



REPUBLIC OF THE PHILIPPINES

Senate

Pasay City

Journal

SESSION NO. 51

Tuesday, January 29, 2013

**FIFTEENTH CONGRESS
THIRD REGULAR SESSION**

SESSION NO. 51
Tuesday, January 29, 2013

CALL TO ORDER

At 3:38 p.m., the Senate President, Hon. Juan Ponce Enrile, 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:

Angara, E. J.	Estrada, J.
Arroyo, J. P.	Guingona III, T. L.
Cayetano, A. P. C. S.	Honasan, G. B.
Cayetano, P. S.	Lacson, P. M.
Drilon, F. M.	Lapid, M. L. M.
Enrile, J. P.	Marcos Jr., F. R.
Escudero, F. J. G.	Sotto III, V. C.

With 14 senators present, the Chair declared the presence of a quorum.

SUSPENSION OF SESSION

Upon motion of Senator Estrada, the session was suspended.

It was 3:40 p.m.

RESUMPTION OF SESSION

At 3:41 p.m., the session was resumed with Senate President Pro Tempore Estrada presiding.

SECOND ROLL CALL

Upon direction of the Chair, the Secretary of the Senate conducted a second roll call, to which the following senators responded:

Angara, E. J.	Honasan, G. B.
Arroyo, J. P.	Lacson, P. M.
Cayetano, A. P. C. S.	Lapid, M. L. M.
Cayetano, P. S.	Marcos Jr., F. R.
Drilon, F. M.	Osmeña III, S. R.
Enrile, J. P.	Pangilinan, F. N.
Escudero, F. J. G.	Revilla Jr., R. B.
Estrada, J.	Sotto III, V. C.
Guingona III, T. L.	Villar, M.

With 18 senators present, the Chair declared the presence of a quorum.

Senators Pimentel and Recto arrived after the roll call.

Senator Defensor Santiago was on sick leave.

Senator Legarda was on official mission abroad.

Senator Trillanes was absent.

APPROVAL OF THE JOURNAL

Upon motion of Senator Sotto, there being no objection, the Body dispensed with the reading of the Journal of Session No. 50 (January 28, 2013) and considered it approved.

APPROVAL OF PROPOSED SENATE RESOLUTION NO. 898 ON THIRD READING

Upon motion of Senator Sotto, there being no objection, the Body considered, on Third Reading, Proposed Senate Resolution No. 898, printed copies of which were distributed to the senators on January 23, 2013.

Pursuant to Section 67, Rule XXIII of the Rules of the Senate, upon motion of Senator Sotto, there being no objection, Secretary Reyes read only the title of the resolution, to wit:

RESOLUTION CONCURRING IN THE RATIFICATION OF THE AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES AND THE UNITED NATIONS EDUCATIONAL, SCIENTIFIC AND CULTURAL ORGANIZATION CONCERNING THE ESTABLISHMENT OF A SOUTH-EAST ASIAN CENTER FOR LIFE-LONG LEARNING FOR SUSTAINABLE DEVELOPMENT IN THE REPUBLIC OF THE PHILIPPINES AS A CATEGORY 2 CENTRE UNDER THE AUSPICES OF UNESCO.

Secretary Reyes called the roll for nominal voting.

RESULT OF THE VOTING

The result of the voting was as follows:

In favor

Angara	Honasan
Arroyo	Lacson
Cayetano (A)	Lapid
Cayetano (P)	Marcos
Drilon	Osmeña
Enrile	Pangilinan
Escudero	Revilla
Estrada	Sotto
Guingona	Villar

Against

None

Abstention

None

With 18 senators voting in favor, none against, and no abstention, the Chair declared Proposed Senate Resolution No. 898 approved on Third Reading.

ACKNOWLEDGMENT OF THE PRESENCE OF GUESTS

At this juncture, Senator Sotto acknowledged the presence in the gallery of the following:

- Graduating Criminology students from the Colegio dela Purisima Concepcion, Roxas City, Capiz headed by Dean Mendoza Jr.;
- Students from the Aklan Catholic College, Kalibo, Aklan headed by Dean Mateo; and
- Students from the North Western Visayan Colleges, Kalibo, Aklan headed by Dean Ybot Nandi.

Senate President Pro Tempore Estrada welcomed the guests to the Senate.

COMMITTEE REPORT NO. 145 ON SENATE BILL NO. 3123

(Continuation)

Upon motion of Senator Sotto, there being no objection, the Body resumed consideration, on Second Reading, of Senate Bill No. 3123 (Committee Report No. 145), entitled

AN ACT FURTHER STRENGTHENING THE ANTI-MONEY LAUNDERING LAW, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 9160, OTHERWISE KNOWN AS THE "ANTI-MONEY LAUNDERING ACT OF 2001," AS AMENDED.

Senator Sotto stated that the parliamentary status was still the period of interpellations.

Thereupon, the Chair recognized Senator Guingona, sponsor of the measure, and Senator Arroyo for his interpellation.

INTERPELLATION OF SENATOR ARROYO

Preliminarily, Senator Arroyo stated that he would run a powerpoint presentation which would be the basis of his interpellation. He clarified that he was not against the AMLA per se, but only against its structure because, to him, it does not do the country any good. Moreover, he said that while the Anti-Money Laundering Council has been claiming that the Financial Action Task Force (FATF) was imposing several conditions upon the government, he has yet to see a written document detailing such demands. Thereafter, he proceeded with his presentation in the following order: 1) statement of the thesis; and 2) his personal questions/comments thereto.

Thesis: "Dirty money is deposited in the bank for laundering. The bank accepts the dirty money for deposit. AMLC goes after the dirty money, gets an *ex-parte* order to freeze the deposit."

Relative to the first thesis, Senator Arroyo believed that the bank that accepted the dirty money should be prosecuted along with the owner of the dirty money, but he noted that the AMLC does not prosecute erring banks, only the depositor of the dirty money. He maintained that erring banks should be prosecuted as they are supposed to be the first line of defense against money laundering. Instead, he lamented that the banks have become untouchable because the AMLC has been treating them as sacred cows.

Thesis: "In the United States, banks which accept dirty money for deposit are prosecuted. Banks are bound by the customer identification guidelines and procedure under the 'Know-Your-Customer' (KYC) rules."

Senator Arroyo noted that in the United States, the banks are the ones that are first punished for money laundering, as he cited the case of the Hongkong and Shanghai Banking Corporation (HSBC) which paid a record US\$1.9 billion in fines for a money-laundering case.

Thereafter, he identified the banks with the biggest money-laundering settlements with U.S. authorities, to wit:

Bank	Settlement \$M	Date
HSBC	1,921,000,000	December 2012
STANDARD CHARTERED	667,000,000	Aug/Dec 2012
ING	619,000,000	June 2012
CREDIT SUISSE	536,000,000	December 2009
RBS (ABN MACRO)	500,000,000	May 2010
LLOYDS BANKING GROUP	350,000,000	January 2009
BARCLAYS	298,000,000	August 2010
Other banks (Wells Fargo, Western Union, JP Morgan)		

Senator Arroyo asked why no Philippine bank had been fined nor charged for harboring dirty money unlike international banks which, instead of being prosecuted, agreed to be fined under a deferred prosecution agreement. He asked Senator Guingona if he is agreeable to the proposition that banks ought to be punished for money laundering. Senator Guingona replied that banks can be prosecuted under the present AMLA.

But Senator Arroyo pointed out that under the law, banks are charged P500,000 per offense, and that according to the AMLC head, Philippine banks had been fined P3.1 million in the last 10 years, or about P300,000 every year.

On whether he is willing to an amendment increasing the penalty to be imposed on the banks, Senator Guingona replied in the affirmative, but he pointed out the need to study the actual amount of fines.

Proceeding to another item, Senator Arroyo pointed out that tax evasion is not a predicate crime under the present AMLA. However, he revealed that on March 9, 2011, the AMLC, represented by Executive Director Vicente Aquino, entered into a Memorandum of Agreement with the BIR, represented by Commissioner Kim Henares, to wit:

"The PARTIES shall promote and encourage cooperation and coordination to effectively prevent, control, detect and investigate *tax evasion* under the RATE program and *money laundering offenses* in relation to unlawful activities under Section 3(i) of the AMLA, as amended.

The PARTIES shall likewise endeavor to cooperate in the areas of information exchange and capacity building to enhance the capability of both PARTIES in addressing money laundering and tax evasion concerns."

Senator Arroyo asked how it was possible for the AMLC to enter into an agreement with the BIR when tax evasion is not a predicate crime. Senator Guingona quoted part of the MOA which says "tax evasion ... in relation to unlawful activities under Section 3(i) of the AMLA," and Section 3(i), he pointed out, enumerates the unlawful activities, as follows:

1. Kidnapping for ransom under Article 267 of Republic Act No. 3815, otherwise known as the Revised Penal Code;
2. Sections 4, 5, 6, 8, 9, 10, 11, 12, 13, 14, 15 and 16 of Republic Act No. 9165, otherwise known as the Comprehensive Dangerous Drugs Act of 2002;
3. Paragraphs B, C, E, G, H and I of Republic Act No. 3019, as amended, otherwise known as the Anti-Graft and Corrupt Practices Act;
4. Plunder under Republic Act No. 7080, as amended;
5. Robbery and extortion under Articles 294, 295, 296, 299, 300, 301 and 302 of the Revised Penal Code, as amended;
6. *Jueteng* and *masiao* punished as illegal gambling under Presidential Decree No. 1602;
7. Piracy on the high seas under the Revised Penal Code, as amended, and Presidential Decree No. 532;
8. Qualified theft under Article 310 of the Revised Penal Code, as amended;
9. Swindling under Article 315 of the Revised Penal Code, as amended;
10. Smuggling under Republic Act Nos. 455 and 1937;

11. Violations under Republic Act No. 8792, otherwise known as the Electronic Commerce Act of 2000;

12. Hijacking and other violations under Republic Act No. 6235; destructive arson and murder, as defined under the Revised Penal Code, as amended;

13. Fraudulent practices and other violations under Republic Act No. 8799 otherwise known as the Securities Regulations Code of 2000; and

14. Felonies or offenses of a similar nature that are punishable under the penal laws of other countries.

He stated that the 14 crimes as specified in Section 3(i) were the basis for AMLA to enter into an information exchange program with the Bureau of Internal Revenue.

Senator Arroyo pointed out that while a MOA was signed between BIR and AMLA, Section 3(i) of the AMLA did not specify tax evasion as a predicate crime. Asked why the bill was proposing the inclusion of tax evasion as a predicate crime, Senator Guingona explained that in consultation with the AMLC and the BIR, the Committee recognized the need to introduce the amendment "violations of Sections 254 and 255 of the National Internal Revenue Code of 1997 in relation to proceeds derived from any unlawful activity as defined herein." Thus, he said that tax evasion *per se* is not a basis for prosecution under AMLA, but that it must be in relation to a predicate crime as defined in Section 3(i); for instance, income from kidnap for ransom can be prosecuted for tax evasion because kidnapping is a predicate crime under AMLA. Senator Arroyo surmised that the problem is even more serious as he asked whether AMLA can ask *ex parte* a freeze order of any account which BIR wants to investigate. Senator Guingona answered in the negative, explaining that the BIR cannot ask the assistance of AMLC, and neither can the AMLC legally give assistance unless the charge falls within the 14 offenses as provided in Section 3(i) of the AMLA.

Senator Arroyo stated that what worried him is the inclusion of tax evasion, and that he would like to be assured that the strong arm of AMLC would not be used by the BIR, otherwise, everyone would be placed under the mercy of the AMLC and the BIR. He expressed hope that the individual liberties of the

people would not be threatened because they also have the right to have a peace of mind.

Asked whether FATF requested the inclusion of tax evasion, Senator Guingona answered in the affirmative. But Senator Arroyo pointed out that it was never recommended in the case of the United States. Senator Guingona assured that tax evasion *per se* cannot be used by the BIR as basis for investigating a person under the AMLA, except on a very narrow scope, that is, within the 14 offenses provided under Section 3(i) of the AMLA.

Senator Arroyo then questioned why the AMLC entered into an agreement with BIR and why it now wants to include tax evasion in the list of offenses. In reply, Senator Guingona cited page 111 of the FATF recommendation which enumerated the "Designated Categories of Offenses," to wit: "participation in an organised criminal group and racketeering; terrorism, including terrorist financing; trafficking in human beings and migrant smuggling; sexual exploitation, including sexual exploitation of children; illicit trafficking in narcotic drugs and psychotropic substances; illicit arms trafficking; illicit trafficking in stolen goods and other goods; corruption and bribery; fraud; counterfeiting currency; counterfeiting and piracy of products; environmental crime; tax crimes (related to direct taxes and indirect taxes)," among others. He explained that since the recommendation was broad, the Committee narrowed it down so that tax evasion can be used only in relation to the predicate crimes as listed in the AMLA.

On the proposal to simply eliminate the tax evasion aspect since it has already been removed from the House version, Senator Guingona said that he was informed that it has not been removed. He reiterated that its inclusion was a result of the conference between the AMLC, the BIR commissioner and some senators. He said that if Senator Arroyo would insist on his proposal to delete tax evasion, he would ask that it be submitted to a vote. He reiterated that the FATF recommendation has been narrowed down to tax evasion only in relation to predicate crimes or as a consequence of a predicate crime. To illustrate, he said that an individual could be investigated for tax evasion under AMLA if, for instance, he committed the crime of kidnapping and received ransom for it. He said that the ransom money, the income derived from kidnap-for-ransom, makes the kidnapper liable for tax evasion.

