

**Budget Sponsorship Speech  
by Senator Sergio R. Osmena III**

**Chairman, Sub-Committee “B”  
Committee on Finance**

Mr. President, esteemed colleagues:

As chair of Sub-Committee “B” of the Senate Committee on Finance, it is my privilege to present for consideration of this chamber the FY 2014 budget proposals for the attached agencies and corporations of the Department of Energy, Department of Trade and Industry and Department of Transportation and Communications; and also the three (3) Energy Attached Corporations. Your sub-committee report is the product of almost 18 hours of budget hearing days.

As submitted by the President, the new proposed appropriations for the departments/agencies and corporations which were scrutinized by Sub-Committee B through budget hearings amounts to **SIXTY-FOUR BILLION FOUR HUNDRED THIRTY MILLION FIVE HUNDRED EIGHTY SIX THOUSAND PESOS (P64,430,586,000)**, as follows:

Particulars	No. of Agencies	Amount (P)
<b>Total, Departments/Agencies</b>	<b>15</b>	<b>53,032,709,000</b>
Department of Energy	1	3,259,376,000
Department of Trade and Industry	6	4,401,338,000
Department of Transportation and Communications	7	45,161,306,000
Other Executive Offices	1	210,689,000
<b>Budgetary Support to Government Corporations</b>	<b>12</b>	<b>11,397,877,000</b>
Department of Energy	2	9,675,800,000
Department of Trade and Industry	5	271,443,000
Department of Transportation and Communications	1	344,000,000
Other Executive Offices	4	1,106,634,000

The Sub-Committee also reviewed the budgets of the three (3) Energy Attached Corporations as follows:

<b>Particulars</b>	<b>Amount (P)</b>
<b>Energy Attached Corporations</b>	<b><u>28,672,240,000</u></b>
NG Support	9,675,800,000
Corporate Borrowings	-
Corporate Funds	18,996,440,000
<b>1. National Electrification Administration</b>	<b><u>13,340,438,000</u></b>
NG Support	7,675,800,000
Corporate Borrowings	
Corporate Funds	5,664,638,000
<b>2. National Power Corporation</b>	<b><u>14,160,624,000</u></b>
NG Support	2,000,000,000
Corporate Borrowings	
Corporate Funds	12,160,624,000
<b>3. Philippine National Oil Company</b>	<b><u>1,171,178,000</u></b>
NG Support	
Corporate Borrowings	
Corporate Funds	1,171,178,000

### **The Fiscal Year 2014 President's Budget and the General Appropriations Bill**

After comparing the FY 2014 President's Budget with that of the General Appropriations Bill or House Bill No. 2630, it was noticed that the House of Representatives basically approved the budgets of the agencies and corporations under jurisdiction without much amendments except for realignments within the Department of Transportation and Communications (DOTC); Attached Energy Corporations: National Power Corporation and the Philippine National Oil and a Special Provision under the National Power Corporation. These findings were based on the errata issued by the Department of Budget and Management (DBM) dated 27 September 2013. The realignment and adjustments are as follows:

#### *Department of Transportation and Communications*

The Six Million One Hundred Twenty Eight Thousand Pesos (P6,128,000) realignment from the Office of the Secretary to the Civil Aviation Board shall be intended for the following programs/activities:

- General Administration and Support, Four Million Three Hundred Thousand Pesos (P4,300,000);
- Policy Formulation for the Development of Air Transport, One Hundred Thousand Pesos (P100,000);
- Conduct of Hearing on Applications of Permits & Other Authorization, One Hundred Thousand Pesos (P100,000);
- Grant of Certificate of Public Conveyance, One Hundred Thousand Pesos (P100,000);
- Other Related Services for the Regulation of Civil Aviation, etc., One Million Five Hundred Twenty Eight Thousand Pesos, (P1,528,000)

The realigned amount will enhance CAB's monitoring of airline services in international and domestic airports in accordance with the Bill of Rights for Air Passengers and Carrier Obligations.

