



# Committee Daily Bulletin

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BUDGET BRIEFINGS		
COMMITTEE	SUBJECT MATTER	DISCUSSIONS
Appropriations	<p>Briefings/hearings on the proposed FY 2021 budget of various government agencies, plans and programs, and their previous years' performance</p> <ul style="list-style-type: none"> <li>Philippine Charity Sweepstakes Office (PCSO)</li> </ul>	<p>The Committee, chaired by Rep. Eric Go Yap (Party-List, ACT-CIS), started its scrutiny of the respective budgets of government agencies, after the culmination of the budget briefings of the Development Budget Coordination Committee (DBCC) on the proposed National Expenditure Program (NEP) for fiscal year 2021.</p> <p>Committee Vice Chair, Rep. Manuel Jose "Mannix" Dalipe (2<sup>nd</sup> District, Zamboanga City), sat as the presiding officer during the deliberations on the proposed budget of PCSO, PAGCOR, and DAR.</p> <p>In the interest of time, the Committee dispensed with the budget presentation of the PCSO. The Members of the Committee proceeded with their queries about some of the details of the budget proposal.</p> <p>Replying to the query of Rep. Jose "Bonito" Singson Jr. (Party- List, PROBINSYANO AKO), PCSO General Manager Royina Garma said that Small Town Lottery (STL) can resume operations provided that the authorized agent corporations (AACs) are amenable to paying the guaranteed minimum monthly retail receipts (GMMRR) to PCSO. Garma added that the decision to resume STL operations is still subject to the review and approval of the Office of the President (OP) considering that the country is still under a public health emergency.</p> <p>Nevertheless, Garma mentioned that with the easing of quarantine restrictions, some of PCSO's gaming operations have gradually resumed, such as the Instant Sweepstakes on July 26, Keno on July 28, and Lotto on August 7.</p> <p>Minority Leader Bienvenido Abante Jr. (6<sup>th</sup> District, Manila) inquired about the alleged corruption in PCSO, particularly in the utilization of the 2% printing cost. (PCSO is allowed under its charter to allocate 2% of the gross receipts for the cost of printing tickets.)</p> <p>Garma said that the matter has already been investigated by the National Bureau of Investigation (NBI) and that cases had been filed at the Office of the Ombudsman against some members of PCSO's Board of Directors and some of its officials. Other issues of corruption against PCSO are still pending investigation by the NBI, with the full cooperation of the PCSO, Garma added.</p> <p>Rep. Jesus "Bong" Suntay (4<sup>th</sup> District, Quezon City) said that the decrease in the revenues of Lotto and Keno for years 2018 and 2019, may be attributed to the differences among some of the PCSO Board Members. Likewise, Rep. Suntay noted that the revenues from STL operations have decreased because PCSO allows the condonation of AACs' unpaid GMMRRs.</p> <p>Garma did not deny the statement of Rep. Suntay about the conflict among the PCSO Board Members, but explained that other factors such as the imposition of the 20% documentary stamp tax (DST) on lotto tickets also contributed to the decline in revenues. She said that ticket prices increased because of the 20% DST, which discouraged some bettors to patronize the lotto games. This resulted in lower sales and consequently lower revenues from lotto. On the other hand, she denied the allegation that the current PCSO Board allows the condonation of unpaid GMMRRs. In fact, she said, collection cases are</p>

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- Philippine Amusement and Gaming Corporation (PAGCOR)

currently being pursued by PCSO against AACs which have GMMRR shortfalls.

Based on the briefing materials submitted by PCSO, out of PCSO's net earnings for January to July 2020, P1.63 billion goes to its Operating Fund; P3.1 billion to its Charity Fund, and P5.03 billion to its Prize Fund. PCSO has remitted to the government P2.75 billion in taxes during the first half of this year and P5.5 billion in dividends for years 2017, 2018 and 2019.

PAGCOR's budget presentation was also dispensed with by the Committee and its officials instead replied to queries by the Members regarding PAGCOR's operations and certain issues.

