# TUESDAY, MARCH 14, 2000

#### OPENING OF THE SESSION

At 3:25 p.m., the Senate President Pro Tempore, Hon. John Henry R. Osmeña, called the session to order.

The President Pro Tempore. The 72nd session of the Second Regular Session of the Eleventh Congress is hereby called to order.

Let us all stand for the opening prayer to be led by Sen. Anna Dominique M. L. Coseteng.

Everybody rose for the prayer.

#### **PRAYER**

Senator Coseteng. Manalangin po tayo nang buong taimtim.

Ama namin sa kaluwalhatian basbasan at patnubayan kaming buong tapat na sumasampalataya sa Iyo.

Alam namin na kami ay para lamang mga mumunting butil ng buhangin sa kalawakan at kawalang-hanggan ng Iyong Kaharian at sa isang kisap-mata, kami ay maaaring maglaho na parang bula.

Ngunit alam din namin na sa Iyong kandungan ay may langit na naghihintay sa amin at may buhay rin na walang hanggan.

Subaybayan Mo po kami upang sa bawat pagkakamali kami ay matutong magpalago at magpalakas di lamang sa aming mga sarili, kundi maging sa aming paglilingkod sa bayan.

Ngayong Marso ay itinakda na "Buwan ng Kababaihan." Ang aming panalanginay mawakasan ang lahat ng karahasan laban sa kababaihan.

Ipagkaloob Mo po sa amin ang kapantayan at pagtibayin ang aming mga karapatan; at nawa'y makilala ang aming katangian at likas na katalinuhan upang kami'y makapagbigay nang lubusan sa pagsulong ng sambayanan.

Tungo sa Iyong patuloy na kadakilaan ngayon at magpakailanman.

Siya nawa.

The President Pro Tempore. The Secretary will please call the roll.

#### ROLL CALL

# The Secretary, reading:

Senator Teresa Aquino-Oreta	Present
Senator Robert Z. Barbers	Present
Senator Rodolfo G. Biazon	***
Senator Renato L. Compañero Cayetano	Present
Senator Anna Dominique M.L. Coseteng	Present
Senator Franklin M. Drilon	Present
Senator Juan Ponce Enrile	Present*
Senator Juan M. Flavier	Present
Senator Teofisto T. Guingona Jr	Present
Senator Gregorio B. Honasan	Present
Senator Robert S. Jaworski	Present
Senator Loren B. Legarda-Leviste	
Senator Ramon B. Magsaysay Jr	Present
Senator John Henry R. Osmeña	
Senator Sergio R. Osmeña III	Present
Senator Aquilino Q. Pimentel Jr	Present
Senator Ramon B. Revilla	
Senator Raul S. Roco	Present
Senator Miriam Defensor Santiago	Present
Senator Vicente C. Sotto III	Present
Senator Francisco S. Tatad	Present
The President	**

The President Pro Tempore. With 19 senators present, there is a quorum.

Senator Drilon. Mr. President.

The President Pro Tempore. The Majority Leader is recognized.

# SUSPENSION OF SESSION

Senator Drilon. Mr. President, before I move for the approval of the *Journal* of the previous session, I move that we suspend the session for one minute to enable us to greet a colleague who is celebrating his birthday today, Sen. Gregorio B. Honasan.

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

<sup>\*</sup>Arrived after the roll call

<sup>\*\*</sup> On official mission

<sup>\*\*\*</sup> On official mission but arrived after the roll call

Introduced by Senators Enrile, Flavier and Honasan

The Presiding Officer [Sen. Flavier]. Referred to the Committee on Finance

The Secretary. Senate Bill No. 1945, entitled

AN ACT AMENDING REPUBLIC ACT NO. 7227
OTHERWISE KNOWN AS THE "BASES
CONVERSION AND DEVELOPMENT ACT OF
1992" AS AMENDED BY REPUBLIC ACT NO.
7917, EXPANDING THE ALLOCATION OF
REVENUES FROM THE SALE, LEASE, JOINTVENTURE AGREEMENTS AND OTHER
TRANSACTIONS INVOLVING MILITARY
BASES AND RESERVATIONS, ALLOCATING
FUNDS THEREFOR AND FOR OTHER
PURPOSES

