

THIRTEENTH CONGRESS OF THE
REPUBLIC OF THE PHILIPPINES
First Regular Session

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SENATE
1790
S. No. _____

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INTRODUCED BY HON. MANUEL B. VILLAR, JR.
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EXPLANATORY NOTE

In recent days, much displeasure has emanated from the public disclosure of GOCC officials' salaries and wages - particularly at a time when the current fiscal crisis experienced by the country is attributed primarily to gross mismanagement of GOCC finances and operations.

Outstanding public sector debt by end 2003 was already PhP5.9 trillion. Of the total public sector debt, GOCCs' share was PhP1.6 trillion. National government debt was P4.06 trillion. This NG debt figure further includes the debts of GOCCs it has assumed.

Of the 14 GOCCs monitored by the government, only 4 posted surpluses by end 2003. Even then, their aggregate surplus is 2.41% of the aggregate deficit of the other 10 GOCCs.


A Commission of Audit report for 2001 and 2002 yielded annual salary figures of GOCC heads at PhP 9.0 million or as much as Php 750,000.00 monthly salary for an individual.

The National Power Corporation (NPC)'s President and Chief Executive Officer receives a monthly salary of PhP 107,000.00, excluding other allowances. Napocor has a 2003 debt stock figure of P1.4 trillion, and a financing deficit (total receipts net of current and capital expenditures) of PhP 47.62 billion by end 2003.

Defenders of GOCC salaries explain that the high rates serves as incentives for private sector managers to join government. This does the Filipino an injustice; public sector work involves commitment to serve the country above all.

This proposed Bill seeks to address the disadvantages brought about by the unchecked high GOCC wage rates. This Bill effectively repeals in art the GOCC charters, particularly the relevant portions establishing their current salary structures. No government official should receive a salary higher than that of the President of the Republic. Other remunerations may be considered pending the financial performance of the GOCC managed and upon approval of the supervising Department Secretary in consultation with the Department of Budget and Management Secretary.

Early passage of this bill is earnestly sought.


MANUEL B. VILLAR, JR.

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AN ACT
REPEALING RELEVANT PROVISIONS IN CHARTERS OF GOVERNMENT OWNED
AND CONTROLLED CORPORATION GRANTING ABSOLUTE AUTHORITY TO
DETERMINE SALARIES AND WAGES

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

SECTION 1. Short Title. - This Act shall be known as the "GOCC Salary Cap of 2004."

SECTION 2. Statement of Policy - It is the policy of the State to promote the time honored principle that public office is a public trust. Public officers and employees must at all times be accountable to the people, serve them with utmost responsibility, integrity, loyalty, and efficiency, act with patriotism and justice, and lead modest lives. The foregoing applies to all public servants, elected or otherwise, Government Owned and Controlled Corporations (GOCC) and government financial institutions included. In line with this, the State shall endeavor to abandon salary structures abhorrent to the very essence of a public trust.

SECTION 3. Coverage. — The provisions of this Act shall apply to all positions, on full or part-time basis, now existing or hereafter created in GOCCs and government financial institutions.

The term "GOCC and government financial institutions" shall include all corporations and financial institutions owned or controlled by the National Government, whether such corporations and financial institutions perform governmental or proprietary functions.

SECTION 4. Salary Standardization; Exemption.- The rates of pay of all officers and employees of GOCC's and government financial institutions shall be governed by the provisions of Republic Act No. 6758, as amended, otherwise known as the "Compensation and Classification Act of 1989. *Provided*, that GOCCs and government financial institutions whose respective charters provide for exemption from the

operation of RA 6758 may formulate their own salary system. *Provided, further,* that the GOCC or government financial institution shall endeavor to make its system conform as closely as possible with the principles under Republic Act No. 6758, as amended. *Provided, finally* that no GOCC or government financial institution officer or employee shall receive a salary higher than that of the President of the Republic.

SECTION 5. Representation, Transportation and Miscellaneous Allowances – The representation, transportation and miscellaneous allowance of GOCC and government financial institution officers and employees not covered by RA 6758, as amended shall be comparable with the prevailing allowance of those employees and officers of the government covered by RA 6758.

For the purpose of this Act, Miscellaneous Allowance shall include Inflationary Allowance, Rice Allowance, Clothing Allowance, Grocery Allowance, Longevity Allowance, Medical Assistance and such other similar allowances and benefits, monetary or otherwise, not otherwise related to the productivity or performance of the GOCC or government financial institution or its officers and employees.

SECTION 6. Other Remunerations. – Remuneration other than those covered by the preceding sections may be considered pending the financial performance of the GOCC or government financial institution managed. Said additional remuneration shall require the approval of the supervising Department Secretary in consultation with the Secretary of the Department of Budget and Management (DBM).

SECTION 7. – Honoraria and Per Diem.- Honoraria and per diem granted to all government officers and employees, GOCC and government financial institutions included, who sit in their ex-officio capacity as board members to any GOCC or government financial institution shall inure as income to the respective agencies to which said government officers and employees belong.

SECTION 8. Salaries of Incumbents. — Incumbents of positions presently receiving salaries and additional compensation/fringe benefits and other emoluments, the aggregate of which exceeds the standardized salary rate as herein prescribed, shall continue to receive such excess compensation, which shall be referred to as transition allowance. The transition allowance shall be reduced by the amount of salary adjustment that the incumbent shall receive in the future.

The transition allowance referred to herein shall be treated as part of the basic salary for purposes of computing retirement pay, year-end bonus and other similar benefits.

SECTION 9. Implementing Rules and Regulations. - The DBM shall, within three (3) months from the effectivity of this Act shall formulate its Implementing Rules and Regulations (IRR).

SECTION 10. Repealing Clause. - GOCC and government financial institution Charter provisions granting absolute authority on salary structure of said GOCC or government financial institution are hereby expressly repealed.

All laws, degrees, orders, rules and regulations, and all other issuances, or parts thereof, which are inconsistent with this Act are hereby repealed.

SECTION 11. Separability Clause. - If any part or provisions of this Act is held unconstitutional or invalid, other parts of provisions hereof which are not affected thereby shall continue to be in full force and effect.

SECTION 12. Effectivity. This Act shall take effect after fifteen (15) days following its complete publication in at least two (2) newspapers of general circulation.

Approved,