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PRE-PLenary CONFERENCES ON THE FY 2017 BUDGET

COMMITTEE	SUBJECT MATTER	DISCUSSIONS
Appropriations	<p>Pre-Plenary conferences on the proposed FY 2017 budget, and plans and programs of the following government agencies:</p> <ul style="list-style-type: none"> Autonomous Region in Muslim Mindanao (ARMM) 	<p>The Committee, chaired by Rep. Karlo Alexei Nograles (1st District, Davao City), held pre-plenary conferences with the Autonomous Region in Muslim Mindanao (ARMM), Mindanao Development Authority (MinDA), Southern Philippines Development Authority (SPDA), Zamboanga City Special Economic Zone Authority and Freeport (ZAMBOECOZONE), State Universities and Colleges (SUCs) in Regions I to V and in the National Capital Region (NCR), and the Department of Environment and Natural Resources (DENR) to thresh out issues and concerns raised by House Members relative to the agencies' proposed FY 2017 budget and plans and programs prior to the deliberation of their proposed budgets in the plenary.</p> <p>Committee Vice Chair Rep. Mohamad Khalid Dimaporo (1st District, Lanao Del Norte) presided over the pre-plenary conferences on the proposed FY 2017 budget of the ARMM, MinDA, SPDA, and ZAMBOECOZONE.</p> <p>ARMM Regional Governor Mujiv Hataman said that under the FY 2017 National Expenditure Program (NEP), the ARMM is set to receive P40.6 billion. The budget is distributed as follows: personnel services (PS), P14.6 billion; maintenance and other operating expenses (MOOE), P4 billion; and capital outlay (CO), P22.billion.</p> <p>Hataman highlighted the major accomplishments of the ARMM, including the creation of an electronic road mapping system wherein the details of the ongoing as well as completed road projects in the ARMM can be viewed on its website.</p> <p>In response to the issue raised by Rep. Shernee Abubakar Tan (Party-List, KUSUG TAUSUG) on the low performance of the Department of Education (DepEd)-ARMM insofar as the construction of classroom buildings is concerned, Hataman said there is "miscommunication" between the DepEd ARMM and the DepEd Central Office with regard to the reporting of the progress of these projects.</p> <p>DepEd Undersecretary Alain del Pascual acknowledged the statement of Hataman, adding that efforts are being made to ensure accurate reporting of project accomplishments in the future.</p> <p>Nevertheless, DPWH-ARMM Regional Secretary (OIC) Don Mustapha Loong reported the completion rates of its district school building projects, as follows:</p> <ul style="list-style-type: none"> For 2013, 80% completed (with P800 million funding allocation); For 2014, 80% completed (with P400 million funding allocation); and For 2015, 20% completed (with P1 billion funding allocation).

<p>Continuation... Appropriations</p>	<ul style="list-style-type: none"> State Universities and Colleges (SUCs) in Regions I to V and in the National Capital Region (NCR) 	<p>Amuco highlighted the major accomplishments of the ZAMBOECOZONE for the first half of 2016, which include:</p> <ul style="list-style-type: none"> Continued to house 32 locators, with additional 38 prospective locators; Generated a total of 1,478 jobs; and Generated actual investments amounting to P749.16 million and secured commitments for P23.65 billion in investments. <p>For 2017, Amuco said ZAMBOECOZONE will continue to pursue the following thrusts and priorities:</p> <ul style="list-style-type: none"> Generate economic activities, employment and revenue; Bring about socio-economic upliftment in the city and the region; and Protect, preserve, maintain and develop the environment. <p>The ZAMBOECOZONE was created by virtue of Republic Act 7903, or the Zamboanga City Special Economic Zone Act of 1995. It supports the overall efforts to promote trade and attract investments towards contributing to the economic development of Region IX and the entire Island of Mindanao.</p> <p>Committee Vice Chair and Antique Rep. Paolo Javier presided over the pre-pleinary conference on the 2017 budget of the SUCs in Regions I to V and NCR.</p> <p>KABATAAN Party-List Rep. Sarah Jane Elago objected to the cuts in the 2017 budgets for maintenance and other operating expenses (MOOE) and capital outlay of 57 SUCs. She stressed that it should not be the case because the overall budget of the SUCs for 2017 of P56.10 billion in fact increased by P8.7 billion from the current year's allocation of P47.4 billion. She said that with these budget cuts, SUCs will be forced to push back the construction of much needed school buildings, laboratories, dormitories, food service facilities and sports facilities. Likewise, some SUCs might decide to collect miscellaneous fees just to fill the funding gap, to the detriment of the students.