Rep. France Castro (Party-List, ACT-TEACHERS) said that per Commission on Audit Report last year, 211 classrooms amounting to P343.45 million under the PAGCOR-funded School Buildings Project were found to be inexistent and others only partially completed. This is contrary to PAGCOR's claim that it has completed the construction of these school buildings. Rep. Castro then requested for the submission of the following:

- Utilization report on the amount of P14.5 billion remitted by PAGCOR for socio-civic programs of the Office of the President; and
- Updated report on the list of 9,000 completed and ongoing classroom constructions in 32 sites under the PAGCOR-funded School Buildings Project.

In reply to the query of Rep. Carlos Isagani Zarate (Party-List, BAYAN MUNA), PAGCOR Vice President and Corporate Secretary Juanito Sañosa Jr. said that out of the more than 50 Philippine Offshore Gaming Operations (POGOs) earlier allowed by the PAGCOR to operate, only about 30 are currently operating after they have complied with PAGCOR's requirements. The requirements include securing a certification from the Bureau of Internal Revenue (BIR) that the POGO's have actually paid the correct taxes. Sañosa, however, stressed that the issue on whether or not taxes have actually been paid to the BIR is an issue between the tax agency and POGO's.

Rep. Zarate reminded PAGCOR that as the regulatory body for POGO's, it is PAGCOR's responsibility to ensure that taxes from POGO operations are paid. He then requested for a detailed report on the actions taken by PAGCOR against unregistered or illegal POGO's in the country and on the following cases:

- Nine kidnapping cases involving Chinese nationals;
- Alleged maintenance of a "prostitution ring" involving POGO's;
- Alleged money laundering acts perpetrated by certain POGO workers covering the period September 2019 to February 2020 which involve a total amount of P447 million;
- Fake passports obtained by certain POGO workers through activities dubbed as "Pastillas bribery modus operandi;" and
- Clandestine medical facilities catering to Chinese COVID-19 patients.

Minority Leader Abante expressed dismay over the primer on POGO's entitled "The Truth About POGO" published in PAGCOR's website. He said that the primer belies the findings made by the Senate as well as the investigation reports of other law enforcement agencies of the government which link POGO's with prostitution and other crimes. The Minority Leader strongly believes that along with the entry of POGO's in the country are the social ills that are disadvantageous to the Filipinos.

PAGCOR Vice President James Patrick Bondoc explained that the primer was issued to inform the public of what POGO is and what it

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- Department of Agrarian Reform (DAR)

should not be. Bondoc, however, committed to undertake corrective measures to address the concerns of the Minority Leader on the matter.

Rep. Singson said that having POGO exclusive communities may address the concerns of Minority Leader Abante and other lawmakers. He then asked about the status of the planned establishment of these communities.

Special Assistant to the PAGCOR Chair Atty. Jose Tria, Jr. said that there are two existing exclusive communities for POGO workers: one in Cavite (former Island Cove) and one inside the Clark Economic Zone. Two other projects for POGO exclusive communities did not push through due to the COVID-19 pandemic, Tria said.

Based on PAGCOR's briefing materials, its 2019 actual income of about P81.94 billion and its estimated 2020 income of P32.29 billion shows a percentage decline of 56.95% which translates to about P46.69 billion in revenue losses this year. Because of the pandemic, PAGCOR's estimated contributions to nation building will only be about P21.72 billion as compared to last year's over P56.35 billion.

Agrarian Reform Secretary John Castricones expressed his apologies for not being physically present during the budget briefing of DAR as he was advised by his doctors to stay home due to a certain health condition. He said that he will just respond to the queries of the Members via Zoom.

DAR Undersecretary for Legal Affairs Office Luis Meinrado Pañgulayan said that the DAR proposed a budget of P32.97 billion for FY 2021 but the Department of Budget and Management (DBM) only approved a budget ceiling of P8.85 billion. The P8.85 billion will be distributed by expense class as follows: personnel services (PS), P5.11 billion; maintenance and other operating expenses (MOOE), P3.74 billion; and capital outlay (CO), P7 million.

