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FIRST REGULAR SESSION

PREPARED BY THE
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SENATE OF THE PHILIPPINES

SESSION NO. 75
Monday, May 29, 2023

CALL TO ORDER

At 3:11 p.m., the Senate President, Hon. Juan Miguel "Migz" F. Zubiri, called the session to order.

PRAYER

Sen. Pia S. Cayetano led the prayer, to wit:

Let us bow our heads in prayer.

Heavenly Father, we thank You for this day. We thank You for the opportunity to do our work and serve our people.

We ask for wisdom and divine mercies as we go about our day. We pray for Your intervention that we may pass laws that will genuinely protect the welfare of our people.

We pray for everyone's good health; we pray for protection over our loved ones and family; and we pray for the future of this country of ours that we all hold dear to our hearts.

We ask this in Jesus' Name.

Amen.

NATIONAL ANTHEM

The Body sang the national anthem and listened to the Senate hymn, "*Senadong Marangal*."

ROLL CALL

Upon direction of the Senate President, the Deputy Secretary for Legislation, Atty. Edwin B. Bellen, called the roll, to which the following senators responded:

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

With 24 senators present, the Chair declared the presence of a quorum.

MANIFESTATION OF SENATOR CAYETANO (A)

At this juncture, Senator Cayetano (A) shared an anecdote about a habitual liar who was trying to confess his sins to a priest. He stated that in the past, calling someone a liar was such a serious allegation that it was considered a matter of honor for the family of the accused.

He explained that he had raised the issue in light of the recent turn of events following the hearings of the Committee on Public Order and Illegal Drugs on the killing of Governor Degamo. He stated that after the conclusion of the hearings, Jhudiel Osmund Rivero and three other suspects filed counter-affidavits in which they recanted their testimonies before the Department of Justice (DOJ). He also noted that the witnesses in the case of Senator De Lima and the police officers involved in the recent illicit drug bust had changed their statements. He expressed dismay that the witnesses had not been punished for lying even under oath.

He then inquired as to whether Senator Dela Rosa would be amenable to reopening the hearing on the Degamo case with the Committee on Justice and Human Rights in order to strengthen the laws regarding the penalty of witnesses cited for perjury and contempt. He pointed out that in New York, California, Illinois, and Florida, the penalty for perjury is 10 years imprisonment.

He also noted that even though the Members disagree on numerous issues, the Senate continues to function well because they do not lie to one another and they have mutual trust. He clarified that he was not arguing that witnesses do not have the right to change their testimonies, but rather that they should be charged with making false statements.

In closing, Senator Cayetano (A) expressed confidence in the ability of Senators Dela Rosa and Tolentino to handle such an investigation.

MANIFESTATION OF SENATE PRESIDENT ZUBIRI

Senate President Zubiri agreed that the statutes against perjury needed to be strengthened. He stated that, with the proper motion, the manifestation of Senator Cayetano (A) could be referred to the two committees so that immediate action could be taken during the congressional recess.

As pervasive as perjury has become, he stated that he supported increasing the penalties and prison time for those who lie while under oath. He stated that in the United States, those who change their testimonies are charged with perjury. He believed that the truth should be ferreted out and those who lie should be charged with perjury.

MANIFESTATION OF SENATOR TOLENTINO

Senator Tolentino believed that it was time for the Senate to amend and impose more stringent rules regarding its treatment of witnesses who act with malice and malicious intent, which is in violation of Articles 181, 182, 183, and 144 of the Revised Penal Code. He stated that under Article 144, such conduct undermines the respect due to a legislative body, whereas Article 183 refers to false testimony in other cases and perjury in solemn affirmation. He stated that the oath-taking of witnesses had devolved into a mere ceremony, when it should be an affirmation of a solemn oath which should not contain any falsehood. In addition, he concurred with Senator Cayetano (A) that the penalty for giving false testimony should be increased.

He proposed that the committees be given the opportunity to immediately determine whether a statement was made with the intent to lie, as opposed to waiting for a long-drawn proceeding that would result in conviction.

He reaffirmed his full agreement with the need to revise the *Rules of the Senate* as well as a number of articles contained in the *Crimes Against Public Interest* section of the Revised Penal Code.

MANIFESTATION OF SENATOR CAYETANO (A)

Senator Cayetano (A) informed the Body that in criminal cases, the U.S. Congress could either directly hold witnesses in contempt under its contempt powers, or have the matter certified by the Attorney General, who would then file a case against the person who gave false testimony. He stated that in penology, it is not the severity of the punishment that matters, but rather the certainty that a case will be filed and the offender will be imprisoned.

In this regard, he believed that the PNP should have conducted its own administrative inquiry and imposed sanctions on the six police officers who made false statements before Congress.

He then expressed optimism that there would be a more proactive whole-of-government approach to dealing with such situations, so that the relevant agencies would be the first to discipline their erring personnel.

MANIFESTATION OF SENATOR HONTIVEROS

Senator Hontiveros expressed confidence that dismissal of the second case against Senator De Lima was a sign that she would be exonerated of all charges, released, and ultimately receive justice.

Senate President Zubiri replied that perjury is apolitical and that those who lie under oath must be punished.

MANIFESTATION OF SENATOR PIMENTEL

Senator Pimentel opined that the solution should not be a knee-jerk reaction whenever there is a flagrant disregard of criminal law, but rather an increase in the penalties for such an offense.

He opined that the problem was that the deterrent effect of criminal law has been taken for granted by the people. He stated that imposing penalties or even increasing the jail term would be ineffective if no one is punished or imprisoned for such offenses. He believed that the authorities should begin by rigorously enforcing the current law.

He stated that the first step is to impose the law, the second is to enforce the penalties associated with the crime so that they serve as a deterrent. He recalled that during the bicameral meeting of the cultural mapping bill, Senator Legarda stated that in the Philippines, the law has become an option and a suggestion. He added that when the committee was giving a rundown on the mandates of the law, Senator Legarda observed that nobody was obeying the law, and that even mandates that extend to the criminal law regime are ignored.

Senate President Zubiri stated that during his meetings with the different local and foreign chambers, they observed that the law on the ease of doing business was not being implemented because its implementation has become a suggestion.

MANIFESTATION OF SENATOR LEGARDA

Senator Legarda recalled that when the Senate passed several laws in 1991, their implementation only happened under the leadership of Senate President Zubiri with the collaboration of the Minority

and the Majority. She agreed with Senator Pimentel that it was regrettable that the laws that the Senate painstakingly examines are not given serious consideration; therefore, the Senate's oversight function must be carried out with an iron fist. She stated, however, that while oversight committees on clean air, clean water, and solid waste existed in the past, the Body does not need to create additional committees because it is the responsibility of the Members to ensure that the laws enacted are implemented.

She lamented the fact that some government officials are unaware that such laws exist or do not understand the law and how to implement the law effectively and efficiently.

She agreed with Senator Pimentel that the Senate must ensure that the laws enacted by Congress are understood, communicated, and implemented for the good of the country. She concurred with Senate President Zubiri that there is unease in doing business. She emphasized that even the Body itself should follow decorum in the Chamber, the way it speaks, and even during committee hearings. She stated that agencies who attend the hearings should respect the Senate's work by being well-prepared, studying the bills at hand, providing thoughtful feedback, and treating the meetings seriously.

MANIFESTATION OF SENATOR DELA ROSA

Senator Dela Rosa recalled that during the 18th Congress, the Senate passed RA 11594, or the law amending Articles 183 and 184 of the Revised Penal Code. He informed the Body that Article 183 originally stipulated that the penalty for perjury ranges from *arresto mayor* in its maximum to *prision correccional* in its minimum period. He stated that RA 11594 increased the penalty from "*prision mayor* in its minimum period to *prision mayor* in its medium," or from six years and one day to eight years in its minimum to eight years and one day to 10 years, in its medium. He believed that it was a matter of enforcing the law and that witnesses who lie during committee hearings should be immediately punished for contempt.

Senate President Zubiri informed the Body that the Secretariat had been tasked with constructing a standalone, fortified structure close to the Senate basketball court to house sworn-in perjurers. He then warned future witnesses who will be cited for contempt or caught lying during hearings that a place has been readied for them in the Senate.

MANIFESTATION OF SENATOR PADILLA

Senator Padilla concurred with Senators Pimentel and Cayetano (A) that laws are not being properly implemented. He stated that public officials, such as the military and police, take an oath to serve the public and defend the constitution. Likewise, he stated that government employees and elected officials also take oaths of office. Because civilians do not take an oath of office, he emphasized that the sanction for public officials should not be the same as for civilians. He stated that government officials and public officials who lie under oath are lying to 110 million Filipinos.

MANIFESTATION OF SENATOR VILLANUEVA

Senator Villanueva stated that ever since he became a lawmaker in the Twelfth Congress, he had introduced legislation that would continue to impose stiff penalties on public officials, especially on elected officials, because a public office is a public trust,

REFERRAL OF MANIFESTATIONS

Upon motion of Senator Villanueva, there being no objection, the Chair referred the foregoing manifestations to the Committees on Justice and Human Rights, and Public Order and Dangerous Drugs.

ACKNOWLEDGMENT OF THE PRESENCE OF GUESTS

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

- Mr. Kyle Douglas “Kulas” Jennermann and Ms. Catherine Diquit;
- Rep. Khymer Adan T. Olaso of the 1st District of Zamboanga City;
- Mayor Geral Anthony “Samsam” V. Gullas, Jr. of Talisay City, Cebu;
- World Boxing Association champion Vince Paras and company; and
- BSP Gov. Felipe Medalla, DTI Sec. Alfredo “Fred” Pascual, and National Treasurer Rosalia V. De Leon.

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. 74 (Wednesday, May 24, 2023) and considered it approved.

REFERENCE OF BUSINESS

The Deputy Secretary for Legislation read the following matters and the Chair made the corresponding referrals:

BILLS ON FIRST READING

Senate Bill No. 2237, entitled

AN ACT PROVIDING FOR THE CONVERSION OF SAN SIMON ROAD, DALANDANAN, IN THE CITY OF VALENZUELA, METRO MANILA INTO A NATIONAL ROAD AND APPROPRIATING FUNDS THEREFOR

Introduced by Senator Marcos

To the Committee on Rules

Senate Bill No. 2238, entitled

AN ACT DECLARING THE IMMEDIATE ENVIRONS OF THE NATIONAL SHRINE OF OUR MOTHER OF PERPETUAL HELP, POPULARLY KNOWN AS THE BACLARAN CHURCH, LOCATED ALONG ROXAS BOULEVARD, PARAÑAQUE CITY, A HERITAGE SITE AND TOURIST DESTINATION

Introduced by Senator Marcos

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

Senate Bill No. 2239, entitled

AN ACT PROVIDING FOR A SYSTEM OF EARLIER VOTING FOR QUALIFIED SENIOR CITIZENS, PREGNANT WOMEN, AND PERSONS WITH DISABILITIES OF THE PHILIPPINES, APPROPRIATING FUNDS THEREFOR, AND FOR OTHER PURPOSES

Introduced by Senator Villar (C)

To the Committees on Electoral Reforms and People's Participation; and Finance

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

Senate Bill No. 2240, entitled

AN ACT TO AMEND ARTICLE 320 ON DESTRUCTIVE ARSON OF ACT NO. 3815, OTHERWISE KNOWN AS THE REVISED PENAL CODE OF THE PHILIPPINES

Introduced by Senator Tolentino

To the Committee on Justice and Human Rights

Senate Bill No. 2241, entitled

AN ACT DECLARING THE FUYOT SPRINGS NATIONAL PARK LOCATED IN BARANGAY STA. VICTORIA, CITY OF ILAGAN, PROVINCE OF ISABELA, AN ECOTOURISM DESTINATION

Introduced by Senator Revilla

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

Senate Bill No. 2242, entitled

AN ACT CREATING FIVE (5) ADDITIONAL BRANCHES OF THE REGIONAL TRIAL COURT IN THE FOURTH JUDICIAL REGION TO BE STATIONED IN THE MUNICIPALITIES OF ROSARIO AND SAN JUAN, PROVINCE OF BATANGAS, AND APPROPRIATING FUNDS THEREFOR, AMENDING FOR THE PURPOSE SECTION 14(E) OF BATAS PAMBANSA BILANG 129, OTHERWISE KNOWN AS THE "JUDICIARY REORGANIZATION ACT OF 1980," AS AMENDED

Introduced by Senator Villar (C)

To the Committees on Justice and Human Rights; and Finance

Senate Bill No. 2244, entitled

AN ACT AMENDING ARTICLE 183 OF ACT NO. 3815, OTHERWISE KNOWN AS "THE REVISED PENAL CODE," AS AMENDED

Introduced by Senator Padilla

To the Committee on Justice and Human Rights

Senate Bill No. 2245, entitled

AN ACT UPGRADING THE CAMARINES NORTE PROVINCIAL HOSPITAL IN

THE MUNICIPALITY OF DAET, PROVINCE OF CAMARINES NORTE INTO A TERTIARY LEVEL III GENERAL HOSPITAL TO BE KNOWN AS THE CAMARINES NORTE GENERAL HOSPITAL, UNDER THE DIRECT CONTROL, SUPERVISION AND MANAGEMENT OF THE DEPARTMENT OF HEALTH, APPROPRIATING FUNDS THEREFOR, AND FOR OTHER PURPOSES

Introduced by Senator Padilla

To the Committee on Rules

Senate Bill No. 2246, entitled

AN ACT ESTABLISHING THE JOSE PANGANIBAN SPECIAL ECONOMIC ZONE AND FREEPORT, PROVINCE OF CAMARINES NORTE AND APPROPRIATING FUNDS THEREFOR, AND FOR OTHER PURPOSES

Introduced by Senator Padilla

To the Committees on Economic Affairs; Local Government; Ways and Means; and Finance

Senate Bill No. 2247, entitled

AN ACT PROMOTING THE DEVELOPMENT OF THE PHILIPPINE DOWN-STREAM NATURAL GAS INDUSTRY, CONSOLIDATING FOR THE PURPOSE ALL LAWS RELATING TO THE TRANSMISSION, DISTRIBUTION, AND SUPPLY OF NATURAL GAS, AND APPROPRIATING FUNDS THEREFOR

Introduced by Senator Tulfo

To the Committees on Energy; Ways and Means; and Finance

Senate Bill No. 2248, entitled

AN ACT UPGRADING THE APARRI PROVINCIAL HOSPITAL IN THE MUNICIPALITY OF APARRI, PROVINCE OF CAGAYAN INTO A LEVEL II GENERAL HOSPITAL TO BE KNOWN AS THE APARRI MEDICAL CENTER, UNDER THE DIRECT SUPERVISION AND CONTROL OF THE DEPARTMENT OF HEALTH, AND APPROPRIATING FUNDS THEREFOR

Introduced by Senator Ejercito

To the Committee on Rules

Senate Bill No. 2249, entitled

AN ACT PROVIDING AN OPTION TO QUALIFIED NON-CAREER SERVICE GOVERNMENT EMPLOYEES TO PAY VOLUNTARY CONTRIBUTIONS TO THE GOVERNMENT SERVICE INSURANCE SYSTEM, AND TO ENABLE THEM TO COMPLETE MINIMUM YEARS OF CONTRIBUTION FOR PURPOSES OF AVAILING RETIREMENT AND OTHER APPLICABLE BENEFITS UNDER REPUBLIC ACT NO. 8291, OTHERWISE KNOWN AS "THE GOVERNMENT SERVICE INSURANCE SYSTEM ACT OF 1997," AMENDING FOR THE PURPOSE SECTIONS 13 AND 13-A OF THE SAME LAW

Introduced by Senator Estrada

To the Committees on Civil Service, Government Reorganization and Professional Regulation; and Government Corporations and Public Enterprises

Senate Bill No. 2250, entitled

AN ACT DECLARING THE MONTH OF SEPTEMBER AS PHILIPPINE FILM INDUSTRY MONTH AND MANDATING THE FILM DEVELOPMENT COUNCIL OF THE PHILIPPINES (FDCP) TO CONDUCT ACTIVITIES ON FILM-RELATED DISCIPLINES DURING ITS CELEBRATION, APPROPRIATING FUNDS THEREFOR, AND FOR OTHER PURPOSES

Introduced by Senator Estrada

To the Committees on Public Information and Mass Media; and Finance

Senate Bill No. 2251, entitled

AN ACT FURTHER ENHANCING PUBLIC PARTICIPATION, TRANSPARENCY AND ACCESSIBILITY TO THE NATIONAL BUDGET, THEREBY INSTITUTIONALIZING THE PUBLICATION OF THE 'THE PEOPLE'S BUDGET

Introduced by Senator Estrada

To the Committees on Electoral Reforms and People's Participation; and Finance

RESOLUTIONS

Proposed Senate Resolution No. 637, entitled

RESOLUTION DIRECTING THE SENATE COMMITTEE ON PUBLIC ORDER AND DANGEROUS DRUGS TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, INTO THE CIRCUMSTANCES THAT LED TO THE CONFLAGRATION OF THE MANILA CENTRAL POST OFFICE, A DECLARED IMPORTANT CULTURAL PROPERTY

Introduced by Senator Tolentino

To the Committees on Culture and the Arts; and Public Order and Dangerous Drugs

Proposed Senate Resolution No. 638, entitled

RESOLUTION CREATING A SPECIAL COMMITTEE ON THE REHABILITATION OF THE MANILA CENTRAL POST OFFICE

Introduced by Senators Zubiri, Legarda, Villanueva, Pimentel III and Angara

To the Committee on Rules

Proposed Resolution No. 639, entitled

RESOLUTION COMMENDING AND CONGRATULATING GILAS PILIPINAS MEN'S NATIONAL BASKETBALL TEAM FOR WINNING THE GOLD MEDAL

AT THE 32ND SOUTHEAST ASIAN GAMES HELD IN PHNOM PENH,
CAMBODIA

Introduced by Senator Estrada

To the Committee on Rules

COMMITTEE REPORTS

Committee Report No. 85, prepared and submitted jointly by the Committees on Agriculture, Food and Agrarian Reform; Trade, Commerce and Entrepreneurship; Finance; and Ways and Means, on Senate Bill No. 2243 with Senators Villar (C), Villanueva, Tulfo, Marcos, Legarda, Binay, and Dela Rosa as authors thereof, entitled

AN ACT STRENGTHENING AND REVITALIZING THE SALT INDUSTRY IN THE
PHILIPPINES, APPROPRIATING FUNDS THEREFOR, AND FOR OTHER
PURPOSES,

recommending its approval in substitution of Senate Bill Nos. 1334, 1450, 1685, 1718, 1870, 1932, 2185, taking into consideration Proposed Senate Resolution No. 211.

