

SENATE

S. No. 515

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Introduced by Senator Antonio "Sonny" F. Trillanes IV

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AN ACT  
CREATING THE GOVERNMENT ASSET MANAGEMENT AUTHORITY,  
DEFINING ITS POWERS AND FUNCTIONS, APPROPRIATING FUNDS  
THEREFOR, AND FOR OTHER PURPOSES

EXPLANATORY NOTE

Proclamation No. 50, issued on 08 December 1986, launched a program for the disposition of non-performing assets of government financial institutions and government corporations that have been found unnecessary and inappropriate for the public sector to maintain. It created the Committee on Privatization (COP) and the Asset Privatization Trust (APT). These were replaced, however, by the Privatization Council (PrC) and the Privatization and Management Office (PMO) by virtue of Executive Order No. 323 issued on 06 December 2001.

Considering that there are still a number of government assets to be subsequently divested to the private sector, a specialized corporate body should therefore be organized.

This bill seeks to create the Government Asset Management Authority (GAMA), which shall pursue a coordinated and efficient program for the disposition and liquidation of non-relevant and non-performing government assets, including surrendered assets of the Presidential Commission on Good Government (PCGG). Consequently, it proposes to abolish the PC, PMO and the Board of Liquidators, and their respective properties, assets and liabilities, fund, and personnel immediately transferred to the GAMA.

The GAMA shall remit to the National Treasury any and all proceeds from the sale and disposition of government assets, in which 60% shall go to the special account of the Agrarian Reform Fund and 40% to the General Fund.

In view of the foregoing, the immediate approval of this bill is earnestly sought.

  
ANTONIO "SONNY" F. TRILLANES  
Senator

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

1           **SECTION 1. Short Title.** - This Act shall be known as the "Government Asset  
2 Management Act of 2016."  
3

4           **SEC. 2. Declaration of Policy.** - It is hereby declared policy of the State to promote  
5 an orderly, coordinated, and efficient program for the prompt disposition and liquidation of  
6 non-relevant and non-performing assets of government agencies and government owned or  
7 controlled corporations, including surrendered assets and idle properties which have been  
8 found unnecessary or inappropriate for the government sector to maintain.  
9

10           **SEC. 3. Definition of Terms.** - As used in this Act, the following terms shall mean:  
11

12           A) "Disposition" which shall also be known as "Privatization," refers to the transfer  
13 of government corporations, activities, or assets of government or its agencies to  
14 private ownership. It could also include sale of shares of stock, sale of physical  
15 assets, leasing, concession, joint venture schemes, management or maintenance  
16 contracts, or securitization.  
17

18           B) "Assets" refer to: (1) receivables and other obligations due to the Government or  
19 its agencies under credit, lease, indemnity, and other agreements together with all  
20 collateral security and other rights (including but not limited to rights in relations  
21 to shares of stock in corporation such as voting rights as well as right to appoint  
22 directors of a corporation or otherwise engage in the management thereof granted  
23 to the Government or its agencies by contract or operation of law to secure or  
24 enforce the right of the payment of such obligation; (2) real and personal property  
25 of any kind owned or held by the Government, including shares of stock in  
26 corporation, obtained by the Government or its agencies, whether directly or  
27 indirectly, through foreclosure or other means, in settlement of such obligations  
28 and surrendered assets within the purview of Executive Order Nos. 1 and 2, series  
29 of 1986; (3) shares of stocks and other investments held by the Government or its  
30 agencies; (4) government corporations whether as parent or subsidiary  
31 corporations; and (5) such other items as may be identified by law.  
32