Asked whether tax evasion comes only because it is a consequence of a predicate crime, Senator Guingona replied in the affirmative.

INQUIRY OF SENATOR DRILON

Senator Drilon asked whether it is the position of the Sponsor to reflect in the law the memorandum of agreement but limit the coverage of AMLA only to cases of tax evasion when it is a consequence of a predicate crime. He also asked whether all tax evasion cases would now become subject to inquiry by the AMLC. Senator Guingona clarified that tax evasion *per se* cannot be used by AMLC to acquire jurisdiction, except in relation to a predicate crime.

Asked on the use of the MOA, Senator Guingona replied that it was done in a totally different and unrelated matter as it was signed before the amendments were proposed.

REMARKS OF SENATOR RECTO

Senator Recto stated that it was correct for Senator Arroyo to bring up the MOA signed between the AMLC and the BIR even prior to the discussion of the proposed measure. He pointed out that as presented in the power point, "The parties shall promote and encourage cooperation and coordination to effectively prevent, control, detect, and investigate tax evasion under the RATE program." He said that while the initial intention was to look at tax evasion very broadly as a cooperation agreement which, in fact, was included in the first draft of the bill in a broad sense, the provision limited the scope of tax evasion after a number of senators expressed concern on the issue. He said that the House of Representatives also expressed the same concern, that was why it deleted tax evasion from its version. He underscored the importance of discussing the measure thoroughly in view of the many issues surrounding it. He pointed out that the U.S. law against money laundering does not include tax evasion, unlike in the measure under consideration.

INTERPELLATION OF SENATOR ARROYO (Continuation)

Senator Arroyo affirmed that one of the most serious aspects of the amendments is the entry of the BIR. He said he would rather adopt the U.S. practice than pursue the recommendation of the FATF which is merely an organization. Relative thereto,

he considered as unprecedented the AMLC's desire to keep for its use 25% of any recovered money, making it the most powerful and the richest government office with overarching powers and authority.

Asked what his proposal is regarding AMLC's percentage share from collection, Senator Arroyo pointed out that there has not been one office that retains anything beyond 5%, not even the BIR.

Senator Guingona disagreed, citing the provision in the Comprehensive Dangerous Drugs Act which states:

"The proceeds of any sale or disposition of any property confiscated xxx shall be used to pay all proper expenses incurred in the proceedings for the confiscation, forfeiture, custody and maintenance of the property pending disposition, as well as expenses for publication and court costs. The proceeds in excess of the above expenses shall accrue to the Board to be used in its campaign against illegal drugs."

He nevertheless expressed willingness to accept proposals to reduce the amount.

INQUIRIES OF SENATE PRESIDENT ENRILE

At this point, Senate President Enrile asked whether the proposed 25% share of AMLC from recovered amounts is covered by an international commitment of the country, or was simply a locally-invented idea to make the AMLC more active. Senator Guingona replied that it is both, saying that the FATF has recommended that the AMLC should be given enough financial resources to carry out its mandate.

Senate President Enrile suggested that instead of setting the percentage amount to be collected, the AMLC should be provided with a budget from the GAA. He opined that if the percentage amount is not a mandatory requirement in any international commitment, then it could be deleted from the bill. In response, Senator Guingona said that the 25% collection amount was brought about by the meager appropriation given to the AMLC, averaging only P10 million per year.

Senate President Enrile said that it could be

corrected through the budget so that nobody would fear that the proposed law will be used as an instrument for a fishing expedition or as another measure for the BIR to collect more money for the government.

Senate President Enrile said that albeit the many dangers in the bill, Congress has the obligation to enact it, and he advised that the provisions must be carefully formulated so that it will not go against the general policies of the government pertaining to the improvement as well as the enhancement of the country's economy.

On the issue of tax evasion, Senate President Enrile agreed that it is not a predicate crime, and that as far as the Memorandum of Agreement (MOA) between AMLC and the BIR is concerned, he said that it should be declared as unconstitutional because it is tantamount to an enactment of a law beyond the authorization of Congress. He stated that the two agencies should not converge and enter into a degree of cooperation that may have a negative effect on the people. He added that the tendency of the MOA is for the BIR to use AMLC as an instrument.

Senate President Enrile also expressed concern regarding the indefinite freezing of accounts of a suspected party since such kind of practice could be used as an instrument of pressure or control by people who are interested in controlling certain aspects of national life.

INTERPELLATION OF SENATOR ARROYO (Continuation)

Upon query of Senator Arroyo, Senator Guingona confirmed that tax evasion *per se* has been deleted from the House version of the bill. Senator Arroyo then asked if tax evasion could also be deleted from the Senate version.

SUSPENSION OF SESSION

Upon motion of Senator Guingona, the session was suspended.

It was 4:33 p.m.

RESUMPTION OF SESSION

At 4:45 p.m., the session was resumed.

Upon resumption, Senator Guingona agreed to drop the proposal for AMLC to keep 25% of the amount of recovered assets on the condition that its annual P10 million budget given by Congress is increased, as he clarified that the 25% was intended to be part of its operational budget.

As regards the proviso on tax evasion in relation to a predicate crime, Senator Guingona proposed that the following proviso be inserted to read: **IN NO CASE SHALL THE AMLC BE USED TO PERFORM THE FUNCTIONS OF THE BUREAU OF INTERNAL REVENUE.**

Senator Arroyo said that the proposed amendment should be worded in a way that it is acceptable. He said that the text could be threshed out later.

On the matter of erring banks being punished, Senator Guingona explained that under the law as it presently stands, banks can be administratively and criminally held liable. He stated that criminally, the penalty would be imprisonment; administratively, the bank's license would be revoked.

Senator Arroyo posited that if erring banks are punished gravely, there would not be any money-laundering problems, thus, the cure is to punish the banks where it hurts as they would run the risk of accepting dirty money.

In reply, Senator Guingona cited Section 14 of the AMLA which states, "If the offender is a corporation, association, partnership or any juridical person, the penalty shall be imposed upon the responsible officers... if the offender is a juridical person, the court may suspend or revoke its license." Senator Arroyo, however, pointed out that the provision refers to other covered institutions.

Asked if he was proposing to increase the fine imposed on erring banks, Senator Arroyo stated that the penalties on erring banks should be increased as being done in the United States. Senator Guingona said he would welcome proposed amendments at the proper time.

Senator Arroyo also commented that the proposed measure, as presently worded, is practically akin to a bill of attainder because there are provisions that will punish a person for offenses which were not yet punishable at the time that the crime was committed. He proposed the deletion of the provisions

in the bill that constitute as a bill of attainder because they are unconstitutional. Senator Guingona disagreed, saying that the applicability of the law would be prospective. Senator Arroyo thanked Senator Guingona for being open-minded about the proposal, as he underscored the need to protect the civil liberties of people.

INTERPELLATION OF SENATOR RECTO

Asked how long the AMLA has been in operation, Senator Guingona replied that it was passed on October 2001, or 11 years ago, and that over those years, there has only been one conviction and 32 cases pending before criminal courts. He said that the conviction was for the predicate crime of swindling, while the 32 pending cases are mostly swindling similar to the Amalilio case. He also disclosed that there are approximately 70 freeze orders, which do not necessarily mean that 70 persons are involved, but that it involves thousands of accounts valued at P3.2 billion.

Senator Recto surmised that one of the reasons why FATF was asking to increase the number of covered institutions and the number of predicate crimes was the fact that there has been only one conviction. Senator Guingona clarified that the recommendation was not related to the number of convictions but to be able to meet the minimum requirements of FATF.

Senator Recto recalled that in 2001 when the bill was passed, his understanding was that there were minimum requirements which, however, grew in number every time AMLA was discussed. Senator Guingona explained that as the creativity of criminal syndicates develops, the minimum requirements likewise increase in number.

Senator Recto likewise recalled to have requested from FATF a document of its official request to the Philippines to consider additional amendments and what it specifically wanted to include as far as covered institutions and predicate crimes are concerned. He has yet to receive the said document, he said.

At this juncture, Senator Guingona showed a letter to Senator Recto.

Based on said FATF letter shown to him by Senator Guingona, Senator Recto noted that FATF

initially created the AMLC to also combat terrorism, but it has eventually expanded to include the fight against the financing of terrorism. He commended the Committee for taking a second look and for successfully relating the bill to unlawful activities as enumerated in Section 3(i) of the AMLA.

To Senator Recto's observation that the FATF has written a one-page letter and the Senate responded with an 18-page bill, Senator Guingona said that, as written in the FATF letter, "The Philippines should continue to work on implementing its action plan to address these deficiencies, including by: (1) taking additional measures to adequately criminalise money laundering; and (2) extending coverage of reporting entities to include designated non-financial businesses and professions." Thus, he said that from the context of FATF's recommendations, the AMLA is deficient and inadequate.

But Senator Recto observed that nothing in the FATF letter mentions about covered institutions or persons but which were included by the Sponsor, such as casinos and pre-need companies, which were not recommendations of FATF but of AMLA.

Senator Recto recalled that before the passage of the AMLA, the FATF warned the Philippines of possible blacklisting which, however, did not come about and that, in fact, the country was upgraded after the measure was passed.

Relative to the FATF's recommendation that depicts lawyers as potential "gatekeepers" to money launderers and terrorist financing efforts, Senator Recto clarified that the FATF recommendations on lawyers were not included in the committee deliberations, while casinos were included therein. He said that the matter could be discussed some other time.

At this point, Senator Recto requested a list of the 40 recommendations of FATF to be able to make the necessary amendments with dispatch.

Senator Recto likewise noted the seeming litany that if the measure is not passed, the country will suffer penalties that would be most felt by OFWs. Senator Guingona underscored the need to honor international commitment to the treaties in the spirit of cooperation regardless of cost. Senator Recto said that he is willing to support some of the amendments in AMLA but not all of it.

Senator Recto also noted that the bill is increasing cost for domestic enterprises as all of them must have compliance officers. Relative thereto, he asked how many covered transactions were reported to AMLC in a year.

SUSPENSION OF SESSION

Upon motion of Senator Guingona, the session was suspended.

It was 5:17 p.m.

RESUMPTION OF SESSION

At 5:17 p.m., the session was resumed.

Replying to the query of Senator Recto, Senator Guingona said that for 2011, there were 47,652,766 transactions reported to AMLC, and 32,855,000 transactions from January to August 2012.

Asked how many employees AMLA has, Senator Guingona said that it has 105. As to the suspicious transactions reported by banks, Senator Guingona said that for 2011, there were 9,752. At this point, Senator Recto noted that the percentage of AMLC employees which would review suspicious transactions is diminutive. Moreover, he said that the cost for banks to report covered transactions to AMLC was increased domestically, and the depositor would have to shoulder the expenses. Senator Guingona said that the reason was that prior to the AMLA, there were no compliance officers.

As regards compliance officers, Senator Recto posited that if the number of covered persons, whether natural or juridical, would increase, there would also be a corresponding increase in cost to people as well as to business activities.

Asked on the consequence and penalty of not passing the amendments to AMLA, Senator Guingona said that there would be an enhanced scrutiny of all transactions and entities going to or coming from the Philippines which would affect OFWs who remit about US\$24 billion a year, as well as corporations.

Asked how they would be affected, Senator Guingona stated that stringent requirements could be imposed on them which will correspondingly increase the overhead expenses of banks since they would have to employ more employees for additional

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paperwork. He said that consequently, the banks, being business entities, might rather not deal with Filipinos anymore.

Senator Recto asked what the cost would be supposing the measure is enacted, and whether the cost would be more expensive if the bill is not passed. He said that he wanted to know the cost so that the Chamber would be guided when it chooses which course to take.

On whether administrative costs would be charged from money changers and remittance agents under the measure, Senator Guingona clarified that the bill seeks to amend their classification as being regulated by the *Bangko Sentral ng Pilipinas* because they had been misclassified in the previous law as being under the supervision of the SEC. Moreover, he added that the P47 million worth of transactions that were reported to the AMLC in 2011 include even those made by foreign exchange dealers.

As regards the proposal to include pre-need firms, Senator Recto again pointed out the cost involved in implementing the measure.

Asked on AMLA's threshold for a covered transaction, Senator Guingona said that the amount is P500,000, which means that real estate brokers, for instance, should report to the AMLC every transaction worth P500,000.

To the observation that, under such a provision, a low-cost housing project could be considered as a potential vehicle for money laundering, Senator Guingona expressed willingness to consider proposals for different or higher thresholds for transactions involving real estate.

On requiring casinos to report their transactions to the AMLC, Senator Recto pointed out that there have been many people who believe that the Philippines could be a major player in the casino business, particularly since the government aims to bring in about 10 million tourists by 2016. He asked whether top gambling areas such as Las Vegas, Macau or Singapore are included as covered institutions under the AMLA. Senator Guingona replied in the affirmative, as he showed clippings from the *Wall Street Journal* which reported that the stocks of casinos were going down as a result of the anti-money laundering crackdown by the

Chinese government. He said that China, Singapore and the United States are members of the FATF. Asked how an anti-money laundering measure works in casinos, Senator Guingona explained that casinos have to report players who gamble money worth P500,000 or higher. While he admitted to not having information on the amount or the number of transactions involved in such dealings, he said that the administrative cost to implement this will be increased because of the reportorial requirement.

Senator Guingona likewise clarified that only brokers as defined in the RESA Law and who offer professional service are covered, not real estate companies.

At this juncture, Senate President Enrile asked whether stockbrokers are covered by the measure. Senator Guingona replied in the affirmative.

On whether a reporting system is in place in the case of transactions where stocks worth P500,000 have been purchased, Senator Guingona replied in the affirmative. Senate President Enrile noted that the huge number of transactions reported to the AMLC could be related to those conducted through the stock market because it is a daily operation.

