

# RECORD OF THE SENATE

TUESDAY, AUGUST 30, 2005

ROLL CALL

## OPENING OF THE SESSION

*At 4:00 p.m., the Senate President, Hon. Franklin M. Drilon, called the session to order.*

**The President.** The 16th session of the Second Regular Session of the Thirteenth Congress is hereby called to order.

Sen. Sergio R. Osmeña III will lead us in prayer.

*Everybody rose for the prayer.*

## PRAYER

**Senator Osmeña III.**

During this time of crisis, may we discern the Word of God by reading a passage from the Book of Job 36:5-12:

“God is mighty, but does not despise men;  
He is mighty and firm in His purpose.  
He does not keep the wicked alive  
But gives the afflicted their rights.

He does not take His eyes off the righteous;  
He enthrones them with kings  
and exalts them forever.

But if men are bound in chains,  
held fast by cords of affliction,  
He tells them what they have done --  
that they have sinned arrogantly.  
He makes them listen to correction  
and commands them to repent of their evil.

If they obey and serve Him,  
they will spend the rest of their days in prosperity  
and their years in contentment.  
But if they do not listen  
they will perish by the sword  
and die without knowledge.”

Grant, Almighty Father, that our colleagues in the larger House listen to Your word and do not perish and die without knowledge because they refuse to see the truth.

Amen.

**The President.** The Secretary will please call the roll.

**The Secretary, reading:**

Senator Edgardo J. Angara .....	Present
Senator Joker P. Arroyo .....	Present
Senator Rodolfo G. Biazon .....	Present*
Senator Compañera Pia S. Cayetano .....	Present
Senator Miriam Defensor Santiago .....	Present
Senator Jinggoy Ejercito Estrada .....	Present
Senator Luisa “Loi” P. Ejercito Estrada .....	Present
Senator Juan Ponce Enrile .....	Present
Senator Juan M. Flavier .....	Present
Senator Richard J. Gordon .....	Present*
Senator Panfilo M. Lacson .....	Present*
Senator Manuel “Lito” M. Lapid .....	Present
Senator Alfredo S. Lim .....	Present*
Senator M. A. Madrigal .....	Present
Senator Ramon B. Magsaysay Jr. ....	Present
Senator Sergio R. Osmeña III .....	Present
Senator Francis N. Pangilinan .....	Present
Senator Aquilino Q. Pimentel Jr. ....	Present*
Senator Ralph G. Recto .....	Present*
Senator Ramon Bong Revilla Jr. ....	Present
Senator Mar Roxas .....	Present
Senator Manny Villar .....	**
The President .....	Present

**The President.** With 16 senators present, the Chair declares the presence of a quorum.

## SUSPENSION OF SESSION

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

*It was 4:03 p.m.*

## RESUMPTION OF SESSION

*At 4:08 p.m., the session was resumed.*

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

## THE JOURNAL

**Senator Pangilinan.** Mr. President, I move that we dispense with the reading of the *Journal* of the 15th session, August 24, 2005, and consider it approved.

\* Arrived after the roll call

\*\* On official mission



AMENDMENTS, REVISION OF CODES AND LAWS TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE STATUS OF THE IMPLEMENTATION OF ALL PERTINENT LAWS THAT GOVERN THE CONSTITUTION, GRANT OF POWERS AND FUNCTIONS, AS WELL AS THE EXTENSION OF PRIVILEGES TO THE SANGGUNIANG KABATAAN AND THE PEDERASYON NG MGA SANGGUNIANG KABATAAN, WITH THE END IN VIEW OF INTRODUCING AMENDMENTS OR REVISIONS THEREON AND FOR OTHER PURPOSES

Introduced by Senator L. Ejercito Estrada

**The President.** Referred to the Committees on Local Government; and Constitutional Amendments, Revision of Codes and Laws

# COMMUNICATION

**The Secretary.** Letter from OIC, Director Lamberto R. Barbin of the Malacañang Records Office, Office of the President of the Philippines, transmitting to the Senate for its information and guidance a certified copy of Administrative Order No. 126 dated August 13, 2005, entitled "STRENGTHENING MEASURES TO ADDRESS THE EXTRAORDINARY INCREASE IN WORLD OIL PRICES, DIRECTING THE ENHANCED IMPLEMENTATION OF THE GOVERNMENT'S ENERGY CONSERVATION PROGRAM, AND FOR OTHER PURPOSES".

