003 in the amount of P640.6 billion is more favorable to the government.

Speaking in Filipino, Rep. Salceda said that even if the Committee prefers a higher revenue target, it is apprehensive to adopt one amidst the given realities. He explained that the Chief Executive's budget proposal that was submitted to Congress in August 2001 was based on the budget call made in February 2002 so that its assumptions were being validated only in May 2002. He qualified that these assumptions were not that far from the original submitted to Congress for the 2002 GAB. He however pointed out that as the year ends, it will be observed that the obtaining figures would be very different from the original assumptions such that the base figures to be used also will have to be changed.

Rep. Padilla then inquired why the Committee is using another set of assumptions if the target is not realistic. He asked whether this is because the economic outlook for 2003 is not really that rosy.

In response, Rep. Salceda stated that the GNP, the GDP, inflation and foreign exchange rates are all within the given targets and that the only problem lies in revenue collection.

Rep. Padilla recalled that in 1997, the government had reasoned out that its economic accomplishments fell below its targets due to the Asian financial crisis which, in Rep. Padilla's opinion, the government cannot control. He argued that the problem of revenue collection is well within the control of the government and surmised that there may be something wrong with the BIR and the BOC.

Rep. Salceda said that to reconcile the disparity between the macroassumptions and the actual revenue collection, the government is working on the following measures, among others: the rationalization of the excise taxes on automobiles; the imposition of the VAT on professionals; and the implementation of the IRMA.

Rep. Padilla gave the government's efforts the benefit of the doubt even as he recalled that during the budget hearing at the Committee level, he had raised the issue of whether the basic requirements of the BIR and the BOC were being adequately met. He cited for instance the bogged down computers and facsimile machines in these agencies. He adverted to the statement that the new collection system should have been implemented in 1986 or 1987 yet but the agencies took more than 10 years to implement the system because of lack of funds. He also recounted that during their briefing of the Committee on Ways and Means, the agencies were very optimistic that they will be able to generate a bigger collection out of the VAT. He maintained that the BIR and the BOC can be considered as the government's breadwinners and while he does not advocate pampering these agencies in the same way that breadwinners in the private corporations are being pampered, the government will be able to provide for their basic requirements. He suggested that the matter be closely examined during the period of amendments.

Rep. Salceda agreed therewith and manifested the gratitude of the entire DOF to Rep.

Padilla.

Rep. Padilla explained that he made the proposal so that Congress would not have to touch the assumptions submitted by the DOF. He averred that a difference of P76 billion in the revenue targets of the Chief Executive and the sponsoring Committee is too big and providing an additional budget of P100 million for the requirements of the revenue collecting agencies would not matter that much.

Rep. Salceda replied that he will support the proposal of Rep. Padilla at the proper time. This, as he disclosed that the BIR had proposed a supplemental budget of P400 million for the computers and systems development under the new leadership of Commissioner Parayno.

Rep. Padilla stressed that the funds should not be contained in a supplemental budget but should be included in the GAB.

On a query regarding the special provisions on "Informer's Reward" found on page 251 of House Bill No. 5238, Rep. Salceda disclosed that the BIR had paid the following amounts for this purpose: P15.4 million -- January to August 2002; P46.2 million -- 2001; P24.6 million -- 2000; 0 -- 1999; and P36.9 million -- 1998. On the other hand, he said that the BOC had paid the following amounts for the same purpose: P59.2 million -- 2001; P2.2 million -- 2000; P1 million -- 1999; and P28 million -- 1998. He stated that he is still awaiting the BOC estimate for FY 2002 but assured Rep. Padilla that he will be given copies of these reports which also include the names of the persons to whom the rewards had been paid.

To a related question, Rep. Salceda said that both Commissioners Parayno and Bernardo had confirmed that the reward system has not been suspended.

Adverting to page 251, Section 1, paragraph 1 of the 2001 GAA, Rep. Padilla inquired whether the amount of P715 million had been utilized. He noted that said amount has been included the previous year and was also in the 2002 GAA.

Rep. Salceda replied that for 2002, out of the P715 million, P278 million was covered by an SAA although the SARO released was P358 million; in 2002, out of the P715 million, P715 million was covered by a SARO but only P361 million was covered by an SAA and the total amount released was P619 million; in 2000, out of the P715 million, P300 million was released through a SARO but only P299.89 million was paid; in 1999, out of the P715 million, P715 million was released through a SARO and the total amount paid was P715 million. He said that he will furnish Rep. Padilla with a copy thereof.

On whether the names of the taxpayers concerned are included in the copy, Rep. Salceda replied that the same will be made available to him together with the corresponding data.

As to the amount that was earmarked for this purpose, Rep. Salceda replied that P715 million was allocated from 1999 up to 2002.

On whether the government was able to exhaust the P715 million yearly, Rep. Salceda replied that the whole amount was exhausted in 1999: P300 million for 2001 and P278 million for 2002 so far have been disbursed.
On whether these refund taxes were for erroneous collections, Rep. Salceda replied that said amounts were mostly erroneous particularly on compensation. He cited for instance that for 2002, almost all of the P300 million had been disbursed for compensation. He disclosed that these are individual withholding taxes being refunded due to erroneous computation.

Considering that not all funds were spent in the previous years, Rep. Padilla asked what had happened to the balance.

Rep. Salceda replied that since the SARO is only good for one year and expires at the end of the year, said funds cannot be utilized.

Rep. Padilla said that he trusts that Rep. Salceda's statement will be very reliable and dependable.

Rep. Padilla thereafter noted that if the money has not been used, said amount will then be used for other purposes which will benefit the DOF, particularly the concerned agencies.

Rep. Salceda said that he will support any addendum or colatilla to paragraph 1 that will essentially allow the DOF, the BIR or the BOC to utilize any underutilized funds for other purposes, particularly for their modernization program.

If the BIR is asking for a supplemental budget of about P400 million and yet there is still an unspent amount, Rep. Padilla opined that these would be a problem in giving them said amount following Rep. Salceda's suggestion of providing a colatilla so that for the ensuing fiscal year, said Department can spend the unutilized money for MOOE.

Whereupon, Rep. Padilla asked Rep. Salceda to draft the necessary special provision for inclusion in the 2003 GAA.

Rep. Salceda said that the Committee had been verbally instructed to do so.

After thanking Rep. Salceda for that assurance, Rep. Padilla noted another fund in the amount of P50 million which is sourced from fines and penalties in connection with the printing and issuing of receipts and other violations of the Internal Revenue Code used to finance the tax lottery program. He then asked whether this is correct.

SUSPENSION OF SESSION

On motion of Rep. Padilla, the session was suspended at 12:28 p.m.

RESUMPTION OF SESSION

At 12:29 p.m., the session was resumed.

INTERPELLATION OF REP. PADILLA
(Continuation)

In reply to Rep. Padilla's query, Rep. Salceda said that an appropriation was earmarked for such revenue.

To Rep. Padilla's query regarding the tax lottery program, Rep. Salceda replied that such amounts were fully utilized in 2001 and 2002.

Likewise, Rep. Salceda said that the Department will provide Rep. Padilla with a breakdown of the P50 million as dispersed by the BIR before the Body votes on Second Reading on the proposed 2003 GAA.

Whereupon, Rep. Padilla said that he has with him a copy of the Philippine Daily Inquirer which carries the article about smuggled rice seized in General Santos City

in the amount of P3.8 million. After perusing over other dailies and noting similar news items about smuggling, he said that he was alarmed by the prevalence of rampant smuggling in the country.

Before proceeding to the specifics of said news item, Rep. Padilla recalled that the Economic Intelligence and Investigation Bureau (EIIB) was the agency responsible for anti-smuggling operations in all land areas while the BOC has jurisdiction over piers and ports of entry. The Philippine Coast Guard is responsible for manning the open seas and assuring that no smuggling would occur in such areas, he added. After the abolition of the EIIB, he asked what agency is now tasked to run after the smugglers operating in land areas.

Rep. Salceda replied that the lead agency which replaced the EIIB is still the BOC. However, he explained that the BOC is a multi-agency task force. He pointed out that for specific activities like smuggling of rice and corn, the BOC has deputized the PNP to perform the task previously performed by the EIIB. In other words, he said that the government has structurally mandated the BOC as the principal lead agency and has assigned a multi-agency task force to perform the task of the EIIB. To Rep. Padilla's query, Rep. Salceda stated that the responsibility of the EIIB has now been transferred to the BOC but since the BOC do not have enough personnel to do the job, it has deputized the PNP and the AFP. He said that the task of the PNP is to apprehend smugglers of rice and sugar.

On whether the PNP has deputized any specific agency to perform such tasks, Rep. Salceda replied that the agreement was that the chiefs of the PNP and the AFP will appoint those that will be deputized to perform the similar function of the defunct EIIB. He pointed out that certain units within the AFP and the PNP will be appointed subject to the discretion of the AFP and the PNP chief.

On whether only those appointed by the PNP chief can run after smugglers, Rep. Salceda replied in the affirmative.

On whether there are specific personnel in the PNP and AFP who have been assigned exclusively to apprehend smugglers, Rep. Salceda replied that with the agreement, the BOC, after the deputization, left the discretion to the PNP and the AFP to assign personnel to such tasks.

Whereupon, Rep. Padilla said that he intends to deliver a speech on the particular subject matter and with the help of Rep. Salceda, said speech would be referred to the appropriate committee for a full-blown congressional inquiry. He expressed apprehension that the abolition of the EIIB and the authorization of some PNP personnel to run after the smugglers would somehow result in lapses. He however opined that this is not the appropriate time to debate on them.

Adverting to the news item, Rep. Padilla pointed out that the CIDG had been identified as the PNP unit or agency responsible for apprehending five 20-foot container vans containing rice valued at P3.8 million.

What intrigues him, he said, is the statement that the alleged smugglers had shown erroneous documents manifesting that the contents of the actual cargo was not rice but cornstarch. As such, he said that the manifest and the contents of the actual cargo do not jibe. He then asked how such a situation was able to escape the notice of the BOC and why it was the PNP which discovered and apprehended the erroneous manifest. He stated that he was intrigued that the cargo was declared as cornstarch in the manifest although it was actually rice.
Rep. Salceda replied that the intelligence group of the BOC has been tasked to investigate the matter. He added, however, that it was not clear whether the goods

came from the customs bonded area, which is why the BOC personnel are still verifying whether the goods actually came through an area under its jurisdiction.

Rep. Padilla expressed concern that the cargo must have come from the customs area. Had the CIDG not apprehended said cargo, he claimed that the BOC would have been able to bring out the same. He stated that he would raise this matter when the Body considers the proposed budget of the DOTC because if the cargo did not come from the customs area, somebody must be able to say where it came from. Nonetheless, he stressed that the abolition of the EIIB seemed to indicate a lapse somewhere, in view of which he intends to deliver a privilege speech on the issue after the budget deliberations shall have been finished.

He added that he was apprehensive because even Secretary Camacho had informed him of the huge budgetary deficit. He opined that smuggling is rampant and is one of the major factors that contribute to the non-collection of revenues. He stated that he has information which show that 70% of the total volume of rice that enters the country comes in illegally and only 30% comes in through the legal channels. This is very alarming, he said, that is why he brought the matter to the attention of his colleagues.

Rep. Padilla then emphasized that the Opposition was not grandstanding but simply believes that it is the duty of its members to ensure that such problems are properly ventilated and discussed, immediate action is made and remedial measures are passed. He further opined that conducting an investigation on the matter in aid-of-legislation would be in line with their duty as Members of the House.

Thereupon, Rep. Padilla inquired on the documentary requirements for rice importation and which agency of the government is authorized to import the same.

Rep. Salceda pointed out that the basic requirement is an authority from the NFA to import rice intended for general consumption.

Rep. Padilla claimed that certain varieties of rice are not for general consumption but are for the use of hotels, bakeries and factories that produce noodles, among others. He inquired whether the same requirement is imposed for the importation of this particular kind of rice.

Rep. Salceda replied that an import authority from the NFA is needed for the importation of either rice for general consumption or of raw materials.

Rep. Padilla inquired whether it is true that a number of rice shipments which had been confiscated or improperly imported are being stored in certain areas within the BOC for years because they were abandoned 30 days after their arrival.

Rep. Salceda replied in the affirmative and pointed out that shipments of rice which are unclaimed within 30 days are considered abandoned after which forfeiture proceedings would apply.

Rep. Padilla inquired on the total volume of abandoned rice within the BOC premises. Rep. Salceda replied that the BOC will submit a report on the matter.

Rep. Padilla asked for a ballpark figure on the volume of abandoned rice.

SUSPENSION OF SESSION

On motion of Rep. Padilla, the session was suspended at 12:49 p.m.

RESUMPTION OF SESSION

At 12:52 p.m., the session was resumed.

INTERPELLATION OF REP. PADILLA
(Continuation)

Upon resumption of session, Rep. Padilla expressed willingness to receive the data at the appropriate time as Rep. Salceda had promised. He reiterated the he will deliver a privilege speech after the budget deliberations to call for an immediate full-blown investigation on the matter. He added that he raised the issue because he wishes to protect the interests of the farmers and the palay producers.

Noting that while the abandoned rice may have been auctioned off and the BOC would have been paid the corresponding dues therefor, Rep. Padilla asked how the fiscal situation of the farmers could be protected given this situation.

He stated that he comes from a rice-producing province and had read from the papers that if ever the targeted GNP is not attained, it would be blamed on either the agricultural sector for not having done well, or to the El Niño or the bad weather. Worse than these factors, however, is the technical smuggling of rice which are not properly documented and are thus abandoned and auctioned off, he stressed. He expressed concern that allowing the entry of a huge volume of rice in the domestic market would adversely affect the price of palay and would thus be worse than El Niño. He said, in Filipino, that farmers are not strongly interested in planting palay because of the effects of technical smuggling.

Thereupon, he claimed that he could ventilate other points on the issue at the proper time as he knows that there were other Members who wished to interpellate on the budget. He added that Rep. Rosales had signified her intent to interpellate and that he wants her to have all the time she needs to propound questions on the proposed budget of the DOF and its related agencies.

On motion of Rep. De Guzman, the Chair recognized Rep. Rosales to interpellate on the budget of the DOF and its attached agencies.

INTERPELLATION OF REP. ROSALES

Rep. Rosales initially stated that her questions would focus on three items: 1) revenue; 2) debt; and 3) millennium development. She then noted that the country has a cash-strapped economy and inquired whether low revenues are placing tight limits on the capacity of the government to spend, and add stress to its fiscal health. Rep. Salceda replied that this statement is reasonable.

She next inquired on the definition of the term "current balance" of the budget. Rep. Salceda explained that budget balance results when expenditures are deducted from revenues.

Rep. Rosales inquired whether the budget balance has been negative since the year 2000, and has been worsening in proportion to the GDP. She noted that several discussions on the matter have shown that the total revenues as percentage of the nominal GNP has been declining. Rep. Salceda affirmed these points.

Rep. Rosales recalled that from a historic high of 19.4% in 1994, the revenue effort is projected to be around 14% by the year 2003. Rep. Salceda replied that the revenue effort is projected to be 12%, which is worse than 14%.

On further queries, Rep. Salceda affirmed that the tax effort as percentage of the GNP reflects a similar trend.
On whether after settling its obligations to employees, LGUs and creditors, the national government will be left with the amount of P162 billion for the implementation of its programs in 2003, Rep. Salceda replied in the affirmative.

Thereafter, Rep. Rosales opined that going by the trend, in 1985, the total revenue collected was about P68.961 billion, and minus overhead expenses, the remaining positive balance was about P25.325 billion. She added that in 1990, the total revenue collected rose to about P180.920 billion, and minus overhead expenses, the balance was about P36.540 billion. She then asked whether Rep. Salceda has similar figures, to which, the latter replied in the affirmative.

Inasmuch as in 1995, the total revenue collections increased to about P361.220 billion, Rep. Rosales inquired on the remaining balance minus all the overhead expenses, net lending, personal services, allotment to LGUs and capital transfer.

Rep. Salceda replied that the Committee has not yet come up with the figure.

Thereafter, Rep. Rosales stated that the trend in revenue collections and expenses was as follows: 1) for the year 2000 -- total revenue collection was P514.762 billion, minus all overhead expenses; for a remaining balance of P46.242 billion; for the year 2001 -- total revenue collection was P563.730 billion, minus all overhead expenses, for a remaining balance of P29.391 billion; for the year 2002 -- total revenue collection was P596.990 billion, minus overhead expenses, the remaining balance was P9.005 billion; and for the year 2003 -- targeted revenue collection was about P640.650 billion, minus interest payments of P223.235 billion; net lending of P5.5 billion; personal services of P262.630 billion; allotment to LGUs of P114.061 billion; capital transfer to LGUs of P30.065 billion, for a remaining balance of about P5.151 billion, which is a far more pathetic figure available for government programs.

Rep. Salceda affirmed this view.

In this regard, Rep. Rosales stated that in fact, Rep. Andaya had admitted that the government could not even meet the projected expenditure ceiling of around P60 billion.

However, Rep. Salceda suggested that the computation for budget projection should start from the targeted expenditure ceiling of the national government, despite the fact that logic shows a shrinking core in the national budget as the GDP has fallen to almost sub-optimal levels. In this regard, he surmised that the government is left with no other option but to resort to borrowing. Therefore, he said that any amount that the government would have in excess of P5 billion would therefore come from borrowing.

As regards government borrowings and debts, Rep. Rosales asked whether debts and contractual obligations of the national government are increasingly crowding out its program spending.

In response, Rep. Salceda stated that he agrees with Rep. Rosales’ statement to the extent that the debt service percentage of the total budget has been rising by about 28%.

However, Rep. Rosales pointed out that as a matter of fact, the total government debt in the year 2003 is 15.8% lower than that of the year 2000.

SUSPENSION OF SESSION

On motion of Rep. Salceda, the Chair suspended the session at 1:11 p.m.

RESUMPTION OF SESSION

At 1:12 p.m., the session was resumed.

INTERPELLATION OF REP. ROSALES
(Continuation)

Continuing with her interpellation, Rep. Rosales emphasized that the national government's domestic and foreign debt has increased more than ever, from P48.9 billion in 1980 to a projected P2.7 trillion or according to the Senate, about P3.15 trillion, including the contingent liabilities.

If the DBM would admit that the Philippines has the highest debt-to-GDP ratio in Southeast Asia, Rep. Rosales asked whether Rep. Salceda would agree therewith. The latter replied in the negative and pointed out that in 1997, the national government did not buy the debt of banks as what Indonesia and Thailand did. This is the reason why Indonesia has the highest debt-to-GDP ratio, he pointed out.

On whether between the years 2000 and 2003, the government's gross borrowings had an average equivalent of 61% of tax revenues, Rep. Salceda replied that it would be so, if the roll over principal and the interest thereon are included.
As to the 2003 proposed budget of the Department of Environment and Natural Resources (DENR), Rep. Rosales asked how much of its budget goes to foreign assisted projects.

Rep. Salceda replied that this would be about P1.2 billion or about 50% including the percentage of total outlay outside of PS under the 2003 proposed budget of the DENR. Thereafter, he enumerated the FAPs of the other departments, to wit: Department of Social Welfare and Development (DSWD) -- P600 million or about 10% of its 2003 proposed budget; Department of Agriculture -- P7.9 billion or about 35% of its 2003 proposed budget and the Department of Agrarian Reform (DAR) -- P3.3 billion or about 40% of its 2003 proposed budget.

Whereupon, Rep. Rosales explained that there is nothing really wrong with FAPs except that they require peso counterpart funding by the government such that when government finances are already strapped by weak revenues and heavy debt services, the increase in the required peso counterpart become, quite difficult. Rep. Salceda affirmed this view.

Rep. Rosales asked whether this would explain in part why the government's utilization rate of approved foreign loans is below par; Rep. Salceda replied that this is not true in the case of foreign assisted loans because out of the P44 billion foreign assisted loans for next year, only the P13 billion counterpart fund is needed by the government. In this case, he added that the government will have to give priority to those FAPs which already have peso counterparts.

Rep. Salceda claimed that the ODA funds were used within the normal range based on the report submitted by NEDA. Thus, the problem is not that big, he stressed. As an example, he cited the funds for FAPs of which 95% had already been released by September 2002, and which is an indication that the funds were properly utilized as the targets have been realized. He assured Rep. Rosales that the documents to support his statement will be made available.

On whether FAPs include loans incurred by the government in relation to BOT contracts, Rep. Salceda answered in the affirmative.

Thereafter, Rep. Rosales inquired on the liabilities incurred by the government with respect to the Casecnan Dam and San Roque Dam contracts.

SUSPENSION OF SESSION

On motion of Rep. Salceda, the session was suspended at 1:23 p.m.

RESUMPTION OF SESSION

At 1:27 p.m., the session was resumed.

INTERPELLATION OF REP. ROSALES
(Continuation)

Rep. Salceda clarified that the government is compelled to pay an $850 million contingent liability for a period of 20 years, and which amount would be reimbursed by the National Irrigation Authority (NIA). However, he explained that the present net value is only $240 million at an 8% discount because the amount is spread over 20 years.

With regard to the San Roque Dam, the non-power component contingent liability is around $400 million, Rep. Salceda clarified. However, he disclosed that the two figures are still being renegotiated upon the instructions of President Macapagal-Arroyo. Thus, he underscored that the government is actively pursuing negotiations to reduce contingent liabilities that are less favorable to it.

In reaction, Rep. Rosales commented that these liabilities were the ones included by the Senate so that the national debt has now reached P2.7 trillion. She lamented that the country is still paying for this pending renegotiation.

Rep. Salceda clarified that no money has been paid yet because the renegotiation is under international arbitration. He assured the Members that the DOF monitors and can clarify questions of policy regarding this arbitration on a regular monthly basis. He maintained that any economic analysis includes the consideration of off-balance sheet liabilities. As such, he said that any credit rating involves liabilities guaranteed by the government like those used for the Casecnan Dam and San Roque Dam projects. He assured Rep. Rosales that she will be furnished with a copy of the monitoring reports being done by the DOF.

Rep. Rosales inquired whether the government suffers from onerous contracts containing contingent liabilities that it is forced to pay.

Rep. Salceda maintained that the contingent liabilities resulted from the desire of the government to have power, which is why it had agreed to guarantee loans.

On whether the aforestated dams were solicited projects, Rep. Salceda clarified that the San Roque Dam was solicited while the Casecnan Dam was unsolicited. As he affirmed that the Casecnan Dam appears to be costlier than the San Roque Dam, he said that the contract is now being reviewed as the same is still under arbitration. He restated that the government has not yet paid any of its contingent liabilities.

Thereupon, Rep. Rosales recalled that according to DBM Undersecretary Laura Pascua, the payment for anomalous projects is included in the items under net lending and interest payments and are thus part of automatic appropriations. She cautioned that Congress is being deprived of its mandate to inquire into the integrity of the contracts which even the Inter-agency Committee (IAC) has admitted to be anomalous.

She inquired why the interest payments were already included in the 2003 budget.

Rep. Salceda replied that what is being questioned as anomalous is the payment of tax liabilities. On the other hand, he maintained that the water and energy delivered by the San Roque Dam to the people should be paid.

Rep. Rosales contended that based on the IAC report, water delivery is below par.

While the sponsoring Committee shares Rep. Rosales' concern, Rep. Salceda reminded the Body that the government under past administrations had signed contracts with said projects, and which the present administration has to honor.

Rep. Rosales maintained that the strong Republic being sought by the present administration includes sovereignty and ability to negotiate with the IPPs which had entered into contracts that are detrimental to the government.

Rep. Salceda agreed with the observations made by Rep. Rosales.

On another concern, Rep. Rosales focused on the millenium development goals which the country as a signatory is bound to fulfill by 2015. She asked how the government can achieve its targets of alleviating poverty and hunger, achieving universal primary education, promoting gender equality, among others, when based on facts and figures, the situation in the country has become worse in terms of the government's capacity to perform.

Remarking in Filipino that Rep. Rosales and many other Members have already interpellated on the matter, Rep. Salceda opined that such is not impossible; and that even with a constrained budget, better targeting and a more efficient expenditure program could allow leeway for gradual steps towards success considering that 2015 is still far-off. He also said that the Medium Term Development Plan (MTPDP) lists the commitments of the government which it intends to accomplish little by little. He further said that the LGUs, NGOs and civil society will help the national government accomplish what have been promised to the people.

Rep. Rosales opined that the poor capacity to earn revenue, the never-ending payment of loans, and the impoverishment of the Filipino people, will continue for as long as the government continues its policies on the debt question and does not radically overhaul or reexamine them.

Rep. Rosales nevertheless remarked that she wanted to conclude her remarks with a note of optimism and that even if the issue under discussion is very vital, many are not aware of it because it is not being publicized. She pointed out that for the first time in history, a President in the person of President Macapagal-Arroyo took time out to dialogue with the peasant sector for four-and-a-half hours; and that after listening to a computer program-aided presentation of the issue of mode or acquisition of coconut lands in said dialogue, the President issued a directive on compulsory acquisition as being the main mode of distributing land to peasants. She adverted to the Philippine Daily Inquirer which reported that it was through the President's efforts that the PNP, the Philippine Army and the DAR were able to install peasants in Nagasi and Benedicto in the province of Negros Occidental in the landholdings that they were occupying. She stressed that such kinds of policies which involve radical overhauling of systems, is what the government should adopt. She said that the President had also dialogued recently with the urban poor sector for the same number of hours.

In ending her interpellation, Rep. Rosales said that she will file a resolution of support for such efforts and policies on the part of the Chief Executive. She said

that she hopes that the policies that President Macapagal Arroyo is undertaking as regards the underprivileged and marginalized sector will likewise be reflected in an overhaul and a revisit of policies on macroeconomic assumptions, especially on finance, banking and trade which have kept the nation impoverished over the past 35 years.

INTERPELLATION OF REP. ZAMORA (R.)

Upon recognition by the Chair, Rep. Salceda confirmed the following statements of Rep. Zamora:

As stated by Rep. Andaya, the government has an unmanageable budget deficit which it hopes to do something about after the budget debates;

Based on Rep. Rosales' interpellation, the public sector debt is closing in on 85% of the GDP; and

Rising interest payments and the need to pay for personal services and non-capital expenditures in the annual budget have crowded out equally important government expenditures, for which reason economic services, social services, capital expenditures, and the MOOE are down as compared to the budgets of competing economies in the region.

Whereupon, Rep. Zamora asked whether the government should be a little more attuned to the requirements of the market as well as to its long-term requirements so that it does not go headlong into a program of foreign or domestic borrowing to cover the fiscal deficit; and whether the government should learn to live with what it has and can produce rather than with what it hopes to accomplish. Saying that such is a fair proposal, especially if implemented, Rep. Salceda suggested a time frame of five years.

Rep. Zamora said that he hopes that at the end of the budget discussions, the government will take care not to borrow too much and let succeeding administrations and generations pay for the debts that it will contract.

Turning to another matter, Rep. Zamora subsequently inquired on the progress of Task Force 156 which was supposed to handle the "tax clearance certificate scam."

Rep. Salceda replied that the Task Force had filed 90 criminal cases in the Sandiganbayan, out of which 83 are violations of the anti-graft law made by the Diamond Knitting Corporation, and 36 criminal cases in the Office of the Ombudsman; and is monitoring a total of 145 criminal cases filed by the Ombudsman now pending in the Sandiganbayan. He clarified that the Task Force had filed cases for plunder and graft and corruption with the Ombudsman.
Rep. Zamora pointed out that the amounts involved in these cases are billions of pesos and that the cutoff amount for plunder is only P50 million. Rep. Salceda agreed therewith but explained that after appreciating the evidence, the Ombudsman had thought that the government would have a better chance of prosecution and of a favorable judgment if it pursues the cases under an anti-graft framework.

On whether the cases were filed under the new Ombudsman, Rep. Salceda replied in the negative but added that the Task Force had filed motions for reconsideration with the new Ombudsman so that plunder cases may be filed.

Rep. Zamora expressed his hope that the Committee would take care in pursuing these cases to their logical end in the exercise of its oversight functions; that it is not just former President Estrada and his unfortunate associates who are going to be

subjected to the harsh realities of the Anti-Plunder Law; and that individuals who have clearly and openly stolen billions of pesos will feel the brunt of the law. He said that he was distressed about what has happened to the prosecution of said cases because they constitute open-and-shut incidents of people setting up false corporations where faked, forged, and clearly unauthorized certificates of tax clearance were issued, where the government was deprived of billions of pesos, and where major corporations were clearly involved. He also lamented the fact that nothing has been done to bring plunder charges against these individuals despite the clear evidence, such that the issue has become political. He recalled that when he was in charge of the Task Force, it had identified Petron and Shell-- two very large public and foreign-owned corporations with headquarters in Manila -- without need of looking for people to extradite.

After Rep. Salceda expressed agreement with the sentiments of Rep. Zamora, the latter then asked whether the two aforecited corporations have acknowledged their serious wrongdoings and whether the Macapagal-Arroyo administration has attempted to bring them to justice as regards their activities.

The Sponsor said that outside of the cases mentioned, the BIR had assessed the tax deficiency of Petron to be at P1.4 million and that Petron is still presenting evidence in the Court of Tax Appeals (CTA). He added that the BIR had also found out that Shell is guilty of not paying P684 million in taxes and of benefiting from tax clearance certificates and that the case thereon is due for the CTA's resolution; and that the Bureau had given Shell another tax deficiency assessment for an additional P234 million. He said that the two corporations are cooperating with the lawyers of Task Force 156 by turning over documents, including canceled checks payable to some of their accused and that some of its officials are willing to turn into state witnesses and testify against former DOF officials and some businessmen. He concluded that although the Task Force is concentrating on high-ranking officials involved in the tax credit scam, it is continuing its investigation of lower-ranking ones.

Rep. Zamora remarked that he was still unhappy because the two major corporations have clearly refused to acknowledge their wrongdoings.

He then expressed hope that at some point, the government will compel these corporations to pay the almost P2 billion in back taxes that it had deprived the people. Moreover, he said that the government should also strongly remind these corporations of their mandated duties and responsibilities and not to engage in the so-called "easy money schemes" and in the process deprive the government of its rightful revenues. He likewise stressed that the government should bring these lessons to bear on erring corporations. He also expressed hope that Task Force 156 will continue the work that it has sworn to uphold; and that the Committee on Appropriations will exercise its oversight functions to ensure that all these work are properly done.

Whereupon, on motion of Rep. Fuentebella, the Chair recognized Rep. Garcia (E.) for his interpellation.

INTERPELLATION OF REP. GARCIA (E.)

Rep. Garcia initially inquired whether the biggest problem facing the government is the burgeoning budgetary deficit, estimated at P223 billion for 2002 and P202 billion for 2003.

Rep. Salceda replied in the affirmative.

Rep. Garcia subsequently adverted to a study made by Mr. Morgan Stanley published in the September 2, 2002 issue of the Philippine Daily Inquirer, to wit: "That the Philippines' tax leakage amounts to $380 million annually or about 10% of the GNP; that from 1965 to 2001, the Philippines lost $205 billion in taxes, enough funds to wipe out the country's foreign and domestic obligations worth about $110 billion."

Rep. Garcia however pointed out that the country's total actual debt is about $57 billion. He subsequently underscored that based on Mr. Stanley's study, the Philippines would continue with its lackluster economic performance without an overhaul of the country's tax collection system as a prelude to meaningful economic reforms. He inquired whether Rep. Salceda agrees with this observation and whether the latter knows Mr. Stanley.

Rep. Salceda replied in the affirmative to both queries but added that Mr. Stanley's estimates are on the high side. He pointed out that the total annual tax leakage could only be half of Mr. Stanley's estimates or about P160 billion or P60 billion less than the estimated budgetary deficit. Thus, he admitted, the government would still have to go a long way in reducing the budgetary deficit by more than one-half.

Thereupon, Rep. Garcia explained that if only Congress can initiate tax reforms that would enable the BIR and the BOC to improve on its collections of taxes and duties, then the government will no longer have any problems with the budget deficit. Had this been done during the previous years as Mr. Stanley had noted, then the latter is correct in saying that the Philippines would have no more foreign and domestic obligations at present.

Rep. Salceda agreed with these statements.

Whereupon, Rep. Garcia adverted to the collection modification that he had suggested for more than three years and which the administration had only approved on August 12, 2002. He pointed out that this collection modification has something to do with amending the present procedure of collecting taxes and duties through banks, which has been the source of graft and corruption over the past 23 years. He underscored that the losses through this procedure could easily exceed the amount of P100 billion annually.

Rep. Garcia then related how the collection modification works and thereafter, informed Rep. Salceda that while the administration had adopted his proposal four months ago, the same still remains to be implemented. He subsequently pointed out that the Bankers Association of the Philippines (BAP) is opposed to implementing such modification. He then inquired whether Rep. Salceda knows the reasons for the BAP's opposition.

In reply, Rep. Salceda related to Rep. Garcia three things: first, the official statement of the DOF Secretary; second, the continuing work of Congress with the BAP, the BSP, and the Philippine Clearing House on Phase Two; and three, the implementation of some key elements of Phase Two. He thereafter stressed that the second set of control measures proposed by Rep. Garcia are contained in a draft, the BIR Revenue Regulation, which will be up for discussion by the GFIs, the BIR and the Philippine Clearing House the following week.

Moreover, he informed Rep. Garcia that the BIR had also implemented starting October 25, 2002 the e-broadcasting of payments received to the taxpayers’ cellular phones through SMS and e-mail. He stressed that the DOF and the BIR are seriously considering the proposed control measures made by Rep. Garcia.

Rep. Garcia replied that he had no doubt about this. What he is concerned about, he

said, is the seeming reluctance of the BAP to implement his proposal even if this will halt the diversions of billions of pesos of taxes paid through banks. He subsequently noted that the reluctance on the part of the BAP could be attributed to the fact that banks do not want to take any responsibility given to drawee banks. Because of the banks' inadvertence to note that tax payments by checks are indeed payable to the BIR or to the BOC, these banks will be held liable for the illegal diversion of tax payments. He then asked Rep. Salceda for his comments regarding this matter.

Rep. Salceda said that according to the BIR Commissioner, the agency will vigorously work on the measure next week together with the BAP, the Philippine Clearing House Corp. and the government financial institutions (GFIs). He recalled that the measure had been approved during a LEDAC meeting. He surmised that the resistance of the commercial banks will wither away at a certain point and that eventually, both phases 1 and 2 of the so-called Garcia formula will be implemented.

When informed that the total VAT collection is P69 billion while the total leakage under said tax is P60 billion, Rep. Garcia opined that the tax leakage represents a substantial amount which could have otherwise resulted in a budget surplus, rather than a deficit, for the government.

SUSPENSION OF SESSION

On motion of Rep. Garcia (E.), the session was suspended at 2:22 p.m.

RESUMPTION OF SESSION

At 2:23 p.m., the session was resumed.

INTERPELLATION OF REP. GARCIA (E.)
(Continuation)

On whether the VAT Law should be repealed, Rep. Salceda stressed that the measure was well debated and it was the collective wisdom of Congress at the time when it chose between VAT and sales tax.

Rep. Garcia surmised that the DOF itself is against the repeal of the VAT Law and cited the claim of DOF officials that the government is collecting more under the VAT system.

In reply, Rep. Salceda disclosed that based on empirical data, government revenue collection from 1978 to 1988 under the old sales tax was only 0.87% of the GDP but from 1989 to date, the collection under VAT has reached 1.78% as of FY 2002.

Rep. Garcia pointed out that the empirical conclusion that the government is collecting more under the VAT than under the old sales tax system would probably be correct if their analysis cannot extend to a tax-by-tax evaluation. He then asked Rep. Salceda to cite an example of an old tax which the VAT had replaced to show that the government would be collecting more under the old tax.

In reply, Rep. Salceda mentioned that the VAT had replaced alcohol, tobacco and advanced sales taxes. He said that based on DOF projections, the collection from all taxes under the old system would amount to 4.16% of the GDP as of FY 2000 as against the projected 4.84% under the VAT.

Rep. Garcia shared his apprehension that the comparison was based on estimates and on the total tax collection, adding that they should consider the breakdown of the

total or the individual taxes replaced by VAT. He cited as example the three percent franchise tax which the telecommunications companies used to pay. He then inquired on the net VAT which the PLDT has been paying the government.

Rep. Salceda admitted to not having the necessary data in his possession at the moment. He however assured Rep. Garcia that the latter will be furnished on Monday with a copy of the required information and the analytical framework thereof.

Whereupon, Rep. Garcia described how under the VAT system, the three percent franchise tax which the PLDT used to pay under the old system had been reduced to 1.5%, and how the company earns an additional 10% net income by passing on to its consumers the 10% output tax under the VAT.
Rep. Salceda agreed therewith.

In addition, Rep. Garcia claimed that there is room for fraud under the VAT system because the taxpayer and the tax examiner agree on the amount of taxable income. He inquired whether he could also secure comparative data on revenue collections under the old and the new tax systems, to which Rep. Salceda replied in the affirmative.

Rep. Garcia pointed out that the comparative data would show that the revenue collection under the VAT system is lower than under the old system. He surmised that the budget deficit will be wiped out and the government's debt will be reduced if Members of Congress and the Chief Executive will only work on repealing the VAT Law and implementing immediately the collection modifications that have been approved in Malacañang.

On motion of Rep. Fuentebella, the Chair then recognized Rep. Felix R. Alfelor Jr. for his interpellation.

INTERPELLATION OF REP. ALFELOR

At the outset, Rep. Alfelor adverted to newspaper reports that the Standard and Poor rating system has downgraded the country's rating from stable to negative while the Fix rating system has also downgraded the country from positive to negative. According to the November 26, 2002 issue of the Philippine Star, the main causes of downgrading were the budget deficit, inefficient tax collection, and corruption in government revenue collecting agencies.

On whether the DOF is mainly to be blamed for the country's financial woes, Rep. Salceda replied that all the blame cannot be heaped entirely on the Department.

Rep. Salceda noted that while the macroeconomic assumptions of the government are correct, while there is economic growth of 22% in the agricultural sector and 15% in the industrial sector, these sectors are not paying the appropriate taxes.

He pointed out that another reason for the divergence between economic growth and growth in collections is because the government is pursuing a policy which encourages exporters who pay no taxes and discourages importers who pay a lot of taxes.

He added that the poor collection of taxes cannot be totally blamed on the DOF because this is a result of the cumulative aggregation of the entire economic strategy the country has pursued for the past 30 years. He pointed out that it is only now that such divergence has become more apparent simply because of the weak macroeconomic conditions prevailing not only locally but also globally.

He said that the DOF could perhaps concede part of the weakness. However, he

stressed that this Department has implemented a lot of reforms in order to correct such flaws in the government's tax collection efforts.

To Rep. Alfelor's query on whether he agrees with the newspaper report that the poor tax collection is due to inefficiency and corruption, Rep. Salceda explained that Standard and Poor has noted that the country's agriculture and export sectors have not been paying taxes. He however stressed that this is not mainly due to inefficiency and corruption which accounts for the government's poor collection but to the policy not to collect taxes from these sectors.

As to why, despite the economic growth, Standard and Poor did not consider this as a valid reason for changing the country's credit rating from stable to poor, Rep. Salceda explained that the bases are not revenues alone but expenditures as well. He pointed out that the country has reached a sub-optimal expenditure level that needs a lot of borrowing in order to support these expenditures. Given the higher than expected demand for loans, he said that some agencies have felt the need to downgrade the position of the Philippines because they expect higher than the expected demand for borrowing.

Rep. Alfelor inquired whether these economic policies are valid considering their results. He noted that in the entire history of the Philippines, it is only now that the country is experiencing a deficit of P223 billion. He asked whether the economic managers are to blame for the country's debt. He disclosed the prediction that half of the incumbent Congressmen will not be reelected because of these wrong economic policies.

Rep. Salceda explained that the DOF should not be blamed solely for this situation considering that the Members on their part could have explored other ways to remedy the situation. He stressed that the DOF, the BIR and the BOC have not been sleeping on their job of increasing government revenues in order to sustain the projects of the Members. He pointed out that the prevailing financial conditions have had its roots long before the times of the Member's grandparents, although, he said that he was not trying to rationalize the position of the Macapagal-Arroyo administration. Looking at historical trends, there seems, he said, to be a sudden convergence of all these weak points at this point in the country's economic history which is the reason why there is a sudden departure from the tax effort ratios, particularly for 2002, resulting in a breakdown between inflation and tax collections. He underscored that the present administration has accepted the responsibility for all these and has considered options to remedy the situation. This, as he recalled what Speaker De Venecia had once said: "It is better to light a candle than to stumble in the dark."

Whereupon, Rep. Alfelor thanked Rep. Salceda for answering his questions.

On motion of Rep. Fuentebella, the Chair recognized Rep. Emmanuel Joel J. Villanueva for his interpellation.

INTERPELLATION OF REP. VILLANUEVA

At the outset, Rep. Villanueva disclosed that as representive of the Party List Citizen's Battle Against Corruption (CIBAC), the first few agencies which crop up in their minds when they talk about corruption is the BIR and the BOC. He then asked where the DOF expects to source the revenues to cover the shortfalls and the country's ballooning budget deficits. He said that the BOC, which is one of the agencies under the DOF, is expected to generate revenues for the repayment of borrowings. He then inquired on the performance of the BOC as far as its targets are concerned.

Rep. Salceda said that the target collection of the BOC for 2002 is P115 billion.

However, he said that the expected collection will amount only to P100 billion or P93 billion due to weak importation as a result of the weakening peso.

As to whether the BOC has met its target collection, Rep. Salceda replied in the negative.

Rep. Villanueva thereupon inquired on the steps that the BOC has taken to curb the evils of graft and corruption. He disclosed that according to a study, 40% out of every peso earned by the government goes to graft and corruption and in the case of the BOC and the BIR, the figure is more than 50%.

Rep. Salceda replied that the BOC has implemented computerization and management systems so that human involvement in the transactions will be reduced. This, he pointed out, will preempt corruption. He added that those who are caught have been prosecuted.

As to the number of cases that the BIR has already prosecuted, Rep. Salceda replied that 35 people have been charged since the BIR Commissioner assumed office.

Noting that the BIR has a newly-formed task force tasked to review tax rulings, Rep. Villanueva asked who the head of said Task Force is.

Rep. Salceda replied that the head of the Task Force is Undersecretary Hizon who is present in the Session Hall.

On whether Undersecretary Hizon is a former Sycip, Gorres, and Velayo (SGV) Accounting firm partner, Rep. Salceda replied in the affirmative.

Rep. Villanueva expressed concern that the head of the Task Force might be put in a situation where he is now supposed to review and evaluate his former partners in the SGV.

Rep. Salceda replied that the Task Force is a multi-agency task force supervised by a Secretary who is not from the SGV. He added that the government has a plethora of laws to correct any excesses that may arise due to such SGV affiliation by the head of the Task Force. He however said that empirical evidence has suggested that none of those fears have yet materialized.

Rep. Villanueva said that he asked these questions because he wants an assurance that the budget allocated to these agencies will be used properly.

Whereupon, Rep. Villanueva noted that a 10% VAT is taken from government projects. He inquired on the amount of taxes that the government has collected from these government projects.

Rep. Salceda explained that taxes are already built in the project estimate of the agency. He added that government projects do not only involve the government but other construction firms as well for uniformity of accounts. He explained that in order to slap the 10% taxes, they must apply across all services rather than based on the kind of contract that the Members will enter into.

Whereupon, Rep. Villanueva inquired on the amount that had been collected from government projects because he would like to compare this to the targets set by Congress.

Rep. Salceda replied that the BIR has collected P10 billion in taxes from government projects.

Whereupon, Rep. Villanueva proposed that the BIR review the bills filed by Congress. He said that he is the principal author of the IRMA Bill which seeks to establish a national authority for revenue administration designed to help the collecting agency effectively perform its mandate.

At this juncture, on motion of Rep. De Guzman, the Chair recognized Rep. Biazon for his interpellation.

INTERPELLATION OF REP. BIAZON

Rep. Biazon noted that the DND had recently signed the MLSA and that said agreement states that logistics or supplies withdrawn by US Armed Forces (USAF) can be paid in cash. He then inquired on the policy of the DOF on the matter.

Considering that the supplies withdrawn by USAF from the AFP will be paid in cash, Rep. Biazon inquired whether it would be paid to the AFP or to the BTr. He asked anew for the position of the Department if no policy has been formed yet.

SUSPENSION OF SESSION

On motion of Rep. Salceda, the session was suspended at 2:58 p.m.

RESUMPTION OF SESSION

At 2:59 p.m., the session was resumed.

INTERPELLATION OF REP. BIAZON
(Continuation)

In reply to Rep. Biazon's query, Rep. Salceda, upon consultation with the DOF, stated that the proceeds will go to the National Treasury once the implementing rules and regulations (IRRs) of the MLSA are implemented.

On whether the DOF is officially part of the group that will draft the IRRs of the MLSA, Rep. Salceda replied that he does not know whether the DOF would be part of the group. However, he said that the Department can send the appropriate input to the parties that will draft the IRRs.

On whether the official position of the DOF is that it should be a part of the group that will draft the IRRs, Rep. Salceda replied in the affirmative. He however explained that it would be only to the extent that there will be a lot of transactions regarding the matter.

Rep. Biazon said that he would want the DOF to be involved on the matter considering that one of the provisions in the MLSA provides that cash payments are allowed so that the matter on that area would be cleared.

In closing, Rep. Biazon thanked Rep. Salceda and said that he would just pursue his question regarding the matter during the deliberations on the proposed budget of the department concerned.

On motion of Rep. Fuentebella, the Chair recognized Rep. Lobregat.

INTERPELLATION OF REP. LOBREGAT

Rep. Lobregat initially observed that the interpellation on the proposed DOF budget

has been going on since 10:30 in the morning. He stated that before he makes a manifestation, he would seek clarification on certain items.

On his query, Rep. Salceda affirmed that the entire allocation for the intelligence funds of the DOF is P1.2 billion; and for the BOC, P4.5 million, or a measly 0.36728% of the budget.

Rep. Lobregat further noted that the appropriation for intelligence funds of the BIR is only P5 million or 0.40809%; and that while the Office of the Secretary had P500,000 in intelligence funds in the year 2001, it has zero for the year 2002. He underscored that both the BIR and the BOC which are supposed to bring in the revenues for the government are under the DOF and surmised that they have never met their targets because they lack intelligence funds. He claimed that this is a very serious matter as he noted that even if the intelligence funds of both the BIR and the BOC are added, they would not even reach up to one percent of the entire intelligence funds of the national government.

Rep. Salceda replied that the DOF family is glad that Rep. Lobregat is about to propose an increase in the allocation of the intelligence funds for said agencies at the proper time.

Rep. Lobregat replied that he would submit his proposal at the proper time, and then inquired whether Rep. Salceda would support the move of the Minority to propose an increase in the budget for the intelligence funds of the BOC and the BIR so the government could increase its revenues.

Rep. Salceda replied that he has long been consistently supportive of the Minority's position in almost all fiscal matters.
Rep. Lobregat inquired as to where Rep. Salceda would get the additional appropriation for an increase in the BIR and the BOC's intelligence funds given the P1.2 billion budget for intelligence funds.

Rep. Saldeda replied that a special provision in the budget of the DOF may be included to provide that any unused funds for tax refund may be used by the DOF for purposes other than the tax.

Rep. Lobregat suggested that Rep. Salceda look into the P1.2 billion intelligence funds of other agencies and the possibility of sourcing out the funds necessary to increase the allocation for intelligence funds of the BIR and the BOC.

Rep. Salceda replied that the Office of the President is a very tempting source, although he is compelled to consider other available funds.

Rep. Lobregat thanked Rep. Salceda for his suggestions and stated that the Minority will take the latter's offer and propose a realignment at the proper time.

Thereupon, Rep. Lobregat observed anew that the Members have been interpellating on the DOF since ten o'clock in the morning that day and concluded that all issues and concerns must have been raised. In view thereof, and on behalf of the Minority, he moved that the Body terminate the period of interpellations on the proposed budget of the DOF.

On motion of Rep. Fuentebella, the Chair recognized Rep. Mauricio G. Domogan for his manifestation.

MANIFESTATION OF REP. DOMOGAN

Rep. Domogan initially thanked the DOF, and particularly the newly-appointed BIR Commissioner for his decision to transfer the regional director of the Cordillera Administrative Region (CAR) to another place; and for decisively agreeing that the tax refund amounting to P124 million due the city of Baguio from the tax payments of the locators in the Loakan Economic Zone would be taken from the P715 million as provided for on page 251 of the Special Provisions of the 2003 GAB.

On behalf of the Majority, he then moved that the Body terminate the period of interpellations on the proposed budget of the DOF.

TERMINATION OF the PERIOD OF
INTERPELLATIONS ON THE
PROPOSED BUDGETS OF THE DOF
AND ITS ATTACHED AGENCIES

On motion of Rep. Domogan, there being no objection, the Body terminated the period of interpellation on the proposed budgets of the DOF and its attached agencies.

CONSIDERATION OF THE PROPOSED BUDGETS OF THE DEPARTMENT OF
SOCIAL WELFARE AND DEVELOPMENT
AND ITS ATTACHED AGENCIES

On motion of Rep. Fuentebella, there being no objection, the Body considered the proposed budgets of the Department of Social Welfare and Development (DSWD) and its attached agencies.

SUSPENSION OF SESSION

At 3:03 p.m., the Chair motu proprio suspended the session to enable the representatives of the concerned agencies to take their seats.

RESUMPTION OF SESSION

At 3:11 p.m., the session was resumed with Speaker De Venecia presiding.

CONSIDERATION OF THE PROPOSED BUDGET OF THE DEPARTMENT OF
SOCIAL WELFARE AND DEVELOPMENT

On motion of Rep. Fuentebella, there being no objection, the Body considered the proposed budget of the DSWD.

On his motion, there being no objection, the Chair recognized Rep. Ma. Victoria L. Locsin to sponsor the proposed DSWD budget and Rep. Lobregat for his manifestation.

MANIFESTATION OF REP. LOBREGAT

Rep. Lobregat manifested that at the proper time, he will propose an increase in the budget of the DSWD because it had been reduced despite the fact that the Department provides social services to the people, especially the poor. He added that the Minority had no further questions on the proposed DSWD budget in view of which he then moved for the termination of the period of interpellations thereon.

MANIFESTATION OF REP. ALBANO

Upon recognition by the Chair, Rep. Albano adopted Rep. Lobregat's manifestation and likewise expressed hope that the DSWD budget would be increased at the proper time.

TERMINATION OF THE PERIOD OF
INTERPELLATIONS ON THE

PROPOSED BUDGET OF THE DSWD

On a previous motion of Rep. Lobregat, as adopted by Rep. Albano, there being no objection, the Body terminated the period of interpellations on the proposed budget of the DSWD.

CONSIDERATION OF THE PROPOSED BUDGET OF THE PALAWAN COUNCIL FOR SUSTAINABLE DEVELOPMENT

On motion of Rep. Fuentebella, there being no objection, the Body considered the proposed budget of the Palawan Council for Sustainable Development (PCSD).

SUSPENSION OF SESSION

On motion of Rep. Fuentebella, the session was suspended to allow the resource persons to take their designated places in the Session Hall.

It was 3:13 p.m.

RESUMPTION OF SESSION

At 3:16 p.m., the session was resumed.

Upon resumption of session, Rep. Fuentebella stated that the Body was considering the proposed budget of the PCSD. On his motion, there being no objection, the Chair recognized Rep. Federico S. Sandoval II to sponsor said budget and Rep. Abraham Kahlil B. Mitra to interpellate thereon.

INTERPELLATION OF REP. MITRA

Rep. Mitra recalled that the PCSD was created in 1992 by virtue of RA No. 7611 and is tasked to take care, conserve and protect the environment. He stressed, however, that the PCSD has not been doing its tasks alone as it had received assistance from the Palawan Tropical Forest Protection Program (PTFPP), and recently, from the European Union which approved the extension of said program. He lamented, however, that its GOP counterpart is not in the budget of the PCSD for the year 2003. He further cited the Northern Palawan Tourism Master Plan (NPTMP), a JIBC project in Northern Palawan, which also has no GOP counterpart of P68 million. He inquired whether the Committee is willing to include these projects in the year 2003 budget.

Rep. Sandoval replied that after consultations with the proper agencies and the Committee on Appropriations, the Committee had signified its willingness to look for a local counterpart for said projects and to include the same in the year 2003 budget.

Rep. Mitra stated that he had extensive discussions with the European Union and surmised that Rep. Vicente A. Sandoval had also talked with the representatives of the JIBC for Northern Palawan. It would be very sad, he claimed, if the government will not provide the GOP counterpart because a lot of time had already been spent on said project. He noted that in some of the budget hearings in the Committee level, the Secretary of the DBM had declared that FAPs will no longer have their GOP counterparts. He stressed that the PTFPP is simply an extension and the JIBC project for Northern Palawan was negotiated long ago. He then moved that both the NPTMP and the PTFPP be included in the year 2003 budget for the PCSD.

SUSPENSION OF SESSION

On motion of Rep. Gonzales, the session was suspended at 3:19 p.m.

RESUMPTION OF SESSION

At 3:20 p.m., the session was resumed.

INTERPELLATION OF REP. MITRA
(Continuation)

Whereupon, Rep. Mitra asked whether at the appropriate time, Rep. Sandoval would be willing to include the government's counterpart for the PTFPP, SEMP and the JBIC projects in Northern Palawan.

Rep. Sandoval replied in the affirmative, adding that the P21 million counterpart for the PTFPP forest protection granted by the European Union is a small amount and he is willing to support the PCSD in this undertaking.

Stating that the Wildlife Act was enacted into law in the year 2001, Rep. Mitra pointed out that under this law, the PCSD is tasked to undertake the Palawan portion and has proposed to include in their budget the amount of about P6.9 million but which amount was disapproved by the DBM. He then asked whether, at the appropriate time, this amount will be given to the PCSD.

Rep. Sandoval replied that the Committee is very much committed to Rep. Mitra's suggestions.

MANIFESTATION OF REP. MITRA

Thereafter, Rep. Mitra stated that the Minority had no more questions on the proposed budget of the PCSD.

MANIFESTATION OF REP. FUENTEBELLA

Likewise, Rep. Fuentebella stated that the Majority had no questions on the proposed budget of the PCSD.

TERMINATION OF THE PERIOD OF
INTERPELLATIONs ON THE PROPOSED
BUDGET OF THE PCSD

On motion of Rep. Fuentebella, there being no objection, the Body terminated the period of interpellations on the proposed budget of the PCSD.

SUSPENSION OF SESSION

On motion of Rep. Fuentebella, the session was suspended at 3:22 p.m.

RESUMPTION OF SESSION

At 3:24 p.m., the session was resumed.

CONSIDERATION OF the PROPOSED BUDGET OF THE NATIONAL YOUTH COMMISSION

On motion of Rep. Fuentebella, there being no objection, the Body considered the proposed budget of the National Youth Commission (NYC).

Thereafter, on motion of Rep. Fuentebella, the Chair recognized Reps. Imee R. Marcos

and Remulla to sponsor the aforecited budget and to interpellate thereon, respectively.

INTERPELLATION OF REP. REMULLA

As to the major accomplishments of the NYC for 2002, Rep. Marcos mentioned the following: 1) policy advocacy; 2) the pro-poor programs; 3) the government internship program; 4) the anti-drug abuse campaign; and 5) other participations in student affairs.
At this point, Rep. Remulla asked whether the NYC had already set an agenda for the youth and further inquired on the thrust of the agency over the past years.

In response, Rep. Marcos explained that the new leadership of the NYC is aware of the lengthy menu of projects which they would be working on in the next few months and opined that the agency is in dire need of a national youth agenda in view of the newly elected members of the Sangguniang Kabataan (SK).

On whether the NYC, for the past years, has been lacking in the national agenda for the youth, Rep. Marcos answered that the NYC had developed a medium-term youth program and had shown this document to the House on many occasions. However, she lamented that due to lack of budget and the constant changes in leadership, many of the recommendations therein have not been fully implemented.

On whether all the NYC commissioners are present in the Session Hall, Rep. Marcos replied that the Chairman is on official leave representing the NYC in the United States but the Officer-in-Charge is present. She added that the NYC is composed of a Chairman, and six Commissioners: one Commissioner each for Luzon, the Visayas and Mindanao; and two Commissioners at large, and one SK head, all sitting in the NYC board.

With regard to the qualifications of the commissioners, Rep. Marcos cited the following qualifications as provided for in Section 7 of the law: 1) the chairman must not be more than 45 years old and the commissioners must not be more than 40; 2) they must be natural born citizens; 3) they must have occupied positions of responsibility and leadership in youth organizations; 4) they must be of good moral character; and 5) they have not been convicted of any crime involving moral turpitude.

Whereupon, Rep. Remulla pointed out that indeed, the criteria for their qualifications are very general for such a diverse group to handle the NYC, specifically the needed national agenda for the youth. He then inquired on the relationship between the NYC and the SK.

In response, Rep. Marcos emphasized that the NYC provides the secretariat of the SK, and that other linkages are occasional and non-formal.

If the NYC decides to establish an agenda for the youth, Rep. Remulla asked whether the SK is duty bound to follow said agenda.
Rep. Marcos replied in the affirmative and added that the new NYC commissioners are fully aware that in the past, the SK and the NYC had their own distinct sets of projects and that both agencies are not compelled to share in the project or program formulation therefor.

In other words, Rep. Remulla emphasized that no matter how inspiring the NYC's national youth agenda is, the SK, may, in local and regional levels, have their own agenda or projects.

Rep. Marcos affirmed this view stating that this is one of the problems that the new NYC leadership wishes to address in the next few months.

With regard to the proposed NYC budget in the amount of P47.874 million, out of which P19.5 million is for personal services, Rep. Remulla inquired on the number of employees of the NYC.

Rep. Marcos replied that the NYC has about 80 employees who are spread out among the five area offices aside from the Metro Manila central office.

As to the P23.8 million proposed NYC budget for the formulation and coordination of youth development programs, Rep. Remulla asked whether this is part of the NYC's medium-term development plan (MTDP).

Rep. Marcos replied in the affirmative, adding that these programs had been initiated in the past and include the green brigade, student affairs and youth anti-drug campaign programs. Moreover, she said that the NYC has linkages with over 26 different school organizations.

In this regard, Rep. Remulla surmised that the amount of P23.8 million for the NYC's MTDP for the youth entails a lot of money when the NYC practically cannot direct the SK to follow the Commission's agenda.

At this point, Rep. Marcos emphasized that the NYC primarily considers itself as a policy-making body and the undertaking of programs in coordination with various youth organizations are only secondary in its budget.

Whereupon, Rep. Remulla affirmed that any standard organization like the NYC tasked with such huge responsibilities with a measly budget of about P23.8 million for the implementation of the youth development programs would indeed put the Commission in a very difficult situation. He then said that he was only concerned because the NYC does not have much impact on the youth. If this trend would continue and be further aggravated by the repeated change in leadership and chronic lack of budget, he asked what will happen to the future of the Filipino youth.

In response, Rep. Marcos expressed gratitude to Rep. Remulla for his deep concern over the NYC's national youth agenda. She expressed hope that his enlightened inputs on the NYC's youth program will be implemented in the near future. She then emphasized that according to the new NYC leadership, there would be an ongoing review of the law to improve on its provisions as well as to clarify the purpose and functions of the NYC.

MOTION TO TERMINATE THE PERIOD
OF INTERPELLATIONS ON THE PROPOSED
BUDGET OF THE NYC

At this point, Rep Fuentebella moved that the Body terminate the period of interpellations on the proposed budget of NYC.

However, before the Body could act on the motion, the Chair recognized Rep. Aquino (A.) for his manifestation.

MANIFESTATION OF REP. AQUINO (A.)

Rep. Aquino stated that the Minority believes that in order for the NYC to have an impact in the country, it should be given a bigger budget which the Body could discuss the following year. He thereafter stated that the Minority had no more

questions on the proposed budget of the NYC.

MANIFESTATION OF REP. FUENTEBELLA

Likewise, Rep. Fuentebella stated that the Majority had no questions on the proposed budget of the NYC.

TERMINATION OF THE PERIOD OF
INTERPELLATIONS ON THE PROPOSED BUDGET OF THE NYC

On motion of Rep. Fuentebella, there being no objection, the Body terminated the period of interpellations on the proposed budget of NYC.

CONSIDERATION OF THE PROPOSED BUDGET OF THE DEPARTMENT OF
TRANSPORTATION AND COMMUNICATIONS AND ITS ATTACHED AGENCIES/CORPORATIONS

On motion of Rep. Fuentebella, there being no objection, the Body considered the proposed budget of the Department of Transportation and Communications (DOTC) and its attached agencies/corpora-tions.

SUSPENSION OF SESSION
On motion of Rep. Fuentebella, the session was suspended at 3:40 p.m.

RESUMPTION OF SESSION
At 3:44 p.m., the session was resumed.

Upon resumption of session, Rep. Fuentebella stated that the parliamentary status was that the Body was discussing the budget of the DOTC, and on his motion, the Chair recognized Reps. Federico S. Sandoval II and Garin to sponsor the proposed DOTC budget, and to interpellate thereon, respectively.

SUSPENSION OF SESSION

To allow the resource persons from the DOTC to take their places in the Session Hall, on motion of Rep. Sandoval, the session was suspended at 3:46 p.m.

RESUMPTION OF SESSION

At 3:47 p.m., the session was resumed.

INTERPELLATION OF REP. GARIN

Rep. Garin initially inquired whether feeder ports are included in the priority list of the DOTC. He disclosed that there is a P100 million feeder port project in Guimbal, Iloilo wherein the government had already invested P90 million. He stressed that only P10 million is needed to complete the project and make it functional so that it can support the main port of Iloilo City. He recalled that in the last two budget deliberations, the previous Secretaries had committed to release the remaining P10 million in order to complete said project. He inquired on the status of the fund.

Rep. Sandoval clarified that the Guimbal Port project is ongoing with a 2003 budget allocation of P2 million.

Rep. Garin thanked Rep. Sandoval for the P2 million; however he stressed that the project has remained unoperational merely because of this unreleased amount. He said that Guimbal Port can become a convenient subsidiary port of the Iloilo City Port. He asked when the remaining balance of P10 million will be released by the DOTC, and what has caused the delay in the release thereof.

The DOTC will look for additional funding to complete the project in 2003, Rep. Sandoval answered. He clarified that unavoidable delays like issues on environmental clearance certificates and the regular flow of documents within the Department have delayed the full implementation of the contract. He reiterated that the Department will ensure that the project will be completed at the earliest possible time.

Rep. Garin thereafter inquired whether objections by local executives were also considered by the Department in approving suspension orders.

The DOTC does not suspend projects merely because of a recommendation by a local official. He added that the delay is caused by lack of materials.

On whether suspension orders are used by contractors in cahoots with the DOTC people to avoid liquidated damages in case the contract time is exceeded, Rep. Sandoval stressed that the project was suspended because of problems in the supply of boulders and not because of favors given to any contractor.

Rep. Garin thereafter referred to a letter he received from former Secretary Pantaleon Alvarez citing many reasons for the suspension of the project, particularly on December 10, 2001 because of an issue raised by Miag-ao Mayor Gerardo M. Flores questioning the viability of the project and the choice of location thereof. The letter, he continued, disclosed that as a result of the complaint, the Presidential Management Staff (PMS) had conducted another site investigation. He inquired whether the DOTC had conducted a viability and feasibility study before approving the project.

Rep. Sandoval clarified that the issue raised by the mayor was only one of the minor reasons for the suspension of the project. He assured Rep. Garin that under Secretary Leandro Mendoza, the DOTC intends to complete the project.

Rep. Garin emphasized the intervention made by said mayor when the project is not even located in his municipality. This as he underscored that the mayor of Guimbal has no complaints on the project. He said that if all the other mayors in the neighboring towns will complain and the DOTC will entertain such complaints, then projects will always be delayed. After five years of studies made by the Department, he lamented that the complaint of only one mayor is enough for the DOTC to suspend the project.

Whereupon, Rep. Garin asked whether it is the practice of the Department to suspend a project just because of a complaint of a local official.

Replying in the negative, Rep. Sandoval assured Rep. Garin that the DOTC has thoroughly studied the project and will look for additional funds in order to complete it.

Rep. Garin said that he brought up said irregularities because they will greatly affect the efficiency of the personnel and officials of the DOTC and the fastidious implementation of vital projects. He asked what guarantee the DOTC Secretary could give to ensure that his Department would no longer entertain local officials who complain about feasibility studies that had been made three to five years ago.

SUSPENSION OF SESSION

On motion of Rep. Sandoval, the Chair suspended the session at 4:01 p.m.

RESUMPTION OF SESSION

At 4:02 p.m., the session was resumed.

INTERPELLATION OF REP. GARIN
(Continuation)

Rep. Garin said that the DOTC Secretary and Rep. Sandoval had already assured him that projects anywhere in the country will not be suspended upon a mere complaint of a local official until after an investigation of the complaint shall have been conducted.

SUSPENSION OF SESSION

On motion of Rep. Sandoval, the Chair suspended the session at 4:04 p.m.

RESUMPTION OF SESSION

The session was resumed at 4:05 p.m.

Whereupon, the Chair recognized Rep. Harlin Cast. Abayon.

PARLIAMENTARY INQUIRY OF
REP. ABAYON

After clarifying that he is not from Samar but from Northern Samar, Rep. Abayon asked whether the Body was deliberating on the proposed budgets of the DOTC and its attached agencies. After Rep. Fuentebella replied in the affirmative, he inquired whether the administrator of the Maritime Industry Authority (MARINA) was present.

Upon Rep. Sandoval's response that the MARINA administrator was in London for official matters, Rep. Abayon moved that the Body defer deliberations on the proposed budget of the MARINA. He explained that proceeding therewith even in the absence of the administrator may constitute a precedent.

suspension OF CONSIDERATION
OF THE PROPOSED BUDGET
OF THE MARINA

There being no objection, the Body suspended consideration of the proposed budget of the MARINA.

MOTION OF REP. APOSTOL

Upon recognition by the Chair, Rep. Apostol moved that the Body defer consideration of the proposed budget of the Philippine Ports Authority (PPA).

SUSPENSION OF SESSION

On motion of Rep. Sandoval, the Chair suspended the session at 4:08 p.m.

RESUMPTION OF SESSION

At 4:13 p.m., the session was resumed.

WITHDRAWAL OF REP. APOSTOL'S MOTION

Stating that she had obtained an assurance from Rep. Andaya on the proposed budget

of the PPA, Rep. Apostol thereafter withdrew her previous motion.

SUSPENSION OF SESSION

On motion of Rep. Fuentebella, the Chair suspended the session at 4:14 p.m.

RESUMPTION OF SESSION

At 4:15 p.m., the session was resumed.

INTERPELLATION OF REP. BIAZON

Upon recognition by the Chair, Rep. Biazon inquired on the legal basis for the attachment of the PCG to the DOTC. Rep. Sandoval replied that it was transferred to the DOTC by virtue of EO No. 477 because it does not perform any military function but concentrates on such purely civilian functions such as ensuring safety of life at sea, protecting the marine environment, and helping in navigational aids.

On whether the EO supersedes the law that attaches the PCG to the DND, Rep. Sandoval replied in the negative and pointed out that a bill has been filed for such official transfer to the DOTC. On whether this would mean that the PCG's attachment to the DOTC was illegal, he added that the transfer was for convenience's sake and the EO was issued to ensure that the PCG would be in its rightful place.

Thereupon, Rep. Biazon asked that the House take cognizance of Rep. Sandoval's statement that the passage of the aforecited Bill is very important.

Then dwelling on another matter, Rep. Sandoval asked what agencies under the DOTC earn income. Rep. Sandoval mentioned the Land Transportation Office which collects land vehicle license fees, car plate fees and land vehicle registration fees; the Land Transportation Franchising and Regulatory Board (LTFRB) which collects franchise fees; the MARINA which collects fees for seamen's books and sea vessel franchises; the Air Transportation Office; the Civil Aeronautics Board; the National Telecommunications Commission; and the PCG.

On whether the DOTC derives income from the rental of its infrastructure, Rep. Sandoval said that it leases its Maharlika vessels which ply the Southern Philippine route.

On further queries, Rep. Sandoval explained that aside from the Philippine National Railways (PNR), the ATO, the NAIA, and the MIAA are also some of the agencies of the DOTC that have also been leasing government properties. He informed Rep. Biazon that for 2001, the DOTC earned a total income of about P760 million from rentals; for 2002, the target income was roughly about P825 million, with about P403 million already earned for the first semester of 2002; and for 2003, the estimated income is about P902 million. He pointed out that these revenues of the DOTC are sourced out from the leases of Digitel, the PCOs, Capwire and the Maharlika vessels.

To further queries, Rep. Sandoval stated that these revenues of the DOTC are remitted to the BTr; and that he can assure Rep. Biazon that there are no major controversies regarding the legal ownership of some of the properties claimed by the DOTC or its attached agencies.

Rep. Biazon stated that he will take the word of Rep. Sandoval on these matters, without prejudice to looking into the other agencies of the DOTC that might have records of such controversies.

To the queries of Rep. Biazon regarding the LTO offices, Rep. Sandoval stated that there are four classifications of LTO offices: Classes A, B, C and D. With regard to the DOTC's policy of adopting a certain classification of LTO office into a regular class so that it can be accommodated in the budget of the DOTC, he stressed that such policy involves a certain amount of revenue as well as some performance indicators and transactions. He however pointed out that meeting these requirements do not necessarily mean an upgrading of an LTO office inasmuch as there may be some budgetary constraints that will have to be considered by the DOTC.

On whether new regular LTO offices will be established for 2003, Rep. Sandoval explained that the LTO had already asked the DBM to create new offices. Considering however the DBM's policy of non-creation of new offices, the LTO's proposal, he said, had been disregarded.

Whereupon, Rep. Biazon noted the income that had been derived from these LTO offices and the services that it had provided to their respective constituencies. He then inquired whether measures should be undertaken so that these LTO offices will be given due recognition by being converted into regular offices.

Rep. Sandoval replied in the affirmative, citing that he had personally gone to the DBM to ask for funds so that these extension offices may become regular offices of the LTO. He however assured Rep. Biazon that he will support any move regarding the creation of regular LTO offices at the appropriate time.

Thereupon, on motion of Rep. Fuentebella, the Chair recognized Rep. Eduardo C. Zialcita for his interpellation.

INTERPELLATION OF REP. ZIALCITA

Rep. Zialcita initially inquired about the specific measures that ATO had undertaken to reduce the level of noise pollution in the affected areas. He stressed that this was the subject matter of one of his privilege speeches.

Rep. Sandoval stated that the ATO had already taken cognizance of the complaint of Rep. Zialcita. To address this matter, he explained that the ATO had already diverted some of its departures and also changed the time of these departures in order not to affect the residents of Merville and the surrounding areas.

Rep. Zialcita thereafter explained that one of the conditions precedent to his agreeing not to oppose the budget of the ATO the previous year was its commitment to him that the ATO will provide him with a comprehensive study on the effects of noise pollution in his area, along with the suggested measures that are going to be undertaken by either local or national authorities with respect to reducing noise pollution. He then inquired about the status of this study.

Rep. Sandoval replied that the ATO had already completed this study and that the ATO, will provide him with a copy of the same tomorrow morning.

Whereupon, Rep. Zialcita inquired whether the transfer of the old airport to the new terminal would mean significant decreases in the number of flights coming from his district.

Thereupon, the Speaker relinquished the Chair to Rep. Juan Pablo”Rimpy” P. Bondoc.

In response, Rep. Sandoval explained that if they were talking about the number of planes taking off from the old airport, there will not be any flight reduction. What the ATO had done instead was to reroute the takeoff, he said, to Runway 13. He

likewise admitted that the six-year phasing out of 727s and 737s, which create the highest noise pollution indices, will indeed be reduced to two years.