Asked if there had been any discovery of money-laundering activities through the stock market, Senator Recto pointed out that there had only been one conviction, and it involved swindling, not stock market activity.

Senate President Enrile pointed out that in the stock market, a person can buy up to P2 million worth of shares from money obtained through an illegal source and resell his shares so that these become legitimate funds. He expressed concern that without any utility to cover such transactions, the money-laundering activities using such system would not be discovered. He added that including the real estate brokers will result in an increase in the administrative cost.

For his part, Senator Recto pointed out that in the United States, people cannot make real property transactions without going through a real estate broker. Relative thereto, he asked whether properties sold by real estate firms are also covered by the bill as the transactions involved would be well worth over P500,000. Senator Guingona replied that the bill only covers real estate brokers.

Senator Recto pointed out that it is likely that the FATF assumed that such transactions involve real estate agents even though this is not the case in the Philippines. He expressed concern that brokers would lose their business since people would rather deal directly with the real estate firm rather than transact with them. Senator Guingona clarified that the provision seeks to broaden the scope of coverage in order to comply with international treaty obligations.

Asked for data on the additional cost that the measure would entail and the number of transactions involved, Senator Guingona said that he did not have immediate data thereon.

As regards dealers of precious stones and precious metals which would include jewelry shops/stores, Senator Guingona affirmed that jewelry shops are covered but they would only be made liable if they knowingly transacted laundered funds but failed to make the necessary report.

On whether dealers of precious stones and precious metals were consulted, Senator Guingona stated that the Meycauayan Jewelry Industry Association submitted a position paper to the committee during the committee deliberations on the measure. However, he said that he did not have any idea on the number of transactions involving jewelry shops that would be covered by the AMLA.

Asked to identify company service providers which provide services to third parties acting as a formation agent of juridical persons, Senator Guingona explained that they refer to people who would perform any of the actions enumerated under the provision, with the exception of lawyers and accountants.

To the observation that people who want to engage in money-laundering activities would funnel their business to a lawyer-accountant, Senator Guingona said that the provision is a compromise with the existing law.

Senator Recto surmised that the FATF made such a recommendation due to the experience of money launderers setting up firms in countries such as the British Virgin Islands. Senator Guingona explained that the provision is a catch-all phrase but exempts those who have a lawyer-client/accountant-client relationship.

Asked whether the FATF has included an exemption in that regard, Senator Guingona replied

in the affirmative, saying that he was prepared to show the document pertaining to it.

Asked on the number of real estate brokers, casinos and jewelry stores that would be covered by the measure, Senator Guingona replied that he did not have the information at that moment. Senator Recto believed that Senator Guingona could provide the information as the entities would shoulder the additional costs as a result of the new law.

Asked which person is being referred to in "managing of client money, securities or other assets," Senator Guingona said that Section 1(9)b and c have a catch-all phrase which refers to investment firms and covers any possibility where a person is given the task of managing client money, securities or assets.

However, Senator Recto pointed out that banks are already covered and he feared that the provision may result in a duplication of reporting of such activities. Senator Guingona stated that persons managing banks, savings or security accounts need to report all transactions, and if they pass the banks, they have to be reported.

Asked on the possibility of double reporting because of the manner the provision was written, Senator Guingona reiterated that there is a catch-all phrase to cover everybody.

Noting that the amendments were introduced to increase the number of covered persons and institutions, Senator Recto asked on the possibility that the FATF, in the future, would request that more regulations be introduced as he cautioned that Europe suffered a big financial mess because of too much regulations, and the debts of the United States became bigger than their income, and their taxes very high, resulting in their current financial cliff. He then asked what the cost of all the proposals would be to the industries, especially since no study was made by the BSP and the Department of Finance as regards the risks of the proposal.

Senator Recto presumed that the Philippine government's response was to comply with the recommendations to cover all the domestic enterprises without knowing its cost, and he predicted that the cost of doing business in the country would increase. He said that with the amendment, every business has to comply with AMLA requirements which might be alright with banks, but not to others, because of

the corresponding cost which might be bigger than the penalties.

Moreover, he stated that tourism is being groomed as an added boost to the economy and casinos would be a big part of such effort, but he noted that even before they start operating, the government wants them covered through the proposed measure.

Senator Guingona acknowledged that indeed there is a cost and that there should be a study as to how much it would be. However, he emphasized that the measure is intended to curtail and catch criminals. He said that the only recourse that would do away with the proposal is to ask the Executive department to take the necessary steps so that the treaties are cancelled. Senator Recto clarified that he was not recommending that any treaty be cancelled. He agreed that there is a need to pass a law but he expressed reservation on the inclusion of real estate, jewelry shops, and casinos and even of lawyers, among others.

Senator Guingona recalled that the original proposal included lawyers but it was removed following the vehement objections of some Members of the Body. He said that the Confederation of Philippine Jewelers was represented in the Committee hearings but the Chamber of Real Estate Builders Association, which was invited, did not show up.

Senator Guingona confirmed that PAGCOR does not welcome the inclusion of casinos, but Cagayan Economic Zone Authority supports the proposal. He said that PAGCOR did not agree because it would make the casino business in the country less competitive, even as he pointed out that its greatest competitor, which is in Macau, is already being cracked down by the Chinese authorities. Senator Recto opined that the crackdown would be beneficial to the Philippines because tourists would instead flock to the country. Senator Guingona believed otherwise, if the money would come from terrorists and international criminal syndicates. But Senator Recto believed that 99% of the casino players are mere tourists and casino players.

SUSPENSION OF SESSION

Upon motion of Senator Recto, the session was suspended.

It was 5:51 p.m.

RESUMPTION OF SESSION

At 6:00 p.m., the session was resumed.

Responding to Senator Recto's earlier statement that the bill has deviated from the recommendation of the FATF pertaining to lawyers and other legal professionals, Senator Guingona read the interpretative note to FATF's Recommendation No. 23: "It is for each country to determine the matters that would fall under legal professional privilege or professional secrecy. This would normally cover information lawyers, notaries or other independent legal professionals received from or obtained through anyone of their client." He explained that the FATF recognizes the client secrecy privilege in the legal profession, including accountants and notaries, therefore, there is no deviation from the FATF recommendations. Senator Recto then asked for a copy of the interpretative notes.

At this point, Senator Guingona stated that Senator Osmeña would take over in defending Senate Bill No. 3123.

Senator Recto observed that in the course of the interpellation, the cost of the non-passage of the bill is not entirely known, but definitely, he said, the bill covers various expanded coverage that would correspondingly increase the cost of doing business which would also have a corresponding cost to the economy. He opined that it is always wise to compare the costs to be able to make a good judgment.

Senator Recto reiterated that he supports the measure but that he would have to introduce some amendments as regards the inclusion of some businesses in the list of covered institutions.

Asked on the number of predicate crimes, Senator Osmeña replied that there are 14 under the existing law and 21 more crimes were added in the bill.

Asked on the difference between swindling under Articles 315 and 316, Senator Osmeña explained that Article 315 covers estafa, while Article 316 pertains to the other forms of swindling which were previously omitted.

Regarding terrorism, Senator Osmeña explained that a specific law was passed to include as a crime not only the act of terrorism itself but even in merely conspiring to finance terroristic activities,

and depositing money in the bank for the purpose. Senator Recto agreed to the inclusion of the predicate crimes since it serves the original purpose of AMLA.

Senator Recto asked if there is a threshold amount for the predicate crimes. Senator Osmeña answered in the negative.

Senator Recto pointed out that violations of Sections 245 and 255 of the National Internal Revenue Code, as amended, which were later on included provided they are in relation to proceeds derived from any unlawful activity, were not included in the anti-money laundering law of the U.S. Senator Osmeña replied that the Americans have a different legal term for it. He also pointed out that in the list of new predicate crimes are illegal recruitment and plunder which the United States does not have because they have no law against such crimes.

With regard to the transactions involving unlawful activities, Senator Recto asked if AMLC would immediately ask the court to freeze an account based on mere information. Senator Osmeña replied that the AMLC must first determine the existence of probable cause before an investigation could be conducted. He said that freezing an account is not automatic.

In the case of bribery or malversation charges against government employees, Senator Osmeña explained that the AMLC will determine probable cause only to the extent that the accounts are related to the assets of the respondent being examined by the Ombudsman. He reiterated that an account would not be frozen if it is based merely on an information and when no case has been filed yet.

Senator Recto asked if a case is necessary before an account could be frozen. Senator Osmeña said that it depends on various circumstances. For instance, he said that if the Ombudsman has determined the probable cause and filed a case, the AMLC may ask the court to freeze the account; on the other hand, in the case of kidnapping with ransom, the AMLC can file before the court an *ex parte* petition to immediately freeze the account. He said that the order to freeze the account for 20 days would come from the Court of Appeals.

Regarding the amount to be frozen, Senator Osmeña said that the entire account of the respondent would be frozen regardless of whether or not

everything was illegally acquired. For instance, he said that if a person is charged with illegal fishing worth P1 million, the entire account of said person would be frozen even if it contains P10 million.

As to the purpose of the 20-day period, Senator Osmeña said that it would give the respondent a chance to question the order before the Court of Appeals. Senator Recto surmised that it would also help the authorities to build the case against the respondent and to ensure that no money would be withdrawn during that period.

Asked if there is a limitation as to how long the court may freeze an account, Senator Osmeña stated that it depends on the arguments given and in the judgment of the court. However, he pointed out that there is a six-month limitation under the Rules of Procedure in cases of civil forfeiture, specifically Section 53(b) which states that "On motion of the petitioner filed before the expiration of twenty days from issuance of a freeze order, the court may for good cause extend its effectivity for a period not exceeding six months." Senator Recto asked if the limitation is imposed by the court under the Rules of Procedure and pursuant to law. Senator Osmeña replied in the affirmative.

Senator Recto asked if there has been a case that the freeze order was indefinite. Senator Osmeña answered in the negative, as he pointed out that the statements made in the papers regarding the case of Mr. Ongpin were inaccurate.

Asked what would transpire after the six-month period, Senator Osmeña said that if the evidence so warrants, whatever amount determined by the court as ill-gotten would be forfeited.

On whether the court could extend the period for another six months or more, Senator Osmeña replied in the negative. He said that at the end of the sixth month, the respondent could already withdraw from the account. However, he pointed out that there are other types of orders in the court's disposal, such as the Asset Preservation Order. Senator Recto concluded that, technically, it is not accurate that the freeze order would only be up to six months. Senator Osmeña replied that there has to be a decision by the court. To illustrate, he said that if the AMLC would ask the court for an asset preservation order, only the ill-gotten amount would be subject to forfeiture. Senator Recto asked for the permutations that could

be used by the court, as he expressed concern on the freezing of the account indefinitely for the duration of the case, or worse, even if there is no case yet.

Senator Osmeña pointed out that such scenarios are already addressed in existing laws and not included in the proposed measure. Senator Recto indicated that he would propose amendments to the AMLA that would put certain limitations on the freeze order, including the prospective application of the proposed law, as he pointed out that freezing an account is a penalty in itself. Senator Osmeña clarified that the AMLC merely initiates the petition to freeze, but for how long it is frozen, under what circumstances it can be unfrozen or whether there will be a continuance under another part of the law would be for the court to decide.

Senator Recto lamented that while the AMLC is allowed to freeze an account *ex parte* under certain circumstances, freezing it indefinitely without a case filed against the person would be unfair.

Senator Osmeña stated that nowhere in the law or in the measure does it state that freezing would be indefinite. Senator Recto said that there could be cases which have not been looked into before.

Senator Osmeña assured the Body that there is no indefinite freezing because immediately, a respondent would go to the Court of Appeals within the first 20 days. He said that the freeze order can only last up to a maximum of six months, and he reiterated that there is nothing in the bill that would allow freezing the account forever. He added that bill allows the AMLC to initiate a request for the freezing of the account for 20 days and an extension of up to six months under the Rules of Procedure.

Senator Recto expressed concern on the possible permutations as earlier mentioned by Senator Osmeña that could extend the freeze even without a case filed against a person. However, he stated that if indeed a case is filed, the freeze could be lengthened with certain limitations; however, if within six months no case has been filed, then the freeze should be lifted.

Senator Osmeña stated that at the proper time the Committee would be open to an amendment that would unfreeze property if no case has been filed within six months.

Senator Recto again expressed concern on the inclusion of too many covered persons. For instance, he said that real estate brokers would include those who sell memorial parks, and even those who buy and sell real estate. Moreover, he pointed out that not all transactions in the Philippines pass through brokers, unlike in the U.S.

Responding to Senator Recto's earlier claim regarding casinos and gaming houses, Senator Osmeña pointed out that casinos and gaming houses are covered in the United States, Singapore, Hong Kong, U.K., Japan, Malaysia, Australia and Indonesia; real estate agents are covered in the United States, Hong Kong, Singapore, U.K., Japan, Malaysia, Indonesia and Thailand; and dealers of precious metals are covered in the United States, Hong Kong, Singapore, U.K., and Japan, but not in Malaysia, Australia, Indonesia and Thailand.

At this juncture, Senate President Pro Tempore Estrada relinquished the Chair to Senator Revilla.

Moreover, he said that lawyers, notaries and accountants are not covered in the United States because it has stricter laws that govern them, but they are covered in Hong Kong, Singapore, U.K., Japan, Malaysia and Australia; trust companies are covered in the U.S., Hong Kong, Singapore, U.K., Japan and Malaysia, but not in Australia; mutual benefits associations are not covered in the U. S. — probably because it is called by another name — Hong Kong, Singapore and U.K. He stated that there was no intent to include everyone, but, unfortunately, he said, the country has to comply with its treaty commitments.