Sponsor: Senator Villar (C)

To the Calendar for Ordinary Business

Committee Report No. 86, prepared and submitted jointly by the Committees on Environment, Natural Resources and Climate Change; and Finance, on Senate Bill No. 2252 with Senators Villar (C), Marcos, Legarda, and Angara as authors thereof, entitled

AN ACT DECLARING A PARCEL OF LAND LOCATED IN THE MUNICIPALITY
OF PAOAY IN THE PROVINCE OF ILOCOS NORTE, A PROTECTED AREA
WITH THE CATEGORY OF PROTECTED LANDSCAPE UNDER THE
NATIONAL INTEGRATED PROTECTED AREAS SYSTEM, TO BE REFERRED
TO AS THE PAOAY LAKE PROTECTED LANDSCAPE, PROVIDING FOR ITS
MANAGEMENT, AND APPROPRIATING FUNDS THEREFOR,

recommending its approval in substitution of Senate Bill Nos. 354 and 1259, taking into consideration House Bill No. 7479.

Sponsor: Senator Villar (C)

To the Calendar for Ordinary Business

Committee Report No. 87, submitted jointly by the Committees on Environment, Natural Resources and Climate Change; and Finance, on Senate Bill No. 1536 introduced by Senators Villar (C) and Legarda, entitled

AN ACT EXPANDING THE BOUNDARIES OF LAS PIÑAS PARAÑAQUE
WETLAND PARK AND ITS VICINITIES AS PROTECTED AREA AND FOR
OTHER PURPOSES,

recommending its approval with amendments.

Sponsor: Senator Villar (C)

To the Calendar for Ordinary Business

Committee Report No. 88, submitted jointly by the Committees on Environment, Natural Resources and Climate Change; and Finance, on Senate Bill No. 1691 introduced by Senators Villars (C) and Legarda, entitled

AN ACT DECLARING A PARCEL OF LAND LOCATED IN THE MUNICIPALITY OF SAN FRANCISCO IN THE PROVINCE OF QUEZON, A PROTECTED AREA WITH THE CATEGORY OF PROTECTED LANDSCAPE UNDER THE NATIONAL INTEGRATED PROTECTED AREAS SYSTEM, TO BE REFERRED TO AS THE SAN FRANCISCO PROTECTED LANDSCAPE, PROVIDING FOR ITS MANAGEMENT, AND APPROPRIATING FUNDS THEREFOR,

recommending its approval with amendments, taking into consideration House Bill No. 7506.

Sponsor: Senator Villar (C)

To the Calendar for Ordinary Business

Committee Report No. 89, submitted jointly by the Committees on Environment, Natural Resources and Climate Change; and Finance, on Senate Bill No. 1725 introduced by Senators Villar (C) and Legarda, entitled

AN ACT DECLARING A PARCEL OF LAND LOCATED IN THE MUNICIPALITY OF SAN ANDRES IN THE PROVINCE OF QUEZON, A PROTECTED AREA WITH THE CATEGORY OF PROTECTED LANDSCAPE AND SEASCAPE UNDER THE NATIONAL INTEGRATED PROTECTED AREAS SYSTEM, TO BE REFERRED TO AS THE ALIBIJABAN PROTECTED LANDSCAPE AND SEASCAPE, PROVIDING FOR ITS MANAGEMENT, AND APPROPRIATING FUNDS THEREFOR

recommending its approval with amendments, taking into consideration House Bill No. 7529.

Sponsor: Senator Villar (C)

To the Calendar for Ordinary Business

Committee Report No. 90, submitted jointly by the Committees on Environment, Natural Resources and Climate Change; and Finance, on Senate Bill No. 355 introduced by Senators Villar (C) and Legarda, entitled

AN ACT DECLARING A PARCEL OF LAND LOCATED IN THE MUNICIPALITY OF NUEVA VALENCIA IN THE PROVINCE OF GUIMARAS, A PROTECTED AREA WITH THE CATEGORY OF NATURAL PARK UNDER THE NATIONAL INTEGRATED PROTECTED AREAS SYSTEM, TO BE REFERRED TO AS THE TAKLONG AND TANDOG GROUP OF ISLANDS NATURAL PARK, PROVIDING FOR ITS MANAGEMENT, AND APPROPRIATING FUNDS THEREFOR

recommending its approval with amendments, taking into consideration House Bill No. 7322.



Sponsor: Senator Villar (C)

To the Calendar for Ordinary Business

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

CONFEREES

Upon nomination by Senator Villanueva, there being no objection, the following were designated to constitute the Senate panel in the Bicameral Conference Committee on the disagreeing provisions of Senate Bill No. 1480 and House Bill No. 7939 (strengthening professionalism in the Armed Forces of the Philippines): Senator Estrada as chairperson, and Senators Poe and Pimentel as members.

APPROVAL OF SENATE BILL NO. 2035 ON THIRD READING

Upon motion of Senator Villanueva, there being no objection, the Body considered, on Third Reading, Senate Bill No. 2035, copies of which were electronically distributed to the senators on May 24, 2023.

Pursuant to Section 67, Rule XXIII of the *Rules of the Senate*, upon motion of Senator Villanueva, there being no objection, Deputy Secretary Bellen read only the title of the bill, to wit:

AN ACT ESTABLISHING THE NATIONAL EMPLOYMENT MASTERPLAN, TO BE KNOWN AS THE "TRABAHO PARA SA BAYAN PLAN," APPROPRIATING FUNDS THEREFOR, AND FOR OTHER PURPOSES.

Deputy Secretary Bellen called the roll for nominal voting.

RESULT OF THE VOTING

The result of the voting was as follows:

In favor

Angara	Legarda
Binay	Marcos
Cayetano (A)	Padilla
Cayetano (P)	Pimentel
Dela Rosa	Poe
Ejercito	Revilla
Escudero	Tolentino
Estrada	Tulfo
Gatchalian	Villanueva
Go	Villar (C)
Hontiveros	Villar (M)
Lapid	Zubiri

Against

None

Abstention

None

With 24 senators voting in favor, none against, and no abstention, the Chair declared Senate Bill No. 2035 approved on Third Reading.

MANIFESTATION OF SENATOR VILLANUEVA

Senator Villanueva thanked all 24 senators who voted unanimously for the approval on Third Reading of Senate Bill No. 2035, a presidential priority measure. He also thanked Senate President Zubiri for his leadership, Senators Marcos, Gatchalian, Angara, Go, and Revilla for coauthoring the measure, and Senators Pimentel and Legarda for proposing amendments.

EXPLANATION OF VOTES

Upon motion of Senator Villanueva, there being no objection, the following explanation of his vote and of Senate President Zubiri on Senate Bill No. 2035 were deemed read and inserted into the *Journal and Record of the Senate*:

By Senate President Zubiri

We are passing this bill because no nation wants jobless growth, or economic boom without employment.

After all, the best proof that wealth is being created is the number of jobs it generates.

But the problem is our low national EQ, or employment quotient.

Unlike in many countries where the release of the latest payroll data is a highly anticipated event that can move markets and buoy up the national mood, labor force survey outcomes here are largely ignored.

Yet our numbers are alarming.

The most recent SWS survey pegs the self-rated employment rate at 19%, or one in five.

Officially, almost one in six are unemployed and underemployed.

While on paper we have an employment rate in the stratospheric 95%, it does not gauge job quality nor job compensation.

We spend P865 billion on education, culture, and manpower, yet we are clueless if the human capital we form meets what our nation needs and our economy requires.

About 1.6 million college students graduated last year, but we do not know how many of them have found gainful work based on what they have trained for.

And this year, this education conveyor belt will churn out 1.7 million college graduates, and there is no strategy on how to provide jobs to them.

We redesigned our basic education curriculum on the premise—and promise—that K-12 will churn out graduates with employable skills.

Government efforts to create jobs remain Balkanized, and the division of labor among agencies does not result in the desired result of jobs for all.

But we all know that it cannot be the function of one agency alone, *hindi lang ng DOLE*. It should be a whole-of-nation approach.

Against these divergent and discordant initiatives, this bill creates a unified employment symphony, so-to-speak, where participants have assigned roles and are given the platform to always be on the same page.

It creates an interagency body that will see to it that what agencies are doing are in synch with the higher purpose of making our people gainfully employed.

One of its important roles is to channel incentives to employers, industry stakeholders, and other private sector organizations that offer training, technology, knowledge and skills transfer, upskilling and reskilling, and enterprise-based training.

The number one job of the government is to provide jobs to the people. As candidates, us leaders and public servants were essentially job applicants, hired on the tantalizing vow of making jobs available to the very same people—our employers—who got us into office.

This bill is one way of redeeming that promise.

By Senator Villanueva

We vote yes to the passage of the measure.

Taos-puso po ang ating pasasalamat sa ating mga kasamahan sa Senado sa inyong suporta para sa panukalang Senate Bill No. 2035, o ang "Trabaho Para sa Bayan Act."

We thank the co-authors: Senate President Migz Zubiri, Sen. Imee Marcos, Sen. Win Gatchalian, Sen. Sonny Angara, Sen. Bong Go, and Sen. Revilla. We also thank our colleagues who proposed amendments: Sen. Loren Legarda and Sen. Koko Pimentel.

Sa pamamagitan po ng panukalang ito, masisiguro natin na kapag sinabing lumalago at gumaganda ang ekonomiya ng Pilipinas, ito ay nararanasan at nararamdaman ng limampu't isang milyon (51M) na mga kababayan nating manggagawa dahil meron silang kalidad na trabaho na pwedeng pasukan. Employment should not just be an incident to economic development – economic growth should be job-led.

This is in line with our commitment to the International Labour Organization Convention No. 122, or the Employment Policy Convention of 1964, and is one of the priority measures of the administration. Through Senate Bill No. 2035, we are expressly declaring, through national legislation, an active policy designed to promote full, productive, and freely chosen employment, considering the country's economic development.

Through this measure, we envision synergized efforts by all government agencies in addressing today's labor-related challenges, such as, but not limited to, unemployment, underemployment, job-skills mismatch, employment generation and recovery, "seasonality" of employment, and informality of working arrangements.

It seeks not only to address the present challenges affecting the labor force, but also looks forward to the future – a labor policy that will outlive us all.

APPROVAL OF SENATE BILL NO. 2219 ON THIRD READING

Upon motion of Senator Villanueva, there being no objection, the Body considered, on Third Reading, Senate Bill No. 2219, copies of which were electronically distributed to the senators on May 24, 2023.

Pursuant to Section 67, Rule XXIII of the *Rules of the Senate*, upon motion of Senator Villanueva, there being no objection, Deputy Secretary Bellen read only the title of the bill, to wit:

AN ACT FURTHER AMENDING REPUBLIC ACT NO. 11213, OTHERWISE KNOWN AS THE "TAX AMNESTY ACT", AS AMENDED BY REPUBLIC ACT NO. 11569, BY EXTENDING THE PERIOD OF AVAILMENT OF THE ESTATE TAX AMNESTY UNTIL JUNE 14, 2025, AND FOR OTHER PURPOSES.

Deputy Secretary Bellen called the roll for nominal voting.

RESULT OF THE VOTING

The result of the voting was as follows:

In favor

Angara	Legarda
Binay	Marcos
Cayetano (A)	Padilla
Cayetano (P)	Pimentel
Dela Rosa	Poe
Ejercito	Revilla
Escudero	Tolentino
Estrada	Tulfo
Gatchalian	Villanueva
Go	Villar (C)
Hontiveros	Villar (M)
Lapid	Zubiri

Against

None

Abstention

None

With 24 senators voting in favor, none against, and no abstention, the Chair declared Senate Bill No. 2219 approved on Third Reading.

APPROVAL OF SENATE BILL NO. 2212 ON THIRD READING

Upon motion of Senator Villanueva, there being no objection, the Body considered, on Third Reading, Senate Bill No. 2212, copies of which were electronically distributed to the senators on May 25, 2023.

Pursuant to Section 67, Rule XXIII of the *Rules of the Senate*, upon motion of Senator Villanueva, there being no objection, Deputy Secretary Bellen read only the title of the bill, to wit:

AN ACT ESTABLISHING SPECIALTY CENTERS IN HOSPITALS UNDER THE DIRECT SUPERVISION AND CONTROL OF THE DEPARTMENT OF HEALTH AND APPROPRIATING FUNDS THEREFOR.

Deputy Secretary Bellen called the roll for nominal voting.

RESULT OF THE VOTING

The result of the voting was as follows:

In favor

Angara	Legarda
Binay	Marcos
Cayetano (A)	Padilla
Cayetano (P)	Pimentel
Dela Rosa	Poe
Ejercito	Revilla
Escudero	Tolentino
Estrada	Tulfo
Gatchalian	Villanueva
Go	Villar (C)
Hontiveros	Villar (M)
Lapid	Zubiri

Against

None

Abstention

None

With 24 senators voting in favor, none against, and no abstention, the Chair declared Senate Bill No. 2212 approved on Third Reading.

REMARKS OF THE CHAIR

Senate President Zubiri thanked all the Members for their support of Senate Bill No. 2212. He stated that since his reelection to the Senate in 2016, he has dreamt of establishing regional specialty centers to make healthcare more accessible to the people in the provinces. He hoped that Filipinos would no longer have difficulty seeking medical treatment for their heart, liver, and kidney ailments, as well as cancer, and would no longer need to travel to the national specialty centers in Metro Manila for proper medical treatment. He stated that once the proposed measure becomes a law, regional specialty centers will be established around the nation. He then thanked Senator Go for his swift and effective handling of the measure.

EXPLANATION OF VOTE OF SENATOR GO

At this juncture, Senator Go explained his affirmative vote on Senate Bill No. 2212 through the following statement:

I just want to convey my deepest gratitude and appreciation for the passage of Senate Bill No. 2212, or the Regional Specialty Centers Act, on Third Reading.

This measure is a steadfast commitment and a collective vision to improve our healthcare system. It demonstrates our dedication to delivering efficient specialized healthcare to every Filipino.



I want to express my profound thanks to our esteemed colleagues who diligently worked and expressed their unwavering support for the passage of this measure. To the authors and cosponsors of this measure: Senate President Migz Zubiri, Senate Majority Floor Leader Joel Villanueva, Sen. Sonny Angara, Sen. JV Ejercito, Sen. Pia Cayetano, Sen. Jinggoy Estrada, Sen. Imee Marcos, Sen. Robin Padilla, Sen. Win Gatchalian, Sen. Chiz Escudero, Sen. Bato Dela Rosa, Sen. Bong Revilla, Sen. Cynthia Villar, and Sen. Loren Legarda. I believe Sen. Raffy Tulfo and Sen. Francis Tolentino also expressed their intent to be coauthors.

Nais ko rin pong pasalamatang ang pagsuporta ng ating mga kasamahan sa Senado: kina Sen. Grace Poe, Sen. Alan Peter Cayetano, Sen. Nancy Binay, Sen. Mark Villar, and Sen. Lito Lapid. Salamat din po sa ating Senate Minority Floor Leader, Koko Pimentel, and Sen. Risa Hontiveros for sharing their invaluable inputs. This shows that we work as one in the Senate to make health services accessible to all Filipinos.

Moreover, I would like to extend my appreciation to the Department of Health *sa kanilang suporta at pakikiisa upang maipasa ang panukalang ito sa Senado.*

Sana po magtulong-tulong din po tayo na mapondohan ang specialty centers na ito para masiguro natin na maging maayos po ang implementasyon nito, especially since, Senate President Zubiri, campaign promise po ninyo ito. Congratulations din po at sana madagdagan ang pondo nito para maparami pa ang specialty centers sa lahat ng rehiyon. So, nakasalalay kay Senate President Zubiri iyong mga karagdagan para dumami pa ang mga specialty centers sa buong Pilipinas.

Lastly, *gusto ko rin pong ibahagi sa ating mga kababayan na para sa kanila po ang panukalang batas na ito. It is their experiences and stories that have driven us to create a healthcare system that is compassionate, accessible, and designed to meet the needs of every Filipino.*

Today, their voices have been heard. Let us continue to work hand in hand, united in our commitment to the well-being of our community.

Ito pong regional specialty centers ay isang paraan para mailapit natin ang serbisyong medikal sa ating mga kababayan, lalong-lalo na sa mga mahihirap.

REMARK OF THE CHAIR

To hasten the conduct of the day's session, Senate President Zubiri manifested that he would be reading the explanation of his affirmative vote on Senate Bill No. 2212 the following session day.

COAUTHORS

Upon motion of Senator Villanueva, there being no objection, all Members were made coauthors of Senate Bill No. 2212.

APPROVAL OF HOUSE BILL NO. 7185 ON THIRD READING

Upon motion of Senator Villanueva, there being no objection, the Body considered, on Third Reading, House Bill No. 7185, copies of which were electronically distributed to the senators on May 24, 2023.

Pursuant to Section 67, Rule XXIII of the *Rules of the Senate*, upon motion of Senator Villanueva, there being no objection, Deputy Secretary Bellen read only the title of the bill, to wit:

AN ACT GRANTING PHILIPPINE CITIZENSHIP TO KYLE DOUGLAS JENNERMANN.

Deputy Secretary Bellen called the roll for nominal voting.

RESULT OF THE VOTING

The result of the voting was as follows:

In favor

Angara	Legarda
Binay	Marcos
Cayetano (A)	Padilla
Cayetano (P)	Pimentel
Dela Rosa	Poe
Ejercito	Revilla
Escudero	Tolentino
Estrada	Tulfo
Gatchalian	Villanueva
Go	Villar (C)
Hontiveros	Villar (M)
Lapid	Zubiri

Against

None

Abstention

None

With 24 senators voting in favor, none against, and no abstention, the Chair declared House Bill No. 7185 approved on Third Reading.

EXPLANATION OF VOTE OF SENATOR VILLANUEVA

At the instance of Senator Villanueva, there being no objection, the explanation of his affirmative vote on House Bill No. 7185 was deemed read and inserted into the *Journal and Record of the Senate*:

This Representation voted yes for the passage of House Bill No. 7185, also known as "An Act Granting Citizenship to Kyle Douglas Jennermann." We note that our bill, Senate Bill No. 1509, have been taken into consideration in the Committee Report, and we likewise put on record that we have also supported Kulas' journey to attain Filipino citizenship since the 18th Congress through Bill No. 2499.

Kulas has shown that he truly deserves to be a Filipino citizen. He has immersed himself in the Filipino way of life and even learned how to speak Tagalog. It is also in this country where Kulas met his girlfriend, Therine.

While born and raised in Vancouver, Canada, Kulas has extensively travelled the Philippines, and showcases the natural beauty of our country, our culture, and our people through his contents. His YouTube channel, "Becoming Filipino," with millions of subscribers, has allowed him to promote Filipino tourism, which he also used as an avenue for Filipinos in need of assistance during times of calamity.

