

RECORD OF THE SENATE

THURSDAY, SEPTEMBER 3, 1998

RESUMPTION OF THE SESSION

At 10:19 a.m., the session was resumed with the President of the Senate, Honorable Marcelo B. Fernan, presiding.

The President. The session is resumed.

The Secretary will now read the Reference of Business.

SECOND ADDITIONAL REFERENCE OF BUSINESS

MESSAGE OF THE PRESIDENT OF THE PHILIPPINES

The Secretary.

August 28, 1998

Hon. MARCELO B. FERNAN
Senate President
Senate of the Philippines
Pasay City

Dear Senate President Fernan:

I hereby endorse Senate Bill No. 914, entitled

AN ACT REORGANIZING AND MODERNIZING
THE NATIONAL BUREAU OF INVESTIGATION,
PROVIDING FUNDS THEREFOR AND
FOR OTHER PURPOSES,

as a priority Administration measure.

Best regards.

(Sgd.) JOSEPH EJERCITO ESTRADA

The President. Referred to the Committee on Rules

BILLS ON FIRST READING

The Secretary. Senate Bill No. 1172, entitled

AN ACT RE-NATIONALIZING DEVOLVED
HEALTH SERVICES AND FACILITIES,
APPROPRIATING FUNDS THEREFOR, AND
FOR OTHER PURPOSES

Introduced by Senator Ople

The President. Referred to the Committees on Health and Demography; Local Government; and Finance

The Secretary. Senate Bill No. 1173, entitled

AN ACT PROVIDING FOR THE CONSERVATION
AND PROTECTION OF WILDLIFE
RESOURCES AND THEIR HABITATS,
APPROPRIATING FUNDS THEREFOR, AND
FOR OTHER PURPOSES

Introduced by Senator Honasan

The President. Referred to the Committees on Environment and Natural Resources; Agriculture and Food; Ways and Means; and Finance

The Secretary. Senate Bill No. 1174, entitled

AN ACT CONVERTING THE LAGUNA COLLEGE
OF ARTS AND TRADES IN THE PROVINCE
OF LAGUNA INTO A STATE UNIVERSITY TO
BE KNOWN AS LAGUNA STATE
UNIVERSITY, AND APPROPRIATING
FUNDS THEREFOR

Introduced by Senators Ople and Aquino-Oreta

The President. Referred to the Committee on Rules

The Secretary. Senate Bill No. 1175, entitled

AN ACT REPEALING PRESIDENTIAL DECREE
NO. 1986, ENTITLED "CREATING THE
MOVIE AND TELEVISION REVIEW AND
CLASSIFICATION BOARD"

Introduced by Senator Roco

The President. Referred to the Committee on Public Information and Mass Media

RESOLUTIONS

The Secretary. Proposed Senate Resolution No. 166, entitled

RESOLUTION DIRECTING THE COMMITTEES
ON FOREIGN RELATIONS; JUSTICE AND
HUMAN RIGHTS; AND NATIONAL DEFENSE
AND SECURITY TO CONDUCT A STUDY OF
THE PETITION OF SOME SECTORS OF THE

to address the public emergency consisting of long delayed completion of government infrastructure projects resulting in additional construction costs that drain the already scarce resources of the government.

Best regards.

(Sgd.) JOSEPH E. ESTRADA

cc: Hon. Manuel B. Villar Jr.
Speaker
House of Representatives
Quezon City

The President. Referred to the Committee on Rules
Senator Biazon is recognized.

**MOTION OF SENATOR BIAZON
(Referral of S. No. 1170, Res. No. 166 and
Proclamations 1220 and 1223 to different
Committees)**

Senator Biazon. Mr. President, may I move that the following should also be referred to the following committees, as indicated: Senate Bill No. 1170 to the Committee on National Defense and Security; Proposed Senate Resolution No. 166 also to the Committee on National Defense and Security; Proclamation Nos. 1220 and 1223 to the Committee on Urban Planning, Housing and Resettlement; and Proclamation No. 1136 also to the Committee on Urban Planning, Housing and Resettlement.

The President. Is there any objection? *[Silence]* There being none, the motion is approved.

Senator Flavier. Mr. President.

The President. Senator Flavier is recognized.

**MOTION OF SENATOR FLAVIER
(Blue Ribbon Committee as Secondary
Committee on P. S. Res. No. 177)**

Senator Flavier. Mr. President, on page 3 of the Fourth Additional Reference of Business, Proposed Senate Resolution No. 177 was referred to the Committee on Health and Demography, may I move that we also include as a secondary committee the Blue Ribbon Committee.

The President. Is there any objection? *[Silence]* There being none, the motion is approved.

Senator Flavier. Thank you very much, Mr. President.

The President. Senator Jaworski is recognized.

**MOTION OF SENATOR JAWORSKI
(Referral of MO No. 454 to Trade and
Commerce Committee)**

Senator Jaworski. Mr. President, may I move that Memorandum Order No. 454 be also referred to the Committee on Trade and Commerce.

The President. Is there any objection? *[Silence]* There being none, the motion is approved.

The Majority Leader is recognized.

