



REPUBLIC OF THE PHILIPPINES  
**Senate**  
Pasay City

# Journal

**SESSION NO. 59**  
Tuesday, February 7, 2017

**SEVENTEENTH CONGRESS**  
**FIRST REGULAR SESSION**

---

**SESSION NO. 59**  
Tuesday, February 7, 2017

**CALL TO ORDER**

At 3:05 p.m., the Senate President, Hon. Aquilino "Koko" Pimentel III, called the session to order.

**PRAYER**

Sen. Panfilo M. Lacson led the prayer, to wit:

Gracious, loving and merciful God,

On this day, as the light of Your Word penetrates our hearts, as we are reminded of the gift of life and faith, as the glories of Your Wisdom echo in this august Chamber, we open ourselves up to Your Spirit and give You thanks.

Continue, we pray, to instill in us a profound sense of Your abiding presence, and help us to take to heart the wonder of Your love, that we may walk in Your ways and delight in Your will.

Help us, Lord God, to be the faithful, gracious, loving, giving, and forgiving people You would have us be.

Amen.

**SUSPENSION OF SESSION**

With the permission of the Body, the session was suspended.

*It was 3:07 p.m.*

**RESUMPTION OF SESSION**

At 3:11 p.m., the session was resumed.

**ROLL CALL**

Upon direction of the Senate President, the Secretary of the Senate, Atty. Lutgardo B. Barbo, called the roll, to which the following senators responded:

Aquino, P. B. IV. B.	Lacson, P. M.
Binay, M. L. N. S.	Legarda, L.
De Lima, L. M.	Pacquiao, E. M. D.
Drilon, F. M.	Pangilinan, F. N.
Ejercito, J. V. G.	Pimentel III, A. K.
Escudero, F. J. G.	Sotto III, V. C.
Gatchalian, W.	Villanueva, J.
Honasan, G. B.	Zubiri, J. M. F.
Hontiveros, R.	

*ps* *off*

With 17 senators present, the Chair declared the presence of a quorum.

Senators Angara, Gordon, Poe, Recto and Villar arrived after the roll call.

Senators Cayetano and Trillanes were on official mission abroad to attend the 65<sup>th</sup> National Prayer Breakfast at the Washington Hilton in Washington, D.C.

#### **APPROVAL OF THE JOURNAL**

Upon motion of Senator Sotto, there being no objection, the Body dispensed with the reading of the Journal of Session No. 58 (February 6, 2017) and considered it approved.

#### **ACKNOWLEDGMENT OF THE PRESENCE OF GUESTS**

At this juncture, Senator Sotto acknowledged the presence in the gallery of the following guests:

- Political Science and Public Administration students of the University of Luzon, headed by Professor Magdalena Valdez and Stephen John Santos;
- Graduate school students from the Leyte Normal University;
- Mr. Guillermo Luz, Private Sector Chairman of the National Competitiveness Council;
- Mr. Michael Lim Tiu, Board Member of the National ICT Confederation of the Philippines;
- Mr. Rex Daryanani and Mr. Jeevan Manjani, officers of the Federation of Indian Chambers of Commerce Philippines;
- Ms. Grace Morella from the Philippine Chamber of Commerce, Inc.;
- Assistant Secretary Art Boncato and Susie Agustin from the Department of Trade and Industry;
- Mr. Dennis Reyes and Neil Delgado from the Department of Finance; and
- Mr. Jerwin Ancajas, IBF Super Flyweight World Champion, and Mr. Joven Jimenez, manager-trainer.

Senate President Pimentel welcomed the guests to the Senate.

#### **REFERENCE OF BUSINESS**

The Secretary of the Senate read the following matters and the Chair made the corresponding referrals:

#### **BILLS ON FIRST READING**

Senate Bill No. 1314, entitled

AN ACT EXEMPTING THE BUREAU OF INTERNAL REVENUE FROM THE COVERAGE OF REPUBLIC ACT NO. 6758, OTHERWISE KNOWN AS THE SALARY STANDARDIZATION LAW, AS AMENDED, AND FOR OTHER PURPOSES

Introduced by Senator Sonny Angara

**To the Committees on Ways and Means;  
Civil Service, Government Reorganization and  
Professional Regulation; and Finance**

Senate Bill No. 1315, entitled

AN ACT EXEMPTING THE BUREAU OF INTERNAL REVENUE FROM THE COVERAGE OF REPUBLIC ACT NO. 6758, OTHERWISE KNOWN AS THE SALARY STANDARDIZATION LAW, AS AMENDED, AND FOR OTHER PURPOSES

Introduced by Senator Zubiri

**To the Committees on Ways and Means;  
Civil Service, Government Reorganization and  
Professional Regulation; and Finance**

#### **COMMUNICATIONS**

Letter from the Department of Public Works and Highways, Regional Office V, submitting to the Senate its Financial Accountability Reports (FAR No. 1, FAR No. 1-A, 1-B, FAR No. 3, FAR No. 4 and FAR No. 5) for All Funds for the quarter ending December 31, 2016.

**To the Committee on Finance**

Letters from the *Bangko Sentral ng Pilipinas*, transmitting to the Senate copies of the following



certified and authenticated BSP issuances in compliance with Section 15(a) of Republic Act No. 7653 (The New Central Bank Act):

Memorandum No. M-2017-002 dated 18 January 2017;

Circular Letter Nos. CL-2017-006, 007 and 008 dated 19 and 25 January 2017; and

Circular No. 943 dated 26 January 2017.

**To the Committee on Banks, Financial Institutions and Currencies**

**SPECIAL ORDER**

Upon motion of Senator Sotto, there being no objection, the Body approved the transfer of Committee Report No. 33 on Senate Bill No. 1311 from the Calendar for Ordinary Business to the Calendar for Special Orders.

**COMMITTEE REPORT NO. 33  
ON SENATE BILL NO. 1311**

Upon motion of Senator Sotto, there being no objection, the Body considered, on Second Reading, Senate Bill No. 1311 (Committee Report No. 33), entitled

**AN ACT ESTABLISHING A NATIONAL  
POLICY OF EASE OF DOING  
BUSINESS, CREATING FOR THE  
PURPOSE THE EASE OF DOING  
BUSINESS COMMISSION, AND FOR  
OTHER PURPOSES.**

Pursuant to Section 67, Rule XXIII of the Rules of the Senate, with the permission of the Body, upon motion of Senator Sotto, only the title of the bill was read without prejudice to the insertion of its full text into the Record of the Senate.

Thereupon, the Chair recognized Senator Zubiri for the sponsorship.

**MANIFESTATION OF SENATOR SOTTO**

Senator Sotto stated that Senator Recto will deliver a cosponsorship speech the following day.

**SPONSORSHIP SPEECH  
OF SENATOR ZUBIRI**

Senator Zubiri, on behalf of the Committee on Trade, Commerce and Entrepreneurship, submitted

for plenary consideration Senate Bill No. 1311, entitled "An Act Establishing a National Policy of Ease of Doing Business, Creating for the Purpose the Ease of Doing Business Commission, and for Other purposes," under Committee Report No. 33.

*The full text of Senator Zubiri's sponsorship speech follows:*

The proposed legislation, in substitution of Senate Bill No. 866 authored by the distinguished Minority Leader, Sen. Ralph Recto, and taking into consideration Senate Resolution Nos. 23 and 54 filed by Senators Paolo Benigno "Bam" Aquino and Grace Poe, respectively, seeks to introduce reforms to streamline the requirements and simplify the procedures in the issuances of licenses, clearances and permits to business entities both at the national and local levels.

This bill is the final outcome of a series of public hearings, technical working group meetings and consultations we had conducted with stakeholders from the national agencies, local government units and the business sector, together with the different chambers. I am happy to note that we have friends from the Indian Chamber of Commerce as well as the GoNegosyo group here with us today, together with Mr. Luz of the National Competitive Commission.

This landmark legislation is our answer to the clamor of the business sector and government agencies for ease of doing business in the country, to make our country competitive and compliant with sound global business practices and standards.

Before I proceed with the salient features of this bill, I would like to present first to the Body our standing before the international community on our competitiveness and ease of doing business in the country.

I am referring to the Ease of Doing Business Report 2017 and the Global Competitiveness of 2015-2016. These two studies measure the competitiveness and conduciveness of a country's business environment. The Doing Business Report is a study of the staff of the World Bank with external contributions, and it measures the regulatory quality and efficiency of a country or economy. For 2017, the report says it considered 190 countries or economies, and the Global Competitiveness Report is a compilation or collection of data done by the World Economic Forum.

Based on 2016 and 2017 rankings in the Doing Business Report of the World Bank, the Philippines has climbed in ranking by four





notches, or from 103 in 2016 to rank 99 in 2017. However, despite this gain, notable in the report is our rank on Starting a Business where the Philippines fell by six notches from 2016.

In the Doing Business Report 2017, in the ASEAN region, the Philippines ranked 6<sup>th</sup> out of 10 countries while Singapore tops our region and ranked second worldwide.

**Slide 1 – Philippine Global Competitiveness Index, 2015-2016**

On the first slide, we will show the Philippines' Global Competitiveness Index. The Philippines also improved its ranking by five notches, from rank 52 in 2015 to rank 47 in 2016. The country is steadily improving its ranking in the last four years.

**Slide 2 – Selected Philippine Competitiveness Indices: Infrastructure, 2015**

On the second slide is the Selected Philippine Competitiveness Indices of Infrastructure. For example, in 2015, despite the country's improved ranking, the Philippines still has a lot of catching up to do especially on the Infrastructure Pillar.

**Slide 3 – The Most Problematic Factors of Doing Business in the Philippines**

And the next slide will show the Most Problematic Factors For Doing Business in the Philippines. The most problematic factors for doing business in the country include corruption, inadequate supply of infrastructure, tax regulations and inefficient government bureaucracy. These are the top four complaints of our business folk. The fifth would be tax rates. This is a list coming from the Global Competitiveness Report.

