

Table of Contents

PLENARY SESSIONS

Session No.		Page
1	Monday, July 24, 1995	1
2	Tuesday, July 25, 1995	23
3	Wednesday, July 26, 1995	57
	Thursday, July 27, 1995	85
4	Monday, July 31, 1995	115
	Tuesday, August 1, 1995	149
	Wednesday, August 2, 1995	187
	Thursday, August 3, 1995	261
5	Monday, August 7, 1995	345
Necro.	Tuesday, August 8, 1995	353
6	Wednesday, August 9, 1995	361
	Thursday, August 10, 1995	409
7	Monday, August 14, 1995	425
8	Tuesday, August 15, 1995	453
9	Wednesday, August 16, 1995	487
	Thursday, August 17, 1995	511
10	Monday, August 21, 1995	525
11	Tuesday, August 22, 1995	553
12	Wednesday, August 23, 1995	581
	Thursday, August 24, 1995	611
13	Monday, August 28, 1995	633
	Tuesday, August 29, 1995	635
14	Thursday, August 31, 1995	647
15	Monday, September 4, 1995	673
16	Tuesday, September 5, 1995	679
Necro.	Wednesday, September 6, 1995	701
17	Thursday, September 7, 1995	709
	Monday, September 18, 1995	751
18	Tuesday, September 19, 1995	773

RECORD OF THE SENATE

THURSDAY, AUGUST 31, 1995

OPENING OF THE SESSION

At 10:52 a.m., the Honorable Neptali A. Gonzales, President of the Senate, called the session to order.

The President: The 14th session of the First Regular Session of the Tenth Congress of the Philippines is hereby called to order.

Let us all please rise, and we shall be led in prayer by Senator Sergio R. Osmeña III.

Everybody rose for the opening prayer.

PRAYER

Senator Osmeña:

Heavenly Father, we praise and glorify Your name. We thank You for all the blessings that You have bestowed upon us.

We ask You once again to lend Your loving presence to this Chamber, for You Yourself said, "Where two or more are gathered in My name, I am there with them."

Lord, we are living in very uncertain times. Many of our countrymen are still mired in poverty, unable even to provide for their daily needs. Our nation's economy, despite positive developments, still lack the vitality that will spur our nation to the status of a newly industrialized country. The abuse and misuse of our country's natural resources remain unabated.

In these trying times, the burden of governance is indeed a heavy yoke to bear. We who have been tasked to serve are faced with the challenge of redeeming our people from their suffering and delivering them to the promised land where peace and prosperity reigns.

But we have not lost hope. We will never lose hope, because we know that in Your infinite wisdom, You have bestowed upon our people the strength and courage to overcome life's daily struggles. We are a strong nation, a nation of resourceful and industrious people, and we will not fail.

Instill in us, Lord, an open mind and a willingness to listen, so that we will hear not only our voices, but the voices of our people. Always remind us that we are here as stewards—that we were chosen not to rule but to serve.

As stewards and servants, we will be called upon to make difficult, and oftentimes, painful decisions. There will be times

when we will be in the wrong. During those times, give us the humility and courage to admit our mistakes and rectify our errors.

We know that the road we travel must be a straight and narrow one. Lawmaking is not an easy task. Guide us, so that the laws we enact will be just and fair, efficient and effective. Give us the clarity of mind and pureness of heart, so that we may always act in the best interests of our people.

Finally, Lord, we take solace in Your promise, as reflected in the words of St. Paul: "I will never forget you, I will never forsake you, your name is forever carved in the palm of my hand."

Amen.

Senator Romulo: Mr. President.

The President: The Majority Leader is recognized.

ROLL CALL

Senator Romulo: Mr. President, may I move to dispense with the roll call.

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

THE JOURNAL

Senator Romulo: Mr. President, I move that we dispense with the reading of the *Journal* of Session Nos. 12 and 13, and consider the same as approved.

The President: Is there any objection? [*Silence*] The Chair hears none; accordingly, the reading of the *Journal* of the previous sessions is dispensed with and the same are considered as approved.

Senator Mercado: Mr. President.

The President: The Assistant Majority Leader is recognized.

Senator Mercado: This is not an objection, but I just would like to put on record a correction that I have submitted to the Debate Reporters Service as regards the speech I delivered in favor of sponsoring the Salt Iodization Act.

The President: The Chair directs the Secretariat to make the necessary corrections.

The Majority Leader is recognized.

Senator Romulo: Mr. President, may I ask the Secretary to read the Order of Business.

The President: The Secretary will please read the Order of Business.

REFERENCE OF BUSINESS

BILLS ON FIRST READING

The Acting Secretary [Atty. Raval]: Senate Bill No. 1128, entitled

AN ACT INCREASING THE PENALTY FOR ILLEGAL ACTS OF PRICE MANIPULATION COMMITTED BY A CARTEL, AMENDING FOR THIS PURPOSE REPUBLIC ACT NO. 7581, OTHERWISE KNOWN AS THE 'PRICE ACT.'

Introduced by Senator Ople.

The President: Referred to the Committee on Trade and Commerce.

The Acting Secretary [Atty. Raval]: Senate Bill No. 1129, entitled

AN ACT CLARIFYING AND RATIONALIZING THE ROLE, POWERS, FUNCTIONS AND RESPONSIBILITY OF THE COMMISSION ON HIGHER EDUCATION IN FORMULATING PLANS, POLICIES, PRIORITIES, AND PROGRAMS ON HIGHER EDUCATION AND RESEARCH, AND IN THE GOVERNANCE OF STATE UNIVERSITIES AND COLLEGES, AND FOR OTHER PURPOSES.

Introduced by Senator Ople.

The President: Referred to the Committee on Education, Arts and Culture.

The Acting Secretary [Atty. Raval]: Senate Bill No. 1130, entitled

AN ACT INSTITUTIONALIZING THE STATE POLICY ON FOOD SECURITY, AND FOR OTHER PURPOSES.

Introduced by Senator Mercado.

The President: Referred to the Committees on Agriculture

and Food; and Government Corporations and Public Enterprises.

The Acting Secretary [Atty. Raval]: Senate Bill No. 1131, entitled

AN ACT AMENDING SECTION 8 OF REPUBLIC ACT NO. 7906, OTHERWISE KNOWN AS THE THRIFT BANKS ACT OF 1995.

Introduced by Senator Romulo.

The President: Referred to the Committee on Banks, Financial Institutions and Currencies.

The Acting Secretary [Atty. Raval]: Senate Bill No. 1132, entitled

AN ACT PRESCRIBING URGENT RELATED MEASURES TO EFFECTIVELY CARRY OUT AGRICULTURAL DEVELOPMENT IN THE COUNTRYSIDE TO ADDRESS THE IMPLICATIONS OF THE GENERAL AGREEMENT ON TARIFFS AND TRADE ON THE ECONOMY THROUGH THE ACCELERATION OF THE INTEGRATED IRRIGATION PROGRAM AND FOR OTHER PURPOSES.

Introduced by Senator Shahani.

The President: Referred to the Committees on Agriculture and Food; Public Works; and Finance.

The Acting Secretary [Atty. Raval]: Senate Bill No. 1133, entitled

AN ACT CREATING THE NATIONAL COUNCIL FOR CHILDREN'S TELEVISION ENTERTAINMENT, PROVIDING FUNDS THEREFOR AND FOR OTHER PURPOSES.

Introduced by Senator Shahani.

The President: Referred to the Committees on Motion Picture and Television; Education, Arts and Culture; and Finance.

The Acting Secretary [Atty. Raval]: Senate Bill No. 1134, entitled

AN ACT CONVERTING THE NATIONAL EDUCATIONAL TESTING AND RESEARCH CENTER (NETRC) INTO A NATIONAL EDUCATION ASSESSMENT AND EVALUATION

AUTHORITY (NEAEA), DEFINING ITS STRUCTURE, POWERS AND FUNCTIONS, APPROPRIATING FUNDS THEREFOR AND FOR OTHER PURPOSES.

Introduced by Senator Shahani.

The President: Referred to the Committees on Education, Arts and Culture; and Finance.

The Acting Secretary [Atty. Raval]: Senate Bill No. 1135, entitled

AN ACT ESTABLISHING NATIONAL CEMETERIES AND PROVIDING FOR THEIR ADMINISTRATION AND MAINTENANCE.

Introduced by Senator Roco.

The President: Referred to the Committees on National Defense and Security; and Finance.

The Acting Secretary [Atty. Raval]: Senate Bill No. 1136, entitled

AN ACT PROVIDING FOR THE COMPULSORY REGISTRATION OF HEAVY EQUIPMENT.

Introduced by Senator Revilla.

The President: Referred to the Committees on Public Services; and Ways and Means.

The Acting Secretary [Atty. Raval]: Senate Bill No. 1137, entitled

AN ACT PROVIDING FOR LOAD LIMITS FOR FREIGHT TRUCKS AND OTHER VEHICLES CARRYING LOGS AND OTHER CARGOES ON PUBLIC HIGHWAYS, ROADS AND BRIDGES AND FOR OTHER PURPOSES.

Introduced by Senator Revilla.

The President: Referred to the Committees on Public Services; and Public Works.

The Acting Secretary [Atty. Raval]: Senate Bill No. 1138, entitled

AN ACT PROVIDING FOR THE MAINTENANCE AND SUPPORT OF ELDERLY MEMBERS OF THE FAMILY AND FOR OTHER PURPOSES.

Introduced by Senator Romulo.

The President: Referred to the Committee on Social Justice, Welfare and Development.

The Acting Secretary [Atty. Raval]: Senate Bill No. 1139, entitled

AN ACT STRENGTHENING THE POWERS OF THE TOLL REGULATORY BOARD, PROVIDING FUNDS THEREFOR AND FOR OTHER PURPOSES.

Introduced by Senator Romulo.

The President: Referred to the Committees on Public Services; Public Works; and Finance.

The Acting Secretary [Atty. Raval]: Senate Bill No. 1140, entitled

AN ACT PRESCRIBING OFFICER GRADE DISTRIBUTION IN THE ACTIVE FORCE OF THE ARMED FORCES OF THE PHILIPPINES AND LIMITING THE TENURE OF OFFICERS IN THE GRADES OF COLONEL/CAPTAIN (PN) AND GENERAL/FLAG OFFICERS IN THE AFP.

Introduced by Senator Romulo.

The President: Referred to the Committee on National Defense and Security.

The Acting Secretary [Atty. Raval]: Senate Bill No. 1141, entitled

AN ACT AMENDING SECTION 284 OF REPUBLIC ACT NO. 7160, OTHERWISE KNOWN AS THE LOCAL GOVERNMENT CODE OF 1991.

Introduced by Senator Romulo.

The President: Referred to the Committees on Local Government; and Ways and Means.

ADDITIONAL REFERENCE OF BUSINESS

BILLS ON FIRST READING

The Acting Secretary [Atty. Raval]: Senate Bill No. 1142, entitled

AN ACT PROVIDING FOR THE INCLUSION OF

EMPLOYER'S COMPLIANCE WITH THE OCCUPATIONAL HEALTH AND SAFETY STANDARDS AS A MANDATORY BARGAINING CLAUSE.

Introduced by Senator Herrera.

The President: Referred to the Committee on Labor, Employment and Human Resources Development.

The Acting Secretary [Atty. Raval]: Senate Bill No. 1143, entitled

AN ACT PROVIDING FOR THE INCLUSION OF EMPLOYER'S COMPLIANCE WITH THE REQUIREMENTS OF THE LAW, RULES AND REGULATIONS REGARDING ENVIRONMENTAL PROTECTION AND CONSERVATION AS A MANDATORY BARGAINING CLAUSE.

Introduced by Senator Herrera.

The President: Referred to the Committees on Labor, Employment and Human Resources Development; and Environment and Natural Resources.

The Acting Secretary [Atty. Raval]: Senate Bill No. 1144, entitled

AN ACT REQUIRING THE PAYMENT OF FILING FEES FOR COMPLAINTS CHARGING VIOLATIONS OF BATAS PAMBANSA BLG. 22, AS AMENDED, AND/OR ESTAFA UNDER CHAPTER SIX, TITLE TEN, ARTICLE 315 (2) (D) OF ACT NO. 3815, AS AMENDED, OTHERWISE KNOWN AS THE REVISED PENAL CODE.

Introduced by Senator Drilon.

The President: Referred to the Committees on Justice and Human Rights; and Ways and Means.

The Acting Secretary [Atty. Raval]: Senate Bill No. 1145, entitled

AN ACT INSTITUTING PRISON REFORMS, IMPOSING A PENALTY FOR VIOLATIONS THEREOF, APPROPRIATING FUNDS THEREFOR AND FOR OTHER PURPOSES.

Introduced by Senator Coseteng.

The President: Referred to the Committees on Justice and Human Rights; and Finance.

The Acting Secretary [Atty. Raval]: Senate Bill No. 1146, entitled

AN ACT AMENDING SECTIONS 7 AND 8 OF PRESIDENTIAL DECREE NO. 1594, ENTITLED PRESCRIBING POLICIES, GUIDELINES, RULES AND REGULATIONS FOR GOVERNMENT INFRASTRUCTURE CONTRACTS.

Introduced by Senator Coseteng.

The President: Referred to the Committee on Public Works.

The Acting Secretary [Atty. Raval]: Senate Bill No. 1147, entitled

AN ACT CREATING THE NORTH LUZON RAILWAYS CORPORATION, PRESCRIBING ITS POWERS, FUNCTIONS AND DUTIES, AND PROVIDING FUNDS THEREFOR AND FOR OTHER PURPOSES.

Introduced by Senator Coseteng.

The President: Referred to the Committees on Public Services; Ways and Means; and Finance.

The Acting Secretary [Atty. Raval]: Senate Bill No. 1148, entitled

AN ACT TO AMEND SECTION 1 AND SECTION 3 OF PRESIDENTIAL DECREE NO. 1866, AND FOR OTHER PURPOSES.

Introduced by Senator Revilla.

The President: Referred to the Committee on Constitutional Amendments, Revision of Codes and Laws.

The Acting Secretary [Atty. Raval]: Senate Bill No. 1149, entitled

AN ACT AMENDING ARTICLE 186 OF THE REVISED PENAL CODE, AS AMENDED, INCREASING THE PENALTY FOR VIOLATION THEREOF.

Introduced by Senator Macapagal.

The President: Referred to the Committees on Trade and Commerce; and Constitutional Amendments, Revision of Codes and Laws.

The Acting Secretary [Atty. Raval]: Senate Bill No. 1150, entitled

AN ACT REQUIRING THE IMMEDIATE RETURN OF CARNAPPED VEHICLES TO THE LAWFUL OWNERS THEREOF, AMENDING FOR THE PURPOSE R.A. NO. 6539, OTHERWISE KNOWN AS THE ANTI-CARNAPPING ACT OF 1972 AND FOR OTHER PURPOSES.

Introduced by Senator Maceda.

The President: Referred to the Committee on Constitutional Amendments, Revision of Codes and Laws.

The Acting Secretary [Atty. Raval]: Senate Bill No. 1151, entitled

AN ACT PROHIBITING THE COLLECTION OF MORE THAN TWO (2) MONTHS ADVANCE INTEREST ON ANY LOAN OF MONEY, PROVIDING PENALTIES FOR VIOLATION THEREOF AND FOR OTHER PURPOSES.

Introduced by Senator Maceda.

The President: Referred to the Committees on Banks, Financial Institutions and Currencies; and Constitutional Amendments, Revision of Codes and Laws.

The Acting Secretary [Atty. Raval]: Senate Bill No. 1152, entitled

AN ACT INCREASING TO FIVE MEMBERS THE COMPOSITION OF THE BOARD OF ELECTION INSPECTORS, AMENDING FOR THE PURPOSE ARTICLE XIV, SECTION 164, BATAS PAMBANSA BLG. 881, AND FOR OTHER PURPOSES.

Introduced by Senator Maceda.

The President: Referred to the Committee on Constitutional Amendments, Revision of Codes and Laws.

The Acting Secretary [Atty. Raval]: Senate Bill No. 1153, entitled

AN ACT INCREASING THE CASH GIFT TO FIVE THOUSAND PESOS (P5,000) AMENDING FOR THE PURPOSE CERTAIN SECTIONS OF REPUBLIC ACT NUMBERED SIX THOUSAND SIX HUNDRED EIGHTY-SIX, AND FOR OTHER PURPOSES.

Introduced by Senator Maceda.

The President: Referred to the Committees on Civil Service and Government Reorganization; and Finance.

The Acting Secretary [Atty. Raval]: Senate Bill No. 1154, entitled

AN ACT GRANTING GOVERNMENT SUBSIDY TO PRIVATE SCHOOLS OFFERING FREE ELEMENTARY EDUCATION UP TO 500 PUPILS PER SCHOOL AND FOR OTHER PURPOSES.

Introduced by Senator Maceda.

The President: Referred to the Committees on Education, Arts and Culture; and Finance.

The Acting Secretary [Atty. Raval]: Senate Bill No. 1155, entitled

AN ACT PROHIBITING THE CONTRACTING OUT OF JOBS AND ACTIVITIES WHICH ARE NECESSARY OR USUAL IN THE BUSINESS OR TRADE OF THE EMPLOYER, AMENDING FOR THE PURPOSE ARTICLE 106 OF PRESIDENTIAL DECREE NO. 442, AS AMENDED, OTHERWISE KNOWN AS THE LABOR CODE OF THE PHILIPPINES.

Introduced by Senator Maceda.

The President: Referred to the Committee on Labor, Employment and Human Resources Development.

The Acting Secretary [Atty. Raval]: Senate Bill No. 1156, entitled

AN ACT TO DEREGULATE THE IMPORTATION OF RICE AND SUGAR SUBJECT ONLY TO CERTAIN LIMITATIONS, AND FOR OTHER PURPOSES.

Introduced by Senator Maceda.

The President: Referred to the Committee on Agriculture and Food.

The Acting Secretary [Atty. Raval]: Senate Bill No. 1158, entitled

AN ACT AMENDING SECTIONS 102 AND 104 OF REPUBLIC ACT NO. 7160, OTHERWISE KNOWN AS THE "LOCAL GOVERNMENT CODE OF 1991" TO PROVIDE FOR THE APPOINTMENT OF BARANGAY NUTRITION SCHOLARS, PROVIDING FUNDS THEREFOR AND FOR OTHER PURPOSES.

Introduced by Senator Coseteng.

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

RESOLUTIONS

The Acting Secretary [Atty. Raval]: Proposed Senate Resolution No. 106, entitled

RESOLUTION COMMENDING THE PHILIPPINE DELEGATION FOR GARNERING FOUR (4) GOLD MEDAL AWARDS, THUS ACHIEVING THE HIGHEST HONORS IN THE 1ST ASEAN SKILL COMPETITION HELD AT KUALA LUMPUR, MALAYSIA, LAST AUGUST 17-20, 1995.

Introduced by Senators Ople and Herrera.

The President: Referred to the Committee on Rules.

The Acting Secretary [Atty. Raval]: Proposed Senate Resolution No. 107, entitled

RESOLUTION URGING THE COMMITTEE ON NATIONAL DEFENSE AND SECURITY, TO INVESTIGATE, IN AID OF LEGISLATION, INTO THE PRESENT STATUS OF THE PHILIPPINE VETERANS AFFAIRS OFFICE (PVAO), AS WELL AS ON THE GROWING DISSATISFACTION OF VETERANS AND THEIR DEPENDENTS ARISING FROM THE REPORTED INACTION, INEFFICIENCY AND DELAY IN THE PROCESSING, APPROVAL AND RELEASE OF CHECKS OR AMOUNTS OF MONEY DUE AND PAYABLE TO THEM,

AND TO RECOMMEND APPROPRIATE LEGISLATIVE MEASURES IN ORDER TO PROVIDE REMEDIES THERETO.

Introduced by Senator Magsaysay, Jr.

The President: Referred to the Committee on National Defense and Security.

