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SESSION NO. 38

Tuesday, November 23, 2004

**THIRTEENTH CONGRESS
FIRST REGULAR SESSION**

SESSION NO. 38

Tuesday, November 23, 2004

CALL TO ORDER

At 3:32 p.m., the Senate President, Hon. Franklin M. Drilon, called the session to order.

PRAYER

Sen. Ma. Ana Consuelo "Jamby" Madrigal led the prayer, to wit:

Grant us, O Lord, the spark to imagine, the daring to innovate, the discipline to plan, the skill to do, the will to achieve, the commitment to be responsible, the leadership to motivate.

Amen.

ROLL CALL

Upon direction of the Chair, the Secretary of the Senate, Oscar G. Yabes, called the roll, to which the following senators responded:

Angara, E. J.	Gordon, R. J.
Arroyo, J. P.	Lapid, M. L. M.
Biazon, R. G.	Madrigal, M. A.
Cayetano, C. P. S.	Magsaysay Jr., R. B.
Defensor Santiago, M.	Osmenia III, S. R.
Drilon, F. M.	Pangilinan, F. N.
Ejercito Estrada, J.	Pimentel Jr., A. Q.
Ejercito Estrada, L. L. P.	Revilla Jr., R. B.
Enrile, J. P.	Roxas M.
Flavier, J.M	Villar Jr., M. B.

With 20 senators present, the Chair declared the presence of a quorum.

Senators Lim and Recto arrived after the roll call.

Senator Lacson was absent.

APPROVAL OF THE JOURNAL

Upon motion of Senator Pangilinan, there being no objection, the Body dispensed with the reading of the Journal of Session No. 37 and considered it approved.

REFERENCE OF BUSINESS

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

**MESSAGE OF THE
PRESIDENT OF THE PHILIPPINES**

Letter of Her Excellency, President Gloria Macapagal-Arroyo dated November 12, 2004, submitting to the Senate for its consideration and immediate concurrence, a certified true copy of the **Beijing Amendment to the Montreal Protocol on Substances that Deplete the Ozone Layer**, which was done in Beijing on 3 December 1999.

To the Committee on Foreign Relations**MESSAGE FROM THE
HOUSE OF REPRESENTATIVES**

Letter from the Secretary General of the House of Representatives, transmitting to the Senate the attached letter dated 17 November 2004 of the Honorable Speaker Jose de Venecia Jr., addressed to Senate President Franklin M. Drilon, informing the Senate of the designation of the Honorable Jose G. Solis as member of the House panel in the Congressional Oversight Committee on Agriculture and Fisheries Modernization Act (R.A. No. 8435) in lieu of the late Honorable Benjamin A. Cruz.

To the Committee on Rules

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16

COMMUNICATIONS

Letters from Executive Director Lina D. Isorena of the National Tax Research Center, Department of Finance, sending to the Senate for its information and reference a copy of the 2003 Tax Reforms and Developments (31st NTRC Annual Report), the 2003 Fiscal Incentives Review Board (FIRB) Annual Report and NTRC publication entitled, "Historical Development of Indirect Taxes, 1939-2004."

To the Committee on Ways and Means

Letter from Governor Rafael B. Buenaventura of the *Bangko Sentral ng Pilipinas*, submitting to the Senate the Report on the Status of the Philippine Financial System for the first semester of 2004, pursuant to Section 39(c) of Article V of the New Central Bank Act (R.A. No. 7653).

To the Committee on Banks, Financial Institutions and Currencies

Letter from Governor Rafael B. Buenaventura of the *Bangko Sentral ng Pilipinas*, submitting to the Senate the Report on the Public Sector Foreign Loans Approved by the *Bangko Sentral ng Pilipinas* (BSP) During the Third Quarter of 2004, pursuant to Article VII, Section 20 of the Constitution.

