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Office of the Secretary

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SENATE  
P.S.R. No. 44

RECEIVED BY: *ja*

Introduced by Senator Miriam Defensor Santiago

RESOLUTION

DIRECTING THE PROPER SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE FORMULATION OF MECHANISMS TO AMEND THE PAGCOR CHARTER IN ORDER TO IMPROVE THE EFFICIENCY IN THE USE OF ITS FUNDS, AND THE TRANSPARENCY IN ITS OPERATIONS

WHEREAS, Presidential Decree No. 1869, as amended, created the Philippine Amusement and Gaming Corporation (PAGCOR) as a government-owned and controlled corporation "to centralize and integrate the right and authority to operate and conduct games of chance into one corporate entity to be controlled, administered and supervised by the Government;"

WHEREAS, PAGCOR, considered one of the top revenue earners of the government, reportedly earned Php 25.4 billion in 2006, and has been performing exceptionally for the past years;

WHEREAS, Section 7 of the PAGCOR Charter directs the PAGCOR board of directors "to allocate and distribute, with the approval of the Office of the President of the Philippines, the earnings of the Corporation earmarked to finance infrastructure and socio-civic projects," and "to submit to the Office of the President of the Philippines before the end of February of each year a list of all the infrastructure and/or socio-civic projects that might have been financed from the Corporation's earnings, and to submit such periodic or other reports as may be required of it from time to time;"

WHEREAS, Section 12 of the PAGCOR Charter specifies the following infrastructure and socio-civic projects within Metro Manila: flood control, sewerage and sewage, nutritional control, population control, Tulungan ng Bayan Centers, beautification, and Kilusang Kabuhayan at Kaunlaran projects;

WHEREAS, aside from these projects, Section 12 of the PAGCOR Charter also provides that PAGCOR funds can also be appropriated and allocated to infrastructure and/or socio-civic as directed and authorized by the Office of the President;

WHEREAS, the PAGCOR Charter should be updated so that the corporation's funds would be allocated to projects that are appropriate and applicable to the present national situation and policy;

WHEREAS, PAGCOR funds should be earmarked to legally promulgated and institutionalized projects, and that the PAGCOR Charter should be amended to specifically state such priority projects;

WHEREAS, the language of the provision on the PAGCOR submitting a list of projects "that might have been financed from the Corporation's earnings" is subject to misinterpretation and presents itself as a possible loophole that can be abused by its officers, and therefore should be amended;

WHEREAS, Section 15 of the PAGCOR Charter provides that, "The Commission on Audit or any government agency that the Office of the President may designate shall appoint a representative who shall be the Auditor of the Corporation and such personnel as may be necessary to assist said representative in the performance of his duties. The salaries of the Auditor or representative and his staff shall be fixed by the Chairman of the Commission on Audit or designated government agency, with the advice of the Board, and said salaries and other expenses shall be paid by the Corporation. The funds of the Corporation to be covered by the audit shall be limited to the 5% franchise tax and the 50% of the gross earnings pertaining to the Government as its share."

WHEREAS, only half of PAGCOR's earnings are subject to government audit, and the PAGCOR Charter is silent in providing for an independent audit on the other half of the PAGCOR's funds;

WHEREAS, the PAGCOR Charter should be amended to institute accountability mechanisms by requiring an independent audit to improve transparency in PAGCOR's operations;

WHEREAS, as one of the top income earners for the government, PAGCOR's operations, officers, and funds must be closely monitored and scrutinized to curb corruption and anomalies within the corporation, as its officers have been linked to various corruption scandals throughout the years;

WHEREFORE, be it hereby resolved by the Philippine Senate to direct the proper Senate committee to conduct an inquiry, in aid of legislation, on the formulation of mechanisms to amend the PAGCOR Charter in order to improve the efficiency in the use of its funds, and the transparency in its operations.

Adopted,

*miriam defensor santago*  
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acc.