SUSPENSION OF SESSION

Senator Drilon. May we ask for a one-minute suspension of the session.

The President. Is there any objection? *[Silence]* There being none, the session is suspended for one minute.

It was 10:54 a.m.

RESUMPTION OF SESSION

At 11:13 a.m., the session was resumed.

The President. The session is resumed. The Majority Leader is recognized.

**BILL ON SECOND READING
S. No. 1136—Special Economic Zone Act of 1995
(Continuation)**

Senator Drilon. I move that we resume consideration of Senate Bill No. 1136, as reported out under Committee Report No. 2.

The President. Resumption of consideration of Senate Bill No. 1136 is now in order.

Senator Drilon. Mr. President, this is the bill amending the Special Economic Zone Act of 1995. We are in the period of individual amendments.

For this purpose, may we ask the Chair to recognize Sen. Sergio R. Osmeña III, the sponsor of the measure, and Sen. Raul S. Roco who was on the floor, when we suspended consideration of said bill, presenting amendments.

The President. Both Sen. Sergio R. Osmeña III and Sen. Raul S. Roco are recognized.

Senator Roco. Thank you, Mr. President.

Senator Osmeña III. Thank you, Mr. President.

The President. Please proceed.

Senator Roco. I was really coming to page 3, Mr. President. Just to refresh my memory. I think the last amendment was the deletion of lines 9 to 14. Was that acted upon?

Senator Osmeña III. That is correct, Mr. President.

Senator Roco. If that has been acted upon, Mr. President, may we just go down to line 26, the "*NON-APPLICABILITY OF R.A. 6758 TO THE PEZA.*"

Mr. President, I have cleared this with the chairman of the committee, and I have called the attention of our other members to the exempting provisions of the Land Bank, the DBP, as well as the Bangko Sentral because these were the three agencies I know or I was familiar with that exempted them from RA No. 6758. In lieu of this provision, so that we have already established meaning, may we ask that the section be replaced by the following.

Senator Guingona. Mr. President.

The President. The Minority Leader is recognized.

Senator Guingona. With the indulgence of the senator from Bicol. I was made to understand that the amendment sought to be introduced was in line 16.

Senator Roco. I am sorry. Yes, Mr. President, but there was no agreement on that. We were really discussing that but the chairman did not want to yield on deleting except for the private...

Senator Guingona. Deleting this Section 2.

The President. What amended copy is the Minority Leader referring to?

Senator Guingona. The latest amended copy, Mr. President.

The President. That is as of what date?

Senator Drilon. Mr. President.

The President. The Majority Leader is recognized.

Senator Drilon. Mr. President, the Minority Leader is correct that there was a proposed amendment to delete lines 16 to 22 on page 3. However, the principal sponsor did not accept the proposal of Senator Roco. I think that is reflected on the record.

Senator Roco. Yes, that is why I thought I will yield.

Senator Guingona. If the amendment is not accepted and the provision stands, I would like to introduce an amendment before the paragraph in line 23 after the enumeration of powers.

Senator Osmeña III. May we hear the amendment, Mr. President.

GUINGONA AMENDMENT

Senator Guingona. This will, in effect, amend Section 45 in the original law. It says: "Privately-owned ecozones shall retain autonomy and independence but shall be monitored by the PEZA for the implementation of incentives and operations for adherence to the law."

Senator Osmeña III. I have no objection to that amendment, Mr. President, although that should not fall under this section but should be an additional section, because under the original law, Republic Act No. 7916, that is Section 45.

Senator Guingona. Yes, Mr. President.

Senator Osmeña III. May the distinguished gentleman from Mindanao introduce the amendment at the proper time?

Senator Guingona. I thought that this was the proper place.

Senator Osmeña III. No, Mr. President, because this particular Section 2 of the bill deals with Section 15 of RA No. 7916, while the amendment of the distinguished gentleman deals with Section 45.

Senator Guingona. Yes, Mr. President. But in this bill sponsored by the distinguished gentleman, I thought that this would be the proper place.

Senator Osmeña III. As long as the Secretary of the Senate is made aware that this will amend Section 45, I will have no objection, Mr. President.

The President. Is there any objection? [*Silence*] There being none, the amendment is approved.

Senator Roco. Mr. President, we were in line 24 onwards. In lieu of this section, may we seek the conformity of the committee to adopt, with the appropriate changes, the equivalent provisions in the Bangko Sentral, Land Bank, and DBP so we will have less debate with other government agencies.

Section 16 will then read: Instead of "Salary and Other Emoluments," replace it with the word PERSONNEL, and it will read as follows:

THE PEZA BOARD OF DIRECTORS SHALL PROVIDE FOR AN ORGANIZATION AND STAFF OF OFFICERS AND EMPLOYEES OF THE ECOZONES AND UPON RECOMMENDATION OF THE DIRECTOR-GENERAL WITH THE APPROVAL OF THE SECRETARY OF THE DEPARTMENT OF TRADE AND INDUSTRY, APPOINT AND FIX THEIR REMUNERATIONS AND OTHER EMOLUMENTS AND REMOVE SUCH OFFICERS AND EMPLOYEES PROVIDED THAT THE BOARD SHALL HAVE EXCLUSIVE AND FINAL AUTHORITY TO PROMOTE, TRANSFER, ASSIGN OR REASSIGN PERSONNEL OF THE PEZA, ANY PROVISION OF EXISTING LAW TO THE CONTRARY NOTWITHSTANDING.