**Slide 4 – Infrastructure Pillar Rankings of ASEAN out of 140 Countries**

On the fourth slide is the Infrastructure Pillar Rankings of ASEAN out of 140 Countries. The Philippines ranks 90<sup>th</sup> among 140 countries, and ranked 6<sup>th</sup> in the ASEAN in the Infrastructure Pillar. Singapore, Malaysia, Thailand, Indonesia and Vietnam are ahead of us in the ranking. Inadequate infrastructure is often cited as a problem, one of the main problems of improving investment climate. We can see that we ranked 90<sup>th</sup>.

**Slide 5 – The Philippines' Infrastructure Spending**

On the fifth slide, on the Infrastructure Spending, I am happy to note that Congress this year, through our hardworking chairman of the

Committee on Finance together with the House contingent earmarked more than P800 billion in the GAA for infrastructure spending this year. That is about five percent of the country's projected GDP for this year. This infrastructure spending is expected to continue and increase within the next six years even reaching seven percent of GDP on the last year of the Duterte administration. And we know, according to the World Bank, a middle-income family in Asia has to spend over 5% of GDP on infrastructure to meet their needs for the next 10 years.

**Slide 6 – Institutional Pillar Rankings of ASEAN out of 140 Countries**

On the sixth slide, Institutional Pillar Rankings of ASEAN out of 140 Countries, we can see that the Philippines ranked 77<sup>th</sup>. This ranking assesses the institutional environment, which covers concepts related to protection of property rights, efficiency and transparency of public administration, independence of the judiciary, physical security, business ethics, and corporate governance.

**Slide 7 – Starting a Business**

On the seventh slide, this is quite interesting. The Philippines has 16 procedures in Starting a Business compared to our ASEAN neighbors like Singapore with three procedures; Malaysia, only three procedures; even Laos or Lao Peoples' Democratic Party is more efficient than us with six procedures together with Thailand. *Tayo po*, we have 16 procedures before we can start a business in this country.

**Slide 8 – Registering a Property**

On the next slide, registering a property is even more difficult in our country. In registering a property, the Philippines has nine procedures while Thailand has three, Singapore and Laos Republic have four each, and Indonesia and Vietnam have five each.

As a matter of fact, in my experience as a businessman when I left the Senate in 2011, in registering a property, we ended up going through several government agencies. We have the Bureau of Lands, Register of Deeds, the DENR for the approved lot plan, the Department of Agrarian Reform if the area is an agricultural area, and then the National Commission for Indigenous Peoples (NCIP) for clearance. So if we are actually doing business in the province, where we come from in Mindanao or in the countryside, it may take up to a year to be able to get clearances for our properties and to start a business or a small plant.



**Slide 9 – Paying Taxes**

On the next slide, Paying Taxes.

It is so embarrassing that the country has 36 tax payments and I am glad that Sen. Sonny Angara is listening, being the chair of the Committee on Ways and Means. We need to do 36 tax payments for a business in this country within a year. While Singapore has five payments, Malaysia has 13 payments, Brunei has 27 payments and, imagine, Myanmar has 31 payments. Again, *natalo pa tayo nitong mas maliit nating mga kapitbahay sa ASEAN*.

**Slide 10 – Enforcing Contracts**

And in the next slide, Enforcing Contracts or the time to resolve a dispute.

*Alam na alam po ni Senate President iyan* being a top-notch lawyer. In enforcing contracts, the Philippines has an average of 842 days or 2.3 years while Singapore has 150 days, Vietnam has 400 days, Malaysia has 425 days and Thailand has 440 days. Again, the source is the Global Competitiveness Report and not this Representation. So, this has been a very efficient study done throughout the region.

**Slide 11 – Resolving Insolvency**

On the 11<sup>th</sup> slide, on Resolving Insolvency, it takes the country 2.7 years, close to 985 days, to solve insolvency, as an average for our companies; Singapore is 0.8 years; in Malaysia it takes one year; Indonesia, 1.9 years.

I want to show the Corruption Perception Index (CPI). In 2014, we are ranked 85; 2015, we went down, 95 in rank; in 2016, we dropped even further with a ranking of 101. And a lot of these turn off a lot of the businessmen.

Thus, my next slide would be the foreign direct investment in ASEAN region. Again, *kulelat po tayo*. We ranked sixth. So, when we say our economy is growing, if they will ask me, it has a lot to do with internal spending by our brothers and sisters coming from, of course, our OFWs who are sending money to us and local businessmen who are resilient despite all these problems they face.

But, just look at the foreign direct investment, we are No. 6 in ranking. We are so far away from our neighbors when it comes to foreign direct investment and this is only in 2015 alone.

I have shown the various factors affecting ease of doing business in the country, factors that determine our competitiveness and ease of doing business ranking as compared to the rest

of the world. Even in comparison with our ASEAN neighbors, the country's ranking does not portray a rosy picture of our business environment. It also shows that much has to be done to increase our competitiveness and ease of doing business in the Philippines.

**Slide 12 – DTI Toolkit**

I will show the slide on the DTI Toolkit published by the DTI-Bureau of Micro, Small and Medium Enterprise in 2008, which we find relevant to this day.

Processing time for business registration requirements for a business entity by different agencies can take as short as 30 minutes to as long as three months. Business name registration with the DTI, the Securities and Exchange Commission and the Cooperative Development Authority can be processed within an hour or within a day. The business permit issued by local government units can likewise be issued in a day or two.

As a matter of fact, I always use the City of Valenzuela as an example. It takes them just several hours to finish all their business requirements. And I congratulate Sen. Sherwin Gatchalian for that, and I believe even when Sen. JV Ejercito was mayor of San Juan, he was one of those who adopted what we call the best practices for efficiency in releasing these permits.

However, issuance of licenses and clearances and accreditation by regulatory agencies can take months and months to be released.

We are cognizant of the fact that this is part of the agency's regulatory functions to ensure that business entities meet certain environmental public safety and public safety health standards and compliance with certain regulatory laws. It is, however, equally important to establish and improve regulatory discipline and regulatory quality.

Against this backdrop, the Committees on Trade, Commerce and Entrepreneurship; and the Civil Service Government Reorganization and Professional Regulation are presenting this bill which intends to cure the defects in the current system of business community's transactions with government and prescribes a definitive period within which government's action on applications for business license, clearances and permits are to be completed. However, this bill does not present itself to remedy all the problems I have earlier cited. But it intends to create an environment for ease in doing business in both national and local governments by streamlining the processes and simplifying the requirements of business transactions with the government, and

*rs ght*



prescribing a definitive period within which applications will be acted upon. Gone will be the days that these businessmen here will be waiting months and even years to get their permits and licenses.

Although efforts have been instituted by government to simplify and streamline processes in permitting and licensing, among the most recent of which is Joint Memorandum Circular No. 1, series of 2016, between the Department of Trade and Industry, Department of Information and Communications Technology and the Department of the Interior and Local Government, much has yet to be accomplished.

As business registration in the Philippines involves both national government agencies and local government units, it is imperative to introduce reforms and re-engineer process at the local government level and undertake parallel measures to minimize, if not eliminate, the undue regulatory burden from licensing and permitting requirements and processes required of business entities by national government agencies including regulatory agencies.

Thus, this bill shall apply to all government agencies or instrumentalities and local government units involved in the issuance of licenses, clearances and permits to business entities.

Let me emphasize that this bill — as indicative of the title, “Ease of Doing Business” — covers only the transactions of business entities with the national and local governments in the issuance of licenses, clearances and permits. It does not cover transactions of individuals or entities for personal concerns or not business-related which are within the purview of the law of Sen. Ping Lacson, which is Republic Act 9485 or the Anti-Red Tape Act of 2007.

#### **Slide 13 – Uniform and Comprehensive Checklist**

At this point, allow me to highlight the salient points contained in the measure. I will also show the uniform comprehensive checklist. Aside from the checklist of requirements, it is a step-by-step procedure and schedule of fees for the issuance of license, clearances or permits that shall be conspicuously posted at the premises of and respective websites of national and local government licensing, permitting agencies and linked to the central business portal. Very important *po ito, kasi* it has been my experience as businessman as well as the experiences of several businessmen that *nagbubunga iyong checklist nila*. And that is a cause for concern and sometimes cause for corruption.

What happens is, they give you a checklist of items and then if they want to give you a hard time they add to the list another five items and then last two items. That is the problem, and there could be an opening for corruption. That is why, under this law, all government agencies dealing with business must now provide a published checklist in their website. If additional documents will be required, the applicant shall be officially notified of the reasons for the submission of additional documents, if required.

#### **Slide 14 – Prescribed Processing Time**

On the next slide, which is also very important, is the Prescribed Processing Time.

For business entities classified as Micro, Small and Medium Enterprises (MSMEs) as defined in Section 3 of Republic Act No. 9501, the prescribed processing time shall not be longer than three (3) working days for simple applications and ten (10) working days for complex applications from the time the application is received. As I mentioned earlier, in Valenzuela City, it takes less than a day for all these clearances and permits to be given out, even just a few hours.

For special type of businesses that require clearances, accreditation or licenses issued by government agencies including regulatory agencies as provided for by law where technical evaluation or such necessary condition is required in the processing of licenses, clearances and permits, the prescribed processing time shall be no longer than thirty (30) days. We are a bit more forgiving. And the reason why we do this is that, there are certain industries, like the petrochemical industries, construction industries where the engineering designs have to be verified. Sometimes the environmental concerns have to be addressed. We give them thirty (30) working days.

National government agencies (NGAs) and LGUs shall process the application of business entities and communicate the decision regarding approval or disapproval, along with the comments, within the prescribed processing time. To track the status of the application, national government agencies and LGUs shall assign a unique identification number to an applicant. A reference number for each transaction also has to be provided to the applicant to track the status of the application, whether submitted manually or electronically.

This has been a problem that I have, time and time again, as chairman of the Committee on Cooperatives. Many cooperatives, once they have submitted all the documentary requirements



to the BIR for application for a simple certificate of tax exemption, *ang palaging sagot sa kanila*, more often than not, their complaint to me is *nawawala yung application*. *Hindi na nila alam kung saan napunta yung application*. And again, it is open to some sort of negotiations and corruption. This time, we want to electronically track all these requirements submitted by the applicants.

