



REPUBLIC OF THE PHILIPPINES

S e n a t e

Pasay City

Journal

SESSION NO. 65

Wednesday, March 12, 2008

**FOURTEENTH CONGRESS
FIRST REGULAR SESSION**

SESSION NO. 65
Wednesday, March 12, 2008

CALL TO ORDER

At 5:21 p.m., the Senate President, Hon. Manny Villar, called the session to order.

PRAYER

The Body observed a minute of silent prayer.

ROLL CALL

Upon direction of the Chair, the Secretary of the Senate, Emma Lirio-Reyes, called the roll, to which the following senators responded:

Aquino III, B. S. C	Madrigal, M. A.
Arroyo, J. P.	Pangilinan, F. N.
Biazon, R. G.	Pimentel Jr., A. Q.
Cayetano, A. P. C. S.	Roxas, M.
Ejercito Estrada, J.	Villar, M.
Gordon, R. J.	Zubiri, J. M. F.
Lacson, P. M.	

With 13 senators present, the Chair declared the presence of a quorum.

Senators Angara, Enrile, Escudero, Honasan and Legarda arrived after the roll call.

Senators Cayetano (P) and Revilla were on official mission abroad.

Senator Defensor Santiago was on official mission.

Senator Lapid was absent.

Senator Trillanes was unable to attend the session as he is under detention.*

*As corrected by Senator Pimentel on April 21, 2008

(At this juncture, Senate President Villar relinquished the Chair to Senate President Pro Tempore Ejercito Estrada.)

APPROVAL OF THE JOURNAL

Upon motion of Senator Pangilinan, there being no objection, the Body dispensed with the reading of the Journal of Session No. 64 and considered it approved.

REFERENCE OF BUSINESS

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

BILLS ON FIRST READING

Senate Bill No. 2117, entitled

AN ACT REDUCING THE TAX
INSURANCE PREMIUM UNDER
CERTAIN CONDITIONS, AMENDING
FOR THIS PURPOSE SECTION 123
OF THE NATIONAL INTERNAL
REVENUE CODE, AS AMENDED

Introduced by Senator Loren Legarda

To the Committee on Ways and Means

Senate Bill No. 2118, entitled

AN ACT CONVERTING THE BATAAN
ECONOMIC ZONE LOCATED IN
THE MUNICIPALITY OF MARIVELES,
PROVINCE OF BATAAN, INTO THE
BATAAN SPECIAL ECONOMIC
ZONE AND FREEPORT, CREATING

FOR THIS PURPOSE THE BATAAN SPECIAL ECONOMIC ZONE AND FREEPORT AUTHORITY, APPROPRIATING FUNDS THEREFOR AND FOR OTHER PURPOSES

Introduced by Senator Loren Legarda

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

Senate Bill No. 2119, entitled

AN ACT BANNING THE MANUFACTURE, SALE AND USE OF ALL KINDS OF FIRECRACKERS

Introduced by Senator Pimentel Jr.

To the Committees on Public Order and Illegal Drugs; and Local Government

RESOLUTION

Proposed Senate Resolution No. 329, entitled

RESOLUTION COMMENDING TOMASA DIOSO SALINOR OR "LOLA MASING" FOR HER COURAGE AND UNWAVERING DETERMINATION TO PURSUE JUSTICE FOR FILIPINO COMFORT WOMEN DURING WORLD WAR II

Introduced by Senator Loren Legarda

To the Committee on Rules

COMMITTEE REPORT

Committee Report No. 42, prepared and submitted jointly by the Committees on Energy; Finance; Public Services; and Ways and Means, on Senate Bill No. 2121, with Senators Manuel "Lito" M. Lapid, Jinggoy Ejercito Estrada, Angara and Enrile as authors thereof, entitled

AN ACT AMENDING SECTIONS 4, 9, 20, 21, 23, 25, 26, 30, 31, 32, 33, 34, 35, 38, 41, 43, 45, 48, 51 OF REPUBLIC ACT NO. 9136 ENTITLED "AN ACT

ORDAINING REFORMS IN THE ELECTRIC POWER INDUSTRY AND FOR OTHER PURPOSES,"

recommending its approval in substitution of Senate Bill Nos. 52, 160, 308, 899, and 1234.

Sponsors: Senators Enrile, Manuel "Lito" M. Lapid, Jinggoy Ejercito Estrada and Angara

To the Calendar for Ordinary Business

SUSPENSION OF SESSION

Upon motion of Senator Pangilinan, the session was suspended.

It was 5:24 p.m.

RESUMPTION OF SESSION

At 5:27 p.m., the session was resumed.

COMMITTEE REPORT NO. 39 ON SENATE BILL NO. 2077 (Continuation)

Upon motion of Senator Pangilinan, there being no objection, the Body resumed consideration, on Second Reading, of Senate Bill No. 2077 (Committee Report No. 39), entitled

AN ACT ESTABLISHING THE PRE-NEED CODE OF 2008.

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

COSPONSOR

Upon her request, Senator Legarda was made cosponsor of Senate Bill No. 2077.

COSPONSORSHIP SPEECH OF SENATOR LEGARDA

At the instance of Senator Legarda, upon motion of Senator Pangilinan, there being no objection, her cosponsorship speech on the bill was deemed read into the Record of the Senate.

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The full text of the speech follows:

There is probably no other money pool in the country's economic mainstream that serves a loftier purpose than the pre-need industry.

First, it provides a security blanket for future needs or contingencies, a hedge against future storms in life. It can be an educational plan, a pension plan, a memorial plan. To millions of Filipinos, it is the investment of a lifetime.