Introduced by Senator Flavier

The Presiding Officer [Sen. Flavier]. Referred to the Committees on Government Corporations and Public Enterprises; National Defense and Security; and Ways and Means

### RESOLUTION

The Secretary. Proposed Senate Resolution No. 701, entitled

RESOLUTION EXPRESSING THE SENSE OF THE SENATE OF THE PHILIPPINES IN COMMENDING THE MANILA BULLETINFOR ITS OUTSTANDING CONTRIBUTIONS TO THE DEVELOPMENT OF PHILIPPINE MEDIA ON THE OCCASION OF ITS 100TH ANNIVERSARY

Introduced by Senator Ople

The Presiding Officer [Sen. Flavier]. Referred to the Committee on Rules

## COMMITTEE REPORT

The Secretary. Committee Report No. 197, prepared and submitted jointly by the Committees on Trade and Commerce; and Finance, on Senate Bill No. 1946 with Senators Osmeña III and Magsaysay Jr. as authors thereof, entitled

AN ACT ESTABLISHING THE PHILIPPINE OUALITY AWARD IN ORDER TO

ENCOURAGE ORGANIZATIONS IN BOTH THE PRIVATE AND PUBLIC SECTORS TO ATTAIN EXCELLENCE IN QUALITY IN THE PRODUCTION AND/OR DELIVERY OF THEIR GOODS AND SERVICES,

recommending its approval in substitution of Senate Bill No. 189.

Sponsors: Senators Magsaysay Jr., J. Osmeña and Osmeña III

The Presiding Officer [Sen. Flavier]. To the Calendar for Ordinary Business

SECOND ADDITIONAL REFERENCE OF BUSINESS

#### BILLS ON FIRST READING

The Secretary. Senate Bill No. 1947, entitled

AN ACT INCREASING THE RETIREMENT BENEFITS OF THE PHILIPPINE NATIONAL POLICE AND FOR OTHER PURPOSES, AMENDING FOR THIS PURPOSE SECTION 75 OF REPUBLIC ACT NUMBERED SIXTY NINE HUNDRED AND SEVENTY FIVE ENTITLED "AN ACT ESTABLISHING THE PHILIPPINE NATIONAL POLICE UNDER A REORGANIZED DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT," AND FOR OTHER PURPOSES

Introduced by Senator Tatad

The Presiding Officer [Sen. Flavier]. Referred to the Committee on Public Order and Illegal Drugs

The Secretary. Senate Bill No. 1948, entitled

AN ACT CREATING THE MAYON RECONSTRUCTION AND REDEVELOPMENT FUND, AND FOR OTHER PURPOSES

Introduced by Senator Osmeña III

The Presiding Officer [Sen. Flavier]. Referred to the Committee on Finance

The Secretary. Senate Bill No. 1949, entitled

AN ACT CREATING THE MAYON RECONSTRUCTION AND REDEVELOPMENT FUND, AND FOR OTHER PURPOSES

Introduced by Senator Drilon

The Presiding Officer [Sen. Flavier]. Referred to the Committee on Finance

#### RESOLUTIONS

The Secretary. Proposed Senate Resolution No. 702, entitled

RESOLUTION EXPRESSING THE SENSE OF THE SENATE TO URGE THE EXECUTIVE BRANCH OF THE PHILIPPINE GOVERNMENT TO INITIATE FORMAL TALKS WITH THE DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA (DPRK) WITH THE END IN VIEW OF ESTABLISHING DIPLOMATIC RELATIONS BETWEEN THE PHILIPPINE REPUBLIC AND THE DPRK

Introduced by Senator Legarda-Leviste

The Presiding Officer [Sen. Flavier]. Referred to the Committee on Foreign Relations

The Secretary. Proposed Senate Resolution No. 703, entitled

RESOLUTION URGING THE GOVERNMENT SERVICE INSURANCE SYSTEM (GSIS), THE SOCIAL SECURITY SYSTEM (SSS), THE ARMED FORCES OF THE PHILIPPINES-RETIREMENT AND SEPARATION BENEFITS SYSTEM (AFP-RSBS) AND THE ARMED FORCES AND POLICE SAVINGS AND LOAN ASSOCIATION, INC. (AFPSLAI) TO AFFORD A THREE (3) MONTH LOAN RELIEF TO ITS MEMBERS IN THE PROVINCE OF ALBAY AND RELEASE EMERGENCY LOANS TO THOSE AFFECTED BY THE MAYON VOLCANO ERUPTION

Introduced by Senator Drilon

The Presiding Officer [Sen. Flavier]. Referred to the Committee on Banks, Financial Institutions and Currencies

The Majority Leader is recognized.