#### Slide 15 – Automatic Approval

The next slide shows another measure that is being done in several countries. As a matter of fact, I had a meeting today with the ambassador of Spain and the Spanish ambassador had said that after a certain number of days in Spain, if your request has not been acted upon, it is automatically deemed approved.

So, an application for a license, clearance or permit shall be deemed approved upon failure or inaction of the concerned national government agency or LGU to process and issue the license, clearance or permit after the prescribed processing time has lapsed without informing the applicant of the error, omissions and/or additional requirements and documents for submission. The automatic approval shall only apply if all the requirements have been submitted and all the necessary fees and charges have been paid.

However, if the application requires the approval of the local Sanggunian and the local Sanggunian has denied the application, the provisions of the prescribed processing time and automatic approval shall not apply. This is to respect the local autonomy of the LGU as embodied in the Local Government Code. For example — and I am sure that during the deliberations this will be taken up — if a company would want to build a coal-fired plant in a particular locality and the Sangguniang Bayan denies the approval of their application, then we have to respect the Sangguniang Bayan under the Local Government Code.

#### Slide 16 – Extension in the Processing of Application

On the next slide, the Extension in the Processing of Application.

If for valid reasons, the agency would need longer time to review the qualifications and merit of the application of a business entity, the agency may extend the processing for a reasonable period. Extension shall only be made once—only one extension—and the concerned national government agency or LGU shall inform the applicant prior to the lapse of the prescribed processing time of such extension.

#### Slide 17 – Validity of Business Permit

The next slide shows the Validity of Business Permit.

Business permits shall be valid for a period of one (1) year. The city/municipality may have the option to renew business permits within the first month of the year or on the anniversary date of the issuance of the business permit.

The reason why we included this in the law was that during the deliberations, Quezon City Mayor Herbert Bautista said that in Quezon City it becomes so chaotic during the month of January because under the Local Government Code, it is the month of January when everybody pays their business permits, real property tax (RPT) and others, so *ang nangyayari po punong-puno ang city hall*. *Sa dami ng tao, hindi po nila na-aaksiyunan kaagad at nagkakaroon po ng irritation, alitan at away* between the local government unit personnel and the applicants.

So, we may now allow the local government unit to do it on the birth date of the business. For example, if I file today, February 7 of this year, the renewal of application could be February 7 of 2018 rather than *pumila po kami sa January* of the beginning of the year. That is an option we gave the LGUs if they want to pursue that or just leave it again as part of the first month of the year.

#### Slide 18 – Computerized or Software-Enabled BPLS

On the next slide, the Department of Information and Communications Technology (DICT) is mandated to provide qualified LGUs, for free, the software for the computerization of the BPLS or the Business Permitting and Licensing System. Within a period of one (1) year from the effectivity of the law, cities/municipalities shall, as far as practicable, automate their Business Permitting and Licensing System (BPLS) or set up an electronic Business One Stop Shop. The DICT, DILG and DTI shall provide technical assistance in the planning and implementation of a computerized or software-enabled BPLS.

#### Slide 19 – Business One Stop Shop (BOSS)

This proposed measure will also institutionalize a one-stop business facilitation service or the Business One Stop Shop (BOSS) for the city or municipality's business permitting and licensing system. The cities and municipalities can then later on transition the BOSS into an electronic BOSS upon adoption of an online mechanism for submission and processing and issuance of licenses, clearances and permit applications.

*ms*



Cities/municipalities with an e-BOSS shall develop electronic versions of licenses, clearances and/or permits with the same level of authority, which may be printed by businesses in the convenience of their offices. Cities/municipalities which use manual signatures shall designate alternative signatories in the absence of the authorized approving authority.

**Slide 20 – Streamlined Procedures for FSIC**

We also included a special section for our friends in the Bureau of Fire Protection (BFP). *Mahal na mahal ko sila pero sa lahat ng aking mga* meetings with business communities, chambers of commerce, Management Association of the Philippines, small and medium enterprises, micro-enterprises, their number one complaint has been our friends from the Bureau of Fire Protection.

As a matter of fact, even the brother of Senator Gatchalian also had problems with the Bureau of Fire in their particular locality.

So we have adopted a special section of the law. We have adopted and institutionalized the salient features of Joint Memorandum Circular No. 1, Series of 2016, on the issuance of the Fire Safety Inspection Certificate (FSIC). The FSIC shall be issued within 30 working days. For new business permit applications, the FSIC already issued during the Occupancy Permit stage shall be sufficient as basis for the issuance of the FSIC for a business entity as a requirement for the business permit.

The BFP or any of its officials or employees shall not sell, offer to sell, or recommend specific brands of fire extinguishers and other fire safety equipment. This has been the complaint of all our business investors. The BFP shall be co-located with the BOSS or in an appropriate area designated by the city or municipality within its premises to assess and collect the fire safety inspection fees.

*Kasi ngayon*, it has been a common fact that before they act on your application, *mayroon po silang* recommended *na* fire extinguishers, fire alarm, sprinkler systems, *at kapag nabili na ninyo iyan*, *i-inspect na nila ang inyong negosyo*. *Sana hindi na po mangyari ito*. Unfortunately, this is a common complaint duly recorded in all our public hearings.

**Slide 21 – Central Business Portal**

The DICT shall establish, through the Government Infrastructure, a cloud-native Central Business Portal (CBP) or other similar technology as the DICT may prescribe which shall serve as a

central system to receive application and capture application data from business entities. The national government agencies (NGAs) and LGUs can connect with the Central Business Portal (CBP) and use its facilities.

**Slide 22 – Philippine Business Registry Databank**

Business licensing and/or permitting agencies such as, but not limited to, the DTI, SEC, CDA or Cooperative Development Authority, BIR and local government units shall access the Philippine Business Registry Databank to verify the validity, existence and other information relevant to a business entity.

The submission of documents already provided by an applicant to an agency with access to the Philippine Business Registry Databank shall no longer be required by other agencies having similar access.

**Slide 22 – Regulatory Impact Assessment**

All proposed regulations of national government agencies and local government units shall undergo regulatory impact assessment (RIA) to establish if the proposed regulation does not add undue regulatory burden and cost to business entities and national and local government agencies.

Their task is to conduct the RIA and continue the review and repeal of existing executive issuances and recommend the repeal of existing laws and local ordinances which are outdated, redundant and add undue regulatory burden to business entities. As a matter of fact, the National Competitive Council, headed by Mr. Luz, together with several agencies of government, repealed outdated memorandum orders, administrative orders, and other local ordinances that had been passed decades ago and are not anymore relevant today.

I believe that the Australian Parliament has two days of the year to review outdated laws and they actually either repeal or amend it.

**Slide 24 – National Policy on Ease of Doing Business**

We are also going to come up with a National Policy on Ease of Doing Business which is a comprehensive business registration and regulatory management policy. It will be the guide of all NGAs and LGUs in their formulation of business registration and regulatory policies and procedures.

The Ease of Doing Business (EODB) Commission which shall be created shall be the



policy-making body on business transactions, registrations and regulatory management and shall set the overall direction for the implementation of the National Policy on Ease of Doing Business.

The EODB Commission is the go-to commission or government agency now for businessmen who have problems of red tape with the local and national government agencies.

**Slide 25 – Powers and Functions of the Commission**

The EODB Commission, which we will create with this law, is not just all bark but it bites as well especially when NGAs or LGUs refuse to issue licenses, clearances or permits when the prescribed period for processing of the application has lapsed. Once a complaint has been lodged to it and upon its evaluation the complaint has sufficient basis, it can compel the concerned NGA or LGU to issue the license, clearance or permit under pain of filing a formal complaint before the Civil Service Commission or the Ombudsman.

*Alam naman po natin na lahat ng mga negosyante takot mag-file ng complaint, especially if he is from a particular locality and he is dealing with a local government unit. So, at least with a complaint with the Commission, the Commission can act on behalf of those business entities, whether they are micro, small, medium or large enterprises.*

The Commission shall —

- Assist the complainants in filing the necessary cases without prejudice to the jurisdiction of the Civil Service Commission and the Ombudsman, as the case may be;
- Facilitate the issuance of licenses, clearances and/or permits deemed approved by virtue of Section 7 of this Act or the provisions on the Automatic Approval of applications;
- Compel or petition any government agency, instrumentality or local government to issue the permit, license and/or clearance of business entities deemed approved by virtue of Section 7 of this Act;
- Conduct periodical review and assess the country's competitiveness performance, challenges and issues;
- Recommend policies, processes and systems to improve regulatory management to increase the productivity, efficiency and effectiveness of permitting and licensing agencies; and
- Conduct regulatory management training

programs to capacitate national government agencies and local government units to comply with sound regulatory management practices.

**Slide 26 – Composition of Commission and its Secretariat**

The Commission shall be composed of a chairperson, the Secretary of the DTI and the Secretary of the DOF as *ex-officio* members, and one private sector representative each for the MSME sector and large industry sector.

The Commission shall establish a Secretariat headed by an executive director and its organizational structure shall include regional offices as may be required to effectively carry out its powers and functions.

**Slide 27 – Violations of this Act**

We shall just discuss briefly violations of this Act.

The following shall constitute violations of this Act:

- Refusal to accept application within the prescribed period or any document being submitted by the applicant, provided that all required documents have been submitted and the necessary fees have been paid;
- Failure to refer back to the applicant an application which cannot be acted upon due to lack or incomplete requirements or non-payment of required fees and/or charges within the prescribed period;
- Failure to act on an application despite the complete submission of requirements and payment of required fees and/or charges within the prescribed period;
- Failure to give the applicant a written notice on the disapproval of an application within the prescribed period or inform the applicant of any error, omission and/or deficiency in the application;
- Imposition of additional irrelevant requirements other than those provided by the concerned agency and/or local government unit posted on their websites or areas of transactions.

**Slide 28 – Penalties for Violations**

To give this law more teeth, we propose to impose stiffer penalties for violations of the law, such as:

- Criminal liability will also attach once the violation was done deliberately and

*PN*



maliciously with the purpose of harassing the applicant and/or solicit favor in cash or in kind. In such case, the provisions of the Revised Penal Code shall apply and such other applicable penal laws.

