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SESSION NO. 60
Tuesday, March 3, 2020

EIGHTEENTH CONGRESS
FIRST REGULAR SESSION

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LEGISLATIVE JOURNAL SERVICE
Senate of the Philippines

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Tuesday, March 3, 2020

CALL TO ORDER

At 3:00 p.m., the Senate President, Hon. Vicente C. Sotto III, called the session to order.

SILENT PRAYER

The Body observed a minute of silent prayer.

ROLL CALL

Upon direction of the Senate President, the Secretary of the Senate, Atty. Myra Marie D. Villarica, called the roll, to which the following senators responded:

Angara, S.	Pacquiao, E. M. D.
Binay, M. L. N. S.	Pangilinan, F. N.
Cayetano, P. S.	Poe, G.
Dela Rosa, R. B. M.	Recto, R. G.
Drilon, F. M.	Revilla Jr., R. B.
Gatchalian, W.	Sotto III, V. C.
Go, C. L. T.	Tolentino, F. T. N.
Hontiveros, R.	Villanueva, J.
Lacson, P. M.	Villar, C. A.
Lapid, M. L. M.	Zubiri, J. M. F.
Marcos, I. R.	

With 21 senators present, the Chair declared the presence of a quorum.

Senators Gordon and Pimentel arrived after the roll call.

Senator De Lima was unable to attend the session as she was under detention.

APPROVAL OF THE JOURNAL

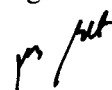
Upon motion of Senator Zubiri, there being no objection, the Body dispensed with the reading of the Journal of Session No. 59 (March 2, 2020) and considered it approved.

**ACKNOWLEDGMENT
OF THE PRESENCE OF GUESTS**

At this juncture, Senator Zubiri acknowledged the presence in the gallery of the following guests:

- Mayor Mohammad Juhar Disomimba of Tamparan, Lanao Del Sur;
- Councilor Vincent Paul Elago of Zamboanga City; and
- Members of the Sangguniang Kabataan of Manolo Fortich, Bukidnon.

Senate President Sotto welcomed the guest to the Senate.



GREETINGS

Senator Zubiri greeted Senate Secretary Villarica on the occasion of her birthday.

REFERENCE OF BUSINESS

The Secretary of the Senate read the following matters and the Chair made the corresponding referrals:

BILLS ON FIRST READING

Senate Bill No. 1383, entitled

AN ACT INCREASING THE BED CAPACITY OF SINAIT DISTRICT HOSPITAL IN SINAIT, ILOCOS SUR FROM TWENTY-FIVE (25) TO ONE HUNDRED (100) AND APPROPRIATING FUNDS THEREFOR

Introduced by Senator Marcos

To the Committees on Health and Demography; and Finance

Senate Bill No. 1384, entitled

AN ACT INCREASING THE BED CAPACITY OF THE MANGATAREM DISTRICT HOSPITAL IN THE MUNICIPALITY OF MANGATAREM, PANGASINAN FROM TWENTY-FIVE (25) TO FIFTY (50) AND APPROPRIATING FUNDS THEREFOR

Introduced by Senator Marcos

To the Committees on Health and Demography; and Finance

Senate Bill No. 1385, entitled

AN ACT STRENGTHENING THE INTERNAL AFFAIRS SERVICE (IAS) OF THE PHILIPPINE NATIONAL POLICE (PNP), AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 8551, OTHERWISE KNOWN AS THE "PHILIPPINE NATIONAL POLICE REFORM AND REORGANIZATION ACT OF 1998"

Introduced by Senator Marcos

To the Committees on Public Order and Dangerous Drugs; Justice and Human Rights; and Finance

Senate Bill No. 1386, entitled

AN ACT ESTABLISHING A TECHNICAL EDUCATION AND SKILLS DEVELOPMENT AUTHORITY (TESDA) TRAINING AND ASSESSMENT CENTER TO BE LOCATED IN THE MUNICIPALITY OF BANNA, PROVINCE OF ILOCOS NORTE, AND APPROPRIATING FUNDS THEREFOR

Introduced by Senator Marcos

To the Committees on Higher, Technical and Vocational Education; and Finance

Senate Bill No. 1387, entitled

AN ACT INCREASING THE BED CAPACITY OF THE SOUTHERN ISABELA MEDICAL CENTER IN SANTIAGO CITY, PROVINCE OF ISABELA, FROM THREE HUNDRED FIFTY (350) TO SEVEN HUNDRED (700) BEDS, AND INCREASING ITS MAINTENANCE AND OTHER OPERATING EXPENSES

Introduced by Senator Marcos

To the Committees on Health and Demography; and Finance

Senate Bill No. 1388, entitled

AN ACT INSTITUTIONALIZING AND STRENGTHENING THE NATIONAL CYBERSECURITY INTER-AGENCY COMMITTEE CREATED UNDER EXECUTIVE ORDER NO. 95 (S. 2019), RENAMING IT TO NATIONAL CYBERSECURITY COUNCIL, AND FOR OTHER PURPOSES

Introduced by Senator Marcos

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To the Committees on Science and Technology; Civil Service, Government Reorganization and Professional Regulation; and Finance

Senate Bill No. 1389, entitled

AN ACT UPGRADING THE CARAGA REGIONAL HOSPITAL IN BARANGAY WASHINGTON, SURIGAO CITY, SURIGAO DEL NORTE INTO A TERTIARY LEVEL HOSPITAL, INCREASING ITS BED CAPACITY FROM ONE HUNDRED FIFTY (150) TO FIVE HUNDRED (500) BEDS, AND APPROPRIATING FUND THEREFOR

Introduced by Senator Marcos

To the Committees on Health and Demography; and Finance

Senate Bill No. 1390, entitled

AN ACT GRANTING PHILIPPINE CITIZENSHIP TO ROBERT WALY LOPEZ MENDY

Introduced by Senator Zubiri

To the Committee on Rules

Senate Bill No. 1391, entitled

AN ACT GRANTING PHILIPPINE CITIZENSHIP TO BIENVENIDO MARAÑÓN MOREJÓN

Introduced by Senator Zubiri

To the Committee on Rules

RESOLUTIONS

Proposed Senate Resolution No. 338, entitled

RESOLUTION DIRECTING THE COMMITTEE ON LABOR, EMPLOYMENT AND HUMAN RESOURCES DEVELOPMENT TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE SERIES OF BUSINESS

SHUTDOWNS THAT ARE HAPPENING IN THE COUNTRY, INCLUDING THE IMPACT OF THE 2019 NOVEL CORONAVIRUS DISEASE (COVID-19) ON EMPLOYMENT, AND ASSESSING THE MEASURES BEING UNDERTAKEN BY VARIOUS NATIONAL GOVERNMENT AGENCIES TO ADDRESS THESE ISSUES

Introduced by Senator Villanueva

To the Committees on Labor, Employment and Human Resources Development; and Economic Affairs

Proposed Senate Resolution No. 339, entitled

RESOLUTION DIRECTING THE APPROPRIATE SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, INTO THE EFFECTIVITY OF THE INVESTMENT PROMOTIONS AGENCIES AND ITS CORRESPONDING INCENTIVE REGIMES IN GENERATING REVENUES, CREATING JOBS, AND PROVIDING BUSINESS OPPORTUNITIES FOR THE PEOPLE

Introduced by Senator Marcos

To the Committees on Economic Affairs; and Ways and Means

Proposed Senate Resolution No. 340, entitled

RESOLUTION URGING THE APPROPRIATE SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, INTO THE STATUS OF THE GOVERNMENT INITIATIVES AND PROGRAMS TO CONTAIN AND ERADICATE THE CECID FLY INFESTATION OF THE MANGO INDUSTRY

Introduced by Senator Marcos

To the Committee on Agriculture, Food and Agrarian Reform

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SUSPENSION OF SESSION

Upon motion of Senator Zubiri, the session was suspended.

It was 3:06 p.m.

RESUMPTION OF SESSION

At 3:09 p.m., the session was resumed.

PRIVILEGE SPEECH OF SENATOR PANGILINAN

Availing himself of the privilege hour, Senator Pangilinan spoke on the plight of Filipino farmers one year after the passage of the Rice Tariffication Act.

The full text of his speech follows:

“Worse than the Japanese occupation.” This was how a 92-year-old woman farmer described the effects of the Rice Tariffication Law. She knows whereof she speaks because she was a Huk warrior at the bloody retaking of the old Pampanga Sugar Mill garrison from the Japanese.

Aside from quoting his mother in his August 7, 2019 column at the *Manila Times*, Marlen Ronquillo said that the small rice farmer in Central Luzon and much of the country is “dead man walking.”

In December, at the height of all the merry-making and the flood of imported rice, a 57-year-old rice farmer from the country’s rice granary is believed to have committed suicide out of the desperation that Ronquillo described.

Mahirap ang buhay, pero higit na mahirap para sa magsasakang Pilipino.

It has been over a year since the Rice Tariffication Act was signed into law last February 14, 2019.

From the government’s assessment of its implementation of the law, matters, more or less, are on track:

- The law has put in place the Rice Competitive Enhancement Fund (RCEF) to cushion its dire impact to farmers.
- The Department of Agriculture has assured that four RCEF major components are being implemented—providing farm machinery, quality seeds, credit, package of technology

and training—backed up by assured funding of P10 billion yearly for the next six years.

- According to the department, as of January this year, the Philippines Rice Research Institute (PhilRice) has obligated a total of P2.56 billion for seeds, and distributed P552.6 million worth to thousands of farmers in 557 out of 798 municipalities nationwide.
- The grant of P3 billion worth of various farm machineries starting the first semester of 2020 was also pledged.
- For the training and extension component, a total of P878 million has been allocated, of which, P284.4 million have been disbursed for trainings, communication materials, accreditation programs, and scholarships.
- For credit, the Land Bank of the Philippines has disbursed a total of P358.2 million, and the Development Bank of the Philippines has released P283.5 million to hundreds of accredited farmers and farmers’ cooperatives nationwide.

In short, over the next six years, government support for rice farmers, if implemented effectively, would be about P60 billion.

Pero ayon sa isang pag-aaral ng Federation of Free Farmers (FFF), P68.18 billion ang nawala sa mga magpapalay nitong nakaraang taon.

So, ang nakalaan para sa magpapalay natin na P60 billion sa loob ng anim na taon, na-wipe out na sa kita ng ating mga magsasaka sa isang taon. May kulang pang P8 billion.

At hindi match ang dapat na pakinabang sa mga consumer ng nasabing batas.

According to the same FFF study, P34.16 billion lamang ang natipid o naging ganansya ng mga consumers o bumibili ng bigas sa mas murang halaga.

Iyan po ang big picture.

Pero mas mahalaga, ano ang sinasabi ng ating mga magpapalay? Kumusta na sila?

Marami ang sumusulat sa amin. Hindi na raw sila magtatanim o magka-cash crop na lang daw sila. May nag-construction worker na. Ang asawang babae ng isang magpapalay, namasukan nang kasambahay dito sa Maynila.

Sabi ng mga sumusulat sa aming tanggapan mula pa noong isang taon:

- *Iyong tatay ko nagmumukha nang putik kakasaka, tapos kapag bentahan, lugi lang*

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nararanasan. Renta sa lupa, inutang para makatanim. Hirap, gastos, at pagod niya walang napala. Dahil sa batas, mababa na lamang nila naibebenta ang tanim nila.

- *Mahirap na magsasaka lalo pang pinahirapan. Binhi, mahal. Krudo, mahal. Abono, mahal. Insecticide, mahal. Upa sa tanim, mahal. Tapos bibilhin nila ang palay nang napakamura. Paano makababayad sa inutang na puhunan? Patay ang magsasaka.*
- *Anihan na pero tila wala pa ring aksiyong ginagawa ang gobyerno. Wala pa ring pagbabago sa presyo ng palay. Dito sa Pampanga, nine pesos per kilo. Maawa po kayo sa mga magsasaka. Pinapatay po ninyo kami.*
- *Sa ibang bansa nga, kapag magsasaka, mayaman. Baligtad sa Pilipinas. Fourteen pesos to eighteen pesos presyo ng palay natin maayos na e, pero ngayon seven ang presyo ng palay. Masyado namang kinawawa ang magsasaka.*

This rice farmer's crisis may soon become a food crisis, *lalung-lalo at anihan na ulit ng dry season crop at wala pang plano kung paano lalagyan ng preno ang pagbagsak ng kita ng mga magsasaka ngayong Marso at Abril.*

We support the resolution filed by Senator Cynthia Villa, Senate Resolution No. 332, pushing for an inquiry on the implementation of the RCEF.

Beyond that, this Representation would also like to know:

1. *Ano ang report sa P5,000 cash compensation na pinaglaban natin bago matapos ang 2019 para sa mga naapektuhang magpapalay? Ilan ang nakatanggap? Ano ang feedback? Sapat ba raw ito? Kasi, ang mga magsasakang nakausap natin sa Nueva Ecija, hindi nakatanggap nito. Marami raw mga requirements. Paano sinolusyunan ang ganitong mga problema?*

For the Departments of Agriculture and Finance, and other relevant agencies, how many farmers have benefited from the RCEF? How have they gained from this fund? What have they received in assistance from the RCEF, and what is the impact on them?

Gusto rin nating malaman: How much has the government gained from the import tariffs? How are these being spent? What are the projected earnings in the coming years and how will these benefit the farmers and the sector as a whole? We need to see

if the figures on paper match the harsh realities being experienced by our farmers on the ground.

Sapat nga ba ang P10 billion kada isang taon?

2. *Speaking of farmers on the ground, ilan ang nag-shift na ng crops? Ilan ang hindi na nagtanim? The numbers might magnify our sufficiency level. Speaking of sufficiency, ano ang rice sufficiency level natin ngayon? Noong panahon ko as Presidential Assistant on Food Security and Agricultural Modernization, rice sufficiency was at 91.95%, fluctuating until, according to government data, 86.17% in 2018. Ano na ang rice sufficiency rate ngayon?*
3. *Sa NFA na inutusang mamili ng local rice, gaano karami ang nabili? Ilan ang nabilihang magpapalay? Magkano? Taga saan ang mga ito? NFA should be proactive in procuring from local rice farmers, at pumunta sa sulok-sulok ng bansa. Hanapin ang mga palay ng mga farmers natin na karamihan ay nalalayuan at walang transport, o kaya ay hindi sigurado na may aabutang NFA personnel na bibili ng kanilang produkto.*
4. *For the Bureau of Customs, ano ang rice smuggling situation? Ilan ang nahuli sa undervaluation? Mayroon ba? Remember, we asked that the government look into reports of undervaluation? Kasi lalong apektado ang presyo ng palay with the influx of smuggled rice. May mga nahuli ba?*
5. *Naniniwala tayong nais ding malaman ni Senator Villar: Ano ang kalagayan ng RCEF ngayon? According to a recent news article citing the DOF, BOC collections from duties on rice imports have dropped to P1.71 billion from January 1 to February 14 this year from P2.22 billion in the same period last year—a 23.1% dive.*

If this continues, this will imperil the RCEF or the fund. Are imports being undervalued or amounts unreported? Is technical smuggling the culprit?

