

SIXTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
First Regular Session )



Senate  
Office of the Secretary

13 JUL -8 P1:10

SENATE

S. B. No. 586

RECEIVED BY: *ji*

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Introduced by Senator FRANCIS G. ESCUDERO

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### EXPLANATORY NOTE

It shall be the policy of the State to protect and promote the welfare, rights and interests of government-owned and -controlled corporations, their subsidiaries, other corporate off springs, including government acquired asset corporations, government corporate entities and government instrumentalities with corporate powers, government financial institutions, and other government entities, agencies and offices hereafter referred to as "government corporations".

Executive Order No. 292, otherwise known as the Administrative Code of 1987, has defined the mandate of the Office of the Government Corporate Counsel (OGCC) as the premier law office of government-owned and controlled corporations (GOCCs), their subsidiaries, other corporate offspring and government-acquired asset corporations. As such, it is mandated to safeguard their legal interests in a competent, speedy and adequate legal service in its commitment to uphold justice under the rule of law.

Every year, an increasing number of requests for legal advice and cases is being responded to and handled by the OGCC, in addition to the performance of its adjudicatory and other functions.

To efficiently and effectively address the expanding needs of these government corporations, this proposed bill seeks to strengthen the OGCC by re-defining, expanding, strengthening, rationalizing and further professionalizing the OGCC as an organization and upgrading the employee benefits.

In view thereof, the approval of this proposed bill is earnestly sought.

FRANCIS G. ESCUDERO



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S. B. No. 586

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Introduced by Senator FRANCIS G. ESCUDERO

AN ACT  
TO STRENGTHEN THE OFFICE OF THE GOVERNMENT CORPORATE  
COUNSEL, BY RE-DEFINING, EXPANDING, STRENGTHENING,  
RATIONALIZING AND FURTHER PROFESSIONALIZING ITS  
ORGANIZATION, UPGRADING EMPLOYEE BENEFITS AND APPROPRIATING  
FUNDS THEREFOR

*Be it enacted by the Senate and the House of Representatives of the Philippines in Congress assembled:*

1        **SECTION 1.** *Declaration of Policy* - It shall be the policy of the State to protect  
2 and promote the welfare, rights and interests of government-owned and -controlled  
3 corporations, their subsidiaries, other corporate offsprings, including government  
4 acquired asset corporations, government corporate entities and government  
5 instrumentalities with corporate powers, government financial institutions, and other  
6 government entities, including economic zones and state universities, referred to as  
7 "government corporations".  
8

9        Toward this end, the State shall require the improvement of legal services to  
10 efficiently and effectively address the expanding needs of these government  
11 corporations in accordance with its initiative towards an improved fiscal management  
12 and good corporate governance.  
13

14        **SECTION 2.** *Jurisdiction and Mandate* - Any law to the contrary  
15 notwithstanding, the Office of the Government Corporate Counsel ("OGCC") shall be  
16 the legal counsel and principal law office of all government corporations. All  
17 government corporations shall refer to the OGCC the following:  
18

- 19        a) All legal questions for opinion and advice;  
20        b) Prior to their execution, all contracts for review; and  
21        c) All cases for representation before regular courts, quasi-judicial bodies,  
22        administrative agencies and arbitral tribunals, *provided that*, the Government  
23        Corporate Counsel ("GCC") may thereafter authorize the government  
24        corporation's legal department as collaborating counsel to handle cases, as the  
25        urgency or expediency of circumstances may warrant.  
26

27        Moreover, as special and additional duties, the OGCC shall:

- 28        a) Conciliate, mediate, act as hearing officers or adjudicate all disputes or  
29        controversies exclusively between government corporations;

- 1 b) Exercise control and supervision over the legal departments of all government  
2 corporations;  
3 c) Approve the engagement of private lawyers by the government corporations;  
4 d) Serve as Corporate Secretary in all boards of government corporations; and  
5 e) Perform such other special works or functions necessary in the interest of the  
6 service.

7  
8 The OGCC shall be an independent and autonomous office attached to the  
9 Department of Justice. All opinions and issuances of the OGCC shall be binding on all  
10 government corporations.

11  
12 **SECTION 3. *Expansion and Upgrading of Positions*** - The GCC shall have a  
13 cabinet rank and the same prerogatives, salary, allowances, benefits and privileges as  
14 the Presiding Justice of the Court of Appeals. He/she shall be assisted by a Deputy  
15 Government Corporate Counsel ("DGCC") and twelve (12) Assistant Government  
16 Corporate Counsels ("AGCC") who shall have the rank, salary, allowances, retirement  
17 benefits, and privileges of an Associate Justice of the Court of Appeals.