As I mentioned earlier, in the last ranking of the 2016 Corruption Perceptions Index reported by Transparency International, we slid down by six notches from 2015 to 2016. The beauty of this law is not just making it easier to do business in this country; it is also an anti-corruption measure. Many of us here heard of or might have personally experienced a business license or permit application that has been languishing for so long in a local or national government office. Sometimes we are clueless on what could be the reason for the delay.

My personal experience was when I got into medium enterprise business and I bought a property in Cagayan de Oro. From an 800-square meter property, I chopped it down to 400 square meters, as the owner only wanted to sell half of the property. It took me six months, a few years ago, to get the approved lot plan from the DENR. It was languishing there and my poor geodetic engineer kept coming back because nobody was minding him until I had to use my friendships—being a former senator and having some friends in the region—to ask for favor in order to move my document so that I can utilize it, because in the absence of that document, I cannot transfer its title to the company name, thus we cannot ask for a bank loan. So *nakabinbin po iyong* bank loan, *iyong* business permit, *iyong* construction permit. Everything was held for six months. I have had that personal experience when I started an MSME so I am bringing it in with this piece of legislation.

This practice is a disgrace to the Filipino race. This practice in many government offices, both national and local, is the disease we must cure. This law is an attempt in that direction as it will make more transparent the processing of business licenses, clearances and permits which are traditionally a haven for corruption. This law imposes stringent measures to prevent the commission of corruption in such transactions.

In closing, it is a well-settled principle that the lifeblood of any government are the taxes, and taxes come from many sources but mainly from the income and other taxes imposed on business entities, whether corporations, partnerships or single proprietorships or MSMEs, and from the income, as well as taxes, from the workforce that they employ.

In other words, the more business entities operating in the country, the more taxes that can be collected by both the national and local governments and, perhaps, when that happens, we will no longer need to pass the Tax Reform bill or its provisions which remove certain tax benefits to some marginalized sectors.

We are losing the fight when it comes to Foreign Direct Investments in the region, and what we need badly are jobs. But if we scare both foreign and local investors because of corruption and red tape, then we have lost the fight against poverty.

Many have said that one way to reduce poverty and attain inclusive growth in the country is to make an entrepreneurial nation out of our citizens. This bill will tremendously help attain that goal. It will encourage our citizens to venture into business and provide employment for our people. It will also encourage those in the informal economy to register and join the formal economy.

It is before us now, through this bill, to create an environment that will be conducive for business to register, comply and operate. It will be easier to create and register business, comply with regulatory and other governmental requirements, and operate in an environment that will hasten their growth. It will also encourage foreign investments to the country. It will create more economic activities which means more income for the government and especially more employment opportunities for our people.

And let me reiterate, more income for government.

Thus, I urge my colleagues to immediately pass this bill.

## MANIFESTATION OF SENATOR SOTTO

Senator Sotto informed the Body that Senator Recto would deliver his cosponsorship speech on the measure the following day.

## MANIFESTATION OF SENATOR GATCHALIAN

Senator Gatchalian lauded Senator Zubiri for the very important reforms that the proposed Ease of Doing Business Act seeks to introduce, which include not only about registering businesses but also reforms in the registration of business in the LGU level. He also thanked Senator Zubiri for citing the good businesses practices in Valenzuela City which,

*js*



through hard work, has made a lot of strides in improving its system to make the lives of businessmen in the city easy.

He then highlighted three very important reforms that were indicated in Senator Zubiri's proposed measure:

- 1) The standardization of application in all local governments.

Senator Gatchalian believed that one of the problems that a lot of businessmen encounter are the different procedures when applying for business in every city of the country, thus, the proposed bill would harmonize all the procedures in all local government units.

- 2) The perennial problem with the Bureau of Fire Protection (BFP).

He said that the fire safety inspection certificate has been used by the fire inspectors in their money-making activities, thus the need to clarify which regulation should be followed to get the certificates.

- 3) The use of automation.

Senator Gatchalian believed that automation is important at the present time because only 30% of the LGUs are computerized while 70% still used the index card system which is prone to corruption and error, and thus taking much time before a simple business permit is issued.

He again lauded Senator Zubiri for citing Valenzuela City numerous times in his speech.

#### **STATEMENT OF SENATOR ZUBIRI**

Senator Zubiri disclosed that he actually conducted a site visit to Valenzuela City to observe their practices of doing business. He said that Senator Gatchalian truly deserves his seat in the Senate because of the good quality of his governance in Valenzuela City.

#### **SUSPENSION OF CONSIDERATION OF SENATE BILL NO. 1311**

Upon motion of Senator Sotto, there being no objection, the Body suspended consideration of the bill.

#### **COMMITTEE REPORT NO. 8 ON SENATE BILL NO. 1233 (Continuation)**

Upon motion of Senator Sotto, there being no objection, the Body resumed consideration, on Second Reading, of Senate Bill No. 1233 (Committee Report No. 8), entitled

#### **AN ACT CREATING THE COCONUT FARMERS AND INDUSTRY TRUST FUND, PROVIDING FOR ITS MANAGEMENT AND UTILIZA- TION, AND FOR OTHER PURPOSES.**

Senator Sotto stated that the parliamentary status was still the period of interpellations.

Thereupon, the Chair recognized Senator Pangilinan, sponsor of the measure, and Senator Recto for the continuation of his interpellations.

#### **INTERPELLATION OF SENATOR RECTO (Continuation)**

At the outset, Senator Recto recalled that the interpellation the previous day left off with Republic Act No. 6260, enacted in June 1971, which created the coco levy fund, and at the same time the Coconut Investment Fund (CIF), similar to what the proposed bill wants to create – another coconut trust fund. He said that under RA No. 6260, the government generated P158 million from 1971 to 1981.

Asked whether Presidential Decree No. 230 which was enacted on June 1973 and established the Coconut Industrial Processing Incentives for Greater Coconut Industrial Processing and Tariffs on Copra was the law that succeeded the creation of the CIF, Senator Pangilinan stated that there were several PDs before that, one of which was PD No. 276 enacted in August 1973.

#### **SUSPENSION OF SESSION**

Upon motion of Senator Pangilinan, the session was suspended.

*It was 4:07 p.m.*

#### **RESUMPTION OF SESSION**

At 4:08 p.m., the session was resumed.





Senator Pangilinan explained that PD No. 232 enacted on June 30, 1973, created the Philippine Coconut Authority (PCA) whose mandate was to promote accelerated growth and development of the coconut and other palm oils industry so that the benefits of such growth would accrue to the greatest number and to provide continued leadership and support in the integrated development of the industry. He said that the decree also consolidated the responsibilities and activities of the Coconut Coordinating Council (CCC), the Philippine Coconut Administration (PHILCOA) and the Philippine Coconut Research Institute or PHILCORIN under one office, and that the PCA also took over the collection of the coco levy. He agreed with Senator Recto that the Philippine Coconut Authority was established for the first time under that decree.

Asked under what office the PCA was placed at present, Senator Pangilinan said that under Executive Order No. 1, the PCA was placed under the office of the Cabinet Secretary or the Office of the President, but prior to the present administration, he said that it was under the Presidential Assistant for Food Security and Agricultural Modernization (OPAFSAM) also under the Office of the President.

Senator Recto noted that there was already a Coco Levy Fund established at that time and a PCA to administer the funds and yet the bill seeks to establish another Coco Levy Trust Fund and another committee under the Office of the President.

Senator Pangilinan clarified that the composition of the trust fund committee would include six representatives from the coconut farmers sector because the current setup does not allow the inclusion of the farmers sector.

As to why the Committee opted to create another bill rather than amend the PCA law, Senator Pangilinan explained that the Committee considered the capacity of the PCA in pursuing the coconut industry development. He believed that the PCA needed the expertise of the Department of Trade and Industry and the Department of Finance because it does not have the capacity to be able to provide the necessary decision-making as to where the investment would be placed and as to how the funds are to be invested in order to get the best yield.

On whether the private sector was already represented when the PCA was created, Senator Pangilinan replied in the affirmative.

As regards PD 276, which Senator Recto noted was issued a few months after PD 232, Senator Pangilinan stated that said decree was meant to establish a Coconut Consumer Stabilization Fund (CCSF). He explained that the second levy was enacted on August 1973, to respond to the crisis brought about by an abnormal situation in the world markets for tax in oils which resulted in the dislocation of prices, challenges of supply in the domestic market for coconut-based consumer goods and caused hardships for the consumers. Moreover, he said that apart from the powers given to the PCA under PD 232, PD 276 imposed an additional levy of P15/100 kgs. of copra or *resikada* which was placed in the Philippine National Bank (PNB) under a separate account which was the Coconut Consumers Stabilization Fund.

Asked from whom the levy was collected, Senator Pangilinan stated that it was collected from the millers. He said that since its creation in 1973, the CCSF generated a total of P6.6 billion in seven years.

At this juncture, Senator Recto revealed that by 1974, President Marcos signed EO 425, which imposed premium duties, higher on copra than processed coconut products.

Asked to expound on EO 425, Senator Pangilinan explained that the executive order amended PD 230 and established duties on wood products, logs, lumber, plywood, vinyl, mineral products, plants and vegetable and other products which included copra, desiccated coconut oil, copra mill or cake and coconut oil. He then read a portion of Section 1 of EO 425, to wit: "xxx there shall be levied assessed and collected a premium duty on the difference between the current price as established by the Bureau of Customs and the base price of the products xxx." He stressed that it was an export products premium duty.

As to who paid the duties, Senator Pangilinan stated that the exporters paid the duties. He said that the Committee does not have the data on the amount collected at the moment. However, he said that the fund went to the Treasury.

## SUSPENSION OF SESSION

Upon motion of Senator Pangilinan, the session was suspended.

*It was 4:21 p.m.*



## RESUMPTION OF SESSION

At 4:21 p.m., the session was resumed.

Upon resumption, Senator Pangilinan stated that according to PCA, the fund generated from EO 425 was not placed in the CCSF or the CIF. He posited that the government collected premium duties to raise revenue for the National Treasury.