I am confident that Kulas will not take this gift for granted. As a proud Filipino, he will continue to promote his home to the rest of the world. I am honored to witness how becoming Filipino is no longer just a YouTube channel, but a reality.

EXPLANATION OF VOTE OF SENATOR DELA ROSA

In explaining his affirmative vote, Senator Dela Rosa gave the following statement:

I voted “yes” to this measure with my whole heart, with nothing less but my whole heart, because I wanted my vote to match how much Kyle Jennerman, also known as “Kulas,” loves the Philippines.

Naming his page “Becoming Filipino,” Kulas has been clear about his intention from the very beginning. *Talagang gustong-gusto niyang maging Pilipino.* And he is not some fair-weather friend who loves us only for our scenic spots and hospitality, but would turn a blind eye to our identity, our culture, and our language. He freely chose to enter into our world.

Perhaps, this is a pivotal moment in globalization wherein we learn to love our identity even more as Filipinos; but we learn it also from the eyes of someone we would at first consider a foreigner. Today, as we approve this measure on Third Reading, we are doing more than just approving the grant of Filipino citizenship to someone who was formerly foreign; we are welcoming into our home someone who, from the very start, did not just choose to enter the Philippines, but is someone who, from the very start, had already decided to stay.

I wish to thank Kulas with some words in Bisaya.

Kulas! Kulas! Paminaw ba, paminaw. Salamat kaayo. Tungod nimo, mas daghan na karon ang nalipay ug nanghambog nga sila Bisayang Dako o BisDak, ug sila Pinoy. Salamat kaayo, ha! Daghang salamat! Many of us have learned to love our country even more because of your example. Thank you for learning, thank you for staying.

REMARKS OF THE CHAIR

Senate President Zubiri congratulated Mr. Jennermann and expressed confidence that the vlogger would live up to the gift of Philippine citizenship that he had received. He acknowledged that Mr Jennerman had done much to promote the country and its culture to both Filipinos and foreign nationals, and hoped the latter would continue to do so. He then suggested that Mr. Jennerman rename his vlog from “Becoming Filipino” to “I am a Filipino.”

SUSPENSION OF SESSION

Upon motion of Senator Villanueva, the session was suspended.

It was 4:10 p.m.

RESUMPTION OF SESSION

At 4:14 p.m., the session was resumed.

SENATE CONFEREES

Upon motion of Senator Villanueva, there being no objection, the following were designated to constitute the Senate panels in the Bicameral Conference Committees on the disagreeing provisions of the following bills hereunder indicated:

1. Senate Bill No. 1594 and House Bill No. 1171
(*One-Town, One Product Philippines Act of 2023*)
Chairperson : Villar (M)
Members : Legarda, Villanueva, Gatchalian and Pimentel

2. Senate Bill No. 1410 and House Bill No. 5693
(*National Day for Awareness on the Hijab and Other Traditional Garments and Attire*)
Chairperson : Padilla
Members : Binay, Cayetano (P), Dela Rosa, Go, Tolentino and Hontiveros

COMMITTEE REPORT NO. 58 ON SENATE BILL NO. 2020
(*Continuation*)

Upon motion of Senator Villanueva, there being no objection, the Body resumed consideration, on Second Reading, of Senate Bill No. 2020 (Committee Report No. 58), entitled

AN ACT ESTABLISHING THE MAHARLIKA INVESTMENT FUND, PROVIDING
FOR THE MANAGEMENT, INVESTMENT, AND USE OF THE PROCEEDS OF
THE FUND, AND FOR OTHER PURPOSES.

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

Thereupon, the Chair recognized Senator Villar (M), sponsor of the measure, and Senator Hontiveros for her interpellation.

INTERPELLATION OF SENATOR HONTIVEROS

Senator Hontiveros adverted to Section 12 of the bill, which stated that “Other GFIs and GOCCs may invest into the Maharlika Investment Fund subject to their respective investment and risk management strategies and approval of their respective boards.” She said that the House version of the bill did not include the use of the SSS and GSIS funds and she expressed concern that including “other GFIs and GOCCs” would be tantamount to opening a Pandora’s box.

In reply, Senator Villar (M) explained that there was nothing in the Senate bill that would require the SSS and GSIS to invest in the fund, however, these institutions would not also be prohibited from making any investment in the MIF if their managers believe that such investment would be beneficial to their members.

Asked for assurances that SSS and GSIS members would not lose their hard-earned money in the same manner that some of the best-managed sovereign funds lost huge amounts of money, Senator Villar (M) averred that the SSS and GSIS have very strict mandates as to their investments. However, he said that while equities are considered to have a slightly higher level of risk than fixed securities, especially the T-bills, the safety and profit maximization of such social funds may still be achieved through diversity of investments, as decided by their actuarial and investment experts. He reiterated that there was nothing in the bill that would change the investment strategies of the GFIs and there was no reason to think that the safety of the investments of their members would be compromised in any way by the Maharlika fund.

Senator Hontiveros argued that while there was nothing in the bill that would impact on the investment strategy, it allowed the inclusion of other GFIs to invest in the Maharlika fund, thus opening a Pandora’s box. She suggested that the provision be deleted, as she pointed out that the

members of the boards of GSIS and SSS were appointed by the Chief Executive and might also be quickly removed by the President. She noted that it was not one of the economic managers who proposed to President Marcos the idea of the Maharlika fund but Mr. Arnulfo "Wick" Veloso, the GSIS president. And she disclosed that because the House version of the bill removed the provision on SSS and the GSIS funds, GSIS President Veloso, in a video last April 2023, said that the investment strategies of GSIS were being reviewed and would be changed.

As to the appointees of the President, Senator Villar (M) expressed confidence in Secretaries Medalla, Diokno and Pascual who are the best of the bests. And he believed that the GSIS, DOF, and DTI are led by competent men with integrity. He asserted that the responsibilities would not be limited to the MIC board of directors but would also extend to the members of the advisory board composed of the secretaries of NEDA, Bureau of the Treasury, and the DBM. He likewise expressed faith in the internal and external auditors, as well as the Congressional Oversight Committee.

Senator Hontiveros recalled that Senator Escudero observed that the law would give a perpetual lifetime to the fund. She expressed concern not only about the personalities who would be leading the MIC but also about the processes and standards that would be institutionalized for the fund. She said that at the appropriate time, she would propose an amendment that would assure the SSS and GSIS members that their money would be safe and secure.

Senator Hontiveros hoped that there would have been more time to discuss the Maharlika fund since sovereign wealth funds of other jurisdictions took several years before they were launched. She recalled asking the NEDA and PPP center for specific examples about how the Maharlika bill could be used in accelerating investments for renewable energy and the energy transition but they could not cite any industry-specific example. She added that she also asked the national treasurer regarding the inventory of GOCC assets that might have generated predictable revenues.

Senator Hontiveros asserted that the discussion about the sovereign development fund must consider the important role of GOCCs in the public finance ecosystem as they infuse equity for project financing to achieve the country's development goals. She believed that GOCCs themselves could build subsidiaries to invest capital, for instance, to fund the expansion of sugar farms to thwart sugar smuggling.

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

Senator Villar (M) disclosed that some GOCCs, including the National Development Corporation, had in fact expressed support to the Maharlika bill, as they could work hand-in-hand with the MIC.

Believing that the NDC could simply be strengthened through legislation, Senator Hontiveros pointed out that the committee hearings did not go far enough to clarify the division of labor between the GOCCs and MIF, the reason why she inquired for an overall strategy that would liberate their trapped capital in order to finance a new generation of projects and receive stream of revenues without the need for the Maharlika fund. She said that like in the case of Indonesia Investment Authority, there should be a big push for highly strategic public-private investments in critical areas like building utility-scale batteries as grid storage of wind and solar power, public utility vehicle modernization, cold storage, fisheries and agriculture, expansion of land for sugar and onions, and oil and gas exploration.

Asked how the MIF could be deployed so it can work together with GOCCs to catalyze too risky or uncertain investments in subsectors, Senator Villar (M) averred that all GOCCs were mandated for different purposes, whereas the MIF has a clear mandate of maximizing and prioritizing investments for the country's socioeconomic agenda, but whose returns have to be

acceptable to international and local investors. On the MIF's manner of investing, he said that it would be similar to how other entities utilize equity to invest in various projects, from direct joint ventures to minority stakes. He opined that it would be good for the government to have a stake not only in certain industries but also in the upside of infrastructure projects.

Senator Villar (M) added that as former public works secretary, he witnessed NEDA's extensive study and analysis on benefits, returns, and entailing traffic before approving or funding any project. He also noted that despite the public sector's high hurdle rate and relatively high cost of capital, they were still able to achieve high returns on equities. He stressed that it would be in the best interest of the government to create a vehicle that would invest in projects not only for the benefit of the government but also to share the upside of most public-private partnerships.

Thereafter, Senator Hontiveros expressed the view that the measure took into account other sovereign wealth funds in the region and worldwide, including the INA, which was touted as the best model of the Maharlika bill. However, she noted that the MIF was to be created in just a few months, while in the case of INA, the Indonesian GOCCs were already infusing equity for many years; as a matter of fact, President Joko Widodo even pushed for the rapid expansion of highways, rails, and mining because the private sector was too slow and uncertain then.

Asked if the concept of INA could be emulated in the Philippines, Senator Villar (M) replied in the affirmative, saying that the Philippine government had already capitalized on existing GOCCs like the LRT and the NDC. Another important purpose of the MIF, he said, was to attract additional capital from sources across the world. Given the current fiscal situation, he pointed out the importance of having a new and specific vehicle that would attract additional investments and enhance the capitalization of the Maharlika fund, one that could be controlled and give signals where to invest the fund to generate more jobs. He believed that the MIF could collaborate with the GOCCs, and would even enhance the latter by allowing the country to access more sources of capital.

For her part, Senator Hontiveros reiterated that capitalizing INA took more than a decade, the GOCCs in Indonesia were first infused with equity which generated surplus investments for INA. She remarked that although the Philippine government invested in the LRT and NDC, it did not create surpluses to capitalize the MIF similar to the magnitude produced by the Indonesian GOCCs.

Going back to her previous statement, she stated that the reason why she asked the national treasurer to provide information regarding the disposition of government assets and the harnessing and deployment of the GOCC sector's liberated capital so the public sector could invest in subsectors, was that the private sector has been requiring so many guarantees and safety nets before placing their capital. Unfortunately, neither the GCG nor the national treasurer responded to her query, she said.

Senator Hontiveros then asked whether she could be provided information regarding the inventory of GOCC assets; whether or not they were earning revenues; how the assets could be disposed of; and how its liberated capital thus could be deployed to important sectors. In reply, Senator Villar (M) stated that the matter was already raised during the committee hearings, but he would furnish Senator Hontiveros with the list of big-ticket government assets for disposal. He reminded the Members that the disposition of government assets could not be completed that fast as it would involve a long and unpredictable process.

As to the other funding source, Senator Villar stated that the national government's share would be derived from the dividends of the Bangko Sentral ng Pilipinas, national government shares from PAGCOR, and possible disposition of national government assets.

Notwithstanding the difference in setting up the MIF and the INA, Senator Hontiveros pointed out that the Indonesian government did not obtain funds from its central bank nor disposed the assets of their GOCCs.

QUESTION OF QUORUM

At this juncture, Senator Pimentel raised the question of lack of quorum pursuant to Section 45 of the *Rules of the Senate*.

SUSPENSION OF SESSION

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

It was 4:50 p.m.

RESUMPTION OF SESSION

At 5:21 p.m., the session resumed with Senate President Zubiri presiding.

ROLL CALL

Upon direction of the Senate President, Deputy Secretary Bellen called the roll, to which the following senators responded:

Angara, S.	Marcos, I. R.
Binay, M. L. N. S.	Pimentel III, A. K.
Cayetano, A. P. C. S.	Poe, G.
Cayetano, P. S.	Villanueva, J.
Ejercito, J. V. G.	Villar, C. A.
Go, C. L. T.	Villar, M.
Hontiveros, R.	Zubiri, J. M. F.
Lapid, M. L. M.	

With 15 senators present, the Chair declared the presence of a quorum.

INTERPELLATION OF SENATOR HONTIVEROS

(Continuation)

Regarding Senator Hontiveros' previous query on the assets that the government could dispose, Senator Villar (M) stated that the document from the Department of Finance contained the summary of big-ticket government assets for disposal with their estimate value, which included the Food Terminal, Inc. with an estimated value of P22.08 billion; the Tollways Management Inc.-North Luzon Expressway with an estimated value of P2.5 billion; National Housing Authority - Tala Estate with an estimate value of P1.04 billion; Phil Eastern Wood Industries, Inc. with an estimated value of P2.7 billion; Pioneer and Glass Manufacturing Corporation with an estimated value of P488.6 billion, among others. He said that he could furnish Senator Hontiveros with the complete list of these GOCC assets.

On whether these assets were earning revenues, Senator Villar (M) replied that since some of them are shares like the tollways and some are real estate properties such as the NHA and Tala Estate as well as the FTI, they are not generating regular revenues, except from the Ecology Village which is occupied by tenants, and the Mile Long complex which has some recurring cash income. He pointed out that only about 25% of the said government assets were generating revenues.

As to how the said assets could be disposed of, he said that he could not speak for the Executive Department but surmised that GOCC assets could be disposed of through either joint venture or straight sale, depending on the best interest of the government. Nonetheless, he believed that an estimate of P150 billion liberated capital could be generated, including an estimate of P102.8 billion market capital from Basset Mine and other mining rights. He averred that the deployment of such revenues would depend upon the discretion of the Executive Department, which disposal of revenues would be submitted to Congress.

Moreover, Senator Hontiveros noted the two-step process in the model of the Maharlika Fund: first, the capitalization and activation of GOCCs to bring infra and mineral exploration investments, among others; and second, the creation of a sovereign investment fund following the Indonesian model.

She stated that the Indonesia Investment Authority (INA), after more than a decade, was launched to help the GOCCs in getting compensated where INA and its foreign investors purchased the GOCC assets, making it a bargaining unit of government to get a good price for the assets. She disclosed that under President Joko Widodo, the annual public investment in infrastructure and mining sectors rose to 12 percent of the GDP which was a significant percentage, and that the valuable assets that have become attractive to foreign investors were built up over more than a decade which, if sold off to INA and its partners, would allow GOCCs to begin a new round of investments without having to rely on new appropriations from Indonesia's annual budget.

However, she expressed doubt that what happened was a very smart strategy, noting that while INA was able to have the capital market expertise that could activate a second round of investing by the GOCCs, it was the GOCCs that have the subsector-specific expertise that was actually first capitalized. In response, Senator Villar (M) reiterated that the Maharlika fund is a special investment vehicle that could create sub-funds to cater to specific markets or industries. For instance, he said that there could be sub-fund purely for green energy, infrastructure, or railways. He added that Congress could actually specify the use of the Maharlika fund to augment the existing options of GOCCs and provide additional sources of funding for a lot of industries and companies that may also have a stake in the public sector. He clarified that while Indonesia was being looked up as a good model, Maharlika would have to go through a very robust process in the Congress and be adjusted to certain intricacies of local markets and local industries. Nevertheless, he agreed that Maharlika could be used to help the GOCCs while, at the same time, being used to attract additional capital.

As regards the creation of sub-funds, Senator Hontiveros said that she would ask in detail about it at a later time. Meanwhile, she explained that the reason why she was belaboring the matter was that other sovereign wealth funds in the world spent years in debate before their countries' respective legislatures enacted a sovereign wealth fund law. She averred that in the Philippines, there must first be a major push for equity financing by the Philippine public sector through the GOCCs or it must be first determined if there is already a GOCC sector that needs help to begin a second round of investments before allowing the role of a sovereign development fund to come into consideration. She feared that the Maharlika fund was following a different track and timetable compared to INA which took a decade before it was launched.

As to the important subsectors that should be funded by the sovereign fund, she cited two pressing areas where the government would need to introduce more private sector investments or induce those investments, the first being PUV modernization, as 40 percent of the drivers and operators do not have capital to modernize their public transport fleets. In reply, Senator Villar (M) believed that the initial step would be to consolidate the various fragmented groups of operators, before Maharlika funds can be invested in the PUV modernization. This, he said, would be similar

to the mechanism that was created with microfinancing where they would consolidate the individuals who need microfinancing under single organizer who would handle the financing of these large groups and consolidate all administrative costs.

Senator Villar (M) also stated that establishing an umbrella organization of PUVs or an entity to consolidate them and handle the funding could be considered, or that the MIC could invest directly in the companies that have a stake in the transportation industry. He added that significant players could raise their capital through initial public offerings or debt market access, both of which the MIC could facilitate. In addition, he asserted that the government is well-equipped to draft solicited proposals in which the MIC's capital could be utilized to benefit certain industries. He expressed optimism that the government would work on the specifics of certain proposals that the MIF might find attractive to the MIF once the measure become a law.

Senator Hontiveros expressed appreciation for the scenarios presented by Senator Villar (M), noting his openness to the potential of establishing a subfund for the purpose of modernizing the PUV subsector. Senator Villar (M) surmised that there was always space for investment in the PUV subsector. In addition, he suggested that the development of an investor-friendly and secure mechanism should follow.

Senator Hontiveros then opined that another entity may be required to finance the modernization of PUVs, which would allow small operators and drivers to earn a decent wage without having to take out loans from their friends and family. In lieu of the proposed measure, she reiterated her earlier recommendation that additional capital be infused into the NDC in order to inject equity into the transport cooperatives. In addition, she said that the drivers and small operators could potentially invest after determining that the venture was indeed low-risk and profitable.

Senator Villar (M) maintained that the NDC's mandate was not identical to that of the MIC. He stated that the NDC was created to aid in the development of industries still considered to be in their infancy, bringing them to the next level while generating a profit. He stated that based on the information disclosed during the committee hearings, the NDC's primary motivation was not to maximize investment, but rather to assist emerging industries while achieving a return. On the other hand, he stated that the objective of the current measure was to attract capital and maximize investments, with a particular focus on those that would benefit the government's socio-economic agenda. He argued that the matter should not be viewed as mutually exclusive, and that the government could support the GOCCs while also maintaining the MIC. In addition, he stated that the MIC could also be used to enhance the GOCCs.

Senator Hontiveros recalled the NDC's capacity and willingness to expand its mandate, which was discussed in being contemplated for the MIC. She believed that the Members could revisit and amend the NDC's mandate in the same manner that the Maharlika Bill was being drafted.