Subsequently, Rep. Zialcita inquired about the delaying tactics being employed by the NAIA in deferring payment to Parañaque City of about P600 million in taxes. He pointed out that the NAIA had sought tax exemptions but that it lost its case with the lower courts, in the Court of Appeals, and possibly even in the Supreme Court. Rep. Sandoval pointed out that it is incumbent upon the NAIA to exhaust all legal means to appeal its case with the proper courts. He pointed out that once the Supreme Court issues a decision on this case, then a favorable ruling on the part of the city government would mean that the NAIA would have to find ways and means to pay the P600 million in back taxes.

Whereupon, Rep. Zialcita noted that there was a proposal for a compromise agreement between the city government of Parañaque with airport authorities in view of the length of time that the Supreme Court may take to issue its decision. He then inquired about the status of such talks.

Rep. Sandoval replied that there were indeed ongoing talks between the two parties and these involve establishing the boundaries of said property. He however stressed that the NAIA would still pursue its case in the hope that the Supreme Court will sustain their appeal. He also stressed that the NAIA, being a corporation, will have the means to pay the P600 million in back taxes in case the Supreme Court rules in favor of Parañaque City.

Thereupon, Rep. Zialcita inquired about the status of the LRT I extension which will traverse his Congressional district.

Rep. Sandoval replied that the DOJ and the Presidential Legal Officer had decided that there should be a “Swiss challenge” made by the proponent, who, he pointed out, had agreed to such terms, in which he would be challenged to improve on the offer. The proponent, he said, is now working with LRT management regarding the compromise agreement on the amount it would have to pay SNC Lavelinth for the project and the development that had already been undertaken by that company. He thereafter informed Rep. Zialcita that the Swiss challenge would take place in about six months.

Thereupon, on motion of Rep. Fuentebella, the Chair recognized Rep. Jaraula for his interpellation.

INTERPELLATION OF REP. JARAULA

Rep. Jaraula initially informed the Sponsor that the airport in Cagayan de Oro services not only the City of Cagayan de Oro but also the provinces of Misamis Oriental, Camiguin, Lanao del Norte, and Lanao del Sur, Bukidnon, Agusan, Misamis Occidental, and Zamboanga del Sur. He pointed out that the improvement on this airport has not yet been implemented despite the commitments of the DOTC. He then inquired whether the DOTC's commitment includes the renovation and improvement of the departure terminal building with the rescission of the two existing contracts and the commitment of P4 million for such improvement.

Rep. Jaraula stated that in the meantime, he had borrowed P6 million from his allocation for the improvement of both the departure and arrival terminals; that the P6 million will be reimbursed by the Department for the construction of the northern approach to the runway; and that the P9.1 million for the extension and expansion of the runway towards the south will be released by the DBM the following week. He inquired whether the DOTC would guarantee that these things will be done.

Rep. Sandoval replied in the affirmative.

SUSPENSION OF SESSION

On motion of Rep. Fuentebella, the session was suspended at 4:41 p.m.

RESUMPTION OF SESSION

At 4:43 p.m., the session was resumed.

On motion of Rep. Fuentebella, the Chair recognized Rep. Benigno C. Aquino III for his interpellation.

INTERPELLATION OF REP. AQUINO (B.)

Rep. Aquino initially adverted to pages 528 and 529 of House Bill No. 5238, cited the three items under the heading “Land Transportation Services” which total P240 million, and inquired whether this amount will enable the agencies under the DOTC to ensure the safety of public vehicles.

Rep. Sandoval remarked that although the amount may be considerable as compared to the budget of other agencies, it is still not enough to ensure that all vehicles will be inspected on their roadworthiness. He affirmed that the DOTC had entered into a Build-Operate-Own (BOO) arrangement in the amount of $60 million or P3 billion to be able to purchase the equipment needed for the inspection of vehicles in compliance with the provisions of the Clean Air Act.

Whereupon, Rep. Aquino adverted to the recent tragedy involving the Falcon Bus Lines which operates a terminal in Pasay City which is out of its franchise area. He inquired how the amount of P240 million appropriated for the abovementioned purpose was spent.
In reply, Rep. Sandoval noted that while Rep. Aquino has every reason to doubt the capability of the DOTC agencies given the amount involved, the agencies are doing their best to ensure that the roads are safe. He maintained that recently, the Traffic Management Group (TMG), the Land Transportation Office and other agencies have come up with a memorandum of understanding (MOU) to be able to solve the illegal operations of certain vehicles. He revealed that about 40% to 50% of the vehicles plying the Metro Manila route do not have the necessary franchises.

Rep. Aquino then inquired for how long has the Falcon Bus Lines been operating a terminal in Pasay City.

Rep. Sandoval first informed Rep. Aquino that the DOTC is pushing for the Motor Vehicle Inspection System (MVIS) to guarantee the roadworthiness of vehicles. He then answered Rep. Aquino's pending question by stating that the Falcon Bus Line, which is operated by KJS Transportation, has a franchise that was granted on January 30, 2001 and which would expire in 2006. Its route is Gubat, Sta. Elena, Camarines Norte, he added.

On further queries, Rep. Sandoval stated that the LTO receives part of the aforementioned P240 million budgetary allocation and operates five offices which handle the inspection of the roadworthiness of public buses and their annual inspection during the registration process. He agreed with Rep. Aquino that a vehicle's brake system and underchassis are all inspected.

On questions regarding air transportation, Rep. Sandoval maintained that the Air Transportation Office (ATO) ensures the airworthiness of various aircraft plying the

country's skies. He clarified that the amount of P28.923 million allotted for the item "Supervision, Regulation of Civil Aviation" found on line 56, page 530 of the Bill is given to the ATO for inspection purposes. He also affirmed that the amount of P649,000 found on line 8, page 532, is allotted for the yearly requirement "Grant of Certificates of Public Convenience."

Still pertaining to the inspection of aircraft, Rep. Sandoval disclosed that the ATO collects inspection fees and that P21.279 million out of the amount of P28.923 million goes to personal services for the payment of inspectors.

Rep. Aquino thereafter inquired how a defective black box could have allegedly been used by the ill-fated airplane of the Laoag International Airlines (LIA). He stressed that it is a major safety gadget and inquired how it could have been placed on board a plane if the ATO conducts yearly inspections.

In response, Rep. Sandoval stated that the black boxes are checked only during the annual registration of the aircraft. He averred that the black box of the LIA plane could have been functioning at the time of its inspection but thereafter and during the course of the LIA's operations, it was the airline's duty to ensure its maintenance.

At this point, Rep. Aquino recalled that in a trip to Dumaguete City about a year and a half ago, he and Rep. Teves witnessed how two flight attendants had to manhandle the door of a particular aircraft just to close it. He recalled that they were able to land safely without the pressure in the plane rising but when the flight attendants reported the incident to their pilot, the latter merely shrugged off the report. He said that they did not pursue the matter extensively because of their commitments that day and also since they were taking another airline in the afternoon.

Rep. Sandoval said that the airlines are strict in their safety procedures. In fact, he said, aircraft problems such as these are reported regularly to the airline maintenance staff and in turn, the staff makes sure that these problems are properly addressed. Should the accident occur again, and the ATO is informed of the matter, he said, the planes will be grounded without question.

Rep. Aquino noted that the main problem with these agencies is that it seems that they are only strict with vehicle inspections only after so many tragedies have occurred.

Rep. Aquino likewise noted that the commuting public is playing a sort of Russian roullette everytime they are forced to take any of these vehicles. He expressed wonder why Congress had not provided ample budgetary support to the concerned agencies considering the tragedies that have occurred lately. He then recalled that a bus accident happened only a week after heightened safety awareness should have been implemented.

Rep. Aquino likewise noted that the Laoag International Airlines which had a problem with its aircraft door had been granted a certificate of public convenience.

In ending his interpellation, Rep. Aquino asked the ATO to review possible remedies that will help the DOTC fulfill its functions.
Whereupon, on motion of Rep. Fuentebella, the Chair recognized Rep. Florencio B. Abad for his interpellation.

INTERPELLATION OF REP. ABAD

At the outset, Rep. Abad said that his questions will focus on the areas of the recent accident that led to the crash of the LIA; and on the ADB feeder port projects. He then inquired on the status of the investigation. He noted that President Macapagal-Arroyo had given the board of inquiry until November 29, 2002 to conclude its investigation and make the appropriate report and recommendation.

Rep. Sandoval replied that the investigation had been completed and the appropriate report and recommendation had been submitted to the President.

Rep. Abad requested Rep. Sandoval to inform the Body of the findings of the Board and the nature of the recommendations made to the President.

Rep. Sandoval said that the two pilots were suspended while the two Malaysians operating the plane were detained and placed under the Bureau of Immigration (BI) watch list because they did not have working visas.

On what the board of inquiry found insofar as the estimated cause of the crash was concerned, Rep. Sandoval replied that the crash was caused by fuel starvation. This means, he explained, that the pilot had forgotten to switch on the pump that feeds fuel from the fuel's main oil tank that supplies fuel to the two engines. He pointed out that this is why after flying for only nine minutes, the engine had shut down one after the other.

On whether the airplane fuel tanks were not turned on when the plane took off, Rep. Sandoval replied that the fuel pump that feeds through the tank were not turned on.

Rep. Abad said that the procedure before flying an airplane is that one of the pilots would first check whether all the levers are on and ensure that the plane has enough gas to be able to fly.

Rep. Sandoval affirmed this observation. He said that the pilots have checklists which they follow and recheck three times in the course of their flight or what is called the command and challenge procedure. Despite the presence of the procedure, he said that it was unfortunate that the investigation by the DOTC and the Rolls Royce engineers revealed that the switches were not turned on.
On whether the investigators discovered that the fuel valves were not on after the plane's retrieval, Rep. Sandoval replied in the affirmative.

On whether these devices were not turned on even before the plane took off, and whether this would mean that the two pilots were not able to perform the command and challenge procedure which is a mandatory procedure, Rep. Sandoval replied in the affirmative.

Rep. Abad sought clarification whether as a result thereof, the plane was unable to take off and that it was only the gasoline in the collector tank that had enabled the plane to take off for about 11 minutes.

Rep. Sandoval replied in the affirmative and added that the gasoline in the collector tank was only good for about nine minutes of engine time.

As to who are responsible for checking and ensuring that the gas valves are in proper position prior to the plane's takes off, Rep. Sandoval replied that the pilot and his co-pilot are responsible. However, he said that in this particular case, the switches are right above the head of the copilot who actually challenges the command of the pilot.

On whether in essence, this could be considered as negligence on the part of the two

pilots considering that these said levers were just right above them and they forgot to turn them on, Rep. Sandoval replied in the affirmative.

Rep. Abad said that the black box should have revealed more information to confirm the particular neglect. He then asked whether the investigators had found anything revealing or new insofar as the black box that was sent to the US is concerned.

In reply, Rep. Sandoval said that no new information was revealed and that the investigations on the black boxes were practically useless.

On further query, Rep. Sandoval explained that the black box was non-operable from the very start and that the flight data recorder was recycled. This means, that from the beginning, the black box was not operating, he pointed out.

Considering that the black box was never operational, Rep. Abad asked whether one is liable of a criminal offense, as categorized by the law, to have or not have a black box and one that is non-operational as in this case.

Rep. Sandoval replied that the black box is part of the minimum equipment listed that should be on the plane. He pointed out that the government can impose the necessary sanctions if this requirement is not followed.

Stating that it was very unusual for the pilot to have forgotten this procedure, Rep. Abad inquired on the findings of the investigators on the prevailing operations and maintenance practice of the LIA. He said that these things should never have happened had there been discipline and that it is unthinkable for the pilots to have forgotten the standard operating procedure.

In reply, Rep. Sandoval said that the findings revealed that the airline was badly managed. He pointed out that the accident should not have occurred had the operators not been lax and complacent with their jobs.

Rep. Abad said that he was speaking on behalf of the families of the fatalities from the district of Batanes. He then recalled that there have been a number of instances wherein near mishaps could have caused earlier disasters. In fact, he said that the particular incident was an accident waiting to happen and that one would ask whether the pilots concerned were experienced ones.

Rep. Sandoval replied in the affirmative.

Rep. Sandoval replied that the pilot and the co-pilot have 5,000 and 2,000 hours of flying time each, respectively.

Rep. Abad asked whether one does not need a specific kind of plane to fly in order to have the discipline of ensuring that the instruments are in order.

Rep. Sandoval replied in the affirmative. However he explained that one needs to fly certain hours to be familiar with the plane he is flying and that there should not have been any problem as far as the checklist were concerned.

Considering the findings of the Board of Inquiry that the pilots were grossly negligent in flying the airplane, that the Airline company's practice of maintaining their aircrafts was deficient; and failure to impose discipline among its personnel, (both the pilots and the mechanics), Rep. Abad inquired whether part of the recommendation of the Board was to stop the Airline's operations.

Rep. Sandoval replied that the airplanes have been grounded and that the licenses of

the pilots have been suspended. He added that Congress has conducted an investigation which would warrant the revocation of the Airline's franchise.

On whether the license of the Airline would be cancelled and its owners would not be allowed to engage in the business, Rep. Sandoval explained that their flights had been suspended. He asked whether Congress should revoke the franchise it had granted the Airlines in 1997.

On whether the findings of the Board would be enough basis for Congress to file a joint resolution to revoke the license of the Laoag International Airlines, Rep. Sandoval replied in the affirmative.

Moreover, Rep. Sandoval explained that Undersecretary Valdez who heads the fact-finding committee of the ATO and the DOTC will furnish the Members with a copy of said report. He expressed belief that the report contains enough evidence that would warrant the filing of criminal charges.

Rep. Abad said that he welcomes this initiative of Rep. Sandoval. He likewise expressed hope that Reps. Marcos and Ablan would be given copies of the report in order that the appropriate resolution can be filed to revoke the franchise of the LIA which was granted in 1997.

Rep. Sandoval said that the Department will definitely furnish Rep. Abad with a copy thereof by December 2, 2002.

In addition to the suspension of the airline's license, Rep. Abad inquired whether the DOTC would file criminal, civil and administrative charges against the two pilots as well as the owners of the LIA.

Rep. Sandoval replied in the affirmative.

Rep. Abad expressed hope that the DOTC will work closely with the private prosecutors who will also be filing civil cases, so that the families of the victims can claim damages and insurances thereon. He likewise expressed hoped that the case would be successfully prosecuted.

Rep. Abad commended DOTC Secretary Mendoza.

Rep. Abad commended the DOTC, specifically Secretary Mendoza, Undersecretary Art Alvarez and ATO Head Bert Yap, and said that he has never seen a case as resolutely pursued as the present one. This, he said, gives people confidence that government agencies like the DOTC can in fact proceed with and complete investigations on such big tragedies in so short a time. He further noted that it is fortunate that the pilots are alive, the plane recovered and the passengers were able to make their testimonies. He then recognized the efforts made by the DOTC so that the case will have closure in less than a month.

Rep. Saldoval shared the sentiments of Rep. Abad.

Adverting to the Feeder Port Projects, specifically Package E, which are funded by the Asian Development Bank (ADB), Rep. Abad inquired on the number of years the project has not been implemented and the cost the government has incurred due to the delay in the implementation thereof. He stated that he had been told of the danger said package of projects may have even as they are intended to assist marginal provinces and provide access to them through the improvement of ports. He inquired whether the Package E projects would still be pursued; whether there are available funds for their implementation; and whether they would still be implemented and if

so, when this would be.

Rep. Sandoval explained that the DOTC is pursuing these projects and that funds for the Ivana Port and the Sabtang Port are available already, the bids are being evaluated, and construction is targeted to begin in March 2003.

Rep. Abad remarked that he is not privy to the cause of the delay in the project and inquired when the same should have been started. He stated that when he goes home to his province, he announces the projects to be implemented only to find out later that they would not be pursued, prompting his constituents to complain that they always talk of projects but these do not materialize. This, he said, has been going on for at least five years.

Rep. Sandoval lamented that the projects had been delayed, although he stressed that this was not the fault of the DOTC but that the JIBC took some time to evaluate the same. He added that the two projects were not the only ones that were delayed, but other projects included in Package E as well. However, he pointed out that the bids are being evaluated, hence the DOTC does not see any reason why the implementation of the projects could not begin by March 2003.

Rep. Abad noted that the projects were supposed to have been bidded out by August but this was delayed and he does not know when the bidding would be conducted. If the target date for the implementation of the project is supposed to be March 2003, he said that this would really depend on whether the project is going to be bidded out.

Rep. Sandoval replied that the projects had been bidded out although the winning bidders are not yet known to the DOTC. On further queries, he added that the identity of the winners could be determined by January 2003 and construction will proceed in March of the same year.

On whether he foresees any problems that may get in the way of the construction in March, Rep. Sandoval replied that the minor problems have already been cleared with the JBIC, hence the DOTC does not see any reason why construction could not begin by March 2003.

Rep. Abad stressed that this matter is critical considering the fact that Batanes has a limited climate window and normally, it could only implement projects between March and July; otherwise, they will have to wait for another year. Furthermore, he said that because of the problem with the LIA, there are no airplanes that could bring people to Batanes such that the only alternative is transportation by sea.

He appealed to the DOTC to ensure that construction will begin in March 2003 because that would be the best time to do it. He added that he would appreciate it if he could be informed of any possible problems that may hamper the final implementation of the project so that Congress could provide the necessary assistance and he could tell his constituents that the projects would soon be implemented.

Rep. Sandoval assured Rep. Abad that the DOTC is aware of his concerns and is committed to implement the projects. He added that the Department would submit the schedule for the implementation of the projects to Rep. Abad shortly.

Rep. Abad stated that he could secure a copy of the implementation schedules and help the DOTC in mobilizing people to get the projects going. This, as he claimed that it is not very easy to implement a project in Batanes and that at one point in time, there was even an attempt to get two of the projects under Package E, which perhaps would have led to the final exclusion of the two projects. He added that he

and the Governor of Batanes are very much willing to help the DOTC so they can facilitate the implementation of the projects and help them follow the timeframe therefor.

SUSPENSION OF SESSION

On motion of Rep. Sandoval, the session was suspended at 5:28 p.m.

RESUMPTION OF SESSION

At 5:29 p.m., the session was resumed.

INTERPELLATION OF REP. ABAD
(Continuation)

Upon resumption of session, Rep. Abad stated that he no longer had any other questions to ask and thereafter thanked Rep. Sandoval for responding to his queries.

On motion of Rep. Lobregat, the Chair recognized Rep. Lobregat for his interpellation.

INTERPELLATION OF REP. LOBREGAT

Adverting to Rep. Andaya's sponsorship speech on the 2003 GAB, Rep. Lobregat quoted the following: "Budgetary support for Mindanao is intended to tap the enormous productive potential area, at the same time resolve the nagging peace and order disturbances x x; among the major projects to be funded in 2003 are the following: construction of the airports in Pagadian, Butuan, Cotabato; construction of circumferential roads in Basilan, Cotabato, Lake Lanao; expansion and improvement of vital seaports like Davao, Zamboanga, General Santos, Dapitan and Polioc, among others."

He stated that he was glad to hear Rep. Andaya's speech as he noted that the Zamboanga Port which has the highest number of passenger arrivals in Mindanao, will finally be improved. He observed, however, that no appropriation for the Zamboanga Port had been provided in the DOTC budget for the year 2003 GAB and inquired whether Rep. Andaya talked only to please the people of Zamboanga City and the Mindanaoans as a whole.

Rep. Sandoval pointed out that while the item for the Zamboanga Port was not included in the DOTC budget, it is contained in the budget of an attached agency of the DOTC, the Philippine Ports Authority (PPA).

As to the planned programs for the Zamboanga Port, Rep. Sandoval cited the rehabilitation of the transit shed building; construction of the walking shed and the pedestrian overpass; renovation of passenger transit shed number 2; provision of harbor navigational aid; construction of electrical lines; installation of 20 units; repair of the outlets; and extension of the wharf.

Rep. Lobregat commented that these are small projects for the Port of Zamboanga and what he wished to know about was the project under the Southern Philippine Ports package under which the Davao Port, Port of Iloilo, Port of General Santos and Port of Zamboanga are included. He stated that this whole package was shelved during the latter stages of the negotiations with the Japanese authorities. He then inquired on the status of said projects.

Rep. Sandoval replied that the main component of the projects is proposed under the 26th Yen Loan Package. He added that the DOTC had identified the project under said

package and the mission from Japan which will appraise the same will arrive in the country in the following week.

Rep. Lobregat inquired whether the DOTC believes that the Japanese mission would be in favor of the aforementioned projects. Rep. Sandoval replied that the PPA is working for a favorable decision and is quite confident about securing the JBIC's approval on the matter.

On further queries, Rep. Sandoval affirmed that the projects are included in the 26th, and not the 27th Yen Package.

Rep. Lobregat requested the DOTC to submit to him a list of the PPA programs for the Port of Zamboanga and an update on the negotiations that will be held with the Japanese authorities for the 26th Yen Package. Rep. Sandoval assured Rep. Lobregat that the DOTC will communicate with him accordingly.

Rep. Lobregat noted that the Zamboanga Port was not included in the proposed DOTC budget, but numerous ports are being funded therein. He cited the Third Airport Development Project with an allocation of P257 million; the Lagindingan Airport, P35 million; the Selected Airport Development Project, P249 million; the New Iloilo Development Project. P14. million, among others. He maintained that the Zamboanga International Airport (ZIA) was supposed to have been included in the Third Airport Development Project but was no longer there. He then inquired on the DOTC's plan for said airport.

Rep. Sandoval replied that the DOTC had identified the Fourth ADB Airport Project as the funding source for the ZIA.

On subsequent queries, Rep. Sandoval affirmed that a feasibility study will be conducted for the project and for which purpose P2.5 million will be allocated. He added that the project will start in March 2003 at the latest, and that the DOTC will officially inform Rep. Lobregat of its plans for the ZIA.

On another point, Rep. Lobregat recalled Rep. Biazon's earlier comment that the jurisdiction over the Philippine Coast Guard (PCG) had been transferred from the Philippine Navy (PN) to the DOTC, as well as the query regarding under what authority said transfer was made. He further recalled Rep. Andaya as having stated that the transfer should have a legal basis.
Rep. Sandoval affirmed these points.

Rep. Lobregat observed that the PCG seems to have a temporary or "floating" status. He noted that by operation of law, the PCG is under the Philippine Navy but in practice, it is under the DOTC.

Rep. Sandoval replied that this would seem to be the case.
Rep. Lobregat stated that Congress had passed a law increasing the salaries of the members of the Armed Forces of the Philippines (AFP) in line with which the Philippine Navy will start receiving the salary increases of its men. He inquired whether said increase is provided for in the year 2003 budget.

Rep. Sandoval replied in the affirmative.
Rep. Lobregat thereafter inquired on the personnel of the PCG.

Having been informed that the PCG has about 4,300 personnel, Rep. Lobregat next asked whether these personnel will not be benefited by the salary increases being enjoyed by the PN.
Rep. Sandoval replied that unfortunately, they will not.

In this regard, Rep. Lobregat stated that the Minority feels that this is an injustice to the PCG because if they were still under the PN, these personnel would then enjoy the salary increase. He then asked whether, at the appropriate time, Rep. Sandoval will support any move by the Minority to make certain adjustments in the budget so that the 4,300 PCG personnel can enjoy said benefits. Rep. Sandoval replied in the affirmative and pointed out that Section 6 of EO No. 477 which placed the PCG under the DOTC provides that their base pay, allowances and benefits would be the same as that of the AFP.

As to the amount needed for the salary standardization of PCG personnel, Rep. Sandoval replied that the amount of P500 million is needed for its full implementation.

At this juncture, Rep. Bondoc relinquished the Chair to Speaker De Venecia.

However, he said that the implementation would be in tranches and that for phase 1, the amount needed is about P182 million.

In ending his interpellation, Rep. Lobregat reiterated that at the appropriate time, the Minority will move that certain adjustments be made such that the 4,300 PCG personnel would enjoy the salary adjustments that the House had approved for the AFP. At this point, he stated that he had no further questions on the proposed DOTC budget provided that the Department will officially write to him regarding the Zamboanga Port and the Zamboanga International Airport.

ACKNOWLEDGMENT OF GUESTS

At this juncture, Rep. Bondoc acknowledged the presence in the Session Hall of Miss Russia World, Ms. Victoria Lopyrova and her companion, a descendant of Russian royalty and noted business leader of the Russian Federation, Mr. Ali Khan.

The Chair remarked that the Body was pleased to welcome the guests in the House of Representatives.

SUSPENSION OF SESSION

To enable Miss Russia World to personally meet the Members, the Chair motu proprio suspended the session.

It was 5:45 p.m.

RESUMPTION OF SESSION

At 5:50 p.m., the session was resumed.

Thereafter, on motion of Rep. Bondoc, the Chair recognized Rep. Syjuco for his interpellation.

INTERPELLATION REP. SYJUCO

At the outset, Rep. Syjuco manifested that it would be very difficult for him to get the attention of the Members after such a refreshing break. With regard to the proposed DOTC budget, he pointed out that he has to go over the annual audit report as submitted by the COA. In this case, he said that he was elated that the COA has been submitting for the past years several recommendations on the appropriate handling of accounts, contracts, and bidding and award processes by the DOTC. He

pointed out that usually, the secretaries of the various department pay very little attention to attending to good housekeeping. However, in the case of DOTC, he said that he has in his possession a letter from the COA dated June 10, 2002, as well as a letter dated July 22, 2002, containing the positive response of DOTC Secretary Leandro R. Mendoza, effectively addressing all the concerns of the COA. He then lauded the latter for his timely and interested attendance to good housekeeping. He added that when Secretary Mendoza was first appointed by President Macapagal-Arroyo, many had questioned his ability to handle the affairs of the Department and he had proven them wrong. He then congratulated the latter for a job well done. Whereupon, he inquired on the total budget of the Office of the Transportation Cooperatives (OTC) under the DOTC.

Rep. Sandoval replied that the total budget of the OTC is P11, 299,000.

At this point, Rep. Syjuco stated that he is not privy to the activities of the OTC in the Second District of Iloilo City. He then requested the DOTC Secretary and Rep. Sandoval to allow him more direct access to the office so that he can attend to the concerns of the agency in his district.

Rep. Sandoval agreed therewith.

Adverting to the balance sheet of December 31, 2001, on page 6 of the COA report as certified correct by Ms. Edna C. Tapar, Chief, Accounting Division, regarding an item for invested capital for 2001 of about P46,222,655,958.63, Rep. Syjuco asked whether this amount is comprised of fixed assets such as land, buildings and facilities of the DOTC.

Rep. Sandoval replied in the affirmative.

With regard to the item for a contingent capital of P39,293,847.70, Rep. Syjuco inquired on the nature of said item in relation to the invested capital.

SUSPENSION OF SESSION

On motion of Rep. Sandoval, the session was suspended at 6:00 p.m.

RESUMPTION OF SESSION

At 6:03 p.m., the session was resumed with Rep. Fuentebella presiding.

INTERPELLATION OF REP. SYJUCO
(Continuation)

Rep. Sandoval clarified that contingent capital represents foreseen but unpaid projects, and includes previously disallowed programs that were eventually reconsidered by the COA, hence the allocation of some P39 million therefor.

As regards the P2.9 billion cash deposit in other authorized banks which represent trust receipts, Rep. Sandoval explained that they are interest-bearing accounts that were not used by the DOTC which are first deposited in its own account but which will eventually be remitted to the National Treasury.

Thereupon, Rep. Syjuco noted the large amount of receivables totalling P1.262 billion and inquired on the length of time that they have been left uncollected.

Rep. Sandoval disclosed that Digital Telecom Philippines has the biggest bulk of receivables, which is more than P1.148 billion. He added that at present, the company has only some P400 million balance as it has been slowly making payments.

Subsequently, Rep. Syjuco observed that the Trust Liabilities as of December 31, 2001 is P629.573 million, and asked what will happen to them, particularly the Digitel collection of P284 million.

The Digitel operation which is a toll payment to the Philippine Long Distance Telephone Company (PLDT) is now being settled, Rep. Sandoval clarified, while the Light Rail Transit (LRT) - Metro Rail Transit (MRT) operation account which is handled by the Philippine National Bank (PNB) is used to pay lease rentals. He explained that the bulk of these funds are held as retention fees by the DOTC on uncompleted contracts.

To the next query regarding the purpose of Intelligence (Intel) Funds, Rep. Sandoval said that they are divided among the different agencies and are used to monitor activities of groups intending to go on strikes; assist law enforcement agencies in investigative and detective works; investigate various irregularities as may be directed by authorities and collect information regarding peace and order, among others.
As Rep. Syjuco noted that the Intel Fund of P1.6 million is quite meager considering that it is being used for a lot of activities. He suggested that the fund be reviewed and increased in the following year's budget.

Rep. Syjuco subsequently raised his concern regarding the Telepono sa Barangay Phase 1 and 1-A. He disclosed that during his first term of office, he had mentioned to some DOTC officials that the project is badly needed in his district, particularly in the hinterlands where communication is quite essential. He asked whether finally, his district has been allocated funds for the purpose.

Rep. Sandoval answered that it is unfortunate that the Province of Iloilo is not covered by the Phase 1 and Phase 2 projects. He clarified that the program has no allocation for 2003, and as such, the DOTC is merely finishing the project because after the completion thereof, it will no longer be given funds. He likewise disclosed that there is no 2003 budget for communications in any of the barangays and provinces. Despite a P20 million request for communications, he said that the DBM had scrapped the particular proposed budget.

In reaction, Rep. Syjuco asked whether the House has the prerogative to put back in the budget an item that had been scrapped by the DBM; or to add a new item that the House may have eventually considered as appropriate, timely and necessary which the DBM had not considered favorably or had not even considered at all. He thereafter focused on an item under the National Telephone Program (NTP) Tranches 1 to 3 in which it was stated that the program was “substantially completed.”

Rep. Syjuco then asked whether such would be in conjunction with or in relation to the Telepono Sa Barangay Program.

Replying in the negative, Rep. Sandoval said that the NTP is more concerned with the setting up of exchanges.

Rep. Syjuco said that at the appropriate time, he will propose an amendment to increase the funds for communications facilities in the hinterland barangays of the Second District of Iloilo.

The Sponsor noted the same.

Thereupon, Rep. Syjuco took note of the P1.465 billion allocation for the New Iloilo Airport Development project of which the peso counterpart is P65 million and the

Japanese loan source totals P1.4 billion. He asked whether the total package for the airport is P6.1 billion, and, if this is so, whether the aforecited allocation is only for 2003 and new allocations will be made for subsequent years for the remaining balance.

Rep. Sandoval replied in the affirmative.

Then dwelling on the NAIA Terminal 3 project, Rep. Syjuco said that he attended a briefing on the facility and that he was so impressed with it such that he would like it to be opened as soon as possible. Opining that it will provide great convenience to, and will be a source of pride for Filipinos, he asked on the target date of its opening.

The Sponsor said that it will be opened in the first quarter of 2003 after safety and security concerns are ironed out.

Saying that security checks at the NAIA Terminal 3 start after the check-in of baggages, Rep. Syjuco subsequently inquired whether the DOTC is concerned about pre-security checks or checks conducted before the check-in of baggages.

Rep. Sandoval replied in the affirmative, adding that the perimeter of the building is also pre-checked.

Rep. Syjuco inquired thereafter, whether the only thing pending for the opening of NAIA Terminal 3 is the satisfaction of the DOTC as regards security facilities.

Rep. Sandoval said that the terminal has to comply with technical and security concerns inasmuch as international airport security requirements have changed as a result of the bombing of the World Trade Center, even as he noted that the DOTC wants to open up the terminal already because it is one of the country's showcases to the world.

Rep. Syjuco asked how long it would take to satisfy the judicious and appropriate security requirements of the DOTC. Rep. Sandoval cited the figure 90 days.

Thereupon, Rep. Syjuco inquired whether NAIA Terminal 3 will be opened despite questions on the propriety and fairness of the PIATCO contracts.

Rep. Sandoval pointed out that the two issues are interdependent: the terminal could be opened but the stakeholders of PIATCO must agree to the same so that the government can step in and help them with their problems.

Rep. Syjuco said that Rep. Baterina and two other Congressmen had filed a petition before the Supreme Court questioning the equity, appropriateness, legality and constitutionality of the manner in which the PIATCO contracts had been executed. He asked whether it would be unfortunate for NAIA Terminal 3 to be kept hanging or unused for several years in the meantime that the petition is being studied by the Supreme Court, inasmuch as the two issues are different from each other.

Stressing the government's concern about the matter, Rep. Sandoval informed the Body of the Supreme Court's oral arguments on Rep. Baterina's petition on December 10, 2002. He said that he hoped that all the questions can be answered so that the terminal could be opened by the first quarter of 2003.

On whether the terminal cannot, therefore, be opened if the legal questions on the PIATCO contracts are not resolved, Rep. Sandoval replied that the answer thereto could be determined after the aforecited oral arguments.

Speaking in Filipino, Rep. Syjuco stressed his concern about the terminal being left to waste. Saying that the building was waiting only for the satisfaction of the DOTC requirements as regards security matters, he asked why its opening would have to wait for the satisfaction of legal questions as regards the PIATCO contracts. He opined that such issues should not affect or delay the opening of the NAIA Terminal 3.

Turning to another attached agency, Rep. Syjuco asked whether he could propose an amendment at the proper time for the inclusion of a small budget for the opening of an LTO office in Sta Barbara, Iloilo on which the LTO had already assured him.

Rep. Sandoval replied that despite the LTO's support for the project, the DBM has a "no new office" policy.

Rep. Syjuco pointed out that the DBM merely prepares a budget presentation and that the approval of the same lies with Congress. He reserved his right to rise during the period of amendments to amend by addition the budget of the DOTC.

On motion of Rep. De Guzman, the Chair recognized Rep. Padilla for his interpellation.

SUSPENSION OF SESSION

At 6:36 p.m., the Chair motu proprio suspended the session.

RESUMPTION OF SESSION

The session was resumed at 6:36 p.m.

SUSPENSION OF SESSION

On motion of Rep. Sandoval, the Chair suspended the session at 6:36 p.m.

RESUMPTION OF SESSION

The session was resumed at 6:37 p.m.

SUSPENSION OF CONSIDERATION
OF THE PROPOSED BUDGETS OF THE
DOTC AND ITS ATTACHED AGENCIES

On motion of Rep. Escudero, there being no objection, the Body suspended consideration of the proposed budgets of the DOTC and its attached agencies.

CONSIDERATION OF THE
PROPOSED BUDGET OF THE
NATIONAL COMMISSION on THE
ROLE OF FILIPINO WOMEN (NCRFW)

On motion of Rep. Escudero, there being no objection, the Body considered the proposed budget of the National Commission on the Role of Filipino Women (NCRFW).

On motion of Rep. Escudero, there being no objection, the Body recognized Rep. Eric D. Singson to sponsor the same and Rep. Lobregat to interpellate thereon.

REMARKS OF REP. LOBREGAT

Saying that the Minority has always been supportive of Filipino women and had asked all the questions in the Committee hearings, Rep. Lobregat stated that they had no more questions on the proposed NCRFW budget.

TERMINATION OF THE PERIOD OF
INTERPELLATIONS ON THE
PROPOSED BUDGET OF THE NCRFW

On motion of Rep.Escudero, there being no objection, the Body terminated the period of interpellations on the proposed budget of the NCRFW.

CONSIDERATION OF THE PROPOSED
BUDGET OF THE PHILIPPINE RICE
RESEARCH INSTITUTE (PRRI)

On motion of Rep. Escudero, there being no objection, the Body considered the proposed budget of the Philippine Rice Research Institute (PRRI).

PARLIAMENTARY INQUIRY
OF REP. SYJUCO

Upon recognition by the Chair, Rep. Syjuco inquired on the status of the period of amendments. With the permission of the Chair, Rep. Escudero said that the Body was only in the period of interpellations and debate and had not yet reached the period of amendments; and that it had to suspend consideration of the proposed budget of the DOTC because Rep. Sandoval had a personal matter to attend to.

REMARKS OF REP. LOBREGAT

Upon recognition by the Chair, Rep. Lobregat stated that the Minority has always been supportive of the research done by the PRRI. Adding that the Minority will ask for an increase in the Institute's budget at the proper time, he said that they had no more questions on the proposed PRRI budget.

TERMINATION OF THE PERIOD OF
INTERPELLATIONS ON THE
PROPOSED BUDGET OF THE PRRI

On motion of Rep. Escudero, there being no objection, the Body terminated the period of interpellations on the proposed budget of the PRRI.

CONSIDERATION OF THE PROPOSED BUDGET OF THE NATIONAL COMMISSION ON INDIGENOUS PEOPLES

Whereupon, on motion of Rep. Escudero, there being no objection, the Body considered the proposed budget of the National Commission on Indigenous Peoples (NCIP).

Thereupon, on motion of Rep. Escudero, the Chair recognized Reps. Singson and Lobregat to sponsor said budget and to interpellate thereon, respectively.

MANIFESTATION OF REP. LOBREGAT

Rep. Lobregat thereafter manifested that the Minority had no questions on the proposed budget of the NCIP.

He thereafter stated that at the appropriate time, he will move for the increase in the budget of the NCIP.

MANIFESTATION OF REP. ESCUDERO

Rep. Escudero likewise manifested that the Majority had no questions on the proposed budget of the NCIP.

QUERY OF REP. SYJUCO

Whereupon, Rep. Syjuco inquired whether the Sponsor of the measure would answer some questions.

SUSPENSION OF SESSION

On motion of Rep. Escudero, the Chair suspended the session at 6:40 p.m.

RESUMPTION OF SESSION

At 6:41 p.m., the session was resumed.

Upon resumption of session, the Chair recognized Rep. Syjuco for his interpellation.

INTERPELLATION OF REP. SYJUCO

Rep. Syjuco initially pointed out that the NCIP had not attended to the needs of the indigenous people in his congressional district, particularly in the municipalities of Alimodian and Leon. He then inquired whether in the 2003 GAB, there will be a budgetary allocation for the indigenous peoples in the aforementioned districts.

Rep. Singson replied that he has the commitment of the Chairperson of the NCIP regarding Rep. Syjuco's request.

TERMINATION OF THE PERIOD OF INTERPELLATIONS ON THE PROPOSED BUDGET OF THE NCIP

On motion of Rep. Escudero, there being no objection, the Body terminated the period of interpellations on the proposed budget of the NCIP.

CONSIDERATION OF THE PROPOSED BUDGET OF THE NATIONAL TOBACCO ADMINISTRATION

Whereupon, on motion of Rep. Escudero, there being no objection, the Body considered the proposed budget of the National Tobacoo Administration (NTA).

Thereupon, on motion of Rep. Escudero, the Chair recognized Reps. Singson and Lobregat to sponsor said budget and to interpellate thereon, respectively.

MANIFESTATION OF REP. LOBREGAT

Rep. Lobregat thereafter manifested that the Minority had no questions on the proposed budget of the NTA.

MANIFESTATION OF REP. ESCUDERO

Rep. Escudero likewise manifested that the Majority had no questions on the proposed budget of the NTA.

TERMINATION OF THE PERIOD OF INTERPELLATIONS ON THE PROPOSED BUDGET OF THE NTA

On motion of Rep. Escudero, there being no objection, the Body terminated the period of interpellations on the proposed budget of the NTA.

CONSIDERATION OF THE PROPOSED BUDGETS OF THE DEPARTMENT OF TRANSPORTATION AND COMMUNICATIONS AND ITS ATTACHED AGENCIES AND CORPORATIONS

Whereupon, on motion of Rep. Escudero, there being no objection, the Body considered the proposed budgets of the Department of Transportation and Communications (DOTC) and its attached agencies and corporations.

Thereupon, on motion of Rep. Escudero, the Chair recognized Rep. Sandoval as well as Rep. Padilla to sponsor and interpellate thereon, respectively.

SUSPENSION OF SESSION

Thereupon, the Chair suspended the session at 6:45 p.m.

RESUMPTION OF SESSION

At 6:48 p.m., the session was resumed.

TERMINATION OF THE PERIOD OF INTERPELLATIONS ON THE PROPOSED BUDGETS OF THE DOTC AND ITS ATTACHED AGENCIES AND CORPORATIONS

On motion of Rep. Escudero, there being no objection, the Body terminated the period of interpellations on the proposed budgets of the DOTC and its attached agencies and corporations, except the MARINA.

MOTION OF REP. ESCUDERO

Whereupon, Rep. Escudero moved that the Body consider the proposed budget of the Presidential Management Staff (PMS).

He likewise moved that the Chair recognize Reps. Marcos and Suplico to sponsor said budget and to interpellate thereon, respectively.

SUSPENSION OF SESSION

On motion of Rep. Escudero, the Chair suspended the session at 6:50 p.m.

RESUMPTION OF SESSION

At 6:55 p.m., the session was resumed.

WITHDRAWAL OF REP. ESCUDERO'S MOTION

Upon resumption of session, Rep. Escudero withdrew his previous motion.

CONSIDERATION OF THE PROPOSED BUDGET OF THE OFFICE OF THE VICE-PRESIDENT

Whereupon, on motion of Rep. Escudero, there being no objection, the Body considered the proposed budget of the Office of the Vice-President (OVP).

Thereupon, on motion of Rep. Escudero, the Chair recognized Reps. Marcos and Lobregat to sponsor said budget and to interpellate thereon, respectively.

MANIFESTATION OF REP. LOBREGAT

Rep. Lobregat thereafter manifested that the Minority had no questions on the proposed budget of the OVP.

MANIFESTATION OF REP. ESCUDERO

Rep. Escudero likewise manifested that the Majority had no questions on the proposed budget of the OVP.

TERMINATION OF THE PERIOD OF INTERPELLATIONS ON THE PROPOSED BUDGET OF THE OVP

On motion of Rep. Escudero, there being no objection, the Body terminated the period of interpellations on the proposed budget of the Office of the Vice-President.

SUSPENSION OF SESSION

Whereupon, on motion of Rep. Escudero, the Chair suspended the session at 6:58 p.m.

RESUMPTION OF SESSION

At 7:09 p.m., the session was resumed.

SUSPENSION OF SESSION

On motion of Rep. Escudero, the session was suspended at 7:10 p.m.

RESUMPTION OF SESSION

At 7:10 p.m., the session was resumed.

CONSIDERATION OF THE PROPOSED BUDGET OF THE LUNG CENTER OF THE PHILIPPINES

On motion of Rep. Escudero, there being no objection, the Body considered the proposed budget of the Lung Center of the Philippines (LCP).

MANIFESTATION OF REP. LOBREGAT

Upon recognition by the Chair, Rep. Lobregat manifested that the Minority had already asked all the necessary questions pertaining to the LCP. He stressed that the budget of the Center should be increased at the proper time.

MOTION OF REP. ESCUDERO

Likewise, Rep. Escudero manifested that no Member from the Majority had registered to interpellate on the proposed budget of the Lung Center. He then joined the motion of Rep. Lobregat to terminate the period of interpellations on the proposed budget of the LCP.

MANIFESTATION OF REP. SOON-RUIZ

Before the Body could act on the motion, the Chair recognized Rep. Nerissa Corazon Soon-Ruiz who manifested her intent to transfer at the proper time the allocation of P20 million for the National Blood Services Program from the LCP to the Office of the Health Secretary.

The Chair took note of the manifestation.

Whereupon, the Chair recognized Rep. Syjuco for his interpellation.

INTERPELLATION OF REP. SYJUCO

To the questions of Rep. Syjuco, Rep. Ma. Victoria L. Locsin replied that the constituents of Rep. Syjuco who have lung problems may be accommodated by the Lung Center but they first have to be evaluated by a general hospital before being referred to the Lung Center.

Rep. Syjuco inquired as to the names of the contact persons who can address the needs of his constituents on the matter.

SUSPENSION OF SESSION

On motion of Rep. Escudero, the session was suspended at 7:13 p.m.

RESUMPTION OF SESSION

At 7:15 p.m., the session was resumed.

REMARKS OF REP. SYJUCO

Upon resumption of session, Rep. Syjuco expressed satisfaction with the assurance of Rep. Locsin that there will be equality of access of patients to the Lung Center.

TERMINATION OF THE PERIOD
OF INTERPELLATIONS ON THE PROPOSED BUDGET OF THE LCP

As previously moved by Reps. Escudero and Lobregat, there being no objection, the Body terminated the period of interpellations on the proposed budget of the LCP.

CONSIDERATION OF THE PROPOSED BUDGET OF THE NATIONAL KIDNEY AND TRANSPLANT INSTITUTE

On motion of Rep. Escudero, there being no objection, the Body considered the proposed budget of the National Kidney and Transplant Institute (NKTI).

MANIFESTATION OF REP. FAILON

Upon recognition by the Chair, Rep. Failon manifested that the Minority had no questions on the proposed budget of the NKTI.

MANIFESTATION OF REP. ESCUDERO

Rep. Escudero manifested that no Member from the Majority had registered to interpellate on the proposed budget of the NKTI.

TERMINATION OF THE PERIOD
OF INTERPELLATIONS ON THE
PROPOSED BUDGET OF THE NKTI

On motion of Rep. Escudero, there being no objection, the Body terminated the period of interpellations on the proposed budget of the NKTI.

CONSIDERATION OF THE PROPOSED BUDGET OF THE PHILIPPINE CHILDREN'S MEDICAL CENTER

On motion of Rep. Escudero, there being no objection, the Body considered the

proposed budget of the Philippine Children's Medical Center (PCMC).

QUERY OF REP. FAILON

On whether the head of the PCMC was in the Session Hall, Rep. Locsin replied in the affirmative.

MANIFESTATION OF REP. FAILON

Thereupon, Rep. Failon manifested that the Minority had no questions on the proposed budget of the PCMC.

MANIFESTATION OF REP. ESCUDERO

Rep. Escudero manifested that no Member from the Majority had registered to interpellate on the proposed budget of the PCMC.

TERMINATION OF THE PERIOD OF INTERPELLATIONS ON THE PROPOSED BUDGET OF THE PCMC

On motion of Rep. Escudero, there being no objection, the Body terminated the period of interpellations on the proposed budget of the PCMC.

CONSIDERATION OF THE PROPOSED BUDGET OF THE PHILIPPINE HEART CENTER

On motion of Rep. Escudero, there being no objection, the Body considered the proposed budget of the Philippine Heart Center (PHC).

MANIFESTATION OF REP. FAILON

Upon recognition by the Chair, Rep. Failon manifested that the Minority had no questions on the proposed budget of the PHC.

MANIFESTATION OF REP. ESCUDERO

Rep. Escudero manifested that no Member from the Majority had registered to interpellate on the proposed budget of the PHC.

TERMINATION OF THE PERIOD OF INTERPELLATIONS ON THE PROPOSED BUDGET OF THE PHC

On motion of Rep. Escudero, there being no objection, the Body terminated the period of interpellations on the proposed budget of the PHC.

CONSIDERATION OF THE PROPOSED BUDGET OF THE PHILIPPINE INSTITUTE FOR TRADITIONAL AND ALTERNATIVE HEALTH CARE

On motion of Rep. Escudero, there being no objection, the Body considered the proposed budget of the Philippine Institute for Traditional and Alternative Health Care (PITAHC).

MANIFESTATION OF REP. FAILON

Rep. Failon manifested that the Minority had no objection to the passage of the proposed budget of the PITAHC.

MANIFESTATION OF REP. ESCUDERO

Likewise, Rep. Escudero manifested that the Majority had no questions on the proposed budget of the PITAHC.

TERMINATION OF THE PERIOD OF
INTERPELLATIONS ON THE PROPOSED BUDGET OF THE PITAHC

On motion of Rep. Escudero, there being no objection, the Body terminated the period of interpellations on the proposed budget of the PITAHC.

CONSIDERATION OF THE PROPOSED BUDGET OF THE PHILIPPINE HEALTH
INSURANCE CORPORATION

On motion of Rep. Escudero, there being no objection, the Body considered the proposed budget of the Philippine Health Insurance Corporation (PHIC).

QUERY OF REP. FAILON

Upon recognition by the Chair, Rep. Failon inquired whether the head of the PHIC for Region VII was in the Session Hall.

MOTION OF REP. FAILON

Whereupon, Rep. Failon moved that the Body defer the consideration of the proposed budget of the PHIC.

SUSPENSION OF SESSION

On motion of Rep. Escudero, the session was suspended at 7:19 p.m.

RESUMPTION OF SESSION

At 7:20 p.m., the session was resumed.

motion OF REP. FAILON

At this point, Rep. Failon moved to amend his earlier motion to approve the budget of the PHIC, except the budget for Region VIII.

SUSPENSION OF SESSION

The Chair motu proprio suspended the session at 7:20 p.m.
RESUMPTION OF SESSION

At 7:22 p.m., the session was resumed.

MANIFESTATION OF REP. FAILON

Rep. Failon moved to amend his previous motion and instead moved that the Body approve the proposed budget of the PHIC.

MANIFESTATION OF REP. ESCUDERO

Rep. Escudero manifested that the Majority had no questions on the proposed budget of the PHIC.

TERMINATION OF THE PERIOD

OF INTERPELLATIONS ON THE PROPOSED
BUDGET OF THE PHIC

On motion of Rep. Escudero, there being no objection, the Body terminated the period of interpellations on the proposed budget of the PHIC.

SUSPENSION OF SESSION

On motion of Rep. Escudero, the session was suspended at 7:23 p.m.

RESUMPTION OF SESSION

At 7:25 p.m., the session was resumed.

SUSPENSION OF CONSIDERATION
ON THE PROPOSED BUDGETS OF THE DOH
AND ITS ATTACHED AGENCIES

On motion of Rep. Escudero, there being no objection, the Body suspended consideration on the proposed budgets of the DOH and its attached agencies.

SUSPENSION OF CONSIDERATION
OF HOUSE BILL NO. 5238

On motion of Rep. Escudero, there being no objection, the Body suspended consideration of House Bill No. 5238.

SUSPENSION OF SESSION

On motion of Rep. Escudero, the session was suspended at 7:26 p.m.

RESUMPTION OF SESSION

At 7:27 p.m., the session was resumed.

MANIFESTATION OF REP. ESCUDERO

Upon previous authority from, and consultation with, both the Majority and the Minority, Rep. Escudero manifested that the Body will suspend consideration of the proposed budget of the DOH until Wednesday, December 4, 2002.

Whereupon, Rep. Escudero moved that the Body proceed to consider Bills on Third Reading.

APPROVAL ON THIRD READING
OF HOUSE BILL NO. 3539

On motion of Rep. Escudero, there being no objection, the Body proceeded to the approval on Third Reading of House Bill No. 3539, printed copies of which were distributed to the Members on November 11, 2002, pursuant to Section 57, Rule X of the Rules of the House.

Upon direction of the Chair, the Secretary General read the title of the Bill, to wit:

"AN ACT PRESCRIBING THE AUTHORIZED KEY POSITIONS AND APPROPRIATE RANKS IN THE STRUCTURE OF THE ACTIVE FORCE IN THE ARMED FORCES OF THE PHILIPPINES, AMENDING

CERTAIN PROVISIONS OF REPUBLIC ACT NO. 8186, AND FOR OTHER PURPOSES."

The Chair then directed the Secretary General to call the Roll for nominal voting. Thereafter, pursuant to the Rules of the House, a second Roll Call was made.

RESULT OF THE VOTING

The result of the voting was as follows:

In favor:

Abad Antonino-Custodio
Abaya (A.) Apostol
Abaya (P.) Aquino (A.)
Abayon Aquino (B.)
Ablan Arbison
Acosta Bacani
Aguja Barbers
Albano Barinaga
Alfelor Baterina
Almario Beltran
Amante Bernardo-Lokin
Amin Biazon
Andaya Bondoc
Bueser Madamba
Cajes Malanyaon
Calalay Marcos
Calizo Mathay
Cari Mitra
Carloto Monfort
Castelo Daza Montilla
Castro Nachura
Chavez Nicolas
Cruz Nieva
Cruz-Ducut Ocampo
Cua Pablo
Dadivas Padilla
Dangwa Paras
De Guzman Pichay
De Venecia Pingoy
Defensor (A.) Puentevella
Defensor (Ma. T.) Ramirez-Sato
Dilangalen Ramiro
Dimaporo Real
Domogan Remulla
Dy (C.) Reyes (E.)
Dy (F.) Roco
Ecleo Rodriguez (I.)
Ermita-Buhain Rodriguez (O.)
Escudero Rosales
Espina Salapuddin
Espino Salceda
Espinosa (V.) Saludo
Estrella San Juan
Failon Sandoval (F.)
Falcon Sandoval (V.)
Floirendo Santiago

Fua Seachon
Fuentebella Singson
Garcia (E.) Solis
Garcia (V.) Soon-Ruiz
Garin Suarez
Gonzales Sumulong
Gozos Suplico
Gunigundo Sy-Alvarado
Hizon Syjuco
Ipong Taganas Layus
Jaafar Teves
Jala Umali (Alfonso)
Jaraula Unico
Joaquin Uy (R.)
Joson Valdez
Kintanar Veloso
Ledesma Villanueva
Leviste Villar
Lobregat Villareal
Locsin (Ma. V.) Yapha
Lopez (J.) Ylagan
Lozada Zamora (R.)
Macarambon Zialcita
Macias
Against:

None

Abstention:

None

With 139 affirmative votes, no negative votes and no abstentions, the Body approved on Third Reading House Bill No. 3539.

APPROVAL ON THIRD READING
OF HOUSE BILL NO. 5143

On motion of Rep. Escudero, there being no objection, the Body proceeded to the approval on Third Reading of House Bill No. 5143, printed copies of which were distributed to the Members on November 11, 2002, pursuant to Section 57, Rule X of the Rules of the House.

Upon direction of the Chair, the Secretary General read the title of the Bill, to wit:

"AN ACT REGULATING THE DRINKING WATER BUSINESSES AND FOR OTHER PURPOSES."

The Chair then directed the Secretary General to call the Roll for nominal voting. Thereafter, pursuant to the Rules of the House, a second Roll Call was made.

RESULT OF THE VOTING

The result of the voting was as follows:

In favor:

Abad
Abaya (A.)
Abaya (P.)
Abayon
Ablan
Acosta
Aguja
Albano
Alfelor
Almario
Amante
Amin
Andaya
Antonino-Custodio
Apostol
Aquino (A.)
Aquino (B.)
Chavez
Cruz
Cruz-Ducut
Cua
Dadivas
Dangwa
De Guzman
De Venecia
Defensor (A.)
Defensor (Ma. T.)
Dilangalen
Dimaporo
Domogan
Dy (C.)
Dy (F.)
Ecleo
Ermita-Buhain
Escudero
Espina
Espino
Espinosa (V.)
Estrella
Failon
Falcon
Floirendo
Fua
Fuentebella
Garcia (E.)
Garcia (V.)
Garin
Gonzales
Gozos
Gunigundo
Hizon
Ipong
Jaafar
Jala
Jaraula
Joaquin
Joson

Arbison
Bacani
Barbers
Barinaga
Baterina
Beltran
Bernardo-Lokin
Biazon
Bondoc
Bueser
Cajes
Calalay
Calizo
Cari
Carloto
Castelo Daza
Castro
Mitra
Monfort
Montilla
Nachura
Nicolas
Nieva
Ocampo
Pablo
Padilla
Paras
Pichay
Pingoy
Puentevella
Ramirez-Sato
Ramiro
Real
Remulla
Reyes (E.)
Roco
Rodriguez (I.)
Rodriguez (O.)
Rosales
Salapuddin
Salceda
Saludo
San Juan
Sandoval (F.)
Sandoval (V.)
Santiago
Seachon
Singson
Solis
Soon-Ruiz
Suarez
Sumulong
Suplico
Sy-Alvarado
Syjuco
Taganas Layus
Teves

Kintanar Umali (Alfonso)
Ledesma Unico
Leviste Uy (R.)
Lobregat Valdez
Locsin (Ma. V.) Veloso
Lopez (J.) Villanueva
Lozada Villar
Macarambon Villareal
Macias Yapha
Madamba Ylagan
Malanyaon Zamora (R.)
Marcos Zialcita
Mathay

Against:

None
Abstention:

None

With 139 affirmative votes, no negative votes and no abstentions, the Body approved on Third Reading House Bill No. 5143.

APPROVAL ON THIRD READING
OF HOUSE BILL NO. 5162

On motion of Rep. Escudero, there being no objection, the Body proceeded to the approval on Third Reading of House Bill No. 5162, printed copies of which were distributed to the Members on November 11, 2002, pursuant to Section 57, Rule X of the Rules of the House.

Upon direction of the Chair, the Secretary General read the title of the Bill, to wit:

"AN ACT PROVIDING FOR SUSTAINABLE FOREST MANAGEMENT AND FOR OTHER PURPOSES."

The Chair then directed the Secretary General to call the Roll for nominal voting. Thereafter, pursuant to the Rules of the House, a second Roll Call was made.

RESULT OF THE VOTING

The result of the voting was as follows:

In favor:

Abad Baterina
Abaya (A.) Beltran
Abaya (P.) Bernardo-Lokin
Abayon Biazon
Ablan Bondoc
Acosta Bueser
Aguja Cajes
Albano Calalay
Alfelor Calizo
Almario Cari
Amante Carloto

Amin
Andaya
Antonino-Custodio
Apostol
Aquino (A.)
Aquino (B.)
Arbison
Bacani
Barbers
Barinaga
Castelo Daza
Castro
Chavez
Cruz
Cruz-Ducut
Cua
Dadivas
Dangwa
De Guzman
De Venecia
Defensor (A.)
Defensor (Ma. T.)
Dilangalen
Dimaporo
Domogan
Dy (C.)
Dy (F.)
Ecleo
Ermita-Buhain
Escudero
Espina
Espino
Espinosa (V.)
Estrella
Failon
Falcon
Floirendo
Fua
Fuentebella
Garcia (E.)
Garcia (V.)
Garin
Gonzales
Gozos
Gunigundo
Hizon
Ipong
Jaafar
Jala
Jaraula
Joaquin
Joson
Kintanar
Ledesma
Leviste
Lobregat
Locsin (Ma. V.)
Lopez (J.)
Lozada
Macarambon
Macias
Madamba
Malanyaon
Marcos
Mathay
Mitra
Monfort
Nicolas
Nieva
Ocampo
Pablo
Padilla
Paras
Pichay
Pingoy
Puentevella
Ramirez-Sato
Ramiro
Real
Remulla
Reyes (E.)
Roco
Rodriguez (I.)
Rodriguez (O.)
Rosales
Salapuddin
Salceda
Saludo
San Juan
Sandoval (F.)
Sandoval (V.)
Santiago
Seachon
Singson
Solis
Soon-Ruiz
Suarez
Sumulong
Suplico
Sy-Alvarado
Syjuco
Taganas Layus
Teves
Umali (Alfonso)
Unico
Uy (R.)
Valdez
Veloso
Villanueva
Villar
Villareal
Yapha
Ylagan
Zamora (R.)

Montilla Zialcita
Nachura

Against:

None

Abstention:

None
With 139 affirmative votes, no negative votes and no abstentions, the Body approved on Third Reading House Bill No. 5162.

APPROVAL ON THIRD READING
OF HOUSE BILL NO. 5206

On motion of Rep. Escudero, there being no objection, the Body proceeded to the approval on Third Reading of House Bill No. 5206, printed copies of which were distributed to the Members on November 11, 2002, pursuant to Section 57, Rule X of the Rules of the House.

Upon direction of the Chair, the Secretary General read the title of the Bill, to wit:

"AN ACT AMENDING THE COOPERATIVE CODE OF THE PHILIPPINES TO BE KNOWN AS THE PHILIPPINE COOPERATIVE CODE OF 2002."

The Chair then directed the Secretary General to call the Roll for nominal voting. Thereafter, pursuant to the Rules of the House, a second Roll Call was made.

RESULT OF THE VOTING

The result of the voting was as follows:

In favor:

Abad Biazon
Abaya (A.) Bondoc
Abaya (P.) Bueser
Abayon Cajes
Ablan Calalay
Acosta Calizo
Aguja Cari
Albano Carloto
Alfelor Castelo Daza
Almario Castro
Amante Chavez
Amin Cruz
Andaya Cruz-Ducut
Antonino-Custodio Cua
Apostol Dadivas
Aquino (A.) Dangwa
Aquino (B.) De Guzman
Arbison De Venecia
Bacani Defensor (A.)
Barbers Defensor (Ma. T.)
Barinaga Dilangalen

Baterina Dimaporo
Beltran Domogan
Bernardo-Lokin Dy (C.)
Dy (F.) Pablo
Ecleo Padilla
Ermita-Buhain Paras
Escudero Pichay
Espina Pingoy
Espino Puentevella
Espinosa (V.) Ramirez-Sato
Estrella Ramiro
Failon Real
Falcon Remulla
Floirendo Reyes (E.)
Fua Roco
Fuentebella Rodriguez (I.)
Garcia (E.) Rodriguez (O.)
Garcia (V.) Rosales
Garin Salapuddin
Gonzales Salceda
Gozos Saludo
Gunigundo San Juan
Hizon Sandoval (F.)
Ipong Sandoval (V.)
Jaafar Santiago
Jala Seachon
Jaraula Singson
Joaquin Solis
Joson Soon-Ruiz
Kintanar Suarez
Ledesma Sumulong
Leviste Suplico
Lobregat Sy-Alvarado
Locsin (Ma. V.) Syjuco
Lopez (J.) Taganas Layus
Lozada Teves
Macarambon Umali (Alfonso)
Macias Unico
Madamba Uy (R.)
Malanyaon Valdez
Marcos Veloso
Mathay Villanueva
Mitra Villar
Monfort Villareal
Montilla Yapha
Nachura Ylagan
Nicolas Zamora (R.)
Nieva Zialcita
Ocampo

Against:

None

Abstention:

None

With 139 affirmative votes, no negative votes and no abstentions, the Body approved on Third Reading House Bill No. 5206.

APPROVAL ON THIRD READING
OF HOUSE BILL NO. 5224

On motion of Rep. Escudero, there being no objection, the Body proceeded to the approval on Third Reading of House Bill No. 5224, printed copies of which were distributed to the Members on November 11, 2002, pursuant to Section 57, Rule X of the Rules of the House.

Upon direction of the Chair, the Secretary General read the title of the Bill, to wit:

"AN ACT PROVIDING FOR A MORE RESPONSIVE AND COMPREHENSIVE REGULATION FOR THE REGISTRATION, LICENSING AND PRACTICE OF PROFESSIONAL ELECTRONICS ENGINEERS, ELECTRONICS ENGINEERS AND ELECTRONICS TECHNICIANS, REPEALING REPUBLIC ACT NO. 5734, OTHERWISE KNOWN AS 'THE ELECTRONIC AND COMMUNICATIONS ENGINEERING ACT OF THE PHILIPPINES,' AND FOR OTHER PURPOSES."

The Chair then directed the Secretary General to call the Roll for nominal voting. Thereafter, pursuant to the Rules of the House, a second Roll Call was made.

RESULT OF THE VOTING

The result of the voting was as follows:

In favor:

Abad Aquino (B.)
Abaya (A.) Arbison
Abaya (P.) Bacani
Abayon Barbers
Ablan Barinaga
Acosta Baterina
Aguja Beltran
Albano Bernardo-Lokin
Alfelor Biazon
Almario Bondoc
Amante Bueser
Amin Cajes
Andaya Calalay
Antonino-Custodio Calizo
Apostol Cari
Aquino (A.) Carloto
Castelo Daza Mathay
Castro Mitra
Chavez Monfort
Cruz Montilla
Cruz-Ducut Nachura
Cua Nicolas
Dadivas Nieva
Dangwa Ocampo
De Guzman Pablo
De Venecia Padilla
Defensor (A.) Paras

Defensor (Ma. T.) Pichay
Dilangalen Pingoy
Dimaporo Puentevella
Domogan Ramirez-Sato
Dy (C.) Ramiro
Dy (F.) Real
Ecleo Remulla
Ermita-Buhain Reyes (E.)
Escudero Roco
Espina Rodriguez (I.)
Espino Rodriguez (O.)
Espinosa (V.) Rosales
Estrella Salapuddin
Failon Salceda
Falcon Saludo
Floirendo San Juan
Fua Sandoval (F.)
Fuentebella Sandoval (V.)
Garcia (E.) Santiago
Garcia (V.) Seachon
Garin Singson
Gonzales Solis
Gozos Soon-Ruiz
Gunigundo Suarez
Hizon Sumulong
Ipong Suplico
Jaafar Sy-Alvarado
Jala Syjuco
Jaraula Taganas Layus
Joaquin Teves
Joson Umali (Alfonso)
Kintanar Unico
Ledesma Uy (R.)
Leviste Valdez
Lobregat Veloso
Locsin (Ma. V.) Villanueva
Lopez (J.) Villar
Lozada Villareal
Macarambon Yapha
Macias Ylagan
Madamba Zamora (R.)
Malanyaon Zialcita
Marcos

Against:

None

Abstention:

None

With 139 affirmative votes, no negative votes and no abstentions, the Body approved on Third Reading House Bill No. 5224.

SUSPENSION OF CONSIDERATION
OF BILLS ON THIRD READING

On motion of Rep. Escudero, there being no objection, the Body suspended consideration of Bills on Third Reading.

OMNIBUS APPROVAL
OF CERTAIN BILLS

On an omnibus motion of Rep. Escudero, there being no objection, the Body approved the following Bills contained in various Committee Reports submitted by the Committees concerned, together with the amendments, if any:

Committee Report No. 1024 on House Bill No. 5468, submitted by the Committees on Basic Education and Culture, and Appropriations, establishing the Gate National High School, in Barangay Gate, Municipality of Bulan, Province of Sorsogon;

Committee Report No. 1045 on House Bill No. 5472, submitted by the Committees on Basic Education and Culture, and Appropriations, establishing the Southern Davao National High School in Barangay Southern Davao, City of Panabo, Province of Davao Del Norte;

Committee Report No. 1046 on House Bill No. 5473, submitted by the Committees on Basic Education and Culture, and Appropriations, establishing the Villarica National High School in Barangay Villarica, Island Garden City of Samal, Province of Davao Del Norte;

Committee Report No. 1047 on House Bill No. 5474, submitted by the Committees on Basic Education and Culture, and Appropriations, establishing the Laligan National High School in Barangay Laligan, City of Valencia, Province of Bukidnon;

Committee Report No. 1048 on House Bill No. 5475, submitted by the Committees on Basic Education and Culture, and Appropriations, establishing the Tabid National High School in Barangay Tabid, Ozamiz City, Province of Misamis Occidental;

Committee Report No. 1049 on House Bill No. 5476, submitted by the Committees on Basic Education and Culture, and Appropriations, establishing the Gala National High School in Barangay Gala, Ozamiz City, Province of Misamis Occidental;

Committee Report No. 1050 on House Bill No. 5477, submitted by the Committees on Basic Education and Culture, and Appropriations, establishing the Kauswagan National High School in Barangay Kauswagan, City of Panabo, Province of Davao Del Norte;

Committee Report No. 1051 on House Bill No. 5478, submitted by the Committees on Basic Education and Culture, and Appropriations, establishing the Baracatan National High School in Barangay Baracatan, Toril District, Davao City;

Committee Report No. 1052 on House Bill No. 5479, submitted by the Committees on Basic Education and Culture, and Appropriations, establishing the Bantol National High School in Barangay Bantol, Marilog District, Davao City;

Committee Report No. 1053 on House Bill No. 5480, submitted by the Committees on Basic Education and Culture, and Appropriations, establishing the Del Pilar National High School in Barangay Del Pilar, Municipality of Cagdianao, Province of Surigao Del Norte;

Committee Report No. 1054 on House Bill No. 5481, submitted by the Committees on Basic Education and Culture, and Appropriations, establishing the Don Carlos National High School in Barangay Sinangguyan, Municipality of Don Carlos, Province

of Bukidnon;

Committee Report No. 1055 on House Bill No. 5482, submitted by the Committees on Basic Education and Culture, and Appropriations, establishing the Ritaglenda National High School in Barangay Ritaglenda, Municipality of Basilisa, Province of Surigao Del Norte;

Committee Report No. 1056 on House Bill No. 1776, submitted by the Committees on Higher and Technical Education, and Appropriations, converting the Tagum National Trade School, in the City of Tagum, Province of Davao Del Norte into the Tagum City College of Arts and Sciences; and

Committee Report No. 1057 on House Bill No. 5485, submitted by the Committees on Basic Education and Culture, and Appropriations, establishing the Semong National High School in Barangay Semong, Municipality of Kapalong, Province of Davao Del Norte.

BUSINESS FOR THE DAY:
COMMITTEE REPORT NO. 1060
ON HOUSE BILL NO. 5494

On motion of Rep. Escudero, there being no objection, the Body considered on Second Reading House Bill No. 5494 as embodied in Committee Report No. 1060 and reported out by the Committees on Natural Resources, and Appropriations.

Upon direction of the Chair, the Secretary General read the title of the Bill, to wit:

"AN ACT DECLARING A PORTION OF THE SAN ISIDRO COASTAL WATERS AS PROTECTED AREA AND ITS PERIPHERAL AREAS AS BUFFER ZONE TO BE KNOWN AS THE SAN ISIDRO PROTECTED SEASCAPE, APPROPRIATING FUNDS THEREFOR AND FOR OTHER PURPOSES."

Thereupon, on motion of Rep. Escudero, there being no objection, the Body dispensed with the reading of the text of the Bill without prejudice to its insertion into the Record of the House.

SPONSORSHIP REMARKS
OF REP. ESCUDERO

Upon request of the author of House Bill No. 5494, on motion of Rep. Escudero, there being no objection, the Body approved to consider the Explanatory Note of the Bill as the sponsorship remarks on the measure.
TERMINATION OF THE PERIOD
OF SPONSORSHIP AND DEBATE

There being no interpellations and speeches en contra, on motion of Rep. Escudero, there being no objection, the Body terminated the period of sponsorship and debate.

TERMINATION OF THE
PERIOD OF AMENDMENTS

There being no Committee and individual amendments, on motion of Rep. Escudero, there being no objection, the Body closed the period of amendments.

APPROVAL ON SECOND READING
OF HOUSE BILL NO. 5494

On motion of Rep. Escudero, there being no objection, the Body approved on Second Reading House Bill No. 5494.

ELECTION OF additional MEMBERS
TO THE BICAMERAL CONFERENCE
COMMITTEE REPORT ON THE SPAV BILL

On motion of Rep. Escudero, there being no objection, the Body elected the following additional Members to the Bicameral Conference Committee on the disagreeing provisions on the Special Purpose Asset Vehicles (SPAV) Bill: Reps. Herminio G. Teves and Julio A. Ledesma IV.

SUSPENSION OF SESSION

On motion of Rep. Escudero, the session was suspended at 7:36 p.m

RESUMPTION OF SESSION

At 7:37 p.m., the session was resumed.

SUSPENSION OF SESSION

On motion of Rep. Escudero, there being no objection, the Chair suspended the session until ten o'clock in the morning of Monday, December 2, 2002.

It was 7:38 p.m., Friday, November 29, 2002.

RESUMPTION OF SESSION

At 10:01 a.m., Monday, December 2, 2002, the session was resumed with Deputy Speaker Emilio R. Espinosa Jr. presiding.
UNFINISHED BUSINESS:
COMMITTEE REPORT NO. 1044
ON HOUSE BILL NO. 5238

On motion of Rep. Escudero, there being no objection, the Body resumed consideration on Second Reading of House Bill No. 5238 as embodied in Committee Report No. 1044 and reported out by the Committee on Appropriations.

Upon direction of the Chair, the Secretary General read the title of the Bill, to wit:

"AN ACT APPROPRIATING FUNDS FOR THE OPERATION OF THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES FROM JANUARY ONE TO DECEMBER THIRTY-ONE, TWO THOUSAND THREE, AND FOR OTHER PURPOSES."

SUSPENSION OF SESSION

Upon resumption of session, Rep. Escudero pointed out that the parliamentary status of the Bill was that it was in the period of interpellations.

On motion of Rep. Escudero, the session was suspended to allow the technical staff to take their designated seats.

It was 10:03 a.m.

RESUMPTION OF SESSION

At 10:06 p.m., the session was resumed.

