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SENATE

S. No. 851

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Introduced by Senator Ralph G. Recto

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**AN ACT**  
**MODERNIZING PUBLIC HEALTH INFRASTRUCTURE, PROVIDING FUNDS FROM**  
**THE PHILIPPINE AMUSEMENT AND GAMING CORPORATION (PAGCOR)**  
**INCOME, AMENDING FOR THE PURPOSE PRESIDENTIAL DECREE NO. 1869, AS**  
**AMENDED BY REPUBLIC ACT NO. 9487**

**Explanatory Note**

An overview of the Philippine Health Sector Reform in the Philippines described the country's health sector as one that exists in the context of persistent poverty and financial challenges<sup>1</sup>. As the population continues to grow, public health spending becomes inadequate. Most of our public hospitals have deteriorated in terms of available medical equipment and facilities as compared to their private counterparts. Such condition affects the quality of healthcare and services that they provide to the Filipino people particularly the poor.

On the other side of the spectrum, there is quite a number of Government Owned and Controlled Corporations (GOCCs), including the Philippine Amusement and Gaming Corporation (PAGCOR) that has been in the spotlight in the recent past due to controversies involving the alleged misuse of their funds.

Findings of the previous PAGCOR management indicted the Corporation's former officials for transgressions in the use of its income in the past few years. Other anomalous transactions were noted including the use of revenues for partisan activities and failure to allocate and remit the mandatory contributions to beneficiaries. Likewise, some of the mandated contributions out of PAGCOR's income have now become obsolete because the Corporation's Charter has not been amended since the year 2007.

This bill proposes to amend the PAGCOR charter by allocating the 50% share of the national government in the aggregate gross earnings of the Corporation to fund the modernization of public health infrastructure, specifically of all district, provincial and regional hospitals in the country. This allocation is meant to improve the quality of healthcare that the public hospitals deliver by modernizing their medical equipment and facilities, supporting their possible increase in bed capacity and providing additional funding for the procurement of necessary medicines.

The necessary requirements for personal services in line with the said modernization of public health infrastructure shall be included in the General Appropriations Act under the Department of Health.

With PAGCOR funds used to finance the modernization of public health infrastructure, the financial challenges in public health sector and the issues on transparency and effective utilization of the Corporation's income shall be addressed.

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

  
RALPH G. RECTO


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<sup>1</sup> See Herrera et al, "Overview of Health Sector Reforms in the Philippines and Possible Opportunities for Public-Private Partnerships", Asian Institute of Management. Accessed at file:///C:/Users/acer/Downloads/health%20sector%20reform.pdf.pdf on June 27, 2016.

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**AN ACT**  
**MODERNIZING PUBLIC HEALTH INFRASTRUCTURE, PROVIDING FUNDS FROM THE PHILIPPINE AMUSEMENT AND GAMING CORPORATION (PAGCOR) INCOME, AMENDING FOR THE PURPOSE PRESIDENTIAL DECREE NO. 1869, AS AMENDED BY REPUBLIC ACT NO. 9487**

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

1        **SECTION 1.** Section 1 of Presidential Decree No. 1869, as amended by Republic Act No.  
2 9487 is hereby further amended to read as follows:

3                "Section 1. Declaration of Policy. — It is hereby declared to be the policy of the  
4 State to centralize and integrate all games of chance not heretofore authorized by existing  
5 franchises or permitted by law in order to attain the following objectives:  
6 (a) To centralize and integrate the right and authority to operate and conduct games of  
7 chance into one corporate entity to be controlled, administered and supervised by the  
8 Government;

9 (b) To establish and operate clubs and casinos, for amusement and recreation, including  
10 sports gaming pools (basketball, football, lotteries, etc.) and such other forms of  
11 amusement and recreation including games of chance, which may be allowed by law  
12 within the territorial jurisdiction of the Philippines and which will [(1)] generate sources  
13 of additional revenue **FOR THE MODERNIZATION OF PUBLIC HEALTHCARE**  
14 **AND HEALTH INFRASTRUCTURE;** [to infrastructure and socio-civic projects, such  
15 as flood control programs, beautification, sewerage and sewage projects, Tulungan ng  
16 Bayan Centers, Nutritional Programs, Population Control and such other essential public  
17 services;]

18 **(C) [(2)] TO** create recreation and integrated facilities which will expand and improve the  
19 country's existing tourist attractions; **AND**

20 **(D) [(3)] TO** [minimize, if not totally] eradicate [,] the evils, malpractices and corruptions  
21 that are normally prevalent in the conduct and operation of gambling clubs and casinos  
22 without direct government involvement."