Regarding investments in cold storage, Senator Hontiveros mentioned President Marcos' stance on developing the value chain in an effort to increase the efficacy and profitability of the agriculture sector. She also noted that parallel to the Quad formation in the Indo-Pacific region in terms of security concerns, there was a partnership among 10 countries in the Asia-Pacific region, including the Philippines, regarding a common supply chain for basic goods and necessities. In this regard, she mentioned that a number of highways were constructed by the DPWH during Senator Villar (M) and Secretary Singson's tenures in the agency. She also noted that railways north and south of Metro Manila were being constructed. She then bemoaned the apparent inadequacy of cold storage facilities despite the infrastructure developments as evidenced by the recent agricultural crisis involving onions, among other produce.

She informed the Body that despite its large population and per capita income, India had four times the cold storage capacity per urban dweller than the Philippines. She argued that despite the presence of the country's railways and highways, there would be a 20% to 30% spoilage of the country's vegetable and fishery products if the private sector failed to fill the void. She pondered whether the problem of agricultural development in many regions of the country could be attributed to a lack of cold storage facilities, or whether the lack of the latter could be indicative of an inadequacy of agricultural products in such facilities.

Asked if the MIF could make direct investments to serve as a model for the private sector regarding cold storage facilities, Senator Villar (M) believed that the MIF could address the underinvestment that has plagued the agriculture sector for various reasons. In addition, he opined that banks are by nature very conservative with their investments, noting that in order to obtain a large loan for cold facilities, substantial collateral would be required. He then emphasized the importance of equity. He maintained that if debt financing is not feasible due to insufficient collateral, there may be institutions willing to invest in projects with a positive social benefit, such as cold storage facilities.

To illustrate his point, Senator Villar (M) stated that MIC could acquire a minority stake in a company's primary offering, with the funds used to purchase shares going directly to the company, if the company desired to invest in cold storage. He explained that by doing so, the MIC would have a direct stake in the company, knowing that the funds would be used for such facilities. In addition, he emphasized that the investors would feel more at ease if they knew that the government had also invested in the MIF. In addition, he stated that cold storage ventures that conducted initial public offerings would benefit from the MIC, as the value of the companies would immediately increase due to the large market for such investments.

Asked if capital should be channeled instead into a GOCC to address the urgent concern, Senator Villar (M) stated that in addition to the fact that GOCCs have limited capital, a number of legacy issues affect some of them. He stated that it would be difficult to convince international investors to invest in GOCCs if there were no mechanisms in place to do so. He also stated that international investments would be an additional source of funding for government projects, in addition to contracting loans, if the government's specific mandate for its sovereign fund was made clear, if it had a stake in it, and if the projects in which international investors invest were subjected to rigorous vetting process. Considering that the pandemic had placed the country in a precarious situation in terms of debt-to-GDP ratio, he believed that access to such players would only improve its access to the capital markets.

Senator Hontiveros stated that the Philippine government should employ tried and tested methods rather than consider high-risk propositions, learning from the country's national experience as well as its neighbors'. She then cited the case of Indonesia Investment Authority (INA), the sovereign wealth fund of the Indonesian government, in addition to the need to address legacy issues related with the MIF.

SUSPENSION OF SESSION

Upon motion of Senator Hontiveros, the session was suspended.

It was 5:53 p.m.

RESUMPTION OF SESSION

At 6:01 p.m., the session was resumed.

MANIFESTATION OF SENATOR VILLANUEVA

At this juncture, Senator Villanueva manifested that the interpellation of Senator Hontiveros was being suspended and would be resumed at a later time.

INTERPELLATION OF SENATOR PIMENTEL

Senator Pimentel stated that the Members had been informed that Senate Bill No. 2020 had been certified as an urgent measure; therefore, he wished to voice his objection to its certification.

He then read Section 26 (2), Article VI of the Constitution, which states: "No bill passed by either House shall become a law unless it has passed three readings on separate days, and printed copies thereof in its final form have been distributed to its Members three days before its passage, except when the President certifies to the necessity of its immediate enactment to meet a public calamity or emergency."

He then inquired what public calamity or emergency would be averted by enacting the measure immediately. The urgency, according to Senator Villar (M), emanates from the Executive branch, which has access to necessary information to make such a determination. He believed that recent events, such as the COVID-19 pandemic, led to a significant 3% increase in poverty in the Philippines, which is an urgent matter. He stated that the measure had been certified to address poverty through the creation of additional jobs.

On whether the passage of the measure would immediately address the unemployment and poverty problems, Senator Villar (M) emphasized that Section 26 (2) differentiates between a "public calamity" and a "public emergency." He believed that the emergency could be of a financial, social, or economic character and not necessarily of a physical nature. He stated that he could not conceive of a situation more urgent than the increase in poverty in the nation. He stated that even though he could not quantify the immediate benefits of having a sovereign wealth fund, he believed that Maharlika could better the economic situation because it would undoubtedly increase investments, which boosts labor and productivity.

At this juncture, Senator Tolentino requested permission to make a brief interjection.

He clarified that Article VI, Section 26(2) of the 1987 Constitution refers to a measure that may be certified when its immediate enactment is required to address a public calamity or emergency.

He pointed out that the 1994 case *Tolentino vs. Secretary of Finance* referenced Art. VIII, Section 19 (2) of 1973 Constitution, which states, "except when the Prime Minister certifies to the necessity of its immediate enactment to meet a public calamity or emergency."

He also cited Section 21 (2) of Article VI of the 1935 Constitution, which states that "No bill shall be passed by either House unless it shall have been printed and copies thereof in its final form furnished its Members at least three calendar days prior to its passage, except when the President shall have certified to the necessity of its immediate enactment." He noted that there was no mention of emergency and public calamity in the provision.

He stated that records would show that following the case of *Tolentino vs. Secretary of Finance*, the Nineteenth Congress had passed five certified measures, including the following: the General Appropriations Act; the law further strengthening professionalism and promoting the continuity of policies of the modernization of the Armed Forces of the Philippines, which

became RA 11939 and approved on May 17; and the Act instituting a National Citizens Service Training Program.

He stated that for the Eighteenth Congress, there were 27 certified measures, including the General Appropriations Act; increasing excise tax on alcohol products/tobacco products, or RA 11467, without mention in the presidential certification of the public emergency of public calamity enunciated under the cited 1987 Constitutional provision; the Salary Standardization Law; the Corporate Income Tax and Incentives Reform Act, or RA 11534; the amendments to the Human Security Act; and the Act to Ensure Philippine Financial Industry Resiliency.

He noted that, in addition to measures related to the fight against COVID-19, a number of other measures received presidential certification. He believed that in light of the *Tolentino vs. Secretary of Finance* doctrine, which involves the certification of a bill to address a growing budget deficit, the determination to certify certain measures has evolved in such a way that the phrase “immediate enactment to meet a public calamity or emergency” has been broadened. He then cited Justice Mendoza’s statement that the exception is “when the President certifies to the necessity of its immediate enactment,” which would mean that the Supreme Court would defer to Congress in determining the validity of the presidential certification of bills, thereby eliminating procedural requirements.

Nevertheless, he stated that the certification of measures involving the suspension or constriction of civil liberties, such as the sufficiency of factual basis for the suspension of the writ of *habeas corpus* or the declaration of martial law or the existence of national emergency justifying the delegation of extraordinary powers to Congress, are subject to judicial review.

Regarding the items he mentioned, including Senate Bill No. 2020, Senator Tolentino believed that tradition has evolved to grant Congress or to the Senate sufficient latitude to define the factual basis for certification of bills.

He asserted that despite the absence of a public calamity or emergency, Congress took up the 27 measures he had previously mentioned, after weighing the urgency of the presidential certification, and the Supreme Court gave its imprimatur to the congressional confirmation of the same.

Senator Pimentel argued that the phrase “the necessity of its immediate enactment to meet a public calamity or emergency” remains in the Constitution and should be considered by anyone reading the law. He questioned whether the fact that the power had been exercised in the certification of the 27 bills is evidence of the legitimacy of such an exercise, adding that it could even be evidence of an abuse of power, given that the certified measures are unrelated any public calamity or emergency.

He stated that they could not truly resolve the issue because diverse interpretations of the Constitution necessitates an arbiter, which could only be the Supreme Court. However, he noted that Senator Villar (M) had previously stated that the measure could immediately meet a public calamity or emergency, namely poverty and unemployment.

Senator Villar (M) clarified that he meant to assert that unemployment is associated with poverty. Senator Pimentel stated that he would not challenge the position of Senator Villar (M), but noted that the Constitution is a document for all Filipinos, not just lawyers.

Senator Pimentel stated that he was not contesting the position of Senator Villar (M) as they had already exchanged ideas earlier. However, he took exception with the Constitution, arguing it is not just a document for lawyers but for all Filipinos and even foreigners. He stated that the

Constitution consists of words with common meaning, unless it is a technical term. He appealed to the Body that when Section 26(2), Article VI of the Constitution is read, it should be understood as *verba legis* or using common everyday language found in the dictionary. He then inquired as to whether or not the MIC was a bank, GFI, GOCC, or super GOCC.

Senator Villar (M) responded that the MIC is a GOCC and a special investment vehicle comparable to what other nations have established: an investment fund. He stated that while there is no one-size-fits-all template for such a fund, the committee considered the current socio-economic conditions caused by COVID-19 into account. He asserted that the MIC will increase investment and provide a mechanism for other funds and entities to invest in the Philippines, thereby establishing a larger base and larger source for the country's infrastructure fund. He stated that the MIC would increase economic activity, which would then arrest poverty and the COVID-19 situation.

Noting that the MIC is a GOCC, Senator Pimentel questioned the referral of the measure to the Committee on Banks, Financial Institutions and Currencies rather than to the Committee on Government Corporations and Public Enterprises. Senator Villar (M) stated that the Majority already reached a conclusion on the issue.

Senator Pimentel observed that the bill included concepts present in the Corporation Code of the Philippines. In addition to the incidental mentions of the LANDBANK, DBP, and BSP, he inquired whether the measure contains any sections pertaining to banks. Senator Villar (M) clarified that the banks specified in the bill related to the fund's capitalization. He stated that while there are some similarities between bank and fund management, he stated that banks are more conservative in administering their funds than investment funds. He explained that, depending on the nature of the fund, investment funds generally place a greater emphasis on equity investments, whereas banks tend to avoid large equity investments. He stated that banks are more interested in fixed securities, especially Treasury bills.

Senator Pimentel surmised that if a non-bank contributed to the capital, banks would not be mentioned in the proposed legislation.

Regarding the number of jobs that the MIC would directly generate, Senator Villar (M) stated that the NEDA estimates that the investments of the Maharlika Fund will generate 350,000 jobs over the medium term. According to him, the staggered capitalization will contribute 0.22% annually to real growth, while sectoral investment will contribute an average of 0.05%, which translates to 350,000 jobs. He clarified that the MIC personnel complement has yet to be determined.

On whether the MIF is a sovereign wealth fund (SWF), Senator Villar (M) stated that although the SWF has various permutations, the fund's objective is to generate a robust return on investment for all investors and to promote the socioeconomic well-being of the nation. The concept, according to him, is to maximize the government's returns by investing in initiatives that will create intergenerational income. He emphasized that the end goal of the SWF is to create wealth for the national government, thereby maximizing its assets, while simultaneously creating a new source of government revenues and investments for the public and private sectors.

Asked if the International Federation of Sovereign Wealth Funds would accept the country as a member, Senator Villar (M) replied in the affirmative. He stated that despite the fact that the SWFs of various nations have distinct objectives, structures, and mandates, they share common characteristics. He stated that it would be up to the Board of Directors to determine if they want to join international organizations.

Asked if the SWF exists with private sector interest, Senator Villar (M) replied in the affirmative. He stated that the purpose of the fund is to attract investments to the Philippines.

Senator Pimentel noted that the MIF will utilize not only sovereign funds but also private sector funds, both domestic and foreign. Senator Villar (M) reminded the Body that the bill stipulates that the control of the MIC, which is controlled by the government, has authority over the fund.

Senator Pimentel expressed concern over that possibility of foreigners serving on the SWF's Board of Directors. Senator Villar (M) stated that there are three different directors on the Board, and that it does not specify that some should be foreign nationals.

Senator Pimentel noted that although the bill did not restrict the nationality of the three independent directors to Filipinos, it could also imply that foreigners could sit on the MIC Board. Senator Villar (M) stated that other SWF jurisdictions allow foreigners to sit on the boards while the government retains control. He believed that it is up to the international organization to classify the MIF as an SWF. However, he emphasized that as far as the bill is concerned, the MIF is a sovereign wealth fund with a defined mandate. In addition, he reaffirmed that there is no fixed template and definition of what exactly constitutes an SWF but there are similar characteristics that are generally accepted.

On whether an SWF is treated differently outside of the Philippines, which in other jurisdictions is compared to a commercial investment fund or a stated investment fund which is not a sovereign wealth fund, Senator Villar (M) believed that certain considerations are given to SWFs, a government guarantee providing investors with a degree of security.

In comparison with the MIF, Senator Villar (M) responded that if Temasek Holdings Limited (Temasek) invested in a certain project, it would give the project or investment more credibility. Due to the involvement of its respective national governments, he believed that SWFs are accorded a certain level of consideration and respect internationally. He stated that SWFs are government-backed investments that are subject to numerous checks and balances. He pointed out that institutional investors and other entities take the government's involvement when deciding whether or not to invest in any fund, especially a sovereign fund.

Senator Pimentel stated that while the Philippine government could decide to treat the MIF or the MIC as an SWF under the country's own laws, the government should be cautious as to whether the proposed entity would qualify or be treated internationally according to the general definition or characteristic of SWFs, as an entity that is owned by the general government, which includes both central and subnational governments. In reply, Senator Villar (M) informed the Body that his committee was endeavoring to bring the fund up to the highest standards of accountability; thus, the application of the Santiago Principles, which are generally accepted standards used by all SWFs.

Stating that the Santiago Principles are the principles by which then existing SWFs of the 26 International Monetary Fund member countries have all agreed on in 2008, Senator Pimentel opined that it would not suffice to state that the MIF would adhere to the same principles because the Philippine government would have to demonstrate explicit provisions in its laws that the MIF would actually adhere and would be consistent with the Santiago Principles.

Senator Pimentel then inquired as to whether the proposed MIF complied with Principle No. 16 of the Generally Accepted Principles and Practices (GAPP) for Sovereign Wealth Funds, which states that the SWF's management should be operationally independent from its owner. In response, Senator Villar (M) stated that a national government exercising authority over the SWF as both owner and fund manager was not a novel idea. Consequently, he stated that the MIF, along with all other SWFs, would be owned and operated by the Government of the Philippines in the same manner as Temasek is owned and operated by the Government of Singapore. He explained further that Senate Bill No. 2020 implemented the Santiago Principles with regard to public disclosure, management, and risk mitigation.

In addition to the board of directors as the MIC's governing body, he stated that his committee added a number of controls to protect and ensure the judicious use of funds under the MIC, including an advisory body, an internal risk management Unit, an internal and external auditor, and the Joint Congressional Oversight Committee for the MIF. He also assured that the Board would not issue unilateral decisions, as it would be composed of independent directors, full-time directors, employees of the fund, representatives of LANDBANK, and DBP's stakeholders.

Senator Pimentel then read Santiago Principle No. 16: "The governance framework and objectives, as well as the manner in which the SWF's management is operationally independent from the owner, should be publicly disclosed."

He argued that to claim the MIF as an SWF, the government must also declare its adherence to the Santiago Principles; therefore, Senate Bill No. 2020 must adhere to Principle No. 16. He noted, however, that Principle No. 16 would be violated if the composition of the MIC management and governing board would consist primarily of political appointees.

Asked on how the members of the Temasek Board as well as the management team and officers were chosen and whether they were also political appointees, Senator Villar (M) replied that the Government of Singapore is the sole equity shareholder of Temasek. He clarified that neither the President nor the government is involved in Temasek's investment or other business and corporate decisions, except in relation to the President's role in the protection of Temasek's reserves. Similar to the MIC, he stated that the Temasek's board of directors provides the management team with the overall guidance and policy direction. Regarding appointments, he stated that the Temasek Board's Leadership Development and Compensation Committee recommends candidates and that the President must approve the appointment or removal of Temasek directors and the CEO. Similar to the MIF, he explained that the funds would be recommended by the advisory board and subject to the approval of the President.

Senator Pimentel stated that strict adherence to the 24 principles of the Santiago Principles would prevent an SWF from having substantial private sector ownership.

In addition, he stated that Principle No. 3 stipulates that the activities of SWFs must be coordinated closely with their respective domestic fiscal and monetary authorities. He noted that allowing a corporation with private interests to participate in the MIF would be of tremendous benefit to the private sector participant, whether domestic or foreign.

At this point, Senator Villar (M) clarified that the MIC could only issue preferred shares that confer an economic interest, but not a voting interest. Regarding the restrictions on preferred shares, he stated that no single private sector shareholder may directly or indirectly possess more than 5% of the authorized capital of the stock, and because preferred shares are nonvoting, nonparticipating, and nonconvertible investments, it would not translate to any controlling stake in the MIC.

At this point, Senator Pimentel read Santiago Principle No. 3: "Where the SWF's activities have significant direct macroeconomic implications, those activities should be closely coordinated with the domestic fiscal and monetary authorities, so as to ensure consistency with the overall macroeconomic policies."

Asked whether preferred shares would represent an ownership stake in the corporation given that shareholders are somehow also owners of the corporation, Senator Villar (M) responded that preferred shares are not controlling shares.

Senator Pimentel observed that the ratio of common shares to preferred shares was three to one (3:1), indicating that preferred shares represented only one-fourth of the value of common

shares. He then inquired as to whether it would be accurate to assume, for instance, that if Americans owned both preferred shares without exceeding the 5% threshold, the MIF would be 25% American-owned. Senator Villar (M) responded that the local companies, which are traditionally prohibited from having majority foreign ownership and do not constitute a voting or controlling interest in a local corporation, may issue preferred shares.

Asked whether the preferred shareholders could be considered owners of the corporation to the extent of their shareholdings, Senator Villar (M) replied that they are owners of their shares but they have no voting rights in the corporation.

In the corporate environment, he said that while a local company has a limit on foreign ownership, its preferred shares would not be counted towards the 40% foreign ownership limit. Likewise, he opined that adherence to the Santiago Principles was a matter of initiative on the part of the national government and that it should not matter if the MIF is determined to be an SWF or not so long as its overarching principle of the MIF to serve the interests of the Filipinos people, to implement the necessary controls, and to achieve its purpose, goal, and objectives are met.

As to whether the preferred shares are available to foreigners to the extent that all of it may be owned by them, Senator Villar (M) replied that Section 6 of Senate Bill No. 2020 stipulates that "no single private sector shareholder shall, directly or indirectly, own more than five percent (5%) of the authorized capital stock."

When asked if all preferred shares could be owned by foreigners, presuming there was no violation of the stated threshold, Senator Villar (M) replied in the affirmative.