Nongovernment organization Integrated Rural Development Foundation (IRDF) earlier rang the alarm bells that RCEF was not enough to cater to the local farmers. IRDF executive director Arze Glipo said that if the fund were divided equally among local farmers, they will only receive financial assistance of P4,000 each, far from their losses reaching as high as P30,000.

Malalagang malaman lahat ng ito dahil ang sunud-sunod na lugi ng ating mga mag-

sasaka ay nakakaapekto na sa kapasidad nila na magsaka pang muli.

Kapag bumaba ang kapasidad ng kanilang pagsasaka, malalagay din sa alanganin ang kapasidad nating pakainin ang ating bansa o ang ating food security, lalo na at nagsasabi na rin ang Vietnam at Thailand na bababa ang kanilang rice production dahil sa tagtuyot. Isang NASA technology ang nagpakita na may tagtuyot sa dalawang bansang pinag-aangkat natin ng bigas. Based on the article, Thailand is facing the worst drought in 40 years.

Of the three million metric tons of rice imported by the Philippines last year, more than 2.1 million metric tons came from Vietnam.

As the world's biggest importer of rice in 2019, where will this leave the Philippines? Paano kung wala na tayong ma-import na bigas? Paano kung hindi na magbebenta ang Thailand at Vietnam dahil bagsak ang kanilang supply? Kapag nangyari iyan, itataas ang presyo ng inaangkat na bigas. Gutom ang kapalit ng mataas na presyo ng bigas.

Kung matatandaan, noong 2008 world financial crisis, nagkaroon din ng global rice crisis. Between January and May 2008, the international trading price of rice jumped dramatically, quadrupling, from US\$300 per metric ton to US\$1,200 per ton, in just four months. And the spike in rice prices was not due to crop failure or a particularly tight global rice supply situation. That time, the immediate cause of the rise in rice prices were: trade restrictions by major suppliers, panic buying by several large importers, a weak dollar, and record spike in oil prices.

This time, a triple whammy may cause another rice crisis: the Rice Tariffication Law's lackluster implementation; terrible drought now being felt by our rice exporters in Thailand and Vietnam; and the still undetermined and uncalculated effects of the coronavirus outbreak, particularly on China, also a rice-producing and rice-consuming country, as well as the impact on prices of goods.

This means that the dire impact of the lackluster implementation of the Rice Tariffication Law has not only cast its gloom on the country's farmers, but is threatening consumers as well.

The scenario is a portent that the government should prepare for.

Ano ang plano ng gobyerno rito? Alam naman natin na may lead time, both in ordering for more imports and more importantly in the planting of rice.

Ang ating mungkahi:

1. Create an inter-agency task force on rice security composed of the DA, DBM, DOF, and the DTI to oversee the swift implementation of the Rice Tariffication Law. Get these task force to review the implementation of the law and its effects on the rice industry, on the farmers and farm workers, and even the NFA employees, and submit its findings immediately to the Senate.
2. Have DOF deputize the PNP and NBI to go after technical smugglers in the same way they have done after tax evaders. Monitor possible collusion between the BOC and some rice traders in the technical smuggling and undervaluation of rice imports. File non-bailable charges of economic sabotage and jail smugglers. Get the Philippine Competition Commission to go after profiteers and rice-price manipulators.
3. *Ipatupad nang tama ang Rice Tariffication Law. Bigyan ng compensation ang mga natamaang magpapalay para makapag-tanim silang muli. Speed up the NFA procurement of local rice. We reiterate our call for direct cash assistance for the farmers to be sourced from the RCEF or from a supplemental budget. The assistance should also benefit all affected by the brunt of the Rice Tariffication Law, lalong-lalo na roon sa mga nakikisaka lamang, iyong walang lupa, walang pera, iyong walang-wala. Sa dulo, ang layunin natin dapat ay food security at self-sufficiency. Sapat at tamang pagkain para sa lahat.*

We have become more import-dependent and have moved away from attaining self-sufficiency and self-reliance.

We are on our way to become rice beggars when we should have been reaping the fruits of a bountiful agricultural landscape.

This is an extremely serious concern that should be addressed urgently not just by the administration, but everyone who eats, as it will throw vulnerable sectors into a worse state of poverty and hunger.

Nasa isang emergency situation tayo at kailangan ng ating mga magsasaka ang maagap na tulong. Ang liit ng hinihingi ng mga magsasaka sa atin para mabuhay at huwag umalis sa kanilang mga bukid at magpatuloy sa pagbubungkal ng lupa para tayong lahat ay may makain.

Moreover, feeling the pinch of the low palay prices, *sabi pa sa isang news item, humihinto na*

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sa pag-aaral ang ilang mga anak ng mga magsasaka.

The havoc wreaked by the lackluster implementation of the Rice Tariffication Law is another factor that seems to be forcing people out of the agriculture sector or discouraging the young ones, the next generation, from staying in farming. If the next generation no longer wishes to farm, then our future is in terrible state. Our food security is undermined and compromised.

Babalik ako sa sinabi ng anak kong si Frankie noong nine years old po siya: "We must treat our farmers like our parents because they are the ones who feed us."

"Dapat nating ituring ang mga magsasaka na parang ating mga magulang dahil sila ang nagpapakain sa atin."

DEFERMENT OF INTERPELLATION ON THE PRIVILEGE SPEECH

Senator Zubiri manifested that Senator Pacquiao has asked to interpellate on the privilege speech of Senator Pangilinan on the following day.

Thereupon, upon his motion, there being no objection, the interpellations on the privilege speech was deferred to a later day.

COMMITTEE REPORT NO. 35 ON SENATE BILL NO. 1318 (Continuation)

Upon motion of Senator Zubiri, there being no objection, the Body resumed consideration, on Second Reading, of Senate Bill No. 1318 (Committee Report No. 35), entitled

**AN ACT AMENDING REPUBLIC ACT
NO. 10068 OR THE ORGANIC
AGRICULTURE ACT OF 2010.**

Senator Zubiri stated that the parliamentary status was the period of interpellations.

Thereupon, the Chair recognized Senator Villar, sponsor of the measure and Senator Pangilinan for his interpellations.

INTERPELLATION OF SENATOR PANGILINAN

At the outset, Senator Pangilinan placed on record that he was the principal author and cosponsor

of Senate Bill No. 1318, proposing amendments to the Organic Agriculture Law of 2010 to boost the farming sector and to show that the needs of small farmers who practice organic farming are met.

Adverting to Section 12, Article VI of the Constitution which requires members of Congress to notify the House concerned of a potential conflict of interest that may arise from the filing of a proposed legislation of which they are authors, Senator Pangilinan disclosed that from the time of the filing of Senate Bill No. 34 which he authored, and to date, the farm enterprise of which he partly owned, has not been certified and accredited as an organic farm even if their farming methods are all natural and chemical-free. He said that being a non-accredited and non-certified organic farm, it would not benefit from any provision of Senate Bill No. 1318, meant for organic farmer enterprises, and therefore there was no conflict of interest as contemplated by the Constitution.

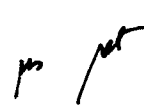
Asked on the number of organic farms in the country to date, Senator Villar said that there are 165,958 organic farmers covering 482,652 hectares or five percent (5%) of 11 million to 12 million hectares of agricultural land.

Asked by Senator Pangilinan on the total volume of organic agricultural production, Senator Villar said that there was no figure available because there was no certification. She said that under the law, to get a third-party certification would cost P100,000 to P150,000 a year which is too expensive for the small farmers.

Senator Pangilinan then asked where the figure 165,000 organic farms came from if there was no certification. Senator Villar replied that the figures came from the Organic Agricultural Program of the Department of Agriculture.

Senator Pangilinan said that if there are 165,000 organic farmers and five percent of the country's lands are organic farming lands, the DA should at least have a figure on the volume of production that the 165,000 farmers are producing in five percent of the total hectares of agricultural land.

Senator Villar said that once the participatory guarantee system (PGS), which is volume-based, is implemented, the Department of Agriculture (DA) would have a way of monitoring the produce of the organic farms.



But Senator Pangilinan noted that the DA website indicated that there were 525,000 metric tons of agricultural products as of 2016. Senator Villar replied that according to the DA, the figure was an estimate which has not been validated. She shared Senator Pangilinan's lament that the DA has not come out with reliable figures on organic agriculture production in the country, 10 years since the law was enacted, attributing this failure of monitoring to the very expensive third-party certification which, at P150,000 a year, the organic farmers could not simply afford; thus, they would just sell their organic produce without certification.

Asked on the budget for organic agriculture under the DA, Senator Villar replied said that it was P550 million.

Senator Pangilinan said that without the certification, there was no way of monitoring which products are organic and which are not. At this point, he asked for data on the number of accredited organic farms for the last 10 years. Senator Villar said that there are 65 operators, covering 1,318 hectares.

Senator Pangilinan noted that in the last 10 years, there were only 65 accredited organic farm enterprises because of the cumbersome process of certification. Senator Villar surmised that the 65 accredited organic farm enterprises could be exporters because only exporters of organic produce are required to get a third-party certification.

Senator Pangilinan said that with only 65 accredited operators covering 1,300 plus hectares, it would not have been difficult for the DA to get the data on their yield or output. He said that it would also be to the DA's best interest to know the volume of production of their organic farms so that they would know if the industry was growing. He expressed hope that with the passage of the amendments to the law, the country would be able to revive, strengthen and improve the organic methods and development of the industry.

Senator Pangilinan also noted that in 2019, the Philippines exported between US\$5 billion to US\$6 billion worth of agricultural products, and he asked how much of the export products were organic. Senator Villar admitted that the contribution of organic products to the economy was very minimal.

Asked if the figure 165,958 employed in organic farms consisted of farmers and farm hands, Senator

Villar replied that the figure included both the farmers and the farm hands.

Senator Pangilinan noted that those who use chemical fertilizer yield more crops and sell fast unlike those from organic farms whose yields are lesser, take time to grow and cost more. He then inquired if the Committee knew how much the organic farmers were earning. Citing a report, Senator Villar explained that production costs for organic farming are higher because of greater labor inputs per unit of output, and greater diversity of enterprises means the economies of scale cannot be achieved. She added that the post-handling of relative small quantities of organic food results in higher costs due to the mandatory segregation of organic and conventional produce, especially for processing and transportation, and that the marketing and distribution chains for organic products are relatively inefficient and costs are higher because of relatively small volume. She stressed that the purpose of the measure is to achieve the economies of scale which, she believed, was presently lacking, making organic produce more expensive.

Senator Pangilinan asked if there was no data on the income of the 165,000 employed in organic agriculture sector. Senator Villar stated that according to the data, farm hands are paid in bulk work because their work is seasonal in nature, and sometimes it is also due to intercropping like in rice farming.

Asked by Senator Pangilinan on the breakdown of the P550 million budget for organic farming, Senator Villar replied that for production support (PS), P105 million; training, P180 million; research, P60 million; agricultural machineries, P188 million; and irrigation, P15 million, for a total of P549 million.

As to the number of DA personnel involved in the National Organic Agriculture Program, Senator Villar said there are three regular employees and 17 job order personnel in the national office and about one personnel each per region on a job order basis.

Senator Pangilinan stated that with the limited number of personnel involved, at 38 to the entire program, it would be difficult to implement the program once the bill is passed into law.

But Senator Villar pointed out that the participatory guarantee system would involve not only the DA, but also the Bureau of Agriculture and Fisheries

Standards (BAFS) which would be the main certifying body, the LGUs, the core PGS group, and any private organic farm-based organizations. She stated that the program would not rely solely on the DA; it is a locally focused quality assurance system developed and practiced by stakeholders actually engaged in organic agriculture, one that is built on trust, social network and knowledge exchange, certified by producers and farmers as actual and active practitioners of organic agriculture.

As regards the DA conducting the initial phase, Senator Villar stated that the BAFS, which would start the program as the lead agency under the DA, has its own personnel, and that the rest of the program would be promoted by the private sector and LGUs. She informed the Body that the League of Organic Agriculture Municipalities and Cities of the Philippines has a membership of more than 100 municipalities.

Senator Pangilinan stated that if the bill is passed into law, the Department of Agriculture would have to do some reorganization and provide more support to the organic sector farming.

At this juncture, Senator Pangilinan asked for the list of the 65 accredited operators. Senator Villar stated that the Committee would furnish Senator Pangilinan with a list of the operators only.

As to how the PGS would work once the bill is enacted into law, Senator Villar stated that the BAFS would organize the certifying body to be composed of the Core PGS Group, the National Organization of Local Government Units, and any private organization, each group fulfilling the requirements for accreditation as a certifying body which would go to the grassroots to certify. As an example, she stated that should the Costales Farm in Majayjay, Laguna would want to be part of the Core PGS Group, it must have five members; each member practicing organic agriculture would then apply for certification from the BAFS. She believed that the system would be simpler and not expensive. She said that with the new system, the cost of certification would be around P600 to P2,000 only. She added that the certification on the lower level is intended to help their co-farmers, but the third-party certification for bigger farms, especially for those who are into export, would still continue.

As to the number of certifying parties under the present system, Senator Villar stated that there are

three entities which the bill intends to delegate, provided that they are accredited first. She reiterated that any five groups of farmers practicing organic farming could apply for the Participatory Guarantee System.

On whether the five groups would necessarily have to be farmers, Senator Villar stated that the group could be engaged in organic livestock farming.

Senator Pangilinan recalled that during his visit to Thailand, he learned about the guarantee system but that it did not include farmers, only suppliers and those who get organic produce to sell in the market, like *Healthy Options*. Senator Villar stated that if an entity would limit itself to just selling organic products, it could be certified, as long as it sells organic products.