**The President.** Referred to the Committees on Energy; and Civil Service and Government Reorganization

The Majority Leader is recognized.

## BILL ON SECOND READING S. No. 1956—Rental Reform Act of 2005 (Continuation)

**Senator Pangilinan.** Mr. President, I move that we resume consideration of Senate Bill No. 1956 as reported out under Committee Report No. 17.

**The President.** Is there any objection? [Silence] There being none, resumption of consideration of Senate Bill No. 1956 is now in order.

**Senator Pangilinan.** Mr. President, we are in the period of interpellations. I ask that the sponsor of the measure, the chairperson of the Committee on Urban Planning, Housing and Resettlement, Senator Biazon, and Sen. Miriam Defensor Santiago, who wishes to interpellate, be recognized.

**The President.** The sponsor of the measure, Sen. Rodolfo G. Biazon, is recognized; and for the period of interpellations, Sen. Miriam Defensor Santiago is likewise recognized.

**Senator Defensor Santiago.** Mr. President, will the distinguished sponsor yield, please?

**Senator Biazon.** Gladly, Mr. President.

**Senator Defensor Santiago.** Thank you, Mr. President.

Mr. President, please allow me to give the background to my questions.

After 57 years of rent control as embodied in seven republic acts, three presidential decrees and one executive order, the rental housing situation in the country has remained serious. Too few rental housing units have been built while the number of deprived renters and newcomers is on the rise. Unmet rental housing demand is rising rather than declining.

What are the consequences of rent control? The supply of rental housing would decrease as the return on investment in rental-housing units falls. The quality of services provided by landlords would deteriorate and the burden of the legislated rent control falls heavily on newcomers who cannot find decent housing. This explains the rising backlog in rental housing and the growing incidence of informal housing.

Please allow me, Mr. President, to present my own humble personal assessment of the situation. Rent Control Law works well only under conditions of severe inflationary pressure and for a limited time only. The overwhelming empirical evidence here and abroad, for example, in major cities of the United States, show that rent control is a failure. In the Philippines, after 57 years of rent control, the problem of availability of rental housing at affordable prices has become worse. This is proof that rent control is not the solution to the lack of supply of affordable rent-housing units. Rent control or its mild form, rent stabilization, is part of the problem rather than a cure. As an alternative, the government should seriously think of deregulating the rent-housing industry.

This is my humble prologue and I thank the distinguished sponsor for giving me time to do so.

Now, let me raise just a few questions. The first set of questions have to do with what economic managers call "winners and losers."

Question No. 1: During the last five years, Mr. President, how many have directly benefited from the Rent Control Law? If this is an unfair question, I will be happy to receive the answer tomorrow.



**Senator Biazon.** Mr. President, the proponents or those who oppose the imposition of rent control propose that this is going to affect the production of dwelling units for rent, because it would discourage those who can produce the dwelling units for rent.

On the other hand, the government's continuing concept of controlling rent is based on the conclusion that the housing production in this country cannot catch up with the needs of the market. That is the other side of the coin, Mr. President.

Therefore, the basis for continuing this rent control is on the assumption that there will come a time when the government will be able to provide for the shelter needs of our people.

But I think there are so many factors that contribute to that. The target of the government to provide shelter for many of our people is not met. Instead, the need for shelter is increasing.

For example, Mr. President, when President Marcos left the office, there was a backlog of three million housing units. And he turned over to former President Aquino a backlog of three million housing units. And President Aquino implemented her famous shelter program.

But at the end of her term, instead of reducing the backlog of three million units, it rose to 3.7 million. And President Ramos inherited a backlog of 3.7 million from former President Aquino.

Again, President Ramos instituted his famous Pabahay 2000, and the target was to eliminate the needs for housing, Mr. President. According to President Ramos, at the end of his term he was able to deliver 700,000 housing units. Meaning, the 3.7 million housing backlog should have been reduced to three million. But what happened was, it rose to 4.2 million in contrast to what he reported to the nation that a number of housing units had been delivered.

So, Mr. President, the factors that contribute to the continuing need for housing units is not satisfied. And that is why the conclusion is that we need to control rent to protect the marginalized sectors of our society. And we witnessed a series of extension of the Rent Control Law in the past.

**Senator Defensor Santiago.** Thank you. However, Mr. President, there is a point I wish to make. And for me to be able to make the point, I will have to request certain statistics from the distinguished sponsor. Nonetheless, I do not desire to do so this afternoon because my questions might be in the nature of unfair surprise, for none of us in the Chamber are expected to pull statistics out of our files like a magician pulling a rabbit out of a hat. This needs a lot of research.