### SPECIAL ORDERS

Senator Drilon. Mr. President, with the permission of the Chamber, I move that we transfer from the Calendar for Ordinary

Business to the Calendar for Special Orders, Committee Report No. 197 on Senate Bill No. 1946, entitled

AN ACT ESTABLISHING THE PHILIPPINE QUALITY AWARD IN ORDER TO ENCOURAGE ORGANIZATIONS IN BOTH THE PRIVATE AND PUBLIC SECTORS TO ATTAIN EXCELLENCE IN QUALITY IN THE PRODUCTION AND/OR DELIVERY OF THEIR GOODS AND SERVICES;

Committee Report No. 195 on Senate Bill No. 1942, entitled

AN ACT AUTHORIZING THE LIQUIDATION OF THE STRANDED ASSETS AND LIABILITIES OF THE NATIONAL POWER CORPORATION, AND CREATING THE POWER SECTOR STRANDED ASSETS AND LIABILITIES LIQUIDATION TRUST;

and Committee Report No. 196 on Senate Bill No. 1943, entitled

AN ACT AMENDING CERTAIN PROVISIONS OF EXECUTIVE ORDER NO. 172, CREATING THE ENERGY REGULATORY BOARD, AS AMENDED BY REPUBLIC ACT NO. 8479.

The Presiding Officer [Sen. Flavier]. Is there any objection to the motion? [Silence] There being none, the motion is approved.

# BILL ON SECOND READING S. No. 1946--Philippine Quality Awards Act

Senator Drilon. Mr. President I move that we consider Senate Bill No. 1946 as reported out under Committee Report No. 197.

The Presiding Officer [Sen. Flavier]. Is there any objection? [Silence] There being none, the motion is approved.

Consideration of Senate Bill No. 1946 is now in order. With the permission of the Body, the Secretary will read only the title of the bill, without prejudice to inserting in the *Record* the whole text thereof.

The Secretary. Senate Bill No. 1946, entitled

AN ACT ESTABLISHING THE PHILIPPINE QUALITY AWARD IN ORDER TO ENCOURAGE ORGANIZATIONS IN BOTH

THE PRIVATE AND PUBLIC SECTORS TO ATTAIN EXCELLENCE IN QUALITY IN THE PRODUCTION AND/OR DELIVERY OF THEIR GOODS AND SERVICES

The following is the whole text of the bill:

#### Senate Bill No. 1946

- AN ACT ESTABLISHING THE PHILIPPINE QUALITY AWARD IN ORDER TO ENCOURAGE ORGANIZATIONS IN BOTH THE PRIVATE AND PUBLIC SECTORS TO ATTAIN EXCELLENCE IN QUALITY IN THE PRODUCTION AND/OR DELIVERY OF THEIR GOODS AND SERVICES
- Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:
- SECTION 1. *Title*. This Act shall be known and cited as the "Philippine Quality Award Act."
- SEC. 2. Declaration of Policy. It is hereby declared to be the policy of the State to promote industrialization and full employment through industries that make full and efficient use of human and natural resources, and which are competitive in both domestic and foreign markets. Towards this end, the State shall encourage all sectors of the economy to aim for optimum productivity and improved quality and shall recognize their contribution to raising the quality of life for all, especially the under privileged. Thus, the State shall endeavor to:
- (a) Help stimulate organizations to improve quality and productivity for the pride of recognition while obtaining a competitive edge through improved performance or business results;
- (b) Recognize the achievements of those organizations which improve the quality of their processes, goods and services and providing examples to others;
- (c) Establish guidelines and criteria that can be used by industrial, commercial, governmental, and other organizations in evaluating their own quality improvement efforts; and

