

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



Senate
Office of the Secretary

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SENATE

Senate Bill No. 1853

RECEIVED BY: *ji*

Introduced by **SENATOR JOSEPH VICTOR G. EJERCITO**

EXPLANATORY NOTE

While public officials in general, including elective officials, are given retirement pensions and other benefits upon their retirement or when they vacate office, barangay officials all over the country are treated differently as they are not given the same benefits.

This is surely unjust since Barangay officials fulfill a major public function in administering to the needs of the people in barangays but unlike other public officials they are left to fend for themselves once they leave office. It is very likely that many of these officials do not have other jobs while serving as Barangay officials or have left their paying jobs in order to focus their attention on their work as Barangay officials. Adding insult to injury, the pay of Barangay officials are way below the already very low minimum wage standards and are grossly inadequate to afford these officials some form of savings while they are in office. In fact, their honoraria is dismally incapable of feeding and maintaining their family.

These Barangay officials do not enjoy any form of social security upon leaving office as they do not have the means or the income to meet the rising cost of living, their increasing medical needs or just their day to day expenses. Instead of enjoying life during their retirement, these officials are forced to look for paying work as they worry about where their next meal will come from, or where they will get the funds for their maintenance medicine. They deserve some form of benefit during their retirement days. Even those who are not yet of retirement age but who failed to retain their post, also deserve some form of benefit since they have also offered themselves to public service during their term, without receiving any salary.

This Bill seeks to provide benefits to these barangay officials by providing them with the means through pension, to start an income-generating activity or jump start their post-Barangaylife or just have some means to sustain their daily living expense. Said pension shall be sourced from the use of the income derived from the extraction of natural gas in Malampaya that forms part of Special Account in the General Fund (SAGF) 151 otherwise known as the Malampaya fund. The Malampaya fund, which as of 2011 totaled to approximately PhP 125 Billion, does not form part of the source of funds for the annual General Appropriations Act (GAA). This huge amount of money wastefully languishes in the said special account and merely serves as a "presidential pork barrel". It is usually abused - if not for corrupt transactions, it is misused in misplaced priorities and projects unfairly given to favored individuals or agencies.

It is surely unacceptable that while Congress allocates and the national government spends billions of pesos annually to fund the pension benefits of members of the Armed Forces of the Philippines (AFP), whose pension fund was squandered by its pension fund officials years ago, we have refused to do the same for the Barangay officials. Unlike the soldiers, these Barangay officials took on their job without any salary, so it is certainly unjust for government to deprive these officials of pension just because they have rendered public service for free! In fact, unlike the billions allocated by the national budget each year to the AFP pension fund, the Barangay pension fund will use the Malampaya fund, which does not even form part of the GAA.

Previous bills seeking to provide pension for Barangay officials, because it sourced its funding from the GAA, foundered in the face of resistance from the Department of Budget and Management (DBM) who jealously guarded the national budget from being used for barangay pension. Many also found it improbable to source the same from the Local Government Unit (LGU) - Internal Revenue Allotment (IRA) which, in many cities and municipalities, are barely enough for the needs of their communities. Bayan Muna, aware of this situation, devoted a lot of effort in studying potential sources of funds before it filed this bill.

This bill should not go the same route as the other bills because it has found a source of funding called the Malampaya fund. Government cannot deny Barangay officials the use of the Malampaya fund because 80% of the Malampaya fund has remained untapped every year, proof that there is no "pressing or urgent project or need" that will be deprived if the Malampaya fund is used for the Barangay pension fund. In fact, the Commission on Audit (COA) in its 2010 report criticized the lost

opportunity, which results by allowing the Malampaya fund to languish untapped in a special account.

Congress is now asked to stand firm, and make use of the Malampaya funds for the benefit of thousands of Barangay officials all over the country. It is time that the Malampaya fund be used for a worthwhile purpose – the granting of pension to Barangay officials who have retired after years of service.

This bill concretely addresses a need and provides a solution to a serious problem. Colleagues in Congress must help end the discrimination and unfair treatment suffered by our Barangay officials, who unlike other government employees, are deprived of their basic right to social security.

The immediate passage of this Bill is strongly urged.



JOSEPH VICTOR G. EJERCITO

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**AN ACT CREATING THE BARANGAY PENSION FUND
TO PROVIDE PENSION BENEFITS TO ALL BARANGAY OFFICIALS**

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

SECTION 1. This Act shall be known as ***Barangay Pension Fund Act of 2013***.

SECTION 2. Declaration of Policy. - It is hereby declared the policy of the State to promote a just and dynamic social order that will free the people from poverty through policies that provide adequate social services, promote full employment, a rising standard of living, and an improved quality of life for all.

SECTION 3. The Barangay Pension Fund (Fund hereafter) is hereby established to provide pension benefits to all Barangay officials, specifically the Punong Barangay, members of the Barangay Council, the Barangay Treasurer and the Barangay Secretary.

SECTION 4. Barangay Pension Fund Council - There is hereby created an independent body called Barangay Pension Fund Council with the following duties and functions:

1.to manage the funds and invest it properly to ensure its sustainability and increased capacity to provide benefits;

2.to approve the pension plan that shall become the basis for the allocation of benefits for its pensioners;

3.to promulgate implementing rules and regulations of this Act;
and

4.to perform other duties and functions towards the efficient and effective implementation of this Act.

SECTION 5. The Barangay Pension Fund shall be funded from Special Account in the General Fund (SAGF) 151 otherwise known as the Malampaya Fund and shall include all the revenues that shall accrue to the government from the service contracts and agreements involving the Malampaya natural gas. Section 8 of Presidential Decree No. 910 is hereby amended accordingly:

“Section 6. All fees, revenues and receipts of the Board from any and all sources including receipts from service contracts and agreements such as application and processing fees, signature bonus, discovery bonus, production bonus; all money collected from concessionaires, representing unspent work obligations, fines and penalties under the Petroleum Act of 1949; as well as the government share representing royalties, rentals, production share on service contracts and similar payments on the exploration, development and exploitation of energy resources, shall form part of a Special Fund to be used to finance energy resource development and exploitation programs and projects of the government and for such other purposes as may be hereafter directed by the President. **PROVIDED, THE REVENUES IN SAGF 151 OTHERWISE KNOWN AS THE MALAMPAYA FUND SHALL BE EXCLUSIVELY USED FOR THE BARANGAY PENSION FUND AS MAY BE PROVIDED BY LAW.**”

SECTION 7. Repealing Clause. – All laws, executive and administrative orders or parts thereof, inconsistent with any provision of this Act are hereby repealed or amended accordingly.

SECTION 8. Budgetary Appropriation. – An initial amount of TWENTY MILLION PESOS (PhP 20,000,000.00) shall be appropriated from the General Appropriations Act for the establishment and operations of the Barangay Pension Council.

SECTION 9. This Act shall take effect after fifteen (15) days following the completion of its publication in the Official Gazette or in a national newspaper of general circulation.

Approved,