To the Committees on Finance; and Economic Affairs

**COMMITTEE REPORT NO. 5
ON SENATE BILL NO. 1854
(Continuation)**

Upon motion of Senator Pangilinan, there being no objection, the Body resumed consideration, on Second Reading, of Senate Bill No. 1854 (Committee Report No. 5), entitled

AN ACT INCREASING THE EXCISE TAX RATES IMPOSED ON ALCOHOL AND TOBACCO PRODUCTS, AMENDING FOR THE PURPOSE, SECTIONS 141, 142, 143, 144, 145 AND 288 OF

THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED.

Senator Pangilinan stated that the parliamentary status was the period of interpellations and that Senators Angara, Ejercito Estrada (J), Lacson and Madrigal have reservations to interpellate.

The Chair recognized Senator Recto, Sponsor of the measure, and Senator Ejercito Estrada (J) for his interpellation.

**INTERPELLATION OF
SENATOR EJERCITO ESTRADA (J)**

Asked by Senator Ejercito Estrada (J) how Senate Bill No. 1854 differs from the House version, Senator Recto replied that they differ with respect to the taxes imposed on cigarettes insofar as the brackets are concerned. He noted that the Senate version also adopted a higher tax rate on alcohol products, particularly distilled spirits. Additionally, he pointed out that the tax period in the House version is until 2007 while in the Senate version, it is 2011.

Asked how much revenue would be generated if the sin tax bill was enacted into law, Senator Recto stated that with the natural growth of both the alcohol and tobacco industries, if the Senate version is followed, the government is expected to generate roughly P10 billion: P5 billion from alcohol and P5 billion from cigarettes.

Asked if there is any assurance that the House would adopt the Senate version, Senator Recto opined that this would depend on the version that would be passed by the Senate. He recalled that a week earlier, he had discussed the matter with some House members and believed that the House would likely adopt the Senate version *in toto* as suggested by the Chair.

On whether it would be more prudent to enhance tax collection than to impose new taxes, Senator Recto said that he was also against the imposition of new taxes as he believed that the better option is to improve the tax collection system. However, considering the current fiscal problem, he suggested that the

government do both. Moreover, he explained that the committee had suggested that the government begin with the sin tax measure as there seems to be a consensus on it

Replying to further query, Senator Recto agreed that the problem is executive rather than legislative in character. However, he noted that the government should take a second look at the taxes on alcohol and tobacco since Congress had failed to index the brackets and rates for these products, and the tax collection over the GDP for these products has been going down.

On whether there is a need to pass all eight tax bills proposed by the Executive branch, Senator Recto replied in the negative. He clarified that the Executive branch actually had nine proposals -- eight tax measures and the TRANSCO privatization. He believed that there is no need to hold so many debates on the tax bills. He stated that the country could avoid a potential fiscal crisis and improve its present fiscal position if the Executive branch improved its tax administration, if the Energy Regulatory Commission allowed a power rate increase, and if the Congress passed a few of the proposed tax measures.

Asked to comment on President Gloria Macapagal Arroyo's declaration that the fiscal crisis was over, Senator Recto opined that the country was never in a fiscal crisis to begin with. He said that to him a fiscal crisis is a situation wherein the government does not have any creditors. But he observed that at present, the Philippines has creditors which lend it funds albeit at high rates. However, he cautioned that it is possible that the time would come when the government would find it difficult to borrow funds which would then result in a fiscal crisis and a bigger economic collapse.

To the observation that the President declared that the country was in a state of fiscal crisis three months ago, Senator Recto opined that it was wrong for the President to make such a declaration as he affirmed that she had been wrongly advised. He recalled that one congressman had informed the President of the

situation and that some professors from the University of the Philippines had advised her to declare a fiscal crisis, as a result of which, the basis points on borrowing increased and caused the Philippines to borrow more. However, he averred that the President understood that a fiscal crisis was in the offing and had made the declaration to rally political support for the passage of some revenue measures. Further, he stated that many Filipinos understand that there is a fiscal problem because 32% of the national budget goes to debt payments and the basis points on borrowing have gone up.

Senator Ejercito Estrada (J) remarked that the President makes inaccurate public statements because of the kind of advisers she has.

