



**REPUBLIC OF THE PHILIPPINES**

**S e n a t e**

**Pasay City**

# **Journal**

**SESSION NO. 18**

Monday, September 6, 2004

**THIRTEENTH CONGRESS  
FIRST REGULAR SESSION**

**SESSION NO. 18**  
Monday, September 6, 2004

**CALL TO ORDER**

At 3:31 p.m., the Senate President, Hon. Franklin M. Drilon, called the session to order.

**PRAYER**

Sen. Ma. Ana Consuelo "Jamby" A. S. Madrigal read the *Prayer of St. Francis of Assisi*, to wit:

Lord, make me an instrument of Your peace:  
where there is hatred, let me sow love;  
where there is injury, pardon;  
where there is doubt, faith;  
where there is despair, hope;  
where there is darkness, light;  
and where there is sadness, joy.

O Divine Master, grant that I may not so  
much seek  
to be consoled as to console,  
to be understood as to understand,  
to be loved as to love.

For it is in giving that we receive,  
it is in pardoning that we are pardoned,  
and it is in dying that we are born  
to eternal life.

Amen.

**NATIONAL ANTHEM**

The Himig Antonio Youth Choir of St. Anthony Academy of Quezon City led the singing of the national anthem and thereafter rendered the song entitled, "*Mabuhay Ka, Pilipino.*"

**ROLL CALL**

Upon direction of the Chair, the Secretary of the Senate, Oscar G. Yabes, called the roll, to which the following senators responded:

Arroyo, J. P.	Lacson, P. M.
Biazon, R. G.	Lapid, M. L. M.
Cayetano, C. P. S.	Lim, A. S.
Defensor Santiago, M.	Madrigal, M. A.
Drilon, F. M.	Magsaysay Jr., R. B.
Ejercito Estrada, J.	Osmeña III, S. R.
Ejercito Estrada, L. L. P.	Pimentel Jr., A. Q.
Enrile, J. P.	Revilla Jr., R. B.
Flavier, J. M.	Roxas, M.
Gordon, R. J.	Villar Jr., M. B.

With 20 senators present, the Chair declared the presence of a quorum.

Senator Recto arrived after the roll call.

Senator Angara was on official mission.

Senator Pangilinan was on leave.

**APPROVAL OF THE JOURNAL**

Upon motion of Senator Flavier, there being no objection, the Body dispensed with the reading of the Journal of Session No. 17 and considered it approved.

**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. 1051, entitled

AN ACT STRENGTHENING THE  
POLITICAL PARTY SYSTEM,  
APPROPRIATING FUNDS THERE-  
FOR, AND FOR OTHER PURPOSES

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Introduced by Senator Angara

**To the Committees on Constitutional Amendments, Revision of Codes and Laws; and Finance**

Senate Bill No. 1052, entitled

AN ACT INSTITUTIONALIZING REFORMS IN LAND ADMINISTRATION, CREATING FOR THE PURPOSE THE LAND ADMINISTRATION AUTHORITY AND FOR OTHER PURPOSES

Introduced by Senator Angara

**To the Committees on Justice and Human Rights; Civil Service and Government Reorganization; and Ways and Means**

Senate Bill No. 1053, entitled

AN ACT PROHIBITING THE USE OF THE WORD "MUSLIM" OR "ISLAMIC" IN PRINT, RADIO, TELEVISION AND OTHER FORMS OF BROADCAST MEDIA TO REFER TO OR DESCRIBE ANY PERSON CONVICTED OF ANY CRIME, OR SUSPECTED OF COMMITTING ANY UNLAWFUL ACT, AND PROVIDING PENALTIES THEREFOR

Introduced by Senator Angara

**To the Committee on Public Information and Mass Media**

Senate Bill No. 1054, entitled

AN ACT INSTITUTIONALIZING A SCHOOL MODERNIZATION AND INNOVATION PROGRAM FOR PUBLIC ELEMENTARY AND SECONDARY SCHOOLS, PROVIDING FUNDS THEREFOR, AND FOR OTHER PURPOSES

Introduced by Senator Angara

**To the Committees on Education, Arts and Culture; and Finance**

Senate Bill No. 1055, entitled

AN ACT PROVIDING ADDITIONAL INSURANCE BENEFITS TO BARANGAY CAPTAINS, PROVIDING FUNDS FOR THE PAYMENT OF PREMIUMS, AND FOR OTHER PURPOSES

Introduced by Senator Angara

**To the Committees on Government Corporations and Public Enterprises; Local Government; and Finance**

Senate Bill No. 1056, entitled

AN ACT AMENDING CERTAIN SECTIONS OF PRESIDENTIAL DECREE NUMBERED SIX HUNDRED, OTHERWISE KNOWN AS THE MARINE POLLUTION DECREE OF 1974

Introduced by Senator Angara

**To the Committees on Environment and Natural Resources; Public Services; and Finance**

Senate Bill No. 1057, entitled

AN ACT CREATING AN ADVANCED STUDIES DEVELOPMENT PROGRAM FOR EXCEPTIONAL EMPLOYEES FROM THE GOVERNMENT AND THE PRIVATE SECTOR AND FOR OTHER PURPOSES

Introduced by Senator Angara

**To the Committees on Education, Arts and Culture; Civil Service and Government Reorganization; and Finance**

## Senate Bill No. 1058, entitled

AN ACT RATIONALIZING THE FORFEITURE AND DISPOSITION OF PROPERTY SEIZED BY THE BUREAU OF CUSTOMS, AMENDING FOR THE PURPOSE CERTAIN SECTIONS OF THE TARIFF AND CUSTOMS CODE OF THE PHILIPPINES, AS AMENDED

Introduced by Senator Angara

To the Committee on Ways and Means

## Senate Bill No. 1059, entitled

AN ACT DECLARING THE SHEIKH KARIMUL MAKHDUM MOSQUE, CONSIDERED AS THE FIRST AND OLDEST MUSLIM HOUSE OF PRAYER OR MOSQUE IN THE PHILIPPINES, CONSTRUCTED IN 1380 A.D AT TUBIG, INDANGAN, SIMUNUL, PROVINCE OF TAWI-TAWI, AS A NATIONAL SHRINE, AND FOR OTHER PURPOSES

Introduced by Senator Angara

To the Committees on Education, Arts and Culture; and Finance

## Senate Bill No. 1060, entitled

AN ACT EXEMPTING BONDS ISSUED BY THE LAND BANK OF THE PHILIPPINES FOR LAND ACQUISITIONS FROM PAYMENT OF THE TWENTY PERCENT (20%) FINAL TAX ON INTEREST INCOME, AMENDING FOR THE SAID PURPOSE SECTION 24 (B) (1) OF REPUBLIC ACT 8424, OTHERWISE KNOWN AS THE TAX REFORM ACT OF 1997

Introduced by Senator Angara

To the Committee on Ways and Means

## Senate Bill No. 1061, entitled

AN ACT PROVIDING FOR THE LEGITIMATION OF CHILDREN BORN TO PARENTS BELOW MARRYING AGE, AMENDING FOR THE PURPOSE THE FAMILY CODE OF THE PHILIPPINES, AS AMENDED

Introduced by Senator Angara

To the Committees on Youth, Women and Family Relations; and Constitutional Amendments, Revision of Codes and Laws

## Senate Bill No. 1062, entitled

AN ACT AMENDING REPUBLIC ACT NO. 9136, OTHERWISE KNOWN AS THE ELECTRIC POWER INDUSTRY REFORM ACT OF 2001 AND FOR OTHER PURPOSES

Introduced by Senator Angara

To the Committees on Energy; Public Services; and Ways and Means

## Senate Bill No. 1063, entitled

AN ACT CREATING A DENTAL UNIT IN EVERY RURAL HEALTH UNIT UNDER THE DEPARTMENT OF HEALTH AS PART OF THE PRIMARY HEALTH CARE APPROACH IN THE DELIVERY OF HEALTH SERVICES AND PROVIDING FUNDS THEREFOR

Introduced by Senator Angara

To the Committees on Health and Demography; and Finance

## Senate Bill No. 1064, entitled

AN ACT AMENDING REPUBLIC ACT NO. 8545, OTHERWISE KNOWN AS THE "EXPANDED

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GOVERNMENT ASSISTANCE TO STUDENTS AND TEACHERS IN PRIVATE EDUCATION ACT" PROVIDING FOR AN EXPANDED VOUCHER OR COUPON SYSTEM IN SECONDARY AND TERTIARY EDUCATION, AND APPROPRIATING FUNDS THEREFOR

Introduced by Senator Angara

**To the Committees on Education, Arts and Culture; and Finance**

Senate Bill No. 1065, entitled

AN ACT UPGRADING THE MINIMUM SALARY GRADE LEVEL OF TEACHERS FROM SALARY GRADE 10 TO 19

Introduced by Senator Angara

**To the Committees on Education, Arts and Culture; Civil Service and Government Reorganization; and Finance**

Senate Bill No. 1066, entitled

AN ACT TO STRENGTHEN THE UNIVERSITY OF THE PHILIPPINES AS THE NATIONAL UNIVERSITY

Introduced by Senator Angara

**To the Committees on Education, Arts and Culture; Ways and Means; and Finance**

Senate Bill No. 1067, entitled

AN ACT PROVIDING FOR A SCHOOL NUTRITION PROGRAM AND FOR OTHER PURPOSES

Introduced by Senator Angara

**To the Committees on Education, Arts and Culture; Health and Demography; Ways and Means; and Finance**

Senate Bill No. 1068, entitled

AN ACT PROVIDING FOR A FIVE-YEAR EMERGENCY SCHOOL BUILDING PROGRAM, APPROPRIATING FUNDS THEREFOR

Introduced by Senator Angara

**To the Committees on Education, Arts and Culture; Public Works; and Finance**

Senate Bill No. 1069, entitled

AN ACT AMENDING CERTAIN PROVISIONS OF REPUBLIC ACT NO. 8436, OTHERWISE KNOWN AS AN ACT AUTHORIZING THE COMMISSION ON ELECTIONS TO USE AN AUTOMATED ELECTION SYSTEM IN THE MAY 11, 1998 NATIONAL OR LOCAL ELECTIONS AND IN SUBSEQUENT NATIONAL AND LOCAL ELECTORAL EXERCISES, PROVIDING FUNDS THEREFOR AND FOR OTHER PURPOSES