The Acting Secretary [Atty. Raval]: Proposed Senate Resolution No. 108, entitled

RESOLUTION URGING THE COMMITTEE ON PUBLIC SERVICES TO INQUIRE, IN AID OF LEGISLATION, INTO THE PROBLEMS FACING THE CABLE TELEVISION INDUSTRY, AND TO RECOMMEND APPROPRIATE LEGISLATIVE MEASURES, IN ORDER TO REMEDY THE PRESENT SITUATION.

Introduced by Senator Magsaysay, Jr.

The President: Referred to the Committees on Public Services; and Motion Picture and Television.

The Acting Secretary [Atty. Raval]: Proposed Senate Resolution No. 109, entitled

RESOLUTION URGING THE PRESIDENT OF THE REPUBLIC OF THE PHILIPPINES TO IMMEDIATELY INITIATE THE STEPS TOWARDS THE CONVENING OF A REGIONAL CONFERENCE WITH THE END IN VIEW OF ENTERING INTO AN ASEAN REGIONAL CONVENTION PROHIBITING THE IMPORTATION AND TRANSBOUNDARY MOVEMENT INTO THE ASEAN OF HAZARDOUS WASTES.

Introduced by Senator Mercado.

The President: Referred to the Committee on Foreign Relations.

The Acting Secretary [Atty. Raval]: Proposed Senate Resolution No. 110, entitled

RESOLUTION DIRECTING THE COMMITTEE ON LABOR, EMPLOYMENT AND HUMAN RESOURCES DEVELOPMENT TO CONDUCT AN INVESTIGATION TO DETERMINE THE REAL PLIGHT OF OUR OVERSEAS

WORKERS, AND TO ASSESS THE PRESENT STATUS OF THE IMPLEMENTATION OF OUR LABOR LAWS, PARTICULARLY THE MIGRANT WORKERS AND OVERSEAS FILIPINOS ACT OF 1995.

Introduced by Senator Coseteng.

The President: Referred to the Committee on Labor, Employment and Human Resources Development.

COMMUNICATION

The Acting Secretary [Atty. Raval]: Letter from Chairman Celso D. Gangan of the Commission on Audit, furnishing the Senate copies of the 1994 Auditor's Annual Audit Reports on the different government agencies enumerated in the attached list.

The President: Referred to the Committee on Finance.

COMMITTEE REPORT

The Acting Secretary [Atty. Raval]: Committee Report No. 3, prepared and submitted by the Committee on Agriculture and Food on Senate Bill No. 1157 with Senators Macapagal, Alvarez, Roco, Shahani and the Members of the Committee as authors thereof, entitled

AN ACT FURTHER AMENDING PRESIDENTIAL DECREE NO. 1467, AS AMENDED, OTHERWISE KNOWN AS THE CHARTER OF THE PHILIPPINE CROP INSURANCE CORPORATION (PCIC), IN ORDER TO MAKE THE CROP INSURANCE SYSTEM MORE STABLE AND MORE BENEFICIAL TO THE FARMERS COVERED THEREBY AND FOR THE NATIONAL ECONOMY,

recommending its approval in substitution of Senate Bill Nos. 337, 727, and 953.

Dissenting: Senators Maceda and Coseteng

Sponsors: Senators Macapagal, Alvarez, Roco, Shahani and the Members of the Committee on Agriculture and Food

The President: To the Calendar for Ordinary Business.

The Majority Leader is recognized.

Senator Romulo: Mr. President, may I ask that the

Assistant Majority Leader be recognized.

The President: Senator Mercado is recognized.

MANIFESTATION OF SENATOR MERCADO (On Referral of S. No. 1135 to Another Committee)

Senator Mercado: Mr. President, this Representation, as Chairman of the Committee on National Defense and Security, does not shirk from work, and we rarely question the referrals of bills to our Committee.

However, I would like to call the attention of the Secretariat to Senate Bill No. 1135, entitled

AN ACT ESTABLISHING NATIONAL CEMETERIES AND PROVIDING FOR THEIR ADMINISTRATION AND MAINTENANCE,

which has been referred to the Committee on National Defense and Security. This may not be a matter of defense and security because it concerns the dead.

So, may I ask that the Secretariat look into the referral of the same. Maybe, it will be more appropriate to refer it to another committee other than mine.

Senator Romulo: We will look into that, Mr. President. As the distinguished Senator has indicated, there are no matters of national defense and security in the subject matter of the bill.

The President: All right. The Chair notes the remarks of the two Gentlemen.

Senator Maceda: Mr. President.

The President: Senator Maceda is recognized.

Senator Maceda: Would this bill not be properly referred to the Committee on Urban Planning, Housing and Resettlement?

The President: Which bill does the Gentleman refer?

Senator Maceda: Senate Bill No. 1135, the bill referred to by the Assistant Majority Leader.

Senator Romulo: That is the National Cemeteries bill, Mr. President.

The President: Senate Bill No. 1135, entitled "AN ACT

Senator Magsaysay: Thank you, Mr. President.

The President: The Majority Leader is recognized.

**MOTION OF SENATOR ROMULO
(Referral of Senator Magsaysay's Privilege Speech and
Related Interpellations thereof to the
Education Committee)**

Senator Romulo: Mr. President, I move that we refer the privilege speech and related interpellations of Senator Magsaysay to the appropriate committee.

The President: May we know the suggestion of the Chairman of the Rules Committee as to what committee will it be referred to?

Senator Romulo: To the Committee on Education, Arts and Culture, Mr. President.

The President: Is there any objection? [Silence] There being none, the privilege speech of Senator Magsaysay delivered today, together with all related interpellations, is referred to the Committee on Education, Arts and Culture.

**MOTION OF SENATOR ROMULO
(Referral of His Speech to the Finance and
National Defense Committees)**

Senator Romulo: I also move that the second privilege speech be referred to the Committees on Finance and on National Defense.

The President: Is there any objection? [Silence] There being none, the privilege speech of Senator Romulo is referred to the Committee on Finance.

SPECIAL ORDERS

Senator Romulo: Mr. President, I move that we transfer from the Calendar of Ordinary Business to the Calendar for Special Orders Senate Bill No. 1157, as reported out under Committee Report No. 3, amending the Philippine Crop Insurance Law.

The President: Is there any objection? [Silence] There

being none, the motion is approved.

**MOTION OF SENATOR ROMULO
(Senator Maceda as Member of Various Committees)**

Senator Romulo: Mr. President, I move that Senator Maceda be made member of the following committees: Committees on Rules, Accounts, Blue Ribbon, Ways and Means, Labor, Employment and Human Resources Development, Trade and Commerce, Public Services, Education, Arts and Culture, Civil Service and Government Reorganization, Justice and Human Rights, Youth, Foreign Relations, Health, and National Defense and Security.

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

**MOTION OF SENATOR ROMULO
(Senator Enrile as Member of the Constitutional
Amendments, Revision of Codes and Laws Committee)**

Senator Romulo: May I nominate for election Senator Enrile as a Member of the Committee on Constitutional Amendments, Revision of Codes and Laws.

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

Senator Romulo: Mr. President, on Monday, we shall resume consideration of Senate Bill No. 1122, the Salt Iodization Law. We are in the period of interpellations. We shall also take up this coming week Senate Bill No. 1157, amending the Philippine Crop Insurance Law.

ADJOURNMENT OF THE SESSION

With that, Mr. President, I move that we adjourn today's session until four o'clock on Monday afternoon.

The President: The session is adjourned until four o'clock on Monday afternoon, if there is no objection. [There was none.]

It was 12:45 p.m.

RECORD OF THE SENATE

MONDAY, SEPTEMBER 18, 1995

OPENING OF THE SESSION

At 4:26 p.m., the Honorable Leticia Ramos Shahani, President Pro Tempore of the Senate, called the session to order.

The President Pro Tempore: The 17th session of the Senate in the First Regular Session of the Tenth Congress is hereby called to order.

PRAYER

May we have a one-minute of silent prayer.

Everybody rose for the opening prayer and the National Anthem.

NATIONAL ANTHEM

We shall be led in the singing of the Philippine National Anthem by the Senate Choir.

SUSPENSION OF THE SESSION

Senator Romulo: Madam President, may I ask for a one-minute suspension of the session.

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

It was 4:29 p.m.

RESUMPTION OF THE SESSION

At 4:38 p.m., the session was resumed.

The President Pro Tempore: The session is resumed. The Majority Leader is recognized.

ROLL CALL

Senator Romulo: May we ask the Secretary to call the roll.

The Secretary:

Senator Heherson T. Alvarez Present
Senator Edgardo J. Angara Present
Senator Anna Dominique M. L. Coseteng Present
Senator Franklin M. Drilon Present
Senator Juan Ponce Enrile Present
Senator Marcelo B. Fernan Present
Senator Juan M. Flavier Present

Senator Ernesto F. Herrera Present
Senator Gregorio B. Honasan Present
Senator Gloria Macapagal Present
Senator Ernesto M. Maceda Present
Senator Ramon B. Magsaysay Jr. Present
Senator Orlando S. Mercado Absent
Senator Blas F. Ople Present*
Senator Sergio R. Osmeña III Present
Senator Ramon B. Revilla Present
Senator Raul S. Roco Present
Senator Alberto G. Romulo Present
Senator Miriam-Defensor Santiago Present
Senator Leticia R. Shahani Present
Senator Vicente C. Sotto III Present
Senator Francisco S. Tatad **
Senator Freddie N. Webb Present
The President Present*

The President Pro Tempore: With 20 Senators present, the Chair declares the presence of a quorum.

THE JOURNAL

Senator Romulo: Madam President, may I ask that we defer in the meantime consideration of the *Journal* of the previous session and that it be considered later in the session.

The President Pro Tempore: Is there any objection? [*Silence*] There being none, the consideration of the *Journal* of the previous session is hereby deferred.

The Secretary will now proceed with the reading of the Order of Business.

REFERENCE OF BUSINESS

BILLS ON FIRST READING

The Secretary: Senate Bill No. 1180, entitled

AN ACT EXTENDING THE RANKS, SALARIES, ALLOWANCES AND PRIVILEGES OF THE JUDICIARY TO THE DEPARTMENT OF JUSTICE PROPER, THE OFFICE OF THE SOLICITOR GENERAL, THE OFFICE OF THE GOVERNMENT CORPORATE COUNSEL, THE PUBLIC ATTORNEYS' OFFICE AND THE OFFICE OF THE OMBUDSMAN.

Introduced by Senator Drilon.

* Arrived after the roll call

** On official mission

transfer from the Calendar for Ordinary Business to the Calendar for Special Orders, Senate Bill No. 1188 under committee Report No. 7.

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

Senator Webb: Madam President.

The President Pro Tempore: Senator Webb is recognized.

**MANIFESTATION OF SENATOR WEBB
(That he is a Coauthor of S. Nos. 1185 and 1190)**

Senator Webb: Madam President, after consultation with Senator Roco, the author, of Senate Bill Nos. 1185 and 1190, I would like to become a coauthor of the said bills, to which he agreed.

The President Pro Tempore: The remarks of Senator Webb are duly noted by the Chair. The Majority Leader is recognized.

Senator Romulo: Madam President, printed copies of Senate Bill No. 1122, the Salt Iodization Bill, have been distributed to all the Members of this Chamber. Three days after the distribution of the printed copies, we will move for the approval of this bill on Third Reading unless there is a motion to reconsider the approval on Second Reading.

Madam President, before we resume consideration of Senate Bill No. 1157, the Philippine Crop Insurance bill, I ask for a one-minute suspension of the session.

Senator Enrile: Madam President.

The President Pro Tempore: Before we suspend the session, Senator Enrile is recognized.

**MANIFESTATION OF SENATOR ENRILE
(No objection to the Consideration of
S. No. 1157, but not a Precedent)**

Senator Enrile: Thank you, Madam President. I am just going to make a manifestation with respect to Senate Bill No. 1157. The other bills bearing on the subject matter were referred secondarily to the Committee on Government Corporations and Public Enterprises. To date, we have not considered this in the Committee.

But nevertheless, in view of the fact that there seemed to be an urgency to consider this bill, this Representation has no objection to its immediate consideration by the Senate, provid-

ed this will not be taken as a precedent to serve as a basis for not consulting other committees of the Senate when they are the second referral of any bill presented to the Senate for consideration.

Thank you, Madam President.

The President Pro Tempore: Thank you. The remarks of the distinguished Chairman of the Committee on Government Corporations and Public Enterprises are noted.

SUSPENSION OF THE SESSION

Senator Romulo: Madam President, I move that we suspend the session for one minute.

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

It was 4:57 p.m.

RESUMPTION OF THE SESSION

At 4:58 p.m., the session was resumed with the Honorable Vicente Sotto III presiding.

The Presiding Officer [Senator Sotto]: The session is resumed. The Majority Leader is recognized.

**BILL ON SECOND READING
S. No. 1157—Amending the
Philippine Crop Insurance Act
(Continuation)**

Senator Romulo: Mr. President, I move that we resume consideration of Senate Bill No. 1157 as reported out under Committee Report No. 3.

The Presiding Officer [Senator Sotto]: Resumption of consideration of Senate Bill No. 1157 is now in order.

Senator Romulo: I ask that the Chairman of the Committee on Agriculture, as well as the principal Sponsor of the bill, Senator Shahani, be recognized.

The Presiding Officer [Senator Sotto]: Senator Shahani is recognized.

SPONSORSHIP SPEECH OF SENATOR SHAHANI

Senator Shahani: Thank you, Mr. President.

Mr. President, my Colleagues, Senators Macapagal and

Alvarez, authors of the bill amending the Philippine Crop Insurance Act, have presented to this Chamber the salient features of the amendatory bill when I was attending the Fourth World Conference on Women in Beijing, China.

Today, in my capacity as Chairperson of the Senate Committee on Agriculture, I would like to enumerate certain features of this bill as they emerged from the Committee on Agriculture.

Mr. President, the proposed measure is seen by the Committee on Agriculture as a safety net for our farming sector now reeling from losses due to typhoons, pest infestations, lahar, and other natural calamities which are so normal in our life here in the Philippines.

How exactly, we may ask, does the farmer stand to benefit by this important bill before us? Briefly, may I cite these following reasons:

One, the increase in capital for the Philippine Crop Insurance Corporation will correspondingly increase the capability of the PCIC to expand coverage to other crops. With this bill, producers of cut flowers, mangoes, et cetera, will be equally protected.

Two, the additional funding can improve the insurance package to benefit the farmers.

Three, the improved package contained in this bill will encourage banks to lend and farmers to borrow, thereby increasing investments in agriculture and, ultimately, farm productivity.

Mr. President, the fourth reason is that PCIC's transfer from the Department of Finance to the Department of Agriculture will ensure a clearer mandate on the part of the crop insurance agency.

Lastly, in the PCIC Board. This intervention on the part of the farmers is expected to ensure that farmer-friendly policies on crop insurance are instituted.

Mr. President, I wish to emphasize, as Chairperson of the Committee on Agriculture, that the importance of crop insurance cannot be ignored. Crop insurance contributes to agricultural development because of the following:

1. It is an effective instrument for stimulating agricultural investment through risk reduction and the enhancement of the collateral value of standing crops;
2. The incentives it provides for increased production

can bring about self-sufficiency in food crops and intensify production of crops which are potential foreign exchange earners;

3. It stabilizes goods and paves the way for industrial development; and
4. It relieves the government from the heavy and deterring burden of having to extend aid and resort to relief measures involving large amounts of money in the event of large-scale disasters, if they occur.

In view of the foregoing, Mr. President, I make this appeal to our Colleagues in this Chamber to support this bill which will ultimately redound to ensuring the continuance of the Crop Insurance Program, making the system more stable and more beneficial for the agricultural sector and for the economy as a whole. More importantly, it must be noted that this bill is for our poor farmers who really need to be helped.

In order that we can go into greater detail in the debate of this important bill before us, may I request that our Colleague, Senator Alvarez, be allowed to answer some of the questions which, I am sure, our Colleagues in this hall would like to ask.

Thank you, Mr. President.

Senator Romulo: Mr. President, for the interpellations, I ask that the distinguished Gentleman from Cagayan, Senator Enrile, be recognized first, and then the distinguished Senator from Pasay and Parañaque, Senator Webb.

May I also ask that Senator Alvarez be recognized to answer the interpellations.

The Presiding Officer [Senator Sotto]: Senator Enrile is recognized.

Senator Enrile: Thank you, Mr. President. Will the distinguished Lady President Pro Tempore of the Senate favor this Representation with some answers to some questions?

The Presiding Officer [Senator Sotto]: Senator Shahani has yielded the Floor to Senator Alvarez.

Senator Enrile: Will the distinguished Gentleman from Isabela care to answer some questions?

Senator Alvarez: With pleasure from the Gentleman of Cagayan Valley.

Senator Enrile: Just for the record, Mr. President, when was this agency of the government created?

Senator Alvarez: This has been in operation since 1981.

Senator Enrile: May I know how many farmers of the country are already registered beneficiaries of this insurance system?

Senator Alvarez: About two million have already been covered under this program, and roughly about P21 billion have been extended to cover the benefits.

Senator Enrile: May I know what is the average amount of insured risk this insurance organization carries yearly, Mr. President?

Senator Alvarez: This is focused for rice, Mr. President, and it is P10,000 per hectare and P12,000 per hectare also for corn.

Senator Enrile: On a yearly basis, what was the normal insured risk being carried by this government agency?

Senator Alvarez: It is about P2 billion for rice; less than half-a-million pesos for corn.

Senator Enrile: So there are only two crops being insured at the moment, and these are rice and corn. Am I correct, Mr. President?

Senator Alvarez: Although tobacco has also been covered, lately there has been a coverage for banana.

Senator Enrile: Now, my question, Mr. President, is this: Since 1981 to date, how much by way of losses have been actually paid over by this organization to the farmer-beneficiaries?

Senator Alvarez: It is about P1.7 billion in terms of indemnities, Mr. President.

Senator Enrile: In spite of the many calamities, that visited the country, typhoons, lahar, earthquakes, locusts infestations, and so forth, the total amount of matured risks paid for by this crop insurance organization was only P1.7 billion since 1981, almost 14 years.

Senator Alvarez: The coverage have all been on the costs of production and input, Mr. President. That is why there is really a need for expanding this program so that more or less it can begin to grow to approximate the importance of agriculture.

Senator Enrile: Mr. President, what is the yearly premium income of this organization from the insured risks that it carries?

Senator Alvarez: It is roughly about P200 million, Mr. President.

Senator Enrile: Is the P200 million from the farmers or from the government?

Senator Alvarez: From the lending institutions and the government.

Senator Enrile: Are the premiums for the insured risks being paid by the financial institutions of the government?

Senator Alvarez: Yes, directly to the farmers and government.

Senator Enrile: Is this a contributory insurance between the government and farmer, or is the premium being shouldered by the farmer alone or by the government alone?

Senator Alvarez: It is a sharing, amongst the farmers, the lending institutions, and the government.

Senator Enrile: Can the Gentleman give us an information regarding the sharing ratio between the contributors to the premium for the risk insured?

Senator Alvarez: Mr. President, it is 2.5 percent for the farmer, 1.5 percent from the lending institution, and the balance is subsidized by the government.

Senator Enrile: The balance of how many percent, Mr. President? The 2.5 percent plus 1.5 percent is four percent. What is the total amount of premium? How many percent of the risk?

Senator Alvarez: It is eight percent before, Mr. President.

Senator Enrile: It is eight percent. So the government shoulders four percent of the premium.

Senator Alvarez: Or 3.5 percent, Mr. President.

Senator Enrile: So 3.5 percent of the eight percent. Is this correct, Mr. President?

Senator Alvarez: Yes, roughly, Mr. President.

Senator Enrile: What is the present capitalization of the Philippine Crop Insurance Corporation?

Senator Alvarez: It is P750 million, Mr. President.

Senator Enrile: It is P750 million and we are going to increase it to how much, Mr. President?

Senator Alvarez: The proposed graduated increase over a period of 11 years would amount to about P2.292 billion or roughly P2.2 billion, Mr. President. But if we are going to take the graduated increase to a period of six years in order to raise it to P2 billion, it can also be done. There is a sliding scale which has been studied.

