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REPUBLIC OF THE PHILIPPINES)
Third Regular Session)

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SENATE
P.S. Res. No. 774

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Introduced by Senator Poe

RESOLUTION

DIRECTING THE SENATE COMMITTEES ON PUBLIC SERVICES, FINANCE, AND ECONOMIC AFFAIRS TO CONDUCT A FULL ASSESSMENT AND EXPLORATION, IN AID OF LEGISLATION, ON THE IMPLEMENTATION OF THE GOVERNMENT'S PUBLIC-PRIVATE PARTNERSHIP TAKING INTO CONSIDERATION THE 'BUILD, BUILD, BUILD' PROGRAM, WITH THE OBJECTIVES OF IMPROVING PUBLIC SERVICES DELIVERY, ESCALATING PRIVATE SECTOR PARTICIPATION AND FOREIGN INVESTMENTS, IDENTIFYING FUNDING MECHANISMS, ENSURING CREATION OF MUCH-NEEDED EMPLOYMENT AND PROTECTING PUBLIC INTEREST

1 WHEREAS, Section 7, Article II of the 1987 Philippine Constitution provides:
2 "The State shall pursue an independent foreign policy. In its relations with other
3 states the paramount consideration shall be national sovereignty, territorial integrity,
4 national interest and right to self-determination";

5 WHEREAS, Section 9, Article II of the Constitution also provides: "The State
6 shall promote a just and dynamic social order that will ensure the prosperity and
7 independence of the nation and free the people from poverty through policies that
8 provide adequate social services, promote full employment, a rising standard of
9 living, and an improved quality of life for all";

10 WHEREAS, Section 7, Article III of the Constitution recognizes "the right of
11 the people to information on matters of public concern," as well as "access to official
12 records, and to documents, and papers pertaining to official acts, transactions, or

1 decisions, as well as to government research data used as basis for policy
2 development...”;

3 WHEREAS, the government has set its sight in undertaking a massive
4 infrastructure buildup under the current administration, with the program dubbed
5 “Build Build, Build” mounting up to P9 trillion worth of infra investments over the
6 next four years to create more employment opportunities for Filipinos, address
7 poverty especially in rural areas, assist disaster-stricken areas, improve economic
8 climate and sustain inclusive growth;

9 WHEREAS, under the Build, Build, Build program, 75 flagship projects¹ in the
10 pipeline are aimed at modernizing the transportation system and providing
11 connectivity, which include six airports, nine railways such as the ambitious 25-
12 kilometer Mega Manila subway, three bus rapid transits, 32 roads and bridges, and
13 four seaports, among others;

14 WHEREAS, emphasis is being given on airport construction in the provinces
15 and a more efficient airport operation and management system to further provide
16 seamless passenger flow and ensure a better travel experience of locals and tourists
17 alike, thus, the planned new Puerto Princesa Airport designed to accommodate 1.9
18 million passengers, the New Bohol (Panglao) Airport that aims to attract 1.9 million
19 passengers, the soon-to-be-opened Mactan Cebu International Airport Terminal 2
20 that will service 12 million passengers, and a new Bicol International Airport that
21 hopes to decongest the crowded Legazpi airport and boost tourist arrivals to make
22 Albay an economic powerhouse²;

23 WHEREAS, part of the Build, Build, Build projects include the night rating
24 capacity of existing airports in Naga, Dumaguete, Dipolog, Cotabato, Tuguegarao,
25 Cauayan, Pagadian and Ozamis to accommodate flights at night;

¹ www.build.gov.ph

² Francia, E. 2018, May 27. “Build, Build, Build to highlight infrastructure, transportation and connectivity.” The Philippine Star. Retrieved from <https://www.philstar.com/business/2018/05/27/1818831/build-build-build-highlight-infrastructure-transportation-and-connectivity#BYhz44ZJzYVXvTKT.99>

1 WHEREAS, the Duterte administration is relying heavily on Chinese loans,
2 with Beijing committing just last March over P382 billion (\$7.34 billion) in loans and
3 grants³ to fund big-ticket items in the much-touted infra program;

4 WHEREAS, experts and critics have warned that loans from China are far
5 more expensive than Japan, for instance, that has interest rates between 0.25%
6 and 0.75%, cheaper than Beijing's 3% interest⁴;

7 WHEREAS, as debt pile reached P6.88 trillion⁵ as of April 2018, higher by 7.9
8 percent from last year's, the Senate, as a policymaking body that approves the
9 annual state funding, should closely look into the external obligations of the country
10 in order to craft remedial policies to avert possible scenarios such as default and
11 worse, a financial crisis;

12 WHEREAS, debt service interest payments under the 2018 national budget
13 was P354 billion;

14 WHEREAS, the Treasury bureau forecast that the government's outstanding
15 debt could reach the P7-trillion⁶ mark this year on the back of the administration's
16 infrastructure push;

17 WHEREAS, consistent with the cited constitutional precepts, it is important
18 that the Senate conducts a debt audit, particularly on the various projects in the
19 pipeline under the Build, Build, Build program, as well as their funding requirements
20 to determine the borrowing risks, to keep external debt manageable and to protect
21 the public from added burden force and from possible questionable loans;

³ Bacungan, VJ. 2018, March 12. "DOF: China commits over P382-B in loans, grants for 'big-ticket' PH projects." CNN Philippines. Retrieved from <http://cnnphilippines.com/business/2017/11/14/department-of-finance-china-loan-grant.html>

⁴ Chan, T. 2018, March 6. "China's debt-trap diplomacy reaches the Philippines, which is likely to accept Chinese loans 1,100% more expensive than other options." Business Insider. Retrieved from <http://www.businessinsider.com/chinas-debt-trap-diplomacy-hits-philippines-with-exorbitant-loans-2018-3>

⁵ Rivas, R. 2018, May 30. "Philippine debt at P6.88 trillion in April 2018." Rappler news site. Retrieved from <https://www.rappler.com/business/203724-philippine-government-debt-amount-april-2018>

⁶ Tubayan, E. 2017, July 6. "Gov't debt may top P7 trillion in 2018 amid infra push." Business World. Retrieved from <http://www.bworldonline.com/content.php?section=Economy&title=gov&8217t-debt-may-top-p7-trillion-in-2018-amid-infra-push&id=147829>

1 WHEREAS, there is also a need to ensure that the gains in this mammoth
2 infra program are felt by Filipinos in terms of generating jobs and easing traffic in
3 highly-urbanized areas;

4 NOW THEREFORE BE IT RESOLVED, as it is hereby resolved by the Senate
5 committees on public services, finance, and economic affairs to conduct a full
6 assessment and exploration, in aid of legislation, on the implementation of the
7 government's public-private partnership taking into consideration the 'Build, Build,
8 Build' program, with the objectives of improving public services delivery, escalating
9 private sector participation and foreign investments, identifying funding
10 mechanisms, ensuring creation of much-needed employment and protecting public
11 interest.

12 *Adopted,*


GRACE POE
(27)