Agreeing with Senator Osmeña, Senator Recto stressed that there are certain jurisdictions that do not cover some institutions including certain predicate crimes that are peculiar to one government or society. For instance, he stated that the Philippines has OFWs while the U.S. does not have. He opined that the levels of development of different economies are peculiar as well, citing, for instance, that at the time that the per capita income of the U.S. was similar to the Philippines, the U.S. did not have the AMLA. He pointed out that there are stages of development in other countries which the Philippines must learn from to avoid repeating the same mistakes that such countries have gone through.

Senator Osmeña stated that on the contrary, it

has nothing to do with the level of development of one nation but with the level of development of the entire world. He said that globalization has interconnected people either by the internet or by transportation. He added that the Philippines has to conform with the standard behavior expected of those that are a party to the treaties. Senator Recto argued that countries define their laws according to their respective peculiarities.

Senator Osmeña said that money laundering is a fairly new offense brought about by the internet or electronic transactions, and by more banking branches. He said that while it was easy some years ago to watch who was depositing and who was withdrawing, crimes have since become sophisticated, and the AMLA is one way of dealing with it.

Senator Recto said that he would like to see the list of certain jurisdictions that have complied and those that did not. He said that he does not expect to see all the countries under the FATF to have similar laws because the threshold accounts are different, reiterating that among the conditions of jurisdictions are the peculiarities and the country's level of development.

Senator Recto stated that at the proper time, he would propose an amendment that the freezing of assets in relation to the filing of cases cannot be more than six months especially when there is no case at all. He said that he would also propose an amendment on the covered institutions and persons, natural or juridical, threshold of accounts, and to exclude certain real estate brokers. But he agreed on the inclusion of certain predicate crimes with the exception of tax evasion as found in the original version of the bill.

At this juncture, Senator Revilla relinquished the Chair to Senate President Pro Tempore Estrada.

FURTHER INTERPELLATION OF SENATOR ARROYO

Recapitulating those that were previously agreed upon, Senator Arroyo stated that the 25% to be given to the AMLC from recovered assets would be deleted on the condition that its budget in the GAA would be increased, and that a provision to penalize banks found to have accepted laundered money would also be inserted.

Senator Guingona informed the Body that the present law already includes a provision holding banks liable for such acts.

In reply, Senator Arroyo read Section 8 of the proposed bill, to wit:

"SEC. 14. Penal Provisions. - (a) Penalties for the Crime of Money Laundering. The penalty of imprisonment ranging from seven (7) to fourteen (14) years and a fine of not less than Three Million Philippine pesos (Php3,000,000.00) but not more than twice the value of the monetary instrument or property involved in the offense, shall be imposed upon a person convicted under Section 4(a), (B), [AND] (C) AND (D) of this Act.

The penalty of imprisonment from four (4) to seven (7) years and a fine of not less than One million five hundred thousand Philippine pesos (Php1,500,000.00) but not more than Three million Philippine pesos (Php3,000,000.00), shall be imposed upon a person convicted under SECTION 4(E) AND (F), [Section 4(D)] of this Act.

The penalty of imprisonment from six (6) months to four (4) years or a fine of not less than One hundred thousand Philippine pesos (Php100,000.00) but not more than Five hundred thousand Philippine pesos (Php500,000.00), or both, shall be imposed on a person convicted under **THE LAST PARAGRAPH OF** Section 4 of this Act.

Senator Arroyo pointed out that the Section refers to money launderers, the ones who deposited the money in the banks, and not to the banks that accepted the money. He added that not only is money which is forfeited but penalties would likewise be imposed on them.

Senator Guingona explained that the term only refers to those who deposit because under Section 4, money laundering is defined as a transaction by any person who transacts and in that transaction there are two parties involved — the depositor as well as the person accepting the deposit.

As regards liabilities, Senator Guingona said that both parties would be held liable as provided for in Section 4 which defines those who are liable as any person who, knowing that any monetary instrument or property represents, involves, or relates to the proceeds of any unlawful activity, "transacts said monetary instrument or property."

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But Senator Arroyo noted that the section does not specify the penalties. He said that if banks or covered institutions do not accept dirty money, there will be no offense for money laundering. He said that in the U. S., criminal prosecutions against officers are withheld and heavy fines are imposed instead. He suggested the imposition of heavy fines on banks and to adjust that amount to Philippine conditions, taking into consideration the experience of Hong Kong Shanghai Banking Corporation which was penalized for US\$1.9 billion, or almost P80 billion.

Senator Guingona added that the fines should be proportionate to the size of the bank, to which Senator Arroyo agreed, as he pointed out that small banks are usually not deposited with huge amounts.

Senator Arroyo also suggested the inclusion of a provision that would mandate that the AMLA, its related laws or other existing agreements should not be construed as allowing the AMLC to perform the functions of the BIR. Senator Guingona expressed willingness to accept the proposal at the proper time, including the recommendation that the AMLA should operate prospectively.

MANIFESTATION OF SENATOR SOTTO

Senator Sotto informed the Body that Senators Marcos and Villar have earlier made reservations to interpellate, but Senator Villar was amenable to the closing of the period of interpellations without prejudice to allowing him to interpellate during the period of individual amendments.

Senator Guingona said that the bill is already in the period of amendments, subject to the condition that interpellation may be allowed.

Senator Sotto explained that the parliamentary status was that the period of interpellations as well as the period of committee amendments have been closed; however, due to Senator Arroyo's request to interpellate, a motion to return to the period of interpellations was granted although the committee amendments have already been introduced.

SUSPENSION OF SESSION

Upon motion of Senator Sotto, the session was suspended.

It was 6:50 p.m.

RESUMPTION OF SESSION

At 7:07 p.m., the session was resumed.

TERMINATION OF THE PERIOD OF INTERPELLATIONS

Upon motion of Senator Sotto, there being no objection, the Body closed the period of interpellations, without prejudice to any Member asking questions during the period of individual amendments.

SUSPENSION OF CONSIDERATION OF SENATE BILL NO. 3123

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

SPECIAL ORDER

Upon motion of Senator Sotto, there being no objection, the Body approved the transfer of Committee Report No. 602 on Senate Bill No. 3381 from the Calendar for Ordinary Business to the Calendar for Special Orders.

COMMITTEE REPORT NO. 602 ON SENATE BILL NO. 3381

Upon motion of Senator Sotto, there being no objection, the Body considered, on Second Reading, Senate Bill No. 3381, (Committee Report No. 602), entitled

AN ACT CONVERTING THE WESTERN VISAYAS MEDICAL CENTER INTO A GOVERNMENT-OWNED AND -CONTROLLED HOSPITAL CORPORATION, INTEGRATING THEREWITH THE SAN JOAQUIN MUNICIPAL HOSPITAL AND APPROPRIATING FUNDS THEREFOR.

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

Thereupon, the Chair recognized Senator Cayetano (P) for the sponsorship.

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SPONSORSHIP SPEECH OF SENATOR CAYETANO (P)

In sponsoring Senate Bill No.3381, Senator Cayetano (P) delivered the following speech:

It is the duty of the State to provide adequate, efficient and affordable healthcare for all Filipinos, and it falls upon us as legislators to enact policies that effectively fulfill this duty. It is my privilege to rise before you today to sponsor Senate Bill No. 3381 under Committee Report No. 602, "An Act Converting the Western Visayas Medical Center into a Government-Owned and -Controlled Hospital Corporation."

The Western Visayas Medical Center (WVMC) began as an emergency hospital facility in La Paz, Iloilo City in 1946. It has since expanded into a 445-bed capacity medical center and evolved into a comprehensive and integrated healthcare system. Home to 12 medical departments, the WVMC provides services to the over four million populace of Region VI, covering the provinces of Iloilo, Aklan, Antique and Guimaras. Its competent doctors and staff are dedicated to provide adequate service to the public.

The bill will integrate the Western Visayas Medical Center with the San Joaquin Medical Hospital at the Municipality of San Joaquin, Iloilo and effectively converts the WVMC into a government-owned and -controlled hospital corporation with the objective of providing the Filipino people with more affordable, quality and timely hospital care through a more efficient health service delivery system.

It will also institute reforms in the organization, administration and financial management of WVMC as a means of reducing the cost and improving the quality of public health care.

This bill seeks to transform the WVMC into a more effective and self-sufficient health care provider, where the ultimate beneficiaries are the Filipino people, especially women and children, the elderly, disabled and underprivileged.

I would also like to acknowledge the presence of Congresswoman Garin who is the principal author and sponsor in the House of Representatives. And as I have told her, the two of us are looking forward because this is really a brainchild of hers and the objective is to make this hospital a model health institution which can be emulated by other LGUs and district hospitals because of the different structure that this bill aims to set up.

Therefore, in the pursuit of providing affordable, accessible and acceptable public health care for every citizen, I seek the immediate approval of this bill.

ACKNOWLEDGMENT OF THE PRESENCE OF GUEST

At this juncture, the Chair welcomed Representative Janet Garin to the Senate.

Thereafter, the Chair recognized Senator Pimentel for his interpellation.

INTERPELLATION OF SENATOR PIMENTEL

Asked by Senator Pimentel for details on the concept of establishing a government-owned and -controlled hospital corporation, Senator Cayetano (P) clarified that such a concept is not new because specialty hospitals such as the NKTi, East Avenue Medical Center, Philippine Heart Center, Lung Center and the Philippine Children's Medical Center were set up as such, and Congresswoman Garin, herself a doctor who she is on her last term, wanted the WVMC, although not a specialty hospital, to be similarly established that way.

Asked where the WVMC is located, Senator Cayetano (P) replied that the hospital is located in Iloilo City, with the San Joaquin Municipal Hospital as its extension. She said that the San Joaquin Municipal Hospital would be considered part of the assets of the new corporation.

Asked whether the Northern Mindanao Medical Center was organized in the same way as the WVMC, Senator Cayetano (P) replied in the negative. She clarified that the WVMC would be a hospital with a charter.

Asked if the shares of the WVMC, as a government-owned and -controlled hospital corporation, could be sold to private individuals, Senator Cayetano (P) said that such option would not be part of the charter. She explained that with its new charter, the corporation would be able to enter into loans, accept grants and use its own income for the hiring of personnel. She said that lack of hospital personnel is a problem nationwide as the plantilla created for such positions has not been changed for 50 years. She said that as a corporation, the hospital

will have the right as well as the income to hire employees and even offer performance-based incentives for them. She added that it would also bring about a better implementation of disciplinary sanctions.

She pointed out that funds from the national budget would also be freed up once the WVMC becomes a self-sustaining hospital, thereby lessening dependence on the national government.

Asked whether the WVMC would no longer receive funding from the Department of Health, Senator Cayetano (P) clarified that the hospital would continue to receive about the same funding but would move towards a self-sustaining model because of its juridical personality. This, she said, would not only make it more efficient in its operations but also more profitable since it can admit more private-paying patients. Moreover, she believed that the conversion would be a win-win situation for all economic classes because it will allow the hospital to subsidize and provide better care for the poor and to work more closely with HMOs. In effect, she said that the WVMC would also bring in income to the hospital and would provide health care to those belonging to the lower-middle class and middle-class individuals that have HMOs.

To the concern that such a model might only work for specialty hospitals, Senator Cayetano (P) explained that Congresswoman Garin, who authored the charters of those specialty hospitals, was simply responding to the call to "corporatize" more hospitals, and she wanted the WVMC to become a model, hoping to convince the others that the program can be feasible.

Senator Pimentel believed there was need to distinguish between a specialty hospital, which has specialized fields of expertise and passion, and an ordinary hospital. He predicted that many hospitals would follow the move if the WVMC model becomes successful.

Asked on the difference between a medical center and an ordinary hospital, Senator Cayetano (P) explained that medical centers, which are tertiary hospitals, provide specialty services, and she clarified that there is no intention to convert all hospitals into government corporations because, to her, that should happen independently. She stated that through the bill, she wanted to show that the model is feasible

and sustainable so that any initiative to convert other hospitals is desired and will be supported. She clarified that the measure does not impose the model on all hospitals nor are they required to convert at a certain timeline, as she reiterated that the bill's sole purpose is to convert the WVMC with the hope that it becomes a model. She said that other hospitals that would want to change will have to undergo the same process separately. She affirmed that WVMC will be the first tertiary hospital corporation.

Asked how many potential medical centers and hospitals in the country that would follow and become converted to hospital corporations, Senator Cayetano (P) revealed that the DOH has 72 tertiary hospitals but Congresswoman Garin has intimated that not all of them may be candidates for conversion as they still need to be assessed.

Asked on the criteria for a hospital to be converted into a government-owned and -controlled hospital corporation, Senator Cayetano (P) replied that she wanted to see the initiative successful on its own, whether or not it is repeated elsewhere. As regards the criteria, she explained that there must be a functioning specialist in each of the different fields of specialization and that the hospital must be profitable so that the trainings are consistent and the model can be sustained. She revealed that at one point, she wanted to support a specialty hospital for liver disease, but she was told by medical experts that a very strong foundation is needed for the program, which means the availability not only of hepatologists but of laboratories and other medical equipment. She surmised that the 72 hospitals might not have the depth of the structures in place yet but they could be built well up to that standard.

On whether the WVMC and the San Joaquin Municipal Hospital is an experiment on government-owned and -controlled hospital corporation, Senator Cayetano (P) answered in the affirmative. In the event that the experiment fails, she said that the law creating the hospital could be repealed. However, looking at the model of specialty hospitals, she said that there is no reason for a hospital with various departments not to become successful.