Senator Enrile: The total capitalization at the end of the period sought to pay for the increase in capital would be what, Mr. President?

Senator Alvarez: It would be P2.292 billion to be exact, Mr. President.

Senator Enrile: It would be P2.2 billion.

Senator Alvarez: Yes, Mr. President.

Senator Enrile: What was the reason for making it P2.2 billion and not P3 billion or P2.5 billion? Why P2.2 billion? What was the mathematical calculation that brought about this figure of P2.2 billion?

Senator Alvarez: That was why I was explaining, Mr. President, that there are two sliding proposals here. If it will amount to P2.2 billion, it will cover a collection of unpaid receivables from the government, the unpaid premiums which will then take the amount to P2.2 billion. But if we are to stop and draw the funds necessary to make it a whole round figure of P2 billion, then we can stop on the sixth year, which is the year 2000.

Senator Enrile: Anyway, that is not important, Mr. President. What I would like to find out is, what is the historical experience of the Philippine Crop Insurance Corporation with respect to the payment of premiums by the insured farmers of the country. Are they punctual and willing to pay the premiums? Has there been any arrearages? If there are arrearages, what is the experience in the collection of these arrearages? That is one.

In the case of government financial institutions, are there any arrearages in their premium contributions to the system? And how about the national government?

Senator Alvarez: There are arrearages on the part of the national government which amount to P542 million since 1986.

Senator Enrile: It is P542 million. How did the Philippine Crop Insurance Corporation pay P1.7 billion in matured risks if it had only a capital base of P750 million, Mr. President? Are these risks reinsured? And if they are reinsured, with what insurance companies, domestically or externally, are they being reinsured?

Senator Alvarez: Yes, Mr. President. There is a State Reinsurance Fund of half-a-billion pesos and the pool of funds coming from the premiums paid by the farmers.

Senator Enrile: I would like to clarify this, Mr. President. In 1981, this insurance company was organized and established. I was, in fact, among the first members of the Board of Directors of this insurance company.

At that time, was the total capitalization already P750 million or less than that?

Senator Alvarez: From the very beginning, from the very inception, Mr. President.

Senator Enrile: To date, what is the asset base of this corporation?

Senator Alvarez: We only have a ballpark figure—about P600 million, Mr. President.

Senator Enrile: The asset? The capitalization is P750 million. The asset ought to be bigger than that if it has been earning income over the years.

Senator Alvarez: Plus the unpaid receivable.

Senator Enrile: How much is the accounts receivable of this corporation, Mr. President?

Senator Alvarez: Five hundred forty-two million pesos, Mr. President.

Senator Enrile: Is that all?

Senator Alvarez: That is all, Mr. President.

Senator Enrile: What is its actual existing liability?

Senator Alvarez: The company is current in its liabilities, Mr. President.

Senator Enrile: No *utang* to the farmers; no *utang* to the taxpayers; no *utang* to the government; no *utang* to the reinsuring companies.

Senator Alvarez: *Wala po.*

Senator Enrile: Is it free of debts?

Senator Alvarez: It is a well-behaved company, Mr. President.

Senator Enrile: Still I would like to find out how was it able to pay a matured risk of P1.7 billion when its capital stock is only P750 million? Even if we add the unpaid premium by the government amounting to a little over half a billion pesos, that is still much less than P1.7 billion. It must have some other sources of income to be able to discharge that obligation to its policy holders.

Senator Alvarez: It says here, Mr. President, that it has a special revolving trust fund of P113 million. So it may have added.

Senator Enrile: Where is that from, Mr. President?

Senator Alvarez: These are leftovers from agricultural programs in the past managed by the corporation.

Senator Enrile: Still that is a question. I do not think that would be enough to cover P1.7 billion of matured risks. There must have been some other sources of income. Either the risk did not happen or if it happened, then there must have been other sources of funds to pay for that risk. Or, if these are matured risks, maybe they have not been paid. They are standing in the books as payables.

Senator Alvarez: Mr. President, the company receives a total premium annually of P1.4 billion.

Senator Enrile: From that P1.4-billion premium income of the corporation, how much is left after paying for administrative costs and other maintenance and operating expenses?

Senator Alvarez: Over a 10-year period deducting all operational costs and other overhead expenses, the company has a retained earning of P154 million.

Senator Enrile: One hundred fifty-four million pesos. If it receives P1.4 billion a year in premium from 1981 to date, that is about 14 years, Mr. President, we are talking here of a lot of money—at least P20 billion. What happened to this?

The distinguished Gentleman is talking of only a matured risk of P1.7 billion. What happened to the rest of the premium? If this were a private company operating as an insuring company, it would be very self-sustaining now.

Senator Alvarez: Actually, Mr. President, it should be if it were operating in the complete market. But the insurance scheme is organized along well-ordered system of loan so that the premium is deducted from the borrowing, and subsidy premium is provided by the government and the bank as we have pointed out. So these collective sources of premium allow for a transaction of the farmers for their inputs and crop loans.

Senator Enrile: Are they lending money out of the premium they receive? And even if they do, Mr. President, that will be booked as an asset of the corporation and it will have to be returned by the farmers. Sooner or later, it has to be paid back.

I am not trying to be difficult. I want to support this because this is a good mechanism to help our farmers, but we must clarify certain things here in order to understand this whole thing.

We have an insurance company for the farmers that was organized in 1981 with a capital of P750 million. As the distinguished Gentleman has said, it has been receiving a premium income of P1.4 billion annually over the years. I suppose this is not the case in the early years. But let us average it at P1 billion per year over 14 years, so we are talking here of P14 billion. In terms of payment for losses, it has paid out P1.7 billion.

Now, the only unknowns are administrative cost and operating cost. I suppose that they should have built a tremendous amount of surplus by this time, but evidently there is none.

Senator Alvarez: There is a lot of receivables, Mr. President, a receivable of about P542 million from the government subsidy premium.

Senator Enrile: But that is not enough, Mr. President. I have already said, over a 14-year period on the average of P1 billion premium a year, that will come up to P14 billion. In fact, that is booked as a part of their asset. The receivable is in the asset side of the balance sheet and so there is no liability. I suppose all the losses have been paid off.

Therefore, my question is: How come that there had been no surplus?

I am raising this question because of the provision that the insurance will cover some other crops which will expand the coverage of this organization. If they do include other crops, it will increase the premium income of this organization, but

we have to find out whether this premium income is wisely disbursed. I am not saying that something went wrong in the disbursement of the premium income. What I am saying is, *gusto naming malaman kung ano ang nangyari para sa ganoon ay maliwanag.*

Senator Alvarez: Mr. President, it seems that this is too good to be true.

Senator Enrile: That is what I am leading. I think they are giving us a very colorful picture, but it is not actually so.

Senator Alvarez: One explanation I can point out, Mr. President, is that it only covers a small percentage of the insurable crops in the market, and they have been very wise and choosy whom to insure. And that small percentage is really the tenderloin of the small farmers groups who are bankable and are, therefore, readily entitled to the subsidy. Because of this, they have a good captured business which, of course, can still be expanded because we are trying to bring the agricultural sector into the mainstream of the market system.

Senator Enrile: But is it correct to say that the premium income of this crop insurance company is P1.4 billion a year? I have my doubts that they are receiving a premium income of P1.4 billion a year. Otherwise, their risk must be tremendous in amount. I do not think they can carry it by themselves without reinsuring it with the other companies.

Senator Alvarez: Let me sit down with the executives again and review the figures. But the figures, I assure the distinguished Gentleman, have been very encouraging to this Representation and something that is as good as this must be spread around or expanded.

Senator Enrile: Mr. President, until now I could not figure out or visualize the financial statement of this corporation because it has a capital base of P750 million and a premium income of P1.4 billion over a period of time, and yet it paid only a risk of P1.7 billion. It should have a tremendous amount of surplus in its books.

Senator Herrera: Mr. President.

The Presiding Officer [Senator Sotto]: With the permission of the two Gentlemen, Senator Herrera is asking for the Floor and he is recognized.

Senator Herrera: Thank you, Mr. President. With the permission of the two Gentlemen, I find the debate very interesting, and there are important data and information which the Gentleman from Cagayan is asking which are very relevant

to this discussion. I am just wondering whether we will continue the discussion of this particular bill when we have yet to get the data mentioned by the Senator from Cagayan. To me, this is very relevant to the debate on this particular bill, Mr. President.

I wish the Sponsor can sit down with the executives of the Philippine Crop Insurance Corporation and probably, either in a few minutes or some other time, we can calendar the discussion of this bill because I would like also to participate in the debate and interpellate. But the data which are required by the Gentleman from Cagayan are very important to have an intelligent discussion of this particular bill.

Senator Enrile: Mr. President, I am about to finish with my interpellation. I am not really going to press them for these figures. I leave it to their better judgment. I am raising this for the record.

Because in this draft bill, we are including among the risks to be covered by this insuring organization portions of the expected yield or income of the farmer, whether that farmer is an individual or a corporate enterprise. And I say "corporate enterprise" because we are covering high-yielding, high-value crops like asparagus, banana-nas, pineapples, and others. And we know that the ones involved in bananas are multinationals, some locals. For pineapple, we have Del Monte and Dole, and also the small domestic pineapple producers. And in the case of asparagus, we have Dole Pineapple involved in producing asparagus, and so forth and so on.

So, if we are going to include income amongst the risk to be covered by this insurance system, I think we might be swallowing more than we could chew. For instance, in the case of the banana industry, today, it is known as in trouble because of the very soft character of the market. That is also true in the case of cacao. Sometimes, these are very volatile agricultural crops in the world market.

We have coconut, cacao, coffee, black pepper and pineapple. Dole Pineapple today is not making oodles and oodles of money out of its pineapple plantation. It is making money out of asparagus because of the soft character of the market. If we are going to cover all of these risks, we might wake up without any insurance company.

I am just raising this point, to give us enough point to ponder upon before we approve this bill favorably. I am not disputing the figures, but I am raising this so that we could correct them if there is any basis to correct them.

Thank you very much.

Senator Alvarez: These issues are well-taken. I think there are instructions given that if they are not imbedded into the provisions of the Insurance Law, it should be taken in the management of this whole program, Mr. President. It seems that the program so far has been designed for small crop operations, like rice and corn. Although we will provide a provision to enable them to cover other crops, even high-value crops, they need not cover these high-value crops. So, it will depend on how skillfully management may decide to move into these high-value crops.

Senator Romulo: Mr. President.

The Presiding Officer [Senator Sotto]: The Majority Leader is recognized.

Senator Romulo: May I ask that Senator Freddie Webb be recognized to interpellate, if the Gentleman will so yield.

The Presiding Officer [Senator Sotto]: Senator Webb is recognized.

Senator Webb: Will the Gentleman yield for some questions, Mr. President.

Senator Alvarez: With pleasure, Mr. President.

Senator Webb: Kung maaalaalaponinyo, ating inaprubahan noong nakaraang Kongreso iyong ating National Health Insurance Corporation. At dito'y naglaan tayo ng halos mahigit sa P3 bilyon para mabigyan ng seguro ang ating mga mamamayan na tinatawag nating "marginalized poor" or indigents. At ito'y binigyan natin ng lakas sa pamamagitan ng pagbibigay ng libreng health insurance premium.

Dito po ay nakikita ko na halos ay magkatugma iyong punto na ginawa ko noong ating inaprubahan ang National Health Insurance Corporation. Dito sa pangatlong pahina, dito po sa Section 5, nakasulat dito na magbibigay kayo ng tulong, na tinatawag nating "premium subsidy." Pero ito'y ibinibigay lamang dito sa small-scale subsistence farmers na mayroong pitong ektarya at mas mababa, at ang mga nagtatrabaho sa kanila ay sila mismo o iyong mga miyembro ng pamilya o may mga katulong na tinatawag nating mga labor incentives or hired labor.

Ang katanungan ko po ay: Ito po ba ay patuloy na ginagawa sa kasalukuyang pamamalakad nitong Philippine Insurance Crop Corporation?

Senator Alvarez: Patuloy po iyong pagbibigay ng subsidy. Ang halos apat na porsiyento ay subsidy ng pamahalaan at

iyong 1.5 porsiyento ay subsidy naman ng bangkong nagpahiram sa magsasaka.

Senator Webb: Kangina ay nakikinig ako at ang nabanggit yata ay three percent ng eight percent. Ang tama pala ay four percent.

Senator Alvarez: Three point five percent.

Senator Webb: Three point five.

Senator Alvarez: Ang 1.5 percent ay sagot ng bangko at ang 2.5 percent ay sagot ng magsasakang nanghihiram at nagpapa-insure.

Senator Webb: Ilan po ba ang ating tina-target na kung tawagin natin ay small-scale subsistence farmers? Ilan po ang total number nila ngayon?

Senator Alvarez: Kakaunti lamang po ang mahahagip ng programang ito sapagkat ang capitalization, bagama't sa akala natin ay malaki, malawak ang ating maliliit na magsasaka. Itong land reform program ay puro maliliit na magsasakang hindi lalampas ng tatlong ektarya ang hawak. Ngunit ang katotohanan, ang average holding po ng 1.2 hectares sa kabukiran ay umaabot na sa mahigit na dalawang bilyon at kalahati. At pag natapos na itong programa, aabot sa mahigit na apat na milyon ang bilang ng maliliit na magsasaka. Kaya ang mahahagip po natin ay wala pang 200,000.

Senator Webb: Hindi po natin puwedeng ipatas itong dalawa sapagkat doon sa land reform na binanggit ng Ginoo ay tatlong ektarya pababa. Dito naman sa panukalang batas, ang bibigyan ng seguro ay pito at mas mababa pa sa pitong ektarya. Iyan ang ating bibigyan ng seguro rito.

Kaya marahil, itong bilang na nabanggit ng Ginoo ay madaragdagan pa kaysa sa sinabi niya na kasalukuyang kasama rito sa subsidy premium na ibibigay ng Philippine Crop Insurance Corporation. Tama po ba ang aking deklarasyon?

Senator Alvarez: Tama po ang logic na ipinaliliwanag ng Ginoo. Ang gusto nating alalayan dito ay ang maliliit na magsasaka, lalung-lalo na sa mais.

Itong pitong ektaryang nasasaad sa panukalang batas ay hangganan po lamang. Ngunit ang katotohanan, doon sa kabukiran, marami ang maliliit nating magsasaka at ang average nga po niyan ay 1.2 hectares, bagama't ang atas ng ating repormang pangsakahan ay sana tatlong ektarya at ang retention ay limang ektarya.

Senator Webb: Maaari po ba tayong magbigay ng

halimbawa? Gusto kong masiguro itong premium. Halimbawa, nagpaseguro ang isang magsasaka ng kaniyang inaaning lupa sa P200,000 o ang kaniyang mismong ari na pitong ektarya at mas mababa. Magkano po ang magiging premium ng magsasaka, P7,000 po ba? Tama po ba iyon?

Senator Alvarez: Ang maaari niyang ipaseguro riyang ay P10,000 sa isang ektarya, kung iyan ay palay. Pero kung iyan naman ay mais, ito ay P2,000.

Ang siniseguro porito ay ang kaniyang pagod, ang chemical o fertilizer at iba pang inputs. Ngunit iyong kaniyang ani ay hindi pa kasama rito. Magiging mabigat masyado at malaki itong insurance program kung isasama pa natin iyon.

Senator Webb: Kaya nga po. Tama ba iyong nabanggit ko kangina? Ipagpalagay nating P200,000 ang halaga ng lupaing kaniyang isiniseguro, magkano ba ang babayaran niyang premium? Ang pinag-uusapan natin dito ay iyong small-scale farmers lamang.

Senator Alvarez: Walong daang piso bawat ektarya.

Senator Webb: Walong daang piso. So, kung may pitong ektarya ang magsasaka, that is P5,600. Iyon ang kaniyang sariling perang ilalabas.

Senator Alvarez: Ang ilalabas niyang pera ay mas maliit pa. Dalawa-at-kalahating porsiyento po noong porsiyentong premium ang ilalabas niya sapagkat ang 3.5 percent ay galing sa gobyerno at ang 1.5 percent ay galing naman sa bangko. Kaya, mayroong subsidy iyong premium sa magkabilang panig.

Senator Webb: Ako po ay lilipat naman sa ibang maaaring mangyari sa kaniyang lupain. Halimbawa, itong locust infestation.

Ito bang locust attack ay kasama sa tinatawag nating natural disasters? Ito bang locust infestation ay kasama rito sa seguro ng natural disasters, like typhoon at volcanic eruption? Kasama po ba ito sa listahan?

Senator Alvarez: Kasama po iyan. Kasama ang bagyo, tag-tuyot, ang locust infestation at pagputok ng bulkan.

Senator Webb: With our country having numerous natural disasters devastating our crops, how do we expect to maintain this insurance scheme? Would we not consider this as a losing proposition? Puwede po bang ma-bankrupt itong Philippine Crop Insurance Corporation, kung sa palagay ninyo ang isang lupaing katulad ng Pampanga ay inabot ng locust infestation na kasama rin sa natural disasters, like typhoon and volcanic eruption? Puwede po bang mangyari ito?

Senator Alvarez: Kung saka-sakaling palarin tayong magkaroon ng sapat na lakas upang ang ating sistema ay bumalot sa buong bansa at lahat ng ating pananim ay maaaring mapasailalim sa ganitong pangangalaga ng insurance, iyung mga delubyong nagdaan katulad ng pagputok ng bulkan ng Pinatubo ay kaya nating pagtakpan. Sapagkat iyong mga ganiyang pangyayari, bagamat masakit at kung minsan ay napakamahal, hindi po naman nangyayari iyan araw-araw o taun-taon. Marahil ang kasiraan niyan, kung sakali, ay wala pang dalawang porsiyento ng buong Central Luzon.

Kung ang ating universe na tinatakpan ng insurance at ang prinsipyo ng insurance system ay 100 porsiyento, mayroong 97 porsiyentong tatakip diyan. At kung ang gagawin natin ay ang buong bansa at tayo ay magiging magaling—mabubuo natin iyang buong safety net na iyan and we can put it under a systematic well-managed insurance scheme—the risks to which we are exposed, although grips our imagination and we get the impression that it is all over and upon us, usually a small percentage of the total universe of insurance coverage.

Kaya nabubuhay at lumalago ang lahat ng sistema ng insurance. Ang kulang na nga lamang ay hindi pa natin napapailalim sa ganitong pamamaraan ang ating mga sakahan nang sa ganoon ay madala natin doon sa cash stream na negosyo—upang ang negosyo ng pagtatanim ay maging parang negosyo ng pagtatahi ng damit, paggagawa ng sapatos o pagkukumpuni ng makina nang sa gayon ay magkaroon ng kung tawagin ay market and resilient characteristic.

Senator Webb: Wala po bang plano ang Philippine Crop Insurance Corporation sa darating na panahon dahil sa lumalaki nang lumalaki ang kanilang puhunan tulad ng sinasabi nating imposibleng malugi ito sa dami ng kinukulektang premium?

Maaari po bang sa darating na panahon ay makatulong ang korporasyong ito sa mga magsasaka sa pamamagitan ng pagbibigay ng pantang o kaya ay pagbibigay ng libreng mga kagamitan, katulad ng fertilizers sa mga magsasaka? Sapagkat kaya lamang kumikita at lumalaki ang puhunan nito ay dahil sa magsasaka rin at nararapat lamang na makatulong sila sa mga magsasakang nagpalaki ng kanilang negosyo.

Senator Alvarez: Tama po iyan, sapagkat kung malaki na ang isang insurance company, hindi lamang makakaya nitong magbayad sa mga delubyo o sakunang mangyayari kundi magkakaroon din sila ng surplus fund. Maaari ring makinabang mula sa surplus fund ang marami pang bagay, gaya halimbawa ng scholarship para sa mga anak ng mga magsasaka.