Introduced by Senator Angara

**To the Committee on Constitutional Amendments, Revision of Codes and Laws**

Senate Bill No. 1070, entitled

AN ACT DECLARING AN ELECTIVE OFFICIAL IP SO FACTO RESIGNED FROM HIS ELECTIVE OFFICE UPON THE FILING OF HIS CERTIFICATE OF CANDIDACY

Introduced by Senator Angara

**To the Committee on Constitutional Amendments, Revision of Codes and Laws**

Senate Bill No. 1071, entitled

AN ACT ESTABLISHING AN EMERGENCY MEASURE TO ALLEVIATE THE PLIGHT OF

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COCONUT FARMERS ADVERSELY  
AFFECTED BY LOW PRICES OF  
COPRA AND OTHER COCONUT  
PRODUCTS, AND PROVIDING  
FUNDS THEREFOR

Introduced by Senator Angara

**To the Committees on Agriculture and Food;  
and Finance**

Senate Bill No. 1072, entitled

AN ACT AMENDING ARTICLE 334  
OF ACT NO. 3915, AS AMENDED,  
OTHERWISE KNOWN AS THE  
REVISED PENAL CODE

Introduced by Senator Angara

**To the Committees on Constitutional  
Amendments, Revision of Codes and Laws;  
and Youth, Women and Family Relations**

Senate Bill No. 1073, entitled

AN ACT PROVIDING FOR BENEFITS  
TO MILITARY DEPENDENTS,  
CREATING THE MILITARY  
DEPENDENTS WELFARE OFFICE,  
APPROPRIATING FUNDS  
THEREFOR AND FOR OTHER  
PURPOSES

Introduced by Senator Angara

**To the Committees on National Defense  
and Security; and Finance**

Senate Bill No. 1074, entitled

AN ACT EXTENDING THE TERM  
OF BARANGAY OFFICIALS AND  
THE SETTING OF THE DATE OF  
THE ELECTION OF BARANGAY  
OFFICIALS, AMENDING REPUBLIC  
ACT NO. 9164

Introduced by Senator Angara

**To the Committees on Constitutional  
Amendments, Revision of Codes and Laws;  
and Local Government**

Senate Bill No. 1075, entitled

AN ACT AMENDING THE  
AGRICULTURAL AND FISHERIES  
MODERNIZATION ACT (AFMA),  
OTHERWISE KNOWN AS  
REPUBLIC ACT 8435 BY  
PROVIDING FOR THE GRANT  
OF VAT EXEMPTION TO ALL  
ENUMERATED AGRICULTURAL  
INPUTS

Introduced by Senator Angara

**To the Committees on Ways and Means;  
and Agriculture and Food**

Senate Bill No. 1076, entitled

AN ACT ESTABLISHING A NATIONAL  
IDENTIFICATION SYSTEM IN  
THE PHILIPPINES, CONSTITUTING  
FOR THE PURPOSE THE  
NATIONAL REGISTRATION  
COORDINATING COUNCIL, AND  
FOR OTHER PURPOSES

Introduced by Senator Angara

**To the Committees on Constitutional  
Amendments, Revision of Codes and Laws;  
and Finance**

Senate Bill No. 1077, entitled

AN ACT TO ACCELERATE THE  
DEVELOPMENT OF IDLE AND  
UNDERUTILIZED AGRICULTURAL  
LANDS AS A MEANS TO GENERATE  
RURAL EMPLOYMENT

Introduced by Senator Angara

**To the Committees on Agriculture and  
Food; and Finance**

Senate Bill No. 1078, entitled

AN ACT PRESCRIBING STRICTER  
PENALTIES ON THE CRIME  
OF DELIVERING PRISONERS  
FROM JAIL AND INFIDELITY IN  
THE CUSTODY OF PRISONERS,

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AMENDING FOR THE PURPOSE  
ARTICLES 156, 223 AND 224 OF  
REPUBLIC ACT NO. 3815, AS  
AMENDED, OTHERWISE KNOWN  
AS THE REVISED PENAL CODE,  
AND FOR OTHER PURPOSES

Introduced by Senator Angara

**To the Committees on Justice and Human  
Rights; and Constitutional Amendments, Revision  
of Codes and Laws**

Senate Bill No. 1079, entitled

AN ACT PROVIDING FOR INVESTMENT  
INCENTIVES TO ACCELERATE  
DEVELOPMENT IN MINDANAO,  
CREATING THE MINDANAO  
INCENTIVES DEVELOPMENT  
AUTHORITY FOR THIS PURPOSE,  
AND FOR OTHER PURPOSES

Introduced by Senator Angara

**To the Committees on Government  
Corporations and Public Enterprises; Economic  
Affairs; Ways and Means; and Finance**

Senate Bill No. 1080, entitled

AN ACT CREATING THE MINDANAO  
RAILWAYS CORPORATION,  
PRESCRIBING ITS POWERS,  
FUNCTIONS AND DUTIES,  
AND PROVIDING FOR THE  
NECESSARY FUNDS FOR ITS  
OPERATION

Introduced by Senator Angara

**To the Committees on Government  
Corporations and Public Enterprises; Public  
Services; Ways and Means; and Finance**

Senate Bill No. 1081, entitled

AN ACT ESTABLISHING A  
NATIONAL TOURISM POLICY  
AND FOR OTHER PURPOSES

Introduced by Senator Angara

**To the Committees on Tourism; and Finance**

Senate Bill No. 1082, entitled

AN ACT TO ABOLISH THE PENALTY  
OF IMPRISONMENT IN LIBEL  
CASES, AMENDING FOR THE  
PURPOSE ARTICLES 355, 356, 357  
AND 360 OF ACT NO. 3815, AS  
AMENDED, OTHERWISE KNOWN  
AS THE REVISED PENAL CODE  
AND FOR OTHER PURPOSES

Introduced by Senator Angara

**To the Committees on Constitutional  
Amendments, Revision of Codes and Laws;  
and Public Information and Mass Media**

Senate Bill No. 1083, entitled

AN ACT DEFINING THE CRIME OF  
ART FORGERY, PROVIDING  
PENALTIES THEREOF AND  
CREATING THE ART  
AUTHENTICATION BOARD AND  
FOR OTHER PURPOSES

Introduced by Senator Angara

**To the Committees on Justice and Human  
Rights; Education, Arts and Culture; and  
Finance**

Senate Bill No. 1084, entitled

AN ACT GRANTING ADDITIONAL  
RETIREMENT BENEFITS TO  
MEMBERS OF THE JUDICIARY,  
AMENDING FOR THE PURPOSE  
REPUBLIC ACT NO. 910, AS  
AMENDED, AND FOR OTHER  
PURPOSES

Introduced by Senator Angara

**To the Committees on Justice and Human  
Rights; Civil Service and Government  
Reorganization; and Finance**

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## Senate Bill No. 1085, entitled

AN ACT PROVIDING BENEFITS TO DEPENDENTS OF PUBLIC SCHOOL TEACHERS AMENDING FOR THESE PURPOSES REPUBLIC ACT NUMBERED FORTY-SIX HUNDRED SEVENTY (R. A. NO. 4670), OTHERWISE KNOWN AS THE MAGNA CARTA FOR PUBLIC SCHOOL TEACHERS, AND FOR OTHER PURPOSES

Introduced by Senator Angara

**To the Committees on Education, Arts and Culture; and Cooperatives**

## Senate Bill No. 1086, entitled

AN ACT PROVIDING FOR A MAGNA CARTA OF SOCIAL WORKERS

Introduced by Senator Angara

**To the Committee on Social Justice, Welfare and Rural Development**

## Senate Bill No. 1087, entitled

AN ACT ESTABLISHING THE PHILIPPINE AIR FORCE ACADEMY (PAFA) AND APPROPRIATING FUNDS THEREFOR

Introduced by Senator Angara

**To the Committees on National Defense and Security; Education, Arts and Culture; and Finance**

## Senate Bill No. 1088, entitled

AN ACT CREATING THE QUEZON CANAL ZONE AUTHORITY, DEFINING ITS POWERS AND FUNCTION AND FOR OTHER PURPOSES

Introduced by Senator Angara

**To the Committees on Government Corporations and Public Enterprises; Public Services; Ways and Means; and Finance**

## Senate Bill No. 1089, entitled

AN ACT TO PROMOTE THE PROTECTION AND CONSERVATION OF THE NATIONAL HERITAGE, THE CREATION OF A NATIONAL HERITAGE COMMISSION, AND PROVIDING PENALTIES AND FOR OTHER PURPOSES

Introduced by Senator Angara

**To the Committees on Education, Arts and Culture; Ways and Means; and Finance**

## Senate Bill No. 1090, entitled

AN ACT TO INTEGRATE COMPUTER EDUCATION PROGRAM INTO THE EDUCATIONAL SYSTEM AND FOR OTHER PURPOSES

Introduced by Senator Angara

**To the Committees on Education, Arts and Culture; Ways and Means; and Finance**

## Senate Bill No. 1091, entitled

AN ACT CREATING THE CENTER FOR LEADING-EDGE EDUCATIONAL TECHNOLOGIES, PROVIDING FOR ITS ORGANIZATIONAL STRUCTURE, POWERS AND FUNCTIONS, AUTHORIZING THE APPROPRIATION OF FUNDS THEREOF, AND FOR OTHER PURPOSES