</p> <p>Rep. Elago claimed that more than 100 legislators are also not in favor of the budget reduction in some of the SUCs' budgets, particularly for MOOE. Stressing that funds allotted to SUCs are an investment for the future of the nation, Rep. Elago recommended the following:</p> <ul style="list-style-type: none"> Restore the budget of the 57 SUCs to at least the 2016 budget level; Avoid reducing the SUCs' budget for capital outlay; and Provide free education for public school students from the secondary to the tertiary level. <p>Rep. Anthony Bravo (Party-List, COOP-NATCCO) took note of the SUCs failure to utilize their budget allocations in the previous years. Commission on Higher Education (CHED) Chair Patricia Licuanan explained that the balance of funds not spent within the year they were allocated are carried over to the following year which can still be used for the same purpose. She said such funds should not therefore be referred to as "unutilized," suggesting that it may be a case of "slow spending."</p> <p>Philippine Association of State Universities and Colleges (PASUC) President Ricardo Rotoras admitted that the slow spending among SUCs may be attributed to the infrequent meetings of the SUCs' boards, which make the decisions on how funds should be utilized.</p> <p>Sought to comment on the implementation of National Budget Circular (NBC) Nos. 464 and 308, Department of Budget and Management (DBM) Regional Office V Director Ma. Angelita Celis informed the</p>
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<p>Continuation... Appropriations</p>	<ul style="list-style-type: none"> Department of Environment and Natural Resources (DENR) 	<p>Committee that the funding requirement for the revised compensation of faculty members is already included in the respective budgets of the SUCs.</p> <p>Both circulars govern the implementation of the revised compensation and classification plan for faculty positions in SUCs, higher education institutions (HEIs) and technical education institutions (TEIs). NBC NO. 308 particularly applies to faculty members of the University of the Philippines (UP) System and the Mindanao State University (MSU) System. (Source: DBM)</p> <p>Committee Vice Chair Rep. Corazon Nuñez Malanyaon (1st District, Davao Oriental) presided over the pre-plenary conference on DENR's proposed budget.</p> <p>Rep. Luis Raymund "LRay" Villafuerte Jr. (2nd District, Camarines Sur) asked how much is allocated for the DENR's National Greening Program (NGP) for 2017. DENR Undersecretary Demetrio Ignacio said that the projected budget for the expanded NGP is P9.4 billion that will cover 24,515 hectares of forest lands nationwide. From 2011 up to 2015, Ignacio reported that the DENR has completed almost 92.3% of its target of 1.5 billion seedlings planted in 1.5 million hectares nationwide.</p> <p>The NGP is a massive forest rehabilitation program of the government established by virtue of Executive Order 26 issued on February 24, 2011 by former President Benigno Aquino III which seeks to grow 1.5 billion trees in 1.5 million hectares nationwide within a period of six years, from 2011 to 2016. It is a convergence initiative among the Departments of Agriculture (DA), Agrarian Reform (DAR) and DENR.</p> <p>Asked by Rep. Prospero Pichay (1st District, Surigao del Sur) on the number of illegal logging cases filed so far by the DENR, Forest Management Bureau (FMB) Director Ricardo Calderon said that the DENR has already filed almost 2,000 cases of illegal logging, which led to the conviction of around 200 illegal loggers.</p> <p>Calderon mentioned that the FMB is using satellite data to monitor forest activities because it cannot deploy the required number of forest guards due to budgetary constraints even as he said that the DENR allotted P700 million for the National Forest Protection Project.</p> <p>On the status of mining companies that were suspended as a result of the mining audit conducted by the DENR, Ignacio said that out of the 41 mining companies audited, 11 were found to have committed violations such as employing unsystematic mining methods, causing the siltation of coastal waters, cutting of trees without permit, and causing dust pollution.</p> <p>Rep. Pichay recommended that the penalty imposed on Marcventures Mining and Development Corporation to plant three million trees for mining violations should cover only the areas within Surigao del Sur where the violations were committed. Ignacio said he will discuss with DENR Secretary Regina Lopez the proposal of Rep. Pichay.</p> <p>Rep. Marlyn Primicias-Agabas (6th District, Pangasinan) thanked the DENR for responding to her request to delineate the boundaries between Pangasinan and Nueva Ecija to settle their territorial disputes.</p>