ALL POSITIONS IN THE PEZA SHALL BE GOVERNED BY A COMPENSATION, POSITION CLASSIFICATION SYSTEM AND QUALIFICATION STANDARDS APPROVED BY THE BOARD OF DIRECTORS BASED ON A COMPREHENSIVE JOB ANALYSIS AND AUDIT OF ACTUAL DUTIES AND RESPONSIBILITIES. THE COMPENSATION PLAN SHALL BE COMPARABLE WITH THE PREVAILING COMPENSATION PLANS IN THE PRIVATE SECTOR AND SHALL BE SUBJECT TO PERIODIC REVIEW BY THE BOARD NO MORE THAN ONCE EVERY TWO YEARS WITHOUT PREJUDICE TO YEARLY MERIT REVIEWS OR INCREASES BASED ON PRODUCTIVITY AND PROFITABILITY. THE PEZA SHALL THEREFORE BE EXEMPT FROM EXISTING LAWS, RULES AND REGULATIONS ON COMPENSATION, POSITION CLASSIFICATION AND QUALIFICATION STANDARDS. IT SHALL HOWEVER ENDEAVOR TO MAKE ITS SYSTEM CONFORM AS CLOSELY AS POSSIBLE WITH THE PRINCIPLES UNDER REPUBLIC ACT NO. 6758.

The reasoning for this, Mr. President, is, it minimizes the distortion. The Standardization Law after all is a law and is

supposed to minimize the possibility of demoralization simply because one belongs to another agency. But the economic agencies obviously cannot compete if they are just hamstrung by the Standardization Law.

The wordings here took a long time both for the Bangko Sentral, the Land Bank and the Development Bank of the Philippines. So if we adopt the same system and we justify it on the competitive needs of the PEZA, then we go along with all the past reasoning in terms of exemption from the Standardization Law, Mr. President.

Senator Osmeña III. I have no specific objection to that particular amendment, Mr. President. It even dots more "i's" and crosses more "t's" than we availed of in our present bill.

However, may I just perhaps recommend to the proponent that he include the salary scales at the SBMA, the Bases Conversion Development Authority and the Clark Development Corporation seeing them as more comparable in nature than the private sector. Because the private sector in this particular instance really operates quite small export processing zones, and the scope of the PEZA is more wide-ranging. It supervises more than 101 industrial estates of export processing zones. So, perhaps, a more comparable figure would be the SBMA levels, the Clark and the BCDA levels.

If the proponent would like to add that in, I would be very happy to accept his amendment.

The President. The Minority Leader would like to be recognized.

Senator Guingona. Yes, Mr. President, with the indulgence of the gentlemen. I would like to ask some clarificatory questions.

Senator Roco. Yes, Mr. President.

Senator Guingona. The Standardization Law seems to have been amended many times over. There seemed to be more exemptions now than the law itself, except to the rank and file of nonproprietary government personnel. I think in view of the situation, plus the economic adjustments that have to be made, a review of the Standardization Law is in order.

May I know from the gentleman proposing this amendment how many exemptions, if he knows, have been made as far as proprietary enterprises in government are concerned?

Senator Roco. I know of four, but I am not sure whether these are proprietary in nature. The four really started with the

Bangko Sentral ng Pilipinas, and then the two public banks. The PNB did not avail because it claims to be private. The fourth is an outstanding institution called the Senate of the Philippines, which was also adopted by the House of Representatives. So, Congress is now exempted.

I think that was towards the close of the last session. We approved all these classifications and all the systems for promotions. So, our distinguished staffs are amply recognized in their efforts to assist the senators.

Senator Guingona. But we have to do something as far as the others just as much deserving are concerned. Amongst the prosecution arm, for example, there is a bill seeking to update the classification of compensation, and I understand there are other exceptions.

Senator Roco. In fact, I was the author of that bill, even when the gentleman was still the Secretary of Justice. I was one of the authors, but I do not remember now whether I was the principal author or just one of the coauthors.

If we will now reexamine the total policy, it is impossible to get this bill approved today. The reason, although we can distinguish for now because of the economic crisis, we can maintain that there is a separate situation that calls for addressing the economic agencies.

One of the growth centers, being the export processing zones, there may be wisdom in really exempting them. But in exempting them from the law, we cannot exempt them in such a manner that they shall therefore distort everybody's system. That is why we adopted that this must be a compensation system. The Board must approve the promotion system. In fact, in the Bangko Sentral, it only applies to those with salary grades 19 and above. But in the others, it was not made applicable and so maybe we can open this to all.

Senator Guingona. I understand, and I have a note here stating that the Senate adjustment was vetoed. Is that correct?

Senator Roco. I did not realize that there could be a President with so uninformed views on the Senate.

Senator Guingona. In the proposal of the distinguished gentleman, does he intend to give guidelines?