On whether it would be feasible to say that the MIC is 25% foreign-owned if foreigners own all of the 25% preferred shares, Senator Villar (M) replied in the affirmative.

In such a scenario, Senator Pimentel surmised that the MIC would already be 25% foreign or American-owned, since he was counting the preferred shares in the ownership of the corporation. Senator Villar (M) emphasized that control and ownership are two distinct concepts. Since ownership of preferred shares is not a controlling interest, he explained that even if foreigners owned 20%, it would grant them a controlling interest because such shares are composed mainly of bonds that provide a fixed rate of return to investors. He also clarified that the 60-40 rule governing foreign investments and businesses in the country was distinct from that of the ownership of preferred shares.

Senator Pimentel said that he was not contesting the characterization of the preferred shares as found on page 3, line 31 (non-voting, non-participating, and non-convertible). He said that these are not like bonds where the holder of the bond is a creditor, while the holder of the preferred share is a part owner.

Senator Villar (M) affirmed that when it comes to liquidation, the creditors are always prioritized and that in the case of preferred shares, those are not prioritized but in exchange has economic interest but not controlling interest.

As regards the general procedure in the liquidation of corporations, Senator Pimentel asked whether priority would be given to the creditor or to the preferred shareholder, Senator Villar (M) replied that in general, priority is given to the creditor then the preferred share and the equity shareholders.

Senator Pimentel pointed out that if the MIF were to be considered as a sovereign wealth fund, then it should not have private sector money; and there should be no foreign money because it would have to be protected by the sovereign in dealings with other jurisdictions.

At this juncture, he said that since Senator Hontiveros was back in the session hall, he would be suspending his interpellation in the meantime and give way to Senator Hontiveros for her to resume her interpellation.

SUSPENSION OF SESSION

Upon motion of Senator Villanueva, the session was suspended.

It was 7:04 p.m.

RESUMPTION OF SESSION

At 7:07 p.m., the session was resumed.

INTERPELLATION OF SENATOR HONTIVEROS

(Continuation)

Senator Hontiveros stated that she would be asking about the legal aspects of the bill. She then adverted to PD 1648, the revised charter of the National Development Company (NDC) which was mandated to pursue commercial, industrial, agricultural, or mining ventures in order to give the necessary impetus to national economic development. She said that NDC may, on its own, or in joint venture with the private sector, undertake vital projects when necessary or when the private sector is not willing or able to undertake such projects due to high risks or the lack of funds or resources. She asked whether the MIC would duplicate the functions of the NDC.

Senator Villar (M) replied that first, the NDC was never a vehicle for attracting investments and while it is supported by the national government, it has not accepted any equity placement for mutual funds or funds from foreign or investment institutions; secondly, the mandate of NDC is to make investments taking in consideration inflationary trends, and investing in industries that may prove to be beneficial to the country but not necessarily maximizing return as in the case of the Maharlika fund which would also try to attract investments. He added that the MIC and the NDC are not mutually exclusive as pointed out by the NDC during the committee hearing that the Maharlika fund could enhance its operations.

On whether the remedy could just be the enhancement and strengthening of the NDC charter, as amended, Senator Villar (M) affirmed that it could be done but he believed that the creation of the Maharlika fund would multiply investments and generate intergeneration of wealth for the country. He clarified that the NDC was not mandated to generate intergeneration of wealth but to support industries in the stage of infancy, and in the long term, create social benefits for the country. On the other hand, he said that the Maharlika would be mandated to create wealth, generate revenues, and become a source of investment for the sectors which may require additional investments.

Senator Villar (M) reiterated that the NDC and the MIF could be pushed at the same time and fulfill their different mandates and objectives. He averred that they were similar in the sense that the projects they would invest would be to further the country's socio-economic agenda.

Senator Hontiveros maintained that the charter of NDC could just have been further revised and strengthened especially since it had already been tried and tested through the years and did not appear to have conceptual flaws.

On Section 6 (*Capitalization and Initial Funding*), Senator Hontiveros adverted to Section 11 of House Bill No. 6608 which provided for the capitalization of the MIC at only P75 billion, with

P25 billion from the DBP and P50 billion from the LANDBANK. She asked why it appeared that the capitalization and initial funding ballooned to P500 billion or almost 600% increase.

Senator Villar (M) clarified that capitalization referred to authorized capital, meaning that there are no investments yet, and that the P125 billion paid-up capital would be from the P75 billion investible funds of the LANDBANK and DBP and P50 billion from the national government to be derived from dividends from the BSP and a portion from PAGCOR, and the possible disposition of government assets.

Senator Hontiveros argued that the House version of the bill mentioned other sources while the Senate version provided that GOCCs providing for social security or pensions such as GSIS, SSS and HDMF would not be "requested or required" to contribute. She asked whether it could categorically be stated that under no circumstance shall social security funds be used for the Maharlika fund. Senator Villar (M) reiterated that the Senate bill specifically stated that the GOCCs providing social security funds would neither be requested nor required to invest but they are not being dictated on how or where to invest their funds.

Senator Hontiveros recalled that during the interpellation of Senator Legarda on Section 6 of the bill, the sponsor explained that while the section expressly prohibits the GOCCs providing for social security pensions, such as GSIS and SSS, from being required to contribute to the initial funding of the Maharlika, they may voluntarily contribute to the MIF, subject to their respective investment and risk management strategies and approval of their respective boards under Section 12. She lamented that the provision could be a Pandora's box and backdoor by which the prohibition provided by law could be circumvented. She stressed that pension funds should be protected for the benefit of the members.

Senator Hontiveros stated that a few months ago, the House of Representatives passed the Maharlika bill, removing GSIS and SSS contributions as funding sources. She said that at the proper time, she would propose to amend Section 12 to categorically state that GOCCs providing for the social security of government employees, private sector workers, and other sectors/sub sectors such as, but not limited to the GSIS, SSS, and HDMF, be absolutely prohibited from contributing to the Maharlika fund.

However, Senator Villar (M) believed that GOCCs should not be prevented from investing especially if the fund is profitable. He expressed willingness to discuss certain limitations or rules but not banning government institutions like the GSIS and SSS in infrastructures locally and internationally, as it might not send proper signal to foreign investors.

Senator Hontiveros maintained that the pensions belong to, and should benefit Filipino workers and senior citizens. She added that each pension institution governed by its charter has an agreement between its contributing members and the management of the pension institution. Like the NDC, she noted that the GSIS, SSS, and HDMF are tried and tested institutions whose contributing members were made aware of their entitlements as well as the accountabilities of the institution. While she agreed that proper signals should be made to other funding sources, she stressed that the funds earmarked for people's pension must be spared.

At this point, Senator Villar (M) clarified that GOCCs would not be required to invest in the MIF but they could opt to invest in it. Regarding Maharlika fund's objective, he noted that it would give preference for socio-economic agenda; however, it would allow the entities to invest in any instrument or good investment vehicle within or outside the Philippines.

Senator Hontiveros remarked that there are better options, and there are not so good options that might be disadvantageous to the funding sources. She hoped that the Senate would not reinstate

what the House of Representatives already removed in its version. She asserted that the GSIS and SSS funds are owned by their members and are not government funds so they should not be subject to government disposal.

Thereafter, Senator Hontiveros asked the meaning of the term “unlisted equity” in Section 14, to which Senator Villar (M) replied that it refers to local or foreign companies which are not listed in the Philippine Stock Exchange, or companies that are purely private and their shares are not available in any stock exchange. In addition, Senator Hontiveros surmised that unlisted equity, like unlisted companies and unlisted securities of financial institutions, is not traded in a formal exchange because such does not meet the listing requirements. Unlisted securities, she said, are usually issued by smaller or new firms that cannot or do not wish to comply with the requirements of an official exchange such as market capitalization thresholds or listing fees because they are not exchange-traded, and are often less liquid than listed securities.

On the observation that investing in unlisted equity would be too risky, Senator Villar (M) explained that one could still invest a majority share in an unlisted or private company and thereafter make it public so it could be very profitable as done by most investment funds.

To the concern that unlisted securities or companies could be a venue for corruption of certain government officials, Senator Villar (M) replied that when it comes to investments, one should look at maximizing shareholder value which oftentimes includes the acquisition of companies, private or otherwise. He added that those who invest in private companies would not put all their money in it; they would have an exit strategy in consultation with people who are experts in investment banking and risk strategy. He admitted that while the MIF would have risks as to cost and price, the investors would be assisted by financial experts in managing and maximizing the returns of the fund. Senator Hontiveros maintained that listed equities are less risky than unlisted ones.

Senator Villar (M) explained that there are many factors to consider before it could be claimed that a listed company is less risky than an unlisted one. He believed that investors should not be provided with a generalization of what is risky or not because the term “risky” could also connote bonds whose risk is extremely high but with very high return.

Conversely, Senator Hontiveros believed that generalizations are sometimes reasonable and prudent especially when it involves key issues such as the sovereign wealth fund. Since the MIF is a public fund, investment standards should be stringent and limited, she said.

On Section 20 (*Board of Directors*), Senator Hontiveros inquired how the nine members could be retained with the forthcoming merging of LANDBANK and DBP. Senator Villar (M) stated that he would propose amendments on the matter to cover such eventuality.

Senator Hontiveros stated that the 2023 study of the Milken Institute, entitled “Best Practices of Sovereign Wealth Funds: The Case for the Philippines,” which was cited during the briefing of the government economic managers, highlights that political influence in board activities and the management can worsen financial performance. Relative thereto, she asked how the independence of the board of the MIC could be ensured to avoid corruption and politically driven investments if the chairperson would be the Secretary of Finance, a cabinet secretary who acts as an alter ego of the President, and all of its members would be appointed by the President.

In reply, Senator Villar (M) stated that although it should not be a question of personalities, he was comfortable if the fund would be run by people like Secretary Diokno. On whether there would be conflict of interest that would make the fund prone to corruption, he averred that the fund should not be compared to 1MDB which was a scam perpetrated by a single person, Jho Low. He recalled that a case was filed by the Malaysian government against many of those invested banks that

somehow aided Jho Low with his fraudulent scheme which had no government oversight nor a vehicle that was created by law. He opined that Secretary Diokno and others who have been and would be appointed as Secretary of Finance could not be compared with Jho Low, as he was confident that the Philippine officials mentioned would insulate the Maharlika fund from corruption and would perform their fiduciary duty to protect the Filipino people while maximizing their investments.

To further assuage Senator Hontiveros' concern, Senator Villar (M) assured that it would not be one single person making all the decisions as there would be a board of directors composed of officials from LANDBANK, DBP, members of the private sector, and others who would be chosen by the President. He said that such board of directors would be guided by an advisory board composed of officials from the NEDA, DBM, and Treasury as part of the very stringent controls. Thus, he asserted that one would feel confident to invest in a fund managed by Secretary Diokno who would be advised by DBM Secretary Pangandaman, Treasurer De Leon, and Secretary Balisacan of NEDA. With people being appointed to the board of directors and to the advisory board of the same caliber as the ones mentioned, he believed that the money invested in Maharlika would be in good hands.

Senator Hontiveros then asked whether it would not impair the board's independence if its regular directors and independent directors would be appointed by the President for a term of three years and one year, respectively, noting the possibility that the directors, particularly the ones who are truly independent, would have to rely yearly on the goodwill of the President to be reappointed.

Senator Villar (M) averred that although five of the members of the board would not necessarily be from the government, the board could not be completely insulated from politics as the other institutions involved are headed by appointees of the President. But he reiterated his confidence in the country's government institutions and in the President who was elected by the majority of the population.

Senator Hontiveros, for her part, believed that they could still do something to make sure that the board would be independent from political influence.

As regards the qualifications of the regular board, she noted that Section 23 of the measure provides that the regular board members should at least be 35 years old, with at least 10 years working experience in the financial sector. Considering that under the K-12 program, students would graduate at 23 years old, she wondered whether it would be better for a CEO who would be handling billions of public funds to have a higher minimum age than 35. Senator Villar (M) replied that he would be open to suggestions to increase the age requirement for regular board members, as he revealed that he was only 38 years old when he became the Secretary of DPWH.

Asked if he had at least 10 years of experience working in the field when he became the DPWH secretary, Senator Villar (M) replied in the affirmative, adding that 35 years old is also the minimum age to be a department secretary, the same minimum age required for senators. Senator Hontiveros remarked that the 35 years minimum age for senators is alright because they do not actually handle funds like Maharlika.

Still on Section 23 of the measure on the qualifications of the board directors, Senator Hontiveros cited that "(a) person shall be disqualified from being a director if, within five (5) years prior his appointment as such, the person was, among others, convicted by final judgment of an offense punishable by imprisonment for a period of exceeding six (6) years." While the principle enshrined in the Constitution is that a person is innocent until proven guilty, she asked whether a person who has a pending case for crimes involving fraud, plunder, corrupt practices, money laundering, tax evasion, among other similar crimes, would be a qualified candidate for appointment in the board of directors.

Senator Villar (M) said that he would be open to consider an amendment to disqualify a person from becoming a member of the board of directors even if his case is still pending or under appeal.

At this point, Senator Hontiveros stated that she still had several questions regarding the bill but she was willing to suspend her interpellation if the Body would suspend it for a dinner break.

SUSPENSION OF SESSION

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

It was 7:54 p.m.

RESUMPTION OF SESSION

At 9:01 p.m., the session was resumed.

INTERPELLATION OF SENATOR HONTIVEROS

(Continuation)

Senator Hontiveros pointed out that the proposed measure required the Advisory Body's approval of the grounds for qualifications and disqualifications of the Board. She inquired as to the necessity of such approval if, pursuant to Section 29 of the bill, the Advisory Body shall not exercise management and control over the MIC. Senator Villar (M) responded that the committee was open to any suggestions that Senator Hontiveros could offer to help elucidate her concern.

Senator Hontiveros noted the inconsistency between the two provisions in the measure. To eradicate the contradiction, she stated that only one item should remain. Senator Villar (M) responded that the Advisory Body would make recommendations and decisions regarding qualifications.

Senator Hontiveros inquired which of the following two scenarios would apply: 1) the Advisory Body would advise and simultaneously approve the grounds for qualifications and disqualifications of the Board; or 2) the Advisory Body could advise, but another body would approve said grounds. Additionally, she believed that the term "approval" was not encompassed by the term "advise."

Senator Villar (M) maintained that the Advisory Body would not participate in the management or control of the MIC, but would provide advice. Senator Hontiveros sought clarification as to whether the measure would be amended to remove the requirement for the Advisory Body's approval in determining the grounds for qualifications and disqualifications of Board members. Senator Villar (M) reiterated that the Advisory Body would provide advice unless otherwise specified in the measure.

Senator Hontiveros asked if the Advisory Body would continue to provide advice or if the Board's qualification and disqualification grounds would be approved under Section 29 of the bill. Senator Villar (M) stated that the Advisory Body would not deliberate on such matters. However, he pointed out that there were certain exceptions provided for in the measure in general. However, he pointed out that certain exceptions were included in the legislation. He reiterated his earlier assertion that the committee would be willing to consider the suggestions of Senator Hontiveros to enhance the language.

Asked if the grounds for qualifications and disqualifications of the Board would be regarded as one of the exceptions provided in the measure, Senator Villar (M) replied in the affirmative. By authorizing the Board's grounds for qualification and disqualification, Senator Hontiveros

viewed it as a contradiction for an advisory body would exercise some measure of management or control.

Senator Hontiveros cited Section 21, paragraph (k) with regard to one of the Board of Directors' powers, namely: "To exclusively determine the organizational structure, staffing pattern, and number of personnel of the MIC, define their duties and responsibilities, and fix their compensation and other emoluments, including bonuses and the performance bonus, subject to the approval of the President of the Philippines. She inquired as to how the Board could determine exclusively the items enumerated in the provision if such decisions were subject to the approval of the President. She believed that phrase violates the Board's independence principle. Senator Villar (M) stated that one of the amendments that would be proposed would include the following: "To determine, in consultation with the GCG, the organizational structure, staffing pattern, and number of personnel in the MIC."

As to who is ultimately responsible for determining "the organizational structure, staffing pattern, and number of personnel" after consultations have been made, Senator Villar (M) responded that it would be the Board of Directors, and that the President's approval is no longer required for the proposed amendment.

Asked to define a sub-fund and provide examples in the context of Section 21, paragraph (t) of the measure, Senator Villar (M) responded that sub-funds are funds created within the MIF to cater to specific project categories or asset classes. He stated that sub-funds would have a specific focus, such as infrastructure or green energy, among others.

Regarding the duties and qualifications of the chief executive officer (CEO) of the MIC as outlined in Section 23 of the bill, Senator Hontiveros noted that while the section set high standards for the majority of the position's qualifications, such as "exceptional experience and expertise in corporate management, financial planning strategy, strategic planning and vision, market and business development, and budget development," among others, there was no educational requirement, in contrast to the chief investment and operating officer (CIOO) position, which required a degree in finance or pertinent experience in the field. Senator Villar (M) stated that the committee was willing to consider proposed amendments in that regard.

Given that the MIC would be managing billions of pesos, Senator Hontiveros suggested that a minimum of 10 years of experience may not be sufficient for the position of CEO of the corporation. She pointed out that the CEO of Indonesia's INA had more than 30 years of experience, a degree in science and engineering, an MBA in finance and international business, and a doctorate in business administration.

Regarding the CIOO position requirements in Section 24 of the measure, Senator Hontiveros inquired whether there was an age requirement in addition to the required education and experience qualifications. Senator Villar (M) responded that the minimum age requirement could be specified in the bill's implementing rules and regulations (IRR) once it becomes a law. He added that the same justification, that the IRR could expand out, could also explain why specific requirements were not addressed in the bill. He then reiterated his willingness to consider any additional qualifications that Senator Hontiveros may wish to include in the section. Senator Hontiveros thanked Senator Villar (M) for his willingness to consider possible amendments.

Regarding the quorum and meetings of the Board in Section 25, Senator Hontiveros inquired as to whether microfilm, which was mentioned as a preservation medium on which comprehensive records of proceedings and deliberations of the Board would be recorded, would still be used to document minutes of board meetings. She then proposed updating the item to reflect recent technological advancements if the storage medium is deemed obsolete. Senator Villar (M) agreed with Senator Hontiveros and stated that one of the proposed amendments addressing her concern

was as follows: "INCLUDE THE MINUTES, TRANSCRIPTS, AND RECORDS, EITHER IN ORIGINAL FORM OR IN DIGITAL FORM." Additionally, he stated that microfilm as a storage medium was largely obsolete.