On whether he was referring to President Macapagal Arroyo's order to roll back electricity rates prior to the elections when he mentioned in his sponsorship speech that politics and not economics dictated power rates, Senator Recto replied in the affirmative, but he clarified that the rollback took effect in June 2001. Moreover, he noted that the problem may have been exacerbated by the inability of the Congress and the Executive to act on the Executive's proposals concerning amendments to the EPIRA. However, Senator Ejercito Estrada (J) pointed out that the rollback ordered by President Macapagal Arroyo only deferred a price increase that the consumers eventually shouldered.

Asked whether the administration had a hand in the current fiscal fiasco and had expected the Legislative branch to handle it, Senator Recto replied in the affirmative. Further, he opined that Congress should not bear the burden alone as he suggested that Congress pass P30 billion-40 billion in tax measures and the Executive branch improve revenue collection by P40 billion.

Upon further query, Senator Recto stated that if revenue-generating measures, including the bill, are not passed, then it is possible that in the next 12 to 18 months, the Philippines would have a fiscal crisis. A continued slide in the country's credit ratings, he said, would mean higher unemployment, higher inflation and even political and social instability.

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16

Senator Ejercito Estrada (J) noted that the administration remains silent on the issue of fat cats in the GOCCs. Asked how the problem could be addressed so as not to waste the tax measures, Senator Recto suggested that Senator Ejercito Estrada (J) file a resolution on the subject.

Asked how manufacturers have reacted to the tax proposals, Senator Recto recalled that in his sponsorship speech, he mentioned that President Macapagal Arroyo's announcement of a fiscal crisis could be likened to her passing a hat around for contributions, for instance, by way of new tax measures. Further, he said that the concerned industries have come out with a formula as fleshed out by the DOF where they, in effect, would pay additional taxes and thereby put money in the hat.

Senator Recto expressed the hope that when Congress starts discussing the tax proposals on other industries, the latter would arrive at a consensus on burden-sharing between them and the government.

Asked on the effect of Republic Act No. 9211, the Tobacco Regulation Act of 2003, on the consumption of tobacco products, Senator Recto replied that said law, which is not a revenue measure, did not pass through the Committee on Ways and Means. However, he noted that one of its important features is that starting in 2007, cigarette manufacturers would no longer be allowed to advertise on television particularly during prime time when majority of the young population are watching. He said that he would be willing to coauthor a measure that would amend R.A. No. 9211 particularly on the warning on cigarette label that should strike fear into consumers.

On page 3, lines 20 and 21 of the bill, Senator Ejercito Estrada (J) noted that the phrase "previously registered but inactive brands" was used. He expressed apprehension that the phrase is misleading since registered but inactive brands would have to be registered again. Senator Recto explained that registered brands that are inactive can be considered new brands. Nevertheless, he said that the Committee would be willing to consider amendments at the proper time.

Asked how the Bureau of Internal Revenue would validate the suggested net retail price against the net retail price as defined in the bill, Senator Recto replied that there would be no change as far as the retail price is concerned because said provision was lifted from the existing law. He stated that the BIR would be conducting surveys in different Metro Manila outlets, in different regions and rural areas.

Aside from raising new taxes, Senator Ejercito Estrada (J) asked what other measures have been implemented by President Macapagal Arroyo to address the fiscal crisis. Senator Recto replied that the Executive has filed a rate increase with the ERC which would generate P70 billion. Adverting to the Medium-Term Philippine Development Plan, he said that the Executive is adopting a very high revenue target of roughly 12% per annum over the next six years. Also, he noted that the President had signed an executive order increasing the duties on oil products from 3% to 5%.

Senator Ejercito Estrada (J) recalled that the President had issued an executive order implementing certain austerity measures. He asked about the status of the executive order and the savings generated through it. Senator Recto replied that he has not read the executive order although he has read in the papers that the Executive wanted to implement certain austerity measures. In order to save and generate income, he believed that there is a need to do all possible means like increasing revenue through taxes, improving tax administration, reducing expenditures, and reducing graft and corruption.