Senator Roco. I am sorry I just have a xerox copy of the provision, Mr. President. In fact, beyond guidelines, it specifies a certain manner of implementing the exemption. So that it begins by saying that the board of the PEZA shall have an organization and staff of officers. Recommendations

must be by the Director-General approved by the board and with the approval also of the Secretary of the DTI.

The fixing of remunerations must be by the board. The transfer, assign, reassign, et cetera, must be by the board. The positions shall be governed by a compensation, classification system, and qualification standards.

Different companies follow different systems, but they are fairly standard notions in management. So we are asking them to systematize the classification of the positions. Then there must be a compensation plan comparable with that of the private sector. Later on, at the suggestion of the chairman, taking into consideration probably Subic and BCDA, with reference also to Subic and BCDA practices.

Senator Guingona. Is this with reference to salary grades?

Senator Roco. Yes, Mr. President. Because when we exempt them from the Salary Standardization Law, it does not mean that they do not even have salary grades 1, 2, 4, 7 or whatever. They may still have the same grades, but the corresponding salary, emolument or compensation may go beyond Salary Grade 20. Salary Grade 20, for instance is P17,500 or something to that effect.

Because they are exempted, Salary Grade 20 may be equivalent to P30,000. That is what happens. But we must maintain the system, otherwise everybody is running his own fiefdom the way he sees fit.

Senator Guingona. May we just know from the sponsor what is the comparative status between the Central Bank and the SBMA? Which has a higher compensation?

Senator Osmeña III. We do not have that information as regards the Bangko Sentral, Mr. President.

Senator Roco. The information between the Bangko Sentral and what agency?

Senator Guingona. And the SBMA.

Senator Roco. There can be no comparison because Bangko Sentral exempts them only from Salary Grade 19, whereas the SBMA I think has no particular cutoff. I have no familiarity with the SBMA compensation scheme.

Senator Guingona. But in this particular amendment that is being proposed, it is only up to Salary Grade 19. Is that the proposal?

Senator Roco. No. We are following the Land Bank model.

Senator Guingona. So all employees...

Senator Roco. Can avail. But that depends upon the Chamber. If we want to have a cutoff of a certain salary grade, I bow to the superior judgment of the Chamber. My own feelings are ambivalent.

Senator Guingona. Can they follow the Bangko Sentral model?

Senator Osmeña III. We have not studied the Bangko Sentral model, Mr. President. This is a fairly new amendment. I do not have a copy of it although I was able to read it last night.

Furthermore, I believe that that model as regards actual emoluments may not be a little high. I think the Bangko Sentral has a higher responsibility in the scheme of things rather than the director-general of the PEZA. So that might not be a good comparison. The better comparison, I believe, would be the general manager of the SBMA, the Bases Conversion Development Authority and the Clark Development Corporation, which have been exempted from the limits of the Salary Standardization Law.

As a matter of fact, the salary grade level for a general manager of BCDA can reach as high as P150,000 a month. I only have up to Grade 15 here, but level 15 of the Clark Special Economic Zone is P114,000 a month. This would be more in keeping with the salaries that are being paid in the private industry with similar type of activities.

Senator Guingona. As long as they deliver, the salary should correspond. What we are after is some sort of basis and uniformity. Because if amongst the corporations there will be disparity, then the exceptions again will be distorted further.

The source of these salaries will come from the operations, is that correct?

Senator Osmeña III. That is correct, Mr. President.

Senator Guingona. If there is a standard and the standard is compared to the Land Bank...

Senator Osmeña III. Mr. President, I do not believe that the proponent—correct me if I am wrong—is comparing the levels...

Senator Roco. No. It is just the words that we lifted from the Land Bank provision.

Senator Guingona. So what would be the standard here?

Senator Osmeña III. The standard here would be private industry and Subic, Clark and the BCDA.

By private industry, I believe that I took the amendment of the distinguished gentleman from Bicol to mean "other export processing zones that are privately owned in this country."

Senator Guingona. Thank you.

The President. Please proceed.

Senator Roco. Yes, Mr. President, if that is acceptable. I did not read the last two paragraphs. So let me just read the full section.

The last two paragraphs, in addition to what I have already read, will read:

THE PEZA OFFICERS AND EMPLOYEES INCLUDING ALL MEMBERS OF THE BOARD SHALL NOT ENGAGE DIRECTLY OR INDIRECTLY IN PARTISAN ACTIVITIES OR TAKE PART IN ANY ELECTION EXCEPT TO VOTE.

NO OFFICER OR EMPLOYEE OF THE PEZA SUBJECT TO CIVIL SERVICE LAWS AND REGULATIONS SHALL BE REMOVED OR SUSPENDED EXCEPT FOR CAUSE AS PROVIDED BY LAW.

Again, the words are borrowed from the Land Bank and the DBP model.

Senator Osmeña III. That is accepted.

Senator Roco. If there can be a vote, Mr. President.

The President. What is the pleasure of the sponsor?

Senator Roco. It has been accepted.

SUSPENSION OF SESSION

Senator Osmeña III. May I just reread the first paragraph.

May I ask for a one-minute suspension of the session, Mr. President.