*At this juncture, Senate President Pimentel relinquished the Chair to Senator Ejercito.*

Senator Pangilinan disclosed that after EO 425, PD 414 amended PD 232 on April 1974. He stated that the management of the fund was transferred from the Philippine Consumer Stabilization Committee to the PCA; then the levy was increased to P100/100 kgs of copra. Moreover, he said that in the same year, PD 232 was further amended by PD 582, which created the Coconut Industry Development Fund (CIDF).

Senator Recto believed that PD 414 authorized the CCSF collection to be used to invest in processing plants.

## SUSPENSION OF SESSION

Upon motion of Senator Pangilinan, the session was suspended.

*It was 4:24 p.m.*

## RESUMPTION OF SESSION

At 4:26 p.m., the session was resumed.

Upon resumption, Senator Pangilinan confirmed that PD 414 was used to allow purchases for the PCA, for instance, fertilizers and other implements. Eventually, he said that the PCA was used to acquire the First United Bank, which became the United Coconut Planters Bank. He affirmed that the investments came from the CCSF.

However, Senator Recto pointed out that prior to the purchase of the First United Bank, PD 582 was signed establishing the Coconut Industry Development Fund. Senator Pangilinan affirmed that PD 582 was signed in November 1974 which amended PD 232.

Asked whether the fund was already the third tranche, Senator Pangilinan answered in the affirma-

tive, adding that it was supposedly intended to finance the establishment and the operation of a hybrid coconut seed nut farm as well as the replanting program.

Asked what transpired after the November 1974 signing of PD 582, Senator Pangilinan replied that another PD, which was PD 755, was enacted in July 1975. However, Senator Recto noted that before PD 755 came out, PD 623 was signed to reorganize the composition of the PCA board, this time allowing for more representation from the farmers. Senator Pangilinan, however, revealed that the current board only has one farmer representative.

To Senator Recto's observation that the composition of the PCA board could change at any given time throughout the year, Senator Pangilinan replied in the affirmative, as he explained that the movement could be done through legislation. Senator Recto said that there was no Congress at that time and that majority of the composition of the board came from the private sector.

## SUSPENSION OF SESSION

Upon motion of Senator Pangilinan, the session was suspended.

*It was 4:29 p.m.*

## RESUMPTION OF SESSION

At 4:30 p.m., the session was resumed.

Upon resumption, Senator Pangilinan explained that PD 623 reorganized the governing board of the PCA and that the corporate powers and duties of the authority, which is the Philippine Coconut Authority, were vested in and exercised by a board composed of seven members, namely, the Chairman acting as the chairman of the board, and the president of the PNB, both of whom shall be *ex-officio* members, and the remaining five members to be appointed by the President from the recommendations of the following: three members recommended by the Philippine Coconut Producers' Federation; one member recommended by the United Coconut Association of the Philippines; and one member recommended by one owner and operator of the Hybrid Coconut Seed Nut Farm.

To Senator Recto's observation that majority of the members of the board came from the private



sector, Senator Pangilinan clarified that the board was composed of 11 members, and six were actually farmers' representatives. He believed that farmers' representatives were included in the board because they are "producers," which include farmers, millers and exporters, many of whom might not be alive anymore.

Asked how much was utilized to buy the First United Bank as authorized by PD 755 signed in July 1975, Senator Pangilinan replied that a fund of P115,520,000 was used to buy the controlling equity interest of the First United Bank.

Asked who were the owners of the First United Bank, Senator Pangilinan replied that the bank was owned by the family of Pedro Cojuangco, uncle of Danding Cojuangco and former President Cory Aquino, granduncle of former President Noynoy Aquino.

Asked whether the family still has interest in the bank, Senator Pangilinan replied that when they sold the bank, they only maintained a very small percentage of shares, equivalent to one percent.

## POINT OF ORDER

Raising a point of order, Senator Gordon stated that matters pertaining to the coco levy funds were very complicated matters, especially the historical antecedents which are most difficult for any member of the Senate, even those who are familiar with the fund, to follow through. He noted that some matters are highly technical, such as the Supreme Court's decision to make it a public fund, or how the fund was spent.

He suggested that an organizational chart be made by the people in the agency so that people will not suffer from "death by confusion." He said that he was glad that Senator Recto made an extensive research on the history of the fund and that he also instructed his staff to create a chart so that the Body could follow the developments on how the country was cheated, if indeed it was, because of all the legal technicalities that were brought about.

Senator Recto said that the observation of Senator Gordon was actually his point, the reason why he brought up the matter.

Senator Gordon said that the fund was like a chameleon because it keeps on changing in form.

He pointed out that the real issue was whether or not the P75 billion fund would be given to the farmers or to another entity such as a department or an agency which would handle it. He assumed that the funds had been managed as an investment and former administrations even created a bank, allegedly the COCOFED, and put all kinds of people to run it.

Senator Gordon said that he was not going to intervene as he believed that Senator Recto has done a good job in asking the right questions. However, he said that he still respects the staff of the Philippine Coconut Authority whom he said were hard put. He reiterated the need to come up with a highway or timeline in order for them to understand the flow of the events and know how the funds grew. He asked why Congress is trying to intervene when the fund has grown and how sure it is that the funds would continue to grow. He said that there are farmers who are in possession of coco fund receipts but have never known what was due them.

Senator Recto surmised that the poor farmers would never get what was due them unless Congress puts a provision in the bill that would tell them that they could already get it back in cash. Senator Gordon agreed, relating how he had a hard time convincing the American Senate to pay the Filipino veterans out of the Missouri fund created after the war which many became interested in when President Roosevelt set the funding for the farmers. He said that it was only in 2009 when President Obama put it as a rider and with former President Gloria Macapagal Arroyo's help, the veterans were able to get \$9,000 and \$15,000, respectively, to a set of people. He added that Mr. Lachica of the Philippine-American Group even suggested that the children of the veterans be also given the benefit and since then, the list kept growing and growing.

Senator Gordon said that with the chart, Congress would be doing a service to the country because the flow of development could be followed and Congress could proceed to making sure that right decisions are made. He presumed that the Members, except him and Senator Drilon who were members of ACCRA, would not understand the matter. He urged the staff of the PCA to give the Senate a streamline chart which the Body could follow considering that there are permutations that occur because every time the people in the coconut groups get into a bump, they would create and adjust. Such behavior, he surmised was an analysis of how to make the law work for



those who are smart. He surmised that the people in the coconut group were smart because they were able to raise such amount of money; however, Congress does not know to whom the money would be given. He requested that a chart be made so that the Members could intelligently discuss the bill and help the Sponsor see clearly all the events that happened. Senator Gordon requested the staff of Senator Pangilinan to prepare a historical chart of all the antecedents that occurred as regards the coco levy funds, for instance, how the PD has created institutions, as well as the money trail of the funds like the CCIL, the Coconut Stabilization Funds and the UCPB.

Senator Gordon said that he has the same line of questioning as Senator Recto and that he did not want to be doing a double take on the questions. He suggested the suspension of the interpellations until his request for a flow chart has been granted.

At this juncture, the Chair asked Senator Pangilinan to respond to the request of Senator Gordon.

#### **SUSPENSION OF SESSION**

Upon motion of Senator Pangilinan, the session was suspended.

*It was 4:43 p.m.*

#### **RESUMPTION OF SESSION**

At 4:46 p.m., the session was resumed.

#### **MANIFESTATION OF SENATOR PANGILINAN**

Upon conferring with Senators Recto and Gordon, Senator Pangilinan stated that they have agreed to suspend the period of interpellations on Senate Bill No. 1233 so he could prepare the timeline and chart being requested when the interpellation on the bill resumes on Monday, February 13, 2017. Thereupon, he thanked Senators Recto and Gordon for their interpellation and interventions.

#### **SUSPENSION OF CONSIDERATION OF SENATE BILL NO. 1233**

Upon motion of Senator Sotto, there being no objection, the Body suspended consideration of the bill.

#### **SUSPENSION OF SESSION**

Upon motion of Senator Sotto, the session was suspended.

*It was 4:48 p.m.*

#### **RESUMPTION OF SESSION**

At 5:01 p.m., the session was resumed with Senate President Pimentel presiding.

#### **COMMITTEE REPORT NO. 24 ON SENATE BILL NO. 1284 (Continuation)**

Upon motion of Senator Sotto, there being no objection, the Body resumed consideration, on Second Reading, of Senate Bill No. 1284 (Committee Report No. 24), entitled

AN ACT COMPELLING THE GOVERNMENT TO ADDRESS THE TRANSPORTATION AND CONGESTION CRISIS THROUGH THE GRANT OF EMERGENCY POWERS TO THE PRESIDENT.

Senator Sotto stated that the parliamentary status was the period of interpellations.

Thereupon, the Chair recognized Senator Poe, sponsor of the measure, and Senator Hontiveros for her interpellation.

#### **INTERPELLATION OF SENATOR HONTIVEROS**

Referring to the last sentence of Section 14 of the bill which states that "the Protest Mechanism under Article XVII of R.A. No. 9184 is deemed suspended or may be disregarded by the Traffic Crisis Manager," Senator Hontiveros asked what mechanisms are then available for those who would like to question the bidding and procurement process when such protest may be disregarded. She expressed concern that such disregard could possibly render processes open to corruption.

In reply, Senator Poe clarified that the bill would not remove due process; it would only expedite the long procurement process in view of the urgent nature of the traffic congestion crisis. She stated that





although the lower courts may not have jurisdiction over the matter, any individual could still go to the Supreme Court to question, for instance, the bidding or procurement procedures. She said that there are also guidelines as to which particular companies may be qualified such as capitalization, track record, among others, which are safeguards to ensure that the procurement process will not be subjected to possible corruption.

Senator Hontiveros noted that Senator Poe's reply reminded her of Republic Act No. 8975 which prohibits lower courts from issuing TROs against government infrastructure projects, which meant that effective and efficient implementation of existing laws could also achieve what the bill aims for. She hoped that these other mechanisms will take the place of the protest mechanisms to prevent any possible corruption.

