

REPUBLIC OF THE PHILIPPINES

S e n a t e

Pasay City

Journal

SESSION NO. 90

Wednesday, May 25, 2005

**THIRTEENTH CONGRESS
FIRST REGULAR SESSION**

SESSION NO. 90
Wednesday, May 25, 2005

CALL TO ORDER

At 3:57 p.m., the Senate President, Hon. Franklin M. Drilon, called the session to order.

PRAYER

Sen. Ramon "Bong" Revilla Jr. led the prayer, to wit:

Let us humbly put ourselves in the presence of the Lord.

Heavenly God, we are once again gathered this afternoon to undertake the great task of deliberating upon and shaping the policies that will steer our nation towards the path of progress and development.

As we embark on this important endeavor, we ask You, Father, to shower us with Your divine wisdom so that our actions and decisions this afternoon are truly expressions of Your divine will.

Lord God, as our nation moves toward yet another celebration of our national independence on June 12, we thank You for the past 107 years of our freedom and independence.

As we come closer to this day, we also thank You for the love of country You have imbibed in the hearts of our heroes who led our nation and our people to where we are today.

Father, the Filipino people pray that You once again ignite the flames of patriotism and nationalism so that it may continue to burn brightly in the hearts of our people.

Tulungan Ninyo kaming dakilain ang aming kasaysayan, at itanim Ninyo sa kaibuturan ng aming mga puso at isipan ang kahalagahan ng pagmamahal sa aming Inang Bayan.

Remind our countrymen of the sacrifices of our ancestors so that we may be inspired to follow their example and stand as one under Your guidance and stewardship.

Enlighten our hearts and our minds so that we may address the calls of the time, and as a united people, we may together, hand in hand, reach our greatest aspirations.

All these we ask in the great Name of our Savior, Jesus Christ.

Amen.

ROLL CALL

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

Angara, E. J.	Lapid, M. L. M.
Arroyo, J. P.	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.	Pangilinan, F. N.
Enrile, J. P.	Pimentel Jr., A. Q.
Flavier, J. M.	Revilla Jr., R. B.
Lacson, P. M.	Roxas, M.

With 18 senators present, the Chair declared the presence of a quorum.

Senator Villar arrived after the roll call.

Senators Biazon and Gordon were on official mission abroad.

Senator Cayetano was on official mission.

Senator Recto was absent.

APPROVAL OF THE JOURNAL

Upon motion of Senator Pangilinan, there being no objection, the Body dispensed with the reading of the Journal of Session No. 89 and considered it approved.

REFERENCE OF BUSINESS

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

**MESSAGES FROM THE
HOUSE OF REPRESENTATIVES**

Letters from the Secretary General of the House of Representatives, dated May 11, 2005, informing the Senate that on May 10, 2005, the House of Representatives passed the following House bills in which it requested the concurrence of the Senate:

House Bill No. 4012, entitled

AN ACT CONVERTING THE SEVILLA
- BILAR PRIP ROAD IN THE
MUNICIPALITIES OF SEVILLA
AND BILAR, PROVINCE OF BOHOL
INTO A NATIONAL ROAD

**To the Committees on Public Works; and
Finance**

House Bill No. 4013, entitled

AN ACT CONVERTING THE
QUINOGUITAN - SEVILLA -
BALILIHAN PROVINCIAL ROAD IN
THE MUNICIPALITIES OF LOBOC,
SEVILLA AND BALILIHAN,
PROVINCE OF BOHOL INTO A
NATIONAL ROAD

**To the Committees on Public Works; and
Finance**

House Bill No. 4014, entitled

AN ACT CONVERTING THE
PROVINCIAL ROAD FROM
BARANGAY SAN JOSE JUNCTION
VIA DON LEON BALANTE TO P.M.
SOBRECAREY ROAD IN THE
MUNICIPALITY OF CARAGA,
PROVINCE OF DAVAO ORIENTAL
INTO A NATIONAL ROAD

**To the Committees on Public Works; and
Finance**

House Bill No. 4015, entitled

AN ACT CONVERTING THE ROAD
WHICH STARTS AT THE HIGHWAY
JUNCTION OF SITIO TAMBO IN
THE MUNICIPALITY OF SAN
IGNACIO AND TRAVERSES
BARANGAYS TAOCANGA, RIZAL,
CAPASNAN, LAMBOG, DEL PILAR,
CAYAWAN AND CENTRAL
IN THE MUNICIPALITY OF
MANAY, PROVINCE OF DAVAO,
ORIENTAL INTO A NATIONAL
ROAD

**To the Committees on Public Works; and
Finance**

House Bill No. 4017, entitled

AN ACT CONVERTING THE
PAWILI JUNCTION (ANAYAN) -
PALSONG (BULA) - TOPAZ
(NABUA) PROVINCIAL ROAD,
PROVINCE OF CAMARINES SUR
INTO A NATIONAL SECONDARY
ROAD

**To the Committees on Public Works; and
Finance**

House Bill No. 4018, entitled

AN ACT CONVERTING THE BUHI -
TAMBO - TUBIGAN PROVINCIAL
ROAD, PROVINCE OF CAMARINES
SUR INTO A NATIONAL
SECONDARY ROAD

**To the Committees on Public Works; and
Finance**

House Bill No. 4019, entitled

AN ACT CONVERTING THE IRIGA
CITY - BUHI - LIDONG (ALBAY
BOUNDARY) PROVINCIAL ROAD,
PROVINCE OF CAMARINES SUR
INTO A NATIONAL SECONDARY
ROAD

**To the Committees on Public Works; and
Finance**

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House Bill No. 4020, entitled

AN ACT CONVERTING THE TANDAAY (NABUA) – LIBON (ALBAY BOUNDARY) PROVINCIAL ROAD, PROVINCE OF CAMARINES SUR INTO A NATIONAL SECONDARY ROAD