Ngunit hindi pa ito makakaya sa kasalukuyang katayuan ng Philippine Crop Insurance Corporation. Ang kaya lamang nitong mabigyan ng tulong ay ang humigit-kumulang sa 120,000

mga magsasaka. Kung saka-sakaling ang base ng coverage nito ay umabot sa isang milyon, katakut-takot na ang kikitain nitong surplus fund. Siguro, kung bagyuhin man tayo ng mabigat minsan sa loob ng tatlong taon, iyong dalawang taon naman ay tubo na. At kung tatagal po itong crop insurance na ito nang, sabihin natin, 50 taon, maraming tubo ang magkakapatung-patong at maaari na silang magtabi ng salapi para naman sa scholarship fund.

Maaari rin siguro nating ipanukala ito in the period of amendments. I think that is going to be a welcome approach so that if there is a surplus fund and the company can afford it, the surplus fund should be devoted and devolved upon the members of the farming community.

Senator Webb: I believe that the surplus fund will really become big, primarily because the bill mandates that all farmers must insure their crops. Am I right at this point, Mr. President?

Senator Alvarez: Hindi pa pokaya. Ang ini-insure lamang natin dito ay iyong inputs ng mga magsasaka. But I am hopeful that, as in other communities where agriculture is systematically managed like business, time will come when the system will be able to insure at least a great proportion of expected losses, including crops.

Senator Webb: Puwede po bang maliwanagang mabuti ito. Napakahalaga nitong puntong ito, dahil medyo hindi ko maintindihang mabuti, at para rin mailagay natin sa record. Ang ibig bang sabihin ay hindi namumuwersa ang Philippine Crop Insurance Corporation na ang mga magsasaka ay kailangang magpaseguro ng kanilang mga lupa?

Senator Alvarez: Hindi po. Iyon pong mga gustong makahiram sa mga bangko, kung gusto nilang makasiguro na sila ay mapapahiram, ini-insure nila ang kanilang mga ani. At itong kanilang premium ay napagtutulung-tulungan ng tatlong sektor, kasama na ang bangkong tumutulong ng 1.5 porsiyento doon sa huling porsiyento ng premium na ini-insure nila.

Kaya sabihin na natin, halimbawa, na 100 ang ini-insure, ang walong porsiyento nito ay P8.00—P3.50 ay ibinibigay ng pamahalaan; 2.5 porsiyento ay ibinibigay ng magsasaka; at iyong 1.5 porsiyento ay ibinibigay ng bangko bilang pabuyang insurance premium upang maganyak ang mga magsasaka na isilong o iseguro nila ang kanilang ani pagdating ng bagyo, balang o anumang sakuna.

Senator Webb: Alam po ninyo, naaalala ko at ibabalik ko itong usapan sa National Health Insurance Corporation. Ating itinulak ito at napagkasunduang kailangang magpasegurong

lahat. Hindi puwedeng mamili dahil ang ating punto o layunin ay ating itinulak, ang tinatawag nating "social solidarity." Baka ang mangyari rito ay iyon lamang mga nangangamba na baka may mangyari sa kanilang lupain ang magpaseguro at iyong iba na alam nilang iyong kanilang lugar ay hindi gaanong tinatamaan ng typhoon, at kung tamaan man ay minsan sa isang taon, ay hindi nagaganyak na magpaseguro. Pero iyong mga lugar naman na laging nanganganib, iyon lamang ang magpaseguro.

Kung ganito po ang mangyayari, maaaring malugi ang Philippine Crop Insurance Corporation, sapagkat ang magpaseguro lamang ay iyong mga nanganganib ang kalagayan at maaaring tamaan ng natural disasters.

Senator Alvarez: Ngunit ang sakuna po naman ay hindi tumatama sa lalong nakararami ng nagpapa-insure. Katulad po iyan ng pagpapa-insure ng nabubuhay. Sa isandaang nagpapa-insure, halimbawa, maaaring tinatamaan ng masamang kapalaran iyong isa, dalawa o tatlo. Ngunit iyong 95 porsiyento ang siya pa ring bumubuhay sa pamamagitan ng kanilang insurance premium.

Kung iyong mga magsasaka ay gusto lamang magpa-insure dahil gustong manghiram at bago sila makahiram ng pera sa bangko ay, kailangang may insurance, nagiging kasangkapan ang insurance na ito upang mapangalagaan nila ang kanilang sarili sa sakuna at makakakuha sila ng salaping mapapaikot nila.

Senator Webb: Huling katanungan na po. On page 3, particularly on lines 19 to 21, it states: "Provided, further, that the premium share of the small-scale subsistence farmer shall be reasonably affordable by him."

Would the distinguished Gentleman define for this Representation what "reasonably affordable" means? What is the formula that will be used to consider something "reasonable" and "affordable"?

Senator Alvarez: May kasaysayan po kung ano ang kayang balikatin ng magsasaka. There is a universe of experience in the countryside, at itong Philippine Crop Insurance ang siyang maaatasan upang hindi magtaas ng premium na hindi kapani-paniwala sapagkat hindi ito makakayanan ng magsasaka. Kaya ang panukala po natin dito ay magkaroon ng subsidy ang pamahalaan at may subsidy rin ang bangko. Iyong sapat sa pananaw ng Philippine Crop Insurance ang siyang ipinapataw na katungkulan ng magsasaka.

Unang-una, kung tataasan nilang masyado ang premium at magiging mabigat para sa magsasaka, wala nang magpapa-insure at baka mamatay itong Philippine Crop Insurance Corpo-

ration. Katungkulan nila sa batas na ito na hanapin iyong makakaya ng magsasaka ngunit para sa kabutihan din nila na kumuha sila ng halagang kanilang makakayanan upang magpatuloy itong kanilang pagsisilbi.

Senator Webb: Maaari po bang malaman kung iyong premium ng taga-Luzon ay mag-iiba roon sa premium ng taga-Visayas o Mindanao? Across-the-board o pare-pareho ba ang premium na babayaran ng mga magsasaka?

Senator Alvarez: Maaari pong magkakaiba ito ayon sa uri ng pananim. Sa saging, ang maaaring i-insure ay P100,000 lamang sa isang hektarya; sa palayan, P10,000; at sa mais, P12,000. Marahil sa Cebu, dahil ang kinakain ng mga tao roon ay mais, baka mabago ng kaunti.

Ayon sa pag-aaral at pananaliksik, marahil ito ang magiging panuntunan o patakarang bubuuin ng board of directors ng Philippine Crop Insurance.

Senator Webb: Mr. President, I was not talking about the crops but I was talking about the location. The crops may vary. But will the premium also vary because of the location?

For instance, in the Visayas kung saan madalas tumatama ang bagyo, does it mean that outside of the Visayas or Mindanao, mas maliit ang magiging premium nila?

Senator Alvarez: Totoo po iyan, magbabago po, sapagkat itong ating rehiyon ay, unang-una, sa ulan, nagkakaiba. Even the monsoons do not hit the Visayas in such uniformity that we can claim that the geographic location is almost a prediction of the characteristic of cropping risks and cropping patterns.

Maski po sa Luzon, iba ang ani roon sa Cagayan Valley. Kaya nagiging bread basket ang Cagayan Valley. Iba rin ang araw ng pag-aani sa Central Luzon. Kaya iyan pong lahat ay magbabago ayon sa pang-unawa ng mag-seseguro at gagawan ng reglamento iyan.

Senator Webb: I would like to thank the Gentleman for being patient with my questions. I would also like to request the Gentleman to ask the Philippine Crop Insurance Corporation if it is possible for them—for our next meeting—to give us a financial statement so as to educate ourselves on the financial standing of the Philippine Crop Insurance Corporation.

Thank you, Mr. President.

Senator Alvarez: Thank you, we will do that.

Senator Romulo: Mr. President, for the next interpellation,

may I ask that the distinguished Lady Senator from Pampanga, Pangasinan, and Negros Occidental, Senator Macapagal, be recognized.

The Presiding Officer [Senator Sotto]: Senator Macapagal is recognized.

Senator Macapagal: Mr. President, before I ask my question, I would like to clarify that, as author of the bill, I am not interpellating on the substance of the bill. What I would like to do is to raise a parliamentary question, and I would like to ask the Chairperson of the Committee on Agriculture, if she would yield for the parliamentary question.

The Presiding Officer [Senator Sotto]: What is the pleasure of Senator Shahani?

Senator Shahani: Yes, Mr. President, I would willingly yield to the interpellation of our Colleague, Senator Macapagal.

Senator Roco: Mr. President.

The Presiding Officer [Senator Sotto]: With the permission of the two Ladies, Senator Roco is recognized. Please state what the inquiry is.

**INQUIRY OF SENATOR ROCO
(On the Procedure of a Sponsor Interpellating
Another Sponsor of S. No. 1157 But Not on the
Substance of the Bill)**

Senator Roco: Just an inquiry, Mr. President, because this will be an unusual procedure. Considering that we are being put to task on very strict rules, I just wanted to be enlightened on the procedure now where the original Sponsor of the bill will ask another Sponsor, and they will debate on a matter that is not on the substance of the bill. So it will be unusual. And for the rest of the assembly, we do not know what they may be discussing about. Because of the consciousness of the *Rules* that our friends are pushing, I want to be enlightened on how we will treat similar circumstances.

Because under the leadership before, there was an effort to be very strict about reports. When a report is signed—unless there is a reservation—we cannot ask inquiries. I did not notice whether there was a reservation, but there was a sponsorship. And so we will now have the problem of the Sponsor eroding support for the bill that was sponsored. So who are we listening to now? That is my inquiry, Mr. President.

The Presiding Officer [Senator Sotto]: Would Senator Macapagal like to respond?

Senator Macapagal: Yes, Mr. President. That is why I am stressing that my question is a parliamentary inquiry. It is not a question on a substance of the bill.

Senator Roco: If it is a parliamentary inquiry, Mr. President, I am made to understand that it is the President who must be asked. It is the Presiding Officer, because the parliamentary inquiry is either a matter of procedure or a matter of information that will enable or help the distinguished Lady in her vote.

In this particular case where she is the Sponsor, I hope, we were being led to approve this bill. And so I am wondering what the inquiry would be in connection with this bill.

The Presiding Officer [Senator Sotto]: The Majority Leader is recognized.

Senator Romulo: Mr. President, perhaps we can ask the distinguished Lady Senator to pose the parliamentary inquiry so that the Presiding Officer or the Majority Leader would be able to respond.

The Presiding Officer [Senator Sotto]: Senator Macapagal is recognized.

Senator Macapagal: Yes, Mr. President. The reason I am raising this parliamentary inquiry is that I noticed that many of the questions so far in the interpellations have something to do with the way the Philippine Crop Insurance bill will be financed. I also noticed that in the dissenting opinion, this issue was also raised.

I signed the Committee Report and I sponsored the bill because I believe that we should pass this bill and make it a law. But the reason I am raising this parliamentary inquiry is that I am disturbed that we are spending a lot of time questioning the financing aspect of the bill. That is why I would like to find out whether this bill has gone through the Committee on Finance.

Senator Roco: Mr. President.

The Presiding Officer [Senator Sotto]: Senator Roco is recognized.

Senator Roco: Mr. President, if that is the nature of the inquiry, in fact, the Minority would be interested in allowing all the Members to speak as they wish. Because if we start intervening with the text, context and substance of the inquiry of our Colleagues, it is the Minority that may suffer. What can we do if our Colleagues want to discuss the financing aspect and they want to inquire on that level? That cannot be subject to restriction by either the Chair or the *Rules of the Senate*.

Senator Macapagal: The *Rules of the Senate* states that when it is a money bill, it shall go through the Committee on Finance. I suppose the *Rules* are made that way in order to prevent unnecessary time spent in the Chamber debating about the financing aspect of the bill.

It is for this reason—since I am also interested in the expeditious passage of the bill and a shortened interpellation time as possible in this Chamber—that I am asking whether this bill has gone through the Committee on Finance.

The Presiding Officer [Senator Sotto]: As the Lady Senator has sponsored the bill, I am sure she has also the information to that question.

Senator Macapagal: Mr. President, I am the author of the bill; I am not the Chairman of the Committee. So it is not the author of the bill who refers the bill to the Committee on Finance.

Senator Shahani: Mr. President, this bill was referred to the Committee on Agriculture. As Chairperson of the Committee, I acted with a lot of efficiency and expediency because I was requested if I could report this bill out as soon as possible due to its importance. It is with this intention that this bill is now being discussed in plenary.

We have just begun with the interpellation of this important bill. I really do not feel that we are wasting time on this important matter. I think it is useful for the entire Chamber to hear not only just the financing aspect. We just have had two interpellations. I am sure there will be other interpellations which will address itself both to the substance and the financing aspect of the bill. I really do not see anything improper or anything unusual about the procedure which we are now taking in this Chamber this afternoon.

I suggest that we proceed, Mr. President.

The Presiding Officer [Senator Sotto]: With the permission of the two Lady Senators, the Senator from Cebu is recognized.

Senator Herrera: Cebu and Bohol, Mr. President.

The Presiding Officer [Senator Sotto]: From Cebu and Bohol.

Senator Herrera: Mr. President, considering the magnitude of the funding requirement of this bill, I share the opinion expressed by Senator Macapagal, the author of the bill, when she inquired whether this has passed through the Committee on Finance. We are talking here of billions of pesos and not only of thousands. There is really a need for the Committee on

Finance to acquire jurisdiction of this bill in order that we will know whether the government has the capability to provide the funding requirement of this bill which, as I said, would require billions of pesos.

Senator Romulo: Mr. President.

The Presiding Officer [Senator Sotto]: The Majority Leader is recognized.

Senator Romulo: I have been informed by the Secretary that in accordance with our *Rules* this, in fact, has been referred to the Committee on Finance, and the Committee on Finance has not posed any objection to this bill being taken on the Floor.

At any rate, Mr. President, since the Chairman of the Committee on Finance is here, Senator Maceda, I ask that he be recognized.

The Presiding Officer [Senator Sotto]: Senator Maceda is recognized.

Senator Maceda: Mr. President, I think the former Chairman of the Ways and Means Committee is aware of the fact that in probably five or six times in the past—in fact, I remember one bill, the Exports Incentive Act, which was sponsored by the distinguished Senator from Pampanga and Pangasinan—that bill was taken up on the Floor even without the report of the Committee on Ways and Means. But that does not preclude that at a certain point in time, during the sponsorship, as has happened in that case, if the Chamber so desires, it could refer back the matter, or if the Committee chairman of the secondary committee would so request, that it be referred to him.

So, my position on this matter is that, aware of the fact that this seems to be a priority bill, and to take advantage of the availability of time today, it would be helpful to allow anybody who wants to interpellate on this bill on whatever issue without prejudice to the matter being referred to the Committee on Finance after today's session or at a future time.

At this juncture, Senator Sotto relinquished the Chair to the Senate President.

As I said, there was a time, I think, when a similar matter was taken up without waiting for the reports of the Committee on Finance, and then, the then Chairman, Senator Gonzales, agreed to take the matter on the Floor even if it has not been formally referred to the Committee on Finance.

As I said, it does not preclude that. We have followed this practice in the past.

Senator Herrera: Mr. President, may I just make a correction that in the case of the Exports Incentive Act, it was referred to the Committee on Ways and Means.

Now, I have no objection proceeding with the debate on this matter. What I am just trying to emphasize is that there is merit to the question raised by the Lady from Pampanga that this matter should have been coursed through the Committee on Finance considering the cost involved. We are now talking of billions of pesos and if indeed this was referred to the Committee on Finance, then we might be asking some questions to the Committee on Finance just so that we can be appropriately guided on the financing requirements of this particular bill.

Senator Romulo: Mr. President.

The President: The Majority Leader is recognized.

Senator Romulo: As a matter of fact, Mr. President, this bill has been referred to the Committee on Finance. That is why I said, in reply to the parliamentary inquiries, that the Chairman of the Committee on Finance has no objection to this being taken up. But as he has said, without prejudice, of course, to the Committee on Finance making a submittal or intervention at a later part.

At any rate, all the questions that have been raised on the resources, the funding, will be answered in due time. The fact that the Chairman of the Committee on Finance has no objection, I am sure that we would be able to respond to all the questions on the resources and appropriation.

Senator Macapagal: Mr. President, may I know when the bill was referred to the Committee on Finance and what was the document that was the mode of transmission to the Committee on Finance.

SUSPENSION OF THE SESSION

Senator Romulo: Mr. President, while they are checking as to the date, may I ask for a one-minute suspension of the session.

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

It was 6:09 p.m.

RESUMPTION OF THE SESSION

At 6:14 p.m., the session was resumed.

The President: The session is resumed.

Senator Romulo: Mr. President, as far as the bill under consideration is concerned, it was in fact referred to the Committee on Finance. The first bill, Senate Bill No. 337, was referred on August 2 and the second bill, Senate Bill No. 953 on August 3.

In fact, we heard the Chairman of the Committee on Finance say that he has the bill, he has no objection to it being considered on the Floor without prejudice, of course, to the Committee on Finance's meeting on the aspect of the appropriation and funding, Mr. President.

So with that, I move that we continue the interpellations, Mr. President.

The President: I think there is a parliamentary inquiry addressed to the Chair, and the Chair is ready to rule on that inquiry.

It appears that, as correctly pointed out by the Majority Leader, Senate Bill No. 337, on the Crop Insurance bill authored by Senator Macapagal was referred not only to the Committee on Agriculture and Food but also to the Committee on Finance on August 7, 1995; that a counterpart bill in almost identical terms, Senate Bill No. 953, authored by Senator Roco, was likewise referred to the Committees on Agriculture and Food, and on Finance on August 3, 1995.

The record also shows that Committee Report No. 3, which is a reporting out of Senate Bill No. 1157 prepared by the Committee in substitution of Senate Bill Nos. 337, 727 and 953 had been filed on August 29, 1995. It was on the same day when there was a change of leadership in this Chamber.

Committee Report No. 3 is a Committee Report of the Committee on Agriculture and Food. No separate report has been filed by the Committee on Finance to which it was likewise referred because of its budgetary implication.

Now it also would appear that on September 7, 1995, that was Thursday, immediately before our recess, that this Senate Bill No. 1157 embodied in Committee Report No. 3 had been sponsored no less by Senator Alvarez, and Senator Macapagal herself.

When the bill had been sponsored, there was no parliamentary inquiry made by either or both authors or by anyone else in the Senate as to whether or not a separate report has been filed by the Committee on Finance.

The Chair found out that there was also no objection to the consideration of this bill as, in fact, it had been sponsored by two Senators. And until early this afternoon, another sponsorship speech, this time by the Chairman of the Committee on Agriculture and Food, had been made again without any parliamentary inquiry or any objection on the part of any Member of this Chamber.

Under the foregoing circumstances, it would appear that there has been a unanimous consent on the part of the Members of this Body. And under Section 119 of the *Rules of the Senate*, the unanimous consent to any action or proceeding may be given expressly or impliedly.

Therefore, it is clearly in order to have Senate Bill No. 1157 be considered. And since the Chairman of the Committee on Finance expressly stated that he does not interpose any objection to the further consideration of this bill without prejudice if his Committee so desires to file a separate report, the Chair rules that it is in order to continue the consideration of this bill.

Senator Macapagal: Mr. President.

The President: Senator Macapagal is recognized.

Senator Macapagal: Mr. President, my understanding from the new Chairman of the Committee on Finance is that he does not see a problem with the continuation of the interpellation without prejudice to a motion to have it referred back to the Committee on Finance at some point.

The President: If there is a motion to that effect, it will be treated just like any other motion. The Chair so far has not heard any such motion.

SUSPENSION OF THE SESSION

Senator Romulo: 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 6:20 p.m.

RESUMPTION OF THE SESSION

At 6:23 p.m., the session was resumed.

The President: The session is resumed. Senator Macapagal is recognized.

Senator Macapagal: Mr. President, in the interest of expeditious deliberation on the bill, I will not raise any point of order regarding the continued interpellation. However, at an appropriate time, I wish to make a reservation that the bill be referred back to the Committee on Finance for the appropriate hearing.