Rep. Argel Joseph Cabatbat (Party-List, MAGSASAKA) recommended that the proposed budget of DAR for FY 2021 be increased so that it can implement the "mega farms" pilot project as planned. He manifested his full support for this project, which aims to plant or produce special crops in particular areas in the country. He said that the pilot project would require a funding of P5 billion.

Under the mega farms project, agrarian reform beneficiaries (ARBs) with individual titles shall form into organizations for the establishment of mega farms, consisting of at least 50 hectares in area with an integration of values of land tenurial security, farmer entrepreneurship, support services, modern technology practices including establishment of processing plants, and local and foreign investors participation. (Source: DAR website)

Rep. Manuel Sagarbarria (2<sup>nd</sup> District, Negros Oriental) asked how much of the proposed budget is allocated for the support services under the DAR's Agrarian Reform Beneficiaries Development and Sustainability Program (ARB-DSP). He said that adequate funding should be allocated to ensure the smooth and effective implementation of the ARB-DSP.

DAR Undersecretary for Support Services Office Emily Padilla replied that only 8.3% or P741.53 million of the proposed budget will be allocated for support services.

Deputy Speaker Luis Raymund "LRay" Villafuerte Jr. (2<sup>nd</sup> District, Camarines Sur) agreed that the proposed budget of DAR for FY 2021 should be augmented to increase the budget for ARB-DSP and to implement the P5 billion mega farms project. He also inquired about

<p>Continuation... Appropriations</p>	<ul style="list-style-type: none"> <li>Department of Energy (DOE) and its attached agencies and the Energy Regulatory Commission (ERC)</li> </ul>	<p>the status of the “Tulay ng Pangulo Para sa Kaunlarang Pang-Agraryo” (TPKP) Project. The TPKP was in response to the farmers’ request, especially those in remote communities, to be provided with bridges so they could easily transport their goods and access the nearest market.</p> <p>DAR Undersecretary for Foreign Assisted and Special Projects Office Bernie Cruz said that about 188 bridges have been approved for construction. However, he disclosed that DAR received more than 3,000 requests for the construction of bridges in different localities. Unfortunately, he said that the DAR does not have the budget to conduct the necessary validation of all these requests.</p> <p>Rep. Sarah Jane Elago (Party-List, KABATAAN) requested the Committee to ask the DBM to submit its explanation for reducing the FY 2021 proposed budget of DAR from P32.97 billion to only P8.85 billion.</p> <p>The DAR was asked to submit the pertinent documents that were requested by the Members during the budget briefing.</p> <p>The Committee Vice Chairs, Rep. Juan Miguel Arroyo (2<sup>nd</sup> District, Pampanga) and Rep. Dalipe, alternately presided over the deliberations on the budget of DOE and ERC.</p> <p>DOE Secretary Alfonso Cusi informed the body that the original budget proposal of the DOE Proper for FY 2021 is P2.6 billion but the DBM only approved a budget of P2.15 billion under the 2021 National Expenditure Program (NEP). The DBM-approved budget will be distributed by expense class as follows: MOOE, P999.77 million; PS, P639.36 million; CO, P452.40 million; and retirement and life insurance premiums (RLIP), P57.80 million.</p> <p>The proposed FY 2021 budget of DOE’s attached agencies and corporations are as follows:</p> <ul style="list-style-type: none"> <li>Power Sector Assets and Liabilities Management Corporation (PSALM Corp.) - P182.30 billion (P8 billion to be included in the General Appropriations Act (GAA) and P174.3 billion to be sourced from internally-generated funds);</li> <li>National Power Corporation (NPC) - P29.82 billion;</li> <li>National Electrification Administration (NEA) - P3.93 billion;</li> <li>National Transmission Corporation (TransCo) - P3.39 billion; and</li> <li>Philippine National Oil Company (PNOC) - P613.18 million</li> </ul> <p>ERC Chair Agnes Devanadera reported that the original budget proposal of the ERC for FY 2021 is P970.79 million but the DBM only approved a budget of P564.88 million under the NEP.</p> <p>Minority Leader Abante asked the ERC on the action it has taken against the Manila Electric Company (Meralco) for overcharging its customers. Devanadera said that the ERC already imposed a penalty of P19 million against Meralco for various violations of ERC rules. Meralco is expected to comply with the payment within the month, Devanadera added.</p> <p>With regard to the query of Rep. Zarate on the status of unbundling the price of oil, the Energy Secretary said that the DOE is just waiting for the temporary restraining order (TRO) to be lifted.</p> <p>In May 2019, Cusi signed Department Order Circular No. DC2019-05-0008 or the “Revised Guidelines for the Monitoring of Prices in the Sale of Petroleum Products by the Downstream Oil Industry in the Philippines.” The Circular aims to make oil price rollbacks or price hikes more transparent by requiring oil companies to submit a report</p>
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to the DOE with a detailed breakdown of their import costs, tariffs, biofuel costs, oil company take components, and other essential cost components that contribute to the changes in retail prices. The unbundling of oil prices is expected to take effect in July 2019. However, private oil companies filed a TRO against the DOE Circular, arguing that it is against the existing policy of a market driven competition.