To the Committees on Public Works; and Finance

House Bill No. 4021, entitled

AN ACT CONVERTING THE CASIGURAN – GUBAT PROVINCIAL ROAD IN THE MUNICIPALITIES OF CASIGURAN AND GUBAT, PROVINCE OF SORSOGON INTO A NATIONAL ROAD

To the Committees on Public Works; and Finance

House Bill No. 4022, entitled

AN ACT CONVERTING THE CUMADCAD – MACALAYA PROVINCIAL ROAD IN THE MUNICIPALITY OF CASTILLA, PROVINCE OF SORSOGON INTO A NATIONAL ROAD

To the Committees on Public Works; and Finance

House Bill No. 4023, entitled

AN ACT CONVERTING THE JUNCTION LUTIMAN – GUICAM ROAD IN THE MUNICIPALITY OF ALICIA, PROVINCE OF ZAMBOANGA SIBUGAY INTO A NATIONAL ROAD

To the Committees on Public Works; and Finance

House Bill No. 4024, entitled

AN ACT CONVERTING THE ASIPULO – LAMUT – LAGAWE – AGUINALDO PROVINCIAL ROAD, PROVINCE

OF IFUGAO INTO A NATIONAL ROAD

To the Committees on Public Works; and Finance

House Bill No. 4025, entitled

AN ACT CONVERTING THE ALFONSO LISTA – AURORA PROVINCIAL ROAD IN THE MUNICIPALITY OF ALFONSO LISTA, PROVINCE OF IFUGAO INTO A NATIONAL ROAD

To the Committees on Public Works; and Finance

House Bill No. 4026, entitled

AN ACT CONVERTING THE IBULAO – KIANGAN – TINOC PROVINCIAL ROAD IN THE MUNICIPALITIES OF KIANGAN AND TINOC, PROVINCE OF IFUGAO INTO A NATIONAL ROAD

To the Committees on Public Works; and Finance

House Bill No. 4027, entitled

AN ACT CONVERTING THE HINGYON – BANAUE – MAYOYAO ROAD, PROVINCE OF IFUGAO INTO A NATIONAL ROAD

To the Committees on Public Works; and Finance

House Bill No. 4028, entitled

AN ACT CONVERTING THE KIANGAN – ASIPULO PROVINCIAL ROAD, PROVINCE OF IFUGAO INTO A NATIONAL ROAD

To the Committees on Public Works; and Finance

House Bill No. 4029, entitled

AN ACT CONVERTING THE POLILLO – BURDEOS PROVINCIAL ROAD

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IN THE MUNICIPALITIES OF
POLILLO AND BURDEOS, PROV-
INCE OF QUEZON INTO A
NATIONAL ROAD

**To the Committees on Public Works; and
Finance**

House Bill No. 4030, entitled

AN ACT CONVERTING THE TAYABAS
- PAGBILAO PROVINCIAL ROAD
IN THE MUNICIPALITIES OF
TAYABAS AND PAGBILAO,
PROVINCE OF QUEZON INTO A
NATIONAL ROAD"

**To the Committees on Public Works; and
Finance**

House Bill No. 4031, entitled

AN ACT CONVERTING THE POLILLO
- PANUKULAN PROVINCIAL
ROAD IN THE MUNICIPALITIES OF
POLILLO AND PANUKULAN,
PROVINCE OF QUEZON INTO A
NATIONAL ROAD

**To the Committees on Public Works; and
Finance**

House Bill No. 4032, entitled

AN ACT CONVERTING THE BASCA -
AMBARACAO SUR - GUESSET
ROAD, PROVINCE OF LA UNION
INTO A NATIONAL ROAD

**To the Committees on Public Works; and
Finance**

House Bill No. 4033, entitled

AN ACT CONVERTING THE
BONGABONG - SAGANA - ROXAS
- SAN AQUILINO PROVINCIAL
ROAD, PROVINCE OF ORIENTAL
MINDORO INTO A NATIONAL
ROAD

**To the Committees on Public Works; and
Finance**

House Bill No. 4034, entitled

AN ACT CONVERTING THE TOLEDO
- ULING - NAGA ROAD IN
TOLEDO CITY, PROVINCE OF
CEBU INTO A NATIONAL ROAD

**To the Committees on Public Works; and
Finance**

House Bill No. 4035, entitled

AN ACT CONVERTING THE
PINAMUNGAJAN - LAMAC -
BUNGA PROVINCIAL ROAD,
PROVINCE OF CEBU INTO A
NATIONAL ROAD

**To the Committees on Public Works; and
Finance**

House Bill No. 4036, entitled

AN ACT CONVERTING THE CENTRO
NAPU - CABOL - ANONAN - NAILON
CIRCUMFERENTIAL ROAD IN THE
MUNICIPALITY OF TUDELA,
PROVINCE OF MISAMIS OCCI-
DENTAL INTO A NATIONAL ROAD

**To the Committees on Public Works; and
Finance**

House Bill No. 4037, entitled

AN ACT CONVERTING CERTAIN
PROVINCIAL ROADS IN THE
SECOND DISTRICT, PROVINCE OF
SULU INTO NATIONAL ROADS

**To the Committees on Public Works; and
Finance**

House Bill No. 4038, entitled

AN ACT CONVERTING THE
PINAMUNGAJAN - GUIMBAWIAN
- SAN FERNANDO PROVINCIAL
ROAD, PROVINCE OF CEBU INTO
A NATIONAL ROAD

**To the Committees on Public Works; and
Finance**

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House Bill No. 4039, entitled

AN ACT CONVERTING THE ALOGUINSAN – OLANGO – VALENCIA PROVINCIAL ROAD, PROVINCE OF CEBU INTO A NATIONAL ROAD

To the Committees on Public Works; and Finance

House Bill No. 4040, entitled

AN ACT CONVERTING THE NAGA – ULING ROAD CONNECTING THE MUNICIPALITY OF NAGA AND THE CITY OF TOLEDO, PROVINCE OF CEBU INTO A NATIONAL ROAD