Asked if the system would include restaurants, Senator Villar replied in the affirmative. She said that the guarantee system could also include traders or everything in the value chain of organic produce.

In the case of big groups or organizations, Senator Villar said that they would have to divide themselves into groups of five because having more than five in a group could be difficult to manage. She posited that if a group would manage 10 hectares of land, their yield would be higher, and the higher the yield, the easier to market, thus, the possibility of developing the economies of scale.

Senator Pangilinan stated that currently, a small farmer with 100 coconut trees yielding 100 coconuts and marketing his produce in Metro Manila would not earn as much because he is alone in his endeavor. Senator Villar pointed out that if there are five farmers in a certain area, the yield could be more and the produce could be marketed to more than one place, thus promoting economies of scale.

Senator Pangilinan admitted that the concept was still not clear to him as he only started studying the measure and would want to get a bigger picture. He said that he still has questions as regards the PGS and would await the materials from Thailand since they, too, have PGS.

Senator Villar state that the PGS was suggested to the Committee by the International Federation of Organic Agriculture Movements (IFOAM). She said that the federation came to the country and offered to help the small farmers.



To Senator Pangilinan's observation that exports have a different level of certification, Senator Villar reiterated that securing such certification is more expensive. Senator Pangilinan noted that the organic products supplier would therefore have a choice: whether to export his products — which needs a third-party certification — or to develop his organic market operation locally, which should be verified by the Participatory Guarantee System (PGS), until he could graduate into the third-party certification. He acknowledged that the PGS would address the difficulty in certifying organic producers, especially small producers selling in local markets, given the current provisions of the law which the proposed measure aims to address. Supposing someone wants to aspire to become exporter, he asked whether that aspiring farmer would have to go through a more stringent system of certification. Senator Villar said that while still stringent, the system is still easier because it is going to be created by the farmers themselves and the consumers they serve.

At this juncture, Senator Pangilinan said that he would suspend his interpellation until he could be furnished with the data from Thailand that he had earlier requested to better understand the guarantee system.

SUSPENSION OF CONSIDERATION OF SENATE BILL NO. 1318

Upon motion of Senator Zubiri, there being no objection, the Body suspended consideration of the bill.

PRIVILEGE SPEECH OF SENATOR GORDON

Availing himself of the privilege hour, Senator Gordon rose to speak about two issues which, he said, was of transcendental importance to the country.

Senator Gordon said that the first issue was about the large sums of money, in million dollars, in fact, which had managed to slip into the country. He said that money laundering has become an international crime especially after the 9/11 crisis, the means with which criminals could be assured that at the end, crime pays, the reason many countries sought the guidance of the Financial Action Task Force (FATF) to combat it.

Senator Gordon said that alongside the proliferation of Philippine Offshore Gaming Operations

(POGO) workers were crimes happening in the country to the detriment of the Filipino people.

He said that based on the Supreme Court ruling on *Philippine Deposit Insurance Corporation vs. Gidwani*, money laundering was defined as "a crime whereby the proceeds of unlawful activities are transacted thereby making them appear to have originated from legitimate sources." He said that he was alarmed and shocked with the money laundering activities in the country that he was constrained to make a representation that day to announce that he would *motu proprio* be calling for a Blue Ribbon investigation on the matter on Thursday.

At this juncture, Senator Gordon directed the attention of the Body to the screen showing bags full of dollars.

The session was suspended and was resumed shortly thereafter.

Senator Gordon presented a matrix, as shown on the screen, indicating the couriers and the huge sums of money that they brought into the country, without even being questioned by the concerned authorities.

Senator Gordon noted that with huge amounts of money Chinese nationals kept coming back to the country and simply declared that the money would be used for business, travel, investments to make it appear as legal. He alleged that these Chinese nationals had been assisted by some Filipinos, and that there was even a Filipino, John Joshua Rodriguez who also registered 40 transactions involving huge amounts of money.

Senator Gordon said that normally if someone arrives in the Philippines with at least US\$10,000 cash, he has to declare it, but it would not mean that he is not a money launderer; however, questions must be asked when huge sums were already involved. He supposed that the 47 individuals, including a Filipino, were not barred from entering the country from September to February 2020 just because they declared their money — one worth US\$447 million or P22.69 billion, while the other Chinese nationals declared US\$210 million or P10.6 billion, or 46.98% of the total amount. With such huge amounts, he said that they should have been placed under suspicion of laundering it. Likewise, he said that with US\$447 million, the country could already pay its debt with

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the International Monetary Fund (IMF), including foreign debts with the following countries: US, US\$400 million plus; Australia, US\$596 million; Canada, US\$479 million; British Virgin Islands, US\$205 million; and Luxembourg, US\$133 million. He also commented that with US\$447 million the government could have used it to fund other things, like funding the military expedition against the Maute group in Lanao del Sur; 1,084 classrooms, one-storey building at P2,775,000 each; one frigate for the Armed forces at P18 billion; four F-35 jets at P5.2 billion each; 15 C-1340 aircrafts at P1.5 billion each; or seven Martin F-16 Fighting Falcons at P3.12 billion each.

Senator Gordon again directed the attention of the Body to the screen, showing the values of real estate in different countries.

Senator Gordon noted the Philippines becoming number two in terms of real estate values, especially in Manila, with Hong Kong as the number one, due to the entry of Chinese POGO workers who might have carried millions of dollars to invest in real estate, which could be one way of washing or laundering money.

Senator Gordon said that just like young people in Hong Kong who are finding it hard to buy their own house, young people in the Philippines could not even have their own apartment because real estate has been getting so expensive because it is now the POGO workers occupying residential units ranging from P20,000 to P50,000 each.

At this juncture, Senator Gordon showed a video of how POGO affected the country, with 70% of them occupying upper-middle class subdivisions and many of them being fetched by coasters and vans. He noted that these Chinese POGO workers even have a firing range in one of the properties that they occupied and that Chinese military identification cards were even found at the site of a shooting incident that resulted in the killing of a Chinese POGO worker in Makati. He said that two things need to be investigated – why they were in possession of guns and why there were two 45 and 9 millimeter guns in their possession. He said that the Philippine Government could ask China to identify the Philippine Liberation Army (PLA) card holders even if it could be a futile effort.

Senator Gordon expressed fear on the impact of the POGO workers in the country, that there seemed

to be a creeping invasion with 400,000 of them not only in Manila but also in other places because there were already four POGOs in Pampanga, three in Olongapo, two in Calabarzon, four in Central Visayas, the whole of Covelandia in Cavite, while in Cavite itself, it has been taken over by apartments built for POGOs. He clarified that he was not being sinophobic but was only expressing his concerns on the apparent absence of regulations or effort to locate these people, who have become security threat to the nation, who should have been the subject to scrutiny and even investigation. He said that merely declaring money that they were bringing in would not exempt them from scrutiny and investigation. He called on the authorities to look into the case of John Joshua Rodriguez who was initially caught bringing in a huge amount of money and was allowed to go free after making a proper declaration the second time around. He stressed that it was high time to change the law and make sure that anybody entering the Philippine with a significant amount of money must immediately and rightfully declare what they have in their possession. He also asked why no action had been taken on the report of the Bureau of Customs to the Bangko Sentral on the case of Rodriguez and Simon John Gangani who brought in P700,000 and later US\$17 million into the country. He expressed concern that the money could be used to buy anything from firearms, schools, C-130s, buildings, properties and even fund the candidacies of some people and put them in office so that they could become hostage to whatever these syndicates want.

At this juncture, Senator Gordon showed a photo of a van bearing advertisements on transactions like airport transfer, company, visa, tickets, passport service, immigration clearance, extended stay, and work visas.

Senator Gordon recalled that during his time at the Department of Tourism, tourists were granted visas upon arrival but they could neither extend their stay nor work, but he noted that this was no longer the case at present. He said that the Department of Labor and Employment should be asked how these foreigners were being given work permit when Filipinos find it hard to secure employment but not the Chinese who could convert their tourist visa and land jobs with the POGOs. He wondered who were making big profits from such a scheme while the government was only earning so much from them. He noted that the country only earned around P9 billion instead of

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P20 billion from POGOs since only 10 out of 60 POGOs have their employees properly documented with tax identification number (TIN). Also, he said that the Philippine Amusement and Gaming Corporation (PAGCOR) only collected 2% from the 55 franchise fee because POGO earnings are considered overseas. He said that even the Finance Secretary backed up the claim of PAGCOR so that instead of getting around P50 billion or more, the government got nothing. He surmised that the government could even earn another P50 billion from the taxes collected from the TIN.

Senator Gordon lamented that Filipinos just watch the caravans go by not knowing that it was hurting them especially their morals as a people with the proliferation of prostitutes, as uncovered by Senator Hontiveros. He said that the Philippines was being used to allow such people to run prostitution dens and trade illegal drugs which is a travesty upon mankind since it affects the moral fiber of the nation by distorting values and the capability of government to control people behind it. He said that these syndicates act with impunity that they shoot people or kidnap POGO employees and are able to get away with it. He said that he and Senator Drilon were both chagrined that what was happening to the country was totally unacceptable.

Senator Gordon feared that the money that the Chinese were bringing into the country could be used to buy people's cooperation in case they get into trouble with law enforcers. He lamented that the Philippines is no longer a viable country but has become a "buyable" country, letting its borders to collapse and its islands being taken over by some of its neighbors that are bringing in gambling money even though the take was so little.

Senator Gordon expressed his appreciation to the Body for allowing him to present the urgency of addressing the issue in anticipation of the public hearing to be conducted on Thursday. He believed that all the Members ought to research how the situation could be fixed. He said that the investigation is not just in aid of legislation but to ensure that Philippine sovereignty is upheld. He said that the incidents surrounding the POGOs are an example of mercantile imperialism wherein the owner of money would be used to buy people.

He ended his speech by calling on the government to take action.

INTERPELLATION OF SENATOR DRILON

Senator Drilon stated that what Senator Gordon just exposed and described in detail was nowhere in the public consciousness 10 years ago as there were no POGOs at the time. He said that the incidents obviously happened because POGOs are permitted to operate in the country.

Asked whether these incidents would not have happened if the government prohibited POGO operations and that if there were no POGOs, all of the various activities would have no purpose, Senator Gordon answered in the affirmative.

Asked whether he was aware that POGOs were prevalent and operated extensively in Cambodia, Senator Gordon answered in the affirmative, but he clarified that the Cambodian government had since removed them from their country.

Senator Drilon explained that the overseas gaming operation in Cambodia was closed because of the objections of the Chinese government. Senator Gordon added that the Chinese police flew into Cambodia to pick up those criminals and brought them back by plane to China.

Asked where these offshore gaming operations had relocated, Senator Gordon surmised that they transferred to the Philippines.

Senator Drilon agreed that the offshore gaming operation had indeed transferred to Manila as he cited a notice from the Police Office of Yantai City, Shandong Province in China dated January 29, 2020, which stated that: "Those who participated in overseas communications scams and POGO gambling and who have taken the initiative to return to their hometowns before February 8, this year, will not be blamed." He said that it was a notice requiring all those who committed telecommunications fraud, including POGO as it specifically mentioned POGO gambling, to return to China. He said that Philippine ambassador to China Jose Santiago Sta. Romana did not deny the directive, saying: "I am not aware of it. It has not come out of the State media. But I will not be surprised if, indeed, there was that order, although it will be implemented gradually so as not to harm the Philippine economy."

Senator Drilon stated that he would bring out in more detail during the investigation the fact that the

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the Chinese government has taken a very strong position on its citizens engaged in overseas gambling, resulting in the closure of overseas gaming operations. He said that the incidents currently happening in the Philippines involving Chinese nationals apparently were rooted to the very presence of overseas gaming operations ran by the Chinese. He said that after the investigation made by Senator Gordon, the Senate should consider the possibility of expressing its sentiment that the POGO operations should be stopped. He said that Senator Villanueva has mentioned the same in his investigation of Chinese workers; Senator Hontiveros mentioned in her exposé the involvement of Chinese in the Bureau of Immigration; and Senator Gordon has again mentioned the POGOs in the process to expose the sums of money coming in. He asked whether the government should continue with the policy of allowing overseas gaming operations in the country with all the illicit activities that come with it.

Senator Gordon said that everything was laid on the table, including eradicating POGO entirely; however, he wanted to see the syndicates behind these operations, how much taxes were collected, who were not paying the taxes, and who were not enforcing the law.

Senator Drilon asserted that the basis for any policy that the Chamber would adopt must be laid. He believed that one option is to pass legislation which would declare the overseas operations illegal, similar to what Cambodia did, prohibiting the operation or participation of Chinese citizens in overseas operations. He said that it is parallel to the theory of the Chinese government that any act considered as illegal in their country remains illegal for their citizens to do outside their borders. He commended the effort of the police in China for issuing a warning that the passports of the violators would be cancelled, a possibility that the Philippine ambassador to China did not discount, although the implementation of which might be gradually done. He averred that all the shenanigans that have been exposed in the Chamber arose because of a policy decision to allow overseas gaming operations in the country, the extent of such could be the basis of a policy which the Body could adopt insofar as POGO operations were concerned.

Agreeing with Senator Drilon, Senator Gordon said that in his entire career, he has learned to look closely at problems with comprehension to see their impact in the country. He stated that he was not

totally exculpating China which has the biggest intelligence agency in the world and which could be sending their intelligence agents in other areas in the country wherein agents wearing PLA badges could be seen. He likewise noted that at the height of the novel coronavirus outbreak, from the month of December 2019 to January and February 2020, China has brought into the country over \$200 million; at the same time, a Philippine Airlines plane from China landed in the Philippines and about 60 Filipinos from Wuhan were put in a bus and brought to Clark, while the Chinese personalities were allowed to go home despite his caution to the Department of Health that the latter would likewise need to be quarantined. Saying that China's act to police its own citizens was very cavalier, he, however, lamented that the Philippine government seemed to be soft when it comes to China. For instance, he disclosed that he even got the ire of presidential spokesperson Secretary Panelo who ordered him to provide information on the alleged involvement of Chinese nationals in money laundering activities which the Commissioner of Customs already reported to the Senate. Saying that nothing has been done to address the issue since September 2019, he averred that if the Senate has not done its duty, the investigation would not happen.

Senator Drilon commended Senator Gordon for his effort to put the issue into the public consciousness. Reiterating that it all arose because of the policy allowing overseas gaming operations with the Chinese as the clientele, he believed that the Chinese officials would truly take offense at the fact that their citizens are travelling to Manila to engage in gaming operations which is prohibited in China. Hence, he commended the statement of the Chinese police that all those involved in overseas telecommunications fraud and gambling would have their passports cancelled, which would force all POGO workers in the country to go back to China.