Rep. Eufemia "Ka Femia" Cullamat (Party-List, BAYAN MUNA) inquired on the status of the nuclear energy program of the DOE.

DOE Assistant Secretary Gerardo Erguiza Jr. said that the President issued Executive Order (EO) 116 in July 24 which created the Nuclear Energy Program Inter-Agency Committee (NEP-IAC). Under the EO, the NEP-IAC will be tasked to "conduct a pre-feasibility study to evaluate and assess the need for and viability of introducing nuclear power into the State's energy mix, taking into consideration economic, security, and environmental implications, and the engagement of the public and relevant stakeholders.

Deputy Speaker Loren Legarda (Antique) asked the ERC on the status of the utilization of fund for hiring additional ERC personnel and consultants. Devanadera said that the allocated budget is P312 million under the 2020 GAA. However, this budget was realigned in response to the Bayanihan to Heal as One Act. She said the same budget was included in the original budget proposal of the ERC for FY 2021 but was removed again by the DBM.

Rep. Virgilio Lacson (Party-List, MANILA TEACHERS) asked the ERC on the total number of its employees, considering that the ERC received about 50,000 complaints relative to the spike in electricity bill in May. Devanadera replied that the ERC only has 272 employees to date.

Rep. Sergio Dagooc (Party-List, APEC) urged the body to support the increase in the budget of the ERC in order for the latter to effectively and efficiently fulfill its functions by hiring more qualified consultants and engineers.

Deputy Speaker Michael Romero Ph.D. (Party-List, 1-PACMAN) expressed his support to restore the ERC's original budget proposal of P970.70 million for FY 2021.

Rep. Stella Luz Quimbo (2<sup>nd</sup> District, Marikina City) criticized as ineffective the price monitoring policy of the DOE under the Oil Deregulation Law. She said this should be studied further to ensure that collusion among oil industry players to raise the prices of oil will be prevented. She added that the fuel prices in the Philippines are among the highest in Southeast Asia.

Cusi countered that Singapore has the highest fuel prices in Southeast Asia. However, Cusi said that he is open to suggestions that would further improve DOE's price monitoring policy. According to DOE Assistant Secretary Leonido Pulido III, the DOE is already drafting a bill that will amend the Oil Deregulation Law.

Rep. Bernadette Herrera-Dy (Party-List, Bagong Henerasyon) asked the DOE why it did not include in its presentation its utilization of DOE's earmarked revenues amounting to almost P300 billion. She requested the DOE to submit this data to the Committee including the list of locally-funded projects.

