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NINETEENTH CONGRESS
FIRST REGULAR SESSION

PREPARED BY THE
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SENATE OF THE PHILIPPINES

SESSION NO. 68
Wednesday, May 10, 2023

CALL TO ORDER

At 3:10 p.m., the Senate President, Hon. Juan Miguel "Migz" F. Zubiri, called the session to order.

PRAYER

Sen. Raffy T. Tulfo led the prayer, to wit:

Atin pong alalahanin na tayo po ay nasa presensiya ng Panginoon.

Mark 9:34-36. *Nang sila ay nasa bahay na, tinanong ni Hesus ang Kaniyang mga alagad, "Ano ang pinagtatalunan ninyo sa daan?" Hindi sila makasagot sapagkat ang pinagtatalunan nila ay kung sino sa kanila ang pinakadakila. Naupo si Hesus, tinawag ang labindalawa at sinabi sa kanila, "Ang sinumang nagnanais maging una ay dapat maging huli sa lahat, at maging lingkod ng lahat."*

Anyone who wants to be first must be the very last and be the servant of all.

Panginoon, gaya po ng mga disipulo, kami po ay Iyong mga alagad at alagad ng sambayanang Pilipino. Lagi Ninyo po kaming paalalahanan kung bakit kami nandito at bakit kami nabigyan ng pagkakataon na maglingkod. Turuan Ninyo po kami na maging katulad Ninyo sa paglilingkod sa aming kapuwa. Nawa ay maging ehemplo kami sa ibang nais magsilbi sa bayan.

Panginoon, maraming salamat po sa biyayang ito na makatulong sa marami at mapabuti ang buhay ng marami. Nawa'y basbasan Ninyo po ang lahat ng aming ginagawa sa Senado upang ito ay magbunga ng tunay na pagbabago sa buhay ng mga Pilipino.

Lahat po ng aming gagawin ngayong araw na ito ay iniaalay po namin sa Inyo at sa ating bayan.

Amen.



ROLL CALL

Upon direction of the Senate President, the Secretary of the Senate, Atty. Renato N. Bantug Jr., called the roll, to which the following senators responded:

| | |
|---------------------|---------------------|
| Angara, S. | Lapid, M. L. M. |
| Binay, M. L. N. S. | Legarda, L. |
| Cayetano, P. S. | Marcos, I. R. |
| Dela Rosa, R. B. M. | Padilla, R. C. |
| Ejercito, J. V. G. | Pimentel III, A. K. |
| Escudero, F. J. G. | Revilla Jr., R. B. |
| Estrada, J. | Tulfo, R. T. |
| Gatchalian, W. | Villanueva, J. |
| Go, C. L. T. | Zubiri, J. M. F. |
| Hontiveros, R. | |

With 19 senators present, the Chair declared the presence of a quorum.

Senator Cayetano (A) arrived after the roll call.

Senator Tolentino was on official mission abroad.

Senators Poe, Villar (C), and Villar (M) were absent.

ACKNOWLEDGMENT OF THE PRESENCE OF GUESTS

Senator Villanueva acknowledged the presence in the gallery of the following guests:

- His Excellency Ilan Fluss, Ambassador of Israel to the Philippines, accompanied by Mr. Nir Balzam, Deputy Chief of Mission of the Embassy of Israel;
- Her Excellency Titanilla Toth, Ambassador of Hungary to the Philippines, together with Consul General Keller; and
- His Excellency Peter Kell, Ambassador of New Zealand to the Philippines, together with Deputy Head of Mission Tim Given and Policy Advisor Christelle Jovenir.

Senate President Zubiri welcomed the guests to the Senate.

SUSPENSION OF SESSION

Upon motion of Senator Villanueva, the session was suspended.

It was 3:15 p.m.

RESUMPTION OF SESSION

At 3:22 p.m., the session was resumed.

ACKNOWLEDGMENT OF THE PRESENCE OF GUESTS

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

- Gov. Bonifacio Lacwasan of Mountain Province;
- Mayor Jose Padrid of Bay, Laguna; and

- World-class boxer Marlon Tapales, accompanied by Jim Mananquil, Ramon Falgui, and Jefri Tinamisan.

Senate President Zubiri welcomed the guests to the Senate.

APPROVAL OF THE JOURNAL

Upon motion of Senator Villanueva, there being no objection, the Body dispensed with the reading of the Journal of Session No. 67 (May 9, 2023) 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. 2107, entitled

AN ACT PROVIDING PROTECTION AND INCENTIVES FOR FREELANCE WORKERS

Introduced by Senator Go

To the Committee on Labor, Employment and Human Resources Development

Senate Bill No. 2108, entitled

AN ACT INSTITUTIONALIZING THE PAMBANSANG PABAHAY PARA SA PILIPINO PROGRAM

Introduced by Senator Go

To the Committees on Urban Planning, Housing and Resettlement; Local Government; and Finance

Senate Bill No. 2109, entitled

AN ACT ESTABLISHING GREATER RESPONSIBILITY AND ACCOUNTABILITY FROM PRIVATE EMPLOYMENT AGENCIES, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 10361, OTHERWISE KNOWN AS THE "BATAS KASAMBAHAY"

Introduced by Senator Go

To the Committee on Labor, Employment and Human Resources Development

Senate Bill No. 2110, entitled

AN ACT GRANTING SURVIVORSHIP BENEFITS TO THE SURVIVING LEGITIMATE SPOUSE AND DEPENDENT CHILDREN OF A DECEASED RETIRED CHAIRPERSON, COMMISSIONER OR LABOR ARBITER OF THE NATIONAL LABOR RELATIONS COMMISSION AND APPROPRIATING FUNDS THEREFOR

Introduced by Senator Go

To the Committees on Civil Service, Government Reorganization and Professional Regulation; Labor, Employment and Human Resources Development; and Finance

Senate Bill No. 2111, entitled

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

Introduced by Senator Go

To the Committees on Justice and Human Rights; and Finance

Senate Bill No. 2112, entitled

AN ACT MODERNIZING THE PHILIPPINE COAST GUARD, CREATING FOR THE PURPOSE THE PHILIPPINE COAST GUARD MODERNIZATION TRUST FUND AND APPROPRIATING FUNDS THEREFOR

Introduced by Senator Go

To the Committees on Public Services; National Defense and Security, Peace, Unification and Reconciliation; and Finance

Senate Bill No. 2113, entitled

AN ACT REQUIRING THE INCLUSION OF FINANCIAL LITERACY AND ENTREPRENEURSHIP AS SEPARATE CORE SUBJECTS IN THE JUNIOR AND SENIOR HIGH SCHOOL CURRICULA OF THE K-12 PROGRAM, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 10679, OTHERWISE KNOWN AS THE "YOUTH ENTREPRENEURSHIP ACT"

Introduced by Senator Go

To the Committees on Youth; and Basic Education

Senate Bill No. 2114, entitled

AN ACT ESTABLISHING A COMPREHENSIVE FRAMEWORK TO ACCELERATE THE ATTAINMENT OF THE INFRASTRUCTURE FLAGSHIP PROGRAMS AND PROJECTS OF THE NATIONAL GOVERNMENT

Introduced by Senator Go

To the Committees on Economic Affairs; Public Works; and Finance

Senate Bill No. 2115, entitled

AN ACT MANDATING THE TECHNICAL AND SKILLS DEVELOPMENT AUTHORITY TO INSTITUTIONALIZE A TECHNICAL-VOCATIONAL EDUCATION AND TRAINING AND LIVELIHOOD PROGRAM DESIGNED

SPECIFICALLY FOR REHABILITATED DRUG DEPENDENTS AND
APPROPRIATING FUNDS THEREFOR

Introduced by Senator Go

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

Senate Bill No. 2116, entitled

AN ACT AMENDING SECTION 8 OF REPUBLIC ACT NO. 10699, ENTITLED
"THE NATIONAL ATHLETES AND COACHES BENEFITS AND INCENTIVES
ACT," TO UPGRADE THE INCENTIVES FOR NATIONAL PARA ATHLETES
WHO WIN MEDALS IN INTERNATIONAL SPORTS COMPETITIONS

Introduced by Senator Go

To the Committee on Sports

Senate Bill No. 2117, entitled

AN ACT GRANTING FULL AGRICULTURAL INSURANCE COVERAGE TO ALL
QUALIFIED AGRARIAN REFORM BENEFICIARIES OF THE COMPREHEN-
SIVE AGRARIAN REFORM PROGRAM, AMENDING FOR THE PURPOSE
REPUBLIC ACT NO. 6657, AS AMENDED BY REPUBLIC ACT NO. 9700,
OTHERWISE KNOWN AS THE "COMPREHENSIVE AGRARIAN REFORM
LAW OF 1988"

