

SENATE

COMMITTEE REPORT NO. 719

Submitted jointly by the Committees on Economic Affairs and Public Works and Highways on OCT 14 2009.

Re : P.S. Res. No. 1413, prepared by the Committees.

Recommending its approval in substitution of Senate Resolution Nos. 30 and 1343.

Sponsor : Senator Defensor Santiago.

**MR. PRESIDENT:**

The Committees on Economic Affairs and Public Works and Highways, to which were referred SRN 30, authored by Senator Defensor Santiago entitled:

**RESOLUTION  
DIRECTING THE DEPARTMENT OF PUBLIC WORKS AND  
HIGHWAYS (DPWH) AND THE ROAD USERS' TAX  
BOARD TO ACCOUNT FOR THE PROCEEDS OF THE  
ROAD USERS' TAX**

and SRN 1343, authored by Senator Legarda, entitled:

**RESOLUTION  
DIRECTING THE APPROPRIATE SENATE COMMITTEES  
TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION,  
INTO THE UTILIZATION OF FUNDS COLLECTED  
FROM THE MOTOR VEHICLE USER'S CHARGE UNDER  
REPUBLIC ACT NO. 8794, WITH THE END IN VIEW  
OF COMING UP WITH POLICY MEASURES AND/OR  
AMENDATORY PROVISIONS TO THE LAW THAT WILL  
HELP CLARIFY AMBIGUITIES IN THE UTILIZATION  
OF SAID FUNDS, ESTABLISH ACCOUNTABILITY  
AMONG AGENCIES TASKED TO MANAGE THE SAME,  
AND, IN THE FACE OF THE ONGOING GLOBAL  
ECONOMIC CRISIS, TO ALLOW THE UTILIZATION OF  
THE SAID FUNDS FOR OTHER GOVERNMENT  
PROGRAMS THAT WILL RESPOND TO AND  
PROVIDE FOR THE IMMEDIATE SOCIAL AND  
ECONOMIC NEEDS OF THE PUBLIC**

have considered the same and have the honor to report back said resolutions to the Senate with the recommendation that the attached P.S. Res. No. 1413, prepared by the Committees, entitled:

**RESOLUTION**  
**RECOMMENDING TO THE OMBUDSMAN THE PROSECUTION OF THE ROAD BOARD LED BY ITS CHAIR, AND ITS SECRETARIAT LED BY THE EXECUTIVE DIRECTOR, FOR UNCONSCIONABLE MULTI-BILLION ANOMALIES REPORTED BY THE COMMISSION ON AUDIT; RECOMMENDING AMENDMENT OR REPEAL OF THE MOTOR VEHICLE USER'S CHARGE ACT; AND IN ANY CASE, RECOMMENDING THE CREATION OF THE SPECIAL SENATE OVERSIGHT COMMITTEE ON THE ROAD USER'S TAX**

be approved in substitution of Senate Resolution Nos. 30 and 1343 with Senators Defensor Santiago and Legarda as authors thereof.


Respectfully Submitted:



MIRIAM DEFENSOR SANTIAGO

*Chair, Committee on Economic Affairs*

Member, Committee on Public Works and Highways



RAMON "BONG" B. REVILLA JR.

*Chair, Committee on Public Works and Highways*

*Vice-Chair:*

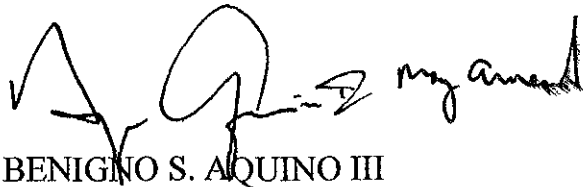


MAR A. ROXAS

*Vice-Chair, Committee on Economic Affairs*

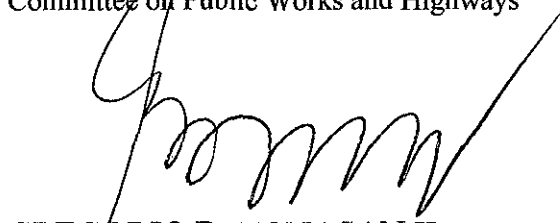
Member, Committee on Public Works and Highways

*Members:*



BENIGNO S. AQUINO III  
Committee on Economic Affairs  
Committee on Public Works and Highways

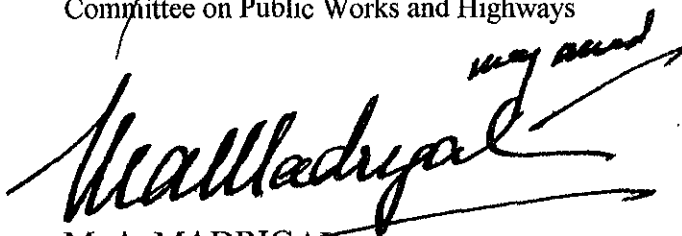
RODOLFO G. BIAZON  
Committee on Economic Affairs



GREGORIO B. HONASAN II  
Committee on Economic Affairs  
Committee on Public Works and Highways



LOREN B. LEGARDA  
Committee on Economic Affairs



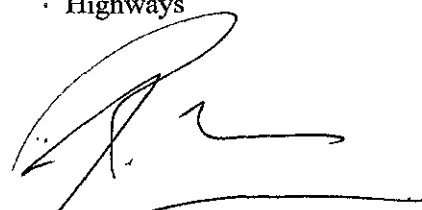
M. A. MADRIGAL  
Committee on Economic Affairs



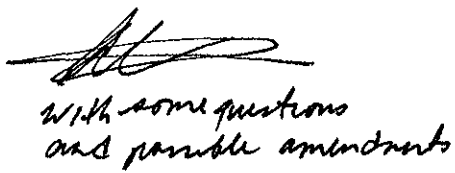
EDGARDO J. ANGARA  
Committee on Public Works and  
Highways