In reply, Senator Poe explained that the bill seeks to expedite the process while maintaining transparency in doing so. She clarified that the Office of the Traffic Crisis Manager (TCM) is required to be Freedom of Information (FOI) compliant and would not be immune from lawsuits as well as withstand the requirements of the Supreme Court. This, she said, would do away with unnecessary bidding questions but at the same time ensure transparency and right to information. In this regard, she adverted to Section 24 which provides for the creation of a separate website for the publication and accurate information of all matters relating to the EP bill which would include, among others, not just the publication of traffic-related policies but also the status of priority projects – from its negotiation to implementation. Moreover, she said that the bill contemplates the creation of a Congressional Oversight Committee which would be meeting regularly to assess at which point certain contracts or negotiations are in the process. In this way, she said that proponents do not need to exhaust the administrative remedies such as going to the BAC before going to court.

On whether any entity which would raise any protest against the TCM need to do so before the Supreme Court, Senator Poe replied in the affirmative. She explained that while the Supreme Court – as the court of last resort — can still issue a temporary restraining order, the bill primarily seeks to do away with the hindrances of lower court TRO.

Adverting to Section 16(a) which suspends for the duration of the Act provisions of the Local

Government Code requiring prior consultation with and approval of local government units, Senator Hontiveros sought clarification on whether this would allow the TCM to change land use plans by LGUs for traffic-related projects even without consulting them or despite their objections considering that such road networks are under the management of the local government. Senator Poe replied that precisely, the bill seeks to suspend certain powers of the local government and that even other government agencies that issue permits will no longer be authorized to do so in cases that would be identified as part of the plan. She also explained that since approved plans also have to be approved by the National Economic and Development Authority (NEDA), it must be assumed that a study was undertaken and the plan took into account certain land areas that may not have been zoned for roads but may be converted because even the government's right to procure land would be expedited in this case.

Senator Poe said that while the emergency powers law is in effect, the LGUs will coordinate with the TCM not only on the opening of private roads for public use but also on the implementation of projects that will facilitate the ease of traffic in the metropolitan areas because their inputs on the bottlenecks within their area are the information that will be the basis for the decision of the traffic manager. This way, she said, the emergency powers will also empower financially the local government to address problems on informal settlers and other obstacles to laying out the traffic solutions.

Moreover, she said that the LGUs would have a say in the implementation of projects and in the enforcement of new traffic policies because they will not only coordinate with the TCM in the crafting of a uniform traffic code and form part of the interagency task force but will also coordinate with the MMDA on land use planning as provided for in Section 9 (Involvement of Local Government Units and Other Agencies). She acknowledged that the bill may diminish the absolute power of LGUs over local land use plans.

Adverting to Section 17 (Acquisition of Rights-of-Way, Project Sites, and Relocation Sites), Senator Hontiveros sought clarification on whether the provision effectively suspends the provisions of Republic Act 7279 (Urban Development and Housing Act) which lays down the mandatory guidelines for eviction or demolition such as consultations with the

*per*



informal settler families and the 30-day notice prior to demolition. She also asked whether Senator Poe would be open to an amendment that explicitly refers to the provisions of RA 7279 and maintains the safeguards in Section 28 of the law.

Senator Poe gave assurance that while the measure seeks to fast-track the process, the consultation process under the UDHA would still be respected. She suggested that Senator Hontiveros might consider including the DILG as part of the traffic advisory council in her amendment as it is the agency in charge of implementing the UDHA. She also noted that since the National Housing Authority (NHA) is part of the council, the TCM can compel the LGUs to make a list of empty or abandoned properties within cities and pursue these as relocation sites with additional funding to be given to the implementing agencies for the relocation of informal settlers.

As part of the consultation and agreement with informal settlers in the interim period, Senator Poe said that they will temporarily be relocated to safe place to facilitate the clearing of a particular land but will be allowed to have a more suitable permanent site.

Senator Hontiveros asked whether Senator Poe was open to an amendment that explicitly refers to the safeguards in Section 28 of the UDHA.

## SUSPENSION OF SESSION

Upon motion of Senator Poe, the session was suspended.

*It was 5:15 p.m.*

## RESUMPTION OF SESSION

At 5:15 p.m., the session was resumed.

Senator Poe gave assurance that she would ask the DILG to present its position paper on the matter so that it could be taken up together with the proposed amendments of Senator Hontiveros.

Since Section 16 (d) of the bill provides for the suspension of the provisions of Presidential Decree No. 1586 and its implementing rules and regulations requiring an environmental clearance certificate from the Department of Environment and Natural Resources (DENR), Senator Hontiveros asked

whether Senator Poe would be open to accepting an amendment to retain the ECC requirement. Senator Poe clarified that the proposed law will not sacrifice environment and natural resources as this would only create yet another problem after attempting to solve one. She explained that because the duration of the Emergency Crisis Act would only be for less than three years, and based on experience, getting an ECC takes six to seven months, there is a need to expedite the process while consulting with the stakeholders. Even though the NEDA would vet the projects, she agreed to a possible amendment to have a representative of the DENR as a member of the advisory council. She lamented that while government agencies ought to be working together in a crisis, experience would show one government agency ending up going against another in issues like right-of-way or in utilizing a particular land or building. She believed that having government agencies throwing hurdles against the TCM and rendering the Emergency Crisis Act useless should be the least of their concerns. She gave assurance that this procedure would be streamlined and that the bill could propose the inclusion of a DENR representative in the advisory council as a safeguard.

On whether the DENR could submit a position paper on the issue, Senator Poe welcomed the suggestion on presenting the paper during the period of interpellations.

Adverting to Section 16 (e) which suspends for the duration of the effectivity of the Act, provisions of the Labor Code requiring clearances and permits for the employment of foreigners with regard to foreign technicians and experts working traffic-related projects, Senator Hontiveros asked whether certain standards would be set in the selection of these workers particularly amid reports that some Chinese firms hire personnel that are not vetted and even involved in controversial projects. Senator Poe clarified that her Committee supports a "Filipino first" policy and she proposed that a memorandum of understanding (MOA) between the DPWH and the Department of Labor and Employment (DOLE) be drafted to ensure that Filipinos who can fulfill the labor requirements will be prioritized. She added that safety nets would also be put in place before any project is launched and that all projects and the labor requirements for such would be published online. However, she lamented the sad reality that because of the "brain drain" which resulted in the export of some of the Philippines' best workers, the



country does not have the needed experts on certain technical matters and as such would need to employ foreign workers for technical labor or for technology transfer.

Responding to the concern that Filipino workers are being displaced because some Chinese companies bring in their own blue collar workers for local projects, Senator Poe stressed that the bill will push for a Filipino-first policy for laborers. As a safeguard, she suggested that the TCM enter into a memorandum of agreement with the DOLE so that the necessary projects and the manpower requirement would be published online, with Filipinos being given priority in the selection of laborers. She also pointed out that it would be expensive for such companies to source aliens to work blue collar jobs unless they are victims of labor trafficking.

Senator Hontiveros also noted that most of the powers of the TCM are being exercised by various government agencies such as the Metro Manila Development Authority and the Land Transportation Franchising and Regulatory Board which is empowered to prescribe and regulate routes and issue, amend, revise, suspend or cancel certificates of public convenience. Moreover, she said that the President himself has control over all executive departments, bureaus and offices, including the authority to reorganize government offices or units as well as create inter-agency task forces and formulate, coordinate and monitor policies, standards and programs being implemented by the government. This being the case, she opined that it might be more expeditious for the President to exercise his power of control to achieve the same purpose with these agencies exercising their current regular powers optimally to address the Metro Manila traffic crisis.

Senator Poe clarified that the bill does not intend to create another layer of bureaucracy. She explained that the measure seeks to harmonize and put together in one reference all the laws that will contribute to the solution of the traffic problem. In fact, she said that the emergency powers of the President that the law seeks to grant also need to be defined.

She pointed out that the traffic crisis, similar to typhoons and earthquakes, can constitute a national calamity and an emergency, and losing more than P3 billion a day constitutes a national emergency. She said that although the President may have some of the aforementioned powers and alternative sources

of procurement may have already been laid out, there is need to harmonize the laws not only to grant privileges and powers, but also to provide safety measures. She stated that there is a need to grant extraordinary powers because current laws do not adequately provide for the means to expeditiously and effectively solve the traffic congestion crisis.

For instance, Senator Poe mentioned the law on procurement which provides that alternative, hence quicker, methods of procurement may only be resorted to during exceptional cases, the LGU development plans being approved with little or no consideration for their impact on traffic within their locality and nearby municipalities, executive agencies operating with little or no consultation among themselves and with other stakeholders, and without the benefit of a comprehensive strategic interagency plan.

*At this juncture, Senate President Pimentel relinquished the Chair to Senator Ejercito.*

Aside from granting powers to the President, Senator Poe stated that the measure would compel agencies to submit a traffic action plan which would force them to do work beyond what they have been doing, to be more transparent, and to streamline the processes.

Senator Hontiveros said that in the period of amendments, she would go back to the topic on alternative processes of procurement.

Senator Hontiveros stated that the substitute bill allows private and public entities, and educational institutions to adopt and implement telecommuting, tele-learning, tele-presence, carpooling, share-a-ride programs, flexible working hours and school days, staggered schedules of attendance, and similar transport demand management schemes. She asked if the adoption of such policies is not within the prerogative of private employers. She also noted that the DepEd and CHED have already issued regulations vis-à-vis schooling and distance education. If the intent is to have these policies adopted, she said, the government must grant incentives.

To encourage them to adopt such policies, Senator Poe stated that infrastructure should be in place, like faster Internet access at an affordable price, which can be done by working with telecommunications companies. She recalled that during the public hearings, among the problems raised were the expense needed



to put of cellular sites which in the end, would be shouldered by the subscribers, and the 17 permits that the bureaucracy requires.

Senator Poe reiterated that Internet access should be speeded up and that telecommunications company should be given the opportunity not to deal with the local governments in every aspect. She also mentioned that some subdivisions would not open up to allow cell sites to be built allegedly due to health reasons, when, in fact, some cell sites are on top of hospitals. She suggested that a survey be conducted on several networks with the biggest television transmitter towers to see if people are more susceptible to illnesses.

