

THIRTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
FIRST REGULAR SESSION)

04 JUL -7 P1:34

SENATE

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S.B. No. 1413

Introduced by Senator Pangilinan

EXPLANATORY NOTE

Art. VIII, Sec. 3 of the 1987 Constitution states that "the Judiciary shall enjoy fiscal autonomy. Appropriations for the judiciary may not be reduced by the legislature below the amount appropriated for the previous year and, after approval, shall be automatically and regularly released".

However, despite the provision of the Constitution on fiscal autonomy, the Judiciary, as a co-equal and separate branch of government, has been hampered in its operations by the requirements of various oversight agencies, most specially the Department of Budget and Management.

The Judiciary needs to be accorded its independence to fulfill its mandate of settling actual controversies and reviewing whether the acts of government are in excess of their jurisdiction.

Judicial Independence should also be accompanied by full accountability, in terms of the full disclosure of its various incomes and expenditures, audit of the expenditures of the judiciary and reporting to the President and Congress of the annual report of the operations and activities of the courts within one month from the opening of each regular session of Congress, pursuant to Sec. 16, Art. VIII of the Constitution.

Legislation is required in order to elaborate the extent, scope and limitations of fiscal autonomy in the judiciary, and the appurtenant rights and obligations of the courts, and also the other oversight agencies of government.

Considering the backlog of cases, and the numerous vacancies in the judicial posts all over the country, we believe that the passage of this law will greatly enhance the capability of the judiciary to fulfill its mandate under the constitution.

In view of the objectives contained herein, the passage of this bill is most respectfully urged.


FRANCIS N. PANGILINAN

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Introduced by Senator Francis N. Pangilinan

**AN ACT DEFINING THE SCOPE AND EXTENT OF THE
FISCAL AUTONOMY OF THE JUDICIAL BRANCH OF GOVERNMENT
AND FOR OTHER PURPOSES**

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

SECTION 1. Short Title of the Act. -- This Act shall be otherwise known as the "*The Fiscal Autonomy Act of the Judicial Branch of Government*".

SEC. 2. Declaration of State Policy. --

a. The Judiciary shall enjoy Fiscal Autonomy. Appropriations for the Judiciary may not be reduced by the legislature below the amount appropriated for the previous year and, after approval, shall be automatically and regularly released.

b. The Judiciary shall have the autonomy to collect fees and other charges, to raise its revenues, to prepare and consolidate its own budget, including the budgets of various offices and units under its supervision and control, to allocate and prioritize the appropriated budget, fees, charges, income and other sources of funds, to transfer funds from one expense account to another, to utilize such funds, and to report and account for its activities, operations and expenditures, in the manner it deems fit and appropriate, and consistent with the provisions of this Act.

c. The Judiciary shall enjoy autonomy to create various offices and to reorganize its administrative structure, both at the central and the regional levels, either for oversight or operations purposes, to provide for the necessary personnel complement, and provide for adequate salaries, human resource development programs and other incentives that will motivate judicial and non-judicial personnel to promote the administration of justice and meet the expectations of the public in general.

Sec. 3. Power to Collect Fees and Raise Revenues --

a. The Judiciary shall continue to enjoy its authority under PD 1949 to collect legal fees, pursuant to the pertinent provisions of the Rules of Court. However, the fund utilization ratio of Eighty Percent (80%) for cost of living allowances, and Twenty Percent (20%) for office equipment and facilities shall no

longer apply, considering that all legal fees prescribed in Rule 141 of the Rules of Court, as amended, shall now constitute a part of the Judicial Trust Fund, pursuant to Sec. 8 of this Act.

b. The Supreme Court shall determine the appropriate level of fees and charges pursuant to Sec. 3 of Rule 141 of the Rules of Court, in accordance with the following policy objectives:

- (1) Access to justice specially the disadvantaged and poor sectors of society;
- (2) Internal revenue generation for the judiciary, to support its operations; and
- (3) Charging the users of the judicial system in accord with their ability to pay.

c. Local Government Units are strictly prohibited from providing allowances, supplies, materials, vehicles and other resources for the use of judges within their respective areas of jurisdiction, except for the use of the courtroom located within the municipal or city hall, or other buildings or facilities owned or leased by the local government unit, and the maintenance thereof.

SEC. 4. Power to Prepare and Submit the Annual Budget. --

The Judiciary shall submit to Congress, with copy furnished to DBM, a budget of expenditures and sources of financing which will reflect total revenues and expenditures for the budget year.