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COMMITTEE MEETING				
COMMITTEE	MEASURES		SUBJECT MATTER	ACTION TAKEN/DISCUSSION
	NO.	PRINCIPAL AUTHOR		
Legislative Franchises	HB 2930	Rep. Umali	Amending and extending for 25 years the franchise granted to Smart Communications, Inc. (formerly Smart Information Technologies, Inc.) under Republic Act No. 7294, the law granting Smart a franchise to establish, install, maintain, lease and operate integrated telecommunications/computer/electronic services and stations throughout the Philippines for public domestic and international telecommunications	<p>The Committee, chaired by Rep. Franz “Chicoy” Alvarez (1st District, Palawan), will deliberate further on HB 2930 in its next meeting.</p> <p>Rep. Reynaldo Umali (2nd District, Oriental Mindoro), author of HB 2930, stated that since 1992, when it was granted the authority to operate a mobile cellular service, Smart has grown to become one of the country’s leading telecommunication providers. Recognizing this achievement, Rep. Umali sought for the renewal of Smart’s legislative franchise which is due to expire in 2017.</p> <p>Rep. Gerald Anthony “Samsam” Gullas Jr. (1st District, Cebu) inquired on the measures being undertaken by Smart to improve its services, criticizing the company’s internet service as being 22 times slower and 96 times more expensive than that of Japan.</p> <p>Atty. Enrico Español, head of Smart’s legal department, replied that the company is undergoing network improvement and modernization to speed up internet services and call usage that will be completed by the first quarter of 2017.</p> <p>KABAYAN Party-List Rep. Harry Roque Jr. and Rep. Edward Vera Perez Maceda (4th District, Manila) expressed dismay over the poor service of Smart throughout the country, adding that this is the case even within the Batasan Complex where House Members hold office.</p> <p>Rep. Roque went on to say that the renewal of the legislative franchise of Smart should be put on hold until such time that it has improved its services.</p> <p>Rep. Roque further raised the issue of Smart’s non-compliance with Section 13 (Listing of Shares) of RA 7294 and its “urban-centric services” referring to Smart’s inability to provide quality telecom services outside urban areas.</p> <p>Atty. Ray Espinosa, regulatory affairs and policies office head of the Philippine Long Distance Telephone Company (PLDT), explained that while Smart is not listed in the Securities and Exchange Commission (SEC), but PLDT, the parent company of Smart, is publicly-listed. According to Espinosa, in the consolidated financial statement of PLDT, all of the revenues and income of Smart are attributed directly to PLDT.</p>

Continuation... Legislative Franchises				<p>Atty. Katherine Ann Baldos from the SEC Compliance and Monitoring Group confirmed that Smart is not a publicly-listed corporation.</p> <p>Section 13 of RA 7294 mandates that the grantee (Smart) shall list and make a public offering, through the stock exchange, of the shares representing at least 30% of its authorized capital stock in any securities exchange in the Philippines within two years from 1992.</p> <p>Replying to the issue of Smart being “urban-centric,” Espinosa averred that the company is doing its best to extend its services in the 3rd, 4th and 5th class municipalities. However, Smart is encountering problems beyond their control, such as:</p> <ul style="list-style-type: none"> • Inaccessible cell sites; • Prohibition by the Department of Public Works and Highways (DPWH) on the use of road right-of-way in certain areas; and • Peace and order situation in some parts of the country. <p>Espinosa also informed the Committee that Smart is already working with the Secretary of the Department of Information and Communications Technology (DICT) and the Office of the Speaker for the installation of appropriate ICT equipment within the Batasan Complex to improve internet connectivity in the area.</p> <p>The Smart Technologies, Inc., National Telecommunications Commission (NTC), and the Bureau of Internal Revenue (BIR) were directed to submit their respective position papers on the matter, as well as the documents requested by the House Members.</p>
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