The President: The Chair takes note of that, and so we may proceed. The Majority Leader is recognized.

Senator Romulo: Mr. President, I think the Sponsors are still on the Floor. May I ask now that Senator Revilla be recognized.

SUSPENSION OF THE SESSION

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

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

It was 6:24 p.m.

RESUMPTION OF THE SESSION

At 6:25 p.m., the session was resumed.

The President: The session is resumed.

Senator Romulo: Mr. President.

The President: The Majority Leader is recognized.

Senator Romulo: May I ask that the Sponsor of the bill, Senator Alvarez, be again recognized with the distinguished Gentleman from Cavite, Senator Revilla, to interpellate.

The President: Senator Alvarez is recognized and Senator Revilla is likewise recognized for purposes of interpellation.

Senator Revilla: Thank you, Mr. President. Ginoong Pangulo, maaari po bang magbigay daan ang pinagpipitaganan kong Senador ng Isabela sa ilang katanungang paglilinaw?

Senator Alvarez: Buong kagalakan po, Ginoong Pangulo.

Senator Revilla: Section 3, line 9 of the proposed bill provides, "shall BE ATTACHED TO THE DEPARTMENT OF AGRICULTURE."

Ang tanong ko po ay ito: Ano po kaya ang kabutihan o

benefits na makakamtan ng Panukalang Batas Blg. 1157 sa pagsasailalim ng Philippine Crop Insurance Corporation sa Department of Agriculture?

Senator Alvarez: Ito po ay isang palatuntunan na tumutugon sa pangangailangan ng mga magsasaka kaya't angkop lamang na ito ay maging kabahagi ng mga pananaw, disposisyon at programang tutugon sa pangangailangan ng nasa agricultural sector.

Kung hihimayin po natin, makikita natin na ang kabuuan nitong financial scheme na ito ay tulong sa pagsasaka. Hindi po ito isang financial package na pagkakakitaan kaya't ito ay nararapat na mapasailalim sa Department of Agriculture at hindi sa Department of Finance.

Senator Revilla: Hindi kaya ang kadahilanan nito ay ang kasalukuyang pamamaraan ng pagpapatupad ng Crop Insurance Program ay hindi naaakma o hindi epektibo ayon sa layunin ng ating batas?

Senator Alvarez: Kung titingnan po natin at susukatin natin ang pagpapatupad ng iniatas na tungkulin, makikita natin bagama't maliit ang programa, ito ay walang pagkakautang. Kung ang isang pamamalakad ay walang pagkakautang, maaari na nating sabihing tama ang pagpapatupad at pagtataguyod ng programang iyan.

Senator Revilla: Ano naman kaya ang magiging partisipasyon o gagampanan ng Department of Agriculture bilang ahensiya ng pamahalaan na doon isasailalim ang Philippine Crop Insurance Corporation?

Ang katanungan ko pong ito ay sa kadahilanang walang nakasaad sa panukalang batas kung ano ang tungkuling gagampanan ng Department of Agriculture sa Philippine Crop Insurance Corporation.

Senator Alvarez: Ito po ay upang itanghal ang bagong kaisipan na hindi lamang pagtatanim at pag-ani ang mahalaga kundi ang kredito o ang huling bahagi upang ang ating sektor ng agrikultura ay magkaroon ng sapat na lakas at ang bahaging iyan ay iyong credit system. Kaya siguro kung mahahanay po sa agricultural decision-making mechanism itong ating crop insurance ay lalong magiging mahalaga ang katungkulan nito at ang pagganap ng iniatas ng batas na pagtulong sa agricultural sector.

Senator Revilla: Under the same Section 3, lines 14 to 21, it provides, "SUCH INSURANCE SHALL COVER SUCH OTHER CROPS AS THE BOARD OF DIRECTORS OF THE CORPORATION SHALL DECIDE, AND SHALL COVER COST OF PRODUCTION INPUTS, INCLUDING THE FARM-

ER'S OWN LABOR AND THAT OF THE MEMBERS OF HIS HOUSEHOLD AND PAID LABOR AS WELL AS PORTIONS OF THE EXPECTED YIELD OR INCOME AS DETERMINED BY THE BOARD OF DIRECTORS OF THE CORPORATION."

Ang tanong ko po ay ganito: Hindi po kaya magbigay daan ng panggigipit ang panukalang batas na ito kung ang Board of Directors ang siyang magpapasiya kung anu-ano ang mga produkto, bukod sa palay, ang isasailalim ng crop insurance?

Senator Alvarez: Maaari po sapagkat ang anumang kapangyarihan ay maaaring pag-ugatan ng pagmamalabis, pang-aapi. Ngunit kung tutuusin natin, sapagkat ang Board of Directors ay siyang utak ng korporasyong ito, maaaring ang kanilang magiging pasiya ay upang pagandahin at palakasin itong korporasyon.

Halimbawa, napalaki nila ang kapital at napalawak nila ang mga magsasakang matutulungan at mga produktong mabibigyan ng alalay or tulong sa pamamagitan ng crop insurance, ang karangalan at marahil ang pag-unlad ng crop insurance ay kikilalang tagumpay ng Board of Directors. Kaya't marahil ang isang Board of Director ay palaging nagpapasiya na lalong pagandahin iyong samahang kanilang pinangunguluhan.

Kaya iyon pong inyong pananaw na may panganib ay totoo rin naman, ngunit lalong higit na ang mga Board of Directors ay mangangalaga sa ikabubuti, ikauunlad ng Philippine Crop Insurance Corporation sapagkat iyon ay tungkuling iniatas sa kanila ng batas. At kung sila ay magkukulang, mananagot sila sa batas. At higit sa lahat, kung ang kanilang pinamumunuan ay hindi magiging matagumpay, iyon din po ay kanilang kasiraan.

Senator Revilla: Kung halimbawa kaya ay ilagay natin kung ano ang mga produktong masasaklawan ng crop insurance na ito para maiwasan ang posibleng pagmamalabis sa kapangyarihan ng malayang pagpili o diskrisyon ng may-ari ng lupa, hindi po kaya maganda iyon?

Senator Alvarez: Ang kabigatan lamang po nito ay ang nakakaalam sa kakayahan ng Philippine Crop Insurance Corporation ay iyon pong nagpapatakbo, sapagkat kung titingnan natin, akala natin ay napakalaki ng kapital ang P700 milyon. Ngayon ay gagawin nating P2 bilyon. Ngunit sa lawak po ng mga sakahan at pananim na nangangailangan ng insurance, ito ay halos walang dalawang porsiyento. Ang produksiyon lang natin sa palay ay umaabot ng P100 bilyon sa isang taon. Itong ating ini-insure dito ay hindi pa umaabot sa palay ng P2 bilyon. Kaya iyong nakakaunawa ng pag-unlad at kakayahan nitong kumpanyang ito ang kinakailangang magpasiya kung saan nila itutuon ang katungkulan ng kumpanyang ito at kung saan nila

palalawakin pa upang sa gayon ay maging matatag at maging matibay ang pagtupad ng kumpanya sa kanyang inatasang tungkulin sa batas.

At hindi po lamang iyan. Iyong manunungkulan dito ay mga taong may mga katungkulan sa iba't ibang sangay ng gobyerno at ayon dito sa batas na nagbigay buhay dito sa crop insurance, ang Secretary of Agriculture, ang Secretary of Agrarian Reform, at ang Secretary of the Department of Budget and Management ay umuupo. Kaya ang kanilang kaalaman sa pagpapalakad ng buong pamahalaan ay nabubuo nila sa pagpapalakad din nitong Philippine Crop Insurance Corporation.

Senator Revilla: Ginoong Pangulo, tungkol po naman dito sa pinsala, ano kaya ang nararapat o angkop na batayan sa pagpapasiya ng Board of Directors kung magkano ang dapat na kabayaran o kompensasyon sa mga pinsala na matatamo ng mga magbubukid sa ilalim ng Philippine Crop Insurance program? Ito kaya ay nangangailangan ng accounting records o mga listahan ng mga ginastos, o journal na pagbabatayan ng kanilang ginastos sa loob ng taon na iyon? Ano po ba kaya ang dapat gawin para ito ay mailagay nang maayos?

Senator Alvarez: Sa kasalukuyan po ay mga accounting records, mga records na pumasok sa bangko, at kung ano rin ang tinatanggap na angkop na kabayaran ng mga manggagawa roon sa mga lugar na naipasok sa crop insurance, iyong mga produkto, sapagkat iyong manggagawa na magsasaka at iyong miyembro ng kanyang pamilya ay maaari ring ipasok sa insurance. At katulad ng halaga ng pataba, halaga ng kemikal, ay maaari pong masilip iyan sa pamamagitan ng mga resibo. Iyong buto o iyong palay na itinatanim, iyong mga binhi na ginagamit, iyan din po ay maaaring makita sa pamamagitan ng mga resibo.

Lahat pong ito ay daraan sa isang malinis na paggamit ng mga patakaran ng negosyo. At dahil sa katulong ang accounting department ng Philippine Crop Insurance Corporation at ng bangko, hindi po gaanong magkakaroon ng pag-aalinlangan sa pagkakaalam ng mga bagay na ito.

Senator Revilla: Iyan lamang po. Maraming salamat po, Ginoong Pangulo.

Senator Alvarez: Maraming salamat din po sa kanila.

Senator Romulo: Mr. President, there are no further interpellations for tonight, but at least three Senators have made reservations to interpellate tomorrow.

SUSPENSION OF CONSIDERATION OF
S. NO. 1157

So, in view thereof, may I move that in the meantime,

we suspend consideration of Senate Bill No. 1157 until tomorrow.

The President: Is there any objection to this motion? [Silence] There being none, the consideration of this bill is suspended until tomorrow.

Senator Romulo: Mr. President, the attention of this Body was called to the fact that the practice of placing the pending bills for consideration in the black folder has not been followed. The truth of the matter is that the pending bills are now in the white folders marked "Agenda," including the pending bills or the bills to be considered. And these are on the table, on the desk of each of the Senators.

The reason the black folder is not yet available is because we have new Senators, and so we have ordered a new set so that the new Senators or incoming Senators would also have black folders. We are still waiting for the supply to arrive presumably by the end of this week at which time all the pending bills will be put in the black folders as we have done in the past.

Mr. President, there is an Additional Reference of Business. May I ask that the Secretary read them.

ADDITIONAL REFERENCE OF BUSINESS

BILL ON FIRST READING

The Secretary: Senate Bill No. 1193, entitled

AN ACT EXPANDING THE POWERS AND FUNCTIONS OF THE COMMISSION ON HIGHER EDUCATION FOR A MORE EFFECTIVE ADMINISTRATION OF THE HIGHER EDUCATION SYSTEM, AMENDING FOR THIS PURPOSE REPUBLIC ACT NO. 7722, AND FOR OTHER PURPOSES.

Introduced by Senator Ople.

The President: Referred to the Committee on Education, Arts and Culture.

RESOLUTIONS

The Secretary: Proposed Senate Resolution No. 138, entitled

RESOLUTION DIRECTING THE COMMITTEE ON SCIENCE AND TECHNOLOGY TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, TO

LOOK INTO THE VIABILITY OF UTILIZING NUCLEAR ENERGY AS A POWER SOURCE FOR THE COUNTRY AND TO DETERMINE WHETHER APPROPRIATE WASTE DISPOSAL SYSTEMS ARE INCORPORATED IN THE PHILIPPINE ENERGY PLAN AND FOR OTHER PURPOSES.

Introduced by Senator Mercado.

The President: Referred to the Committees on Science and Technology; and Energy.

The Secretary: Proposed Senate Resolution No. 139, entitled

RESOLUTION DIRECTING THE SENATE, THROUGH ITS APPROPRIATE COMMITTEES, TO INQUIRE INTO THE PROPOSED INCREASE IN THE PRICE OF OIL AND OIL PRODUCTS, PETITIONS WHICH ARE PENDING AT THE ENERGY REGULATORY BOARD, WITH A VIEW TO PREVENTING SUCH INCREASES AT A TIME OF UNRELIEVED SHORTAGES OF RICE, SUGAR AND OTHER PRIME COMMODITIES, THROUGH WELL-TIMED REMEDIAL LEGISLATION.

Introduced by Senator Ople.

The President: Referred to the Committees on Energy; and Ways and Means.

The Secretary: Proposed Senate Resolution No. 140, entitled

RESOLUTION DIRECTING THE COMMITTEES ON ENERGY; SCIENCE AND TECHNOLOGY; AND PUBLIC SERVICES TO CONDUCT A JOINT INQUIRY, IN AID OF LEGISLATION, ON THE PHILIPPINE ENERGY PLAN FOR 1996-2025 AND TO DETERMINE THE PROPER DISPOSITION TO BE TAKEN ON THE \$3.2B BATAAN NUCLEAR PLANT, INCLUDING A REVIEW OF AN OPTION TO STOP PAYMENT OF DAILY INTEREST TO WESTINGHOUSE ELECTRIC CORPORATION AMOUNTING TO \$300,000.

Introduced by Senator Ople.

The President: Referred to the Committees on Energy; and Science and Technology.

The Secretary: Proposed Senate Resolution No. 141, entitled

RESOLUTION DIRECTING THE APPROPRIATE COMMITTEES TO CONDUCT A JOINT INQUIRY, IN AID OF LEGISLATION, INTO THE GOVERNMENT REHABILITATION PROGRAMS FOR LAHAR-STRICKEN AREAS IN CENTRAL LUZON IN VIEW OF THE APPARENT INEFFECTIVENESS THEREOF.

Introduced by Senator Ople.

The President: Referred to the Committees on Public Works; and Social Justice, Welfare and Development.

Senator Romulo: Mr. President, tomorrow we shall resume consideration of Senate Bill No. 1157, the Philippine Crop Insurance bill, as well as Senate Bill No. 1122, the Salt Iodization bill.

ADJOURNMENT OF THE SESSION

Mr. President, I move that we adjourn this evening's session until four o'clock tomorrow afternoon.

The President: The session is hereby adjourned until four o'clock tomorrow afternoon, if there is no objection. [*There was none.*]

It was 6:42 p.m.

RECORD OF THE SENATE

TUESDAY, SEPTEMBER 19, 1995

OPENING OF THE SESSION

At 4:16 p.m., the Honorable Neptali A. Gonzales, President of the Senate, called the session to order.

The President: The 18th session of the Senate in the First Regular Session of the Tenth Congress is hereby called to order.

We shall rise and be led in prayer by Senator Vicente Sotto III.

Everybody rose for the opening prayer.

PRAYER

Senator Sotto:

God, our Father, in Thy heavenly throne
Look kindly upon the 68 million Filipinos of these
7,100 islands

We recognize You as the First and Ultimate Lawmaker.
All matters on earth obey the laws of Your physics.
And in Your respect for us Your creatures,
You have given us the free will to obey Your moral laws.
Yet we know we cannot improve on Your Ten
Commandments.

We implore You, these days, Divine Master of the universe,
Pacify the infernal fire beneath our volcanoes;
Weaken the rain and wind of regularly visiting typhoons;
Calm our seas, save our forests from ourselves.

But most of all, save our people —
Save the unborn from intervenors
Save the born from malnourishment
Save the children from pedophiles
Save the youth from drugs
Save the men from unemployment
Save the women from harassment,
from assault,
from inhospitable cultures far away,
from unfair and hostile judgments.
Save the elders from worry
Save Sarah Balabagan.

Save the Philippines.

Amen.

ROLL CALL

The President: The Secretary will now call the roll.

The Secretary:

Senator Heherson T. Alvarez Present
Senator Edgardo J. Angara Present
Senator Anna Dominique M.L. Coseteng .. Present
Senator Franklin M. Drilon Present
Senator Juan Ponce Enrile Present
Senator Marcelo B. Fernan Present
Senator Juan M. Flavier Present
Senator Ernesto F. Herrera Present
Senator Gregorio B. Honasan Present
Senator Gloria M. Macapagal Present
Senator Ernesto M. Maceda Present
Senator Ramon B. Magsaysay Jr. Present
Senator Orlando S. Mercado Present
Senator Blas F. Ople Present
Senator Sergio R. Osmeña III Present*
Senator Ramon B. Revilla Present*
Senator Raul S. Roco Present
Senator Alberto G. Romulo Present
Senator Miriam Defensor-Santiago Present*
Senator Leticia R. Shahani Present
Senator Vicente C. Sotto III Present
Senator Francisco S. Tatad **
Senator Freddie N. Webb Present*
The President Present

The President: With 19 Senators present, the Chair declares the presence of a quorum.

The Majority Leader is recognized.

THE JOURNAL

Senator Romulo: Mr. President, I move that we dispense with the reading of the *Journals* of the previous sessions—Nos. 16 and 17—and consider them as approved.

The President: Is there any objection? [*Silence*] The Chair hears none; the reading of the *Journals* of the previous sessions is dispensed with and the same are considered as approved.

The Secretary will now read the Order of Business.

REFERENCE OF BUSINESS

BILLS ON FIRST READING

The Secretary: Senate Bill No. 1194, entitled

* Arrived after the roll call

** On official mission

The President: Referred to the Committee on Environment and Natural Resources.

COMMUNICATIONS

The Secretary: Letter from Bangko Sentral ng Pilipinas General Counsel Armando L. Suratos, furnishing the Senate a copy of Bangko Sentral Circular No. 86 issued on September 11, 1995, in compliance with Section 15(a) of Republic Act No. 7653.

The President: Referred to the Committee on Banks, Financial Institutions and Currencies.

The Secretary: Letter from Assistant Executive Secretary for Legislation Frumencio A. Lagustan of the Office of the President transmitting to the Senate two (2) copies of the following:

Republic Act No. 8148, entitled

AN ACT FURTHER EXTENDING THE TERM OF THE FRANCHISE GRANTED TO CONSUELO D. BORJA NOW PRESENTLY HELD BY ILIGAN LIGHT AND POWER, INC., HER SUCCESSOR-IN-INTEREST, UNDER REPUBLIC ACT NUMBERED SIX THOUSAND THREE HUNDRED NINETY-ONE, ORIGINALLY GRANTED TO CONSUELO D. BORJA UNDER ACT NUMBERED THREE THOUSAND EIGHT HUNDRED TEN FOR A PERIOD OF TWENTY-FIVE (25) YEARS FROM THE DATE OF ITS EXPIRATION, AND FOR OTHER PURPOSES,

and Republic Act No. 8149, entitled

AN ACT GRANTING THE TAGBILARAN BROADCASTING SYSTEM A FRANCHISE TO CONSTRUCT, INSTALL, OPERATE AND MAINTAIN RADIO AND TELEVISION BROADCASTING STATIONS IN THE VISAYAS REGION, AND FOR OTHER PURPOSES,

which lapsed into laws on September 4, 1995, in accordance with Article V, Section 27 (1) of the Constitution.

The President: To the Archives.

The Secretary: Letter from Assistant Executive Secretary for Legislation Frumencio A. Lagustan of the Office of the President, transmitting to the Senate two (2) copies of Republic Act No. 8150, entitled

AN ACT PROVIDING FOR A FOUR-YEAR PUBLIC WORKS AND HIGHWAYS INFRASTRUCTURE PROGRAM,

which was approved and signed by His Excellency, President Fidel V. Ramos on September 8, 1995.

The President: To the Archives.

Senator Sotto: Mr. President.

The President: Senator Sotto is recognized.

MANIFESTATION OF SENATOR SOTTO
(Senators Drilon and Flavier as Coauthors of
S. Nos. 32, 875 and 1105)

Senator Sotto: Thank you, Mr. President. I would just like to manifest that for Senate Bill Nos. 32, 875 and 1105, Senator Drilon and Senator Flavier be made as coauthors.

The President: Let that manifestation be entered into the Record.

Senator Romulo: Mr. President, the distinguished Lady from Pampanga, Pangasinan and Negros Occidental has a parliamentary inquiry.

The President: Senator Macapagal is recognized.