Introduced by Senator Angara

**To the Committees on Education, Arts and Culture; Ways and Means; and Finance**

## Senate Bill No. 1092, entitled

AN ACT PROVIDING FOR THE PRESERVATION AND PROTECTION OF TREES IN URBAN CITIES AND URBANIZED

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**MUNICIPALITIES, AND FOR  
OTHER PURPOSES**

Introduced by Senator M. A. Madrigal

**To the Committees on Environment and  
Natural Resources; and Urban Planning,  
Housing and Resettlement**

Senate Bill No. 1093, entitled

AN ACT STRENGTHENING THE  
CAPABILITY OF THE BUREAU  
OF FOOD AND DRUGS (BFAD)  
BY ESTABLISHING ADEQUATE  
TESTING LABORATORIES AND  
FIELD OFFICES IN ALL PROVINCES  
AND CITIES, UPGRADING ITS  
EQUIPMENT, CREATING A DRUG  
ENFORCEMENT UNIT (DEU)  
UNDER ITS OPERATIONAL  
AND ADMINISTRATIVE CONTROL,  
AND APPROPRIATING FUNDS  
THEREFOR

Introduced by Senator M. A. Madrigal

**To the Committees on Health and Demography;  
and Finance**

Senate Bill No. 1094, entitled

AN ACT STRENGTHENING THE  
REGULATORY POWER OF THE  
STATE AND THE POSITION  
AND COMPETITIVENESS OF  
LOCAL DRUG FIRMS IN  
THE IMPORTATION,  
MANUFACTURE, PACKAGING,  
SALE AND DISTRIBUTION OF  
PHARMACEUTICAL DRUGS IN  
THE PHILIPPINES, AND  
INSTITUTING FURTHER  
MEASURES TO LOWER THE  
COST OF MEDICINES, AND FOR  
OTHER PURPOSES

Introduced by Senator M. A. Madrigal

**To the Committees on Health and  
Demography; Trade and Commerce; Ways  
and Means; and Finance**

Senate Bill No. 1095, entitled

AN ACT AMENDING REPUBLIC  
ACT NO. 8293, OTHERWISE  
KNOWN AS THE INTELLECTUAL  
PROPERTY CODE OF THE  
PHILIPPINES, TO LOWER THE COST  
OF DRUGS AND  
PHARMACEUTICAL PRODUCTS  
AND FOR OTHER PURPOSES

Introduced by Senator M. A. Madrigal

**To the Committees on Health and  
Demography; and Trade and Commerce**

Senate Bill No. 1096, entitled

AN ACT ESTABLISHING AT LEAST  
ONE (1) SPECIAL EDUCATION  
(SPED) CENTER FOR EACH  
SCHOOL DIVISION AND AT  
LEAST THREE (3) SPED CENTERS  
IN BIG SCHOOL DIVISIONS  
FOR CHILDREN WITH SPECIAL  
NEEDS (CSNs), CREATING THE  
IMPLEMENTING MACHINERY  
THEREOF, PROVIDING  
GUIDELINES FOR GOVERNMENT  
FINANCIAL ASSISTANCE  
AND OTHER INCENTIVES AND  
SUPPORT, AND FOR OTHER  
PURPOSES

Introduced by Senator M. A. Madrigal

**To the Committees on Education, Arts  
and Culture; Youth, Women and Family  
Relations; Ways and Means; and Finance**

Senate Bill No. 1097, entitled

AN ACT PROVIDING FOR THE  
STANDARD FOR THE PRACTICE  
OF REHABILITATION MEDICINE  
AND FOR OTHER PURPOSES

Introduced by Senator Drilon

**To the Committees on Health and  
Demography; and Civil Service and Government  
Reorganization**

Senate Bill No. 1098, entitled

AN ACT TO IMPOSE STIFFER PENALTY FOR THE FALSIFICATION OF TORRENS CERTIFICATES OF TITLE, AMENDING FOR THE PURPOSE ARTICLES 171 AND 172 OF ACT NO. 3815, AS AMENDED, OTHERWISE KNOWN AS THE REVISED PENAL CODE AND FOR OTHER PURPOSES

Introduced by Senator Drilon

To the Committees on Justice and Human Rights; and Constitutional Amendments, Revision of Codes and Laws

Senate Bill No. 1099, entitled

AN ACT REQUIRING ALL FRANCHISE HOLDERS OR OPERATORS OF TELEVISION STATIONS, PRODUCERS OF TELEVISION PROGRAMS, HOME VIDEO PROGRAMS AND MOTION PICTURES TO HAVE THEIR PROGRAMS AND FILMS BROADCAST WITH CLOSED-CAPTION AND PROVIDING PENALTIES FOR VIOLATION THEREOF

Introduced by Senator Drilon

To the Committee on Public Information and Mass Media

Senate Bill No. 1100, entitled

AN ACT PROHIBITING THE SALE, MANUFACTURE, DISTRIBUTION AND POSSESSION OF GUN REPLICAS AND REPLICAS OF OTHER SIMILAR DEADLY WEAPONS, PROVIDING PENALTIES THEREFOR AND FOR OTHER PURPOSES

Introduced by Senator Drilon

To the Committees on Public Order and Illegal Drugs; and Trade and Commerce

## REQUEST OF SENATOR ENRILE

Senator Enrile informed the Body that he received a copy of Senator Pimentel's report on the President's official trip to China as a member of the Philippine delegation. Considering the importance of the trip and the contents of the report, Senator Enrile requested that Senator Pimentel be allowed to report to the nation, in the interest of transparency.

## REPORT OF SENATOR PIMENTEL

Senator Pimentel reported to the Body on what happened during the state visit of the President to China on September 1 to 3, to wit:

### 1. *Spratlys seismic study*

The best thing that can be said of the trip is that it started some concrete although modest steps to ease tensions in the Spratlys. Specifically, an agreement was signed for a joint seismic study to determine the presence of oil or gas in the South China Sea, particularly in the vicinity of the Spratlys.

I suppose that the intent of the country and China is to eventually propose a "condominium" development approach to the utilization of resources that may be discovered undersea surrounding the islets that are contested not only by the country and China, but by Vietnam and other countries as well.

### 2. *DA Agreements*

There were agreements that were entered into by the Department of Agriculture, through Acting Secretary Arthur Yap. The more important one is the undertaking by CAMCE, a Chinese state-owned enterprise, to put up a fish port with freezing and processing facilities in Palawan for a reported amount of US\$33 million. Palawan governor Joel Reyes told me that the facilities will be manned by Filipinos except perhaps for the top officials who will initially be Chinese.

Then there was an agreement for the distribution and production of Chinese-discovered hybrid corn in the country that was agreed upon and entered into by Chinese company Hao Yu, and the Department of Agriculture.

### 3. *DTI Agreements*

There were also DTI agreements and Acting Secretary Cesar Purisima supervised the consummation of certain economic agreements with his Chinese government counterpart such as:

a) A commitment to invest US\$312 million in an integrated glass factory in Bataan by the Hebei Jingniu Group Company, Ltd.;

b) A joint venture to put up an iron ore processing plant for US\$30 million in Camarines Norte by Shenzhen Shaoheng Industrial Co., Ltd., and Konka-Fulin Mining Development Corporation of the Philippines;

c) A contract to provide mobile hi-speed data services nationwide by Huawei Technologies Co., Ltd., and Multi-Media Telephony, Inc. for a reported amount of US\$100 million; and

d) The purchase of some 100 natural gas buses from China by the Bus Operators of the Philippines. The buses are supposed to lower our dependence on imported crude and enable us to make use of natural gas, of which, we have substantial deposits in Malampaya and elsewhere in the country.

There was also supposed to be an agreement to construct the north railway but this was only mentioned to me by Speaker Joe de Venecia and I do not quite rely only on the word

of the Speaker as to whether or not this is really an agreement that has been signed by the parties. But the idea is to start the construction of that north railway from Manila to somewhere in Bulacan for the first part and then eventually to Subic.

### 4. *Terra Cotta Museum*

On the morning of September 2, we flew for about an hour and 40 minutes from Beijing to Shaanxi province to view the Terra Cotta Museum.

The terra cotta warriors and horses in clay were created in 210 B.C. by order of the Emperor Shi Huang Di, the first emperor of the Qin Dynasty.

The terra cotta warriors took the place of live soldiers who, before Qin Shi Huang Di became emperor, were buried with their emperor when the latter died. Some 6,000 terra cotta warriors had been unearthed along with some chariots and horses.

There are three pits containing terra cotta warriors that had been unearthed since 1974. But the actual burial site of the 1<sup>st</sup> Qin emperor has not yet been found.

### 5. *ICAPP opening rites*

There was also an important conference going on in Beijing at that time and that was the International Conference of Asian Political Parties. I listened to the speeches of the dignitaries at the opening ceremony consisting of President Gloria Macapagal Arroyo, Thai Prime Minister Thaksin, Cambodian Prime Minister Hun Sen, and East Timor Prime Minister Gutierrez. They all spoke of adhering to the principle of noninterference in the internal affairs of other states. They also expressed support for the one-China policy, I suppose as a message to the U.S. that they are not

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persuaded by the correctness of the U.S. policy of expanding its economic and military ties with Taiwan. They were also one in sending a message to China that Chinese investments in their respective countries were welcome.