Just to abbreviate my interpellation, particularly in view of the fact that we are apparently engaged in an energy conservation program that makes it very hot in this Session Hall, too hot to think and, possibly, even too hot to talk, I would like to request the indulgence of my colleagues just to summarize the point I am trying to make instead of raising questions.

In the last five years, a certain volume of people directly benefited from the Rent Control Law. However, among these beneficiaries, it is my contention that many have suffered as a result of the deterioration of their existing housing facilities due to lack of proper maintenance and the natural rate of depreciation. So if we pass another Rent Control Law, this is another discouragement with respect to owners of rental facilities not to spend money for improvement and maintenance. Because, after all, they will be limited as to the rent that they can impose if only to recover what they would have invested in the form of maintenance expenses. Further, during the same period, the last five years, more households have been adversely affected by the lack of investment in the rent-housing industry than households that have benefited from the rent-housing industry because of the Rent Control Law. That is my contention. For example, it would be interesting to find out what was the unmet housing demand during the last five years. It would also be very interesting to find out how many newcomers are expected yearly.

The distinguished sponsor has pointed out that in view of the present numbers, housing units will always fall way behind the volume of the population seeking habitable dwellings. But I am pointing out that precisely no investors will invest in the construction and even in the mere maintenance of existing construction if we limit the rentals that they can impose on their customers.

So it seems to me that in this situation, there are more losers than winners. Losers being people who cannot find new housing units and winners being those who fall under the protection of the Rent Control Law. If I am correct that there are more losers than winners under the situation, then I think it would not be good public policy to pass another Rent Control Law. As I said, I am not asking a question but if the distinguished sponsor wishes to take time to respond to these observations, I would welcome them.

**Senator Biazon.** Mr. President, indeed, the production of residential buildings, whether single, duplex, quadruplex, apartment, accesorias, will not be able to catch up with the growing emigration of our people from the rural areas to the urban areas looking for jobs that are not present in the rural areas. And these, however, are the destinations of these jobseekers where no one can afford decent dwellings, decent shelters, and so they end up as sharers in shanties or, as we put it, ending up renting in not so decent dwelling units. So, this, I would say, would be the ones who are protected by law. And considering that the level of income of



these people is the factor that would be the main consideration, Mr. President, I would say that the gainers, as far as the numbers are concerned, would be more than the losers.

**Senator Defensor Santiago.** Thank you, Mr. President. I will now come to a specific provision of our bill. I refer to Section 8 which contains a prohibition against ejectment by reason of sale or mortgage. It provides: "No lessor or his successor-in-interest shall be entitled to eject the lessee upon the ground that the leased premises have been sold or mortgaged to a third person regardless of whether the lease or mortgage is registered or not."

I wish to start my question with this observation. A serious problem in the rental-housing industry is lack of investment. If we adopt Section 8, we are creating what is sometimes called a "locked-in" effect. The lessor is locked into the contract to lease and is prohibited from selling or mortgaging his unit that he owns. While Section 8 protects the lessee, it discourages potential buyers or banks from lending to the lessor for the purpose of properly maintaining or upgrading the facility. Will Section 8 not discourage further investment in the rent-housing industry? That is the question.

**Senator Biazon.** Yes, Mr. President, that definitely could be the end state of Section 8. But the proposed law is designed to protect the lessee against economic ejectment. There were practices in the past by the lessor wanting to eject the lessee by simply pretending that the property had been sold. This was used in the past. And that is the reason for this Section 8. However, if this Section 8 can be refined, this representation would welcome such a proposal.

**Senator Defensor Santiago.** Then I shall make a serious attempt. I thank the gentleman for entertaining my questions.

**Senator Biazon.** Thank you, Mr. President.

**The President.** The Minority Leader, Sen. Aquilino Q. Pimentel Jr., wishes to avail himself of the period of interpellations and he is now recognized.