Referring to a controversy arising from the reported plan to privatize an orthopedic hospital, Senator Pimentel asked whether the conversion into a government-owned and-controlled hospital facilitates makes easier the privatization of govern-

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ment hospitals. Senator Cayetano (P) replied in the negative, clarifying that the measure does not intend to privatize WVMC but for it to continue to be a public hospital so that it can cater to the poor and at the same time earn an income.

Looking at the models in other countries, Senator Cayetano (P) said that she has always believed that government hospitals are the best, citing the Philippine General Hospital, which has the best doctors in the country. She revealed that there is a move within PGH to increase its private-patient ratio to create more income that would help subsidize the services of the indigents, but she lamented that many viewed the measure as privatization instead of looking at it as taking money from those who can afford to pay to improve the facilities and even to subsidize the services and doctors' pay.

Senator Pimentel said that his fears have been allayed with the assurance that the bill is not connected with the effort to privatize existing government hospitals.

INQUIRY OF THE CHAIR

Asked by the Chair on the requirements for a hospital to operate on a tertiary level, Senator Cayetano (P) replied that the hospital must have key departments like surgery, medicine, OB, anesthesia, and pediatrics, and it must be a training hospital for specialists who will pass on the knowledge to residents.

Asked if the specialists in such hospitals should all be diplomates, Senator Cayetano (P) replied in the affirmative, adding that the residents should also be working for their diplomate.

As to the bed capacity of the WVMC, Senator Cayetano (P) said that it can accommodate 445 in-patients. She also clarified that the WVMC and San Joaquin Municipal Hospital are already working as one, with the San Joaquin Municipal Hospital operating as an extension of WVMC and where the Maternal and Child Care Department is housed.

Replying to further queries, Senator Cayetano (P) said that WVMC gets subsidies for its facilities and equipment from the national government. As regards its equipment, she revealed that WVMC has no MRI while its CT scan is defective. However, with the conversion, she said that problems can be solved immediately because they do not have to wait

anymore for the DOH to release the needed funding to have them repaired or to purchase new ones.

SUSPENSION OF CONSIDERATION OF SENATE BILL NO. 3381

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

RECONSIDERATION OF THE ADOPTION OF HOUSE BILL NO. 1072

Upon motion of Senator Osmeña, there being no objection, the Body reconsidered the adoption of the House Bill No. 1072 (Chinese New Year).

Senator Osmeña pointed out that the House version was totally different from the Senate version in the sense that the latter wanted the Chinese New Year declared as a working holiday, not as a non-working holiday.

COMMITTEE REPORT NO. 94 ON SENATE BILL NO. 3091

(Continuation)

Upon motion of Senator Sotto, there being no objection, the Body resumed consideration, on Second Reading, of Senate Bill No. 3091 (Committee Report No. 94), entitled

AN ACT INSTITUTING A NATIONAL LAND USE POLICY, PROVIDING THE IMPLEMENTING MECHANISMS THEREFOR, AND FOR OTHER PURPOSES.

Senator Sotto stated that the parliamentary status was the period of individual amendments.

Thereupon, the Chair recognized Senator Honasan, sponsor of the measure, and Senator Osmeña for his amendments.

OSMEÑA AMENDMENTS

As proposed by Senator Osmeña and accepted by the Sponsor, there being no objection, the Body approved the following amendments, one after the other:

1. On page 4, line 8, after the word "people" and the comma (,), insert the phrase INCLUD-

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ING AREAS DECLARED/DESIGNATED AS SPECIAL ECONOMIC ZONES AND/OR FREEPORTS, PROCLAMATIONS AND PRESERVATIONS;

The session was suspended and was resumed shortly thereafter.

2. On page 36, line 20 and 21, reword subsection a.6 to simply read as follows:

A.6. WATERSHEDS;

3. On page 37, between lines 11 and 12, insert a new subsection to read as follows:

A.13. IRRIGATED AND IRRIGABLE LANDS PURSUANT TO REPUBLIC ACT NO. 9700;

4. On page 43, between lines 6 and 7, insert a new subsection to read as follows:

P) REVIEW AND RECOMMEND FISCAL POLICIES ON TAXATION ON DIFFERENT LAND USES AND CLASSIFICATION TO ACHIEVE NATIONAL GOALS;

5. On page 57, between lines 9 and 10, insert a new subparagraph to read as follows:

TO FACILITATE LAND USE PLANNING AND AS PART OF THE NATIONAL BASE MAPPING PROGRAM, THE INTER-AGENCY TECHNICAL COMMITTEE (ITC) SHALL ESTABLISH A NATIONALLY CONSISTENT ALPHANUMERIC GRID REFERENCE SYSTEM BASED ON UNIVERSALLY-DEFINED COORDINATE AND GRID SYSTEMS FOR ACCURATE AND CONSISTENT IDENTIFICATION AND COMMUNICATION;

6. On page 72, line 4, after the word "areas," insert the phrase INCLUDING SPECIAL ECONOMIC ZONES AND/OR FREEPORTS;

7. On the same page between lines 21 and 22, insert new subsections and subparagraphs to read as follows:

H. LOCAL GOVERNMENT UNIT (LGU) CONSENT THROUGH A RESOLUTION FROM THE AFFECTED LGUS' RESPECTIVE SANGGUNIAN;

I. ENVIRONMENTAL COMPLIANCE CERTIFICATE (ECC) AND ENVIRONMENTAL IMPACT STATEMENT (EIS);

J. CERTIFICATE OF NO OVERLAP FROM THE DENR, DAR AND THE NCIP; AND

K. NEDA APPROVAL.

THE LAND USE PLANS OF ALL SPECIAL ECONOMIC ZONES (SEZS) AND/OR FREEPORTS, WHETHER CREATED BY SPECIAL LAWS THROUGH R.A. 7916 (PEZA LAW) OR EXECUTIVE PROCLAMATIONS, SHALL CONFORM TO THE APPROVED COMPREHENSIVE LAND USE PLANS PURSUANT TO THIS ACT. THE NATIONAL LAND USE COMMISSION (NLUC) SHALL ORDER ALL SPECIAL ECONOMIC ZONES AND FREE PORTS TO SUBMIT REVISED LAND USE PLANS.

On the Osmeña amendment on page 72, line 22, Senator Honasan proposed to reword the last sentence of the first subparagraph to read as follows: THE NATIONAL LAND USE COMMISSION (NLUC) SHALL ORDER ALL SPECIAL ECONOMIC ZONES AND FREEPORTS TO SUBMIT REVISED LAND USE PLANS FOR REVIEW AND APPROVAL BY THEIR RESPECTIVE CITY OR MUNICIPALITY COUNCILS WHERE THESE AREAS ARE LOCATED.

Senator Osmeña asked if the final plan would now require the approval of the city or municipal councils, and if so, what then would be the use of the NLUC if it is overruled or overridden by the LGUs. Senator Honasan explained that there is a hierarchy governing the physical plans, and the local governments would develop the necessary inputs to the NLUC for planning purposes.

Senator Osmeña pointed out the problem in the Greater Manila Area relative to the absence of a controlling body over all the conglomeration of cities in the megapolis.

Asked if it is the intention of Senator Honasan to make sure that there is a supervening body that will determine and harmonize local government land use plans, Senator Honasan answered in the affirmative, adding that the NLUC will be directly under the Office of the President. He said that he wanted to put an end to *ad hoc* zoning ordinances and local government land use plans, although he admitted that it would be a slow process since it is a 30-year plan, renewable every ten years, from all levels.

Senator Osmeña proposed that the last word on land use plans should be given to a supervening body, like the provincial board, rather than to the

municipality or city, as he pointed out that the Local Government Code simply speaks of consultation with LGUs. Senator Honasan affirmed that the bill does not intend to give the last word to the LGUs, saying that it is only an initial step, but ultimately, it would be the NLUC that will have the final say on the national, physical planning and land use plan.

Senator Osmeña stated that he was leaving to the Sponsor on how the proposal should be worded.

APPROVAL OF OSMEÑA AMENDMENT AS AMENDED

Accepted by Senator Osmeña, the Body approved, subject to style, his amendment on page 72, line 22 of the bill, as amended by Senator Honasan.

FURTHER OSMEÑA AMENDMENTS

As proposed by Senator Osmeña and accepted by the Sponsor, there being no objection, the Body approved the following amendments, one after the other.

1. On page 72, line 22, add the following:

ANY CONFLICT OR OVERLAP IN LAND USE SHALL BE RESOLVED IN FAVOR OF THE PREFERENTIAL RIGHTS OF MARGINALIZED SECTORS PROTECTED BY THE CONSTITUTION.

NEDA SHALL REVIEW AND EVALUATE THE VIABILITY IN TERMS OF THE VOLUME OF THE INVESTMENTS AGAINST THE COST OF ENVIRONMENT, LABOR, TAX INCENTIVES AND MAINTENANCE OF PEACE AND ORDER OF SPECIAL ECONOMIC ZONES AND FREEPORTS.

2. On page 83, line 8, after the word "municipalities," insert the phrase SPECIALLY MANAGED/ADMINISTERED AREAS BY GOVERNMENT, ALL SPECIAL ECONOMIC ZONES AND/OR FREEPORTS;
3. As amended by the Sponsor, on the same page, line 10, after the word "Act" and the comma (,), insert a new sentence to read as follows: ACTUAL USE SHALL BE PREFERRED OVER FUTURE OR RESERVED USE.

PROPOSED AMENDMENT OF SENATOR OSMEÑA

On page 83, line 11, after the phrase "all republic

acts," Senator Osmeña proposed the insertion of the following: INCLUDING BUT NOT LIMITED TO REPUBLIC ACT 7903, REPUBLIC ACT 7916, REPUBLIC ACT 9490, REPUBLIC ACT 9728, REPUBLIC ACT 10083.

Senator Honasan asked that Senator Osmeña reconsider his amendment as he assured that if later it is been found necessary for the agencies concerned to be abolished, Congress shall act accordingly.

Senator Osmeña stated that the amendment merely specifies which republic acts would be repealed if the bill becomes a law because there is a rule that states that there can never be a blanket repeal of laws, thus, they must be specified.

SUSPENSION OF SESSION

Upon motion of Senator Osmeña, the session was suspended.

It was 8:02 p.m.

RESUMPTION OF SESSION

At 8:04 p.m., the session was resumed.

WITHDRAWAL OF PROPOSED AMENDMENT

After consulting with Senator Honasan, Senator Osmeña withdrew his proposal to amend part of Section 77.

SUSPENSION OF SESSION

Upon motion of Senator Guingona, the session was suspended.

It was 8:06 p.m.

RESUMPTION OF SESSION

At 8:09 p.m., the session was resumed.

GUINGONA AMENDMENTS

As proposed by Senator Guingona and accepted by the Sponsor, there being no objection, the Body approved the following amendments:

1. On page 60, line 1, delete the phrase "shall be given full protection from conversion"

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and in lieu thereof, insert the phrase CANNOT BE CONVERTED; and

2. On page 70, line 4, after the word "area," insert the word PREFERABLY;

HONASAN AMENDMENTS

As proposed by Senator Honasan, there being no objection, the following individual amendments were approved by the Body:

1. On page 1, line 6, replace the phrase "MIND OF ALL FILIPINO" with MINDS OF ALL FILIPINOS;
2. On page 30, line 17, after the word "Plans," delete the slash (/) and the phrase "NATIONAL LAND USE PLAN"; and
3. On page 31, line 3, after the word "Plan," insert a slash (/) and the phrase NATIONAL LAND USE PLAN.

TERMINATION OF THE PERIOD OF INDIVIDUAL AMENDMENTS

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

APPROVAL OF SENATE BILL NO. 3091 ON SECOND READING

Submitted to a vote, there being no objection, Senate Bill No. 3091 was approved on Second Reading.

SUSPENSION OF CONSIDERATION OF SENATE BILL NO. 3091

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

SPECIAL ORDER

Upon motion of Senator Sotto, there being no objection, the Body approved the transfer of Committee Report No. 169 on House Bill No. 2961 from the Calendar for Ordinary Business to the Calendar for Special Orders.

COMMITTEE REPORT NO. 169 ON HOUSE BILL NO. 2961

Upon motion of Senator Sotto, there being no

objection, the Body considered, on Second Reading, House Bill No. 2961 (Committee Report No. 169), entitled

AN ACT CONVERTING THE LAND TRANSPORTATION OFFICE (LTO) EXTENSION OFFICE LOCATED IN SAN SIMON, PAMPANGA INTO A REGULAR LTO DISTRICT OFFICE, APPROPRIATING FUNDS THEREFOR 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 Sotto, 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 REVILLA

Upon motion of Senator Sotto, there being no objection, the sponsorship speech of Senator Revilla on House Bill No. 2961 was considered read into the Journal and Record of the Senate.

Following is the full text of the speech:

Your Committee on Public Services, jointly with the Committee on Finance, has the honor to present before this Honorable Body the approval of House Bill No. 2961, under Committee Report No. 169, a measure seeking to convert the San Simon, Pampanga Extension Office into a regular LTO Office, principally authored by Representative Bondoc.

First of all, I would like to state that the proposed measure has complied with all the requirements set by the Land Transportation Office (LTO). These requirements are as follows:

1. That the proposed office is already in existence;
2. That the office is an extension of the regular LTO office in the area;
3. That the majority of the personnel of the extension office were just detailed personnel coming from the LTO regular office; and
4. That the existing regular office cannot anymore service the rapidly growing population and immense increase of vehicles to be registered.