Asked to comment on the Bayanihan Fund, Senator Recto said that he would like to see a Bayanihan Fund wherein the private sector willingly pays taxes.

Other than raising revenues, on whether implementing tax reforms is a priority of the administration, Senator Recto replied that the President realizes that it is not enough to impose new taxes and that there is also a need to improve revenue collection.

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As to the objectives of the administration and the tax-reform component of the bill, Senator Recto replied that the primary objectives of the government are: 1) to raise incremental revenue; 2) to look at the interest of the different stakeholders; and 3) given the time constraint, to meet all these objectives before the end of the year. To the other query, he said that there was a disclaimer in his sponsorship speech that the bill is not a nicotine patch for the masses and it is not a tax reform measure because if it is, he would opt to change the tax system from specific to *ad valorem* which would entail a lengthy debate.

On a related matter, Senator Ejercito Estrada adverted to a study conducted by the University of Asia and the Pacific which stated that the sin tax bill that Congress is poised to approve would only cause a downgrade in the country's credit ratings because it reflects the lack of political will on the part of the government to rectify the flaws in the excise tax system. He noted the absence of a provision in the bill that would allow the government to regularly index tax rates with inflation.

Senator Recto replied that the measure has indexed tax rates until 2011 and that the Philippines had been downgraded. He surmised that the University of Asia and the Pacific had seen only the House bill, not the Senate bill. Based on his meetings with the CSFB, the IMF-World Bank and other rating agencies, he believed that the Philippines would not be downgraded if the bill is enacted into law. He expected though that there would be a further downgrade next year if 1) the ERC does not allow a rate increase; and 2) Congress does not pass additional revenue measures, especially the sin tax bill. He noted that the rating agencies are more articulate today about the type of sin tax bill that is being considered in the Senate. He expressed the hope that providing for a moderate tax rate increase would help the industry grow and optimize revenues.

MANIFESTATION OF SENATOR PANGILINAN

Senator Pangilinan manifested that Senators Angara, Lacson and Madrigal had reservations

to interpellate today; however, they have requested for more time to prepare. He added that Senator Osmeña had also requested that he be allowed to interpellate at a later date.

INQUIRY OF SENATOR DEFENSOR SANTIAGO

Senator Defensor Santiago asked how long the interpellations would take as she noted that among the Opposition senators who had reservations to interpellate, only one is prepared everyday, while the Majority senators are not allowed to interpellate.

If by the next day's session only one Opposition senator is ready to interpellate, she said that the Chair, to be fair to all, should declare the period of interpellations closed.

SUSPENSION OF SESSION

Upon motion of Senator Pangilinan, the session was suspended.

It was 4:06 p.m.

RESUMPTION OF SESSION

At 4:07 p.m., the session was resumed.

Senator Pangilinan expressed appreciation for the statement of Senator Defensor Santiago. He said that he was trying to marshal enough support from the Members to get the measure moving forward. He urged the Body to consider the point raised by Senator Defensor Santiago.

SUSPENSION OF CONSIDERATION OF SENATE BILL NO. 1854

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

SUSPENSION OF SESSION

Upon motion of Senator Pangilinan, the session was suspended.

It was 4:08 p.m.

RESUMPTION OF SESSION

At 4:09 p.m., the session was resumed.

COMMITTEE REPORT NO. 2 ON SENATE BILL NO. 1833

(Continuation)

Upon motion of Senator Flavier, there being no objection, the Body resumed consideration, on Second Reading, of Senate Bill No. 1833 (Committee Report No. 2), entitled

AN ACT TO STRENGTHEN THE UNIVERSITY OF THE PHILIPPINES AS THE NATIONAL UNIVERSITY.

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

The Chair recognized Senator Pangilinan, Sponsor of the measure, and Senator Lapid for his interpellation.

INTERPELLATION OF SENATOR LAPID

Asked by Senator Lapid if U.P. has a total land area of 24,000 hectares, Senator Pangilinan replied in the affirmative.