Cusi said that the DOE will submit the documents as requested. He also explained that part of the earmarked revenues comes from the Malampaya Gas Field Project which is automatically remitted to the National Treasury. He added that the DOE is merely a collecting agency with regard to the earnings of the Malampaya.

**COMMITTEE MEETINGS ON HOUSE MEASURES**

COMMITTEE	MEASURES		SUBJECT MATTER	ACTION TAKEN/DISCUSSION
	NO.	PRINCIPAL AUTHOR		
<b>Peace, Reconciliation and Unity</b> (Special Committee)	HB 4003	Rep. Belmonte	Establishing a transitional justice and reconciliation program for the Bangsamoro, creating for the purpose the National Transitional Justice and Reconciliation Commission for the Bangsamoro, and appropriating funds therefor	<p>The Committee, chaired by Rep. Esmael Mangudadatu (2<sup>nd</sup> District, Maguindanao ), will deliberate further on HB 4003 in its next meeting.</p> <p>Rep. Amihilda Sangcopan (Party-List, AMIN), co-author of HB 4003, said that the bill seeks to establish a Transitional Justice and Reconciliation Program (TJRP) aimed at addressing the legitimate grievances of the Bangsamoro people, correcting historical injustices, and addressing human rights violations and marginalization through land dispossession.</p> <p>Rep. Sangcopan said that the establishment of the TJRP is mandated under the Comprehensive Agreement on the Bangsamoro (CAB) forged between the Philippine Government and the Moro Islamic Liberation Front (MILF).</p> <p>Expressing support for the bill were the Office of the Presidential Adviser on the Peace Process Assistant Secretary Wilben Mayor, Bangsamoro Autonomous Region in Muslim Mindanao (BARMM) Minister Raissa Jajurie, BARMM Parliament Minority Leader Laisa Alamia, Transitional Justice and Reconciliation consultants, Atty. Cecilia Jimenez-Damary, and Atty. Ishak Mastura.</p>
<b>Ways and Means</b>	Substitute Bill to HB 1197	Deputy Speaker Oaminal	Providing for the revitalization and capability enhancement of the Philippine National Police (PNP) and appropriating funds therefor	<p>The Committee, chaired by Rep. Joey Sarte Salceda (2<sup>nd</sup> District, Albay), approved the tax provision of the Substitute Bill to HB 1197 with amendments.</p> <p>The Committee agreed that all internal revenue tax and duty obligations from the purchase and importation of all PNP equipment relative to its revitalization and capability enhancement program shall be chargeable against the tax expenditure fund provided in the General Appropriations Act (GAA).</p> <p>Also, donations made to the PNP for the same purpose shall be exempt from donor's tax and the same shall be considered as allowable deduction from the gross income of the donor for purposes of computing taxable income in accordance with the provisions of the National Internal Revenue Code of 1997, as amended. Likewise, donations from foreign sources shall be exempt from value added tax (VAT) and customs duties.</p> <p>Resource persons from the Department of Finance (DOF), Bureau of Internal Revenue (BIR), and Bureau of Customs (BOC) expressed support for the bill.</p>