As regards the total number of POGO workers in the country with or without work permit, Senator Villanueva disclosed that there were different figures: the DOLE reported a total of 123,056; PACGOR, 97,283; and the BIR Task Force, 108,914. He clarified that the figures were all Pasay City-registered and did not represent the total number of foreign workers who entered the country.

Senator Gordon agreed, saying that the figures did not yet include the 536,000 Chinese who arrived



in the country in the months of January and February 2020 at the height of the coronavirus outbreak in Wuhan. Adding that there were both registered and unregistered POGOs, he believed that they were still operating clandestinely because of the internet. As to the figures provided by Senator Villanueva, he said that the numbers were anywhere from as low as 97,000 to as high as 123,056.

Senator Drilon surmised that the more credible estimate is that of the private sector that put the number to about 200,000 POGO workers in the country and that the POGO operators rent approximately 450,000 square meters of office space. Given the said figures, he feared that the POGO industry has created a bubble in the real estate industry that if and when they leave, there is danger that the real estate industry would suffer.

Adverting to his presentation, Senator Gordon said that existing POGO occupants actually rent 1,405,011 square meters of office space in commercial buildings, not including the real estate occupied by them. In fact, he said that according to real estate expert Lee Shu, the POGO industry has already become the number one occupier, replacing the BPO industry. Senator Drilon agreed, noting that the BPO industry has plateaued, with the POGO industry taking up the leasable area.

Senator Gordon echoed Senator Drilon's concern that the bubble is dangerous as it creates a disruption and distortion in the real estate industry.

As to what could likely happen to the banks that have lent money, Senator Drilon feared that the banks which financed all of the leasable areas would be holding an empty bag once the POGOs are pulled out given that they are footloose operations.

As regards the property market, Senator Gordon said that Fitch Ratings reports showed that property prices have spiked, posing rising risks to the banks. Specifically, he noted that prices of residential properties rose 10% year-on-year on the third quarter of 2019, making it one of the strongest growths in any major real estate market since 2010, and that condominium prices in Metro Manila climbed by an unsustainable 30% year-on-year.

Senator Drilon stated that it was unfortunate that such figures were being cited by those who defend the POGO operations as benefits to the economy

which are only short-term gains which put the country at the end of the barrel insofar as the POGO operations are concerned. Hence, he reiterated the need for government to adopt a clear and stronger policy to find a long-term solution instead of just a knee-jerk reaction to the continued POGO operations in the country.

Senator Gordon underscored the need for the Senate to address matters like intelligence and security, property and crime, among others, in order to find out the best way of doing things relative to the issue.


Senator Drilon hoped that the investigation that would be led by Senator Gordon would allow the Chamber to find a clear option insofar as policy is concerned with regard to the Philippine Overseas Gaming Operations industry.

Asked by Senate President Sotto if the amount that the Philippines has earned from the POGOs was included in the statistics provided earlier, Senator Gordon replied that the regulatory fee is a measly P8 billion and the opportunity losses could go up to about P50 billion per year.

INTERPELLATION OF SENATOR VILLANUEVA

Preliminarily, Senator Villanueva expressed his appreciation and commendation to Senator Gordon for exposing the wicked schemes relative to the POGO operations. He recalled that the Committee began its investigation in November 2016 in a hearing on illegal foreign workers conducted at Clark Air Base, the referral of which was transferred from the Committee on Labor, Employment and Human Resources Development to the Blue Ribbon Committee wherein two Bureau of Immigration officials, Commissioners Argosino and Robles, were involved and more than 1,000 illegal workers were arrested in Pampanga.

He noted that the earlier investigation led the Body to become curious as to what POGO was all about and he has since been calling to curb its ill effects, such as the real estate bubble that it creates. However, he said that more than looking into real estate prices that are presently going up, the Chamber should look more at the plight of Filipinos who also dream of getting their own condominium unit which, at present, seems unreachable. He believed that



what the country needs are businesses that would produce or create more jobs for Filipinos, not POGOs that are hiring 95% Chinese nationals. He said that the Committee on Labor, Employment and Human Resources, the Committee on Women, Children, Family and Gender Equality, as well as the Blue Ribbon Committee, have been calling for the suspension of POGOs until such time that the inter-agency department puts its act together.

Senator Gordon averred that Chinese citizens are allowed to enter the country so that Filipinos would be able to learn Chinese and to interpret things such as Chinese policy that would be beneficial to the country.

Senator Villanueva clarified that he was not against foreign workers entering the country especially if no one is capable or willing to do a particular job. In fact, he said that the Philippines welcomes workers and that there is even a bill in the Senate that aims to come up with a mechanism to ensure that the foreign nationals would be able to transfer their technical knowledge to Filipinos when they work in the country. Likewise, he noted that TESDA has over 40 Language Skills Institutes (LSI) that focus on training people to speak foreign languages like Chinese.

Noting the presence of 59 POGOs in the country, 11 of which are Philippine-based, 48 are offshore, and 229 are service providers, Senator Villanueva asked Senator Gordon if he was aware of any study conducted by the Anti-Money Laundering Council (AMLC) to analyze covered and suspicious transactions involving POGO and POGO service providers.

Senator Gordon replied that contrary to his expectations that AMLC would be more aggressive in telling that it is a problem that could be solved, their silence has been deafening. Echoing Senator Drilon, he believed that policy has to be made to address it. He hoped that AMLC could share with him a study on the issue which he could use when they start with the investigation.

Senator Villanueva noted that there were about 6,678 illegal foreign workers in 2019 alone who were working in PAGCOR-licensed POGO service providers; in addition, there were also 733 international fugitives arrested on the same year. He again commended and joined Senator Gordon in his quest to unveil the wicked shenanigans perpetrated by POGO operators.

On another matter, Senator Villanueva recalled that Senator Gordon had earlier mentioned the non-payment of taxes which, according to the BIR, amounted to P50 billion worth of withholding taxes, corporate income tax, value-added tax, among others. As regards the 5% franchise tax which was also earlier mentioned, he lamented that even PAGCOR could not help the BIR identify those who are required to pay.

At this point, Senator Gordon expressed that there was also need to investigate how many people have died and to identify them as he has been receiving messages which claim that some people have been assuming the identity of those who died.

MANIFESTATION OF SENATOR HONTIVEROS


Senator Hontiveros stated that concrete examples of the synergy among various Senate committees was Senator Gordon's speech on collaboration and Senator Drilon's narrative sketch of the policy issues involving POGO operations which investigation was initiated by Senator Villanueva regarding their labor and tax evasion concerns, and the Committee on Women, Children, Family Relations and Gender Equality on issues concerning trafficking, prostitution, illegal recruitment, and corruption in the Bureau of Immigration. In addition, she said that the Senate Blue Ribbon Committee would also delve into the money laundering issues and threats to national security brought about by the POGO operations.

She surmised that this synergy could bring about the concurrence of the Senate regarding the question of whether the POGO operations should be allowed to continue. She noted that the Chinese foreign ministry welcomed PAGCOR's decision to stop accepting new applications for POGO licenses, in the hope that the Philippines would cease all forms of offshore gaming operations altogether.

Senator Gordon thanked Senators Hontiveros and Drilon for their respective interventions, and he assured the Body that the Blue Ribbon Committee would not stop probing all POGO-related issues.

INTERPELLATION OF SENATOR ZUBIRI

Senator Zubiri stated that countries like the United States hold ordinary citizens who bring in



large sums of money, unless validated by proof of income, or unless such individual is identified as a billionaire like Jeff Bezos or Bill Gates. Consequently, he asked if the Bureau of Customs is implementing similar airport protocols.

Senator Gordon explained that under U.S. protocols, an individual who declares that he is bringing a significant amount of money and its source is allowed to do so only once. Conversely, he lamented that someone brought millions of dollars into the Philippines for 47 times but due to a lacuna in the law, the apprehending Custom officers simply reported the incident to the Central Bank and thereafter filed a case of non-declaration without pursuing the rest of the declared amounts.

Thereupon, Senator Zubiri suggested coming up with a resolution expressing the sense of the Senate to encourage the cancellation of passports of all POGO workers, or to ask the Chinese government to clamp down their compatriots who are involved in illegal online activities. Senate President Sotto remarked that the Committee on Rules could come up with a resolution regarding the matter by Thursday.

Lastly, Senator Gordon informed the Body that since POGO operators enter the Philippines not only through Manila but also through Clark, Cebu and Davao, the government should find out how the illegal activities were able to enter the country especially since 733 foreign fugitives have been using the Philippines as their sanctuary to evade arrest.

MANIFESTATION OF SENATOR PANGILINAN

Senator Pangilinan observed that by looking into the laws violated by the POGO operations, all Senate committees would be conducting hearings on labor, tax, immigration, banking, anti-graft, anti-trafficking, anti-money laundering, anti-kidnapping, local ordinances, passport, gambling, and national security laws. Accordingly, he expressed support for coming up with a resolution that expresses the sense of the Senate on the impact of POGO operations in the country.

Senator Zubiri also believed that the issue merits investigation since the Senate has been discussing countless issues and laws bypassed by the POGO operations for the past two years.

REFERRAL OF SPEECH TO COMMITTEE

Upon motion of Senator Zubiri, there being no objection, the Chair referred the privilege speech of Senator Gordon to the Committee on Accountability of Public Officers and Investigations (Blue Ribbon).

COMMITTEE REPORT NO. 50 ON SENATE BILL NO. 1357

(Continuation)

Upon motion of Senator Zubiri, there being no objection, the Body resumed consideration, on Second Reading, of Senate Bill No. 1357 (Committee Report No. 50), entitled

AN ACT REFORMING THE CORPORATE INCOME TAX AND INCENTIVES SYSTEM, AMENDING FOR THE PURPOSE SECTIONS 4, 20, 27, 28, 34 AND 290 OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED, AND CREATING THEREIN NEW TITLE XIII, AND FOR OTHER PURPOSES.

Senator Zubiri stated that the parliamentary status was the period of interpellations.

Thereupon, the Chair recognized Senator Cayetano, sponsor of the measure, and Senator Tolentino for his interpellation.

INTERPELLATION OF SENATOR TOLENTINO

Prefatorily, Senator Tolentino stated that he would only concentrate on the policy questions of the Corporate Income tax and Incentives Reform Act (CITIRA) which, he believed, is very vital to the country's tax reform program.

Asked by Senator Tolentino on the rationale of the CITIRA law insofar as corporations are concerned, Senator Cayetano stated that the measure aims to align the corporate income tax rate of Philippine corporations with other ASEAN countries by reducing it to a much lower level at a speed manageable for the fiscal managers. She explained that if the CITIRA law is passed, there would be a 1% point reduction to the current corporate income tax (CIT) rate per

not for

year until the current CIT rate of 30% would go down to 20% by 2030.

Senator Tolentino stated that at present, the Philippines has a corporate tax base rate of 30%; Indonesia - 25%; Malaysia - 24%; Vietnam - 20%; and Singapore - 17%. However, he also pointed out that while Indonesia's GDP per capita income is higher, the gap between its corporate tax base and that of the Philippines is not as big. Senator Cayetano noted that while many factors have been considered to improve the economy, lowering the CIT was what the government would like work on since it could readily attract more companies to invest in the country. Conversely, Senator Tolentino remarked that competitiveness is not just measured by the amount of CIT rate the country implements.

Senator Tolentino said that a corporation derives its income in two ways: (1) through earned surplus or income from the ordinary mode of doing business; and (2) by issuing stocks.

Regarding dividends, Senator Tolentino stated that Malaysia and Singapore yielded 0% dividend tax; Vietnam – 0% corporate tax and 5% individual income tax; and Philippines – 10% dividend tax. By closely comparing the figures reflected by other ASEAN neighbors, he observed that the Philippine tax on dividends would end up at 15% through the Passive Income and Financial Intermediary Taxation Act (PIFITA).

Senator Cayetano clarified that she was not privy to the amendments of the TRAIN law regarding tax on dividends and domestic corporations as she was still with the Lower House at the time. She said that the CITRA law will align the tax rate of non-resident foreign corporations with that of domestic corporations such that both would have the same tax rate, subject to the consideration of the PIFITA or Package 4 of the Comprehensive Tax Reform Program (CTRP).

Asked if the current dividend tax of 10% on individuals would be increased to 15% in Package 4, Senator Cayetano confirmed that the proposed rate in the Passive Income and Financial Intermediary Taxation Act (PIFITA) is 15% for all.

Senator Tolentino asked why the Philippines does not have a zero percent dividend tax similar to Malaysia and Singapore if the country is trying to

align itself with its successful Association of Southeast Asian Nations (ASEAN) neighbors. Senator Cayetano replied that when PIFITA would be further discussed on the floor, she would be showing the proposal of the Department of Finance (DOF), including the various tax rates that the DOF hopes would be viewed overall as competitive. She said that she would go through each tax rate as she admitted that the Philippines' rate is higher compared to its ASEAN neighbors. Senator Tolentino said that he was not speculating on what would happen in relation to the hubris of PIFITA or Package 4 of the Comprehensive Tax Reform Program (CTRP). He, however, stated that it was an accepted theory and has been practiced by corporations that whenever the dividend stocks for shareholder is significantly lower than the corporate tax, it serves as an incentive for the corporation to declare dividends.

Asked whether the measure would encourage the individual shareholders to get their individual shares through the declaration of dividends or in favor of the corporation having retained earnings which would have a great economic consequence thereafter, Senator Cayetano said that her guess was that the DOF was looking for a balance between encouraging retained earnings for reinvestment and reward for investors for supporting the growth of the industry, both having continuous positive activities. Senator Tolentino, however, said that if the bill is enacted into law, the corporation would no longer be issuing and declaring dividends and would instead retain the accumulated income, thus, shareholders would have lesser money to spend.