CONSIDERATION OF THE PROPOSED BUDGET OF THE VIDEOGRAM REGULATORY BOARD

On motion of Rep. Escudero, there being no objection, the Body considered the proposed budget of the Videogram Regulatory Board (VRB). In view thereof, on motion of Rep. Escudero, there being no objection, the Chair recognized Rep. Singson to sponsor the proposed VRB budget and Rep. Padilla to interpellate thereon.

INTERPELLATION OF REP. PADILLA

Rep. Padilla initially inquired whether the head of the VRB was present and if so, to please identify himself for record purposes. Rep. Singson replied that Mr. Bong Revilla, head of the VRB was present in the Session Hall.

MANIFESTATION OF REP. PADILLA

Thereupon, Rep. Padilla, on behalf of the Minority, manifested that its members do not intend to interpellate on the proposed budget of the VRB because they had extensively discussed the same in the Committee level.

MANIFESTATION OF REP. ESCUDERO

Rep. Escudero informed the Body that no member of the Majority had registered to interpellate.

TERMINATION OF THE PERIOD OF
INTERPELLATIONS ON THE PROPOSED
BUDGET OF THE VRB

In view thereof, on motion of Rep. Escudero, there being no objection, the Body terminated the period of interpellations on the proposed budget of the VRB.

CONSIDERATION OF THE PROPOSED BUDGET OF THE SECURITIES AND
EXCHANGE COMMISSION

On motion of Rep. Escudero, there being no objection, the Body considered the proposed budget of the Securities and Exchange Commission (SEC).

In view thereof, on motion of Rep. Escudero, the Chair recognized Rep. Singson to sponsor the proposed SEC budget and Rep. Zialcita for his manifestation.

MANIFESTATION OF REP. ZIALCITA

Rep. Zialcita manifested that he had no questions with respect to the SEC as a whole and stated for the record that as had been agreed upon in the Subcommittee during its hearing on the proposed SEC budget that no expenses will be made for any computerization effort by way of special allocations or through whatever use from the MOOE until the Committee on Good Government shall have heard the case pertaining to computerization which he had filed. He added that the investigation thereon will start in January 2003.

On motion of Rep. Escudero, the Chair recognized Rep. Padilla for his manifestation.

MANIFESTATION OF REP. PADILLA

Rep. Padilla stated that the Minority had been able to raise a number of questions

during the Committee deliberations on the proposed budget of the SEC. In view thereof, he remarked that the Minority had no further questions and then moved to terminate the period of interpellations on the proposed budget of the SEC.

MANIFESTATION OF REP. ESCUDERO

Rep. Escudero informed the Body that no member of the Majority had registered to interpellate.

TERMINATION OF THE PERIOD OF
INTERPELLATIONS ON THE PROPOSED
BUDGET OF THE SEC

In view thereof, on motion of Rep. Escudero, there being no objection, the Body terminated the period of interpellations on the proposed budget of the SEC.

CONSIDERATION OF THE PROPOSED BUDGET OF THE PRESIDENTIAL
COMMISSION ON GOOD GOVERNMENT

On motion of Rep. Escudero, there being no objection, the Body considered the proposed budget of the Presidential Commission on Good Government (PCGG).

In view thereof, on motion of Rep. Escudero, there being no objection, the Chair recognized Rep. Singson to sponsor the proposed PCGG budget and Rep. Padilla for his manifestation.

Thereupon, Rep. Padilla yielded the floor to Rep. Dilangalen.

MANIFESTATION OF REP. DILANGALEN

Upon recognition by the Chair, Rep. Dilangalen manifested that the Minority had no questions with respect to the proposed PCGG budget. He then moved for the termination of the proposed budget of the PCGG.

MANIFESTATION OF REP. ESCUDERO

Rep. Escudero informed the Body that no member of the Majority had registered to interpellate.

TERMINATION OF THE PERIOD OF
INTERPELLATIONS ON THE PROPOSED
BUDGET OF THE PCGG

In view thereof, on motion of Rep. Escudero, there being no objection, the Body terminated the period of interpellations on the proposed budget of the PCGG.
SUSPENSION OF SESSION

On motion of Rep. Escudero, the session was suspended at 10:11 a.m.

RESUMPTION OF SESSION

At 10:12 a.m., the session was resumed.

CONSIDERATION OF THE PROPOSED BUDGET OF THE SOUTHERN PHILIPPINES DEVELOPMENT AUTHORITY

On motion of Rep. Escudero, there being no objection, the Body considered the

proposed budget of the Southern Philippines Development Authority (SPDA).

On his motion, there being no objection, the Chair recognized Rep. Junie E. Cua to sponsor the proposed SPDA budget and Rep. Dilangalen to interpellate thereon.

INTERPELLATION OF REP. DILANGALEN

Rep. Dilangalen recalled that about two weeks ago, the Committee on Appropriations deliberated on the budget of the SPDA and that one executive meeting had been called to patch up the differences between the SPDA Administrator and his board of directors. Incidentally, he stated that on November 18, 2002, the President issued EO No. 149 entitled "Deactivation of the Southern Philippines Development Authority" which provides that "except for those who shall be needed for skeletal force, all SPDA personnel, whether permanent, contractual or job-hired and others shall be deemed separated from the service effective 30 December 2002 pursuant to a bonafide reorganization resulting to abolition, redundancy, merger, division or consolidation of positions in order to meet the exigencies of the service. SPDA personnel qualified for retirement may elect optional retirement as they may deem proper. All benefits, including payment of accrued leave credits that may lawfully be given to SPDA employees by virtue of their transfer, retirement, or separation from the service shall be paid within one month from the filing of the necessary clearances and other pertinent documents."

He maintained that based on said EO, a task force had been created to take over the management of the SPDA and to perform such other functions necessary with regard to the deactivation of the SPDA. In view thereof, he inquired whether the SPDA needs a budget for the year 2003.
Rep. Cua replied that in view of the aforementioned EO which mandates the deactivation of the SPDA, there is no need to provide for the operations of the SPDA with regard to its programs and activities. What is needed, he said, is an appropriation which will cover the winding up of its operations and this includes provisions for retirement, terminal leaves and other incidental expenses related to the closure of the office.

Rep. Dilangalen noted that this situation was never envisioned at the time that the proposed budget of the SPDA for the year 2003 was deliberated on in the Committee level. He claimed that the issuance of EO No. 149 was a surprise move of the Executive Department.

MOTION OF REP. DILANGALEN

In this connection, he moved to terminate the period of interpellations on the proposed budget of the SPDA considering that its existence would be until the end of the year 2002, although the winding up activities would extend up to July 30, 2003. He then recommended the necessary funding for the winding up activities of the SPDA.

SUSPENSION OF SESSION

On motion of Rep. Escudero, the session was suspended at 10:18 p.m.

RESUMPTION OF SESSION

At 10:21 a.m., the session was resumed.

Before acting on the motion of Rep. Dilangalen, the Chair recognized Rep. Padilla for his manifestation.

MANIFESTATION OF REP. PADILLA

Rep. Padilla said that he was about to take the floor to ask questions on the proposed SPDA budget. However, in view of Rep. Dilangalen's manifestation that an EO dated November 18, 2002 would virtually terminate the operations of the SPDA, then the questions he would like to raise would be moot and academic, he underscored. He thereafter said that he would just support Rep. Dilangalen's manifestation to have the period of interpellations on the proposed SPDA budget terminated.

MANIFESTATION OF REP. ESCUDERO

On the part of the Majority, Rep. Escudero likewise manifested that the Majority had no objections to the proposed budget of the SPDA.

TERMINATION OF THE PERIOD
OF INTERPELLATIONS ON THE
PROPOSED SPDA BUDGET

On motion of Rep. Escudero, there being no objection, the Body terminated the period of interpellations on the proposed budget of the SPDA.

CONSIDERATION OF THE PROPOSED BUDGET OF THE AUTONOMOUS REGION IN MUSLIM MINDANAO

On motion of Rep. Escudero, there being no objection, the Body considered the proposed budget of the Autonomous Region in Muslim Mindanao (ARMM).

On a subsequent motion of Rep. Escudero, the Chair recognized Rep. Junie E. Cua to sponsor the ARMM budget, and Rep. Dilangalen to interpellate thereon.

INTERPELLATION OF REP. DILANGALEN

Rep. Dilangalen inquired whether there is an EO that empowers the ARMM to undertake all infrastructure projects therein.

Rep. Cua replied in the affirmative, and added that said EO is now under review.

Subsequently, Rep. Dilangalen asked whether all the projects that will be undertaken within the region should be reflected in the ARMM budget so that it can automatically implement the same.

Rep. Cua explained that under the revised EO 125-A, locally-funded programs and projects being undertaken and programmed for implementation within the ARMM are devolved and will be implemented by the ARMM Regional Governor (ARG) except under the following circumstances: 1) when Congress provides in the GAA or a special law which government shall implement a particular program or project; or b) when in the judgment of the ARG, the regional government does not have the capacity to implement the program in which case he may request a national agency to implement the same.

In reaction, Rep. Dilangalen pointed out that for 2003, there will be specific projects for the LGUs under the ARMM. However, he stressed that there are also specific projects that are not contained in the budget. He asked how the ARMM can implement said projects when they are not even specified. He likewise asked how Congress can give its consent when the members of the ARMM legislative districts do not have personal knowledge of the kind of projects that will be implemented in specific LGUs. He inquired whether the ARG has a blanket authority to implement projects even without coordination with Representatives.

SUSPENSION OF SESION

On motion of Rep. Cua, the session was suspended at 10:29 a.m.

RESUMPTION OF SESSION

At 10:34 a.m., the session was resumed.

SUSPENSION OF CONSIDERATION OF THE PROPOSED BUDGET OF THE ARMM
On motion of Rep. Escudero, there being no objection, the Body suspended consideration of the proposed budget of the ARMM.

SUSPENSION OF CONSIDERATION
OF HOUSE BILL NO. 5238
On motion of Rep. Escudero, there being no objection, the Body suspended consideration of House Bill No. 5238.

UNFINISHED BUSINESS:
COMMITTEE REPORT NO. 929
ON HOUSE BILL NO. 5398
On motion of Rep. Escudero, there being no objection, the Body resumed consideration on Second Reading of House Bill No. 5398 as embodied in Committee Report No. 929 and reported out by the Committee on Ecology, Appropriations, and Ways and Means.
Upon direction of the Chair, the Secretary General read the title of the Bill, to wit:

"AN ACT PROVIDING FOR COMPREHENSIVE WATER QUALITY MANAGEMENT AND FOR OTHER PURPOSES."
Rep. Escudero stated that the Bill was in the period of sponsorship and debate. However, he informed the Body that no Member had registered to interpllate on the measure.

TERMINATION OF THE PERIOD
OF SPONSORSHIP AND DEBATE

Thereafter, there being no interpellations and speeches en contra, on motion of Rep. Escudero, there being no objection, the Body terminated the period of sponsorship and debate.

TERMINATION OF THE PERIOD
OF AMENDMENTS

There being no Committee and individual amendments, on motion of Rep. Escudero, there being no objection, the Body closed the period of amendments.

APPROVAL ON SECOND READING
OF HOUSE BILL NO. 5398

On motion of Rep. Escudero, there being no objection, the Body approved on Second Reading House Bill No. 5398.

SUSPENSION OF CONSIDERATION
OF THE UNFINISHED BUSINESS

On motion of Rep. Escudero, there being no objection, the Body suspended consideration of the Unfinished Business.

BUSINESS FOR THE DAY:
COMMITTEE REPORT NO. 622
ON HOUSE BILL NO. 4934

On motion of Rep. Escudero, there being no objection, the Body considered on Second Reading House Bill No. 4934 as embodied in Committee Report No. 622 and reported out by the Committees on Labor and Employment, and Ways and Means.

Upon direction of the Chair, the Secretary General read the title of the Bill, to wit:

"AN ACT ESTABLISHING A PRODUCTIVITY AND PERFORMANCE INCENTIVES AND GAINSHARING PROGRAM, REPEALING FOR THE PURPOSE REPUBLIC ACT NO. 6971, OTHERWISE KNOWN AS THE PRODUCTIVITY INCENTIVES ACT OF 1990."

As copies of the Bill had already been distributed to the Members, the Body dispensed with the reading of the text thereof without prejudice to its insertion into the Record of the House.

SPONSORSHIP REMARKS
OF REP. ESCUDERO

On motion of Rep. Escudero, there being no objection, the Body considered the Explanatory Notes of House Bills No. 42, 2189 and 2244 by the respective authors as the sponsorship speeches on the measure.

TERMINATION OF THE PERIOD
OF SPONSORSHIP AND DEBATE

Thereafter, there being no interpellations and speeches en contra, on motion of Rep. Escudero, there being no objection, the Body terminated the period of sponsorship and debate.

TERMINATION OF THE PERIOD
OF AMENDMENTS

There being no Committee and individual amendments, on motion of Rep. Escudero, there being no objection, the Body closed the period of amendments.

APPROVAL ON SECOND READING
OF HOUSE BILL NO. 4934

On motion of Rep. Escudero, there being no objection, the Body approved on Second Reading House Bill No. 4934.

ARCHIVING OF COMMITTEE
REPORT NO. 928

Upon prior consent of the authors of the measure, on motion of Rep. Escudero, there being no objection, the Body consigned Committee Report No. 928 regarding the Siege of Lamitan, to the Archives.

SUSPENSION OF CONSIDERATION
OF THE BUSINESS FOR THE DAY

On motion of Rep. Escudero, there being no objection, the Body suspended consideration of the Business for the Day.

UNFINISHED BUSINESS:
COMMITtEE REPORT NO. 1044
ON HOUSE BILL NO. 5238

On motion of Rep. Escudero, there being no objection, the Body resumed consideration on Second Reading of House Bill No. 5238 as embodied in Committee Report No. 1044 and reported out by the Committee on Appropriations:

Upon direction of the Chair, the Secretary General read the title of the Bill, to wit:

"AN ACT APPROPRIATING FUNDS FOR THE OPERATION OF THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES FROM JANUARY ONE TO DECEMBER THIRTY ONE, TWO THOUSAND THREE, AND FOR OTHER PURPOSES."

SUSPENSION OF SESSION

On motion of Rep. Escudero, the session was suspended at 10:38 a.m.

RESUMPTION OF SESSION

At 10:47 p.m., the session was resumed.

resumption of CONSIDERATION
OF THE PROPOSED BUDGET
OF THE ARMM

On motion of Rep. De Guzman, there being no objection, the Body resumed consideration of the proposed budget of the ARMM and the Chair recognized Rep. Cua to sponsor the same and Rep. Dilangalen to interpellate thereon.

REMARKS OF REP. DILANGALEN

Rep. Dilangalen said that the Minority had decided not to interpellate anymore on the proposed budget of the ARMM.

MANIFESTATION OF REP. DE GUZMAN

Rep. De Guzman stated that the Majority had no questions on the proposed budget of the ARMM.

TERMINATION OF THE PERIOD
OF INTERPELLATIONS ON THE
PROPOSED BUDGET OF THE ARMM

On motion of Rep. De Guzman, there being no objection, the Body terminated the period of interpellations on the proposed budget of the ARMM.

SUSPENSION OF SESSION

At 10:49 a.m., the session was suspended upon Rep. De Guzman's motion.

RESUMPTION OF SESSION

At 10:56 a.m., the session was resumed.

RESUMPTION OF CONSIDERATION
OF THE PROPOSED BUDGET OF THE DFA

On motion of Rep. Escudero, the Body resumed consideration of the proposed budget of the DFA and the Chair recognized Rep. Singson to sponsor the same and Rep. Suplico to interpellate thereon.

INTERPELLATION OF REP. SUPLICO

Rep. Suplico asked whether the DFA has written the US Embassy about jail escapee, Mr. Onofre Carino Surat Jr. He stated that Mr. Surat, an American citizen, was arrested by the NBI for masterminding the kidnap and murder of Mr. Mark Hares F. Bacalla and was brought to the Quezon City Jail; and that during his incarceration, he was visited by Ms. Maryanne C. Caparas and Mr. Michael Newbill Anthony, two US Embassy officials who had brought a letter from Mr. Paul L. Boyd, chief of the American Citizens Services of said embassy. He said that upon the insistence of said officials, Mr. Surat was subsequently brought to the East Avenue Medical Center by said officials but that he eventually escaped while inside the hospital's x-ray room.

Rep. Singson said that the Department is investigating the matter and will furnish Rep. Suplico with a copy of the results thereof.

Rep. Suplico stressed the seriousness of the matter, considering that this is the first time that a kidnap-for-ransom suspect has escaped.

Rep. Suplico then sought the commitment of Rep. Singson as well as the DFA officials that they will take this matter up with the US Ambassador to effect the immediate extradition of Mr. Surat. He also requested that the two US Embassy officials be declared persona non grata for their complicity leading to the escape of the mastermind.

Rep. Singson replied that the DFA will certainly act on Rep. Suplico's requests and will submit a written report to him about this case. He also informed Rep. Suplico that the DFA will study his proposal declaring the two US Embassy personnel persona non grata.

Whereupon, Rep. Suplico adverted to the arrest of Indonesian bomber Mr. Agus Dwikarna and his two companions, namely: Abdul Jamal Balfas and Hamsid Lin Rung. He explained that they had been arrested on March 13, 2003 with two oval-shaped C-4 plastic explosives and five detonating cords while about to board an airline at the NAIA on the way to Bangkok, Thailand. He inquired whether the DFA officials were aware about this case.

Rep. Singson replied in the affirmative. He likewise stated that the DFA was also aware of the fact that Mr. Dwikarna's two companions had been released to the Indonesian authorities. He however explained that the DFA is against the release of the alleged terrorists.

Whereupon, Rep. Suplico pointed out that records will show that after the release of Messrs. Balfas and Rung, Malacañang later admitted that Indonesian President Megawati Sukarno Putri had interceded for the release of the aforementioned Indonesian nationals. He then asked whether the request of the Indonesian president was coursed through the DFA.

Rep. Singson replied in the affirmative. He however informed Rep. Suplico that what the DFA had acted upon was the recommendation for release made by the DND and other agencies of the government.

Rep. Suplico subsequently inquired whether the DFA indeed objected to the release of the two companions of Mr. Dwikarna.

SUSPENSION OF SESSION

On motion of Rep. Singson, the Chair suspended the session at 11:08 a.m.

RESUMPTION OF SESSION

At 11:09 a.m., the session was resumed.

INTERPELLATION OF REP. SUPLICO
(Continuation)

In response to the previous query with regard to the arrest of the three Indonesians, Rep. Marcos explained that the evidence against Mr. Dwikarna was overwhelming and compelling such that he continued to be detained in the Philippines. However, since the evidence against the other two Indonesians were inadequate, they had been sent back by the authorities to Indonesia upon the request of the Deputy Prime Minister of Indonesia as well as upon the recommendation of the National Security Council and the DILG.

Rep. Suplico thereafter inquired on the identities of the Indonesian politicians from South Sulawesi who exerted pressure on President Megawati to intervene in the case of Mr. Dwikarna. He explained that it was Secretary Ople who publicly stated that there are Indonesian politicians who had been interceding for the release of the self-confessed bomber.

Rep. Marcos replied that insofar as the DFA is concerned, they have no knowledge whatsoever of such official request from the Indonesian head of state regarding Mr. Dwikarna. She however pointed out that there are certain Indonesian Opposition Members who were quite vocal about their desire to have Mr. Dwikarna returned to Indonesian territory and jurisdiction.

Thereupon, Rep. Suplico adverted to reports that two cabinet secretaries were allegedly trying to intercede for the release of Mr. Dwikarna. He then asked whether the DFA can confirm this report, particularly the allegation that Secretary Norberto Gonzales was one of the aforementioned cabinet secretaries.

Rep. Marcos stated that the DFA is unable to confirm this report.

Thereupon, on motion of Rep. De Guzman, the Chair recognized Rep. Ocampo for for his interpellation.

INTERPELLATION OF REP. OCAMPO

Rep. Ocampo initially noted the foreign mission led by Secretary Ople in the third week of October 2002, together with Presidential Adviser on the Peace Process Eduardo Ermita, and Messrs. Norberto Gonzales and Silvestre Afable. He then inquired whether the objective of the foreign mission was to campaign among member countries of the European Union for the inclusion of the New People's Army (NPA) in the list of Foreign Terrorist Organizations and of Mr. Jose Maria Sison as a terrorist.

Rep. Marcos replied in the affirmative, but qualified that Norway is not included.

Rep. Ocampo subsequently inquired whether this foreign mission is part of the duties and responsibilities of the Secretary of the DFA.

Rep. Marcos explained that it was the decision that a foreign mission had to be sent, led by the Secretary of the DFA in order to restrict the operational ability of Mr. Sison to direct acts of violence in the Philippines. Another objective of the mission, she explained, is to bring pressure upon the NPA-Communist Party of the Philippines (CPP)-National Democratic Front (NDF) to reconsider peace talks with the

government.

Rep. Ocampo explained that if this were the intention or rationale of the government's mission, resulting in the inclusion of the NPA in the list of terrorist organizations, then the objective of the foreign mission did not serve the purpose of putting pressure on the NDF. He underscored that the NDF's reaction to this was negative.
He explained that he can make such statements since he had, at one time, served as a negotiator of the NDF and from his experience, a policy of putting pressure towards a demand for surrender has been consistently rejected by the NDF. He then inquired whether it was the DFA that had initiated this foreign mission or was it through the suggestion of the DND, which has been the main architect of this kind of approach to the peace process.

Rep. Marcos explained that this was a cabinet decision and not undertaken by one department of the government. She likewise accepted on behalf of the Department the manifestation of Rep. Ocampo and expressed the hope that he will, in the future, continue to suggest other means of coordination between said groups.

Rep. Ocampo however explained that what is at issue is not the NDF going back to the negotiating table, but rather, the government's initiative to resume negotiations. He underscored that the NDF has said that it is always ready to go back to the negotiating table based on the framework that had been previously agreed upon in 1992 and over five years of negotiation under the Ramos government.

Moreover, Rep. Ocampo explained that the campaign to have the NPA included in the list of terrorist organizations, a matter that had been initiated by the US, is, in effect, inviting foreign intervention in resolving the decades-long armed conflict. It is the policy of the United States, he said, to pursue any terrorist or terrorist organizations wherever they may be.

Rep. Marcos, in response, informed Rep. Ocampo that indeed the EU countries have been attempting to back-channel a resumption in the negotiations between both the Philippine government as well as the CPP-NPA-NDF.

Rep. Ocampo inquired whether the DFA would not countenance direct American intervention despite its campaign to have the NPA listed as a terrorist organization. If and when the US decides to pursue its policy against terrorists and considering that the Macapagal-Arroyo Administration has declared its unequivocal support of the US, Rep. Ocampo asked how the government will handle the situation. He further pointed out that in principle, the Philippines renounces war as an instrument of national policy, adopts the generally accepted principles of international law as part of the law of the land, and adheres to the policy of peace, equality, justice, freedom, cooperation and amity with all nations. He reiterated that the NDF has considered the initiative of the government to have the NPA listed as a terrorist organization as an antagonistic act and practically, as an invitation to foreign intervention.

Rep. Marcos replied that the DFA will not tolerate any foreign intervention because it upholds the constitutional mandate that the Philippines shall pursue an independent foreign policy.

As a rejoinder, Rep. Ocampo shared his apprehension that by campaigning among foreign governments to include the NPA in the list of terrorist groups, the Philippine government is, in effect, internationalizing an armed conflict which, over the last 33 years, the government has insisted is simply an internal affair. He inquired on the intention of putting pressure on the NDF to go back to the

negotiating table.

In reply, Rep. Marcos said that the DFA will pursue all available avenues and channels in pursuit of a peaceful resolution of the conflict.

Rep. Ocampo then expressed hope that the government and the NDF-CPP-NPA will resolve their armed conflict between themselves and not through the intervention of other countries. He said that his Party-List Bayan Muna is interested in the campaign to list the NPA as a terrorist organization because the DND and the AFP are waging a campaign linking Bayan Muna to the NPA. He expressed apprehension that these developments will contradict the supposed effort of the government to attract the revolutionary left to participate in the parliamentary arena. He underscored that the issue is important to the continuing representation of Bayan Muna and the effort of attracting a peaceful settlement of the prolonged armed conflict.

Rep. Marcos welcomed the manifestation of Rep. Ocampo and further said that the latter is aware of her personal concerns on the issues at hand.

On motion of Rep. De Guzman, the Chair recognized Rep. Lobregat to interpellate Rep. Marcos.

INTERPELLATION OF REP. LOBREGAT

Initially, Rep. Lobregat inquired whether it was the National Security Council (NSC) that recommended the release of the two Indonesians who were apprehended together with Indonesian bombing suspect, Agus Dwikarna. He stated that certain Members had asked a similar question and they were informed that it was the NSC that recommended the release. He added that the transcript of the proceedings will attest to this. In reply, Rep. Marcos maintained that the DFA had merely acted on a Cabinet recommendation. She affirmed that the NSC and the DILG had recommended the return of the two suspects to Indonesia based on an official request made through the DFA by the Indonesian Embassy based in Manila. She clarified that no such recommendation was made regarding Mr. Dwikarna. She also said that the DFA will furnish Rep. Lobregat with a copy of the official request not later than the following day.

As regards the two Cabinet members who allegedly recommended the return of Mr. Dwikarna to Indonesia, Rep. Marcos underscored that the DFA was not able to confirm the identities of these Cabinet members, although Secretary Ople himself had said that he was not one of these officials. She explained that it is not within the Department's jurisdiction to recommend actions to be taken on national security threats.

Furthermore, Rep. Marcos said that the DFA assumes a primary role in conducting all relations with the international community but it consults all the relevant local agencies before undertaking any action.

On further queries, Rep. Marcos said that the DFA is not aware of any consultations made with the Secretary of Special Concerns, Norberto Gonzales. She said that the DFA was unable to confirm newspaper reports that upon Secretary Gonzales' return from Indonesia, he recommended to President Macapagal-Arroyo the release of Mr. Dwikarna. She maintained that the DFA is aware that Secretary Gonzales went to Indonesia, adding that Cabinet members visit Asian countries frequently.

On whether Secretary Gonzales consulted with the Philippine Embassy in Indonesia regarding the recommended release of Mr. Dwikarna, Rep. Marcos stated that said embassy was not aware of any negotiation.

In response to questions relating to Filipino deportees in Malaysia, Rep. Marcos said that the DFA looks after the welfare of Filipino communities overseas. He said that the DFA is not aware of any involvement of Secretary Gonzales on the issue.

In reaction, Rep. Lobregat recalled that during the budget hearings at the Committee level, Secretary Ople himself had said that there was some confusion created with the involvement of Secretary Gonzales in the deportee situation. He inquired why the DFA should say that it is not aware of Secretary Gonzales' involvement when the transcripts would prove the contrary.

Rep. Marcos averred that almost all departments participated in the Sabah deportation crisis. She remarked that she is not denying or refuting Secretary Ople's statements made in the committee and subcommittee levels. She further clarified that while the DFA is aware of ongoing back-channeling and negotiation efforts, it is not aware of any results from said efforts. She agreed with Rep. Lobregat that the department, however, is aware of the implications and effects of these efforts.

At this point, Rep. Lobregat requested for an official copy of the transcripts of the Committee deliberations wherein he asked Secretary Ople pointblank about the confusion created by the negotiations done by Secretary Gonzales.

Rep. Marcos replied that the Committee will be delighted to comply with this request. She said that she is not certain whether the exigencies of the House would allow for an immediate response thereto. However, she assured Rep. Lobregat that the Committee will certainly try its best to comply therewith.

Noting that the Committee hearings were finished several weeks ago, Rep. Lobregat surmised that the transcripts should be available by now.

Rep. Marcos expressed hope that the Committee will be able to prepare the transcripts despite the tremendous backlog of the House Secretariat.

As regards the proposed Absentee Voting Law, Rep. Lobregat inquired on the position of the DFA as regards the statement of the COMELEC that said law would be unconstitutional considering that the Constitution mandates that it is the COMELEC and not the DFA that should be involved in the conduct of responsible elections.

Rep. Marcos said that she is aware of the comments. However, she pointed out that the DFA is confident that with the professional diplomats in the different consular offices abroad, a deputization by the COMELEC will render such participation equivalent to a COMELEC participation.

Considering that this concerns millions of Filipino voters, Rep. Lobregat inquired whether a mere deputization would be enough to circumvent the constitutional mandate.

Rep. Marcos agreed with Rep. Lobregat that the Department will be hampered by inadequate budget, personnel and even premises wherein to hold the planned absentee voting elections.

On whether the DFA feels that with the lack of budget and personnel, it would be difficult to implement the absentee voting bill considering that the Constitution mandates the COMELEC to guard the secrecy and sanctity of the ballots, Rep. Marcos replied in the affirmative. She expressed gratitude for Rep. Lobregat's concern and said that the undertaking is a big challenge.

Rep. Lobregat said that it is not a matter of whether the OFWs should be allowed to vote but that it is their right to vote. He however asked how the election process will take place considering the aforementioned problems.

Rep. Marcos replied that the DFA is taking every possible step in preparation for this tremendous, expensive and difficult task.

Rep. Lobregat pointed out that the DFA should also consider the fact that politically-appointed ambassadors would, definitely, owe their loyalty to whoever is the appointing authority.

Rep. Marcos replied that the DFA is concerned with the provision which states that no appointments, extensions and transfers shall be made within the DFA six months previous and prior to an election.

Rep. Lobregat inquired whether the DFA had coordinated with countries which do not allow or do not hold any elections. He further asked whether consultations were made with regard to the conduct of elections in countries which prohibit the holding of assemblies concerning political issues. He inquired on the responses of these countries.

Rep. Marcos replied that the DFA will exhaust all efforts in order that OFWs will be exempted from such rulings and would be allowed to vote.

Considering that he has a lot of questions to ask but the DFA Secretary was not in the Session Hall to answer his questions, Rep. Lobregat terminated his interpellation.

Rep. Marcos thanked Rep. Lobregat for his questions. She said that she expects the latter to pose certain questions on the same issues during the deliberations on the proposed budget of the Office of the President.

Whereupon, on motion of Rep. De Guzman, the Chair recognized Rep. Abaya (A.) for his interpellation.

INTERPELLATION OF REP. ABAYA (A.)

At the outset, Rep. Abaya disclosed that his questions have already been discussed privately with Rep. Marcos and he would presume that the latter had already contacted the people in the DFA regarding the problem.

During the Gulf War, Rep. Abaya disclosed that many OFWs were caught in the war in the Middle East. He pointed out that after the war, the OFWs were promised that they would be given certain benefits. He then inquired on the number of OFWs who were repatriated and given benefits as promised by the United Nations Compensation Commission (UNCC).

Rep. Marcos replied that a total of 59,101 claimants had been paid to date. However, she disclosed that certain claimants have remained unpaid despite the fact that three notices have been sent to them through registered mail.

Nothwithstanding all the announcements, Rep. Abaya said that many of the OFWs, some of whom come from his district, have not availed themselves of the benefits that they were supposed to receive. He then asked whether the period within which to file the claims has already expired.

Repyling in the affirmative, Rep. Marcos said that the DFA had agreed that such period should be extended inasmuch as the UNCC has only remitted the funds to the Philippines in 1997.

On whether the period within which to file said claims will be extended, Rep. Marcos replied in the affirmative. She pointed out that the Department is consolidating all these late claims so that they may be filed at the same time with the UNCC given the many delays that have already taken place.

Pending the extension of time, Rep. Abaya inquired whether the DFA can already accept claims coming from the provinces so that when the proper time comes, consolidated claims will be acted upon.

Rep. Marcos replied that the DFA would certainly welcome any additional claims filed with the Department inasmuch as 25,000 pending claimants are still awaiting compensation after the expiration date.

As to the DFA official whom the OFWs must approach for their information and education, Rep. Marcos replied that Undersecretary Jose Brilliantes is the one in charge of the processing of the Gulf War claims.

Rep. Abaya said that he is comfortable with the answer given by Rep. Marcos and will not belabor her anymore with impertinent questions.

In ending his interpellation, Rep. Abaya thanked Rep. Marcos for the information and said that he will relay the information not only to his constituents but to the entire country as well.

At this point, on motion of Rep. De Guzman, the Chair recognized Rep. Padilla for his interpellation.

INTERPELLATION OF REP. PADILLA

At the outset, Rep. Padilla said that his questions will focus on the plight of the OFWs. He pointed out that Section 33 of the Migrant Workers and Overseas Filipino Act (MWOFA) of 1995 provides that the DFA and DOLE should submit a semi-annual report. He then inquired on the last report which the DFA had submitted.

Rep. Marcos replied that the DFA had strictly complied with the law's injunction and had submitted the latest report on November 29, 2002.

Rep. Padilla inquired on the years covered by the report. He informed Rep. Marcos that he had checked with the Secretariat of the House that the last report submitted prior to November 29, 2002. was sometime in 1998. He asked whether the periods covering the years 1999 to 2001 and the first semester of 2002 were included therein.

According to the records of the DFA, Rep. Marcos said that such reports have been submitted except for 1999.

Rep. Padilla thereafter requested for a copy of the last report. He called the attention of Rep. Marcos on the particular provision and expressed hope that a copy could be given to the Minority at the appropriate time.

Rep. Marcos said that she bemoans the fact that Rep. Padilla was not provided with copies thereof. However, she said that the Department will send him copies of the annual reports on December 3, 2002, except for the report on the year 2002 which has

not yet been finalized.

Rep. Padilla said that he understands that the law mandates the submission of a semi-annual report and therefore, the first semester report for 2002 should have been submitted by now.

Rep. Marcos said that the updated reports were for the year 2001 only and was submitted the previous week.

Considering that the report should be submitted by the DFA and the DOLE, Rep. Padilla inquired whether the report submitted came from the DFA alone.

He added that if Section 33 of said RA is interpreted, it would refer to a joint report. He then expressed hope that he could inquire on the matter from the DOLE at the appropriate time.

Rep. Marcos affirmed this point, even as she stressed that while the DOLE had been consulted on certain items regarding overseas contract labor, its concurrence was not obtained in the totality of the report which was solely signed by the DFA.

Rep. Padilla inquired whether this would mean that in order to comply with Section 33 of said law, the DOLE has to submit its report. He stated, however, that the question could not be answered at the time, hence he would interpellate on the proposed budget of the DOLE at the proper time.

Rep. Marcos reiterated that the report was prepared by the DFA alone, although it is true that the DOLE was consulted in its finalization. The Majority will welcome any clarification from the Minority, she said.

Rep. Padilla noted that Section 33 of said law specifies the six matters that are supposed to be contained in the report. He inquired whether such matters are properly addressed in the report.

Rep. Marcos replied that the Department had attempted to comply to the best of its ability with the requirements set by the law.

Rep. Padilla stated that he was glad that the report had been submitted. He pointed out, however, that aside from the six items, Section 33 likewise mandates that the report should be in conjunction with the provisions of Section 4 which states that "the State shall deploy overseas Filipino workers only in countries where the rights of Filipino migrant workers are protected. The government recognizes any of the following as a guarantee on the part of the receiving country for the protection of the rights of overseas Filipino workers: it has existing labor and social laws protecting the rights of migrant workers; it is a signatory to multi-lateral conventions; it has concluded a bilateral agreement or arrangement with the government, protecting the rights of OFWs; and it is taking positive concrete measures to protect the rights of migrant workers." He inquired whether these matters were addressed in the report.

Rep. Marcos replied in the affirmative and added that the DFA shares Rep. Padilla's understanding of the law that OFWs should only be sent to jurisdictions which uphold and recognize the rights of labor.

Noting that there are around 7.4 million Filipinos deployed all over the world based on the information submitted by the DFA to the House, Rep. Padilla inquired on the countries to which the 7.4 million Filipinos have been sent. He stated that if the figure is not available, and it would take time to secure it, he asked on the number

of countries to which Filipinos have been deployed.

Rep. Marcos replied that there are roughly 140 countries and the top 10 destinations of documented OCWs as of the year 2001 are Saudi Arabia, Hong Kong, Japan, United Arab Emirates, Taiwan, Singapore, Italy, Kuwait, Brunei and Qatar. This list, she said is inclusive of the sea-based workers who are represented in all the adjoining waters in the area.

On further query, Rep. Marcos affirmed that this listing includes only documented Filipino contract workers.

Rep. Padilla quoted Section 4 which refers to "existing labor and social laws protecting the rights of migrant workers." He inquired on the lead agency that takes care of the concerns of migrant workers.

Rep. Marcos replied that the DFA and the DOLE has a division of labor; however, the DFA is the lead agency with regard to undocumented Filipinos, while the DOLE is the lead agency with regard to documented contract workers.

Rep. Padilla stated that he raised the question because he wants to shorten his interpellation. He added that he does not wish to ask questions which do not properly fall under the jurisdiction of the DFA and thus would reserve to interpellate on the proposed budget of the DOLE at the proper time considering that the DOLE is deeply involved in the implementation of the Migrant Workers and Overseas Filipinos Act (MWOFA) of 1995. He then asked which office is deeply involved in the implementation of the MWOFA.

Rep. Marcos replied that the Office of the Undersecretary for Migrant Workers Affairs is the office that primarily takes care of the issues raised by Rep. Padilla. She pointed out that to date, 1.7 million Filipinos are presumed to be undocumented, although lamentably, the DFA is able to hear about such workers only in emergency situations like arrests, injury, death and others. She stressed, however, that the DFA continues to actively seek them out in order to regularize their conditions.

Rep. Padilla inquired anew whether he could secure a copy of the aforementioned report as well as the listing of OFWs even if Rep. Marcos had already assured him about it. He further inquired whether said report includes the list of countries to which Filipinos have been deployed. Rep. Marcos replied that the report contains all the countries where there are Filipinos living and working.

Stating that he has a copy of the initial report, Rep. Padilla pointed out that the term "others" follows the countries "Egypt, Libya and Nigeria" in the list of countries in which Filipino workers are deployed. He inquired on the names of such countries which fall under the heading "others."

Rep. Marcos replied that in the last report, all the countries are named; however, the DFA will provide the names of said countries if indeed the term "others" could be found in the report.

Rep. Padilla thanked Rep. Marcos for responding to his interpellation and stated that Rep. Failon will make a manifestation on behalf of the Minority at the proper time. For the record, he stressed that he is satisfied with the services rendered by the Department, specifically the office that is involved with the interests of OFWs vis-á-vis the concerns he had submitted to the DFA. In view thereof, he stated that he would have no reason to object to the favorable approval of the DFA budget at the proper time. He then adopted Rep. Abaya's manifestation.

Thereupon, on motion of Rep. De Guzman, the Chair recognized Rep. Beltran for his interpellation.

INTERPELLATION OF REP. BELTRAN

Rep. Beltran noted that the Embassies of Australia and Canada were ordered closed a few days ago. He inquired whether both embassies had asked permission from the DFA to close.
Rep. Marcos replied that the DFA was notified of said closure immediately before the two embassies closed their offices.

On whether they cited the reason for the closure, Rep. Marcos replied that the intelligence services of both countries had alleged that there were clear and specific threats to the embassies in Manila, which information, however, was not shared with Philippine authorities.
Rep. Beltran inquired whether the DFA had made known its reaction to the closure of both embassies.

Rep. Marcos replied that Secretary Ople had immediately summoned the Ambassadors from Australia, Canada and the European Union to the DFA and urged them to share the information that had compelled them to close their operations.

On further query, Rep. Marcos stated that said embassies had made it very clear to the DFA that the threats to their operations in Manila were time and place specific and as a result, the order to temporarily close embassy and consular operations came from their main offices.
Rep. Beltran inquired whether the Australian and Canadian Embassies had given previous advisories to their citizens to avoid the Philippines.
Rep. Marcos replied in the affirmative and pointed out that the governments of both countries were compelled to issue advisories because of their security readings.

Rep. Beltran inquired whether Rep. Marcos believes that the actions of the governments of Canada and Australia, like the actions of the governments of other countries, were a direct result of the mission of the Secretary of Foreign Affairs in Europe which in turn resulted in the declaration of the European Union that the CPP-NPA and the NDF are terrorist organizations.

Rep. Marcos replied that the DFA does not perceive any connection between both occurrences.

Rep. Beltran inquired whether the closure of both embassies was a direct result of the advisory of Secretary Ople when he sought protection from the DND because his son may be a victim of terrorism as a consequence of his mission in Europe.

Rep. Marcos replied that the Department does not see any connection between the European mission of Secretary Ople and such events.
Rep. Beltran inquired on the possibility that even the Department of Tourism (DOT) has a "very bad" opinion of the result of Secretary Ople's mission in Europe as the DOT had said that tourism in the Philippines was gravely affected by such decision of the DFA.

Rep. Marcos replied that the DFA is not aware of such a pronouncement made by the DOT. She added, however, that she would soon be defending the proposed budget of the DOT on the floor.

Rep. Beltran thanked Rep. Marcos for the reminder. He then noted that the Embassy of

Australia had expressed its intent to reopen in the Philippines on two conditions, one of which is that they must be allowed to implement preemptive action against the so-called terrorists. He inquired whether the DFA has been informed about it.

The statement from Australia was a general statement not particularly alluding to the Philippine situation or to the closure of their Manila embassies, Rep. Marcos stressed. She said that according to the Australian Ambassador, they will be reviewing the security reports on a daily basis, upon which they will reconsider the early opening of the consular office as well as the embassy.

To the next concern, Rep. Marcos clarified that the Australian government has not made any official request for VFA or MLSA types of contracts.

Rep. Beltran thereafter referred to the National Mining Conference held in Baguio City in May 2002 wherein it was agreed that the two most condemned nations are Australia and Canada because they are the top contributors to the devastation of the country's environment and patrimony. He disclosed that the devastation done by some companies, including Placer Dome or Marcopper and the Western Mining Corporation, were examined during said conference, with the information that these companies have refused to pay for the damages that they have done to the country’s environment. He asked whether this is the reason why the two countries are wary of their business interests in the country as they have committed economic and social terrorism.

While she shares the concern raised by Rep. Beltran, Rep. Marcos stressed that the closure of the embassies is attributable to clear and verifiable security threats and not because of economic and social issues.
On whether Australia and Canada can no longer trust the DND, Rep. Marcos maintained that the DFA cannot speak for the DND.

In ending his interpellation, Rep. Beltran concluded that Australia and Canada, are now reaping threats due to the economic and social atrocities that they had committed against the country.

Rep. Marcos, in reaction, restated that the closure of the embassies was due to security threats.

Thereupon, the Chair recognized Rep. Failon for his interpellation.

INTERPELLATION OF REP. FAILON

Rep. Failon stated that he would be moving for the termination of the period of interpellations on the proposed budget of the DFA. Before doing so, he inquired on the commitment of the DFA officials regarding the establishment of a regional consular office in Tacloban City that would cater to the needs of Region VIII.

Rep. Marcos assured Rep. Failon that the office of the Secretary has committed to establish an ROC in Region VIII as soon as possible in a shared arrangement with LGUs, the DOLE and other government agencies, possibly in January 2003.

MANIFESTATION OF REP. FAILON

Subsequently, Rep. Failon manifested that the Minority had no further questions on the proposed budget of the DFA.

SUSPENSION OF SESSION

On motion of Rep. De Guzman, the session was suspended at 12:30 p.m.

RESUMPTION OF SESSION

At 12:35 p.m., the session was resumed.

TERMINATION OF THE PERIOD
OF INTERPELLATIONS ON THE
PROPOSED BUDGET OF THE DFA

Rep. De Guzman moved for the termination of the period of interpellations on the proposed budget of the DFA. There being no objection to his motion, the Body approved the same.

CONSIDERATION OF THE PROPOSED
BUDGET OF THE OFFICE
OF MUSLIM AFFAIRS

On motion of Rep. De Guzman, there being no objection, the Body considered the proposed budget of the Office of Muslim Affairs (OMA).

On further motion of Rep. De Guzman, the Chair recognized Rep. Cua to sponsor the proposed OMA budget and Rep. Nograles for his manifestation.

MANIFESTATION OF REP. NOGRALES

Rep. Nograles said that he would not question the budget of the OMA, as he noted that it has in fact a meager allocation. He said that he would just like to make a manifestation regarding the abolition of the SPDA. As he noted that the SPDA deals purely with geographical concerns and concentrates its operations in depressed Muslim areas, he maintained that its winding-up activities should be given to the OMA where it rightly belongs. He observed that in the 27 years of existence of the SPDA in his district, it has addressed mostly Muslim concerns by providing equalization in the disparity of development between Christian and Muslim areas.

Rep. Cua remarked that the suggestion is logical, considering that the SPDA deals with Muslim interests. He said that the Committee would relay the suggestion to the Office of the President for serious consideration.

Noting that the SPDA was created by virtue of a presidential decree issued by former President Ferdinand E. Marcos 27 years ago, Rep. Nograles concluded that its abolition needs congressional action. He asked the Sponsor to express the sense of Congress that it would rather have the existing OMA, rather than a task force under the Office of the President, to take over the winding-up process of the SPDA.

On motion of Rep. Escudero, the Chair next recognized Rep. Dilangalen.

INTERPELLATION OF REP. DILANGALEN

Rep. Dilangalen expressed support for Rep. Nograles' position. Noting that the SPDA would be deactivated under Proclamation No. 149, Rep. Dilangalen added that the proposed P150 million budget of the OMA for 2003 should be increased in accordance with the consequences of EO No. 149 at least in Muslim areas and in order to accommodate the concerns of brother Muslims.

manifestation OF REP. DILANGALEN

Thereupon, Rep. Dilangalen stated, on behalf of the Minority, that they had no further questions on the proposed budget of the OMA.

manifestation of rep. escudero

Rep. Escudero stated that the Majority likewise had no further questions on the proposed budget of the OMA.

TERMINATION OF THE PERIOD OF
INTERPELLATIONS ON THE PROPOSED BUDGET OF THE OMA

On motion of Rep. Escudero, there being no objection, the Body closed the period of interpellations on the proposed budget of the OMA.

SUSPENSION OF SESSION

Upon Rep. Escudero's motion, the Chair suspended the session at 12:44 p.m.

RESUMPTION OF SESSION

The session was resumed at 12:45 p.m.

resumption of CONSIDERATION OF THE PROPOSED BUDGET OF THE ERC

On motion of Rep. Escudero, there being no objection, the Body resumed consideration of the proposed budget of the Energy Regulatory Commission (ERC).

For this purpose, Rep. Escudero stated the House in Plenary will be converting itself into a Committee of the Whole. (See Appendix III for the Journal of the Committee of the Whole for December 2, 2002.)

SUSPENSION OF SESSION

On motion of Rep. Escudero, the Chair suspended the session.

It was 12:46 p.m.

RESUMPTION OFSESSION

At 2:14 p.m., the session was resumed.
SUSPENSION OF CONSIDERATION OF
THE PROPOSED BUDGET OF THE ERC

On motion of Rep. Escudero, there being no objection, the Body suspended consideration of the proposed budget of the ERC to accommodate the manifestation of Rep. Amante.

SUSPENSION OF SESSION

On motion of Rep. Escudero, the session was suspended at 2:14 p.m.

RESUMPTION OF SESSION

At 2:21 p.m., the session was resumed.

ADDITIONAL REFERENCE OF BUSINESS

On motion of Rep. Escudero, there being no objection, the Body proceeded to the Additional Reference of Business.

Upon direction of the Chair, the Secretary General read on First Reading the titles of the following Bills and Resolutions, including the Message from the Senate and a Committee Report, which were referred to the appropriate Committees hereunder indicated:

BILLS ON FIRST READING

House Bill No. 5504, entitled:

“AN ACT AMENDING SECTIONS 4, 8, 9, 23, 31, 32, 34, 36, 38, 43, 45, 47, 66 AND 67 OF REPUBLIC ACT NO. 9136, OTHERWISE KNOWN AS THE ELECTRIC POWER INDUSTRY REFORM ACT OF 2001 (EPIRA)”

By Representatives Gonzales II, Ledesma, Zubiri and Teodoro

TO THE COMMITTEE ON ENERGY

House Bill No. 5505, entitled:

“AN ACT ESTABLISHING A NATIONAL HIGH SCHOOL IN BARANGAY PRESIDENT QUEZON, MUNICIPALITY OF LILOAN, PROVINCE OF SOUTHERN LEYTE, TO BE KNOWN AS THE PRESIDENT QUEZON NATIONAL HIGH SCHOOL AND APPROPRIATING FUNDS THEREFOR”

By Representative Saludo
TO THE COMMITTEE ON BASIC EDUCATION AND CULTURE AND THE COMMITTEE ON APPROPRIATIONS

House Bill No. 5506, entitled:

“AN ACT CHANGING THE NAME OF THE BANGUI SCHOOL OF FISHERIES TO BANGUI INSTITUTE OF TECHNOLOGY”

By Representative Ablan

TO THE COMMITTEE ON HIGHER AND TECHNICAL EDUCATION

House Bill No. 5507, entitled:

“AN ACT PROVIDING FOR THE CONVERSION OF THE CAMAMAN-AN TO INDAHAG ROAD, LEADING TO BUKIDNON IN THE CITY OF CAGAYAN DE ORO, PROVINCE OF MISAMIS ORIENTAL INTO A NATIONAL ROAD, AND APPROPRIATING FUNDS THEREFOR”

By Representative Jaraula

TO THE COMMITTEE ON PUBLIC WORKS AND HIGHWAYS AND THE COMMITTEE ON APPROPRIATIONS

House Bill No. 5508, entitled:

“AN ACT PROVIDING FOR THE CONVERSION OF THE BULUA-ANHAON-CANITOAN-PUEBLO DE ORO ROAD IN THE CITY OF CAGAYAN DE ORO, PROVINCE OF MISAMIS ORIENTAL INTO A NATIONAL ROAD, AND APPROPRIATING FUNDS THEREFOR”

By Representative Jaraula

TO THE COMMITTEE ON PUBLIC WORKS AND HIGHWAYS AND THE COMMITTEE ON APPROPRIATIONS

House Bill No. 5509, entitled:

“AN ACT PROVIDING FOR THE CONVERSION OF THE CARMEN-CANITOAN-PAGATPAT-SAN SIMON-BAIKINGON-IPONAN ROAD IN THE CITY OF CAGAYAN DE ORO, PROVINCE OF MISAMIS ORIENTAL INTO A NATIONAL ROAD, AND APPROPRIATING FUNDS THEREFOR”

By Representative Jaraula

TO THE COMMITTEE ON PUBLIC WORKS AND HIGHWAYS AND THE COMMITTEE ON APPROPRIATIONS

House Bill No. 5510, entitled:

“AN ACT PROVIDING FOR THE CONVERSION OF THE DANSOLIHON TO TIGNAPOLOAN AND BESIGAN ROAD, LEADING TO TALAKAG, BUKIDNON, IN THE CITY OF CAGAYAN DE ORO, PROVINCE OF MISAMIS ORIENTAL INTO A NATIONAL ROAD, AND APPROPRIATING FUNDS THEREFOR”

By Representative Jaraula

TO THE COMMITTEE ON PUBLIC WORKS AND HIGHWAYS AND THE COMMITTEE ON APPROPRIATIONS

RESOLUTIONS

House Resolution No. 894, entitled:

“RESOLUTION AUTHORIZING THE COMMITTEES ON AGRICULTURE, FOOD AND FISHERIES, AND TRADE AND INDUSTRY, TO JOINTLY INVESTIGATE, IN AID OF LEGISLATION, THE REPORTED UNHAMPERED AND UNREGULATED ENTRY OF IMPORTED MEAT, POULTRY AND FRUITS AND VEGETABLE PRODUCTS INTO THE LOCAL MARKET”

By Representative Gozos

TO THE COMMITTEE ON RULES

House Resolution No. 895, entitled:

“RESOLUTION URGING THE COMMITTEES ON ENERGY AND LEGISLATIVE FRANCHISES TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE POWER SUPPLY AGREEMENT ENTERED INTO BY THE MANILA ELECTRIC CO. (MERALCO) WITH VARIOUS INDEPENDENT POWER PRODUCERS (IPPs), PARTICULARLY DURACOM MOBILE POWER CORPORATION (DURACOM)”

By Representative Marcos

TO THE COMMITTEE ON RULES

House Resolution No. 896, entitled:

“RESOLUTION EXPRESSING THE SENSE OF THE HOUSE OF REPRESENTATIVES AGAINST PRC RESOLUTION NO. 2001-22 OF THE PROFESSIONAL REGULATION COMMISSION (PRC) DISALLOWING FOREIGN STUDENTS TO TAKE THE DENTAL LICENSURE EXAMINATIONS WHO CAN PROVE FOREIGN RECIPROCITY”

By Representatives Ablan, Padilla, Taganas Layus, Lacson, Abad, Wacnang, Espino, Pablo, Violago, Abaya (A.), Dangwa, Lopez (J.), Calalay, Domogan, Gozos, Ermita-Buhain, Dadivas, Espinosa (E.T.), Ylagan, Villareal, Biazon, Rosales, Soon-Ruiz, Ocampo, Maza, Ramirez-Sato, Tulagan, Espinosa (V.), Suarez, Bacani, Umali (A.V.), Dy (C.), Unico, Banaag, Bersamin, Bulut, Abaya (P.), Sy-Alvarado, Cruz-Ducut, Rodriguez (O.), Leviste, Reyes (V.), Rodriguez (I.), Dumpit, Nepomuceno, Roco, Fuentebella, Uy (R.), Barinaga, Yapha, Kintanar, Cajes, Apostol, Ramiro, Beltran, Cari, Ancheta,

Pingoy, Ipong, Silverio, Nicolas, Celeste, Lanot, Dy (F.), Seachon, Castro, Gatchalian and Falcon

TO THE COMMITTEE ON CIVIL SERVICE AND PROFESSIONAL REGULATION

House Resolution No. 897, entitled:

“RESOLUTION DIRECTING THE HOUSE COMMITTEES ON CIVIL, POLITICAL AND HUMAN RIGHTS AND NATIONAL CULTURAL COMMUNITIES TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, INTO REPORTED HUMAN RIGHTS VIOLATIONS IN SAN LUIS, AGUSAN DEL SUR, INCLUDING THE SUMMARY EXECUTION OF RONNIE MONTES AND STRAFING OF THE HOMES OF THE INDIGENOUS TALA-ANDIG TRIBE LAST OCTOBER 3, 2002 AS WELL AS THE FORCED EVACUATION AND HAMLETTING OF THE BANWAON TRIBE SINCE MAY 4, 2002, WHICH WERE ALLEGEDLY COMMITTED BY MEMBERS OF THE 36TH INFANTRY BATTALION, 402ND BRIGADE OF THE PHILIPPINE ARMY AND CAFGU UNITS IN THE AREA”

By Representatives Ocampo, Beltran and Maza

TO THE COMMITTEE ON RULES

House Resolution No. 898, entitled:

“RESOLUTION EXPRESSING THE WARMEST FELICITATIONS OF THE HOUSE OF REPRESENTATIVES TO EXECUTIVE MINISTER ERAÑO G. MANALO OF THE IGLESIA NI CRISTO AS HE CELEBRATES HIS 78TH BIRTH ANNIVERSARY ON THE 2ND DAY OF JANUARY, 2003 AND ACKNOWLEDGING HIS LAUDABLE EFFORTS IN GUIDING OUR PEOPLE TO FOLLOW PRODUCTIVE LIVES THROUGH HIS SOUND EXAMPLE AND ASTUTE LEADERSHIP”

By Representative Bacani

TO THE COMMITTEE ON RULES

House Resolution No. 899, entitled:

“RESOLUTION URGING THE HOUSE OF REPRESENTATIVES, THROUGH THE COMMITTEE ON GOOD GOVERNMENT, TO IMMEDIATELY CONDUCT AN INVESTIGATION, IN AID OF LEGISLATION, INTO THE ALLEGED ‘MILLION-DOLLAR MAN’ CABINET OFFICIAL WHO RECEIVED $2-MILLION AS BRIBE MONEY”

By Representative Syjuco

TO THE COMMITTEE ON RULES

ADDITIONAL COAUTHORS

The following Members were made coauthors of the Bills hereunder indicated:

Rep. Amado T. Espino Jr. for House Bills No. 159, 216, 304, 526, 629,635, 761, 785, 787, 1578, 1729, 2187, 2266, 2665, 3811, 3851, 3946, 4302, 4665, 4730, 4754, 4765, 4912 and 4981;

Rep. Nanette Castelo Daza for House Bill No. 455;
Rep. Edgar M. Chatto for House Bills No. 590, 3539, 4359, 4942 and 5162;

Rep. Joaquin M. Chipeco Jr. for House Bills No. 904, 5081, 5145 and 5146;

Rep. Edmund O. Reyes for House Bill No. 2433;

Rep. Julio A. Ledesma IV for House Bill No. 4348; and

Rep. Narciso D. Monfort for House Bill No. 5422.

MESSAGE FROM THE SENATE

Message dated November 26, 2002 informing the House of Representatives that the Senate on even date passed Senate Bill No. 2398, entitled:

“AN ACT ELIMINATING THE PREPARATORY RECALL ASSEMBLY AS A MODE OF INSTITUTING RECALL OF ELECTIVE LOCAL GOVERNMENT OFFICIALS, AMENDING FOR THE PURPOSE SECTIONS 70 AND 71, CHAPTER 5, TITLE ONE, BOOK I OF REPUBLIC ACT NO. 7160, OTHERWISE KNOWN AS THE ‘LOCAL GOVERNMENT CODE OF 1991’, AND FOR OTHER PURPOSES”

in which it requests the concurrence of the House of Representatives.

TO THE COMMITTEE ON RULES

ADDITIONAL REFERENCE OF BUSINESS

COMMITTEE REPORT

Report by the Committee on Health and the Committee on Appropriations (Committee Report No. 1072) re H. No. 5525, entitled:

“AN ACT PROVIDING FOR THE MODERNIZATION OF THE HEALTH CARE DELIVERY SYSTEM, APPROPRIATING FUNDS THEREFOR, AND FOR OTHER PURPOSES”

recommending its approval in substitution to House Bill No.1.

Sponsor: Representatives Yapha, Andaya, Macias and the Members of the Committees on Health and Appropriations
TO THE COMMITTEE ON RULES

ADDITIONAL REFERENCE OF BUSINESS

BILL ON FIRST READING

House Bill No. 5512, entitled:

“AN ACT TO AMEND REPUBLIC ACT NO. 8474 CONVERTING THE MUNICIPALITY OF ILAGAN INTO A COMPONENT CITY OF THE PROVINCE OF ISABELA TO BE KNOWN AS THE CITY OF ILAGAN AND FOR OTHER PURPOSES”

By Representative Albano

TO THE COMMITTEE ON LOCAL GOVERNMENT

SUSPENSION OF SESSION

On motion of Rep. Escudero, the session was suspended at 2:23 p.m.

RESUMPTION OF SESSION

At 2:26 p.m., the session was resumed.

CONSIDERATION OF THE PROPOSED BUDGET OF THE COMMISSION ON HUMAN RIGHTS

On motion of Rep. Escudero, there being no objection, the Body considered the proposed budget of the Commission on Human Rights (CHR).

The Chair thereafter recognized Rep. Zamora (R.) for his manifestation.

MANIFESTATION OF REP. ZAMORA (R.)

Rep. Zamora manifested that the Minority had no objections to the proposed budget of the CHR.

SUSPENSION OF SESSION

On motion of Rep. Zamora, the session was suspended at 2:26 p.m.

RESUMPTION OF SESSION

At 2:27 p.m., the session was resumed.

Upon resumption of session, on motion of Rep. Escudero, the Chair recognized Rep. Lobregat for his manifestation.

MANIFESTATION OF REP. LOBREGAT

Rep. Lobregat manifested that Zamboanga City has been a victim of human rights violations by terrorist groups. He expressed hope that the CHR will not only look into the violations of human rights allegedly committed by the armed forces or the police but also by terrorist groups as well. He asked whether the CHR has looked into the lives that were lost in the Kabatangan incident on November 27, 2001 when the Misuari rebel group held more than 130 people hostage in Zamboanga and lives were lost. He likewise referred to the twin bombing incidents that happened in October 2002, this as he noted that the CHR makes a big fuss every time the military allegedly commit human rights violations. As he expressed support for any investigation of violations committed by the AFP and the PNP, he inquired on the violations committed by terrorists or rebel groups.

Rep. Cua agreed with the observation of Rep. Lobregat, and disclosed that the Commission has initiated some kind of investigation. However he said that witnesses are afraid to come out because of fear of intimidation. He expressed hope that the country's leaders can help embolden these witnesses so that they can come out in the open and participate in the investigation.

Rep. Lobregat thanked Rep. Cua for giving a candid answer. He stressed that this is an admission that every time a terrorist group conducts atrocities, there is fear in the hearts and minds of the victims. He surmised that if they appear as witnesses, they will again become further victims of human rights misdeeds which is a violation itself of the right to life. No one can live constantly in fear, he emphasized. He manifested that while the military has witnesses who are not afraid to come out, on the other hand, there are very few witnesses who are willing to testify against terrorist groups, and the situation does not make for a strong Republic.

Thereafter, the Chair recognized Rep. Loretta Ann P. Rosales for her manifestation.

MANIFESTATION OF REP. ROSALES

Rep. Rosales manifested that as chairperson of the Committee on Civil, Political and

Human Rights, her natural sympathies would go to the strengthening and augmenting of the sparse budget of the CHR. As she noted Rep. Cua's observation that witnesses are scarce because they are afraid to come out in the open, she stressed that this is a serious concern that the CHR should address together with Congress. She observed that in the past, the problems of the CHR have been about political orientation, as gleaned from the issues raised by people's organizations and district Representatives that if the CHR does not come up with any complaint, then who are they to respond. As such, she lamented that the problem takes on a very legalistic perspective.

Notwithstanding the CHR's measly allocation, Rep. Rosales maintained that the Commission should give more weight to building structures down to the lowest level instead of strengthening its policy-making functions. As she underscored the need to strengthen the system structurally and administratively, she pointed out that the CHR has reached out only to the regional level to the point of neglecting the provincial level. She cited Rep. Dilangalen's concern that the CHR is afraid to go to Mindanao, particularly in Sulu and Basilan.

Moreover, Rep. Rosales suggested that the CHR should try to overcome the legalistic manner of looking into the problems of human rights which is typical of law enforcement agencies. She observed that under the new leadership of the CHR, there is now a lot of sympathy and support for the civil, political, economic, social and cultural rights of the people.

Given the aforestated observations and despite the meager budget, Rep. Rosales expressed hope that the people can rely on a more supportive relationship between the House Committee on Human Rights and the CHR.

TERMINATION OF THE PERIOD OF
INTERPELLATIONS ON THE PROPOSED BUDGET OF THE CHR

On motion of Rep. Escudero, there being no objection, the Body terminated the period of interpellations on the proposed budget of the CHR.

SUSPENSION OF SESSION

On motion of Rep. Escudero, the session was suspended at 2:39 p.m.

RESUMPTION OF SESSION

At 2:40 p.m., the session was resumed with Rep. De Guzman presiding.
CONSIDERATION OF THE PROPOSED BUDGET OF THE PRESIDENTIAL MANAGEMENT STAFF

On motion of Rep. Escudero, there being no objection, the Body considered the proposed budget of the Presidential Management Staff (PMS).

On motion of Rep. Escudero, the Chair recognized Rep. Marcos to sponsor the same and Rep. Zamora (R.) to interpellate thereon.

INTERPELLATION OF REP. ZAMORA (R.)

Rep. Zamora first asked whether one of the functions of the PMS is to administer and monitor the use of the President's social fund.

Rep. Marcos replied that the PMS validates and coordinates the determination of projects under said fund.
On the total amount of the fund, Rep. Marcos replied that inflows from Philippine

Amusement and Gaming Corporation (PAGCOR), including the balance of January 2001, total over P2.2 billion but that the balance of the fund stands at P384 million.

Thereupon, Rep. Zamora asked where the President spent around P1.8 billion in social funds. Rep. Marcos replied that it was spent on various projects involving infrastructure, livelihood, health, education, children, youth and sports development, housing, tourism, environment, and the culture and the arts.
As regards the criteria for spending for said projects, Rep. Marcos said that disbursements are based on addressing human development through safety nets and capability-building, on establishing a conducive market place, and on rebuilding and strengthening institutions.
As to what institutions have been rebuilt out of the social fund and whether any project had been given to the Lone District of San Juan, Rep. Marcos said that the copious listing of allocations does not contain any assistance for San Juan but for such groups as senior citizens associations, the LGUs and the AFP.
On the criteria for choosing projects to be funded by the social fund, Rep. Marcos enumerated poverty alleviation, the development of depressed provinces and barangays, with emphasis on Mindanao and the ARMM provinces.

Rep. Zamora opined that the President would have given out of her munificence some amounts of the social fund to San Juan as well as the Sponsor's province of Ilocos Norte inasmuch as there are also some poor sections therein. Expressing hope that Rep. Marcos would remind the President and the PMS that both their constituencies still belong to the Philippines, he asked what areas in the country are also not beneficiaries of the social fund.

Rep. Marcos said that financial assistance has been given to a number of projects but not in each and every province on municipality in the country. She confirmed that there is a list of so-called institution-building projects, explaining that they are actually projects of the various departments which seek not to overlap but rather dovetail the departments' different projects such as the DENR’s augmentation funds and the DFA’s release and repatriation funds.

On the other activities of the PMS, the Sponsor subsequently informed the Body that it undertakes staff work for the President's speeches and other executive pronouncements; monitors the President's pledges in the SONA and her commitments during provincial trips; manages the secretariat of the Search Committee; and calendars the President's visits throughout the country.
At this point, Rep. Zamora stressed that the President's travel in 2002 was 11 times more expensive than that in 2001 and asked what would account for an almost 900% increase in her travel budget from the previous P3.4 million.
Rep. Marcos explained that 800 visits are targeted for 2003.
Rep. Zamora remarked that 800 visits translates to two to four visits a day for 220 working days in a year and asked whether the President ever spends time in Malacañang.

Rep. Marcos clarified that the visits are inclusive of provincial sorties and Metro Manila schedules.

Noting that the President has her own budget for these travels, Rep. Zamora asked why the PMS shares in the travel largess.

The PMS, Rep. Marcos said, is also compelled to accompany the President in her foreign trips which are dollar-termed.

Rep. Zamora pointed out that the President spends P130 million a year for local and foreign visits as provided for in the budget of the Office of the President. He

stressed that what he was concerned about was the ballooning of the travel expenses of a support staff office from P3.4 million to P33.4 million.
Rep. Marcos stated that the PMS budget for 2002 was P118,912,000 and its proposed budget for 2003 is P166,985,000.

Noting that P30 million goes to travel expenses and P21.2 million goes to "other services," out of the P48 million difference, Rep. Zamora asked what services are included in both allocations.

At this point, Rep. De Guzman relinquished the Chair to Deputy Speaker Salapuddin.

Rep. Marcos said that P30 million goes directly to travel expenses and P21.2 million is used for other services such as the monitoring and counting of the President's social fund and providing for additional secretariat services for Cabinet meetings and the like.

Rep. Zamora said that he just wanted to zero in on traveling expenses so that the increase therein from P3.4 million to P33.4 million could be justified.

Rep. Zamora then inquired who needs an additional P30 million for travel expenditures in the PMS budget.

In reply, Rep. Marcos first explained that the PMS did not have any budgetary outlay for foreign travel for the previous year. Moreover, she pointed out that the amount will be used in the monitoring of “deliverables” and other commitments made by the President which requires extensive domestic travels. Similarly, she explained that the President had to conduct cabinet meetings in the various regions which require the PMS staff to travel.

Rep. Zamora subsequently noted that the President does not often conduct cabinet meetings since she had decided to be an activist President. In this regard, he observed a change in policies pertaining to cabinet meetings which are not only held in Malacanang, but throughout the country.

Rep. Marcos confirmed these observations. She thereafter cited the following statistics to wit: from January to June 2002: 19 cabinet meetings; 15 RDC-RPOC meetings; 23 search meetings; and 37 Information Technology E-Commerce Council (ITECH) meetings.

On another matter, Rep. Zamora inquired whether there are other speechwriters in the PMS aside from the internal staff who prepare the speeches of the President.

Rep. Marcos replied that the work on these speeches and other executive pronouncements are being undertaken in-house by the PMS personnel. She however acknowledged the help of Rep. Teodoro L. Locsin Jr. with regard to refining and finalizing the President's speech which was delivered on November 30, 2002.

Rep. Zamora thereafter expressed his disappointment with some of the substantial budgetary allocations of the PMS, like the 900% increase in the traveling expenses and the additional 216% increase in what is termed as "Other Services." By and large, he pointed out that every President is supposed to have the kind of staff that he or she wants and that he would have no problems with such since as he had pointed out, the PMS does great work for the President.

Whereupon, Rep. Zamora requested that the PMS provide him with a list of the social fund recipients. He pointed out that his congressional district and some others had not been given budgetary allocation from the President's Social Fund (PSF).

In response, Rep. Marcos pointed out that the PMS had in fact provided two projects in the municipal government of San Juan in the amounts of P15 million and P2 million, respectively. As to the dates that these budgetary allocations were given, she pointed out that the first disbursement was made on October 19, 1998 and the second one on October 29, 1999. She added that the disbursements for these projects had been carried over into the President's social fund inasmuch as a balance remained during the transfer of such funds.

Rep. Zamora thereafter noted that perhaps the Executive Secretary at that time was a little more generous to the municipal government of San Juan than the present dispensation.

Rep. Marcos agreed therewith.

Subsequently, the Chair recognized Rep. Suplico for his interpellation.

INTERPELLATION OF REP. SUPLICO

Rep. Suplico initially inquired whether the Fifth District of Iloilo was a recipient of the PSF during the current Administration.

Rep. Marcos replied in the negative.

Rep. Suplico subsequently noted that based on the COA report for 2001, which is the year that the present administration assumed the presidency, the total disbursements from the PSF amounted to P564 million. He thereafter asked whether the Committee will be able to provide Rep. Zamora with a copy of the projects that have been funded by the PSF.

Rep. Marcos replied that such list would be forthcoming.

Thereupon, Rep. Suplico inquired about the standards required for availing one’s self of the PSF grant.

Rep. Marcos replied that there is a four-pronged set of guidelines, to wit: first, the project should be part of the improvement effort for the poor and disadvantaged; second, that social equity should be upheld at all times; third, that the private sector or the LGUs should be encompassed; and fourth, that poorer and low-income areas, particularly those in the Mindanao communities, should be included.

Rep. Marcos, at this point, enumerated the various projects in the province of Iloilo that had been funded by the PSF, to wit: the Iloilo Press Club, dated April 2002, in the amount of P100,000; the University of San Agustin in Iloilo City, P1 million for the establishment of a center; and for the Ugion Foundation for assistance for home and cottage industries, P1.2 million was released in May, 2001.

Whereupon, Rep. Suplico inquired why PSF funds, which are essentially public funds and subject to government audit, are being used to fund a religious center. He inquired what happened to the constitutional precept concerning the separation of church and state.

In reply, Rep. Marcos explained that the PSF contains a number of items extending financial assistance to Catholic as well as secular institutions. She likewise pointed out that these funds are certainly subject to government audit.

Whereupon, Rep. Suplico underscored that since the President is disbursing

government funds for religious and private institutions, she could be held liable for violating the Constitution.

In her rejoinder, Rep. Marcos replied that indeed the separation of church and state is upheld and enshrined in the Constitution.

Thereupon, Rep. Suplico inquired whether he can now tell his parish priest in Estancia, Iloilo, to make a similar request to the PMS for the repair of the parish church in his municipality. He likewise noted that there are other Members whose congressional districts have churches which are in need of repair.

Rep. Marcos replied that over P300 million remain in the PSF and it could be possible that Rep. Suplico's request and that of the others can be entertained. On whether this is an expressed admission that public funds may be utilized for religious purposes, she pointed out that because of the emphasis on the poor and the disadvantaged, the PSF has sought to address as many of this constituency as possible, regardless of race or creed. With regard then to Rep. Suplico's request, she stated that such request can be sent through letters directly to the Office of the President.

Thereupon, Rep. Suplico inquired whether the PSF are directly remitted to the Office of the President without passing through Congress or the BTr.

Rep. Marcos replied that PD No. 1869 provides that PAGCOR net earnings should go directly to the Office of the President to fund and finance small infrastructure and socio-civic projects.