To the Committees on Public Works; and Finance

House Bill No. 4041, entitled

AN ACT CONVERTING THE MALASIQUI – VILLASIS PROVINCIAL ROAD, PROVINCE OF PANGASINAN INTO A NATIONAL ROAD

To the Committees on Public Works; and Finance

House Bill No. 4042, entitled

AN ACT CONVERTING THE MACABITO JUNCTION – SAN CARLOS CITY – AGUILAR PROVINCIAL ROAD, PROVINCE OF PANGASINAN INTO A NATIONAL ROAD

To the Committees on Public Works; and Finance

House Bill No. 4043, entitled

AN ACT CONVERTING THE MALASIQUI – SAN CARLOS CITY (VIA COLILING) PROVINCIAL ROAD, PROVINCE OF PANGASINAN INTO A NATIONAL ROAD

To the Committees on Public Works; and Finance

House Bill No. 4044, entitled

AN ACT CONVERTING THE SAN CARLOS CITY – CALASIAO (VIA MALABAGO) PROVINCIAL ROAD, PROVINCE OF PANGASINAN INTO A NATIONAL ROAD

To the Committees on Public Works; and Finance

House Bill No. 4045, entitled

AN ACT CONVERTING THE MACABITO JUNCTION – CALASIAO PROVINCIAL ROAD IN THE PROVINCE OF PANGASINAN INTO A NATIONAL ROAD

To the Committees on Public Works; and Finance

House Bill No. 4046, entitled

AN ACT CONVERTING THE URBIZTONDO – SAN CARLOS CITY PROVINCIAL ROAD, PROVINCE OF PANGASINAN INTO A NATIONAL ROAD

To the Committees on Public Works; and Finance

House Bill No. 4047, entitled

AN ACT CONVERTING THE HIMAMAYLAN – TAYASAN PROVINCIAL ROAD, PASSING THROUGH THE MUNICIPALITIES OF HIMAMAYLAN, PROVINCE OF NEGROS OCCIDENTAL AND TAYASAN, PROVINCE OF NEGROS ORIENTAL INTO A NATIONAL ROAD

To the Committees on Public Works; and Finance

House Bill No. 4048, entitled

AN ACT CONVERTING THE GUIHULNGAN – ISABELA PROVINCIAL ROAD PASSING THROUGH THE

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MUNICIPALITIES OF GUIHUL-
NGAN, PROVINCE OF NEGROS
ORIENTAL AND ISABELA, PROVINCE
OF NEGROS OCCIDENTAL INTO A
NATIONAL ROAD

**To the Committees on Public Works; and
Finance**

House Bill No. 4049, entitled

AN ACT CONVERTING THE BULACAN
- CABACUNGAN - MALALAG
TUBIG - KADAATAN - STA. MARIA
BARANGAY ROAD TRAVERSING
THE MUNICIPALITIES OF MALALAG
AND STA. MARIA, PROVINCE OF
DAVAO DEL SUR INTO A
NATIONAL ROAD

**To the Committees on Public Works; and
Finance**

House Bill No. 4050, entitled

AN ACT CONVERTING THE
POBLACION - SANGAY -
DEMOLOC - MALUNGON PROVIN-
CIAL ROAD TRAVERSING THE
MUNICIPALITIES OF MALITA,
PROVINCE OF DAVAO DEL SUR
AND MALUNGON, PROVINCE OF
SARANGANI INTO A NATIONAL
ROAD

**To the Committees on Public Works; and
Finance**

House Bill No. 4051, entitled

AN ACT CONVERTING THE PADADA
- KIBLAWAN - COLUMBIO-
DATU PAGLAS PROVINCIAL
ROAD TRAVERSING THE
MUNICIPALITIES OF PADADA
AND KIBLAWAN, PROVINCE
OF DAVAO DEL SUR AND
DATU PAGLAS, PROVINCE
OF MAGUINDANAO INTO A
NATIONAL ROAD

**To the Committees on Public Works; and
Finance**

House Bill No. 4052, entitled

AN ACT CONVERTING THE DEMOLOC
- LITTLE BAGUIO - ALABEL
BARANGAY ROAD TRAVERSING
THE MUNICIPALITIES OF MALITA,
PROVINCE OF DAVAO DEL SUR
AND ALABEL, PROVINCE OF SARAN-
GANI INTO A NATIONAL ROAD

**To the Committees on Public Works; and
Finance**

House Bill No. 4053, entitled

AN ACT CONVERTING THE PADADA
- KIBLAWAN - TAGAYTAY -
MALUNGON ROAD TRAVERSING
THE MUNICIPALITIES OF PADADA
AND KIBLAWAN, PROVINCE OF
DAVAO DEL SUR AND MALUNGON,
PROVINCE OF SARANGANI INTO
A NATIONAL ROAD

**To the Committees on Public Works; and
Finance**

House Bill No. 4054, entitled

AN ACT CONVERTING THE ROAD
WHICH STARTS AT THE JUNCTION
OF MALALAG - MALITA ROAD
AND ENDS AT THE MALALAG
WHARF IN THE MUNICIPALITY OF
MALALAG, PROVINCE OF DAVAO
DEL SUR INTO A NATIONAL ROAD

**To the Committees on Public Works; and
Finance**

House Bill No. 4055, entitled

AN ACT CONVERTING THE NUNG -
SAN ISIDRO - QUIAPO - MOLMOL
- MALAPATAN PROVINCIAL
ROAD TRAVERSING THE
MUNICIPALITIES OF JOSE ABAD
SANTOS, PROVINCE OF DAVAO
DEL SUR AND MALAPATAN,
PROVINCE OF SARANGANI INTO
A NATIONAL ROAD

**To the Committees on Public Works; and
Finance**

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House Bill No. 4056, entitled

AN ACT CONVERTING THE POBLACION
– PONGPONG – DATU INTAN –
MALUNGON PROVINCIAL ROAD
TRAVERSING THE MUNICIPAL-
ITIES OF STA. MARIA, PROVINCE
OF DAVAO DEL SUR AND
MALUNGON, PROVINCE OF SARAN-
GANI INTO A NATIONAL ROAD