**Senator Pimentel.** Thank you very much, Mr. President. Will the gentleman kindly yield for some questions?

**Senator Biazon.** Gladly, Mr. President.

**Senator Pimentel.** Mr. President, the old Rent Control Law expired some months ago.

**Senator Biazon.** That is correct, Mr. President. It expired on December 31, 2004.

**Senator Pimentel.** So, that would be about nine months ago.

**Senator Biazon.** Yes, Mr. President.

**Senator Pimentel.** Which means that we can hardly speak of a renewal of this law because the law had expired?

**Senator Biazon.** That is correct, Mr. President.

**Senator Pimentel.** So, in effect, we are crafting a new rent control legislation?

**Senator Biazon.** That is correct, Mr. President. As a matter of fact, the House of Representatives approved an extension in January after the law had expired. So, there was no law to be extended at that time. Therefore, this representation conducted a hearing on the bill filed by Senator Recto. That is why the bill that we are discussing today is a new bill, not an extension of an old law.

**Senator Pimentel.** Is it correct to say that one of the bills that was referred to the committee was authored by Senator Recto?

**Senator Biazon.** That is correct, Mr. President. This is the bill that was heard by the committee.

**Senator Pimentel.** Yes. And the bill authored by Senator Recto fixed the ceiling at P10,000?

**Senator Biazon.** That is correct, Mr. President.

**Senator Pimentel.** Can the gentleman kindly explain to us why the committee reduced it to P7,500?

**Senator Biazon.** In the course of the hearings, Mr. President, it was concluded that P10,000 could be a little bit high if we are going to protect renters, because a P10,000-renter would be requiring an income of anywhere from P50,000 to P60,000 a month.

Whereas, a P7,500-renter should be earning anywhere from P35,000 to P40,000 a month. We thought that that is the maximum level of income that will have to be protected.

**Senator Pimentel.** And yet, Mr. President, it is a fact of life in this country that when we speak of incomes, one does not talk about individual incomes especially as far as the lower-middle, down to the low segments of our society are concerned. We talk of incomes that are generated by members of the family working together and living under one roof.

**Senator Biazon.** That is correct, Mr. President.



**Senator Pimentel.** And so the protection to be extended, let us say, to fix the level at P10,000 a month would be quite reasonable under that circumstance because, as I said, the argument that P10,000 is big to be exempted from market forces would only be true if we narrow down our concept of income as that which is earned by one individual worker. But, as we know, the poor people of this country do not really have that kind of an income.

**Senator Biazon.** That is correct, Mr. President. As a matter of fact, the statistics that is used in the calculations of the committee constituting the substitute bill has something to do with average income, average expenditure, and average savings of families. That is correct. But if we are going to raise it to P10,000, there is now the question of balancing the interest of production of more rental units to families who can afford it. So, we thought that if we raise the rent control to a high-priced range this could further discourage the production of rental-dwelling units.

**Senator Pimentel.** Mr. President, I am not too sure that the argument really holds water, for the simple reason that the market forces operating in this country will look beyond the P10,000 margin. In other words, the house builders in this country would not look at the capacity of the people at the P10,000 or below the P10,000 level.

In other words, if we look at it, between P7,500 and P10,000, that is a difference of only P2,500.

**Senator Biazon.** That is correct.

**Senator Pimentel.** And so, I do not think that that kind of a spread will necessarily discourage housing simply because we are trying to give protection to the lower-income families of this country. Besides, Mr. President, people who buy lots, let us say, at P10,000 or above are people who can afford, I mean, usually a solo-buyer—

**Senator Biazon.** That is correct.

**Senator Pimentel.** —not a family-renter precisely because family-renters—by that term I mean the family income is based on several members of the family working together to raise and reach that limit of P10,000—is more the rule rather than the exception for the great masses of our people in this country, Mr. President.

**Senator Biazon.** Mr. President, the level of rental that is envisioned will protect those who could not afford to buy housing units. However, if a family can afford to pay P10,000 a month and uses that amount as an amortization fund to acquire a house of his own, he will be able to afford to buy a house worth P1 million because the amortization rate goes at P1,000 per month per P100,000.

So, if a family can afford to rent at P10,000, then he can buy a house that would cost P1 million. As a matter of fact, Mr. President, a family would probably welcome this instead of renting, Mr. President.

**Senator Pimentel.** Yes, I agree with that. But that is a decision to be taken by the family. In other words, considering all the circumstances, the comparative advantage of buying a house would probably weigh in more seriously on the family than renting. Because who would want to rent eternally if they can buy a house of their own?

So that argument, I think, Mr. President, should even encourage us to set that limit at P10,000 because, as the gentleman argued, a family who can afford to rent at P10,000 will probably buy a P1-million home. And as I tried to show, weighing everything, normally, a person would want to buy rather than rent a house.