AGENCY BRIEFINGS		
COMMITTEE	SUBJECT MATTER	DISCUSSIONS
<b>Peace, Reconciliation and Unity</b> (Special Committee)	Briefing by the Office of the Presidential Adviser on the Peace Process (OPAPP) on the status of civilians in conflict areas during the COVID-19 pandemic	<p>The Committee, chaired by Rep. Esmael Mangudadatu (2<sup>nd</sup> District, Maguindanao), listened to the briefing conducted by OPAPP Assistant Secretary Wilben Mayor on the status of civilians in conflict areas amidst the COVID-19 pandemic.</p> <p>Mayor reported that since the start of the pandemic, 92,584 individuals have been displaced from their places of residence in the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM) due to continued military operations against armed groups such as the Bangsamoro Islamic Freedom Fighters (BIFF) in Maguindanao; Abu Sayyaf Group (ASG) in Patikul, Sulu; and Maute Group in Lanao del Sur. Likewise, increased firefights had been recorded due to Rido or clan wars in North Cotabato and Maguindanao resulting in forced displacement of civilians.</p> <p>With the COVID-19 pandemic still unfolding, delays in undertaking the strategies and approaches necessary in fully realizing the peace process are likely to happen. Mayor reported that there will be delays in the implementation of the Normalization Program which includes the decommissioning process, community reintegration, and provision of socioeconomic support to former Moro Islamic Liberation Front (MILF) combatants. The community education and sensitization about the Bangsamoro transition has been suspended because of the pandemic.</p> <p>Mayor also noted that providing immediate interventions to the ongoing armed conflicts in various areas in BARMM have been difficult due to limitations in access and movement. This, he said, could prolong the armed conflict, escalate violence, and may result in more people being displaced.</p> <p>Mayor also apprised the Committee about the effects of the pandemic to the peacebuilding and humanitarian efforts of the government as well as to the BARMM's economic and food security.</p> <p>Some of the government responses to address the adverse effects of the pandemic in conflict-affected areas include providing relief goods and supplies and equipment to local government units, such as face masks and personal protective equipment; administering psychological counselling; and providing assistance to individuals in crisis situations, among others.</p>
<b>Ways and Means</b>	Briefing by the Bureau of Customs (BOC) on its commitment to establish and implement an appropriate valuation system in lieu of the previous National Valuation Verification System (NVVS), and on the status of automation/digitization of customs processes/transactions	<p>The Committee, presided by Rep. Estrellita Suansing (1<sup>st</sup> District, Nueva Ecija), listened to the briefing by the BOC on the establishment and implementation of an appropriate valuation system in lieu of the National Valuation Verification System (NVVS), and on the status of automation or digitization of customs processes and transactions.</p> <p>BOC Director Yasser Abas informed the Committee that the BOC is now using the enhanced Value Reference Information System (e-VRIS) as its new database of reference values that serve as basis for customs officers to determine possible undervaluation or trade "misinvoicing" of imported goods.</p> <p>According to Abas, the e-VRIS was established under Customs Memorandum Order (CMO) 16-2020 which was implemented on August 17, 2020 in all ports nationwide to replace the NVVS which was marred by complaints since its establishment in 2019. The e-VRIS will help Customs establish a reliable and comprehensive</p>

<p>Continuation... Ways and Means</p>		<p>database of information on the value and classification of imports for reference purposes in support of the implementation of the World Trade Organization's (WTO) Valuation Agreement (WVA), Abas added.</p> <p>Rep. Sharon Garin (Party-List, AAMBIS-OWA) emphasized that the reason why the Customs Modernization and Tariff Act (CMTA) was passed was precisely to modernize the customs rules to prevent corruption and improve the delivery of service. Thus, she said, the BOC does not have to establish a new system but should only adhere to the law. She added that the CMTA already provides the customs valuation methods for the proper assessment and collection of duties and taxes on imported goods, foremost of which is the use of the transaction value.</p> <p>Rep. Suansing suggested that a case be filed against importers who misdeclare the value of their imported goods.</p> <p>Rep. Joey Sarte Salceda (2<sup>nd</sup> District, Albay), Chair of the Committee, asked the BOC to submit a legal justification that the e-VRIS does not contravene the provisions of the CMTA and the WVA.</p> <p>On the query of Rep. Lorenz Defensor (3<sup>rd</sup> District, Iloilo) on the basis of who determines the minimum and maximum value of goods declared, Abas said the e-VRIS automatically determines the range of value of goods declared. However, Abas explained that when the declared value falls below the minimum of the allowable range, the determination of the value of imports falls under the examiner upon checking of the import documents.</p> <p>The BOC was requested to submit documents pertinent to the establishment of NVVS and e-VRIS.</p> <p>BOC Assistant Commissioner Vincent Philip Maronilla gave assurance that the issues and concerns raised by the Members of the Committee will be discussed with the BOC Commissioner.</p>
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