The President. The session is suspended for one minute,

if there is no objection. *[There was none.]*

It was 11:36 a.m.

RESUMPTION OF SESSION

At 11:42 a.m., the session was resumed.

The President. The session is resumed.

Senator Roco. Mr. President.

The President. Senator Roco is recognized.

Senator Roco. We were trying to iron out, if I gathered the sentiments correctly. In the first sentence of the proposed amendment, it will read:

THE BOARD OF DIRECTORS SHALL PROVIDE FOR AN ORGANIZATION AND STAFF OF OFFICERS AND EMPLOYEES OF THE ECOZONES, AND UPON THE RECOMMENDATION OF THE DIRECTOR GENERAL WITH THE APPROVAL OF THE SECRETARY OF THE DTL, SHALL APPOINT AND FIX THE REMUNERATIONS AND OTHER EMOLUMENTS OF OFFICERS AND EMPLOYEES, AND REMOVE THE OFFICERS.

Subject to style, Mr. President. The removal of officers are sought to be isolated from appointment. There should be a different rule from...

SUSPENSION OF SESSION

I ask that we suspend the session for one minute, Mr. President.

The President. The session is suspended, if there is no objection. *[There was none.]*

It was 11:43 a.m.

RESUMPTION OF SESSION

At 11:44 a.m., the session was resumed.

The President. The session is resumed.

Senator Roco. Mr. President.

The President. Senator Roco is recognized.

Senator Roco. We will leave the awkward grammar and styling, but we will therefore apply removal of officers. But the employees can be removed obviously by the director-general. When we get to "All positions in the PEZA shall be governed by a compensation position classification, system and qualification standards approved by the director-general with the concurrence of the Board of Directors," that is the second modification.

And when we get to "the compensation plan shall be comparable with the prevailing compensation plans in the SBMA, BCDA and the private sector," those are all the modifications, Mr. President.

Senator Osmeña III. Mr. President, subject to style, the amendment is acceptable.

Senator Roco. Upon the suggestion of the Majority Leader, Mr. President, if the rest of the sections in the bill can be deleted for now, then we just maintain the present law, except the effectivity. So, from line 7 on page 4 till the end of the page, if that can be deleted for now, then we do not touch the law. On page 5, this is retained.

Senator Osmeña III. Up to what line on page 4, Mr. President?

Senator Roco. Till the end.

Senator Osmeña III. Actually, Mr. President, I have already accepted the amendment, *PROVIDED, HOWEVER, THAT THE PEZA SHALL NOT EXERCISE THE POWER OF EMINENT DOMAIN ON BEHALF OF PRIVATELY-OWNED ECOZONES.* That is very acceptable. There were some concerns...

Senator Roco. I do not know, it is the Majority Leader who suggested that to me.

The President. The Majority Leader is recognized.

Senator Drilon. Mr. President, yes, I confirm that I have suggested the amendment. The amendment, just to retain the present wording of the law, is the result of my discussion with the technical staff and with the PEZA people, together with the sponsor.

The alleged purpose, for example, of changing the word "government" in the present law to "PEZA" which is found in line 11 of page 4, is asserted that the courts have interpreted the change of "EPZA" in the former law to "PEZA" in the present law, as depriving EPZA of the authority or the right of eminent domain, which to me is entirely wrong, because EPZA is certainly

government. And now, to change "government" to PEZA does not change the picture. It is still government; either PEZA or EPZA are just instrumentalities of the government.

We would like to emphasize the legislative intent that the right of eminent domain should be continuously granted to PEZA as an instrumentality of government. It is the Office of the Solicitor General which acts as counsel for government and of PEZA in enforcing and exercising the right of eminent domain.

In fact, the OSG has expressed concern that if we just change the word "government" to "PEZA," it will confirm the position of the various landowners in the cases now pending in the courts that indeed the change or the substitution of the government agency PEZA is an affirmation that PEZA lost its right to eminent domain when the law was enacted. That is why the Office of the Solicitor General was not even satisfied with simply amending line 11 to substitute "government" with "PEZA."

It is my opinion that the better option is to maintain the present law. We believe that PEZA continues to exercise the right of eminent domain as an instrumentality of government and the changes in the wording of the charter of EPZA to the charter of PEZA does not change the legal picture. It is for that reason that we just propose to maintain the wording of Section 29 of Republic Act No. 7916 and we can implement that by deleting lines 7 to 20 (c) on page 4 of Senate Bill No. 1136.

The President. All right, that has been clarified by the Majority Leader.

The Minority Leader would like to be recognized.

Senator Osmeña III. Mr. President, may I just first react to what the Majority Leader said.

The President. Please proceed Senator Osmeña III.

Senator Osmeña III. Mr. President, I agree 100 percent with the distinguished Majority Leader. I just thought there was another point which is not really part and parcel of that particular argument because another senator had introduced this particular amendment on the floor. It does not concern the power of PEZA or the government to exercise the power of eminent domain. It concerns another fear that PEZA might exercise this power on behalf of privately-owned ecozones. That amendment had been introduced on the floor and approved.

SUSPENSION OF SESSION

However, if the Chair will give us a one-minute suspension of the session, I will try to clarify this matter.