MANUEL "LITO" M. LAPID  
Committee on Public Works and Highways



RICHARD J. GORDON  
Committee on Public Works and  
Highways



*with some questions  
and possible amendments*

ALAN PETER CAYETANO  
Committee on Economic Affairs  
Committee on Public Works and Highways

MANNY VILLAR  
Committee on Economic Affairs  
Committee on Public Works and  
Highways



FRANCIS N. PANGILINAN  
Committee on Public Works and Highways



FRANCIS "CHIZ" ESCUDERO  
Committee on Public Works and  
Highways

*Ex-Officio Members:*

JINGGOY G. ESTRADA  
*President Pro-Tempore*



JUAN MIGUEL F. ZUBIRI  
*Majority Floor Leader*



AQUILINO Q. PIMENTEL JR.  
*Minority Floor Leader*

HON. JUAN PONCE ENRILE  
*Senate President*

P.S.R. No. 1413

Introduced by Senator Miriam Defensor Santiago

RECEIVED BY

RESOLUTION

RECOMMENDING TO THE OMBUDSMAN THE PROSECUTION OF THE ROAD BOARD LED BY ITS CHAIR, AND ITS SECRETARIAT LED BY THE EXECUTIVE DIRECTOR, FOR UNCONSCIONABLE MULTI-BILLION ANOMALIES REPORTED BY THE COMMISSION ON AUDIT; RECOMMENDING AMENDMENT OR REPEAL OF THE MOTOR VEHICLE USER'S CHARGE ACT; AND IN ANY CASE, RECOMMENDING THE CREATION OF THE SPECIAL SENATE OVERSIGHT COMMITTEE ON THE ROAD USER'S TAX

WHEREAS, the 2000 Motor Vehicle User's Charge Act (here known as road tax law) provides: "Section 7. *Disposition of Monies Collected.* – All monies collected under this Act shall be **earmarked and used solely and exclusively** (1) for road maintenance and improvement of road drainage, (2) for the installation of adequate and efficient traffic lights and road safety devices, and (3) for air pollution control. All monies collected shall be deposited in four special trust accounts in the National Treasury." (Emphasis added.) Thus, the road tax is not part of the national budget;

WHEREAS, the law creates a Road Board with seven members, with power given to the secretaries of public works, and of transportation and communications, to issue implementing rules and regulations, one of which creates a Road Board Secretariat with five regular positions headed by the Executive Director;

WHEREAS, under the Road Board Operating Procedures Manual (here known as Manual), the annual allocation for each region and district will be determined by the Board each year, taking into consideration certain factors;

WHEREAS, according to the COA resource paper, the **actual** allocation procedures included the following: "Requests for MVUC funding were also received by the Road Board Secretariat which were evaluated by the Board's Engineer, and **forwarded to the Executive Director** of the Road Board Secretariat... **The Board then**

**selects the projects** to be approved for funding from the lists received from DPWH RPO”;

WHEREAS, the COA paper adds this ominous sign of deliberate denial of transparency: “The actual procedure followed by the Board in the selection of the projects from the Lists of Requested Projects could not however be verified and validated by the COA, because of the **refusal of the Road Board Secretariat to furnish without approval from the Chairman of the Road Board the (a) copies of documents relative to the allocation of the MVUC funds; (b) actual procedures they followed, and (c) criteria and basis for their selection**”;

WHEREAS, at the public hearing of the economic affairs committee on 25 September 2009, public works Sec. Hermogenes Ebdane Jr. promised to submit these missing documents no later than one week from the date of the hearing;

WHEREAS, the road tax collections from 2001 to July 2009 amounted to some P56.5 billion, but COA concludes that **the road tax has failed to fully achieve its objectives**;

WHEREAS, after public hearing, the economic affairs committee concludes that there have been unconscionable road tax anomalies involving billions of pesos, including:

1. Unusually large amount of allotments were obligated in 2007, an election year, amounting to P21.9 billion.
2. Unlawful overdraft in allotment amounting to P1.4 billion.
3. Unreconciled differences between the collections and deposits reported by the LTO to the Road Board, and the certificate of deposits from the BIR, for the period January 2001 and October 2008, amounting to P1.2 billion.
4. The inexplicable transfer to the Philippine National Police of the OYSTER program, (Out-of-School Youth Serving Towards Economic Recovery), without guidelines as to the number of workers and the manner of payment, amounting to P332.6 million.

5. As observed by the COA resource paper, the allocation of the road tax “was not made in accordance with the prescribed procedure. It was based on the request of politicians, other government officials, and district engineers.”

6. Other equally reprehensible abuses of public funds are explained at length in the COA 2008 Annual Audit Report on the road tax, particularly Part 2, “Consolidated Observations and Recommendations” at pages 27 to 73.

**WHEREFORE, BE IT HEREBY RESOLVED BY THE PHILIPPINE SENATE,** that this Resolution shall be forwarded to the Ombudsman, with instructions to immediately start the criminal prosecution of Chair Hermogenes Ebdane Jr. and other members of the Road Board; Executive Directors Rodolfo Puno and Danilo Valero of the Road Board Secretariat and its other members; under the Anti-Graft and Corrupt Practices Act, the Anti-Plunder Act, and any other applicable law;

**BE IT FURTHER RESOLVED,** that the Motor Vehicles User’s Charge Act should be either amended or repealed, in order to provide for the deposit of road taxes with the National Treasury, and for the inclusion of its appropriations in the national budget, in order to assure legislative oversight;

**BE IT FURTHER RESOLVED,** that in any case, the Senate President shall create a Special Senate Oversight Committee on the Road User’s Tax.

  
MIRIAM DEFENSOR SANTIAGO