MANIFESTATION OF SENATOR MACAPAGAL
(Senator Herrera as Coauthor of S. No. 1157)

Senator Macapagal: Mr. President, before I make the inquiry, may I ask that Senator Herrera be made as coauthor of the bill on crop insurance.

The President: Let that manifestation be made of record.

PARLIAMENTARY INQUIRY OF
SENATOR MACAPAGAL
(Schedule and Conduct of Committee Meetings)

Senator Macapagal: With regard to my inquiry, Mr. President, it is twofold, and it refers to the conduct of Committee hearings.

Before the reorganization of the Senate, there was a decision upon the request of the Minority that the hearings should be held in the building of the Senate in order to allow the Members of the Minority to go from one hearing to another. I trust that that rule will still remain even with the reorganization. Is that right, Mr. President?

Senator Maceda: Mr. President.

The President: Senator Maceda seeks the Floor and he is recognized.

Senator Maceda: Yes, Mr. President. I associate myself with the remarks of the distinguished Lady from Negros, Pampanga and Pangasinan, or vice-versa.

However, I would like to put it on record that while I associate my remarks and support it, it was not also implemented during the previous leadership.

Senator Romulo: Mr. President.

The President: The Majority Leader is recognized.

Senator Romulo: Mr. President, we have said before that the best venue would be within the premises of the Senate to enable all the Members, not only the Minority, to attend as many meetings as possible.

Also, we have agreed and instructed the Secretariat that they should space the meetings so that they will not all be bunched together at a certain time, and that there should be a space of at least 30 minutes or perhaps an hour.

— We will continue to follow that understanding, Mr. President.

The President: Does that answer the question of Senator Macapagal?

Senator Macapagal: The first part, Mr. President. The other part is the long standing tradition in the Senate with regard to the budget hearings. The tradition has been that no budget hearing continues if the Secretary of the concerned department is not physically present.

I remember this very well because during some of the times when I was Subcommittee Chairman and the Secretary of the department happened to be out of the country, I would agree to hear the budget even if it was an Undersecretary who was presiding. But my attention was called that this was demeaning the dignity of the Subcommittee and that I should require that the Secretary himself be present. And that if he is not present, then I should defer the continuation of the hearing.

I would like to find out whether that rule is still prevailing today.

The President: May the Chair hear from the Chairman of the Committee on Finance?

Senator Maceda: Mr. President, this same question was asked of me a few hours ago by Senator Osmeña. I guess this involves the case of Secretary Navarro who is out of the country and there was a hearing last night.

My answer to him was this is a matter entirely within the discretion of the Subcommittee Chairman whether to proceed or not in the absence of the Secretary. If he feels the officials present, especially if there are, let us say, attached agencies that could be heard independently of the presence of the Secretary, then he may continue.

In my particular case, Mr. President, when I was Subcommittee Chairman. I would not go through—with at least the first hearing—unless the department Secretary was there to present an overview.

But the bottomline as far as this Chairman is concerned is we give full autonomy to the Subcommittee Chairman to decide on this matter.

The President: Does the remark of the Chairman of the Committee on Finance answer the Lady Senator's question?

Senator Macapagal: It answers my question, Mr. President. But I would also like to remind the Gentleman that many times in my own Subcommittee hearings, it was the present Chairman of the Committee on Finance who used to ask why the Secretary was not present.

Senator Romulo: Mr. President.

The President: The Majority Leader is recognized.

Senator Romulo: Mr. President, may I add that in my own view, this should include the Secretary of the Budget and Management—that he should be present even in Subcommittee hearings because he is the Secretary of the Department of Budget and Management and we should not allow him to send his subalterns, no matter how good they are.

So, I strongly urge the Chairman of the Committee on Finance to require the Secretary of the Department of Budget and Management to attend every Committee and Subcommittee hearings.

Senator Maceda: Mr. President

The President: Senator Maceda is recognized.

Senator Maceda: Mr. President, I certainly have no objection to the proposal, but let me put forward this thought. When I was just a Member or Vice Chairman, or for a while, fleetingly Chairman of the Committee on Finance, that in budget

hearings, the burden of proof was on the department concerned to prove that it needed and deserved the appropriation it was asked for. If because of their own absences, especially on the matter of failure to submit documents, statistics and other necessary documentation required, I adopted the very simplistic view that they had not proven the right to the appropriation and that the appropriation should be kept at last year's level.

Senator Herrera: Mr. President.

The President: Senator Herrera is recognized.

Senator Herrera: Thank you, Mr. President. I would like to support the position taken by the Majority Leader and by Senator Macapagal that we should require, at least, the department Secretary to be present in all our budget hearings. After all, the most important activity of a department Secretary is to see to it that he will be able to defend the budget of his department. That has been our practice and tradition in the Senate and I do not see any necessity why we should relax that. If all Senators will always take time to attend hearings, even late in the evening, I do not see any reason why Cabinet members should not also be required to come and defend their budgets.

I would like to appeal to the Chairman of the Committee on Finance, Mr. President, that we should uphold this practice, this tradition. The truth of the matter is that no less than the Chairman of our Finance Committee was one of those who really advocated for that.

Senator Maceda: Mr. President, as I said, we agree in principle on the matter. However, to be fair to all concerned, we would like to suggest to the Subcommittee Chairmen to give sufficient notice. Indeed, there are times when we call a public hearing on one, two or three days' notice. And if it so happens that the department Secretary is already committed to another appointment, much more so to go abroad, then we should have some flexibility to accept that situation.

As long as they are inside the country or in a Cabinet meeting attending to urgent matters, then, as a rule, the rule should be followed, subject to an explanation why they will not be able to make it. For example, if they are sick, Mr. President, and it does happen, we have to decide whether to postpone the hearing or require them to attend next time.

I repeat, I agree with the rule but, of course, it cannot be an absolute rule because there has to be certain exceptions, depending on the circumstances of time and place.

Senator Herrera: Mr. President, I recall, and I can only relate from my experience. Last year, when the Secretary of the Department of Transportation and Communications was always out of office because he was attending to some negotiations

abroad, we had to postpone our budget hearings upon the request of the Members of the Senate. We had to work overtime. We just hoped that the Cabinet members would also cooperate with us.

I really feel very strongly, that we should not relax this policy. After all, the success of this government or any government for that matter would depend on its budget.

The President: All of these remarks are submitted to the Chairman of the Committee on Finance and, hopefully, to the Vice Chairman of the same Committee for advisement and consideration.

Senator Romulo: Mr. President.

The President: The Majority Leader is recognized.

Senator Romulo: Mr. President, we have two bills to consider in today's session. The first is Senate Bill No. 1157, the Philippine Crop Insurance Act; and the second is Senate Bill No. 1122, the Salt Iodization Act.

In the case of the Philippine Crop Insurance Act, we are still in the period of interpellations. In the case of Senate Bill No. 1122, the Salt Iodization Act, we already passed this on Second Reading. However, there are some Members who have approached me requesting that we reconsider the approval of the bill on Second Reading as they wish to propose additional individual amendments.

SUSPENSION OF THE SESSION

In the meantime, Mr. President, may I ask for a one-minute suspension of the session.

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

It was 4:36 p.m.

RESUMPTION OF THE SESSION

At 4:43 p.m., the session was resumed.

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

BILL ON SECOND READING S. No. 1157—Amending the Philippine Crop Insurance Charter (Continuation)

Senator Romulo: Mr. President, I move that we resume consideration of Senate Bill No. 1157, as reported out under Committee Report No. 3.

The President: Resumption of consideration of Senate Bill No. 1157 is now in order.

Senator Romulo: Mr. President, we are still in the period of interpellations. I ask that we recognize the Sponsor, Senator Alvarez, with Senator Flavier to interpellate.

The President: Senators Alvarez and Flavier are recognized.

Senator Flavier: Mr. President, will the Senator from Isabela, Sen. Heherson Alvarez, the best debater during his University of the Philippines days, allow me to ask a few questions?

Senator Alvarez: With pleasure from the Gentleman from the Cordilleras, Quezon City, and Nueva Ecija.

Senator Flavier: Mr. President, it is my impression that the first draft of the law was passed in 1984. Is that correct, Mr. President?

Senator Alvarez: Earlier, Mr. President, I believe in 1978.

Senator Flavier: Thank you. This was also passed at the time when the Department of Agriculture was not yet devolved. Is that a correct statement, Mr. President?

Senator Alvarez: I am not very sure about the existence of the Department of Agriculture in 1978. But I am certain that if it were not the Department of Agriculture, it must have been some other agency with a different designation. It must have been the Department of Agriculture and Fisheries or Natural Resources, or something to that effect. Yes, the Department of Agriculture and Natural Resources, because the Department of Agriculture had been separated from the Department of Natural Resources.

Senator Flavier: It is also my impression that the Philippine Crop Insurance Corporation is attached to the Department of Agriculture.

My question, Mr. President, is: May I know the effect on the administration of the Philippine Crop Insurance Corporation in the field now that the Department of Agriculture has been devolved. This means that the field people of the Department of Agriculture, to which it is attached, are no longer answerable to the Secretary but are now answerable to the provincial governor and to the municipal mayor.

Senator Macapagal: Mr. President.

The President: Senator Macapagal is recognized.

Senator Macapagal: May I intervene just for a matter of information. The Philippine Crop Insurance Corporation is not attached to the Department of Agriculture. That is why this bill seeks to attach it to the Department of Agriculture.

Senator Flavier: I would like to thank the Lady Senator for that clarification. My question still holds. I want to know what the implication of this particular bill is, now that the Department of Agriculture is already devolved.

Senator Alvarez: The Philippine Crop Insurance Corporation is going to be governed by a board. One of the members of the board of directors is the Secretary of Agriculture. I think for appreciating the magnitude of the budget for agriculture, the Philippine Crop Insurance Corporation is being attached, so to speak, to the department.

Senator Flavier: Thank you, Mr. President. My second concern is that in reading the bill, I get a rather strong feeling of centralization where the role of the President is rather thick. Can the Gentleman comment on that?

Senator Alvarez: It is a government corporation; and government corporations in this particular case, while they operate with their own board of directors and with a certain level of autonomy in gathering the information from the regions, are, as a matter of formal relationship, under the Office of the President. They will have to be under the Cabinet structure. I think that is to facilitate information and planning.

Senator Flavier: My final question, Mr. President, is a concern about the level of administration. That is, many of these farmers who will be affected will need to go to the regional offices in order to be serviced because the Philippine Crop Insurance Corporation will maintain offices at the regional level. Would it be possible to involve, say, the Land Bank, because it has branches all over, in trying to service the farmers who will be affected by the calamities?

Senator Alvarez: I am informed, Mr. President, that they have regional offices in all 12 regions of the country. And since the participating institutions, like the Land Bank, have also their presence in many parts of the country beyond the region, then the branches of the Land Bank will also facilitate access by the farmers.

Senator Flavier: I see. Thank you very much, Mr. President.

Senator Romulo: Mr. President.

The President: The Majority Leader is recognized.

Senator Romulo: Mr. President, for the next interpellation, may I now ask that the distinguished Gentleman from Iloilo, Senator Drilon, be recognized.

The President: Senator Drilon is hereby recognized.

Senator Drilon: Mr. President, will the Gentleman from Isabela yield for a few questions?

Senator Alvarez: With pleasure to the Gentleman from Iloilo, Mr. President.

Senator Drilon: Mr. President, Section 3 of the proposed bill, which amends Section 1 of PD No. 1467, gives the discretion to the Board of Directors to decide which other crops to cover and which portions of the expected yield or income should be covered by the insurance.

Now, the Gentleman is aware of the principle that when we delegate authority, there must be specific standards in the law in order that such delegation will pass constitutional scrutiny.

Senator Alvarez: This decision-making competence which is vested in the Board of Directors is within the purview of the normal exercise of a board of directors such as this. The Board of Directors of the Land Bank, therefore, while it may cover, is not mandated to cover depending on the exigencies of its financing, cash balance, the ability of the corporation itself, and that is within the competence of the Board of Directors to determine, Mr. President.

Senator Drilon: Mr. President, there is no question that public funds are involved here and that public funds will be disposed of by the Board of Directors as a consequence of payment of insurance to those farmers who may suffer from calamities. Is that correct, Mr. President?

Senator Alvarez: That is correct, Mr. President.

Senator Drilon: Therefore, under this provision, we are delegating the disposition of public funds to the Board of Directors of the corporation?

Senator Alvarez: That is correct, Mr. President.

Senator Drilon: And under accepted principles of constitutional law, when we delegate to another body the disposition of public funds, there must be sufficient standards in the law.

Senator Alvarez: That is correct, Mr. President. I think these safeguards and standards are well within the scheme of creating government corporations or quasi-government corpo-

rations. In this particular case, the government has resorted in creating the Philippine Crop Insurance Corporation, which functions as a corporation, and the inherent checks and balances of a corporate organism. There are sufficient standards. This is not a government agency, line agency, for instance, where we have to spell out the new standards as required as a safety valve mandated by that constitutional principle which the worthy Gentleman has enunciated.

I think that when the government creates a corporation, built within that organism is the system of checks and measures of appropriate management which is being protected by that cardinal principle being articulated by the Gentleman.

Senator Drilon: Mr. President, under this provision, the standard is the discretion of the Board of Directors of the PCIC, is that correct?

Senator Alvarez: Mr. President, unless the Gentleman wants to break the internal logic of creating government corporations and cripple the mechanism, then perhaps while we create the corporations in the rules and by-laws or even the decisions of the Board of Directors who will thereafter be representing government interests, we can put the structures which will now restrict the operations of the corporation. But a government corporation, for all intents and purposes, is no different from the artificial entity that operates as a person, as a legal entity, private corporation that is owned by the government.

Senator Drilon: I regret, Mr. President, that I could not associate myself with the views of the distinguished Gentleman from Isabela because we are not talking about private corporations and private funds. We are talking about a public corporation and public funds. And under our Constitution, only Congress can appropriate funds. While there is a principle of delegation of authority and such delegation can be valid, such delegation under accepted principles of constitutional law must be under well-defined standards, and there is nothing in this bill which would define that standard under which the Board of Directors can dispose of public funds.

Senator Alvarez: Within the mandate of the corporate structure, the Board of Directors has its constraints in law. If it should dispose of the public funds as if it were a private fund, that would be a violation of the mandate of the public corporation. I think we have appropriate legislations and rules to answer to that.

Senator Drilon: The bill here says, "other crops as the Board of Directors shall decide." This can mean any crop that is being planted within the boundaries of the entire archipelago. Is that correct, Mr. President?

Senator Alvarez: Yes, if they are agricultural crops, Mr. President.

Senator Drilon: It can mean *kangkong*. It can mean pineapple. It can mean anything.

Senator Alvarez: Yes, Mr. President.

Senator Drilon: So that it is absolutely up to the Board of Directors to decide what these are.

Senator Alvarez: Yes, Mr. President. The limit of the mandate is that, the activity must be on crops—agricultural crops, plantation crops, or privately cultivated crops. The guidelines are within the corporate entity itself.

Senator Drilon: Anyway, I accept the explanation of the Gentleman. But I have my serious doubts. If somebody will raise the issue of undue delegation of legislative authority to the Board of Directors of the PCIC, I seriously doubt whether or not this provision can stand scrutiny.

In any case, Mr. President, if the Gentleman will allow just one more question. Under Section 5 of PD No. 1467, as now amended by the proposed Section 4 of Senate Bill No. 1157, the standard of seven hectares is mentioned as far as the premium subsidy is concerned. In other words, the law would authorize subsidy on the premium where the plantation does not exceed seven hectares. Is that a correct reading, Mr. President?

Senator Alvarez: That is accurate, Mr. President.

Senator Drilon: Mr. President, may I know from the Gentleman from Isabela, what was the standard used in limiting it to seven hectares? Why not five hectares; why not nine hectares; why not three hectares?

Senator Alvarez: Mr. President, I think this hectareage was pegged under the old retention limit during the martial law years. Later, we were to legislate a Comprehensive Land Reform Program, where the specific grant to beneficiaries would not go beyond three hectares. It could have been three hectares. And the specific retention level should not be beyond five hectares or in certain exceptional cases, it can go as much as three hectares, add another three hectares—and we can have 11. That was a highly debated point in this Chamber.

We have several options, depending on which legislation we are going to peg our decision on. But since this rule was crafted in those years where the retention level was seven hectares, so it is kept here.

This Representation has no objection to seven hectares. I think it is an optimum size, and since it could also be embraced in the retention level well within 11 hectares, I do not seek to disturb it. But if the worthy Gentleman has some other agricultural inspiration so that this will be changed, I will go along with the proposed amendment.

Senator Drilon: I was just wondering if there have been studies made or statistics which can justify that, indeed, we can consider as small-scale or subsistence farmers those owning seven hectares or less.

Senator Alvarez: Mr. President, I will have no objection if these were reduced to five hectares, which is the present cutoff point ceiling level.

Processing an application for seven hectares will be a rarity in the countryside. There will be more of three hectares, perhaps even smaller, because the average holding now in the countryside is about 1.2 hectares. And if we look at the applications, there are quite a number of rice and corn applications for insurance at 1.2 hectares.

So there will be seven hectares. As we know, the paper work involved in 1.2 hectares and seven hectares or five hectares is the same, but it gives the program a little more lift.

Senator Drilon: Thank you, Mr. President, and my appreciation to the Gentleman from Isabela for being so patient.

Senator Alvarez: Thank you, Mr. President.

Senator Romulo: Mr. President.

The President: The Majority Leader is recognized.

Senator Romulo: Mr. President, may I ask that the distinguished Gentleman from Quezon City and Leyte, Senator Mercado, be recognized to interpellate.

The President: Senator Mercado is recognized.

Senator Mercado: Mr. President, will the Sponsor yield for a few questions?

Senator Alvarez: Yes, Mr. President, to the Gentleman from Quezon City, and Bohol, and of the airlines—one of the celebrities that we have in this Chamber.

Senator Mercado: Thank you very much, Mr. President.

I would like to ask a few basic questions, if I will be permitted some answers. The mandate of the PCIC is spelled out

in this manner: To assist in the development of the agricultural sector by providing crop insurance or crop insurance protection; to administer other support programs to countryside credit such as guarantee services; and to provide other measures that will enhance agricultural productivity and profitability.

May I ask the Sponsor to inform this Representation what the PCIC, given this mandate, has to show for the past 14 years. I would like to zero in on the third mandate of the corporation. And from the numbers that I have seen, it seems that a lot of farmers have been benefited by the insurance program of the PCIC. But I think I can be forgiven for having a certain amount of healthy skepticism, which I would like to bring out.

Can we be certain that these are small farmers who really need help? Or do we have a situation wherein there are landowners who claim to be farmers, who do not till the soil, who are, in effect, benefiting from programs that the government institutes, like crop insurance?

Senator Alvarez: Yes, Mr. President. By the very structure of the insurance coverage, it already pinpoints the population that takes advantage of this because the coverage provides insurance for the labor of the farmer himself, and the members of his family. And surely, a family that works in the farm with the head of the family who is the principal worker is a small farming family or a poor farming family. The chemicals used like pesticides, and the fertilizers used, inputs like seedlings, are the ones insured.

They have not yet moved on insuring the crops so that what is being insured is a meager portion of agricultural expenditures. Those who seek this kind of protection surely have nothing more, so that they have to fall back even upon this limited opportunity for protecting their labor and their expenses against calamity.

Senator Mercado: Mr. President, I have come across a study initiated by the Confederation of Grains Traders of the Philippines or CONFED, the Department of Agriculture and the USAID for a project called, "Accelerated Agricultural Production Project." The study is entitled, *The Rice Marketing System, a Rapid Marketing Appraisal in Cagayan Valley* by Celeste Molina.

It showed, and I would like to quote a portion:

There was a downward trend of crops being insured among rice farmers in Cagayan Valley. Farmers claimed that they lost confidence in the PCIC because indemnity due them from their damaged crops was either delayed, incomplete or not given at all.

PCIC, on the other hand, claimed that limited funds and manpower adversely affected their performance.