On the registered vehicle and the number of driver licensee requirement, the above-mentioned

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proposal also passed these criteria. On the jurisdiction of the LGUs, the LGU of the above-mentioned place has unanimously approved a resolution endorsing the conversion. In all categories, the proposed measure met the standards set by the LTO.

With the passage of this bill, the LTO will be able to provide our citizens a dependable and reliable service of registering vehicles and the rapid processing and prompt issuance of driver's license. As a result, the conversion will reduce the layers of bureaucracy and will derive substantial increase from the fees it would collect from vehicle registration and licenses which would eventually redound to the benefit of the Filipino people.

In closing, I would like to move that we approve this measure for the benefit not only of the residents of Pampanga but of the entire Filipino people.

SUSPENSION OF CONSIDERATION OF SENATE BILL NO. 2961

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

COMMITTEE REPORT NO. 503 ON HOUSE BILL NO. 2140 (Continuation)

Upon motion of Senator Sotto, there being no objection, the Body resumed consideration, on Second Reading, of House Bill No. 2140 (Committee Report No. 503), entitled

ACT DECLARING THE PROVINCE OF KALINGA IN CORDILLERA REGION AN ECOTOURISM ZONE APPRO- PRIATING FUNDS THEREFOR.

Senator Sotto stated that the parliamentary status was the period of committee amendments.

Thereupon, the Chair recognized Senator Honasan to introduce the Committee amendments on behalf of Senator Lapid.

COMMITTEE AMENDMENTS

As proposed by Senator Honasan, there being no objection, the following Committee amendments, as reflected in the Committee Report No. 503, were approved by the Body, one after the other:

Page 1

1. On page 1, Section 1, lines 1 and 2, delete the subtitle "State Policy. -" and replace it with the word "TITLE. The whole paragraph shall read as follows:

THIS ACT SHALL BE KNOWN AS
"AN ACT DECLARING THE PROVINCE OF
KALINGA IN THE CORDILLERA REGION AS
A TOURISM DEVELOPMENT AREA (TDA)."

2. On the same page, line 3, Section 2 will have a subtitle "Declaration of Policy. —", then delete the whole paragraph, and in lieu thereof shall be replaced with the following paragraph to read as follows:

"IT IS HEREBY DECLARED THE
POLICY OF THE STATE TO PROMOTE A
TOURISM INDUSTRY THAT IS ECOLOGIC-
ALLY SUSTAINABLE, RESPONSIBLE,
PARTICIPATIVE, CULTURALLY SENSI-
TIVE, ECONOMICALLY VIABLE, AND
EQUITABLE FOR LOCAL COMMUNITIES."

3. On the same page, between lines 6 and 7, insert a new Section as "Sec. 3" with subtitle "Scope and Coverage. —" to read as follows; and the numbers of the succeeding sections renumbered accordingly.

THE TOURISM DEVELOPMENT
AREAS IN KALINGA HEREBY INCLUDE
BUT NOT LIMITED TO THE FOLLOWING
MUNICIPALITIES ENDOWED WITH
NATURAL BEAUTY, RIVERS, LAKE AND
MOUNTAIN RESOURCES, AND HISTORICAL
AND CULTURAL SIGNIFICANCE:

THE MUNICIPALITY OF TINGLAYAN,
IN THE PROVINCE OF KALINGA, WITH ITS
NATURAL FORMATION OF MOUNTAIN
RANGES AND THE NATURAL BEAUTY
OF PALAN-AH FALLS AND HOT SPRINGS;

THE MUNICIPALITY OF TANUDAN,
IN THE PROVINCE OF KALINGA, A
POTENTIAL FOR TREKKING THE
RAINFOREST OF MT. BINARATAN;

THE SUBTERRANEAN RIVERS AND
CAVES, HEREIN, WITHIN THE MUNICI-
PALITY OF BALBALAN IN THE PROVINCE
OF KALINGA;

THE AGUINALDO HILL AND THE
MOUNTAIN LAKES IN THE MUNICI-
PALITY OF PINUKPUK, IN THE PROVINCE
OF KALINGA;

THE POTENTIAL SITE FOR A WHITE
WATER RAFTING ALONG THE CHICO
RIVER STARTING IN TINGLAYAN DOWN

TO LUBUAGAN, PASIL AND TABUK CITY, IN THE PROVINCE OF KALINGA;

THE HISTORICAL AREAS IN THE CITY OF TABUK, HEREIN, IN THE PROVINCE OF KALINGA;

THE PADHARAO LAKE AND THE HISTORICAL GUINA-ANG VILLAGE IN THE MUNICIPALITY OF PASIL, IN THE PROVINCE OF KALINGA;

THE ELEPHANT HILL AND THE MAN-MADE LAGOON IN THE MUNICIPALITY OF RIZAL, IN THE PROVINCE OF KALINGA.

AS SUCH, IT SHALL BE ACCORDED PRIORITY DEVELOPMENT BY THE DEPARTMENT OF TOURISM (DOT) AND SHALL BE SUBJECT TO THE RULES AND REGULATIONS GOVERNING TOURISM ZONES.

4. On page 1, line 7, renumber Section 3 as "Sec. 4." With subtitle "Tourism Development Plan of Kalinga.-", and insert the paragraph which shall read as follows:

THE TOURISM DEVELOPMENT PLAN OF THE PROVINCE OF KALINGA SHALL BE INCORPORATED IN THE DOT'S OVERALL NATIONAL TOURISM DEVELOPMENT PLAN (NTDP) PURSUANT TO RA NO. 9593, OTHERWISE KNOWN AS THE NATIONAL TOURISM ACT OF 2009 AND BE JOINTLY IMPLEMENTED WITH THE LOCAL GOVERNMENT AND PROVINCIAL TOURISM COUNCIL OF KALINGA TAKING INTO CONSIDERATION RA NO. 7586, OTHERWISE KNOWN AS NATIONAL INTEGRATED PROTECTED AREAS SYSTEM ACT OF 1992 AND ITS IMPLEMENTING RULES AND REGULATIONS.

On the same page, copy the paragraphs on lines 7 - 11 as the second paragraph as amended; on line 9, delete the phrase after the word "shall [within one (1) year from the approval of this act, cause the construction, installation and maintenance of such appropriate facilities and infrastructure which shall enhance tourism in the area.] and in lieu thereof, replace with the phrase DELINEATE WELL DEFINED GEOGRAPHIC AREAS WITHIN THE TDA AND COORDINATE THE INTEGRATED DEVELOPMENT OF THESE AREAS FOR THE OPTIMUM USE OF NATURAL ASSETS AND ATTRACTIONS, AS WELL AS EXISTING FACILITIES."

5. On page 2, line 1, renumber Sec. 4 to "Sec. 5." With the subtitle "Kalinga Tourism

Development Trust Fund.-", delete the phrase from lines 1-3 and replace with the following paragraphs:

THERE IS HEREBY ESTABLISHED A TRUST FUND UNDER THIS ACT TO BE KNOWN AS THE KALINGA TOURISM DEVELOPMENT TRUST FUND FOR PURPOSES OF FINANCING PROJECTS WHICH SHALL ENHANCE TOURISM IN THE PROVINCE OF KALINGA. THE TRUST FUND SHALL BE ADMINISTERED BY A TRUST FUND ADMINISTRATOR UNDER THE PROVINCIAL TOURISM COUNCIL OF KALINGA. INCOME SHALL BE DERIVED FROM FEES FROM VISITORS/TOURISTS, OTHER RESOURCES FROM THE PROVINCE, PROCEEDS FROM THE REGISTRATION AND LEASE OF MULTIPLE-USE AREAS, INCLUDING TOURISM CONCESSIONS, FEES, PROCEEDS, AND CONTRIBUTIONS FROM INDUSTRIES AND FACILITIES DIRECTLY BENEFITTING THE PROVINCE.

THE KALINGA TOURISM DEVELOPMENT TRUST FUND MAY BE AUGMENTED BY GRANTS, AND DONATIONS, ENDOWMENT FROM VARIOUS SOURCES, DOMESTIC OR FOREIGN ENTITIES AND INDIVIDUALS, FOR PURPOSES RELATED TO THEIR FUNCTIONS: *PROVIDED*, THAT DISBURSEMENTS THEREFROM SHALL BE IN ACCORDANCE WITH EXISTING ACCOUNTING AND AUDITING RULES AND REGULATIONS. *PROVIDED, FURTHER*, THAT THE FUND SHALL NOT BE USED TO COVER PERSONAL SERVICES EXPENDITURES.

6. On the same page 2, line 4, renumber sec. 5 to "Sec 6." With subtitle "Appropriations.—".
7. On the same page 2, line 8, renumber sec. 6 to Sec. 7." With subtitle "Separability Clause.—".
8. On the same page 2, line 10, renumber sec. 7 to "Sec. 8." With subtitle "Repealing Clause.—".
9. On the same page 2, line 13, renumber sec. 8 to "Sec. 9." With subtitle "Effectivity Clause.—".
10. The Title shall read as follows:

AN ACT DECLARING THE PROVINCE OF KALINGA IN THE CORDILLERA REGION AS A TOURISM DEVELOPMENT AREA (TDA) AND APPROPRIATING FUNDS THEREFOR.

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TERMINATION OF THE PERIOD OF COMMITTEE AMENDMENTS

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

TERMINATION OF THE PERIOD OF INDIVIDUAL AMENDMENTS

There being no individual amendment, upon motion of Senator Sotto, there being no objection, the Body closed the period of individual amendments.

APPROVAL OF HOUSE BILL NO. 2140 ON SECOND READING

Submitted to a vote, there being no objection, House Bill No. 2140 was approved on Second Reading.

SUSPENSION OF CONSIDERATION OF HOUSE BILL NO. 2140

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

COMMITTEE REPORT NO. 504 ON HOUSE BILL NO. 2141

(Continuation)

Upon motion of Senator Sotto, there being no objection, the Body resumed consideration, on Second Reading, of House Bill No. 2141 (Committee Report No. 503), entitled

AN ACT DECLARING THE PROVINCE
OF DAVAO ORIENTAL A TOURISM
ZONE AND APPROPRIATING
FUNDS THEREFOR AND FOR
OTHER PURPOSES.

Senator Sotto stated that the parliamentary status was still the period of Committee amendments.

Thereupon, the Chair recognized Senator Honasan to introduce the Committee amendments on behalf of Senator Lapid.

COMMITTEE AMENDMENTS

As proposed by Senator Honasan, there being no objection, the following Committee amendments, as

reflected in Committee Report No. 504, were approved by the Body, one after the other

1. On page 1, Section 1, line 1, add the subtitle "Title.—" after the word "SECTION 1." and delete the whole paragraph covering lines 1-4, and in lieu thereof replace with the following to read as follows:

"THIS ACT SHALL BE KNOWN AS
'AN ACT DECLARING THE PROVINCE OF
DAVAO ORIENTAL AS A TOURISM
DEVELOPMENT AREA (TDA)."

2. On the same page, between lines 4 and 5, insert a new section as "SEC. 2." with a subtitle "Declaration of Policy.—", and with the following paragraph to read as follows; and the numbers of the succeeding sections renumbered accordingly.

"IT IS HEREBY DECLARED THE
POLICY OF THE STATE TO PROMOTE A
TOURISM INDUSTRY THAT IS ECOLOGIC-
ALLY SUSTAINABLE, RESPONSIBLE,
PARTICIPATIVE, CULTURALLY SENSITIVE,
ECONOMICALLY VILABLE, AND
EQUITABLE FOR LOCAL COMMUNITIES."

3. On page 1, line 5, renumber "Sec. 2" as "Sec. 3." with subtitle "Scope and Coverage.—", and insert the phrase "The Tourism Development Area (TDA0 in" before the words "The Province", and delete the words "is rich with" and replace with the phrase "HEREBY INCLUDES BUT NOT LIMITED TO ITS MUNICIPALITIES ENDOWED WITH NATURAL BEAUTY," before the word "small islands"; then delete the word "ecotourism" and replace with the word "TOURISM" in line 8. Then add a new paragraph to read as follows:

THERE IS HEREBY ESTABLISHED A
TRUST FUND UNDER THIS ACT TO BE
KNOWN AS THE KALINGA TOURISM
DEVELOPMENT TRUST FUND FOR
PURPOSES OF FINANCING PROJECTS
WHICH SHALL ENHANCE TOURISM IN
THE PROVINCE OF KALINGA. THE TRUST
FUND SHALL BE ADMINISTERED BY A
TRUST FUND ADMINISTRATOR UNDER
THE PROVINCIAL TOURISM COUNCIL OF
KALINGA. INCOME SHALL BE DERIVED
FROM FEES FROM VISITORS/TOURISTS,
OTHER RESOURCES FROM THE PROVINCE,
PROCEEDS FROM THE REGISTRATION
AND LEASE OF MULTIPLE-USE AREAS,
INCLUDING TOURISM CONCESSIONS,
FEES, PROCEEDS, AND CONTRIBUTIONS
FROM INDUSTRIES AND FACILITIES
DIRECTLY BENEFITING THE PROVINCE.