**To the Committees on Public Works; and
Finance**

House Bill No. 4057, entitled

AN ACT CONVERTING THE
TAGANSULE – LUBOG – LIDA –
BULACAN PROVINCIAL ROAD
WHICH STARTS AT THE JUNCTION
OF THE DIGOS – MAKAR ROAD
AND ENDS AT THE MALALAG –
MALITA ROAD IN THE
MUNICIPALITY OF MALALAG,
PROVINCE OF DAVAO DEL SUR
INTO A NATIONAL ROAD

**To the Committees on Public Works; and
Finance**

House Bill No. 4058, entitled

AN ACT CONVERTING THE WATERFALL
– OSMEÑA – BALASIAO –
MALUNGON PROVINCIAL ROAD
TRAVERSING THE MUNICIPALITIES
OF SULOP AND KIBLAWAN,
PROVINCE OF DAVAO DEL SUR
AND MALUNGON, PROVINCE OF
SARANGANI INTO A NATIONAL
ROAD

**To the Committees on Public Works; and
Finance**

House Bill No. 4059, entitled

AN ACT CONVERTING THE POBLACION
– PONGPONG – SAN ANTONIO –
SAN PEDRO – PINALPALAN –
ALABEL PROVINCIAL ROAD
TRAVERSING THE MUNICIPALITIES
OF STA. MARIA AND MALITA,

PROVINCE OF DAVAO DEL SUR
AND ALABEL, PROVINCE OF
SARANGANI INTO A NATIONAL
ROAD

**To the Committees on Public Works; and
Finance**

House Bill No. 4060, entitled

AN ACT CONVERTING THE SANGAY
– MACOL – PANGALEON – DATU
DANWATA – ALABEL PROVINCIAL
ROAD TRAVERSING THE MUNICI-
PALITIES OF MALITA, PROVINCE
OF DAVAO DEL SUR AND ALABEL,
PROVINCE OF SARANGANI INTO
A NATIONAL ROAD

**To the Committees on Public Works; and
Finance**

House Bill No. 4061, entitled

AN ACT CONVERTING THE RIZAL
TOWN COASTAL LOOP STARTING
FROM THE RIZAL SHRINE IN
DAPITAN CITY UP TO THE
MUNICIPALITY OF RIZAL,
PROVINCE OF ZAMBOANGA DEL
NORTE INTO A NATIONAL ROAD

**To the Committees on Public Works; and
Finance**

House Bill No. 4062, entitled

AN ACT CONVERTING THE PIÑAN –
MUTIA PROVINCIAL ROAD
CONNECTING THE MUNICIPAL-
ITIES OF PIÑAN AND MUTIA,
PROVINCE OF ZAMBOANGA DEL
NORTE INTO A NATIONAL ROAD

**To the Committees on Public Works; and
Finance**

House Bill No. 4063, entitled

AN ACT CONVERTING THE POTUNGAN
– SIBUTAD – LIBAY ROAD
CONNECTING THE CITY OF DAPITAN
AND THE MUNICIPALITY
OF SIBUTAD, PROVINCE OF

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ZAMBOANGA DEL NORTE INTO A
NATIONAL ROAD

**To the Committees on Public Works; and
Finance**

and House Bill No. 4064, entitled

AN ACT CONVERTING THE DAHICAN
- LAWIGAN PROVINCIAL ROAD,
PROVINCE OF DAVAO ORIENTAL
INTO A NATIONAL SECONDARY
ROAD

**To the Committees on Public Works; and
Finance**

ADDITIONAL REFERENCE OF BUSINESS

**MESSAGE OF THE PRESIDENT
OF THE PHILIPPINES**

Letter of Her Excellency, President Gloria Macapagal Arroyo, dated 13 April 2005, submitting to the Senate for its ratification the *Agreement between the Government of the Republic of the Philippines and the Government of the United Arab Emirates for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and on Capital and its Protocol*, which were signed on 21 September 2003.

To the Committee on Foreign Relations

BILLS ON FIRST READING

Senate Bill No. 2024, entitled

AN ACT DECLARING NOVEMBER
TWENTY-FIVE OF EVERY YEAR
AS "NATIONAL CONSCIOUSNESS
DAY FOR THE ELIMINATION OF
VIOLENCE AGAINST WOMEN"
AND FOR OTHER PURPOSES

Introduced by Senator Pangilinan

**To the Committee on Youth, Women and
Family Relations**

Senate Bill No. 2025, entitled

AN ACT AMENDING REPUBLIC ACT
NO. 8479, OTHERWISE KNOWN

AS THE DOWNSTREAM OIL
INDUSTRY DEREGULATION ACT

Introduced by Senator Mar Roxas

To the Committees on Energy; and Finance

Senate Bill No. 2026, entitled

AN ACT DECLARING THE MONTH
OF AUGUST OF EVERY YEAR
AS NATIONAL BREASTFEEDING
AWARENESS MONTH

Introduced by Senator Compañera Pia S.
Cayetano

**To the Committee on Health and
Demography**

Senate Bill No. 2027, entitled

AN ACT DECLARING THE MONTH OF
FEBRUARY OF EVERY YEAR AS
LIVER CANCER AND HEPATITIS-
B AWARENESS MONTH

Introduced by Senator Compañera Pia S.
Cayetano

**To the Committee on Health and
Demography**

**ACKNOWLEDGMENT OF
THE PRESENCE OF GUESTS**

At this juncture, Senator Pangilinan acknowledged the presence of the members of the Sangguniang Kabataaan of Jones, Isabela.

**COMMITTEE REPORT NO. 13
ON SENATE BILL NO. 1936
(Continuation)**

Upon motion of Senator Pangilinan, there being no objection, the Body resumed consideration, on Second Reading, of Senate Bill No. 1936 (Committee Report No. 13), entitled

AN ACT ESTABLISHING A CREDIT
INFORMATION SYSTEM, AND FOR
OTHER PURPOSES.