Second, it is a personal or family investment that is plowed back into the economy to create wealth and to generate jobs. Funds from the industry are mostly invested in government bonds, private bonds, equities, real estate and several others. One cannot talk of a developed capital market without the funds from the pre-need sector.

It is an investment for a future need that helps drive the economic engine of the country.

The industry's special place in the social and economic life of the country has its own imperatives.

The pre-need industry should be stable. It should be professionally managed. It should be free from fly-by-night operators. The industry can only be viable and stable if obligations are met, plans are dutifully perfected at the time of maturity, and planholders are 100% satisfied.

Planholders are a trusting but exacting lot. Fail them and you create a social and economic turmoil that may spin out of control. This, precisely, took place after more than a decade of stability and unprecedented growth for the pre-need industry that started in the '90s.

In 2004, a giant in the pre-need industry failed to pay for maturing educational plans. Fatal as this was, four or five other pre-need companies ran into the same deep financial troubles, spreading panic across an industry that had seen phenomenal growth from 1990 to 2001.

From late 2004 to early 2006, pre-need companies had a 49.32% drop in sales. Educational plans, on which failure started the industry meltdown, suffered from a 70% drop in sales.

The crash saw tens of thousands of anguished policyholders clutching to worthless plans, a lifetime of investment gone.

This was the tragic context that moved Congress to carry out the long overdue reform in the pre-need sector. Senate Bill No. 2077 seeks to establish the Pre-Need Code of 2008.

The Code governs the operation, activities and undertakings of the pre-need entities in the country.

The reform package includes:

1. Vesting in the Insurance Commission the authority to supervise and regulate the operation and activities of the pre-need plan companies;
2. Requiring a minimum paid-up capital before a pre-need company can be incorporated;
3. Implementation of a "fit and proper" rule for the directors, officers and actuaries and stronger penalties for offenses;
4. Defining the grounds for the suspension and revocation of licenses;
5. Creation of a trust fund to ensure liquidity and solvency; and
6. Requiring companies to submit an annual actuarial valuation report to determine the sufficiency and adequacy of the trust fund to guarantee the delivery of future benefits stipulated in the pre-need plan.

These are safeguards by all means. But they protect the public without intruding into the dynamism of the pre-need industry.

The bill offers the best of both worlds: safeguarding public interest and, at the same time, ensuring the viability and growth of the industry.

It is in this light that I join the distinguished sponsor in requesting a swift passage of this bill.

MANIFESTATION OF SENATOR PANGILINAN

Senator Pangilinan manifested that after conferring with Senator Angara, Sponsor of the measure, and Senators Pimentel and Roxas, it was agreed that the Body would terminate the period of interpellations without prejudice to reopening it after the resumption of plenary sessions in April, and proceed to the period of committee amendments.

TERMINATION OF THE PERIOD OF INTERPELLATIONS

Upon motion of Senator Pangilinan, there being no objection, the Body closed the period of interpellations.

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**SUSPENSION OF CONSIDERATION
OF SENATE BILL NO. 2077**

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

SPECIAL ORDER

Upon motion of Senator Pangilinan, there being no objection, the Body approved the transfer of Committee Report No. 42 on Senate Bill No. 2121 from the Calendar for Ordinary Business to the Calendar for Special Orders.

**COMMITTEE REPORT NO. 42
ON SENATE BILL NO. 2121**

Upon motion of Senator Pangilinan, there being no objection, the Body considered, on Second Reading, Senate Bill No. 2121 (Committee Report No. 42), entitled

AN ACT AMENDING SECTIONS 4, 9, 20, 21, 23, 25, 26, 30, 31, 32, 33, 34, 35, 38, 41, 43, 45, 48, AND 51 OF REPUBLIC ACT NO. 9136 ENTITLED "AN ACT ORDAINING REFORMS IN THE ELECTRIC POWER INDUSTRY AND FOR OTHER PURPOSES."

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

The Chair recognized Senator Enrile for the sponsorship.

**SPONSORSHIP SPEECH
OF SENATOR ENRILE**

Senator Enrile presented for the consideration and approval of the Body Senate Bill No. 2121, as he delivered his sponsorship speech as follows:

The enactment of Republic Act No. 9136, entitled "An Act Ordaining Reforms in the Electric Power Industry and For Other Purposes", otherwise known as the EPIRA, in 2001 signified the government's promise to ensure the quality, reliability and sustainability of the supply

of electricity that would translate to lower consumption costs for the benefit of the end-users. The law originally sought to correct the inefficiencies in the system, high systems losses, contracted debts, miscalculations in the demand for future capacities and regulatory inadequacies, which all contributed to the high cost of electricity in the country.

However, seven years after its passage, it has become evident that the EPIRA has failed in many respects. As it was originally crafted, the law lacked the needed safeguards against market power abuse and the lack of effective measures to transparently review the power contracts which spawned the burdensome PPA. Moreover, the EPIRA's promise of eventually achieving open access to the benefit of our consumers could not materialize due to the difficulty in meeting the requirements set by the law.

It was precisely for these reasons that I cast the lone negative vote for the bill when it was passed into law in 2001. It was not that I did not believe in the ideas of restructuring the industry, encouraging competition, privatization, and effective regulation. It was my firm belief then, however, that the EPIRA's promised benefit of ensuring the quality and reliability of the supply of electricity that would translate to lower consumption costs could not be achieved, thus, making this promise illusory.

