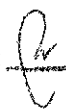


FIFTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
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SENATE
P.S. RES. NO. 88

RECEIVED BY: 

Introduced by Senator Manny B. Villar

RESOLUTION
DIRECTING THE COMMITTEES ON GOVERNMENT CORPORATIONS AND PUBLIC ENTERPRISES AND FINANCE TO CONDUCT AN INQUIRY IN AID OF LEGISLATION, ON THE REPORTED EXCESSIVE SALARIES, ALLOWANCES AND OTHER BENEFITS OF OFFICIALS OF GOVERNMENT OWNED AND CONTROLLED CORPORATIONS AND GOVERNMENT FINANCIAL INSTITUTIONS WITH THE END IN VIEW OF MEANINGFULLY RATIONALIZING THE UTILIZATION OF GOVERNMENT FUNDS.

Whereas, the 1987 Constitution, article XI, Section 1 states that: "[p]ublic office is a public trust. Public officers and employees must, at all times, be accountable to the people, serve them with utmost responsibility, integrity, loyalty, and efficiency; act with patriotism and justice, and lead modest lives"

Whereas, to rationalize the compensation of all government employees and officials, Republic Act 6758 popularly known as the "Salary Standardization Act" was enacted last 21 August 1989;

Whereas, it is the policy of the State to "provide equal pay for substantially equal work and to base differences in pay upon substantive differences in duties and responsibilities, and qualification requirements of the positions. In determining rates of pay, due regard shall be given to, among others, prevailing rates in the private sector for comparable work;"

Whereas, the said law laid down an important principle that shall govern the compensation scheme of the government employees, to wit in Section 3(a) "[a]ll government personnel shall be paid just and equitable wages; and while pay distinctions must necessarily exist in keeping with work distinctions, the ratio of compensation for those occupying higher ranks to those at lower ranks should be maintained at equitable levels, giving due consideration to higher percentage of increases to lower level positions and lower percentage increases to higher level positions;"

Whereas, it was also emphasized in RA 6758 Section 3(c) that "[t]he total compensation provided for government personnel must be maintained at a reasonable level in proportion to the national budget;"

Whereas, this was originally intended to cover not only government entities but also Government Owned or Controlled Corporations (GOCCs) and Government Financial Institutions (GFIs), thus Section 4 of the same law states: "[t]he Compensation and Position Classification System herein provided shall apply to all positions, appointive or elective, on full or part-time basis, now existing or hereafter created in the government, including government-owned or controlled corporations and government financial institutions;"

Whereas, this original intention seemed to have been eroded by successive laws granting exemptions to the Salary Standardization law;

Whereas, some of these GOCCs/GFIs which are exempted from the Salary Standardization law are the Metropolitan Waterworks and Sewerage System (MWSS), Home

Guaranty Corporation(HGC), Land bank of the Philippines (LBP), Social Security System (SSS), and Philippine Deposit Insurance Corporation (PDIC);

Whereas, despite such exemptions, our legislators are always careful to provide a proviso in our General Appropriation Act (GAA) as regards such Special Compensation and other Benefits to protect the coffers of the government, in particular, in the 2010 GAA, Section 59 thereof states: "GOCCs, including GFIs, who are exempt from, or are legally enjoying special compensation and other benefits which are subject to those authorized under R.A. No. 6758, as amended, shall be governed by such special laws: PROVIDED, That they shall observe the policies, parameters, and guidelines governing position classification, salary rates, categories and rates of allowances, benefits, and incentives prescribed by the President: PROVIDED, FURTHER, That they shall submit their existing compensation and position classification systems and their implementation status to the DBM: PROVIDED, FURTHERMORE, That any grant of or increase in salaries, allowances, and other fringe benefits shall be subject to the approval by the President upon favorable recommendation of the DBM: PROVIDED, FINALLY, That they shall not be entitled to benefits accruing to government employees covered by R.A. No. 6758, as amended, if they are already receiving similar or equivalent benefits under their own compensation scheme;"

Whereas, despite the reported yearly growing Budget deficit, on two occasions, the Commission on Audit (COA) Reports on GOCCs/GFIs have shown that some these GOCCs/GFIs have incurred extraordinary expenses;

Whereas, for example, in 2006 COA Report on GOCCs it stated these firms "were not effective in ensuring that the limitations prescribed under existing rules and regulations were observed and that funds were used for the purposes intended;"

Whereas, in the same report, it stated that there were "extraordinary and miscellaneous expenses" ranging from P72,000 to P5 million a year for each official and that the rates "far exceeded" what was allowed or provided under the annual budget for each official at P68,000 to P230,000;

Whereas, likewise in the following year, or in 2007 COA Report on GOCCs/GFIs, the same problem is apparent as it stated "[o]verall the audit concluded that the existing systems on the allocation and utilization of funds intended for extraordinary and miscellaneous expenses by selected GOCCs and LGUs were not effective in ensuring that the limitations prescribed under existing rules and regulations were observed and that funds were used for the purposes intended;"

Whereas, in the same report, COA reported that "[e]xtraordinary and miscellaneous expenses annual rates of the officials of selected GOCCS as approved by their governing boards, ranged from P72,000 to P5.0 million. These rates far exceed the GAA-prescribed annual rates for each official of P68,000 to P230,000 by P9,000 to P12.83 million;"

Whereas, the 2007 COA report also states that there has been a previous instruction to limit such disbursements, stating "in general, upon review by the DBM of their budgets, GOCCs were instructed to limit disbursements for this purpose within the rates prescribed in the GAA. In the case of GOCCs covered in this audit, such instruction was not adhered to;"

Whereas, the need to review these benefits has already been raised as early as June 2001, and in addressing the same, then President Gloria Macapagal-Arroyo (GMA) in her Memorandum Order No. 20 imposed drastic reductions or limitations in the compensation of the appointees to these corporations;

Whereas, three years thereafter, then President GMA again saw the need to address this issue and thus issued Administrative Order 103, which mandated cost-cutting measures for all national government agencies, state colleges and universities, and GOCCs;

Whereas, the problem on excessive salaries, emoluments, per diems and other benefits proves itself to be a perennial problem of the government and may even have exacerbated as the years go by despite the presence of check and balances as provided for in certain rules and regulations prescribed by concerned agencies, Memoranda and Administrative Orders, COA reports and existing laws;

Whereas, these salaries, allowances, emoluments and other benefits of certain officials of the GOCCs and GFIs must be immediately checked to prevent them from further plundering our government coffers;

NOW, THEREFORE, BE IT RESOLVED AS IT IS HEREBY RESOLVED, to direct the Committees on Government Corporations and Public Enterprises and Finance to conduct an inquiry in aid of legislation, on the reported excessive salaries, allowances and other benefits of officials of Government Owned and Controlled Corporations and Government Financial Institutions with the end in view of meaningfully rationalizing the utilization of government funds.

Adopted,


MANNY VILLAR