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

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He informed the Body that Senators Defensor Santiago, Arroyo and Osmeña had made reservations to interpellate in that order.

Thereafter, the Chair recognized Senator Angara, Sponsor of the measure, and Senator Defensor Santiago for her interpellation.

INTERPELLATION OF SENATOR DEFENSOR SANTIAGO

At the onset, Senator Defensor Santiago posited that it was not enough that the bill would merely establish a credit information system but more importantly, that the credit information would be accurate and fair. She asked about precautionary measures to ensure that the information going in and out of the system is accurate and fair.

Senator Angara replied that the bill provides several safeguards, among which are the administrative and penal sanctions for any inaccurate information. Moreover, he cited the right of a person to immediately call the attention of the bureau for any inaccuracy about his/her credit information and the obligation of the bureau to make the immediate correction. He gave assurance that this provision would be made very clear in the bill at the proper time.

Senator Defensor Santiago expressed the view that it is imperative that the information is accurate because it may be used by different people to assess the financial or credit status of a person or corporation.

With regard to Section 8 of the bill, Senator Defensor Santiago noted that the Monetary Board has a conflict of interest as the drafter of the implementing rules and regulations considering that the *Bangko Sentral ng Pilipinas* is a 49% stockholder of the proposed credit information bureau. She asked what safety nets are in place for the depositors.

Senator Angara conceded the built-in conflict of interest. But he pointed out that the governing body of the bureau would come from the private sector. He suggested that the 49% share of the BSP be reduced to 40% in order to make the private sector the dominant player in the bureau. However, he stressed that the bureau would need the BSP's presence and money for credibility and investment.

Under the bill's Declaration of Policy, Senator Defensor Santiago noted that banks and financial institutions are expected to reduce the interest rate of responsible debtors and to make a significant portion of the loan uncollateralized, a policy that dovetails with a fundamental change in bank lending as set out in RA 8791 or the General Banking Act of 2000.

She pointed out that under Section 21 of the old General Banking Act or Republic Act No. 337, banks are supposed to engage in lending money against securities consisting of personal property or mortgages on improved real estate but Section 29 of the General Banking Law of 2000 simply authorizes the banks to extend credit. She observed that the changing of the words is reflective of the mandate of banks to recognize the peculiar characteristics of microfinancing such as cash-flow based lending to the basic sectors not covered by traditional collateral. But she maintained that such declarations remain to be motherhood statements unless the BSP translates them into reality.

Replying to her query, Senator Angara observed that the country's banks and lending institutions face the great risk of lending because of the lack of reliable comprehensive credit information, forcing the banks to require more and more collateral. He conceded that the amendment to the BSP charter led to project-lending, cash-flow lending or micro-financing lending without collateral but he pointed out that the volume is relatively small. He explained that the bill intends to fill the void of credit information about borrowers because a dependable and accurate credit history would make financial institutions more secure and comfortable in lending their money. At present, he said, the more extensive credit information about borrowers is mostly negative. He expressed hope that the proposed measure will expand the scale and magnitude of lending since the risks can be predicted and banks can extend credit without requiring an exorbitant amount of collateral. He admitted that there is no guarantee that the expectation will become a reality but he opined that the availability of reliable, accurate credit information is a positive step towards the realization of this expectation. He expressed openness to an amendment requiring the BSP to report to Congress the status of the system which would put a check and balance mechanism in the financial system.

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On the proviso under Section 3 of the bill seeking to exclude confidential information on bank deposits and/or client funds from the coverage of credit information, Senator Defensor Santiago asked whether the bill should not stress the inviolable nature of confidential information on bank deposits. She noted that the bill covers lending by banks to client borrowers and although bank deposits may be used as collateral to loans, the confidentiality of such deposits should not be impaired. She noted that the borrower, as treated in the bill, is not a depositor protected by the law on secrecy of bank deposits. To her proposal that the bill should explicitly state that the credit information should not extend to a depositor who is lending funds to or investing funds in or through any accessing entity, Senator Angara replied that any recommended change to that effect is welcome.

Asked why the ownership of the bureau is being made available to multilateral international financial institutions when they do not lend to individual borrowers or have any business with them, Senator Angara explained that the intention is to grant the ownership of the credit bureau to disinterested entities not involved in retail lending. He believed that multilateral agencies like international finance corporations and the ADB would give the bureau a semblance of credibility and a symbol of solidity. He expressed hope that eventually the corporation would go public and accept investments from other institutional bodies and trade associations like the Bankers Association of the Philippines.

Asked whether "outsource entities" should also be subject to the confidentiality obligation required of the accessing entities, Senator Angara replied in the affirmative. He explained that the omission was unintentional.

To the observation that the procedure for disputing the accuracy of credit information should be spelled out in Section 4(d)(vi) of the bill, otherwise, the accountability to the borrower may just become illusory, considering the conflict of interest of the monetary board, Senator Angara agreed. He explained that the Committee was figuring out the kind of mechanism which can satisfy a borrower's request to have his information corrected. He revealed that a committee amendment would be introduced at the proper time as regards correcting erroneous credit information.

In Section 4 (d) (VII) on page 5, line 14 of the bill, Senator Defensor Santiago asked clarification whether the exemption covers only civil liability. She pointed out that there might be instances where the borrower may rightfully bring a criminal action for defamation.

Senator Angara replied that the idea is not to insulate but to protect the entity as well as the personnel from civil as well as other sanctions. He agreed that administrative and criminal liabilities should also be included in order to avoid creating an environment of fear which may defeat the very purpose of having accurate and up-to-date information. He said that the committee would welcome any amendment of that sort.

Finally, on page 7, line 21, Senator Defensor Santiago suggested the change of the word "Code" to ACT. Senator Angara agreed. He affirmed that the error was a gross oversight and gave assurance that it would be corrected.

MANIFESTATION OF SENATOR PANGILINAN

At this juncture, Senator Pangilinan stated that Senators Arroyo and Osmeña would make their interpellations next Monday.