In the last Congress, the Committee on Energy constituted a subcommittee to facilitate the consideration of the proposed amendments to Republic Act No. 9136, in order to address the loopholes of the EPIRA. The subcommittee conducted seven public hearings which were attended by all the stakeholders in the industry, the national agencies mandated to implement the provisions of EPIRA, as well as the generation, transmission and distribution sectors. Representatives from consumer advocacy groups, electric cooperatives and others were also present in the hearings, and their testimonies and position papers were painstakingly considered and reviewed.

After due deliberation and consultation, the subcommittee presented the committee report for the consideration of the members of the Senate at that time and the committee report was, in fact, already the subject of plenary debates until it was unfortunately overtaken by events.

During this 14th Congress, the Committee on Energy once again constituted the Subcommittee on the EPIRA Amendments to take on the responsibility of facilitating the consideration

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of pertinent bills. Pursuant to prior agreement among the members of this Chamber, the Subcommittee conducted a public hearing on September 19, 2007, to formalize our intent to take up this proposed measure once more. A result of said hearing was the creation of an inter-agency Technical Working Group which conducted consultative discussions with industry participants.

In this regard, the Subcommittee has prepared its final position and therefore has the privilege to report back a substitute bill, Senate Bill No. 2121, under Committee Report No. 42, which seeks to amend certain sections of the EPIRA to significantly improve the same. Among the salient provisions of the bill are:

1. Acceleration of open access

In our efforts to revise the EPIRA, it seems that the main thrust of the President's endorsement of the early passage of the bill is to accelerate open access by relaxing the requirements under the present law. It is my humble opinion, however, that we should introduce safeguards and other reforms in order to achieve real competition in the market upon open access. Thus, the subcommittee has included provisions which:

- a.) Lower the requirement of privatization of 70% of the generation assets of NPC in Luzon and Visayas to 50%. Under the bill, PSALM and NPC shall submit to the Power Commission, or the JCPC, a committed and detailed schedule of privatization until it reaches the 70% privatization level to ensure continued privatization efforts by the government; and,
- b.) Lower the requirement for the transfer of management and control of at least 70% of the total energy output of power plants under contract with NPC to the IPP administrators to 50%.

The Subcommittee introduced an amendment to further strengthen the provisions on retail competition and open access such that the Energy Regulatory Commission may declare open access even if the government has not fully fulfilled the aforementioned conditions, provided that generation participants meet or comply with the ownership limits provided under Section 45(a) of this Act which is not more than 30% of the installed generating capacity of a grid and/or 25% of installed national generating capacity.

- c.) With respect to new economic zones, PEZA shall recognize the prior right of distribution

utilities to serve the franchise area within the economic zones, provided that the incumbent distribution utility is qualified and adequately serves the area.

2. The bill also provides for the non-recovery of stranded debts and contract costs of all industry players to reflect the true cost of power. It is the Subcommittee's position that any charges that will raise the prices of electricity in an artificial manner and those that have no direct relation to the cost of electricity is anti-consumer and will not make the prices of electricity in our country competitive with other countries. Hence, the Subcommittee has deleted the imposition of stranded debts and contract costs of NPC and stranded costs of distribution utilities through the universal charge.

3. To further lower the cost of electricity, the bill provides that franchise taxes imposed by local government units shall be limited only to the distribution and wheeling charges earned by the distribution utilities and not on its gross receipts.

4. To ensure lower rates for the benefit of end-users and consumers, the bill provides that the cost of royalty on energy from indigenous or renewable sources shall not be passed on to consumers through the universal charge.

5. The bill likewise disallows the grant of provisional authority for increases relating to basic rate components such as the transmission wheeling charges for TRANSCO and distribution-related charges for distribution utilities. The ERC may grant provisional authority for operational applications or pass-through charges, provided that the Commission shall immediately conduct public hearings and render a final determination and decision not later than 120 days from the issuance of the provisional authority.

6. To ensure transparency, the bill provides that public hearings shall be conducted on matters relating to rate adjustments or any issue that will affect private rights or impose obligations on electricity end-users. This provision is designed to prevent the ERC from conducting mere "public consultations" wherein resource persons and witnesses are not bound by oath, thereby limiting accountability.

7. The EPIRA already imposes limitations on cross-ownership. To address the issue of competitive position within the grid that the generator operates in, the economic plant sizes should be taken into consideration. Thus, we maintained the 50% limit on bilateral power

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supply contracts between commonly owned distribution and generation entities while adding a secondary restriction that bilateral contracts between affiliates must not exceed 20% of the grid for one distribution utility. This will allow greater competition in each grid while allowing sufficient size for efficient plants to be built within the 50% limit.

8. Lastly, the bill strengthens the provisions on the "Protection and Promotion of Consumer Rights and Interests" in relation to the Magna Carta for Residential Electricity Consumers.

We now have this fresh opportunity to once and for all address the EPIRA's shortcomings. I therefore urge our colleagues to join me and the Committee in this effort to achieve genuine reform in the electric power industry of the country.

RESERVATIONS TO INTERPELLATE

Senator Pangilinan manifested that Senators Aquino, Madrigal, Angara and Gordon made reservations to interpellate on the bill at a later date.

SUSPENSION OF CONSIDERATION OF SENATE BILL NO. 2121

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

COMMITTEE REPORT NO. 39 ON SENATE BILL NO. 2077 (Continuation)

Upon motion of Senator Pangilinan, there being no objection, the Body resumed consideration, on Second Reading, of Senate Bill No. 2077 (Committee Report No. 39), entitled

AN ACT ESTABLISHING THE PRE- NEED CODE OF 2008.

Senator Pangilinan stated that the parliamentary status was the period of committee amendments without prejudice to the reservation of Senator Roxas to reopen the period of interpellations at a later date.