**Senator Biazon.** That is correct, Mr. President.

**Senator Pimentel.** So, my suggestion really is, set it at P10,000 and then let the market forces weigh on the decision-making of the persons concerned because, after all, as I said,—I do not know the statistics—assuming that there are a hundred thousand people in this category, then we will have a hundred thousand more people wanting a P10,000-home that they can pay on installment basis.

**VOICE.** [Inaudible]

**Senator Pimentel.** No, I am talking of the ones buying. In other words, the argument of the gentleman is that people would probably want to buy a house if they can afford to rent a P10,000-home a month. Why not buy if that can still be offered to them...

**Senator Biazon.** And amortized.

**Senator Pimentel.** Yes, more or less, at the same price?

**Senator Biazon.** That is right.

**Senator Pimentel.** So, obviously, this is where the market forces will come in. But, Mr. President, we have to remember that this is a social legislation. We seem to forget the argument about market forces that is true in a strictly capitalist point of view. But when we talk about masses of the people who cannot afford, this is where the government can come in and try to even up things and make it possible for people to rent a home rather than to live under the bridges or, as we know, under squalor conditions.

So, that is the argument that I would like to request the gentleman to kindly consider.



**Senator Biazon.** That will be considered. And I think that is for the Body to decide upon, Mr. President. But, again, one of the arguments that was presented here in lowering the coverage of the proposed rental law is, it will discourage the producers of dwelling units, especially in highly urbanized areas. And I think the Body can decide on that at the proper time.

**Senator Pimentel.** Yes, and I thank the gentleman for that open-mindedness. Because, indeed, even assuming, for the sake of argument, that pegging the Rent Control Law at P10,000 a month would somehow affect the housing initiatives of the private sector, I would say that that is something that we must do nevertheless because we are not talking here of just affording people with capital to earn more money, as it were, without considering the plight of the socially incapacitated, Mr. President. Because as I said, the purpose of this legislation is social in nature. It is not intended to benefit the capitalists of the land. I am not saying that we should not consider them but what I am saying is that even if we pass this legislation, I doubt very much whether necessarily the productivity or the profitability of their business would be hampered to a very great extent that they would no longer construct houses. I doubt that very much. That is not, I think, validated by empirical evidence.

**Senator Biazon.** Yes, especially, Mr. President, if our National Statistics Office cannot seem to be able to give us accurate statistics. But the common belief is that, indeed, rent control might be preventing or discouraging the production of dwelling units where they are needed especially in the highly urbanized cities in our country. But then again, I submit that we let the Body decide which is the level, P7,500 or P10,000.

**Senator Pimentel.** Anyway, I can sense where the gentleman's heart is, actually, Mr. President. So, I would leave it at that. At the proper time, maybe we can propose amendments and let the Body decide, as the sponsor has pointed out. And as Senator Recto, as a matter of fact, pointed out to me that the P10,000 cap on the Rent Control Law will also affect thousands of students who pool their allowances together as it were, especially those coming from the provinces so that they can rent a house of their own. And thereby, we can say that there is a broader segment of our population which will also benefit from a P10,000 pegging of the rent in this country.

**Senator Biazon.** This representation will wait for the proper time to introduce this, whether it is going to be accepted by the Body or not.

**Senator Pimentel.** Thank you very much, Mr. President.

**Senator Biazon.** Thank you, Mr. President.

**The President.** Sen. Ralph G. Recto is recognized.

# MANIFESTATION OF SENATOR RECTO (In Support of Senator Pimentel's Views and P10,000 Rental Ceiling as Not Subject to VAT)

**Senator Recto.** Thank you, Mr. President.

Mr. President, I support the manifestations and the arguments made by Senator Pimentel. Just for the record, I would also like to point out briefly that in the VAT Law that we passed, if one's rental is P10,000 and below, he is not subject to VAT. And therefore, to equate this law and the VAT, I would support a P10,000 cap because we will have a situation then that we are protecting in effect those who are renting P10,000 below already in the VAT. So, if we are going to come out with the Rent Control Law, it might as well be the same, have it the same with the VAT Law that if one is renting P10,000 and below, he is not subject to VAT.

So, I just wanted to make that manifestation and since the sponsor of this measure has already mentioned that at the appropriate time, I join Senator Pimentel in proposing this amendment, Mr. President.