Another adjustment in the Office of the Secretary was a correction in location from "Construction of Roro Port, Brgy. Calumpang, Balud, Masbate" to "Construction of Mandaon Port, Masbate". This amounts to Ninety Million Pesos (P90,000,000).

The increase of Two Billion Four Hundred Eighty Nine Million Six Hundred Thousand Pesos (P2,489,600,000) for the Implementation of the Plate Standardization Program under the Motor Vehicles Registration System (MVRS) and One Billion One Hundred Million Pesos (P1,100,000,000) for the Rehabilitation of NAIA Terminal, a new locally-funded project were taken from three (3) existing foreign-assisted projects namely: LRT Line 1 Cavite Extension of One Billion Six Hundred Million Pesos (P1,600,000,000); LRT Line 2 Extension Project of Nine Hundred Eighty Nine Million Six Hundred Thousand Pesos (P989,600,000) and New Bohol (Panglao) International Airport Development Project of One Billion Pesos (P1,000,000,000).

#### Attached Energy Corporations

National Power Corporation. The increase in Personal Services of Six Million Eight Hundred Twenty Four Thousand Pesos (P6,824,000) and Maintenance and Other Operating Expenses of Twenty Million Seven Hundred Eighty Thousand Pesos (P20,780,000) were taken from Input Vat under NPC's Corporate Funds. This realignment was requested by the Corporation.

Philippine National Oil. The Five Hundred Five Million Three Hundred Fifty Thousand Pesos (P505,350,000) were deducted from the allocation for General Administration and Support in order to accommodate the Operation's requirements for Maintenance and Other Operating Expenses (MOOE) and Capital Outlays

(CO) amounting to Ninety Million Fifty Thousand Pesos (P90,050,000) and Four Hundred Fifteen Million Three Hundred Thousand Pesos (P415,300,000), respectively. This realignment of funds was initiated by the House of Representatives to reclassify the Major Final Output (MFOs) of the Corporation.

Special Provision

To allow the use of corporate funds to wind down the activities of the Bataan Nuclear Power Plant (BNPP), Special Provision No. 8 under COB-National Power Corporation have been revised, to wit:

**From: FY 2014 New Expenditure Program:**

8. Restriction on the Use of Corporate Budget. No amount authorized herein shall be used for the Bataan Nuclear Power Plant (BNPP): PROVIDED, That the DOE shall review the existing structure and operations of the BNPP and submit its recommendation for approval of the President of the Philippines on the proper course of action to be taken on said Power Plant.

**To: FY 2014 General Appropriations Bill**

8. Maintenance of Bataan Nuclear Power Plant. The maintenance and other operating expenses of the Bataan Nuclear Power Plant appropriated under Item 6.b shall not exceed Twenty Seven Million Six Hundred Four Thousand Pesos (P27,604,000) in order for NPC to wind down its activities for the Bataan Nuclear Power Plant to its barest essentials.

**The Fiscal Year 2014 General Appropriations Bill or House Bill No. 2630 and Sub-Committee “B” recommendations on the proposed budgets under jurisdiction**

1. Department of Energy

As mandated by RA No. 7638 or Energy Act of 1992, the Department of Energy is the one that prepares, integrates, coordinates, supervises and controls all plans, programs, projects and activities of the Government relative to energy exploration, development, utilization, distribution and conservation.<sup>1</sup> For FY 2014, the Department of Energy has a proposed budget of Three Billion Two Hundred Fifty Nine Million Three Hundred Seventy Six Thousand Pesos (P3,259,376,000) to carry out its mandated functions, plans and programs, activities and projects.

The subcommittee recommends an additional Forty Million Pesos (P40,000,000) for its locally-funded project for Electrification of BayaniJuan sa Southville 7 project in Calauan, Laguna.