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4. On the same page, line 9, renumber Section 3 as "Sec. 4." with subtitle "Tourism Development Plan of Davao Oriental.—", and insert the paragraph "THE TOURISM DEVELOPMENT PLAN OF THE PROVINCE OF DAVAO ORIENTAL SHALL BE INCORPORATED IN THE DOT'S OVERALL NATIONAL TOURISM DEVELOPMENT PLAN (NTPD) PURSUANT TO RA NO. 9593, OTHERWISE KNOWN AS THE NATIONAL TOURISM ACT OF 2009 AND BE JOINTLY IMPLEMENTED WITH THE LOCAL GOVERNMENT AND PROVINCIAL TOURISM COUNCIL OF DAVAO ORIENTAL TAKING INTO CONSIDERATION RA NO. 7586, OTHERWISE KNOWN AS NATIONAL INTEGRATED PROTECTED AREAS SYSTEM ACT OF 1992 AND ITS IMPLEMENTING RULES AND REGULATIONS." Before the words "the DOT"; and delete the phrase after the word "shall" from lines 11-12 and in lieu thereof, replace with the phrase "DELINENATE WELL DEFINED GEOGRAPHIC AREAS WITHIN THE TDA AND COORDINATE THE INTEGRATED DEVELOPMENT OF THESE AREAS FOR THE OPTIMUM USE OF NATURAL ASSETS AND ATTRACTIONS, AS WELL AS EXISTING FACILITIES.

5. On page 2, delete lines 1-5;

6. On page 2, line 6, delete the word and number "SEC. 4." and instead add the paragraph from lines 6-9 under the new Section 4 as its second paragraph;

7. On page 2, delete lines 10-14;

8. On the same page 2, line 15, renumber Sec. 6 as "Sec. 5." and insert the subtitle "Appropriations.—" before the words "The Secretary";

9. On the same page 2, between lines 19 and 20, insert a new section as "SEC. 6.", with subtitle "Separability Clause.—" and add a paragraph to read as follows: "ANY PROVISION OF THIS ACT OR PART HEREOF THAT MAY BE DECLARED UNCONSTITUTIONAL SHALL NOT AFFECT THE EFFECTIVITY OF THE OTHER PROVISIONS.";

10. On the same page 2, line 20, under Section 7, add the subtitle "Repealing Clause.—";

11. On the same page 2, line 23, under Sec. 8, add the subtitle "Effectivity Clause.—";

12. The title shall read as follows:

AN ACT DECLARING THE PROVINCE OF DAVAO ORIENTAL AS A TOURISM DEVELOPMENT AREA AND APPROPRIATING FUNDS THEREFOR.

TERMINATION OF THE PERIOD OF COMMITTEE AMENDMENTS

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

TERMINATION OF THE PERIOD OF INDIVIDUAL AMENDMENTS

There being no individual amendment, upon motion of Senator Sotto, there being no objection, the Body closed the period of individual amendments.

APPROVAL OF HOUSE BILL NO. 2141 ON SECOND READING

Submitted to a vote, there being no objection, the Body suspended consideration of the bill.

SUSPENSION OF CONSIDERATION OF HOUSE BILL NO. 2141

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

REFERENCE OF BUSINESS

The Acting Secretary, Atty. Edwin B. Bellen, read the following matters and the Chair made the corresponding referrals:

BILL ON FIRST READING

Senate Bill No. 3398, entitled

AN ACT STRENGTHENING THE PHILIPPINE COMPREHENSIVE POLICY ON HIV AND AIDS PREVENTION, TREATMENT, CARE AND SUPPORT AND ESTABLISHING THE PHILIPPINE NATIONAL HIV AND AIDS PROGRAM, REVISING FOR THE PURPOSE REPUBLIC ACT NO. 8504, OTHERWISE KNOWN AS "THE PHILIPPINE AIDS PREVENTION AND CONTROL ACT OF 1998," AND APPROPRIATING FUNDS THEREFOR

Introduced by Senator Cayetano (P.)

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To the Committees on Health and Demography; Education, Arts and Culture; and Finance

COMMUNICATION

Letter from the National Economic and Development Authority, submitting to the Senate the list of foreign retailers selling high-end or luxury goods, pursuant to Section 8 of Republic Act (RA) No. 8762, otherwise known as the "Retail Trade Liberalization Act of 2000." The Committee on Tariff and Related Matters (CTRM) approved the inclusion of "The Body Shop" in the list on 17 October 2012. The NEDA Board noted the updated list on 29 November 2012.

To the Committee on Trade and Commerce

COMMITTEE REPORTS

Committee Report No. 700, prepared and submitted jointly by the Committees on Environment and Natural Resources; and Finance, on Senate No. 3396, with Senators Ejercito Estrada, Escudero and Drilon as authors thereof, entitled

AN ACT ESTABLISHING THE SAMAR ISLAND NATURAL PARK IN THE PROVINCES OF SAMAR, NORTHERN SAMAR AND EASTERN SAMAR AS A PROTECTED AREA UNDER THE CATEGORY OF NATURAL PARK, PROVIDING FOR ITS MANAGEMENT AND FOR OTHER PURPOSES,

recommending its approval in substitution of Senate Bill No. 2392, taking into consideration House Bill No. 6380.

Sponsors: Senators Escudero, Drilon and Ejercito Estrada

To the Calendar for Ordinary Business

Committee Report No. 701, prepared and submitted jointly by the Committees on Public Order and Dangerous Drugs; National Defense and Security; Youth, Women and Family Relations; Trade and Commerce; Justice and Human Rights; and Finance, on Senate Bill No. 3397 with Senators Trillanes IV, Drilon, Villar, Defensor Santiago, Revilla Jr., Lacson and Honasan II as authors thereof, entitled

AN ACT PROVIDING FOR A COMPREHENSIVE LAW ON FIREARMS AND AMMUNITION AND PROVIDING PENALTIES FOR VIOLATIONS THEREOF,

recommending its approval in substitution of Senate Bill Nos. 13, 129, 1042, 1267, 1299, 1302, 1569, 1629, 1702, 1766, 1813, 1894, 1980, 2304, 2322, 2439, 2583, 2786, 2993, and 3083, Proposed Senate Resolution No. 659, and taking into consideration House Bill No. 5484.

Sponsor: Senator Honasan II

To the Calendar for Ordinary Business

ADDITIONAL REFERENCE OF BUSINESS

RESOLUTIONS

Proposed Senate Resolution No. 933, entitled

RESOLUTION DIRECTING THE SENATE COMMITTEE ON AGRICULTURE AND FOOD TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION INTO THE GRANT GIVEN BY THE BOARD OF INVESTMENTS IN FAVOR OF A FOREIGN FIRM OF A SIX YEAR TAX HOLIDAY AND A THIRTY PERCENT INCENTIVE FOR THE IMPORTATION OF CORN AND OTHER RAW FEEDS AS INDUSTRY PIONEER

Introduced by Senator Pangilinan

To the Committees on Agriculture and Food; and Ways and Means

Proposed Senate Resolution No. 934, entitled

RESOLUTION CALLING FOR THE SENATE OF THE PHILIPPINES TO LEAD BY EXAMPLE, BY AUTHORIZING THE CONDUCT OF A PEOPLE'S AUDIT OR A JOINT OR A PARALLEL AUDIT OF ITS BUDGET ACCOUNTS BY A PRIVATE AND INDEPENDENT AUDITING FIRM AND THE COMMISSION ON AUDIT WITH A MANDATE TO EXAMINE ALL ITS PERTINENT

DOCUMENTS, FOR THE PURPOSE OF INCREASING THE LEVEL OF TRANSPARENCY AND ACCOUNTABILITY IN GOVERNANCE, THEREBY STRENGTHENING THE INTEGRITY OF THE INSTITUTION

Introduced by Senator Cayetano (A. P.)

To the Committee on Accounts

SECOND ADDITIONAL REFERENCE OF BUSINESS

COMMITTEE REPORTS

Committee Report No. 702, submitted by the Committee on Local Government, on House Bill No. 4551, introduced by Representative Lapus, entitled

AN ACT CREATING A BARANGAY TO BE KNOWN AS BARANGAY NAVY IN THE MUNICIPALITY OF CAPAS, PROVINCE OF TARLAC,

recommending its approval without amendment.

Sponsor: Senator Marcos Jr.

To the Calendar for Ordinary Business

Committee Report No. 703, submitted by the Committee on Local Government on House Bill No. 4550, introduced by Representative Agyao, entitled

AN ACT CREATING A BARANGAY TO BE KNOWN AS BARANGAY IPIL IN THE MUNICIPALITY OF TABUK, PROVINCE OF KALINGA,

recommending its approval without amendment.

Sponsor: Senator Marcos Jr.

To the Calendar for Ordinary Business

Committee Report No. 704 submitted by the Committee on Local Government, on House Bill No. 4549, introduced by Representative Agyao, entitled

AN ACT CREATING A BARANGAY TO BE KNOWN AS BARANGAY

BULANAO NORTE IN THE MUNICIPALITY OF TABUK, PROVINCE OF KALINGA,

recommending its approval without amendment.

Sponsor: Senator Marcos Jr.

To the Calendar for Ordinary Business

Committee Report No. 705, submitted by the Committee on Education, Arts and Culture, on House Bill No. 3546 introduced by Representative Casiño, *et al.*, entitled

AN ACT PROTECTING THE RIGHT OF STUDENTS ENROLLED IN COURSES REQUIRING PROFESSIONAL LICENSING EXAMINATIONS TO ENROLL IN REVIEW CENTERS OF THEIR CHOICE AND PROVIDING PENALTIES FOR VIOLATIONS THEREOF,

recommending its approval without amendment

Sponsor: Senator Angara

To the Calendar for Ordinary Business

Committee Report No. 706, submitted by the Committee on Electoral Reforms and People's Participation, on Senate Bill No. 3387 introduced by Senator Pimentel III, entitled

AN ACT AMENDING SECTION 12 OF REPUBLIC ACT NO. 7166 BY INCLUDING PARTY-LIST REPRESENTATIVE IN THE LIST OF PUBLIC OFFICERS TO BE ELECTED UNDER THE LOCAL ABSENTEE VOTING,

recommending its approval without amendment.

Sponsor: Senator Pimentel III

To the Calendar for Ordinary Business

Committee Report No. 707, prepared and submitted jointly by the Committees on Health and Demography; and Finance, on Senate Bill No. 3399 with Senators Trillanes IV, Villar, Angara and Cayetano (P.) as authors thereof, entitled

**AN ACT INSTITUTIONALIZING THE
PHILIPPINE NATIONAL HEALTH
RESEARCH SYSTEM,**

recommending its approval in substitution of Senate Bill Nos. 257, 1083 and 2029, taking into consideration House Bill No. 6735.

Sponsor: Senator Cayetano (P.)

To the Calendar for Ordinary Business

SPECIAL ORDER

Upon motion of Senator Sotto, there being no objection, the Body approved the transfer of Committee Report No. 707 on Senate Bill No. 3399 from the Calendar for Ordinary Business to the Calendar for Special Orders.

**COMMITTEE REPORT NO. 707
ON SENATE BILL NO. 3399**

Upon motion of Senator Sotto, there being no objection, the Body considered, on Second Reading, Senate Bill No. 3399 (Committee Report No. 707), entitled

**AN ACT INSTITUTIONALIZING THE
PHILIPPINE NATIONAL HEALTH
RESEARCH SYSTEM.**

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

Thereupon, the Chair recognized Senator Cayetano (P) for the sponsorship.

**SPONSORSHIP SPEECH
OF SENATOR CAYETANO (P)**

Senator Cayetano (P) said that she was submitting her sponsorship speech to be considered read into the Record.

Following is the full text of her sponsorship speech:

It is my privilege to rise before you today to sponsor Senate Bill No. 3399, "An Act

Institutionalizing the Philippine National Health Research System, Establishing the Philippine National Health Research Fund, Providing for its Administration and For Other Purposes."

New medical treatments and cures are made possible by health research and the active role of researchers in this field. Behind every discovery are thousands of hardworking people who are dedicated to advancing health care delivery and enhancing our quality of life. Developments in medical research and public health have provided us with an arsenal of intelligence, diagnostic techniques, preventive strategies and pharmaceuticals to aid our front liners in the battle against disease.

Our own world-class health researchers have produced inspiring breakthroughs and innovations in health and medicine that are making lives better for Filipinos every day. These have led to a greater understanding of prevalent diseases and have thus resulted in more timely and responsive policies, improved health services, and adequate technologies for diagnostics and treatment.

For example, the Philippines is now self-sufficient in diagnosing dengue virus infections, thanks to chemical reagents developed by the St. Luke's Dengue Research.

The multi-disciplinary approach employed by the Malaria Study Group of the Research Institute for Tropical Medicine has resulted in a dramatic reduction of malaria in Morong to very low—almost nil levels.

The Liver Study Group of the University of the Philippines Manila produced the first comprehensive profile of Hepatitis B in the country, and led to massive improvements in the early detection and prevention of disease.

These are but a few of very many examples illustrating how painstaking research and documentation lay down the necessary foundation for adequately addressing public health concerns. However, a paradigm shift is required in order to maximize its full potential. A systematic approach should be adopted into the traditional way of conducting research. Individual research will be futile if it only circles around a particular problem, and not actually solving it.

There is a need to prevent unnecessary and unscientific duplication, and a need to ensure that research outputs are well-documented and accessible to stakeholders. Methodologies must be socially and scientifically acceptable, and priority areas should be clearly defined. These

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are possible if we adopt a health research system approach.

An investment in health research is an investment in our people and our future. Currently, health research expenditure in the country averages only 0.03% of national health expenditure—far below the World Health Organization's recommended 2%.

Further, our total expenditure on Research & Development is even worse at only 0.11% of GDP, according to the latest available data of the World Bank (2007) compared to Singapore's 2.37% expenditure and even Thailand's 0.21%, we are lagging far behind our ASEAN neighbours.

We can transform this sad reality if we enact the PNHRs bill into law. Our Constitution makes it clear that "The State shall adopt an integrated and comprehensive approach to health development which shall endeavour to make essential goods, health and other social services available to all people at affordable cost." The creation of a Philippine National Health Research System is one such approach. It will institutionalize the existing strategy in identifying research priorities and in the actual conduct of research, such that we can maximize our limited resources for the benefit of the majority as well as meet or even surpass international benchmarks in terms of health statistics.