**Senator Biazon.** This representation probably would not offer any objection to this kind of proposals, Mr. President.

**Senator Recto.** Thank you, Mr. President.

**Senator Biazon.** Thank you, Mr. President.

## SUSPENSION OF SESSION

**The President.** The Chair declares a one-minute suspension of the session, if there is no objection. *[There was none.]*

*It was 4:44 p.m.*

## RESUMPTION OF SESSION

*At 4:45 p.m., the session was resumed.*

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

**Senator Pangilinan.** Mr. President, after conferring with the sponsor of the measure and considering that there are no other interpellations for this measure, I move that we terminate the period of interpellations.

**The President.** Is there any objection? *[Silence]* There being none, the period of interpellations is terminated.



SUSPENSION OF CONSIDERATION OF S. NO. 1956

**Senator Pangilinan.** Thank you, Mr. President. The sponsor of the measure has requested that he be given some time to prepare the committee amendments. That being the case, I move that we suspend consideration of Senate Bill No. 1956 under Committee Report No. 17.

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

BILL ON SECOND READING  
S. No. 1967—Redefining the Term "Veteran"  
(Continuation)

**Senator Pangilinan.** Mr. President, I move that we resume consideration of Senate Bill No. 1967 as reported out under Committee Report No. 18.

**The President.** Is there any objection? *[Silence]* There being none, resumption of consideration of Senate Bill No. 1967 is now in order.

**Senator Pangilinan.** Mr. President, we are in the period of interpellations. I ask that we recognize the sponsor of the measure, the chairperson of the Committee on National Defense and Security, Sen. Rodolfo G. Biazon, and to interpellate, Sen. Miriam Defensor Santiago.

**The President.** The principal sponsor of the measure, Sen. Rodolfo G. Biazon, is recognized. To avail herself of the period of interpellations, Sen. Miriam Defensor Santiago is recognized.

**Senator Defensor Santiago.** Mr. President, will the distinguished sponsor yield, please?

**Senator Biazon.** Gladly, Mr. President.

**Senator Defensor Santiago.** Question: What actuarial studies were done to project the entitlements of the AFP veterans at the future time?

**Senator Biazon.** Mr. President, I searched the records of the proceedings. There seems to be no entry as far as actuarial studies are concerned in the crafting of the law.

**Senator Defensor Santiago.** Is it not necessary to conduct, at least, one of these actuarial studies in order to demonstrate that the AFP budget projected over time will be able to pay for veteran entitlements, if we are going to expand the scope of the definition of the term "veteran?"

**Senator Biazon.** That is correct, Mr. President. There were no actuarial studies conducted at the time of the enactment of the law redefining the term "veteran" which included anyone who had thus served a continuing service of six years honorably.

**Senator Defensor Santiago.** Mr. President, I understand that there was a Sycip, Gorres and Velayo (SGV) study which cost some P2 million conducted during the time of Sec. Angelo Reyes. If there was such a study if I am correct, what was the result?

**Senator Biazon.** Mr. President, the study actually was some sort of a performance audit conducted by the SGV in the management of the veterans' benefits falling under the law. And the SGV findings are, first, there is a need, for example, to store source codes in the server and restrict access, meaning, they propose for a computerization of the records of the Philippine Veterans Affairs Office (PVAO).

Second is the deleting of copies of programs in the consultant's and check-printing operator's personal computers (PC). Meaning, it has something to do about computerizing the administration of the veterans' benefits.

And according to report, the PVAO has gone through this. As a matter of fact, because of the system introduced, the PVAO was able to cleanse its roster of supposed veterans still receiving benefits from the roster of PVAO. According to reports, PVAO has saved something like P400 million because of the process adopted as a result of the SGV performance audit.

**Senator Defensor Santiago.** I am glad to know of these results. I understand there was a study at the NDCP, the National Defense College of the Philippines, by a person named Tito Lim. The Lim study indicated that there is allegedly a large amount of unclaimed checks in the PVAO due to the inability of the system to monitor the status of the pensioners. The gentleman has already reported that computerization apparently has succeeded in eliminating the problem posed by this so-called "unclaimed checks."

**Senator Biazon.** That is correct, Mr. President, although this problem is a continuing problem.

For example, it is very difficult for PVAO people who, at times, send benefit checks to the beneficiaries in two ways. One is through the banks, and the other one is through the mail. Sometimes, there is a failure of PVAO to monitor whether the one who is receiving the benefit is already deceased or not. Most of the time, many of these veterans empower somebody, a relative, through a special power of attorney (SPA) to collect the benefits or the checks from the bank or even at the PVAO itself even if the veteran is already deceased. That is why the PVAO has adopted a system where there is a required renewal of the power of attorney every six months.