- (d) Provide specific guidance for other organizations in the Philippines that wish to learn how to manage quality by making available relevant information on how winning organizations were able to change their cultures and achieve eminence.
- SEC. 3. *Purpose*. The two-fold purposes of this Act are as follows:
- (a) To provide for the establishment and conduct of a national quality improvement system under which awards are given to selected organizations that practice effective quality management and as a result make significant improvements in the quality of their goods and services; and
- (b) To generate and obtain useful information about successful strategies, programs and practices for improving quality of goods and services which can be disseminated to other organizations.
- SEC. 4. Establishment of the Philippine Quality Award System. There is hereby established the Philippine Quality Award, which shall be evidenced by a trophy bearing the Presidential Seal, PQA Logo, and the inscriptions "Philippine Quality Award Quest for Performance Excellence". The trophy shall be of such design and materials and bear such additional inscriptions as the PQA Committee may prescribe.
- SEC. 5. Making and Presentation of Award. (1) The President of the Philippines, on the basis of recommendations received from the Award Manager, shall periodically grant the award to organizations which in the judgment of the Award Manager have substantially benefited the economic or social well being of the Philippines through improvements in the quality of their goods or services resulting from the effective practice of quality management, and which as a consequence are deserving of special recognition.
- (2) The conferment of the award shall be made by the President, personally in accordance with such ceremonies as may be prescribed by the rules and regulations to be promulgated hereinafter.
- (3) A company or an organization to which an award is granted, and which agrees to help other Philippine organizations improve their quality management, may publicize its receipt of such award and use the award in its promotional activities.

SEC. 6. Awards Levels. -

- (a) The PHILIPPINE QUALITY AWARD FOR PERFORMANCE EXCELLENCE. The Philippine Quality Award shall be conferred annually to qualified organizations in the private and public sectors which have demonstrated the highest level of performance excellence. The organization should have demonstrated management excellence by the purposefulness with which it continues to improve and build upon outstanding results and excellence systems. It should serve as a national and global model.
- (b) The RECOGNITION LEVELS Three levels of recognition shall likewise be conferred annually to organizations in the private and public sectors which applied for but failed to qualify for the Philippine Quality Award while achieving some degree of superior performance, namely:

# 1) PQA SYSTEM-RECOGNITION FOR QUALITY MASTERY

The organization should have demonstrated, through its practices and achievements, superior results clearly linked to robust management systems. It should exhibit practices, which other organizations can learn from and should serve as role model for other organizations in the Philippines.

# 2) PQA SYSTEM - RECOGNITION FOR QUALITY PROFICIENCY

The organization should have demonstrated its serious commitment to improvement in order to achieve quality excellence. It should have planted the seeds of quality and productivity and is working towards reaping long term benefits of its efforts.

- SEC. 7. Eligibility Categories for the Grant of the Award. Awards shall be made to qualifying organizations in each of the following categories:
- (a) Small and Medium-Scale Enterprises as defined under the Magna Carta for Small and Medium-Scale Enterprises;
  - (b) Manufacturing companies or their subsidiaries;
  - (c) Companies which primarily provide services;
  - (d) Agricultural Producers;

- (e) Offices, Agencies, Bureaus of the National Government, and any of its subdivisions, including Government-Owned and Controlled Corporations and Local Government Units:
- (1) The PQA Committee may at any time expand, subdivide, or otherwise modify the list of categories above enumerated and may establish separate awards for other organizations upon a determination that the objectives of this Act would be better served thereby; except that any such expansion, subdivision, modification, or establishment shall not be effective unless and until thirty (30) days after the PQA Committee has published a detailed description thereof.
- (2) The Philippine Quality Award for Performance Excellence shall be given to all applicant organizations that garnered the qualifying conditions per year. No award shall be granted within any of the four levels if there are no qualifying organizations in that level. An organization granted the Philippine Quality Award for Performance Excellence shall be ineligible to receive another award in the same level for a period of three (3) years. However, previous winners of any of the Recognition Levels: Mastery/Proficiency/Commitment, shall be eligible to apply for another award.
- SEC. 8. Criteria for Qualification. An organization may qualify for an award under this Section only if it:
- (a) prepares an application and submits this to the Award Administrators;
- (b) permits a rigorous evaluation of the means in which its business and other operations have contributed to improvements in the quality of goods, services and overall organizational performance; and
- (c) meets such requirements and specifications, as the PQA Committee may deem appropriate.