Whereupon, Rep. Suplico inquired whether the Committee can still provide him with a list of projects that have been funded by the PSF.

Rep. Marcos replied that the PMS has a copy of such list that it can share with the Minority.

MANIFESTATION OF REP. LOBREGAT

Whereupon, Rep. Lobregat manifested that the Minority had no more questions regarding the proposed budget of the PMS.

MANIFESTATION OF REP. DE GUZMAN

Likewise, Rep. De Guzman manifested that the Majority had no questions regarding the proposed budget of the PMS.

TERMINATION OF THE PERIOD OF
INTERPELLATIONS ON THE PROPOSED BUDGET OF THE PMS

On motion of Rep. De Guzman, there being no objection, the Body terminated the period of interpellations on the proposed budget of the PMS.

CONSIDERATION OF THE PROPOSED BUDGETS OF THE DEPARTMENT OF
TOURISM AND ITS ATTACHED AGENCIES

On motion of Rep. De Guzman, there being no objection, the Body considered the proposed budgets of the Department of Tourism (DOT) and its attached agencies.

SUSPENSION OF SESSION

Whereupon, the Chair motu proprio suspended the session to give the technical staff

access to the floor of the Session Hall.

It was 3:20 p.m.

RESUMPTION OF SESSION

At 3:34 p.m., the session was resumed with Deputy Speaker Espinosa presiding.

REMARKS OF REP. DE GUZMAN

As to the parliamentary status of House Bill No. 5238, Rep. De Guzman informed the Body that Rep. Marcos will sponsor the proposed DOT budget while Rep. Lobregat will interpellate thereon.

ACKNOWLEDGEMENT OF GUESTS

Whereupon, Rep. De Guzman acknowledged the presence in the Session Hall of the following guests:

Students of the Parliament Pre-Law Association of San Sebastian College Recoletos, Manila headed by Mr. Jerome Estonillo; and

Mayor Ted Peter Plagata, Vice Mayor Lydia Lagarto, Sanggunian Members Jose Rabago Jr., Wennie Javellana, Merlie Ocampo, Rosalie Plaga, Hector Belloga, Bonifacio Ilisan, Noel Pendioday, Sulpicio Morales and Willie Plaga, all from the municipality of Bingawan, Iloilo, who were guests of Rep. Arthur D. Defensor.

Subsequently, the Chair recognized Rep. Marcos to sponsor House Bill No. 5238 and Rep. Lobregat for his questions.

INTERPELLATION OF REP. LOBREGAT

To Rep. Lobregat's initial question, Rep. Marcos confirmed that the Philippine Tourism Authority (PTA) is an attached agency of the DOT. She also said that the department is aware of the situation in the Sta. Cruz Islands in Zamboanga City and is undertaking action to expropriate the same.

Rep. Lobregat disclosed that PD No. 1801 turned over the administration of the islands to the PTA while Proclamation No. 271 declared the islands as a tourist zone and marine reserve. He then inquired on the action taken by the PTA as regards the allegation that several land titles had been issued to private individuals in 1995 and 1996, although the islands had been declared as inalienable as far back as the 1970s.

Rep. Marcos remarked that the DOT will be grateful for any information that Rep. Lobregat can provide to facilitate the development of the islands as tourist destination.

Rep. Lobregat noted that a congressional investigation on the matter, upon the initiative of Rep. Macarambon, is ongoing. He added that this was prompted by Rep. Macarambon when he questioned the land transfer of the barter trade in Zamboanga City, including the alleged issuance of private titles to inalienable lands in Sta. Cruz island.

Rep. Marcos said that the Committee is aware of the ongoing congressional investigation and welcomes its result so that the Department can take appropriate action. She stressed that the Department is prepared to undertake expropriation if

such action will become necessary.

Rep. Lobregat asked whether the DOT or the PTA could wait until the termination of the congressional inquiry since the Representatives themselves are surprised at the issuance of these titles because they were not even consulted thereon.

Rep. Marcos replied that the Department is not aware of the circumstances under which said titles were issued. Likewise, she said that the Department wishes to rectify at the earliest possible opportunity the issuance of private titles over lands already covered by previous executive issuances.

As to when the Department will take appropriate action, Rep. Marcos replied that the DOT is presently undertaking its own investigation and gathering the documents pertaining to the alleged titles. She said that it will conclude and decide on the appropriate action as soon as all the documents become available. Moreover, she said that the Department will certainly be most grateful for any assistance that Rep. Lobregat may extend.

Rep. Lobregat expressed hope that the decision will happen before the next budget hearing because he will be asking the same questions if the PTA will not take any legal action considering that it controls the Sta. Cruz Islands.

Rep. Marcos said that the DOT Secretary commits to undertake the action as soon as possible pending the submission of the documents regarding alternate claims.

Rep. Lobregat said that he trusts the word of the Secretary of Tourism.

Whereupon, Rep. Lobregat inquired as to the status of the toilets or view decks which have been promised several times already. He asked whether this will be again another promise.

Rep. Marcos replied that the view decks and toilets have already been bidded out as a comprehensive project under the PTA. However, she requested Rep. Lobregat to submit as soon as possible the MOU which was turned over to his staff.

To Rep. Lobregat's query, Rep. Marcos replied that the other districts are also awaiting the implementation of the projects as soon as possible.

Rep. Lobregat expressed hope that said project can be implemented in all districts before the next budget hearing.

Rep. Marcos said that it is the Department's desire to do the same.

Rep. Lobregat inquired on the present status of the PTA considering the ongoing controversy as to who should sit as head of the agency. He then inquired on the position of the DOT and the PTA regarding the matter.

Rep. Marcos explained that the incumbent PTA General Manager is Mr. Robert Dean Barbers while former General Manager Nixon Cua has ended his term.

Rep. Lobregat noted that the PTA controversy is similar to the Subic Bay Metropolitan Authority (SBMA) controversy wherein incumbent Secretary Gordon was in a similar situation vis-á-vis Chairman Felicito Payumo.

Rep. Marcos pointed out that the circumstances prevailing in the alleged appointment are not the same as in the case of the PTA. She maintained that General Manager Cua had already served a total of two years under his previous appointment.

Rep. Lobregat said that he had read an article by Father Joaquin Bernas, a constitutionalist who stated that there are several laws wherein the concepts of “term” and “tenure” are clearly defined. He noted that term and tenure in this case are not clearly defined when it mentioned that the General Manager will serve for a term of six years or the term of the administration which is six years. Considering this ambiguous ruling, he pointed out that Father Bernas himself had opined that the matter should be brought to and decided upon in court.

Rep. Marcos replied that the Presidential Legal Counsel (PLC) has already issued an opinion indicating the term limits applicable to this case.

On whether the case was brought to court by former General Manager Cua, Rep. Marcos replied that there were extensive reports in the media about the PTA controversy. However, she disclosed that the Department is not aware of any action filed in the court as yet. Meanwhile, she emphasized that the opinion of the PLC indicates that the fourth term ended on October 2, 2002.

If ever the case is brought to court and the court decides otherwise, Rep. Lobregat asked whether the DOT and the PTA will accept the decision of the court.

Rep. Marcos replied in the affirmative.

At this point, on motion of Rep. De Guzman, the Chair recognized Rep. Agapito A. Aquino for his interpellation.

INTERPELLATION OF REP. AQUINO (A.)

On whether the DOT program "Visit the Philippines for 2003" is still ongoing, Rep. Marcos replied in the affirmative.

Considering that it is ongoing, Rep. Aquino inquired the reason for delaying the opening of the new airport on April 2003. He said that he has visited the Airport and it is something that the Filipinos could be proud of. He pointed out that whatever concerns they have regarding NAIA Terminal 3 were also their concerns about Airports 1 and 2. He then asked what was causing the delay in the terminal’s opening.

Rep. Marcos explained that the DOT is very keen in opening the NAIA International Passenger Terminal 3. However, she disclosed that no access road has been provided yet for passengers. Moreover, she pointed out that office spaces of government agencies, the airlines and retail establishments have not been turned over to the respective lessees. This, she said, merely addresses physical concerns because there are certain problems as well with regard to legal and contractual issues.

Rep. Aquino said that it should not take six months to fulfill all these requirements. The problem of infrastructure should be addressed immediately so that the Airport will soon be opened, he stressed. He opined that all these delays give the impression that the government wants to take over the operations of the new airport.

Rep. Marcos stressed that the DOT is most eager to start operations in the NAIA Terminal 3. However, she pointed out that the construction, to date, requires many other aspects.

Rep. Aquino expressed hope that the DOT Secretary will invoke his persuasive powers to open the NAIA Terminal 3 as soon as possible to concur with the Department's program for 2003.

Whereupon, Rep. Aquino expressed concern over the reduction of the budget of the Intramuros Authority and the National Parks Development Committee because these are places which immediately attract tourists.

Whereupon, Rep. Aquino noted the P75 million budget for the extension of the airport in Kalibo, Aklan where the famous Boracay Beach is located. He said that he does not see any reason why Congress cannot provide a budget therefor considering that Boracay is a world-class tourist spot.

Rep. Marcos said that she is deeply grateful for Rep. Aquino's concern and understanding. She likewise expressed hope that Rep. Aquino's continuous support for the budget of the DOT will remain relentless and enthusiastic.

Rep. Aquino added that in the North, one of the places to visit is Fort Ilocandia which also needs sprucing up. He inquired whether the islands of the North are available for long-term lease by some foreign investors. He also noted that some islands near Batanes are interesting.

Rep. Marcos agreed with Rep. Aquino that the islands in Batanes are under consideration for inclusion in the ambit of the PEZA Law which is part of the recommendation of the McKenzie Study. She disclosed that the DOT is enthusiastically proposing their inclusion under a management lease scheme.
As to the ballpark figure of tourist arrivals for 2003, Rep. Marcos replied that the original project -- the “Visit Philippines Project” yielded a 25% increase in tourist arrivals.

To Rep. Aquino's query, Rep. Marcos said that there were roughly 2.4 million tourists in 2002.

Rep. Aquino informed the Body that Spain which has a population of 38 to 40 million, receives 50 million tourists a year. Stating that 2.4 million is a measly number, he said that the DOT should strive to have at least 5 million tourists, especially with the opening of the country's new NAIA Terminal 3 airport.

In ending his interpellation, Rep. Aquino noted that former Secretary Alvarez had been doing a good job but after one year of struggling with the Commission on Appointments, he was kicked out. He then inquired whether this is the policy of the Macapagal-Arroyo administration. He suggested that maybe, the DOT Secretary should not do a good job, lest he be kicked out.

Whereupon, on motion of Rep. De Guzman, the Chair recognized Rep. Gilbert C. Remulla for his interpellation.

INTERPELLATION OF REP. REMULLA

Rep. Remulla said that his questions will focus on the planned Entertainment Center of the PAGCOR. He noted that Congress is rushing the franchise or the extension thereof for 25 or 50 years with promises of a multi-billion dollar investment from whoever the investors will be. He then inquired on the participation of the DOT, considering that this project is supposed to bring in tourists from all over the world.

Rep. Marcos replied that the DOT would endorse every project that will attract further tourists into the country. However, she said that to date, the DOT has not received any budget estimate regarding said project.
On whether it would be sufficient to say that the DOT was not officially consulted

by the PAGCOR on this project, Rep. Marcos replied that although said project was spearheaded by PAGCOR, the DOT was consulted only with regard to the tourism impact. She however disclosed that no budget has been released therefor.

Rep. Aquino inquired on the additional arrivals this is expected to draw as he stated that most of the members of the Minority feel that the plan to set up an Entertainment City ala Las Vegas was primarily conceived by PAGCOR without any consultation with the DOT.

Rep. Marcos replied that the convention and exhibition component of Entertainment City will be a valuable addition to the increasing number of meetings and other events that will be held in the country.

Rep. Remulla inquired whether the entertainment and gambling complex would be an ideal type of tourist destination and would draw tourists who may wish to live in the country.

Rep. Marcos replied in the affirmative and added that the Department is enthusiastic about the proposed project as it envisions the holding of world-class concerts, performances, business meetings, industry conferences and consumer conventions, among others. She added that this would be a good boost to the government's tourism efforts.

Subsequently, on motion of Rep. De Guzman, the Chair recognized Rep. Syjuco for his interpellation.

INTERPELLATION OF REP. SYJUCO

Rep. Syjuco initially expressed his pleasure in addressing Rep. Marcos as well as the Secretary of the DOT with whom he has a long-standing friendship that dates back to the 1971 Constitutional Convention (ConCon) when the latter was the "Benjamin" of the ConCon.

He underscored that the world is facing a recession and that in the Philippines, recession is compounded by moral depression. Normally, he said that in such circumstances, a committed secretary of the Department would plan for the time when the world shall have recovered from its sad state and when people shall look forward again to traveling extensively because they feel safe. He inquired on the preparations the DOT has made for better times which he was certain would come again.

Rep. Marcos replied that the DOT has been investing in the future and that "Visit Philippines" is its template for this purpose, calendaring the various events that tourists may be interested in participating thoughout the country.

Rep. Syjuco asked how much of the P1.1 billion total budget of the DOT is being invested in goodwill and in infrastructure for the tourism industry.
Rep. Marcos replied that a big amount of the Office of the Secretary's P727 million budget for the year 2002 is being used for promotion and advertising efforts, although the infrastructure and capital outlay component is unfortunately small because this is distributed between the DOT and the PTA which is its infrastructure arm, with the assistance of the DPWH.

Rep. Syjuco inquired why the investment in infrastructure is not bigger than the budget for goodwill. He opined that while goodwill may take the Department so far, both infrastructure at present and goodwill may go a long way and bring more dividends for the industry.

Rep. Marcos pointed out that the bigger number of infrastructure projects includes access roads which have been identified in the more than P1.8 billion budget of the DPWH for such areas as Ifugao and Mountain Province, Tarlac, Batangas, Palawan, Aklan and other noted tourist destinations.

Rep. Syjuco inquired whether it is true that the DBM had imposed on all departments a 25% reserve requirement for the year 2002 budget.

Rep. Marcos replied in the affirmative and added that due to the deficit, the DOT has suffered from the late release, although not an actual reduction of 25%, of its funds.

Rep. Syjuco inquired whether this is indeed a late release or an actual reduction in the DOT budget considering that it was December 2, 2002 and there are only 29 days left of the remainder of the calendar year and its funds have not been released.

Rep. Marcos replied that the DBM has been releasing funds on a staggered basis and acknowledged that there are indeed delays in the payments for advertising and promotion.

In view thereof, Rep. Syjuco asked whether the DOT has not received one-fourth of its budget and other funds allocated for it.

Rep. Marcos replied in the affirmative and said that several government agencies appear to have suffered the same delay in the release of their funds.

On whether the DOT had 25% of its funds in reserve for the year 2001, Rep. Marcos responded that the entire budget of the Department was released that year, although there were some delays in the process. According to the DOT, Rep. Marcos added, while 25% of its budget has been held back for later release, the same will be turned over to the DOT as soon as cash requirements are overcome.

On whether 25% of the DOT budget for the years 1999 and 2000, respectively, was likewise held in reserve, Rep. Marcos replied that the first and the last time that a reserve was imposed on its budget was in 1998 as part of former President Fidel V. Ramos' response to the Asian crisis.

Rep. Syjuco inquired as to when the projected 25% reserve of the DOT will be released.

Rep. Marcos replied that the DBM had indicated that the first payments will be made in the following week, although there is no information as to when the entire reserved amount would be remitted to the DOT. She expressed hope that, with the help of Rep. Syjuco, the DOT could avail itself of the entire amount at the earliest possible time.

On whether part of the DOT budget could be released within the first quarter of the year 2003, Rep. Marcos replied that the cash requirements for the Department would most likely be met by that time.

Rep. Syjuco inquired whether the releases would be in effect a de facto reduction in the DOT budget for the year 2003, to which Rep. Marcos replied that this is not considered a reduction but a delayed release of the entire sum.

Rep. Syjuco surmised that the activities and programs of the DOT for the year 2002 shall remain intact although they would be funded a little late, and that for the

year 2003, the same activities and programs will be undertaken fully.

Rep. Marcos replied that the Department will exert all efforts to ensure that none of its projects and programs are jeopardized in any way. She added that it is simply the advertising budget, particularly with the Cable News Network (CNN) that has undergone delays because of the lack of cash.

Rep. Syjuco asked what the additional P200 million in the DOT's P900 million budget for the year 2003 was intended for.

Rep. Marcos replied that the additional P200 million was given by the President under the “Visit Philippines 2003” program and this includes media placements, events in Intramuros, collateral for the placements and billboards and banners for special events, among others.
Rep. Syjuco inquired on the share of congressional districts in the DOT budget for infrastructure development projects. Rep. Marcos clarified that the DOT does not undertake infrastructure projects as part of its activities but as part of a comprehensive tourism package. It, therefore, endorses priority projects to the different departments like the DPWH as had been cited earlier, she added.

Rep. Syjuco noted that in the not so distant past, certain officials of the House Appropriations Committee had informed him that in the DOT budget for the year 2002, there were funds for certain small structures in congressional districts. He inquired on the veracity of such information.

Rep. Marcos affirmed this point and explained that a commitment had been made by the DOT under the PTA for the construction of view decks and toilets under the administration of then DOT Secretary Gemma Cruz-Araneta. While this project has been very much delayed, she said that the same had been bidded out and includes the request for a rest area.

Rep. Syjuco agreed to this and stated that he was looking at the same schedule Rep. Marcos was reading. He inquired whether said project is part of the DOT's budget for the year 2002 or 2003.

Rep. Marcos replied that it is part of a separate entity, the PTA budget, and is not included in the DOT budget for the year 2002.

Rep. Syjuco inquired whether the PTA has its own budget which would be taken up separately from the DOT budget.

Rep. Marcos replied in the negative and explained that the corporate budget of the PTA is not derived from the appropriations under the GAB, although it is a part of the DOT family. The corporate budget of the PTA, she said, is derived from travel taxes, operation of its entities, other processing fees and interest income. It maintains a separate book as a corporation under the DOT umbrella, she added.

To subsequent queries, Rep. Marcos clarified that the Secretary, as chairman of the PTA board, has moral suasion over the PTA administrator. As such, she stressed that the Secretary also has a direct role in the administration, approval and execution of PTA policies.

As regards the PTA budget, Rep. Marcos disclosed that this is not reflected in the GAA because it has separate sources of funds and maintains its own books. She added that its projected income for 2003 is P826 million.

Rep. Syjuco asked whether the Secretary has moral suasion and participation over the

P900 million plus P200 million funds under the item "Visit Philippines" in addition to the PTA's P800 million fund. He inquired whether this means that the Secretary has command over some P2 billion worth of funds.

Rep. Marcos answered in the affirmative, this as she stressed that the PTA has an independent board because it is classified as a corporation. Thus, she emphasized that the PTA need not request for any allocation under the GAB. However, she affirmed that in 2003, the PTA will continue pursuing the infrastructure projects it had started in 2001 and 2002 with targeted specific destinations rather than developing a long list of various projects on a per congressional district basis like what it is currently doing.

Thereupon, on motion of Rep. De Guzman, the Chair recognized Rep. Padilla for his interpellation.

INTERPELLATION OF REP. PADILLA

To the initial queries raised by Rep. Padilla, Rep. Marcos disclosed that the DOT budget for 2003 is P1.132 billion, which is a 16% increase over its 2002 allocation. As she affirmed that a number of agencies will suffer from a decrease in their respective budgets, she stressed that the DOT is one of the few Departments that will be given an increase in funding because the President has perceived tourism as one of the growth areas of the economy. She agreed that the figures would show what the priorities of the administration are.

Rep. Padilla commented that for 2003, tourism is given a bigger increase in funds as compared to the one percent increase for education and the decrease in the funds for SUCs. He said that he fails to see any complementing factors between education and the SUCs, and agriculture and tourism.

In response, Rep. Marcos quoted the President's 2003 budget message that at present, tourism is the world's number one money earner, which market should therefore be captured.

Rep. Padilla countered by referring to the President's budget message to Congress on the need for an investment in a strong Republic. He asked how Congress can establish a strong Republic in 2003.
Rep. Marcos answered that this can be achieved with these priorities.

Thereafter, Rep. Padilla inquired where the increase in the DOT budget will go.

The increase will be specifically used for the "Visit Philippines" program that was not included in the present GAA and which requires a supplemental allocation, Rep. Marcos replied. She stressed that the project will include the cost of advertising and promotions because despite the threat of terrorism, the government hopes that tourism will increase from 1.9 million to 2.4 million tourists in 2003. She maintained that despite the closure of the Australian and Canadian embassies as well as the European Commission, the growth of tourism will not be hampered. After recording a tourist arrival of 1,714,000 this year, the Department hopes that the figure will reach 2 million throughout the Christmas season, she emphasized.

Rep. Padilla observed that even after the September 11, 2001 incident in the US, there has been an increase in tourist arrivals in other countries such that an increase would seem to be the trend. However, he claimed that the increase would still have happened prior to the latest incidents mentioned, including the announcement of the three embassies that they had closed because of threats of terrorist attacks.

Rep. Marcos agreed that indeed, the government is being challenged by the Bali bombings and the closure of embassies in Manila.

On whether she is guided by the experience of other countries that allocate a big budget for tourism, Rep. Marcos affirmed that despite a budget deficit, the DOT continues to be inspired by the $280 million allocation for advertising and promotions of neighbors like Malaysia and Thailand.

As regards the budget of Vietnam for information and advertising projects, Rep. Marcos disclosed that it has allocated $30 million over a period of five years for the purpose, or around P340 million a year.

Rep. Padilla thereafter inquired on other means through which the DOT will augment its GAB allocation.

In reply, Rep. Marcos said that the money will come from the savings of the PTA. She disclosed that the President has directed other agencies like the DPWH to supplement the efforts of the DOT. She added that the PTA expects some P826 million remittance from the PAGCOR and the payment of travel tax.

Rep. Padilla clarified that his question was whether the funds will be made available to augment the budget of the Department proper. Rep. Marcos clarified that there are no additional allocations for the "Visit Philippines" program. and that the PTA will continue to utilize funds coming from other agencies such as the PAGCOR, travel taxes, and the like, for projects that it has already undertaken.

As to the total amount that will be derived from these sources, Rep. Marcos said that the grand total anticipated for 2003 is P826 million broken down as follows: travel tax -- P556 million; operational entities -- P183 million; processing fees -- P36.5 million; interest income -- P30 million; and other sources -- P20 million.

Thereupon, Rep. Padilla inquired on the amount of income the PTA itself will generate and how it will distribute the same. He pointed out that some of the PTA's income goes to the budget of the CHED.

Rep. Marcos affirmed that part of the travel tax is given to the AGDF under the CHED. She added that the total amount of P556 million from the travel tax goes to the PTA for various tourism spots across the country, including Boracay, Tagaytay, Luneta and the Hundred Islands.

Rep. Padilla subsequently asked under what law the PTA is able to use the travel tax fund and whether said fund goes to the National Treasury or is automatically appropriated to the PTA.

The Sponsor replied that PD No. 189, as amended by PD No. 564, provides for the distribution of the travel tax fund. She explained that the amount for the PTA goes through the National Treasury first before being remitted to it.

Rep. Padilla then asked who determines the use of the travel tax fund that goes to the PTA.

Saying that the amount which is the same for 2002 stands at P529 million, Rep. Marcos said that the PTA Board under the chairmanship of the Secretary of Tourism makes such decisions. She affirmed that the aforecited amount does not pass the scrutiny of the House.
On whether the PTA has submitted a report on the use of the P529 million, Rep.

Marcos said that the agency is subject to COA regulations and has submitted a breakdown of its expenditures for 2003 to the Subcommittee on Tourism of the Committee on Appropriations as it has done so every year.

Rep. Padilla asked for a copy of said breakdown, saying that it was not included in the documents that were submitted to the Members at the subcommittee level. After assuring Rep. Padilla that he will be given a copy thereof, Rep. Marcos said that the total budget of the PTA for 2003 is P826 million, broken down as follows: PS -- P311 million; MOOE -- P309 million; equipment outlay - P11 million; and infrastructure -- P195 million.

On whether the aforecited total of P826 million includes funds from other sources such as the PAGCOR, Rep. Marcos replied in the negative. She explained that said amount is sourced from 31% of the travel tax, operational entities, processing fees, interest income.

At this point, Rep. Padilla pointed out that what he was earlier asking on was the amount of P529 million which represents the 31% share of the PTA from the travel tax. He inquired anew whether the breakdown of said amount was submitted in the subcommittee level.

Rep. Marcos replied in the affirmative but clarified that they are not reflected in the GAB allocation for the DOT.

Whereupon, Rep. Padilla asked whether the PTA was not represented during the budget deliberations because its budget was not subjected to the scrutiny of the House. He reminded the Body that it has been the practice of the House to require the heads of agencies to be present in the budget deliberations even at the committee level. He asked whether the DOT Secretary and the head of the PTA were present in the Session Hall.

Rep. Marcos replied that Secretary Gordon and PTA Deputy General Manager Oriondo were present but that the newly-appointed PTA General Manager, Mr. Robert Dean Barbers, was unable to appear for the day's session.

MOTION OF REP. PADILLA
Thereupon, Rep. Padilla moved that the Body defer consideration of the proposed budget of the DOT until all of the heads of its attached agencies, including the PTA shall have appeared in plenary session, He said that his motion could be voted upon.

SUSPENSION OF SESSION

The session was suspended at 4:52 p.m., upon Rep. De Guzman's motion.

RESUMPTION OF SESSION

At 5:10 p.m., the session was resumed.

MOTION OF REP. TEVES

Upon recognition by the Chair, Rep. Teves moved for the reconsideration of the approval on Second Reading of House Bill No. 3598.

SUSPENSION OF SESSION

Whereupon, on motion of Rep. Gonzales, the Chair suspended the session at 5:11 p.m.

RESUMPTION OF SESSION

At 5:12 p.m., the session was resumed.

SUSPENSION OF CONSIDERATION
OF THE PROPOSED BUDGETS OF THE DOT AND ITS ATTACHED AGENCIES

Before acting on the motion of Rep. Teves, on motion of Rep. Gonzales, there being no objection, the Body suspended further consideration of the proposed budgets of the DOT and its attached agencies.

CONSIDERATION OF THE PROPOSED BUDGETS OF THE DEPARTMENT OF
AGRICULTURE AND ITS ATTACHED AGENCIES

Whereupon, on motion of Rep. Gonzales, there being no objection, the Body considered the proposed budgets of the Department of Agriculture (DA) and its attached agencies.

ACKNOWLEDGMENT OF GUESTS

Thereupon, Rep. Gonzales acknowledged the presence in the Session Hall of the members of the Intercity Bus Operators Association, headed by its president, Mr. Aladin Simunpac and who were guests of Reps. Salacnib F. Baterina, Samuel M. Dangwa and Rodolfo C. Bacani.

SUSPENSION OF SESSION

Thereupon, on motion of Rep. Gonzales, the Chair suspended the session to allow the technical staff of the Committee access to the Session Hall.

It was 5:13 p.m.

RESUMPTION OF SESSION

At 5:20 p.m., the session was resumed.

MOTION OF REP. DE GUZMAN

Thereupon, Rep. De Guzman moved for the recognition of Rep. Cua to sponsor the proposed budget of the DA.

SUSPENSION OF SESSION

Thereafter, the Chair motu proprio suspended the session at 5:20 p.m.

RESUMPTION OF SESSION

At 5:43 p.m., the session was resumed.

Whereupon, on motion of Rep. De Guzman, the Chair recognized Rep. Cua to sponsor the proposed budget of the DA and Rep. Failon to interpellate thereon.

PARLIAMENTARY INQUIRY
OF REP. LOBREGAT

Upon recognition by the Chair, Rep. Lobregat inquired on the actual status of the DA considering that it now has a new Secretary. He then inquired whether the new

Secretary has any appointment papers.

In reply, Rep. Cua explained that Mr. Luis "Cito" Lorenzo had been appointed by President Macapagal-Arroyo to replace former DA Secretary Leonardo Q. Montemayor. However, he said that an official appointment has not been issued and that Mr. Lorenzo has not taken his oath of office yet.

As to who would represent the DA in the budget deliberations, Rep. Cua replied that former Secretary Montemayor, out of delicadeza, had decided not to attend the budget deliberations but had designated Undersecretary Drilon to represent the DA.
On whether Undersecretary Drilon would more or less be able to bind the Department on the questions that would be propounded by the Members should the Sponsor need to consult with the DA officials, Rep. Cua said that the Undersecretary designation authorizes him to make certain commitments on behalf of the Department. However, he said that to ensure that the commitments made by the Undersecretary will be honored, the Committee has taken the initiative of inviting as well incoming Secretary Lorenzo to attend the proceedings, maybe not as the Secretary of the Department yet but as head of the Presidential Adviser for One Million Jobs wherein programs and activities are well within the ambit of the DA. He said that both the Undersecretary and the incoming Secretary, each in their own capacities, were present in the Session Hall.

Rep. Lobregat said that he has no objection to this agreement provided that the other Members will not object to the verbal appointment of the new Secretary.

Rep. Cua said that it is the situation at the moment.

Rep. Lobregat inquired whether the newly-appointed Secretary will sit in the deliberations, not as the newly-appointed DA Secretary but as Presidential Adviser on One Million Jobs which is also related to agriculture.

In response, Rep. Cua moved that the Body allow newly-appointed Secretary Lorenzo to join in the budget deliberations.

SUSPENSION OF SESSION

To allow incoming Secretary Lorenzo access to the Session Hall, on motion of Rep. De Guzman, the session was suspended at 5:50 p.m.

RESUMPTION OF SESSION

At 5:53 p.m., the session was resumed.

POINT OF ORDER OF REP. LACSON

Upon recognition by the Chair, Rep. Lacson said that his question with regard to the status of the new DA Secretary had been answered by Rep. Cua. He likewise said that although he has been told that the appointment papers of the new Secretary are not yet in order, the Committee has allowed him to sit in the DA budget deliberations to confirm certain commitments which may be discussed. He then asked whether his understanding of the situation was correct.

The Chair replied that the matter had been discussed not in the context of public consumption. He underscored that Mr. Lorenzo will sit in as consultant of Malacañang on agricultural matters.

Rep. Lacson affirmed that there are certain things that others would like to discuss

privately.

The Chair pointed out that private matters should be discussed after the session.

Rep. Lacson inquired whether the matter would be discussed after the Body has approved the budget.

Rep. Cua suggested that if there are concerns that need to be discussed in private, these should be addressed now and not after the discussion of the budget in order not to cause fear among their colleagues that such concerns will no longer be attended to by the Secretary.

The Chair inquired whether Rep. Lacson was satisfied with Rep. Cua's answer.

Rep. Lacson agreed with Rep. Cua's suggestion, this as he expressed belief that all concerns regarding the DA budget should be brought out in the open instead of after the consideration thereof.

Rep. Cua further suggested that the Body proceed with the initial interpellations and later suspend the session to take up some concerns that Rep. Lacson may raise.

Rep. Lacson agreed with Rep. Cua's suggestion.

PARLIAMENTARY INQUIRY
OF REP. BIAZON

Upon recognition by the Chair, Rep. Biazon noted that during the early part of the budget deliberations, an agreement had been made that no committee hearings or meetings will be held while plenary debates are ongoing. He then asked whether the agreement was being followed.

With the permission of the Chair, Rep. De Guzman replied that the agreement still holds.

Rep. Biazon disclosed that he had received a notice of meeting from the Committee on Health regarding House Bill No. 5461 scheduled at 8:30 in the morning of December 3, 2002. He inquired whether the supposed hearing is authorized, considering the earlier agreement by the Members. He further inquired on the action taken by the leadership of the House regarding this notice.

SUSPENSION OF SESSION

On motion of Rep. De Guzman, the session was suspended at 5:59 p.m.

RESUMPTION OF SESSION

At 6:01 p.m., the session was resumed.

SUSPENSION OF ALL
COMMITTEE MEETINGS

In response to the query of Rep. Biazon, on motion of Rep. De Guzman, there being no objection, the Body suspended all committee meetings until the approval of the year 2003 GAB.

PARLAIMENTARY INQUIRY
OF REP. BIAZON

On the query of Rep. Biazon, Rep. De Guzman, with the permission of the Chair, stated that the suspension of all committee meetings will include executive meetings and bicameral conference committee meetings.

QUERY OF REP. REMULLA

Upon recognition by the Chair, Rep. Remulla inquired on the dress code in the Chamber for Members of the House and guests who appear before the Body.

The Chair replied that the dress code is required for Members of the House only.

Rep. Remulla stated that he simply wanted to clarify whether there is no dress code for guests who appear before the Body in the Chamber.

In response thereto, Rep. Cua explained that earlier in the day, he had thought that the budget of the DA would be taken up at ten o'clock. Shortly before that time, he said that he called Mr. Lorenzo to advise him that it would be good for him to appear before the House because the budget of the DA was scheduled for deliberation. He pointed out that the airplane Mr. Lorenzo took for his trip to Manila had just landed when he called the latter and suggested to him to proceed right away to the House even if he was not properly dressed because his presence was more important than his attire. He added that if there was someone to be blamed, it was he, so he was taking full responsibility on the matter.

INTERPELLATION OF REP. FAILON

Upon recognition by the Chair, Rep. Failon inquired on the exact allocation for the DA for the years 2001 and 2002. Rep. Cua cited that the Department's budget for the year 2001 was around P13.9 billion; P19.9 billion for the year 2002; and P18.9 billion for the year 2003.

As to how much had been released out of the DA's P13.9 billion budget for 2001, Rep. Cua clarified that the appropriations that were released in line with the reenactment of the year 2001 budget was P16.1 billion, out of which P14.94 billion was issued a Special Allotment Release Order (SARO).

On further queries, Rep. Cua affirmed that the DA budget for the year 2001 was P16.1 billion and the total amount released for its various projects was P14.9 billion. Out of the P14.9 billion, he said that the amount which has a notice of cash allotment (NCA) already was P8.4 billion. In view thereof, he agreed that up to the present, the DA still has obligations in the amount of P6 billion relative to its 2001 reenacted budget.

On subsequent queries, Rep. Cua pointed out that the DA budget for the year 2002 was P20 billion and the SARO releases amounted to P13.7 billion. Thus, he affirmed that the DA is indebted to the different implementors of projects by about P7 billion. For the year 2003, he added that the proposed budget of the Department is P18.1 billion, and that its combined indebtedness since the years 2001 and 2002 amounts to P15 billion. He agreed with Rep. Failon's view that given the continuous ballooning of the budget deficit, the lack of cash allocation for the DA will continue until the years 2003 and 2004.

Rep. Failon next inquired whether Rep. Cua believes that the President is sincere in keeping the promises she had made in her year 2001 SONA.

Rep. Cua replied that he believes in the sincerity of the President, even as he

stressed the need to balance the management of the deficit vis-a-vis the government's desire to develop the countryside.

Quoting extensively from the President's 2001 SONA, Rep. Failon underscored the Chief Executive's focus on the modernization of agriculture as well as her promise of a million jobs in agriculture and fisheries, and of not less than P20 billion available funds for the farmers and the fishermen, among others. He noted the President's declaration that "there is money and there would be money" and inquired why Rep. Cua had stated that the budgets of the DA for the years 2001 to 2002 still have to be released. He asked where the money is.

Rep. Cua explained that the commitment for the Agriculture and Fisheries Modernization Act (AFMA) is not lodged only in the budget of the DA but in other departments as well. He added that if Rep. Failon wishes to know the amount spent for modernization of the agriculture and fisheries sectors, he should not limit himself to the figures reflected in the DA budget but should also look into the budgets of other departments.

Rep. Failon inquired whether there are available funds for irrigation.

Rep. Cua pointed out that for the year 2002, the aggregate releases for other departments amounted to P21.8 billion in terms of the SARO, and P15.7 billion in terms of the NCA.

Rep. Failon inquired whether the government still owes the implementors of its projects around P50 billion if the sources of other funds are to be considered.

Rep. Cua replied that the figure he had cited covers up to September 2002 only.

Rep. Failon recalled that when he attended the opening of the Twelfth Congress, he was a neophyte and thus was eager to witness the SONA live for the first time. He said he was mesmerized by the speech of the President. He added that he had anticipated the President's ability to implement all her promises but to date, he still has to see the latter's sincerity in keeping her promises. He then recalled that the Members of both Houses were assured that there will be money for agriculture.

Rep. Cua pointed out that the percentage of the SARO to the NCA is 70%. Thus, he maintained that upon receipt of the SARO, the agency will not immediately need the entire amount but only about 15% thereof for mobilization, as the rest can be paid through progressive billing. What is significant is the P21 billion that was already released from January to September 2002 to support the AFMA, he opined.

As to the better and faster means of irrigating farmlands, Rep. Cua opined that flatlands need huge irrigation systems while irrigable lands may only require the use of the smaller communal type of irrigation system.
Rep. Failon thereupon dwelt on the need to finish an irrigation project once it has been started. As he noted that the Department of Agrarian Reform (DAR) has a budget for irrigation, he asked whether the DA has discussed projects with the latter for better and proper implementation thereof.

Rep. Cua clarified that irrigation projects have been identified as one of the projects of the agrarian reform communities (ARC) which are under the DAR. Although the funds are sourced either from the DA or the DAR, he explained that the implementation of the projects is done through the National Irrigation Administration (NIA) which is under the DA.

Rep. Failon opined that the DA should closely coordinate with the DAR so that its projects under the ARC can be supported by DAR funds to ensure their completion. He recalled that in one of the Committee hearings, former DA Secretary Montemayor had admitted that he had not coordinated with the DAR regarding the irrigation budget. He sought assurance that the two agencies will coordinate all irrigation-related programs.

Rep. Cua assured that the Secretary has taken note of Rep. Failon's observation.

Subsequently, Rep. Failon referred anew to the President's SONA that if the Malmar Irrigation Dam will not be completed by September 2002, she will ask the Army Engineering Brigade to take over the construction.

Rep. Cua disclosed that the project is already finished, hence there is no need to have its construction transferred to another contractor.

For the record, Rep. Failon said that during the Bicameral Conference Committee meeting, he will be willing to help find ways to increase the irrigation budget for the entire country. He opined that a strong Republic needs a very strong agricultural sector. As he congratulated Mr. Lorenzo for his appointment as the new DA Secretary, he reserved to make his comments relevant to the accomplishment of the one million jobs project of the President at the proper forum and time.

RESERVATION OF REP. SYJUCO

At this point, Rep. Syjuco reserved to interpellate Rep. Cua after the turn of Rep. Oscar L. Gozos.

The Chair took note of Rep. Syjuco's reservation.
Rep. De Guzman however clarified that after the interpellation of Rep. Gozos, a member of the Minority will follow, after which Rep. Syjuco will have his turn.

The Chair said that Rep. De Guzman should discuss the matter with Rep. Syjuco. He thereafter recognized Rep. Gozos for his interpellation.

INTERPELLATION OF REP. GOZOS

Rep. Gozos initially inquired on the date that Mr. Lorenzo will officially assume his office as the DA Secretary.

Rep. Cua clarified that Mr. Lorenzo will assume office on the day that he takes his oath before the President, which has been scheduled in the very near future.

On whether the new Secretary will correct past mistakes and continue the good works of his predecessor, Rep. Cua assumed that this will be the most logical thing for the Secretary to do.

Rep. Gozos thereupon expressed concern over the Status of the Department's Director of the Agricultural Training Institute (ATI), Mr. Acoba, who is a presidential appointee and was specifically assigned for the aforestated position.

As he disclosed that Mr. Acoba was reassigned to the Office of the Secretary, Rep. Cua said that the move was questioned by the CSC and the Secretary is now awaiting the final disposition of the case. He said that the Department will respect any decision made by the CSC. He affirmed that being a presidential appointee, only the President can remove Mr. Acoba from the position.

A similar case had already been decided by the Supreme Court in Sta. Maria vs. Lopez, wherein it ruled that it is unlawful and illegal to transfer an appointee who is holding a specific appointment to another bureau or office, Rep. Gozos stressed.

Rep. Cua said that the decision of the highest court of the land is well taken. While it is possible to bring back Mr. Acoba to his former position, he maintained that the Department prefers that the CSC make the decision so that the issue can be put to rest. He assured Rep. Gozos that the Secretary will immediately act on the matter in accordance with the legal framework.
On another concern, Rep. Gozos lamented that the solar and mechanical driers that were offered to the districts in the last budget hearing have not materialized.

Rep. Cua agreed that this is the situation in the entire country. However, he disclosed that the funds have already been released and it is only a matter of time before the projects are implemented.

Rep. Gozos stressed that the problem has always been one of time. He expressed hope that the projects will be accomplished because one year has lapsed since the promise to do so had been made.

Rep. Cua relayed the Department's assurance that the projects will be implemented, saying that the NCAs have been released in all regions. He suggested that Rep. Gozos immediately coordinate with the regional offices concerned. He further explained that projects can be implemented by the DA and DPWH regional offices by way of a memorandum of agreement or by the LGU concerned.

POINT OF ORDER OF REP. SYJUCO

Upon recognition by the Chair, Rep. Syjuco said that he had previously made a reservation which the Chair had in fact recognized. He said that while he appreciated the fact that the Majority and the Minority shall take turns in interpellating the Sponsor, the Independents are oftentimes forgotten and left for last. He insisted on his right to speak according to the aforecited reservation.

SUSPENSION OF SESSION

The Chair motu proprio suspended the session at 6:42 p.m.

RESUMPTION OF SESSION

At 6:44 p.m., the session was resumed.

Whereupon, Rep. Syjuco yielded the floor to Rep. Lobregat on the understanding that he will succeed him in interpellating Rep. Cua.

INTERPELLATION OF REP. LOBREGAT

While initially acknowledging the fact that Rep. Syjuco had made reservations the previous week to interpellate the Sponsor of the proposed DA budget on the day that the House was supposed to take up the same, Rep. Lobregat pointed out that he had been listed as the second Minority member to interpellate said Sponsor since the previous week.
Whereupon, Rep. Lobregat asked whether the principal role of the DA is to implement policies and laws concerning agriculture. The Sponsor replied in the affirmative.

Rep. Lobregat then inquired whether the Sponsor was familiar with the Philippine Fisheries Code of 1998 or RA No. 8550, entitled "An Act Providing for the

Development, Management, Conservation of Fisheries and Aquatic Resources, Integrating all Laws Pertinent Thereto"; and whether there is no other department mentioned in it except the DA.

Rep. Cua clarified that the implementation of the Code is the main responsibility of the DA but that it contains certain technical activities such as the delineation of boundaries under Section 123 which would fall under the National Mapping and Resource Information Authority (NAMRIA) under the DENR. He read the aforecited portion into the records.

On whether municipal waters are also defined in the Code, Rep. Cua replied in the affirmative and read into the records paragraph 58 of Section 3 thereof.

Rep. Lobregat subsequently asked whether the IRRs of the Fisheries Code, which the DA had formulated, clearly define municipal waters. Replying in the affirmative, Rep. Cua said that under Rule 4.1(a) of the IRRs, "coastline" refers to the outline of the mainland shore touching the sea at low tide.

Rep. Lobregat also asked anew whether the department mentioned in the Fisheries Code is the DA and not the DENR. The Sponsor reiterated that other than the DA, only the DENR was mentioned as regards the delineation of navigational lanes and similar technical matters.

Rep. Lobregat then asked whether the Code specifically states that the DA through the BFAR shall authorize the NAMRIA to delineate municipal waters. After the Sponsor replied in the affirmative, he asked whether the NAMRIA should follow the definition of "municipal waters" as stated in the Code and in its IRRs.

Affirming the same, Rep. Cua said that the DA is asking the NAMRIA to perform the very technical function of delineation but in accordance with parameters determined by the DA as outlined in the provisions of the Fisheries Code.

Rep. Lobregat pointed out, however, that the DENR issued Department Administrative Order (DAO) No. 17 which did not follow the parameters of the Fisheries Code; and asked whether said issuance can amend a law.

Rep. Cua opined that the IRRs cannot change the provisions of the law.

Subsequently, Rep. Lobregat asked whether the controversy about municipal waters was brought about by the issuance of said DAO which the DENR had no authority to issue in the first place.

Rep. Cua replied that the DENR, through the NAMRIA, is authorized to issue guidelines subject to the parameters provided by the DA including the definition of "municipal waters" in accordance with the provisions of the Fisheries Code.

Rep. Lobregat asked how one can have a different interpretation of a law that is very clear. Pointing out that the Code defines municipal waters to include "marine waters included between two lines drawn perpendicular to the general coastline, including offshore islands", he stressed that DAO NO. 17 completely disregarded the clear meaning of municipal waters.

Agreeing with Rep. Lobregat's observation, Rep. Cua said that a case has been filed by a Mr. Sarabia in the Cadiz Regional Trial Court because the DENR's position on the matter does not exactly follow the DA's parameters.

Rep. Lobregat pointed out that this does not have to result in the filing of a case

when the DA itself could have asserted its position that the issuance of DAO No. 17 was the prerogative of the DA and not the DENR.

Rep. Cua conceded this; however, he pointed out that there is an unwritten rule within the Cabinet that once a position has been taken by a co-department, the other department will have to support said position.

Whereupon, Rep. Lobregat inquired what bureau under the DA is supposed to actually implement the Fisheries Code of 1998.

Rep. Cua replied that it is the Bureau of Fisheries and Aquatic Resources (BFAR). He pointed out that BFAR's present position with regard to DAO No. 17 is different from that of its original position which was not based on archipelagic philosophy. However, he pointed out that since the issuance of DAO No. 17, it has become the policy of the BFAR to support it. He underscored that the issue of what the spirit of the Fisheries Code really is can be finally put to rest by the decision of the court in the case pending in the Cadiz RTC.

In his rejoinder, Rep. Lobregat informed Rep. Cua that he has with him two communications: one dated October 18, 2000 and addressed to then Secretary Antonio H. Cerilles from BFAR Director Malcom Sarmiento and which states that the DAO has no legal basis in adopting the archipelagic principle in the delineation of municipal waters; and another, dated June 4, 2001 from former Secretary Montemayor and addressed to former DENR Secretary Heherson Alvarez which states that the DA/BFAR draft has deleted the provisions on municipal archipelagic baselines and has instead underscored the interpretation of municipal waters as prescribed by the Fisheries Code or RA No. 8550. He thereafter inquired whether the contents of the DA/BFAR draft reflect the present position of the BFAR.

Rep. Cua explained that insofar as the BFAR is concerned, the agency maintains its original position that it does not agree with the archipelagic theory in the delineation of municipal waters. He pointed out that the matter had already been brought to court for resolution.

Whereupon, Rep. Lobregat inquired whether the BFAR would be willing to submit to the Committee on Appropriations a document stating that its present position supports the definition of municipal waters under the Fisheries Code of 1998.

Rep. Cua replied that the BFAR has always been supportive of the Fisheries Code. What it is only trying to avoid, he said, is the possibility that the DA would come up with its own DAO which is completely different from what had already been issued by the DENR. Thus, he said, the appropriate way to resolve this impassé is to await the court's decision on this case.

In his rejoinder, Rep. Lobregat stated that he was not asking the DA to issue a new DAO. What he is only asking, he said, and this can be answerable by a simple “Yes” or “No,” is whether the present position of BFAR is supportive of the definition of municipal waters as contained under RA No. 8550.

Rep. Cua reiterated that the BFAR's concurrence with the DENR regarding DAO No. 17 was only made to extend courtesy to another agency of government.

Rep. Lobregat however pointed out that this same courtesy was not given to BFAR and to the DA when the DENR issued DAO No. 17. He then inquired why the BFAR was not supporting its original position and why it was not doing what it was supposed to do as mandated by law. If BFAR, he said, continues to take that position, it is best for Congress not to give any budgetary allocation to said agency. He also pointed

out that BFAR's position can also be construed to mean that IRRs can amend the law.

SUSPENSION OF SESSION

On motion of Rep. Cua, the session was suspended at 7:20 p.m.

RESUMPTION OF SESSION

At 7:26 p.m., the session was resumed.

INTERPELLATION OF REP. LOBREGAT
(Continuation)

Whereupon, Rep. Cua clarified that the original position of the BFAR which it continues to uphold is that it does not agree with the archipelagic theory in the delineation of municipal waters. He informed Rep. Lobregat that the BFAR will submit to the Committee as soon as possible its position that it does not agree with DAO No. 17 and supports the delineation of municipal waters as stated by the law itself.

On questions regarding the National Agriculture and Fisheries Council (NAFC), Rep. Cua stated that the head of the NAFC is present in the Session Hall; that he has a copy of the NAFC Committee on Fisheries and Agriculture Resolution No. 10, series of 2002; and that the proposed budget of the NAFC for 2003 is P55.7 million. He likewise said that the NAFC is mandated by law to conduct consultations at the regional, provincial and municipal levels so that the DA will have an organization in which to base its policies and programs. He added that the NAFC is a consultative body which provides inputs to the DA.

Thereupon, Rep. Cua read the dispositive clause of Resolution No. 10 which strongly urges the DA to assert its position that DAO No. 17 contradicts the provision of the Fisheries Code. He stated that the Officer-in-Charge of the NAFC had confirmed the content of the Resolution.

Rep. Lobregat next inquired as to why the NAFC is willing to take up the cudgels for the DA while the BFAR, which is supposed to be the lead implementor of the Fisheries Code, seems to take a very soft and whimsical position on the matter.
The Sponsor replied that the BFAR continues to adopt its original position on the issue. He also informed Rep. Lobregat that during the budget hearings at the committee level, former DA Secretary Montemayor had expressed the position that as a matter of courtesy, the department has no choice but to support a coequal department. He said that the former Secretary had thought it better not to take any action on the Resolution and to simply await the decision of the RTC in Cadiz.

In his rejoinder, Rep. Lobregat inquired why the DA does not show courtesy to the House whose Committee on Appropriations has passed a resolution urging the repeal of DAO No. 17 because it contradicts the Fisheries Code.

Rep. Cua shared the sentiments of Rep. Lobregat.

Furthermore, Rep. Lobregat pointed out that the DA did not also show courtesy to the Committee on Agriculture which had also expressed its opposition to DAO No. 17 in a resolution dated March 12, 2002.

Rep. Cua said that the points of Rep. Lobregat are well taken. He agreed that the opinion of the Members of the Committee can really have persuasive influence once these resolutions are submitted to the RTC.

Rep. Lobregat said that the DA should do something about it and take a proactive stand on the matter. He pointed out that the House Legal Affairs Office has also issued a statement stating that DAO No. 17 has usurped the powers of Congress. He asked what Congress will do about it.

Rep. Cua said that the legal opinions can have persuasive influence when these resolutions are brought to the RTC. He added that perhaps the new leadership of the Department might have a different approach on the matter.

Rep. Lobregat inquired as to how DAO No. 17 affects the nation's food security. He also asked whether the Committees on Agriculture, Food and Fisheries, and Appropriations know that DAO No. 17 is anti-fisherfolk.

In reply, Rep. Cua said that this is a matter of opinion.

Rep. Lobregat disclosed that DAO No. 17 is against pelagic fishing because the traditional hook and line method is used to catch pelagic fish, and traditional fishing cannot compete with modern fishing methods. He pointed out that if an ordinary fisherman would like to catch more fish, then he will now be categorized in the league of "commercial fishermen" and as such will not be allowed to fish in local waters. This, in essence, is not promoting the AFMA which Congress is espousing, he added. He said that this will affect the food security of the country because it will encourage fishermen to use only traditional methods of fishing.

Rep. Cua said that the points raised by Rep. Lobregat are well taken. He said that the officials of the DA have been enlightened by the explanation.

Rep. Lobregat pointed out that despite the fact that Congress was advocating this position, the Department has done nothing regarding the matter.

Considering that the DA is now under a new leadership, Rep. Cua said that perhaps, things will now change.

Rep. Lobregat next asked why the regional office in Zamboanga City was transferred to Pagadian City. He asked under what authority had the DA transferred the regional office from Zamboanga City to Pagadian City.

Rep. Cua noted that the transfer was a result of a request by former President Corazon C. Aquino.

To Rep. Lobregat's query, Rep. Cua replied that there is no official study on the costs entailed in effecting such a transfer.

Rep. Lobregat inquired whether government offices are now operating by verbal instructions without any consideration of the cost of transfer. He likewise asked whether the regional transfer has a budget in 2002.

Rep. Cua replied in the negative.

Rep. Lobregat expressed surprise that Congress did not appropriate a single centavo for such transfer in the 2002 and 2003 budgets. He then inquired how regional transfers could have been effected through verbal instructions.

SUSPENSION OF SESSION

At this juncture, on motion of Rep. Cua, the session was suspended at 7:52 p.m.

RESUMPTION OF SESSION

At 7:54 p.m., the session was resumed.
MOTION OF REP. CUA

Whereupon, Rep. Cua moved that the Body recognize Rep. Isidoro E. Real Jr. to enlighten and educate the Members on the matter.

At this point, Rep. Syjuco sought recognition from the Chair.

Rep. Lobregat said that he is still interpellating Rep. Cua on the budget of the DAR.

The Chair asked who will sponsor the proposed budget of the DAR.

Rep. Cua replied that he will still be sponsoring the proposed budget of the DA. However, he said that he would like to request for the recognition of Rep. Real because the latter has personal knowledge of what transpired insofar as the issue is concerned.

To the query of the Chair on whether this will answer Rep. Lobregat's query, Rep. Cua pointed out that Rep. Real will just make a manifestation.

Rep. Lobregat said that his question is whether there was a budget for purposes of the transfer in 2002 and 2003. He asked whether Rep. Cua could not answer his question.

SUSPENSION OF SESSION

The Chair motu proprio suspended the session at 7:56 p.m.

RESUMPTION OF SESSION

At 7:57 p.m., the session was resumed.

REMARKS OF REP. CUA

In order to abbreviate the proceedings, Rep. Cua said that he will attempt to explain what transpired in the issue at hand.

Whereupon, Rep. Cua recalled that the matter took place four years ago when the Supreme Court ruled on the transfer of the regional office of the DAR from Zamboanga City to Pagadian City. On the basis of this decision and in response to the request of the leaders therein, he said that former President Aquino made a verbal instruction and later on, a letter with a marginal note that became the basis for the transfer of the DA regional office. In other words, he said that the President had asked the regional office in Zamboanga City to make the initial transfer. Rep. Lobregat thereafter inquired on the date of the Supreme Court order.

At this point, Rep. Cua yielded the floor to Rep. Real.

In reply to Rep. Lobregat's query, Rep. Real disclosed that during the last months of the Aquino administration, the President issued Executive Order No. 429, transferring the DA regional office from Zamboanga City to Pagadian City.

He recalled that about six years ago, the Supreme Court had issued a decision

categorically stating that the President has the authority to reorganize regions by transferring LGUs from one region to another. He added that he was about to file a motion for the issuance of a writ of execution because the subsequent Presidents did not include all the regional centers of Region IX. He explained that the President's position which she stressed in a meeting in Dipolog, Zamboanga del Norte in the year 2001 was that there was no expressed or implied mandate, since the original order, EO No. 429 provided only for the reorganization of the various regions in the country. Hence, he said that the transfer of the regional center from Zamboanga City to Pagadian City could already be considered as final unless it is amended by law or by executive order considering that by virtue of said Supreme Court decision, the President has the authority to realign administrative regions in the country.

With regard to the expenses, Rep. Real stated that he was aware only of the case of a few personnel and some minor facilities which had been transferred due to lack of funds. He underscored that the final decision for the transfer was made by the Supreme Court which had ruled in their favor. Moreover, he said that no bill has yet been filed amending said EO, and no President from the time of former Presidents Aquino, Ramos and Estrada, up to the time of President Macapagal-Arroyo, had amended the same. He emphasized that inasmuch as the original EO No. 429, which was issued in 1987, has not been amended, he claimed that said Supreme Court decision has become final and the transfer is only a matter of time.

As to when said decision was handed down by the Supreme Court, Rep. Real replied that it was issued in 1995.

Rep. Lobregat noted that although no appropriation was approved for the transfer, the DA had incurred expenses in effecting the same. He stated that he had asked the DA to officially submit to him a record of all its expenses, even as he stressed that there were no funds for the transfer.

Rep. Lobregat next inquired on the DA budgets for the years 1996 to 2002, and under what budget the provinces of Misamis Occidental, Lanao del Sur and Lanao del Norte fall under. He pointed out that the budgets of Region IX and the DPWH do not contain the allocations for said provinces and opined that EO No. 429 was never in effect, as it was superseded by EO No. 365 which was issued at a later date.

Rep. Real maintained that EO No. 365 did not touch on Region IX's regional center, that is why the President had announced that she had to implement EO No. 429 which may only be amended either by Congress or by the Office of the President. Thus, he said that the transfer could become effective even in the absence of a budget for the purpose because only minimal expenses were incurred and these could be taken from the savings or from the MOOE of the DA. He added that the Committee had tried its best to secure funds but because of budgetary constraints, it was not able to do so. Nonetheless, he stated anew that the transfer had been effected only partially, and that the decision of the Supreme Court is final as the President had announced that she would not amend EO No. 429.

Rep. Lobregat surmised that the President may not have been apprised of EO No. 325 which was issued on a much later date. He noted that the pertinent provision of the Constitution refers to regional councils and inquired whether it would be logical for a province that reports to one regional council to belong to another region. He maintained that the Constitution does not talk about areas but of regional councils, while EO No. 325 which was issued after the Supreme Court handed down its decision, provides in the IRRs that the regional center is Zamboanga City and not Pagadian City. He reiterated that the President must have been misinformed that was why she gave her verbal instructions.

Rep. Lobregat noted that the scope and location of the Regional Development Council (RDC) from Region I to the NCR are very clearly provided in EO No. 325. He asked how it could be said that Region IX is the exception when the EO provides that Region IX, Western Mindanao, is comprised of the provinces of Basilan, Zamboanga del Norte, Zamboanga del Sur and the cities of Dapitan, Dipolog, Pagadian and Zamboanga, with Zamboanga City as the regional center. He further asked how EO No. 429 could have been in effect when what had been in operation was actually EO No. 325. He reiterated that the President may not have been given the right information.

Rep. Real explained that EO No. 325 mentions only the various sites of the RDCs all over the country. He added that being a substantive law, EO No. 429 cannot be repealed merely by the IRRs which provide that the site of the Office of the RDC, not the regional center, is in Zamboanga City.

Rep. Lobregat inquired whether the NEDA is authorized to issue the IRRs for EO No. 325.

Rep. Real replied that the NEDA had really made a mistake because the IRRs could never amend EO No. 429 which has the effect of a law. The NEDA, he said, is merely a part of the Cabinet and an agency attached to the Office of the President.

On whether said EO provides that the NEDA will issue the IRRs, Rep. Real replied in the affirmative. He stressed, however, that the IRRs could never amend substantive law.

Rep. Lobregat inquired anew whether EO No. 325 provides that the NEDA shall issue the IRRs

Rep. Real replied that this may be true with regard to the valid set of implementing rules and regulations but not with regard to the portion which designates the site of the RDC for Region IX. He maintained that EO No. 325 is an irregular issuance because it has the effect of repealing EO No. 429.

Rep. Lobregat inquired why the provinces had shifted their regional reporting to the RDCs if EO No. 325 is an illegal issuance. He quoted from EO No. 325 the provision which mandates the NEDA to "prepare and adopt detailed guidelines to implement its specific provisions" and inquired who the head of the NEDA was. He further asked whether the chairman of the NEDA is the President of the Philippines, and that former President Ramos had signed said EO No. 325.

He added that he would no longer belabor his point as he reiterated that the transfer was made pursuant to verbal orders; it was effected without any appropriations in the years 2002 and 2003 budgets; and that the DA incurred expenses because of said transfer. Regardless of the number the EO had, he said that the fact remains that a transfer was made even if there was no appropriation for it in the GAA. He claimed that, in effect, there may have been technical malversation involved herein.
He further recalled that during the hearings of the Committee, he had asked where the funds for the transfer were charged, and was informed that the same were charged against the GMA rice funds. He said that he had found out, however, that many of the expenses involved were not charged to the GMA rice funds as pointed out by the DA.

At this juncture, Rep. Real yielded the sponsorship of the proposed DA budget to Rep. Cua.

Thereupon, Rep. Cua pointed out that after conferring with the representatives of the DA, he had been informed that the funds for the transfer were taken from the

MOOE.

Rep. Lobregat asked the Committee to furnish him a copy of the transcript of proceedings of the subcommittee hearing during which an admission was made that inasmuch as there were no available funds, the expenditures for the transfer were charged to the GMA rice fund. He added that when he asked for a detailed listing of the expenses incurred, such items as rice, livestock and others were even included.

Rep. Cua clarified that when he said that there were no funds for the transfer, what he meant was that there was no specific item to fund the transfer.

Rep. Lobregat claimed that when he asked the DA for specifics, the DA replied that it does not know how much the transfer would cost. He asked how an item for something could have been included in the GAB when the Committee does not know how much it would cost. He added that the Committee on Agriculture, Food and Fisheries had submitted the entire document to him, yet there was no indication of the funds necessary for said transfer.

Rep. Cua replied that there was no specific item therefor.

Rep. Lobregat further asked how the transfer could have been effected if the Committee did not know how much it cost. He asked the Committee to pinpoint the portion in the documents submitted to him in its budget hearings which refer to the original transfer. He stated that he could defer his interpellation and allow Rep. Syjuco to interpellate if the Committee could not provide the answer to his query at the moment.

Rep. Cua replied that the records have been properly documented during the subcommittee hearings. He added that perhaps, they should not belabor the point.
Rep. Lobregat countered that he would like to prove a point.
As he restated that the point had been well proven, Rep. Cua stressed that there is no specific item for the transfer of the regional office.

Rep. Lobregat however maintained that said concern was corroborated by the Committee chairman when he answered that there is no 2003 budget for any regional transfer.

MOTION OF REP. LOBREGAT
Thereafter, Rep. Lobregat moved to defer the deliberations on the proposed budget of the DA.

SUSPENSION OF SESSION
On motion of Rep. Cua, the session was suspended at 8:21 p.m.

RESUMPTION OF SESSION

At 8:22 p.m., the session was resumed.

SUSPENSION OF CONSIDERATION OF
THE PROPOSED BUDGET OF THE DA

On motion of Rep. Bondoc, there being no objection, the Body suspended consideration of the proposed budget of the DA.

PARLIAMENTARY INQUIRY
OF REP. SYJUCO

Upon recognition by the Chair, Rep. Syjuco inquired on the status of Rep. Lobregat's

motion to defer the deliberations on the proposed DA budget.

The Chair thereupon recognized Rep. Lobregat for his remarks.

WITHDRAWAL OF REP. LOBREGAT'S
MOTION

Rep. Lobregat said that he was willing to temporarily withdraw his motion to allow Rep. Syjuco to interpellate Rep. Cua after his turn.

REMARKS OF THE CHAIR

The Chair however stated that the motion to suspend consideration of the proposed DA budget had already been approved by the Body. He said that Rep. Lobregat may file a motion for reconsideration.

MOTION FOR RECONSIDERATION
OF rep. lobregat

On motion of Rep. Lobregat, there being no objection, the Body reconsidered the suspension of consideration of the proposed budget of the DA.

At this point, Rep. Syjuco sought recognition to file another motion.

REMARKS OF REP. BONDOC

Rep. Bondoc stated that the parliamentary status was that Rep. Lobregat had asked for a reconsideration of the suspension of deliberations of the proposed DA budget, thus the Body was still in the process of deliberating thereon.

MOTION OF REP. SYJUCO

Rep. Syjuco stated that he would like to file a motion postponing to a certain date the deliberation of the proposed DA budget. He said that the situation is that there is now a new DA Secretary who should be accorded courtesy to allow him to find his bearings with regard to the DA budget. He pointed out that the former DA Secretary had a conflict with the former DENR Secretary, who had also just been replaced.

In the interest of everyone, and to enable the chairman of the Subcommittee on Appropriations for Agriculture more time to prepare his answers to interpellations, especially on the questions raised by Rep. Lobregat, Rep. Syjuco moved that the Body defer the deliberations on the proposed DA budget to December 17, 2002.

SUSPENSION OF SESSION

On motion of Rep. Bondoc, the session was suspended at 8:26 p.m.

RESUMPTION OF SESSION

The session was resumed at 8:40 p.m.

REMARKS OF REP. SYJUCO

Upon recognition by the Chair, Rep. Syjuco said that he had consulted with the Majority Leader and the three Congresswomen whose voices he represents and that they had agreed that the proposed budget of the DA will not be approved without their presence and participation. He stated that it was in view of the same that he was accepting an amendment to his previous motion such that the Body will defer

consideration of the aforecited budget not earlier than seven days to date, to allow the new DA Secretary to study and organize the programs of his Department.

With the permission of the Chair, Rep. Bondoc said that the Committee on Rules believes that no department budget should pass in the House should any Member have critical concerns regarding the same. He clarified that it was his understanding that Rep. Syjuco had agreed to the deferment of the consideration of the proposed DA budget but not to a particular date. He assured Rep. Syjuco of his commitment that the DA budget will not be passed should he or any other Member still have critical concerns thereon.

SUSPENSION OF CONSIDERATION
OF THE PROPOSED BUDGET OF THE DA

There being no objection, the Body suspended consideration of the proposed budget of the DA.

REMARKS OF REP. BONDOC

With the permission of the Chair, Rep. Bondoc clarified that the motion that the House had just approved was to defer the consideration of the proposed budget of the DA.

REMARKS OF REP. CUA

Upon recognition by the Chair, Rep. Cua said that while he had no objection to the deferment of the proposed budget of the DA, he wanted to state that he was prepared, ready and willing to answer interpellations thereon but that he would defer to the collective wisdom of the Chamber.

SUSPENSION OF SESSION
The Chair suspended the session at 8:44 p.m. upon Rep. Bondoc's motion.

RESUMPTION OF SESSION
The session was resumed at 8:46 p.m.

RESUMPTION OF CONSIDERATION OF THE PROPOSED BUDGET OF THE ERC

Thereafter, on motion of Rep. Bondoc, there being no objection, the Body resumed consideration of the proposed budget of the ERC.

MOTION OF REP. BONDOC

After saying that the proposed budget of the ERC was in the period of interpellations, Rep. Bondoc moved that the previous discussions thereon in the Committee of the Whole be made part of the records.

OBJECTION OF REP. SYJUCO

Upon recognition by the Chair, Rep. Syjuco registered his objection to Rep. Bondoc's motion.

MOTION OF REP. SYJUCO

Rep. Syjuco moved that the Body defer consideration of the proposed budget of the ERC and instead take up the proposed budget of the DOT.

SUSPENSION OF SESSION

The Chair motu proprio suspended the session at 8:47 p.m.

RESUMPTION OF SESSION

The session was resumed at 8:47 p.m.

WITHDRAWAL OF REP. SYJUCO'S
OBJECTION AND MOTION

Thereupon, Rep. Syjuco withdrew his objection to Rep. Bondoc's motion as well as his own motion.

APPROVAL OF REP. BONDOC'S MOTION

There being no objection, the Body approved Rep. Bondoc's motion that the previous discussions on the proposed budget of the ERC be made part of the records of the Journal.

REMARKS OF REP. LOBREGAT

Upon recognition by the Chair, Rep. Lobregat said that the ERC had already submitted the data Rep. Cynthia A. Villar had requested and the Minority had no more questions on its proposed budget.

TERMINATION OF THE PERIOD
OF INTERPELLATONS ON THE
PROPOSED BUDGET OF THE ERC

On motion of Rep. Bondoc, there being no objection, the Body terminated the period of interpellations on the proposed budget of the ERC.

SUSPENSION OF SESSION

On motion of Rep. Bondoc, there being no objection, the Chair suspended the session until ten o'clock in the morning of Tuesday, December 3, 2002.
It was 8:49 p.m., Monday, December 2, 2002.

RESUMPTION OF SESSION

At 10:00 a.m., Tuesday, December 3, 2002, the session was resumed with Rep. De Guzman presiding.

ADDITIONAL REFERENCE OF BUSINESS

Thereupon, on motion of Rep. Escudero, there being no objection, the Body proceeded to the Additional Reference of Business.

Upon direction of the Chair, the Secretary General read on First Reading the titles of the following Bills and Resolutions, including the Messages from the Senate and the Committee Reports, which were referred to the appropriate Committees hereunder indicated:

BILLS ON FIRST READING

House Bill No. 5513, entitled:

“AN ACT CREATING A NATIONAL HIGH SCHOOL IN BARANGAY BALINTAD IN THE MUNICIPALITY OF GANASSI, PROVINCE OF LANAO DEL SUR TO BE KNOWN AS THE WEST UNAYAN NATIONAL HIGH SCHOOL, AND APPROPRIATING FUNDS THEREFOR”

By Representative Macarambon

TO THE COMMITTEE ON BASIC EDUCATION AND CULTURE AND THE COMMITTEE ON APPROPRIATIONS

House Bill No. 5514, entitled:

“AN ACT AMENDING FURTHER REPUBLIC ACT NO. 7687, AS AMENDED, PROVIDING CONTINUING FUNDING FROM THE PHILIPPINE AMUSEMENT AND GAMING CORPORATION (PAGCOR) TO AUGMENT THE SCIENCE AND TECHNOLOGY SCHOLARSHIP FUND”

By Representatives Bacani, Abayon, Reyes (E.), Acosta, Angara-Castillo, Zamora (M.), Ylagan, Ipong and Perez

TO THE COMMITTEE ON GAMES AND AMUSEMENTS
House Bill No. 5515, entitled:

“AN ACT ESTABLISHING THE TUBBATAHA REEF NATIONAL MARINE PARK IN THE PROVINCE OF PALAWAN AS A PROTECTED AREA, PROVIDING FOR ITS MANAGEMENT AND FOR OTHER PURPOSES”

By Representatives Mitra and Sandoval (V.)

TO THE COMMITTEE ON NATURAL RESOURCES

House Bill No. 5517, entitled:

“AN ACT GRANTING TWENTY PERCENT (20%) DISCOUNT ON THE PURCHASE OF CELLCARDS BY A SENIOR CITIZEN WHOSE INCOME IS NOT MORE THAN ONE HUNDRED TWENTY THOUSAND PESOS PER ANNUM, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 7432, OTHERWISE KNOWN AS THE ‘LAW MAXIMIZING THE CONTRIBUTION OF SENIOR CITIZENS TO NATION BUILDING, GRANT BENEFITS AND SPECIAL PRIVILEGES’”

By Representative Abayon

TO THE COMMITTEE ON POPULATION AND FAMILY RELATIONS

House Bill No. 5518, entitled:

“AN ACT PROVIDING COMPENSATION TO PERSONS WHO ARE KILLED OR INJURED WHILE COMING TO THE AID OR RESCUE A VICTIM AND/OR TRYING TO PREVENT A COMMISSION OF A VIOLENT CRIME, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 7309, AND FOR OTHER PURPOSES”

By Representative Abayon

TO THE COMMITTEE ON REVISION OF LAWS

House Bill No. 5519, entitled:

“AN ACT PROVIDING FOR ADDITIONAL MEMBERS OF THE BOARD OF TRUSTEES OF THE NATIONAL MARITIME POLYTECHNIC, AMENDING FOR THE PURPOSE PRESIDENTIAL DECREE NO. 1369”

By Representative Abayon

TO THE COMMITTEE ON HIGHER AND TECHNICAL EDUCATION

House Bill No. 5520, entitled:

“AN ACT TO UPGRADE THE MINIMUM SALARY GRADE LEVEL OF PUBLIC SCHOOL TEACHERS FROM SALARY GRADE TEN (10) TO NINETEEN (19)”

By Representative Abayon

TO THE COMMITTEE ON APPROPRIATIONS AND THE COMMITTEE ON BASIC EDUCATION AND CULTURE

RESOLUTIONS

House Resolution No. 900, entitled:

“RESOLUTION URGING THE COMMITTEE ON GOOD GOVERNMENT TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, IN THE DISCHARGE OF THE DUTY OF THE PHILIPPINE ANTI-GRAFT COMMISSION, THE NATIONAL BUREAU OF INVESTIGATION, AND THE OFFICE OF THE OMBUDSMAN TO INVESTIGATE THE SO-CALLED ‘MILLION-DOLLAR MAN ISSUE’ ”

By Representative Marcos

TO THE COMMITTEE ON RULES

House Resolution No. 901, entitled:

“RESOLUTION DIRECTING THE COMMITTEE ON GAMES AND AMUSEMENT TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, INTO THE ACTIVITIES OF THE ASIAN MEDIA DEVELOPMENT GROUP, PARTICULARLY ITS ALLEGED COLLECTION OF FEES FROM NETWORK GAMING ESTABLISHMENTS AND OTHER COMPLAINTS OF ALLEGED ANOMALIES AND IRREGULAR TRANSACTIONS”

By Representative Veloso

TO THE COMMITTEE ON RULES
House Resolution No. 902, entitled:

“RESOLUTION RECOMMENDING A JOINT CONGRESSIONAL INVESTIGATION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES ON THE APPROPRIATION OF INTELLIGENCE FUNDS PENDING THE BUDGET HEARING”

By Representative Marcos

TO THE COMMITTEE ON RULES

House Resolution No. 903, entitled:

“RESOLUTION DIRECTING THE HOUSE COMMITTEES ON FOREIGN AFFAIRS AND NATIONAL DEFENSE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, INTO THE PROVISIONS OF THE RECENTLY SIGNED MUTUAL LOGISTICS SUPPORT AGREEMENT (MLSA)”

By Representative Marcos

TO THE COMMITTEE ON RULES

ADDITIONAL COAUTHORS

With the permission of the Body, the following Members were made coauthors of the

Bills and Resolution hereunder indicated:

Rep. Hussin U. Amin for House Bill No. 4618;

Rep. Mark O. Cojuangco for House Resolution No. 785;

Rep. Gerardo S. Espina for House Bill No. 5421;

Reps. Ernesto “Banzai” Nieva and Alfonso V. Umali Jr. for House Bills No. 5514, 5517 and 5518;

Rep. Augusto L. Syjuco Jr. for House Bill No. 4521;

Rep. Romualdo T. Vicencio for House Resolution No. 898;

Rep. Perpetuo B. Ylagan for House Bills No. 5517 and 5518; and

Rep. Reynaldo S. Uy for House Bills No. 5514 and 5518.