SEC. 5. Power to Reallocate the Approved National Budget. --

a. Upon the approval of the total budget for the Judiciary, the Supreme Court shall be fully empowered to recast the approved budget into an operating budget for the various units under the general supervision of the Supreme Court. The Supreme Court shall have the authority to realign the budget from one expense account to another, and from one functional unit or category to another, without the necessity of approval from the DBM. The Supreme Court may also utilize any savings from the budget for whatever expense, which the Court may deem necessary and reasonable for the fulfillment of the Judiciary's mandate.

b. The DBM shall automatically release to the Supreme Court, without need for any request, the monthly cash requirements of the Judiciary or one-twelfths ($\frac{1}{12}$) of the total National Government support. The releases shall not be conditioned on approved work and financial plans, nor any financial report whatsoever. The Supreme Court shall only submit accomplishment and financial reports, within thirty days from the opening of each regular session of Congress, to the President and to Congress.

c. All expenditures and revenues of the Supreme Court, and other inferior courts shall be subject to post-audit by the Commission on Audit, under pertinent laws, rules and regulations.

SEC. 6. Power to Create Offices and Reorganize the Administrative Structure. --

a. The Supreme Court shall have the authority to create such offices and to reorganize its administrative structure, both at the national and regional levels, for purposes of oversight or operations, in order to carry out the purposes of this Act, and to enable it to take on the additional functions and responsibilities stated in this Act, within the limit of its available resources.

b. The Supreme Court shall likewise have the authority to create such positions, and allocate the necessary budgetary support for the smooth operations of such offices.

c. The creation of offices at the regional level shall be guided by the principle of decentralization of administrative, financial, and personnel matters, and bringing court management closer to the litigants, and other users of the judicial system.

SEC. 7. Salary and Personnel Administration. --

a. The Supreme Court shall have the authority to determine the number and positions of court personnel necessary for the smooth functioning of the judiciary, within the limits of the approved appropriation guided by constitutional and legislative policies on hiring and compensation. A copy of the annual approved staffing pattern of personnel shall be furnished the COA and the DBM.

b. The Supreme Court shall institute measures to provide sufficient, attractive and competitive compensation for judicial and non-judicial personnel that will ensure continuity of service and sustainability, and in support of a career development program. Such measures may include but not be limited to the broad-banding of salaries, and the provision of total cash compensation packages.

SEC. 8. Judiciary Trust Fund. -- There is hereby created a trust fund, to be known as the Judiciary Trust Fund, which shall be dedicated for the use of the judiciary. All the funds collected for, or accruing to the Judiciary may be deposited and kept in the said trust fund, and from which funds needed for its operation shall be drawn. The Judiciary Trust Fund shall include, but not be limited to the following:

- a. Such funds that may be appropriated by Congress for the Judiciary;
- b. Increases in legal fees that are collected by the Judiciary pursuant to PD 1949;
- c. Contributions of the local government units, under Sec. 3.c. of this Act; and
- d. All interest income of the trust fund.

Within ninety (90) days from the effectivity of this Act, the DBM, DOF and COA, in consultation with the Supreme Court, shall promulgate the rules and regulations governing the establishment and administration of the Judiciary Trust Fund.

SEC. 9. Transfer of Physical Assets. -- All real and personal properties not presently titled to the Supreme Court, which have been acquired for the judiciary shall, as far as practicable, be transferred to the Supreme Court, by other national or local government units, or government owned or controlled corporations, through an appropriate instrument, within six months from the effectivity of this Act. Thereafter, the Supreme Court shall exercise the fiduciary ownership, management, control, as well as the security, maintenance and disposition, of such properties.

SEC. 10. Rules and Regulations. -- The Supreme Court, in consultation with the DBM and the COA, shall promulgate the rules and regulations necessary to carry out the intent of this Act, save for those provisions where particular agencies of government are mandated to promulgate the implementing rules. The necessary rules and regulations shall be promulgated within six months from the effectivity of this Act.

SEC. 11. Delegation of Authority. -- The Supreme Court en banc, through an appropriate instrument, may also delegate to the Chief Justice, the Court Administrator, or other offices or heads of offices, which currently exist or may be created in the future, any and all powers, functions and responsibilities which are granted under this Act, under such conditions and under such periods as the Supreme Court en banc may allow.

SEC. 12. Separability Clause. -- If any provision or part of this Act or the application thereof to any person or circumstance is held invalid, the remainder of this Act or the application of such provision or part to other persons or circumstances shall not be affected thereby.

SEC. 13. Repealing Clause. -- All laws, decrees, executive orders, or rules and regulations inconsistent with this Act are hereby repealed or modified accordingly.

SEC. 14. Effectivity. -- This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in two (2) newspapers of general circulation.

Approved,