Regarding the compensation of the CEO and members of the Board of Directors as outlined in Section 26 of the measure, Senator Hontiveros sought explanation as to why the President was given extensive authority over the appointment of its directors, as well as in the determination of their compensation, organizational structure, rewards and incentives of employees and staff, as well as other board decisions. She expressed concern that such power, particularly in the determination of salaries, could compromise the Board's autonomy. In reply, Senator Villar (M) noted that the practice was also prevalent in other GOCCs. He opined that giving the President the authority to decide on such matters was not prohibitive and would not diminish the power of board.

Senator Hontiveros called the Body's attention to the NDC Charter, noting that it lacked a comparable provision. She surmised that the absence of such a provision was because the government of former President Marcos wanted the NDC to be an independent corporate body. She added that the NDC's example could inspire the government to steer in that direction. She then suggested applying the NDC model to the proposed legislation. Senator Villar (M) emphasized that the BSP and GOCCs were also concerned with the compensation of the CEO and members of the Board of Directors, arguing that there were limitations on compensation, namely: "The said compensation must not exceed the maximum annual amounts received by the members of the Monetary Board of the BSP." He opined that the President's discretionary authority, as recommended by the Advisory Body, remained within the responsible range.

Senator Hontiveros maintained her position that the President should not determine and approve the salaries of the MIC Board. She argued that by determining their compensation, the President would effectively have some control over the Board Members, which could compromise their autonomy. In addition, she expressed concern that most of the points needing clarification regarding the independence of the MIC Board could lead others to believe that the MIC was a corporation under the Office of the President.

Senator Villar (M) stated that the arrangement was comparable to the Judicial and Bar Council (JBC) recommending appointees to the President prior to his final decision. As there were restrictions and limitations in place, he deemed the provision to be within reasonable limits. In response, Senator Hontiveros believed that ways to further insulate the Board from the highest level of political influence remained unexplored.

Senator Hontiveros remarked that the second paragraph of Section 34 (*Designation and Secondment*) of the bill provides, in part, that "Designated personnel shall continue to receive their salaries, benefits, and emoluments from their respective offices or agencies." She inquired as to whether the salaries would be paid by the respective GFIs and not by MIC, or if there would be double compensation. Senator Villar (M) responded in the negative, stating that their respective agencies would pay their salaries.

Referring to the third paragraph of Section 34, which states, in part, that "Seconded personnel shall receive, in lieu of their respective compensation from their respective agencies or offices, the salaries, emoluments and all other benefits which their position are entitled to receive from the MIC," Senator Hontiveros asked Senator Villar (M) about the distinction between designated personnel and seconded personnel and how the provision would be implemented. Senator Villar (M) responded that the Civil Service Commission (CSC) differentiates the two titles. As an illustration, he explained that the nature of secondment is when skills are requested by a particular agency while the personnel are still receiving salary from their mother institution, which is essentially an official assignment with a contract with MIC, whereas designation is the transfer of personnel without a contract.

Senator Hontiveros observed that the implication and definition of the salaries of designated and seconded personnel were interchanged because, under the MIC, designated or transferred personnel will continue to receive their salaries from their respective or previous offices, whereas seconded personnel will only receive their salaries only from the MIC. Senator Villar (M) explained that the measure stipulates that "Seconded personnel shall receive, in lieu of their respective compensation from their respective agencies or offices, the salaries, emoluments, and all other benefits which their position are entitled to receive from the MIC." To avoid confusion, Senator Hontiveros suggested that the provision be clarified or even amended. Senator Villar (M) stated that the language could be clarified and made more consistent by reverting to CSC rules.

Senator Hontiveros, adverting to Article XI on *Offenses and Penalties*, asked whether the members of the Board of Directors of the MIC are deemed public officials and why offenses are only punishable by light fines and no jail time. Replying in the affirmative, Senator Villar (M) explained that the penalties are in addition to possible penal provisions, as outlined in Section 50, and are solely an enhancement of what the law provides. Senator Hontiveros suggested that it should be more explicit in the bill as it is surprising that there is no provision for imprisonment. She noted that the capitalization was increased by nearly 600%, but the maximum sanction of P5 million was so minimal compared to the public funds held by the MIC.

Senator Villar (M) stated that while there is no provision for imprisonment in the bill, Section 50 provides that administrative, civil, or criminal liability under other statutes shall not apply to the aforementioned offenses. He stated that they could always clarify the provision regarding the penal liabilities for the members of the board of directors if it was not explicitly stated in the measure. Given that a public office is a public trust and that public officers must be accountable to the people, especially that MIC entails a high level of fiduciary trust, Senator Hontiveros argued that the bill's provisions should be more explicit.

On whether Section 50 could be applied to malversation of funds or corrupt practices for which the bill does not include penalties, Senator Villar (M) explained that it is not a substitute for criminal liability. He indicated, however, that he was amenable to an amendment to strengthen the language regarding plunder under RA 3019 and other laws. Senator Hontiveros concurred, stating that applying only Section 50 and other extant criminal statutes, such as the Revised Penal Code, would only reduce the severity of the penalties for malversation. In order to safeguard public funds, she stated that the proposed penalty should be in addition to existing laws.

Senator Hontiveros noted that there was no forfeiture of ill-gotten wealth in favor of the government and perpetual disqualification from holding public office for offenses committed by government officials who are members of the MIC board, as well as the provision in the event that funds invested were used for money laundering. Senator Villar (M) stated that they should leave the matter to the Administrative Code, although he believed that the proscription should be expressly specified, such as malversation and corruption, during the period of amendments on the measure.

Senator Hontiveros adverted to the Plunder Act, which was enacted in 1991 and amended in 1993, which prohibits the accumulation of ill-gotten wealth totaling P50 million and is punishable by *reclusion perpetua*, forfeiture of ill-gotten wealth in favor of the government, and perpetual disqualification from holding public office. She lamented that the measure did not contain the same penalties for bribery, corruption, and fraud to be committed by MIC employees and officers. She stated that the only punishment is for acting as a conduit for the illegal activities. Senator Villar (M) stated that the penalties can only be found in existing laws, but that they could be specified on the measure. He reiterated that the measure's penalties are solely an enhancement of what is already provided for by law.

On another matter, Senator Hontiveros asked if a provision involving the Anti-Money Laundering Council (AMLC) could be included in the measure, given that the misuse of

public funds as substantial as the MIF could be a predicate offense for money laundering. Senator Villar (M) responded that the MIC is also subject to the AMLC as there is no exemption provision in the measure. In that regard, Senator Hontiveros stated that there is no prohibition against making it explicit in the measure. Senator Villar (M) agreed. Senator Hontiveros stated that she would include penal provisions during the period of amendments.

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

MANIFESTATION OF SENATOR CAYETANO (P)

Senator Cayetano (P) stated that she had raised the issue of pension fund investments the previous week. She stated that because the Philippine government had a history of mismanaging funds, she wanted to reassure the Filipino people that their hard-earned pension funds are secure.

She adverted to an article found on the Senate website dated October 5, 2006, in which Senator Estrada criticized Malacañang Palace, specifically the Arroyo Administration, for neglecting the welfare of military pensioners and failing to rescue the AFP's Retirement and Separation Benefits System (RSBS). She stated that she would not elaborate on the issue's specifics because its circumstances differ from those of the proposed measure.

She stated that despite the fact that the bill already contained several safety measures, such as the board of directors and the COA, it is still the Chamber's duty to ask questions, analyze, and determine their level of comfort with how they can reassure the public about the measure. She expressed hope that it would generate the desired outcomes and that pension funds would not be exposed to additional risks.

She stated that she did not know how much money GSIS and SSS have in LANDBANK and DBP, but that PhilHealth has P75 billion in the two banks, which is equivalent to their contribution to the Maharlika Investment Fund (MIF). She surmised that it is not accurate to state that the funds will not have positive exposure if their investments in LANDBANK and DBP will also yield positive results, and it will also yield negative results if the exposure is negative.

She stated that she would introduce her amendments regarding the matter during the period of amendments.

SUSPENSION OF SESSION

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

It was 9:40 p.m.

RESUMPTION OF SESSION

At 9:44 p.m., the session was resumed.

MANIFESTATION OF SENATOR ESTRADA

In response to the statement of Senator Cayetano (P), Senator Estrada clarified that he was not blaming the current administration for the failure to preserve the Retirement and Separation Benefits System. In his press release dated October 5, 2006, he recalled being a member of the opposition at that time and blaming then-President Gloria Macapagal-Arroyo for neglecting the military retirement fund. He then read to the Body the following portion of the press release:

“Opposition’s stalwart, Senator Jinggoy Ejercito Estrada, yesterday blamed the Arroyo administration for neglecting the welfare of military pensioners and failing to rescue the beleaguered Armed Forces of the Philippines’ Retirement and Separation Benefits System (RSBS).”

“The then Defense Secretary Avelino Cruz recently announced the department might be forced to close on the bankrupt RSBS after the military pension fund was plagued by anomalous transactions in the past. Estrada said that former Defense Secretary Orly Mercado was ordered by his father, President Estrada, to investigate the RSBS anomalies and the probe uncovered various illegal transactions that depleted the cash and other assets of the pension fund that was created from contributions made by soldiers.”

He reiterated that he was not blaming the current administration for the RSBS fiasco.

ANNOUNCEMENT OF SENATE PRESIDENT ZUBIRI

Senate President Zubiri congratulated Senator Cayetano (P) for the recognition she received from the World Health Organization (WHO) for her anti-smoking advocacy.

INTERPELLATION OF SENATOR PIMENTEL

(Continuation)

Senator Pimentel informed the Body that during the break, he was given a link to a *Philippine Star* article in which the BSP Governor was quoted as saying that the Maharlika Investment Fund is now a national investment fund and no longer an SWF. He lamented the fact that the Body can insist that the MIF is an SWF, but the reality was that the measure would eventually go beyond the Senate’s jurisdiction. He emphasized that the MIF is not a sovereign wealth fund. Senator Villar (M) stated that the BSP Governor was present in the gallery that day and that the bill was the result of extensive consultations. He stated that the bill was not a one-size-fits-all measure, and that not all countries are subject to the same legal provisions. He added that there was no specific definition of how each nation should respond to the type of fund being established.

Senator Pimentel expressed concern that the Senate might mislead the public by insisting that what is being put up is a sovereign wealth fund when it is not. Because it has surplus funds or windfall profits, he cited the Norwegian sovereign wealth fund as the gold standard for all SWFs. He believed that the SWF would solve a pleasant problem of surplus and windfalls. He asserted that if the Norwegians spent their entire surplus, it could cause inflation; therefore, placing the surplus in an SWF is a solution to a pleasant problem.

He pointed out that the situation in the Philippines was not comparable to the Norwegian SWF, which is owned by the state, based on surplus, windfall profit, or underlying asset. In contrast, he stated that the Philippines is already receiving assistance from two banks with distinct functions: LANDBANK extends loans to the agricultural sector, fisherfolk, countryside, and rural development, whereas DBP would extend loans to support MSMEs and developmental programs such as infrastructure projects. He emphasized that the committee should cease and desist from asserting that the MIF is a sovereign wealth fund, as it is not the case.

Senator Villar (M) stated that all sovereign funds serve different purposes, such as in the cases of Indonesia, Vietnam, India, and Norway, He stated that none of the funds are identical, but they serve similar purposes and are tailored to the country in question.

Senator Pimentel noted that the original proposal from the House of Representatives envisioned the measure as a sovereign wealth fund, and that the Senate version has undergone significant revisions. He stated that one of the changes is the chairperson of the board. He then read to the Body a news article in which former Senior Deputy Speaker Rep. Gloria Macapagal-Arroyo of Pampanga was quoted as saying: “The success of any fund, sovereign or private, lies in the quality

of its management. In the current version of the Maharlika Investment Fund, the President of the Philippines chairs its governing Board. This is a powerful statement that the highest official of the land will hold himself as ultimately accountable to the Filipino people for the performance of the Fund.”

Asked why the Senate version of the bill did not pursue the notion that the President would preside over the MIC, Senator Villar (M) responded that he could not comment on the House version. However, he believed that the Secretary of Finance, as head of the economic team, was designated by the President to have sufficient control over the MIC, as he serves at the President’s pleasure and possesses the unique skills necessary to make decisions as chairperson. He said that the ultimate responsibility for accountability rests with the President.

Regarding the role of the President in the Senate version of the measure, Senator Villar (M) stated that he supports the appointment as recommended by the advisory board. He stated that the President approves the membership of the board and its Chief Executive Officer (CEO), while the Board appoints the Chief Investment and Operating Officer (CIOO).

On whether the CEO must be a Filipino, Senator Villar (M) replied in the affirmative. He stated that a provision may be added in the measure in accordance with GCG regulations. He added that the three independent directors may be non-Filipinos, while the six regular directors are Filipinos.

As to why the bill provides for three independent directors, Senator Villar (M) explained that the intention is to entice potential directors with investment-related expertise and the ability to provide advice. He stated that during the hearing, the committee deemed it necessary for the Maharlika fund to have a certain level of global expertise in order to increase its legitimacy and expertise.

Senator Pimentel noted that Senate Bill No. 2020 differed from earlier versions of the proposal to establish the MIF in that it seeks to adhere to the structure of a typical corporation as outlined in the Corporation Code of the Philippines, in which board membership reflects stock ownership.

Asked if the measure is allowing the independent directors to possibly be non-Filipinos since preferred shares may be owned by non-Filipinos, Senator Villar (M) replied that the two concepts were unrelated, such that a foreigner could serve on the board of directors even if there is no foreign investor or stockholder in the corporation.

Senator Pimentel asked whether the requirement that “the regular director shall serve in the board full time,” as stated on page 10, line 26 of the bill is applied to independent directors as well. Senator Villar (M) replied in the negative.

In response to a question about the difference between the functions of the two types of directors, he explained that there are directors who do not necessarily work for the corporation, who may come from different sectors, and who contribute their expertise, but who are not full-time employees of the corporation, unlike regular directors that work full time for the company.

As to the reason for having full-time directors, Senator Villar (M) replied that based on the discussions in his committee, the optimal structure for the MIC would include a healthy mix of directors who could lend their expertise to the Board.

At this point, Senator Pimentel requested clarification on the following provision on page 11, line 11 of the bill:

“At least one (1) year from the end of their tenure, the regular and Independent Directors shall be barred from employment, whether in full-time or advisory capacity, in any private companies and institutions, the interests of which directly compete with or in conflict with the MIC.”

Senator Villar (M) responded that the provision, comparable to a non-compete clause, was included to prevent conflicts of interest in which a company prohibits an employee from working for a direct competitor or a company in the same field for a predetermined time period. Senator Pimentel concluded that the provision would prohibit a resigned employee from seeking employment in the same industry within a year, and suggested that the provision be clarified clearer at the proper time.

On the name "Maharlika," Senator Villar (M) was controversial and politically-charged because it was the alleged moniker of the anti-Japanese guerrilla unit of the late President Ferdinand Edralin Marcos Sr. He added that the earlier versions of the proposed MIC would provide direct assistance or *ayuda* to the poor. Despite the fact that the committee could have altered the name, Senator Villar (M) opined that "Maharlika," which means "warrior," has a strong and aggressive quality that is a good fit for the investment fund.

On the dole-out provision in previous versions of the bill, Senator Villar (M) clarified that it had been deleted and that the MIF in Senate Bill No. 2020 was purely an investment fund. Senator Pimentel pointed out that despite the fact that the dole-out provision had been deleted from the Senate version, it was retained in the House of Representatives' Third Reading version, which meant that it would still be discussed in the bicameral conference committee meeting.

Senator Pimentel cited page 1, line 11 of the bill's Declaration of Policy in Section 2 as follows: "Towards this end, the State shall establish a Maharlika Investment Fund by investing national funds, and coordinating and strengthening the investment activities of the country's top-performing government financial institutions to promote economic growth and social development." Asked if the phrase "the country's top-performing government financial institutions" referred to LANDBANK and DBP, Senator Villar (M) responded in the affirmative. He explained that the two GFIs were selected as the initial capital source for the MIF because their respective investable funds could be used for the objectives outlined in the bill.

Senator Pimentel stated that he found it odd that the bill would refer to the two GFIs as the country's top-performing GFIs, while the government appeared dissatisfied at not being able to use at least P50 billion from LANDBANK and the P25 billion from DBP that Senate Bill No. 2020 would be receiving as a forced contribution to the initial capital of the MIC, only for another Board to decide how to use the funds. Senator Villar (M) clarified, however, that referring to the GFIs as "top" institutions was mutually exclusive with their use as capital for the MIF.

On whether the government only gained interest in the investable funds of the two GFIs because it perceived the P50 billion and P25 billion as "idle funds," Senator Villar (M) replied that with the creation of the MIF, the government saw an opportunity to use the funds in a manner that would yield higher returns and advance its socio-economic agenda.

Senator Pimentel surmised that the government's desire for a more aggressive investment with the MIF indirectly criticized the boards of LANDBANK and DBP as being too conservative, which could be attributable to their respective charters.

Asked on the reason why the government did not consider amending instead the charters of the two GFIs to give them room to be more aggressive with their investments, Senator Villar (M) clarified that the proposed creation of the MIF was not a criticism to the GFIs, but rather an opportunity that would arise once the bill becomes a law.

Senator Pimentel opined that using the investable funds of the GFIs to capitalize the MIF would deprive the boards of the LANDBANK and DBP of decision-making authority over their respective investable funds. He added that Congress was in the process of establishing a

brand-new, untested body that could be more aggressive or riskier with the P745 billion fund during a time of global economic turmoil. Senator Villar (M) responded that the government was taking a whole-of-nation approach as a response to the effects of the COVID-19 pandemic that have created an economic situation and a need to find funding for its projects. He stated that the government viewed the two GFIs as potential sources for the MIF, which would pump-prime the economy.

Senator Pimentel stated that amending the charters of LANDBANK and DBP would require the same amount of work as enacting the MIC and the MIF and would not be as controversial. He posited that the merger of LANDBANK and DBP should be accomplished through legislation, rather than through executive action, by revising the charter of the surviving entity and repealing the charter of the absorbed entity.

As to the primary purpose of the MIC, Senator Villar (M) responded that the bill would create an entity that would fulfill a need not currently being met by any government institution, would attract foreign investments, and would utilize some of the GOCCs to provide safe capital for the MIF using their respective investable funds and capital from the national government. He added that the MIF was neither novel to the country's legislative branch nor to world. He said that it serves the specific purpose of attracting investments, generating returns for the country, and creating wealth; therefore, his committee was pushing for the measure to become law. He opined that the MIF could provide relief and a solution to the nation's current economic problems and the possibility of an economic recession.

As to whether no other existing GOCC has yet performed the outlined purposes of the MIF, Senator Villar (M) replied that the country currently does not have a government investment of the same nature as the MIF when it comes to attracting foreign investments that would directly invest in the country's infrastructure projects such as roads, energy infrastructure, and agriculture.