Senator Poe stressed the importance of alternative modes of work and education, but that support is necessary for those who would opt to do it. She recalled the recent suggestion to move the school break for Christmas earlier which the DepEd refused to consider, saying that the school calendar has already been set. It was lamentable, she said, because everyone should give what they could in their own way to help solve the traffic problem. She believed that somebody needs to be able to push for such policies to alleviate the crisis. She also mentioned that some government agencies are not yet adopting a four-day work week.

Senator Hontiveros stated that at the proper time, she would return to the topic on how to maximize the input of existing agencies with their existing mandates, like LTFRB, MMDA, DepEd and CHED, in addressing the traffic crisis.

Regarding Republic Act No. 10752 or the "Act Facilitating Right-of-Way for Government Infrastructure Projects," Senator Hontiveros stated that the law already streamlined the acquisition of property and easements needed for national government projects, and that it is being used to acquire private roads and streets necessary to improve the traffic grid. She also mentioned Republic Act No. 8975 which prohibits lower courts from issuing TROs against government infrastructure projects.

To Senator Hontiveros' observation that the purpose of the bill could be achieved through more effective and efficient implementation of the said laws, Senator Poe said that ideally, laws should be implemented properly. She explained that the bill simply adopted the salient points of the laws pertain-

ing to traffic only, and that it has a duration of only three years, during which Congress would be able to see which ones are obsolete and should be amended.

Senator Poe stated that the bill also limits the action of the President because it defines the guidelines that he needs to follow to implement particular laws. For example, regarding the right of acquisition, she said that if the person or company does not respond within 30 days, the money intended for the acquisition would be put in escrow; hence, the person is still protected. She also stated that the government, through the traffic manager or implementing agency concerned, can be authorized to acquire rights-of-way through negotiated sale as provided in Republic Act No. 10752. She emphasized that the laws are being reinforced because of the duration needed.

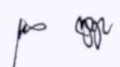
Senator Poe noted that one of the biggest challenges to infrastructure is acquiring rights-of-way, as some building owners would not even allow the DPWH to enter and provide a valuation of their structure. She said that another problem would be the relocation of informal settlers. She stated that the bill would improve Republic Act No. 10752, since some points in the law cause delay, particularly on the need for appraisers accredited by the *Bangko Sentral ng Pilipinas*, which are hard to find or do not actually exist. She noted that it is one issue that could be raised should they want to sue government.

Senator Hontiveros stated that she would introduce amendments at the proper time, particularly with regard to ECC, foreign nationals and protest mechanisms. Although traffic is an emergency, she still wondered if the grant of emergency powers would be the correct solution.

Senator Poe stated that she would willingly submit to the recommendations or amendments of the Members as the advocacy of each would contribute to a more justifiable traffic crisis solution.

#### **SUSPENSION OF CONSIDERATION OF SENATE BILL NO. 1284**

Upon motion of Senator Sotto, there being no objection, the Body suspended consideration of the bill.





**COMMITTEE REPORT NO. 28**  
**ON SENATE BILL NO. 1304**  
*(Continuation)*

Upon motion of Senator Sotto, there being no objection, the Body resumed consideration, on Second Reading, of Senate Bill No. 1304 (Committee Report No. 28), entitled

**AN ACT PROVIDING FOR A FULL  
 TUITION SUBSIDY FOR STUDENTS  
 ENROLLED IN STATE UNIVERS-  
 SITIES AND COLLEGES (SUCS),  
 AND APPROPRIATING FUNDS  
 THEREOF.**

Senator Sotto stated that the parliamentary status was still the period of interpellations.

Thereupon, the Chair recognized Senator Aquino, sponsor of the measure.

**SUSPENSION OF SESSION**

Upon motion of Senator Sotto, the session was suspended.

*It was 5:39 p.m.*

**RESUMPTION OF SESSION**

At 5:40 p.m., the session was resumed.

**COAUTHOR**

Senator Aquino accepted that Senator Gordon's desire to coauthor of Senate Bill No. 1304.

**INTERPELLATION OF SENATOR LACSON**

At the outset, Senator Lacson stated that he is foursquare behind the bill, and he asked if the government can actually afford to abolish the tuition fees.

Before responding to the question, Senator Aquino stated for the record that Senator Lacson, as vice chairman of the Committee on Finance, helped get the tuition fee subsidy funded for the 2017 budget. In reply to Senator Lacson's query, he said that it is very much possible to fund the tuition fee subsidy as part of it, P8.3 billion, was already provided for in the 2017 budget, but the P8.3 billion still needs to be increased up to P16 billion in the succeeding years.

Saying that it would all be a matter of prioritization, he paraphrased Senator Recto's remarks in his sponsorship speech, "that the country is spending amounts of higher magnitude for matters which may not be as important as education." He believed that passing the bill would ensure that education at the tertiary level would be prioritized.

Asked on statistics relevant to the bill, Senator Aquino stated that there are 1,648,566 current students in SUCs who will be recipients of the tuition fee subsidy, so that computed at about P9,400 subsidy per student per year, the amount would eventually be P16 billion.

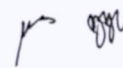
Senator Aquino pointed out that tuition fees is only about 30% to 40% of the total cost of education, leaving the students 60% to 65% of the cost to hurdle, such as miscellaneous fees, transportation expenses and food.

Senator Lacson stated that the data used by Senator Aquino was the July 2016 data from CHED. He said that at present, the number has increased to 1,884,984 enrollees in all the SUCs nationwide. Assuming the average tuition fee per unit in SUCs is P201, he said that for 20 units, the student would be paying around P8,040 per year, and if the said amount is multiplied by 1.8 million enrollees, the cost could be anywhere between P12 billion to P15.155 billion, at the very least.

Senator Aquino said that based on the Committee's computations, the amount comes close to P16 billion for 1.8 million students with 42 units per year or 21 units per semester.

Noting that the proposed initial funding of P15 billion is going to be sourced from the Presidential Social Fund, Senator Lacson asked whether Congress is authorized to interfere in the disbursements of the Presidential Social Fund. Senator Aquino believed that all budget allocations need to pass through Congress. However, he said that since he was not too particular about the initial funding source of the proposed measure, during the period of amendments, the bill could just provide that the initial funding would be sourced from the GAA.

Asked by Senator Lacson on the total amount of the Presidential Social Fund, which is sourced from PCSO and PAGCOR every year, Senator Aquino said that he would submit the figures to Senator Lacson at a later time.





Senator Aquino said that for 2017, P8 billion has been allocated for free tuition fees in SUCs but for 2018, at least P16 billion was still needed.

Senator Lacson noted that taxes would be utilized to fund the government's free tuition fee program in SUCs and he expressed his concern that there might be a lot of opposition should higher taxes be imposed as in the case of European countries where free higher education was prevalent but higher taxes were imposed and there was relatively low tertiary enrollment.

But Senator Aquino pointed out that the country's national budget has been increasing by leaps and bounds every year for the past six or seven years even without raising taxes, noting that between 2016 and 2017, the GAA increased by almost P300 billion. He believed that Congress, exercising its power over the purse, could easily allocate P16 billion which is only around 5% of the P300 billion.

Senator Lacson explained that he raised that concern because if taxes were not increased and the amount needed would not be sourced from the GAA, the SUCs might need to increase some other fees from the students, defeating in the process the purpose of the bill.

Senator Aquino said that Senator Lacson's concerns were actually raised during the committee hearings and as a safeguard, the proposed measure provides for a definition of what tuition fees could cover and what other fees are going to be covered; otherwise, it might result in a situation where the tuition fee was given free but other student fees were increased. He said that increases in other student fees would still be subject to CHED approval.

Senator Lacson acknowledged that SUCs have other sources of income. Asked for the other revenue-generating programs or activities of the SUCs, Senator Aquino said that some SUCs like UP and Bukidnon State University have vast tracts of land which they leased out for commercial and business ventures.

Asked what other non-tuition fee charges being imposed by the SUCs on the students, Senator Aquino said that under the generic term "Other Fees" are miscellaneous fees, laboratory fees, engineering fees, contributions for student activities, among other fees. He said that he would submit the relevant information to Senator Lacson at a later time.

Senator Lacson said that data from the 2017 Budget of Expenditures and Sources of Financing (BESF) showed that the estimated income for SUCs has been declining: in 2015, it was P9.5 billion; 2016, P8.3 billion; and 2017, P7.7 billion. Asked for the reason for the decline, Senator Aquino said that because of the K to 12 program, there would be a decline in the enrolment in the tertiary level for the next two years but the enrolment would normalize once the Grade 12 students have graduated.

On whether the SUCs are allowed to accept the maximum number of students that they can accommodate or whether there is a cap on enrollment, Senator Aquino said that CHED was not able to provide a specific answer to that question when the committee asked the same but according to some SUCs, they do not put a cap on enrollment on their non-quota course but apply a cap on their quota courses; thus, the bill provides, among others, that the SUCs state publicly their capacity so that every year, a budget can be set aside for them. He added that the Committee is also looking at some reforms with SUCs to address the capacity issue by already pegging what their capacity is per course, whether quota or non-quota, so that the budget could be planned better.

Senator Lacson said that his concern is the possible sudden rise in the influx of enrollees once the bill is enacted into law, and he hoped that the SUCs can cope with the possible rise in the number of enrollees.

Noting that there are bills pending before the House of Representatives proposing the creation of additional SUCs, Senator Lacson asked whether the Committee has data on how many SUCs are being proposed to be established because they will be additional burden on the subsidy. Senator Aquino said that the Committee will keep in mind the budget consideration in approving possible new SUCs.

Senator Lacson suggested that there should be some sort of phasing like a certain number of years before SUCs may be allowed to admit more students so as not to overburden the national budget to subsidize the influx of many enrollees in the SUCs once the bill becomes a law.

Senator Aquino said that the proposed measure provides that CHED needs to approve any raise in the capacity of the SUCs.

In closing, Senator Lacson stated that he would await the data he requested earlier.





**SUSPENSION OF CONSIDERATION  
OF SENATE BILL NO. 1304**

Upon motion of Senator Sotto, there being no objection, the Body suspended consideration of the bill.