Thereupon, the Chair recognized Senator Angara, Sponsor of the measure, for the committee amendments

WORKING DRAFT

Senator Angara manifested that the working draft dated March 12, 2008, copies of which were distributed to the Members, would be used as guide in the course of introducing the committee amendments.

COMMITTEE AMENDMENTS

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

1. On page 2, lines 8 and 9, delete the words "Insurance Commission," and in lieu thereof, insert the words SECURITIES AND EXCHANGE COMMISSION;
2. On the same page, line 20, after the word "Sections," delete numbers "7" and "8";
3. On page 3, reword lines 18 to 21 as follows:
 - (k) PRE-NEED RESERVE LIABILITIES (PRL) REFERS TO THE MEASURE OF LIABILITIES OF THE PRE-NEED COMPANY FOR ITS IN-FORCE PLANS AS OF VALUATION DATE.
4. On the same page, line 22, insert the sentence:
 - (1) BSP REFERS TO BANGKO SENTRAL NG PILIPINAS;
5. On page 6, delete lines 15 to 21;
6. On the same page, delete lines 22 to 26;
7. Renumber the succeeding sections accordingly;
8. On page 11, delete the text on lines 1 to 5 and in lieu thereof, insert on lines 5 to 10 the following sentences:

IT SHALL BE UNLAWFUL FOR ANY PRE-NEED COMPANY TO ADVERTISE ITSELF OR ITS PRE-NEED PLANS UNLESS THE COMMISSION HAS APPROVED SUCH ADVERTISING MATERIALS. THE COMMISSION SHALL BE AUTHORIZED TO WAIVE THE REQUIRED PRE-APPROVAL SUBJECT TO CONDITIONS IT MAY IMPOSE TO ENSURE COMPLIANCE TO THE INTENTION OF THIS PROVISION.;
9. On page 12, line 1, change the word "outstanding" to IN-FORCE;
10. On page 14, lines 2 and 3, delete the phrase "as provided in the Insurance Code";

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11. On the same page, line 11, delete the phrase "by the actuary and";
12. On the same page, line 15, delete the graduated scale, and in lieu thereof, adopt the following:

<i>Payment Received</i>	<i>Life Plan</i>	<i>Other Plans</i>
Collection of the 1 st 20% of Contract Price	5%	5%
Collection of the 2 nd 20% of Contract Price	10%	10%
Collection of the 3 rd 20% of Contract Price	70%	80%
Collection of the 4 th 20% of Contract Price	70%	80%
Collection of the 5 th 20% of Contract Price	70%	80%

13. On page 16, after the title *Investment of the Trust Fund*, delete the rest of the Section starting with the word "All" on line 22 up to the word "funds" on line 10 of page 18, and in lieu thereof, insert the following paragraph:

ALL INVESTMENTS OF THE TRUST FUND/S OF A PRE-NEED COMPANY SHALL BE MANAGED IN ACCORDANCE WITH THE INVESTMENT GUIDELINES PRESCRIBED BY THE COMMISSION. SUCH GUIDELINES SHALL PROVIDE AN UPDATED AND MORE FLEXIBLE CHOICE OF INVESTMENT FOR THE TRUST FUND SUBJECT TO PRESCRIBED LIMITS, RULES AND REGULATIONS THAT WOULD ENSURE PRUDENT INVESTMENT MANAGEMENT AND PROTECTION OF THE INTERESTS OF PLANHOLDERS.;

14. On the same page, lines 20 and 21, change the title "*Valuation of Actuarial Reserves Liabilities of the Pre-Need Company*" to VALUATION OF RESERVES LIABILITIES OF THE PRE-NEED COMPANY, then delete the rest of the provision starting with the words "To determine" on line 21 up to the word "requirements" on line 7 of page 19, and in lieu thereof, on lines 8 to 26, insert the following paragraphs:

TO DETERMINE THE SUFFICIENCY AND ADEQUACY OF THE FUND, AN ANNUAL PRE-NEED RESERVE VALUA-

TION REPORT ESTABLISHING THE RESERVE REQUIREMENT AND CONTRACTUAL LIABILITIES OF THE PRE-NEED COMPANY SHALL BE MADE AND SUBMITTED TO THE COMMISSION, WITHIN 120 DAYS FROM END OF THE CALENDAR YEAR.

THE VALUATION REPORT SHALL CONTAIN THE ASSUMPTIONS, METHODOLOGY, FORMULAS USED, A SUMMARY OF THE PRE-NEED PLANS THAT WERE SUBJECT OF VALUATION, AND THE RESULTS OF SUCH VALUATION.

THE REPORT SHALL BE DULY CERTIFIED BY AN INDEPENDENT PROFESSIONAL AS MAY BE DETERMINED BY THE COMMISSION.

UPON APPROVAL BY THE COMMISSION OF THE RESERVE COMPUTATION, ANY DEFICIENCY IN THE FUND SHALL BE COVERED BY THE PRE-NEED COMPANY, IN THE MANNER AS MAY BE PRESCRIBED BY THE COMMISSION.

IN CASE OF AN EXCESS OF THE FUND OVER THE RESERVE LIABILITY, THE EXCESS SHALL BE CREDITED FOR FUTURE DEPOSIT REQUIREMENTS.;

15. On page 20, delete Section 32, starting with line 28 up to the word "companies" on line 8 of page 22;
16. On the same page, delete Section 33 on lines 9 to 22;
17. On the same page, delete Section 34 on lines 23 to 25;
18. On the same page, delete Section 35 on line 26 up to line 2 of page 23;
19. On page 24, delete lines 13 to 16 and, in lieu thereof, on lines 16 to 18, insert the clause:

PRE-NEED RESERVE VALUATION REPORT, WHICH SHALL BE PREPARED IN ACCORDANCE WITH SECTION 29.