To the proposition that it would be better if more money would be spent, in terms of consumption, in the economy rather than kept by a corporation, Senator Cayetano pointed out that corporate income tax – currently at 30% – is going down, that there is a big difference between the corporate income tax and the dividend tax, and that both would tend to be closer over time. But Senator Tolentino opined that 20 years was too long a time to wait before reaching the 5% difference target between the corporate income tax and the dividend tax. He posited seeing a situation wherein five years hence, corporations would eventually be holding on to and retaining their income and at the same time there would be an Improperly Accumulated Earnings Tax (IAET) of 10%, which is currently proposed to increase to 15%. He explained that maintaining retained earnings, exceeding 100% of its paid-up capitalization, and not

spending it would make the corporation liable to a 15% IAET. He also pointed out that 20% corporate tax under CITIRA plus 15% IAET would mean an imposition of a total of 35% corporate tax which would be higher than the existing 30% corporate tax. Senator Cayetano emphasized that her and the DOF's main and immediate objective under CITIRA was to equalize the difference between the tax for the domestic corporation and the non-resident foreign corporation where there should actually be no difference at all. She added that there is no tax policy that justifies them having a difference. Acknowledging the points raised by Senator Tolentino, she said that they could review it as a body when she would later on be sponsoring the PIFITA on the floor under a different committee report. She disclosed that Senate President Sotto was actually urging her to fast-track the fourth package of the CTRP.

Senator Tolentino observed that under the current system, the corporate income tax is 30%, the dividends tax when issued to individuals is 10%, or a total of 40%, while under the current proposal, the corporate income tax after 10 years would be 20%, the dividends tax would be 15%, or a total of 35%. He said that the two are almost the same and that the latter might end up higher if the accumulated earnings tax of 15% would be added. Asked to compare the figures with the other ASEAN countries, and if the Philippines would be on the losing end, Senator Cayetano replied that with the current proposal, the Philippines would still basically end up lower than where it currently is because the corporate income tax is at 30% and 10% – 40% in total – and would eventually become 20% and 15% which would still total lower in the long run. She said that the tax might not be as low as Senator Tolentino would like but she pointed out that it was the current proposal. She said that the Committee is open to proposals and to review the figures.

Senator Tolentino cautioned that the Body might be perpetrating and institutionalizing an indirect double taxation system for taxing the corporation prior to the issuance of dividends and for taxing the shareholders after the issuance of dividends. He added that the corporation might also be taxed with the accumulated earnings tax for its failure to declare dividends. In reply, Senator Cayetano clarified that the intra-corporate dividend was also zero as she quoted the slide presentation of Senator Tolentino which showed under the dividend tax column that “domestic corporation – zero”, the same with Malaysia, Vietnam, and Singapore which makes the Philippines competi-

tive. Senator Tolentino, however, said that he was referring to individuals, to which Senator Cayetano replied that there is currently a tax rate of 10% which would become 15% under the proposal. She added that in other countries, there are those with zero tax rates while some have higher.

Senator Tolentino said that he raised the matter to avoid confusion because Congress, led by the Senate, recently passed a new law relative to corporations, in particular, the one wherein an individual organizes a corporation by himself as the lone shareholder and having a separate distinct personality as a corporation. He pointed out that before, a sole corporation happened to be just a religious corporation, and then came the new law allowing a sole corporation to engage in commercial activities. He added that in terms of individual corporation, the Body would probably have a different approach because the corporation as a separate entity would be declaring dividends to the lone shareholder or the lone member. Senator Cayetano lauded Senator Tolentino for raising very interesting points. She assured that her committee would be looking at it as she disclosed that she had already asked the DOF to show the Body if other countries are treating sole corporations different from regular corporations.

On a related matter, Senator Tolentino quoted Section 29, Article VI of the Constitution which mandates that “Congress should evolve a progressive system of taxation.” He observed that the country's corporate tax system is regressive because it is not based on the corporation's ability to pay. He reminded the Body that Congress had passed several laws such as laws giving incentives to microenterprises, barangay, and microenterprises or small corporations.

Asked if the government could instead tax both corporations and individuals based on their ability to pay to comply with the constitutional fiat that Congress should evolve a progressive system of taxation, Senator Cayetano said that she, in fact, asked the same at the committee level that while reviewing the bill during the hearing, mechanisms were put in place to support the growth of smaller industries, which are just starting, with lesser income, and are taxed at a flat rate of 8% if their income does not reach a certain level. She added that the DOF has its reasons for not recommending a scale down, and that even previous administrations have specifically identified micro corporation businesses to support them. She opined that to recommend a scale down would

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present the opportunity for arbitrage whether firms are taxed by size or by profits. She explained that big firms might incorporate into smaller firms so that they would fall under the definition of a smaller firm which happened in the case of small-scale mining. She warned that profitable firms would resort to transferring pricing as firms find more opportunities to adjust their books to achieve lower net taxable income. She expressed apprehension that it would end up not encouraging firms to grow big because of the higher tax rate. On a positive note, she said one of the clear policies was to actually push for many micro companies to grow into bigger companies.

As regards the constitutional fiat for Congress to evolve a progressive system of taxation, Senator Cayetano said that the mandate would actually cover the entire tax system and not just one tax alone, adding that it is very common to find in different jurisdictions corporate income taxes with flat rates which also allow personal income tax to be progressive. Senator Tolentino recalled Senator Cayetano as saying that having a progressive system of taxation vis-à-vis corporations, would not be good for the economy because the country would be transformed into a kibbutz system with mini corporations.

On retained earnings, Senator Tolentino asked if is it not a fact that if the government allows a corporation to hold on to big retained earnings, though subject to a 15% tax as proposed, there is a big possibility that the board of directors or some officers would just convert it into huge honoraria and salaries to the detriment of the shareholders as they would be a deductible corporate expense. Senator Cayetano replied that the Corporation Code has a limit on retained earnings which in itself is already a built-in safeguard against just using the earnings arbitrarily. She said that she understood the point of Senator Tolentino that the government should make the declaration of dividend as liberal as possible. Saying that she would look into the matter, she also reminded the Body that the best venue to discuss it further would be in the committee report for PIFITA. Senator Tolentino said that he would be including in his interpellation tax reform bills under consideration by the Committee on Ways and Means.

MANIFESTATION OF SENATOR ZUBIRI

Senator Zubiri said that as a businessman himself, he considers dividend taxes at 15% as very steep, as businessmen feel that they are overly taxed—

at 30% plus 10%, considering that their salaries are withheld, and that they do not get much. He opined that more investments would come in if the country would be like Malaysia, Vietnam, and Singapore which have zero dividend tax.

In response, Senator Cayetano stated that the bill seeks to equalize the rates for non-resident and resident foreign corporations since the tax rate has been set at 15% for domestic corporations by virtue of the TRAIN law. She emphasized that it was not something that she was proposing because it has been decided already and it was left due to omission. Senator Zubiri remarked that the existing tax rate is a burden to small and medium enterprises. Senator Cayetano noted that the proposal did not come from the DOF but from the Senate.

In a related matter, Senator Zubiri pointed out that the bill would bring down the corporate income tax of POGOs. However, he expressed concern that the funds or dividends under the corporation's name cannot be released to the owners without paying the dividend tax, which results in a double taxation. This, he said, is more complicated for small and medium enterprises with dividends and is not the same as a single proprietorship wherein the owner would just pay income tax. He said that the issue could be discussed at the proper time.

For the sake of transparency, Senator Cayetano said that she would also prepare a history of where the proposals came from and added that she was merely inserting a number of housekeeping provisions in the measure to mirror what had been passed in the TRAIN law. She requested that any changes be made in the Passive Income and Financial Intermediary Taxation Act (PIFITA).

At this juncture, Senator Gatchalian relinquished the Chair to Senate President Sotto.

SUSPENSION OF CONSIDERATION OF SENATE BILL NO. 1357

Upon motion of Senator Zubiri, there being no objection, the Body suspended consideration of the bill.

ACKNOWLEDGMENT OF THE PRESENCE OF GUESTS

At this juncture, Senator Zubiri acknowledged the presence in the gallery of the SK Chairman and

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Councilor John Leysa SK members of Manolo Fortich, Northern Bukidnon.

Senate President Sotto welcomed the guests to the Senate.

COMMITTEE REPORT NO. 54
ON HOUSE BILL NO. 1477
(Continuation)

Upon motion of Senator Zubiri, there being no objection, the Body resumed consideration, on Second Reading, of House Bill No. 1477 (Committee Report No. 54), entitled

AN ACT UPGRADING THE CARAGA REGIONAL HOSPITAL IN BARANGAY WASHINGTON, SURIGAO CITY, SURIGAO DEL NORTE INTO A TERTIARY LEVEL HOSPITAL, INCREASING ITS BED CAPACITY FROM ONE HUNDRED FIFTY (150) TO FIVE HUNDRED (500) BEDS, AND APPROPRIATING FUNDS THEREFOR.

Senator Zubiri stated that the parliamentary status was the period of interpellations.

Thereupon, the Chair recognized Senator Go, sponsor of the measure.

TERMINATION OF THE PERIOD OF INTERPELLATIONS

There being no interpellation, upon motion of Senator Zubiri, there being no objection, the Body closed the period of interpellations and proceeded to the period of committee amendments.

COMMITTEE AMENDMENTS

As proposed by Senator Go, there being no objection, the following amendments were approved by the Body, one after the other:

Page 1

- On line 1, between the words "The" and "Caraga," insert the phrase AUTHORIZED BED CAPACITY OF THE;
- On the same page, lines 3 to 4, delete the phrase "upgraded into a tertiary level hospital and its authorized bed capacity";

Page 2

- On lines 1 to 2, delete the phrase "for a period of two (2) years from the approval of this Act" and replace it with CONSISTENT WITH THE DEVELOPMENT PLAN OF THE HOSPITAL;
- On lines 3 to 5, delete the sentence "The construction and upgrading of the hospital facilities and services shall be under the direct supervision and control of the Department of Health (DOH)" and replace it with the following: THE EXISTING SERVICE FACILITIES AND THE PROFESSIONAL HEALTH SERVICES OF THE CARAGA REGIONAL HOSPITAL ARE HEREBY UPGRADED AND INCREASED TO CONFORM WITH AND BE COMMENSURATE TO THE INCREASE IN BED CAPACITY AS PROVIDED FOR IN SECTION 1 HEREOF.;
- After line 5, insert two new Sections, which shall read as follows:

SEC. 4. THE DEPARTMENT OF HEALTH (DOH), IN COORDINATION WITH THE DEPARTMENT OF BUDGET AND MANAGEMENT (DBM) AND THE CIVIL SERVICE COMMISSION (CSC), AND IN CONSULTATION WITH THE MANAGEMENT OF THE CARAGA REGIONAL HOSPITAL, SHALL DETERMINE THE ADDITIONAL PLANTILLA POSITIONS TO BE CREATED AND FILLED UP IN THE WORKFORCE OF THE SAID HOSPITAL.

SEC. 5. THE CHIEF OF THE HOSPITAL SHALL DEVELOP A HOSPITAL DEVELOPMENT PLAN TO BE SUBMITTED TO THE DOH TO REFLECT THE DEVELOPMENT GOALS OF THE HOSPITAL, CONSISTENT WITH THE INCREASE IN BED CAPACITY AND SERVICE CAPABILITY AS PROVIDED IN SECTIONS 1 AND 3 HEREOF. REQUEST FOR THE STAFFING REQUIREMENTS, CAPITAL OUTLAY INVESTMENTS AND BUDGETARY NEEDS FOR OPERATIONS SHALL BE BASED ON THE HOSPITAL DEVELOPMENT PLAN;

- Renumber the succeeding sections accordingly;
- After line 9, insert a new Section, which shall read as follows:

SEC. 7. IF ANY PROVISION OR PART OF THIS ACT IS DECLARED UNCONSTITUTIONAL, THE REMAINING PARTS OR PROVISIONS NOT AFFECTED SHALL REMAIN IN FULL FORCE AND EFFECT.;

proposed

- Renumber the succeeding sections accordingly;
- On line 14, after the word “accordingly” and the “period” (.), insert a second sentence which shall read as follows: ALL LAWS, EXECUTIVE ORDERS, ISSUANCES, RULES AND REGULATIONS INCONSISTENT WITH THIS ACT ARE HEREBY REPEALED OR MODIFIED ACCORDINGLY.; and
- Reword the title of the bill to read as follows:

AN ACT INCREASING THE BED CAPACITY OF THE CARAGA REGIONAL HOSPITAL IN BARANGAY WASHINGTON, SURIGAO CITY, SURIGAO DEL NORTE FROM ONE HUNDRED FIFTY (150) TO FIVE HUNDRED (500) BEDS, AND APPROPRIATING FUNDS THEREFOR.

TERMINATION OF THE PERIOD OF COMMITTEE AMENDMENTS

There being no further committee amendment, upon motion of Senator Zubiri, there being no objection, the Body closed the period of committee amendments and proceeded to the period of individual amendments.

TERMINATION OF THE PERIOD OF INDIVIDUAL AMENDMENTS

There being no individual amendment, upon motion of Senator Zubiri, there being no objection, the Body closed the period of individual amendments.

COSPONSOR

Upon his request, Senator Zubiri was made cosponsor of House Bill No. 1477.

APPROVAL OF HOUSE BILL NO. 1477 ON SECOND READING

Submitted to a vote, there being no objection, House Bill No. 1477 was approved on Second Reading.

SUSPENSION OF CONSIDERATION OF HOUSE BILL NO. 1477

Upon motion of Senator Zubiri, there being no objection, the Body suspended consideration of the bill.

COMMITTEE REPORT NO. 55 ON HOUSE BILL NO. 5871 (Continuation)

Upon motion of Senator Zubiri, there being no objection, the Body resumed consideration, on Second Reading, House Bill No. 5871 (Committee Report No. 55), entitled

AN ACT UPGRADING THE MARIA L. ELEAZAR DISTRICT HOSPITAL IN THE MUNICIPALITY OF TAGKAWAYAN, PROVINCE OF QUEZON INTO A LEVEL III GENERAL HOSPITAL TO BE KNOWN AS THE MARIA L. ELEAZAR GENERAL HOSPITAL, UNDER THE DIRECT SUPERVISION AND CONTROL OF THE DEPARTMENT OF HEALTH, AND APPROPRIATING FUNDS THEREFOR.

Senator Zubiri stated that the parliamentary status was the period of interpellations.

Thereupon, the Chair recognized Senator Go, sponsor of the measure.

TERMINATION OF THE PERIOD OF INTERPELLATIONS

There being no interpellation, upon motion of Senator Zubiri, there being no objection, the Body closed the period of interpellations and proceeded to the period of committee amendments.