WITHDRAWAL OF COAUTHORSHIP

The following Members withdrew their coauthorship on the Bills hereunder indicated:

Rep. Herminia M. Ramiro for House Bill No. 4110; and

Rep. Enrico R. Echiverri for House Bill No. 581.

MESSAGES FROM THE SENATE

Message dated November 11, 2002 informing the House of Representatives that the Senate on even date passed Senate Bill No. 2168, entitled:

“AN ACT RECOGNIZING CEBU INTERNATIONAL SCHOOL AS AN EDUCATIONAL INSTITUTION OF INTERNATIONAL CHARACTER, GRANTING CERTAIN PREROGATIVES CONDUCIVE TO ITS GROWTH AS SUCH, AND FOR OTHER PURPOSES”

in which it requests the concurrence of the House of Representatives.

TO THE COMMITTEE ON RULES

Message dated November 26, 2002 informing the House of Representatives that the Senate on even date passed Senate Bill No. 2398, entitled:

“AN ACT ELIMINATING THE PREPARATORY RECALL ASSEMBLY AS A MODE OF INSTITUTING RECALL OF ELECTIVE LOCAL GOVERNMENT OFFICIALS, AMENDING FOR THE PURPOSE SECTIONS 70 AND 71, CHAPTER 5, TITLE ONE, BOOK I OF REPUBLIC ACT NO. 7160, OTHERWISE KNOWN AS THE ‘LOCAL GOVERNMENT CODE OF 1991’, AND FOR OTHER PURPOSES”

in which it requests the concurrence of the House of Representatives.

TO THE COMMITTEE ON RULES

COMMITTEE REPORTS

Report by the Committees on Agrarian Reform, Banks and Financial Intermediaries, Appropriations and Ways and Means (Committee Report No. 1063), re H. No. 5511, entitled:

“AN ACT PROVIDING MEASURES TO ENHANCE THE ACCEPTABILITY OF AGRICULTURAL LANDS AS

SECURITY FOR LOANS OBTAINED FROM LENDERS, BANKS AND OTHER FINANCIAL INSTITUTIONS THEREBY PROMOTING ACCESS TO RURAL CREDIT, PROVIDING MECHANISMS THEREFOR AND FOR OTHER PURPOSES”

recommending its approval in substitution of House Bills Numbered 341, 2665 and 3946.

Sponsors: Representatives Ipong, Lopez (J.), Andaya, Ledesma, Banaag, Lapus, Gonzales II, Jaraula, Lacson, Amin, Dadivas, Monfort, Syjuco, Badelles, Espina, Espino, Cari, Zialcita, Chatto, Del Mar and Joaquin

TO THE COMMITTEE ON RULES

Report by the Committee on Women (Committee Report No. 1064), re H. No. 5516, entitled:

“AN ACT DEFINING THE CRIME OF ABUSE OF WOMEN IN INTIMATE RELATIONSHIPS, PRESCRIBING PENALTIES THEREFOR, PROVIDING FOR PROTECTIVE MEASURES FOR VICTIMS, AND FOR OTHER PURPOSES”

recommending its approval in substitution of House Bills Numbered No. 35, 584, 1011 and 1308.

Sponsors: Representatives Joson, Angara-Castillo, Antonino-Custodio, Joaquin and Castelo Daza

TO THE COMMITTEE ON RULES

Report by the Committee on Public Works and Highways and the Committee on Appropriations (Committee Report No. 1065), re H. No. 3782, entitled:

“AN ACT CONVERTING THE PUROG - STO. NIÑO - ANGARE - DILA-AN, DUEÑAS PROVINCIAL ROADS IN THE FOURTH DISTRICT OF THE PROVINCE OF ILOILO INTO A NATIONAL ROAD, AND APPROPRIATING FUNDS THEREFOR”

recommending its approval with amendments.

Sponsors: Representatives Amante, Andaya and Monfort
TO THE COMMITTEE ON RULES

Report by the Committee on Public Works and Highways and the Committee on Appropriations (Committee Report No. 1066), re H. No. 3768, entitled:

“AN ACT CONVERTING THE POBLACION - JARDIN - SAPAO TO MALO-OY DUMANGAS ROAD IN THE PROVINCE OF ILOILO INTO A NATIONAL ROAD, AND APPROPRIATING FUNDS THEREFOR”

recommending its approval with amendments.

Sponsors: Representatives Amante, Andaya and Monfort

TO THE COMMITTEE ON RULES

Report by the Committee on Public Works and Highways and the Committee on Appropriations (Committee Report No. 1067), re H. No. 3786, entitled:

“AN ACT CONVERTING THE BURGOS - RIGIDOR POBLACION - LACTURAN - BACAY - SAPAO, DUMANGAS ROAD IN THE PROVINCE OF ILOILO INTO A NATIONAL ROAD, AND APPROPRIATING

FUNDS THEREFOR”

recommending its approval with amendments.

Sponsors: Representatives Amante, Andaya and Monfort

TO THE COMMITTEE ON RULES

Report by the Committee on Public Works and Highways and the Committee on Appropriations (Committee Report No. 1068), re H. No. 3783, entitled:

“AN ACT CONVERTING THE BANGGA ERMITA - SULANGAN - BALABAG, DUMANGAS OF THE PROVINCE OF ILOILO INTO A NATIONAL ROAD, AND APPROPRIATING FUNDS THEREFOR”

recommending its approval with amendments.

Sponsors: Representatives Amante, Andaya and Monfort

TO THE COMMITTEE ON RULES

Report by the Committee on Public Works and Highways and the Committee on Appropriations (Committee Report No. 1069), re H. No. 3784, entitled:

“AN ACT CONVERTING THE CALACA-AN - ROMBLON - CATIG, DUEÑAS TO LAMBUNAO PROVINCIAL ROADS IN THE FOURTH DISTRICT OF THE PROVINCE OF ILOILO INTO A NATIONAL ROAD, AND APPROPRIATING FUNDS THEREFOR”

recommending its approval with amendments.

Sponsors: Representatives Amante, Andaya and Monfort

TO THE COMMITTEE ON RULES

Report by the Committee on Public Works and Highways and the Committee on Appropriations (Committee Report No. 1070), re H. No. 3779, entitled:

“AN ACT CONVERTING THE POBLACION - DELA PAZ, BANATE - SITIO DAWATAN, CATAN-AGAN, SAN ENRIQUE PROVINCIAL ROADS IN THE PROVINCE OF ILOILO INTO A NATIONAL ROAD, AND APPROPRIATING FUNDS THEREFOR”

recommending its approval with amendments.

Sponsors: Representatives Amante, Andaya and Monfort

TO THE COMMITTEE ON RULES

Report by the Committee on Public Works and Highways and the Committee on Appropriations (Committee Report No. 1071), re H. No. 3773, entitled:

“AN ACT CONVERTING THE AGCAYAWAN CALSADA - AGCAYAWAN PULO BAROTAC NUEVO TO BARASAN BOLILAO DUMANGAS PROVINCIAL ROADS IN THE PROVINCE OF ILOILO INTO A NATIONAL ROAD, AND APPROPRIATING FUNDS THEREFOR”

recommending its approval with amendments.

Sponsors: Representatives Amante, Andaya and Monfort
TO THE COMMITTEE ON RULES

SUSPENSION OF SESSION

On motion of Rep. Escudero, the Chair suspended the session at 10:04 a.m.

RESUMPTION OF SESSION

At 10:07 a.m., the session was resumed with Deputy Speaker Espinosa presiding.

SUSPENSION OF CONSIDERATION
OF THE UNFINISHED BUSINESS

On motion of Rep. Escudero, there being no objection, the Body suspended consideration of the Unfinished Business.

BUSINESS FOR THE DAY:
COMMITTEE REPORT NO. 823
ON HOUSE RESOLUTION NO. 702

On motion of Rep. Escudero, there being no objection, the Body considered House Resolution No. 702 as embodied in Committee Report No. 823 and reported out by the Committee on Rules.

Upon direction of the Chair, the Secretary General read the title of the Resolution, to wit:

"RESOLUTION COMMENDING THE ROMAN CATHOLIC COMMUNITY UNDER THE LEADERSHIP OF HIS HOLINESS, POPE JOHN PAUL II AND URGING THE HOUSE OF REPRESENTATIVES TO SUPPORT THE PHILIPPINE HOSTING OF THE 4TH WORLD MEETING OF FAMILIES IN MANILA FROM JANUARY 22 TO 26, 2003."

As copies of the Resolution had been distributed to the Members, on motion of Rep. Escudero, there being no objection, the Body dispensed with the reading of the text of the measure without prejudice to its insertion into the Record of the House.

SPONSORSHIP REMARKS
OF REP. ESCUDERO

Upon request of the author of House Resolution No. 702, on motion of Rep. Escudero, there being no objection, the Body approved to consider the Explanatory Note of the Resolution as the sponsorship remarks on the measure.
TERMINATION OF THE PERIOD
OF SPONSORSHIP AND DEBATE

There being no interpellations and speeches en contra, on motion of Rep. Escudero, there being no objection, the Body terminated the period of sponsorship and debate.

TERMINATION OF THE PERIOD
OF AMENDMENTS

There being no Committee and individual amendments, on motion of Rep. Escudero, there being no objection, the Body closed the period of amendments.

ADOPTION OF HOUSE RESOLUTION NO. 702

On motion of Rep. Escudero, there being no objection, the Body adopted House Resolution No. 702.

BUSINESS FOR THE DAY:
COMMITTEE REPORT NO. 825
ON HOUSE RESOLUTION NO. 706

On motion of Rep. Escudero, there being no objection, the Body considered House Resolution No. 706 as embodied in Committee Report No. 825 and reported out by the Committee on Rules.

Upon direction of the Chair, the Secretary General read the title of the Resolution, to wit:

"RESOLUTION COMMENDING THE PHILIPPINE NATIONAL POLICE UNDER DIRECTOR GENERAL HERMOGENES EBDANE AND THE PACER OFFICERS FOR HAVING SUCCESSFULLY RECOVERED KIDNAP VICTIM KATHLEEN PACQUING OF CANDON CITY."

As copies of the Resolution had been distributed, on motion of Rep. Escudero, there being no objection, the Body dispensed with the reading of the text of the measure without prejudice to its insertion into the Record of the House.

SPONSORSHIP REMARKS
OF REP. ESCUDERO

Upon request of the author of House Resolution No. 706, on motion of Rep. Escudero, there being no objection, the Body approved to consider the Explanatory Note of the Resolution as the sponsorship remarks on the measure.

TERMINATION OF THE PERIOD
OF SPONSORSHIP AND DEBATE

There being no interpellations and speeches en contra, on motion of Rep. Escudero, there being no objection, the Body terminated the period of sponsorship and debate.

TERMINATION OF THE PERIOD
OF AMENDMENTS

There being no Committee and individual amendments, on motion of Rep. Escudero, there being no objection, the Body closed the period of amendments.

ADOPTION OF HOUSE RESOLUTION
NO. 706

On motion of Rep. Escudero, there being no objection, the Body adopted House Resolution No. 706.

BUSINESS FOR THE DAY:
COMMITTEE REPORT NO. 895
ON HOUSE BILL NO. 5326

On motion of Rep. Escudero, there being no objection, the Body considered on Second Reading House Bill No. 5326 as embodied in Committee Report No. 895 and reported out by the Committee on Higher and Technical Education.

Upon direction of the Chair, the Secretary General read the title of the Bill, to wit:

"AN ACT PROHIBITING EDUCATIONAL INSTITUTIONS FROM COMPELLING THEIR GRADUATES TO TAKE REVIEW CLASSES AND/OR PRE-LICENSURE EXAMINATIONS OR REFRESHER COURSES THEREIN, AND PROVIDING PENALTIES THEREFOR."

As copies of the Bill had been distributed, on motion of Rep. Escudero, there being no objection, the Body dispensed with the reading of the text of the measure without prejudice to its insertion into the Record of the House.

PARLIAMENTARY INQUIRY OF REP. TEVES

Upon recognition by the Chair, Rep. Teves inquired about the policy of the House regarding Members of Congress going abroad during session days.

SUSPENSION OF SESSION

On motion of Rep. Escudero, the Chair suspended the session at 10:10 a.m.

RESUMPTION OF SESSION

At 10:11 a.m., the session was resumed.

With the permission of the Chair, Rep. Escudero explained that under the Rules, any foreign travel made by a Member should be approved by the Speaker. However, he said that a memorandum was circulated limiting foreign travels of such Members only to those that are absolutely necessary in order to conserve the funds of the government.

Subsequently, Rep. Teves inquired on the number of Members of Congress who were abroad.

In reply, Rep. Escudero requested that the Secretariat furnish Rep. Teves of the names of Members who are currently abroad.

SPONSORSHIP REMARKS
OF REP. ESCUDERO

Upon request of the authors of House Bills No. 452, 777 and 1057, on motion of Rep. Escudero, there being no objection, the Body approved to consider the Explanatory Notes of the following Bills as the sponsorship remarks on House Bill No. 5326.

TERMINATION OF THE PERIOD
OF SPONSORSHIP AND DEBATE

There being no interpellations and speeches en contra, on motion of Rep. Escudero, there being no objection, the Body terminated the period of sponsorship and debate.

TERMINATION OF THE PERIOD OF AMENDMENTS

There being no Committee and individual amendments, on motion of Rep. Escudero, there being no objection, the Body closed the period of amendments.

APPROVAL ON SECOND READING
OF HOUSE BILL NO. 5326

On motion of Rep. Escudero, there being no objection, the Body approved on Second Reading House Bill No. 5326.

SUSPENSION OF SESSION

On motion of Rep. Escudero, the Chair suspended the session at 10:13 a.m.

RESUMPTION OF SESSION

At 10:24 a.m., the session was resumed.

UNFINISHED BUSINESS:
COMMITTEE REPORT NO. 1044
ON HOUSE BILL NO. 5238

On motion of Rep. Escudero, there being no objection, the Body resumed consideration on Second Reading of House Bill No. 5238 as contained in Committee Report No. 1044 and submitted by the Committee on Appropriations.

Upon direction of the Chair, the Secretary General read the title of the Bill, to wit:

"AN ACT APPROPRIATING FUNDS FOR THE OPERATION OF THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES FROM JANUARY ONE TO DECEMBER THIRTY-ONE, TWO THOUSAND THREE, AND FOR OTHER PURPOSES."

Rep. Escudero disclosed that the Bill was still in the period of sponsorship and debate.

resumption OF CONSIDERATION
OF THE PROPOSED BUDGETS OF
THE DOT AND ITS ATTACHED AGENCIES

On motion of Rep. Escudero, there being no objection, the Body resumed consideration of the proposed budgets of the DOT and its attached agencies.

MANIFESTATION OF REP. PADILLA

Upon recognition by the Chair, Rep. Padilla manifested his intent to bring his many concerns to the attention of the DOT. He however took note of the information furnished him and the brilliant defense of Rep. Marcos of the proposed budget of the DOT.

He then remarked that the Minority had no more questions on the proposed DOT budget and thereafter, endorsed its favorable consideration by the Body.
MANIFESTATION OF REP. ESCUDERO

On the part of the Majority, Rep. Escudero stated that no Member had registered to interpellate further on the proposed budgets of the DOT and its attached agencies.

TERMINATION OF THE PERIOD
OF INTERPELLATIONS ON THE
PROPOSED BUDGETS OF THE DOT
AND ITS ATTACHED AGENCIES

On motion of Rep. Escudero, there being no objection, the Body terminated the period of interpellations on the proposed budgets of the DOT and its attached agencies.

SUSPENSION OF SESSION

On motion of Rep. Escudero, the session was suspended at 10:26 a.m. to accommodate the staff of the next department to be taken up.

RESUMPTION OF SESSION

At 10:51 a.m., the session was resumed.

CONSIDERATION OF THE PROPOSED
BUDGETS OF THE DEPARTMENT OF
AGRICULTURE AND ITS ATTACHED
AGENCIES/CORPORATIONS

On motion of Rep. Escudero, there being no objection, the Body considered the proposed budgets of the Department of Agriculture's (DA) attached agencies/corporations, as follows: the Agricultural Credit Policy Council (ACPC); the Bureau of Post Harvest Research Extension (BPHRE); the Cotton Development Administration (CDA); the Fiber Industry Development Authority (FIDA); the Livestock Development Council (LDC); the National Meat Inspection Commission (NMIC); the National Nutrition Council (NNC); the Philippine Carabao Council (PCC); the National Dairy Authority (NDA); the Philippine Crop Insurance Corporation (PCIC); and the Sugar Regulatory Administration (SRA).

Whereupon, on motion of Rep. Escudero, the Chair recognized Reps. Cua and Lobregat to sponsor the aforementioned budgets and to interpellate thereon, resepctively.

INTERPELLATION OF REP. LOBREGAT

To the initial query of Rep. Lobregat, Rep. Cua stated that the heads of the aforementioned agencies are present in the Session Hall.
Whereupon, Rep. Lobregat requested said department heads to stand up so that they could be acknowledged.

SUSPENSION OF SESSION

On motion of Rep. Cua, the session was suspended at 10:53 a.m.

RESUMPTION OF SESSION

At 10:55 a.m., the session was resumed.

REMARKS OF REP. ESCUDERO

By way of a reply to Rep. Lobregat's query, Rep. Escudero said that the respective heads of the agencies and corporations earlier mentioned are present in the Session Hall.

MANIFESTATION OF REP. LOBREGAT

Rep. Lobregat manifested that the Minority had no questions on the proposed budgets of the ACPC, the BPHRE, the CDA, the FIDA, the LDC, the NMIC, the NNC, the PCC, the NDA, the PCIC, and the SRA. He however pointed out that the heads of the following agencies will remain to answer a few questions from the Minority Members: the OSEC; the Bureau of Fisheries and Aquatic Resources (BFAR); the National Food Authority (NFA); the National Irrigation Administration (NIA), the Philippine Coconut Authority (PCA); and the Fisheries Development Authority (FDA).

MANIFESTATION OF REP. ESCUDERO

Before acting on the motion, Rep. Escudero manifested that the Majority had no questions on the proposed budgets of the aforementioned agencies.

TERMINATION OF THE PERIOD OF

INTERPELLATIONS ON THE PROPOSED
BUDGETS OF THE ACPC, BPHRE, CDA,
FIDA, LDC, NMIC, NNC, PCC,
NDA, PCIC, and SRA

On motion of Rep. Escudero, there being no objection, the Body terminated the period of interpellations on the proposed budgets of the ACPC, BPHRE, CDA, FIDA, LDC, NMIC, NNC, PCC, NDA, PCIC, and SRA.

SUSPENSION OF SESSION

On motion of Rep. Escudero, the session was suspended at 10:57 a.m.

RESUMPTION OF SESSION

At 11:22 a.m., the session was resumed.

RESUMPTION OF CONSIDERATION OF
THE PROPOSED BUDGET OF THE DA

On motion of Rep. De Guzman, there being no objection, the Body resumed consideration of the proposed budget of the DA.

On further motion of Rep. De Guzman, the Chair recognized Rep. Cua to sponsor said budget, and Rep. Lobregat to interpellate thereon.

INTERPELLATION OF REP. LOBREGAT
(Continuation)

Rep. Lobregat recalled that two issues were taken up the previous day, one of which concerns DAO No. 17. He asked whether the Committee has received a communication from the BFAR stating its support for the position that DAO No. 17 contravenes the spirit of the Fisheries Code.

Rep. Cua said that the draft is still being finalized. He said that it is possible that before the end of the day, the Committee will be able to receive said communication.

On whether a committee had been created to review DAO No. 17 delineating the municipal waters in the country, Rep. Cua admitted that after the signing, no such committee was created, and therefore, there were no representatives from the DA including one from the BFAR thereto. However, he said that the DA can easily create a review committee if there is a need for one.

To the next query, Rep. Cua clarified that prior to the signing, the committee was composed of the Legal Department of the BFAR and the NAMRIA. He added that there was no representative from the Senate.

Rep. Lobregat commented that there was no special order from the DENR to create a review committee, so this will be the subject of his interpellation in the consideration of the agency's proposed budget.

Thereafter, Rep. Cua affirmed that the delineation of municipal waters is now taking place despite the passage of a resolution by the NAFC. He said that the position of the Department is that it will continue delineating the project until after a court decision shall have been rendered nullifying it. He surmised that the project is being bonded by the LGUs as well as the DENR.

To Rep. Lobregat's request that the letter from the BFAR be submitted to the sponsoring Committee, Rep. Cua assured that this will be ready before the day ends.

Subsequently, Rep. Lobregat focused anew on the transfer of the regional center from Zamboanga City to Pagadian City and inquired on the logic thereof. He maintained that while the law provides that the autonomous region should be given funds for the establishment of its center, it has not been given a single centavo for the establishment of its offices which are temporarily located in an area outside the autonomous region. He asked whether the ARMM should be given priority with regard to funding for the transfer of offices.

The funding of the ARMM government center is another issue, Rep. Cua clarified. He explained that while there are no specific provisions in the 2002 as well as 2003 budgets, the Department is allowed certain flexibility in terms of realignment. He surmised that after a thorough study of the matter, the Department can make some realignment insofar as the 2003 budget is concerned.

As regards the 2002 budget, Rep. Cua said that during the subcommittee hearing, pursuant to the order of the President, existing personnel who are working on a rotation basis and detailed in Pagadian City are being utilized. On the other hand, he explained that the cost of rent, light and power can be paid out of the MOOE, or perhaps from capital outlays that had been funded out of LGU contributions. He thereafter agreed that the issue requires some amount of studies and planning so that the transfer can be more systematic and orderly. He suggested that it is now timely to create a committee that will be composed of personalities and leaders within the region.

Rep. Lobregat said that in one of the RDC meetings, a committee was supposed to have been created under DILG Secretary Joey Lina but the creation did not push through. After personally inquiring from Secretary Lina, he said that the former was not aware of such a creation. Considering the budget deficit, he maintained that the study of the transfer should not be the sole job of the DA but of all the other Departments as well. He referred to the position submitted by the NEDA that it is against the transfer because this will also mean uprooting families. He thereafter inquired on the number of employees in the DA regional office.
Rep. Cua agreed that the transfer also involves the transfer of families. He said that perhaps the committee within the RDC should indeed be activated.

Rep. Lobregat, at this point, clarified that there was supposed to be a bigger committee outside of the RDC. He nevertheless agreed that the DA should strive to conduct a study on the cost of the transfer of its offices. He added that the DA and all other departments for the matter have to establish criteria for choosing the location of regional centers such as the volume of activity in a particular area. As regards the BFAR in Region IX, he pointed out, as an example, that the fishing activities in Zamboanga City are higher than any other areas in said region.

Agreeing therewith, Rep. Cua proposed that the different departments conduct their own studies to be collated into a program for multi-year implementation.

Rep. Lobregat opined that the geographical center of Region IX is not Pagadian but Sibugay. He pointed out that although Koronadal was chosen as the geographical center of Central Mindanao, it is not in Region IX. He said that he hoped that the DA will take heed of the Sponsor's suggestion to conduct a comprehensive study on the merits and costs of transferring offices.

Saying that the Department is not averse to the suggestion, Rep. Cua opined that the aforecited committee could be activated so that the issue can be settled once and

for all.

Rep. Lobregat pointed out that in the documents submitted by various DA-attached agencies, nothing was mentioned about the plan to transfer the regional center in 2003. He asked how there could be a budget for the transfer if there was no plan.

Dwelling on another matter, Rep. Lobregat asked whether the DA has always been primarily centered on rice. While affirming the same inasmuch as the Philippines is basically a rice-eating nation, Rep. Cua said that the Department has been focusing also on corn, livestock and high-value crops.

Thereupon, Rep. Lobregat asked how much of the DA budget is focused on rice.

Rep. Cua replied that out of the total budget of the DA and the AFMA of P18.9 billion, P3.9 billion is allocated for CA for rice and corn, excluding irrigation projects. On the other sectors given allocation, he mentioned the following: high-value crops -- P1.8 billion; livestock -- P1.3 billion; fisheries -- P2.6 billion; irrigation -- P5.7 billion; other support services -- P2.8 billion; and farm-to-market roads -- P700 million.

After Rep. Cua affirmed his observation that most irrigation projects benefit rice lands and that support services, including researches are concentrated on rice and corn lands, Rep. Lobregat asked how much of the DA budget would actually go to the rice sector if said irrigation and support service allocations are added to the aforecited P3.9 billion.

SUSPENSION OF SESSION

At 11:55 a.m., the Chair motu proprio suspended the session.

RESUMPTION OF SESSION

At 12:01 p.m., the session was resumed.

Upon resumption of session, Rep. Cua informed Rep. Lobregat that the estimated figure is about P6.8 billion including P5.7 billion for irrigation of riceland. As regards the budgetary allocation for research and development of rice, he explained that P42 million is appropriated for this purpose.

Considering that a substantial part of the DA budget is allocated for rice development, Rep. Lobregat inquired whether the huge budgetary allocation had resulted in any improvement in rice production.

Rep. Cua replied in the affirmative.

Whereupon, Rep. Lobregat pointed out that data culled over the last 10 years would show that the palay yield grew by only by 1.78%.

At this juncture, Deputy Speaker Espinosa relinquished the Chair to Deputy Speaker Salapuddin.

Thereupon, Rep. Cua highlighted certain points insofar as improvement in rice production is concerned. From 300,000 hectares planted to certified seeds in 1986 the hectarage increased to 700,000 in 1999 or from 1.5% to 1.8% increase. With regard to rice yield, for 2001 he said that the nationwide average yield is about 3.2 metric tons per hectare; with the average yield in the programmed areas from 3.5 to 4.5 metric tons.

Rep. Lobregat thereafter noted that despite the substantial budgetary allocation and the presence of the International Rice Research Institute (IRRI) in Los Baños, there had been very little increase in rice production. He then inquired about the annual rice yield of such countries like Thailand and Taiwan which learned about rice production from the IRRI.

In response, Rep. Cua explained that the rice yield of the Philippines is actually better than that of Thailand and some Asian countries, hence the country is not really that far behind as compared to its neighbors in terms of rice production. He however pointed out that the minimal increase in rice yield can be attributed to the lack of resources and funds for rice production, infrastructure and facilities.

Rep. Lobregat however pointed out that despite the perceived increase in rice production, the government cannot ignore the fact that it is still importing rice from other Asian countries. He then inquired about the hectarage of rice fields for each of the major island groupings in the country.

In response, Rep. Cua pointed out that the country has about four million hectares of land planted to rice. He informed Rep. Lobregat that at the moment, the Committee does not have a breakdown of the hectarage of ricelands in Luzon, Visayas and Mindanao.

Thereupon, Rep. Lobregat inquired whether Rep. Cua was aware of the commitments made during the June 22, 2002 Mindanao Budget Summit by the DA and the NIA regarding the share of Mindanao in the 2003 national budget.

SUSPENSION OF SESSION

Thereupon, the Chair motu proprio suspended the session at 12:19 p.m.

RESUMPTION OF SESSION

At 12:20 p.m., the session was resumed.

INTERPELLATION OF REP. LOBREGAT
(Continuation)

Whereupon, Rep. Lobregat clarified that the amounts are commitments of the Executive Department for the Mindanao budget in FY 2003 and were made during a budget summit held at the Shangrila Hotel in Manila.

Rep. Cua stated that the DA had proposed a budget of P3.27 billion for Mindanao which represents 30% of the budget pie. He clarified that the Department has been submitting a share of 37% but since the DBM has to balance the proposals, it allocated only about 30% of the budget pie for the purpose.

Rep. Lobregat however argued that the DA committed 37% of its budget for Mindanao but the DBM only approved 30%. When informed that the NIA has proposed P1.17 billion or 20.5% for Mindanao in 2003, Rep. Lobregat recalled that NIA had committed to earmark 30% of its budget for Mindanao. He then pointed out that these figures show that the Administration falls short of its commitments to Mindanao as a whole. In view thereof, he underscored that no one can claim that Mindanao has no reason to complain about the government's unfulfilled promises.

Rep. Cua agreed with Rep. Lobregat that the allocated funds for Mindanao fell short of the commitments because the government has to do a balancing act in addressing

the various concerns of the nation as a whole. He however stressed that the proposed budget is still higher than previous figures. He remarked that he will relay the point to the mother committee.

In his rejoinder, Rep. Lobregat said that he commiserates with Rep. Cua because the same questions are asked every time he defends the budget, and he always has to give the same answer that the government has to do a balancing act. He however lamented that as always, Mindanao is at the wrong end of the balance. He maintained that Mindanao should receive more than 37% of the budget pie considering that it has been neglected by the government for the past decades. He then expressed the disappointment of the people of Mindanao for the way the government has been treating them. He further manifested his and Rep. Dilangalen's disappointment over the government's short commitments.

In reply, Rep. Cua lamented that the government does not have enough funds to satisfy the needs of everybody. He emphasized that the present budget proposal is the best balancing act that can be done.

On another point, Rep. Lobregat recalled that during the DA budget hearings at the committee level, it was pointed out that based on studies conducted by the Philippine Coconut Authority (PCA), the Comprehensive Agrarian Reform Program (CARP) is adversely affecting the coconut industry. He then inquired on the position of the PCA on the matter and whether it is brave enough to come up with a policy recommendation that the coconut industry should be exempted from the coverage of CARP just to save the industry.
Rep. Cua answered that based on Rep. Lobregat's observations, the PCA will conduct a study as soon as possible and try to come up with recommendations that would address the foregoing concerns.

Rep. Lobregat stressed that during the subcommittee hearings on the PCA budget, the agency had already indicated the serious problems that the CARP is causing on the coconut industry and that it is awaiting the filing of a bill to exempt the coconut industry from the CARP. He surmised that if the PCA were saying that it will only conduct a study now, it would show that it is not doing its job of promoting and protecting the industry. He also noted that studies can take forever and sometimes, nothing can result from these studies. He then inquired why PCA is suddenly making a turnabout from its previous stance and saying that it will now conduct a study. He averred that he had in his possession the transcripts of the deliberations at the subcommittee level.

Rep. Cua stated that the issue was discussed even at the committee level. He disclosed that reports received by the PCA strongly indicate that the CARP seriously affects the coconut industry for which reason the PCA had conducted discussions with industry representatives with the hope of finding a common stand which the agency can advocate and consider as inputs for legislation.

Thereupon, Rep. Lobregat cited the remarks of Rep. Andaya in his sponsorship speech on House Bill No. 5238 that the people must face the reality and the problem squarely and that if necessary, they must bite the bullet now. He maintained that land reform is a popular issue and one of its flaws is that it is based on land distribution, not on land productivity.

Rep. Lobregat inquired on the total number of hectares of land distributed through land reform which the DAR supports, especially, in terms of fertilization, irrigation, seeds and post-harvest facilities.

SUSPENSION OF SESSION

On motion of Rep. Cua, the session was suspended at 12:41 p.m.

RESUMPTION OF SESSION

At 12:44 p.m., the session was resumed.

INTERPELLATION OF REP. LOBREGAT
(Continuation)

In reply to Rep. Lobregat's query, Rep. Cua said that based on the data provided by the DAR, the DA in collaboration with the LGUs, have distributed 80% out of the total land for CARP and that the non-distributed land is roughly 5.7 million hectares.

Rep. Lobregat noted a vast improvement considering the meager budget allocated to it by Congress. He asked whether the previous 15% of land supported with agricultural inputs have increased to 80% despite the complaints of the farmers of the government's inadequate support in terms of rice, seed, irrigation, fertilizer and other facilities. Considering the slow releases of the DA budget and the non-implementation or slow absorptive capacity of the agriculture, he asked how the claim could suddenly be increased by 80%. He requested the DA to check the figures for accuracy.

Whereupon, Rep. Lobregat suggested that his interpellations be suspended so that everybody can take their lunch break.

Rep. Cua agreed with Rep. Lobregat's proposal to take a lunch break.

Whereupon, Rep. Lobregat added that Rep. Cua's observation could be correct that the support for inputs may not really be that much. However, he pointed out that the support the DA has been extending, not only in terms of agricultural inputs but in terms of extension services all over the country especially at the municipal level, would be the reason for the increase of about 80% of what had been distributed under the CARP.

On further query, Rep. Cua explained that extension services could mean training or advice.

On whether the support for irrigation, seeds and fertilizer is not 80%, Rep. Cua replied in the affirmative.

Rep. Lobregat disclosed that perhaps the 80% coverage of the DA would be in terms of visitations and advice that the farmers need.

Rep. Cua agreed with this observation. He pointed out that it is impossible to provide agricultural inputs to all farming communities because they do not rely on government alone but also on private sectors or traders for financing their inputs. He pointed out that it is not really necessary for the DA to cover 100% of the clientele.

SUSPENSION OF SESSION

At this juncture, on motion of Rep. Defensor (A.), the session was suspended at 12:50 p.m.

RESUMPTION OF SESSION

At 12:51 p.m., the session was resumed.

SUSPENSION OF SESSION

To allow the officials of the departments and the Members to take their lunch break, on motion of Rep. Defensor (A.), the session was suspended at 12:51 p.m.

RESUMPTION OF SESSION

At 1:35 p.m., the session was resumed with Deputy Speaker Espinosa presiding.

SUSPENSION OF CONSIDERATION
OF HOUSE BILL NO. 5238

On motion of Rep. Escudero, there being no objection, the Body suspended consideration of House Bill No. 5238.

RECONSIDERATION OF THE APPROVAL ON SECOND READING OF HOUSE BILL
NO. 5398

On motion of Rep. Escudero, there being no objection, the Body reconsidered the approval on Second Reading of House Bill No. 5398 in order to introduce perfecting amendments.

Upon direction of the Chair, the Secretary General read the title of the Bill, to wit:

"AN ACT PROVIDING FOR COMPREHENSIVE WATER QUALITY MANAGEMENT AND FOR OTHER PURPOSES."

Thereafter, the Body proceeded to the period of amendments.

COMMITTEE AMENDMENTS

As proposed by Rep. Escudero, there being no objection, the Body approved the following Committee amendments:
On page 17, line 23, to insert a new paragraph to read as follows:

HOWEVER, INDUSTRIES WHOSE WATER EFFLUENT ARE WITHIN STANDARDS PROMULGATED PURSUANT TO THIS ACT, SHALL ONLY BE CHARGED WITH MINIMAL REASONABLE AMOUNT WHICH SHALL BE DETERMINED BY THE DEPARTMENT AFTER DUE PUBLIC CONSULTATION GIVING ACCOUNT TO VOLUMETRIC RATE OF DISCHARGE AND THE EFFLUENT CONCENTRATION.

On page 27, line 17, to insert the following new section:

SEC. 42. USE OF UNCOLLECTED FINES UNDER P.D. NO. 984. - UNCOLLECTED FINES IMPOSED ON INDUSTRIES PURSUANT TO P.D. NO. 984 ARE HEREBY ALLOWED TO BE USED FOR INSTALLATION OR UPGRADING OF POLLUTION CONTROL DEVICES, ADOPTION OF CLEANER PRODUCTION OR WASTE MINIMIZATION. PROVIDED, THAT ESTABLISHMENTS APPLYING FOR SUCH OPTION SHALL MAKE A COMMITMENT TO COMPLY WITH ENVIRONMENTAL REGULATIONS INDICATED IN THE SUBMITTED ENVIRONMENTAL MANAGEMENT PLAN (EMP) WITH PRIOR APPROVAL FROM THE DEPARTMENT. PROVIDED, FURTHER, THAT THE APPLICATION FOR SAID OPTION SHALL ONLY BE PERMITTED WITHIN TWO (2) YEARS FROM THE EFFECTIVITY OF THIS ACT(.); and

To renumber the succeeding sections accordingly.

TERMINATION OF THE
PERIOD OF AMENDMENTS

There being no further Committee or individual amendments, upon Rep. Escudero's motion, there being no objection, the Body terminated the period of amendments.

APPROVAL ON SECOND READING
OF HOUSE BILL NO. 5398, AS AMENDED

On motion of Rep. Escudero, there being no objection, the Body approved on Second Reading House Bill No. 5398, as amended.

UNFINISHED BUSINESS:
COMMITTEE REPORT NO. 1044
ON HOUSE BILL NO. 5238

On motion of Rep. Escudero, there being no objection, the Body resumed consideration on Second Reading of House Bill No. 5238 as embodied in Committee Report No. 1044 and submitted by the Committee on Appropriations.

Upon direction of the Chair, the Secretary General read the title of the Bill, to wit:

"AN ACT APPROPRIATING FUNDS FOR THE OPERATION OF THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES FROM JANUARY ONE TO DECEMBER THIRTY-ONE, TWO THOUSAND THREE, AND FOR OTHER PURPOSES."

CONSIDERATION OF THE
PROPOSED BUDGET OF THE MARINA

On motion of Rep. Escudero, there being no objection, the Body resumed consideration of the proposed budget of the MARINA.

REMARKS OF REP. LOBREGAT

On motion of Rep. Escudero, the Chair recognized Rep. Lobregat who stated that the Minority had no more questions on the proposed budget of the MARINA.

TERMINATION OF THE PERIOD
OF INTERPELLATIONS ON THE
PROPOSED BUDGET OF THE MARINA

On motion of Rep. Escudero, there being no objection, the Body terminated the period of interpellations on the proposed budget of the MARINA.

CONSIDERATION OF THE
PROPOSED BUDGET OF THE DA

On motion of Rep. Escudero, there being no objection, the Body resumed consideration of the proposed budget of the DA.
On motion of Rep. Escudero, the Chair recognized Rep. Cua to sponsor the same and Rep. Baterina to interpellate thereon.

INTPERPELLATION OF REP. BATERINA

After stating at the outset that his interpellations on the proposed 2003 GAA would be a prelude to his interpellations on the proposed 2004 GAA, Rep. Baterina asked when the 2002 allocation of P300 million for the approved Banawang Pump Irrigation

Project will be released. He pointed out that when Rep. Cua was Presidential Assistant, he was one of those who recommended approval of the same.

Lamenting the lack of implementation of a project that will tremendously benefit Rep. Baterina's constituents, Rep. Cua said that the Committee and the DA through the NIA, could only make representations with the DBM which is the one that actually releases the project funds.

Rep. Baterina pointed out that if the project is approved, the people of Ilocos Sur will no longer eat Thailand rice which the NFA has flooded it with because it has no water sources for irrigation projects. He then asked why the Philippines has a higher production cost of rice than Thailand.

After Rep. Cua explained that the cost of inputs and labor are much higher in the Philippines, Rep. Baterina said that the Philippines has not yet quantified in pesos the price of Filipino labor. Rep. Cua said that rice harvesting and cleaning activities necessitate the hiring of laborers.

Thereupon, Rep. Baterina inquired on the labor component for a ton of rice.

SUSPENSION OF SESSION

On motion of Rep. Cua, the Chair suspended the session at 1:50 p.m.

RESUMPTION OF SESSION

At 1:50 p.m., the session was resumed.

INTERPELLATION OF REP. BATERINA
(Continuation)

Rep. Cua, in response to the previous query, said that the labor cost per hectare of rice is around P16,000.

Rep. Baterina then asked why the computation was being done in terms of the hectarage of the land rather than its produce, pointing out that not all of the land may be planted to rice.

Rep. Cua explained that it was for the sake of expediency in computation.

Rep. Baterina observed that the bases of the computation may not be a proper one. He said that certain factors can affect the computation such as the kind of rice that is planted and climate conditions. He concluded that computation should be in terms of output, weight or volume and not in terms of hectarage.

At this point, Rep. Cua informed Rep. Baterina that the total cost incurred in producing a kilo of rice is around P6.99; and that because 60% of total cost accounts for labor cost, the labor cost for a kilo of rice is P4.20.

Rep. Baterina thereafter asked on the labor cost of a kilo of rice in Thailand, to which the Sponsor cited the figure P2.80; and on the cost of a kilo of Thai rice, to which the Sponsor gave the landed cost at a Philippine port of P10 and the retail cost at P16 which already includes tariff and handling expenses.

On the cost of Philippine-grown rice, the Sponsor said that the NFA buys it for around P17/kilo. On Rep. Baterina's comment that this price is as competitive as the price of Thai rice, Rep. Cua said that a tariff of 50% of landed cost is added to

local rice precisely to ensure that imported rice will not be very much cheaper and that the landed cost includes the cost of production, the profit margin of the supplier, and freight or shipment expenditures.

At this point, Rep. Baterina inquired on the profit margin of the supplier. He explained that he wanted to find out why Thai rice is much cheaper and why the government imports so much rice from Thailand; and whether the government needed to import rice.

Rep. Cua stressed that the objective of the government is self-sufficiency and food security. He explained that in the meantime that supply cannot meet demand, the government cannot help but import rice so that the price of domestic rice will not go up.

As regards Rep. Baterina's queries regarding the current supply of rice in the country, Rep. Cua clarified that the Philippines had a short supply of rice for the year 2002. Thus, he said, the government was forced to import rice because production did not meet the demand. He likewise clarified that the Secretary of Agriculture did not issue any statement that there will be an adequate supply of rice to meet total demand. What the Secretary had in fact stated, he said, was that the country will be expecting a bumper harvest, a volume of which is expected to be better than that of the previous year but he did not state that this will be enough to meet local demand.

To subsequent queries, Rep. Cua explained that the country's rice supply is short by about 700,000 metric tons. In order to address this situation, he said that the country, through the so-called "government intervention," was forced to import 1.2 million metric tons. He added that the country's current requirement stands at about 9.45 million metric tons of milled rice.

Rep. Baterina subsequently inquired about the DA's stand regarding the privatization of the NFA. He likewise inquired about the status of the 1998 ADB loan in the amount of $175 million for the privatization of the NFA.

Rep. Cua replied that at the moment, the DA has no intention of privatizing the NFA. However, he pointed out that about $30 million had already been released by the ADB in August 2000. He subsequently stressed that the Philippine government would only secure the full amount of the loan if the ADB will accept its conditionalities.

Rep. Baterina inquired whether the Philippine government is in a position to impose conditions on the ADB.

Rep. Cua replied in the affirmative, citing that in case the ADB will not accept the government's conditions, like it would not want to privatize the NFA, then the government may decide not to avail itself of the loans.

On another matter, Rep. Baterina inquired whether the Philippines is importing vegetables from other countries.

Rep. Cua replied in the affirmative, citing that there are importations that have been legitimately authorized.

Subsequently, Rep. Baterina inquired on the specific kinds of vegetables being imported from other countries.

SUSPENSION OF SESSION

On motion of Rep. Cua, the Chair suspended the session at 2:09 p.m.

RESUMPTION OF SESSION

At 2:10 p.m., the session was resumed.

INTERPELLATION OF REP. BATERINA
(Continuation)

Upon resumption of session, Rep. Cua enumerated the names of imported vegetables. He informed Rep. Baterina that cabbages are not on the list of imported vegetables since the DA had not authorized the importation thereof.

Thereupon, Rep. Baterina inquired about the volume of importation of cauliflower, which, he said, is being plentifully produced in Sta. Catalina, Ilocos Sur, but which today are being used as feed for livestock.

In response, Rep. Cua stated that for 2001, the DA has authorized the importation of about 41.6 or 4,800 metric tons of cauliflower and about 4,200 metric tons for 2002. He informed Rep. Baterina that most of these imported cauliflower are being used by airlines and hotels.

Thereupon, Rep. Baterina noted that the country is being flooded with imported vegetables and fruits to the detriment of the local industries.

In response, Rep. Cua explained that there is a certain limit or quantity imposed by the government on the importation of certain kinds of fruits and vegetables.

Whereupon, Rep. Baterina inquired whether imported cabbage is cheaper than the cabbage produced in Baguio, Benguet and Ilocos Sur.

Rep. Cua replied that it was his understanding that imported vegetables are cheaper and of better quality.

Rep. Baterina however pointed out that he and some other Members had the occasion to taste imported vegetables being served in the hotels. He underscored that there is not much difference in their taste as compared to that of local vegetables.

On further queries, Rep. Cua explained that most of the vegetable importers are hotels, restaurants and traders. He informed Rep. Baterina that one of the biggest vegetable importers is Tucker Bag Incorporated, which imports vegetables on a monthly basis, except on months when vegetables are abundantly produced in the provinces of Baguio, Benguet and Ilocos.
In closing, Rep. Baterina informed the DA that there must be a way to monitor the inflow of said commodities and that the Department should allocate some funds to determine if the vegetables are entering the country through regular entry points such as ports or other places where legal importations are made. He expressed the belief that the volume of imported fruits and vegetables has adversely affected the industry in the North.

After commending Rep. Cua for his candid answers, Rep. Baterina manifested his intent to approach the former personally in his capacity as a Member of Congress should he find out that the answers given him were not correct.

On motion of Rep. De Guzman, the Chair recognized Rep. Gerardo S. Espina Sr. for his interpellation.

INTERPELLATION OF REP. ESPINA

To Rep. Espina's first question, Rep. Cua replied that the proposed DA budget represents 3.12% of the total budget proposal for 2003 under House Bill No. 5238.

Rep. Espina then inquired on the percentage share of agriculture under the 2002 GAA.

SUSPENSION OF SESSION

On motion of Rep. Cua, the session was suspended at 2:25 p.m.

RESUMPTION OF SESSION

At 2:26 p.m., the session was resumed.

INTERPELLATION OF REP. ESPINA
(Continuation)

Upon resumption of session, Rep. Cua disclosed that the DA budget represents 3.6% of the total budget proposal in FY 2002.

Rep. Espina explained that he raised the issue to determine the priorities of the government's economic planners. He then concluded that the answer to his question dramatizes the kind of priority given to the DA. He observed that the DA proposed budget for FY 2003 decreased as compared to its allocation for the current year.

Rep. Cua said that in terms of percentage, the point of Rep. Espina is correct. On a related query, Rep. Cua revealed that by department, the DA ranks fourth in terms of budgetary allocation and that the top four are the DepEd, the DPWH, the DILG and the DND.

The Sponsor then concurred with Rep. Espina that the budget is a statement of a government's programs as well as its fiscal policy and direction and that every time the Members consider the budget, they should always look at its implications on the total development of the country.

As to the reasons for the sad condition of the government's fiscal planning, Rep. Cua explained that the proposed DA budget for 2003 decreased because the appropriation for the Casecnan Power Irrigation Project was transferred to another account, thus resulting in the reduction of the department's absolute budget. He qualified that if the same item were deducted from the previous year's budget proposal, the figures for FYs 2002 and 2003 would be substantially the same. He said that in absolute terms, the proposed DA budget for the two FYs has increased from P780 billion to P804 billion although percentage-wise, it has gone down by a few decimal points, thus accounting for the perceived reduction.

With regard to the major activities and programs of the DA, Rep. Cua enumerated the following, including their corresponding proposed budgets for 2003: 1) irrigation - P6 billion or 33% of the DA's budget pie; 2) other infrastructure and post-harvest services - P1.5 billion; 3) credit facilitation services - P305 million; 4) market development services - P103 million; 5) research and development - P1.1. million; 6) extension support, education and training - P1.3 million; 7) information and data base system - P306 million; 8) production support services - P1.6 million; and 9) regulatory services - P1.7 million.

On related questions, Rep. Cua maintained that other infrastructure would account for 7% to 8% of the DA's budget pie and includes farm-to-market roads. He averred that while the infrastructure projects can be classified, the Sponsors had decided

to lump them together for a simplified presentation of data.

As a rejoinder, Rep. Espina maintained that he wanted a clearer picture of the situation because the budget is a documentation of hopes and expectations. He then adverted to the concept of "revolution of rising expectations" which is common among developing nations. He remarked that people become frustrated when what has been stated in the budget is not realized, hence there is a need to clarify the provisions to be able to measure the performance of the various departments.

Rep. Espina next inquired why the Philippines has suddenly become an importer of rice when it used to be a rice exporter 30 years ago.

Rep. Cua stated that one of the reasons is the population growth of the country which was 40 million some 30 years ago and is about 80 million at present. Another reason, he said, is the government policy on the exploitation and development of natural resources, in relation to its effect on agriculture. He explained that many forests have been opened to exploitation which somehow has reduced the carrying capacity of watersheds. Likewise, he disclosed that many areas have been open to mining that resulted in the desiltation of rivers and lakes that has reduced water for irrigation. And as a result of burgeoning population, he said that many portions of ricelands have been converted for residential and industrial use.

Considering that one of the major reasons is the 2.6 growth rate in population anually which is one of the highest in the world, Rep. Espina inquired whether Rep. Cua would initiate, or would be in favor of some definitive population planning.

Stating that Rep. Espina's question is a difficult one, Rep. Cua opined that the answer is obvious, except that he must be very careful with his answer as it will also affect many other sectors which have a strong moral influence over the country's policies.

Rep. Espina noted that during the times when the country was exporting rice, the number of Filipinos working abroad was not over seven million. In fact, he said that there are many more Filipinos working abroad or who have migrated and constitute a big number of mouths not necessarily fed by Philippine rice. Such being the case, he pointed out that Rep. Cua's answer that the terrific increase in population has resulted in the Philippines being a net importer, is an admission of the country’s lack of knowledge on new technology in agriculture. He emphasized that such is an admission that the nation has not been able to develop either the habits, the technology, the productive science or marketing capabilities to make the Philippines more productive in terms of agriculture.

This, he said, is dramatized now by the fact that the local market is teeming with imported products from other countries like Malaysia, Taiwan and Thailand. He lamented the fact that although the country is supposed to be an agricultural country it has become practically an importer of agricultural products. He said that it would have been enough to be self-sufficient, but even that is not achievable.

Rep. Cua said that Rep. Espina's observations are good. However, he pointed out that in the period between 1970 up to the present, the country's population has grown from 40 to 76 million and has almost doubled over that period of time. On the other hand, he said that irrigated lands have grown only from three million to four million or has increased by only 25%. While the yield has increased from 1% to 3%, the area devoted to agriculture has not really caught up in terms of percentage, with the growth in population. He added that many of the rivers have become silted, thereby effectively reducing the capability of irrigation systems.

Rep. Espina said that Rep. Cua's answer validates his observation that technology has not kept up with the increase in population. For instance, he cited that the average production per hectare of rice in the country is much less than the average production of rice per hectare in Thailand. Moreover, he pointed out that the country's cost of production per hectare is about 27% more than the cost of production per hectare in Thailand, Malaysia and other countries in Asia. He pointed out that these are the reasons locally-produced rice costs P12.00/kilo but the same quality of rice can be bought at only P7.00 or P9/kilo in Thailand. Said problem, he said, is a question that the experts in the DA should address.

Rep. Espina noted that earlier, Rep. Cua had used the phrase "no substantial change." He pointed out that maybe that is the problem because there has not been really substantial and meaningful change in both policy and technology in relation to agricultural development.

Rep. Cua said that he would like to first comment on the issue that the Philippines has not caught up with the technology needed to improve its agricultural production. He pointed out that there is a substantial improvement in the yield in the figures for productivity or yield per hectare for rice production. As he had stated earlier, he pointed out that from 1970 to the present, the yield per hectare has increased from 1.5 tons per hectare to about three tons per hectare. The yield increase, he said, resulted from the use of technology which means that better fertilizer and better certified seeds are being used.

As to the reason the country was unable to produce at a cost level similar to that of Thailand, Rep. Cua explained that the reason is not because Thailand has a better yield than the Philippines. In fact, he pointed out that the Philippines has a better yield considering that Thailand has an average yield of about 2.1 metric tons per hectare in most of the recent surveys while the Philippines has an average yield of about 3.5 to four metric tons per hectare.

Rep. Cua pointed out that the cost of inputs in Thailand is much lower than in the Philippines and that the farmer's labor cost in the production of rice is almost half of the production cost. In addition, he said that Thailand has about 10 million hectares of irrigated land while the Philippines has only about four million hectares of irrigated land. He also pointed out that the population of Thailand is 55 million as compared to that of the Philippines which is 80 million. Another reason, he said, is that Thailand has a surplus because of the huge tracts of land devoted to rice production.

Rep. Espina disclosed that he had read several articles pointing to the fact that Thailand's yield per hectare is much higher than that of the Philippines. He said he does not know whom to believe, the business writers or the experts in the DA.

However, Rep. Espina said that at the end of the day, the Filipinos would know for a fact that Philippine rice is being sold at P14.00 to P16.00/kilo while imported rice or Thailand rice can be bought at only P7.00 or P8/kilo.

Noting that Thailand has 10 million hectares of irrigated land while the Philippines has only four, Rep. Espina inquired whether the reason is the lack of land or lack of water or irrigation or whether the former's policies are more definitive and more efficient.

Considering that the country has a bigger population than Thailand, Rep. Espina said that the Philippines should have been able to irrigate more lands.

Whereupon, Rep. Espina sought clarification on the priorities of the Department. He said that he understands the problem of the Department considering that it is getting much less than what it should be getting. He recalled that during the time of the late President Marcos, the DA under Secretary Tangco was getting a bigger share of the national budget considering that the biggest number of poor people are in the rural areas. Notwithstanding, he said that the government has not addressed or prioritized the problems related to agriculture.

In this connection, Rep. Espina inquired on the original amount submitted by the DA to the DBM, and what was the approved budget recommended by the DBM and their percentage of difference.
Rep. Cua replied that the original budget submitted to the DBM was P34 billion and that the amount of P19 billion was the budget recommended to the House, or equivalent to a 40% reduction from the original proposal of the DA.

Rep. Espina inquired whether the reduction in the DA's proposal is reflective of the reduction in the entire budget or whether it is a picture wherein only the DA suffered the saddening percentage of reduction. He sought clarification on the matter because he said he wants to focus on the priority given by the government on agriculture.

In reply, Rep. Cua explained that all the departments suffered a similar fate. He expressed agreement that the DBM has to balance all the simultaneous and equally important concerns. He pointed out that in the ranking of departments, four departments except for the DPWH, are personnel and service-intensive agencies. He pointed out that in the personal services component of the budget of each department, the DA ranks number five. He added that the DA has the highest percentage of capital outlay. In other words, he said that this is reflective of the importance that the administration is giving to agriculture.

Recalling that it has been said that there are a lot of financial assistance packages like the ODA which are left untouched because of the government's inability to put up their local counterparts, Rep. Espina asked to what extent this contributes to agricultural development in the country.

Rep. Cua replied that this is not much of a problem for the DA because the Department has over the years shown a relatively good absorptive capacity insofar as ODA-funded projects are concerned. He added that as a result of the government's effort to contain the budget deficit, the DBM has initiated a new policy with regard to the local counterpart of the ODA projects.

Rep. Espina inquired on the percentage of unutilized ODA funds. Assuming that $100 million in unused funds are available, he inquired on the percentage of said amount in relation to the government's inability to put up a counterpart fund.

Rep. Cua replied that the Committee will provide the information.

Rep. Espina noted that Rep. Cua had referred to the reduction of the budgetary deficit as one of the strategies of the DA. He stated that as had been written in the newspapers, the deficit may balloon to P230 billion. He inquired on the possible share of the DA for the year 2000, further noting a statement to the effect that the budgetary deficit could be reduced by a substantial amount in the year 2003. Assuming that the deficit would amount to P230 billion in the year 2003, he inquired on the expected performance of the DA to determine the effectiveness of the measures it has been taking to address the deficit problem.

Rep. Cua clarified that what he had said earlier was that as a matter of strategy,

the DBM has initiated certain measures which include not providing the local counterpart for some FAPs for the year 2003 based on the rationale that most of the peso counterpart would be used to fund project management. He added that some of the FAPs of the DA would not receive their local counterpart for the year 2003 because the DBM wants them to make internal realignments to avoid putting up a local counterpart. In a way, he said that this would help the DBM lower down the peso counterpart for the ODA projects.

Noting Rep. Cua's statement that the DA ranks number 5 in terms of budgetary allocation, Rep. Espina inquired on its rank vis-á-vis the expected deficit by the year 2003.

Rep. Cua replied that the DA's contribution would be determined by the size of its budget, hence the bigger the budget, the bigger will be one's contribution to the deficit.

Rep. Espina replied that this is not necessarily true because the usage of its funds and the effectiveness of its performance have to be considered. He added that if a department is given a P100 budget. but its performance is equivalent to P99 as against another department which is given the same amount but its performance value is P85, the same argument could not be used.

Rep. Cua replied that if such point of reference were used, the DA would rank the least, and have the least contribution to the deficit because half of its budget is devoted to capital outlay which is a productive investment. Compared to the budget of the Dep-Ed, he stated that almost 70% of the DA's budget is devoted to the payment for personal services.

Rep. Espina affirmed this point, even as he stressed that the value of education could not be quantified.

Rep. Cua replied that this is more long-term in character, hence the contribution would not be forthcoming in the near future. In the case of agriculture, he stressed that it is really an investment at present.

Rep. Espina agreed with the point that the greater allocation for capital outlay is getting more effective usage. He expressed belief that a democratic institution could only be made more stable when more people become a part of the middle class. Because the Philippines is largely agricultural, he emphasized the importance of drawing more people from the rural areas into the middle class. This, he said, is where agricultural productivity enhancement and technology could really be of good use in the overall national economic development.

Thereupon, Rep. Espina stated that he had not dealt with parochial concerns affecting his province and does not intend to because he believes that he could discuss the same with the officers of the Department. He pointed out that he really wants to see the bigger picture of where the country is heading as he noted that the country had exported rice in the past.

While it is true that population increase has been a negative factor, Rep. Espina said that it had always been argued, especially by certain religious sectors, that the population number does not really count because somebody will provide and that somehow, people will adjust to the situation. He surmised that it would be better that in the adjustment phase of the people, the leaders could help them make the process more comfortable and convenient. He stressed the need to be more definitive in the goals in terms of productivity per hectare, which topic he has been discussing in his morning radio program for some time. Considering that the

Philippines is a poor country, he maintained that if the government wants the political system to be more stable, there must be a way it could help widen the middle class base and thereby develop not only public opinion but a more intelligent public as a fundamental element in democratic society. He added that education comes only when the people are able to afford sending their children to high school, at the least.

With regard to credit facilitation facilities, Rep. Espina noted the common observation that one of the factors that contribute to the lack of productivity in the country is the lack of credit facilities for small farmers. He inquired on the thrust of its year 2003 budget with regard to this accountability of the DA which Rep. Cua had acknowledged to be one of the major areas of concern. He further asked what the farmers can expect in terms of credit facilitation services to enable them to produce more per hectare.

Rep. Cua explained that the matter of credit provision to small farmers is well-defined in the AFMA which mandates Congress to remove all direct credit programs being handled by the DA and place them into an Agro-Fisheries Financing Program and a more strengthened Agri-Credit Policy Council (ACPC). He noted that the DA has been strengthening the capability of the Quedancor to provide credit to farming and fishing communities.

On another point, Rep. Espina inquired on the extent of coordination between agencies of the government with related functions like the DAR and the DA. He raised the matter, he said, because of the problem of the beneficiaries of land reform who were given titles to their land, but have no capital to buy fertilizer or to pay for the tillers of the land. He added that the land titles the beneficiaries have received are not honored as collateral for loans by the Land Bank. Consequently, he said that the beneficiaries are forced to lease their land to its previous owners, in most cases, and the farmer then becomes a slave again, or a much lower slave because he had been humiliated by the fact that he had to lease the land that had been given to him. He inquired what the DA and DAR have been doing to improve the life of the farmers most of whom are small landowners or laborers in either rice fields or coconut plantations.

Rep. Cua pointed out that the DA, the DAR and the DENR are involved in a program through which credit facilities that have been strengthened by the DAR are made available to agrarian reform communities. He stated in Filipino that Rep. Espina had raised an important point that the credit facilities are not adequate and the land that have been given away through the DAR could not generate credit because they could not be leased by their owners.

Rep. Espina inquired whether this refers to the science of muddling through with a system tattered into pieces, which is why the country is never able to get out of this cycle as there is no substantial change. In the case of the DAR, he pointed out that it continues to distribute land without requiring that the owner get paid for the land, while the beneficiaries have no capital to enable him to develop the land, all because of the lack of a real workable plan.

Rep. Cua affirmed this point and acknowledged in Filipino that one of the more important problems is the fact that the land that had been given away to the beneficiaries could not be leased because it was first mortgaged with the Land Bank. These are the inadequacies of the system, he said, which needs a comprehensive program as Rep. Espina had earlier said.

He then recalled that Congress had passed a bill that would allow the land owned by the beneficiaries to be leased and this could be done by way of putting up a P5 billion guaranty fund which is part of the Bill. He said that this is a substantial contribution to what Rep. Espina has been espousing.

Rep. Espina maintained that the country needs a definite direction to ensure substantial change. He noted that the system of government is highly personalistic, with the officials following personalities instead of programs. He stressed the need to reevaluate positions. As he referred to Rep. Cua's statement that "now, there is a coordinating effort for credit," he said that the question is why not "then" and only "now."

In ending his interpellation, Rep. Espina said that he was glad that he had emphasized the need for technology in human resource coordination and authority allocation, and not just the mechanical aspect of technology.

Thereupon, on motion of Rep. De Guzman, the Chair recognized Rep. Biazon for his interpellation.

INTERPELLATION OF REP. BIAZON

Rep. Biazon focused on the budget message of the President, particularly on the AFMA allocation which has an excess of P3 billion than what the law requires, and inquired whether the amount is still intact as proposed by the President.

Under the AFMA, Rep. Cua explained that it shall have an initial allocation of P20 billion, and which amount will be reduced to P17 billion for each succeeding year. However, he said that under the 2003 budget, the appropriation is P20 billion, hence there is an excess of P3 billion. He further clarified that the amount of P20 billion will be used within the DA family, from the Office of the Secretary to the attached agencies and corporations. Since the law requires only an appropriation of P17 billion, he said that this is what the President means when she said that the proposed budget is P3 billion in excess of the required allocation. He disclosed that the P3 billion will be used as follows: 13% for PS; 37% for MOOE; and 50% for capital outlay to fund programs like irrigation, post harvest facilities and farm-to-market roads.

To subsequent queries, Rep. Cua admitted that without the additional P3 billion, it will be difficult for the DA to achieve its goals in 2003 as it will mean reducing the budget for the aforestated capital outlay. He said that in the absence of the P3 billion, capital outlay will only have an allocation of P7 billion.

Pursuing his point, Rep. Biazon asked whether in the absence of the P3 billion, the administration would have failed to honor its commitment to the farming sector. As he pointed out that housing was also mentioned as one of the priorities of the Administration, he noted that there is no allocation for the Community Mortgage Program in the 2003 budget. Despite the request of the National Home Mortgage Finance Corporation (NHMFC) for a P1 billion budget, it was given a zero allocation, he observed. He asked whether this means that the administration has less commitment to the housing sector.

Rep. Cua answered in the negative. He maintained that investment in agricultural infrastructure is a productive investment that will generate income as compared to investment in housing.

Rep. Biazon however referred anew to the President's budget message that housing is conceived as a social economic powerhouse, a sector with a high multiplier impact.

Rep. Cua answered that the question is better reserved in the deliberation of the proposed budgets of the Housing and Urban Development Coordinating Council (HUDCC) and the National Housing Authority (NHA).

As regards the kinds of jobs that the President would like to generate in the rural communities, Rep. Cua said that the Department is looking at the use of hybrid seeds that have been proven to yield better volume of production but which will need more manpower than the breeding of ordinary certified seeds. He said that based on the SONA of the President, in view of the implementation of the AFMA, there will be an increase of one million jobs over a period of four years in the agriculture sector, with 100,000 in the first year and the rest distributed over the remaining years. Thus, he said that in 2003, some 300,000 jobs will be generated.

To the next query, Rep. Cua surmised that in the first year of the implementation of the law, based on random sampling, some 100,000 jobs had indeed been generated. He affirmed that a study had been conducted to determine whether the creation of these new jobs have improved the lives of those who have been employed.

He opined that it may be too early to conclude whether the program has improved the living standard of the beneficiaries because it was implemented only just a year ago.

Rep. Biazon asked where jobs had been created, noting that the President in her budget message had stated that she was going to give particular attention to Mindanao.

Rep. Cua said that the government must pay attention to areas such as Mindanao which are troubled. He added that focus is being given to Mindanao because its weather pattern is ideal for agriculture: there are no typhoons; the land is fertile; and there is enough water for irrigation.

Submitting that Mindanao should be given due attention given its potential and its peace and order problem, Rep. Biazon asked how much the DA has allocated for Mindanao as compared to Southern Luzon where the NPA is active and from which many migrants in Metro Manila, including his district in Muntinlupa, come from as a result of lack of income opportunities.

The Sponsor said that around 30% and 15% of the DA's total budget are allocated for Mindanao and Southern Tagalog, respectively.

Then ending his interpellation, Rep. Biazon said that he will have to find out in the coming year whether such allocation has really translated into more income opportunities in Southern Luzon. He expressed hope that the DA will meet all of its objectives for 2003.

ACKNOWLEDGMENT OF GUESTS

At this point, Rep. Escudero acknowledged the presence in the Session Hall of officials of the China Energy Development Company, namely, Mr. Liu Gang, president; Mr. Ma Maozian, chief financial officer; Mr. Cui Guo Qing, chief of engineering; and Mr. Yang Wenli, deputy general manager; and Mr. Francis Yap, president of Relay Telecom. They came from the People's Republic of China for a local railroad project and were guests of Rep. Aquino (B.).

SUSPENSION OF SESSION

The session was suspended upon Rep. Escudero's motion at 3:47 p.m.

RESUMPTION OF SESSION

The session was resumed at 3:48 p.m.
BUSINESS FOR THE DAY:
COMMITTEE REPORT NO. 977
ON HOUSE BILL NO. 5231

On motion of Rep. Escudero, there being no objection, the Body considered on Second Reading House Bill No. 5231 as embodied in Committee Report No. 977 and submitted by the Committee on Ways and Means.

Upon direction of the Chair, the Secretary General read the title of the Bill, to wit:

"AN ACT EXEMPTING CERTAIN SERVICES FROM THE VALUE-ADDED TAX, AMENDING FOR THE PURPOSE THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED."

SPONSORSHIP SPEECH OF REP. ESCUDERO

On motion of Rep. Escudero, there being no objection, the Body considered the Explanatory Note of House Bill No. 5231 and House Bill No. 259 in which it was consolidated as part of the sponsorship remarks on the measure.

TERMINATION OF THE PERIOD
OF SPONSORSHIP AND DEBATE

There being no interpellations or speeches en contra, on motion of Rep. Escudero, there being no objection, the Body terminated the period of sponsorship and debate.

Thereafter, the Body proceeded to the period of amendments.

COMMITTEE AMENDMENTS

As proposed by Rep. Escudero, there being no objection, the Body approved the following Committee amendments:

To delete Sections 1, 2, 3 and 4 and to replace them with the following provision:

SECTION 1. SECTION 5 OF REPUBLIC ACT NO. 8424, AS AMENDED BY REPUBLIC ACT NOS. 8761 AND 9010, IS HEREBY FURTHER AMENDED TO READ AS FOLLOWS:

SEC. 5. TRANSITORY PROVISIONS. -- EFFECTIVITY OF THE IMPOSITION OF VAT ON CERTAIN SERVICES. THE IMPOSITION OF THE VAT ON THE FOLLOWING SERVICES SHALL TAKE EFFECT ON JANUARY 1, 2005:

(A) SERVICES PERFORMED IN THE EXERCISE OF PROFESSION OR CALLING SUBJECT TO THE PROFESSIONAL TAX AS PROVIDED FOR UNDER REPUBLIC ACT NO. 7160, OTHERWISE KNOWN AS THE LOCAL GOVERNMENT CODE OF 1991, AND PROFESSIONAL SERVICES PERFORMED BY REGISTERED GENERAL PROFESSIONAL PARTNERSHIPS; ACTORS, ACTRESSES, TALENTS, SINGERS AND EMCEES; RADIO AND TELEVISION BROADCASTERS; CHOREOGRAPHERS; MUSICAL, RADIO, MOVIE, TELEVISION AND STAGE DIRECTORS; AND PROFESSIONAL ATHLETES;

(B) SERVICES RENDERED BY BANKS, NON-BANK FINANCIAL INTERMEDIARIES, FINANCE COMPANIES AND OTHER FINANCIAL INTERMEDIARIES NOT PERFORMING QUASI-BANKING FUNCTIONS; AND

(C) SERVICES RENDERED BY STOCK, REAL ESTATE, COMMERCIAL, CUSTOMS AND IMMIGRATION BROKERS: PROVIDED, THAT FOR THE YEARS BEGINNING JANUARY 1, 2003 UP TO DECEMBER 31, 2004, THE AFOREMENTIONED BROKERS SHALL, IN LIEU OF THE VAT PRESCRIBED UNDER TITLE IV OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, BE SUBJECT TO A TAX EQUIVALENT TO

SEVEN PERCENT (7%) BASED ON GROSS RECEIPTS FROM BROKERING SERVICES WHICH SHALL BE PAID IN THE MANNER AND IN ACCORDANCE WITH THE PROVISIONS OF TITLE V OF THE SAID CODE; PROVIDED, FURTHER, THAT BEGINNING JANUARY 1, 2005, THE AFOREMENTIONED BROKERS SHALL BE SUBJECT TO THE VAT IN LIEU OF THE SEVEN PERCENT (7%) TAX.
THE TAXPAYERS RENDERING SERVICES MENTIONED UNDER PARAGRAPHS (A) AND (B) HEREOF, SHALL PAY THE APPLICABLE TAXES PRESCRIBED UNDER THE PERTINENT PROVISIONS OF THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED(.);

to renumber Sections 5, 6 and 7 accordingly; and

to amend the title of the Bill to read as follows:

"AN ACT TO FURTHER DEFER THE IMPOSITION OF THE VALUE-ADDED TAX ON CERTAIN SERVICES, AMENDING FOR THE PURPOSE SECTION 5 OF REPUBLIC ACT NO. 8424, AS AMENDED BY REPUBLIC ACT NOS. 8761 AND 9010."

TERMINATION OF THE PERIOD
OF AMENDMENTS

There being no other Committee and individual amendments, upon Rep. Escudero's motion, there being no objection, the Body closed the period of amendments.