Introduced by Senator Go

To the Committees on Agriculture, Food and Agrarian Reform; and Finance

Senate Bill No. 2118, entitled

AN ACT EXPANDING THE SERVICES OF THE PHILIPPINE CROP INSUR-
ANCE CORPORATION AND ENCOURAGING PRIVATE SECTOR
PARTICIPATION IN AGRICULTURAL INSURANCE, FURTHER AMENDING
SECTION 1 AND SECTION 3.11 OF PRESIDENTIAL DECREE NO. 1467,
CREATING THE PHILIPPINE CROP INSURANCE CORPORATION,
AS AMENDED

Introduced by Senator Go

**To the Committees on Government Corporations and Public Enterprises; and Agri-
culture, Food and Agrarian Reform**

Senate Bill No. 2119, entitled

AN ACT ESTABLISHING THE SCIENCE FOR CHANGE PROGRAM AND
APPROPRIATING FUNDS THEREFOR

Introduced by Senator Villar (M)

To the Committees on Science and Technology; and Finance

Senate Bill No. 2120, entitled

AN ACT CREATING AN ADVANCED STUDIES DEVELOPMENT PROGRAM FOR EXCEPTIONAL GOVERNMENT EMPLOYEES, AND FOR OTHER PURPOSES

Introduced by Senator Villar (M)

To the Committees on Higher, Technical and Vocational Education; Civil Service, Government Reorganization and Professional Regulation; and Finance

Senate Bill No. 2121, entitled

AN ACT ESTABLISHING AND ORGANIZING THE PHILIPPINE ELECTRONIC SPORTS COMMISSION AND APPROPRIATING FUNDS THEREFOR

Introduced by Senator Villar (M)

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

Senate Bill No. 2122, entitled

AN ACT ESTABLISHING THE WASTE WORKERS' HEALTH AND WELFARE PROGRAM, AND FOR OTHER PURPOSES

Introduced by Senator Villar (M)

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

Senate Bill No. 2123, entitled

AN ACT ESTABLISHING REGIONAL AND LOCAL CONCERTS AND ART FAIRS, PROMOTING THE TALENTS OF FILIPINOS IN MUSIC AND ART, PROVIDING FUNDS THEREFOR, AND FOR OTHER PURPOSES

Introduced by Senator Villar (M)

To the Committees on Tourism; Culture and the Arts; and Finance

Senate Bill No. 2124, entitled

AN ACT ESTABLISHING A COMPREHENSIVE PHILIPPINE CULTURAL AND ARTISTIC INFRASTRUCTURE PROGRAM, PROMOTING FILIPINO ARTISTRY AND TALENT, AND APPROPRIATING FUNDS THEREFOR

Introduced by Senator Villar (M)

To the Committees on Culture and the Arts; Public Works; and Finance

Senate Bill No. 2125, entitled

AN ACT MANDATING THE PRESERVATION AND PROTECTION OF AGRICULTURAL LANDS IN THE PHILIPPINES, AND FOR OTHER PURPOSES

Introduced by Senator Marcos

To the Committee on Agriculture, Food and Agrarian Reform

Senate Bill No. 2126, entitled

AN ACT RIGHTSIZING THE NATIONAL GOVERNMENT TO IMPROVE THE DELIVERY OF PUBLIC SERVICES AND FOR OTHER PURPOSES

Introduced by Senator Marcos

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

Senate Bill No. 2127, entitled

AN ACT STRENGTHENING THE ANTI-AGRICULTURAL SMUGGLING POLICIES IN THE COUNTRY, APPROPRIATING FUNDS THEREFOR AND FOR OTHER PURPOSES

Introduced by Senator Villanueva

To the Committees on Agriculture, Food and Agrarian Reform; Justice and Human Rights; and Finance

Senate Bill No. 2128, entitled

AN ACT INTRODUCING ADMINISTRATIVE TAX REFORMS, AMENDING SECTIONS 21, 22, 51, 56, 57, 58, 77, 81, 90, 91, 103, 106, 108, 109, 110, 112, 113, 114, 115, 116, 117, 118, 119, 120, 128, 200, 236, 237, 245, AND 248 AND CREATING A NEW SECTION 112-A UNDER THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED, AND FOR OTHER PURPOSES

Introduced by Senator Villanueva

To the Committee on Ways and Means

Senate Bill No. 2129, entitled

AN ACT DECLARING EVERY 26TH OF JUNE EVERY YEAR AS PHILIPPINES-FRANCE FRIENDSHIP DAY

Introduced by Senator Tulfo

To the Committees on Culture and the Arts; Foreign Relations; and Finance

Senate Bill No. 2130, entitled

AN ACT DECLARING CAGAYAN DE ORO RIVER AND ITS IMMEDIATE ENVIRONS LOCATED IN CAGAYAN DE ORO CITY, PROVINCE OF MISAMIS ORIENTAL A CULTURAL HERITAGE ZONE

Introduced by Senator Legarda

To the Committees on Culture and the Arts; and Tourism

Senate Bill No. 2131, entitled

AN ACT EXEMPTING MICROINSURANCE POLICIES FROM VALUE-ADDED TAX, TAX ON LIFE INSURANCE PREMIUMS AND DOCUMENTARY STAMP TAX, AMENDING FOR THIS PURPOSE SECTIONS 108, 109, 123, 183, 184, 185, 186, AND 187 OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED

Introduced by Senator Legarda

To the Committee on Ways and Means

Senate Bill No. 2132, entitled

AN ACT PROMOTING INCLUSIVE AND SUSTAINABLE PRODUCTIVITY GROWTH, REPEALING FOR THE PURPOSE REPUBLIC ACT NO. 6971, OTHERWISE KNOWN AS THE PRODUCTIVITY INCENTIVES ACT OF 1990

Introduced by Senator Legarda

To the Committees on Labor, Employment and Human Resources Development; and Ways and Means

Senate Bill No. 2133, entitled

AN ACT DEFINING THE RIGHTS OF WOMEN DEPRIVED OF LIBERTY IN JAILS AND CORRECTIONAL FACILITIES AND PROVIDING FUNDS FOR THEIR ENFORCEMENT

Introduced by Senator Legarda

To the Committees on Justice and Human Rights; Women, Children, Family Relations and Gender Equality; and Finance

Senate Bill No. 2134, entitled

AN ACT ESTABLISHING ENVIRONMENTAL UNITS IN EVERY BANKING INSTITUTION TO ASSESS THE ENVIRONMENTAL COMPONENT OF LOAN APPLICATIONS

Introduced by Senator Legarda

To the Committees on Banks, Financial Institutions and Currencies; and Environment, Natural Resources and Climate Change

Senate Bill No. 2135, entitled

AN ACT TO PROMOTE GREENING AND FORESTLAND REHABILITATION AND PROTECTION AT THE BARANGAY LEVEL, SPURRING LOCAL CLIMATE CHANGE ACTION, APPROPRIATING FUNDS THEREFOR AND FOR OTHER PURPOSES

Introduced by Senator Legarda

To the Committees on Environment, Natural Resources and Climate Change; Local Government; and Finance

Senate Bill No. 2136, entitled

AN ACT DECLARING JANUARY TWENTY-TWO OF EVERY YEAR AS A SPECIAL WORKING HOLIDAY TO BE KNOWN AS NATIONAL FARMER'S DAY

Introduced by Senator Legarda

To the Committee on Agriculture, Food and Agrarian Reform

ADDITIONAL REFERENCE OF BUSINESS

RESOLUTION

Senate Concurrent Resolution No. 10, entitled

CONCURRENT RESOLUTION GRANTING CONSENT TO MR. DELFIN N. LORENZANA, CHAIRMAN OF THE BASES CONVERSION AND DEVELOPMENT AUTHORITY, TO RECEIVE THE "UNITED STATES SPECIAL OPERATIONS COMMAND MEDAL" FROM THE GOVERNMENT OF THE UNITED STATES OF AMERICA

Introduced by Senator Villanueva

To the Committee on Rules

COMMITTEE REPORT

Committee Report No. 64, prepared and submitted jointly by the Committees on Local Government; and Finance, on Senate Bill No. 2165, with Senators Ejercito, Revilla Jr., Gatchalian, and Villanueva as authors thereof, entitled

AN ACT INSTITUTIONALIZING THE AUTOMATIC INCOME CLASSIFICATION OF PROVINCES, CITIES AND MUNICIPALITIES, AND FOR OTHER PURPOSES,

recommending its approval in substitution of Senate Bill Nos. 1530, 1913 and 2067, taking into consideration House Bill No. 7006.