In applying the provisions of subparagraph (C) with respect to any organization, the PQA Committee shall rely upon an intensive evaluation by a competent pool of assessors which shall review the evidence provided by the organization and, through a site visit, verify the accuracy of the quality improvements claimed. The examinations should encompass all aspects of the organization's current practices on quality management, as well as the organization's provisions for quality management in its future goals. The award shall be given only to organizations which have made outstanding

improvements in the quality of their goods or services or both and which the demonstrated effective quality management through the training and involvement of all levels of personnel on quality improvement.

- SEC. 9. Award Manager and Award Administrators.

  The Secretary of the Department of Trade and Industry shall be the Award Manager with the Center for Industrial Competitiveness as its implementing agency. The Development Academy of the Philippines through its productivity and Development Center of the Philippine Society for Quality Control shall be the Award Administrators for the public and private sectors, respectively, for three (3) years, after which their contract may be renewed year to year.
- SEC. 10. PQA Committee. The President shall appoint a PQA Committee upon the recommendation of the Philippine Council for Productivity consisting of the heads of the following agencies/organizations selected for their prominence in the field of quality;
  - a) Department of Trade and Industry;
  - b) Development Academy of the Philippines;
  - c) Philippine Quality and Productivity Movement;
  - d) Philippine Society for Quality;
  - e) Department of Budget and Management;
- f) Industry Development Council/Export Development Council;
  - g) Management Association of the Philippines;
  - h) National Wages and Productivity Commission;
  - i) Commission on Higher Educations; and
- j) Philippine Association for Technological Education.

The Secretary of Trade and Industry shall serve as the Chair of the Committee while the President of the Development Academy of the Philippines and the Philippine Quality and Awards Committee as Members.

The Chairman of the Civil Service Commission shall be invited to participate as member of the PQA Committee. The Committee shall meet as often as may be necessary to review and improve the award system.

- SEC. 11. Information and Technology Transfer Program. The Committee shall ensure that all award applicants receive the results of evaluation of their application as well as detailed explanations of all suggestions for improvements. The Committee shall disseminate information about the awards and the successful quality improvement strategies of the award-winning organization/s.
- SEC. 12. Funding. The amount necessary for the implementation of this Act shall be included in the budget of the Department of Trade and Industry in the Annual General Appropriations Act.

The Committee may receive grants, subsidies, donations or contributions, bequest or gifts, in cash or in kind, from corporations, trusts, foundations, associations and other sources from any private office, agency or corporations in the Philippines or abroad. The cash receipts and sale of donated commodities shall be deemed automatically appropriated for purposes specified by the donor.

- SEC. 13. Fees and Charges. The Committee may impose fees and other charges upon the organizations applying for the award in amounts sufficient to cover the costs of examinations under Section 7 hereof: *Provided*, That said fees and other charges shall be deposited with the National Treasury and shall accrue to the General Fund.
- SEC. 14. Report. The Chairman shall prepare and submit to the President and the Congress each year, a report on the award activities and the progress of the implementation of this Act.
- SEC. 15. Implementing Rules and Regulations. The Committee shall promulgate the necessary rules and regulations for the effective implementation of this Act.
- SEC. 16. Repealing Clause. All laws, executive orders, rules and regulations which are inconsistent with or contrary to the provisions of this Act are hereby repealed, amended, or modified accordingly.
- SEC. 17. Effectivity. This Act shall take effect fifteen (15) days after its publication in English and Filipino in at least two (2) newspapers of general circulation.

Approved,

Senator Drilon. To sponsor the measure, may I ask the Chair to recognize Sen. Ramon B. Magsaysay Jr.

The Presiding Officer [Sen. Flavier]. Senator Magsaysay is recognized.

#### SPONSORSHIP SPEECH OF SENATOR MAGSAYSAY

Senator Magsaysay. Thank you, Mr. President. May I read my sponsorship speech on the Philippine Quality Awards Bill, Senate Bill No. 1946 under Committee Report No. 197.

The title is, "The Path Towards Global Excellence."