- 1 C) "Surrendered Assets" refer to any asset, property, business enterprise, or material  
2 possession of persons ceded to the National Government by virtue of compromise  
3 agreements entered into by the Presidential Commission on Good Government  
4 (PCGG) pursuant to Executive Order Nos. 1 and 2, series of 1986. It shall also  
5 include such similar assets that may be surrendered to the National Government in  
6 the future.  
7
- 8 D) "Idle Properties" refer to all real properties such as land, buildings, and other  
9 improvements located in the Philippines and abroad owned by the National  
10 Government through its departments, bureaus, offices, or agencies which have not  
11 been substantially developed, improved, or cultivated for a period of more than  
12 five (5) years as of the effectivity of this Act or thereafter.  
13
- 14 E) "Board" refers to the Governing Board of the Government Asset Management  
15 Authority constituted under this Act.  
16
- 17 F) "Government-owned or Controlled Corporation (GOCC)" refers to a corporation  
18 which is created by special law or incorporated and organized under the  
19 Corporation Code and in which the government, directly or indirectly, has  
20 ownership of the majority control and which is explicitly intended under that law  
21 and government policy for ultimate transfer to private ownership under certain  
22 specified conditions shall be considered a GOCC, until it is transferred to private  
23 ownership and control: *Provided, however,* That an acquired asset corporation  
24 which is either (1) under private ownership, the voting or outstanding shares of  
25 which (i) were conveyed to the government or to a government agency,  
26 instrumentality or corporation in satisfaction of debts whether by foreclosure or  
27 otherwise, or (ii) were duly acquired by government through final judgment in a  
28 sequestration proceeding; or (2) a subsidiary of a government corporation  
29 organized exclusively to own and manage, or lease, or operate specific physical  
30 assets acquired by a government financial institution in satisfaction of debts  
31 incurred therewith, and which in any case by law or by enunciated policy is  
32 required to be disposed of to private ownership within a specified period of time  
33 shall not be considered as GOCC or government corporation.  
34

35 **SEC. 4. *Creation of the Government Asset Management Authority.*** - For the  
36 purpose of carrying out the above-stated policy, there is hereby created a body corporate to be  
37 known as the "Government Asset Management Authority," hereinafter referred to as the  
38 "Authority," which shall have its principal office in Metropolitan Manila. The Authority may  
39 establish such branches and offices as it may deem necessary for the attainment of the  
40 objectives of this Act. The Authority shall be attached to the Department of Finance.  
41

42 **SEC. 5. *Powers and Functions.*** - The Authority, in addition to the regular powers  
43 and functions provided under the Corporation Code of the Philippines, shall have the  
44 following powers and functions:  
45

- 46 A) To develop and implement a comprehensive plan in identifying non-relevant and  
47 non-performing assets of government agencies and government owned or  
48 controlled corporations, government corporations whether parent or subsidiary,  
49 surrendered assets, and idle properties for privatization;  
50

- 1 B) To establish guidelines for the conversion, rehabilitation, and disposition of  
2 government assets and corporations;  
3
- 4 C) To approve or disapprove, on behalf of the National Government, the sale or  
5 disposition of government assets;  
6
- 7 D) To exercise on behalf of the National Government rights of ownership and/or  
8 administration with respect to such assets, including the right to vote, whether  
9 directly or through duly authorized nominees, shares of stocks held in the name of  
10 the National Government;  
11
- 12 E) To enter into contracts, acquire, purchase, hold, lease, transfer, and dispose of  
13 property of any kind or nature necessary to carry out the purpose of this Act;  
14
- 15 F) To establish, operate, manage, control, and supervise all activities connected with  
16 the efficient management and disposition of government assets and corporations;  
17
- 18 G) To receive and hold by request, donation, or by any gratuitous title and to manage  
19 or administer or dispose any asset, grant, or property, real or personal, from  
20 foreign or domestic sources, subject to such limitations as are provided in existing  
21 laws and regulations;  
22
- 23 H) To investigate and file cases in relation to conservation, rehabilitation, disposition,  
24 and liquidation of non-relevant and non-performing assets of the government;  
25
- 26 I) To undertake the conservation, rehabilitation, and disposition of non-relevant or  
27 nonperforming government assets: *Provided*, That the budget for each  
28 rehabilitation project shall be subject to prior approval of the Board;  
29
- 30 J) To seek and secure the assistance of any office, agency, or instrumentality of the  
31 government;  
32
- 33 K) To issue such regulations as may be necessary for the proper use by private parties  
34 of any or all of the Authority's properties and to impose fees or tolls for the use of  
35 such properties;  
36
- 37 L) To issue necessary guidelines to all government agencies to govern activities on  
38 the disposal of government corporate assets;  
39
- 40 M) To consult, deputize, or request the assistance of appropriate government agencies  
41 or instrumentalities for the purpose of enforcing this Act and its implementing  
42 rules and regulations, as well as the orders and decisions of the Authority;  
43
- 44 N) To adopt, prescribe, and promulgate such rules and regulations as may be  
45 necessary for the proper implementation of this Act;  
46
- 47 O) To exercise the right of eminent domain as may be necessary for the purposes for  
48 which the Authority is created; and  
49

1 P) To do any and all acts and things and to exercise all powers which may be  
2 necessary or convenient to the accomplishment or furtherance of its purposes and  
3 objectives, or which a natural person can do and exercise and which may now be  
4 or hereafter be authorized by law.  
5