Sponsor: Senator Ejercito

To the Calendar for Ordinary Business

PROPOSED SENATE RESOLUTION NO. 552

Upon motion of Senator Villanueva, there being no objection, the Body considered Proposed Senate Resolution No. 552, entitled

RESOLUTION RECOGNIZING AND COMMEMORATING THE 75TH ANNIVERSARY OF THE ESTABLISHMENT OF THE STATE OF ISRAEL ON MAY 14, 2023.

With the permission of the Body, only the title of the resolution was read without prejudice to the insertion of its full text into the *Record of the Senate*.

SPONSORSHIP SPEECH OF SENATOR VILLANUEVA

In sponsoring Proposed Senate Resolution No. 552, Senator Villanueva delivered the following speech:

It is my honor and privilege to congratulate Israel on its 75th anniversary this coming May 14, 2023.

The relationship between our nations is more deeply-rooted in our faith and common beliefs. Long before our people sheltered Jewish brothers and sisters during World War II, the faith of the children of Israel has long already been light to our people since we embraced the Abrahamic religions of Islam and Christianity, as prophesized by the Prophet Isaiah: "I, the Lord, have called you in righteousness; I will take hold of your hand. I will keep you and will make you to be a covenant for the people and a light for the Gentiles." (Isaiah 42:6).

In 1934, the Philippines welcomed 1,300 European Jews seeking refuge through the country's Open-Door Policy.

In 1947, the Philippines was one of the 33 countries to vote for the United Nations' resolution to create the State of Israel. In fact, the Philippines is the only Asian country that supported the resolution.

Since the establishment of the modern state of Israel, the Philippines and the State of Israel are always friends and partners in the spirit of perpetual, firm, and lasting peace.

This year marks the 66th anniversary of the establishment of diplomatic relations between the Philippines and Israel, which was established on August 9, 1957. This was made official through the signature of the Treaty of Friendship in 1958.

Both nations continue to create deep connections and share holistic, democratic values, freedom, and civil rights as manifested in the 14 existing major bilateral agreements between our countries.

During the height of the pandemic, Israel accommodated the Filipino community in their vaccination efforts. Filipino diplomatic staff, OFWs, and the Agro-Studies On-the-Job training participants, as well as OFWs with expired working permits or undocumented migrants, were vaccinated at community centers in Israel. Israel also donated more than US\$450,000 worth of medical supplies, testing kits, and educational equipment to the Philippines in 2020.

Here in the Senate, there is an existing Philippines-Israel Parliamentary Friendship Association which was formalized when Senate Resolution No. 114 was unanimously adopted by the Senate in the Eighteenth Congress on July 24, 2018. The resolution conveyed the sense of the Senate to fully promote, support, and enhance Philippines-Israel relations.

This Representation joins the State of Israel in the celebration of its 75th founding anniversary in commemoration of both nations' steadfast and unwavering commitment to its harmonious and peaceful diplomatic relations.

MANIFESTATION OF SENATE PRESIDENT ZUBIRI

Senate President Zubiri expressed his appreciation for Israel's assistance to the Philippines. He emphasized the government's purchase of nine Israeli fast craft patrol boats, two of which were unveiled in the country on May 8. He mentioned that some of the boats would be built in the Philippines, which would provide jobs in Cavite, where the shipyard will be located.

He then showed a video of the inauguration ceremonies, which he and the Israeli Ambassador had witnessed earlier that week.

He emphasized the importance of fast craft boats in patrolling the West Philippine Sea and stated that talks were underway with Israel to purchase larger navy and coastguard boats.



He referred to historical events that highlight the two countries' relationship, noting that the Philippines was the first Asian country in the United Nations to recognize Israel as a state. He also recalled how, in World War II, the Philippines opened its doors to Jewish refugees fleeing Europe. He also mentioned that Elizabeth Zimmerman, Vice President Sara Duterte's mother, was descended from the first group of Jewish settlers in the Philippines.

MANIFESTATION OF SENATOR HONTIVEROS

In expressing her support for the resolution, Senator Hontiveros gave the following statement:

As we commemorate the 75th anniversary of Israel's independence, I share today this beautiful poem from Israeli-American liturgist, poet, author, and educator Alden Solovy.

*"O Peace, you fleeting dream,
O Justice, you fickle hope,
Today we do not pray in your name.
Today we pray in the name of the children
Who have never met you,
Who have not been blessed
With your love or your truth.
Surely, their cries must someday
Drive you out of hiding,
Summoning you to cast your healing
Upon all the earth."*

Together with the peace-loving people of Israel and the whole world, we bend our heads with the prayer for peace and justice. A prayer that our common humanity brings us together instead of drives us apart; protects all our children instead of teaching them to hate, teaching them instead to love.

Shalom, *kapayapaan*.

MANIFESTATION OF SENATOR PADILLA

Senator Padilla recounted his visit to Israel and stated that, contrary to popular belief, it is a country that is tolerant of other religions and practices. He described how he freely practiced Islam while there, and how he had no difficulty traveling to and entering the Masjid Al-Aqsa for prayers. He thanked the Israeli government for allowing Muslims to practice their faith in Israel.

He further emphasized Israel's invaluable assistance to the Philippines in terms of military armaments and medical innovations, citing Israel's position at the global forefront of both industries. He then stated that Israel is a leader in the research and development of medical cannabis to treat a variety of diseases and health concerns. He expressed hope that the Philippine government would trust Israel's innovations in medical cannabis use.

MANIFESTATION OF SENATOR ANGARA

Senator Angara expressed his support for the resolution and requested that he be named a coauthor. He stated that during the Nazi persecution of the Jewish people, the Philippines, under the presidency of Manuel L. Quezon, was one of the few countries to accept Jewish refugees fleeing Europe. He stated that President Quezon, who was born in Baler, Aurora, was revered not only in the Philippines but also in Israel.

He praised Israel for its innovations, citing it as a leader in agricultural research and development, among other things. He then proposed that the Senate make a parliamentary visit to the country because there is much to learn from them.



In agreement with Senator Angara, Senate President Zubiri stated that Israel is not only known for agricultural research and development, but it is also a leader in science and technology. He stated that he would consult with the Senate's Office of International Relations and Protocol about the possible visit.

MANIFESTATION OF SENATOR DELA ROSA

Senator Dela Rosa expressed his association with and support for Senator Villanueva's resolution commemorating the 75th anniversary of the establishment of the State of Israel. He recalled that when he was with the Philippine National Police, he had a very good working relationship with his Israeli counterparts, particularly in the field of counter-terrorism.

He also praised the Israelis for their patriotism toward their country, and expressed hope that Filipinos would share at least half of that attitude. He believed that a country, no matter how small, would not be bullied by neighboring countries if its citizens were patriotic. He claimed that Israelis are not only required to participate in ROTC but are also required to serve in the military.

MANIFESTATION OF SENATOR CAYETANO (A)

Associating himself with Proposed Senate Resolution No. 552, Senator Cayetano (A) stated that his vote for the resolution would be irrelevant because the Philippines had voted in favor of the State of Israel when it was being voted on at the United Nations. He stated that Israel has never failed to respond to the Philippines' call since that time. He thanked all Israelis, regardless of religion or distance, for the country's relationship with the Philippines. He also expressed gratitude that Senator Padilla, who represents millions of Muslim Filipinos, spoke about the importance of educating the country by visiting Israel. He stated that the Philippine government spends millions of pesos each year to assist Filipino Muslims who are not capable of fulfilling the *Hadj*, a sacred pilgrimage to Mecca. He informed the Body that the Christian and Catholic communities would also like to have a program to assist the less fortunate in visiting the Holy Land, which is also home to one of the holiest mosques.

In response to Senator Dela Rosa's manifestation supporting mandatory ROTC, he stated that he had an opposing stance.

He stated that, while Israel's military conscription is admirable, it has also demonstrated excellent diplomacy, growing so much in the last five years that it now has opened bridges and dialogues with people and other states with whom it previously had no relations. He emphasized that the Philippine government should advocate for mandatory diplomacy education rather than mandatory ROTC, citing the country's success as the founders of ASEAN.

He also emphasized that during Europe's war, every single ASEAN country, despite religious, racial, and linguistic differences, found a way to coexist in peace. He shared Senator Angara's belief that living in peace means living in prosperity. He stated that despite its location in the desert, Israel is an agricultural expert. He then expressed gratitude to the previous ambassador for the two drift technology model areas in Taguig City, one on top of the city university and the other by the lake, both of which are currently being renovated. He lauded the ambassador's quick response in establishing the technology in three weeks, compared to the Philippines' three-year implementation time.

He emphasized that the Senate is unanimous in its belief that the Philippine-Israeli friendship, hospitality, and bond should continue, and he thanked Ambassador Ilan Fluss for his visit that day.