**COMMITTEE REPORT NO. 34 ON  
PROPOSED SENATE RESOLUTION NO. 283**  
(Continuation)

Upon motion of Senator Sotto, there being no objection, the Body resumed consideration, on Second Reading, of Proposed Senate Resolution No. 283 (Committee Report No. 34), entitled

RESOLUTION CONCURRING IN THE  
RATIFICATION OF THE AGREE-  
MENT BETWEEN JAPAN AND THE  
REPUBLIC OF THE PHILIPPINES  
ON SOCIAL SECURITY.

Senator Sotto stated that the parliamentary status of the measure was the period of interpellations.

**TERMINATION OF THE PERIOD  
OF INTERPELLATIONS**

There being no interpellation, upon motion of Senator Sotto, there being no objection, the Body closed the period of interpellations.

**TERMINATION OF THE PERIOD  
OF AMENDMENTS**

There being no committee or individual amendment, upon motion of Senator Sotto, there being no objection, the Body closed the period of amendments.

**APPROVAL OF PROPOSED  
SENATE RESOLUTION NO. 283  
ON SECOND READING**

Submitted to a vote, there being no objection, Proposed Senate Resolution No. 283 was approved on Second Reading.

**SUSPENSION OF CONSIDERATION  
OF PROPOSED SENATE  
RESOLUTION NO. 283**

Upon motion of Senator Sotto, there being no objection, the Body suspended consideration of the resolution.

**COMMITTEE REPORT NO. 22  
ON SENATE BILL NO. 1280**  
(Continuation)

Upon motion of Senator Sotto, there being no objection, the Body resumed consideration, on Second Reading, of Senate Bill No. 1280 (Committee Report No. 22), entitled

AN ACT AMENDING BATAS PAM-  
BANSA BLG. 68 OR THE CORPORA-  
TION CODE OF THE PHILIPPINES.

Senator Sotto stated that the parliamentary status of the measure was the period of interpellations.

Thereupon, the Chair recognized Senator Drilon, sponsor of the measure, and Senator Villanueva for his interpellation.

**SUSPENSION OF SESSION**

Upon motion of Senator Sotto, the session was suspended.

*It was 6:04 p.m.*

**RESUMPTION OF SESSION**

At 6:06 p.m., the session was resumed.

**INTERPELLATION  
OF SENATOR VILLANUEVA**

At the onset, Senator Villanueva associated himself with the initiative of Senator Drilon in amending the provisions of the Corporation Code.

He stated that earlier, Senator Zubiri, in his privilege speech, mentioned the importance of ease of doing business which is precisely one of the objectives of the proposed measure. He then shared the 2017 World Bank Ease of Doing Business Report that gave the Philippines a ranking of 99 out of 190 countries in terms of ease of doing business, which is an improvement from the 103<sup>rd</sup> place that was given to the country in 2016 report; and that among the reforms introduced were the extent of corporate transparency index, increasing the transparency of building regulations, and the introduction of an online system for filing and paying health contributions. Relative thereto, he asked if the amendments to the proposed measure would be able to help the ease in doing business based on the criteria set in the survey.



Senator Drilon replied that the cluster of amendments that were incorporated into the measure were designed precisely to enhance the ease of doing business. In general, he said that the bill would streamline the process of incorporation which starts with the name verification. He explained that since a name cannot be accepted if it is "confusingly similar," the rule was changed from confusingly similar standard to a "distinguishability test." To cite an example, he said that if there is already an XYZ Dream Hospital, one cannot register or attempt to register an XYZ Dream Network because of the confusingly similar standard, but under the bill, it can already be registered based on the "distinguishability test".

For purposes of ease of doing business, Senator Drilon said that the other amendment allows a one-person corporation. He explained that at present, a businessman who wants to incorporate his business would have to look for four dummies so that they are given one share each to become directors of the company. With the proposed measure, he said that anyone who wants to put up a business can incorporate by having one-person corporation and will enjoy the same benefits and privileges as a regular corporation, particularly the corporate shield against unlimited liability.

Senator Drilon said that the third amendment would be the perpetual corporate term. He explained that at present, one can only incorporate for a term of 50 years, and if there was non-renewal of the corporation at the 50<sup>th</sup> year, it would cease to exist; thus, the measure proposes a perpetual corporate term.

Senator Villanueva agreed that the current system of the SEC name registration, which rejects proposed names for being similar to other existing corporate names, citing, for example, the corporate name "Band of Brothers" against "Bun of Brothers," but which are obviously different, has been a perennial complaint from a lot of businessmen. He asked if the SEC can just improve on it without the need for legislation.

Senator Drilon replied that once the bill becomes a law, the SEC must adjust its system to conform to what is provided for in the law; for instance, the SEC commissioner must simply tweak their computer system so that it will accept registration of corporate name under the new standard of distinguishability that is being proposed to be imposed in the measure. He reiterated that once the bill becomes law, there would no longer be a reason that the SEC's computer system will not accept it. He added that such concern has been brought to the committee's attention and

that SEC Chairperson Herbosa assured them that it would be addressed.

Senator Villanueva noted that many of the proposed amendments to the Corporation Code seek to ease some of the requirements in incorporating a corporation, specifically the number of incorporators which may be one only instead of five. He then asked if the processing of business application with the SEC would be fast-tracked. Senator Drilon replied in the affirmative, as he stressed that all of these proposed amendments to the new Corporation Code that were crafted with the direction and assistance of the entire SEC would be for naught if the SEC itself would not be able to deliver after they agreed to all the proposals.

As to what would be the impact of the provision allowing one-person corporation, in terms of jobs that would be created, Senator Drilon replied that the amendments to the bill are in response to the standards set in the World Bank's Ease of Doing Business with the objective of setting business environment which shall be competitive with other countries in terms of being able to create an attractive investment environment by, among others, removing perceived or real obstacles as a factor in decisions being made against investments in the country. However, he said that it would still be the investors who will decide whether or not they would actually invest in the country. He said that all of the amendments being proposed, including all the legal infrastructure, are designed to make the country more attractive for the investors. He reiterated that whether or not a particular business enterprise would invest depends on a lot of factors, and it cannot be predicted on how many jobs it would create.

Adverting to the one-day deadline, Senator Villanueva pointed out that pursuant to the Anti-Red Tape Act which he also authored, simple transactions shall be acted upon within five working days, while complex transactions shall be acted upon within ten working days from the date the application has been received. However, he disclosed that based on feedbacks that he received, some applications in the SEC take more than a month to process. He then asked if the SEC has enough manpower to ensure that the processing time for all applications would be shortened and if there is a need to hire more personnel for the SEC.

Senator Drilon clarified that the one-day initiative refers only to the process of incorporating a business,



and assuming that all the data required are complied with, the SEC can do the processing in one day. He said that as regards the hiring of additional personnel, it is a matter that has to be addressed by the SEC in coordination with the DBM.

As regards the benefits that the Micro, Small and Medium Enterprises (MSMEs) would get from the proposed measure, Senator Villanueva revealed that according to the Bureau of MSME Development, one of the difficulties MSMEs are facing are the tedious, lengthy and complicated registration and licensing procedures. He then asked if the proposed amendment would be able to address this particular concern.

In reply, Senator Drilon believed that the proposed amendment which would allow one-person corporation is a single, most significant contribution in the ease of doing business by MSMEs. He pointed out that at present, MSMEs need five incorporators to incorporate and in many instances, they would simply not go through and thus would not be able to avail of the benefits of a corporate entity. If the proposed measure is passed into law, he said that the provision allowing one-person corporation will redound to the benefits of MSMEs. Likewise, he pointed out that among the amendments being proposed, there is a directive to implement full electronic registration system, so that it will dispense with the other requirements like notarization which is something burdensome to small businessmen. He said that such proposal would contribute to the ease of doing business on the part of the MSMEs.

Senator Villanueva commended Senator Drilon for the proposal to create an online filing and monitoring system which, he said, is one of the reasons for the Philippines' improved rating in the ease of doing business. He then asked if the SEC is already starting the process of establishing online system even before the bill is passed into law. Senator Drilon replied in the affirmative.

Asked if the initiative was included in the SEC's 2017 budget, Senator Drilon replied that it was included in the 2016 budget which was carried over to the 2017 budget.

Lastly, Senator Villanueva stated that the Anti-Red Tape Act (ARTA) provides that agencies providing frontline services are subjected to a red card survey conducted by the Civil Service Commission. On whether the SEC is covered by the survey, Senator Drilon stated that the SEC was subjected to the survey and its rating was "very satisfactory."

Thereafter, Senator Villanueva thanked Senator Drilon, saying that the questions he raised were meant to assure the public that the SEC would be implementing the measure when enacted, especially in easing the problem of doing business, in addressing the problem of corruption, and the benefits needed by the MSMEs. Senator Drilon thanked Senator Villanueva for allowing him to spread into the *Record* the main features of the bill.

#### **SUSPENSION OF CONSIDERATION OF SENATE BILL NO. 1280**

Upon motion of Senator Sotto, there being no objection, the Body suspended consideration of the bill.

#### **RECONSIDERATION OF THE APPROVAL OF THE JOURNAL OF SESSION NO. 58**

Upon motion of Senator Sotto, there being no objection, the Body reconsidered the approval of the Journal of Session No. 58 (Monday, February 6, 2017) in view of Senator De Lima's desire to make a correction thereto.

#### **CORRECTION TO THE JOURNAL OF SESSION NO. 58**

At the instance of Senator De Lima and upon motion of Senator Sotto, there being no objection, the Body approved the correction to the Journal on page 915, right column, first sentence of the third paragraph, to insert the word NOT between the words "would" and "meet."

#### **APPROVAL OF THE JOURNAL OF SESSION NO. 58 AS CORRECTED**

Upon motion of Senator Sotto, there being no objection, the Body approved the Journal of Session No. 58 as corrected.

#### **ADJOURNMENT OF SESSION**

Upon motion of Senator Sotto, there being no objection, the Chair declared the session adjourned until three o'clock in the afternoon of the following day.

*It was 6:29 p.m.*

I hereby certify to the correctness of the foregoing.

  
ATTY. LUTGARDO B. BARBO  
Secretary of the Senate

Approved on February 13, 2017