APPROVAL ON SECOND READING
OF HOUSE BILL NO. 5231, AS AMENDED

On motion of Rep. Escudero, there being no objection, the Body approved on Second reading House Bill No. 5231, as amended.

UNFINISHED BUSINESS:
COMMITTEE REPORT NO 1044
ON HOUSE BILL NO. 5238

On motion of Rep. Escudero, there being no objection, the Body resumed consideration on Second Reading of House Bill No. 5238 as embodied in Committee Report No. 1044 and submitted by the Committee on Appropriations.

Upon direction of the Chair, the Secretary General read the title of the Bill, to wit:

"AN ACT APPROPRIATING FUNDS FOR THE OPERATION OF THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES FROM JANUARY ONE TO DECEMBER THIRTY-ONE, TWO THOUSAND THREE, AND FOR OTHER PURPOSES."

SUSPENSION OF SESSION

On motion of Rep. Escudero, the Chair suspended the session at 3:52 p.m.

RESUMPTION OF SESSION

The session was resumed at 3:53 p.m.

RESUMPTION OF CONSIDERATION OF THE
PROPOSED BUDGET OF THE DA AND ITS
ATTACHED AGENCIES

Upon Rep. Escudero's motion, there being no objection, the Body resumed consideration of the proposed budgets of the DA and its attached agencies.

On motion of Rep. Escudero, the Chair recognized Rep. Cua to sponsor the same and Rep. Garin to interpellate thereon.

INTERPELLATION OF REP. GARIN

Rep. Garin asked on the status of the Southeast Asian Fisheries Development Center (SEAFDEC) whose main laboratory and office are in his district, and whether it is still an attached agency of the DA.

Rep. Cua replied that the SEAFDEC was never an attached agency of the DA and that although its activities are related to fisheries, the office and its budget are actually under the DFA. He added that the DA Secretary is only the chairman of the SEAFDEC technical committee.

PARLIAMENTARY INQUIRY OF REP. GARIN

Thereupon, Rep. Garin asked about the status of the proposed budget of the DFA. With the permission of the Chair, Rep. Escudero said that the period of interpellations on said budget had already been terminated.

INTERPELLATION OF REP. GARIN
(Continuation)

Stressing that he is very interested in the accomplishments of the SEAFDEC because it is situated in his district, Rep. Garin informed his colleagues that it gets water from a neighboring town.

REQUEST OF THE CHAIR

At this point, the Chair requested Reps. Cua and Garin not to block the line of sight between them.

MOTION OF REP. GARIN

Whereupon, Rep. Garin moved for the reconsideration of the termination of the period of interpellations on the proposed budget of the SEAFDEC.

Rep. Escudero seconded the motion of Rep. Garin.

POINT OF INFORMATION OF REP. CUA

Rep. Cua pointed out that the budget of the SEAFDEC is lodged under “International Commitment Funds” the deliberations of which will be taken up later in the afternoon. He then suggested that it could be the opportune time for Rep. Garin to ventilate the issues he had raised.

SUSPENSION OF SESSION

Whereupon, on motion of Rep. Escudero, the Chair suspended the session at 4:01 p.m.

RESUMPTION OF SESSION

At 4:02 p.m., the session was resumed.

MOTION OF REP. ESCUDERO

Upon resumption of session, Rep. Escudero reiterated his previous motion.

SUSPENSION OF SESSION

Thereupon, the Chair suspended the session at 4:02 p.m.

RESUMPTION OF SESSION

At 4:03 p.m., the session was resumed.

WITHDRAWAL OF
REP. ESCUDERO'S MOTION

Upon resumption of session, Rep. Escudero withdrew his previous motion. He stated that Rep. Garin would also be deferring his motion considering Rep. Cua's point of information.

WITHDRAWAL OF REP. GARIN'S MOTION

Thereupon, Rep. Garin withdrew his previous motion. He stressed that he will just ask his questions on the proposed budget of the SEAFDEC at the appropriate time.

SUSPENSION OF CONSIDERATION
OF THE PROPOSED BUDGET OF THE DA

Whereupon, on motion of Rep. Escudero, there being no objection, the Body suspended further consideration of the proposed budget of the DA.

SUSPENSION OF SESSION

On motion of Rep. Escudero, the Chair suspended the session at 4:04 p.m.

RESUMPTION OF SESSION

At 4:05 p.m., the session was resumed.

CONSIDERATION OF THE
PROPOSED BUDGETS OF THE DOH
AND ITS ATTACHED AGENCIES

On motion of Rep. Escudero, there being no objection, the Body resumed consideration of the proposed budgets of the DOH and its attached agencies.

Likewise, on motion of Rep. Escudero, the Chair recognized Rep. Locsin (Ma. V.) to sponsor the proposed DOH budget and Rep. Lobregat for his manifestation.

MANIFESTATION OF REP. LOBREGAT

Rep. Lobregat adverted to Rep. Andaya's budget message for 2003 which specifically focused on the development of Mindanao. He noted that among the projects slated for Mindanao was the P200 million upgrading of the Zamboanga City Medical Center project to benefit not only Zamboanga City but the whole of Region IX. By virtue of a law that was enacted 10 years ago, the Zamboanga City Medical Center, he said, was supposed to have a 250-bed capacity and the corresponding complement of medical personnel. At present, he pointed out that the Zamboanga City Medical Center lacks about 202 medical personnel.

Rep. Lobregat thereafter expressed hope that the DOH will not only put more attention into the Zamboanga City Medical Center, but to all government hospitals

that require the appropriate number of medical personnel.
MANIFESTATION OF REP. VILLAR

Rep. Villar initially pointed out that they are at the moment expanding the Las Piñas District Integrated Hospital from a 50-bed capacity to a 150-bed capacity hospital and that construction will hopefully be finished by the middle of the year. She however pointed out that the budget that the DOH had provided for this hospital was only good for a 50-bed capacity hospital. She thereafter manifested her request to the DOH to make additional funds available for the operation of the hospital once its construction is terminated.

MANIFESTATION OF REP. ROSALES

Rep. Rosales initially manifested the concerns of the Members with regard to the consideration and passage of House Bill No. 4110 and its Senate counterpart, pertaining to the reproductive rights and reproductive health care. She thereafter pointed out that the measures have been the subject of attack by the Catholic church which considers them as "sin bills" and "anti-life and violative of the Constitution."

In this regard, Rep. Rosales expressed hope that the DOH will take a much stronger and visible stand in supporting the aforementioned measures. She subsequently clarified that the Bills seek to solve the problems of abortion, diseases, and issues attendant to reproductive rights and health care.

SUSPENSION OF SESSION

On motion of Rep. Escudero, the Chair suspended the session at 4:12 p.m.

RESUMPTION OF SESSION

At 4:18 p.m., the session was resumed.

Upon resumption of session, on motion of Rep. Escudero, the Chair recognized Rep. Ocampo for his manifestation.

MANIFESTATION OF REP. OCAMPO

Rep. Ocampo initially deplored the fact that for the last 16 years, the proposed DOH budget has always been insufficient to meet the country's pressing health requirements.

Rep. Ocampo stressed that the appeal for an increased budget for the health sector is based on the fact that the Philippines stands very low in ranking among 191 countries as per the World Health Organization (WHO) Report of 2000. He then cited statistics from the WHO Report to prove his statement and expressed hope that in the next budget meeting, these data will be considered in allocating funds for the health sector.

On motion of Rep. Escudero, the Chair recognized Rep. Padilla.

INTERPELLATION OF REP. PADILLA

Rep. Padilla noted that the macroeconomic assumptions submitted by the DBCC indicate that the population growth rate for 2003 is 1.98%. He inquired whether the DOH was consulted in the preparation of these assumptions, to which Rep. Locsin replied in the affirmative.

On related questions, Rep. Locsin confirmed that the DOH is obliged to ensure that the assumption on population growth rate is fully substantiated in terms of budgetary allocation. She said that the Department is working with the LGUs to be able to implement their reproductive health programs and thus be able to achieve the target rate of 1.98%.

In his rejoinder, Rep. Padilla expressed the belief that political will and financial capability are necessary to achieve the target. He however shared his apprehensions about whether the target is achievable considering the reduced budget of the DOH for 2003. He surmised that the assumptions are only good on paper but nothing can actually be expected out of the 2003 GAB. He then shared the concern of Rep. Ocampo that the foregoing issues will be properly considered in the preparation of future budgets.

Thereafter, Rep. Padilla manifested that the Minority had no other matters to take up with regard to the DOH budget, except one parochial concern which was already referred to the Health Secretary and which Rep. Garcia (E.) would like to discuss with the Sponsor.

SUSPENSION OF SESSION

At this juncture, the Chair motu proprio suspended the session at 4:27 p.m.

RESUMPTION OF SESSION

At 4:29 p.m., the session was resumed.

MANIFESTATION OF REP. PADILLA

Upon recognition by the Chair, Rep. Padilla manifested that the Minority had no further questions on the proposed budget of the DOH. He said that Rep. Garcia's (E.) concern had been duly considered by the DOH with the able assistance of Rep. Locsin.

MANIFESTATION OF REP. ESCUDERO

Rep. Escudero likewise manifested that no other Member from the Majority had registered to interpellate.

TERMINATION OF THE PERIOD OF INTERPELLATIONS ON THE PROPOSED BUDGETS OF THE DOH AND ITS ATTACHED
AGENCIES

On motion of Rep. Escudero, there being no objection, the Body terminated the period of interpellations on the proposed budgets of the DOH and its attached agencies.

SUSPENSION OF SESSION

On motion of Rep. Escudero, the session was suspended at 4:30 p.m.

RESUMPTION OF SESSION

At 4:39 p.m., the session was resumed.

ACKNOWLEDGEMENT OF GUESTS

Whereupon, Rep. Gonzales acknowledged the presence in the gallery of the following

fishermen from Navotas who helped rescue the survivors of the ill-fated Laoag International Airlines Flight 505 that crashed into Manila Bay on November 11, 2002: Messrs. Mario Singson, Allan Sobiaza and Herminio Sanchez.

CONSIDERATION OF THE PROPOSED
BUDGETS OF THE DEPARTMENT OF
LABOR AND EMPLOYMENT AND ITS
ATTACHED AGENCIES

On motion of Rep. Gonzales, there being no objection, the Body considered the proposed budgets of the Department of Labor and Employment (DOLE) and its attached agencies.

Subsequently, on motion of Rep. Gonzales, the Chair recognized Reps. Isidoro E. Real Jr. to sponsor the budgets of the DOLE and its attached agencies and Gilbert C. Remulla to interpellate thereon, respectively.

REMARKS OF REP. REAL

Whereupon, Rep. Real requested that he be allowed to deliver his brief sponsorship remarks on the proposed budgets of the DOLE and its attached agencies.

SPONSORSHIP REMARKS OF REP. REAL

At the outset, Rep. Real disclosed that the proposed budgets of the DOLE for 2003, including its attached agencies, is 9.4% less than the current year's budget. In terms of pesos, he said, this is lower by P4.9 billion. Despite the pathetic situation, he said that the Department understands the government's budgetary constraints. Thus, he asked that said budget be approved.

INTERPELLATION OF REP. REMULLA

At the outset, Rep. Remulla said that his questions will focus mainly on the plight of Filipino seafarers.

To Rep. Remulla's query, Rep. Real replied that to date, there are 204,951 seafarers serving the maritime industry.

Considering their number, Rep. Remulla inquired on the amount they contribute to the country's economy.

Rep. Real replied that in 2001, they contributed no less than 15% or P55 million out of the P6.2 billion total remittances.

As to whether it is true that the Filipino seafarers are the number one in the world and the most sought after to man the maritime industry, Rep. Real replied in the affirmative.

On whether the Philippines as one of the signatories of the Seafarers’ Treaty should upgrade the education of Filipino seafarers, Rep. Real replied in the affirmative.

Rep. Remulla inquired what the DOLE has done to improve or help upgrade the education of seafarers. He further asked whether the DOLE has constructed new schools or has provided any budget for their training.

Rep. Real replied that the DOLE plans to allocate P3 billion for the establishment of a training center in Cavite, City. He disclosed that the project was conceptualized six years ago but has not materialized due to lack of funds. Although

the government of Japan has approved said loan, the government lacks the P750 million counterpart to establish said facility, he said.

On whether Rep. Remulla is referring to the National Maritime Polytechnic in Tanza, Cavite, Rep. Real replied in the affirmative.

Rep. Remulla noted that the project has not pushed through despite the minuscule amount it needed and the benefits that would be derived from it.

Considering that the Filipino seafarers contribute so much to the economy and give so much pride to Filipinos, Rep. Remulla then inquired why the government has not allocated funds for this endeavor.

Rep. Real said that the expansion of training facilities has not pushed through due to lack of necessary funds. He added that the site for the Maritime School is too small and the adjacent lot which is ideal for expansion has problems regarding ownership.

Rep. Remulla pointed out that these problems are quite minuscule as compared to the benefits that the Filipino seafarers would derive from the expansion of the training facilities. He said that if the country does not improve the education of the seafarers, it cannot comply with the treaty.

Rep. Real agreed therewith. He noted that other countries like India, Thailand and Ceylon are compelled to comply with the treaty as well. He stressed that this is really a government priority considering that the demand for the establishment or improvement of training facilities for seafarers would be very strong starting January 2004 such that the government cannot disregard them completely.

Rep. Remulla said that if this is a priority of the administration, more funds should be allocated to said project. He inquired whether the government has short-term, medium-term or long-term development plans which are still untapped to take care of the country's seafarers.

Stating that the government has plans to benefit the seafarers, Rep. Real however emphasized that because of the limited budget, the government without being complacent, is trying its best to cope with the situation.

On whether there are private educational institutions specializing in maritime studies that have been lobbying against the establishment of the National Maritime Polytechnic, Rep. Real said that if there is one, it would not succeed because the government facility offers better services and training facilities at a cheaper price. Likewise, he said that the quality of education is as good or even better than those offered by the private sector.

Rep. Remulla opined that the government has not made the creation of the National Maritime Polytechnic a priority. He agreed with Rep. Real that something drastic should be done so that the Philippines will not lose its place as the number one source of seafarers in the global maritime industry. He likewise expressed hope that the present or future administrations would provide the necessary resources for the improvement of the education and welfare of the country's seafarers.

Rep. Real disclosed that he is one with Rep. Remulla for the immediate creation of the National Maritime Polytechnic.

SUSPENSION OF SESSION

On motion of Rep. De Guzman, the session was suspended at 4:54 p.m.

RESUMPTION OF SESSION

At 4:58 p.m., the session was resumed.

MANIFESTATION OF REP. ABLAN

Upon recognition by the Chair, Rep. Roque R. Ablan Jr. requested the DOLE Secretary to coordinate with the Members in order to bring back the 9% cut from the budget of the Maritime Polytechnic. Considering that OFWs are the modern heroes of the country because of their tremendous contribution to the economy through their remittances, he said that it is only proper to bring back the needed budget of the school. At the proper time, he said that he will move for the reinstatement of said budget of the school.

REMARKS OF REP. REAL

Rep. Real pointed out that the Members, at the appropriate time, could recommend some amendments to the proposed budget of the DOLE and its attached agencies.

On motion of Rep. De Guzman, there being no objection, the Chair recognized Rep. Padilla for his interpellation.

INTERPELLATION OF REP. PADILLA

Focusing his interpellation on the plight of migrant workers, Rep. Padilla underscored that Section 33 of RA No. 8042 provides that a semi-annual report shall be submitted to Congress by the DFA and the DOLE. He inquired whether the DFA had complied with said provision.

Rep. Real replied that the DOLE officials who were present in the Session Hall have assured him that they are complying with said provision.

On further query, Rep. Real pointed out that the latest complete report of the DOLE was submitted to the Appropriations Committee on November 7, 2002.

Rep. Real inquired whether the DOLE's submission was done through the Committee on Appropriations.

Rep. Real replied that the problem is that the DFA is the principal agency that is tasked to submit the reports which are sometimes delayed.

Rep. Padilla pointed out that the language of the law is very clear that the DFA and the DOLE shall submit the report to the Body, and this refers to Congress. Assuming that the DFA has submitted a report, he asked whether the DOLE had done the same.

Rep. Real replied that the DOLE had submitted its own report but this was done only during the hearings of the subcommittee. He stated that Rep. Padilla must have a valid reason for raising the issue considering the legal requirement on the submission of the report.

Rep. Padilla inquired whether the report that was submitted to the Committee on Appropriations included the briefing materials on the budget, and Rep. Real affirmed the same.

Rep. Padilla emphasized that the law mandates both agencies to submit the report "to Congress" and to the Committee on Appropriations. He surmised that the DFA or the

DOLE may have submitted certain materials to meet the requirements of the Committee on Appropriations although as far as Section 33 of the law is concerned, what they had done could not be considered sufficient compliance with the law.

Rep. Real agreed with Rep. Padilla's statement and assured the Members that said report would be submitted on time in strict compliance with the law.
Rep. Padilla remarked that what he needs is not an assurance because every time he interpellates, he is always given an assurance that compliance would be made. He inquired anew whether the provision of the law had been complied with as he stated that he would not accept any explanation if only to relent in his interpellation on the matter. What is needed is actual compliance, he stressed, because even Rep. Real's admission that the report had been submitted to the Committee on Appropriations is already an indication that there was no proper compliance with the law. He added that he is interested in this because he believes that the report is a very important document. If the DOLE would like to honor the unsung heroes of the country -- the OFWs -- he asked how this could be done if the agency could not even submit a simple report to comply with the mandate of the law.

Rep. Real agreed with Rep. Padilla and said that he would remind the concerned officials to comply with the provisions of the law.

Rep. Padilla maintained that if they were not in a budget deliberation, the DOLE would have acted on the matter. Nonetheless, he focused his interpellation on the report that was submitted by the DOLE to the Committee on Appropriations and inquired whether said agency had indeed complied with the provisions of Section 33 if indeed its submission was sufficient compliance with the law.

Rep. Real stated that he only had the report of the OWWA in his possession although the other agencies attached to the DOLE had likewise submitted their respective reports. He added that there were times that the submission of said report was delayed.

Rep. Padilla clarified that he was not asking whether the reports were delayed but whether the reports were indeed submitted. If Rep. Real had said that the report was submitted by one of the attached agencies of the DOLE, he opined that the report does not conform to the provisions of Section 33 which requires the DOLE and not any particular agency to submit the same. He then inquired whether the documents required for submission were included in said report.

Rep. Real stated that the DOLE had admitted that it is not certain whether the reports were submitted in strict compliance with the law.

Then noting the requirements under Section 33(a), Rep. Padilla inquired whether the report contained an inventory of Filipino migrant workers who have pending legal cases in various countries of the world as mandated by said Section.

Rep. Real replied that the list as submitted contained only the names of the migrants with pending cases. He added that although Section 33 requires the submission of a master list of Filipino migrant workers, this requirement could hardly be complied with; however, the Department had indeed submitted a report containing a list of migrant workers with pending legal cases.

Rep. Padilla inquired whether Rep. Real had a copy of said list which contains the names of overseas Filipinos who have pending legal cases abroad.

Rep. Real replied that the DFA and the DOLE had submitted the report, with the DFA as the lead agency, but the Committee has no information on the matter.

Rep. Padilla inquired which would be the lead agency in handling the problems of overseas Filipino workers.

Rep. Real replied that the DOLE will handle the problems of migrant workers and the DFA will handle the pending cases.

On further queries, Rep. Real stated that the Committee will furnish Rep. Padilla with a list of the migrant workers when it is available.

Rep. Padilla explained that he raised the query not because he wanted to make it difficult for Rep. Real to respond. He opined that the list would enable him to gauge whether the DOLE is doing its job in assisting overseas workers. He asked how the Department could assist and protect the workers if it does not even know who the workers are. He concluded that no assistance is being given to the overseas workers.

Rep. Real then recalled that when he sponsored the DFA budget the previous year, he saw a list of migrant workers with pending cases abroad. He said that he does not know whether said list had been submitted by the DFA because they have a big budget in the form of a defense fund for migrant workers with pending cases abroad.

Rep. Padilla opined that the Department should be able to submit the report as required by law if it has a big budget. He stressed that this is not his personal requirement but a requirement of Section 33 of RA No. 8042. He then inquired on the working conditions of the migrant workers who are deployed all over the world.

Rep. Real replied that no specific report covers this particular requirement.

Rep. Padilla inquired whether the report indicates the problems encountered by Filipinos abroad, specifically those related to their contracts.

Rep. Real further recalled that the DOLE and its attached agencies regularly submit their annual reports to Congress and that he had seen said reports which cover around four years. He noted, however, that such reports are couched in general terms.

Rep. Padilla underscored anew that the law is specific in its mandate and that while he may be able to accept Rep. Real's explanation, he would like to convey the message that next time, he would not accept any excuse or alibi for failure to comply therewith.

Rep. Real agreed that the report would be submitted given the requirement in the pertinent provision of the Migrant Workers Act.

Noting other matters contained in Section 33, Rep. Padilla expressed hope that Rep. Real and the DOLE would be able to review the provisions that should be included in the report to be submitted to Congress at the proper time. He then quoted the last paragraph of Section 33, to wit: "Any officer of the government who fails to report as stated in the preceding section shall be subject to administrative penalty."

Rep. Real remarked that the provision clearly provides that non-compliance with the law shall be penalized with administrative sanctions.

Further noting the term "officer" in said provision, Rep. Real inquired on the officer of the DFA or the DOLE to which the provision refers.

Rep. Real replied that the term refers to the head of the agency.

Rep. Padilla asked who the head of the Department is at present.

Rep. Real clarified that the head of the Department is Secretary Patricia Sto. Tomas who is now in Japan with the President. He added that the Secretary will be back on December 5, 2002.

MOTION OF REP. PADILLA

Thereafter, Rep. Padilla moved to defer his interpellation on the proposed DOLE budget until after the arrival of Secretary Sto. Tomas.

Rep. Real answered that this is for the leadership to decide.

SUSPENSION OF SESSION

On motion of Rep. De Guzman, the session was suspended at 5:21 p.m.

RESUMPTION OF SESSION

At 5:27 p.m., the session was resumed.

REMARKS OF REP. GONZALES

Upon resumption of session, Rep. Gonzales moved that the Body defer action on Rep. Padilla's motion.

Thereupon, on motion of Rep. Gonzales, the Chair recognized Rep. Jaraula for his interpellation.

SUSPENSION OF SESSION

On motion of Rep. Gonzales, the session was suspended at 5:28 p.m.

RESUMPTION OF SESSION

At 5:31 p.m., the session was resumed.

INTERPELLATION OF REP. JARAULA

At the outset, Rep. Jaraula stated that he acknowledges the expertise and experience of Rep. Real. However, he stressed that Rep. Real may not be able to give the exact answers to the questions that only Secretary Sto. Tomas has personal knowledge of, particularly on the officially signed document certifying that the Philippine Overseas Employment Administration (POEA), the Overseas Workers Welfare Administration (OWWA) and the National Labor Relations Commission (NLRC) had signed an agreement recognizing and giving legal effect to the waivers made by OCWs irrespective of whether they had been entered into under duress and under other conditions that may have vitiated consent. He opined that the waiver is contrary to the laws and jurisprudence of the country, and may also be contrary to the Universal Declaration of Human Rights of which the country is a signatory.

Moreover, Rep. Jaraula disclosed that the Secretary had agreed to the reduction of the monthly rate pay in Saudi Arabia for Filipino laborers that may eventually reduce their monthly pay of $200 to $130. He inquired under what authority the Secretary had entered into the agreement, and whether she had consulted with higher authorities. He noted that the Secretary had not even made any assertion regarding the prohibition of maltreating and abusing workers in Saudi Arabia. He lamented that the Secretary had merely agreed to the position of Saudi Arabia as if she is not

aware of the fundamental human rights of the Filipinos under the Constitution and the Universal Declaration of Human Rights. He emphasized that under international laws, especially among the members of the United Nations, there is such a thing as an international standard of justice which no country in the world can ignore and which they should apply to foreigners in their lands. He suggested that the Secretary be invited by the leadership to a Question Hour so as not to derail the deliberation of the budget and to enable her to answer the questions that he had propounded.

Rep. Real committed to support the move of Rep. Jaraula. He said that it is high time that the Members avail of the Question Hour particularly on an issue that affects thousands of Filipinos working in Saudi Arabia.

QUERY OF THE CHAIR

The Chair inquired whether Rep. Jaraula was satisfied with Rep. Real's answer.

Rep. Jaraula replied that he would also like to get the assurance of the Majority Leader.

With the permission of the Chair, Rep. De Guzman said that that at the proper time, the House will invite the DOLE Secretary to appear in the Question Hour.

MANIFESTATION OF REP. PADILLA

Upon recognition by the Chair, Rep. Padilla manifested his desire to join Rep. Jaraula in asking questions of the DOLE Secretary during the Question Hour. He said that he was terminating his interpellation with the understanding that he would raise the same questions in the Question Hour.

Thereupon, Rep. Padilla said that the Minority had no more questions on the proposed budgets of the DOLE and its attached agencies.

MOTION OF REP. DE GUZMAN

Rep. De Guzman then moved that the Body terminate the period of interpellations on the proposed budgets of the DOLE and its attached agencies.

MANIFESTATION OF REP. SYJUCO

Rep. Syjuco manifested his desire to raise a parliamentary inquiry at this point, but the Chair said that he was going to make a statement first.

REMARKS OF THE CHAIR

The Chair said that Speaker De Venecia was once a DOLE consultant who played a very important role in sending thousands of laborers to Vietnam, the United Arab Emirates, and other countries which needed Filipino labor. He also said that Senate President Franklin Drilon and he himself were former Secretaries of Labor.

Whereupon, the Chair expressed surprise over the fact that the DOLE has not been given a chance by the Executive Branch to at least equal other departments in the matter of appropriations. He said that he understands the sentiment of DOLE officials and employees that they have been shortchanged despite having served the government with dedication. Stressing that Congress cannot increase but can only decrease the DOLE budget, he said that he hoped that the Executive Branch will work on the problem.

TERMINATION OF THE PERIOD OF
INTERPELLATIONS ON THE PROPOSED BUDGETS OF THE DOLE AND ITS
ATTACHED AGENCIES

Upon Rep. De Guzman's motion, there being no objection, the Body terminated the period of interpellations on the proposed budgets of the DOLE and its attached agencies.

SUSPENSION OF SESSION

The session was suspended at 5:46 p.m. upon Rep. Gonzales' motion.

RESUMPTION OF SESSION

At 5:55 p.m., the session was resumed.
CONSIDERATION OF THE PROPOSED BUDGETS OF THE HOUSING AND LAND USE REGULATORY BOARD, HOUSING AND
URBAN DEVELOPMENT COORDINATING COUNCIL, AND NATIONAL HOUSING
AUTHORITY

On motion of Rep. Gonzales, there being no objection, the Body considered the proposed budgets of the Housing and Land Use Regulatory Board (HLURB), the Housing and Urban Development Coordinating Council (HUDCC) and the National Housing Authority (NHA).

QUERY OF REP. SYJUCO

Upon recognition by the Chair, Rep. Syjuco said that the POEA does not have the facility to make an electronic listing of all OFWs. While he noted that the Body had already terminated the period of interpellations on the proposed budgets of the DOLE and its attached agencies, he moved that an additional P5 million be considered as part of the approved budget of the same.

After the Chair said that the Committee on Appropriations will move for the approval of the same at the appropriate time, Rep. Syjuco reserved his right to re-file his motion until that time.

On motion of Rep. Gonzales, the Chair then recognized Rep. Nanette Castelo Daza to sponsor the proposed budgets of the HLURB, the HUDCC and the NHA and Rep. Cynthia A. Villar to interpellate thereon.

INTERPELLATION OF REP. VILLAR

Rep. Villar first asked the Sponsor to explain the community mortgage program (CMP) of the government.

Rep. Castelo Daza said that the CMP provides financial assistance for land acquisition, site development and home improvement to organized community associations in blighted/depressed areas. While she affirmed that the CMP is the primary government program to enable urban squatters to acquire lands on which to build their homes, she pointed out that the government can also allocate public lands for this purpose.

Rep. Villar thereupon inquired on the amount allocated for the CMP for 2002, to which the Sponsor replied that there was none.
Rep. Villar subsequently inquired why Congress is not able to provide for a budget for this program when it is the only way by which the country's squatters will have

the opportunity to have land of their own.

Rep. Castelo Daza replied that while the National Home Mortgage Finance Corporation (NHMFC) had proposed a P1 billion budget for the Community Mortgage Program (CMP), the DBM unfortunately had deleted the same.

Whereupon, Rep. Villar inquired how the housing agencies will be able to solve the squatter problem in the urban areas, particularly in the National Capital Region, if the DBM will not provide for funds for the CMP.

Rep. Castelo Daza expressed agreement there-with.

Rep. Villar thereafter manifested for the record that on behalf of all the representatives of the urban areas in the Philippines, she would like to request that the national government and the DBM provide the budget for the CMP.

Rep. Castelo Daza thereafter stated that the Committee will propose, during the period of amendments, that the amount of P500 million or more be included in the budget for the CMP.

Thereupon, on motion of Rep. Fuentebella, the Chair recognized Rep. Remulla for his interpellation.

INTERPELLATION OF REP. REMULLA

Rep. Remulla pointed out that his interpellation will focus on the performance and achievements of the conglomeration of housing departments and agencies in the past year-and-a-half in the light of the President's SONA promise that about P20 billion will be earmarked for mass housing.

Rep. Castelo Daza, in reply, pointed out that the P20 billion fund needed to address the country's mass housing requirements would be sourced out from Pag-IBIG, the GSIS and the SSS and not from any government allocation.

Thereupon, Rep. Remulla inquired whether the national government had been using the pension funds of the members of these GFIs for mass housing purposes.

Rep. Castelo Daza replied in the negative and stated that the housing loans that are being provided by these GFIs are those that had been availed of only by its respective members.

Whereupon, Rep. Remulla inquired how the NHA had spent the P500 million allocated by Congress last year.

Rep. Castelo Daza replied that there had been no such release to the NHA.

Rep. Remulla subsequently asked how the NHA was able to manage its affairs if it had not been provided with funds by the DBM. He thereafter took to task the administration about its numerous claims of addressing the housing needs of the Filipinos.

Rep. Castelo Daza however explained that inasmuch as there had been no fund releases for the NHA for this year, the NHA had not been able to initiate and implement housing projects. She admitted that even for the NHA budget for mass housing projects for 2003, the budgetary allocation amounting to some P500 million will not also be scheduled for release. She expressed agreement with Rep. Remulla on the need for the government to prioritize housing projects.

Rep. Remulla pointed out that his concerns about the NHA budget has to do with the problems of his constituents regarding the numerous resettlement sites in Cavite to which the NHA had not given due attention. He expressed hope that the government would be able to do something about these problems inasmuch as it is its much-touted priority.

In her rejoinder, Rep. Castelo Daza agreed that an amendment to the proposed NHA budget should be presented to the Oversight Committee so that necessary funds may be released.

For the record, Rep. Remulla inquired about the President's vision and future plans regarding the government's mass housing program. He noted that in the President's SONA, all that had been discussed was the President's accomplishments in housing for 2000 and 2001 and nothing else for 2002. He then asked whether Congress will still hear the same pronouncements for 2003.

Rep. Castelo Daza agreed that the government's objective to alleviate the country's housing problems will be severely affected by the non-release of funds.

Thereupon, on motion of Rep. Fuentebella, the Chair recognized Rep. Juan Miguel F. Zubiri for his interpellation.

INTERPELLATION OF REP. ZUBIRI

Rep. Zubiri initially noted that the appointment of Secretary-designate Defensor of the newly created Department of Housing and Urban Development will have to pass through the Commission on Appointments. In this regard, he inquired on the status of the case that had been filed in the Office of the Ombudsman pertaining to the Padi's Point incident.

Rep. Castelo Daza explained that the case had been dismissed shortly after Secretary Defensor's appointment.

Whereupon, Rep. Zubiri pointed out that Secretary Defensor has been doing his job as the Secretary of Housing and Urban Development and this can be attested to by the fact that a visually-impaired person, who now sits in the gallery, was one of the beneficiaries of a housing unit.

Thereupon, on motion of Rep. Fuentebella, the Chair recognized Rep. Ace S. Barbers for his interpellation.

INTERPELLATION OF REP. BARBERS

Rep. Barbers initially inquired whether the beneficiaries of housing units also include some of the girls involved in the Padi's Point incident.

Rep. Castelo Daza replied that according to Secretary Defensor, the beneficiaries also include some of those whom Rep. Barbers had recommended.

Rep. Barbers then noted that since the appointment of Secretary Defensor, the Secretary is rarely seen in Congress and because of this, numerous girls had been queuing in various offices for an appointment to meet Secretary Defensor to avail themselves of the housing units. He inquired whether this is true.

Rep. Castelo Daza pointed out that the Secretary had not only been distributing housing units, he was also giving scholarships to beneficiaries.

Rep. Barbers surmised that it could not only be scholarships that the Secretary was giving out but also allowances from his own pocket.

POINT OF ORDER

Whereupon, Rep. Gonzales raised a point of order and stated that Rep. Barbers was not in proper attire and was not wearing a necktie.

SUSPENSION OF SESSION

On motion of Rep. Gonzales, the Chair suspended the session at 6:18 p.m.

RESUMPTION OF SESSION

At 6:18 p.m., the session was resumed.

INTERPELLATION OF REP. BARBERS
(Continuation)

Upon resumption of session, Rep. Barbers stated that after Rep. Gonzales had advised him to wear a necktie in succeeding plenary sessions, he resolved to wear those that were recommended by no less than Rep. Gonzales. He pointed out that Rep. Gonzales has good taste when it comes to neckties.

In continuing with his interpellation, Rep. Barbers noted that all of the interested lady applicants for housing units queuing up in their respective offices are known to be friends of Secretary Defensor.

Whereupon, Rep. Barbers commended Secretary Defensor for his management style. He opined that under Secretary Defensor's leadership, it would seem that there would be lesser Guest Relations Officers (GROs) who will be rendered homeless in the next generations. He then manifested his intent to propose the much needed increase in the budget of the HUDCC at the proper time in order to address the needs of numerous Filipinos who desire to own their houses.

In ending his interpellation, Rep. Barbers expressed hope that once Congress enacts the law creating the Department of Housing, the President would think twice before appointing Secretary Defensor as head of the new department unless the latter will be able to prove to her and to the Members that most of the interested beneficiaries who are queuing up in their offices will be granted housing units.

MANIFESTATION OF REP. ESPINA

Thereafter, Rep. Espina manifested his intent to interpellate on the proposed budget of the HUDCC.

MANIFESTATION OF REP. AQUINO (A.)

Upon recognition by the Chair, Rep. Aquino inquired whether the housing fund of P20 billion which the HUDCC is trying to raise will be able to build some 100,000 houses which costs roughly P200,000 per unit.

Rep. Castelo Daza replied in the affirmative thereto.

Rep. Aquino thereafter cited the housing initiative being undertaken by the group Couples for Christ which, together with the help of their target communities in the form of labor and other services, is able to produce a housing unit at an initial cost of P30,000 which is way below the estimated cost of the HUDCC.

Rep. Aquino then manifested the possibility that the government can forge a partnership with Couples for Christ so the former can stretch its meager budget and be able to produce some 300,000 to 400,000 housing units each costing P50,000 to P60,000.

Rep. Castelo Daza agreed therewith. She also informed Rep. Aquino that they are presently working on a possible memorandum of agreement with the Couples for Christ and another NGO called Habitat.

On motion of Rep. Fuentebella, the Chair next recognized Rep. Espina for his interpellation.

INTERPELLATION OF REP. ESPINA

Rep. Espina inquired on the three major reasons behind the need to create a Department of Housing and whether the budget for said purpose has been included in the 2003 GAB.

At this juncture, the Speaker relinquished the Chair to Deputy Speaker Espinosa.

SUSPENSION OF SESSION

On motion of Rep. Castelo Daza, the session was suspended at 6:26 p.m.

RESUMPTION OF SESSION

At 6:34 p.m., the session was resumed.

MOTION OF REP. DE GUZMAN

Upon resumption of session, Rep. De Guzman moved to suspend consideration of the proposed budgets of certain agencies.

POINT OF ORDER OF REP. ESPINA

Before the Body could act on the motion, Rep. Espina raised a point of order. He said that he still had the floor and that the session was briefly suspended because the Sponsor requested for some time to be able to answer his pending question. The Chair remarked that the point of order was well-taken.

INTERPELLATION OF REP. ESPINA
(Continuation)

In reply to Rep. Espina's pending query, Rep. Castelo Daza cited the following main reasons behind the proposed creation of a Department of Housing: 1) to institutionalize the programs and funding of the National Shelter Program (NSP) so as to better address the housing backlog which has reached 3.5 million housing units; 2) to tighten the control of the housing agencies for better coordination; and 3) to streamline the functions of the different housing agencies and avoid duplication among their functions.

Rep. Espina next inquired whether the 2003 GAB includes the funds needed to create the proposed department and to achieve the three goals of the department.

Rep. Castelo Daza remarked that there is no allocation yet for the proposed department although the budgets of the existing housing agencies will be used for the purpose.

In reaction, Rep. Espina recalled that the Department of Agrarian Reform was created some years ago for the sole purpose of implementing a land reform program. He recounted that the DAR was supposed to exist only for a certain period of time but to date, the department still exists. He expressed no surprise over this development, adding that based on studies in Public Administration, every new layer created in the government bureaucracy tends to live forever and even tends to expand itself. He however opined that this may not be true of the need to create a Department of Housing. He thereafter inquired on the difference among institutionalization, streamlining and tightening control.

In response, Rep. Castelo Daza underscored that the case of the proposed department is different because it is to become a permanent department that will replace the current system wherein the HUDCC coordinates the activities and programs of the different housing agencies.

Rep. Espina then inquired as to which function or institution will be replaced by the new department.

Rep. Espina inquired whether there would be a reduction of personnel as a result of the streamlining. If, so, he asked whether the amount which would be used to set up the new department would be the existing amount. He further inquired whether the reduction of personnel would be done to save more money for the institutionalization of a new department.

Rep. Castelo Daza replied that program and policy coordination would be under the HUDCC's supervision and control. She added that the table of organization will be done in six months.

Rep. Espina pointed out that it still does not give a real picture of whether the creation of the new Housing Department would result in the merger of various institutions, a reduction of personnel or the reorganization of agencies. He inquired on the table of organization and how the various agencies would appear after the creation of a new department.

Whereupon, Rep. Espina said that he would like to concentrate on the thrust of the various agencies involved in housing. He then inquired on the country's actual need for housing per year.

Rep. Castelo Daza replied that there is an urgent need for 200,000 houses every year.

Rep. Espina inquired whether the 200,000 houses will be allocated in terms of area, income capability and repayment ability of whoever will be the recipient of certain types of housing.

Rep. Castelo Daza replied that 150,000 will be for the urban poor and 50,000 will be for all low-salaried workers. These figures, she said, were culled from NSO statistics.

Rep. Espina disclosed that population statistics reveal that the population in the rural areas is higher. He noted that the statistics on housing do not coincide with the statistics on allocation of actual residence. He then inquired on the percentage of salary range factoring the identification of the 200,000 actual needed units.

Whereupon, Rep. Espina said that he does not want to belabor the point. He emphasized that the budget is the most important piece of legislation passed by any

Congress, because it is the dramatic presentation of how the government will address the people's aspirations, hopes and fears. This is why, he said, the Members look at the budget not only as a listing of programs but as a statement of fiscal policy and fiscal direction. Moreover, he pointed out that it also gives a message on how disciplined the officers of the different departments are in the use of very scarce resources. For this reason, he said that the Members should be serious in discussing the budget because therein lies either frustrations or a glorious realization of the dreams of the people.

Rep. Espina said that this is why even as he had been silent all the while, he decided to participate in the deliberation on the budget of the Department of Housing. He said that he is convinced that Secretary Michael T. Defensor is hardworking, young and has the idealism of youth and the energy to perform the task. However, he expressed hope that the Secretary would not lose the dream of fulfillment and of the future.

SUSPENSION OF SESSION

On motion of Rep. Fuentebella, the session was suspended at 6:47 p.m.

RESUMPTION OF SESSION

At 6:48 p.m., the session was resumed.

INTERPELLATION OF REP. PADILLA

Upon recognition by the Chair, Rep. Padilla recalled that the Eleventh Congress had approved RA No. 8763 or the Home Guarantee Corporation (HGC) Law which effectively increased the corporation's capital from P2.5 billion to P50 billion. He then inquired how much has been released from the P50 billion capital in favor of the HGC.

Rep. Castelo Daza replied that the amount of P1 billion had been released since the year 2000.

On whether it is correct that only P1.2 billion has been released out of the P50 billion capital, Rep. Castelo Daza replied in the affirmative.

Considering that Congress is about to approve the 2003 budget, Rep. Padilla inquired whether there is an amount in the budget to increase the P1.2 billion which has so far been released by the DBM.

Rep. Castelo Daza replied that for 2003, there is no budget allocated to increase the P1.2 billion.

Inasmuch as there is no budget allocated for this purpose, Rep. Padilla inquired where and when the Department would get the balance. He then said that he asked when and where because it is not included in the 2003 budget.

Rep. Castelo Daza replied that based on the HGC Law, the amount of P250 million will be released every quarter. She explained that when the HGC was approved, the government was supposed to release P7.5 billion. Unfortunately, she pointed out that only P1 billion had been released and P250 million will be released every quarter.

On whether the P250 million release per quarter is provided for under RA No. 8763, Rep. Castelo Daza replied that P7.5 billion must be released immediately.

Rep. Padilla then inquired what the future Secretary of Housing has been doing about the non-release of such funds. He asked whether there is the need to remind the DBM or the National Treasury of this predicament.

Rep. Castelo Daza disclosed that the Department has written the DBM regarding the release of funds because the amount is needed in addressing the housing problem of the country. Unfortunately, she said that the DBM can only release so much.

Rep. Padilla pointed out that since releases are not being done, then they could at least include some amount in the GAA. He then asked why the Department did not include some amount in the GAA 2003.

In reply, Rep. Castelo Daza said that the Department feels that Congress, through its oversight powers, will ensure said releases.

On whether there were efforts made by the Department so that said amount may be included in the GAB, Rep. Castelo Daza replied in the affirmative.

At the time the HGC was being considered, Rep. Padilla said that the Members were assured that there was money available for the HGC. He said that he even asked the Department to produce a certification stating that funds were available and that a certification had been presented first to the Committee and then to the Members.

Rep. Padilla said that he was dismayed to find out that after almost three years, only P1.2 billion has been released so far. He asked on the reason why said amount had not been released despite the certification on the availability of funds. This, he said, is a violation of the Constitution, aside from being a discourtesy to Congress.

Considering that the HGC Law is supposed to fund the guaranty program of the government, Rep. Castelo Daza disclosed that after same was approved, the budget intended for said purpose was diverted.

Rep. Padilla said that Congress had been deceived because the Members were assured that funds were available. If indeed there were funds available and the money was diverted for other purposes, he stressed that this is not only a deception and discourtesy to Congress but an injustice to the Filipino people, especially the homeless Filipinos.

Rep. Castelo-Daza said that she agrees therewith 100%.

Rep. Padilla suggested that at the appropriate time, the Members can invite the people from the National Treasury to appear before Congress to explain why the money was diverted to other purposes.

Rep. Padilla expressed relief after ventilating the issue. He hoped that the discussion will not be misconstrued as being adversarial to the present leadership of the Department of Housing. He said that he has the greatest respect for Secretary Defensor and that his only intention is to assure that funds are made available in order that the HGC would be bailed out of its present predicament. He stated for the record that the credibility of the HGC is threatened because of liquidity problems.

He then terminated his interpellation to give way to other members of the Minority and the Majority who wished to interpellate.

Rep. Castelo Daza in turn expressed appreciation for Rep. Padilla's queries.

On motion of Rep. Fuentebella, the Chair recognized Rep. Biazon for his interpellation.

INTERPELLATION OF REP. BIAZON

Rep. Biazon recalled his colleague who had questions pertaining to the CMP. He inquired on the number of projects which will be affected by the non-appropriation of funds for the CMP.

Rep. Castelo Daza replied that the proposed budget for the CMP is P900 million and its total beneficiaries is 20,000. She affirmed that the non-appropriation of the requested P1 billion budget will not enable the 20,000 families to achieve their dream of owning a home of their own.

Thereupon, Rep. Biazon quoted the President's statement in Filipino wherein the latter stated that in her trips to urban poor areas even before she became the President, she always heard the urban poor say that their most basic need is shelter security. This, he said, was the reason behind the President's target that around 150,000 families should graduate from being squatters each year. The President further added, he said, that this dream had been realized in the year 2001 and will be realized again in the year 2003. He stated that he lifted the quotes from a publication of the Office of the Press Secretary entitled "Policy Statements of PGMA", Volume 11, March 2002 which includes the President's speech which was delivered on March 15, 2002.

Rep. Biazon inquired whether the government is on track with regard to its target of enabling 150,000 families to graduate from being squatters, especially for the year 2003, when at least 20,000 families would not be able to achieve their dream of owning a home.

Rep. Castelo Daza cited that in two of its programs, the CMP was delayed and its targets were not met. She also cited the program for the proclamation of public lands and added that the CMP is a very critical program for which a budget should be appropriated, especially for the poorest of the poor.

Rep. Biazon inquired on the number of CMP projects in the pipeline and how many of these are at risk of not being implemented because of non-appropriation of funds. He stressed that under the CMP concept, a landowner practically offers his land for sale to the government. He inquired what will happen if the funds are not available and the landowners decide to withdraw their offer.

Rep. Castelo Daza corrected her earlier reply and stated that the total budget of the CMP is P1.2 billion and the total number of beneficiaries is 45,000.

Rep. Biazon inquired on the number of projects that are endangered because of the possibility that the landowner may withdraw his offer to sell the land to the government under the CMP.

Rep. Castelo Daza replied that all the 45,000 families may be affected in such a situation.

On further query, Rep. Castelo-Daza agreed on the urgent need to provide funds for the CMP which, she claimed, are already in the pipeline.

Noting that the CMP had been funded by the CISFA which was passed by Congress, Rep. Padilla inquired on the amount that had been released to the CMP.

Rep. Castelo Daza replied that out of its P12 billion allocation, only P2.7 billion had been released. She added that P10 billion should be released in the near future to fully comply with the CISFA.
Rep. Biazon quoted from the President's budget message entitled "Caring for the People" which underscored that food, employment, education, health and housing make up the core needs that the P804.2 billion budget seeks to address.

He then claimed that while he had seen various amounts of money that were allocated for other sectors, he found it hard to quantify how much will be spent for shelter and housing in the year 2003. He further asked whether the housing sector can live up to the targets that the President had set for every year given its budget for the year 2003.

Rep. Castelo-Daza replied that it could not if its budget is not released in the year 2003.

Rep. Biazon inquired whether this means that the government could not expect a good accomplishment report from the housing sector by the end of the year 2003. He asked whether it would be a fair assessment considering that the housing sector may not be able to meet its targets because of inadequate funds that have been allocated to it.

Rep. Castelo Daza replied that this is true specially with the low allocation for the year 2003.

Rep. Biazon recalled his previous interpellation on the budget of the DA during which he quoted from the President's budget message, to wit: "in the fiscal year 2003, we have provided a budget of P29 billion for this sector, including P20 billion to implement the AFMA. The latter is P3 billion more than what the law requires, a clear demonstration of our commitment to those in our farms or aqua-culture communities." He inquired whether the non-allocation of the P1 billion to CMP is a demonstration of the non-commitment to those who are in need of housing.

Rep. Castelo Daza replied that P1.2 billion is not sufficient to ensure that the problem of the poor, along with the anxiety of the landowners, will be addressed. She added that the CMP has contributed a lot not only to the social and political thrust of the government but to its economic objective as well.

Rep. Biazon surmised that the housing agencies must be envious of other departments which have been allocated P3 billion on top of what the law requires, while the CISFA was denied the P1 billion it had asked for. He inquired whether Rep. Castelo Daza would join Rep. Villar's call for additional funding for the CMP at the proper time.

Rep. Castelo Daza replied in the affirmative.
Rep. Biazon stated that he had no more questions and then moved to terminate the period of interpellations on the proposed budget of the housing sector.

On motion of Rep. De Guzman, the Chair recognized Rep. Apostol for her interpellation.

INTERPELLATION OF REP. APOSTOL

Rep. Apostol pointed out that according to the Congressional Planning and Budget Office (CPBO), a World Bank report has indicated that much of the government housing assistance is captured by the rich and middle-class households, with only 21% of the beneficiaries coming from poor households.

Rep. Castelo Daza replied that the program for the poorest of the poor will definitely come from the GAA and most housing programs were coursed through government financial institutions.

Rep. Apostol inquired on the veracity of the World Bank study.

Rep. Castelo Daza replied that it is true that only 21% of the beneficiaries come from poor households. She added that in addition to the amount cited in the World Bank report, contributions from pension agencies like the SSS, GSIS, Pag-IBIG and the National Shelter Program, through the Unified Lending program, totaled P4.1 billion from the years 1988 to 1996.

Rep. Apostol commented that she was not fully satisfied with the answer. Thereupon, she inquired on the appropriation for the HUDCC, the HLURB, the NHA and the HGC in the year 2003 budget.

Rep. Castelo Daza replied that this amounted to P1.7 billion, with P1 billion in automatic appropriations and P715 million, which includes the budgets for the four aforementioned agencies, in new appropriations.

Rep. Apostol thereafter inquired on the steps undertaken by the housing sector to ensure greater efficiency in the implementation of housing projects.

The sector has adopted measures to make the acquisition of housing units more affordable, Rep. Castelo Daza disclosed. She said that there is a proposal to reduce the loan interest rate for low-income borrowers from 11% to 9% and to lengthen the repayment period from 25 to 30 years. She added that the sector has also created a sustainable housing finance system by ensuring the efficient collection of loan payments through the participation of the private sector.

As regards the report made by the Congressional Planning and Budget Office that the housing finance system has collapsed because of low collection of loans, Rep. Castelo Daza said that the problem is now being corrected. She affirmed that the estimated amount of collectibles for 2002 is P84.26 million, hence the housing sector has come up with programs to increase collection.

Thereupon, on motion of Rep. De Guzman, the Chair recognized Rep. Syjuco for his interpellation.

INTERPELLATION OF REP. SYJUCO

Rep. Syjuco first pondered on the questions raised by Rep. Barbers. He opined that the Secretary deserved better questions than that. He thereafter referred to the administration's pronouncement that the housing program is one of its priority projects. When he raised this concern with Secretary Defensor, he continued, he was informed that there was no money for housing except for Pag-IBIG housing loans. Given the situation, he asked how the dream houses for the people envisioned by the government will become a reality when the vast majority of them are not even members of Pag-IBIG. He said that he would like a candid answer, because when the level of expectation of his constituency is high, their level of frustration is also high.

On top of the P30 billion Pag-IBIG fund for low-salaried workers, Rep. Castelo Daza clarified that the GAB will have to support the poorest of the poor, while every district will have an allocation of P3 million each. However, she lamented that despite the allocation of funds for the congressional districts, no releases were made this year.

As regards Rep. Syjuco's concern over the housing needs of farmers and fisherfolk, Rep. Castelo Daza disclosed that P500 million was allocated for the NHA to address the housing problems of poor and marginalized families; however, the funds have not yet been released by the DBM.

Rep. Syjuco noted that the DBM has been imposing a 25% reserve on items that have been budgeted under the 2002 GAA. He asked whether this is the case with the HUDCC and the other agencies concerned with housing.

Rep. Castelo Daza answered that not a single centavo was released from the P500 million allocation, while the NHMFC got only P300 million for the Community Mortgage Program. She affirmed that had the P500 million been released, then Rep. Syjuco's district could have been given a housing project or two. She disclosed that Secretary Defensor has been making representations with the DBM insofar as the budget release is concerned.

Rep. Syjuco asked on the function of the House in allocating money which remains unfunded by the DBM thereby adversely affecting the programs of the government. He noted that despite a budget deficit of some P225 billion, the House still continues to deliberate on the budget measure. He said that this would only give false hope to their constituents as they have not received the benefits promised them. He asked whether it would be better to set amounts that can be funded rather than allocate sums for programs that would only frustrate the people. He asked what the Secretary can do to ensure that the expectations of the people will be met.

As she agreed with the points raised by Rep. Syjuco, Rep. Castelo Daza said that the general provisions of the budget should be looked into to ensure that the allocations therein will be released. She added that the HUDCC recognizes the initial role of Congress in the implementation of the housing program, including the Comprehensive and Integrated Shelter Financing Act.

Pursuing his point, Rep. Syjuco said that he would like to quantify the information that he will give to his constituents, like whether there is an available housing fund for the Second District of Iloilo. He surmised that a housing fund per district is provided for in the yearly budget.

Rep. Castelo Daza said that Rep. Syjuco was referring to the local housing fund.

Then saying that he knows of the program as the CISFA, Rep. Syjuco pointed out that funds have been allocated for the first up to the fourth year of implementation of the same in the Second District of Iloilo but that no money has yet been released. He said in Filipino that his district has been monitoring the accumulation of these funds which they can use for housing projects but that his staff found out that the accumulation is merely on paper and is not supported by actual money. He stressed that the only housing fund that has reached his district and perhaps other districts in the country, is the "Lingap Fund" under the Estrada administration. He said that he could not reconcile Rep. Barbers' statement on housing beneficiaries, with the fact that the NHA Chairman, Rep. Nograles of the House Committee on Housing, and the DBM have affirmed that there are no fund releases for his district.

Affirming that no releases have been made under the CISFA, Rep. Castelo Daza assured Rep. Syjuco that Rep. Nograles was working out the same with the DBM.

Pointing out in Filipino that he himself had filed a bill creating the Department of Housing as an umbrella of all housing-concerned agencies and programs, Rep. Syjuco inquired on the need for a budget for housing if the districts all over the country do not benefit from any housing program. Rep. Castelo Daza said that the Department

hopes to institutionalize the housing programs, budgets and fund releases for the poorest of the poor.

Commenting that there are people in his district who are poorer than the poorest of the poor, Rep. Syjuco acknowledged Secretary Defensor's innocence on the matter. Even as he noted that the finger is being pointed at the DBM, he stressed in Filipino that the question was not one of who is at fault but of why there are various housing agencies but no housing program structures. He also asked how money could be released for these projects if the budget is in deficit.

Thereupon, Rep. Syjuco asked whether the money from government financial institutions has already come in. Replying in the affirmative, Rep. Castelo Daza said that the existing Pag-IBIG fund stands at P30 billion.

On whether his constituents can benefit from said fund, the Sponsor said that teachers, policemen, military personnel and local and national government employees can borrow money from Pag-IBIG as long as there are housing projects.

Then ending his interpellation, Rep. Syjuco thanked the Body for giving him the chance to voice out the sentiments of his constituents as well as of the other Members. Still speaking in Filipino, he said that he hoped that the finger-pointing will stop. He opined that with P30 billion, Secretary Defensor would be able to put together the facilities, apparatus and structures to aggressively pursue housing projects in various districts in the country. He moved that the Body approve the budget of the aforecited housing agencies.

REMARKS OF REP. BARBERS

Upon recognition by the Chair, Rep. Barbers pointed out that Rep. Syjuco had mentioned his name several times when he was interpellating Rep. Castelo Daza. He clarified that the questions he asked of Secretary Defensor were not meant to offend the sensibilities of the Members. He recalled that Secretary Defensor had been implicated in an incident related to a moral question at the Padi's Point Restaurant in Quezon City.

SUSPENSION OF SESSION

Whereupon, on motion of Rep. Escudero, the Chair suspended the session at 8:01 p.m.

RESUMPTION OF SESSION

At 8:02 p.m., the session was resumed.

CONSIDERATION OF THE PROPOSED BUDGET OF THE NATIONAL SECURITY COUNCIL AND THE NATIONAL
INTELLIGENCE COORDINATING AGENCY

On motion of Rep. Escudero, there being no objection, the Body considered the proposed budget of the National Security Council (NSC) and the National Intelligence Coordinating Agency (NICA).

Upon resumption of session, on motion of Rep. Escudero, the Chair recognized Rep. Plaridel M. Abaya to sponsor the proposed budgets of the NICA and the NSC and Rep. Suplico for his interpellation.

INTERPELLATION OF REP. SUPLICO

Rep. Suplico initially inquired whether indeed Secretary Golez had asked for an increase in the intelligence budget to combat terrorism. He subsequently asked what agencies would be entitled to increases in intelligence funds.

Rep. Abaya replied that there is indeed a need to strengthen intelligence capabilities to combat international terrorism. For this purpose, he pointed out

that the NICA had already organized the CITIC or the Counter International Terrorism Intelligence Center. He however stressed that for the government to effectively implement its three-stage battle plan to combat terrorism, the first stage, which involves intelligence activities to determine who the enemy is, must have the appropriate budgetary allocation.

Rep. Suplico thereafter noted that while the NSC Adviser had recommended an increase in the intelligence budgets, it must be noted that the AFP budget for intelligence actually decreased from P84 million for 2002 to P78 million for 2003; for the PNP, its intelligence budget remained at P217 million and that for the NICA, its budget only increased by P1.0 million. Inasmuch as the first stage in the government's three-stage battle plan requires intelligence activities, he inquired whether the lack of funds for this specific purpose meant that the government had already suffered a defeat in the hands of bureaucrats.

Rep. Abaya however clarified that nothing in the AFP budget had been deducted or reduced. In fact, he pointed out that the AFP’s budget was even increased by approximately 5.5%. Insofar as the budget of the AFP for intelligence is concerned, he explained that the budgetary deductions were made on the intelligence funds of the Presidential Security Group (PSG) and the Philippine Military Academy (PMA) amounting to about P6 million.

Whereupon, Rep. Suplico reiterated the figures that he had cited regarding the amount of intelligence funds allocated for the AFP, the PNP and the NICA. He stressed that the reduced intelligence funds of the AFP do not augur well for the government's battle plan to combat terrorism.

On another matter, Rep. Suplico inquired about the tremendous increase in the intelligence budget of the Office of the President vis-á-vis that of military and police agencies. He noted that for 2002, the intelligence budget of the OPS amounted to P595 million or 49% of the total intelligence budget. For 2003, the OPS budget for intelligence will reach about P650 million or an increase of P55 million or about 53% of the total intelligence budget for next year. He then inquired whether it is now the President or Col. Victor Corpuz who is responsible for the country's intelligence activities.

Rep. Abaya replied that while it is true that there is a big increase in the intelligence budget of the OPS, the same will still have to be allocated to the different agencies involved in intelligence work.

Rep. Suplico thereafter replied that since these funds have been placed in another agency and not under the disposal of the NICA and the National Security Council, he will have to momentarily defer his questions.

Whereupon, Rep. Suplico adverted to the arrest of Indonesian nationals, namely: Angus Dwikarna, Abdul Jamal Balfas and Hamsid Lim Rung last March 13, 2002 for sneaking into the country two oval-shaped plastic explosives and five detonating cords. Considering that two of the suspects had been released by the authorities through the alleged intercession of Indonesian President Megawati Sukarnoputri, he inquired whether the Philippines has become a client state of Indonesia such that the latter can dictate and impose its will on the Philippine government.

Rep. Abaya replied that it was actually Mr. Dwikarna who was arrested while in possession of these explosive materials. He pointed out that Mr. Dwikarna is still in detention and that the other two had been released since there was no evidence against them.

Whereupon, Rep. Suplico inquired whether Rep. Abaya has any knowledge of the names of the two cabinet secretaries, as alleged in the newspapers, responsible for interceding for the release of the two Indonesian bombers.

Rep. Abaya replied that he has no knowledge whatsoever.

Subsequently, Rep. Suplico inquired whether the intelligence budget includes funds for counter-intelligence, to which Rep. Abaya replied in the affirmative.

Thereupon, Rep. Suplico inquired whether the P1.2 billion intelligence fund can help uncover the identities of the aforementioned cabinet members.

Rep. Abaya replied that in due time, the intelligence communities can work on this.

In his rejoinder, Rep. Suplico stressed that the newspapers had already uncovered the identities of these cabinet members, and this information can only be had for the price of a newspaper.

Rep. Abaya however replied that he cannot guarantee whether these newspaper reports are accurate or not.

On whether the P1.2 billion can uncover the identities of these two Cabinet members, Rep. Abaya replied that Rep. Suplico's allegation was based on newspaper reports. He expressed doubts on the accuracy of the reports.

Rep. Suplico thereafter manifested his intent to propound his questions at the proper time. He surmised that the Sponsor and the National Security Adviser will provide him the identities of the two Cabinet members in due time.

On motion of Rep. Escudero, the Chair recognized Rep. Lobregat for his interpellation.

INTERPELLATION OF REP. LOBREGAT

Initially, Rep. Lobregat recalled that during his interpellation on the proposed budget of the DFA, he was informed that the two Indonesian bombers were released upon the request or suggestion of the NSC.

Rep. Abaya pointed out that in consultation with the DOJ, Messrs. Balfas and Tamil were released since no evidence was found against them. He however qualified that Mr. Dwikarna was detained and ultimately convicted. He also clarified that the two Indonesians were indeed arrested but subsequently released.

After stating that he had in his possession a letter from the Indonesian Embassy addressed to the DFA, Rep. Lobregat inquired when the three bombers were apprehended.

SUSPENSION OF SESSION

On motion of Rep. Abaya, the session was suspended at 8:25 p.m.

RESUMPTION OF SESSION

At 8:26 p.m., the session was resumed.

INTERPELLATION OF REP. LOBREGAT
(Continuation)

In reply to the pending query, Rep. Abaya disclosed that the three Indonesians were arrested sometime at the end of March 2002 and were released about a month later or at the end of April 2002.

As a rejoinder, Rep. Lobregat read into the records a letter dated April 17, 2002 of the Indonesian Embassy addressed to Vice President and former DFA Secretary Teofisto

Guingona, referring to the case of the three Indonesian nationals who were detained at Camp Crame facing criminal and deportation charges. He said that based on the letter, the Indonesian government had requested the Philippine government, through the DFA, to consider the release of the three nationals. He then commented that a few days after, the two Indonesians were released and suddenly, there was no evidence to support the charges they were facing.

Rep. Abaya replied that when the three were arrested, only the bag of Mr. Dwikarna was found to contain some explosive materials and a detonation cord. He reiterated that after due consultation with the DOJ, Messrs. Balfas and Tamil were released.

Rep. Lobregat maintained that he will pose the same questions to the other agencies concerned but he merely wanted to state for the record that according to the DFA, the NSC had recommended the release of the two Indonesians. He also said that they are still trying to find out the identities of the Cabinet members who recommended the release of Mr. Dwikarna.
On another point, Rep. Lobregat inquired on whether the Philippine government had advance information on the supposed terrorist threats which certain embassies had received. He referred in particular to the Embassies of Australia, Canada and the European Union which recently closed down their offices. He recalled that on the day of the incident, the Body was deliberating on the proposed budget of the DFA and that Secretary Ople had to leave immediately to attend to this problem.

Rep. Abaya maintained that no such information was received and that the Philippine authorities questioned the credibility of the report on alleged terrorist threats. He however pointed out that after the September 11, 2001 incident, these embassies had been given sufficient security.

Rep. Lobregat opined that the matter should not be taken lightly because this is the first time that embassies have suddenly closed down their offices.

Rep. Abaya expressed belief that it was a little unfair for said embassies to leave abruptly in view of the regular consultations between them and Philippine authorities wherein such subject was never brought up.

In addition, Rep. Lobregat inquired whether there was a scolding of certain policemen because they left the American Embassy unguarded.

Rep. Abaya replied that the authorities received no such complaint and averred that the embassies were quite satisfied with their security arrangements.

As a rejoinder, Rep. Lobregat opined that if a particular report comes out consistently in the newspapers, people just have to give credence to the media which he said has its own "assets" similar to the intelligence community's. He inquired whether the media had better intelligence assets than the intelligence community itself.

Rep. Abaya reiterated that there were no reports and that the local authorities did not receive any complaint from the US Embassy.

Rep. Lobregat averred that even if there was no complaint, there were newspaper reports that certain police units were reprimanded for leaving the US Embassy unsecured.

At this point, Rep. Lobregat agreed that intelligence funds whether that of the AFP, the PNP, the Customs Bureau or the BIR, are indeed lacking. He recalled that when he brought this to the attention of the Finance Secretary during his interpellation on

the DOF budget proposal, the Sponsor was candid enough to recommend that additional funds for the purpose can be taken from the budget of another agency.

MANIFESTATION OF REP. LOBREGAT

Subsequently, Rep. Lobregat manifested that the Minority had no further questions on the proposed budgets of the NSC and the NICA which do not only need more intelligence funds but good luck as well.

On motion of Rep. Escudero, the Chair recognized Rep. Syjuco to interpellate Rep. Abaya (P.).

INTERPELLATION OF REP. SYJUCO

To the questions of Rep. Syjuco, Rep. Abaya stated that in an ideal situation, intelligence funds could be augmented but in view of the limited budget, intelligence authorities have to work with the available funds for the purpose. He surmised that if spent properly, these funds would be able to deliver the results which the government expects to achieve.

Rep. Syjuco said that he admires Rep. Abaya for being a good soldier and a very distinguished and deserving public servant. He then inquired whether the intelligence budget will suffice for the needs of the Department.

Considering that the funds available are not enough, Rep. Abaya explained that the Department has to do its best to get the required results.

As to the amount of funds that would be needed for the intelligence budget, Rep. Abaya replied that at this point, he cannot give the ideal or absolute amount needed by the intelligence community.

As to the total budget that the Department would like to be approved, Rep. Abaya replied that the funds needed would be for the intelligence funds of the AFP, the PNP and the NICA. He pointed out that the budget for the NICA is P233 million.

On whether there is a need to increase the aforestated amount, Rep. Abaya replied that if there are funds available, it will be a big help to the agency.

Rep. Syjuco inquired whether Rep. Abaya is in a position to propose an increase in the budget for intelligence funds and how much this increase would be.
Rep. Abaya said that he would recommend an increase of at least 25%.

Rep. Syjuco inquired whether Congress has the capacity to ask the DBM for P55 million or the equivalent of a 25% increase in the budget for intelligence funds.

Rep. Abaya disclosed that although Congress cannot increase the total budget, it is within its powers to reallocate funds or transfer some funds from one agency to another.

On whether the reallocation is within the present intelligence budget of P232 million, Rep. Abaya said that the Committee will be the one to consider the scheme.

Rep. Syjuco inquired whether Rep. Abaya would push for an additional budget for intelligence because if the latter would decide so, he will abide by his decision.

Rep. Syjuco pointed out that if Rep. Abaya thinks that the intelligence budget is not sufficient for the Department to carry out the task of protecting the country,

then he should ask for an increase therefor. However, he maintained that if the P232 million intelligence budget is enough, then he would ask for its approval.

Rep. Abaya reiterated that if there are available funds, he will gladly increase the budget of the intelligence community.

On whether the intelligence budget should be approved now or he would still take the effort to increase the same, Rep. Abaya said that he will do everything within the power of the Committee to increase the budget of the intelligence community.

Rep. Syjuco asked Rep. Abaya's opinion on whether the P5 million, P10 million or P15 million increase would be in order. If the intelligence budget would not be enough and despite the fact that the government has a huge deficit, he pointed out that Rep. Abaya should ask for an increase in the budget of the intelligence community.

Rep. Abaya suggested that the matter be brought to the attention of the mother committee.

Rep. Syjuco inquired whether Rep. Abaya would like to postpone the approval of the intelligence budget or to approve the budget with the view of seeking additional funds from the mother committee.
At this point, Rep. Escudero suggested that at the proper time, the matter can be taken up during the period of amendments.

Rep. Syjuco inquired whether it would be in order to approve the budget with the view that the increase can be made with the proper representation of, and support from, the House.

Rep. Escudero said that the Body is not yet approving the budget of either of these agencies but is merely terminating the period of interpellations thereon. Hence, he said that, at the proper time, during the period of amendments, the matter may be taken up and by that time, Rep. Abaya's suggestion may be acted upon by the mother committee and by the plenary as a whole.
MANIFESTATION OF REP. SYJUCO

Considering that the Majority had already moved for the termination of the period of interpellations, and the Minority had done the same, Rep. Syjuco moved on behalf of the Independents that the Body terminate the period of interpellations on the proposed budgets of the NICA and NSC.

TERMINATION OF THE PERIOD OF
INTERPELLATION ON THE PROPOSED BUDGETS OF THE NICA AND THE NSC

On motion of Rep. Escudero, there being no objection, the Body terminated the period of interpellations on the proposed budgets of the NICA and the NSC.

SUSPENSION OF SESSION

On motion of Rep. Escudero, the session was suspended at 8:48 p.m.

RESUMPTION OF SESSION

At 8:49 p.m., the session was resumed.

QUESTION OF PRIVILEGE OF REP. SYJUCO

Upon recognition by the Chair, Rep. Syjuco stated that for the past few weeks, the

Members have labored long and hard to tackle the budget of the different departments and agencies of the government. He noted that the Members would like these department heads and officials to justify and be accountable for their use of government funds.

Rep. Syjuco said that he has been a Member of Congress for the last four-and-a half-years, but he has never seen officials who have accounted for their use of funds, disbursement and House resources.

Rep. Syjuco said that he would not accept anyone who is less honest under any circumstances because he believes in and expects honesty from government officials, especially during this time when the people have so many doubts on the leadership of the country, including their Congressmen.

Whereupon, Rep. Syjuco stated that now is the time to set a good example. He pointed out that what the Members expect from other officials in government should likewise be expected of them.

Rep. Syjuco said that it is imperative for the leadership of the House that an accounting should be provided to every Member for the funds that were used. He said that the leadership should be honest enough to return to the National Treasury all unused funds.

Noting that the House through the Committee on Accounts has no deficiencies with regard to its personnel, Rep. Syjuco suggested that by January 31, 2003, each Member should be provided with a financial statement listing the various expenses and the manner in which said funds have been disbursed.

In ending his speech, Rep. Syjuco reiterated his request that the Committee on Accounts submit a complete and detailed accounting as to how government funds have been expended in the House of Representatives for the year 2002.

SUSPENSION OF SESSION

On motion of Rep. Escudero, the session was suspended at 8:54 p.m.

RESUMPTION OF SESSION

At 9:09 p.m., the session was resumed.

CONSIDERATION OF THE PROPOSED BUDGET OF THE BUREAU OF IMMIGRATION

Upon resumption of session, on motion of Rep. De Guzman, there being no objection, the Body considered the proposed budget of the Bureau of Immigration (BI). On his motion, there being no objection, the Chair recognized Rep. Andaya to sponsor the proposed BI budget and Rep. Remulla for his manifestation.

MANIFESTATION OF REP. REMULLA

Rep. Remulla manifested that the Minority had no questions, in view of which he then moved that the Body terminate the period of interpellations on the proposed budget of the BI.

TERMINATION OF THE PERIOD OF INTERPELLATIONS ON THE PROPOSED BUDGET OF THE BI

Thereupon, Rep. De Guzman joined Rep. Remulla's motion, and there being no objection, the Body terminated the period of interpellations on the proposed budget of the BI.

CONSIDERATION OF THE
PROPOSED BUDGET OF THE
PUBLIC ATTORNEY'S OFFICE

On motion of Rep. De Guzman, there being no objection, the Body considered the proposed budget of the Public Attorney's Office (PAO). On his motion, there being no objection, the Chair recognized Rep. Andaya to sponsor the proposed PAO budget and Rep. Remulla for his manifestation.

MANIFESTATION OF REP. REMULLA

Rep. Remulla manifested that the Minority had no further questions, in view of which he then moved that the Body terminate the period of interpellations on the proposed budget of the PAO.

TERMINATION OF THE PERIOD
OF INTERPELLATIONS ON THE
PROPOSED BUDGET OF THE BID

Thereupon, Rep. De Guzman joined Rep. Remulla's motion, and there being no objection, the Body terminated the period of interpellations on the proposed budget of the PAO.