Senate President Zubiri also stated that Israel hosts a large number of Filipino OFWs. He recalled seeing different nationalities lined up at the Jordan-Israel border when he visited the

country. He claimed that once the guards realized they were a group of Filipino pilgrims, they were allowed to enter with ease. He assumed that because of the Philippines' historic ties with Israel, Filipinos could visit the country without a visa. He then thanked Ambassador Ilan Fluss for his presence at the Senate.

MANIFESTATION OF SENATOR VILLANUEVA

Senator Villanueva stated that he would not let the day pass without quoting the Bible: "Give honor to whom honor is due." He informed the Body that Israel is home to nine Jesus is Lord (JIL) churches with nearly a thousand members, and that the country will be celebrating its 26th anniversary in September.

Agreeing that the Members should visit Israel, he lamented the fact that all of his immediate family had visited the country, while he had not because he had been working in government for the previous ten years. He believed that the Israelites were God's chosen people, citing the Bible verses "Those who bless God's people will be blessed," and "Those who honor God who honor Him, he will honor; but those who despise Him, they shall be disdained." He acclaimed that it was the day that the Philippines is giving what is right to its friend, Israel.

COAUTHORS

Upon motion of Senator Villanueva, there being no objection, all the Members were made coauthors of Proposed Senate Resolution No. 552.

Senate President Zubiri reminded the Body that there are no visa restrictions for Filipinos entering Israel.

MANIFESTATION OF SENATOR VILLANUEVA

Senator Villanueva informed the Body that thousands of JIL members will travel to Israel between June 8 and June 16, 2023. He stated that he would ask the Ambassador to look into the "Lakbay Aral" and thanked the Israeli government for assisting the JIL with all of the trip preparations.

ADOPTION OF PROPOSED SENATE RESOLUTION NO. 552

Upon motion of Senator Villanueva, there being no objection, Proposed Senate Resolution No. 552 was adopted by the Body, subject to style.

SUSPENSION OF SESSION

Upon motion of Senator Villanueva, the session was suspended.

It was 4:03 p.m.

RESUMPTION OF SESSION

At 4:16 p.m., the session was resumed.

PROPOSED SENATE RESOLUTION NO. 587

Upon motion of Senator Villanueva, there being no objection, the Body considered Proposed Senate Resolution No. 587, entitled



RESOLUTION COMMENDING AND CONGRATULATING MARLON TAPALES FOR WINNING THE WORLD BOXING ASSOCIATION (WBA) & INTERNATIONAL BOXING FEDERATION (IBF) WORLD SUPER BANTAMWEIGHT TITLES.

With the permission of the Body, only the title of the resolution was read without prejudice to the insertion of its full text into the *Record of the Senate*.

The Chair recognized Senator Go to sponsor the resolution.

SPONSORSHIP SPEECH OF SENATOR GO

In sponsoring Proposed Senate Resolution No. 587, Senator Go delivered the following speech:

As chairperson of the Committee on Sports, it is with great honor that I sponsor the proposed Senate resolution congratulating Marlon Tapales—*Bisaya ito*—for winning two world titles in his recent match, the World Boxing Association (WBA) and International Boxing Federation (IBF) World Super Bantamweight titles.

The Mindanaoan boxer won via split decision against the unbeaten Uzbek boxer. His remarkable performance in the boxing ring has made his country proud, *tayo po, mga Pilipino*.

At a very young age, Marlon was determined to become a professional boxer. He started training at a local gym in Lanao del Norte where his natural talent for the sport was quickly recognized by his coach. He won several amateur tournaments and caught the attention of scouts who saw his potential. Soon enough, Marlon was offered the opportunity to turn professional and pursue his dream of becoming a world-class boxer.

In 2009, Marlon turned professional, and within a few years, he had already made a name for himself in the local boxing scene. In 2013, he won the WBO Asia Pacific Bantamweight Title, which marked the beginning of his ascent to greatness. He went on to win several more regional titles and, in 2016, Marlon fought for the WBO Bantamweight World Title, where he emerged victorious, becoming the first boxer from Lanao del Norte to win a world title. His achievement will always be remembered as a significant milestone in the history of boxing in Lanao del Norte and the Philippines as a whole.

Marlon's humble beginnings instilled in him a strong work ethic and an unrelenting determination to succeed. Even if he knew that he had to work twice as hard as his opponents, he did so with unwavering focus and commitment. His dedication paid off and today Marlon Tapales is a world-renowned boxer, celebrated for his remarkable achievements in the sport. He has proven himself to be an excellent athlete, and his performance in the ring has left his opponents in awe.

Marlon, you have made your mark in the world of boxing, and your achievement is a source of pride and honor for your family, friends, and your country. On behalf of all those who have watched you fight and all those who know of your achievements, I offer my warmest congratulations.

May your success serve as inspiration to all aspiring Filipino athletes. Your commitment to your goal is an example of which can be achieved through hard work and dedication.

Your achievement is not just a victory for you but for all of us who have supported you along the way. We look forward to seeing your continued success in the years to come. *Patuloy nating itaas ang bandera ng Pilipinas sa buong mundo*.

Ngayon yatang December, may laban na naman po si Marlon. Wishing you good luck, *at sana'y manalo ka at tuloy-tuloy pa ang iyong tagumpay*.

Once again, congratulations Marlon Tapales!



COAUTHORS

Senator Villanueva manifested that all senators were coauthors of Proposed Senate Resolution No. 587.

COSPONSORSHIP SPEECH OF SENATOR ESTRADA

Upon motion of Senator Villanueva, there being no objection, the following cosponsorship speech of Senator Estrada on Proposed Senate Resolution No. 587 was inserted into the *Journal and Record of the Senate*:

This Representation would like to be associated with Proposed Senate Resolution No. 587, commending and congratulating Marlon Tapales for winning the World Boxing Association (WBA) and the International Boxing Federation (IBF) World Super Bantamweight titles.

Isa na naman pong Pilipino ang nag-wagayway ng bandila ng Pilipinas sa international boxing arena at nagpatunay ng gilas, puso, tapang, at lakas ng Pinoy. Isang undefeated champion po mula sa bansang Uzbekistan ang nakatikim ng kaniyang unang pagkatalo mula sa kamao ng ating kababayan. Gaya ng kanyang alias na "Nightmare," bangungot na maituturing ang inabot na pagka-sawi ng kanyang nakalaban sa boxing ring.

Isang malaking karangalan po ang naiuwi ni Marlon Tapales, na tubong Lanao del Norte, and it is fitting that this august Chamber confers him with highest distinction.

I would like to express my admiration for our rising boxing star, who is set to join the pantheon of Filipino boxing heroes who throughout the years brought great pride and honor to our country. *Sa edad na 31, tiyak na malayo pa po ang mararating ng ating bagong kampyon.* I hope that he sustains the fire, passion, discipline, and hard work in order to attain more championship belts in the future and inspire more young athletes and fellow Filipinos to follow the path of excellence.

As a sports *afficionado* myself and as a proud Filipino, I respectfully ask the good author, Sen. Bong Go, that I be made a cosponsor of this resolution.

ADOPTION OF PROPOSED SENATE RESOLUTION NO. 587

There being no interpellation or amendment, upon motion of Senator Villanueva, there being no objection, Proposed Senate Resolution No. 587 was adopted by the Body, subject to style.

SUSPENSION OF SESSION

Upon motion of Senator Villanueva, the session was suspended.

It was 4:22 p.m.

RESUMPTION OF SESSION

At 5:05 p.m., the session was resumed.

COMMITTEE REPORT NO. 59 ON SENATE BILL NO. 2021

(Continuation)

Upon motion of Senator Villanueva, there being no objection, the Body resumed consideration, on Second Reading, of Senate Bill No. 2021 (Committee Report No. 59), entitled

AN ACT TO INSTITUTIONALIZE THE SHARED SERVICE FACILITIES (SSF) PROJECT FOR MICRO, SMALL, AND MEDIUM ENTERPRISES (MSMES) BY AMENDING REPUBLIC ACT NO. 6977 OTHERWISE KNOWN AS THE MAGNA

CARTA FOR SMALL ENTERPRISES AS AMENDED BY REPUBLIC ACT NO. 9501 OTHERWISE KNOWN AS THE MAGNA CARTA FOR MICRO, SMALL AND MEDIUM ENTERPRISES.

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

Thereupon, the Chair recognized Senator Angara, sponsor of the measure, and Senator Pimentel for his interpellation.