20. On the same page, line 23, after the word "Commission," insert a semicolon (;) and the clause:

EVERY PRE-NEED COMPANY SHALL TERMINATE ITS FISCAL PERIOD EVERY 31ST OF DECEMBER ANNUALLY; and

21. Renumber the chapters and sections accordingly. *AS*

TERMINATION OF THE PERIOD OF COMMITTEE AMENDMENTS

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

INQUIRIES OF SENATOR PIMENTEL

Senator Pimentel asked if there were amendments that would protect people who invested hard-earned money from unscrupulous pre-need companies, as he recalled that a few years ago a number of pre-need education companies overstretched their investment opportunities and went bankrupt, thereby leaving many planholders with unpaid school bills. In reply, Senator Angara explained that the pre-need education companies went bankrupt because the industry was not regulated and, precisely, the bill seeks to create the regulatory framework within which they would operate. He underscored that outside the education plan sector, the pre-need industry is still a thriving, viable industry. He bared that the College Assurance Plan (CAP), the biggest pre-need company, and Pacific Plans, the first pre-need company in the country, collapsed because the educational plan they sold over the years was open-ended – they committed to pay the tuition fees of a child 15 years into the future when he shall be in college – failing, as they did, to anticipate that the State would deregulate tuition fees and when it happened, they were left with runaway obligations. He noted the safeguards in the bill to prevent these incidents from happening again, namely: (1) setting up a trust fund consisting of deposit contributions under an installment scheme so that in case a pre-need company fails, a planholder can go after the trust fund, much like the concept of the Torrens title system; (2) requiring pre-need sales persons to be licensed and registered; (3) providing guidelines in the investment of the trust fund to prevent its misuse such as its transfer to a subsidiary company; and (4) applying a fit and proper rule to bank directors and other financial directors.

Senator Pimentel noted that one of the laudatory amendments is the treatment of money invested in pre-need plans as a trust fund that, ordinarily, cannot be used for anything else except for its original purpose, and he believed that managers of the investment funds would now be more circumspect in using the trust funds. As regards the Securities and Exchange Commission (SEC), he said that he

would like the bill to tighten the Commission's power to revise the rules governing pre-need companies. He asked for a little more time to come up with suggestions to extend more protection to the managers of the trust fund who also need to make a profit but more importantly, the investors in the fund who come from the lower- and middle-levels of society.

Senator Angara asserted that there are enough safeguards in the bill but in the interest of consumer protection, he would welcome any provision to refine the regulatory powers of the SEC over the industry. At the same time, he underscored that another goal is to help pre-need companies grow and become viable. He stated that the pre-need industry is unique to the Philippines and it struck a very sympathetic chord in the hearts of the Filipinos because it touches on things that are closest to them – education, retirement, health and even memorial services. With the bill, he believed that confidence in the pre-need industry would be restored and it would become an effective mobilizer of savings for the country.

INQUIRIES OF SENATOR MADRIGAL

Senator Madrigal asked if there are any fines for fraudulent solicitation, as she bared that she previously filed a resolution seeking to punish her first cousin whose pre-need company fraudulently solicited funds. As to how fraudulent solicitation is committed, she explained that an agent of the pre-need company would call a buyer or customer and tell him to come, for instance, to the Madrigal office to avail of a special bonus and when the customer comes, the agent gets an imprint of the credit card as a guarantee and afterwards, the company would start charging through the credit card account. Replying to the query, Senator Angara said that the sale of a fraudulent pre-need plan would be largely prevented under the proposed Act because of its penalties and safeguards and its sanctions including the revocation of the license.

On the suggestion that a provision or amendment on fraudulent solicitation be included in the bill, Senator Angara stated that the Committee would assist in formulating the appropriate provision.

SUSPENSION OF CONSIDERATION OF SENATE BILL NO. 2077

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

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**CONFERENCE COMMITTEE REPORT
ON SENATE BILL NO. 2009 AND
HOUSE BILL NO. 1890**

Upon motion of Senator Pangilinan, there being no objection, the Body considered the Conference Committee Report on the disagreeing provisions of Senate Bill No. 2009, entitled

AN ACT FURTHER EXPANDING THE ORGANIZATIONAL STRUCTURE OF THE COURT OF TAX APPEALS, AMENDING FOR THE PURPOSE CERTAIN SECTIONS OF THE LAW CREATING THE COURT OF TAX APPEALS, AND FOR OTHER PURPOSES,

and House Bill No. 1890, entitled

AN ACT FURTHER ENLARGING THE ORGANIZATIONAL STRUCTURE OF THE COURT OF TAX APPEALS, AMENDING FOR THE PURPOSE CERTAIN SECTIONS OF THE LAW CREATING THE COURT OF TAX APPEALS, AND FOR OTHER PURPOSES.

The Chair recognized Senator Escudero to sponsor the report.

**SPONSORSHIP REMARKS
OF SENATOR ESCUDERO**

Senator Escudero submitted for the consideration and approval of the Conference Committee Report on the disagreeing provisions of Senate Bill No. 2009 and House Bill No. 1890, both of which seek to provide an additional division to the Court of Tax Appeals and, correspondingly, an additional three justices. He stated that the conferees adopted the House version as the working draft and made no major changes thereto. He urged the Body to approve the Report.