Senator Lapid disclosed that U.P. San Fernando used to occupy the land beside the capitol which had been donated by the local government. He said that after the site was hit by lahar, he and Ka Blas Ople appealed to the Clark Development Corporation to provide a place where U.P. San Fernando could be relocated. However, he said that U.P. Clark could not expand its campus.

Asked if U.P. intended to purchase land for U.P. Clark, Senator Pangilinan replied in the affirmative. He stated that students of U.P. San Fernando are, in fact, being asked to relocate because its buildings would be used. He said that U.P. Clark is negotiating with the Clark Development Corporation for a place inside Clark where the faculty and students of U.P. San Fernando could transfer.

Senator Lapid informed the Body that the late Gov. Bren C. Guiao donated P100,000 a year to U.P. San Fernando, while he, when he was governor, donated P500,000 a year from

1995-2001 because U.P. San Fernando did not even have enough funds to pay for a janitor. He added that he increased the amount to P1 million a year from 2001-2004 and at present, his son, Gov. Mark Lapid, continues to give the same amount to U.P. Clark.

In the event the bill becomes a law and the U.P. System would have its own income, Senator Lapid asked if there would still be a need for financial assistance from the local government of Pampanga. Senator Pangilinan thanked Senator Lapid for the financial assistance being extended to U.P. Clark as he added that a counterpart fund is being allotted to the university for its expenses.

On the question of whether U.P. properties should be utilized to address the problem of lack of funds of U.P. Clark, Senator Pangilinan stated that although the U.P. System has plans, its meager budget would not be enough to carry out with its plans for U.P. Clark.

If the bill is passed into law, asked how much of the budget would go to U.P. Clark and if a U.P. Region III could be established, Senator Pangilinan replied that U.P. Clark is open to students of Region III in spite of its limited funds. He added that the Maintenance and other Operating Expenses (MOOE) of U.P. Clark is being paid for by the U.P. System with the help of the local government.

Asked if the quality of education in U.P. Clark is the same as that of U.P. Diliman, Senator Pangilinan replied that the increased cut-off rate in admission and the caliber of the students have improved the quality of education of U.P. Clark. He added that some of its professors have taken their postgraduate courses abroad.

ACKNOWLEDGMENT OF THE PRESENCE OF GUESTS

At this juncture, Senator Pangilinan acknowledged the presence of the students from Tomas Del Rosario College of Balanga, Bataan headed by Ms. Rebecca Apelyedo.

Senator Flavier also acknowledged the presence of the newly elected president of the U.P. System – Dr. Emerlinda Roman.

Handwritten initials/signature

Senator Pangilinan stated that it was the first time the University of the Philippines has a woman president.

INTERPELLATION OF SENATOR MADRIGAL

At the onset, Senator Madrigal stated that the bill is a very noble endeavor and that rules governing the University of the Philippines should be updated from time to time.

Anent Section 9 of the proposed bill, Senator Madrigal asked what is being referred to in the term "service-wide agencies." Senator Pangilinan explained that service-wide agencies are government entities that regulate certain aspects of activity in the country. He cited the Professional Regulation Commission which regulates the practice of certain professions; the Commission on Higher Education (CHED) which services all public tertiary level institutions in the country; the Department of Science and Technology; and the Civil Service Commission which covers all government entities.

Asked if the University's institutional autonomy from service-wide agencies would include civil service rules, Senator Pangilinan replied in the affirmative. He stated that while the administrative and research staff are covered by the civil service rules, the faculty of the University of the Philippines is not.

On the issue of the autonomy of U.P. from the Department of Education, Senator Pangilinan explained that the University enjoys fiscal autonomy as far as the CHED is concerned. He stated that although CHED has supervisory powers over all state universities and colleges, the University exercises greater fiscal autonomy.

Asked if the only types of autonomy given to U.P. are fiscal and institutional, Senator Pangilinan opined that institutional autonomy is included in fiscal autonomy.

On whether U.P.'s standard of education would not be regulated by a government board, Senator Pangilinan stated that U.P. has a formal working relationship with CHED to some degree

since the chair of the U.P. Board of Regents is the CHED chair.