6 **SEC. 6. *Governing Board.*** - The affairs and business of the Authority shall be  
7 directed and its properties managed and preserved by a Governing Board, hereinafter referred  
8 to as the "Board", which shall be composed of the Secretary of the Department of Finance as  
9 the ex-officio Chairman, and the following as members:  
10

11 A) the Secretary of the Department of Justice;

12  
13 B) the Director General of the National Economic and Development Authority;

14  
15 C) the Secretary of the Department of Trade and Industry;

16  
17 D) the Secretary of the Department of Budget and Management; and

18  
19 E) two (2) representatives from the private sector to be appointed by the President of  
20 the Philippines for a term of three (3) years: *Provided*, That the person appointed  
21 shall be of good moral character, of unquestionable integrity, of known probity  
22 and patriotism, and with experience of at least ten (10) years in business or  
23 finance: *Provided, further*, That in the event of a vacancy, the successor appointed  
24 to fill the same shall serve only the unexpired portion of the term of the member  
25 he succeeds to.  
26

27 **SEC. 7. *Meetings.*** - The Board shall meet as frequently as is necessary to discharge  
28 its responsibilities: *Provided*, That it shall meet at least once every month. The presence of a  
29 majority of the members present at a meeting at which a quorum exists shall be adequate for  
30 any decision by the Board. Whenever any member of the Board is unable to attend a  
31 particular meeting, he may designate any of his immediate subordinate with the rank of  
32 undersecretary or its equivalent to attend in his stead.  
33

34 **SEC. 8. *Per Diems.*** - The members of the Board shall be entitled to receive per diem  
35 for every meeting actually attended at rates to be approved by the President of the Philippines  
36 upon the recommendation of the Department of Budget and Management.  
37

38 **SEC. 9. *Powers and Functions of the Board.*** - The Board shall have the following  
39 powers and functions:  
40

41 A) To adopt the by-laws of the Authority and to revise the same as may be  
42 expedient;

43  
44 B) To direct the management, operations, and administration of the Authority;

45  
46 C) To approve the annual budget to cover the operations of the Authority based  
47 on the following: (1) fees and charges imposed by the Authority; (2) payment  
48 for the utilization of the projects of the Authority; and (3) annual  
49 appropriations and other funds which Congress may approve for the  
50 Authority;

- 1  
2 D) To formulate, revise, or adjust periodically all policies, plans and programs,  
3 and to promulgate the necessary rules and regulations to carry out the purposes  
4 and objectives of this Act;  
5  
6 E) To create the organizational structure and staffing pattern necessary for the  
7 efficient management, operation, and administration of the Authority, subject  
8 to the Civil Service laws, rules and regulations;  
9  
10 F) To fix the compensation, emoluments and allowances of the officers and  
11 employees of the Authority, subject to existing laws, rules and regulations;  
12 and  
13  
14 G) To perform such other functions as may be necessary and proper for the  
15 effective enforcement of this Act and to accomplish the purposes for which the  
16 Authority was organized.  
17

18 **SEC. 10. Administrator.** - The Authority shall have an Administrator to be appointed  
19 by the President of the Philippines for a term of five (5) years unless sooner removed for  
20 cause. He shall be a person of good moral character, of unquestionable integrity, of known  
21 probity and patriotism, and with expertise and experience of at least ten (10) years in  
22 professional management with a strong background in the legal profession, business, or  
23 finance. He shall receive such compensation, allowances, and other emoluments as may be  
24 approved by the President of the Philippines upon the recommendation of the Board.  
25

26 **SEC. 11. Powers and Duties of the Administrator.** - The Administrator shall have the  
27 following powers, duties, and responsibilities:  
28

- 29 A) To submit to the Board, through the Chairman, policies and measures which,  
30 in his judgment, are necessary to carry out the purposes and provisions of this  
31 Act;  
32  
33 B) To implement and execute the policies and measure approved by the Board;  
34  
35 C) To prepare the budget of the Authority for approval by the Board;  
36  
37 D) To appoint all employees of the Authority, except the heads of departments  
38 and divisions whose appointments shall be made by the Board upon his  
39 recommendation, and to remove, dismiss or otherwise discipline for cause  
40 such employees in accordance with the Civil Service laws, rules, and  
41 regulations;  
42  
43 E) To represent the Authority in all dealings with other offices, agencies, and  
44 instrumentalities of the Government and with all persons and entities, public  
45 or private, domestic or foreign; and  
46  
47 F) To exercise such other powers as may be granted to him by the Board.  
48

49 **SEC. 12. Legal Counsel.** - The Office of the Government Corporate Counsel shall be  
50 the General Counsel of the Authority.