How would this measure correct such a situation, Mr. President? What do we have to say about the indictment of PCIC's performance in Cagayan Valley in the study that I have cited? Are we now rewarding PCIC for its failed efforts to help the Filipino farmers by an increase in capitalization as called for in this bill?

Senator Alvarez: I have no categorical response to that in terms of actual evidences. But if we read through the years where conditions had been harsh and damage had been extensive, the losses of the PCIC had been extensive as well. Although they had paid, there had been delays in payment because there had been delays in the assessment.

For instance, there is a vast area which had been adversely affected by a storm, let us say, the whole eastern sector of Isabela close to the Sierra Madre Mountains, and those areas are not accessible because of the swelling of the rivers during high monsoons. The inspection is not readily made; yet the damage is extensive. Since the inspections are delayed and the assessments are also delayed—usually the banks that must do this have a limited personnel—the payments are delayed during those times when payments should be made fast and on time. These are the years of losses registered in 1984, 1986, and then during the Pinatubo years 1989 and 1990.

But if we look at the overall picture, the capacity of the system to respond to natural disasters has improved; and if we look at the total balance, the system has been useful in confronting these natural disasters.

Perhaps, it would be helpful if this writer, who reports this disenchantment, would have pointed the specific years because the system has been in operation for quite a number of years, for about 13 years, and the coverage has been quite extensive and growing.

So if we are going to check off its inefficiencies and slow-footedness to the general picture of its performance, I would still recommend that we continue with the system, broaden its capacity to cover the farming community and perhaps, where it lags, we should whip into action the laggards of this government corporation so that they can deliver the appropriate services mandated by the rules.

Senator Mercado: Mr. President, at the start of our sessions, one of the first things that I commented on in a privilege speech was the rice crisis. It looks like there are still problems.

We did analyze to a certain extent the root causes of this crisis and I would like to find out from the Sponsor of this measure how he thinks this measure can help avert another rice crisis.

There are other measures before this Chamber, such as bills on food security, bills mandating a larger proportion of credit, and the matter of the Agri-Agra Law amendments, all brought to the fore during the interpellations of my privilege speech. I would like to ask the Sponsor how he thinks this particular measure can help solve or avert another crisis like what we have been through or how would it affect productivity as a whole. Should we not be addressing ourselves to other issues equally as urgent on the matter of productivity?

Senator Alvarez: I believe the distinguished Gentleman is right. We should simultaneously address all other social issues where we find a lot of infirmities. The dynamic social situation demands a multiplicity of attention from government and programs must be designed.

But in this particular government-sponsored insurance system, the private sector has not seen fit to come in so that the public sector must carry the burden until such time as agriculture shall have become resilient so that it becomes insurable by private standards. We are compelled by the sheer mandate of our responsibility to provide the coverage.

If we want to modernize agriculture and the challenges for modernization are here upon us, especially with the international agreements that we have entered into, we should bring agriculture and its multifarious activities into the mainstream of the market system and insuring, even if only a portion of that activity, makes it a viable enterprise for many of our small farmers. Perhaps because of this, it will enable them to carry out the difficult task of producing for the nation.

Senator Mercado: Mr. President, one of the problems of our economy today is our low savings rate. Traditionally, the farmers have low savings rate. Farm household, say, has between 13 percent to 18 percent of the total income in the form of real assets of which only a small portion is in the form of deposits or enrollment in insurance policy.

Would the increase in the capitalization of the PCIC, for example, increase the rate of savings? Would that help in the rural sector perking up the savings rate at all?

Senator Alvarez: Mr. President, savings is a kind of an insurance to confront adversities, including bad weather. If our farming class does not have yet the capacity to respond to adversities precisely because it does not have the capital

surplus, it does not have the credit, it is a weak productive sector, then we must continue to provide the necessary cover so that after a calamity, it may somehow be able to bounce back to get that minimal capital needed for inputs for replanting and catch up with the next cycle of production.

Hopefully, at some point in time, savings would take the place of minimal insurances which we try to provide in this program. It improves the capacity of the farmer to bounce back. It improves his chances in the face of adversity to be able to do his chores and replant for the next cycle, for the next season. In that way, it keeps him on the production stream. He will continue to be productive and he is not going to be laid off for one season for lack of inputs, like chemicals, lack of small petty sums to catch up with the next planting season.

If we are able to keep him continually on track and producing, hopefully, in the process, he will be able to feed himself, and the nation saves because then, what he produces we do not have to import.

Senator Mercado: Mr. President, I would like to be informed if this is a guarantee scheme to support the farmers. I have checked things out, and there are other guarantee schemes for the farmers like the Quedan Guarantee and Rural Credit Corporation; other guarantee schemes of other government agencies, like the Guarantee Fund for Small and Medium Enterprises, and the *Bagong Pagkain ng Bayan* of the Department of Agriculture.

How does the PCIC fit into these? Did the Committee review all of these guarantee schemes? Would there not be an overlapping of functions here, or redundancy in the guarantee programs? Should we not take the opportunity to create policy to streamline in an orderly and systematic fashion all of these government programs that seek to enhance the farmer's lot by providing credit in the countryside?

Senator Alvarez: This is similar to the guarantee programs which we have for the countryside, because the countryside—the agricultural sector as a whole; including the processing of agricultural products—are not attractive risks for bank loans. They are not attractive to the banks. That is why we have to provide for another layer to pacify the banks, to put them at ease so that when they lend money, their anxieties are going to be smooth because we have the guarantee scheme.

As a matter of fact, the distinguished Gentleman will remember that I authored the Quedan guarantee system. The Gentleman voted for it in this Chamber. We raised the capital from P2 billion to P20 billion. But this is for the middle-class businessman in the countryside.

In a way, this is similar because the guarantee system enables the middle-class businessman to borrow with more facility from banks, from rural banks, from the DBP or other banking institutions that would otherwise not loan him for his stocks or merchandise. Here, this insurance system enables the small farmer to secure a loan. This is almost like a good housekeeping seal for the small farmer. So he can secure a loan from a bank, if he has secured an insurance beforehand. It enables him also to enter the producers' market. So he becomes a part of the cash economy.

Senator Mercado: Mr. President, my final point is this. I note that the bill in its declaration of policy, has a statement and I quote: "Shall encourage the formation, development, and promotion of people's organizations and cooperatives." But going through the provisions of the bill, I did not see a single provision that mandates the specific policy of the development of cooperatives as a vehicle for the development of the rural sector. I do not know, maybe, the intent is there.

But, would the good Sponsor state how it will live up to its mandate to help in the development of people's organizations and cooperatives?

Senator Alvarez: Mr. President, perhaps, the Gentleman can introduce that so it becomes a specific mandate in the rules. I sat in the board of the PCIC when I was the Secretary of the Department of Agrarian Reform, and it is a policy of the board to be bias in favor of cooperatives.

Senator Mercado: That is all, Mr. President. Thank you very much.

The President: The Majority Leader is recognized.

Senator Romulo: Mr. President, while we are waiting for our other Colleagues, may I be permitted to ask two or three questions?

The President: The Gentleman may proceed.

Senator Alvarez: Yes, I will be honored to answer the questions of the Majority Leader.

Senator Romulo: Mr. President, may I refer to the section which provides for the funding or resources for this bill. What is the amount required in order to support this proposed bill? Just for clarification.

Senator Alvarez: Mr. President, the proposal is to raise its capitalization from P750 million to P2 billion. There is also a set of proposal that if we should be able to collect the unpaid

premiums, it might go up to P2,252,000,000.00

Senator Romulo: So, the total amount would be P2.3 billion, roughly.

Senator Alvarez: Yes.

Senator Romulo: Spread over a period of 11 years?

Senator Alvarez: Eleven years.

Senator Romulo: For 1996, what amount of resources would be required?

Senator Alvarez: For 1996, I think the proposed schedule would be an augmentation from the GAA of about P113 million.

Senator Romulo: The Gentleman has stated, Mr. President, that that is in the GAA.

Senator Alvarez: I beg your pardon—P113 million, from the Special Reserve Trust Fund of P113 million.

Senator Romulo: Would that be available in 1995 or in 1996?

Senator Alvarez: In 1995, Mr. President.

Senator Romulo: In 1996, what would be the amount required?

Senator Alvarez: There is P350 million from the CARP Program. There is a Trust Fund in the Office of the President.

Senator Romulo: These amounts would not need any appropriation.

Senator Alvarez: I do believe so, Mr. President. It would not need an appropriation.

Senator Romulo: And in subsequent years, would it be sourced from the same funds which do not need appropriation?

Senator Alvarez: In 1997, 1998, 1999 and in the year 2000, these will all require appropriations, Mr. President.

Senator Romulo: Starting in 1997 and onward for the rest of the 11 years. The distinguished Senator stated the funding would be spread over a period of 11 years. So from 1997 onward, we would be sourcing the funds from the General Appropriations Act. Is that correct?

Senator Alvarez: Yes, Mr. President. From 1997, 1998, 1999, up to 2000. And from there, from 2001 to 2006, while it may come out of the GAA—actually, it is going to be a payment of unpaid premiums.

Senator Romulo: Yes. But it would still come out of the General Appropriations Act.

Senator Alvarez: Yes, as an indebtedness of the government.

Senator Romulo: Unlike in 1996, as the distinguished Senator has stated, we are not providing for it through the General Appropriations Act.

Senator Alvarez: That is correct, Mr. President.

Senator Romulo: That is all, Mr. President.

SUSPENSION OF THE SESSION

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

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

It was 5:27 p.m.

RESUMPTION OF THE SESSION

At 5:33 p.m., the session was resumed.

The President: The session is resumed.

Senator Romulo: Mr. President, may I ask that the distinguished Gentleman from Bicol and Bohol, Senator Roco, be recognized to interpellate.

The President: The Gentleman from Bohol and the Bicol region is hereby recognized.

Senator Roco: Thank you, Mr. President. Will the Gentleman from Isabela yield for some questions?

Senator Alvarez: With pleasure, to the celebrated Gentleman from Bicol.

Senator Roco: Thank you, Mr. President. I have three small points. Since it is in the nature of an insurance, would the Gentleman share the position that to the extent possible it should be treated as a business, and the judgments made by the

insurance or reinsurance should conform to the standards of a good business judgment?

Senator Alvarez: Yes, Mr. President, as much as possible. Actually, this insurance scheme is an intervention. This is not left to the forces of the market completely.

If we will note, a great bulk of the premium is subsidized by the government. Only 2.5 percent of the premium is handled by the insured or the beneficiary, and 1.5 percent is shouldered by the bank. Within these limitations, this act of economic intervention into the agricultural sector is being done. So, if we are going to require that the system should fall squarely along business canons, we have to study that carefully and find out where it can, as much as it can.

Senator Roco: Mr. President, let me put on record that I am one of the authors of the bill. It was in response to a request by the Philippine Crop Insurance Corporation.

In fact, I also share the burden and the responsibility for many of the statements here. But precisely, in having started the ball rolling, or in being one of the three who started the ball rolling on Second Reading now, I am looking at it more carefully so that it has a chance of greater success and that is the perspective from which, this Representation is asking.

Senator Alvarez: I am happy to have the worthy Gentleman as my coauthor. It seems that we have been coauthoring many propositions of late, and this is one of those happy happenstances that he and I are coauthoring.

Senator Roco: Yes. As for the point in issue, the reason I raised that, Mr. President, is that I am trying to adhere to a business judgment as regards this.

This is on page 5, in the new Section 8-A, under Section 7, lines 22 to 26. There is the statement: "THE MECHANICS OF CLAIMS AGAINST THE FUND AND TO WHAT EXTENT THE FUND SHALL BE LIABLE SHALL BE DETERMINED JOINTLY BY THE DEPARTMENT OF AGRICULTURE AND THE CORPORATION."

Maybe, if it is left to the political determination of the Secretary or the Department of Agriculture and the corporation, it is very difficult to ascertain what insurance guidelines the Crop Insurance or the PCIC will be following. Should we not impose here something about actuarial studies, reasonable or prudent actuarial ratios, or something that is inherent to insurance? Insurance, should not be treated as a way of endlessly supporting losses. Insurance, as I understand it, is one of the best businesses. The PCIC should be able to make money and not coming to

Congress all the time on the basis of such generalized mode of deciding.

The suggestion I am implicitly putting forward, Mr. President, is that, maybe, our good Chairman and Sponsors, at the appropriate time, may find it useful to introduce—because we authors were unable to and this is our fault—prudent insurance guidelines, actuarial studies or similar statements that are intrinsically insurance-based. So that in determining how much we will pay, it must conform to the actuarial yield from the premium paid.

Will this be an acceptable possible amendment, Mr. President?

Senator Alvarez: That would be a welcome amendment, Mr. President. More so, because now, the system is also insuring livestock and that is animal life. They have to use actuarial guidelines. I think they are also building up their actuarial capacity.

Senator Roco: Thank you, Mr. President.

If that is acceptable on the principle of putting more objective business norms to guide the implementation of this law, may we then suggest also to our good Sponsors that on page 6, the composition of the board where there is sectoral representation, three from the farmers and three from the regions, be altered a little. It is very difficult to determine who should be paid when one is representing sectors. The judgment should be: If the premium was X and the cost of the losses is Y, then the payment actuarially, so that it will not kill the company, should be double or whatever.

What I am saying, Mr. President, is—maybe we do not want it, although it appeals to me, the sense of sectoral representation—perhaps the good Sponsors and our good Committee should examine the composition of the board and minimize the sectoral representation.

Senator Alvarez: Mr. President, I will have no objection at the opportune time if the Gentlemen would provide countervailing sources of ideas, precisely to strengthen the concept of bringing the operations along business and actuarial systems as closely and as much as we can.

Senator Roco: I am not sure, Mr. President, that I may come up with the best proposal in this regard. But if we could achieve, at least, the objective of treating crop insurance as a business proposition, we subsidize part of the premium, and we impose the actuarial standards, maybe, the reinsurance capacity will even be enhanced in the sense that they can buy reinsurance not

necessarily from the government. Otherwise, we are paying premiums, paying for the losses and reinsuring, with the government or Juan de la Cruz, doing all these things. Maybe, the reinsurance should be removed and the technicians in the PCIC should crack their brains on how they can get themselves reinsured, so that losses are further shared by reinsurance companies.

Senator Alvarez: That is possible for certain crops even now, Mr. President, except that the field where PCIC operates is not an inviting sector for private insurance companies at this point. That will be, perhaps, less of a problem when we find that agriculture is more stable and less risky, especially because there are more infrastructures, more irrigation canals, a strong cooperative system which regulates the cost of input, and there are granaries where the small farmers can deposit their produce. So that when the prices of grains begin to pick up, the farmers will benefit from it and the crops are not sold during harvest time when there is glut and therefore the prices are depressed, and the ones who will benefit from the crop are the well-capitalized middlemen in the countryside.

Be that as it may, I think the policy should really be to bring it as close as possible to self-sufficiency and, therefore, closer to business practices. But as I see it now, the government policy should be to spread out, widen the net as much as possible so that more people could be protected and, perhaps, in that economy of scale, there will be more available in order to fulfill more business standards.

Senator Roco: We will not take issue with the statements of our good friend, Mr. President. Let me just state that since there are technical men available to the Committee, maybe the technical men could indicate to the Committee, before the period of amendments, the actuarial permutation so that our good friend and Sponsor of the measure can give some reasonable prediction on the life span of the PCIC. Without an actuarial study, we may find out that while we may approve the law, three years from now, it will be totally lost and we may not be approving another increase in their projections.

If this can be useful to the Committee, Mr. President, I would appreciate being furnished a copy.

On that basis, we thought we will just put on record our own inability as authors in introducing that in the measure itself.

Thank you, Mr. President.

Senator Alvarez: Thank you for the recommendations of the Gentleman, Mr. President.

SUSPENSION OF THE SESSION

Senator Romulo: Mr. President, may I ask for a one-minute suspension of the session.

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

It was 5:45 p.m.

RESUMPTION OF THE SESSION

At 5:46 p.m., the session was resumed.

The President: The session is resumed.

Senator Romulo: Mr. President, for the next interpellation, may I ask that the distinguished Lady from Quezon City, Iloilo and Negros, Senator Coseteng, be recognized.

The President: Senator Coseteng is recognized.

Senator Coseteng: Thank you, Mr. President. Will the distinguished Gentleman from Cagayan yield for a few questions?

Senator Alvarez: With pleasure, Mr. President, to the Lady from Quezon City.

Senator Coseteng: Mr. President, this bill seeks to increase the Philippine Crop Insurance Corporation's authorized capital stock to P2 billion.

Would the distinguished Sponsor tell us if this measure would help address the need for a mechanism that will neutralize certain risks which are inherent in agriculture? Since the Philippine Crop Insurance Corporation was organized to protect the interest of our farmers, it should also help in minimizing risks in agriculture.

Senator Alvarez: Hopefully, Mr. President. The expansion of capital could also inflate its coverage. From the small universe of farmers who are now being covered which is about 150,000, and all things being equal, we should be able to increase this anywhere around 300,000 because we now have P750 million. If we increase this to somewhere around P2 billion, hopefully, that should increase at least twofold if not threefold the coverage.

Senator Coseteng: Mr. President, I understand that the P2 billion authorized capital stock would help increase the coverage. But what about the risks? Will there be a corresponding

increase in the risks coverage? As we know, the crops that are standing in the fields are really subjected to a number of risks, whether it is infestation by insects, worms, or a change in climate. Many interventions come into play.

Would the Philippine Crop Insurance Corporation be able to help minimize some of these risks, Mr. President?

Senator Alvarez: Mr. President, the risks that are covered now are natural calamities, such as typhoons, floods, earthquakes and droughts. These are the conventional risks that confront our small farmers. We have not yet provided for the vicissitudes of nuclear risk. Fortunately, we do not have to do that yet.

Senator Coseteng: What about other natural risks like, all of a sudden we have a swarm of locusts that would descend on our plantation, or perhaps in a situation where armed groups could easily put to the torch our standing crops. Would these be covered, Mr. President?

Senator Alvarez: Yes, I think locust infestation is covered; even lahar is covered, because it may be classified as flooding. Volcanic eruptions are also covered. All the expected calamities that we have traditionally encountered in the countryside are covered. But every extension of risk will, of course, be subjected to some kind of actuarial study, and that will be the responsibility of those who will manage the fund.

Senator Coseteng: What about destruction by military operations or terrorist activities or other similar destructions?

Senator Alvarez: These are man-made destructions, Mr. President, and they are not covered. But there should be some way of covering that.

Senator Coseteng: Mr. President, under Section 2 of this bill, it is provided that a major sector of our farming economy is composed of marginalized small-scale/subsistence farmers. May I know how many marginalized small-scale/subsistence farmers are there in our overall farming economy.

Senator Alvarez: There are roughly about 2.5 million, Mr. President. These are the former shareholders, sharecroppers who now own about an average of 1.2 hectares per family. These are the landowners. But those who do not own land and are mere "pickers" are not part of these said statistics.

Senator Coseteng: So do we take it to mean that we have 2.5 million families who own 1.2 hectares each on the average?

Senator Alvarez: On the average.

Senator Coseteng: How many in the records, Mr. Pres-

ident, would we have marginalized farmers who do not own land at all?

Senator Alvarez: I think the numbers vary and they are frightening; it is much bigger than those who own small acreage. This 2.5 million can almost double up, Mr. President.

Senator Coseteng: I am asking for these figures, Mr. President, because I would like to know if there are any credit facilities that are available to these marginalized farmers since their crops are going to be insured. We would also like to know what level of efficiency they are operating their farms on. If we are going to cover these farms, then they should also be given the wherewithal to attain the maximum yield so that the Philippine Crop Insurance Corporation would not also suffer heavy losses.

Senator Alvarez: There are multiple programs overlapping the problem of productivity, such as seed dispersals from the Department of Agriculture; there are also farmer training programs; and most of all, I think there is the cooperative scheme, especially that one being managed by the Cooperative Development Authority, bringing small producers together to bring down the cost of their inputs and securing a fair price for their products.

