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BUDGET BRIEFINGS		
COMMITTEE	SUBJECT MATTER	DISCUSSIONS
Appropriations	<p>Briefing on the proposed FY 2020 budget, plans and programs, and major accomplishments of the following government offices:</p> <ul style="list-style-type: none"> Philippine Charity Sweepstakes Office (PCSO) 	<p>The Committee, chaired by Rep. Isidro Ungab (3rd District, Davao City), listened to the presentation on the proposed FY 2020 budget, plans and programs, and major accomplishments of the PCSO, PAGCOR, DTI and DHSUD.</p> <p>Committee Vice Chair, Rep. Juan Miguel Macapagal Arroyo (2nd District, Pampanga), sat as the presiding officer during the presentation of PCSO.</p> <p>PCSO General Manager Royina Garma reported that from January to June 2019, the PCSO has generated revenues amounting to P12.66 billion from Small Town Lottery (STL); P10.09 billion from Lotto; P1.3 billion from Keno games; and P500 million from Sweepstakes. Out of PCSO's net earnings for the same period, P1.7 billion goes to its operating fund and P3.6 billion goes to charity fund. PCSO has remitted to the government P6.95 billion in taxes during the first half of this year and P3.28 billion in dividends for years 2017 and 2018.</p> <p>Rep. Arnolfo "Arnie" Teves, Jr. (3rd District, Negros Oriental) suggested that a law should be passed removing the numerous mandatory contributions of PCSO to various government agencies under existing laws which have unduly diminished its funds intended for health and medical assistance and services and charities of national character. He cited as an example the Individual Medical Assistance Program (IMAP) of the PCSO, to which more funds could be channeled to benefit more indigent patients and victims of calamities and disasters.</p> <p>Garma expressed support to Rep. Teves' suggestion. She added that funds for IMAP and other charity programs could further increase by exempting PCSO from the payment of various taxes, particularly the Documentary Stamp Tax which comprises a huge portion of its tax payments.</p> <p>Replying to the query of BAYAN MUNA Party-List Rep. Carlos Isagani Zarate, the PCSO General Manager said that the agency has already submitted to the National Bureau of Investigation (NBI) and the Philippine National Police - Criminal Investigation and Detection Group (PNP-CIDG) pertinent documents that will aid in the investigation of alleged corruption in the PCSO. Admitting that there are loopholes in the collection of revenues from STL, Garma informed the Committee that the PCSO is currently reviewing the rules and regulations governing the STL operations to correct the defects in the system.</p> <p>Meanwhile, Garma confirmed President Duterte's order lifting the suspension of STL operations nationwide under certain conditions. Some of these conditions are: authorized agent corporations (AACs) shall deposit to PCSO a cash bond equivalent to three months of the PCSO's share in the guaranteed minimum monthly retail receipts (GMMRRs) on top of their existing cash bonds; and this three-month cash bond shall automatically be forfeited in favor of PCSO in the event that the AACs fail to remit on time the full amount of the GMMRR for a particular period.</p> <p>In July, President Duterte ordered the suspension of all PCSO licensed games, including the operations of STL. The suspension came after the President cited massive corruption in PCSO that deprives the government of its rightful share in the agency's earnings.</p> <p>Committee Vice Chair, Rep. Manuel Jose "Mannix" Dalipe (2nd District, Zamboanga City), sat as the presiding officer during the presentation of PAGCOR.</p>
	<ul style="list-style-type: none"> Philippine Amusement and Gaming Corporation (PAGCOR) 	

<p>Continuation... Appropriations</p>	<ul style="list-style-type: none"> • Department of Trade and Industry (DTI) 	<p>PAGCOR Assistant Vice President for Corporate Communications Carmelita Valdez presented PAGCOR's major plans for 2020, which include the following: increase its gross gaming revenues and contributions to the national coffers and to nation-building; seek other acceptable sources of revenues while avoiding the proliferation of gaming activities catering to the economically-challenged sector; and rationalize costs to improve its net operating income margin.</p> <p>PAGCOR Assistant Vice President for Accounting Sharon Quintanilla presented the agency's accomplishments for 2018 and for the first half of 2019, highlighting the following:</p> <ul style="list-style-type: none"> • PAGCOR's total income for 2018 increased to P104.13 billion from P59.86 billion in 2017, which enabled the agency to remit P58.95 billion to the government as its contribution to nation-building; • For the first half of 2019, PAGCOR generated a gross income of P38.09 billion, of which P27.56 billion was remitted to the government; and • Total tax payments for 2018 reached P12.50 billion; and cash dividends remitted amounted to P16.17 billion also for 2018. <p>PAGCOR Assistant Vice President for Entertainment James Patrick Bondoc reported on the other significant accomplishments of the agency, among which are the construction of 6,471 classrooms in 924 sites; spent P12.84 million for its Pamaskong Handog Project benefiting 13,000 underprivileged individuals in 30 charitable institutions; and donated P9.63 million worth of relief packs and emergency kits to calamity stricken areas.