1  
2       **SEC. 13. Utilization of Proceeds from Sale of Assets.** - Any or all proceeds from the  
3 sale or any disposition of assets net of fees, related liabilities, and other reimbursable  
4 expenses related to custodianship, marketing, selling, and disposition of assets of the  
5 Authority as defined in the implementing rules and regulations to be issued by the  
6 Department of Finance pursuant to Section 24 hereof, shall be remitted immediately to the  
7 National Treasury in the following proportion: sixty percent (60%) to the special account to  
8 the Agrarian Reform Fund and forty percent (40%) to the general fund. Provided, That in the  
9 case of proceeds from sale of transferred assets recorded in the books of the Bureau of the  
10 Treasury, the check shall be made payable in the name of the Treasurer of the Philippines and  
11 shall be remitted immediately to the National Treasury in the same proportion as mentioned  
12 above.  
13

14       With respect to the sale or other disposition of government owned or controlled  
15 corporations, all government owned or controlled corporations except for the Government  
16 Service Insurance System and the Social Security System, shall remit to the National  
17 Treasury at least fifty percent (50%) of the net proceeds derived from the sale or disposition  
18 of assets. For this purpose, net proceeds shall mean gross proceeds less related liabilities and  
19 selling expenses.  
20

21       The preceding paragraphs, however, shall not apply to assets surrendered to or  
22 otherwise recovered by Presidential Commission on Good Government. Any and all proceeds  
23 from the sale or disposition of assets recovered by the PCGG shall be remitted to the National  
24 Treasury in a special account for Agrarian Reform in accordance with the Comprehensive  
25 Agrarian Reform Law: *Provided*, That recoveries relating to the coconut levy shall be  
26 deposited in a special account in trust for coconut farmers.  
27

28       **SEC. 14. Exemption from Taxes, Fees and Other Charges.** - The Authority, as well  
29 as the corporations and assets held by it, shall be exempt from all taxes, fees, charges,  
30 imposts, and assessments arising from or occasioned by the passing of title over such  
31 corporations or assets from the government institutions to the Authority and/or from the  
32 Authority to a private acquirer or buyer imposed by the National Government or any  
33 subdivision thereof including but not limited to stock transfer taxes, capital gains tax,  
34 documentary stamps, registration fees and the like: *Provided*, That in case the said  
35 government institutions acquired the said assets by foreclosure, non-payment of similar taxes,  
36 fees, charges, imposts, and assessments shall not be a bar to the consolidation of title in the  
37 foreclosing institutions and the subsequent passing of title to the Authority or the  
38 corporations held by the Authority.  
39

40       **SEC. 15. Publication.** - The sale or disposition of assets shall be published in at least  
41 three (3) newspapers of general circulation for three (3) consecutive days: *Provided*, That the  
42 last publication shall occur at least ten (10) days prior to the scheduled bidding or date of  
43 negotiation.  
44

45       **SEC. 16. Restraining Order.** - No court or administrative agency in the Philippines,  
46 except the Court of Appeals, shall issue any restraining order or writ of preliminary  
47 injunction against the Authority in connection with the acquisition, sale, or disposition of  
48 assets in accordance with this Act, nor shall such order or writ be issued against the purchaser  
49 of assets sold or disposed of by the Authority to prevent such purchaser from taking  
50 possession of such assets.

1  
2       **SEC. 17. Public Accountability.** - To ensure public accountability, the Authority shall  
3 be subject to the audit of the Commission on Audit and shall comply with all accounting and  
4 auditing rules and regulations and those which it may hereafter promulgate of its  
5 constitutional mandate.  
6

7       **SEC. 18. Merit System.** - All officials and employees of the Authority shall be  
8 selected and appointed on the basis of merit and fitness. The recruitment, transfer, promotion,  
9 and dismissal of all its employees including temporary personnel shall be in accordance with  
10 Civil Service law, rules, and regulations.  
11

12       **SEC. 19. Transitory Provisions.** - The Privatization Council, the Privatization and  
13 Management Office, and the Board of Liquidators are hereby abolished, and their powers and  
14 functions, including their applicable funds and appropriations, records, equipment, facilities,  
15 rights, other assets, and personnel shall thereafter immediately be transferred to the  
16 Authority. All contracts and liabilities, if any, are hereby also transferred to and assumed by  
17 the Authority and shall be acted upon in accordance with the Auditing and shall be acted  
18 upon in accordance with the Auditing Code and other pertinent laws, rules, and regulations:  
19 *Provided*, That the officers and employees of said agencies who will be needed for the  
20 continuity of the programs shall continue in a holdover capacity until such time as the new  
21 officers and employees of the Authority shall have been duly appointed pursuant to the  
22 provisions of this Act.  
23