INTERPELLATION OF SENATOR PIMENTEL

Senator Pimentel observed that the bill sought to amend RA 6977 otherwise known as the Magna Carta for Small Enterprises and its objective was to institutionalize the program of the Department of Trade and Industry called "Shared Services Facilities (SSF)." Senator Angara affirmed that the SSF was a relatively new project which was first implemented in 2013. However, he said that in 2015 it was not included in the national expenditure program and for about four years, no budget was given for its capital outlay.

Asked by Senator Pimentel whether institutionalizing the SSF program would mandate Congress to provide funding, Senator Angara replied that institutionalizing the SSF would strengthen the program and the DTI would be entitled to funding although there was no automatic guarantee. He stated that it was incumbent upon Congress to ensure that funding for the program is included in the yearly GAA.

On whether the DTI did not include the SSF as an item in its past budgets or whether the item for the SSF was deleted by the DBM, Senator Angara said that he was informed that the DTI had always included the SSF in its budget presentation but he surmised that the DBM must have cut its funding in the NEP.

Senator Pimentel stated that apparently some agencies under the Executive branch were not impressed by the SSF program of the DTI. He requested Senator Angara to put on record the achievements and success stories of the SSF.

Senator Angara stated that there are 2,644 shared services facilities (SSF) in every region of the country, as there are SSFs for several industries, including businesses related to processed food, coconut, coco coir, bamboo, meat, coffee, abaca, dairy, cacao, veggie noodles, milkfish, muscovado, calamansi, pineapple, seaweed, tuna, gifts décor and houseware, handicrafts, furniture and furnishings, metal and metal works, fashion accessories, ceramics, and pottery, among others.

At this juncture, he showed several slides featuring the following success stories of the SSF program:

- *The Bagong Barrio Multipurpose Cooperative in Pandi, Bulacan on Computerized Embroidery SSF.* — The Bagong Barrio Multipurpose Cooperative (BBMPC) is a cooperative where 95% of its members are engaged in gowns and barong making. One of the major processes involved, although difficult, was embroidery. With the provision of a computerized embroidery machine in 2014, the usual production time of one to two pieces per day was multiplied to several pieces, increasing the production volume at a lesser cost and increasing the productivity of the SMEs and reducing the production cost from P50 to P60 per piece, which resulted to increased profits. The sales of the cooperative increased by around 120% from the start of its operations in August 2015 from P1.35 million to P3.04 million;



- *The Philippine Ceramics Arts and Crafts in Tiwi, Albay.* — The facilities created ceramics and the number of ceramic producers increased from 34 to 45, and the cooperator was provided with a potter's wheel, a transport trolley, a motorized clay slicer, and a hydraulic press, among others. The cooperative attracted new producers especially with the upsurge in pottery products during the pandemic. More visitors and consumers went to PhilCeramics to purchase terracotta, potteries and garden accessories. The products of PhilCeramics are showcased in all of the One Town, One Product (OTOP) stores, *pasalubong* shops and online stores in Region V;
- *The Santo Niño de Plaridel Parish Multi-Purpose Cooperative in Baybay, Leyte* which is a pandan and barrio bag-making SSF. Using the SSF, the production of the pandan and barrio products greatly increased from an average production of 375 bags to 800 bags per month. In addition, the SSF also enabled its users to elevate a simple *bayong* into bags of various styles. The cooperator-recipient of the SSF was provided with sewing and edging machines in 2014. The cost of production was reduced because the raw materials were maximized, and waste materials were converted into souvenir items. The MSMEs were able to participate in trade fairs and expand their markets by getting buyers from Manila and Cebu and not indirectly exporting to the U.S. and Indonesia;
- *The Loom Weaving SSF in Tubigon, Bohol.* — The SSF allowed the cooperative to do finer weaves which is a big leap from their product and design direction to meet the requirements of the furniture and furnishings market that it wanted to target. The recipient was provided with hand looms dyeing and drying tools and equipment, and edging machines which improved their product lines using the SSF looms. With the improved fabrics, it now sells at an average of P321 to 400 meters per design which used to sell at P96 to P140 per meter. The cooperative was also able to produce larger pieces of fabric which enabled them to produce not only clothing but also fabrics with potential for architectural and engineering applications; and
- *The coconut processing SSF in Pantukan, Compostela Valley.* — The cooperative has increased its production line which now includes virgin coconut oil soap and beauty products that are exported to Japan.

Regarding the mechanics of the program, Senator Pimentel asked whether other cooperatives or other micro-and-small entities or enterprises access the DTI equipment under the responsibility of a certain cooperative. In reply, Senator Angara said that he was informed that it was customary to have a usufruct agreement of two years between the DTI and the MSMEs and if the venture is successful, the SSF may be given to the recipient. He explained that the term "cooperator" is used for the recipient of the SSF and it could range from a local government unit, state university and college, higher educational institution, cooperative or trade association.

Senator Pimentel thought that the SSF referred to a center operated by the DTI with different kinds of equipment where the accredited MSMEs or cooperatives, may, on a scheduled basis, access the machinery and equipment. He asked whether there was an SSF which was not a direct donation to a beneficiary, to which Senator Angara replied in the affirmative, citing the Philippine Trade Training Center (PTTC) in Roxas Boulevard, Pasay City. He said that the rest of the SSFs are operated by LGUs, SUCs, cooperatives and trade associations.

On whether the cooperators or recipients could implement an exclusive-use policy over the equipment, Senator Angara clarified that the facilities are meant to be shared. However, he said that the cooperators are allowed to charge a minimal cost which must always be lower than the market rate, the proceeds from which would go to the maintenance expenses for the machines.

Senator Pimentel said that he was pleased to hear that while the equipment or machinery is donated directly to a cooperator, the recipient is under obligation to allow other cooperatives and MSMEs to use the same. However, he disclosed that he received complaints that there were certain entities or MSMEs which tend to monopolize the use of the machines. He averred that it was incumbent upon the DTI to enforce the mechanics of the SSF program.

Agreeing with Senator Pimentel's observation, Senator Angara said that there was a condition in the memorandum of agreement for usufruct that any violation of the cooperator-recipient may result in the revocation of the donation of the equipment or machinery.

Senator Pimentel suggested that anybody with grievances about the program should inform the DTI and the Senate.

On a related matter, Senator Pimentel noted that in the 2021 budget, the amount of P623,132,000 was allocated for the SSF program. Senator Angara confirmed that P545 million was for capital outlay and P78 million for MOOE.

Senator Pimentel opined that around P70 million to P80 million could be spent annually to implement the SSF program, but there was no yearly average expenditure with respect to the program's essential components such as goods, machinery, and equipment. He added that in 2022, DTI had no capital outlay for the SSF program except maintenance and other operating expenses.

In reply, Senator Angara said that he would provide a breakdown of the P545 million spent in equipment and machinery. He then proceeded to state that for 2021, the amount of P404 million was allotted for the following SSFs: nine in NCR; 54 in Region I; 39 in Region II; 15 in CAR; 23 in Region III; five in Region IV-A; nine in Region IV-B; 47 in Region V; 19 in Region VI; 17 in Region VII, 24 in Region VIII, 71 in Region IX; 48 in Region X; 47 in Region XI; 22 in Region XII; and 27 in Region XIII.

Considering the SSF's absorptive capacity, Senator Pimentel opined that it might be more manageable if the DTI budget would allocate for the SSF P200 million every year for three years, to which Senator Angara agreed.

As regards the second paragraph of Section 1, Senator Pimentel inquired whether SSF fabrication laboratory was a new concept. In reply, Senator Angara explained that it is a more advanced type of SSF that ranges from P5 million to P40 million. He said that fab lab was not a new concept, having been given out to state universities and colleges (SUCs) since 2014, and that certain fab labs have fabricated the PPEs that were used during the COVID-19 pandemic.

Further, Senator Angara believed that fab lab was a higher level of innovation involving research and development as well as state-of-the-art machinery and equipment to produce advanced products. Thereupon, he cited the following innovations in fab labs in collaboration with the academe and industries, to wit: 1) the 3D printed mandible or 3D printing for surgical planning in Mindanao State University (MSU) and Mindanao chapters of the Philippine Society of Otorhinolaryngology - Head and Neck Surgery, which product was used to design and fabricate surgical planning models; 2) the autonomous reef monitoring structure, which was submerged in the Natural Park of Batuan, Masbate to monitor the reef system; 3) the Wiki House by the local government of Bohol and Keio University of Japan, which was built using a large CNC machine that does precision cutting of wood, and a traditional joint system that creates structures without the use of nails, which house could be used as temporary shelter in case of disaster; 4) the Galansiyang project also in MSU, which mimics the Galansiyang bird's ability to spread seedlings across vast areas and uses drones with seed-dropping technology; 5) the UP-Cebu's potential to produce Philippine-made surfboard; 6) the Mobile Contactless Specimen Collection Booth by the

Iloilo Science and Technology (ISATU) in collaboration with DOST-Region VI, which model prevents the clustering of patients in testing facilities since mobile booths could be deployed in various areas nationwide; 7) the UVC Room Sanitizing Lamp which was made of wood frame with automatic hand sanitizer dispenser, human induction sensor, remote control, and adjustable timer; and 8) other fab lab products fabricated in collaboration with the Design Center of the Philippines.