**APPROVAL OF THE CONFERENCE
COMMITTEE REPORT**

Submitted to a vote, there being no objection, the Conference Committee Report on the disagreeing provisions of Senate Bill No. 2009 and House Bill No. 1890 was approved by the Body.

SPECIAL ORDER

Upon motion of Senator Pangilinan, there being no objection, the Body approved the transfer of Committee Report No. 41 on Senate Bill No. 2116 from the Calendar for Ordinary Business to the Calendar for Special Orders.

**COMMITTEE REPORT NO. 41
ON SENATE BILL NO. 2116**

Upon motion of Senator Pangilinan, there being no objection, the Body considered, on Second Reading, Senate Bill No. 2116 (Committee Report No. 41), entitled

AN ACT STRENGTHENING AND EXPANDING THE COVERAGE OF THE SPECIAL PROGRAM FOR EMPLOYMENT OF STUDENTS, AMENDING FOR THE PURPOSE PROVISIONS OF R.A. 7323, OTHERWISE KNOWN AS THE SPECIAL PROGRAM FOR EMPLOYMENT OF STUDENTS.

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

**SPONSORSHIP SPEECH
OF SENATOR EJERCITO ESTRADA**

Upon motion of Senator Pangilinan, there being no objection, the sponsorship speech of Senator Ejercito Estrada was deemed read into the Record of the Senate.

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

**PROPOSED AMENDMENTS TO RA 7323,
"SPECIAL PROGRAM FOR EMPLOYMENT
OF STUDENTS (SPES)"**

Your Committee on Labor, Employment and Human Resources Development, chaired by this humble Representation, has the honor to sponsor Senate Bill No. 2116, under Committee Report No. 14, a measure seeking to strengthen and expand the coverage of the special program and employment of students by amending certain

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provisions of Republic Act No. 7323, otherwise known as the "Special Program for Employment of Students (SPES)."

It is said that education remains the most effective instrument of human liberation and development. In fact, our fundamental law mandates that appropriate steps should be taken by our government to make education accessible to all. Additionally, Section 1, Article XIV of our 1987 Constitution states that "The State shall protect and promote the right of all citizens to quality education at all levels and shall take appropriate steps to make such education accessible to all."

As a background, the SPES was instituted under Republic Act No. 7323 in 1992, almost 15 years ago, to help our poor but deserving students to pursue their education by encouraging their employment during summer and/or Christmas vacations. This legislative measure was envisioned to be an "**earn-and-learn program**" in order to develop the productive work ethic of our young working students.

As originally envisioned, the SPES, under Republic Act No. 7323, enabled companies or businesses to employ students during the summer and/or Christmas vacations and allowed them to pay only 60% of the salaries and wages and the 40% through education vouchers to be paid by the government. Such vouchers are applicable to the payment of the student's tuition fees and books in any educational institution for secondary, tertiary, vocational, and technological education.

In a preliminary report from the Department of Labor and Employment (DOLE), the SPES has benefited almost 400,000 students from poor families nationwide from 2001 to 2005. The total beneficiaries during the period comprised some 40.4% of about 984,840 students who benefited under the SPES since 1995. Indeed, the SPES program has helped our poor but deserving working students graduate and earn a college degree or vocational diploma.

However, like all other programs implemented by our government, the SPES needs to be amended and further strengthened in order for it to be responsive to the changing economic conditions of our country.

In general, this measure seeks to allow the employment of students not only during the summer or Christmas vacation but for the whole year. In addition to this, the measure seeks to further strengthen the provisions of Republic

Act No. 7323 by proposing the following amendments:

- (a) Expanding the coverage of the students who may be qualified to avail of the SPES being implemented by the Department of Labor and Employment (DOLE);
- (b) Making the SPES more responsive to the needs of poor but deserving students by removing the threshold amount for the maximum family income requirement to allow more students to avail of the program;
- (c) Downsizing the restrictive requirement of at least fifty (50) employees to more than 15 employees for an employer to qualify under the SPES;
- (d) Penalizing any person or entity who refuses or dishonors the educational voucher paid by the government to the student-employee with imprisonment of not less than six months to one (1) year and a fine of not less than P10,000.00;
- (e) Giving academic credits to students employed in activities related to their course; and
- (f) Encouraging employers engaged in Small- and Medium-Scale Enterprises (SMEs) to adopt the program and employ working students.

With the improvement and expansion of the SPES being implemented by our government, it is hoped that this measure will allow more Filipino working students to finish their education and pursue a more promising career path for their future.

In this time of economic difficulties wherein many of our poor Filipino students are bound to be doomed for not finishing their college education, it is imperative that this venerable halls of the Senate venture into innovative ways and means to provide the enabling avenue for our poor but deserving working students to finish their schooling and look to the dawn of hope for a better future for their families.

As your Chairman for the Committee on Labor, Employment and Human Resources Development, this measure is my humble contribution to the millions of poor but deserving young working students of this beloved nation for them to finish their education and pave a better future for the next generation of this country. *AP*

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**SUSPENSION OF CONSIDERATION
OF SENATE BILL NO. 2116**

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

SUSPENSION OF SESSION

Upon motion of Senator Pangilinan, the session was suspended.

It was 6:22 p.m.

RESUMPTION OF SESSION

At 6:23 p.m., the session was resumed.

SUBCOMMITTEE CHAIRMANSHIP

Senator Pangilinan manifested that Senator Biazon has been designated as chair of the Subcommittee on Informal Settlers and Resettlement of the Committee on Urban Planning, Housing and Resettlement.