CONSIDERATION OF THE PROPOSED
BUDGET OF THE NATIONAL MUSEUM

On motion of Rep. De Guzman, there being no objection, the Body considered the proposed budget of the National Museum. On his motion, there being no objection, the Chair recognized Rep. Andaya to sponsor the proposed budget of the National Museum and Rep. Padilla for his manifestation.

MANIFESTATION OF REP. PADILLA

Rep. Padilla initially stated that Rep. Suplico had filed a resolution which he coauthored that pertains to the issues they wanted to discuss that evening. Instead of raising said issues, he said that he will opt to discuss the same in the congressional inquiry on the same subject matter. In view thereof, he manifested that the Minority had no further questions, and then moved that the Body terminate the period of interpellations on the proposed budget of the National Museum.

TERMINATION OF THE PERIOD
OF INTERPELLATIONS ON THE
PROPOSED BUDGET OF THE
NATIONAL MUSEUM

Thereupon, Rep. De Guzman joined Rep. Padilla's motion, and there being no objection, the Body terminated the period of interpellations on the proposed budget of the National Museum.

SUSPENSION OF SESSION

On motion of Rep. De Guzman, the session was suspended at 9:14 p.m.

RESUMPTION OF SESSION

At 9:15 p.m., the session was resumed.

CONSIDERATION OF THE PROPOSED BUDGETS OF THE DEPARTMENT OF JUSTICE AND ITS ATTACHED AGENCIES

Upon resumption of session, on motion of Rep. De Guzman, there being no objection, the Body considered the proposed budgets of the Department of Justice (DOJ) and its attached agencies. On his motion, there being no objection, the Chair recognized Rep. Andaya to sponsor the DOJ budget and Rep. Dilangalen for his interpellation.

SUSPENSION OF SESSION

On motion of Rep. De Guzman, the session was suspended at 9:15 p.m.

RESUMPTION OF SESSION

At 9:17 p.m., the session was resumed.

SUSPENSION OF SESSION

On motion of Rep. De Guzman, the session was suspended at 9:18 p.m.

RESUMPTION OF SESSION

At 9:19 p.m., the session was resumed.

QUERY OF REP. SYJUCO

Upon recognition by the Chair, Rep. Syjuco inquired on the status of the motion he had filed before the recess.

Rep. De Guzman, with the permission of the Chair replied that said motion has not been acted upon by the Body, and hence it is a standing motion.

SUSPENSION OF SESSION

On motion of Rep. De Guzman, the session was suspended at 9:19 p.m.

RESUMPTION OF SESSION

At 9:20 p.m., the session was resumed.

REMARKS OF REP. GONZALES

Rep. Gonzales said that in response to the parliamentary inquiry of Rep. Syjuco, the motion of the latter has remained unacted upon.

WITHDRAWAL OF REP. SYJUCO'S MOTION

Given the status of his motion, Rep. Syjuco said that after conferring with the leadership and with the assurance that the accountability aspect of the funds of the House are being properly attended to, he would withdraw his motion with a reservation to file the same at an appropriate time if necessary.

The Chair noted Rep. Syjuco's withdrawal of motion.

Thereupon, on a previous motion of Rep. Gonzales, the Chair recognized Rep. Dilangalen for his interpellation on the proposed budget of the DOJ.

PARLIAMENTARY INQUIRY

OF REP. DILANGALEN

Rep. Dilangalen first inquired whether the Body was considering the proposed budget of the Office of the Secretary only, or the other attached agencies of the DOJ as well.

Rep. Gonzales clarified that the attached agencies were also included in the deliberation.

INTERPELLATION OF REP. DILANGALEN

Thereafter, Rep. Dilangalen initially inquired on the DOJ division that handles extradition cases, and inquired on the nature of the extradition case filed in the Supreme Court, particularly the Department of Justice of the Republic of the Philippines vs. Judge Puruganan and Congressman Mark Jimenez aka Mario Crespo.

The Legal Division is tasked with this function, Rep. Andaya answered. He clarified that the aforestated case is an ex parte proceeding, and as stated in the decision, it is sui generis and therefore is neither a criminal or civil case. He explained that it is an extradition proceeding which is in a class of its own and as such is quasi-administrative in character. He agreed that anybody who is the subject of an extradition is entitled to due process, in which there is notice and hearing of the case.

Rep. Dilangalen thereafter pointed out that since the case requires notice and hearing, then a person cannot just be the subject of an arrest order.

Rep. Andaya answered that an extradition case recognizes the right of the accused to due process, and is conducted in an extradition court. He said that due process comes in when the court orders the extraditee to appear before it to submit documents on the matter.

On whether the explanation he made was also the definition given by the Supreme Court, Rep. Andaya opined that the Supreme Court did not tackle the issue squarely because what it discussed was the right to bail.

Rep. Dingalen surmised that the Philippine DOJ is the lawyer of the US government. As he noted that the case involves the right to bail and the right to due process, he inquired as to when the latter begins. He maintained that the DOJ should now refer to the decision. He moved for a suspension of session to enable the DOJ to study the decision of the Supreme Court.

SUSPENSION OF SESSION

On motion of Rep. Dilangalen, the session was suspended at 9:27 p.m.

RESUMPTON OF SESSION

The session was resumed at 9:48 p.m.

SUSPENSION OF CONSIDERATION OF THE PROPOSED BUDGETs OF THE DOJ AND its ATTACHED AGENCIES

On motion of Rep. De Guzman, there being no objection, the Body suspended consideration of the proposed budgets of the DOJ and its attached agencies.

CONSIDERATION OF THE PROPOSED BUDGET OF THE DEPARTMENT OF

NATIONAL DEFENSE

On motion of Rep. De Guzman, there being no objection, the Body considered the proposed budget of the Department of National Defense (DND).

SUSPENSION OF SESSION

On motion of Rep. De Guzman, the Chair suspended the session at 9:59 p.m. to allow the technical staff to take their seats in the Session Hall.

RESUMPTON OF SESSION

The session was resumed at 9:59 p.m.

On motion of Rep. De Guzman, the Chair recognized Rep. Abaya (P.) to sponsor the proposed budget of the DND.

PARLIAMENTARY INQUIRY
OF REP. SANTIAGO

Upon recognition by the Chair, Rep. Joseph A. Santiago inquired when the Body will take up the proposed budget of the DPWH. He related that he had heard reports from the personnel of the Committee on Appropriations that DPWH personnel had already been ordered to go home.

Rep. De Guzman replied that the DPWH budget will be taken up after the consideration of the proposed budget of the DND. He likewise informed Rep. Santiago that there was no order whatsoever to send home the DPWH personnel.

QUERY OF REP. PADILLA

After noting that the Body will be taking up the proposed DND budget momentarily, Rep. Padilla inquired whether the Body will now convert itself into a Committee of the Whole following the approved motion of Rep. Gonzales the other day.

SUSPENSION OF SESSION

Thereupon, the Chair suspended the session at 10:02 p.m.

At this juncture, Deputy Speaker Salapuddin relinquished the Chair to Deputy Speaker Espinosa.

RESUMPTION OF SESSION

At 10:23 p.m., the session was resumed.

SUSPENSION OF CONSIDERATION
OF THE PROPOSED BUDGETS OF THE DND
AND ITS ATTACHED AGENCIES

On motion of Rep. Gonzales, there being no objection, the Body suspended consideration of the proposed budgets of the DND and its attached agencies.

MOTION OF REP. GONZALES

Considering that specific persons would have to answer certain questions on the floor and to expedite the proceedings, Rep. Gonzales moved that the Members sit as a Committee of the Whole.

Before the Body could act on the motion, the Chair recognized Rep. Failon on a parliamentary inquiry.

PARLIAMENTARY INQUIRY
OF REP. FAILON

On the query of Rep. Failon as regards the schedule of the budget deliberations on the various departments, Rep Gonzales disclosed that he just came from a meeting between the Majority and the Minority contingents where it was decided that the House shall take up the proposed budgets of the agencies depending on the circumstances. He said that they cannot actually state which agency's budget proposal will be discussed one after another. He stressed that the budget deliberations will continue until the following day until the Body shall have passed the 2003 GAB on Second Reading.

MOTION OF REP. GONZALES

Subsequently, Rep. Gonzales reiterated his motion that the Members sit as a Committee of the Whole for the purpose of discussing the proposed DND budget.

OBJECTION OF REP. SYJUCO

Before the Body could act on the motion, the Chair recognized Rep. Syjuco who posed his objection to the motion. He inquired on the purpose of constituting a Committee of the Whole to discuss the proposed budget of the DND.
SUSPENSION OF SESSION

Thereafter, the Chair motu proprio suspended the session at 10:26 p.m.

RESUMPTION OF SESSION

At 10:26 p.m., the session was resumed.

MOTION OF REP. GONZALES

As previously moved by Rep. Gonzales, there being no objection, the Members constituted themselves into a Committee of the Whole for the purpose of discussing the proposed DND budget. (See Appendix IV for the Journal of the Committee of the Whole for December 3, 2002.)

SUSPENSION OF SESSION

At 10:26 p.m., the session was suspended.

RESUMPTION OF SESSION

At 11:18 p.m., the session was resumed.

RESUMPTION OF CONSIDERATION OF THE
PROPOSED BUDGET OF THE dnd

On motion of Rep. Gonzales, there being no objection, the Body resumed consideration of the proposed budget of the DND. On his motion, there being no objection, the Chair recognized Rep. Abaya to sponsor the proposed DND budget and Rep. Padilla for his interpellation.

MANIFESTATION OF REP. PADILLA

Rep. Padilla stated that after the exciting exchange of words between Rep. Dilangalen and Secretary Reyes, the Minority had no further questions on the proposed budget of the DND. He then moved for the termination of the period of interpellations on the same.

On motion of Rep. De Guzman, the Chair recognized Rep. Aquino (B.) for his interpellation.

INTERPELLATION OF REP. AQUINO (B.)

Rep. Aquino remarked that he would only ask a couple of questions so as not to delay the proceedings. He then inquired whether in the deliberations on the year 2002 budget, a commitment was made to bid out the budget of the DND, and that the matter of petroleum, oil and lubricants was raised in the plenary session.

Rep. Abaya affirmed this point.

Rep. Aquino next inquired whether said commitment to bid the DND budget had been carried out.

REMARKS OF THE CHAIR

At this juncture, the Chair called for order in the House.

INTERPELLATION OF REP. AQUINO (B.)
(Continuation)

Rep. Aquino noted that up to the present, the petroleum, oil and lubricant requirements of the AFP have not been bidded out. He thereafter referred to the November 13, 2002 hearing wherein all the subcommittees received were various proposals on how to handle the problem. Given the necessity of having large amount of funds bidded out, he said that he would like to propose at the appropriate time the inclusion of a special provision mandating bidding in 2003 and accepting the proposal of Secretary Reyes as enunciated on November 13, 2002.

Rep. Abaya assured Rep. Aquino that the proposal would be accepted by the Committee at the appropriate time.

Thereupon, the Chair recognized Rep. Lobregat for his interpellation.

INTERPELLATION OF REP. LOBREGAT

At the outset, Rep. Lobregat referred to the earlier statement of the Minority that they had no more interpellations, this on the understanding that the Majority would also make no manifestations. He thereafter inquired on the status of the peace talks between the Government of the Republic of the Philippines (GRP) and the MILF. As it was the understanding of many people that the formal peace talks have been suspended, he inquired whether there have been negotiations through back-channeling.

SUSPENSION OF SESSION

On motion of Rep. Abaya, the session was suspended at 11:22 p.m.

RESUMPTION OF SESSION

At 11:24 p.m., the session was resumed.

INTERPELLATION OF REP. LOBREGAT
(Continuation)

Rep. Abaya clarified that once the draft on the final agreement is prepared and approved by the President, the negotiations will resume.

Rep. Lobregat said that he would like to find out the answer from the DND and not from the Office of the Presidential Adviser on the Peace Process as this is under the Office of the President.

The position of the DND is identical to that of the peace negotiator, Rep. Abaya explained. He said that the Secretary of the DND is a member of the Peace Committee.

Rep. Lobregat however emphasized that he was interpellating on the budget of the AFP, from which he would like to get an answer.

Rep. Abaya referred to the statement of the DND Secretary that the position of the Department is identical to the position he had stated earlier. He thereafter clarified that the DND is involved in back channeling efforts because of the involvement of the military.

Thereupon, Rep. Lobregat quoted a newspaper article which reported that according to a military official, some 12 MILF leaders are being trained in bomb-making in Maguindanao, and sought confirmation thereon.

SUSPENSION OF SESSION

On motion of Rep. Abaya, the session was suspended at 11:28 p.m.

RESUMPTION OF SESSION

At 11:31 p.m., the session was resumed.

INTERPELLATION OF REP. LOBREGAT
(Continuation)

Rep. Abaya affirmed that the AFP had received reports regarding the bomb-making activities and other violations of the peace process by the MILF; hence the suspension of the negotiations. He likewise confirmed that the AFP had also received reports regarding the newspaper article dated November 30, 2002 wherein 25 kilograms of ammonium nitrate were seized by soldiers in Camp Gumandar. He said that all these reports are still being verified by the military.
As he pointed out that the reports were published on November 7 and November 30, Rep. Lobregat stressed that it is now December. He asked why it was taking this long for the AFP to verify the reports.

Rep. Abaya restated that the reports are still being verified by the AFP. Similarly, he said that the October 14 report which claims that army troops killed 20 suspected MILF members in a newly established training camp that harbors Abu Sayyaf members is still being verified.

On whether the military had indeed captured an MILF camp in Rajah Muda, Rep. Abaya affirmed that the report is true.

Subsequently, Rep. Lobregat asked whether Rep. Abaya shares the opinion of Senator Aquilino Pimentel which was published in the November 23, 2002 article of the Philippine Star that both the government and the MILF are going through the motions

of peace to buy time.

Rep. Abaya maintained that the AFP continues to look for the enemy even as the peace process goes on. If the peace talks are suspended, then the back channeling would go on, he added.

As he stressed that the activities in back channeling are known to only one person, Rep. Lobregat said that this means that the fate of the entire country is known only to this person, and inquired on the identity thereof.

Back channeling is undertaken not only by one person but by the entire AFP, particularly by Secretary Bert Gonzales, Rep. Abaya explained.

On whether he believed the report that the MILF will surrender guns after the final enactment of the peace pact, Rep. Abaya maintained that tactical operations and negotiations are being done simultaneously -- negotiation for those who would like to go back to the folds of the law, while tactical operations for the elimination of the hard core.

Rep. Lobregat however observed that back channeling is being done all the way to the top leadership of the MILF.

Rep. Lobregat thereafter said that the MILF will not agree to hold talks on a tactical level because their organization will be destroyed.

Rep. Abaya clarified that what he said was that tactical operations and negotiation go hand-in-hand. The Department was trying to win back those who are willing to return to the folds of the law, he reiterated, while launching tactical operations against hardcore members.

To Rep. Abaya's subsequent observation that back channeling was being done all the way to the top, the Sponsor said that this is being handled by those who are authorized by the President to do so such as Secretary Gonzales.

At this point, Rep. Lobregat inquired whether Secretary Gonzales consults Secretary Reyes, the new or former AFP chiefs of staff, as well as the Southcom Commander in Mindanao. He pointed out that according to the different commanders, they had not been consulted. Even as the Sponsor replied that the military was being consulted by the "back channeler," he added that the DND Secretary himself had admitted in the Committee hearings that he had not been consulted and in one instance saw several peace documents only after they had been signed. He asked whether consultation is done after the signing in the same manner that Congress was consulted on the MLSA only after it had been signed.

Rep. Abaya stressed that if there was no consultation, Secretary Gonzales should be advised to do so.

At this point, Rep. Lobregat inquired whether the military knows what provisions are in the proposed peace agreement.

The Sponsor said that the agreement has not yet been submitted to military authorities.

REMARKS OF REP. LOBREGAT

After thanking Rep. Abaya for his candid and truthful answers, Rep. Lobregat stated that the Minority had no more questions on the proposed budget of all of the units

of the AFP and the Office of the DND Secretary.

TERMINATION OF THE PERIOD
OF INTERPELLATIONS ON THE
PROPOSED BUDGET OF THE DND

On motion of Rep. Gonzales, there being no objection, the Body closed the period of interpellations on the proposed budget of the DND.

SUSPENSION OF SESSION

The Chair motu proprio suspended the session at 11:45 p.m.
RESUMPTION OF SESSION

At 11:46 p.m., the session was resumed.

SUSPENSION OF SESSION

On motion of Rep. Gonzales, the Chair suspended the session at 11:46 p.m.

RESUMPTION OF SESSION

At 11:48 p.m., the session was resumed.

CONSIDERATION OF THE PROPOSED BUDGET OF THE DEPARTMENT OF
EDUCATION (DepEd)

On motion of Rep. Gonzales, there being no objection, the Body considered the proposed budget of the Department of Education (DepEd).

The Chair recognized Rep. Andaya to sponsor the aforestated budget and Rep. Failon to interpellate thereon.

INTERPELLATION OF REP. FAILON

At the outset, Rep. Failon inquired whether the Acting Secretary of the DepEd was around. After Rep. Andaya affirmed that Secretary De Jesus was present in the Session Hall, he asked whether the latter is competent to answer interpellations.

SUSPENSION OF SESSION

On motion of Rep. Andaya, the Chair suspended the session at 11:50 p.m. to allow the technical staff to take their places in the Session Hall.

RESUMPTION OF SESSION

At 11:52 p.m., the session was resumed.

INTERPELLATION OF REP. FAILON
(Continuation)

Rep. Andaya, in reply to the previous query, stressed that the Education Secretary is competent to answer questions regarding his Department.

After Rep. Andaya said that Udersecretary (Usec) Ramon Bacani was not in the Session Hall and was still on leave, Rep. Failon observed that Secretary De Jesus had always referred questions to Usec Bacani during the committee hearings. He asked whether

Secretary De Jesus can answer questions about the DepEd without asking Usec Bacani. Even as he replied in the affirmative, Rep. Andaya reminded his colleagues that Mr. de Jesus is new on the job and is not an Acting Secretary but the Secretary of the Department. He pointed out that Secretary De Jesus could ably answer any question on policy but that on matters of commitments made by past Education Secretaries, he may need to consult with other assistant secretaries or undersecretaries such as Usec Bacani who has held his position for a long time.

Thereupon, Rep. Failon asked why Region VIII was chosen as the pilot area for the IBM Regionalization Project. Commenting that the Body could discuss the budgets of other departments which are more prepared to answer questions and opining that Secretary De Jesus cannot competently answer a simple question, he moved that the Body defer consideration of the proposed budget of the DepEd.

SUSPENSION OF SESSION

The Chair motu proprio suspended the session at 11:55 p.m.

RESUMPTION OF SESSION

At 11:55 p.m, the session was resumed.

SUSPENSION OF CONSIDERATION OF
THE PROPOSED BUDGET OF THE DePEd

On motion of Rep. Gonzales, there being no objection, the Body suspended consideration of the proposed budget of the DepEd.

CONSIDERATION OF THE PROPOSED BUDGETS OF THE DEPARTMENT OF
JUSTICE AND ITS ATTACHED AGENCIES

On motion of Rep. Gonzales, there being no objection, the Body considered the proposed budget of the Department of Justice (DOJ) and its attached agencies.

The Chair recognized Rep. Andaya to sponsor the same and Rep. Jimenez to interpellate thereon.

INTERPELLATION OF REP. JIMENEZ

Rep. Jimenez inquired on the status of the Mutual Legal Assistance (MLA) agreement between Hong Kong and the Philippines. Rep. Andaya said that it was submitted by the DFA to the Senate where it is pending ratification.

Rep. Jimenez informed the Body that the MLA was signed on February 23, 2001 or one month and 20 days after the assumption into office of Secretary Hernando B. Perez in the DOJ. Calling the document a deadly weapon because it could be used for anything good or bad, he said that he could not understand why it took such time to be forwarded to the DFA.

Rep. Andaya said that he does not know when the DFA actually transmitted the MLA to the Senate for ratification.

Rep. Jimenez subsequently asked Rep. Andaya whether he is aware that he went to the Ombudsman on that day and that the MLA is the only document needed to open any bank account in Hong Kong.

Rep. Andaya replied that he is not aware of the fact that Rep. Jimenez had gone to the Ombudsman that day.

At this point, Rep. Andaya agreed with Rep. Jimenez that if the MLA is ratified, the government can inquire into any illegal accounts being deposited in the banks in Hong Kong. He however opined it is up for the Members of the Senate to ratify said agreement, adding that he does not know the reason for the delay therefor.

As to why the MLSA is executive in nature and the MLA is not, Rep. Andaya explained that the nature of the agreement would spell the difference in the treatment of the two agreements.

Whereupon, Rep. Jimenez explained that the MLA is a very simple agreement governing crimes committed in the Philippines and in Hong Kong such that the two governments can undertake reciprocal actions in obtaining any document in any bank in the two countries. Inasmuch as the MLA was signed one month after Secretary Perez' assumption into the office in the DOJ, he inquired on the reason for the delay in the ratification of the MLA.

Rep. Andaya replied that he is not privy to this matter and that he does not know the exact date when the MLA was submitted to the Senate for ratification.

To another query, Rep. Andaya explained that the Philippines has an MLA with the United States and with the Australian government.

As to how long it took the Justice Secretary to implement the aforecited MLAs, Rep. Andaya replied that he is not privy to the information being sought but the Committee can inquire thereon.
Thereafter, Rep. Jimenez pointed out that everything that came out in the newspapers regarding the case of Secretary Perez is irrelevant and that the only thing that is relevant is the MLA. He added that if the MLA will not be approved, the government may take about 100 years to investigate this case. However, he said that since the problem with the agreement is that Secretary Perez would be the one to execute the same, then why would he still push for the MLA's ratification by the Senate?

In response, Rep. Andaya stated that it was the DFA that had transmitted the MLA to the Senate and it will also be the one to push for the ratification thereof.

Inasmuch as it took only three months for the government to sign the MLAs with the United States and Australia, Rep. Jimenez asked why until now the MLA with Hong Kong has not been ratified.

In response, Rep. Andaya stated that he is not privy to the matter and as such, he cannot confirm whether those aforementioned treaties were signed within a period of only three months.

Thereupon, Rep. Jimenez inquired on the DOJ's policy regarding the showing of jail cells to people who have not yet been convicted of any crime, through the media. He further inquired on the DOJ's and the NBI's policy on the showing of prisoners and mimicking words for persons whom they believe should go to jail. He asked whether this violates any law.

To the first query, Rep. Andaya replied that the DOJ has no such policy and has not violated any law on this matter. He then asked how the jail cells were exhibited or shown in the media.

Rep. Jimenez recalled that the jail cell scene was shown for one week in the tri-media along with the dialogue "MJ, we are waiting for you."

In response, Rep. Andaya opined that the members of the DOJ who initiated this move

must have intended to intimidate Rep. Jimenez. He added that the people involved could have violated the law. However, he said that there is no evidence to show that indeed the members of the DOJ had something to do with the showing of the jail cell.

Thereupon, Rep. Jimenez pointed out that he is embarrassed that the DOJ which is supposed to dispense justice is violating the same. He then informed the Members that the person responsible for this mess is the head of the NBI-Interpol Division who even said in the media that "Rep. Jimenez will lose weight because his allowance will only be P80 a day." He then asked whether the utterance was a violation of the law.

Rep. Andaya replied that the utterances of the aforementioned person is only imputable to him and does not in anyway affect the DOJ hierarchy. He added that this is not a case of human rights violation.

As to whether he was answering for the DOJ when he said that there was no human rights violated, Rep. Andaya replied that he was also answering as a lawyer.

As to whether a similar incident had happened in the past, Rep. Andaya replied in the affirmative, stating that this has happened on several occasions and specially involved public officials. He affirmed that the incident has caused a lot of grief to Rep. Jimenez and his family. He then underscored that this is not the policy of the DOJ.

Thereafter, Rep. Jimenez asked for the names of the non-criminals who similarly were treated as criminals. Rep. Andaya replied that the subject matter of the issue does not involve criminals nor non-criminals and that he never called Rep. Jimenez a criminal.

SUSPENSION OF SESSION

At this juncture Rep. Gonzales, moved for the suspension of session so that the Members can personally greet Rep. Zamora (R.) a happy birthday. Thereafter, the Chair suspended the session.

It was 12:12 a.m., Wedensday, December 4, 2002.

RESUMPTION OF SESSION

At 12:14 a.m., the session was resumed.

INTERPELLATION OF REP. JIMENEZ
(Continuation)

To another query, Rep. Andaya emphasized that if he will mention the names of the people who have caused trouble and have tarnished the reputation of Rep. Jimenez and his family, he might cause the same grief and trouble to the families of these people that would be mentioned. Expressing his sentiment to the latter, he said that this practice is not allowed in this country.
At this juncture, Rep. Jimenez inquired on the DOJ policy as regards the petition for certiorari filed before the Supreme Court on the matter of bail. He further asked when the petition for certiorari as to the ban on former Governor Rodriguez was filed in the Supreme Court.

Rep. Andaya responded that the case is similar to Rep. Jimenez' case, and therefore he will decline to comment on this matter so as not to prejudice the ongoing investigation of the case in court.

Stating that the issue is not only a matter of policy but of life and as such, life is more important than policy, Rep. Jimenez explained that Mr. Rodriguez was never granted bail and his petition for certiorari before the Supreme Court was not given due course. However, he recalled that economic saboteurs had stolen P2.5 billion from government coffers but no plunder case and no petition for certiorari were filed.

However, Rep. Andaya commented that these involve two different cases -- one criminal in nature while the other is an extradition case.

Pointing out that extradition proceedings are also considered criminal proceedings, Rep. Jimenez emphasized that he did not deprive the country of anything, and therefore, should be granted bail while the person who deprived the government of the amount of P2.5 billion should not be granted bail because the latter has committed the crime of plunder.

He added that he should not even be fighting for bail because according to the sui generis theory, an extradition case is neither a criminal, civil nor administrative proceeding, and therefore he can file a motion for dismissal based on this theory.

As to whether it is the DOJ's policy to grant bail to a person who has looted the government of P2.5 billion and not to file a petition for certiorari before the Supreme Court regarding the case, Rep. Andaya reiterated that the two aforementioned cases are different from each other, although he understands Rep. Jimenez' situation. He lamented that it is quite unfortunate that this issue had to be ventilated in a budget hearing in which the Sponsor has to defend certain government agencies. He said that both of them are victims of the circumstances of the matter.

Whereupon, Rep. Jimenez asked why a Filipino accused of plunder in the United States is granted bail by the US District Court but a Filipino in the Philippines who has already been granted bail is being questioned by the DOJ.
Rep. Andaya replied that presently, extradition cases are not bailable. He stressed that he does not want to question the legality of the decision of the RTC.

However, Rep. Jimenez emphasized that an extradition case is bailable, as he pointed out that Mr. Rodriguez is still out on bail and the DOJ has not filed any petition for certiorari thereon. Similarly, he emphasized that Mr. Atong Ang is an extraditee who has been granted bail in the US. He added that an extradition case is covered if there is a duality in the law.

Agreeing therewith, Rep. Andaya clarified that in the petition for Mr. Rodriguez, there is a pending case of certiorari before the Supreme Court, which has been filed on February 1, 2002 by the Office of the Solicitor General.

Rep. Jimenez stated that he had researched on the matter and has not seen such petition.

On another point, Rep. Jimenez stated that Latin America engages in 8% of the total trade in the world, and that he was surprised at how the DOJ categorizes anybody who does business in Latin America as a supposed drug dealer and money launderer. Last week, he stressed that he sent all the documents thereon to his friends in Latin America, who were dismayed over statements that said continent is a haven for criminals. He pointed out that Uruguay is the Monaco of Latin America, is the safest country in that region, has $6,000 to $8,000 per capita income and is no place for drugs. He said that the DOJ is talking about drugs in Latin America but it cannot even eliminate drugs in the country. He urged the DOJ to use the budget that the

House is going to appropriate for them in eradicating the drug problem in the Philippines. He then inquired on the funds that Secretary Perez was using in conducting the investigation against him.

Rep. Andaya replied that with regard to utterances allegedly made by the DOJ against Latin America and Uruguay, if it can be proven that these statements were directly made by DOJ personnel, they could be held criminally liable for such actions.

In this regard, Rep. Jimenez pointed out that he can then file a case against Secretary Perez on this matter because he has tapes of the latter's statements covered by radio and television directly branding Latin America as a haven for criminals.

Rep. Andaya affirmed this view and added that a proper protest can be made by these Latin American countries. With regard to Rep. Jimenez' second query, he explained that there is no item in the DOJ's budget regarding the funds being used by the Department in conducting an investigation against him.

As to whether there is a directive given to NBI Director Wycoco to release his NBI clearance to the DOJ, Rep. Andaya replied in the negative, stating that even if there was, the same cannot be implemented due to lack of an MLA.

Whereupon, Rep. Jimenez pointed out that that day and the previous day, Secretary Perez has publicly displayed several bouncing checks which he had issued 30 or 40 years ago, and the only way to get this is to examine his NBI clearance. He added that he has evidence to show that DOJ personnel had been going from court to court searching for all the things that had happened in his life. Inasmuch as this practice is illegal, he said that if it would be known to the whole world, there will be no investors coming into the country.

Rep. Andaya maintained that court records are public in nature and anybody can have access to the same. He said that this is also one way of getting information aside from NBI records.

Rep. Jimenez then asked whether -- if he can prove that the DOJ people are going after his records and that fiscals are being arbitrarily forced to sign letters of support for the DOJ -- Rep. Andaya would be willing to suspend consideration of the DOJ's proposed budget.

Rep. Andaya replied that the suspension of consideration of budget deliberations is a collective decision and not within the total control of the chairman of the Committee on Appropriations.

Whereupon, Rep. Jimenez stressed that if the MLA will not be ratified by the Senate, the future of the country will be over because his case against the $2 million man will never be accomplished inasmuch as the account thereon will never be opened. He stressed that he had accused somebody of corruption, but instead of helping him, the government machinery is going after him. He then asked whether the government still expects anyone to stand up and denounce graft and corruption.

Thereafter, the Chair recognized Rep. Garin for his interpellation.

INTERPELLATION OF REP. GARIN

At the outset, Rep. Garin first asked what symbolizes justice, to which Rep. Andaya replied the lady with a blindfold symbolizes impartial justice.

In this regard, Rep. Garin stated that since the lady symbolizes the DOJ, it should

represent fairness and equality without being influenced by any outside pressure or factor. Rep. Andaya replied in the affirmative.

Whereupon, Rep. Garin surmised that there are some cases that have been influenced by high-ranking government officials, Senators and Congressmen, which is improper. He then inquired on statistics showing the percentage of cases filed by the Prosecutor's Office that were brought for review before the DOJ.

He qualified that the basis should not be the number but the percentage of cases filed in court which are the subject of petitions for review in the DOJ.

SUSPENSION OF SESSION

At this point, the Chair motu proprio suspended the session.

It was 12:41 p.m.

RESUMPTION OF SESSION

At 12:44 p.m., the session was resumed.

INTERPELLATION OF REP. GARIN
(Continuation)

In response to Rep. Garin’s previous question, Rep. Andaya answered that for the year 2001, there were 1,543 new cases up for review by the DOJ.

As to what percentage of these cases had been downgraded or upgraded by the Department, Rep. Andaya replied that he has no data on this matter and stressed that this issue is very interesting on the part of the DOJ.

As to whether the reversal or downgrading of the cases filed with the DOJ are sometimes influenced by pressure from elected officials, Rep. Andaya replied in the affirmative.

In this regard, Rep. Garin recalled that there was one case wherein 16 people were charged for murder, and which case was elevated to the DOJ for review and the findings of the provincial prosecutor were downgraded to homicide as per the May 20, 2002 decision of the DOJ Secretary. He continued that a motion for reconsideration was filed and considered by the DOJ and the decision reversing the findings was released on November 18, 2002. However, he said that before the downgrading of the case by the DOJ Secretary, Chief State Prosecutor Jovencito Zuño was summoned to the office of a certain elected official and was lambasted by the latter for having recommended the downgrading. Thereafter, he challenged Chief State Prosecutor Zuño to tell the truth regarding the matter for the sake of justice. Rep. Andaya stated that Chief State Prosecutor Zuño had denied all these allegations.

Rep. Garin emphasized that Chief State Prosecutor Zuño deserves to be at the DOJ as he is a worthy symbol of justice and fairness and one who cannot be influenced by any undue pressure. To another point, he informed the Body that Secretary Perez came to his district and had a closed door meeting with him regarding the reversal of the DOJ decision in the aforementioned case. He added that the latter had told him not to make this case public because he would deny the same. Furthermore, he stressed that Secretary Perez had said that in view of this controversial case, he had offered to resign but had decided otherwise because his name was dragged into the $2 million controversy.

Whereupon, Rep. Garin stated that he has a lot more to say, but to enable the Body to cope with its agenda regarding the 2003 GAB, he will end his interpellations with a message to the DOJ that there are still many honorable people in the Department who are firm in their decision and will not succumb to any outside pressure. He then urged the Members of Congress to use their influence to produce more for the people's needs and not to make a mockery of justice.

MANIFESTATION OF REP. MITRA

Upon recognition by the Chair, Rep. Abraham Kahlil B. Mitra stated that the Minority had no more questions on the proposed budgets of the DOJ and its attached agencies.

MANIFESTATION OF REP. GONZALES

Likewise, Rep. Gonzales stated that the Majority had no further questions on the proposed budget of the DOJ and its attached agencies.

TERMINATION OF THE PERIOD of
INTERPELLATIONS ON THE PROPOSED BUDGETS OF THE DOJ AND ITS ATTACHED AGENCIES

On motion of Rep. Gonzales, there being no objection, the Body terminated the period of interpellations on the proposed budgets of the DOJ and its attached agencies, except for the Office of the Solicitor General.

MANIFESTATION OF REP. SYJUCO

Upon recognition by the Chair, Rep. Syjuco manifested that the Independents in the House, composed of Rep. Raul L. Villareal and himself, are seconding the approval of the proposed DOJ budget.

CONSIDERATION OF THE PROPOSED BUDGETS OF THE DEPARTMENT OF
ENVIRONMENT AND NATURAL RESOURCES AND ITS ATTACHED AGENCIES

On motion of Reps. Failon and De Guzman, there being no objection, the Body considered the proposed budgets of the Department of Environment and Natural Resources (DENR) and its attached agencies.

SUSPENSION OF SESSION

To allow the staff of the sponsoring Committee to take their seats in the Session Hall, on motion of Rep. Gonzales, the session was suspended at 12:57 a.m.

RESUMPTION OF SESSION

At 1:03 a.m., the session was resumed.

Upon resumption of session, on motion of Rep. Bondoc, the Chair recognized Rep. Lapus to sponsor the proposed budget of the DENR and Rep. Lobregat for his interpellation.

Rep. Lapus subsequently manifested that he will be sponsoring the proposed budgets of the Office of the DENR Secretary, the Environment and Management Bureau (EMB), the Mines and Geo-Sciences Bureau (MGB) and the National Mapping and Resource Information Authority (NAMRIA).

INTERPELLATION OF REP. LOBREGAT

Rep. Lobregat initially inquired whether Rep. Lapus knows about a House Resolution

declaring the existence of legal infirmities affecting DENR Administrative Order No. 17 and recommending its revocation considering that such legal infirmities will lead to possible adverse effects.

Rep. Lapus replied in the affirmative and added that he supports the aforementioned Resolution.

Whereupon, Rep. Lobregat asked Rep. Lapus to read the dispositive clause of the House Resolution adopted on September 21, 2002.

Rep. Lapus thereafter read the aforementioned clause to wit: 1) to express the sense of this Committee that DENR AO No. 2001-17 directly contravenes RA No. 8550 or the Fisheries Code of 1998 and RA No. 7160 or the Local Government Code, and 2) to seek revocation of DENR AO 2001-17.

Rep. Lobregat subsequently inquired whether Rep. Lapus knows about a study conducted by the House Legal Affairs Office concerning DAO No. 17.

Rep. Lapus replied in the affirmative. He subsequently read, upon Rep. Lobregat's request, the second to the last paragraph of said study by the House Legal Affairs Office.

Whereupon, Rep. Lobregat noted that the last three lines which read as follows: "It will result in the illegal amendment of the law by an entity that does not have the authority nor prerogative to make or alter laws as this is lodged solely in Congress," would seem that the DENR had usurped the inherent powers of Congress. He then inquired about the possible actions of Congress regarding the usurpation of its powers.

Rep. Lapus replied that Rep. Lobregat must also consider that the matter has already been referred to the DOJ for its ruling. He however noted that the Committee's request for a DOJ ruling needs further clarification, the gist of which reads: "With deep regret, this department is constrained to decline the rendition of an opinion. As Attorney-General, the Secretary of Justice renders opinion only on questions of law and not on highly technical matters like this one."

Whereupon, Rep. Lobregat inquired whether Rep. Lapus knows that the Chairman of the Committee on Appropriations had replied to this letter of the DOJ dated March 4, 2002, the gist of which states: that the matter of usurpation of legislative powers is not a highly technical matter considering that the DOJ has only to decide whether or not the DENR usurped the power of Congress. He thereafter asked Rep. Lapus whether he believes that DAO No. 17 can amend the law providing for the definition of municipal waters. He stressed that when the law is clear, it does not need further interpretation.

In his rejoinder, Rep. Lapus explained that Rep. Andaya's letter to the DOJ dated March 4, 2002 was subsequently responded to by the DOJ in a letter dated November 27, 2002.

Rep. Lobregat however noted that the date of the DOJ's response conveniently coincides with the ongoing deliberations on the budget. He then inquired about the contents of the latest letter from the DOJ.

Having been informed of the contents of the letter, Rep. Lobregat pointed out that the matter is a question of policy. For this reason, he asked whether the DA is going to uphold its mandate under the law. He said that according to the BFAR, DAO No. 17 is inconsistent with the definition of municipal waters but as a gesture of

courtesy to the DENR, it did not question the signing of said DAO.

Thereafter, he inquired on the courtesy that the DA extends to Congress which enacted the Fisheries Code in the first place and has declared twice that DAO No. 17 is in contravention of the Fisheries Code and the Local Government Code. He said that this matter could still be taken up as the Body has not yet finished its deliberations on the DA's budget. Moreover, he said that he was informed that there was no review committee tasked to review DAO No. 17. However, he stressed that he has in his possession DENR Special Order No. 2002 regarding the creation of a committee to review DAO No. 17.

Rep. Lapus affirmed this matter, stating that the review is ongoing but the committee has not yet come up with its findings.

Rep. Lobregat thereafter asked how could there be a review committee when representatives from the DA were not included in said committee. To further clarify the matter, he said that he will give a copy of said special order to Rep. Lapus so that the latter can read the same for the record.

SUSPENSION OF SESSION

Whereupon, on motion of Rep. Lobregat, the Chair suspended the session at 1:28 a.m.

RESUMPTION OF SESSION

At 1:28 a.m., the session was resumed.
INTERPELLATION OF REP. LOBREGAT
(Continuation)

After Rep. Lapus read the contents of the DENR special order for the record, Rep. Lobregat pointed out that said special order mentioned only one representative from the Senate and none from the House of Representatives. Inasmuch as Congress is composed of two Chambers, he asked whether this a sign of the DENR'S disrespect for the House of Representatives. Thereafter, he disclosed that the special order is an authentic document which had been submitted during the deliberations of the Commission on Appointments, and that it is very surprising that the House was not included in the review committee.

At this point, Rep. Lapus affirmed the points raised by Rep. Lobregat, and stressed that this is just a lapse on the part of the DENR. He said that the composition of the review committee will be corrected.

However, Rep. Lobregat stressed that this may only be a zarzuela because the order was issued several months ago and yet the review committee still has to be created. He then asked whether the Body can reduce the DENR's budget to zero.

Whereupon, Rep. Lapus replied that the aforementioned review committee is still in its organizational stage.

At this point, Rep. Lobregat asked whether the DENR has knowledge of the date of issuance of the special order.

In reply, Rep. Lapus pointed out that DENR Special Order No. 2002 has not yet been finalized, hence has not been released. He then said that he is wondering how such a copy had been made available.

As to whether the special order is a public document and whether the DENR

Secretary's signature therein is authentic, Rep. Lapus replied that the special order was a commitment by the DENR to the Commission on Appointments during the deliberation on the confirmation of Secretary Heherson Alvarez in September 2002. He added that according to the Department, the organizational meetings within the agency have just started but these are still subject for review.

Rep. Lobregat then underscored that Congress should not take the usurpation of its power by the DENR lightly, especially when the latter has issued a special order excluding the House of Representatives.

Rep. Lapus replied that the Committee cannot argue on this matter.

In this regard, Rep. Lobregat suggested that, at the proper time, the NAMRIA should not be given a budget to implement DAO No. 17, which is an illegal issuance as per the opinion of the House Legal Affairs Office.

Subsequently, Rep. Lobregat asked whether Rep. Lapus is also a member of the Committee on Agriculture, Food and Fisheries.

The latter replied in the affirmative.

Rep. Lobregat afterwards inquired whether Rep. Lapus supports the resolution which was signed by Rep. Alfredo G. Marañon Jr., chairman of the Committee on Agriculture, Food and Fisheries which was transmitted to the DENR Secretary on April 29, 2002.

Replying in the affirmative, Rep. Lapus cited the letter addressed to Secretary Montemayor stating that the House Committee on Agriculture, Food and Fisheries has adopted Committee Resolution No. 2002-01 entitled, "Resolution declaring that the adoption of the said DENR AO-2001-17 will severely affect the nation's food security and lead to adverse and negative effects to the fishing sector and declaration that the issuance and adoption of the said administrative order contravenes RA 8550 and RA 7160, and seeking the revocation of DENR AO-2001-17." He added that without asking for a special budget and through a memorandum of agreement between the DA and the DENR, the NAMRIA is performing technical work under Section 123 of RA No. 8550 which states that the DA shall authorize it to designate and chart navigational lanes in fishing areas and to delineate municipal waters; and that the NAMRIA has completed 90% of the work. He stressed that the NAMRIA is the only technically-competent office of the DA and the DENR to draw up such a map and that its work does not involve the implementation of any project.

Rep. Lobregat stressed that the mapping should be based on the definition of "municipal waters" in the Fisheries Code and not on the DENR's interpretation thereof in the same way that a house should be built according to the specifications of its owner rather than the opinion of the architect or contractor. Pointing out that the House Legal Affairs Bureau had made a study on the matter, Rep. Lobregat said that he hopes that the DENR would show more respect to the Chamber and that Rep. Lapus will support the amendments he will propose during the period of amendments.

Saying that he will do so, the Sponsor opined that a Joint Oversight Committee to review DAO No. 17 could be constituted.

REMARKS OF REP. LOBREGAT

Stating that the Minority has been very kind to the DENR despite the fact that the latter has shown disrespect and disdain for the House, Rep. Lobregat said that they had no more questions on the proposed budget of the DENR and moved that the Body

terminate the period of interpellations thereon.

OBJECTION OF REP. SYJUCO

Upon recognition by the Chair, Rep. Syjuco registered his objection to Rep. Lobregat's motion as he pointed out that he had registered to interpellate Rep. Lapus.

The Chair clarified that the motion was made only on behalf of the Minority.

PARLIAMENTARY INQUIRY
OF REP. LOBREGAT

Rep. Lobregat thereupon said that although there are only two groups in the House based on how one had voted for the Speaker, namely, the Majority and the Minority, there are Independents in the Majority. He affirmed the statement of the Chair that the Minority had moved for the approval of the proposed budget of the DENR.

Noting that the Independents claim that they are not under the influence of the Minority or the Majority, the Chair stated that the former have their own group.

Rep. Lobregat then asked whether there was a new classification as regards being in the Minority or Majority, to which the Chair opined that each Member has his own idea of the participation he will put forth in any issue.

SUSPENSION OF SESSION

On motion of Rep. De Guzman, the Chair suspended the session at 1:50 a.m.
RESUMPTION OF SESSION

The session was resumed at 1:51 p.m.

MOTION OF REP. DE GUZMAN

With the permission of the Chair, Rep. De Guzman joined the Minority in moving that the period of interpellations on the proposed budget of the DENR be terminated.

MANIFESTATION OF REP. ZUBIRI

Rep. Zubiri, upon recognition by the Chair, said that he wanted to interpellate the Sponsor on the implementation of the Clean Air Act and the Wildlife Conservation Act. Saying however that he wanted to respect the stand of the Majority to terminate the period of interpellations, he instead manifested his desire to discuss the matter in private with DENR representatives.

TERMINATION OF THE PERIOD OF
INTERPELLATIONS ON THE PROPOSED BUDGETS OF THE DENR AND ITS
ATTACHED AGENCIES

There being no objection, the Body terminated the period of interpellations on the proposed budgets of the DENR and its attached agencies.

MOTION OF REP. FAILON

Upon recognition by the Chair, Rep. Failon then moved that the Body consider the proposed budget of the Department of Public Works and Highways (DPWH).

SUSPENSION OF SESSION

On motion of Rep. Syjuco, the Chair suspended the session at 1:52 a.m.

RESUMPTION OF SESSION

The session was resumed at 1:56 a.m.

The Chair then recognized Rep. Teves.

REMARKS OF REP. TEVES

Rep. Teves said that upon the Speaker's advice, he had discussed with the DENR that the national environmental users' fee for 2002 under Administrative Order No. 2002-16 be held in abeyance until after the approval of the Clean Water Act; and that the Department officials had agreed therewith.

SUSPENSION OF SESSION

On motion of Rep. Gonzales, the Chair suspended the session at 1:58 a.m.

RESUMPTION OF SESSION

The session was resumed at 1:58 a.m.

REMARKS OF REP. TEVES
(Continuation)

Upon recognition by the Chair, Rep. Teves said that he wanted to place his remarks on the record. The Chair assured him that they were so recorded.

REMARKS OF REP. SYJUCO

Upon recognition by the Chair, Rep. Syjuco pointed out that DENR officials had assured him that the "Adopt a Mountain" project will be implemented in his district.

Considering the assurances made by the DENR, Rep. Syjuco stated that he will withdraw his objection. He thereafter manifested that while members of both the Majority and the Minority may already have a mutual agreement on certain matters, the independent Members still reserve their right to express their objections to these things.

MOTION OF REP. GONZALES

Whereupon, Rep. Gonzales moved for the consideration of the proposed budget of the DPWH.

PARLIAMENTARY INQUIRY OF REP. TEVES

Whereupon, Rep. Teves inquired whether the Body will resume consideration of the proposed budget of the DA. He opined that there are only one or two interpellations left before the Body terminates the deliberation on the proposed DA budget.

Rep. Gonzales replied that the Body will still have to finish deliberations on the proposed DA budget. He thereafter reiterated his previous motion.

SUSPENSION OF SESSION

Thereupon, the Chair motu proprio suspended the session at 2:02 a.m.

RESUMPTION OF SESSION

At 2:06 a.m., the session was resumed.

CONSIDERATION OF THE PROPOSED BUDGETS OF THE DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS (DPWH) AND ITS ATTACHED CORPORATIONS

Whereupon, on motion of Rep. Gonzales, there being no objection, the Body considered the proposed budget of the DPWH and its attached corporations.

Likewise, on motion of Rep. Gonzales, the Chair recognized Reps. Andaya and Rep. Talino-Santos to sponsor said budget and to interpellate thereon, respectively.

INTERPELLATION OF REP. TALIÑO-SANTOS

Rep. Taliño-Santos initially inquired about the budget for road rights-of-way compensation for 2003, to which Rep. Andaya stated that it is about P746.0 million.

Rep. Taliño-Santos subsequently inquired how much of this budget is allocated for the province of Cotabato.

Rep. Andaya replied that the Committee does not have the figures at the moment. He however informed Rep. Taliño-Santos that the DPWH Secretary had assured him that all the amounts due for these right-of-way claims will be given pro rata to all the claimants. He admitted, however, that the amount available will not be enough to pay for all the claims.

Whereupon, Rep. Taliño-Santos inquired about the DPWH's reaction regarding the resolution filed by Senator Ramon Revilla about the alleged scam in the payment of right-of-way claims.

Rep. Andaya stated that the DPWH will respect the findings of the investigation that may be called for with regard to Senator Revilla's resolution.

Rep. Taliño-Santos thereafter asked that the DPWH start strict evaluation of such payment of right-of-way claims since this has become a source of livelihood for some unscrupulous persons.

Thereupon, on motion of Rep. Bondoc, the Chair recognized Rep. Gregorio T. Ipong for his interpellation.

INTERPELLATION OF REP. IPONG

Rep. Ipong initially inquired about the P11 million balance of the P47 million allocation for the Pakwarakan-Roxas Road. This, he said, was a continuing project that was funded and started in 2000 and for which about P36 million had already been released by the DPWH.

Rep. Andaya replied that the P11 million balance is still obligated, hence Rep. Ipong has the assurance that he will still get the amount for the implementation of said road project. He added that the amount will also be forwarded to the First Engineering District.

Rep. Ipong next inquired whether the DPWH had assessed, evaluated and included in its infrastructure program Item No. 1 which is the construction of the Arakan-

Anapolon-Katipunan Road, and which item is contained in Secretary Datumanong's reply to his letter-request dated October 3, 2001 asking for the construction of several infrastructure projects.

Rep. Andaya replied that the DPWH had already evaluated and assessed Item No. 1 which will be included in the 2002 and 2003 programs.

With regard to Item Nos. 2, 3 and 4, Rep. Ipong inquired when these projects will be included in the DPWH budget program.

Rep. Andaya replied that since these are FAPs, the JBIC and the ADB would first have to accept the proposals therefor before the DPWH can implement the same. He pointed out that the project implementation will all depend on whether the aforementioned foreign agencies would put up the necessary funds for these projects.

Whereupon, Rep. Ipong sought the commitment of the Secretary of the DPWH that he will inform him about the progress of these projects.

Rep. Andaya replied that the DPWH Secretary had given his commitment that the funding for the aforementioned projects will be pursued.

On another matter, Rep. Ipong adverted to page 418 of the 2003 GAB and inquired about the projects contained under the item “Mindanao-wide Projects.”

Rep. Andaya replied that this budgetary item covers priority infrastructure projects to be implemented in Mindanao. He informed Rep. Ipong that this is a lump-sum project, thus the projects still have to be identified.

Rep. Ipong subsequently asked whether infrastructure projects can be submitted for funding under this particular budgetary item.
Rep. Andaya replied in the affirmative.

Rep. Ipong then informed the Body that the Kalabakan-Malasila Rivers, located in the Second District of North Cotabato, overflowed again from August 10 to 16, 2001 due to a continuous six-day rain and caused severe flooding due to ineffective infrastructures. He said that the incident had claimed and endangered the lives of thousands of residents therein. He mentioned that to prevent the occurrence of the same calamity which happens annually, he had requested a flood control project from Secretary Datumanong on October 22, 2001 and Usec Encarnacion wrote a marginal note "For 2002 budget" on the letter. He further recalled that the Kalabakan River overflowed anew on October 27, 2002 while the Malasila River overflowed on November 2, 2002.

Furthermore, Rep. Ipong disclosed that he had made several follow-ups to his October 22, 2001 letter and in mid-2002, Usec Encarnacion informed him that no funds were available for said project. Despite the sad pronouncement, he maintained that he still made numerous follow-ups until just recently, he was informed that on August 12, 2002, Secretary Datumanong sent a memorandum to President Macapagal-Arroyo requesting for the approval of the P3 million for the Kalabakan River protection dike. He expressed the belief that the DPWH is aware that P15 million was requested to complete the two projects and the amount was even based on FY 2000 prices. He pointed out that the P3 million will not significantly cure the problem of flood control. He said that the Kalabakan and Malasila Rivers are strategically located in the most populous barangays in the Second District of North Cotabato and every time these rivers overflow, thousands of lives are endangered and lost, not to mention millions worth of properties damaged. He maintained that the Department is aware of this, as per its situational reports. He then inquired on the succeeding

programs prepared by the DPWH in support of the two flood control projects.

Rep. Andaya replied that the district DPWH has an allocation for the completion of the project and he would be glad to show the exact budgetary item to Rep. Ipong if the latter so wishes.

Rep. Ipong said that he is aware of this allocation because he is always in constant contact with their district engineer. He however noted that only about P12 million was allocated for all the flood control projects in his district. In view thereof, he stated that he is requesting for the intercession of Secretary Datumanong. Rep. Andaya assured Rep. Ipong of the commitment of the DPWH that it will ensure the completion of the project, if ever the funds need to be increased.

On motion of Rep. Bondoc, the Chair recognized Rep. Georgilu R. Yumul-Hermida to interpellate Rep. Andaya.

INTERPELLATION OF
REP. YUMUL-HERMIDA

Initially, Rep. Yumul-Hermida asked Rep. Andaya to explain the budgetary item called "unused appropriations" in the amount of P21.814 billion for 2002 which was broken down into "unreleased appropriations" equal to P1.018 billion and "unobligated allotment" amounting to P20.796 billion.

Rep. Andaya confirmed that the unreleased appropriations represent the allocation for the DPWH which is not yet released by the DBM. As regards the unobligated amount, he said that it represents the first two allotments which have not been bidded out or contracted.

Rep. Yumul-Hermida inquired whether the unused appropriations of P21 billion meant that the amount was reverted to the DBM. She also observed that the budget for capital outlay in 2002 amounting to P39.31 billion increased to P42.25 billion for 2003. She noted that the increment of P2.94 billion is too big and could have been given to a more needy department.

Rep. Andaya stressed that the capital outlay item under the present GAA carries with it a lifespan of two years so it will not revert to the Treasury and will remain with the DPWH for eventual utilization.

On questions regarding the appropriations for foreign-assisted projects, Rep. Andaya explained that the amount of P19.94 billion for FAPs is broken down into P15.741 billion for roads and bridges and P4.226 billion for flood control.

Rep. Yumul-Hermida next inquired on the principal interest rates, government counterpart and loan proceeds of the FAPs.

Rep. Andaya said that this would depend on a contract-per-contract basis because the government has almost 50 FAPs.

Thereafter, Rep. Yumul-Hermida adverted to the 2001 Annual Audit Report of the DBM wherein the auditor rendered an adverse opinion because of a non-existing account amounting to P227.338 million. She claimed that 28 of the 37 bank accounts being maintained by DPWH and the existence and condition of equipment and fixed assets, as well as the accuracy of the balance thereof could not be ascertained because management failed to complete the conduct of physical inventory, and no accounting property ledger card is being maintained. She suggested that the matter be referred to the Ombudsman or the PAGC so that the culprits will be held responsible

accordingly.

In reply, Rep. Andaya quoted from the response of the DPWH which stated that P145 billion or 91% of the P159 billion fixed assets of the DPWH, based on its 2001 annual financial statements, are comprised of infrastructure projects like roads and bridges while P14 billion or 9% are in the form of buildings and structures, furnitures, fixtures and equipment, including service vehicles. He added that the DPWH recently drafted a department order creating a committee which will include a COA representative to conduct the physical inventory. He further said that the department is also in the process of reviewing the entire procedure for verifying, recording and valuating all its fixed assets as part of the implementation of the New Government Audit and Accounting System which should significantly improve the process. He assured Rep. Yumul-Hermida that the DPWH is aware of the problem and is taking all the necessary steps to correct any misunderstanding on the matter.

On a query regarding audit suspensions and disallowances, Rep. Andaya stated that DPWH is also aware of the problem and is in the process of settling them. He disclosed that to date, the Department has settled around P46.494 billion of the outstanding suspensions and P55.089 million of the outstanding disallowances.

As to the status of the 81 FAPs which the DPWH has not yet started, Rep. Andaya said that the DOF is currently restudying all the loans pertaining to the projects. He added that the government has cancelled some of these loans.

Rep. Yumul-Hermida thereafter adverted to a FAP in Daang Maharlika Highway-Pagbilao-Camarines Norte boundary amounting to P297 million which started in July 2002 and is supposed to be completed in July 2005. She said that her constituents are so appreciative of the project because their roads really need repair and maintenance. She however lamented that every week that she visits her district, she receives the complaints from motorists and commuters that the state of their roads is getting worse. She surmised that the problem lies in the schedule of maintenance activities which she observed is not flexible enough to address the actual needs of the roads. She asked the Sponsor to request the DPWH to amend the schedule which at present is devoted to the construction of line canals.

It was unfortunate Rep. Yumul-Hermida related, that even as P297 million had been allocated by the government for long-term road maintenance for her province, the national road leading to Bicol has become so deteriorated that road-maintenance activities would be inadequate. She further disclosed that when the province's district engineering office conferred with the project consultant of the DPWH regarding the road-maintenance activities, the latter argued that they have to stick to the schedule for road maintenance activities. She stressed that this should not be the case since DPWH personnel should maintain a flexible schedule in accordance with the urgent need to repair the mostly deteriorated parts of the national highway.

Rep. Andaya commiserated with Rep. Yumul-Hermida. He however advised her not to heed the explanations being made by the DPWH project consultant. He said that he had already talked with the DPWH Secretary and the latter had agreed to change the schedule of road maintenance of the Maharlika Highway. He assured Rep. Yumul-Hermida that the DPWH will prioritize the repair of gravely affected areas of the road section and not merely concentrate on the lightly damaged portions.

Whereupon, on motion of Rep. Bondoc, the Chair recognized Rep. Abaya (P.) for his manifestation.

MANIFESTATION OF REP. ABAYA (P.)

At the outset, Rep. Abaya said that he strongly supports the budget of the DPWH. However, he pointed out that the optimum utilization of the funds allocated to this particular Department must be ensured.

Whereupon, Rep. Abaya expressed concern over the present practice of bidding and awarding of contracts for FAP projects above the approved agency estimate. He noted that the practice breeds compromises between and among contractors leading to overpriced projects to the great detriment of the country and the people. These compromises or collusions among contractors with some government officials in charge of bids and awards of contracts is a rich source of graft money to the tune of hundreds of millions of pesos per project, he added.

Rep. Abaya cited for instance the P150-million vehicle scam which was committed over 10 years in the bidding of FAPs.

Hence, in order to curb and minimize this practice, if not to totally eliminate opportunities for graft concerning the bids and awards of FAPs, Rep. Abaya proposed that at the proper time, a special provision be included in the DPWH budget that no FAPs shall be awarded above the approved agency estimate. He added that any contract entered into in violation of this provision shall be void.

Rep. Abaya expressed hope that his manifestation will be seriously considered by the DPWH.

In response, Rep. Andaya said that the Department will seriously consider the matter more so in the light of the implementation of EO No. 40 or the Electronic Procurement Law. Likewise, he said that the DPWH will adhere to the principles espoused by Rep. Abaya (P.) as regards opening the bidding or leveling the playing field between foreign and local contractors. He assured Rep. Abaya that this principle will be enshrined in the reform bill which was passed by the House on Third Reading and which is awaiting the Senate version.

Whereupon, on motion of Rep. Bondoc, the Chair recognized Rep. Biazon for his interpellation.

INTERPELLATION OF REP. BIAZON

Adverting to page 399 of the proposed expenditure program for 2003, on the item "Access Roads to Tourism Hubs and Spokes” defined by the DOT, Rep. Biazon inquired whether the DOT has already submitted the item with P1.8 billion to be funded by the DPWH and whether the DOT has submitted or identified these tourism hubs and spokes.

Replying in the affirmative, Rep. Andaya said that Secretary Gordon had informed the Members of the Committee on Tourism about these roads to tourism hubs and spokes during his presentation in the subcommittee meeting.

On whether these would all be funded from the P1.8 billion, Rep. Andaya replied in the affirmative.

As regards the item "Roads to Improve Law and Order, Particularly in Mindanao and Other Critical Areas," Rep. Biazon inquired on the classification of these roads contributing to the improvement of law and order and who would define said roads.

Rep. Andaya explained that these projects would be identified in coordination with the PNP and the DND. He added that a list has already been submitted.

Rep. Biazon inquired on the other critical areas which the PNP and the AFP had included in the list.

Rep. Andaya sought clarification on whether Rep. Biazon was referring to the list of roads outside or within Mindanao.

As to the other critical areas included in the list, Rep. Andaya enumerated them as follows: the Kalinga-Abra Road, the Bondoc-Peninsula Road, and the Calinog in Iloilo to Tapaz in Capiz Road.

Rep. Biazon pointed out that in said item, the roads are divided into two categories: Mindanao and other critical areas. He then inquired on the percentage that will go to Mindanao and the other critical areas.

Rep. Andaya replied that 90% of the P1.092 billion will go to Mindanao. He added that all these have already been identified.

On the item entitled "For Payment to Public Estates Authority (PEA) for advances made for the acquisition of the right-of-way under the Manila-Cavite Toll Expressway project, C-5 Link Expressway," Rep. Biazon inquired whether the P1 billion allocation is the actual amount that is supposed to be paid to the PEA for the right-of-way.

Rep. Andaya replied in the affirmative.

To Rep. Biazon's query, Rep. Andaya replied that the advances for the right-of-way was made by the PEA in 1999.

Considering the proposal to abolish the PEA, Rep. Biazon inquired on the effect this would have on the item in the proposed budget.

Rep. Andaya replied that the abolition of the PEA will have no effect on said budgetary item because the obligation will still be there.

On further query, Rep. Andaya replied that the budget will go to a new agency that will be created.

Rep. Biazon related a situation wherein a school building constructed by the local government cost much cheaper than a school building constructed by the DPWH. This occurrence, he said is not unique in his district. He then asked how the Department could correct such discrepancy considering that it is quite embarrassing to have a school building constructed through the DPWH at a higher cost than if it were constructed by the LGU.

Rep. Andaya said that the problem that should be addressed is how to have better quality classrooms considering that the amount spent by the DPWH is much higher as compared to that of the LGUs. He said that all this would be solved once the Proposed Procurement Reform Act is set in place.

On whether this could be achieved without waiting for the passage of the Act, Rep. Andaya replied in the affirmative. He pointed out that EO No. 40 provides a level-playing field to all prospective contractors.

Rep. Biazon said that he is embarrassed to explain to the people why it is more costly to build a school building through the DPWH than through the LGU.

In ending his interpellation, Rep. Biazon said he will just wait for the positive

results of the solutions to the problem.

MANIFESTATION OF REP. COJUANGCO (M.)

Upon recognition by the Chair, Rep. Mark O. Cojuangco adverted to page 436, number 3, line 4 of the GAB 2003 regarding the Agno River Flood Control Project, Phase II-A and B and item number 3 of page number 632 and item number 10 of page number 633 of RA No. 9162 or the 2002 GAA which provides the funding support for said projects. He expressed concern over the effect of these projects on the safety and well-being of his district.

Rep. Cojuangco recalled that it was during that time when the people and children of Barangay Caranglaan, Alcala drowned because of Typhoon Feria. He said that the matter was brought to the attention of the DPWH Undersecretary and Project Director concerned, shortly after his assumption into office in 2001. He pointed out that he had even asked for a delay in the bidding of these projects in December 2001 and although he was told that the matter would be discussed, the bidding proceeded at the last minute, with the assurance that his concerns would be given due attention.

Rep. Cojuangco said much time has passed and he is not yet satisfied with the verbal assurances given. He said that a specific work program that would address safety concerns would satisfy him.

Rep. Cojuangco said that the safety issues regarding this project are of utmost concern and should be investigated by Congress in the exercise of its oversight power.

Whereupon, Rep. Cojuangco said that he intends to file a resolution seeking an inquiry on the manner and process by which the DPWH had arrived at the final design and implementation of the projects it undertakes in general.

On another issue, Rep. Cojuangco manifested his dissatisfaction with the "acts of omission" committed by the DPWH regarding the newly-constructed Aloragat Bridge in Binalonan, Pangasinan which cost more than P100 million. He said that he had requested the DPWH to provide the necessary modification so that the riverbed would be dredged to an additional depth of two meters. Had this suggestion been considered, he said that it would have been a simple matter to do at the time because the foundation of the bridge had not yet been put in place. He pointed out that the additional cost would have been minimal if not non-existent.

Today, with the bridge already built, he said that the river cannot be dredged without damaging the bridge or endangering its foundation.

Unfortunately, he disclosed that the last rainy season had damaged and endangered the farmlands and communities downstream from the bridge. This, he said, proves that he was correct in requesting for design allowances for additional dredging.

Rep. Cojuangco said that he had not heard any comment from the DPWH Undersecretary concerned acknowledging that it would have been right to consider his request.

He added that he does not need any apology, but a simple acknowledgment that a potential problem exists would be satisfactory for him.

Rep. Cojuangco explained that he made his manifestation so as not to make the budgetary process a means to leverage with government agencies and so that delays in the passage thereof may be avoided. He expressed hope that Congress would look into the matter at a more appropriate time in the Committee level early next year, if

possible. He added that he will submit a written copy of his manifestation to the Secretary General and then expressed hope that the DPWH will take note of and study the matter thoroughly.

Rep. Andaya noted Rep. Cojuangco's manifestation.

The Chair thereafter instructed the Secretariat to record the manifestation as part of the discussions on the budget of the DPWH.

On motion of Rep. Bondoc, the Chair recognized Rep. Puentevella for his interpellation.

INTERPELLATION OF REP. PUENTEvELLA

Rep. Puentevella inquired on the criteria used by the DPWH in implementing the budgets for various districts in the country. Speaking in Filipino, he expressed admiration for Secretary Datumanong and Undersecretary Encarnacion for their performance in about a year and a half in office. He sought clarification as he noted that while infrastructure projects are indeed needed, there is a certain disparity in the distribution of locally-funded projects for certain districts. He admitted that he did not want to take the floor anymore at that time of the morning but he did so just the same because the disparity is too much. He remarked that if one were to read the GAB, he would notice that so many questions could be asked regarding the criteria being used by the Department. He raised the question, he said, in fairness to the Representatives of the districts who were in the House.

Rep. Andaya clarified that the following factors are being used by the Department: 1) equal share -- 25%; 2) population -- 20%; and 3) scarcity of infrastructure -- 55 %. He pointed out that this is the same formula that the Committee on Appropriations had tried to amend a year ago but it failed to come up with a new formula owing to various reasons. Hence, he said that the same formula is being used and that even if the numbers in the GAB are reviewed and run again, they will come out the same.

Rep. Puentevella acknowledged the efforts of the Committee in trying to be fair to everyone and stated that he appreciates what the latter has been doing for the past few months. While the Committee has been trying to come up with a new formula, he claimed that he sometimes feels helpless when Rep. Andaya's response comes like a voice in the wilderness considering that the latter had already said the previous year that he wanted new criteria although the bottom line is that this only leaves a bad taste in the mouth.
With all due respect to Rep. Andaya, he said that while he is aware of his efforts, the latter should review the criteria to determine whether they are fair and equitable. The sad thing, he said, is that even if he airs his sentiments and proposes solutions to the problem, at the end of the day when everyone is rushing to pass the GAB, their fight is over. He then stated for the record that there are certain districts in the country which have a lot of projects, while others have very few; and that he did not say this for his own district but for so many districts who will remain helpless if the same criteria is used. He expressed hope that said criteria will observe fairness when applied to all districts represented in the House.

On another point, Rep. Puentevella adverted to page 419 of the GAB and noted the P1 billion allocation for the Public Estates Authority to pay for advances made for the acquisition of the right of way under the Manila-Cavite toll expressway project. He inquired on the status of the P1 billion budget, to which Rep. Andaya replied that it still remains an obligation of the national government.

Thereupon, Rep. Puentevella commended Rep. Andaya for trying his best to instill fairness in the House. He reiterated that he is aware that Rep. Andaya had done everything as chairman of the Committee on Appropriations, even as he reminded him that so many people are talking behind their backs about the disparity in the distribution of locally-funded infrastructure projects based on criteria which do not include equality and fairness. He thanked his colleagues for allowing him to interpellate ahead of some of them. He likewise informed Secretary Datumanong and Undersecretary Encarnacion that while he is aware that they had done their best, there are times when their best is not good enough.

On motion of Rep. Bondoc, the Chair recognized Rep. Syjuco for his interpellation.

MANIFESTATION OF REP. SYJUCO

Even as he observed that six of his colleagues had preceded him in interpellating or making manifestations, he said that he has a wad of papers which he would use for his interpellation but his doctor had told him that his systolic count was 170, which means that his blood pressure was very high. He further said that he had taken medications to lower his blood pressure and had taken his diabetic injection because his blood sugar level was 280 when the normal count should have been 120.

He observed that it was 3:10 in the morning and there were only 52 Members of the House, 20 of whom are asleep. While he praised and saluted Speaker De Venecia for his love of country and his efforts and determination to have the 2003 GAB passed that day, along with Deputy Speaker Espinosa, Reps. Gonzales, the other Assistant Majority Leaders and the remaining members of the Minority, he requested the leadership of the House to consider the fact that they were not in the best condition and that there were other departments waiting for the approval of their budgets.

Rep. Syjuco opined that the DPWH budget is a hotly contested one and that there are certain Members who believe that the den of the "garapatas" of graft and corruption in the country, about whom he had spoken of on at least four occasions, continue to profligate and increase in number.

He maintained that many districts have been ignored and that while he appreciates the Majority's support for the approval of the GAB that evening, and the willingness of the Minority to support this undertaking, he would like them to consider the plight of the Members that evening and the plight of their districts. He added that while all of them may wish to go home with the finished product, the fact is that the spirit is willing but the flesh is weak.

He then suggested to the leadership of the House that the Body first take up the remaining noncontroversial budgets at that time and to take up in the afternoon of the following day the budgets of other agencies for the last time so they could finally approve the 2003 GAB. He stated that he alone would take several hours to interpellate on the budget of the DPWH because he believes that corruption is rampant and a change in leadership is needed therein. He expressed belief that it was time for Secretary Datumanong to leave the Department, as he is someone whom all the Members respect and love, because graft and corruption at this time has affected the latter's own integrity.

Speaking in Filipino, Rep. Syjuco then pleaded that the Members defer consideration of the contentious proposed budget of the DPWH until the following day and instead take up less controversial budgets so that the guests who have long been waiting in the galleries will have their proposed budgets approved.

The Chair noted Rep. Syjuco's manifestation.

SUSPENSION OF SESSION

On motion of Rep. Bondoc, the session was suspended at 3:14 a.m.

RESUMPTION OF SESSION

At 3:26 a.m., the session was resumed.

SUSPENSION OF CONSIDERATION
OF THE PROPOSED BUDGETS OF THE DPWH AND ATTACHED AGENCIES AND CORPORATIONS

On motion of Rep. Bondoc, there being no objection, the Body suspended consideration of the proposed budgets of the DPWH and its attached agencies and corporations.

Thereafter, he moved for the consideration of the proposed budget of the Office of the Solicitor General (OSG).

SUSPENSION OF SESSION

On motion of Rep. Bondoc, the session was suspended at 3:27 a.m.

RESUMPTION OF SESSION

At 3:34 a.m., the session was resumed.

CONSIDERATION OF THE PROPOSED BUDGET OF THE OFFICE OF THE
SOLICITOR GENERAL

On a previous motion of Rep. Bondoc, there being no objection, the Body considered the proposed budget of the OSG.

The Chair thereafter recognized Rep. Andaya to sponsor the proposed OSG budget, and Rep. Lobregat to interpellate thereon.

TERMINATION OF THE PERIOD OF INTERPELLATIONS ON THE PROPOSED BUDGET OF THE OSG

Rep. Lobregat manifested that the Minority had no questions on the proposed budget of the OSG, and on his motion, there being no objection, the Body terminated the period of interpellations on said budget.

CONSIDERATION OF THE PROPOSED BUDGETOF THE JUDICIARY

On motion of Rep. Bondoc, there being no objection, the Body considered the proposed budget of the Judiciary. He thereafter moved for the recognition of Rep. Andaya.

REMARKS OF REP. VILLAREAL

At this point, Rep. Villareal moved to adjourn the session.

The Chair however recognized Rep. Andaya to sponsor the proposed budget of the Judiciary.

Subsequently, on motion of Rep. Bondoc, the Chair recognized Rep. Dilangalen.

QUERY OF REP. VILLAREAL

Rep. Villareal inquired whether the Body had a quorum.

SUSPENSION OF SESSION

On motion of Rep. Bondoc, the session was suspended at 3:35 a.m.