On whether he would admit that the MIF was a private sector activity in which the government wanted to enter into given the bill's references to private industry practices, Senator Villar (M) replied that the government wanted to boost private sector activity through the Maharlika Investment Fund, especially in areas where there is underinvestment and it could stimulate the economy.

Asked by Senator Pimentel as to the meaning of the phrase "private sector practice" as used in the bill, Senator Villar (M) explained that it is generally acknowledged even in the private sector that as the assets grow, there is a commensurate increase in administrative expenses.

On the meaning of the word "comparators" as used in Section 30 of the bill, Senator Villar (M) clarified that the term was used in comparison to the rates and incentives of the private sector in order to attract the best and brightest to work with and for the MIC.

Senator Pimentel observed that it affirmed that the government wanted to enter the investing business and asset management which are private sector business activities. Senator Villar (M) reiterated that under the section on Rewards and Incentives, the intention was for the fund to be consistent with the comparable incentives and rates of other similar entities from the finance sector.

Senator Pimentel then adverted to Section 9, paragraph (d) which provides that in carrying out its objectives and functions, the MIC shall develop and foster skills in finance, economics, risk mitigation, good governance, and other related areas, consistent with the capacity and capabilities build-up of human resources in the industry. He asked whether the phrase "in the industry" referred to the finance sector or asset management sector in the private sector. Senator Villar (M) replied that the phrase referred to the finance sector.

On Section 4 of the bill, Senator Pimentel averred that the purpose of the MIC would be to utilize the MIF for investments, generating optimal returns on investments, while contributing to the overall goal of reinvigorating job creation and poverty reduction by sustaining the economy's high growth trajectory. With so many concepts under Section 4 such as optimal returns on investments, reinvigorating job creation, poverty reduction while sustaining the economy's high growth trajectory, he asked how those objectives sought to be achieved.

Senator Villar stated that the concepts were not mutually exclusive. He opined that whenever there are investments such as in infrastructure, inevitably there would be job creation and poverty reduction.

On whether generating optimal returns on investments was a legitimate or proper goal of the government, he opined that creating a stream of recurring income for the government was a noble objective.

Senator Pimentel pointed out that if a real sovereign wealth fund such as that of Norway goes bankrupt or insolvent, that country has sufficient resources to replenish the fund. However, he said that in the case of the MIF, in case of loss, the GOCCs or the top performing government financial institutions would have to be tapped to contribute more of their investable funds, and there might be no sufficient underlying asset and recurring cash flow which would supplement, support or maintain the fund.

Senator Villar (M) stated that there are always underlying assets in the creation and management of a fund, and considered as part of the investment strategy. He explained that funds have different levels of investments, ranging from safe instruments such as T-bills and equities which have a higher yield of return. However, he stressed that there are corresponding risk factors and calculated risks in every investment although not the same as gambling. He stressed that the investments would be made to generate income for the country and, at the same time, create jobs and economic benefit. He added that the MIF would attract investments, especially since President Marcos had given support to the bill and he expressed his confidence in the government economic advisers who were well-trained in maximizing investments amid any economic difficulties. He believed that the MIF would also be one way to possibly reduce the country's debts and create economic growth.

On whether budgeting for capital outlay in the GAA could be considered as investing, Senator Villar (M) replied in the affirmative, saying that the country should not just rely on borrowing funds for infrastructure projects but attract investments. He hoped that the Maharlika fund would be another source of funding and engage more investments from the private sector and foreign investors.

Asked by Senator Pimentel for the rationale for giving the MIC the power to borrow, Senator Villar (M) said that it is a common investment tool and a way to maximize the return on investment and have a greater chance at success. But he clarified that it would not be adding to the national debt.

Senator Pimentel argued that the issuance of bonds would be tantamount to debt. Senator Villar (M) replied that the bonds would not be guaranteed by the government but guaranteed by the assets of the MIC. Having no relation to government assets, he averred that it would not increase the debt of government.

Asked whether the Maharlika would be prevented from accepting money from the national government through the GAA, like a capital infusion similar to Bayanihan 2, Senator Villar (M) pointed out that the sources of capitalization are expressly provided for in the bill.

Senator Pimentel then adverted to Section 10 of the bill which provides that the MIC may issue all kinds of bonds, debentures and securities. He asked whether the instruments were a form of debt, in reply to which, Senator Villar (M) stated that they would be debts of the Maharlika Investment Corporation, but not of the Philippine government. In case of financial difficulties and loss, he clarified that since the instruments were borrowed against the assets of the Maharlika Investment Corporation, it would be limited to the MIC.

As regards the “(s)tocks, bonds, debentures and other securities,” on page 6, line 24 of the bill, Senator Villar (M) also stated that such obligations would be secured by the assets of the MIC and in case of loss, the preference of credit would be under the existing civil laws, with no liability for the national government.

Senator Pimentel said that there is a procedure for extending sovereign guarantee to debts or loans. He asked if the MIC would be granted such a guarantee should it apply for sovereign guarantee. Senator Villar (M) replied in the negative, as there was no such authority under the law.

Stating that 1MDB has a procedure for extending sovereign guarantee to debts or loans, Senator Pimentel asked if the MIC would be granted a guarantee to debts or loans. Senator Villar (M) replied that there is no authority to give sovereign guarantees to any debt of the Maharlika fund.

To the statement that 1MDB raised its funds through bonds, Senator Villar (M) said that 1MDB was a scam; a fraudulent act of Jho Low, an individual who is now in jail. He said that 1MDB is the result of not having control nor laws protecting a sovereign wealth fund.

Asked if Malaysia was held accountable for the US\$4.5 billion worth of lost funds, Senator Villar (M) replied in the affirmative, saying that it was for this reason why it was necessary to have a fund which is designed to perform a specific mandate with respect to control, audit, oversight, and board of directors, and to avoid being scammed.

To the assertion that 1MDB is still owned by the Malaysian government so its people are held accountable for the payment of bonds, Senator Villar (M) stressed that a similar scam has not happened to any country with sovereign wealth funds.

As regards the remark that 1MDB was also considered a sovereign wealth fund, Senator Villar (M) asserted that such a label was part of the fraud to deceive the investors.

Asked why the MIF could not be admitted as a national investment fund, Senator Villar (M) emphasized that every sovereign wealth fund is different, and that each has its own character, purpose, system, and protections although they fall under the same definition.

Asked what would have happened if the government simply agreed with the Central Bank governor that the MIF is not a sovereign wealth fund but a national investment fund, Senator Villar (M) stated that “sovereign wealth fund” was just a common terminology used to describe an investment vehicle.

On the P125-billion capitalization which would be derived from LANDBANK (P50 billion), DBP (P25 billion), and the national government (P50 billion), payable over the years, Senator Pimentel inquired if such capital would also be the initial assets to which Senator Villar (M) replied in the affirmative.

Asked why BSP dividends were chosen as capital thereby dragging the central monetary authority of the country and upsetting the timetable to complete the increase in BSP’s capitalization

pursuant to Republic Act No. 11211, Senator Villar (M) clarified that the BSP dividends are not BSP funds. He added that the optimal use of dividends was to address the whole-of-nation approach in creating a source of income for the national government, and to create an investment vehicle for the country.

Asked if the P50-billion contribution would be satisfied from the shares of PAGCOR, DOF, and privatization from other fund sources, Senator Villar (M) stated that it was not the first time that the government has used dividends; it was also used to fund emergency situations like the COVID-19 response.

As to why the substantial part of national government contribution would come from BSP dividends, Senator Villar (M) said that it was because the disposition of government assets has an unknown timetable. Senator Pimentel said the concept is a change of policy since BSP dividends have been committed to fund the increase in its capitalization; the LANDBANK's investible funds were committed to the agricultural and fisheries sector; and the DBP to MSMEs and other industries.

Senator Villar (M) said that the government has deemed it optimal to use national government dividends to help pump prime the economy. From a whole-of-nation perspective, he said that the government had to look at the totality of the Philippine economy by utilizing the funds to fund the country's socioeconomic agenda.

Regarding the purpose of BSP's capital, Senator Villar (M) reiterated that there is no authority to give sovereign guarantees to any debt of the MIF, and that he supports the national government's position to prioritize the country's economic situation.

Noting the purposes of BSP dividends which was to contribute to the increase of its own capital, and to contribute to the initial capital of the MIC, Senator Pimentel mused why the government made a critical decision to put a break on BSP's capital contribution. Senator Villar (M) stressed that it is not a question of which is more important, but which is government priority, and currently, the government aims to reduce poverty and develop the economy.

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

Senator Villar (M) said that the end goal that the government is pushing for is poverty reduction and economic development.

As regards the BSP, Senator Pimentel believed that it has a critical role in controlling inflation through monetary policy and that its failure in performing its mandate would affect 110 million Filipinos. Senator Villar (M) averred that it is the BSP which was in the best position to answer on their capabilities and its officials have, in fact, already given opinion that given their resources and the present market conditions, they could defer the capitalization so that some of the funds could be utilized to pump-prime the economy by making investments that would create more jobs and more economic progress. Moreover, he said that as earlier mentioned by Senator Gatchalian, BSP has additional tools that would allow it to perform its mandate, which it did not have before.

Noting that BSP is the country's central monetary authority which the Constitution describes to be an independent body, Senator Pimentel believed that it would be wise to involve BSP and secure its consent to such change in the policy of prioritizing its capital. Senator Villar (M) emphasized that the dividends involved would be due to the national government although there were also provisions that would allow BSP to reassess and change the commitment if the need arises.

Senator Pimentel believed that what were being targeted are funds which are already committed to BSP under RA 11211 and that BSP was just convinced to allow a change in policy which, he believed, interfered with BSP's independence.

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

On the statement of Senator Villar (M) that the dividends involved are national funds, Senator Pimentel averred that while they belong to the national government, the same have already been committed to be returned to BSP in order to contribute to its increase in capitalization. He then asked how BSP's consent to the deferment or slowing down of the contributions to their capital was obtained when the policy is to enhance their independence by increasing their capital.

Senator Villar (M) replied that BSP did its own study and that it expressed full support of the bill which, it believed, would not compromise its independence. He said that BSP officially relayed such position during the committee hearings aside from submitting a position paper on the issue.

On page 4, line 22 paragraph (ii) of the measure, Senator Pimentel asked what "other government-owned gaming operators and/or regulators" it would include. Senator Villar (M) replied that based on the list he was furnished during an earlier interpellation, such would include CESA and APECO, among other government-owned gaming and/or regulators.

On the same page, Senator Pimentel stated that paragraph (iii) provides that it is the Privatization Council which would determine the amount to be surrendered. Senator Villar (M) affirmed that the amount of proceeds from the privatization of government assets shall be determined by the Privatization Council consistent with the fiscal program of the government.

Asked how "fiscal program of the government" differed from "fiscal regime to be implemented by the National Government" on line 32, Senator Villar (M) said that fiscal program is determined by the economic team at any single time. As to the document that should be looked into in order to know and understand the government's fiscal program, he believed that the DBCC was well-equipped to answer such a technical question.

Senator Pimentel suggested that the phrase be defined in the *Definition of Terms* of the bill, to which Senator Villar (M) agreed.

On the same page, line 32 of the measure, Senator Pimentel further adverted to the phrase "Other sources, such as royalties and/or special assessments based on the fiscal regime to be implemented by the National Government" and asked the meaning of "fiscal regime." Senator Villar (M) expressed openness to specify the meaning in the *Definition of Terms*.

On appropriations, Senator Pimentel adverted to page 21, Section 51, paragraphs (iii) and (iv) and asked whether the provision meant that they would be appropriating in advance even if the bill has not yet been enacted into law. Senator Villar (M) replied that the paragraphs refer to automatic appropriations provided for by the law. Citing Section 21, line 24 which reads "DOF-PMO proceeds from the privatization of government assets the amount of which will be determined by the privatization council," Senator Pimentel also said that his understanding is that they would be appropriating amounts that have not yet been determined. In reply, Senator Villar (M) explained that no specific amount was provided as it would still be subject to appraisal and would go through a process before the assets are disposed of.

For his part, Senator Pimentel believed that placing the said provisions would amount to an undue or invalid delegation of legislative power, saying that it is an advance authority to appropriate. Senator Villar (M) stated that it could be clarified during the period of amendments.

Moreover, Senator Pimentel stated that he had a copy of Executive Order No. 323, dated December 6, 2000 issued by former Pres. Joseph Ejercito Estrada. He noted that Section 2 of Article IV thereof provides: "Upon the effectivity of this Executive Order, all receipts from the sale of assets shall be remitted to the National Treasury in the following proportion: sixty percent (60%) to the special account of the Agrarian Reform Fund and forty percent (40%) to the general fund: *Provided, further,* That except for the subsidiaries of the Government Service Insurance System and the Social Security System, all government-owned and controlled corporations shall remit to the National Treasury at least fifty percent (50%) of the net proceeds derived from the sale of shares or assets effective October 1, 1992. *Provided, further,* that the net proceeds shall mean gross proceeds less related liabilities and selling expenses as stipulated in the provisions of Republic Act No. 7661." He then asked whether the bill would be repealing or fortifying the said EO. Senator Villar (M) replied that since a law supersedes an executive order, it could be included in the repealing clause of the Act.

On initial capitalization, Senator Pimentel reiterated that page 4, line 32, paragraph (iv) provides "Other sources, such as royalties and/or special assessments based on the fiscal regime to be implemented by the National Government." He asked how these sources could be used to contribute to the national government's initial contribution to the MIC. Senator Villar (M) surmised that in order to answer the question, they have to first specify what these sources are during the period of amendments. However, he reiterated that as regards fiscal regime, agencies that would be most relevant to it would be the DBCC and other agencies such as the NEDA Board.

On page 5 of the bill, Senator Pimentel stated that there is a proviso, as follows: "*Provided, That* the foregoing contributions shall be subject to the automatic review of the Secretary of Finance every five years..." He asked why an automatic review would be necessary. Senator Villar (M) explained that it was brought up during the committee deliberations and that no one objected to the said provision. Nevertheless, he said that he would be open to any amendment on the matter.

Senator Pimentel then asked what is expected to be reviewed or changed in the measure. Senator Villar (M) responded that, if a request was made, the national government's contributions may be reviewed even if the measure already allocated the funds. He added that there was a provision in the measure that allowed for the amendments.

As to who was responsible for making changes in the measure when finally enacted into law, Senator Villar (M) replied that changes to the national government's contribution were possible, citing the following portion of the bill: "The Founding GFIs and the National Government may, upon recommendation of the Advisory Body, and without prejudice to additional subscription and payment, use its stock dividends from its unappropriated retained earnings in the MIC, to subscribe and pay for the balance of the authorized capital stock." Senator Pimentel remarked that the paragraph read by Senator Villar (M) was problematic and that he would revisit the portion in a while. He then inquired whether the purpose of the automatic review was to safeguard the national government's or the MIC's interests. Senator Villar (M) responded that the national government, with an emphasis on its fiscal condition, was being protected.

Asked if the position of the Secretary of Finance would not be compromised if he were responsible for reviewing the matter of protecting the national government's interests, while simultaneously holding the position of chairperson of the Board of the MIC, Senator Villar (M) stated that while some concerns were raised during the committee's discussion of the measure with the economic team, they were overshadowed by the possibility that the government could meet the MIF's capital requirement in three years. In this regard, he reiterated that the committee was open to amendments that would strengthen the provision.

Senator Pimentel asked if privatization proceeds could continue to flow into the MIF after the initial P50 billion contribution by the national government had been satisfied. Senator Villar (M) responded that although it was conceivable that the aforementioned proceeds could be contributed to the Fund, it was not required.

Adverting to the second paragraph on page 5, lines 6 to 9 of the proposed measure, which Senator Villar (M) had previously read, Senator Pimentel asked if it would be possible to obtain a simplified version to assist the Body to comprehend the section. Explaining the paragraph, Senator Villar (M) said that when GFIs and the national government receive stock dividends, it is up to them to decide whether to utilize or invest the dividends. He also noted that the authorized capital stock had not been fully paid for or subscribed. Moreover, he mentioned that if the MIC had retained earnings and declared dividends, they could be used to pay for the difference if the dividends were not fully subscribed.

Asked if the term "balance" to which he referred to meant the balance of MIC's original subscription, Senator Villar (M) clarified that since the paid-up capital was P125 billion and the authorized amount was P500 billion, the composition was not fully subscribed and paid for.

Senator Pimentel sought clarification as to whether, in the event that the MIC declared stock dividends, the recipients would use the stock dividends to pay for their stocks. Senator Villar (M) clarified that the authorized capital was not P500 billion since P125 billion had been paid in. He added that the term "authorized" referred to the amount that the MIC was permitted to issue to the shareholder, so the amount was not fully subscribed. He added that, should the MIC declare a dividend to the national government, the government would have the option to increase its subscription to the authorized capital stock of the MIF with the dividends.

Senator Pimentel inquired as to the rationale behind the recipients' use of stock dividends rather than additional stocks, if it was the latter in which they were interested in the first place. Senator Villar (M) responded that it is considered an additional investment.

At this juncture, Senator Tolentino stated that although the Philippine government lost in the *Fraport Case (Fraport AG Frankfurt Airport Services Worldwide v. The Republic of the Philippines)*, it became a well-established principle that when there was a question on investments, or where there was a lack of clarity, there is a legal principle known as "*ratione materiae*," which is the construction of terms which would be more liberal and more generous to the investor. He stated that the court was known for consistently siding with the investor with complete liberality. He surmised that in that instance, the construction would favor the investor.

Senator Pimentel thanked Senator Tolentino for his intervention, but noted that the Body was still attempting to make sense of the portions of the measure, particularly the phrase "and without prejudice to additional subscription and payment" in line 7, given that the subject referred to additional subscription. Senator Villar (M) believed that the phrase implied that stock dividends would be reinvested in the MIF's capitalization. He added that he was open to modifying the language in order to clarify the phrase.

Regarding the provision that states, "Under no circumstance shall the GOCCs providing for the social security of government employees, private sectors, workers and employees, and other sectors and subsectors, such as but not limited to the Government Service Insurance System, Social Security System, and Home Development Mutual Fund, be requested or required to contribute to the MIC," Senator Pimentel noted that at some point during the period of interpellations, Senator Villar (M) stated that the provision was not intended to apply to the GSIS. Although Senator Villar (M) could not recall issuing the statement, he stated that the listed government

agencies were not being prevented from investing in the MIC, nor were they requested nor required to do so. He then apologized for any misinterpretation in that regard.