On a matter that was probably beamed to our people, the President in her speech mentioned that our Constitution has to be revised so that we can have a federal system and a parliamentary form of government.

I saw four of our colleagues in the ICAPP opening ceremonies: Ed Angara, Joker Arroyo, Ralph Recto and Manny Villar.

#### 6. *Meeting with PM Thaksin*

In his call on the President, Thai Prime Minister Thaksin expressed support for the conversion of the country's excess sugar production to ethanol fuel. Details are still to be worked out however by DOE Secretary Vince Perez.

#### 7. *Bayanihan Fund*

During the plane rides from Manila to Guangzhou and Guangzhou to Beijing, Speaker Joe De Venecia dunned the business group for donations to the ailing economy. He proudly announced afterwards that he had raised a total of P350 million in the form of donations to the government.

I do not think it was a totally good idea. It had good motives but it was a bad solution to the fiscal deficit. It gives the impression that the situation is so bad that the business community must cough up with their private funds to bail out the government and for the worst of reasons: government funds having been misspent for illicit, if not illegal goals, especially during the last elections.

While he announced his glad tidings in a loud voice for the President and all to hear, Joe De Venecia had the good sense not to even try asking me for my contribution. He would have been embarrassed by my reply.

#### 8. *Collection drive ill-advised*

And now they are talking about the police, the soldiers, the teachers and the lowly employees and the public in general to join the campaign and make voluntary contributions to the government.

I raise the question: Why should they be made to pay for the misuse of public funds that the government is responsible for? And then who should handle the funds? Aside from the fact that the economic managers of the government had assured the public that there is no fiscal crisis, it is clear that raising funds from the people by way of contributions is not the solution to the fiscal deficit that the government is facing.

The comprehensive solution is, as the Minority suggest: 1) reduce the budget in real terms; 2) delete the intelligence and discretionary funds of the President and the cabinet members; 3) excise all hidden pork from government budget for the President, cabinet members, lawmakers and all officials by doing line item budgeting; and 4) deposit all revenues including PAGCOR and PCSO funds with the national treasury from which no money may be disbursed except by law.

#### 9. *Was the delegation overloaded by Arroyos?*

Aside from the President herself, Mike Arroyo the husband, Congressman Ignacio Arroyo, a brother-in-law, Congressman Mikey Arroyo, and

one other son and their wives and the two grandchildren were members of the delegation. For the record, Luli, the President's daughter, was not in the group.

Viewed from necessity, the Arroyo clan need not have joined en masse. Viewed from expense, I am told that the trip was spent for by the host country. But viewed from the sensitivity because of the difficult times the country is facing, the public outcry against the size of the family component of the delegation could have been avoided.

#### 10. Other observations

There is a construction boom in Beijing today. The city has replaced Berlin as the "crane capital" of the world. Building cranes sit on top of skyscrapers being constructed along the major thoroughfares of the city.

#### *Nuclear energy*

China is looking towards increasing the fuel capacity of its nuclear power plants from the present 1.7% of their installed capacity to 4% or 36 million kilowatts by 2020. As of now, China has five nuclear power plants in operation.

#### *Environmental issues*

China is reportedly also concerned with environment issues. As the State Vice Minister of Environmental Protection Pan Yue said on September 1, an experimental framework for calculating "green GDP" has been set. The idea is to deduct the cost of environmental damage caused by economic development.

English is getting into traffic signs along highways as in: *Drive Carefully*, *Avoid Accidents* but most interesting to me—and I am sure to Jamby also for her concern on the environment—is the injunction in flashing neon signs *Cherish the Environment*.

#### *Student loans*

Banks in China were ordered since September 1 to extend loans for poor students getting into institutions of higher learning. They will have six years to pay off the loans after graduation and landing jobs. Risks of non-payment will be shouldered partially by the government.

#### 11. Was the trip worth it?

Now the question is, was the trip worth it?

In my opinion, yes it was worth it. And the value of state visits of the President should not be measured only in dollars and cents. The importance of state visits—especially to China, the *looming giant in the northwestern horizon* of the country—cannot be gainsaid.

A good neighbor, according to a Chinese proverb, is better than an absent brother. We might add, especially a neighbor which has all the signs of becoming the other world super power economically and militarily in the next 15 years or so.

#### SUGGESTION OF SENATOR FLAVIER

To make way for the consideration of Senate Bill No. 1757 (Committee Report No. 1) on the resetting of the elections at the Autonomous Region for Muslim Mindanao, Senator Flavier suggested that the interpellations on the report of Senator Pimentel be deferred as he noted that Senator Defensor Santiago, who had earlier made a reservation to deliver a privilege speech, had agreed to defer the interpellations on her speech to the next day.

In reaction, Senator Enrile clarified that precisely, he requested Senator Pimentel to deliver his report as it is the prerogative of the Minority to put into the record in clear terms what they believed was the result of the President's trip to China. For instance, he stated that he wanted to place on record certain agreements initially concluded in China that have a bearing

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on national security so that the responsibility could be pinpointed in case something happens in the future.

Senator Flavier suggested that Senator Defensor Santiago be allowed to deliver her privilege speech as he gave assurance that the Body would make time for Senator Enrile to interpellate Senator Pimentel.

Senator Enrile sought clarification on the Rules regarding the order of the proceedings, as he noted that many of the privilege speeches earlier delivered have not been subjected to thorough interpellations. He asked whether the Body would continue this procedure. He stressed that the Members should know how to conduct themselves henceforth because they are talking about matters of national concern and interest, which the people are entitled to know.

Senator Flavier stated that the Members are allowed to deliver privilege speeches in the order of the reservations they made. He pointed out that the Body has been flexible this day because Senator Defensor Santiago made an earlier reservation to deliver a privilege speech; however, upon motion of Senator Enrile, she gave way so that Senator Pimentel could make a report on the President's trip to China. With respect to the interpellations, he stated that the Majority Leader has tried to accommodate everyone but that it is a matter of time management. He stressed that there was no effort to suppress the interpellations.

Senator Enrile stated that a motion, which presents an issue for the Chair's consideration, judgment or ruling, has precedence over any other matter that does not involve a question of personal privilege.

Senator Flavier agreed as he noted that the Chair, upon motion of Senator Enrile, allowed Senator Pimentel to make his report. He clarified that he was merely suggesting that the interpellations on the report be deferred in view of the urgency of the bill that the Body is going to consider.

Senator Enrile stated that he was within his right as a Member to make a motion in accordance with the Rules. He believed that he was not being accommodated when, upon his motion, Senator Pimentel was allowed to deliver a report.

The Chair took note of the views of Senator Enrile.

## REMARKS OF SENATOR BIAZON

For the record, Senator Biazon stated that he wanted to raise questions on the agreement or arrangement relative to the Spratlys which might have constitutional and national security implications. He then made reservation to interpellate Senator Pimentel at the proper time.

Senator Enrile acceded to the request of Senator Flavier as he made reservation to interpellate Senator Pimentel at the proper time.

For the record, the Chair noted that Senator Enrile made the first reservation.

## PRIVILEGE SPEECH OF SENATOR DEFENSOR SANTIAGO

Availing herself of the privilege hour, Senator Defensor Santiago delivered the following speech:

### IPP SCAM NO. 1 P3.26 B BINGA HYDROELECTRIC CONTRACT

#### *Corruption in the Power Industry*

The nation is teetering on the edge of a fiscal crisis, mostly precipitated by the unconscionable corruption on the part of the National Power Corporation (Napocor). It has succeeded in digging a deep, dark hole into which the economy is slowly sinking. In desperation, many thinking Filipinos are devising ways to earn, save, or contribute to the public funds in the national treasury. For if we do not, in two years' time, we shall lose control of our foreign debt, and the fiscal crisis will explode.

As chair of the Senate energy committee, I respectfully submit that perhaps, one of the more effective ways to stave off the looming crisis is to conduct an unrelenting review of some 48 contracts executed during the Ramos

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administration with independent power producers (IPPs). There are three grounds for this review:

First, this review is intended, not only to pinpoint criminal liability for corruption in the power industry but also to start the necessary judicial process to confiscate illegal wealth, so that it could be turned over to the National Treasury as soon as possible;

Second, this review will also indicate what amendments might serve to improve the Electric Power Industry Reform Act or Epira 2001;

And third, this review is intended to serve notice that it is not acceptable to our energy committee for the administration merely to terminate a breached contract while continuing to pay more money to a crooked contractor. That kind of settlement will raise questions in the public mind that the corrupt contractor has once more been able to bribe his way through the corridors of power.

In an article posted on the Internet on 5-8 August 2002 entitled "Trail of Power Mess Leads to Ramos", the Philippine Center for Investigative Journalism stated:

"Their investigation shows that former President Fidel V. Ramos personally pushed for the speedy approval of some of the most expensive power deals and justified signing more power contracts, despite warnings from within the government and the World Bank that an impending oversupply of electricity could push up prices....

"The writers found that individuals linked to Ramos lobbied for the approval of some of the more costly IPP contracts, which came with numerous other deals, including lucrative legal, technical, and financial consultancies that were given to

individuals and companies close to the former president."

Our Committee intends to inquire, in aid of legislation, whether those 48 power contracts of the Ramos administration violated the Anti-Graft and Corrupt Practices as well as the Anti-Plunder Acts. These two laws both provide for the confiscation or forfeiture in favor of the government of any prohibited interest and unexplained wealth, and other incomes and assets, including the properties and shares of stocks derived from the deposit or investment of the ill-gotten wealth.

As a former trial judge, I humbly assure this Chamber that if only the Ombudsman and the Sandiganbayan would remain true to their constitutional functions, in just two years, government would be able to confiscate enough ill-gotten wealth from the Napocor officials and the IPPs alone to stave off the fiscal crisis.