23        **SEC. 2.** Section 7 of Presidential Decree No. 1869, as amended by Republic Act No. 9487 is  
24 hereby further amended to read as follows:

1 "Section 7. Powers, Functions and Duties of the Board of Directors. — The Board  
2 shall have the following powers, functions and duties;

- 3 a) To allocate and distribute[, with the approval of the Office of the President of the  
4 Philippines,] the earnings of the Corporation **AS PROVIDED FOR BY LAW** [earmarked  
5 to finance infrastructure and socio-civic projects];
- 6 b) To designate the commercial bank that shall act as the depository bank of the Corporation  
7 and/or trustee of the funds of the Corporation;
- 8 c) To prepare and approve at the beginning of each calendar year the budget that may be  
9 necessary under any franchise granted to it, to insure the smooth operation of the  
10 Corporation; and to evaluate and approve budgets submitted to it by other corporations or  
11 entities with which it might have any existing contractual arrangement; **AND**
- 12 [d) To submit to the Office of the President of the Philippines before the end of February of  
13 each year a list of all the infrastructure and/or socio-civic projects that might have been  
14 financed from the Corporation's earnings, and to submit such periodic or other reports as  
15 may be required of it from time to time; and]
- 16 **(D) [(e)]** To perform such other powers, functions and duties as may be directed and authorized  
17 by the President of the Philippines or as may be necessary or proper for the  
18 accomplishment of its purposes and objectives."

19 **SEC. 3.** Section 12 of Presidential Decree No. 1869, as amended by Republic Act No. 9487 is  
20 hereby further amended to read as follows:

21 "Section 12. Special Condition of Franchise. — After deducting five (5%)  
22 percent as Franchise Tax, the Fifty (50%) percent share of the Government in the  
23 aggregate gross earnings of the Corporation from this Franchise shall be immediately set  
24 aside and allocated to fund the **MODERNIZATION OF PUBLIC HEALTH**  
25 **INFRASTRUCTURE THROUGH THE** following: [infrastructure and socio-civil  
26 projects within the Metropolitan Manila Area:

- 27 (a) Flood Control  
28 (b) Sewerage and Sewage  
29 (c) Nutritional Control  
30 (d) Population Control  
31 (e) Tulungan ng Bayan Centers  
32 (f) Beautification  
33 (g) Kilusang Kabuhayan at Kaunlaran (KKK) projects; provided, that should the aggregate  
34 gross earning be less than P150,000,000.00, the amount to be allocated to fund the above-  
35 mentioned project shall be equivalent to sixty (60%) percent of the aggregate gross  
36 earning.

37 In addition to the priority infrastructure and socio-civic projects with the Metropolitan  
38 Manila specifically enumerated above, the share of the Government in the aggregate gross  
39 earnings derived by the Corporate from this Franchise may also be appropriated and  
40 allocated to fund and finance infrastructure and/or socio-civic projects throughout the

1 Philippines as may be directed and authorized by the Office of the President of the  
2 Philippines.]

3 (A) ACQUISITION AND/OR UPGRADE OF MEDICAL EQUIPMENT AND  
4 FACILITIES OF ALL DISTRICT, PROVINCIAL AND REGIONAL HOSPITALS  
5 IN THE COUNTRY;

6 (B) REQUIREMENTS FOR THE INCREASE OF BED CAPACITY OF ALL  
7 DISTRICT, PROVINCIAL AND REGIONAL HOSPITALS IN THE COUNTRY;  
8 AND

9 (C) PROCUREMENT OF MEDICINE IN ALL DISTRICT, PROVINCIAL AND  
10 REGIONAL HOSPITALS AS LISTED IN THE REGISTRY OF DOH;

11 *PROVIDED*, THAT THE SUBJECT FUNDS SHALL NOT BE UTILIZED FOR  
12 THE PAYMENT OF PERSONAL SERVICES EXPENDITURES SUCH AS  
13 SALARIES, ALLOWANCES AND OTHER PERSONNEL COMPENSATION:  
14 *PROVIDED, FURTHER*, THAT THE EQUIVALENT AMOUNT NEEDED FOR  
15 PERSONAL SERVICES SHALL BE INCLUDED IN THE GENERAL  
16 APPROPRIATIONS ACT (GAA) UNDER THE BUDGET OF DOH OR LOCAL  
17 GOVERNMENT FUNDS.

18 **SEC. 4. *Implementing Rules and Regulations.*** – Within sixty (60) days upon effectivity of  
19 this Act, the PAGCOR, the DOH and the Department of Budget and Management (DBM) shall  
20 provide the necessary rules and regulations for the proper disposition of the said funds and the  
21 effective implementation of this Act.

22 **SEC. 5. *Separability Clause.*** – If any provision of this Act is subsequently declared  
23 unconstitutional, the validity of the remaining provisions hereof shall remain in full force and effect.

24 **SEC. 6. *Repealing Clause.*** – All laws, decrees, executive orders, rules and regulations and  
25 other issuances or parts thereof which are inconsistent with this Act are hereby repealed or modified  
26 accordingly.

27 **SEC. 7. *Effectivity.*** – This Act shall take effect fifteen (15) days after its publication in the  
28 Official Gazette or in any two (2) newspapers of general circulation.

Approved,

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