Asked by Senator Pimentel if the DOST or any of its attached agencies also have an SSF program similar to that of DTI, Senator Angara said that the mobile testing and specimen collection booth in Iloilo was a DOST project.

At this juncture, Senator Villanueva informed the Body that the DOST also has the Community Empowerment Thru Science and Technology (CEST) project, and the passage of the Trabaho Para Sa Bayan bill would harmonize all the initiatives to better serve the Filipino people.

Asked if the main purpose of the SSF program was to increase the productivity of enterprises, rather than do scientific research, Senator Angara emphasized that the measure was originally for MSMEs to increase their productivity, efficiency, and cost-effectiveness, thereby maximizing profits; however, the fabrication laboratory as inspired from the Grassroots Invention Group and the Center for Bits and Atoms of the Massachusetts Institution of Technology (MIT) was initially established to solve local problems in communities by contextualizing solutions or product according to the needs of the community. He agreed that notwithstanding the possible replication of projects with other government agencies, DTI must endeavor to define the purpose of their projects and ensure that public resources would not be wasted.

On whether there was an SSF equipment or machinery that costs less than P5 million, Senator Angara replied in the affirmative.

Regarding the beneficiaries that would share the access for the more expensive and high-end equipment, Senator Angara replied that the procedure concerning high-end SSFs was more stringent, projects worth P5 million and below falls under the jurisdiction of DTI's regional directors, while projects worth P5 million and above would be handled by the national DTI. He further stated that a certain level of training, learning and skill is required to operate and safekeep the high-end SSFs.

As to where the mechanics or details of the SSF program could be found, Senator Angara stated that DTI Memorandum Order No. 21-1095 issued in September 2021 established the standards and processes for the implementation of the project. The 828-page document, he said, contains the requirements on being a cooperator, purpose of the SSF project, criteria for selection and evaluation of the project, contents of the project proposal, process of approval, and usufruct agreement, among others.

On whether there was a need to cite the general parameters of the SSF program in the law since any change in the memorandum would, in effect, automatically amend the program, Senator Angara averred that it would be good to craft a legislative measure that is timeless and adaptable to rapid economic and technological changes. He said that he would be glad to accept any proposed amendments to provide the details of the program. Senator Pimentel stated that at the proper time, he would propose an additional section providing for a clearer definition of DTI-SSF program.

Senator Pimentel believed the program to be beneficial, especially when the equipment and the machineries are shared, and their use is scheduled, between the micro and small enterprises, as well as the cooperatives that cannot afford to buy their own. He then expressed hope that the word "shared" in SSF would truly foster cooperation among the various cooperatives and enterprises in using equipment shared by the State. Furthermore, he urged the Body to continuously fund the

program once the measure passes into law to properly reflect its support for the MSMEs and cooperatives in that regard.

CLARIFICATION OF SENATOR CAYETANO (P)

At the outset, Senator Cayetano (P) informed her fellow senators that she was fully supportive of the bill and that the points she would raise were only meant to clarify some issues that the sponsor may choose to directly answer later, or during the period of amendments, namely:

- 1) Bill's alignment with the United Nations' (UN) Sustainable Development Goals (SDGs), specifically SDG No. 8, Decent Work and Economic Growth, and SDG No. 9, Industry, Innovation, and Infrastructure.

She agreed with Senator Pimentel's earlier manifestation that the actual scope of the facilities needed to be clarified by the DTI. As an advocate of futures thinking, she urged the agency to provide the Body with a description that is responsive to and reflective of the demands of a rapidly changing future.

- 2) Capacity of Shared Facilities

While Senator Cayetano (P) understood Senator Pimentel's point about ensuring community's access, she believed it was the DTI's responsibility to clarify the maximum capacity of the SSF in order to maintain a balance between access and proper use of the equipment. She gave the example of senators' offices receiving complaints that banana farmers were denied entry into a banana processing facility and their products remained unprocessed due to the SSF reaching its maximum capacity.

- 3) Equipment Storage Facilities

Senator Cayetano (P) believed it was equally important that the SUCs tapped for their expertise and facilities have enough space and good roofing systems to house the machinery or equipment. She urged the Body to take note of the SUCs' budgetary requirements on the matter, pointing out that the possibility of increased demand for SSFs in the coming years.

At this juncture, Senate President Zubiri relinquished the Chair to Senator Ejercito.

Senator Angara thanked Senator Cayetano (P) for raising the concern. He stated that housing was one of the requirements before approving an agreement with a potential recipient, along with a knowledgeable staff to operate the equipment and ensure its proper maintenance. Senator Cayetano (P) stated that she was reminded of the PGH simulation laboratory, which is used to train future doctors. She stated that in order to continue using it, Congress must ensure that its Maintenance and Other Operating Expenses (MOOE) and Personnel Services (PS) are adequately funded.

- 4) Gap Between Innovation and Production.

Senator Cayetano (P) observed that exhibits in SUCs and private universities reveal a significant gap between technological innovations and their transition to production. She noted, however, that the bill, with its emphasis on SSFs, may finally provide a means for innovative concepts to move from concept to reality. Furthermore, she surmised that the fabrication laboratories (Fab Labs) mentioned in the Section 1, paragraph 2 of the measure would be a significant advancement from the basic facilities that produce agricultural products such as kamote and banana for longer shelf life.

Senator Angara responded in the affirmative when asked if the Fab Labs would be able to manufacture prosthetics to aid health professionals. He added that mandibles, or jaw replicas, were already being made at Mindanao State University (MSU) for doctors to practice on. Furthermore, he stated that Fab Labs would work in tandem with the Doktor Para Sa Bayan program, one of Senator (P) Cayetano's initiatives with the Majority Leader.

Senator Cayetano (P) then expressed her concern about the word "priority," which was mentioned in the same Section 1, paragraph 2 of the bill, giving importance to provinces without existing Fab Labs. She expressed her concern in order to protect the DTI, saying that giving priority to provinces without existing Fab Labs without knowing where the demands were, would be akin to an issue encountered in the Doktor Para Sa Bayan measure. She believed that medical schools and hospitals should be close to each other in order to ensure proper training of doctors and allied health professionals.

Senator Angara agreed with Senator Cayetano (P) on the issue, adding that the provision would become obsolete at some point because each province would have their own Fab Lab; thus, the need for a provision that would govern future developments on SSFs to ensure their applicability.

TERMINATION OF THE PERIOD OF INTERPELLATIONS

There being no other interpellation, upon motion of Senator Villanueva, there being no objection, the Body closed the period of interpellations.

COAUTHORS

Upon her request, Senator Cayetano was made coauthor of Senate Bill No. 2021. Senator Villanueva likewise manifested that Senator Legarda was a coauthor of the measure.

SUSPENSION OF CONSIDERATION OF SENATE BILL NO. 2021

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

SPECIAL ORDER

Upon motion of Senator Villanueva, there being no objection, the Body approved the transfer of Committee Report No. 64 on Senate Bill No. 2165 from the Calendar for Ordinary Business to the Calendar for Special Orders.

COMMITTEE REPORT NO. 64 ON SENATE BILL NO. 2165

Upon motion of Senator Villanueva, there being no objection, the Body considered, on Second Reading, Senate Bill No. 2165 (Committee Report No. 64), entitled

AN ACT INSTITUTIONALIZING THE AUTOMATIC INCOME CLASSIFICATION OF PROVINCES, CITIES AND MUNICIPALITIES, AND FOR OTHER PURPOSES.

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

At this juncture, Senator Ejercito relinquished the Chair to Senate President Zubiri.

The Chair recognized Senator Ejercito for the sponsorship.

SPONSORSHIP SPEECH OF SENATOR EJERCITO

Senator Ejercito, on behalf of the Committee on Local Government, submitted for plenary consideration Senate Bill No. 2165, entitled "An Act Institutionalizing the Automatic Income Classification of Provinces, Cities and Municipalities, and for Other Purposes," under Committee Report No. 64.

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

As Chairperson of the Committee on Local Government, I have the honor to report back to this august Body Senate Bill No. 2165, in substitution of Senate Bill No. 1530 authored by this Representation and Sen. Joel Villanueva, Senate Bill No. 1913 by Sen. Ramon Bong Revilla Jr., and Senate Bill No. 2067 by Sen. Win Gatchalian, taking into consideration House Bill No. 7006. This measure pertains to the Automatic Income Classification for Local Government Units.