#### *The Binga Hydroelectric Power Plant Scam*

This contract involved the sum of P3.26 billion, of which at least P1.5 billion allegedly went to Catalino Tan, for the period alone starting 1995 to January 1999. He never rehabilitated the plant under the terms of the contract; he merely used it as an excuse for stealing government money.

The IPP review committee found that of all the IPP deals, Binga was among the most onerous contracts. In 1995, the Napocor task force created to evaluate the Binga contract formally recommended that it should be terminated. But no action was taken.

It appears that the more prominent persons criminally liable for the Binga scam are as follows:

1. President Fidel Ramos, for approving and protecting the Binga scam while he ruled Malacañang;

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/b

2. Catalino Tan, for breaching the contract and overpricing his services, on the strength of his status as favored godbrother of Ramos, unfailing major campaign contributor to Lakas, and prominent donor to the Ramos family;
3. Napocor president Guido Delgado, for studiously ignoring the slippages or delays incurred by Tan as well as his other fraudulent acts inimical to the public interest;
4. Anthony C. Escolar, as chair of the SEC-appointed Management Committee, which incurred slippage of some 23 months' delay but all the same succeeded in collecting P211 million from Napocor.

#### *History of the Scam*

The Binga hydroelectric power plant, which I shall here refer to as Binga, is a man-made lake that was intended to be a major source of power in Northern Luzon. It is a relatively small power plant with a 100-megawatt capacity. But it is a strategic power source that generates some P1.5 billion in revenues yearly. It was constructed in 1956 and is now 48 years old.

In 1993, Binga needed rehabilitation because of heavy siltation. In that year, Congress passed R.A. No. 7648, also known as the Electric Power Crisis Act of 1995, which allowed the President to "fast-track" government projects by negotiating instead of bidding out IPP contracts. When Ramos, also known as "President Fast Track," first used his emergency powers under that law, the very first contract that he approved was the Binga deal.

In a memorandum dated 28 May 1993, Ramos authorized Napocor President Francisco Viray to negotiate for the rehabilitation of the Binga dam through the so-called Rehabilitate/Operate/

Lease-Back scheme or ROL Scheme. That very year, Napocor signed the ROL contract with a firm called Chang Jiang Energy Corp., which I shall here refer to as Chang Corp., represented by its president, Yu Zhu Ahn. The contract involved the sum of \$143 million.

Today, 11 years after the rehabilitation contract was signed, the dam has undergone only minimal rehabilitation work. Silt buildup continues. If dredging is not done soon, mud and silt will reduce the storage capacity of the reservoir. Water flow would no longer be enough to make the turbines run and thus generate electricity. The dam is in an even worse state than it was before the contract was signed.

It is estimated that the government has lost US\$58.3 million, or P3.26 billion, in the Binga project. Where did the money go? Apparently, most of it went to a very lucky if reclusive businessman named Catalino Tan.

#### *Relationship of Ramos and Catalino Tan*

Fidel's father was Narciso Ramos, a former representative and ambassador to Taiwan. Narciso became godfather to Catalino Tan. In due course of time, Tan became a supplier of boots to the military, a garment manufacturer, and producer of canned food. His garment firm is called Pearl Lady, and his food company is called Shanghai Maling Corporation. He had absolutely no track record in power generation until he took control of the Binga power plant during the Ramos administration. *Taga-gawa lamang ng botas, ngayon bibigyan mo ng daang bilyon na kontrata para gagawin niya ang power plant!*

It appears that among Filipinos, there is no known story of greater love between two men than the love between the godbrothers Catalino Tan and Fidel, particularly when Fidel became president. In an interview with the Philippine Center

for Investigative Journalism (PCIJ) in August 2002, Ramos described Tan as "a friend, but not really close." Ramos was lying as usual. In 1996, Benguet Representative Ronald Cosalan filed House Resolution No. 663 calling for an investigation of the Binga contract and Tan. According to a congressional aide quoted by the PCIJ, Ramos told Cosalan: "*Ronnie, bakit mo kinakalaban yan? Kaibigan natin ito. Maraming naitulong sa atin.* (Why are you fighting this man? He is our friend. He has helped us a lot.)" Consequently, the House never investigated Tan.

Catalino Tan is well known to be a major contributor during the 1992 Ramos presidential campaign. He was also a major contributor during the 1995 Lakas senatorial campaign. According to Binga plant employees, Tan campaigned actively for Lakas in the 1998 elections and was even seen meeting with the Lakas party treasurer at a hotel in Roxas Boulevard.

Tan even named his narrow, four-storey building in Estrade St., Binondo, as Lakas Tao Bldg. On the ground floor is a recruitment agency called Lakas Tao Consulting Services. On the third floor is the head office of the Binga Hydroelectric Plant, Inc. (Binga, Inc.). It is very obvious that this cramped third floor office in Binondo is hardly equipped to handle a \$143-million power rehabilitation contract.

Bank records on file at the Securities and Exchange Commission show that the Ramos family and Tan are very close. In early 1997, Tan withdrew P100,000 from company funds and deposited it in an account in his name. He donated the money to help support the song concert of Jo Ramos, daughter to Fidel. Tan also withdrew P1 million to sponsor a professorial chair in engineering at the Pangasinan State University in honor of Narciso Ramos, father to Fidel. Tan built school buildings in Benguet named after Angela V. Ramos, mother to Fidel.

### *How Tan Became Binga Plant Owner*

On paper, the name of Catalino Tan did not appear in any corporate document prior to 1997. However, it appears that all along, he was the mastermind behind the plot to turn the Binga project into a white elephant, a milking cow, or in other words, *palagatasan*. As early as 1993, he was already acting as broker for the power plant, and succeeded in bringing in investors from mainland China to implement the project. In 1995, charges were made that Chang Corporation (Chang Corp.) was engaged in dollar salting. Subsequently, it transferred its interests in the Binga contract in favor of Chang Jiang Philippines—which I shall call Chang Phil.—whose stockholders included Thunder International Inc. of Taiwan.

By 1995, it became apparent that Chang Corp. president, Yu Zhian, was acting on behalf of Tan. Yu Zhian formally informed Napocor of the new company representatives to the Philippines, which included Jess Alto and retired Brig. Gen. Mario Espina. General Espina was the chief of the AFP Logistics Command when both Alto and Tan served as suppliers of military boots and uniforms.

However, on 2 September 1995, certain Chang Corp. officials informed Napocor that Yu Zhian had been relieved, and his actions were considered to be unauthorized. They also filed a formal complaint with the Securities and Exchange Commission (SEC) to revoke the license of Chang Phil. On 12 December 1995, the SEC dismissed the complaint.

In 1997, suddenly a supplemental agreement was signed with a new contractor called Binga Hydroelectric Plant, Inc. (Binga Inc.) The contract was signed by Catalino Tan as president. Apparently, Tan had caused the corporate takeover, because the Chinese government had

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refused to pay him a "service fee" of \$8 million. *Magandang hanapbuhay ito ah, nag-doctorate pa mandin ako, hanggang ngayon nagbibilang pa ng mga piso-piso ko. Eh kung mag-broker na lamang kaya ako nitong mga kontrata na ito?*

General Espina estimated that from 1995 to 1997 alone, Tan allegedly pocketed at least P600 million of the firm's profits.

In 1998, Estrada was elected president and Tan's luck momentarily ran out. In October 1998, Thunder International filed a petition with the SEC to dispute Binga Inc.'s right to enter into a supplemental agreement with Napocor. On 14 December 2000, an amicable settlement was reached between Thunder International and Binga Inc., and the complaint was dismissed.

In January 1999, Tan terminated the contract and turned over the facilities to Napocor. But in October 2002, with Lakas once more in power, Tan began maneuvering to reclaim Binga. Sure enough, on 28 February 2003, the board of directors of the Power Sector Assets and Liabilities Management Corp. (PSALM) approved a proposed settlement under which government through PSALM would pay Binga Inc. the amount of \$5 million, provided that Binga Inc. will pay the claims of contractors and employees the amount of some \$6.8 million. On 27 March 2003, PSALM, Napocor, Binga Inc. and Department of Justice officials signed a settlement framework agreement.

My last information is that on 31 July 2003, Romulo Neri, Secretary of socio-economic planning of the NEDA, recommended that the Agreement should be submitted to a court for approval. I do not know if there has been a judicially approved compromise settlement between Tan and the government. I do not know if a new contractor has been chosen to take over the Binga rehabilitation work.

## *Badges of Criminal Liability*

### *Anomaly No. 1.*

The contract stipulated a 15-year period from 1993 during which Chang Corp. would rehabilitate the Binga hydroelectric dam, thus, privatizing it. The Napocor, using taxpayers' money, paid Tan and company more than P3 billion. But today, 2004, the plant is even worse than it was before. The Binga dam contains even more silt and debris which seriously threaten its life-span.

### *Anomaly No. 2.*

In 1994, the Napocor general counsel informed Chang Corp. that it had committed a material breach of the provisions of the ROL contract. The Napocor site manager also wrote the Chang Corp. project manager, demanding an explanation on how Chang Corp. could dredge the projected 3.5 million cubic meters of silt, considering that the records showed that it would take an absurd 29 years to complete these dredging activities.

The project suffered chronic slippage, meaning that the contractor failed to complete what it was supposed to do under the contract, as follows:

- \* At first, the slippage was 40%;
- \* In 1996, the slippage was 65%, more than the legally allowable 15% slippage that would justify a contract termination;
- \* In 1997, the slippage reached 73%.