ADDITIONAL REFERENCE OF BUSINESS

The Deputy Secretary for Legislation, Edwin B. Bellen, read the following matters and the Chair made the corresponding referrals:

**MESSAGES FROM THE
HOUSE OF REPRESENTATIVES**

Letters from the Secretary General of the House of Representatives, informing the Senate that on 10 March 2008, the House of Representatives passed the following House bills in which it requested the concurrence of the Senate:

House Bill No. 199, entitled

AN ACT FURTHER CHANGING THE NOMENCLATURE OF THE NATIONAL LIBRARY INTO THE NATIONAL LIBRARY OF THE PHILIPPINES, AMENDING FOR THE PURPOSE SECTIONS 1 AND 2 OF REPUBLIC ACT NUMBERED THREE THOUSAND EIGHT HUNDRED SEVENTY-THREE, ENTITLED AN ACT CHANGING THE NAME OF THE BUREAU OF

**PUBLIC LIBRARIES TO THE
NATIONAL LIBRARY**

**To the Committee on Education, Arts and
Culture**

House Bill No. 1125, entitled

AN ACT DECLARING JULY 18TH A SPECIAL NON-WORKING HOLIDAY IN THE PROVINCE OF SOUTH COTABATO IN COMMEMORATION OF ITS FOUNDATION ANNIVERSARY AND THE CULMINATION OF THE T'NALAK FESTIVAL

To the Committee on Local Government

House Bill No. 1349, entitled

AN ACT DECLARING SEPTEMBER 29 OF EVERY YEAR A SPECIAL NON-WORKING HOLIDAY IN THE MUNICIPALITY OF SAN RAFAEL, PROVINCE OF BULACAN TO BE KNOWN AS THE ARAW NG SAN RAFAEL

To the Committee on Local Government

House Bill No. 1821, entitled

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

**To the Committees on Youth, Women and
Family Relations; and Finance**

House Bill No. 3514, entitled

AN ACT REGULATING THE PRACTICE OF REAL ESTATE SERVICE IN THE PHILIPPINES, CREATING FOR THE PURPOSE A PROFESSIONAL REGULATORY BOARD OF REAL ESTATE SERVICE, APPROPRIATING FUNDS THEREFOR AND FOR OTHER PURPOSES

To the Committees on Civil Service and Government Reorganization; Urban Planning, Housing and Resettlement; and Finance

House Bill No. 3561, entitled

AN ACT CHANGING THE NAME OF KAPITAN RAMON NATIONAL HIGH SCHOOL IN BARANGAY KAPITAN RAMON, CITY OF SILAY, PROVINCE OF NEGROS OCCIDENTAL TO DON FELIX T. LACSON MEMORIAL NATIONAL HIGH SCHOOL

To the Committee on Education, Arts and Culture

House Bill No. 3623, entitled

AN ACT ESTABLISHING THE IFUGAO SECOND DISTRICT ENGINEERING OFFICE IN THE PROVINCE OF IFUGAO AND APPROPRIATING FUNDS THEREFOR

To the Committees on Public Works; and Finance

House Bill No. 3624, entitled

AN ACT ESTABLISHING THE SORSOGON SECOND DISTRICT ENGINEERING OFFICE IN THE PROVINCE OF SORSOGON AND APPROPRIATING FUNDS THEREFOR

To the Committees on Public Works; and Finance

House Bill No. 3625, entitled

AN ACT ESTABLISHING THE CAGAYAN DE ORO CITY FIRST DISTRICT ENGINEERING OFFICE AND APPROPRIATING FUNDS THEREFOR

To the Committees on Public Works; and Finance

House Bill No. 3626, entitled

AN ACT ESTABLISHING THE SULTAN KUDARAT SECOND DISTRICT

ENGINEERING OFFICE IN THE PROVINCE OF SULTAN KUDARAT AND APPROPRIATING FUNDS THEREFOR

To the Committees on Public Works; and Finance

House Bill No. 3627, entitled

AN ACT ESTABLISHING THE MISAMIS OCCIDENTAL SECOND DISTRICT ENGINEERING OFFICE IN THE PROVINCE OF MISAMIS OCCIDENTAL AND APPROPRIATING FUNDS THEREFOR

To the Committees on Public Works; and Finance

House Bill No. 3628, entitled

AN ACT RECONSTITUTING THE ALBAY ENGINEERING DISTRICT OFFICES IN THE PROVINCE OF ALBAY INTO THREE (3) REGULAR DISTRICT ENGINEERING OFFICES AND APPROPRIATING FUNDS THEREFOR

To the Committees on Public Works; and Finance

House Bill No. 3629, entitled

AN ACT ESTABLISHING THE SIXTH DISTRICT ENGINEERING OFFICE IN THE SIXTH CONGRESSIONAL DISTRICT OF THE PROVINCE OF CEBU AND APPROPRIATING FUNDS THEREFOR

To the Committees on Public Works; and Finance

House Bill No. 3715, entitled

AN ACT CONVERTING THE EULOGIO RODRIGUEZ ELEMENTARY SCHOOL IN THE CITY OF MANDALUYONG INTO AN INTEGRATED SCHOOL TO BE KNOWN AS THE EULOGIO RODRIGUEZ INTEGRATED SCHOOL

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**AND APPROPRIATING FUNDS
THEREFOR**

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

and House Bill No. 3716, entitled

AN ACT CONVERTING THE HIGHWAY
HILLS ELEMENTARY SCHOOL IN
THE CITY OF MANDALUYONG
INTO AN INTEGRATED SCHOOL
TO BE KNOWN AS THE HIGHWAY
HILLS INTEGRATED SCHOOL AND
APPROPRIATING FUNDS THEREFOR

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

Letter from the Honorable Speaker Prospero C.
Nograles of the House of Representatives,
dated 10 March 2008, designating Representa-
tives Javier (E.), Cojuangco (M.), Olaño (A.),
Santiago (J.) and Gonzales II as members of the
House panel to the Congressional Oversight
Committee on the Internal Revenue Code of 1997.