Mr. President, and colleagues: As chairman of the Senate Committee on Trade and Commerce, I am very honored to sponsor the legislation on the Philippine Quality Awards.

To a large extent, the recovery and the continued growth of the Philippine economy is dependent on the competitiveness of the country's trade and industry sector. While the country's export sector has continued to post positive growth rates, it is not enough that we rest on our laurels. We may be competitive today in certain product niches such as electronics, semiconductors, auto parts and higher value garments, but there is no assurance that we shall be so in the near future. It is for this reason that we need to continue our collective efforts to further raise the competitiveness of Philippine companies, to make them at par with if not ahead of, the best in the world.

To my mind, the Philippine Quality Award Program is an excellent and sustainable way of accomplishing this objective. Patterned after the Malcolm Baldrige National Quality Award or known as the MBNQA in the United States, the PQA has, for the past two years, enabled local organizations to benchmark with some of the best-managed companies in the world.

The fact that MBNQA criteria is in use in similar other quality awards in 44 countries is a manifestation of the international communities' belief in the need for companies to adopt global standards of excellence. It should be recalled that the MBNQA came into being as a result of the enactment of the "Malcolm Baldrige National Quality Improvement Act of 1987." It was signed into law by then US President Ronald Reagan on August 20, 1987. It should be further recalled that the passage of this legislation was the result of a growing consensus among American executives, legislators and the business sector that the economic leadership of the US has been challenged successfully by foreign competition. It was also realized that it is through the collective effort of the executive, legislative and the business sectors that the US can regain its lead role as the world's most competitive nation.

Mr. President, the force of globalization is upon us. The sooner that we accept and prepare for it, the better will be our chances for survival and an assurance of growth for the Philippine economy as a whole. Following the example of the United States, when it was being written off as a declining or a "has been" economic power in the late 80s, policymakers formulated mechanisms geared toward reinventing itself, including the passage of the Baldrige Law. Today, the same country has emerged as the most competitive nation in the world. We cannot do any less.

It is for this reason that I am fully supportive of Committee Report No. 197 on Senate Bill No. 1946, which establishes the Philippine Quality Award. The PQA seeks to encourage organizations, in both the private and the public sectors, to attain quality excellence in the production and/or delivery of their goods and services. Reinforcing competitiveness is not just the job of the Department of Trade and Industry or the private sector. Even more so, the Senate has a lead role to play. Because it is only by institutionalizing competitiveness policy and programs through legislation can we hope to sustain the competitiveness of our nation. It is my firm belief that if this legislation is enacted, it will go a long way in providing the institutional support and environment that will make local companies earn their rightful place in a global economy.

As I conclude my sponsorship speech, allow me to mention that some of the previous winners of the Philippine Quality Awards like the Yazaki-Torres Manufacturing Incorporated, the San Miguel Yamamura Asia Corp., the City Government of Marikina, Amkor-Annam Pilipinas, Inc., Data General Philippines and the American Microsystems, Inc. (Phils.) are with us in supporting the passage of this bill.

Thank you, Mr. President.

The Presiding Officer [Sen. Flavier]. The Majority Leader is recognized.

# SUSPENSION OF SESSION

Senator Drilon. Mr. President, I move that we suspend the session for one minute.

The Presiding Officer [Sen. Flavier]. Is there any objection? [Silence] There being none, the session is suspended for one minute.

It was 5:07 p.m.

# RESUMPTION OF SESSION

At 5:09 p.m., the session was resumed.

The Presiding Officer [Sen. Flavier]. The session is resumed. The Majority Leader is recognized.

# SUSPENSION OF CONSIDERATION OF S. NO. 1946

**Senator Drilon**. Mr. President, to enable our colleagues to review the measure, I move that we suspend consideration of Senate Bill No. 1946 under Committee Report No. 197.

The Presiding Officer [Sen. Flavier]. Is there any objection? [Silence] There being none, the motion is approved.

# ADJOURNMENT OF SESSION

Senator Drilon. Mr. President, I move that we adjourn the session until tomorrow, March 15, 2000 at three o'clock in the afternoon.

The Presiding Officer [Sen. Flavier]. Is there any objection? [Silence] There being none, the session is adjourned until tomorrow, March 15, 2000 at three o'clock in the afternoon.

It was 5:09 p.m.