24       The management and disposition of surrendered assets as well as assets already  
25 recovered by final judgment of the Presidential Commission on Good Government are hereby  
26 transferred to the Authority.  
27

28       Upon approval of this Act, the Commission on Audit shall undertake an examination  
29 of all assets and liabilities remaining with the Privatization Council, the Privatization and  
30 Management Office, and the Board of Liquidators. The Commission on Audit shall complete  
31 such examination within one hundred eighty (180) days from the effectivity of this Act.  
32

33       Lawsuits initiated by the Privatization Council, the Privatization and Management  
34 Office, the Board of Liquidators, and the Presidential Commission on Good Government in  
35 so far as surrendered assets are concerned, which are still pending before appropriate courts  
36 upon the abolition of the said agencies, shall be pursued by the Office of the Government  
37 Corporate Counsel until their proper termination in the name of or on behalf of the  
38 Government.  
39

40       **SEC. 20. Structure and Staffing Pattern.** - Within thirty (30) days from the  
41 effectivity of this Act, the Board of Directors, pursuant to Section 9(e) hereof shall create the  
42 organizational structure and staffing patter of the Authority, subject to the approval by the  
43 Department of Budget and Management within ninety (90) days from submission thereof.  
44

45       **SEC. 21. Separation and Retirement Benefits.** - The personnel of the herein  
46 abolished agencies who are not absorbed in the new staffing pattern of the Authority shall be  
47 deemed separated from the service and shall receive separation benefits in accordance with  
48 existing laws. Those who are eligible and/or opt to retire shall be entitled to receive such  
49 benefits as authorized under existing laws, rules, and regulations.  
50



1           **SEC. 22. Appropriations.** - The amount necessary for the initial implementation of  
2 this Act shall be taken from the existing appropriations under the current year's General  
3 Appropriations Act of Privatization Council, the Privatization and Management Office, and  
4 the approved budget of the Board of Liquidators for the current year by the Office of the  
5 President. Thereafter, such sums as may be necessary for the continued operation of the  
6 Authority shall be included in the annual General Appropriations Act.  
7

8           **SEC. 23. Congressional Review.** - Every three (3) years after the effectivity of this  
9 Act. Congress shall conduct a systematic evaluation of the Authority to determine whether or  
10 not its performance, impact or accomplishment with respect to its mandates merits its  
11 continued existence. Such evaluation shall be undertaken by the Committee on Government  
12 Corporations and Public Enterprises of the Senate and the Committee on Government  
13 Enterprises and Privatization of the House of Representatives which have legislative  
14 jurisdiction over the Authority.  
15

16           **SEC. 24. Implementing Rules and Regulations.** - Within sixty (60) days from the  
17 approval of this Act, the Authority, with the Department of Finance, shall promulgate the  
18 necessary rules and regulations for the efficient implementation of this Act: *Provided*, That  
19 the rules and regulations shall be published in two (2) newspapers of general circulation.  
20

21           **SEC. 25. Separability Clause.** - If for any reason, any provision of this Act or the  
22 application thereof to any person or circumstances, is held invalid or unconstitutional, the  
23 remaining provisions not affected thereby shall continue to be in full force and effect.  
24

25           **SEC. 26. Repealing Clause.** - Executive Order No. 372 (s. 1950), Executive Order  
26 No. 323 (s. 2000), Republic Act No. 8758, Executive Order No. 12 (s. 1998), Republic Act  
27 No. 7886, Republic Act No. 7661, Executive Order No. 37 (s. 1992), Executive Order No. 11  
28 (s. 1992), Republic Act No. 7181, Administrative Order No. 14 (s. 1987), Proclamation No.  
29 50, and Proclamation 50-A are hereby repealed. All other laws, decrees, orders,  
30 proclamations, rules and regulations, or parts thereof, inconsistent with or contrary to the  
31 provision of this Act or its purposes are hereby repealed, amended or modified accordingly.  
32

33           **SEC.27. Effectivity.** - This Act shall take effect fifteen (15) days after its publication  
34 in the Official Gazette or in at least two (2) newspapers of general circulation.

*Approved,*