On the issue of possible conflict of interest because the CHED chair is also the U.P. Board chair, and what the safeguards are against this possible conflict, Senator Pangilinan stated that the presence of the CHED's chair in the Board of Regents is a safeguard in itself against the abuse of the powers of the Board.

On the contention that institutional autonomy could be interpreted to mean independence from all government agencies, Senator Pangilinan stated that the principles of administrative law and Supreme Court rulings have guided the University as to how independent an institution could be in the context of governance. He believed that there are enough safeguards in the Supreme Court rulings and CHED circulars that provide for limits in the exercise of institutional autonomy. He added that it has never been the intention of the bill to totally free the University from government regulations.

Asked on powers of the CHED Chair as chair of the Board, Senator Pangilinan stated that he presides over board meetings and has the power to vote. However, he stressed that in the end, the majority vote prevails. He said that the Board chair has the same powers as that of a corporate board chairman.

Asked if the chair of the U.P. Board is powerful in both the CHED and the U.P. System, Senator Pangilinan replied that the chair has enough power to run the organization and move things forward.

As regards policy matters, Senator Pangilinan stated that the Board chair participates by voting on a particular policy initiative.

On the administrative relationship between U.P. and CHED, Senator Pangilinan clarified that CHED has no administrative authority over U.P. but it endorses the U.P. budget to the Department of Budget and Management.

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145

Asked if there would be a conflict of interest on the part of the Board chair in pushing a policy that would be detrimental to the University, Senator Pangilinan replied that there is no conflict at all; in fact, he said, there is an area of convergence that ensures the policy in public tertiary level education is coordinated and is moving towards one particular direction.

On Senator Madrigal's concern that too much autonomy would be given to the University, Senator Pangilinan said that there is no argument that giving too much freedom may not be good which is precisely why the other senators were concerned about giving the Board expanded powers in terms of utilizing the University assets to raise resources. He said that Senator Madrigal could propose safeguards on the use of powers during the period of amendments.

As regards the present powers of the Board and the proposed powers under the bill, Senator Pangilinan stressed that the bill does not intend to give more powers to U.P. than it already enjoys in terms of authority to enter into joint venture agreements or utilizing resources. But he added that there are limits to the utilization of resources through the different conveyances like deeds of donation or deeds of sale. He explained that the only additional power the bill provides for is the power of the Board to fix salaries which would exempt U.P. from the Salary Standardization Law. He added that U.P. at present has the power to enter into joint venture agreements and to dispose of assets, and the powers under the Corporation Code as provided for in R.A. No. 8292.

As to amending the present Charter just by putting in the provision on salaries, Senator Pangilinan pointed out that there had been no one-time revision of the U.P. Charter, and all it had were piecemeal amendments as regards the composition of the Board, the powers of the president and opening of new campuses. He noted that there are anachronistic provisions in the present Charter that need revision.

On the institutional autonomy of the University with regard to service-wide agencies, Senator Pangilinan clarified that going by University tradition and practice and how it has been

regulated by service-wide agencies, the bill merely codifies what U.P. has been enjoying.

Asked if U.P. would be autonomous from other government agencies and the Executive departments, Senator Pangilinan replied that U.P. has autonomy, hence, it cannot fall under the supervision of other government entities. He noted, however, that with respect to the Mount Makiling forest reserve, U.P. Los Baños must comply with certain DENR rules.

Asked if institutional autonomy from service-wide agencies could be interpreted as exempting U.P. from government regulations with respect to permits and licenses, Senator Pangilinan replied that such is not the intent of the bill. He added that U.P. is not completely free from regulations of local government units.

On the phrase "it is autonomous of service-wide agencies," Senator Pangilinan stated that all rules and laws can be interpreted in many ways. He stated that in case questions on the law arises on the specific issue in the future, the record on the deliberations could be looked into.