18  
19 No person shall be appointed GCC, DGCC or AGCC unless he/she is a natural-  
20 born citizen of the Philippines and, for at least fifteen (15) years, has been engaged in  
21 the practice of law in the Philippines. The number, rank, qualifications for  
22 appointment, salary, allowances, retirement and other benefits, and privileges of the  
23 other members of the legal staff shall be as follows:

- 24  
25 (a) Twenty (20) Government Corporate Attorney IV ("GCA IV") who shall have  
26 the rank, salary, allowances, retirement benefits, and privileges of a Regional  
27 Trial Court Judge. No person shall be appointed GCA IV unless he/she is a  
28 natural-born citizen of the Philippines and, for at least ten (10) years, has  
29 been engaged in the practice of law in the Philippines;  
30  
31 (b) Twenty (20) Government Corporate Attorney III ("GCA III") who shall have  
32 the rank, salary, allowances, retirement benefits, and privileges of a  
33 Metropolitan Trial Court Judge. No person shall be appointed GCA III  
34 unless he/she is a natural-born citizen of the Philippines and, for at least five  
35 (5) years, has been engaged in the practice of law in the Philippines;  
36  
37 (c) Twenty (20) Government Corporate Attorney II ("GCA II"), who shall have  
38 the rank, salary, allowances, retirement benefits, and privileges of a  
39 Municipal Trial Court Judge in Cities. No person shall be appointed GCA II  
40 unless he/she is a natural-born citizen of the Philippines and, for at least  
41 three (3) years, has been engaged in the practice of law in the Philippines;  
42  
43 (d) Twelve (12) Government Corporate Attorney I ("GCA I"). No person shall  
44 be appointed GCA I unless he/she is a natural-born citizen of the  
45 Philippines and has been admitted to the Philippine Bar;  
46  
47

48 The GCC, DGCC and AGCC shall be appointed by the President of the  
49 Philippines. The other members of the legal staff and administrative personnel shall  
50 be appointed by the GCC. Appointments of the DGCC, AGCC and other members of  
51 the legal staff shall be deemed permanent upon compliance with the prescribed  
52 qualification standards under this law.

1  
2 The administrative structure of the OGCC shall be organized into the Finance  
3 and Accounting Services, the Human Resource and Management Services, the Case  
4 and Records Management Services, the Library Management and Information  
5 Technology Services and the Property and Supply Services.  
6

7 The legal and non-legal staff of the OGCC occupying the positions affected by  
8 the changes embodied in this Act at the time of its approval shall thereafter occupy  
9 and discharge the duties and functions of the upgraded positions and receive and  
10 receive the corresponding salary, benefits and privileges without necessity of new  
11 appointment.  
12

13 **SECTION 4. Compensation** - The basic monthly compensation of the OGCC  
14 employees shall be as follows:  
15

Position	Salary Grade	
	From	To
Government Corporate Counsel	30	31
Deputy Government Corporate Counsel	29	30
Assistant Government Corporate Counsel	29	30
Government Corporate Attorney IV	28	29
Government Corporate Attorney III	27	28
Government Corporate Attorney II	26	27
Government Corporate Attorney I	25	26

16  
17 The non-legal personnel shall have the same compensation as that of their  
18 counterparts in the Office of the Solicitor General and Court of Appeals.  
19

20 The salaries, benefits and privileges of the personnel of the OGCC granted  
21 under this Act shall further be increased to match any corresponding increase in  
22 salaries and privileges subsequently granted to their respective counterparts in the  
23 judiciary.  
24

25 **SECTION 5. Personnel benefits and privileges** - Provisions of other laws to the  
26 contrary notwithstanding, the OGCC may provide its employees the following  
27 benefits:

- 28 I. Health care services through a health maintenance organization (HMO).  
29 Expenses for the mandatory medical annual check-up of the GCC, the  
30 DGCC and the AGCC shall be for the account of the office.
- 31 II. Accident insurance for all employees to be procured by the office at its own  
32 expense for travels while in the performance of official duties;
- 33 III. Without prejudice to the efficiency of the service, scholarships for deserving  
34 employees on official time and at the expense of the office to upgrade their  
35 knowledge and skills; *provided that*, scholars under this provision shall be  
36 selected on the basis of merit as determined by competitive examination;
- 37 IV. A provident fund which shall consist of, but not be limited to contributions  
38 made by the office and by its lawyers and employees to a common fund for  
39 the payment of benefits to such lawyers or employees or their respective  
40 beneficiaries/heirs.  
41

42 **SECTION 6. Seminar and other Professional Fees** - Subject to availability of funds,  
43 fees for relevant seminars, as well as professional membership fees for lawyers,

1 registration fees and related miscellaneous expenses incurred in completing the  
2 mandatory continuing legal education (MCLE) shall be borne by the office.  
3 Professional membership, registration fees including those for mandatory continuing  
4 professional education (CPE), and related miscellaneous expenses of other employees  
5 holding positions for which a professional license is required by the office, shall also  
6 be borne by the OGCC.