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<sup>1</sup> DOE website

2. Department of Trade and Industry

The Department of Trade and Industry covers the budgets of the following attached agencies: Office of the Secretary, Board of Investments, Construction Industry Authority of the Philippines, Construction Manpower Development Foundation, Philippine Trade Training Center and Design Center of the Philippines. The subcommittee recommends the approval of the DTI budget which is Four Billion Four Hundred One Million Three Hundred Thirty Eight Thousand Pesos (P4,401,338,000) as contained in House Bill No. 2630.

However, Sub-Committee "C" chaired by Senator Loren Legarda in a letter to this subcommittee, is proposing an amount of Five Million Pesos (P5,000,000) as an additional budget for the promotion and development of small and medium industries in the regions NCR-Central Office.

The amended budget for the Department of Trade and Industry will now amount to Four Billion Four Hundred Six Million Three Hundred Thirty Eight Thousand Pesos (P4,406,338,000).

3. Department of Transportation and Communications

The Department of Transportation and Communications (DOTC) has seven (7) regular agencies attached to it namely: Office of the Secretary, Civil Aeronautics Board, Maritime Industry Authority, Office of Transportation Cooperatives, Office for Transportation Security, Philippine Coast Guard and Toll Regulatory Board. The subcommittee recommends the budget of Forty Five Billion One Hundred Sixty One Million Three Hundred Six Thousand Pesos (P45,161,306,000) as contained in House Bill No. 2630.

The Committee on Finance (Sub-Committee A) under the Chairmanship of Senator Francis Joseph "Chiz" G. Escudero proposed an amendment for Quick Response Fund in the amount of Three Hundred Million (P300,000,000). The Fund shall be lined-up as one of the locally-funded project under the DOTC-Office of the Secretary. With the proposed amendment, the DOTC budget will now amount to Forty Five Billion Four Hundred Sixty One Million Three Hundred Six Thousand Pesos (P45,461,306,000).

4. Other Executive Offices – Energy Regulatory Commission

The Energy Regulatory Commission as mandated by RA No. 9136 has a budget of Two Hundred Ten Million Six Hundred Eighty Nine Thousand (P210,689,000) for Fiscal Year 2014. The subcommittee recommends the approval of said budget as contained in House Bill No. 2630.

5. Budgetary Support to Government Corporations

5.1. Department of Energy

The two attached corporations under DOE are: National Electrification Administration with a subsidy of Seven Billion Six Hundred Seventy Five Million Eight Hundred Thousand Pesos (P7,675,800,000) and the National Power Corporation with an equity of Two Billion Pesos (P2,000,000,000). The subcommittee recommends approval the budgets of these two attached corporations as contained in House Bill No. 2630.

5.2. *Department of Trade and Industry*

a. *Aurora Pacific Economic Zone and Freeport Authority*

The subcommittee recommends a cut of Fifty Five Million Pesos (P55,000,000) in the budget of the APECO.

With the proposed cut, the recommended subsidy of APECO will now amount to Twenty One Million Pesos (P21,000,000).

b. *Center for International Trade Expositions & Missions (CITEM) and Cottage Industry Technology Center (CITC)*

The subcommittee recommends approval of the subsidies both for CITEM and CITC in the amounts of One Hundred Eighty Six Million Four Hundred Forty Three Thousand Pesos (P186,443,000) and Nine Million Pesos (P9,000,000), respectively, as contained in HB No. 2630.

However, Sub-Committee under Senator Loren Legarda is proposing an amount of Four Million Pesos (P4,000,000) for Trade Promotion activities for Hibla Pavilion Exhibition.

The amended amount for CITEM will now be One Hundred Ninety Million Four Hundred Forty Three Thousand Pesos (P190,443,000).

5.3. *Department of Transportation & Communications – Philippine National Railways*

The NG Subsidy of Three Hundred Forty Four Million Pesos (P344,000,000) is being recommended for approval as contained in HB No. 2630.

5.4. *Other Executive Offices*

a. *Authority of the Freeport Area of Bataan*

The subcommittee recommends approval of the NG Equity of AFAB amounting to One Hundred Million Pesos (P100,000,000) as contained in HB No. 2630.