Asked if the bill provides for a system on the resolution of conflicts of interpretation and application of policies between University and service-wide agencies, Senator Pangilinan explained that there are possible conflict areas in terms of interpretation. He said that in cases where a particular rule is in question, the U.P. sits down with the affected agency and discusses the parameters within which the University operates. There are also interagency coordination and agreements on how the rules are to be applied with respect to the University, he added.

As regards check and balance, Senator Pangilinan stated that he would welcome proposals during the period of amendments.

Asked if the bill provides for a mechanism on the part of the faculty, the students and the staff to air their grievances against certain officers, chancellors or members of the Board, Senator Pangilinan clarified that it is not provided for in the bill but there is a grievance procedure in the

University Code that is regulated by the Civil Service Commission.

Senator Madrigal disclosed that she had received numerous complaints from students and faculty regarding the chancellor of U.P. Los Baños. She related that she went on an ocular inspection to U.P. Los Baños and it seemed that it was exempt from all DENR rules and regulations.

Senator Pangilinan stated that the complaints have already reached the Board which has acted on them.

Asked if a provision could be included in the bill that grievances shall be acted upon with dispatch, Senator Pangilinan explained that the U.P. has a University Code that provides for the rules and regulations regarding grievances. He stated that Senator Madrigal would be provided with a copy of the University Code.

Senator Madrigal expressed concern on how the grievances of the faculty and students of U.P. Los Baños are being addressed considering that the issue remains unresolved for almost a year.

Senator Pangilinan informed the Body that the Board had a special meeting only for this purpose and that corrective action has been undertaken to address the grievances. He said that he would provide Senator Madrigal with an update on the status of the complaints.

Senator Madrigal stated that she wrote the chancellor of U.P. Los Baños two months ago, requesting details, studies and forestry reports but her letter remained unanswered. The chancellor, she pointed out, wants to cut a perfectly healthy tree with a retail value of P20 million to P40 million in hardwood. She expressed concern that this could happen in U.P. Los Baños that is supposed to be the bastion for the protection of forests.

Senator Pangilinan said that it is improper for the chancellor not to reply to the letter of any individual who has business with his office, pointing out that the code of ethical standards for government officials and employees requires

public servants to respond to letters and inquiries forwarded to their offices. The U.P. leadership, he stated, would look into the matter immediately and call the attention of the chancellor. He assured Senator Madrigal that he would write the chancellor and ask for the documents.

At this point, Senator Madrigal said that she would defer her interpellation until the chancellor has answered her letter satisfactorily.

Senator Pangilinan expressed the hope that the Body would address the two different issues — the problems raised by Senator Madrigal and the passage of the measure in view of the need for a strong U.P. charter.

The Chair agreed with Senator Madrigal that her inquiries should have been answered. It joined Senator Pangilinan in a plea to allow the termination of interpellation on the bill.

Senator Madrigal expressed frustration over the recent developments because she has been working on the issue for the past three months, decrying the shameless behavior of the chancellor, and the cutting of trees in forest land without the necessary permit and in spite of the protest of the faculty and students. She feared that the chancellor would not answer her all the more when he gets broader autonomy once the new U.P. charter is approved.

Senator Pangilinan expressed the hope that the senators would be able to separate U.P. as an institution from the acts of certain individuals so as not to let the entire institution suffer, and that Senator Madrigal would distinguish between the acts of the chancellor and the institution itself.

Senator Madrigal said that she could not separate the two issues because command responsibility is the guiding principle. She maintained that she would defer her interpellation until it can be proven that the U.P. leadership could exercise its power over the chancellor to answer her query and provide the necessary documents.

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REMARKS OF SENATOR PIMENTEL

At this point, Senator Pimentel stated that he did not think that Senator Madrigal's desire to be given a positive response from the chancellor was wasting the time of the Body because it is relevant to the debate. He said that as pointed out by Senator Madrigal, what the chancellor did was relevant to the debate on the bill. He stated that he would object to any attempt to curtail Senator Madrigal's right to pursue her interpellation because it is not an attempt to delay the passage of the measure.