COMMITTEE AMENDMENTS

As proposed by Senator Go, there being no objection, the following amendments were approved by the Body, one after the other:

- On page 1, line 6, between the words “The” and “bed,” insert the phrase INCREASE IN THE;
- On the same page, lines 8 to 9, delete the phrase “that shall be prepared by the DOH”;
- On page 2, line 1, insert the two new sections, which shall read as follows:

SEC. 3. THE DOH, IN COORDINATION WITH THE DEPARTMENT OF BUDGET AND MANAGEMENT (DBM) AND THE CIVIL SERVICE COMMISSION (CSC),

AND IN CONSULTATION WITH THE MANAGEMENT OF THE HOSPITAL, SHALL DETERMINE THE ADDITIONAL PLANTILLA POSITIONS TO BE CREATED AND FILLED UP IN THE WORKFORCE OF THE SAID HOSPITAL.

SEC. 4. THE CHIEF OF THE HOSPITAL SHALL DEVELOP A HOSPITAL DEVELOPMENT PLAN TO BE SUBMITTED TO THE DOH TO REFLECT THE DEVELOPMENT GOALS OF THE HOSPITAL, CONSISTENT WITH THE INCREASE IN BED CAPACITY AND SERVICE CAPABILITY. REQUEST FOR THE STAFFING REQUIREMENTS, CAPITAL OUTLAY INVESTMENTS AND BUDGETARY NEEDS FOR OPERATIONS SHALL BE BASED ON THE HOSPITAL DEVELOPMENT PLAN.;

- Renumber the succeeding sections accordingly;
- On the same page, after line 8, insert two new sections, which shall read as follows:

SEC. 7. IF ANY PROVISION OR PART OF THIS ACT IS DECLARED UNCONSTITUTIONAL, THE REMAINING PARTS OR PROVISIONS NOT AFFECTED SHALL REMAIN IN FULL FORCE AND EFFECT.

SEC. 8. ALL LAWS, EXECUTIVE ORDERS, ISSUANCES, RULES AND REGULATIONS INCONSISTENT WITH HIS ACT ARE HEREBY REPEALED OR MODIFIED ACCORDINGLY.; and

- Renumber the succeeding sections accordingly.

TERMINATION OF THE PERIOD OF COMMITTEE AMENDMENTS

There being no further committee amendment, upon motion of Senator Zubiri, there being no objection, the Body closed the period of committee amendments and proceeded to the period of individual amendments.

TERMINATION OF THE PERIOD OF INDIVIDUAL AMENDMENTS

There being no individual amendment, upon motion of Senator Zubiri, there being no objection, the Body closed the period of individual amendments.

COSPONSOR

Upon his request, Senator Zubiri was made cosponsor of House Bill No. 5871.

APPROVAL OF HOUSE BILL NO. 5871 ON SECOND READING

Submitted to a vote, there being no objection, House Bill No. 5871 was approved on Second Reading.

ACKNOWLEDGMENT OF THE PRESENCE OF GUESTS

At this juncture, Senator Zubiri acknowledged the presence in the gallery of Congresswoman Helen Tan of the Forth District of Quezon Province.

Senate President Sotto welcomed the guest to the Senate.

SUSPENSION OF CONSIDERATION OF HOUSE BILL NO. 5871

Upon motion of Senator Zubiri, there being no objection, the Body suspended consideration of the bill.

COMMITTEE REPORT NO. 56 ON HOUSE BILL NO. 1799

(Continuation)

Upon motion of Senator Zubiri, there being no objection, the Body resumed consideration, on Second Reading, of House Bill No. 1799 (Committee Report No. 56), entitled

AN ACT RENAMING THE TALISAY DISTRICT HOSPITAL IN TALISAY CITY, PROVINCE OF CEBU, INTO CEBU SOUTH MEDICAL CENTER, AND APPROPRIATING FUNDS THEREFOR, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 7799, ENTITLED "AN ACT ESTABLISHING A DISTRICT HOSPITAL IN THE MUNICIPALITY OF TALISAY, PROVINCE OF CEBU, TO BE KNOWN AS THE TALISAY DISTRICT HOSPITAL, AND APPROPRIATING FUNDS THEREFOR.

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Senator Zubiri stated that the parliamentary status was the period of interpellations.

Thereupon, the Chair recognized Senator Go, sponsor of the measure.

TERMINATION OF THE PERIOD OF INTERPELLATIONS

There being no interpellation, upon motion of Senator Zubiri, there being no objection, the Body closed the period of interpellations and proceeded to the period of committee amendments.

COMMITTEE AMENDMENTS

As proposed by Senator Go, there being no objection, the following amendments were approved by the Body, one after the other:

Page 1

- On line 2, between the words “hereby” and “renamed,” insert the phrase UPGRADED INTO A MEDICAL CENTER AND;
- On the same line, between the words “as” and “Cebu,” insert the word THE;
- On the same line, after the word “Center” and the “period” (.), add a new sentence which shall read as follows: THE MEDICAL CENTER SHALL BE UNDER THE SUPERVISION AND CONTROL OF THE DEPARTMENT OF HEALTH (DOH).;

Page 2

- After line 3, insert a new Section which shall read as follows:

SEC. 4. THE CHIEF OF THE MEDICAL CENTER SHALL DEVELOP A HOSPITAL DEVELOPMENT PLAN TO BE SUBMITTED TO THE DOH TO REFLECT THE DEVELOPMENT GOALS OF THE HOSPITAL, CONSISTENT WITH THE INCREASE IN BED CAPACITY AND SERVICE CAPABILITY AS PROVIDED IN SECTIONS 1 AND 2 HEREOF. REQUEST FOR THE STAFFING REQUIREMENTS, CAPITAL OUTLAY INVESTMENTS AND BUDGETARY NEEDS FOR OPERATIONS SHALL BE BASED ON THE HOSPITAL DEVELOPMENT PLAN.;

- Renumber the succeeding sections accordingly;
- After line 7, insert a new Section, which shall read as follows:

SEC. 6. IF ANY PROVISION OR PART OF THIS ACT IS DECLARED UNCONSTITUTIONAL, THE REMAINING PARTS OR PROVISIONS NOT AFFECTED SHALL REMAIN IN FULL FORCE AND EFFECT.;

- Renumber the succeeding sections accordingly;
- On line 8, before the word “Republic,” delete the phrase “Section 1 of”;
- On line 11, after the word “accordingly,” insert a new sentence which shall read as follows: ALL LAWS, EXECUTIVE ORDERS, ISSUANCES, RULES AND REGULATIONS INCONSISTENT WITH THIS ACT ARE HEREBY REPEALED OR MODIFIED ACCORDINGLY.; and
- Reword the title of the bill to read as follows:

AN ACT UPGRADING THE TALISAY DISTRICT HOSPITAL IN TALISAY CITY, PROVINCE OF CEBU, INTO A MEDICAL CENTER TO BE KNOWN AS THE CEBU SOUTH MEDICAL CENTER, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 7799, AND APPROPRIATING FUNDS THEREFOR.

TERMINATION OF THE PERIOD OF COMMITTEE AMENDMENTS

There being no further committee amendment, upon motion of Senator Zubiri, there being no objection, the Body closed the period of committee amendments and proceeded to the period of individual amendments.

TERMINATION OF THE PERIOD OF INDIVIDUAL AMENDMENTS

There being no individual amendment, upon motion of Senator Zubiri, there being no objection, the Body closed the period of individual amendments.

COSPONSOR

Upon his request, Senator Zubiri was made cosponsor of House Bill No. 1799.

APPROVAL OF HOUSE BILL NO. 1799 ON SECOND READING

Submitted to a vote, there being no objection,

House Bill No. 1799 was approved on Second Reading.

SUSPENSION OF CONSIDERATION OF HOUSE BILL NO. 1799

Upon motion of Senator Zubiri, there being no objection, the Body suspended consideration of the bill.

COMMITTEE REPORT NO. 57 ON SENATE BILL NO. 640

(Continuation)

Upon motion of Senator Zubiri, there being no objection, the Body resumed consideration, on Second Reading, of Senate Bill No. 640 (Committee Report No. 57), entitled

AN ACT INCREASING THE BED CAPACITY OF THE BICOL MEDICAL CENTER FROM FIVE HUNDRED (500) BEDS TO ONE THOUSAND (1,000) BEDS, UPGRADING ITS SERVICE FACILITIES AND PROFESSIONAL HEALTH CARE SERVICES, AUTHORIZING THE INCREASE OF ITS MEDICAL WORKFORCE COMPLEMENT, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 8053, AND APPROPRIATING FUNDS THEREFOR.

Senator Zubiri stated that the parliamentary status was the period of interpellations.

Thereupon, the Chair recognized Senator Go, sponsor of the measure.

TERMINATION OF THE PERIOD OF INTERPELLATIONS

There being no interpellation, upon motion of Senator Zubiri, there being no objection, the Body closed the period of interpellations and proceeded to the period of committee amendments.

COMMITTEE AMENDMENTS

As proposed by Senator Go, there being no objection, the following committee amendments were approved by the Body, one after the other, subject to style:

Page 1

- On line 1, after "SECTION 1," insert the phrase INCREASE IN BED CAPACITY;
- On lines 3 and 4, delete "5-year;"
- On line 5, after "SEC. 2," insert the phrase UPGRADE OF SERVICE FACILITIES;
- On line 8, after "SEC. 3," insert the phrase INCREASE IN PERSONNEL;
- On line 12, insert a new "SEC. 4," to read as follows:

SEC. 4. *HOSPITAL DEVELOPMENT PLAN.* – THE CHIEF OF THE BMC SHALL DEVELOP A HOSPITAL DEVELOPMENT PLAN TO BE SUBMITTED TO THE DOH TO REFLECT THE DEVELOPMENT GOALS OF THE HOSPITAL CONSISTENT WITH THE INCREASE IN BED CAPACITY AND SERVICE CAPABILITY AS PROVIDED IN SECTIONS 1 AND 2 HEREOF. REQUEST FOR STAFFING, REQUIREMENTS, CAPITAL OUTLAY INVESTMENTS, BUDGETARY NEEDS FOR OPERATIONS SHALL BE BASED ON THE HOSPITAL DEVELOPMENT PLAN.

Page 2

- On line 15, insert a new "SEC. 5," to read as follows:

SEC. 5. *SEPARABILITY CLAUSE.* – IF ANY PROVISION OR PART OF THIS ACT IS DECLARED UNCONSTITUTIONAL, THE REMAINING PARTS OR PROVISIONS NOT AFFECTED SHALL REMAIN IN FULL FORCE AND EFFECT; and

- Renumber the sections accordingly.

TERMINATION OF THE PERIOD OF COMMITTEE AMENDMENTS

There being no other committee amendment, upon motion of Senator Zubiri, there being no objection, the Body closed the period of committee amendments and proceeded to the period of individual amendments.

TERMINATION OF THE PERIOD OF INDIVIDUAL AMENDMENTS

There being no individual amendment, upon motion of Senator Zubiri, there being no objection, the Body closed the period of individual amendments.

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COSPONSOR

Upon motion of Senator Zubiri, there being no objection, all members present in the Chamber were made cosponsors of Senate Bill No. 640.

**APPROVAL ON SECOND READING
OF SENATE BILL NO. 640**

Submitted to a vote, there being no objection, Senate Bill No. 640 was approved on Second Reading.

**SUSPENSION OF CONSIDERATION
OF SENATE BILL NO. 640**

Upon motion of Senator Zubiri, there being no objection, the Body suspended consideration of the bill.

ADDITIONAL REFERENCE OF BUSINESS

The Secretary of the Senate read the following matters and the Chair made the corresponding referrals:

COMMITTEE REPORTS

Committee Report No. 59, submitted by the Committee on Public Services, on House Bill No. 4583, introduced by Representatives Romualdo and Alvarez (F.), entitled

AN ACT RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO BROADCAST ENTERPRISES AND AFFILIATED MEDIA, INC., UNDER REPUBLIC ACT NO. 8098 TO CONSTRUCT, INSTALL, ESTABLISH, OPERATE AND MAINTAIN RADIO AND TELEVISION BROADCASTING STATIONS IN THE PHILIPPINES,

recommending its approval with amendment.

Sponsor: Senator Poe

To the Calendar for Ordinary Business

Committee Report No. 60, submitted by the Committee on Public Services, on House Bill No. 4584, introduced by Representatives Crisologo and Alvarez (F.), entitled

AN ACT RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO CRUSADERS BROADCASTING SYSTEM, INC., UNDER REPUBLIC ACT NO. 8091, ENTITLED "AN ACT GRANTING THE CRUSADERS BROADCASTING SYSTEM, INC., A FRANCHISE TO CONSTRUCT, ESTABLISH, OPERATE AND MAINTAIN COMMERCIAL RADIO AND TELEVISION BROADCASTING STATIONS WITHIN THE PHILIPPINES,"

recommending its approval with amendment

Sponsor: Senator Poe

To the Calendar for Ordinary Business

Committee Report No. 61, submitted by the Committee on Public Services, on House Bill No. 5490, introduced by Representative Fortuno, *et al.*, entitled

AN ACT RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO BICOL BROADCASTING SYSTEMS, INC. UNDER REPUBLIC ACT NO. 8092, ENTITLED "AN ACT GRANTING THE BICOL BROADCASTING SYSTEMS, INC. (BBSI), A FRANCHISE TO ESTABLISH, OPERATE AND MAINTAIN COMMERCIAL RADIO AND TELEVISION BROADCASTING STATIONS IN REGION V,"

recommending its approval without amendment.

Sponsor: Senator Poe

To the Calendar for Ordinary Business

Committee Report No. 62, submitted by the Committee on Public Services, on House Bill No. 4581, introduced by Representative Jimenez, *et al.*, entitled

AN ACT RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO GOLDEN BROADCAST PROFESSIONAL, INC. UNDER REPUBLIC ACT NO. 8025,



ENTITLED "AN ACT GRANTING THE GOLDEN BROADCAST PROFESSIONAL, INC., A FRANCHISE TO CONSTRUCT, MAINTAIN AND OPERATE A STATION FOR FM RADIO AND TELEVISION BROADCASTING IN THE ISLAND OF MINDANAO," AND EXPANDING ITS COVERAGE TO THE ENTIRE PHILIPPINES,

recommending its approval with amendment.