RESUMPTION OF SESSION

At 3:35 a.m., the session was resumed.

Thereafter, on a previous motion of Rep. Bondoc, the Chair recognized Rep. Dilangalen.

At this point, Rep. Villareal sought recognition to rise on a parliamentary inquiry

TERMINATION OF THE PERIOD OF
INTERPELLATIONS ON THE PROPOSED BUDGET OF THE JUDICIARY

Rep. Dilangalen manifested that the Minority had no questions on the proposed budget of the Judiciary, and on his motion, there being no objection, the Body terminated the period of interpellations on the said budget.

Rep. Bondoc thereafter moved that the Body consider the proposed budget of the Civil Service Commission.

QUERY OF REP. VILLAREAL

Rep. Villareal inquired whether the Body was railroading the deliberations on the budget.

MOTION OF REP. SYJUCO

Rep. Syjuco moved for a suspension of session to address the concern raised by Rep. Villareal.

WITHDRAWAL OF REP. BONDOC'S
MOTION

Rep. Bondoc withdrew his previous motion.

CONSIDERATION OF THE PROPOSED BUDGETS OF THE DEPARTMENT OF
EDUCATION AND ITS ATTACHED
AGENCIES

On motion of Rep. Bondoc, there being no objection, the Body considered the proposed budget of the Department of Education (DepEd) and its attached agencies.

Rep. Syjuco thereupon sought recognition to rise on a point of order.

On motion of Rep. Bondoc, the Chair recognized Rep. Andaya to sponsor the proposed budget of the DepEd.

Rep. Syjuco restated anew that he would like to rise on a point of order.

REMARKS OF REP. VILLAREAL

Thereupon, Rep. Villareal stated that the Body had no quorum.

However, on motion of Rep. Bondoc, the Chair recognized Rep. Lobregat for his

manifestation.

TERMINATION OF THE PERIOD OF
INTERPELLATIONS ON THE PROPOSED BUDGETS OF THE DepED AND ITS
ATTACHED AGENCIES

Rep. Lobregat manifested that the Minority had no questions on the proposed budget of the DepEd, and on his motion, there being no objection, the Body terminated the period of interpellations on the proposed budget of the DepEd and its attached agencies.

SUSPENSION OF SESSION

On motion of Rep. Bondoc, the session was suspended at 3:37 a.m.

RESUMPTION OF SESSION

At 3:37 a.m., the session was resumed.
CONSIDERATION OF THE PROPOSED BUDGET OF THE DEPARTMENT OF AGRARIAN REFORM

On motion of Rep. Bondoc, there being no objection, the Body considered the proposed budget of the Department of Agrarian Reform (DAR).

OBJECTION OF REP. SYJUCO

Rep. Syjuco objected to Rep. Bondoc's motion.

Thereupon, on motion of Rep. Bondoc, the Chair recognized Rep. Andaya to sponsor the proposed budget of the DAR.

Rep. Syjuco sought recognition for his point of order.

Rep. Bondoc moved for the recognition of Rep. Lobregat.

MANIFESTATION OF REP. LOBREGAT

Rep. Lobregat manifested that the Minority had no objection to the proposed budget of the DAR.

QUERY OF REP. VILLAREAL

Rep. Villareal inquired on the conduct of proceedings on the floor.

MOTION OF REP. BONDOC

Rep. Bondoc moved for the termination of the period of interpellations on the proposed budget of the DAR.

OBJECTIONS OF REPS. SYJUCO AND
VILLAREAL

Reps. Syjuco and Villareal objected to Rep. Bondoc's motion.

TERMINATION OF THE PERIOD
OF INTERPELLATIONS ON THE
PROPOSED BUDGET OF THE DAR

On a previous motion of Rep. Bondoc, the Body terminated the period of interpellations on the proposed budget of the DAR.

SUSPENSION OF SESSION

On motion of Rep. Bondoc, the session was suspended at 3:38 p.m.

RESUMPTION OF SESSION

At 4:00 a.m., the session was resumed.

resumption of CONSIDERATION OF THE PROPOSED BUDGETS OF THE DA AND ITS ATTACHED AGENCIES/CORPORATIONS

Thereupon, on motion of Rep. Bondoc, there being no objection, the Body resumed consideration of the proposed budget of the DA and its attached agencies/corporations.

Likewise, on motion of Rep. Bondoc, the Chair recognized Reps. Cua and Taliño-Santos to sponsor the aforecited budget and to interpellate thereon, respectively.

INTERPELLATION OF
REP. TALIÑO-SANTOS

Rep. Taliño-Santos initially inquired about the status of the Malmar project as of late, to which Rep. Cua stated that the dam component thereof had been completed.

Whereupon, Rep. Taliño-Santos inquired for the record what the original estimated cost of the project was.

Rep. Cua replied that the original cost was P1.047 billion and the revised project cost as of December 2001 is P3.27 billion.

Thereupon, Rep. Taliño-Santos inquired whether the revised project cost as of October 2002 is about P3.4 billion.

Rep. Cua replied that P3.4 billion is the revised project cost to date. He pointed out that the project was started as early as October 1, 1999.

SUSPENSION OF SESSION

Thereupon, on motion of Rep. Taliño-Santos, the Chair suspended the session at 4:03 a.m.

RESUMPTION OF SESSION

At 4:21 a.m., the session was resumed.

CONTINUATION OF CONSIDERATION
OF THE PROPOSED BUDGETS OF THE
DA AND ITS ATTACHED AGENCIES

On motion of Rep. Bondoc, there being no objection, the Body resumed consideration of the proposed budgets of the DA and its attached agencies.

Thereafter, the Chair recognized Rep. Cua to sponsor the proposed budgets and Rep. Taliño-Santos to interpellate thereon.

INTERPELLATION

OF REP. TALIÑO-SANTOS
(Continuation)

Rep. Taliño-Santos inquired whether the Sponsor was aware that early that year, the NIA director for Mindanao had reported that some NIA field engineers supervising a project had defrauded the government with the continued delay of the project's completion by taking advantage of the area's peace and order situation. She said that in this regard, she had filed a resolution requesting for the conduct of an inquiry in aid of legislation on the alleged involvement of the field engineers. She inquired on the action taken by the NIA on the matter.

Rep. Cua replied that as a result of the complaint, the central office of the NIA had conducted an investigation of the matter. He said that he would furnish Rep. Taliño-Santos with a copy of the position paper stating the facts and findings of the NIA central office. He also agreed to include in the documents to be submitted the following day to Rep. Taliño-Santos copies of the contracts, information on the specific areas and contractors involved, and the audit report of Malmar under Stage I.

On motion of Rep. Bondoc, the Chair recognized Rep. Yumul-Hermida to interpellate Rep. Cua.

INTERPELLATION
OF REP. YUMUL-HERMIDA

On questions regarding the 2001 Annual Audit Report of the DA, Rep. Cua gave the following answers:

Only 18% of the target for rice production was achieved because many breeder seeds failed to fully germinate ;

The same explanation can be given as regards the failure of the Department to reach its target for corn production;
The overdraft in appropriations in the amount of P4,435,124.23 refers to the overdrawing against appropriations and one reason therefor is the excess expenditures for personal services;

The excess of allotments over obligations incurred refers to unobligated allotments that the DBM had released. There were occasions when releases were made and for some reasons, they were not obligated immediately; and

As regards the cash in bank balance in the amount of P118.88 million for Fund 101 and the undeposited treasury bills in the amount of P31.22 million, the DA had complied with the COA recommendation that cash balances at the end of the year have to be reverted to the National Treasury.

Still adverting to the COA report, Rep. Yumul-Hermida inquired on the action of the department on the finding that not all contracts and memoranda of agreement were being furnished the Office of the Auditor within the required period.

She said that several deficiencies were noted in the contracts and MOAs amounting to P1.32 billion submitted for review and evaluation which denotes a violation of existing pertinent laws, rules and regulations.

Rep. Cua disclosed that the Office of the Secretary had issued a memorandum to all concerned offices on June 13, 2002 directing the Records Division to forward to the COA certified copies of said documents within five days after its execution for

contract review.

Adverting to page 8 of the COA Annual Report for 2001 as regards the unexpended balance of allotment in the amount of P874,628,565.18 for the current year and the unexpended balance of allotment for the prior year of P81,495,727.13 and adjustments of P69,128,637.52 the subtotal of which is P1,183,175,132.51, Rep. Yumul-Hermida inquired whether this means that the Department had reverted to the National Treasury the amount of P248,249,484.47.

In response, Rep. Cua explained that the unexpended balance of allotment represents income generated from operations of the agency. He said that the amount reverted to the National Treasury was P874,628,565.00 which represents the income from operations.
Whereupon, on motion of Rep. De Guzman, the Chair recognized Rep. Gabrielle V. Calizo for her interpellation.

INTERPELLATION OF REP. CALIZO

On whether the country is experiencing a shortfall in the production of vegetables, Rep. Cua replied in the negative.

As to why there is a need to import vegetables, Rep. Cua replied that hotel chains and airline companies import vegetables during the off season.

Rep. Calizo disclosed that the wholesalers and vegetable suppliers of the Mountain Province had brought to the attention of the Members during one of their visits to the province, the apparently erratic prices of vegetables because of some sort of guerrilla type of importation coming from China. She cited for instance that the price of carrots have gone down to as low as P4 per kilo and to as high as P104 per kilo after the importation stopped. She said that the imported vegetables are actually competing with locally-produced vegetables and are now flooding local supermarkets. She disclosed that cheap vegetables from China were not only being supplied to hotels but have also invaded the supermarkets, making them available to the masses.

Rep. Cua agreed that the presence of imported vegetables has been affecting the local vegetable industry. He pointed out that the Department had organized monitoring teams to address the problem and in fact, had apprehended about 41 containers of imported vegetables worth P25 million. At present, he said that the Department has instituted measures and had launched programs to improve the quality as well as the production of locally-produced vegetables to make it more competitive in quality and price as compared to that of imported goods. He pointed out that the antidote to smuggling is to produce quality products at competitive prices.

On whether the DA had prosecuted illegal importers or had merely confiscated their products, Rep. Cua replied that those who were apprehended had been charged in court and the confiscated vegetables had been disposed in a manner that importers have no way of redeeming them.

Rep. Calizo congratulated the DA for implementing a program which encourages these small farmers. However, she noted that there are no markets for these vegetables accessible to buyers, thus there is the tendency for them not to sell all their produce. She then inquired whether the DA and its attached agencies have instituted a mechanism for the small farmers to market their vegetables.

Rep. Cua replied that the DA has launched several programs which include assistance to help farmers market their produce. He said that the farmers can bring their

produce to markets put up by the Department. He added that the amount of P60 million has been earmarked for this particular program.

To Rep. Calizo's query, Rep. Cua replied that the program would even provide the farmers with refrigeration and reefer trucks for their products.

At this juncture, on motion of Rep. Bondoc, the Chair recognized Rep. Mitra for his interpellation.

INTERPELLATION OF REP. MITRA

At the outset, Rep. Mitra expressed satisfaction over the increase in the budget of the AFMA. He however inquired why the budget of the DA was decreased.

Rep. Cua replied that there is no significant change in the budget of the DA. He pointed out that one of the items which was removed from the 2003 was for the payment of taxes to be refunded to the proponent of the Casecnan project which seems to cause the decrease in the budget. He said that if the same amount is removed from the 2001 appropriations, there will be insignificant change in absolute terms.

On whether the P52.149 billion had already been provided for the AFMA, Rep. Cua replied in the affirmative.

Rep. Mitra said that he had checked the web site of the Bureau of Agricultural Statistics and noted that the productivity of palay and corn has remained virtually stagnant for the past three years, this despite the P52.149 billion appropriated for the AFMA. Considering that palay and corn are the country's two most important crops, he asked on the reason why it has remained virtually growthless.

Rep. Cua replied that according to the records, the yield for rice had actually increased from 2.8% to 3.2%.

Rep. Mitra proposed that the Bureau should update its web site because not only is it a source of information for the Philippines but for the other countries as well. Rep. Cua agreed with Rep. Mitra's suggestion and added that the Department will look into the matter and ensure that said information will be updated and corrected the soonest possible time.

Whereupon, Rep. Mitra noted a provision for research and development in the budget and inquired whether there is such a provision.

Replying in the affirmative, Rep. Cua explained that the AFMA allocates funds for research and development.

Rep. Mitra noted that the percentage allotted by the Department does not conform with the P1.1 billion appropriations for research and development.

Rep. Cua replied that the P1.1 billion is about 7% of the total appropriated amount.

Rep. Mitra expressed concern over this provision because the country has lagged behind in some areas where it used to be ahead.

On another concern, Rep. Mitra noted the prevalence of the foot-and-mouth disease (FMD) and the anthrax scare all over the world. He then inquired on the efforts put in by the DA with regard to the quarantine of meat sold in the market. He said that he wants to ensure that the local markets have not been mixed with imported beef which is actually carabeef and sold in the markets.

Rep. Cua said that the Department has been vigilant regarding the problem and in fact has tasked the Bureau of Animal Industry and the National Meat Inspection Authority to administer inspections to ensure the quality of meat sold in the markets.

Rep. Mitra noted the ban on the importation of live animals and inquired whether sealed or frozen meat coming from countries like India, Brazil and Argentina has also been banned.

Rep. Cua assured Rep. Mitra that the DA has banned the importation of meat coming from places where there are verified and validated findings of animal diseases.

Rep. Mitra said that he appreciates the efforts done by the DA. However, he said that the DA should put more effort into quarantines to ensure the public of safe meat. He disclosed that certain areas have been identified as selling carabeef. He added that if the Department will permit him, he will help in identifying them. Rep. Cua noted Rep. Mitra's suggestion and subsequently told him that the Department will always try to improve the programs that it had already instituted and put in place.

As regards the status of LIVECOR, Rep. Cua replied that government support for small and medium-sized enterprises has been transferred to the DTI by virtue of an executive order.

Rep. Mitra asked whether the Department will simply allow LIVECOR to just become a "deadcor" in the next eight months.

Rep. Cua replied that the Department will try to tap other sources of funding for LIVECOR to enable it to continue performing its mandated function. He clarified, however, that the transfer of the GFSME to the DTI will not mean the closure of LIVECOR because the Department will always try to find sources of funding for the agency.

Rep. Mitra contended that nothing has happened to LIVECOR and no funds has flowed into it yet. He pointed out that the DA could use a number of other agencies like LIVECOR as a conduit or a corporate arm through which they could implement FAPs. He inquired whether the DA would be willing to part with LIVECOR and allow it to move to the DAR so that the latter will finally have one corporate arm to implement FAPs.

Rep. Cua replied that the DA has no objection to said proposal if this would improve the performance of the DAR. The DA would be more than willing to part with such an agency, he said.

Rep. Mitra expressed hope that the new DA Secretary and his staff complement will share the same position and that Rep. Cua would be able to help him convince the new Secretary.

He then yielded the floor to his senior colleague who will interpellate Rep. Cua.

INTERPELLATION OF REP. LOBREGAT

Rep. Lobregat recalled Rep. Biazon as having quoted from the President's message that the AFMA budget was P3 billion over and above what is required by law or RA No. 8435.

Rep. Cua maintained that what Rep. Biazon had meant was that while the law provides

for the appropriation of P17 billion for the year 2003, the President had actually proposed an appropriation of P20 billion, which is P3 billion more than what was suggested by law.

Rep. Lobregat noted that when said law was passed in 1997, the intention was to provide funds over and above the regular budget of the DA. He asked on the amount allocated to the DA as part of its regular funds for 1997 before the law was passed.

Rep. Cua replied that it was P14 billion.

Rep. Lobregat emphasized that the government had wanted to modernize agriculture and was racing against time before the lowering of tariffs and that it also needed to provide safety nets, thus if the DA would continue to receive P14 billion up to the present, it would not be able to modernize agriculture. Hence, he said that the purpose was to provide funds over and above the DA's regular allocations.

Rep. Cua affirmed this point and added that the DA had actually proposed to the DBM an amount bigger than its regular budget. However, because of the need for the DBM to balance the different but equally important needs of the country, it could only provide so much for the DA.

Rep. Lobregat lamented that the government is not able to achieve its goal of modernizing the agriculture and fishery sectors to enable them to enhance their profitability and to prepare them for the challenges of globalization through an adequate focus and rational delivery of necessary support services. In view of this, he claimed that the P20 billion AFMA funds fell short of what the law had intended it to achieve because the government is not giving priority to the DA. If the government does not do something due to lack of funds, he said that both sectors will not be able to modernize and the necessary safety nets will not be provided. He inquired on what would happen to the farmers in this situation.

Rep. Cua agreed with some of the points raised by Rep. Lobregat. He noted, however, that this would be a big jump from what the DA used to receive in the previous years prior to the passage of the AFMA. This, even as he acknowledged Rep. Lobregat's view that the government may not be able to fully accomplish the spirit of the law mandating modernization of the agriculture and fisheries sectors.

Rep. Lobregat adverted to Section 112 of the AFMA which mandates the DBM to include annually for the next six years in the President's program of expenditures for submission to Congress, the release of no less than P17 billion. The same Section, he said, likewise provides that the additional funds on top of the regular yearly budget shall be sourced from the 20% proceeds of securitization of government assets including Subic, Clark and other special economic zones. He inquired whether the DA had received 20% from the securitization of government assets. He further asked what the DA had received from the sale of Clark and Subic.

Rep. Cua replied that the Department has not received a single centavo from the proceeds of such sale.

Rep. Lobregat pointed out that the government is selling properties and assets every year and is mandated under the AFMA to provide 20% of the proceeds from that sale to the DA.

Rep. Cua replied that the proceeds of the sale are deposited with the Bureau of the Treasury and the DBM allocates said fund.

Rep. Lobregat reiterated that the law provides that the DA shall receive 20% from

the proceeds of the sale of government assets. He asked on the total proceeds from the sale of said assets pursuant to the AFMA to determine the equivalent of 20% thereof.

Rep. Cua stressed that while the provision indeed mandates that the proceeds from the sale would go to the national treasury, in reality, the guide used in determining the 20% share is that which is provided in the law -- P17 billion annually on top of its regular budget. He added, however, that this is not fully complied with because of budgetary constraints.

Rep. Lobregat inquired on the actual proceeds from the sale of assets which is only one source of funding for the modernization of the agricultural sector under the AFMA. He asked the Committee on Appropriations to request the DBM to determine the total proceeds from the sale of assets since 1997 or 1998 because the law was passed in December 1997. He stated that this would help determine the 20% share for the DA. He expressed hope that he would know the pertinent figures before the approval of the GAB.

Rep. Lobregat cited the other sources of funding for the same purpose, to wit: 50% of net earnings from the PEA. He asked whether the PEA is set to be abolished to which Rep. Cua replied that this had been reported in the papers.

Rep. Lobregat inquired on the amount that is equivalent to 20% of what the PEA has been earning since 1998 up to 2002 to ascertain the amount needed by the DA to modernize the agriculture, fisheries and farming sectors. He asked whether the information can be sourced from the DBM.

Rep. Cua replied that the Committee will comply with said request.

Rep. Lobregat underscored that RA No. 6657 provides for the Support Facilitation Services Fund which is maintained by the government. He inquired on the budget for these funds under RA No. 6657. He stated that he asked the question because it seemed that the DA is not cognizant of the fact that there are other sources of funds that the DA could use as provided for in the AFMA.

Rep. Cua replied that the DA is aware of such other sources, but despite its proposals to and lobbying with the DBM, the latter had given them only that limited amount, which is understandable given the tight financial situation of the government.

Rep. Lobregat inquired how the DA could lobby or even demand for the implementation of the AFMA when it does not even know how much the other sources of funds could provide. He said that this is why he had asked whether the DA knows the amount it could get from the other sources of funds, among which are: TESDA Skills Development Funds - 40%; net proceeds from the privatization of the Food Terminal Inc., the Bureau of Animal Industry, the Poverty Alleviation Act, and others.

Rep. Cua noted Rep. Lobregat's suggestion, and the latter clarified that these are not suggestions but provisions of the AFMA.

Rep. Cua in turn pointed out that he was referring to Rep. Lobregat's suggestion that the Committee on Appropriations request both the DBM and the DA to submit the data within two weeks. He opined that this is not too much to ask before the December 18 break.

He assured Rep. Lobregat that the DA has been consistently receiving from the DBM what they probably approximate is the just share of the DA from said sources, but

the DBM cannot fully give what the Department has been requesting.

Rep. Lobregat inquired on the actual status of the releases and the appropriated amounts for the AFMA since 1999. He claimed that what was appropriated under the GAA in 1999 has not yet been released.
So as not to delay the proceedings, he cited the following: for 1999, out of the P14.9 billion appropriation, only P11.6 billion was released; in the year 2000, P16.6 billion out of P20.8 billion; and in the year 2001, P11.499 million, out of P16.106 billion appropriation.
Rep. Cua clarified that in 1999, out of the P14.9 billion P13.6 billion was released.

Rep. Lobregat asked where Rep. Cua's figures came from and stated that the figures he had cited were furnished to him by Undersecretary Jocelyn Bolante of the DA during the deliberations on the AFMA and was submitted to the Committee on Agriculture, Food and Fisheries.

On whether there are two Departments of Agriculture, Rep. Cua clarified that the figures do not include farm-to-market roads. He however said that he fully understands the point of Rep. Lobregat that what had been appropriated has not been funded. He agreed that despite the claim of the President that the P3 billion excess is over and above what was appropriated by law, this is not what is required under the AFMA. He attributed the problem to budgetary constraints.

On another concern, Rep. Lobregat observed that the biggest challenge to agriculture is the impact of globalization, wherein the country's imports have been prioritized over its exports. He noted that importation has caused the decline of agricultural production. As he stressed that subsidies and grants would help improve the production of agricultural products, he inquired on the specific areas where the DA funds will be concentrated.

Rep. Cua answered that the DA will focus on sectors that have competitive edge like high-value crops such as fresh fruits, and also tuna.

On the number of private investments that had entered into the agriculture sector in the last five years, Rep. Cua admitted that the sponsoring Committee has no figures; however the data can be made available within the day.

Rep. Lobregat observed that there is very little investment in agriculture because a farmer is allowed to own only three to five hectares of land. He said that in the absence of a serious review of the CARL, no private investments will come in. He referred to the statement of the PCA that the CARL is causing serious problems to the coconut industry, and which he surmised also holds true with other industries. He asked whether there has been a signing of a contract on the use of almost 5,000 hectares of land for palm oil production somewhere in Zamboanga.
Rep. Cua disclosed that there has been some news about a group that is interested in the production of palm oil, but this has not yet been validated.

Rep. Lobregat however noted that the PCA is pushing for the production of palm oil which competes with coconut, and which needs 2,000 hectares of land to ensure successful production. As he lamented that farmers are allowed to own only three to five hectares of land while a foreign enterprise will be allowed to farm 2,000 hectares of land, he inquired on the priorities of the Department.

Rep. Cua answered that the country has been importing palm oil; thus the plan to substitute the product.

Rep. Logregat countered that since the country is importing rice, then it should allow thousands of hectares of lands for corporate farming. He lamented that the country's land reform policy is based on land distribution and not on productivity. He reminded the Body that the government would like to achieve a situation wherein there will be land for the landless and food for the hungry. He thereafter inquired on the food security program that the government has been talking about.

Rep. Cua clarified that the 2,000 hectares of land are small lands owned by small growers that will be consolidated for the purpose. He agreed with the observation that breaking up huge lands so that they can be put together under the cooperative system of farming is tantamount to breaking up the productivity and efficiency of farming. This is the reason for the clamor for a review of the CARL, he added.

In closing, Rep. Lobregat said that the government should better bite the bullet while there is still time; otherwise it will be a choice between land for the landless or food for the hungry.

MANIFESTATION OF REP. LOBREGAT

Thereafter, Rep. Lobregat manifested that the Minority had no further quesxtions on the proposed budgets of the DA and its attached agencies.

TERMINATION OF THE PERIOD OF
INTERPELLATIONS ON THE PROPOSED BUDGETS OF THE DA AND ITS ATTACHED AGENCIES

On motion of Rep. Bondoc, there being no objection, the Body terminated the period of interpellations on the proposed budgets of the DA and its attached agencies.
MANIFESTATION OF REP. SYJUCO

Rep. Syjuco stated that he had decided not to pursue his interpellation after the assurance of Secretary Datumanong and Undersecretary Encarnacion that his concerns will be addressed sincerely and seriously. He manifested to join his colleagues in seeking for the termination of the period of interpellations on their Department’s budget.

SUSPENSION OF SESSION

The Chair motu proprio suspended the session at 5:33 a.m.

RESUMPTION OF SESSION

At 5:34 a.m., the session was resumed.

resumption of CONSIDERATION
OF THE PROPOSED BUDGETS OF
THE CSC AND THE cesb

On motion of Rep. Bondoc, there being no objection, the Body resumed consideration of the proposed budgets of the CSC and the CESB.

On further motion of Rep. Bondoc, the Chair recognized Reps. Cua and Dilangalen for their sponsorship of, and interpellation on, the proposed CSC budget, respectively.

INTERPELLATION OF REP. DILANGALEN

Rep. Dilangalen referred to his earlier interpellation regarding the case of 220 Muslim examinees in Maguindanao. However, he said that he leaves it to the CSC to

decide on the matter based on the law and the Constitution. After having been informed that the case is now pending in the Regional Trial Court and maybe in the Court of Appeals, he said that under the circumstances, he would no longer interpellate on the proposed budgets of the CSC and the CESB.

TERMINATION OF THE PERIOD OF
INTERPELLATIONS ON THE PROPOSED BUDGETS OF THE CSC AND THE CESB

On motion of Rep. Dilangalen, there being no objection, the Body terminated the period of interpellations on the proposed budgets of the CSC and the CESB.

CONSIDERATION OF THE PROPOSED BUDGET OF THE PROFESSIONAL
REGULATION COMMISSION

On motion of Rep. Bondoc, there being no objection, the Body considered the proposed budget of the Professional Regulation Commission (PRC).

On motion of Rep. Bondoc, the Chair recognized Rep. Cua to sponsor the proposed budget, and Rep. Ablan for his interpellation.

INTERPELLATION OF REP. ABLAN

Rep. Ablan noted that every time successful candidates have to take their oaths as professionals, they are required to buy tickets costing P600 or P700 per person. He pointed out that given 2,000 candidates, the amount would reach P1.4 million. As he was aware that some P300 per person is spent on meals, he inquired whether the balance goes to the coffers of the PRC. He computed that the amount will be something like P62 million as 26 examinations for professionals are conducted twice a year.

Rep. Cua said that the proceeds of the tickets do not go to the coffers of the PRC but to the Accredited Professionals Organization (APO) in coordination with the board.

Rep. Ablan opined that anything that is collected by a government agency should go to its coffers. He asked the PRC Chairman to make an accounting showing all of the amounts that were received and spent and to whom they were given, ever since she assumed office.

Rep. Cua clarified that a resolution of the PRC disallows such ticket-selling and that the PRC does not require the remittance of the proceeds thereof to its coffers inasmuch as oath-taking activities are the responsibility of the board and the APO.

Rep. Ablan said that he will stop his interpellation provided that the PRC will commit to submit an accounting of the abovementioned. He added that at the proper time, he will propose to reduce the allocation of P347,000, plus the RATA and miscellaneous expenses fund of P65,000 given to the Office of the Chairman.

Thereupon, Rep. Ablan asked why the Chairman has not yet released the overtime pay of PRC employees since she assumed office. The Sponsor explained that overtime payments have stopped since three years ago because of insufficient funds; and in response to the issue previously raised, the agency will submit the accounting requested.

Rep. Ablan said that at the proper time, he will propose amendments to the proposed budget of the PRC such as the reduction of the allocation of P347,000, plus the RATA and the miscellaneous expenses fund of P65,000 given to the Office of the Chairman. Saying that the Chairman could talk to any of the Members, he remarked that her

office is surrounded by bodyguards. Opining that the Chairman will say “No” if she is asked whether these guards get their allowances from the PRC, he said that 80 Members had already signed a resolution for the investigation of said agency.

TERMINATION OF THE PERIOD
OF INTERPELLATIONS ON THE
PROPOSED BUDGET OF THE PRC

On motion of Rep. Bondoc, there being no objection, the Body terminated the period of interpellations on the proposed budget of the PRC.

CONSIDERATION OF THE PROPOSED BUDGET OF THE OFFICE OF THE
PRESIDENT

On motion of Rep. Bondoc, there being no objection, the Body considered the proposed budget of the Office of the President (OP).

On motion of Rep. Bondoc, the Chair recognized Rep. Marcos to sponsor said budget and Rep. Yumul-Hermida to interpellate thereon.

INTERPELLATION OF
REP. YUMUL-HERMIDA

Rep. Yumul-Hermida asked on the COA finding in an audit report that the OP had an overdraft of P16.5 million in 2001 which is the same figure for 2000.

Saying that she was aware of the overdrafts indicated correctly in the COA report, Rep. Marcos explained that the OP has updated these expenses thereby reducing unliquidated cash advances, and affirmed that the overdrafts are carryovers from previous years.

Rep. Yumul-Hermida then asked how much was spent per visit in the following foreign visits of the President: Malaysia -- August 7-9; Brunei and Singapore -- August 20-26; Japan -- September 12-15; People's Republic of China and Shanghai -- October 19 to November 1; and Brunei, the ASEAN Summit, Indonesia, USA and Mexico.

Even while she said that the vouchers are still incomplete, Rep. Marcos said that the total for the seven trips is roughly P130 million.

Adverting anew to the 2001 COA audit report, Rep. Yumul-Hermida enumerated the following amounts of unliquidated cash advances of the OP: Pre-Marcos Administration -- P1 million; Marcos Administration (20 years) -- P42.5 million; Aquino Administration (6 years) -- P11.2 million; Ramos Administration (6 years) -- P103 million; Estrada Administration (2 years) -- P65 million. She then asked in Filipino what the Macapagal-Arroyo Administration is doing as regards its unliquidated cash advances for only two years in the amount of P159.2 million; and whether the OP will penalize those who have not yet liquidated the same.

Responding in Filipino, Rep. Marcos said that the P158 million cash advance that was published in the COA report dated June 28, 2002 has been reduced by P53.4 million; and that before the end of the month, it would probably be reduced further by more than P19 million. She stressed that the OP is cognizant of the report and is rectifying itself and complying with the recommendations of the COA.

Rep. Yumul-Hermida thereupon sought clarification on the P275.6 million worth of investments stated on page 8 of the COA report and asked where they have come from and who would profit from the same.

The Sponsor said that this item has been requested for write-off.

INTERPELLATION OF REP. SUPLICO

Upon Rep. De Guzman's motion, the Chair recognized Rep. Suplico who inquired on the presence in the Session Hall of the heads of the agencies under the OP.
Rep. Marcos replied that:

Executive Secretary Romulo was rushed to the hospital and is represented by Secretary Flores;

2. Presidential Anti-Graft Commission Chairman Dario Rama is not present and is represented by Commissioner Baltazar;

Secretary Eduardo Ermita, Presidential Adviser on the Peace Process, is present; National Amnesty Commission Tadjar is represented by one of the commission's officials;

Secretary Dureza, head of the Mindanao Economic Development Council, is absent but has a representative;

Executive Director John Avila of the World Trade Organization/Asean Free Trade Area Advisory Commission (WTO/AFTAAC), is also absent but has a representative;

The head of the Presidential Consultative Committee on the Appointment of PNP Officials is in the lobby;

Secretary Ching Vargas of the Presidential Anti-Organized Crime Commission is traveling with the President but is ably represented in the House;

Mr. Benjamin de Leon, head of the Agno River Basin Development Commission left due to the lateness of the hour; but has a representative;

Executive Director Noel Eli B. Quintanar of the Coordinating Council for the Private Sector is present;

The head of TASK Force on 2020 Initiative is on official travel in Davao City but his Deputy Executive Director, Ms. Magdalena Mendoza, is present;

Although Director Edgardo Manuel of the Presidential Visiting Forces Agreement Commission is not around, his representative is present;

Undersecretary Virgilio Pena of the Information Technology Economic Commerce Council just stepped out of the Session Hall but would return;

Secretary Norberto Gonzales, the Presidential Adviser for Special Concerns, is present;

Assistant Secretary Peter Abaya, head of the Official Development Assistance Absorption Office, is around;

The head of the Atlas Commission who is absent, is represented by another group; and Undersecretary Dumlao of the North Luzon Growth Commission is present.

Rep. Suplico remarked that it would seem that the official travel in Davao City of the head of the Task Force on 2020 Initiative is more important than the budget

hearings.

Rep. Marcos thereafter stated that there are only five heads of offices out of the 17 heads of offices under the Office of the President who are present in the day's budget deliberations. She explained that most of the absent heads of offices are, in fact, traveling with the President.

Rep. Suplico opined that since some of these offices were merely created by virtue of an executive order and not by law enacted by Congress, this could be the reason why some of the heads of offices are with the President. He then inquired whether he can invoke the tradition that when an agency of the government knocks at the door of the House to ask for the approval of its budget, the heads of offices of these agencies must be present.

Rep. Marcos agreed therewith. With regard to the creation of some executive offices and agencies, she explained that the President is vested with residual legislative power and continuing authority under the Administrative Code and PD No. 1772. Moreover, she stressed that the President is likewise endowed with the power to reorganize the national government in a continuing process.

Thereupon, Rep. Suplico adverted to the 2002 intelligence budget of the Presidential Anti-Organized Crime Commission in the amount of P565 million. He then inquired how this fund was spent and distributed. He informed Rep. Marcos that during the Committe deliberations on the proposed budget of the PAOCC, its deputy director, a certain Col. Holganza, made a commitment to furnish the Committee members with the list of disbursements of the P565 million intelligence fund. He then inquired whether such list is forthcoming.

Rep. Marcos replied that the Office of the President cannot provide such a list and breakdown of said intelligence expenses pursuant to Sections 17 and 18 of the Constitution pertaining to the control and authority of the President over the Executive Department and to her power as the commander-in-chief.

Rep. Suplico however recalled that the PAOCC deputy director had enumerated before the appropriate subcommittee of the Committee on Appropriations the breakdown of such list. For example, the deputy director had stated that the Videogram Regulatory Board was a recipient of a P2 million intelligence fund from the PAOCC, and the AFP had received P100 million from the same intelligence fund.

Rep. Marcos however pointed out that such list is not forthcoming following the subcommittee hearing in executive session. Moreover, she pointed out that the Committee on Appropriations had not received such list.

Whereupon, Rep. Suplico recalled the commitment made by the PAOCC deputy director to the Members. He then inquired whether this is again a gauge of how the Office of the President respects the House of Representatives.

Rep. Suplico thereafter inquired on the standards followed in the disbursements of the intelligence funds of the PAOCC.

Rep. Marcos replied that this is largely at the discretion of the Office of the President and according to the priorities established by the Chief Executive.

In his rejoinder, Rep. Suplico recalled that the power to appropriate public funds still belongs to the House and not to the Office of the President. He subsequently asked whether the PAOCC is a halfway house for fund releases.

Rep. Marcos replied that indeed Congress has that sole authority to legislate the budget as can be gleaned in the House deliberations of the proposed budget of the PAOCC. She thereafter explained that intelligence and confidential funds are being allotted for national defense, security, peace and order, internal security or counter-insurgency operations including information gathering and surveillance.

Rep. Suplico likewise recalled that Deputy Director Holganza had also made a commitment to furnish the House with the list of PAOCC employees and their corresponding salaries. He inquired whether such list is still forthcoming.

Rep. Marcos replied that the Committee on Appropriations had not yet received such list.

Rep. Suplico again asked whether this is again an indication of the level of the respect the Office of the President has for the House of Representatives.

Rep. Marcos maintained that the Office of the President once again expresses its deepest respect for the House of Representatives, recognizing as it does its primordial right to legislate and allocate funds.

Rep. Suplico recalled that two days ago, PMS Undersecretary Saludo had committed to furnish the House with the breakdown of the President's Social Fund. He then inquired whether this is also under the classification of intelligence fund.

Rep. Marcos replied in the affirmative. She also noted that Rep. Suplico had been duly provided with a copy of the two-page report on funds that had been allocated for his district. Moreover, she informed him that there is also a breakdown of the regional distribution of the President's social fund without any indication of the specific projects contained therein for each region.

Thereupon, Rep. Suplico noted that the COA audit report of the PAOCC indicates that cash advances in the amount of P105 million remain unliquidated. He then inquired what happened to this fund.

Rep. Marcos replied that as of October 31, 2002, out of the P105 million cash advance, P97.0 million had already been liquidated, leaving a balance of only P7.6 million as gleaned from the COA report.

Whereupon, Rep. Suplico explained that this is proof of his allegation that the PAOCC is a halfway house for the release of funds allocated by the House. He then inquired about the wisdom of such arrangement wherein the funds allocated to the PAOCC will, in turn, be allocated by the same agency. He asked why the House cannot directly allocate the funds itself to the agencies that need them.

Rep. Marcos opined that the PAOCC, being under the Office of the President, allows this agency more flexibility and responsiveness, being directly under the Chief Executive.

Rep. Suplico stated that he cannot recall Congress issuing a special power of attorney to the Office of the President to disburse funds on behalf of the PAOCC.

Rep. Marcos maintained that funds under the Office of the President are clearly under the control of the President as provided for under the Constitution.

On another matter, Rep. Suplico once again inquired on the identities of the two Cabinet members responsible for recommending the release of the Indonesian bomber, Mr. Dwikarna.

Rep. Marcos replied that the Committee does not know the identities of the alleged Cabinet members. What is clear however, she said, is that the request from the Indonesian Embassy was coursed through the DFA through Secretary Ople and expedited by the Secretary for Special Concerns, Secretary Norberto Gonzales.

Whereupon, Rep. Suplico stated that this only confirms news reports that Secretary Gonzales had worked for the release of the Indonesian bomber.

Rep. Marcos disagreed with this, pointing out that the initiative came from the Deputy Speaker of Indonesia, who coursed the request to the Indonesian Embassy which, in turn, relayed the same to the DFA. The DFA, she said, then sent a copy of the request to the DOJ for its approval. She thereafter pointed out that based on the findings on the three suspected Indonesian bombers, Mr. Dwikarna was detained by the authorities while the other two were released for lack of evidence.

Thereupon, Rep. Suplico related to the Body the circumstances that had led to the arrest of the three suspected Indonesian bombers. He thereafter noted that Mr. Dwikarna was sentenced by the authorities to 17 years imprisonment for illegal possession of explosives.

In her rejoinder, Rep. Marcos clarified that if there was any recommendation for the release of the Indonesian bombers it did not come from a member of the cabinet, but from the Indonesian government itself.

Whereupon, Rep. Suplico adverted to Secretary Gonzales' statements regarding his alleged disclosure to MILF military chief Ibrahim Murad about the US plan to blacklist the MILF. He inquired whether this is not passing state secrets to the MILF.

Rep. Marcos stated that Secretary Gonzales is not aware of such reports.

Thereupon, Rep. Suplico read to the Body the aforementioned report.

Rep. Suplico thereafter cited a banner story which appeared in the November 6, 2002 issue of the Philippine Daily Inquirer which reported that Secretary Gonzales had allegedly told the MILF military chief about the US plan to blacklist the MILF because of its alleged links with the Al-Qaeda network and the Jemaah Islamiyah group.
Rep. Marcos replied that the press has misquoted many of the Members themselves on certain occasions.

On whether Secretary Gonzales is for or against the Philippines, the MILF and terrorism, Rep. Marcos said that the Secretary had made it clear that he is definitely sworn to uphold the Philippine Republic and its Constitution.

Rep. Suplico inquired whether Rep. Marcos would agree that the protector of a terrorist is as guilty as the terrorist himself.

Rep. Marcos averred that Secretary Gonzales does not perceive himself to be a terrorist by any means.

In closing, Rep. Suplico manifested that he was exasperated by the answers of Rep. Marcos. He stressed that even as he knows that Rep. Marcos is not to be blamed, he however sees in her the person whose loyalty he questions.

On motion of Rep. De Guzman, the Chair recognized Rep. Lobregat to interpellate Rep. Marcos.

INTERPELLATION OF REP. LOBREGAT

At the outset, Rep. Lobregat underscored that he would not have questioned the proposed budget of the Office of the President (OP) out of parliamentary courtesy but he said that he had no choice but to question the Offices of the Secretary for Special Concerns and the Secretary on the Peace Process. He said that the two offices had caused a lot of concern to the people of Mindanao.

On a query, Rep. Marcos maintained that pursuant to EO No. 78 issued in March that year, the Secretary for Special Concerns will advise the President on matters and concerns affecting political stability, social and economic development and such other special concerns as may be determined by the President herself.

As regards the issue of the Filipino deportees in Sabah, Rep. Marcos disclosed that the President had created an inter-agency group composed of the Office of the Secretary for Special Concerns, the DSWD, DOLE and the DFA with former Rep. Nur G. Jaafar acting as special envoy. She pointed out that Secretary Gonzales seeks to exhaust all means to resolve the issue and other emergencies and as a result, back channeling and other aspects of communications and negotiations were endeavored.
Rep. Lobregat thereafter read from the transcripts of the proceedings during the Committee hearing on the proposed budget of the DFA, indicating that DFA Secretary Ople had said that Secretary Gonzales was tasked to do some back channeling with regard to the Filipino deportees in Sabah and that while this leads to confusion, it is immediately mitigated because the official channels are what matter in the end. He further quoted Secretary Ople as having agreed to recommend to the President that in all sensitive matters like the issue at hand, the official channels and the DFA should take the lead in all efforts so as not to be kept in the dark by back channelers.

On whether she agrees with the statement of Secretary Ople, Rep. Marcos replied in the affirmative and admitted to being aware of the transcripts of said proceedings which were held on October 9, 2002. She however cited the position of the President that all means, whether official or informal, should be exhausted in the interest of peace and the well being of the Filipino citizens.
To another query, Rep. Marcos also admitted to being aware that Secretary Gonzales was involved in the supposed negotiations for the surrender of Faisal Marohombsar. She also said that according to the Secretary, Mr. Marohombsar was about to surrender when he was killed.

Rep. Lobregat inquired on the date of the supposed surrender, stating that Mr. Marohombsar was not supposed to be killed when he was about to surrender and that even he did not know of his whereabouts.

Rep. Marcos maintained that Secretary Gonzales was determined to bring about the surrender of Mr. Marohombsar and to see to it that other peaceful means of conciliation do not fail. She said that the Secretary did not know the whereabouts of Mr. Marohombsar and that he was in fact using other channels to cause the surrender.

Rep. Lobregat subsequently inquired on the status of a supposed draft of another agreement to be signed by the government and the MILF. He disclosed that the DND Secretary had admitted to not being aware of the draft when he asked the Sponsor of the DND budget proposal about it.

In reply, Rep. Marcos stated that the Presidential Adviser on the Peace Process reiterates the contention of Defense Secretary Reyes that no such draft was

submitted to the Cabinet Oversight Committee.

Rep. Lobregat opined that this is another case of backchanneling. He then recalled that during the Committee hearing conducted by the Committee on National Defense, Secretaries Gonzales and Ermita said that there would be consultations.

Rep. Marcos disclosed that an agreement was completed in May that year and another draft was discussed but it has not yet been submitted. She underscored that consultations with the relevant sectors are ongoing. She affirmed that the AFP is a relevant sector.

Rep. Lobregat revealed that during the subcommittee deliberations, even PNP Chief Hermogenes Ebdane had admitted to not being aware of the matter and even recommended that the police be included in the peace negotiations so they will be apprised properly of the situation.

Rep. Marcos stated that Defense Secretary Angelo Reyes is aware that a draft is forthcoming but no such draft has been submitted yet.

Rep. Lobregat then inquired as to who are being consulted on the matter. He cited a newspaper article which claimed that according to Secretary Ermita, the government and the MILF are set to finalize the draft of a proposed final peace agreement before the yearend. He also said that in an interview over RMN radio, Secretary Ermita allegedly said that the technical working groups on two sides would be meeting on November 27 to pave the way for the draft to be presented to the Cabinet Oversight Committee.

Rep. Marcos confirmed that the AFP and the PNP are members of the technical working group preparing the draft, which is to be submitted to the Cabinet Oversight Committee within a week.

Rep. Lobregat inquired as to why Secretary Reyes and General Ebdane were not aware of the situation. He claimed that they cannot be involved in the peace talks because the talks had been suspended and the peace process is being conducted through back channeling which nobody knows about.

Rep. Marcos replied that Secretary Reyes had no direct participation in the formulation of the draft. She maintained that the AFP and the PNP are only working within the technical working group.

Rep. Lobregat reiterated his query as to who were being consulted on the matter.

Rep. Marcos assured Rep. Lobregat that all stakeholders in Mindanao will be consulted upon the submission of the final draft.
Rep. Lobregat said that he had asked the DND to confirm several news reports regarding Army troops killing suspected MILF rebels and capturing a newly-established MILF camp. He said that he thought that the peace negotiators and back channelers did not allow the establishment of MILF camps during peace negotiations. He added that the AFP had even confirmed that the army had captured a camp in Camp Rajamuda.

Rep. Marcos agreed with Rep. Lobregat that a violation of existing ceasefire guidelines has indeed occurred. However, she explained that these camps have been disbanded and that allegations thereof were inaccurate.

Rep. Lobregat said that the military themselves have confirmed the recapture of camps in Camp Rajamuda and had confirmed the establishment of MILF camps in other

areas. He then asked which source the peace negotiators prefer to believe -- the MILF or the military reports.

Rep. Marcos pointed out that the Secretary of Special Concerns and the Secretary of the Peace Process in conjunction with the military have agreed that a violation of existing ceasefire guidelines constituting a massing of armed groups is a provocative and hostile act. As such, she said that the AFP can take appropriate action against said armed groups.

Rep. Lobregat inquired whether the peace negotiators and the Secretary for Special Concerns had any knowledge that a camp in Sultan Gumander is actually a bomb factory housing two kilos of ammonium nitrate and other bomb paraphernalia.

Rep. Marcos agreed with Rep. Lobregat that said act is considered provocative and hostile and will be taken into consideration in the local council which monitors the ceasefire agreement.

Rep. Lobregat disclosed that even Senator Pimentel had stated that "both the government and the MILF are apparently going through the motions of talking peace to buy time. The government may want to buy time to avoid fighting in several fronts and the MILF want to buy time to rearm itself and gather strength to fight a new war."

Rep. Lobregat noted that over the past months, there had been so many newspaper articles stating that the MILF has plans to bomb malls in Metro Manila. He then asked whether these were unverified reports if they appear almost on a daily basis. He opined that if the media are coming out with such reports, then there must have been some truth to it because as the saying goes: "If there is smoke, there is fire."

Rep. Marcos said that these incidents will be taken into consideration during the continuous meeting with GRP and the MILF Ceasefire Committee. She pointed out that the President will exhaust all possible means in the pursuit of peace.

Rep. Lobregat opined that this is not in pursuit of peace, but in pursuit of appeasement because as stated by Senator Pimentel, the government may just be buying time because it does not want to fight in all fronts while the MILF would like to regroup and rearm themselves.

Rep. Lobregat opined that apparently, the peace effort of the government is not really a peace effort but an appeasement effort. He noted that the MILF continues to get international attention from other countries considering that it has been said that Al-Qaeda members have been trained in the former camps of the MILF. He added that the brother-in-law of Osama Bin Laden, the world's most wanted man, had worked with the MILF until he disappeared shortly before the terrorist attacks in the United States. He pointed out that the Islamic group Jemaah Islamiyah which is being eyed in the deadly bombing in Bali, Indonesia has likewise been linked to the MILF. Adding that the MILF has also been linked to the recent bombings in Zamboanga City and Quezon City, he disclosed that the previous week, there were reports that the principal suspect in the General Santos City bombing may have taken refuge in MILF camps.

With due respect to Senator Pimentel and Rep. Lobregat, Rep. Marcos stressed that the Office of the President has considered each and every ceasefire violation in the local and national monitoring committees.

Rep. Lobregat disclosed that the government claims that these are breakaway groups

or lost commands. He inquired whether the military also has lost commands. He noted that the military had refused to admit that these actions were committed by lost commands but had claimed that these crimes have been committed not by rebel groups but by members of the lost commands.

Whereupon, Rep. Lobregat inquired whether the Secretary for the Peace Process and the Secretary of the Office of Special Concerns believe that a final peace process will disband and disarm the MILF. He asked anew whether both Secretaries believe in this "fairy tale."
Rep. Marcos replied that the Office of the President is committed to this objective and does not consider it fairy tale. She likewise disclosed that the Office of the President maintains that the final agenda of the peace process in Mindanao is demobilization of the MILF and other troops.

Considering that the Secretary of the Peace Process was involved in the peace agreement with the Moro National Liberation Front (MNLF) in 1996, Rep. Lobregat inquired whether the MNLF had laid down their arms after the agreement was signed with the government. He also asked whether the Secretary believes that the MILF will accept anything less than what has been given to the MNLF.

Rep. Lobregat said that the MNLF has not fully laid down their arms and, therefore, the Secretary should not believe that fairy tales would come true - that the MILF will disband and will lay down their arms when such was not achieved with the MNLF which is the official organization recognized by the Organization of Islamic Conference (OIC).

Rep. Marcos underscored that the President remains committed to the cause of peace and continues to seek complete demobilization of the MILF and other troops.

Rep. Lobregat said that he knows that Rep. Marcos is having a hard time answering and even believing such fairy tales. He disclosed that if the government has committed itself to trying to disband the MILF, the peace agreement has actually strengthened the MILF.

In response, Rep. Marcos asked Rep. Lobregat to enlighten the Body with information thereon.

Rep. Lobregat disclosed that the agreement which was signed by the government with the MILF states that the MILF will decide, manage and identify these projects. He said that the situation is such that a barangay captain, instead of going to the mayor and provincial government, will have to source projects from the MILF which, he opined, would actually strengthen the MILF. He pointed out that the normal procedure is that if the source of projects are the Congressmen or mayors, then the Congressman or the mayor will be the ones to identify the projects. However, he noted that in the agreement, the MILF will be the one to determine, lead and manage development projects. He pointed out that this is strengthening the organization of the MILF, instead of strengthening established elected government officials.
Rep. Marcos pointed out that laying down of arms is a primary requirement and that all such projects will be subjected to the approval of the President.

Rep. Lobregat pointed out that this will undermine other government officials like Cabinet secretaries because these so-called projects will no longer be for them but will be for the MILF itself. He inquired whether said action is strengthening the group and is an act of appeasement by the government. He then inquired whether there are only 7,000 or 10,000 MILF members.

Rep. Marcos clarified that there are 12,000 MILF members.

Considering their number, Rep. Lobregat inquired on the population of the Muslims in Mindanao.

Rep. Marcos replied that the MILF and the remaining MNLF, including their families, constitute about 30,000 people.

Rep. Lobregat pointed out that this provision would empower 30,000 Muslim rebels to manage the fates of three to four million Muslim Filipinos.

On whether the 30,000 Muslim rebels can be considered as the elite of the five million Muslims in Mindanao, Rep. Marcos remarked that the MILF will only manage their projects in coordination with the local governments, while other projects will be distributed throughout the Muslim population. She informed Rep. Lobregat that the number of slots that would be given to the MILF in the PNP and in the AFP was never discussed. She also surmised that the MILF will not accept anything less than what was given to the MNLF.

As a rejoinder, Rep. Lobregat inquired as to how one can expect the MILF to accept anything less than that was received by the MNLF. He urged the Members to face the reality that they are just buying time. He then expressed hope that the Committee on National Defense would resume its hearings on the matter immediately after the Body completes its consideration of the 2003 GAB. He then manifested his intent to make certain proposals to benefit Mindanao at the proper time, especially with regard to the Office of the Secretary for Special Concerns and the Office of the Secretary on the Peace Process.

MANIFESTATION OF REP. LOBREGAT

Rep. Lobregat further manifested that the Minority had no further questions on the budget proposal but was disappointed with the two offices.

TERMINATION OF THE PERIOD
OF INTERPELLATIONS ON THE
PROPOSED BUDGET OF THE OP

On a joint motion of Reps. Escudero and Lobregat, there being no objection, the Body terminated the period of interpellations on the proposed budget of the OP.

MOTION OF REP. DE GUZMAN

Rep. De Guzman subsequently moved to consider the proposed budget of the Department of Public Works and Highways (DPWH).

But before the Body could act on this motion, the Chair recognized Rep. Syjuco.

MOTION OF REP. SYJUCO

On motion of Rep. Syjuco, there being no objection, the Body referred the concern of Rep. Raul L. Villareal to the Committee on Good Government.

Thereafter, on motion of Rep. Bondoc, the Chair recognized Rep. Andaya to sponsor the proposed budget of the DPWH and Rep. Suplico for his manifestation.

MANIFESTATION OF REP. SUPLICO

Rep. Suplico expressed his concerns on the proposed budget of the National Water

Resources Board (NWRB) which he claimed had issued water permits without the necessary authority of its Board of Directors and in violation of Section 47 of PD No. 198. He disclosed that water permits were issued in favor of private water concessionaires over the objection of water districts in the following places: Estancia, Iloilo; Norzagaray, Bulacan in favor of Republic Cement Corporation; and Rosales, Pangasinan.

In addition, Rep. Suplico claimed that the NWRB executive director did not submit the required documents in the subcommittee level and did not even attend the subcommittee hearing, as he had previously committed to. He said that there were other concerns to be raised against the NWRB as contained in letters he had received and in the Annual Audit Report on the NWRB. He manifested his intent to submit the same to the Committee on Appropriations and to make the necessary motions regarding his concerns at the proper time.

The Chair advised Rep. Suplico to submit the documents as part of the budget deliberations that day.

On motion of Rep. Bondoc, the Chair recognized Rep. Lobregat to interpellate Rep. Andaya.

INTERPELLATION OF REP. LOBREGAT

At the outset, Rep. Lobregat noted that the amount of P4 billion to P5 billion, which has been set aside annually as the DPWH regular maintenance fund, was reduced to P800 million for 2003 which meant a reduction on a per kilometer basis of the regular maintenance fund. He then recalled that the Motor Vehicle Tax Law provides for the allocation of funds to the DPWH which will be separate from the regular maintenance fund. He however alleged that the Motor Vehicle Tax is being used to subsidize the regular maintenance fund of the DPWH.

In reply, Rep. Andaya confirmed that the budget for the regular maintenance fund was indeed reduced. He explained that it is the MVUC portion which totals P4.6 billion which had increased but this is for a different usage other than the regular maintenance of roads. He stressed that based on a per kilometer formula, the budget allocation submitted by the Chief Executive will no longer serve the needs of the country's roads. He however cited the proposal that the amount of P4 billion should be taken from the MVUC and transferred to the regular maintenance fund.

Rep. Lobregat remarked that the Minority would agree to the proposal because otherwise, the maintenance of the roads will be adversely affected. He also disclosed that he was informed by former Rep. Danilo M. Suarez, who was a principal sponsor of the Road User's Tax Law, that the Road User's Board has to approve the transfer of a portion of the MVUC to the regular maintenance fund and that there are specific requirements which will make the transfer in compliance with the law itself.

In response, Rep. Andaya mentioned that this has been done partially in 2002 and according to DBM Secretary Boncodin, if Congress wishes to transfer a bigger amount for next year, it has to specify in a provision that part of the allocation for the regular maintenance of roads will be sourced from the MVUC.
Rep. Lobregat manifested that the Minority will support the move to increase the regular maintenance fund of the DPWH but they have reservations on charging the increase to the MVUC. He suggested that the idea should be discussed with the Road User's Board and the DPWH consultants.

MANIFESTATION OF REP. LOBREGAT

Whereupon, Rep. Lobregat manifested that the Minority had no further questions on the proposed budget of the DPWH.

TERMINATION OF THE PERIOD
OF INTERPELLATIONS ON THE
PROPOSED BUDGET OF THE DPWH

On joint motion of Reps. Lobregat and Gonzales, there being no objection, the Body terminated the period of interpellations on the proposed budget of the DPWH.

MOTION OF REP. GONZALES

Whereupon, Rep. Gonzales moved that the Body consider the proposed Lump-Sum Appropriations under House Bill No. 5238.

SUSPENSION OF SESSION

On motion of Rep. Gonzales, the session was suspended at 7:15 a.m.

RESUMPTION OF SESSION

At 7:18 a.m., the session was resumed.

MANIFESTATION OF REP. LOBREGAT

Upon recognition by the Chair, Rep. Lobregat stated that the Lump-Sum Funds include, among others, the calamity fund, the contingent fund, the international commitment fund, and the priority development assistance fund.

On whether Lump Sum Funds include the unprogrammed funds, Rep. Andaya replied in the affirmative and said that it has a total of P54,275,880.00.

Rep. Lobregat then shared his concern that the proposed budget for 2003 is P804 billion, but adding the unprogrammed funds would increase the same.

Rep. Andaya affirmed that the amount is not part of the P804 million obligation budget as it is considered a lump sum fund.
As he recalled that in the past, unprogrammed funds were used only if revenues exceeded the targets, Rep. Lobregat maintained that with the provision that the unprogrammed projects under the unprogrammed funds can be initiated once there is the signing of a loan agreement, then this will affect the deficit targets and increase the borrowings. He said that at the appropriate time, the Minority would propose that the unprogrammed funds be used if actual revenues exceed the targets.

Rep. Andaya took note of Rep. Lobregat's suggestion.

MANIFESTATION OF REP. LOBREGAT

Rep. Lobregat thereupon manifested that the Minority had no interpellations on the Lump-Sum Appropriations.

MANIFESTATION OF REP. GONZALES

Similarly, Rep. Gonzales manifested that the Majority had no interpellations on the Lump-Sum Appropriations.

TERMINATION OF THE PERIOD OF
INTERPELLATIONS ON THE LUMP SUM
APPROPRIATIONS

On motion of Rep. Gonzales, there being no objections, the Body terminated the period of interpellations on the Lump Sum Appropriations.

speech EN CONTRA OF REP. DILANGALEN

Rep. Dilangalen emphasized that at present, over 50% of Filipinos live in abject poverty. As he stressed that access to good medical care is almost beyond the reach of the poor, he noted that the DOH budget was reduced by P431 million. He asked whether the government has no concern for the welfare of the people.

He asked how the country can achieve a strong Republic when it has violated the right of the poor to good health. He said that it would have been a sign of genuine concern for the plight of the poor had the 2002 budget been maintained. He asked why priority is given to national defense when the country is not at war with outside forces. He maintained that health should be the government's priority.

Thereupon, Rep. Dilangalen emphasized that the war on terrorism is a war of the US and the country should not be dragged into an unpredictable war as involvement therein has no known benefits to the people. He expressed hope that focus was made on the social and economic infrastructure aspects of the budget. As an example, he cited the appropriations for capital outlay which is only P79 billion out of the total P804 billion. He lamented that the government borrows billions of dollars and yet does not use the same for infrastructure development, which is the best vehicle for national development. The budget proposal, he observed, is not exactly geared towards this end. He thereafter called on the Committee to seriously look into this concern.

At this point, Deputy Speaker Espinosa relinquished the Chair to Speaker De Venecia.

On motion of Rep. Gonzales, the Chair recognized Rep. Aquino (A.) to deliver his speech en contra.

SPEECH EN CONTRA OF REP. AQUINO (A.)

Rep. Aquino first indicated that he will vote "No" to the proposed 2003 budget. First, he noted that there is no consistency between the goals of the budget as underscored by the President in her budget message, and the way the P804 million fund will be allocated. He lamented that the budget cuts will affect critical and vital socio-economic sectors.

As he noted that the administration plans to shell out P223 billion as interest payments for local and foreign loans, which is more than P31 billion higher than the 2002 budget, he asked whether this is the manner of budgeting under a strong Republic. Appropriating more for debt servicing while cutting financial support to vital socio-economic services is a budget of misleading promises and strong rhetorics, he opined. He stressed that the proposed 2003 budget is anti-growth, and certainly anti-poor.

More than the misleading allocation for the proposed expenditure program, Rep. Aquino observed that the budget is built on a shaky foundation. He said that he cannot recall when there had been an accurate planning and precise projections to meet revenue targets. He asked whether 2003 will be an exception, this as he noted that the answers that the chairman of the Committee had raised to support the budget

indicate otherwise.

In closing, Rep. Aquino stressed that a weak revenue base and an ambiguous fund allocation do not make for a workable and productive fiscal budget. Neither do they help pave the road to economic growth, or build a sturdy foundation for a stronger Republic, he concluded.
On motion of Rep. Gonzales, the Chair recognized Rep. Jaraula to deliver his speech en contra.

SPEECH EN CONTRA OF REP. JARAULA

At the outset, Rep. Jaraula commended all the members for having demonstrated diligence and devotion in the service of the country. Even as admittedly, the budget is the biggest legislative exercise that the House makes throughout the year, he lamented that the 2003 budget is a failure on the macro assumption that the country has to serve only 80 million people. He maintained that since the census made in 2002 is inadequate by 15% to 20%, the population is around 85 to 90 million. He stressed that the Members had debated on huge lump-sum appropriations, but had failed to address the basic needs of the people.

For these reasons, Rep. Jaraula emphasized that he will vote against the budget which is unbalanced and can never be balanced. He cautioned that the House is assuming the collection of billions of pesos that cannot be collected. As the country suffers from a P223 billion deficit, he projected a bigger deficit in 2003.

Rep. Jaraula thereupon noted that the country's financial managers do not even seem to consider the national interest as they are dictated by the mandates of the International Monetary Fund and the World Bank and had never attempted to negotiate for condonation. He said that in effect, Congress is deprived of its ability to allocate funds because of the automatic appropriations for debt servicing.

In closing, he said that he was constrained to vote against the budget.

Subsequently, on motion of Rep. Gonzales, the Chair recognized Rep. Lobregat to deliver his speech en contra.

SPEECH EN CONTRA OF REP. LOBREGAT

From the very sponsorship speech of the chairman of the Committee on Appropriations, Rep. Lobregat maintained that the former had already set the tone for the Minority to take an opposite position.

As the chairman claimed that the late submission of the President's budget had deprived the House of the time needed to review and properly allocate the national budget, he said that what is disturbing is the constant non-passage of the budget on time which leads to the operation of the automatic reappropriation clause of the Constitution.
Moreover, he maintained that the Members are still in the Session Hall at 7:30 in the morning because both the Minority and the Majority need to deliberate on the budget. He pointed out that this runs counter to the chairman's statement that the House should not be forever hostage to the automatic reappropriation clause of the Constitution. He lamented that despite the intelligent interpellations, the budget will not make a strong Republic. He asked how the country can become one when its national debt has already reached more than P2 trillion. This means leaving a debt legacy to the Filipino children and grandchildren of about P33,000 per person, he emphasized. He said that in effect, the government is making not a strong Republic but a Republic of debt. It is sad, he continued, that Congress' power of the purse

is a myth because it hardly touches the allocation for personal services which is about 34% of the budget, as well as the MOOE which is 59% thereof. With only 9.2% left for capital outlay, he said that Congress still does not have this power because a lot of capital outlay are sourced from foreign funding that cannot be touched.

Rep. Lobregat subsequently pointed out that for the past several days and nights, the House has been deliberating on less than 3% of the budget. He concluded that he would thus have to vote against the 2003 GAB at the appropriate time.

TERMINATION OF THE PERIOD OF
SPONSORSHIP AND DEBATE ON
HOUSE BILL NO. 5238

There being no other Member who wanted to speak against the measure, on motion of Rep. Gonzales, there being no objection, the Body terminated the period of sponsorship and debate on House Bill No. 5238.

Thereafter, the Body proceeded to the period of amendments.

COMMITTEE AMENDMENTS

On an omnibus motion of Rep. Gonzales, there being no objection, the Body approved the Committee amendments contained in Committee Report No. 1044 on House Bill No. 5238.

ELECTION OF MEMBERS TO THE COMMITTEE TO CONSIDER AMENDMENTS TO THE GENERAL APPROPRIATION BILL

Based on past practice, on motion of Rep. Gonzales, there being no objection, the Body approved to create a small committee to act on individual amendments to be submitted by the Members on or before December 9, 2002; and to elect Rep. Andaya as chairman and the following as members thereof: the vice chairmen of the Committee on Appropriations; Reps. Lobregat, Dilangalen, Suplico, Garcia (E.), Jaraula and Failon for the Opposition; and Reps. Escudero and Fuentebella for the Committee on Rules.

SUSPENSION OF SESSION

On motion of Rep. Gonzales, the Chair suspended the session at 7:42 a.m.

RESUMPTION OF SESSION

At 7:43 p.m., the session was resumed.

TERMINATION OF THE PERIOD OF AMENDMENTS

There being no more Committee and individual amendments, on motion of Rep. Gonzales, there being no objection, the Body terminated the period of amendments.

APPROVAL ON SECOND READING OF HOUSE BILL NO. 5238

On motion of Rep. Gonzales, there being no objection, the Body approved on Second Reading House Bill No. 5238, subject to the submission and consideration of individual amendments.

CALENDARING OF HOUSE JOINT
RESOLUTION NO. 23

On motion of Rep. Gonzales, there being no objection, the Body transferred from the Calendar of Unassigned Business to the Business for the Day House Joint Resolution No. 23.

CONSIDERATION OF HOUSE
JOINT RESOLUTION NO. 23

On motion of Rep. Gonzales, there being no objection, the Body considered House Joint Resolution No. 23.

Upon direction of the Chair, the Secretary General read only the title of the Resolution, to wit:

"JOINT RESOLUTION EXTENDING THE AVAILABILITY OF 2002 APPROPRIATIONS FOR MAINTENANCE AND OTHER OPERATING EXPENSES TO DECEMBER 31, 2003, AMENDING FOR THE PURPOSE SECTION 61 OF THE GENERAL PROVISIONS OF REPUBLIC ACT NO. 9162, THE GENERAL APPROPRIATIONS ACT OF FISCAL YEAR 2002."

As copies of the Resolution had been previously distributed, on motion of Rep. Gonzales, there being no objection, the Body dispensed with the reading of the text of the measure without prejudice to its insertion into the records of the House.

APPROVAL OF HOUSE JOINT
RESOLUTION NO. 23

On motion of Rep. Gonzales, there being no objection, the Body approved House Joint Resolution No. 23.

SUSPENSION OF SESSION

On motion of Rep. Gonzales, the Chair suspended the session at 7:45 a.m.

RESUMPTION OF SESSION

At 7:47 p.m., the session was resumed.

REMARKS OF REP. GONZALES

With the permission of the Chair, Rep. Gonzales thanked the Members of the Opposition for their cooperation, the Members of the Majority for their understanding, and the Members of the so-called Independents for a job well-done. He pointed out that they had been in session for eight days starting on Monday, November 25, 2002 for an average of 15 man-hours a day. He opined that the Members deserve to congratulate themselves and give each other a pat on the back.

REMARKS OF THE SPEAKER

For his part, the Speaker congratulated the Majority Leader, the Minority Leader, the Members of the Majority Coalition and the Members of the Minority Coalition for their devotion to duty and commitment to the Republic in discharging their obligations to the nation and Filipino people.

He then pointed out that the two richest nations in the world, the US and Japan, as well as almost every nation in Europe, Latin America, Asia, Northeast Asia and Southeast Asia are experiencing incredibly large deficits. He also pointed out that the inflation rate once reached almost 60% and the interest rates at the height of

the Asian financial crisis reached 35%, but that the current inflation rate of the Philippine economy is down to less than 31/2%. He concluded that the Philippine economy has many strong fundamental points.

Speaker De Venecia nonetheless stressed that everyone must try to address the enlarging deficit that is bedeviling the nation. He stated that under the brilliant chairmanship of Rep. Andaya of the Committee on Appropriations, the House is committed to do its share in reducing the deficit and is trying to create a consensus. He said that to show the House's power over the purse, said Committee together with the Members of the Majority and in consultation with the Members of the Minority are moving towards an authentic bona fide reduction in the budget which will not be a pro-forma reduction just for cosmetic purposes but one that shall be carried through and sustained all the way to the Conference Committee. For the first time in the history of the House during the post-war period, he emphasized, the House will ensure that it will reduce the budget intelligently as submitted by the Executive in order to ensure and restore its power over the purse.

The Speaker subsequently told the Members that it had been an honor to work with them. Affirming their having worked non-stop on the budget for more than 120 hours or 15 hours a day, he thanked everyone for their magnificent performance.

ADJOURNMENT OF SESSION

On motion of Rep. Gonzales, there being no objection, the Chair then declared the session adjourned until four o'clock in the afternoon of Tuesday, December 10, 2002.

It was 7:54 a.m., Wednesday, December 4, 2002.

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I hereby certify to the correctness of the foregoing

(Sgd.) ROBERTO P. NAZARENO
Secretary General

DOCUMENTS DISTRIBUTED

The following documents were distributed to the Members during the session:

November 26, 2002

House Bill No. 5284, entitled:

“AN ACT DECLARING ARNIS AS THE PHILIPPINE NATIONAL SPORT.”

November 28, 2002

House Bill No. 2693, entitled:

“AN ACT CONVERTING THE PROVINCIAL ROAD CONNECTING THE MUNICIPALITIES OF MAHAYAG AND DUMINGAG IN THE PROVINCE OF ZAMBOANGA DEL SUR TO THE MUNICIPALITIES OF SIAYAN AND SINDANGAN IN THE PROVINCE OF ZAMBOANGA DEL NORTE INTO A NATIONAL ROAD, APPROPRIATING FUNDS THEREFOR AND FOR OTHER PURPOSES.”

House Bill No. 4381, entitled:

“AN ACT DECLARING THE CERTAIN PORTIONS OF THE PUBLIC DOMAIN, SPECIFICALLY LOTS NUMBERED 247 AND 248, PLS-6, N-299, LOCATED IN BARANGAY KIPIT, MUNICIPALITY OF LABASON, PROVINCE OF ZAMBOANGA DEL NORTE AS ALIENABLE OR DISPOSABLE LANDS RESERVED FOR SCHOOL SITE OF THE KIPIT AGRO-FISHERY HIGH SCHOOL.”

House Bill No. 5407, entitled:

“AN ACT SEPARATING THE GREENFIELD NATIONAL HIGH SCHOOL - DALLAG ANNEX IN BARANGAY DALLAG, MUNICIPALITY OF ARAKAN, PROVINCE OF NORTH COTABATO FROM THE GREENFIELD NATIONAL HIGH SCHOOL, CONVERTING THE SAME INTO AN INDEPENDENT NATIONAL HIGH SCHOOL TO BE KNOWN AS THE DALLAG NATIONAL HIGH SCHOOL AND APPROPRIATING FUNDS THEREFOR.”
House Bill No. 5428, entitled:

“AN ACT ESTABLISHING A NATIONAL SCIENCE HIGH SCHOOL IN LAS PIÑAS CITY, TO BE KNOWN AS THE LAS PIÑAS CITY NATIONAL SCIENCE HIGH SCHOOL AND APPROPRIATING FUNDS THEREFOR.”

House Bill No.5455, entitled:

“AN ACT ESTABLISHING A NATIONAL HIGH SCHOOL IN BARANGAY EUREKA, GINGOOG CITY, PROVINCE OF MISAMIS ORIENTAL TO BE KNOWN AS THE EUREKA NATIONAL HIGH SCHOOL AND APPROPRIATING FUNDS THEREFOR.”

House Bill No. 5460, entitled:

“AN ACT ESTABLISHING A SEPARATE MUNICIPAL CIRCUIT TRIAL COURT FOR THE MUNICIPALITIES OF BANATE AND ANILAO IN THE PROVINCE OF ILOILO TO BE DESIGNATED AS FIFTH-A MUNICIPAL CIRCUIT TRIAL COURT, APPROPRIATING FUNDS THEREFOR.”

December 2, 2002

House Bill No. 455, entitled:

“AN ACT TO STRENGTHEN THE UNIVERSITY OF THE PHILIPPINES AS THE NATIONAL UNIVERSITY;”

House Bill No. 5354, entitled:

“AN ACT PROVIDING FOR THE MAGNA CARTA FOR SOCIAL WORKERS AND SOCIAL WELFARE AND DEVELOPMENT WORKERS, AND FOR OTHER PURPOSES.”