The President. The session is suspended, if there is no objection. *[There was none.]*

It was 11:50 a.m.

RESUMPTION OF SESSION

At 11:52 a.m., the session was resumed.

The President. The session is resumed. The Majority Leader is recognized.

Senator Drilon. Mr. President, just to clarify. There is a motion by Senator Roco to delete lines 7 to 27 on page 4 and lines 28 to 31 on page 4-A. So that with the deletion of these provisions of Senate Bill No. 1136, the present law stands, particularly Section 29 and Section 51 of Republic Act No. 7916. It would remain unamended by Senate Bill No. 1136.

Mr. President, we so move, if that is acceptable to the sponsor.

Senator Osmeña III. The amendments are accepted, Mr. President.

Senator Guingona. Mr. President.

The President. The Minority Leader is recognized.

Senator Guingona. Just to clarify. It has already been stated that the consequence of this amendment will be to reactivate the old law as is. I was just wondering whether the public and private ecozones are also carried over.

Senator Roco. Whatever is in the present law.

Senator Guingona. In other words, their distinctions and their benefits are not touched at all.

Senator Roco. Exactly the same as the present law.

Senator Guingona. With that clarification, thank you, Mr. President.

The President. We now turn to the proposal of Senator Roco. Is there any objection to the proposed amendment of Senator Roco?

Senator Osmeña III. Mr. President, I just want to clarify this.

The President. Senator Osmeña is recognized.

Senator Osmeña III. Have we brought back Section 51?

Senator Roco. Yes, Mr. President.

Senator Osmeña III. Just to clarify that.

Senator Roco. Yes, Mr. President. Just to be very explicit. Sections 29 and 51 of the present law will be untouched and will be as is where is, whatever the status may be.

The President. As clarified, is there any objection to the proposed amendment of Senator Roco? *[Silence]* There being none, the amendment is hereby approved.

Senator Roco. Thank you, Mr. President.

The President. Thank you, Senator Roco.

The Majority Leader is recognized.

Senator Drilon. Senator Cayetano has a point of inquiry, before we recognize Senator Pimentel for additional amendments.

The President. Sen. Renato Cayetano is recognized.

Senator Cayetano. Mr. President, just a point of inquiry. I have been advised that on page 1, Section 4(a) of Republic Act No. 7916 has been retained, is that correct, Mr. President?

Senator Osmeña III. That is correct.

Senator Cayetano. Without any amendment?

Senator Osmeña III. Without any amendment.

Senator Cayetano. Thank you, Mr. President.

The President. Thank you, Senator Cayetano.

The Majority Leader is recognized.

Senator Drilon. May we ask the Chair to recognize Senator Pimentel for his individual amendments.

The President. Senator Pimentel is recognized for his individual amendments.

Senator Pimentel. Thank you, Mr. President.

We have a whole batch of amendments which would probably eat up all the time of this Chamber. In any event, we have

submitted a great part of those amendments to the sponsor last night for his guidance. In any event, Mr. President, let me proceed. Page 1—I am not too sure whether we are following the same copy. In lines—*A hindi na ito?* Updated *na...A*, has this been deleted?

SUSPENSION OF SESSION

Senator Drilon. May we ask for a one-minute suspension of the session, Mr. President.

The President. The session is suspended for one minute, if there is no objection *[There was none.]*

It was 11:56 a.m.

RESUMPTION OF SESSION

At 11:57 a.m., the session was resumed.

The President. The session is resumed.

Senator Pimentel. Mr. President, I think we now can resume.

The President. Yes, Senator Pimentel please proceed.

PIMENTEL AMENDMENT

Senator Pimentel. Mr. President, in view of the deletion of Section 4 which is found on page 1 of the amended copy of the bill as of September 2, 1998, may I then propose that SECTION 6 (A) be inserted before the "GOVERNING STRUCTURES". In other words, before Section 1, Mr. President, if the Chair would allow me to explain, perhaps, this can clarify things.

This representation would want to insert actually a SECTION 6 (A) to the old bill before Section 7 in the old law, not in the old bill.

Senator Osmeña III. In Republic Act No. 7916?

Senator Pimentel. That is correct. The amendment will read as follows:

IF IN THE ESTABLISHMENT OF AN ECOZONE ANY PERSON OR GROUP OF PERSONS WHO HAVE BEEN CONTINUOUSLY OCCUPYING A PARCEL OF LAND FOR NO LESS THAN TEN (10) YEARS WITHIN THE ZONE HAS TO BE EVICTED, PEZA SHALL PROVIDE THE PERSON OR GROUP OF PERSONS CONCERNED WITH PROPER DISTURBANCE COMPENSATION

or words to that effect, subject to style, Mr. President.

In other words, we are trying to ensure that even people who may not have Torrens title to the land being taken over by PEZA should be safeguarded against inhuman eviction or displacement. In the same manner that the Comprehensive Agrarian Reform Law provides for disturbance compensation. That is the purpose of the amendment, Mr. President.

The President. What does the sponsor say?

Senator Osmeña III. Mr. President, I agree with the concept. I believe that is also covered by the Lina Law. However, the way it is worded, it might indicate that those who have been able to enter the PEZA after it was established now have recognized rights within the ecozones.