To the Committee on Rules

BILL ON FIRST READING

Senate Bill No. 2120, entitled

AN ACT TO FULLY DEVELOP RIZAL
PARK, MANILA INTO A WORLD-
CLASS PARK BY STRENGTHENING
THE POWERS AND FUNCTIONS OF
THE NATIONAL PARKS DEVELOP-
MENT COMMITTEE (NPDC), APPRO-
PRIATING FUNDS THEREFOR AND
FOR OTHER PURPOSES

Introduced by Senator Manny Villar

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

**CONFERENCE COMMITTEE REPORT
ON SENATE BILL NO. 1659 AND
HOUSE BILL NO. 3323**

Upon motion of Senator Pangilinan, there being
no objection, the Body considered the Conference

Committee Report on the disagreeing provisions of
Senate Bill No. 1659, entitled

AN ACT ALLOWING FILIPINO WORLD
WAR II VETERANS TO CONTINUE
RECEIVING PHILIPPINE GOVERN-
MENT PENSIONS AND BENEFITS
EVEN WHEN SIMILAR PENSIONS
AND BENEFITS ARE PROVIDED
BY THE UNITED STATES GOVERN-
MENT, AMENDING SECTION 10
OF REPUBLIC ACT NO. 6948, AS
AMENDED, FOR THIS PURPOSE,

and House Bill No. 3323, entitled

AN ACT ALLOWING FILIPINO WORLD
WAR II VETERANS TO CONTINUE
RECEIVING PHILIPPINE GOVERN-
MENT PENSIONS AND BENEFITS
NOTWITHSTANDING SIMILAR
PENSIONS AND BENEFITS PROV-
IDED BY THE UNITED STATES
GOVERNMENT, THEREBY AMEND-
ING REPUBLIC ACT NO. 6948, AS
AMENDED.

The Chair recognized Senator Gordon to sponsor
the report.

**SPONSORSHIP SPEECH
OF SENATOR GORDON**

Senator Gordon submitted for consideration and
approval of the Body the Conference Committee
Report on the disagreeing provisions of Senate Bill
No. 1659 and House Bill No. 3323. He then proceeded
to read the Joint Explanation of both Houses, to wit:

1. The conferees agreed to use the Senate
version as the working draft;
2. Section 1 of the Senate version was adopted
as Section 1 of the reconciled version;
3. Section 2 of the Senate version was adopted
as Section 2 of the reconciled version;
4. Section 3 of the Senate version was adopted
as Section 3 of the reconciled version but
with the following modification: The provision
that reads "An Act Standardizing and
Upgrading the Benefits for Military Veterans
and Their Dependents, as amended, is hereby
further amended to read as follows:" was *AC*

deleted and, in lieu thereof, the following was inserted: "Section 10 of Republic Act No. 6948, as amended, is hereby further amended to read as follows:"

5. Section 4 of the House version was adopted as Section 4 of the reconciled version with the following modifications:

- 1) A section title was inserted which reads "Amendment of Section 11 of Republic Act No. 6948, as Amended";

- 2) The words "Section 2 (a) of this Act" were restored and the proposed amendment "REPUBLIC ACT NO. 6948, AS AMENDED" was deleted in the provision of the same section;

6. Section 5 on "Appropriation" of the Senate version was adopted as Section 5 of the reconciled version;

7. The succeeding sections were renumbered and adopted as the reconciled version, to wit:

- 1) Section 6. Repealing Clause
- 2) Section 7. Separability Clause
- 3) Section 8. Effectivity

8. The title of the House version was adopted as the title of the reconciled version, to read as follows:

AN ACT ALLOWING FILIPINO WORLD WAR II VETERANS TO CONTINUE RECEIVING PHILIPPINE GOVERNMENT PENSIONS AND BENEFITS NOTWITHSTANDING SIMILAR PENSIONS AND BENEFITS PROVIDED BY THE UNITED STATES GOVERNMENT, THEREBY AMENDING REPUBLIC ACT NO. 6948, AS AMENDED.

Senator Gordon stated that the Report was signed by Senator Biazon, chair of the Senate panel, and Rep. Antonio M. Diaz, chair of the House panel. He urged the Body to approve the report.

APPROVAL OF THE CONFERENCE COMMITTEE REPORT

Submitted to a vote, there being no objection, the Conference Committee Report on the disagreeing provisions of Senate Bill No. 1659 and House Bill No. 3323 was approved by the Body.

SUBCOMMITTEE CHAIRMANSHIP

Senator Pangilinan manifested that Senator Honasan has been designated as chair of the Subcommittee on Sports Competitiveness of the Committee on Games, Amusement and Sports.

BIRTHDAY GREETINGS


At this juncture, Senator Pangilinan extended birthday greetings to Senators Honasan and Cayetano (P) who will be celebrating their birthdays on March 22, Senator Zubiri on April 13, and Senator Biazon on April 14.

ADJOURNMENT OF SESSION

Upon motion of Senator Pangilinan, there being no objection, the Senate President Pro Tempore declared the session adjourned until three o'clock in the afternoon of April 21, 2008.

It was 6:33 p.m.

I hereby certify to the correctness of the foregoing.


EMMA LIRIO-REYES
Secretary of the Senate

Approved on April 21, 2008