Although Senator Pimentel acknowledged that Senator Villar (M) had maintained a consistent stance on the issue, he expressed the concern of members of the two insurance systems, the GSIS and the SSS, that the MIC could use its capital for more aggressive and riskier investments than their respective boards do at present. Senator Villar (M) pointed out that all investments are susceptible to the prospect of either loss or gain. He then urged the Body to consider whether the returns would be adequate to compensate the GSIS and the SSS for the risks they would be assuming. He clarified that while the aforementioned government agencies were not prohibited from investing in the MIF, the measure did not alter the investment goals or dictate anything pertaining to government funds, nor did it alter the investment strategies of the agencies. In addition, he expressed confidence that the GSIS and SSS have actuarial experts who can make prudent decisions regarding the use of their funds.

Senator Pimentel reiterated his support for the insurance industry's concerns regarding the more riskier investments that the MIC would be permitted to make. He also urged his fellow senators to consider drafting ironclad prohibitions that would prevent social security funds from being invested in the MIF, which he characterized as an experimental measure.

Regarding the capitalization of the MIC, Senator Pimentel sought clarification on his understanding that the Board may increase the MIC's capital if doing so would help in achieving the measure's objectives. He then asked if the provision meant that the Board would not be prevented from increasing the MIC's capital to more than P500 billion if it reached an agreement that it was necessary. Senator Villar (M) replied in the affirmative.

Senator Pimentel questioned the necessity of including the authorized capital stock in the measure, given that the amount could be altered by Board decision. Senator Villar (M) responded that what was specified in the bill pertained to the initial capitalization and that there was no mention of a cap. He also stated that he did not observe any inconsistency in the particular provision.

Asked to confirm if Section 7 of the bill would allow the Board to increase the authorized capital stock of the MIC, Senator Villar (M) replied in affirmative. Senator Pimentel then argued that the authorized capital stock was a specified amount in the bill, which Senator Villar (M) acknowledged. He believed that the provision pertained to the fund's initial structure. Additionally, he stated that the measure granted the Board the authority to increase MIC's capitalization as needed to achieve the measure's objectives. In that regard, Senator Pimentel sought clarification as to whether the provision meant allowing the Board to amend the law. Senator Villar explained that the measure outlined the specific provision that addressed Senator Pimentel's concern.

Senator Pimentel provided a summary of Section 7 of the law, which authorizes the board, which is not part of the legislature, to change the authorized capital stock amounting to P500 billion as indicated in the bill. He expressed concern that the measure could represent yet another instance of an improper and invalid delegation of legislative authority. He urged the Body to exercise caution in order to avoid sliding into the trap. Continuing his explanation, he noted that new pieces of legislation have a propensity to delegate to a particular administrative entity the power to change the original provisions of the law. He stated that the practice effectively transferred legislative authority to a person or organization.

Senator Pimentel expressed the need for caution because, in effect, the provision is actually delegating a legislative authority. He stated that even LANDBANK and DBP wanted to increase their capitalization, and there were also bills proposing capitalization increases similar to what was done with the BSP.

Referring to Section 8 (*Corporate Power*) on page 5, Senator Pimentel questioned the purpose for stating, "The MIC is hereby authorized to adopt, alter, and use a corporate seal which shall be judicially noticed," which, he believed, meant that the seal was not required to be proven in court. Senator Villar (M) responded that it essentially implies that the seal would not need to be proven in court proceedings.

On the third paragraph of Section 8, which states, "The MIC may compromise or release, in whole or in part, any claim of or settled liability to the MIC, regardless of the amount involved, under such terms and conditions as may be prescribed by the Board, upon favorable recommendation of the Advisory Body, to protect the interests of the MIC and the integrity of the MIF," Senator Pimentel inquired as to its purpose, as he surmised that the settled liability in favor of the MIC could be in billions of pesos. Senator Villar (M) responded that the provisions of Section 8 are regular powers of the GOCC, similar to the SSS and BSP.

SUJSPENSION OF SESSION

Upon motion of Senator Pimentel, the session was suspended.

It was 11:44 p.m.

RESUMPTION OF SESSION

At 11:50 p.m., the session was resumed with Senate President Zubiri presiding.

INTERPELLATION OF SENATOR PIMENTEL

(Continuation)

On page 6, Section 9 (*Functions of the Maharlika Investment Corporation*), Senator Pimentel asked for an example regarding subparagraph c, which reads: "Accept and manage investment mandates whose investment purpose is to increase income for development goals." In response, Senator Villar (M) stated that it is a reiteration of the priorities of the MIF to make investments that advance its socio-economic agenda.

Asked by Senator Pimentel to further clarify the provision so that he can help improve it, Senator Villar (M) stated that the mandate of the MIF is to generate income while simultaneously advancing its development goals through investments. Senator Pimentel stated that entry in a law has significance because it serves a purpose, and he could help clarify it if they understood its significance.

Regarding paragraph d) of the same Section, which is to "Develop and foster skills in finance, economics, risk mitigation, good governance, and other related areas, consistent with the capacity and capabilities build-up of human resources in the industry," Senator Pimentel noted that personnel have not yet been trained on the subject matter. Senator Villar (M) opined that MIC's corporate objective includes the internal development of skills and expertise.

On whether the provision meant that the MIC is considering hiring non-experts and train them to develop their expertise while being employed in the corporation, Senator Villar (M) replied that once the corporation is established and settled, those who work for the MIC will have developed skills and talent.

Inquired about the meaning of the second paragraph of Section 10 (*Issuance of Bonds*), which states, "The MIC shall provide for appropriate reserves for the redemption or retirement of the bonds," Senator Villar (M) responded that it is part of the financial jargon for servicing the bonds'

maturity upon their retirement. Senator Pimentel argued, however, that it is already addressed by the first sentence of the third paragraph of Section 10, which states, "Such obligations shall be secured by the assets under the management of the MIC." Senator Villar (M) replied that the second paragraph referred to "appropriate reserves," which refers to the cash reserves required to redeem issued items, such as coupons.

On whether the reserves are non-touchable or non-usable assets, Senator Villar (M) responded that they are merely cash requirements to service the bonds upon maturity, and the phrase "secured by the assets under the management" in paragraph 3 indicates that these obligations would be limited to the assets managed by the MIC.

At this juncture, Senator Tolentino inquired whether the MIF could enter into a merger and acquisition transaction with a corporation.

INQUIRY OF SENATOR TOLENTINO

Asked by Senator Tolentino whether the Maharlika Investment Fund can enter into a merger and acquisition (M&A) deal, Senator Villar (M) replied that the MIF can enter into various investments, including M&As, as it has discretion to purchase some equity in a company through its management company, which manages the fund.

Senator Tolentino suggested that, at the proper time, a provision pertaining to the merger and acquisition agreement could be outlined in Section 9(a). Senator Villar (M) stated that the committee is open to amendments at the proper time.

Senator Tolentino expressed concern regarding the M&A's impact on the MIC. He stated that the acquired entity may serve a purpose distinct from that of the MIF, therefore, allowance should be made for the acquisition. Senator Villar (M) believed that the IRR could provide the requisite investment policy details. He expressed the committee's willingness to consider amendments at the proper time.

Senator Tolentino observed that an M&A provision would fundamentally alter Section 9. He stated that there ought to be a safe harbor clause that would allow the components of an M&A deal in the future. Senator Villar (M) reiterated the committee's openness to consider amendments on the matter.

INTERPELLATION OF SENATOR PIMENTEL

(Continuation)

Senator Pimentel noted that Section 9 was about the MIC's functions, and surmised that the M&A should be placed in the section on allowable investments. Senator Villar (M) stated that while M&As are very specific investment strategies, the committee was amenable to including them in the bill and the IRR during the period of amendments.

Senator Pimentel cautioned that relegating important matters to the IRR could prevent the Senate from seeing the final structure and powers of the corporation it seeks to establish.

Regarding page 6, line 26, he noted the sentence "These bonds, debentures, may be long-term, medium, or short-term, with fixed interest rates or floating interest rate." Asked whether it refers to the bonds and debentures held as assets by the MIC, Senator Villar (M) responded that the entire section refers to bonds issued by the MIC. Senator Pimentel noted that the section is unrelated to the first sentence of the paragraph.

Asked on the MIF's investment horizon, Senator Villar (M) stated that it would be a mix of short-, medium-, and long-term, depending on the board's investment strategy.

Senator Pimentel noted that Section 11 requires elaboration, noting that the administrative and operational expenses of the MIC would be covered by the industry-standard 2% cap, which means 2% of the assets under its management would be the limit for administrative and operating expenses.

Senator Villar (M) stated that as the value of the assets increases, variable costs also increase. He reiterated that the administrative and operating costs for the MIC cannot exceed the 2% cap. He clarified that it does not imply that they must maximize it. He emphasized that the cap is reasonable and in line with industry standards.

Senator Pimentel stated that it is theoretically possible to reach the cap, and if it does, there is no violation of the law. However, he noted that on page 7, lines 1 to 2, it states that "Provided further, That the Secretary of Finance may reduce the allowed expense ratio." He then questioned the Secretary of Finance's authority to reduce the allowable expense ratio. Senator Villar (M) responded that while the bill limits operating and administrative expenses to 2%, it also gives the Secretary of Finance discretion to reduce them further. He stated that the provision gives the MIC a degree of flexibility while also imposing a 2% hard cap. He added that the same provision allows the Board of Directors to set annual targets for reducing operating and administrative expenses. He reiterated that it allows the Secretary of Finance to reduce the prescribed expense ratio to show that the fund must strive to cut down on its expenses despite the hard cap of 2%.

Senator Pimentel noted that Section 11 governs administrative and operating expenses, while Section 19 on page 10 discusses third-party fees and all charges incurred in connection with the establishment and effective management of the MIF, including custody fees, transaction fees, clearing fees, and management fees payable to external fund managers, to be charged against the MIF in accordance with applicable policies on fund disbursements. He also mentioned that Section 26 addresses the compensation of the CEO and the board members.

Asked if the expenses found on Sections 11, 19, 26, and 30 comprise administrative and operating expenses, including management fees to external fund managers charged to the annual hard cap of 2%, Senator Villar (M) replied in the affirmative. He stated that there are controls observed by the COA and the internal and external auditors responsible for monitoring its utilization. As with any other government organization, he stated that the salaries of the fund manager and other administrative expenses will be charged to the 2% hard cap. He added that the MIC can use the fund as long as it falls within the cap and in accordance with COA rules; thus, if its assets are at P100 billion, its 2% hard cap will be P2 billion.

On page 16, lines 18 to 19, Section 30, Senator Pimentel stated that the criteria for the grant of rewards and incentives, including the formula for the computation of any amount that will be granted to the Board of Directors, officials, employees, and staff of the MIC, shall be established in the IRR. He lamented the Senate's decision to relegate the creation of the formula to the IRR, which is not written by the BOD. He expressed concern about Section 30 mentioning honoraria, performance bonus, and other performance-based compensation, while another sentence specifies the amount that will be granted to the board. He then inquired as to why it was repeated in Section 30 when it was previously stated in Section 26. Senator Villar (M) responded that the committee has proposed a revision to Section 30, which states: "The officials, employees and staff of MIC shall be entitled to honoraria, performance bonus, or any similar performance-based compensation as may be determined by the Board and as approved by the President of the Philippines, taking into consideration, among others, the performance of the Fund, the performance of the individual employee or officer, and industry standards and practices. The criteria for the grant of rewards

and incentives shall be determined in the IRR. Considering the nature of the Fund's intended investments, the criteria shall consider the long-term performance of the Fund, acquisition and retention of talent, and the rates of comparators."

At this juncture, Senator Pimentel stated that he would suspend his interpellations until the following day when he would begin a new topic on the fund itself.

Senator Villar (M) objected to Senator Pimentel's manifestation to suspend his interpellation, stating that the bill had been debated extensively and he had responded to all queries, without prejudice to any amendments that may be proposed.

Senate President Zubiri concurred that it was the sponsor's prerogative to end the period of interpellations. He then appealed to Senator Pimentel to reserve the following session day for the *turno en contra* before proceeding to the period of amendments. He stated that the Secretariat would distribute a clean copy of Senate Bill No. 2020 to the senators for approval on Second and Third Readings.

Senator Villar (M) stated that he believed all queries had been answered and that he had repeatedly answered recurring issues in the interpellations. He expressed willingness to consider any suggestions during the period of amendments. Consequently, he moved again to close the period of interpellations.

Senator Pimentel asked whether he had the right to remark and object on the pending motion. He stated that he would still like to continue interpellating regarding Section 14 on the allowable investments.

SUSPENSION OF SESSION

With permission of the Body, the session was suspended.

It was 12:22 a.m.

RESUMPTION OF SESSION

At 12:34 a.m., the session was resumed.

PARLIAMENTARY STATUS

Senator Villanueva stated that the parliamentary status was that Senator Villar (M) had moved to close the period of interpellations. He stated that it was the sponsor's prerogative to no longer entertain queries, in accordance with Rule XXV, Section 71 (b) of the *Rules of the Senate*:

"Section 71. The Senate shall adopt the following procedure in the consideration of bills and joint resolutions: ... (b) Sponsorship by the committee chairman or by any member designated by the committee."

Senate President Zubiri stated that Senator Pimentel objected to the motion of Senator Villar (M) to close the period of interpellations.

MANIFESTATION OF SENATOR PIMENTEL

Senator Pimentel stated that he also has a pending motion to continue with the period of interpellations, to which Senator Villar (M) objected. He argued that the sponsor does not have exclusive access to the floor and that he and the interpellator have equal access.

Senate President Zubiri pointed out, however, that the sponsor of the measure controlled the floor. He stated that in the past, former Senators Miriam Defensor-Santiago, Manny Pacquiao, and Antonio Trillanes, as well as Sen. Christopher Lawrence “Bong” Go, had terminated the period of interpellations and moved on to the period of amendments. Moreover, he clarified that Senator Pimentel’s motion would be moot and academic because the Body recognizes the sponsor’s right to close the period of interpellations if he no longer wishes to be interpellated.

Asked to provide the specific rule governing the current parliamentary situation, Senate President Zubiri cited Rule XXV, Section 71 (b) of the *Rules of the Senate*:

“Section 71. The Senate shall adopt the following procedure in the consideration of bills and joint resolutions: ... (b) Sponsorship by the committee chairman or by any member designated by the committee.”

RULING OF THE CHAIR

Senate President Zubiri, stating that the practice of parliamentary action is rooted in tradition, then ruled that the sponsor had the floor and no longer wished to be interpellated; therefore, Senator Villar (M) could no longer be compelled to answer Senator Pimentel’s queries.

Senator Pimentel asked if he was also permitted by the *Rules* to appeal the Chair’s decision, Senate President Zubiri replied in the affirmative.

Senator Pimentel then appealed the Chair’s ruling that the motion to suspend the period of interpellations for Senate Bill No. 2020 was moot and academic and that the sponsor has the right to terminate the bill’s sponsorship.

Senator Pimentel appealed the ruling of the Chair.

MANIFESTATION OF SENATOR LEGARDA

Senator Legarda said that while she acknowledged the right of the Minority Leader to seek more information on the measure, the Body should consider Rule XXV, Section 71 (d) of the *Rules of the Senate* which provides that the sponsor of the bill has the right to close the debate. Senate President Zubiri remarked that he was protecting the right of every committee chairperson sponsoring a measure to refuse or discontinue the interpellations.

Senator Pimentel inquired why Section 71(d) of the rules was cited even as it refers to the right to close the debate. He noted that the Body was still in the period of interpellations.

Senator Villanueva clarified that consistent with Section 71(b), the sponsor moved for the closing of the period of interpellations, to which the Minority Leader objected, thus the Body would have to dispose of the motion by division of the House.

MANIFESTATION OF SENATOR HONTIVEROS

Senator Hontiveros stated that she supported the appeal of the Minority Leader to be allowed to suspend his interpellations and continue later because she believed that the bill was important and, if passed into law, would outlive the members of the Chamber. She emphasized the need to put on record the questions of Senator Pimentel and the replies of the sponsor.

MANIFESTATION OF SENATOR VILLAR (M)

Senator Villar (M) said that he understood the sentiments of the Minority but he believed that for the past three weeks, he had endeavored to answer all the questions asked and that he had covered every square inch of the bill, aside from the discussions during four committee hearings, technical working group meetings, and a roadshow. He manifested that it was his right to refuse to answer any more questions and to terminate the period of interpellations without prejudice to the period of amendments where senators would be welcome to propose amendments. He reiterated his motion to terminate the period of interpellations.

Senate President Zubiri averred that the Minority had been given ample time, as early as the previous week, to ask questions on the measure; but it was the Minority Leader who requested that he be allowed to interpellate that day, Monday, so that whole day was given for the interpellation of the Minority Leader. Senate President Zubiri appealed to the Minority to allow the measure to be passed because there were other important measures to be acted upon.

Senator Pimentel requested the Senate President to give the Minority more time to debate on the bill because there were still a lot of points that needed to be clarified. He hoped that the Senate President would not present it as if the Minority was not working or participating in the deliberations or that the members of the Minority reneged on their word that they would conduct their interpellations that day.

The Senate President reiterated his appeal to the Minority to terminate the interpellations on the measure because there were other bills that needed to be passed before the adjournment *sine die* in accordance with the Senate timelines on LEDAC measures.

DIVISION OF THE HOUSE

At this point, the Chair called for a division of the House on the appeal of Senator Pimentel, and with two senators voting in favor, 11 against, and no abstention, the appeal was lost.

VOTING ON THE MOTION TO CLOSE THE PERIOD OF INTERPELLATIONS

Submitted to a *viva voce* vote, and with the majority of the Members voting in favor, the motion of Senator Villar (M) to terminate the period of interpellations was approved by the Body.

SUSPENSION OF SESSION

Upon motion of Senator Villanueva, the session was suspended.

It was 12:52 a. m.

RESUMPTION OF SESSION

At 12:54 a.m., the session was resumed.

MANIFESTATION OF SENATOR VILLANUEVA

Senator Villanueva manifested that several members of the Body had submitted their proposed amendments to Senate Bill No. 2020.

SUSPENSION OF CONSIDERATION OF SENATE BILL NO. 2020

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

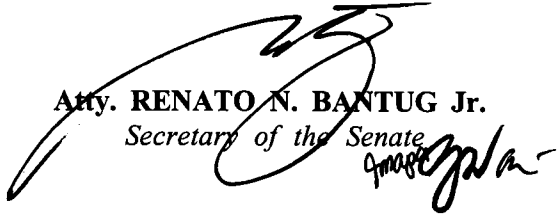
ADJOURNMENT OF SESSION

Upon motion of Senator Villanueva, there being no objection, the Chair declared the session adjourned until three o'clock in the afternoon of the same day, Tuesday, May 30, 2023.

It was 12:57 a.m. of Tuesday, May 30, 2023.

I hereby certify to the correctness of the foregoing.

Approved on May 30, 2023


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