But subject to style, since I have not seen that proposed amendment—this is the first time I heard of it—I would agree that if an ecozone is developed and there are people who occupy the lands, they should, according to the Lina Law, be compensated before they are transplanted.

Senator Pimentel. The occupancy should be for, at least, 10 years and not sudden squatters, Mr. President.

Senator Drilon. Mr. President.

The President. The Majority Leader is recognized.

Senator Drilon. Just a point of inquiry, if the gentleman on the floor would agree. Would this cover both public and private lands?

Senator Osmeña III. That was my second question, Mr. President, because there are private developers and they naturally have to follow the law when they develop a piece of property, whether it is in Luzon, Visayas or Mindanao.

This might be a superfluous amendment, Mr. President, given that other laws cover this particular area of concern.

Senator Drilon. Not only that, Mr. President. If this covers private lands, then why is it that it is PEZA which should compensate? It should be the private developer who should compensate those who have been there for 10 years or more even without any formal titles. Since these could be titled lands, I think the sponsor of the amendment may wish to take that into account.

There is no question if it is public land. PEZA may have to compensate the occupants of the public land. But if it is a private

land, we will be compelling PEZA to dole out public funds for the benefit of a private developer.

Senator Pimentel. Mr. President, my understanding of the ecozone is that it is a function of government. Although private entities might settle within the PEZA, within the ecozone, but it is a zone that will be defined by metes and bounds by the government.

Senator Osmeña III. That is correct, Mr. President. The President of the Republic issues a proclamation defining the metes and bounds of the ecozone.

Senator Pimentel. Yes, which therefore subjects the people within that proclaimed area to the processes of PEZA. That is what I am saying. Especially in public land, considering the scarcity of land today, a lot of people are driven to unoccupied public lands, establish their living there for several years, nobody bothers them there, and then all of a sudden, here comes PEZA that would want to evict them. Because they may not have titles to the land, there might not be any legal basis for compensation right away. But if we establish that right by acknowledging that they have certain rights to the occupancy of that land, disturbance compensation would probably be the most approximate way of rendering justice to them, Mr. President.

Senator Osmeña III. Like I said, Mr. President, I agree with the concept of the distinguished senator from Mindanao. It is just that the wordings tended to be a little bit confusing. Would the proponent of this amendment be referring only to PEZA-owned and developed zones?

Senator Pimentel. That is correct, Mr. President. Because if it is a private land, then some other laws will apply in this particular case.

Senator Osmeña III. If that is the concept, I think I will accept the amendment, subject to style.

Senator Pimentel. Thank you, Mr. President.

May we proceed now to governing structures. May we propose, Mr. President, that we add the following, after line 9 on page 2. Instead of a period (.), put a comma (,) and then go on with the following clause: AND WITH AT LEAST TEN (10) YEARS RELEVANT WORKING EXPERIENCE AND SOLID TRACK RECORD PARTICULARLY IN THE FIELD OF PROFESSIONAL MANAGEMENT OR PUBLIC ADMINISTRATION.

What we are trying to do, Mr. President, is to ensure that not just any Tom, Dick or Harry gets appointed to the position of

Director-General but he should at least have work experience relevant to the position.

Senator Osmeña III. It is accepted, Mr. President.

The President. Is there any objection? [*Silence*] There being none, the amendment is approved.

Senator Pimentel. We now move on to—after the words “The Board shall be composed of the director...”

Senator Osmeña III. May we have the line please, Mr. President?

Senator Pimentel. Yes, that is what I am trying to locate, Mr. President. Oh, it is here. After the words “one (1) representative from the labor sector”—is that still here?—we introduce the following phrase in line 2, page 3....

Senator Osmeña III. Mr. President, that is in the law, one representative from the labor sector.

Senator Pimentel. That is correct. That is why we want to add a qualifying phrase.

Senator Osmeña III. I see. May we hear the amendment, Mr. President?

Senator Pimentel. We delete the comma (,) after the word “sector” in line 2, page 3, Mr. President, and add the following clause: TO BE CHOSEN BY THE DULY RECOGNIZED UNIONS OPERATING WITHIN THE VARIOUS ECOZONES. Probably, the word “chosen” should be replaced by RECOMMENDED.

Senator Osmeña III. It is accepted, Mr. President.

The President. Is there any objection? [*Silence*] There being none, the amendment is approved.

Senator Pimentel. In line 3, Mr. President, on the same page 3, relative to the business sector, may we insert between the words “sector” and “in” the following phrase: TO BE SELECTED BY THE BUSINESS ESTABLISHMENTS AND COMPANIES OPERATING IN THE VARIOUS ECOZONES.

What we are trying to do is to give the business establishments and companies operating in the ecozones the power to select their own representative.

Senator Osmeña III. Mr. President, today this is an appointee of the President. I am afraid that when we have 2,000

locators in 101 ecozones, that might become a very unwieldy process, and we would be saddling the President or the Director-General with a big headache.

Perhaps we should want to leave it alone since it has worked thus well so far. We have two executive secretaries or former executive secretaries in our midst and they may be able to help us or elucidate us on the process by which the President has heretofore chosen representatives from the investors/business sectors in the ecozone.