</p> <p>Asked by Ifugao Rep. Solomon Chungalao on the status of PAGCOR's School Building Project, Bondoc said that because of the Department of Education's (DepEd) stand against using gambling-sourced funds for school building projects, PAGCOR instead channeled the funds to the construction of multi-purpose/evacuation centers in areas where local government units (LGUs) are able to make available at least 2,000 square meters of land as location for such project.</p> <p>With regard to the Philippine Offshore Gaming Operations (POGO) in the country, Rep. Carlos Isagani Zarate (Party-List, BAYAN MUNA) commented that while huge revenues may be raised from POGOs, the government should also take into consideration the social issues and national security concerns that the industry may cause. He also cited the reported illegal recruitment of Chinese nationals to work in POGO establishments.</p> <p>PAGCOR Senior Manager of Policy and Offshore Gaming Licensing Division Victor Padilla explained that the operation of POGOs started in 2005 under the jurisdiction of the Cagayan Economic Zone Authority (CEZA). With the issuance of Executive Order No. 13, series of 2017, the jurisdiction and authority to issue license for the operation of POGOs outside economic zones was transferred to PAGCOR. To date, there are 60 POGO licensees but only 48 are operational. Padilla claimed that no POGO in the country is being operated by Chinese firms because most of the POGO firms are offshore companies with local partners in the Philippines.</p> <p>Committee Vice Chair, Rep. Manuel Zubiri (3rd District, Bukidnon), sat as the presiding officer during the DTI budget briefing.</p> <p>DTI Secretary Ramon Lopez said that under the 2020 National Expenditure Program (NEP), the DTI and its attached agencies and corporations will get a total budget of P17.70 billion which is 5% lower than its 2019 budget of 18.70 billion.</p> <p>The DTI's proposed budget will be distributed as follows: Office of the Secretary (OSEC), P4.61 billion; Technical Education and Skills Development Authority (TESDA), P11.85 billion; Small Business Corporation (SB Corp), P1.5 billion; Cooperative Development Authority</p>
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<p>Continuation... Appropriations</p>	<ul style="list-style-type: none"> Department of Human Settlements and Urban Development (DHSUD) 	<p>(CDA), P566.14 million; Board of Investments (BOI), P370.77 million; Center for International Trade Expositions and Missions (CITEM), P278.48 million; Construction Industry Authority of the Philippines (CIAP), P128.06 million; Design Center of the Philippines (DCP), P102.12 million; Aurora Pacific Economic Zone and Freeport Authority, P88.72 million; and Philippine Trade Training Center (PTTC), P72.10 million. Also included are the automatic appropriation for Retirement and Life Insurance Premiums (RLIP), P376.84 million, and Special Account, P23.42 million.</p> <p>Rep. Stella Luz Quimbo (2nd District, Marikina City) asked if the decrease in the DTI's proposed budget could be attributed to the Department's low utilization of funds in the previous year.</p> <p>Lopez answered in the affirmative. However, he explained that funds such as those for the implementation of projects for the victims of the Marawi crisis were released to the Department only towards the end of last year, which could no longer be fully utilized due to time constraints.</p> <p>After the armed conflict in Marawi City between the ISIS-backed local terrorist groups and government forces that started in May 2017, the Task Force Bangon Marawi, composed of concerned government agencies including the DTI, was created to spearhead and coordinate the government's rehabilitation and reconstruction efforts in the area.</p> <p>Rep. Amihilda Sangcopan (Party-List, AMIN) suggested that a unit in the DTI should be created to focus on the implementation of the livelihood assistance project for the victims of the Marawi crisis. She requested a copy of the status report on the utilization of the funds intended for the internally displaced persons (IDPs) in Marawi amounting to P872 million including a list of recipients of the funds.</p> <p>Deputy Speaker Loren Legarda (Antique) asked about the status of DTI funds totaling to P1 billion: P50 million for Marawi weavers under the Task Force Bangon Marawi programs; P150 million under the Shared Services Facilities (SSF) program in partnership with state universities and colleges (SUCs); and P800 million for the SSF program being implemented at the regional level. Lopez said that 75% of the total amount has already been obligated.