Despite the mounting slippage, Napocor as authorized by Malacañang continued to pay the contractor. Napocor even executed a supplemental contract that favored the delinquent contractor! Napocor, *napaka!*

*Anomaly No. 3*

Napocor made all kinds of illegal concessions to the contractor. Napocor removed the requirement to construct the sluice tunnel. Napocor reduced the annual amount of silt and debris to be dredged—from 3.5 million to 375,000 cubic meters for the first six years, and 200,000 cubic meters for the remaining years. Napocor agreed to pay more per kilowatt-hours of power produced. Instead of \$0.0449 inclusive of VAT, it paid \$0.042 net of VAT, or at least \$0.0015 more. Napocor, *napaka!*

*Anomaly No. 4*

From 1993 to 1995, the contractor's power meter registered a higher power generation than that of the NPC power meter. According to the PCIJ, "Theoretically, owing to a natural transmission loss, the contractor's meter, which was installed at the plant, should register low, compared to the NPC meter, which was installed farther away from the plant." Accordingly, the Napocor claimed that the contractor's meter was inaccurate.

And yet, Napocor entered into an agreement to make payments based on the supposedly inaccurate power meter, resulting in an alleged overpayment of at least \$3.5 million. Napocor, *napaka!*

*Anomaly No. 5*

In 1995, the group manager for Northern Luzon informed the Napocor general counsel that Napocor had already paid Chang Corp. some P724 million in the one-and-a-half year period since the contract started. By comparison, what Chang Corp. had accomplished at that point allegedly amounted to only P200 million.

In that year, 1995, the Binga Task Force recommended that the contract should be terminated because there was no indication that Chang Corp. would be able to finish its contractual obligations.

Instead of terminating the contract, Chang Corp. transferred all its interests to another group, Chang Phil., where the majority stockholder was a Taiwan-based company called Thunder International.

Two of the majority stockholders, Jess Alto and Chan Bun Pen, were long-time associates and business partners of Catalino Tan. The witnesses in the Deed of Assignment of Shares of Stock, Luis Alcaraz and Chona Felicilda, were private nurses of Catalino Tan. When the allegedly "new" management group paid a call on Napocor president Guido Delgado, among the group was Catalino Tan.

*Anomaly No. 6*

Delgado ignored the recommendation of his vice-president to terminate the contract. Delgado ignored the vehement protests by Chang Corp. over the alleged illegal takeover by the group of Catalino Tan. Delgado ignored the financial and technical capability of the takeover group to continue a multibillion-peso project. Delgado ignored all of these considerations. Delgado was the denial king.

Instead, in 1996, Delgado recommended to Malacañang the payment to the takeover group of receivables due for services allegedly rendered in the rehabilitation. Delgado's recommendation was approved by Ramos through then executive secretary Ruben Torres. Payment was made, despite the 1996 statement of the Napocor vice-president that as of 31 March 1996, Napocor had already paid Chang Phil. a total of some P132.8 million. This payment was made, notwithstanding that as of 25 March 1996, Chang Phil. was already delayed in its work performance by some 65% or some 23 months.

*Anomaly No. 7*

Instead of terminating the contract, in 1997, Delgado entered into a supplemental agreement with Tan. This was the first time that Tan allowed his name to surface

in connection with the Binga project. The supplemental agreement required the contractor to do less and to pay less. Napocor even agreed to pay \$0.0015 more for every kilowatt of electricity generated by Binga.

As of 25 February 1999, Tan was already delayed by some 17 months. Despite this delay, Napocor paid Tan \$33.42 million for the period up to January 25, 1999. During that period, Tan's accomplished work was valued at only \$3.30 million. In other words, Napocor overpaid Tan by \$30.12 million! *Itong Napocor, napaka!*

#### *Anomaly No. 8*

After President Ramos left office, the Estrada administration began investigating the Binga scam. This forced Tan, on 10 November 1998, to write Napocor that he intended to terminate the contract. In a letter dated 13 January 1999, he turned over the power plant to Napocor. But before Napocor could take over, the SEC voided Tan's letter of termination and created a management committee (Mancom) because of certain intra-corporate disputes.

The Mancom, headed by Anthony C. Escolar as chair, took over the contract. By July 2000, or almost one and a half years of operation, Mancom had incurred a total slippage of some 23 months delay. And yet, from January 1999 to September 2000, Mancom was able to collect from Napocor a total of P200 million.

#### *Conclusion*

The Senate Rules of Procedure Governing Inquiries in Aid of Legislation provides:

Sec. 2. *Initiation of Inquiry.* — Inquiries may be initiated by the Senate or any of its committees, if the matter is within its competence.

Accordingly, I respectfully serve notice that the Senate energy committee will

initiate a serial inquiry, in aid of legislation, on the 48 power contracts authorized by President Ramos during his term, and this Committee will begin with the Binga Hydroelectric Power Plant Rehabilitation Contract.

In view of the fact that we are scheduled in today's agenda to take up a bill on second reading which will include debate and interpellation, I voluntarily waive the prerogative to proceed to interpellation and shall rise for interpellation by my colleagues on the date and time most convenient to the Majority Leader.

#### **ADDITIONAL REFERENCE OF BUSINESS**

The Secretary of the Senate read Committee Report No. 1 on Senate Bill No. 1757 which the Chair referred to the Calendar for Ordinary Business:

Committee Report No. 1, prepared and submitted jointly by the Committees on Constitutional Amendments, Revision of Codes and Laws; and Local Government on Senate Bill No. 1757 with Senators Pangilinan, Pimentel Jr., Gordon and Lim as authors thereof, entitled

AN ACT FIXING THE DATE OF REGULAR ELECTIONS FOR ELECTIVE OFFICIALS OF THE AUTONOMOUS REGION IN MUSLIM MINDANAO PURSUANT TO REPUBLIC ACT NO. 9054, ENTITLED AN ACT TO STRENGTHEN AND EXPAND THE ORGANIC ACT FOR THE AUTONOMOUS REGION IN MUSLIM MINDANAO, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 6734, ENTITLED AN ACT PROVIDING FOR AN ORGANIC ACT FOR THE AUTONOMOUS REGION IN MUSLIM MINDANAO, AS AMENDED,

recommending its approval in substitution of Senate Bill Nos. 1635 and 1673.

Dissenting: Senators Arroyo, Enrile and Serge Osmeña

Sponsors: Senators Gordon, Lim, Pangilinan and Pimentel Jr.

### SPECIAL ORDERS

Upon motion of Senator Flavier, there being no objection, the Body approved the transfer of Committee Report No. 1 on Senate Bill No. 1757 to the Calendar for Special Orders.

### COMMITTEE REPORT NO. 1 ON SENATE BILL NO. 1757

Upon motion of Senator Flavier, there being no objection, the Body considered, on Second Reading, Senate Bill No. 1757 (Committee Report No. 1), entitled

AN ACT FIXING THE DATE OF REGULAR ELECTIONS FOR ELECTIVE OFFICIALS OF THE AUTONOMOUS REGION IN MUSLIM MINDANAO PURSUANT TO REPUBLIC ACT NO. 9054, ENTITLED AN ACT TO STRENGTHEN AND EXPAND THE ORGANIC ACT FOR THE AUTONOMOUS REGION IN MUSLIM MINDANAO, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 6734, ENTITLED AN ACT PROVIDING FOR AN ORGANIC ACT FOR THE AUTONOMOUS REGION IN MUSLIM MINDANAO, AS AMENDED.

Pursuant to Section 67, Rule XXIII of the Rules of the Senate, with the permission of the Body, upon motion of Senator Flavier, 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 Gordon for the sponsorship.

### SPONSORSHIP SPEECH OF SENATOR GORDON

In sponsoring Senate Bill No. 1757, Senator Gordon delivered the following speech:

It is the distinct honor of this Representation and the members of the Committees on Constitutional Amendments, Revision of Codes and Laws; and Local Government, to sponsor this maiden committee report before this Chamber of the 13<sup>th</sup> Congress. If this *buena mano* would be an indication of the workings of this Senate in the next three years, expediting important pieces of legislation, I hope that we can all put our heads and hearts together for the sake of our brothers and sisters, not only in the Autonomous Region in Muslim Mindanao, in particular, but most importantly the nation in general.

The Committee on Constitutional Amendments, Revision of Codes and Laws and the Committee on Local Government, which is chaired by my colleague, Senator Alfredo S. Lim, submit for consideration of this Chamber, this Senate Bill No. 1757 under Committee Report No. 1, entitled:

“AN ACT FIXING THE DATE OF THE REGULAR ELECTIONS FOR ELECTIVE OFFICIALS OF THE AUTONOMOUS REGION IN MUSLIM MINDANAO PURSUANT TO REPUBLIC ACT NO. 9054, ENTITLED AN ACT TO STRENGTHEN AND EXPAND THE ORGANIC ACT FOR AUTONOMOUS REGION IN MUSLIM MINDANAO, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 6734, ENTITLED AN ACT PROVIDING FOR AN ORGANIC ACT FOR THE

# AUTONOMOUS REGION IN MUSLIM MINDANAO, AS AMENDED."

This bill seeks to reset to a later date the regular elections for the Regional Governor, Regional Vice-Governor and members of the Regional Legislative Assembly of the Autonomous Region in Muslim Mindanao specifically on the second Monday of September 2005, and to fix the subsequent holding of the regular ARMM elections every three (3) years thereafter.

Under the new ARMM Charter, Republic Act No. 9054, the second regular election of ARMM officials is supposed to be held this coming September 13, 2004, being the second Monday of September (Article XVIII, Section 7, RA 9054).

However, all indications point to the sad fact that we have to reset anew the holding of the second regular election in the ARMM. It must be noted that even the conduct of the first regular ARMM election which was supposed to be held on the second Monday of September 2001, was reset for November 26, 2001.