Senator Pimentel. Mr. President, in any event, the business sector can take care of themselves. I need not probably push for that. So, I withdraw that amendment.

The President. The amendment is withdrawn.

Senator Pimentel. One final amendment, Mr. President. On the matter of the sharing of the amount due to the government in lieu of all taxes. This is found in the old law which we would like to propose an amendment thereto. This will be right after the discussion on salaries.

Senator Osmeña III. Would that be Section 24 of the existing law, Mr. President?

Senator Pimentel. That is correct, Mr. President. It should come probably in between lines 6 and 9 on page 4 of the revised copy of the bill we are discussing.

Mr. President, along that proposal, we would like to state, subject to style, that Section 24 of Republic Act No. 7916 is hereby amended so that a proviso is added to the last part of that law in the following tenor: *PROVIDED, HOWEVER, THAT THE TWO PERCENT (2%) ACCRUING TO THE LGUs CONCERNED SHALL BE...*

Senator Osmeña III. Mr. President, the law says, “one percent to local government units and one percent for the establishment of a development fund to be utilized for the development of municipalities outside and contiguous to each ecozone.

Senator Pimentel. ...THE ONE PERCENT (1%) ACCRUING TO THE LOCAL GOVERNMENTS AFFECTED BY THE OPERATION OF PEZA AND THE OTHER ONE PERCENT (1%) ACCRUING TO THE ADJACENT MUNICIPALITIES AS ENVISIONED IN THE LAW SHALL BE REMITTED TO THEM DIRECTLY BY THE GOVERNMENT AGENCY COLLECTING THE SAID AMOUNT.

Mr. President, subject to style, this has to be emphasized

because an earlier sentence in the same section provides that the whole amount of 5 percent will be remitted to the central government first. Therefore, that particular section should also be amended, subject to style.

Senator Osmeña III. I have no objection to the concept of the amendment but I think the reality is, all these are paid directly to the BIR. There is a certain process by which the BIR then remits the share of the local government units to the local government unit.

I am not conversant with that because this was not a section that was originally included in the bill. This is an entirely new area to me. However, the representatives of the PEZA who are here say that they have nothing to do with collecting the 5 percent because the BIR has its own representatives within the ecozone.

Senator Pimentel. Exactly, Mr. President. This particular provision or amendment is directed towards whoever collects the money for the government. It is the same mathematical computation.

Senator Osmeña III. I believe, it goes from the BIR to the National Treasury, then to the DBM. But I have no objection, Mr. President. I am in favor of empowering the local governments. I believe that this will cut the time when the money is collected and the time when it is remitted to them. Certainly, it will be able to help them.

Senator Pimentel. That is exactly what we are trying to do—to do away with the bureaucratic red tape so that the money is made immediately available. Incidentally, there are lots of complaints regarding the delay. This is one way of cutting the red tape that is connected with the releases of money from the central government.

Senator Osmeña III. The amendment is accepted, Mr. President.

Senator Pimentel. Subject to style, Mr. President.

The President. Is there any objection to the proposed amendment? *[Silence]* There being none, the amendment is approved.

Senator Drilon. Mr. President, there are no more individual amendments. We, therefore, move that we close the period of individual amendments.

The President. Is there any objection? *[Silence]* There being none, the motion is approved.

APPROVAL OF S. NO. 1136 ON SECOND READING

Senator Drilon. Mr. President, I move that we vote on Second Reading on Senate Bill No. 1136, as amended.

The President. Is there any objection? *[Silence]* There being none, we shall now vote on Second Reading on Senate Bill No. 1136, as amended.

As many as are in favor of the bill, say *aye*.

Several Members. *Aye.*

The President. As many as are against the bill, say *noy*. *[Silence]*

Senate Bill No. 1136, as amended, is approved on Second Reading.

CONSIDERATION OF P. S. RES. NO. 178 (Authorizing All Permanent Senate Committees to Hold Meetings During Congress' Recess)

Senator Drilon. Mr. President, I move that we consider Proposed Senate Resolution No. 178.

The President. Is there any objection? *[Silence]* There being none, the motion is approved.

Consideration of Proposed Senate Resolution No. 178 is now in order. With the permission of the Body, the Secretary will read only the title of the resolution without prejudice to inserting in the *Record* the whole text thereof.

The Secretary. Proposed Senate Resolution No. 178, entitled

RESOLUTION AUTHORIZING ALL PERMANENT COMMITTEES OF THE SENATE TO HOLD MEETINGS OR HEARINGS DURING THE RECESS OF THE CONGRESS FOR THE PURPOSE OF STUDYING AND PREPARING ANY PROPOSED LEGISLATION OR TO INVESTIGATE ANY MATTER OR SUBJECT FALLING UNDER THEIR JURISDICTIONS AND AUTHORIZING THE PRESIDENT OF THE SENATE, IN HIS DISCRETION, TO ALLOW ANY SPECIAL COMMITTEE TO HOLD MEETINGS OR HEARINGS DURING THE RECESS FOR THE SAME PURPOSE