This measure has two objectives. First, it aims to institutionalize the automatic classification of the local government units. Provinces, cities, and municipalities, shall be classified into six income classes that will truly reflect their financial capability and position. Second, this bill seeks to grant authority to the Secretary of Finance to regularly reclassify the LGUs every three years, and review or revise the income ranges provided in the substitute bill.

It should be noted that the last income reclassification of LGUs was made in 2008 before the issuance of an adverse Opinion from the Department of Justice, regarding the power of the Secretary of Finance to adjust the income ranges provided under Executive Order No. 249, dated July 26, 1987. This means that the current classification of our LGUs are based on outdated revenue figures, or more specifically, on their 2004-2007 Financial Statements.

There is an outstanding one hundred forty-one (141) requests from various LGUs submitted to the Department of Finance, asking the Secretary for income reclassification. The DOF also informed the committee of an LGU that wanted to self-classify through a local ordinance. Our substitute bill intends to resolve this predicament where the LGUs are left with no recourse because of an outdated law on income classification.

But what is the purpose of classifying our LGUs? How does it translate to development and what benefits do our people get from it?

We have spelled out in the bill the several uses of income classification. It not only determines the LGUs' financial capability to undertake developmental programs, but it also has implications on compensation adjustment for LGU personnel, and the determination of administrative aids, financial grants, and other forms of assistance to local governments. The income classification even serves as basis for the minimum wage of domestic workers under the Kasambahay Law, among other purposes.

Your Committee on Local Government would like to highlight the following salient provisions of the bill:

First, the bill fixes the reclassification of LGUs every three years to synchronize with the term of local elective officials. This will foster accountability and promote competitiveness and creativity to improve local revenues.

Second, we have set the income thresholds for provinces, cities, and municipalities. This will ensure that the income ranges are equitably set by Congress and is not left entirely to the discretion of the implementing agency.

Third, the bill clearly defines the power of the Secretary of Finance to regularly reclassify the LGUs and, more importantly, to review and revise the income ranges. In addition, the bill also empowers the Secretary to classify an LGU which is created before the regular reclassification. A newly-created city, for instance, need not carry its income classification when it was still a municipality.



Lastly, we have provided a transitory provision to ensure that during the first reclassification as provided in our measure, no LGU will be downgraded, provided that the concerned LGU will not continue to fall below its income range during the next reclassification. Further, the measure ensures that no official or employee in the concerned LGU shall suffer any diminution of salary and benefits only during the first income reclassification.

Many of us here started our humble beginnings in public service in the local government units. I trust that we understand the importance of this measure in realizing the full economic potential of LGUs. Knowing the LGUs' financial capabilities and position will also aid the national government in determining the intervention needed to improve their situation and in order to promote and strengthen local autonomy. I believe that it is for this purpose that this measure is included in the priority legislative measures of this administration.

Your Committee on Local Government is privileged to report a legislative measure that will not only correct the oversights in the past legislation, but will also address the present needs of our LGUs. More importantly, this measure will withstand the challenges of time.

This humble Representation calls for our colleagues' support and recommends the approval of Senate Bill No. 2165 under Committee Report No. 64.

COSPONSORSHIP SPEECHES

Senator Villanueva stated that the following senators would be submitting their cosponsorship speeches on Senate Bill No. 2165 for insertion into the *Journal and Record of the Senate*:

By Senator Revilla

I rise today to cosponsor the passage of one of the legislative priority measures of President Bongbong Marcos Jr. I laud our Deputy Majority Leader Sen. JV Ejercito for shepherding this measure.

As one of the proponents of the bills taken into consideration, we recognize both the necessity and the urgency of legislating this measure.

Minsan rin po akong naging bahagi ng lokal na pamahalaan, gaya ng marami sa atin dito. Alam natin ang kahalagahan ng panukalang ito upang maitawid ang tulong sa ating mga nasasakupan. Kailangan ng langis upang gumana ang makina. The efforts of LGUs and the National Government, as partners in providing service to the public, should be harmonized.

Mahalaga ang ugnayan ng lokal at national sa pagpapaunlad ng ating bayan. Ngunit mas importanteng tanggapin natin ang kahalagahan ng kalayaang gumalaw ng lokal. Hangarin nating palakasin ang kanilang kakayahan na mapaunlad ang kanilang pagbibigay serbisyo para sa ating mga kababayan. Sila ang ating first responders sa pagtugon sa pangangailangan ng bawat Pilipino. With this measure, we are coming to the aid of LGUs in charting the course of their destiny.

We thus express our full support in the measure, and ask our colleagues to join us in this quest of giving true and genuine autonomy to our LGUs.

By Senator Gatchalian

I rise before you today to cosponsor Senate Bill No. 2165, otherwise known as the Automatic Income Classification of Local Government Units Act.

The pandemic underscored the vital role that our local government units play in mobilizing resources, in providing critical services to our communities at the grassroots level, and in investing for local economic development. They have the power to enact laws and regulations that can shape the daily lives of their constituents and ensure that the needs of their communities are met. In a nutshell, our LGUs serve as the major partners of the national government in boosting productivity, driving progress, and pushing for prosperity in their respective communities.

Despite their crucial role, there are LGUs throughout our country that are struggling to provide essential services to their constituents due to lack of funding and resources. They are even

understaffed and overwhelmed by the magnitude of their responsibilities. This is why the income classification of these LGUs is crucial.

As the local chief executive of Valenzuela City for nine years, I know firsthand the struggles faced by LGUs in providing basic services to their constituents. The limitations brought about by unadjusted income classifications affect their access to programs and aids that could make a significant difference in their communities. I have seen how these limitations translate to delayed projects, inadequate services, and even loss of opportunities.

Just to give context: Section 9 of Executive Order No. 249, series of 1987, granted the Secretary of Finance the administrative authority to review and recommend appropriate changes to the income ranges of income classifications of LGUs at least once every four years. Meanwhile, Section 8 of the Local Government Code of 1991 directed the updating of the income classification of LGUs within six months from the effectivity of the Code to reflect the changes in their financial position resulting from increased revenues. Further, that latest issuance by the DOF Secretary on income reclassification was done last July 29, 2008, through Department Order No. 23-08.

Income reclassifications of LGUs were held in abeyance in 2012 and the succeeding cycles pursuant to Department of Justice Opinions interpreting EO 249 in 2012 and 2015. This means that for almost 15 years, the income classifications of LGUs remain unchanged and are not reflective of the prevailing economic conditions and their actual financial standing.

But now, we have the power to revisit this policy. The proposed Automatic Income Classification Act for LGUs seeks to institutionalize and mandate automatic reclassification of LGUs every three years based on the updated table of income classifications released by the Bureau of Local Government Finance. This means that our LGUs will be classified according to their financial capabilities, which is consistent with the prevailing economic conditions. This proposed measure will also grant the mandate and clear authority to the Secretary of Finance to set income targets for the periodic automatic income reclassification of LGUs.

Through this, the income classification will serve as the basis, among others, for the determination of administrative and statutory aids, financial grants, and other forms of assistance to local governments. Consequently, certain LGUs can improve their access to programs, aids, and other opportunities. *Ito ay magsisilbing susi upang mas makapagbigay sila ng dekalidad na serbisyo sa kanilang mga nasasakupan.*

The future of our country depends on the strength and capacity of our local government units. The Automatic Income Classification of Local Government Units Act will serve as a key to ensure that our LGUs are financially capable and fiscally sound—reflective to their economy and to the state of their local development.

To end, allow me to express my gratitude to the sponsor of this bill, Sen. JV Ejercito, and to my fellow coauthors, Majority Floor Leader Sen. Joel Villanueva and Sen. Bong Revilla Jr., for their collective insights in drafting this important measure.

Para sa kapakanan ng ating mga lokal na pamahalaan, at para sa kapakanan ng ating mga kababayan, ipasa natin ang panukalang ito.

By Senator Estrada

I associate myself with Senate Bill Nos. 1530, 1913, and 2067 under Committee Report No. 64, entitled “An Act Institutionalizing the Automatic Income Classification of Provinces, Cities, and Municipalities, and For Other Purposes.” Also, with the indulgence of the author and sponsor, I would like to be made coauthor and cosponsor as well.

The income classification of local government units (LGUs) is fundamental and imperative to determine their financial capability to fund development projects and priority programs, to establish the salary scales and other emoluments of their officials and personnel, to determine financial grants, aids, and other forms of assistance to LGUs, among others.