Indeed, Congress may have intervened too frequently. This is perhaps why Senator Enrile, Senator Arroyo and Senator Osmeña have dissented in this proposition today, considering that the regular elections in the ARMM have been set and reset several times since the creation of the Autonomous Region in 1989. In 1999, for example, the regular election was supposed to be held in March, but it had to be reset five times.

\* RA 8176 moved the elections to September 1996 to accommodate the MNLF Peace Agreement, which allowed the MNLF to participate in the ARMM elections resulting in the unopposed victory of former Governor Nur Misuari.

\* RA 8753 reset the elections from September 13, 1999 to the 2<sup>nd</sup> Monday

of 2000 and every three years thereafter because of MNLF charges that the government failed to comply with the terms of the 1996 Peace Agreement, particularly to incorporate provisions of the Peace Agreement into the organic law.

\* RA 8953 reset elections from the 2<sup>nd</sup> Monday of September 2000 to the 2<sup>nd</sup> Monday of May 2001 to coincide with national and local elections. Again, the elections did not take place because RA 9054, the Amended Organic Act, has not yet been passed and ratified.

\* RA 9012 reset elections from 2<sup>nd</sup> Monday of May 2001 to 2<sup>nd</sup> Monday of September 2001, but elections were postponed again because though the Amended Organic Act (RA 9054) had lapsed into law, it still had to be ratified by plebiscite pursuant to Article XVIII, Sec. 3 of the Original Organic Act (RA 6734), which states:

"Sec 3. Any amendment to or revision of this Organic Act shall become effective only when approved by a majority of the votes cast in a plebiscite called for the purpose which shall be held not earlier than sixty (60) days or later than ninety (90) days after the approval of such amendment or revision."

The plebiscite took place on August 14, 2001 ratifying the Amended Organic Law (RA 9054).

\* RA 9140 again reset elections from 2<sup>nd</sup> Monday of September 2001 to November 26, 2001 because Congress was not able to appropriate funds for the election as it was preoccupied with other very pressing matters at the time, hence, COMELEC was not able to prepare for the elections.

The most pressing reason for the resetting of the second regular ARMM

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election is the lack of preparations on the part of the COMELEC, which is being hampered by lack of necessary funding — something that we believe could have been estimated earlier. We recall that the ARMM election this year has no appropriation because we are operating on a reenacted 2003 national budget. According to the Comelec Budget Officer Imelda Dulay, the Comelec needs at least three hundred twenty-five million pesos (P325,000,000.00) for the ARMM elections. And I doubt very much if we can come up with a special appropriation this year from other sources in view of the fiscal crisis looming in the horizon.

Furthermore, according to the proposed national budget for 2005, the Barangay/SK elections will cost P1 billion to conduct. Hence, if we are able to synchronize the Barangay/SK elections with the ARMM elections, by advancing the Barangay/SK elections to the 2<sup>nd</sup> Monday of September 2005, from the last Monday of October 2005, and I have already filed Senate Bill 1756 to this effect with other coauthors, we will be able to save the P325 million that it would cost to hold the ARMM elections by itself. This is also the view of Sen. Aquilino Pimentel who, before he left for China, asked this Representation to make sure that we can synchronize the local elections with the ARMM elections.

In sum, arguments in favor of resetting the ARMM elections for next year serve the purpose of propriety and prudence:

- 1) It will enable the current elected officials to complete their terms;
- 2) It will enable Congress to appropriate funds for the ARMM elections to be held in 2005;
- 3) It will ensure that the elected officials are able to assume office by Sept. 30, following the immediately preceding elections, so that RA 9054 would no longer have to be amended. Such

amendment would require ratification by plebiscite, an additional expense, which the government's cash-strapped coffers can ill afford;

- 4) It will give the COMELEC ample time to prepare for automated elections for the ARMM, which shall also serve as the pilot automated elections for the country.

To be sure, we have had automated elections in the previous elections in ARMM but apparently, the Comelec once again, was not able to prepare the machines for the very purpose for which it was intended had this election for September this year gone on;

- 5) It will give time and opportunity for the government and the MILF to forge an agreement that would pave the way for the MILF to participate in the ARMM elections.

Needless to state, the resetting of the ARMM election necessitates a provision allowing incumbent ARMM officials to continue office until their successors shall have been elected and qualified. The Committee Report in full, provides for that.

The Committee strongly desires to put an end to the perpetual congressional intervention in resetting the dates of election in the ARMM. We join Senators Enrile, Arroyo, Osmeña, and I am sure all the senators in this honorable Body join us, in making sure that we can come up with the regular elections. The issue of regularity must be something that we all ought to stand for and I know we do.

The Committee hopes that this will be the last time that we have to step into the domain of an "autonomous" region — a self-respecting creation of the Constitution no less. It is about time that we heeded strictly the letter and spirit of Section 8, Article X of the 1987 Constitution which expressly mandates that "the term of office of local officials xxx shall be three

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(3) years." Again, our respected colleague, Senator Pimentel, an ardent advocate of local autonomy, is point blank in reminding us of this fact in his bill, which is one of the two measures considered in this Committee Report.

In view of the long-standing problem of political instability in the Muslim region, Congress has to come up with a more definitive solution to the issue at hand. Effectively undertaken, elections can provide the much-needed stability in the region.

With the foregoing explanations, coupled with the urgency of this proposed legislation at hand, approval of this bill is essentially desired.

#### INTERPELLATION OF SENATOR ENRILE

Asked when the incumbent ARMM officials who would be benefited by the bill were elected, Senator Gordon replied that they were elected in 2001 for a term of three years.

At this juncture, the Chair requested the Sponsor to verify the exact date when the last ARMM elections took place.

#### SUSPENSION OF SESSION

With the permission of the Body, the Chair suspended the session.

*It was 5:00 p.m.*

#### RESUMPTION OF SESSION

At 5:00 p.m., the session was resumed.

Senator Gordon informed the Body that the last elections were held in November 2001.

Asked to identify the ARMM officials who were elected in 2001, Senator Gordon replied that they included Gov. Farouk Hussein, the vice governor and other officials whose names he would ask the Committee to provide.

For an orderly proceeding, Senator Enrile suggested that Senator Gordon obtain data such

as the names of the ARMM officials elected from the first elections to the last elections, and the number of elections and postponements that have taken place. He recalled that from 1995 to 2001, as a senator he had questioned the strong lobby for the postponement of the ARMM elections. He opined that if the administration was not serious in conducting the ARMM elections, it could simply install Farouk Hussein as head of the ARMM.

Senator Gordon stated that the Committees did not accept the reasons for the five postponements of the ARMM elections for which reason, they recommended that Congress come up with regular ARMM elections.

Asked on the Comelec's lack of preparation for the coming ARMM elections and why it was urgent to pass the bill, Senator Gordon stated that the Comelec was operating on a reenacted 2003 budget.

Asked why Comelec did not synchronize the ARMM elections with the national elections in May of this year, Senator Gordon replied that the Comelec needed to have the automated machines repaired. He underscored that Comelec should have put the machines in order during the last three years.

Senator Enrile asked Senator Gordon to provide him the data so he could introduce the necessary amendments. He stated that if the same elected officials have benefited from the extended terms because of the numerous postponements, he saw no reason why Congress could not enforce a limit on their terms to dissuade them from asking for postponements.

Thereafter, Senator Enrile moved for the deferment of the consideration of the bill.

#### SUSPENSION OF SESSION

Upon motion of Senator Gordon, the session was suspended.

*It was 5:08 p.m.*

#### RESUMPTION OF SESSION

At 5:09 p.m., the session was resumed.

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## INTERPELLATION OF SENATOR ARROYO

Senator Arroyo said that he dissented to the Committee Report simply because the ARMM elections had been postponed as far back as his second term in the House of Representatives in 1995 when there were about four to five Muslim congressmen. Noting that the reason for postponement has always been that the Comelec is unprepared, he wondered whether elections would take place only when Comelec is prepared which would put everybody at its mercy.

Sharing the sentiments of the senators who objected to the cavalier behavior of the Executive branch that resulted in five postponements, Senator Gordon said that even the President, who is supposed to exercise general supervision over the ARMM to ensure that the laws are faithfully executed, had been placed in harm's way. He said that under Section 18 of the ARMM Organic Act, there should be coequal efforts by the President, Congress and Comelec. He recalled that one election was postponed because the MNLF felt that their rights under the Tripoli Peace Agreement were violated; and on two occasions, Comelec itself requested the postponement for lack of funds because of the reenacted budgets. He, however, admitted that during the committee hearing, it was disclosed that in another instance, Congress was not able to appropriate the funds for the elections because it was at the time handling a very, very serious case. He said that he intentionally excluded this fact from his speech in deference to other senators and to avoid opening old wounds.

Senator Gordon said that if the law would be amended other than postponing or resetting the election date, this would require another plebiscite, which was precisely one of the reasons why elections were not called. Moreover, he said that prior to the election of Governor Hussein and Vice Governor Mutalan, it was Governor Nur Misuari who was the beneficiary of all the postponements. He said that the Committee had been solid and forthright in reporting out the bill, on the condition that there would be no more postponements and preparations would be done ahead of time.

Senator Arroyo asked who initiated the postponement as he noted that such moves had always been initiated close to election time so that

Congress is stampeded into agreeing thereto. Senator Gordon said that two bills were filed and referred to the Committee on Local Government and to the Committee on Constitutional Amendments, Revision of Codes and Laws, one by Senator Pimentel resetting the election to November 2004, and the other by Senator Pangilinan resetting it to September 2005. He warned against a situation where the Organization of Islamic Conference and even the Filipino people might call to task the Philippine government for not holding the elections. He said that it was during the committee hearing that Comelec revealed the very unacceptable reason that it did not have any funds. He said that the two committees took the responsibility of explaining to the Body the negligence and lack of foresight of Comelec to address the statutory hiatus that would be created.