Senator Pangilinan clarified that he did not suggest that Senator Madrigal intended to delay the proceedings; he was just appealing to the Body to separate the institution from the acts of certain individuals. He stated that there is nothing much he could do except to suspend the interpellations until the necessary documents shall have been forwarded to Senator Madrigal.

REMARKS OF SENATOR DEFENSOR SANTIAGO

Senator Defensor Santiago recalled that in her previous interpellation, she proposed a legislative policy that the personal bias, prejudice or opinion of a U.P. professor should not be displayed and followed during the admission process to U.P. She stated that it was her understanding from her professors and classmates in different universities abroad that children of alumni are preferred over other applicants for admission to those universities and that if there was a credit system, they were simply given additional credits because their parents graduated from the same universities. She wondered whether the same system could be adopted by U.P. because if the parent did well in U.P. it is highly likely that the child would do as well. She asserted that since most U.P. alumni are destined to succeed, by the time their children reach the age when they would be applying for college, the parents would have reached the upper middle class of economic society and would willingly give endowment to U.P. or construct buildings out of gratitude or happiness that their dreams for their children have been fulfilled.

Further, Senator Defensor Santiago observed that the policy in the Philippines, particularly in U.P., seems to be the complete opposite of those of foreign universities like the University of Michigan, Oxford University, Cambridge University and Harvard University where she studied. She said that she does not see any reason why persons or professors involved in the admission process to U.P. should bear a grudge against the parents of the student because they were either public leaders or celebrated personalities during their student days. Noting that a university needs money to become a great university, she said that one way of raising money is for U.P. other things being equal, to give preference to the children of alumni. She asked Senator Pangilinan to consider an amendment that she would file at the proper time.

Senator Pangilinan gave assurance that the committee would be more than willing to accommodate the proposed amendments of Senator Defensor Santiago.

MANIFESTATION OF SENATOR FLAVIER

Senator Flavier manifested that Senators Lacson, Osmeña, Arroyo and Pimentel have expressed their desire to interpellate Senator Pangilinan at a later date.

SUSPENSION OF CONSIDERATION OF SENATE BILL NO. 1833

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

SUSPENSION OF SESSION

Upon motion of Senator Pangilinan, the session was suspended.

It was 5:10 p.m.

RESUMPTION OF SESSION

At 5:13 p.m., the session was resumed.

146

REMARKS OF SENATOR ARROYO

Senator Arroyo remarked that so far, the answers being given by U.P. officials to Senator Pangilinan in response to questions on the U.P. charter bill have not been very satisfactory as he wondered about their intellectual capacity.

Stating that he expected the University officials would be as good when they come to the Senate as they are when they teach, Senator Arroyo expressed the hope that they would understand that their support for the bill is needed.

REMARKS OF SENATOR PANGILINAN

Senator Pangilinan expressed his appreciation for the remarks of Senator Arroyo which, he said, should be a challenge to U.P. to submit the information or data that the senators requested.

ADDITIONAL REFERRAL

Upon motion of Senator Pangilinan, there being no objection, the letter from Governor Rafael Buenaventura of the *Bangko Sentral ng Pilipinas* submitting to the Senate a report on the status of the *Philippine Financial System* that was referred earlier to the Committee on Banks, Financial Institutions and Currencies was also referred to the Committee on Finance.

REMINDER

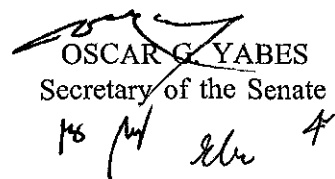
Senator Pangilinan reminded the Body that in the next day's session, several senators would interpellate on Senate Bill No. 1854 as he expressed the hope that the Body would be able to proceed faster given the fact that the bill has been certified.

ADJOURNMENT OF SESSION

Upon motion of Senator Pangilinan, there being no objection, the Chair declared the session adjourned until two thirty in the afternoon of the following day.

It was 5:16 p.m.

I hereby certify to the correctness of the foregoing.


OSCAR G. YABES
Secretary of the Senate
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Approved on November 24, 2004