The most recent income classification was the Department of Finance (DOF) Order No. 23-08 issued on July 29, 2008. After almost 15 years, this is clearly outdated. The income classification of local governments had evolved but do not reflect their actual financial capability. It is no longer in consonance with the prevailing economic conditions and the overall financial status of the LGUs.



For the LGUs to remain dynamic and consistent, the institutionalization of the automatic income classification is a welcome development as it will improve the status of the LGUs and correctly reflect their financial capacity. By regularly assessing any changes in their capacity, the LGUs can formulate and direct policies accordingly and can better align themselves in the national government's financial and fiscal policies.

Thus, I enjoy my colleagues in the passage of this "Automatic Income Classification of Local Government Units Act."

SUSPENSION OF CONSIDERATION OF SENATE BILL NO. 2165

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

COMMITTEE REPORT NO. 40 ON SENATE BILL NO. 1964

(Continuation)

Upon motion of Senator Villanueva, there being no objection, the Body resumed consideration, on Second Reading, of Senate Bill No. 1964 (Committee Report No. 40), entitled

AN ACT INSTITUTIONALIZING THE GRANT OF A TEACHING SUPPLIES ALLOWANCE FOR PUBLIC SCHOOL TEACHERS AND APPROPRIATING FUNDS THEREFOR.

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

Thereupon, the Chair recognized Senator Revilla, sponsor of the measure, and Senator Cayetano (P) for her interpellation.

INTERPELLATION OF SENATOR CAYETANO (P)

Senator Cayetano (P) inquired about the total budget required to carry out the bill's mandate, the number of public school teachers who would benefit from the measure, and the expected increase from the current teaching supplies allowance.

Senator Revilla replied that the current General Appropriations Act provides for a P5,000 allowance per teacher, which amounts to P4.5 billion. He explained that increasing the allocation to P7,500 per teacher for school year 2023-2024 would result in an additional P2.2 billion appropriation, or P37 per day per teacher, and increasing it to P10,000 per teacher for school year 2024-2025 would result in an additional budget of P2.2 billion. As a result, he stated that the current P4.5 billion appropriation would increase to P9 billion after three years.

He responded in the affirmative when asked if the DBM had guaranteed funding support.

Senator Cayetano (P) expressed support for the measure. However, she said that the EDCOM 2, chaired by Senator Gatchalian, also requires funding for several items, including appropriations for the professional development of teachers. She stated that she would be defending the budget of the DepEd for the fifth time during the upcoming budget season, and that she was aware that a significant amount would be required to support the education sector. She expressed hope that they would be able to find the necessary funds.

INTERPELLATION OF SENATOR PIMENTEL

Asked by Senator Pimentel if the measure was the most recent version of the chalk allowance currently granted to public school teachers, Senator Revilla replied in the affirmative. He stated that

that the bill was approved on Third Reading by the Senate during the Seventeenth and Eighteenth Congresses.

When asked what the teachers had spent their own money on for their students, he stated that they had purchased school supplies and as well as cellular phone load, especially during the pandemic. He stated that the proposed allocation for the measure would be less than 1% of the DepEd's total budget.

On whether the additional appropriation for the teachers' supply allowance could be included in the DepEd budget so that the funds are not used for other unanticipated expenses, Senator Revilla replied that it was the main reason why they would like to institutionalize its budget. Senator Pimentel expressed hope that the supply allowance would be used to provide financial assistance to teachers rather than their official functions. He then inquired as to the current salary scale for public school teachers.

Senator Revilla then presented the following data:

| <i>Item</i> | <i>Salary per Month</i> |
|--------------------|-------------------------|
| Teacher I | — P27,000 |
| Teacher II | — P29,000 |
| Teacher III | — P31,000 |
| Master Teacher I | — P46,000 |
| Master Teacher II | — P51,000 |
| Master Teacher III | — P57,000 |
| Master Teacher IV | — P63,000 |

Asked if the teachers receive the 13th month pay as mandated by law, Senator Revilla replied in the affirmative.

He also enumerated the following benefits and other allowances for teachers:

- Personnel Economic Relief Allowance (PERA)-P2,000/month;
- Clothing/Uniform Allowance – P6,000/year;
- Mid-Year Bonus – one month basic pay;
- Special Hardship Allowance (SHA) – given monthly
- Teacher's Day Incentive – P1,000/annually;
- Year-End Bonus – one month basic pay;
- Step Increment – given every three years;
- Productivity Enhancement Incentive – P5,000/year;
- Cash Gift (per DBM Circular No. 2016-4) – P5,000/year;
- Step Increment specializing in teaching Science – one time three salary step increment;
- Loyalty Cash Incentive – P1,000 for every year of service;
- Cash Allowance – P5,000/year subject to GAA special provision;
- Transportation Allowance for ALS teachers – P3,000/month;
- Performance-Based Bonus – maximum – 65% of basic monthly salary depending on the school;
- Proportional Vacation Pay (PVP) – depending on the salary grade and PVP earned for the year; and
- Teaching Overload Pay – compensated quarterly.

He stated that while teachers are compensated and receive benefits, there is no allowance for teaching supplies. He also stated that the current Teaching Supplies Allowance was insufficient because it also covered medical examination expenses for teachers.

Senator Pimentel, referring to the earlier interpellation of Senator Cayetano (P), stated that raising the allowance to P7,500 per school year would require an additional budget of P2.2 billion, or P37 per day. Senator Revilla added that increasing it to P10,000 for School Year 2024-2025 is equivalent to a P50 daily allowance.

Responding to another query, Senator Revilla stated that the measure would benefit 904,034 public school teachers.

Asked whether Senate Bill No. 1964 was identical to versions passed in the Seventeenth and Eighteenth Congresses, Senator Revilla replied that the bill was proposing a higher amount than the P5,000 supplies allowance that had been allocated during the previous Congress. Senator Pimentel stated that funds approved in the previous Congresses had not been released.

With regard to the provision on income tax exemption, Senator Revilla stated that it was the same as in previous versions. He clarified that the proposed allowance would not be taxed because it is not considered income for teachers. He emphasized that the tax exemption provision was only included as a safeguard.

Senator Pimentel suggested that the provision be reconsidered because it gave the impression that the proposed allowance was subject to income tax when, in fact the allowance was not subject to such tax in the first place due to its nature and categorization. Senator Revilla stated that he willing to consider amendments at the appropriate time.

Asked about the DOF's position on the sustainability of the additional expense, Senator Revilla stated that the proposed additional allocation of P4.4 billion over two years would not make a significant dent in the national budget. He emphasized that the measure will benefit over 900,000 teachers and millions of students.

Referring to the provision for automatic adjustment of the Teaching Supplies Allowance, Senator Pimentel suggested that its operationalization be retained as a prerogative of the legislature. Senator Revilla stated that he would accept the amendment at the proper time.

Senator Pimentel then expressed his support for the bill and underscored the Chamber's efforts to address the issue of maintaining a decent life for Filipinos.

COAUTHORS

Upon their request, Senate President Zubiri and Senators Tolentino and Legarda were made coauthors of Senate Bill No. 1964.

TERMINATION OF THE PERIOD OF INTERPELLATIONS

There being no other interpellations, upon motion of Senator Villanueva, there being no objection, the Body closed the period of interpellations.

SUSPENSION OF CONSIDERATION OF SENATE BILL NO. 1964

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

INQUIRY OF SENATE PRESIDENT ZUBIRI

At this point, Senate President Zubiri inquired when the Body would resume deliberations on Senate Bill No. 1806 (*Bill of Rights for Taxpayers*).

Senator Pimentel responded by requesting more time to go over the clean copy of the bill because he wanted to discuss a few more issues with Senator Gatchalian. He emphasized the importance of the measure and the need for innovative mechanisms to address taxing authorities' abuses.

CREATION OF SUBCOMMITTEE

Senator Villanueva manifested on behalf of Senator Go, chairperson of the Committee on Health and Demography, that the committee had created a subcommittee to hear Senate Bill Nos. 5, 232, 396, 533, 1911, 1840, and House Bill No. 6557 pertaining to the Magna Carta of Barangay Health Workers, and Senate Bill Nos. 68, 84, 427, 434, 488, 580, 919, 1170, 1393, and 1682 pertaining to the benefits of Barangay Health Workers, with Senator Ejercito as the designated chairperson.

ADJOURNMENT OF SESSION

Upon motion of Senator Villanueva, there being no objection, the Chair declared the session adjourned until three o'clock in the afternoon of Monday, May 15, 2023.

It was 6:37 p.m.

I hereby certify to the correctness of the foregoing.

Approved on May 15, 2023

Atty. **BENATO N. BANTUG Jr.**
Secretary of the Senate