## INQUIRY OF SENATOR ENRILE

Senator Enrile asked whether the President, under the ARMM Organic Act, could appoint the members of the ARMM legislative body, which would be a better arrangement, provided that no incumbent could be reappointed by the President. He believed that it would be cheaper for the President to appoint even the barangay captains to the legislative body if there is no serious effort to elect people thereto. Senator Gordon said that he has not read any particular provision in the Act that states that the President could appoint; however, he pointed out, the law abhors a hiatus. He said that he personally does not agree to this scenario of appointing holdover officials.

In reply to the request of Senator Enrile for a list of the ARMM officials, Senator Gordon said that he only had the list for 2000 and 2004. Senator Enrile, however, requested a list of all those who were elected since the beginning so that the Members could find out which of the incumbents have been elected every election and whether any of them had been beneficiaries of every postponement. Senator Gordon said that September 13 is extremely near; hence, there is an urgent need to pass the law.

Senator Enrile proposed that the Justice Secretary be asked to issue a quick opinion on whether the President could appoint successors to the incumbents so that Congress would not have

to pass the bill. If the Justice Secretary says the President could appoint, he said that Congress could instead request the President to exercise her executive power to do so and the dilemma could be solved in a few days.

Senator Gordon expressed the belief that Congress is capable of resetting the elections with the caveat that another postponement would not happen again. While the suggestion to ask the opinion of the DOJ was well taken, he exhorted the Members to try to solve the matter as a body to show the sense of urgency and umbrage for the continuous postponements.

Asked how long the period of postponement would be, Senator Gordon replied that it would last for a year. Senator Enrile reiterated his suggestion to request the opinion of the DOJ whether or not the President could appoint substitutes to the incumbents for a year so that Congress could have time to craft a better law instead of a short bill that was being rammed down its throat in such fashion.

Asked why the matter was not included in the legislative agenda early on, Senator Gordon said that the committees had to call a public hearing pursuant to the Rules, besides, the committees have just been organized. Stating that it was by sheer foresight of Senators Pimentel and Pangilinan that the issue was brought to the attention of the Senate, he added that Senator Pimentel has made a very good suggestion to synchronize the ARMM elections with the local elections in October next year. He said that the Committees asked that elections be held in September next year to comply with Republic Act No. 9054 and, thus, obviate a plebiscite.

Senator Enrile asked why the postponement would have to last for one year when a better bill could be worked out before December. During these three months, he said that the Senate could work out a supplemental budget and then call for an election. He reminded the Body that he had a pending motion to defer the consideration of the bill until the information he had requested shall have been submitted, as well as a suggestion to ask the DOJ for an opinion.

## INQUIRY OF SENATOR ARROYO

Asked by Senator Arroyo what would happen if Congress failed to pass the bill, Senator Gordon said that there would be no elections. He said that this would cause embarrassment for the country which might be perceived as reneging on its international commitments.

## REMARKS OF SENATOR PIMENTEL

Senator Pimentel stated that he has nothing against asking the opinion of the acting justice secretary who, however, might just reply, "Noted." He said that he was concerned because every time there is difficulty in holding elections, the Legislative branch might leave it to the Executive branch to determine whether or not to hold elections, in effect, preventing the electorate from passing judgment on the performance of the incumbents. He stated that he foresees the possibility that if barangay elections would not be held, the DOJ might just be asked to issue an opinion on the matter. He cautioned that the Executive branch could use contingencies as an excuse for not holding local elections.

In reaction, Senator Enrile stated that if the Body would defer consideration of the bill, he would propose that the ARMM elections be held separately from the barangay elections. He underscored that the ARMM officials should be treated as real legislators and be given the time to argue their case before the people and be judged by them.

Senator Gordon assured the Body that the committee members do not treat the ARMM officials like barangay officials, he pointed out that the government is in a financial bind. He informed the Members that according to the Comelec, the barangay elections would cost P1 billion and the ARMM elections, P325 million, not discounting the expense for the repair of the automated machines whose supplier had offered the Comelec a new package.

Senator Gordon pointed out that the DOJ opinion on the issue is not binding. He agreed with Senator Pimentel that the best approach is

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to do it through a resolution to show the Muslims how important Congress is treating the situation. He stated that the legislature is not at fault; in fact, it is trying to find a solution to the problem. He noted that Congress could reset the elections and put in a caveat that all the people concerned should foresee the elections long in advance and to provide for a very smooth transition.

Noting that the administration has spent so much on the national elections, state visits and borrowed money to pay for the wasteful management of Napocor, Senator Enrile wondered why the administration could not borrow P300 million to hold decent elections in the ARMM.

In answer, Senator Gordon stated that Congress is not like the administration as it is trying to check every centavo that goes to government agencies. He stated that it is important to show the people that if the Executive and the Comelec cannot do it, Congress can.

For his part, Senator Enrile argued that the President can afford to part with a small portion of her social funds or intelligence funds to spend for the ARMM elections. Instead of postponing the ARMM elections for a year, he suggested that Congress approve a supplemental budget to hold the elections.

Senator Gordon clarified that it is not Congress that is seeking a postponement. Precisely, he said, the Body should give a clear signal that it would not accept the way the Executive branch has cavalierly treated the ARMM elections; it would not tolerate the violation of statutes and the Constitution; and it would not unnecessarily spend money on elections when there could be synchronized elections.

At this juncture, Senator Enrile asked the Chair to act on his motion.

Upon query of the Chair, Senator Flavier manifested that Senator Pimentel would interpellate the Sponsor at a later time.

Asked by Senator Pimentel about his request, Senator Enrile stated that he asked the Committee to provide him certain information based on which, he would propose amendments putting a limit on the terms of the elected ARMM officials

and shortening the period of postponement to three months.

### INQUIRY OF SENATOR ROXAS

At this juncture, Senator Roxas inquired if a similar measure had been filed in the House of Representatives; and if so, if it had been passed. Noting that the elections would take place on September 13, 2004 as provided by law, he expressed doubt whether the Body could debate on the measure on Thursday and Friday.

Senator Gordon explained that the committee report suggested that the law take effect upon publication.

Senator Roxas asked whether the House version was the same or substantially different from the Senate version which would necessitate a long bicameral conference period.

Senator Gordon disclosed that President Macapagal Arroyo was ready to certify the bill. He added that the House had held its second committee hearing on the measure. He believed that the two Houses would go into a bicameral conference to reconcile the disagreeing provisions.

### REMARKS OF THE CHAIR

The Chair asked if Senator Gordon would be ready the following day with the information requested by Senator Enrile, at which point, the consideration of the bill could be resumed.

Senator Gordon replied that the term limits are the same as that of any other local government official but he did not want a *de facto* extension which is a violation of the law.

The Chair stated that the period of interpellations would be suspended until Senator Gordon shall have provided Senator Enrile the information requested.

### SUSPENSION OF CONSIDERATION OF SENATE BILL NO. 1757

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

## COMMITTEE MEMBERSHIP

At this juncture, Senator Flavier manifested that the Minority had nominated Senator Osmeña as a member of the Committee on Accountability of Public Officers and Investigations.

## REPORT OF SENATOR BIAZON

Senator Biazon reported on his trip to London on invitation of the International Conference on Population and Development which shouldered the expenses for the trip. He said that he was glad that he accepted the invitation because there were certain issues that he raised during the conference, particularly on the foreign assistance to the population programs in the Philippines which depended on the sector looking at the various issues involved – human rights, economic, health and political.

Senator Biazon clarified that the main thrust of his report dealt with the Philippine missions abroad. Citing the Philippine embassy in London, he noted that there are 36 people manning the embassy, including two representatives each from the Departments of Trade and Industry; Labor and Employment; and Tourism. He informed the Body that according to the labor attaché, there are about 25,000 to 30,000 overseas Filipino workers, mostly nurses and caregivers in the health sector, who are protected by the laws of the United Kingdom and receive the same minimum wage as the Britons.

On the other hand, he said, the Department of Trade and Industry reported that the balance of trade was shifting to the disadvantage of the Philippines since the exports to the United Kingdom which amounted to P1.5 billion some years back have been reduced to P500 million. The tourism attaché, he stated, had reported that there was a need to improve the promotion of the tourism industry of the country.

Adverting to another issue, Senator Biazon recalled that in previous Congresses, he mentioned the possibility of the Philippine missions acquiring

properties. He reported that the cost of renting the facilities in London is \$1.2 million annually, which is making the London mission one of the most expensive, after Hong Kong and Moscow. He recalled that he had filed a resolution in the past on the acquisition of properties, using the rent money as amortization. He believed that in the long run, the investment would redound to the benefit of the Philippines. He noted that the country continues to pay rent for the consulates in Bangkok, Nairobi, Mexico and Los Angeles while there are properties that can be disposed of because they are not being utilized like those in Houston, Seattle and New York in the United States.

On another matter, Senator Biazon said that the Body should look into the indexing of the allowances of foreign mission workers as he disclosed that the salaries of some of these workers since December of last year have not yet been released. Also, he stated that the staff members in London are having a difficult time because of the currency movement of the peso, dollar and pound. He said that he would file a resolution on the matter.

## ADJOURNMENT OF SESSION

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

*It was 5:53 p.m.*

I hereby certify to the correctness of the foregoing.

OSCAR G. YABES  
Secretary of the Senate

Approved on September 7, 2004