SUSPENSION OF CONSIDERATION OF SENATE BILL NO. 1936

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

COMMITTEE REPORT NO. 24 ON HOUSE BILL NO. 3696 (Continuation)

Upon motion of Senator Pangilinan, there being no objection, the Body resumed consideration, on Second Reading, of House Bill No. 3696 (Committee Report No. 24), entitled

**AN ACT FURTHER AMENDING
THE FRANCHISE OF VISAYAN
ELECTRIC COMPANY INC.,
GRANTED UNDER ACT NO. 3499,
AS AMENDED, TO CONSTRUCT,
OPERATE AND MAINTAIN A**

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DISTRIBUTION SYSTEM FOR THE CONVEYANCE OF ELECTRIC POWER TO THE END-USERS IN THE CITIES OF CEBU, MANDAUE AND TALISAY AND THE MUNICIPALITIES OF MINGLANILLA, NAGA, SAN FERNANDO, CONSOLACION AND LILO-AN, PROVINCE OF CEBU, AND RENEWING/ EXTENDING THE TERM OF THE FRANCHISE TO ANOTHER TWENTY-FIVE YEARS FROM THE DATE OF APPROVAL OF THIS ACT.

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

The Chair recognized Senator Arroyo, Sponsor of the measure, and Senator Defensor Santiago for her interpellation.

INTERPELLATION OF SENATOR DEFENSOR SANTIAGO

Noting that the Visayan Electric Company is one of five electric distribution utilities in Cebu, along with the Mactan Electric Company and Cebu Electric Cooperative I, II, and III, Senator Defensor Santiago asked for a comparison between VECO and CEBECO I, II and III insofar as electricity cost to end-users, total systems loss and power quality delivered to consumers are concerned. Senator Arroyo explained that VECO's total systems loss is recorded at 10.2 compared with the 9.5 standard of the Energy Regulatory Commission. He assured Senator Defensor Santiago that the Committee on Public Services will get comparative data on the other power distribution utilities.

Upon further queries, Senator Arroyo informed the Body that the electrification level of households under the VECO franchise area is 100% considering that it is an old company founded in 1905 and is the second biggest electric distributor next to Meralco. He disclosed that there had been no opposition to its franchise application.

At this juncture, Senator Osmeña informed the Body that VECO, through no fault of its own, is unable to supply electricity to all households in its franchise areas as there are mountain barangays in Cebu which are difficult and expensive

to energize. Further, he lamented that he was not allowed to allocate his Countryside Development Fund for electrification projects in areas covered by private franchises. Senator Arroyo affirmed that VECO has energized all barangay centers in its franchise areas but some houses, as pointed out by Senator Osmeña, have not been energized because of distance and impracticability.

Asked whether VECO fully complied with the Distribution Code, Senator Arroyo replied that from the testimony of officials of the National Electrification Administration and the Energy Regulatory Commission during the committee hearings, VECO has been compliant with all the requirements of the regulatory agencies. He believed that the ERC conducted field work to authenticate VECO's claims. He stated that no complaints have been received against the company and no government regulatory agency had objected to its application. He, however, clarified that the Committee on Public Services does not have the means to ascertain these claims.

Asked whether an old company like VECO has the capability to operate in a power industry that has recently been drastically restructured, Senator Arroyo disclosed that VECO has an authorized capital of P2,160,375,000 and a subscribed capital of P1,529,129,000. Further, he explained that aside from being an established company, VECO has the support of all Cebu congressmen, and that there has been no adverse opposition to its application.*

Moreover, he stated that the VECO is a Filipino firm with fractional foreign ownership; it is owned by the Aboitiz and Garcia families who are veterans in the power distribution business. He lamented that there are only few companies that apply for electricity distribution franchises and it would be difficult to reject their application because as in the case of Meralco, the problem of getting a replacement would arise.

Senator Arroyo pointed out that franchise bills originate from the House of Representatives but the Senate Committee on Public Services has stringent requirements. The Committee is recommending the approval of VECO's application because of the four franchise bills transmitted by the Bigger House, he said, only VECO had complied with all the committee requirements.

*As corrected by Senator Arroyo on May 30, 2005

As to VECO's profile, he gave the following data:

VECO system profile:

Distribution capacity	410 mva
System demand	270.246 MW
System energy supply	1,544.15 GW/h
System load factor	65.23%
System power factor	94.4%
System losses	11.17%

VECO financial profile:

Total assets	:	P4.811 billion
Total liabilities	:	P1.922 billion
Stockholders equities:		P2.819 billion
Annual revenues:		P6.38 billion
Retained earnings	:	P338 billion

Upon further queries, Senator Arroyo agreed that the VECO situation could be compared to a marriage which has to be tolerated since it is already in existence. He stated that the committee's investigation revealed no other applicants for the franchise area that could replace VECO. He pointed out that power distribution is a very delicate business that only veterans in the industry would venture into it. Senator Defensor Santiago lamented that the Body appeared to have no choice except to abide by the entity closest to the vicinity.

At this juncture, Senator Osmeña explained that while the franchise of electric utilities is not exclusive, no one wants to undertake such an expensive business. He maintained that a company granted a franchise for a public utility cannot be selective about the area it would service. For instance, he said that a company given an electric distribution franchise in the Metro Manila area cannot choose to distribute power only to rich homes in Makati as it must make itself available to anyone who applies for an electric connection, hence, the company must put up lines and posts not only in urban centers but also in the farthest barangays.

Asked for VECO's motivation for its franchise application, Senator Arroyo replied that the company has been making money.

INTERPELLATION OF SENATOR ROXAS

Asked by Senator Roxas about the electricity rates charged by VECO for its residential, commercial

and industrial consumers, Senator Arroyo said that the average rate is P4.47/kwh for residential consumers, P4.95/kwh for small-scale businesses and industries, P4.61/kwh for medium-scale businesses, P4.17/kwh for large businesses, and P4.60/kwh for industrial and commercial consumers.

Asked on the Napocor grid rate for the Visayas, Senator Arroyo replied that it is P3.60 in the area where the franchisee operates.