The major pillars of health research in the country—DOST, DOH, CHED, and UP Manila—support legislation that will formalize and institutionalize the PNHRs. This bill will fuse together all health research and development efforts of the country, through the National Unified Health Research Agenda (NUHRA), in order to affect and enable evidence-informed health policies and actions.

With an institutionalized PNHRs in place, our country can be assured of better and more efficient health care delivery and services, as well as prompt and adequate responses to national emergencies and health concerns.

I urge the Members of this Chamber to pave the way for meaningful investment in health research. Let us give our Filipino scientists and researchers the means and opportunities to develop ground-breaking and valuable health research. Let us provide them with an enabling environment that will allow them to translate their research output into world-class health services and products.

I thus earnestly seek the urgent approval of this bill.

SUSPENSION OF CONSIDERATION OF SENATE BILL NO. 3399

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

COMMITTEE REPORT NO. 701 ON SENATE BILL NO. 3397

Upon motion of Senator Sotto, there being no objection, the Body considered, on Second Reading, Senate Bill No. 3397 (Committee Report No. 701), entitled

AN ACT PROVIDING FOR A COMPREHENSIVE LAW ON FIREARMS AND AMMUNITION AND PROVIDING PENALTIES FOR VIOLATIONS THEREOF.

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

Thereupon, the Chair recognized Senator Honasan for the sponsorship.

SPONSORSHIP SPEECH OF SENATOR HONASAN

In sponsoring Senate Bill No. 3397, Senator Honasan delivered the following speech:

Our Constitution mandates that the State shall maintain peace and order and protect the people against violence. The State likewise recognizes the right of its citizens to defend themselves against unlawful aggression even with the use of firearms provided that such weapons are lawfully obtained and possessed. And rightly so, for any way you look at firearms, they are lethal weapons designed to maim and kill and laws have to be enacted to restrict their use by civilians. Gun possession is not only a rights issue, it has also become a personal security issue, if not a national security issue especially with firearms falling in the possession of criminals and, in many instances, in the hands of drug-crazed or mentally disturbed individuals, not to mention fatal accidents that happen through improper handling. Civilized society beckons us to set high standards for the

responsible ownership and use of firearms for reasons of general safety.

As guided by these principles of the Constitution, your Chairperson of the Committee on Public Order and Dangerous Drugs hereby submits for consideration and approval of this august Chamber, Senate Bill No. 3397 under Committee Report No. 701, entitled: "An Act Providing For a Comprehensive Law On Firearms and Ammunition and Providing Penalties for Violations Thereof," otherwise known as the Comprehensive Firearms and Ammunition Regulation Act.

Legislative History

Senate Bill No. 3397 is in substitution of twenty (2) Senate Bills, one (1) Senate Proposed Resolution, with Senators Antonio Trillanes IV, Franklin Drilon, Manny Villar, Miriam Defensor Santiago, Ramon Revilla Jr., Panfilo Lacson, and this representation as authors, thereof, taking into consideration House Bill No. 5484. This substitute bill is reported out jointly with the Committees on National Defense and Security; Trade and Commerce; Youth, Women and Family Relations; Justice and Human Rights; and Finance.

We conducted two public hearings on October 11, 2011 and January 10, 2013 and subsequent consultations and meetings with stakeholders.

The need to pass a law on comprehensive firearms and ammunition regulation.

Based on comparative analysis on crime incidents involving the use of firearms submitted by the Philippine National Police, it is indicated that there is a steady upward trend in the number of crime incidents, involving the use of firearms nationwide for the last three (3) years, from 2010 thru 2012. In 2012, a total of 10,546 crime incidents were recorded, getting five percent (5%) increased compared to year 2011 with 10,015 crime incidents. These crime incidents involving the use of firearms include extra judicial killings, robberies, kidnapping, carjacking, riding-in-tandem killings and land-grabbing, among other crimes, and the Philippines' history of heightened gun violence marked by political assassinations during elections. Private armies and armed goons sprout during elections, sowing fear as they move around.

The PNP further reported that there were 30,047 firearms involved in crime incidents from 2010 thru 2012. It is alarming to note that out of

these significant statistics, 29,843 or ninety-nine percent (99%) were classified as loose firearms. For the period given, a total of 7,404 cases or 26% were filed in court against the suspects/ violators while 21,393 cases or 74% remained under investigation by the different police officers.

To mention few of the reported significant crime incidents involving the use of loose firearms for the year 2010-2012, these include, among others:

1. The killing of Mayor Matilde H. Sales last June 21, 2010 along the national highway of Bgy. Nagsurot, Burgos, Ilocos Norte;
2. The killing of Delfin Telan Ting of Tuguegarao City, last November 15, 2010;
3. The killing of Atty. Augusto F. Cezar, Vice President for Administration of PUP, Manila last October 2011;
4. The massacre incident last February 23, 2012 at So Bahing, Bgy. Tinighalang, Lapuyan, Zamboanga Del Sur resulting in the death of six (6) persons and the wounding of several others;
5. The shooting incident last April 27, 2012 at the compound of Albert "Bobby" Aguirre at Las Piñas City which resulted in the death of SPO2 Padaca, PO3 Macatunao and SG Manguera;
6. The killing of Punong Barangay Apolonio S. Rinonos last July 14, 2012 at Bgy. Cabarsican, Bacnotan, La Union;
7. The shooting incident last October 20, 2012 at Bacolod City which resulted in the death of Atty. Johnny Chua, Eastwood Hotel owner;
8. The killing of Mayor Raul Matamorosa of Lupi, Camarines Sur last October 27, 2012 at Naga City;
9. The killing of Punong Barangay Marcelo "Amar" Epe last November 19, 2012 at Bgy. Tiptip, Tagbilaran City; and
10. The shooting incident last December 4, 2012 at Sampaloc, Manila which resulted in the death of three (3) FEU students;

We must also consider death statistics on gun-related incident recorded in the welcoming every New Year which cannot be eradicated despite advisories warning the public and the existing law regulating the use of firearms. The Department of Health recorded 931 injuries; lower than the previous year's 1,021. Of the 931

victims, 25 were caused by stray bullets. Such statistics include the deaths of seven year-old Stephanie Nicole Ella and four-year old Nimer Ranjelo from indiscriminately fired guns, and the deaths of 8 residents of Kawit, Cavite from a drug-crazed drunk.

Given the alarming peace and order situation of our country, this representation stresses the need to consolidate and provide more teeth to existing laws, local ordinances and to come up with a consolidated information and updated database as our guide to address the proliferation of loose firearms. We also need to look into the licensing process and implement with a rigorous system to ensure that applicants are psychologically qualified to own and are sufficiently knowledgeable to handle the firearms being applied for. Officially certified weapons training should be required of applicants and corresponding tests should be conducted prior to the issuance of gun licenses. Thorough background checks must be done to prevent guns from landing in the wrong hands.

We must be cautious in setting parallels between the right to own a gun and the right to drive a car. A gun however is it used and regardless of motive, is a deadly instrument and is intended to disable or kill. Gun enthusiasts use firearms for sports but they are aware that they must be handled with utmost careful foresight. A gun is often used to scare but it scares precisely because of what it is designed to do. While a car, for all intents and purposes, is designed to transport. The issuance of a gun license must therefore be more stringent than applying for a driver's license.

It is incumbent upon us legislators, to pass a new comprehensive law regulating the ownership, possession, carrying, manufacture, dealing in and importation of firearms, ammunition, or parts thereof, in order to provide legal support to law enforcement agencies in their campaign against crime, stop the proliferation of illegal firearms and the illegal manufacture of firearms, ammunition and parts thereof.

The salient features of the proposed bill

This proposed measure is a product of consolidated recommendations, insights and inputs of your committee and of various stakeholders.

The bill primarily seeks to regulate the ownership, possession, registration of firearms and the issuance of licenses to qualified individuals under the five (5) types or categories which specify the number of registered firearms

a person may possess. It also intends to regulate the issuance of license to manufacture or deal in firearms and ammunition. It also provides for scope of license to manufacture firearms and ammunitions, for registration of manufactured and imported firearms, among other important provisions of the bill. It further provides for the acquisition or purchase and sale of firearm and ammunition, deposit of firearms by persons arriving from abroad, the registration and licensing of antique firearms.

It further seeks to provide stiffer penalties for unlawful acquisition, or possession of firearms and ammunition; for unlawful manufacture, importation, sale or disposition of firearm or ammunition, or parts thereof, machinery, tool or instrument used or parts thereof; absence of permit to carry outside of residence; arms smuggling; for tampering, obliteration or alteration of firearms identification, use of an imitation firearm; for planting of evidence, among others. The bill seeks to increase the penalty for the illegal manufacture, sale, smuggling and importation of firearms with life imprisonment and increasing the penalty for the illegal possession of firearms to a maximum of 12 years in order to maintain the graduation of penalties since the Revised Penal Code punishes the killing of a person from 12 years and one day to 40 years as homicide or murder.

Finally, the bill provides for a final general amnesty for those individuals in possession of unregistered firearms and holders of expired license or unregistered firearms to register and renew them within six (6) months from the promulgation of the implementing rules and regulations of this Act.

Pushing for the passage of this proposed measure

The enactment of this bill into law is crucial in the government's intensified efforts to dismantle private armed groups or private armies nationwide and curb the proliferation of loose firearms.

The Representation will continue to persistently call and push for the convergence of initiatives and active participation among all levels of government in order to attain the genuine spirit and major goals of what we are fighting for. Team work shall be further emphasized and strengthened, it is important that our government pursues an integrated approach, firm up lines of coordination among institutional linkages for more efficient and effective delivery of services. We also need to

remind ourselves that all these would amount to nothing without the proactive participation of an informed and empowered populace. There is still much more to do and we need a concerted approach to eradicate this growing social menace that has victimized our children and endangered our communities. We must be vigilant at all times.

Having said this, this Representation humbly submits this important piece of legislation to the collective wisdom and judgment of our colleagues and to seek their support for its swift but judicious passage into law.

SUSPENSION OF CONSIDERATION OF SENATE BILL NO. 3397

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

At this juncture, Senate President Pro Tempore Estrada relinquished the Chair to Senator Honasan.

MANIFESTATION OF SENATOR SOTTO

Senator Sotto manifested that he was in receipt of a copy of the Bicameral Conference Committee Report on the disagreeing provisions of Senate Bill No. 2921 and House Bill No. 6685 which are measures to strengthen tripartism.

CONFERENCE COMMITTEE REPORT ON SENATE BILL NO. 2921 AND HOUSE BILL NO. 6685

Upon motion of Senator Sotto, there being no objection, the Body considered the Conference Committee Report on the disagreeing provisions of Senate Bill No. 2921, entitled

AN ACT STRENGTHENING TRIPARTISM,
AMENDING FOR THE PURPOSE
ARTICLE 275 OF PRESIDENTIAL
DECREE 442, OTHERWISE KNOWN
AS THE LABOR CODE OF THE
PHILIPPINES, AS AMENDED

and House Bill No. 6685, entitled

AN ACT STRENGTHENING TRIPARTISM,
AMENDING FOR THE PURPOSE
ARTICLE 275 OF PRESIDENTIAL
DECREE 442, OTHERWISE KNOWN

AS THE LABOR CODE OF THE PHILIPPINES.

The Chair recognized Senator Estrada to sponsor the report.

SPONSORSHIP SPEECH OF SENATOR ESTRADA

Senator Estrada read the Joint Explanation of the Conference Committee on the disagreeing provisions of Senate Bill No. 2921 and House Bill No. 6685, to wit:

The Conference Committee on the disagreeing provisions of Senate Bill No. 2921 and House Bill No. 6685, after having met and fully discussed the subject matter in a conference, hereby report to their respective Houses the following, that:

1. The conferees agreed to use a consolidated version of Senate Bill No. 2921 and House Bill No. 6685 as the working draft;
2. The title of the consolidated version shall read as:

AN ACT STRENGTHENING TRIPARTISM,
AMENDING FOR THE PURPOSE
ARTICLE 275 OF PRESIDENTIAL
DECREE 442, AS AMENDED, OTHER-
WISE KNOWN AS THE LABOR CODE
OF THE PHILIPPINES.

In case of a conflict between the statements/ amendments stated in this Joint Explanation and that of the provisions of the consolidated bill in the accompanying Conference Committee Report, the provisions of the latter shall prevail.

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. 2921 and House Bill No. 6685 was approved by the Body.

SENATE CONFEREES

Upon nomination by Senator Sotto, there being no objection, the Chair designated the following senators to constitute the Senate panel in the Bicameral Conference Committee on the disagreeing provisions of the measures hereunder indicated:

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1. Senate Bill No. 2855 and House Bill No. 5431
(*Family Care Act*):

Chair — Senator Recto
Members — Senators Lapid and Arroyo

2. Senate Bill No. 2856 and House Bill No. 5460
(*Electric Hybrid and Other Fuel Vehicles
Incentives Act of 2013*):

Chair — Senator Recto
Members — Senators Lapid and Arroyo


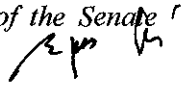
ADJOURNMENT OF SESSION

Upon motion of Senator Sotto, there being no objection, the Chair declared the session adjourned

until three o'clock in the afternoon of the following day.

It was 8:41 p.m.

I hereby certify to the correctness of the foregoing.


EMMA LIRIO REYES
Secretary of the Senate


Approved on February 4, 2013