*b. Cagayan Economic Zone Authority*

The subcommittee recommends a cut of Eight Hundred Million Pesos (P800,000,000) from the total budget of CEZA particularly from the Capital Outlays (Equity) portion of the budget.

With certain reduction on the capital outlays of the Cagayan Economic Zone Authority, its total budget will now amount to Ninety Million Eight Hundred Eighty Six Thousand Pesos (P90,886,000).

*c. Credit Information Corporation*

The Credit Information Corporation (CIC) is a newly created government-owned and controlled corporation that is envisioned to be the leading provider of independent, reliable and accurate credit information in the Philippines. It was created in 2008 by virtue of Republic Act No. 9510, otherwise known as the Credit Information System Act (CISA).<sup>2</sup>

For Fiscal Year 2014, the CIC requested for an additional funding of One Hundred Five Million Seven Hundred Nine Thousand Pesos (P105,709,000) to the Department of Budget and Management (DBM). The proposed request will be for Personal Services of Sixty Six Million Seven Hundred Eighty Six Thousand Pesos (P66,786,000) to support a plantilla of thirty six (36) employees mainly high level ICT, Operations and Marketing staff needed to start operations; Maintenance and Other Operating Expenses (MOOE) of Thirty Two Million Five Hundred Seventy Thousand Pesos (P32,570,000) to support requirements of new office site to house a bigger organization and operations; and Capital Outlays of Six Million Three Hundred Fifty Three Thousand Pesos (P6,353,000) to fund security systems and integrated financial system. However only Thirty Three Million Seven Hundred Forty Eight Thousand Pesos (P33,748,000) has been recommended as NG Subsidy to the CIC. In this light, the subcommittee recommends the restoration of the amount reduced by the DBM which is Seventy One Million Nine Hundred Sixty One Thousand Pesos (P71,961,000). This amount will help the CIC to expand capabilities and meet target of being operational by the last quarter of Fiscal Year 2014.

With the subcommittee's proposed restoration of Seventy One Million Nine Hundred Sixty One Pesos (P71,961,000), the Credit Information Corporation's recommended subsidy will now amount to

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<sup>2</sup> CIC website

One Hundred Five Million Seven Hundred Nine Thousand Pesos (P105,709,000).

*d. Zamboanga City Special Economic Zone Authority*

The subcommittee recommends approval of the NG subsidy and equity for the ZSEZA the amount of Eighty Two Million Pesos (P82,000,000) as contained in HB No. 2630.

The subcommittee also recommends approval of the budgets of the following Energy Attached Corporations as contained in House Bill No. 2630 as: National Electrification Administration, Thirteen Billion Three Hundred Forty Million Four Hundred Thirty Eight Thousand Pesos (P13,340,438,000); National Power Corporation, Fourteen Billion One Hundred Sixty Million Six Hundred Twenty Four Thousand Pesos (P14,160,624,000); and Philippine National Oil Company, One Billion One Hundred Seventy One Million One Hundred Seventy Eight Thousand Pesos (P1,171,178,000).

In summary, this subcommittee wishes to enumerate the budgetary allocations of the departments/agencies/corporations with amended amounts as follows:

<b>Department/Agencies/Corporations</b>	<b>Senate Version (P000)</b>
<b>GRAND TOTAL, SUB-COMMITTEE B</b>	<b>63,996,547</b>
<b>Total, Attached Regular Agencies</b>	<b>53,377,709</b>
<b>Total, Attached Corporations</b>	<b>10,618,838</b>
<b>Departments and Agencies</b>	<b>53,377,709</b>
A. Department of Energy	3,299,376
B. Department of Trade and Industry	4,406,338
C. Department of Transportation & Communications	45,461,306
D. Other Executive Offices	210,689
<b>Budgetary Support to Government Corporations</b>	<b>10,618,838</b>
A. Department of Energy	9,675,800
B. Department of Trade and Industry	220,443
C. Department of Transportation & Communications	344,000
D. Other Executive Offices	378,595