Senator Roxas observed that the utility seems to be running efficiently because the one-peso markup is a good indication of the utility's capability, competence and sense of responsibility.

TERMINATION OF THE PERIOD OF INTERPELLATIONS

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

COMMITTEE AMENDMENTS

As proposed by Senator Arroyo, there being no objection, the Body approved the following amendments:

1. On page 7, before Section 9, insert a new section to read as follows:

SEC. __. *TAX PROVISIONS.* – THE GRANTEE, ITS SUCCESSORS OR ASSIGNS, SHALL BE SUBJECT TO THE PAYMENT OF ALL TAXES, DUTIES, FEES OR CHARGES AND OTHER IMPOSITIONS APPLICABLE TO PRIVATE ELECTRIC UTILITIES UNDER THE NATIONAL INTERNAL REVENUE CODE (NIRC) OF 1997, AS AMENDED, THE LOCAL GOVERNMENT CODE AND OTHER APPLICABLE LAWS: *PROVIDED*, THAT NOTHING HEREIN SHALL BE CONSTRUED AS REPEALING ANY SPECIFIC TAX EXEMPTIONS, INCENTIVES OR PRIVILEGES GRANTED UNDER ANY RELEVANT LAW: *PROVIDED FURTHER*, THAT ALL RIGHTS, PRIVILEGES, BENEFITS AND EXEMPTIONS ACCORDED TO

for

EXISTING AND FUTURE PRIVATE ELECTRIC UTILITIES BY THEIR RESPECTIVE FRANCHISES SHALL LIKEWISE BE EXTENDED TO THE GRANTEE.

THE GRANTEE SHALL FILE THE RETURN WITH THE CITY WHERE ITS PRINCIPAL PLACE OF BUSINESS IS LOCATED AND PAY THE TAXES THEREON TO THE COMMISSIONER OF INTERNAL REVENUE OR HIS DULY AUTHORIZED REPRESENTATIVE IN ACCORDANCE WITH THE NIRC AND THE RETURN SHALL BE SUBJECT TO AUDIT BY THE BUREAU OF INTERNAL REVENUE.; and

2. Renumber the sections accordingly.

TERMINATION OF THE PERIOD OF COMMITTEE AMENDMENTS

There being no other committee amendment, upon motion of Senator Pangilinan, there being no objection, the Body closed the period of committee amendments.

SUSPENSION OF CONSIDERATION OF HOUSE BILL NO. 3696

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

SPECIAL ORDER

Upon motion of Senator Pangilinan, there being no objection, the Body approved the transfer of Committee Report No. 26 on Senate Bill No. 1952 to the Calendar for Special Orders.

COMMITTEE REPORT NO. 26 ON SENATE BILL NO. 1952

Upon motion of Senator Pangilinan, there being no objection, the Body considered, on Second Reading, Senate Bill No. 1952 (Committee Report No. 26), entitled

AN ACT GRANTING PHILIPPINE CITIZENSHIP TO MAHMOUD A.M. ASFOUR.

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

SPONSORSHIP REMARKS OF SENATOR ARROYO

Senator Arroyo informed the Body that Senate Bill No. 1952 was already submitted for consideration during the Twelfth Congress but it was not taken up. He said that the bill was re-filed in the House of Representatives where it emanated but Senate Bill No. 1952 is a separate bill sponsored by Senators Enrile, Madrigal and Revilla.

Senator Arroyo gave the following information about Mr. Mahmoud A.M. Asfour:

Mr. Asfour is a Jordanian who came to the Philippines in 1984 from Riyadh and has permanently resided in Bayombong, Nueva Vizcaya. He married a Filipina, Mary Anne M. Asfour, with whom he has three children; Mary Anne helped him better appreciate the ways, culture and traditions of the Filipinos.

Mr. Asfour is an admirer of Dr. Jose Rizal whose legacy and teachings he has since propagated in the Middle East. He built the seven-hectare Rizal Shrine Complex in Nueva Vizcaya with facilities for sports and recreation, medical, education and livelihood training. He was conferred with the third degree of Knight Commander of Rizal on June 8, 2001.

He was declared a son of Nueva Vizcaya through a resolution adopted by the Sangguniang Panlalawigan of Nueva Vizcaya for his countless acts of kindness and generosity to the people of the province. He is personally known to Senator Enrile who, during the hearing, stood up to vouch for the character and patriotism of Mr. Asfour.

Mr. Asfour supports regularly the Filipino workers abroad through the Assistance Council for Vizcayano Overseas Workers where he serves as the vice chairman.

For a man who has been in the Philippines for 19 years, married to a Filipina with three children

who are all studying in public schools of Nueva Vizcaya, Senator Arroyo believed that Mr. Asfour is perhaps more Filipino than many of the Filipinos by blood as attested by a character witness in the person of Sen. Juan Ponce Enrile. He believed that any citizenship court would immediately grant him the citizenship considering the readiness of distinguished public officials like Senators Madrigal and Revilla vouching for his integrity. Thereupon, he strongly recommended that the Senate join the House of Representatives in granting Mr. Asfour the Philippine citizenship.*

COSPONSORSHIP REMARKS OF SENATOR ENRILE

In cosponsoring the measure, Senator Enrile stated that Mr. Asfour was one of the persons, if not the sole person, responsible for introducing the concept of overseas Filipino workers to the government through then Labor Secretary Blas F. Ople. He said that it was through Mr. Asfour's suggestion and effort at that time that the government was able to develop that source of foreign exchange income for the country.

INTERPELLATION OF SENATOR PIMENTEL

Senator Pimentel said that he might have met Mr. Asfour once but does not have any intimate knowledge of the things that he has done for the country. He believed that it is not enough that a person who adheres to the teachings of Dr. Rizal should be immediately given Philippine citizenship. He asked what other things Mr. Asfour has done that would merit the grant of citizenship through the legislative process.