Sponsor: Senator Poe

To the Calendar for Ordinary Business

Committee Report No. 63, submitted by the Committee on Public Services, on House Bill No. 4582, introduced by Representatives Sagarbarria and Alvarez (F.), entitled

AN ACT RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO GOLD LABEL BROADCASTING SYSTEM, INC. UNDER REPUBLIC ACT NO. 8087, ENTITLED "AN ACT GRANTING TO THE GOLD LABEL BROADCASTING SYSTEM, INC., A FRANCHISE TO ESTABLISH, MAINTAIN, AND OPERATE RADIO AND TELEVISION BROADCASTING STATIONS IN DUMAGUETE CITY AND OTHER AREAS IN THE VISAYAS AND MINDANAO WHERE FREQUENCIES AND/OR CHANNELS ARE STILL AVAILABLE FOR RADIO AND TELEVISION BROADCASTING,"

recommending its approval with amendment.

Sponsor: Senator Poe

To the Calendar for Ordinary Business

Committee Report No. 64, submitted by the Committee on Public Services, on House Bill No. 4463, introduced by Representatives Gonzales (A.) and Alvarez (F.), entitled

AN ACT EXTENDING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO FIRST

UNITED BROADCASTING CORPORATION, PRESENTLY KNOWN AS GLOBAL SATELLITE TECHNOLOGY SERVICES INC., AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 8079, AS AMENDED, ENTITLED "AN ACT GRANTING THE FIRST UNITED BROADCASTING CORPORATION (FUBC) A FRANCHISE TO CONSTRUCT, INSTALL, OPERATE AND MAINTAIN FOR COMMERCIAL PURPOSES RADIO AND TELEVISION BROADCASTING STATIONS ANYWHERE IN THE PHILIPPINES, AND FOR OTHER PURPOSES,"

recommending its approval with amendment.

Sponsor: Senator Poe

To the Calendar for Ordinary Business

SPECIAL ORDERS

Upon motion of Senator Zubiri, there being no objection, the Body approved the transfer of the following from the Calendar for Ordinary Business to the Calendar for Special Orders:

1. Committee Report No. 59 on House Bill No. 4583;
2. Committee Report No. 60 on House Bill No. 4584;
3. Committee Report No. 61 on House Bill No. 5490;
4. Committee Report No. 62 on House Bill No. 4581;
5. Committee Report No. 63 on House Bill No. 4582; and
6. Committee Report No. 64 on House Bill No. 4463.

FRANCHISE BILLS

Upon motion of Senator Zubiri, there being no objection, the following broadcast franchise bills were considered, on Second Reading, one after the other:

1. House Bill No. 4583 (Committee Report No. 59), entitled



AN ACT RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO BROADCAST ENTERPRISES AND AFFILIATED MEDIA, INC. UNDER REPUBLIC ACT NO. 8098 TO CONSTRUCT, INSTALL, ESTABLISH, OPERATE, AND MAINTAIN RADIO AND TELEVISION BROADCASTING STATIONS IN THE PHILIPPINES;

2. House Bill No. 4584 (Committee Report No. 60), entitled

AN ACT RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO CRUSADERS BROADCASTING SYSTEM, INC., UNDER REPUBLIC ACT NO. 8091 ENTITLED "AN ACT GRANTING THE CRUSADERS BROADCASTING SYSTEM, INC., A FRANCHISE TO CONSTRUCT, ESTABLISH, OPERATE AND MAINTAIN COMMERCIAL RADIO AND TELEVISION BROADCASTING STATIONS WITHIN THE PHILIPPINES";

3. House Bill No. 5490 (Committee Report No. 61), entitled

AN ACT RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO BICOL BROADCASTING SYSTEMS, INC. UNDER REPUBLIC ACT NO. 8092, ENTITLED "AN ACT GRANTING THE BICOL BROADCASTING SYSTEMS, INC. (BBSI), A FRANCHISE TO ESTABLISH, OPERATE AND MAINTAIN COMMERCIAL RADIO AND TELEVISION BROADCASTING STATIONS IN REGION V";

4. House Bill No. 4581 (Committee Report No. 62), entitled

AN ACT RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO GOLDEN BROADCAST PROFESSIONAL, INC. UNDER REPUBLIC ACT NO. 8025 ENTITLED "AN ACT GRANTING THE GOLDEN BROADCAST PROFESSIONAL, INC. A FRANCHISE TO CONSTRUCT, MAINTAIN AND OPERATE A STATION FOR FM RADIO AND TELEVISION BROADCASTING IN THE ISLAND OF MINDANAO AND EXPANDING ITS COVERAGE TO THE ENTIRE PHILIPPINES";

5. House Bill No. 4582 (Committee Report No. 63), entitled

AN ACT RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO GOLD LABEL BROADCASTING SYSTEM, INC. UNDER REPUBLIC ACT NO. 8087 ENTITLED "AN ACT GRANTING TO THE GOLD LABEL BROADCASTING SYSTEM, INC. A FRANCHISE TO ESTABLISH, MAINTAIN AND OPERATE RADIO AND TELEVISION BROADCASTING STATIONS IN DUMAGUETE CITY AND OTHER AREAS IN THE VISAYAS AND MINDANAO WHERE FREQUENCIES AND/OR CHANNELS ARE STILL AVAILABLE FOR RADIO AND TELEVISION BROADCASTING"; and

6. Committee Report No. 64 on House Bill No. 4463, entitled

AN ACT EXTENDING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO FIRST UNITED BROADCASTING CORPORATION, PRESENTLY KNOWN AS GLOBAL SATELLITE TECHNOLOGY SERVICES INC., AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 8079, AS AMENDED, ENTITLED "AN ACT GRANTING THE FIRST UNITED BROADCASTING CORPORATION (FUBC) A FRANCHISE TO CONSTRUCT, INSTALL, OPERATE AND MAINTAIN FOR COMMERCIAL PURPOSES RADIO AND TELEVISION BROADCASTING STATIONS ANYWHERE IN THE PHILIPPINES, AND FOR OTHER PURPOSES."

Pursuant to Section 67, Rule XXIII of the Rules of the Senate, with the permission of the Body, upon motion of Senator Zubiri, only the titles of the bills were read without prejudice to the insertion of their full text into the Record of the Senate.

OMNIBUS SPONSORSHIP SPEECH OF SENATOR POE

Upon motion of Senator Drilon, there being no objection, the Body allowed the omnibus sponsorship speech of Senator Poe on the broadcast franchise bills deemed read and inserted into the record without prejudice to their individual consideration.



Following is the full text of Senator Poe's omnibus sponsorship speech:

As a Member of the Senate Committee on Public Services, it is my honor to present to the Body six (6) bills which seek to renew the legislative franchises granted to different broadcast stations.

For more than a century, broadcasting has provided crucial lines of communication between and among communities. It served as an important source of information on a range of issues and a strategic tool for informed decision-making of the citizenry. *Sa Pilipinas, ang brodkasting, partikular na ang TV at radyo, ay naging parte na ng pang-araw araw na pamumuhay ng bawat Pilipino.* Even with the growing presence of internet and social media, we still source most of our daily information needs like news, weather, politics and even our favorite *teleseryes* from mainstream media.

The franchises that I am sponsoring today are relatively small or limited in scope compared to the big broadcast and telecom giants that dominate the airwaves. Nevertheless, we made sure to standardize the contents of all franchises regardless of popularity and extent of coverage. In view of our mandate and responsibility to issue franchises, *inaral nating maigi ang mga prangkisang ito at humingi tayo ng tulong mula sa iba't-ibang ahensiya tulad ng Securities and Exchange Commission (SEC), National Telecommunications Commission (NTC) at Bureau of Internal Revenue (BIR) upang masigurong nakapag-comply sa mga requirements ang mga franchise applicants.* Similarly, we accord premium to the referral of the House of Representatives to this Chamber.

For brevity, I will enumerate the House bills for renewal and provide a brief description of each.

House Bill No. 4583, under Committee Report No. 59, seeks to renew the franchise of Broadcast Enterprises and Affiliated Media (BEAM). *Kilala ang BEAM dahil sa Free-to-Air UHF Channel 31 nito na sineserbisyuhan ang mga malalaking siyudad tulad ng Manila, Cebu at Davao, gayundin ang Baguio, Naga, Iloilo at Zamboanga;*

House Bill No. 4584, under Committee Report No. 60, seeks to renew the franchise of Crusaders Broadcasting System, Inc. *na nakilala bilang isang music station noong panahon ng martial law but is now airing religious programs under DWAD Now Radio;*

House Bill No. 5490, under Committee Report No. 61, seeks to renew the franchise of Bicol Broadcasting Systems, Inc. *Ang Bicol Broadcasting Systems ay nakabase sa Naga City at sineserbisyuhan ang mga kababayan natin sa kabuuan ng Bicol Region;*

House Bill No. 4581, under Committee Report No. 62, seeks to renew the franchise of Golden Broadcast Professional Inc. (or GBPI) *na kilala sa teleradyo program nitong Dateline at talkshow na "No Holds Barred";*

House Bill No. 4582, under Committee Report No. 63, seeks to renew the franchise of Gold Label Broadcasting System, Inc. Gold Label Broadcasting is located in Dumaguete City and primarily aims to serve the people of Dumaguete and selected areas in Visayas and Mindanao;

Lastly, House Bill No. 4463, under Committee Report No. 64, seeks to renew the franchise of Global Satellite Technology Services, Inc. (or GSAT). *Kilala ang GSAT sa malawak nitong satellite coverage kaya naman naseserbisyuhan ang ating mga kababayan na hindi naabot ng cable TV.* With its vast satellite footprint, it also provides international content from nearby countries like Japan and South Korea;

If passed into law, *makakasama po natin ang anim (6) na franchise applicants, hindi lang sa pamamahagi ng impormasyon kundi maging sa pagbibigay oportunidad, at higit sa lahat trabaho para sa maraming Pilipino.*

I believe this is a great opportunity to help our country and our people. I thus seek the speedy approval of the six (6) broadcast franchise bills. *Nawa'y maging mabubuti silang kompanya at tagapag-balita ng ating bayan, at ng Pilipinas.*

SUSPENSION OF CONSIDERATION OF HOUSE BILL NOS. 4583, 4584, 5490, 4581, 4582, AND 4463

Upon motion of Senator Zubiri, there being no objection, the Body suspended consideration of House Bill Nos. 4583, 4584, 5490, 4581, 4582 and 4463.

COMMITTEE REPORT NO. 38 ON HOUSE BILL NO. 4961

(Continuation)

Upon motion of Senator Zubiri, there being no objection, the Body resumed consideration, on Second Reading, of House Bill No. 4961 (Committee Report No. 38), entitled

AN ACT CREATING A BARANGAY TO
BE KNOWN AS BARANGAY H-2 IN
THE CITY OF DASMARIÑAS,
PROVINCE OF CAVITE.

Senator Zubiri stated that the parliamentary status was the period of interpellations.

Thereupon, the Chair recognized Senator Tolentino, sponsor of the measure, and Senator Drilon for his interpellation.

INTERPELLATION OF SENATOR DRILON

Senator Drilon recalled that the power to create barangays is lodged in the provincial board or in the city council as the case may be, as provided in the Local Government Code. Replying in the affirmative, Senator Tolentino said that under Section 285 of the Local Government Code, "A barangay may be created, divided, merged, abolished and its boundaries substantially altered by law or by an ordinance of the *Sangguniang Panlalawigan* or the *Sangguniang Panglungsod* or the *Sangguniang Pambayan* as then case may be.

Asked why the barangays are considered to be created when in fact the way that the provision was read, the power to create barangays has been delegated to the provincial or city council. Senator Tolentino explained that barangays created by law have a distinct judicial personality recognized in the roster of those allowed to receive the proportionate share of the internal revenue allotment (IRA).

Senator Drilon said that as far as he was concerned, the real reason why Congress accommodates and approves the creation of barangay by law is that barangays created only by the provincial board and the city council are not accorded the respect of sharing in the IRA. He lamented that only when it is created by law that a duly created barangay would be given its share of the IRA.

Senator Tolentino said that aside from the important allocation of IRA, barangays created by Congress are allowed to participate in and are recognized by other agencies, specifically, the DSWD and the DILG, in terms of projects. He said that the law would elevate the status of a locally-created barangay to the status of barangays similarly situated and the end result is that there would be no more discrimination insofar as recognition. He said that

even the Commission on Elections would have the barangay as part of their project precincts. He said that even some members of the Body who were formerly with the LGUs would agree that even DepEd gives more emphasis to a nationally-created barangay.

Asked whether there should be any basis for treating barangays created by the provincial board and the city council as second-class barangays, Senator Tolentino replied in the negative.

Senator Drilon agreed to the observation that there should be no basis for such treatment of a barangay, and he expressed hope that the unfair and unjust situation could be corrected so that the power delegated by Congress to the provincial boards and city councils would be given appropriate respect and recognition. He said that he was glad that Senator Tolentino confirmed that there was no legal basis for the discriminatory practices and the reason why there are so many bills in the calendar of such nature is that there are barangays which suffer from discrimination. In closing, he said that he interposes no opposition to the passage of the measure.

**TERMINATION OF THE PERIOD
OF INTERPELLATIONS**

There being no further interpellation, upon motion of Senator Zubiri, there being no objection, the Body closed the period of interpellations and proceeded to the period of amendments.

**TERMINATION OF THE PERIOD
OF AMENDMENTS**

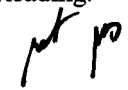
There being no committee or individual amendment, upon motion of Senator Zubiri, there being no objection, the Body closed the period of amendments.

COSPONSORS

Upon motion of Senator Zubiri, there being no objection, all the Members present were made cosponsors of House Bill No. 4961.

**APPROVAL OF HOUSE BILL NO. 4961
ON SECOND READING**

Submitted to a vote, there being no objection, House Bill No. 4961 was approved on Second Reading.



SUSPENSION OF CONSIDERATION OF HOUSE BILL NO. 4961

Upon motion of Senator Zubiri, there being no objection, the Body suspended consideration of the bill.

COMMITTEE REPORT NO. 39 ON HOUSE BILL NO. 2998 (Continuation)

Upon motion of Senator Zubiri, there being no objection, the Body resumed consideration, on Second Reading, of House Bill No. 2998 (Committee Report No. 39), entitled

AN ACT TRANSFERRING THE CAPITAL AND SEAT OF THE GOVERNMENT OF THE PROVINCE OF RIZAL FROM THE CITY OF PASIG, METRO MANILA TO THE CITY OF ANTIPOLO, PROVINCE OF RIZAL.

Senator Zubiri stated that the parliamentary status was still the period of interpellations.

