


FOURTEENTH CONGRESS OF THE }
REPUBLIC OF THE PHILIPPINES }
First Regular Session }

7 JUL -3 P5:40

SENATE

S.B. No. 875

RECEIVED BY: 

Introduced by SENATOR EDGARDO J. ANGARA

EXPLANATORY NOTE

The national interest calls for the institutionalization of budgetary innovations. It is a declared policy of the State that the budgets of all components of the government shall be reflective of national objectives, strategies and plans. It must likewise be supportive of and consistent with the socio-economic development plans of the country.


In pursuit thereof, the budgets of government-owned and controlled corporations (GOCCs) shall be supportive and consistent with the budgets of all departments, bureaus, offices and agencies of the national government., brought also by the fact that all government corporations require national budget support either in the form of direct outlays, subsidies or guarantees.

Under current practice, however, the budgets of GOCC's, including those of their subsidiaries and affiliated companies, are not submitted to Congress as a matter of course.

Taking to mind the volume and capacity of public resources and activities undertaken by government corporations, it is urgent, nay imperative, that a formal mechanism be institutionalized in the review and analysis of the budgets of these GOCCs to ensure that the same are consistent with the national development plan and also to assure transparency in the operations of said corporations.

With this end in view, Section 13 of Presidential Decree No. 1177, otherwise known as the "Budget Reform Decree of 1977," is amended to the effect that in addition to the annual budget of the national government which the President is required to submit to Congress (the basis for the enactment of a General Appropriations Act), it shall also include in its budget submission the proposed corporate operating budgets of government - owned or controlled corporations, their subsidiaries and affiliated companies, which require national government budgetary support.

Further, the bill also requires these GOCC's to submit to Congress separate and yearly financial performance reports vis-à-vis their approved budgets, as well as status reports on obligations they have entered into which are backed by government guarantees. Approval of this bill, therefore, is earnestly sought.


EDGARDO J. ANGARA
Senator

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**AN ACT REQUIRING THE SUBMISSION TO CONGRESS OF
THE CORPORATE BUDGET OF ALL GOVERNMENT - OWNED OR
CONTROLLED CORPORATIONS, THEIR SUBSIDIARIES AND
AFFILIATES, AMENDING FOR THE PURPOSE, SECTION 13 OF PD
1177, OTHERWISE KNOWN AS THE
"BUDGETARY REFORM ACT OF 1977."**

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

1 **SECTION 1.** Section 13 of Presidential Decree No. 1177, otherwise
2 known as the "*Budget Reform Decree of 1977*" is hereby amended to read
3 as follows:

4
5 **SEC. 13. *Submission of the Budget.*** - The President
6 shall, in accordance with section [sixteen] TWENTY - FIVE (1),
7 Article [VII] VI of the Constitution, submit within thirty days
8 from the opening of each regular session of [the National
9 Assembly] CONGRESS as the basis for the preparation of the
10 General Appropriations Act, a national government budget of
11 estimated receipts based on existing and proposed revenue
12 measures, and of estimated expenditures.

13 The President shall include in his / HER budget
14 submission the proposed expenditure level of the Legislative and
15 Judicial Branches and of Constitutional bodies, which shall have

1 undergone the same process of evaluation and which shall have
2 been subject to the same budgetary policies and standards
3 applicable to agencies in the Executive Branch.

4 THE PRESIDENT SHALL ALSO SUBMIT TO
5 CONGRESS THE PROPOSED CORPORATE OPERATING
6 BUDGETS OF ALL GOVERNMENT –OWNED OR
7 CONTROLLED CORPORATIONS, INCLUDING THEIR
8 SUBSIDIARIES AND AFFILIATES, WHICH REQUIRE
9 NATIONAL BUDGETARY SUPPORT IN ACCORDANCE
10 WITH SUCH FORMAT, RULES AND REGULATIONS
11 PRESCRIBED BY THE DEPARTMENT OF BUDGET AND
12 MANAGEMENT (DBM).

13 The President may transmit to [the National Assembly]
14 CONGRESS, from time to time, such proposed supplemental or
15 deficiency appropriations, as are, in his judgment, (a) necessary
16 on account of laws enacted after the transmission of the Budget,
17 or (b) otherwise needed in the public interest.

18
19 SECTION 2. Section 22 of the same Decree is likewise amended to
20 read as follows:

21 “SEC. 22. *Budgetary Requirements of Government -*
22 *Owned or Controlled Corporations.* The internal operating
23 budgets of government –owned or controlled corporations and of
24 chartered institutions shall be approved by their respective
25 governing boards in accordance with a budget calendar and
26 format as may be approved by the President: *Provided, That*
27 such budget SHALL BE SUBMITTED TO CONGRESS AND

1 shall be subject to review and approval as part of the budget
2 process in cases where national government budgetary support
3 is needed, in terms of (a) capital or equity inputs, (b) operating
4 contributions to support specific activities undertaken by the
5 institution as part of its regular functions, and (c) guarantee of
6 the national government for obligations or contracts entered into
7 by the corporations; *Provided, Further,* That the submission of
8 interim financial statements may be required by the
9 [Commissioner] SECRETARY OF THE DEPARTMENT OF
10 BUDGET AND MANAGEMENT.”

11
12 **SECTION 3.** All government –owned or controlled corporations,
13 including their subsidiaries and affiliates, shall also submit to Congress
14 separate annual reports of financial performance as compared with their
15 approved budgets, explaining performance in terms of work and financial
16 results. Reports pertaining to a given fiscal year shall be submitted on or
17 before June 30 of the following year, through the Department of Budget and
18 Management (DBM), *together with comparative data for the preceding year*
19 and the approved budget for the current year.

20
21 **SECTION 4.** In addition to the reports required to be submitted under
22 the preceding section, all government – owned or controlled corporations,
23 their subsidiaries and affiliates, shall periodically report to Congress,
24 through the Department of Finance (DOF) and the Department of Budget
25 and Management (DBM), on the status of obligations and contracts which
26 they have entered into and which are backed by government guarantees.

1 **SECTION 5.** The Department of Budget and Management (DBM)
2 shall promulgate the necessary rules and regulations for the effective
3 implementation of this Act.

4
5 **SECTION 6. *Separability Clause.*** – If any provision of this Act or an
6 application thereof to any person or circumstance is held to be invalid, the other
7 provisions of this Act, and the application of such provision to other persons or
8 circumstances, shall not be affected thereby.

9
10 **SECTION 7. *Repealing Clause.*** All existing laws, orders, rules and
11 regulations or parts thereof deemed inconsistent with the provisions of this
12 Act are hereby repealed or modified accordingly.

13
14 **SECTION 8. *Effectivity.*** This Act shall take effect fifteen (15) days
15 following the date of its full publication in the Official Gazette or in at least
16 two (2) newspapers of general circulation.

17
18 *Approved,*