Senator Arroyo replied that Mr. Asfour had sponsored many civic and community-based projects which he funded from his own resources, among which are medical assistance to indigent residents of Kasat and the neighboring barangays and other places in Nueva Vizcaya; tuition and cash allowances to deserving pupils and students; cash incentives to public school teachers and barangay health workers; renovation of various churches; donations of books and funds for school development assistance, renovation of schoolbuildings, and construction of classrooms; shelter assistance to orphans and the homeless; and sponsorship of community development projects.

Senator Pimentel asked if he could be furnished with a copy of documents showing the accomplishments of Mr. Asfour. He said he wanted to validate the statements that indeed Mr. Asfour is what he is pictured to be — a kind of person who shares the travails of the Filipinos in his own area of influence and has been able to uplift to some extent the condition of the lives of the Nueva Vizcayanos. Senator Arroyo replied that he would be more than willing to furnish him with the necessary documents, among which is the June 18, 2001 resolution of the Provincial Board of Nueva Vizcaya declaring philanthropist Mahmoud A.M. Asfour as adopted son of Nueva Vizcaya. He said that Mr. Asfour's beneficence covers particularly the town of Bayombong.

Senator Pimentel clarified that he was not objecting to the measure, saying that he only wanted to go over the record of Mr. Asfour before the Body approves the bill.

At this point, the Chair said that Senator Pimentel may continue his interpellation on the measure next week.

INTERPELLATION OF SENATOR OSMEÑA

At the outset, Senator Osmeña stated that countries like the United Kingdom offer knight-hood, not citizenship, to those who have done some good to the country. He asked what yardstick the Philippines employs in granting citizenship. He observed that granting citizenship through congressional action is like granting a franchise.

Senator Arroyo explained that citizenship can be acquired by either judicial action or congressional action. He said that the statutory requirements for citizenship by judicial action are not so strict.

Senator Arroyo recalled that Filipino citizenship before and during the martial law era was a prized possession especially for Chinese citizens who were not given the same opportunities as the Filipino. Since the Philippines is now a struggling country, he said, acquiring citizenship is no longer as coveted as it was before.

As regards acquiring citizenship by congressional action, Senator Arroyo said that it depends on the judgment of Congress which may consider factors like the desire to stay in the Philippines, marriage to a Filipino, or acts of philanthropy. He argued that Mr. Asfour may be better than a natural-born Filipino since he has done a lot more than the average or prominent Filipino has done.

*As corrected by Senator Arroyo on May 30, 2005

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Senator Osmeña wondered whether the Department of Justice or the Bureau of Immigration has guidelines in granting citizenship to foreign nationals. He cited some countries like Canada which would grant permanent residency to a foreigner who invests a certain amount of money or a green card after a specified number of years of stay; or the United States which grants an investor's visa or citizenship to the foreign spouse of American citizen after a certain number of years. He pointed out that the Body would not want to be deluged by this type of measures even as he hoped that a standard would be set by the Bureau of Immigration and Deportation, the Department of Foreign Affairs and the Department of Justice, so that citizenship applications would go through a normal process.

He explained that he would understand the case of Mr. Asfour if it was an honorary citizenship because it would be granting honor to a person who has done something outstanding for the Philippines.

Asked if Mr. Asfour has gone through the normal process of acquiring Philippine citizenship considering that he has stayed in the country for 21 years, Senator Arroyo replied that Congress has been parsimonious in granting citizenship. He recalled that Congress has granted citizenship in 1996 to Reverend Father Paul Van Parlees, CICM, a Belgian citizen; and in 1994 to Mr. Fabio Enrique Bardales Posas. He conceded that in both cases, groups lobbied for these foreigners who they feel have done service to the country beyond the call of duty.

As regards judicial citizenship, Senator Arroyo stated that an applicant applies and justifies why he is fit to be a Filipino. On the other hand, he said, congressional action is sought through groups who sponsor the person's citizenship in recognition of his service or accomplishments. He disclosed that in the case of Mr. Asfour, 32 documents and various clippings attest to what he has done. He agreed to furnish Senator Osmeña with copies of the 32 documents.

Senator Osmeña reiterated that Congress might be deluged with bills in support of other foreigners who wish to become Filipinos when the legal process in acquiring citizenship has been established. He believed that Congress should have a set of criteria in granting honorary citizenship.

Senator Arroyo maintained that Senator Osmeña's concern would not happen considering that

Mr. Alfour's case has been pending since the Twelfth Congress. He informed the Body that another citizenship bill for Mr. Charles Mosher, a World War II American veteran, has been pending before the Senate. He admitted that congressional grant of citizenship is honorific and has no standards.

Senator Osmeña proposed that agencies like the National Commission for Culture and the Arts or the Department of Education recommend a set of criteria in order to have some objective standard, so that the action would not be made as a special favor to anyone.

Senator Arroyo argued that in a congressional action, the Executive, through the Bureau of Immigration and the Department of Justice, only provides derogatory information on the concerned foreigner but in the absence of such information, Congress acts based on the Members' subjective judgment. He said that putting standards would place Congress under certain rules. For instance, he explained, Mr. Mosher's case is different from Mr. Asfour's since the former is being recognized for his wartime work while the latter is for his civic service.

Senator Osmeña clarified that he was not objecting to Mr. Asfour personally but he maintained that certain standards should be set for future bills of the same nature.

SUSPENSION OF CONSIDERATION OF SENATE BILL NO. 1952

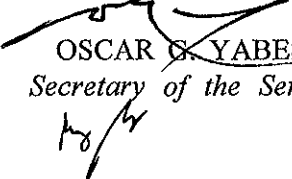
Upon motion of Senator Pangilinan, there being no objection, the Body suspended consideration of the bill.

ADJOURNMENT OF SESSION

Upon motion of Senator Pangilinan, there being no objection, the Chair declared the session adjourned until three o'clock in the afternoon of Monday, May 30, 2005.

It was 5:34 p.m.

I hereby certify to the correctness of the foregoing.


OSCAR G. YABES
Secretary of the Senate

Approved on May 30, 2005