Thereupon, the Chair recognized Senator Tolentino, sponsor of the measure, and Senator Drilon for his interpellation.

INTERPELLATION OF SENATOR DRILON

Asked by Senator Drilon when the Province of Rizal was created, Senator Tolentino replied that the province was created on June 11, 1901 by virtue of Act No. 137, and was headed by former Judge William Howard Taft, from Cleveland Ohio, who eventually became the President of the United States.

On whether Public Act No. 137 established Pasig as the capital of the province, Senator Tolentino said that he was not certain whether it was the capital at that time. He said that the Act referred to the creation of a politico-military district of Morong covering 33 towns including Caloocan, Makati, Valenzuela, Mandaluyong, Las Piñas and Parañaque. He recalled that the passage of Presidential Decree 824 that created Metropolitan Manila in 1975 produced an administratively disjunctive situation because several LGUs including Pasig were removed from Rizal to become part of the Metropolitan Manila but Pasig remained the capital and the provincial seat

of government, while Antipolo hosted the *de facto* provincial capitol.

Asked what congressional act made Pasig the capital of Rizal Province, Senator Tolentino pointed out that even though there was a physical transfer of the capital, no curative legislation was passed to that effect. As such, he said that the *Sangguniang Panlalawigan* of Rizal has been urging Congress to declare Antipolo as its capital.

At this juncture, Senate President Sotto inquired what town was declared the capital of the Province of Rizal under the 1901 law, Senator Drilon stated that Section 6 of Act 137 declared the town of Pasig as its capital. He said that PD 824 created confusion when the town of Pasig was included as part of Metropolitan Manila, but remained as the capital of Rizal. He averred that the proposed measure would correct the historical error and properly locate the capital of Rizal in Antipolo from Pasig, without amending Section 6 of Act 137.

Asked for the law that designated Antipolo as the capital of Rizal, Senator Tolentino stated that as early as 2013, the provincial government transferred its seat of government to Antipolo by way of a *Sangguniang* resolution.

Senator Drilon noted that the recognition of Antipolo as the *de facto* capital of Rizal was done without any law authorizing it. He said that he would propose, at the proper time, to include a provision that would make the City of Antipolo the capital of Rizal to solve the incongruity.

Senator Tolentino stated that the proposed measure seeks to give congressional recognition the city of Antipolo as the capital of Rizal Province. He informed the Body that aside from House Bill No. 2998, the Committee on Local Government was also looking into the possibility of amending Act 137, which was a law that was passed during the time of President Howard Taft that was approved by the US Congress at that time.

On whether the designation of a capital, municipality or city has any budgetary implication, Senator Tolentino stated that the designation of a city as the capital for purposes of administrative convenience and historical reason would augur well for the economic development not only of Antipolo City, but the entire province of Rizal.

Senator Drilon supposed that the designation of the appropriate capital by law would enable the provincial capitol to be legitimately and legally located in that designated municipality as the capital of the province. Senator Tolentino stated that even the regional trial courts would have to be properly placed in Rizal because it might appear that some of the functioning municipal and regional trial courts are still in Pasig, even if its jurisdiction is for Rizal.

Senator Drilon stated that by necessity, the courts would have to be in Antipolo; otherwise, it would be holding its *sala* in the Capitol Commons.

Asked by Senate President Sotto if voters of Antipolo City vote for the governor, Senator Tolentino informed the Body that Antipolo is still a component city and would still vote for its governor. Senate President Sotto believed that it was fitting for Antipolo to be the capital of Rizal.

MANIFESTATION OF SENATOR HONTIVEROS

Senator Hontiveros expressed appreciation on the well-prepared presentation of Senator Tolentino on the measure. She stated that it was an interesting topic of history of not just of the Philippine legislature but also of the US Congress. She said that the discussion not only clarified a confusing situation but also detailed the story of the province of Rizal and of Pasig City as its capital before being a part of Metro Manila.

She then expressed hope that the clarification would be communicated properly and that writing and telling the history of the Province of Rizal - Pasig as the capital then was the site of a lot of important political history as well as a gateway to all points east into the Province of Rizal; as well as Antipolo, a pilgrimage site which would soon be recognized as the capital of the Province of Rizal.

Senator Hontiveros then thanked Senator Tolentino for the very interesting and illuminating discussion.

TERMINATION OF THE PERIOD OF INTERPELLATIONS

There being no further interpellation, upon motion of Senator Zubiri, there being no objection, the Body closed the period of interpellations and proceeded to the period of amendments.

TERMINATION OF THE PERIOD OF AMENDMENTS

There being no committee or individual amendment, upon motion of Senator Zubiri there being no objection, the Body closed the period of amendments.

APPROVAL OF HOUSE BILL NO. 2998 ON SECOND READING

Submitted to a vote, there being no objection, House Bill No. 2998 was approved on Second Reading.

SUSPENSION OF CONSIDERATION OF HOUSE BILL NO. 2998

Upon motion of Senator Zubiri, there being no objection, the Body suspended consideration of the bill.

SPECIAL ORDER

Upon motion of Senator Zubiri, there being no objection, the Body approved the transfer of Committee Report No. 58 on Senate Bill No. 1382 from the Calendar for Ordinary Business to the Calendar for Special Orders.

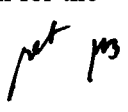
COMMITTEE REPORT NO. 58 ON SENATE BILL NO. 1382

Upon motion of Senator Zubiri, there being no objection, the Body considered, on Second Reading, Senate Bill No. 1382 (Committee Report No. 58), entitled

AN ACT PROVIDING THE NATIONAL ENERGY POLICY AND REGULA- TORY FRAMEWORK FOR THE USE OF ELECTRIC VEHICLES, AND THE ESTABLISHMENT OF ELECTRIC CHARGING STATIONS.

Pursuant to Section 67, Rule XXIII of the Rules of the Senate, with the permission of the Body, upon motion of Senator Zubiri, only the title of the bill was read without prejudice to the insertion of its full text into the Record of the Senate.

The Chair recognized Senator Gatchalian for the sponsorship.



SPONSORSHIP SPEECH OF SENATOR GATCHALIAN

In sponsoring Senate Bill No. 1382, Senator Gatchalian delivered the following speech:

The full text of Senator Gatchalian's sponsorship speech follows:

On March 14, 2017, the Senate voted to ratify the Paris Agreement, an ambitious multi-lateral convention which seeks to substantially reduce greenhouse gas emissions worldwide by 2030. The Philippines made one of the most determined declarations among all countries under the Paris Agreement when we undertook to reduce our greenhouse gas emissions by 70% by 2030.

During remarks delivered on the Floor in favor of the ratification, this representation noted that our ability to make good on this lofty promise would be contingent upon the accessibility of new technologies to reduce emissions in an economically responsible manner.

The bill we are sponsoring will increase accessibility and economic viability of key emerging technology which will help the Philippines meet its emissions reduction goals: the electric vehicle, or EV for short.

Before I discuss the salient features of Senate Bil 1382, otherwise known as the "Electric Vehicles and Charging Stations Act," let me provide some data on the great potential of EVs in reducing Philippine greenhouse gas emissions, fostering greater energy independence for our country, and providing economic savings for industry and households.

According to the Department of Energy, the Philippines imported an estimated 97% of the total crude supply in 2019, with the first half of the year showing 74% being imported from the Middle East alone. This means we are almost completely dependent on foreign powers to fuel the day-to-day workings of our economy, including even the act of getting to and from the office daily.

The transport sector, in fact, accounts for the largest share in the total final energy consumption at 35%, 88% of which is for road transport. This share is expected to increase given the increasing number of motor vehicles in the country.

In 2014, the Land Transportation Office estimates that there were eight million registered

motor vehicles including motorcycles in the country. Assuming a 10% increase every year, the Department of Energy estimates that the number will go up to over 90 million by 2040.

The dominance of fossil fuel-powered vehicles in the Philippine market has had severe repercussions for the environment. The transport sector is the second highest contributor in the Philippines' greenhouse gas emissions in 2016 at 31.6%.

Overall, motor vehicles in the country released 34.7 million tons of CO2 equivalent into the environment in the year 2016 alone.

Based on the current trajectory of Philippine greenhouse gas emissions, we will not be able to reduce emissions by 70%, let alone by 0.1%, from now until 2030. Instead, we are looking at an approximate 150% increase in emissions to around 250 million tons of CO2 equivalent per annum by 2030, with the transport sector having an annual average growth rate of 5.3%.

Despite all of these, however, EVs represent but a miniscule share of the Philippine market. Only 0.3% of the country's transport energy demand is serviced by electricity. Then again, this is not surprising considering that according to the 2014 data of the Philippine Statistics Authority, there are only 145 light electric vehicles in the country compared to 1.9 million diesel and 6.1 million gasoline vehicles.

The tiny market share of EVs in the Philippines can be attributed to two main reasons. The first is that electric vehicles—whether battery electric vehicles, hybrid-electric vehicles, or plug-in hybrid-electric vehicles—are significantly more expensive than internal combustion engine or ICE vehicles running on gasoline or diesel. A comparative cost analysis of ICE vehicles and their EV equivalents in the Philippine Electric Vehicle Policy Analysis Report shows that battery EV small car models cost between 1.08 to more than 2 times than that of their ICE vehicle counterparts. Meanwhile, the P1.6 million cost of an electric jeepney is roughly twice the cost of the standard diesel jeepneys which currently service the majority of PUV cost. The second reason is the lack of a national infrastructure of charging stations for electric vehicles. This makes it impractical for individuals to invest in EVs, and impossible for businesses to transition to heavy EVs for industrial long-haul purposes.

The Electric Vehicles and Charging Stations Act seeks to address these barriers head-on by establishing a national policy framework to mainstream the use of the EVs in the private and

public sectors. This legislation outlines policies to spur demand generation for and industry development of EVs.

To facilitate practical and convenient use of EVs, gasoline stations nationwide will be required to provide space for the installation of charging stations. These charging stations will be run by the owners of the gasoline stations themselves or by third party service providers. Additionally, all public and private buildings constructed after the effectivity of this Act shall be required to designate dedicated parking slots for the exclusive use of EVs. These parking slots will double as charging stations to further widen the nationwide network of charging stations. Furthermore, the bill mandates large industrial and commercial companies, public transportation operators, and government agencies and instrumentalities to adopt a minimum 5% share of EVs within their respective fleets. Local government units are also tasked to create green routes for electrified public utility vehicle fleets.

To parry the high cost of EVs until its eventual parity with ICE vehicles, fiscal and non-fiscal incentives are provided for the importation, utilization, and manufacture of EVs. This includes a 9-year exemption from value-added tax, customs duties, and discounts on the Motor Vehicles User's Charge as well as expedited registration procedures for EV users. Moreover, the Department of Trade and Industry and the Board of Investments are mandated to establish a time-bound, targeted, performance-based, and transparent EV incentive strategy to attract EV and EV parts manufacturing.

This bill also provides whole-of-government approach to the development of the EV sector through, first, the creation of a Comprehensive EV Roadmap to be undertaken primarily by the DOE together with the DOTr, DTI, BOI, and DOST; and second, the assignment of specific duties and responsibilities for these agencies including ERC, DENR, DPWH, and the LGUs to guarantee the law's effective implementation. This synergistic government policy framework will ensure that all aspects of the EV policy will be formulated and implemented by the most capable agency for that purpose.

If implemented correctly, we estimate that the electrification of the Philippine fleet of vehicles could end up reducing oil consumption in the country by as much as 146.56 million barrels a year. This would create savings of \$9.8 billion or P490 billion per year. Essentially, this bill is good for the environment and good for our wallets, too.

Considering the seismic environmental and economic implications of this bill, I join the honorable coauthors of this legislators, namely, Senate President Pro-Tempore Ralph Recto, Senator Kiko Pangilinan, Senator Migz Zubiri, Senator Manny Pacquiao, Senator Grace Poe, and Senator Koko Pimentel in sponsoring this measure and urging the Chamber to approve the same.

COSPONSORSHIP SPEECH OF SENATOR ZUBIRI

Pursuant to the manifestation of Senator Zubiri, the following is his cosponsorship speech on Senate Bill No. 1382:

Go through any major thoroughfare in any of our major cities, and you can practically see air pollution as it happens. *Lahat po tayo naperwisyo na ng mga lumang sasakyan na bumubuga ng itim na usok.* Many of us are lucky, in that we are protected in the safety of our private cars. Many more do not have this luxury. Commuters and pedestrians and drivers themselves have little choice but to breathe in this polluted air.

Since many of our motorists still use diesel, up to 70% of our total air pollution is from vehicular emissions – more than even power plants and factories, which are often thought to be worst culprits of air pollution. This alarming percentage presents a host of complications: it affects the health of our people by increasing the risk of respiratory diseases, and it affects the health of this planet by being a major contributor to climate change.

We need cleaner and greener vehicles. We can no longer afford to be largely reliant on fossil fuel to power our day-to-day lives, and what better space to spearhead change in than the transport sector? As transportation is the largest contribution to air pollution, it should be our priority in our national shift to clean energy.

To effectively green the transport sector, we must incentivize manufacturers, assemblers, and importers of electric vehicles and charging ports, which is what we are seeking to do with the Electric Vehicles and Charging Stations Act. There are many private entities out there who are committed to finding innovative energy solutions that will combat our pollutive emissions. Let us work with them to bring those solutions to fruition.

Apart from that, we are also introducing benefits to our end-users who choose to switch



over to electric vehicles. They will have priority status for vehicles registration and issuance of plate number, priority status for franchise application, and exemption from the number-coding scheme. Also, new businesses and commercial establishments will be mandated to provide exclusive parking spaces for green vehicles.

We must do all that we can to help our manufacturers and motorists shift to clean energy. It is for the good of our people, and of our planet. I am enjoining my colleagues to see to the passage of the Electric Vehicles and Charging Stations Act, before it is too late.

**SUSPENSION OF CONSIDERATION
OF SENATE BILL NO. 1382**


Upon motion of Senator Zubiri, there being no objection, the Body suspended consideration of the bill.

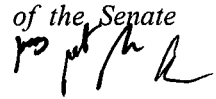
ADJOURNMENT OF SESSION

Upon motion of Senator Zubiri, there being no objection, the Chair declared the session adjourned until three o'clock in the afternoon of the following day.

It was 6:47 p.m.

I hereby certify to the correctness of the foregoing.


ATTY. MYRA MARIE D. VILLARICA
Secretary of the Senate



Approved on March 9, 2020