7  
8 **SECTION 7. *Transportation Benefits*** - Subject to availability of funds, employees  
9 shall be provided with contracted transportation services until such time that the  
10 office can procure additional motor vehicles for this purpose.

11  
12 **SECTION 8. *Other Benefits*** - Provisions of other laws to the contrary  
13 notwithstanding, the legal staff of the OGCC are allowed to receive allowances,  
14 honoraria and reimbursement of reasonable expenses from the government  
15 corporations. Employees of the OGCC may likewise be extended such benefits and  
16 privileges as are given to the employees of their clients. *Provided*, That such  
17 allowances or honoraria shall not exceed one hundred percent (100%) of their basic  
18 salary as provided under the Salary Standardization Law (Republic Act 6758).

19  
20 In addition, any member of the legal staff may be designated by the GCC to act  
21 in a concurrent capacity as corporate secretary of, or assigned to perform special or  
22 additional tasks in, any of the government corporations and by virtue of such  
23 designation or assignment, receive such additional compensation and privileges as  
24 maybe granted them by the concerned government corporation.

25  
26 **SECTION 9. *Attorney's fees and Special Assessment***. - The OGCC is authorized to  
27 receive twenty percent (20%) of all the money claims collected by, or  
28 awarded/adjudged to government corporations in addition to the attorney's fees  
29 awarded by a court, tribunal or panel, including awards/judgments, stipulated under  
30 court-approved compromises.

31  
32 The OGCC is hereby authorized to use such awards and attorneys fees to meet  
33 contingencies, obligations and undertakings, or for employee salaries, allowances,  
34 other benefits and incentives in Section 5 hereof, necessary or proper to promote  
35 efficiency in the service as determined by the GCC.

36  
37 The GCC is likewise authorized to make special assessments upon GOCCs to  
38 similarly meet such contingencies, obligations and undertakings, or to provide for  
39 employee salaries, allowances, other benefits and incentives, as may be warranted or  
40 proper as determined by the GCC.

41  
42 Attorney's fees and special assessments shall be deposited in an authorized  
43 government depository as a trust liability and shall be made available for expenditure  
44 without the need for a Cash Disbursement Ceiling, for purposes of upgrading facilities  
45 and equipment, granting of employees' incentive pay and other benefits, and  
46 defraying such other incentive expenses not provided for in the General  
47 Appropriations Act as may be determined by the GCC. In both cases, the usual  
48 accounting and auditing procedures shall apply.

49  
50 **SECTION 10. *Franking Privilege*** - All official matters and telegrams of the  
51 OGCC addressed for delivery within the Philippines shall be received, transmitted  
52 and delivered free of charge.

1  
2       **SECTION 11. Appropriations** - The amount needed for employees' salaries,  
3 mandatory allowances and benefits under other laws, maintenance and other  
4 operating expenses and capital outlay shall be appropriated in the budget of the  
5 OGCC under the annual General Appropriations Act.  
6

7       **SECTION 12. Implementing Rules and Regulations** -Within sixty (60) days from  
8 the approval of this Act, the GCC, in consultation with the Secretary of the Justice and  
9 Secretary of Budget and Management, shall promulgate such rules and regulations as  
10 may be necessary to carry out the provisions of this Act.  
11

12       **SECTION 13. Repealing Clause**- Provisions of Presidential Decree No. 1415  
13 dated June 9, 1978 Other provisions of Presidential Decree 1415, Executive Order 292  
14 or the Revised Administrative Code of 1987, as amended, Executive Order 878 dated  
15 March 4, 1983, Republic Act 6000 dated August 4, 1969 and other pertinent laws rules  
16 and regulations shall remain in force and effect unless otherwise contrary or  
17 inconsistent with the provisions of this Act.  
18

19       **SECTION 14. Separability Clause** -If any of the provisions of this Act is declared  
20 invalid or unconstitutional, the provisions not affected thereby shall continue to be in  
21 full force and effect.  
22

23       **SECTION 15. Effectivity** - This Act shall take effect after fifteen (15) days from  
24 its publication in the Official Gazette or in a national newspaper of general circulation.  
25

26       *Approved,*