</p> <p>Replying to the query of Rep. Ferdinand Gaité (Party-List, BAYAN MUNA), Lopez said that the high percentage of unfilled positions totaling to 1,368 or 17.8% of the DTI's workforce was largely due to the retirement of its employees. Lopez, however, assured the Committee that there is an ongoing recruitment to fill up these vacant positions and promised to submit a status report on the matter.</p> <p>Rep. Teodorico Haresco Jr. (2nd District, Aklan) also asked the DTI on the status of the Philippine Construction Board (PCB) road map. DTI Undersecretary Rowel Barba said that the construction industry road map 2020-2030 is expected to be launched in November this year. Right now, the DTI has created a team that will draft this road map and has started collaborating with industry leaders to get their insights on the matter.</p> <p>Committee Vice Chair, Rep. Paul Ruiz Daza (1st District, Northern Samar), sat as the presiding officer during the DHSUD's budget briefing.</p> <p>DHSUD Secretary Eduardo Del Rosario said that under the FY 2020 National Expenditure Program (NEP), the DHSUD and its attached agencies are set to receive a total budget of P6.3 billion, which is 110% higher than the P3 billion budget of the housing sector in 2019. The proposed 2020 budget will be distributed as follows:</p> <ul style="list-style-type: none"> DHSUD Proper – P391 million; National Housing Authority (NHA) – P3.26 billion; Social Housing Finance Corporation (SHFC) – P1.4 billion; National Home Mortgage Finance Corporation (NHMFC) – P1 billion; and
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<p>Continuation... Appropriations</p>	<ul style="list-style-type: none"> • Human Settlements Adjudication Commission (HSAC) – P250 million. <p>The DHSUD Secretary also apprised the Committee of the creation of the Department pursuant to Republic Act (RA) 11201 through the consolidation of the Housing and Urban Development Coordinating Council (HUDCC) and the Housing and Land Use Regulatory Board (HLURB). Under the law, he said the DHSUD shall serve as the primary national government entity responsible for the management, planning and policy-making, regulatory, program coordination, and performance monitoring for all housing, human settlement and urban development concerns and shall exercise administrative supervision over key shelter agencies.</p> <p>DHSUD Director Zacarias Abanes added that the Implementing Rules and Regulations (IRR) of RA 11201 took effect on August 15, 2019. Abanes said the review of the proposed organizational structure and staffing pattern of the DHSUD is expected to be completed by September 2019 and the Department will be fully operational beginning January 2020.</p> <p>Reps. Stella Luz Quimbo (2nd District, Marikina City) and Francisco "Kiko" Benitez (3rd District, Negros Occidental) noticed a huge slash in the proposed budget of the DHSUD, particularly affecting the NHA and SHFC. The two agencies respectively proposed a budget of P33.45 billion and P10.12 billion, but the Department of Budget and Management (DBM) approved only P3.26 billion and P1.4 billion, respectively.</p> <p>Del Rosario explained that even if the DHSUD budget for 2020, as approved by the DBM, is 110% higher compared to 2019, it actually proposed a total budget of P48.88 billion in order to fully accomplish its goals for next year. With the significant reduction of DHSUD's proposed 2020 budget, housing production will definitely be affected, he said. Out of the DBM-approved budget, only a total of 12,161 housing units can be provided, which is way below its target of 101,039 housing units for next year.</p> <p>NHA General Manager Marcelino Escalada said that the DBM cited the low absorptive capacity of the agency as the reason for the reduction in the budget of the NHA.</p> <p>Rep. Strike Revilla (2nd District, Cavite), who is the Chair of the Committee on Housing and Urban Development, believes that despite the odds, the newly-created DHSUD will ensure that key shelter agencies will be able to maximize their resources to be able to provide adequate and affordable housing to all Filipinos.</p> <p>Citing a report made by the Commission on Audit (COA), GABRIELA Party-List Rep. Arlene Brosas sought an explanation on the delay in the implementation of housing projects for the Typhoon Yolanda victims. She noted that out of the NHA's target of 203,000 housing units, only 58% or 117,167 units were completed within a period of five years.</p> <p>Escalada explained that the budget for the construction of housing units for the Typhoon Yolanda victims was not released by the DBM to the NHA all at once in 2013, but was made on a staggered basis. He added that the NHA received the remaining balance of the fund in the amount of P5.4 billion only this year.</p> <p>Rep. Bayani Fernando (1st District, Marikina City), together with other lawmakers, requested the DHSUD and its attached agencies to look into the viability and funding requirements for the in-city relocation of about 250,000 informal settler families (ISFs) in Metro Manila.</p>
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