

FIFTEENTH CONGRESS OF THE REPUBLIC)
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First Regular Session)

SENATE
OFFICE OF THE SECRETARY

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SENATE
P. S. R. No. 105

RECEIVED BY:

Introduced by Senator Miriam Defensor Santiago

RESOLUTION
DIRECTING THE PROPER SENATE COMMITTEE TO CONDUCT AN
INQUIRY, IN AID OF LEGISLATION, ON THE ALLEGED IRREGULARITIES IN
THE FINANCIAL DISBURSEMENTS OF THE POWER SECTOR ASSETS AND
LIABILITIES MANAGEMENT CORPORATION

WHEREAS, the Constitution, Article 2, Section 27 provides: "The State shall maintain honesty and integrity in the public service and take positive and effective measures against graft and corruption";

WHEREAS, Republic Act No. 6713 also known as Code of Conduct and Ethical Standards for Public Officials and Employees, Section 2 mandates: "It is the policy of the State to promote a high standard of ethics in public service. Public officials and employees shall at all times be accountable to the people and shall discharge their duties with utmost responsibility, integrity, competence, and loyalty, act with patriotism and justice, lead modest lives, and uphold public interest over personal interest";

WHEREAS, Republic Act No. 9136 also known as the Electric Power Industry Reform Act which created the Power Sector Assets and Liabilities Management Corporation (PSALM Corp.), Section 50 provides: "The principal purpose of the PSALM Corp. is to manage the orderly sale, disposition, and privatization of NPC generation assets, real estate and other disposable assets, and IPP contracts with the objective of liquidating all NPC financial obligations and stranded contract costs in an optimal manner";

WHEREAS, Section 64 of the same Act further provides: "To promote the prudent management of government resources, the creation of new positions and the levels of or increase in salaries and all other emoluments and benefits of TRANSCO and PSALM Corp. personnel shall be subject to the approval of the President of the Philippines. The compensation and all other emoluments and benefits of the officials and members of the Board of the TRANSCO and PSALM Corp. shall be subject to the approval of the President of the Philippines";

WHEREAS, according to the 4 August 2010 *Manila Bulletin* report, the Commission on Audit (CoA) assailed several additional items including bonuses in the budget of PSALM Corp., which have been part of its lavish spending;

WHEREAS, part of such expenditures were tucked into its P471-billion stranded debt recovery which it plans to pass on to power consumers and such expenses have either been disallowed or fiercely questioned by the state auditor in its report;

WHEREAS, based on the CoA report, the additional expenditures which were not likely to pass audit rules include P980,000 expense for memorabilia or gifts given to 49

employees as a loyalty award after rendering five years of service; hazard pay; P1 million undocumented expense for media relations; as well as the bonuses for consultants;

WHEREAS, CoA similarly questioned the move of PSALM to monetize their leave credits, documents of which show that some even were higher for some employees compared to their basic salaries;

WHEREAS, the audit report also considered the justifications on the purchases of luxury vehicles; P35,000 per employee health and wellness benefits; bonuses for each upgrade in the company's ISO certification; and the various unliquidated cash advances of company officials;

WHEREAS, regarding the bonuses, CoA sternly cautioned PSALM against grant of performance incentives to employees given the austerity measures being adhered to by the Philippine government, especially during the crisis-stricken period of 2008;

WHEREAS, part of the P80.9 million performance incentive included in the Energy Regulatory Commission filing has been the company employees' monetized leave credits;

WHEREAS, on the grant of bonuses, CoA noted that the mere realization of the corporate targets does not warrant an astonishing reward of 5.5 times the monthly salary since these targets or goals were set or programmed at the beginning of the year being the corporation's mandate under the EPIRA law;

WHEREAS, CoA pointed out that the grant of leave credit monetization is in violation of the Omnibus Rules on Leave issued by the Civil Service Commission and PSALM Circular No. 2002-012;

WHEREAS, for the souvenir items and prizes given to employees as Loyalty Award for at least five years of service, the state auditor noted that what is only allowed under the Civil Service Rules will be for 10 years of service; and that reward shall be in the form of a pin, ring or medallion, and a cash gift of not less than P500 but not more than P1,000 for every year of service;

WHEREAS, despite PSALM's justification that the loyalty awards were part of the 2008 Corporate Strengthening Week, CoA ruled that the grant of loyalty memorabilia/souvenir in the form of laptop computers and Tissot watches in the total amount of P980,000 lacks legal basis;

WHEREAS, there is an immediate need to monitor the performance and disbursements of PSALM Corp. and verify whether it is fulfilling its legally mandated function to restructure the electric power industry and institute energy reforms centered on privatization, in order to effectively address the huge debt of the Napocor and avert a power crisis;

WHEREFORE, be it hereby resolved by the Philippine Senate, to direct the proper Senate Committee to conduct an inquiry in aid of legislation, on the alleged irregularities in the financial disbursements of the Power Sector Assets and Liabilities Management Corporation.

Adopted,


MIRIAM DEFENSOR SANTIAGO

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