If these systems are brought together, and assuming that they work in mutual support, if not synergism, then we are able to improve the lot of the small farmers. This insurance scheme is only there to provide him a blanket of minimal security during the adversities that nature unleashes in the country.

Senator Coseteng: Mr. President, since this is an insurance corporation, premiums will be collected for the benefit of being able to cover adequately these farmers should the need arise. Will these farmers be able to borrow from the Philippine Crop Insurance Corporation at low-interest rates? Does the Gentleman have any particular or present qualifications or criteria for farmers to avail of low interest loans since this money is going to be allocated to the PCIC?

Senator Alvarez: Mr. President, this insurance system would enable them to access some funds, but the cost of money will depend on the available bank rates. There are some sums of money that are available to cooperatives at smaller rates. They will obtain these because they are cooperatives. Perhaps, if they have this kind of an insurance coverage, they will be able to borrow money at lesser costs. But the rural banks are helped also with this because the funds of the rural banks are rediscounted with the Central Bank. There are guidelines on the level of interest that they can collect from these rediscounted sums.

Usually, in the countryside, the cost of money doubles that

of the rural bank because of the scarcity of available funds or available credit.

Senator Coseteng: So do we take it to mean that the farmers will not be able to use PCIC money for loans? As we know it, in other insurance systems, after a certain period of time, one may avail himself of a certain percentage of premiums paid or he may avail himself of other benefits since, after all, it is not all the time that these calamities occur to destroy these crops. What happens, for example, when no crops are destroyed? It will be advantageous to the farmers. But what about in terms of, perhaps, extending some credit to them at lower rates?

Senator Alvarez: Perhaps, later if the program can grow, we can have minimal package of loans. But now, I could not see how the PCIC could loan from its available cash reserve very much like an insured individual who could borrow against his own cash reserve after two years of insurance, because the coverage is narrow, the premium is very minimal and subsidized, and the build-up is very small and is meant to cover only one cropping season.

Senator Coseteng: Mr. President, in Section 2 of Senate Bill No. 1157, it is likewise declared a policy of the State to extend to said farmers such subsidies as may be called for in order to bring the benefits of this program within their reach. May I ask, Mr. President, if this will not run counter to our obligation under the World Trade Organization or under the GATT where, if we were to understand it, individual governments would stop providing their farmers with subsidies? Or, do we take it to mean then that only farmers who are insured would be given subsidies in spite of this?

Senator Alvarez: I do not think it will contravene the spirit and, perhaps, even the letter of the GATT. I assume that the GATT intends to bring down the cost of production and make agricultural products competitive in the free market.

However, the subject of this insurance program are small producers and the program is intended not for them to be able to compete but to be able to survive one adversity after the other. I think if this package of insurance system was understood by the governing body of GATT, they will readily understand that we are addressing a depressed productive sector, a marginal productive sector of the agricultural community which, in no way, would threaten the entry of competitive and efficiently-produced agricultural products from other markets.

Senator Coseteng: So, do we take it to mean then that, indeed, subsidies are going to be extended to the farmers covered under the PCIC?

Senator Alvarez: If somebody would object that this violates the spirit of GATT, which is to open up competition and for governments to reduce hidden subsidies, I will defend it in that fashion.

Senator Macapagal: Mr. President, may I intervene?

Senator Alvarez: I will point out that the recipients of this program are the marginalized and the smaller sectors of the farming community.

Senator Coseteng: Yes, Mr. President. We recognize that these recipients really need support, but what about others who would not fall under the spectrum of the coverage of the PCIC? If we start this program or declare this as a policy of the State to extend to said farmers such subsidies as may be called for in order to bring the benefits of this program within their reach, then will we not find ourselves in a situation where other farmers would also seek subsidies? And to what extent, what types of subsidies are we going to give our farmers?

I agree that indeed our farming sector does need subsidies at this point—but precisely, these are not readily made available to them due to lack of resources. So I would just like to clarify exactly what this means.

Senator Macapagal: Mr. President.

The President: With the permission of the distinguished Sponsor and the Lady Senator from Negros Occidental and Iloilo, Senator Macapagal is recognized.

Senator Macapagal: Again, Mr. President, may I intervene just by way of information that we do not have to reduce our subsidies under GATT.

Senator Alvarez: There is a fundamental principle which is being invoked by the Lady from Quezon City, that in the spirit of bringing the forces of production into the open market and as a signatory of GATT, if and when these subsidies are challenged—because I believe that there is a cut-off point when this will be challenged, it will not be in this fashion all the while—then, perhaps, if this marginalized productive sector remains marginalized, I think there is an argument to the point that the intervention perhaps can be justified.

Senator Coseteng: So, Mr. President, do we take it then to mean that in this particular section, we are, in effect, declaring it a policy of the State to extend to said farmers—and we take it to mean that these are farmers who are going to be covered under the PCIC—such subsidies as may be called for in order to bring the benefits of this program within their reach? What if

the State now is unable to afford these subsidies? Or what if other farmers now would demand that these subsidies be given? And since they are not specified, is this section not going to, say, open the floodgates for requests?

All sectors in the agricultural industry right now are requesting for subsidies, whether in the sugar industry or in the rice and corn industry. Everybody is asking for this because of the state of agriculture in the country. I just want to be clarified on what this section means.

Senator Alvarez: Theoretically, yes. All other sectors may then want to have the same support mechanism. But with scarce and very limited resources, the harsh decisions will have to be made by the government. In this particular case, the decisions will be made by the board of directors as to which farmer sector they are going to extend the subsidized insurance coverage.

Would they extend it to strawberry producers? Would they just keep it to banana growers and asparagus growers? That is a decision which can only be made by the ones who will manage the fund based on some intelligent actuarial appreciation.

It is true, Mr. President, that this can be a precedent, but I do not know whether we can yield to a demand which we will not be able to fulfill.

Senator Coseteng: So, in effect, this particular section does not really mean what it says, or the government is not really sure that it can indeed comply with every word stated here. If I may repeat, it says, "to extend to said farmers such subsidies as may be called for in order to bring the benefits of this program within their reach."

I was just worried about the implication of this section and I think I have manifested this through these questions, Mr. President.

Another question is this: May I know what is the rationale of attaching the corporation to the Department of Agriculture?

Senator Alvarez: I think this is really a kind of a support system for agricultural production, specifically for small farmer producers. And by taking this to the Department of Agriculture instead of to the Department of Finance, we are making a statement here that we bring as close as possible this operation to the information system of the Department of Agriculture so that it is responsive to the needs of the agricultural sector.

Senator Coseteng: Mr. President, will the Department of

Agriculture, for instance, have any discretion as to the disbursement of the savings made by the corporation? Or would the Department of Agriculture then have some kind of control since it is an attached agency? Or would the corporation, as an attached agency now, be subject to control by the Department of Agriculture?

Senator Alvarez: Mr. President, the Secretary of the Department of Agriculture sits in the board. As far as the management of this corporation is concerned, it has a board, very much like any other corporation or government corporation.

However, there is a fund in the Department of Agriculture. It is a portfolio manager of some kind which can now handle the deployment of the surplus reserve that is accumulated by the PCIC. I think this is where some kind of financial relationship would be established. And because there is already that portfolio system in the Department of Agriculture, it will facilitate the management of that trust fund of the PCIC.

Senator Coseteng: In effect, the Secretary of the Department of Agriculture will indeed have the discretion in the disbursement of any funds or savings or accumulated funds of the PCIC. Is that correct, Mr. President?

Senator Alvarez: Within the mandate, within the corporate guidelines, and as a member of the board of directors, yes, Mr. President.

Senator Coseteng: Mr. President, it has also been mentioned that as an attached agency, obviously the Secretary would be sitting as chairman of the board. Is the Secretary going to sit as such?

Senator Alvarez: I think the chairmanship is rotated, but the proposal here in the bill is to make him the chairman. This is in Section 6, line 1.

Senator Coseteng: Yes, Mr. President. Because we have seen the dismal failure of so many sectors in the agricultural sector right now. We wonder if the Secretary indeed has any time to chair any other board when he can hardly perform his primary function. He is already overburdened with so much work, thereby causing us these problems of high prices in food, inadequacy of stocks, unavailability of stocks or delivery problems, and so many others.

This is why I would like to find out if attaching this corporation to the Department of Agriculture will indeed increase its efficiency or make it just as messed up as the present Department of Agriculture. But our good Colleague answered

the question as to what role the Secretary of Agriculture would have in this corporation.

Under Section 3, an amendment is introduced to provide that insurance shall also cover "such other crops." However, the bill failed to come up with the guidelines which will help or assist the board of directors in determining what these so-called "other crops" are.

What happens now? Will this not amount to undue delegation of our power to legislate? Will this not result in abuse of power or indiscretion? Because it seems that when we as legislators fail to provide the implementing agency the parameters which the agency may exercise the authority given to it, then it is like giving them precisely this discretion. So I am a little bit confused as to this particular section in this bill, Mr. President.

Senator Alvarez: Mr. President, since this is an insurance operation, then the mandate is within the scheme of the rules as embodied here. If the board of directors should decide, then its decision must really be to extend it to agricultural crops and within the actuarial sense and logic of the system. Otherwise, they would be breaching their mandate as the governing body of this corporation.

Senator Coseteng: Mr. President, I also asked this question because as we know, there is such a wide spectrum of crops that are planted in the country today. We are even growing strawberries up in the North to bananas and pineapples down in the South. We have coffee, asparagus, orchids, other types of cut flowers and so many other crops. If the board is given this discretion or we are delegating to them the power to decide what crops can be covered under Section 3, and it is simply described as "such other crops," then we may find a situation where non-profitable crops or crops that are so-called "high-value crops" will be destroyed or maybe planted under circumstances that are designed to simply collect insurance. That would then lead to the bankruptcy of the corporation because of these high-risk crops.

For example, grapes. We are planting grapes and we know in the past that loans were extended to those who wanted to plant grapes, knowing the fact that we really do not have the climate, the soil, the expertise and even the market for grapes. What happened? The whole project just failed. We can just imagine if these crops were insured. At that time, we were even saying that instead of planting grapes, we should be planting *kamias*. After all, the grapes tasted like *kamias*.

So some people made money along the line. Maybe they had access to big loans for the land or big loans to increase the

hectarage of their vineyards.

We see the same problems in the banana industry today where a few months ago, plantation owners were exporting, the value of which is the equivalent only of the boxes, and they were giving the bananas for free. We can just imagine if these crops were insured. This would really be the beginning of the end of this corporation. So, would we not consider it rather dangerous to simply label insurance coverage to "such other crops"?

Senator Alvarez: Mr. President, I really see here constraints on the rules, that the insurance extended should not violate the logic of the insurance system that there should be an actuarial decision. But at the appropriate time, if the Lady Senator will want to specify, in order to reinforce the mandate of the law, that the board of directors may only expand the coverage if the actuarial calculation so justifies or the subsidy is needed in order that the social benefits intended may reach other depressed areas, then I will welcome that. I will welcome that at the opportune time, during the period of amendments.

Senator Coseteng: Mr. President, under the bill, insurance protection covers "losses arising from natural disasters as well as plant diseases and pest infestation and shall exclude losses arising from avoidable risks emanating from or due to neglect, malfeasance or fraud by the insured or the failure of the insured to follow proven farm practices."

In other words, kung ang aking ani ay naka-insure sa PCIC at nasalanta ng lahar, balang o di kaya ay peste, ako ay makakala-claim ng insurance sa PCIC. Ngunit papaano po, Ginoong Pangulo kung ang sitwasyon ay ganito:

Sa panahon ng pagtatanim ay nakakuha ako ng insurance sa magiging ani ng aking bukid. Sa aking palagay, minabuti kong kumuha ng insurance sa halagang P1,000 bawat isang yunit ng aking inani dahil ganoon ang kalakaran o halaga ng isang yunit sa panahon na iyon.

Paano po, Ginoong Pangulo, kung mangyari na pagdating ng anihan ang halaga noong isang yunit na iyon ay naging P200 na lamang? Hindi ako tinamaan ng peste, hindi ako dinaanan ng lahar o hindi ako binagyo. Bagama't hindi po napinsala ang aking ani, wala po ba akong makukuha bilang kumpensasyon bagama't ako ay sakop nitong crop insurance na ito?

Ang sabi po ng magiting na Ginoo kanina ay peste lamang o kaya ay natural calamities. Papaano kung biglang bumagsak ang presyo ng produktong aming inaani?

Senator Alvarez: Iyon nga po, iyong mga delubyo lamang

ang ini-insure dito ngunit iyong sinasabi ninyo ay fluctuations of market prices. Palagay ko sa commodities market kailangan iyon.

Senator Coseteng: Ang ibig pong sabihin kung iyon ang kapinsalaan na inabot ng isang magsasaka, siya ay hindi na sakop samantalang maaaring malaki rin ang nawala sa ani niya at hindi naman niya kasalanan iyon dahil ang yunit ng kaniyang inaani ay bumagsak na lamang ang presyo. Hindi na po ba ito sakop sa insurance na inyong natatanaw rito sa PCIC?

Senator Alvarez: Hindi po. Masyado na pong advance iyon. Iyon ay hedging sa commodities market.

Senator Coseteng: Dahil po kung minsan karamihan sa kanila ay nagiging biktima ng manipulasyon ng mga bumibili ng kanilang mga produkto at kadalasan, bagama't hindi sila nasalanta ng bagyo o peste, kung mayroon silang inutang upang makapagtanim ay hindi na ba iyon kasali roon sa inyong coverage?

Senator Alvarez: Hindi po. Ang presyo ay hindi kasali.

Senator Coseteng: Mr. President, does this measure seek to benefit the farmers by providing insurance for crops if it is the reality that it is not the farmers who are the owners of these lands but are merely hired labor? If this is the case, will it not be that ultimately, it will also be the landowners who will benefit from the measure?

Kung halimbawang hindi magsasaka ang may-ari ng lupa, sila po ba ay mabibigyan din ng coverage o sila ba ay masasakop lamang kung sila ay nagmamay-ari ng lupa?

Senator Alvarez: Kung sila po ay nagtatanim. Dahil ang intensiyon po ng coverage na ito ay upang makabangon ang isang magsasaka sa isang tanimang muli. Ang ini-insure lamang po rito ay iyong mga inputs, iyong pagod noong mga nagtrabaho sa lupa, mga kemikal na ginagamit at saka iyong mga pataba o fertilizer. Kaya kung kayo po ang magtatanim o kaya'y nagtatanim, kayo ay sakop.

Senator Coseteng: So one does not have to own a land.

Senator Alvarez: Hindi po kinakailangan.

Senator Coseteng: Under Section 5 which is a new subsection that is introduced, it provides that: "UNAPPROPRIATED AND/OR UNRELEASED GOVERNMENT PREMIUM SUBSIDY xxx SHALL BE PROGRAMMED FOR PAYMENT BY THE GOVERNMENT WITHIN A PERIOD OF TEN (10) YEARS."

May I know, Mr. President, the reason for this unappropriated and/or unreleased government premium subsidy, and may we know as of today how much is this total unappropriated or unreleased government premium subsidy, if any?

Senator Alvarez: Umaabot po ng P542 milyon.

Senator Coseteng: Limangdaan at apatnapu't dalawang milyon?

Senator Alvarez: Opo, it is rooted on a perception that within 10 years it becomes unreasonable to go beyond that.

Senator Coseteng: Mr. President, should interest be not charged against the government for its failure to pay for its government premium subsidy? Dahil malaking halaga iyon at hindi nababayaran ng pamahalaan.

Senator Alvarez: Wala tayong probisyon na ganiyan. Ngunit alam naman natin na ang pagkakautang ng gobyerno ay napakahirap singilin. Pumunta tayo sa Kongreso upang makabayad, naglagay ng appropriation sa badyet. Kung iyung kapital kung minsan ay hindi natin masingil-singil, maglalagay pa tayo ng interest, lalong magkakahirapan.

Senator Coseteng: Ang ibigsabihin, kung hindi makabayad ang pamahalaan ay sorry na lang?

Senator Alvarez: Opo. At kung sakaling makasingil tayo, magiging masalimuot ang pamamaraan.

Senator Coseteng: May we know, Mr. President, the amounts in per diem that have been set for the PCIC?

Senator Alvarez: Bawat miting ng Board of Directors ay P1,000.

Senator Coseteng: At mayroon po bang nakatakda kung gaano sila kadalas na magmimiting?

Senator Alvarez: Ang aming panukala ay P1,000 ngunit ang dati ay P300 lamang sa bawat sesyon at hindi lalampas ng P3,000 o P5,000 sa bawat buwan.

At this juncture, the Senate President relinquished the Chair to Senate President Pro Tempore Senator Leticia Shahani.

Senator Coseteng: Mr. President, finally, may I go back to my other question about the discretion of the members of the board to decide which crops to be covered and which crops would not be covered. May I know if there are provisions that

would not subject this again to abuse so that crops are determined according to, perhaps party affiliation, closeness to the powers-that-be, or that if the decision concerning crops to be covered, the members of the board will not succumb to pressures from the one who placed them there or from groups with vested interests. As we have seen, sometimes the failure of some corporations stemmed from this source of problems.

Senator Alvarez: Mr. President, I think there is a mandate in this corporate system to exercise judgment in accordance with the purposes of the corporation to provide crop insurance. That is the mandate of the members of the board, which is like a business judgment. The mandate here is to act in a fashion to promote, advance and protect the interest of this whole operation. It is not really an unlimited discretion. It is a judgment which must be used in conjunction with one's duty and function as a member of the board to carry out the legal purpose for which this artificial entity—the Philippine Crop Insurance Corporation—has been organized.

But as I have pointed out to the Lady Senator, if we want to put further safeguards, and there is no harm to that; we can perhaps reinforce this in the period of amendments, and say that the members of the board may only extend insurance over and above what has been extended for rice and corn and the other traditional crops, such as tobacco and banana, if an intelligent judgment can be made based on actuarial computations and business judgment of the board. That will clarify more the duties of the members of the board.

Senator Coseteng: Thank you very much, Mr. President.

Senator Romulo: Madam President.

The President Pro Tempore: The Majority Leader is recognized.

Senator Romulo: We still have two interpellations. They, the Minority Leader and Senator Herrera, have made reservations to interpellate in tomorrow's session.

SUSPENSION OF THE SESSION

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

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

It was 6:30 p.m.

RESUMPTION OF THE SESSION

At 6:32 p.m., the session was resumed.

The President Pro Tempore: The session is resumed.

Senator Romulo: Madam President, may I ask that the distinguished Senator, Senator Macapagal, be recognized.

The President Pro Tempore: Senator Macapagal is recognized.

Senator Macapagal: Madam President, in as much as we had information last night that the bill had been referred to the Committee on Finance—however, the Committee on Finance has not heard the bill—in order to prevent any questions on the propriety of the parliamentary procedures, may I therefore take this opportunity to urge the Committee on Finance to hear the said bill. This does not in anyway suspend the consideration of the bill as it will be interpellated on tomorrow.

The President Pro Tempore: Thank you. The Majority Leader is recognized.

SUSPENSION OF CONSIDERATION OF S. NO. 1157

Senator Romulo: Madam President, as I have stated, there is a reservation to interpellate tomorrow. So, in the meantime, I move that we suspend consideration of Senate Bill No. 1157, the Philippine Crop Insurance Act, as amended, until tomorrow.

The President Pro Tempore: Is there any objection to the proposal that we suspend the consideration of the bill before us? [*Silence*] There being none, it is therefore so decided.

Senator Romulo: Madam President, before we resume consideration of the Salt Iodization bill, may I just ask the Secretary to read the Additional Reference of Business.

The President Pro Tempore: The Secretary please do so.

ADDITIONAL REFERENCE OF BUSINESS

COMMITTEE REPORT

The Secretary: Committee Report No. 8, submitted by the Committee on Constitutional Amendments, Revision of Codes and Laws on Senate Bill No. 599, introduced by Senator Mercado, entitled

AN ACT PROHIBITING THE ESTABLISHMENT OF POLITICAL DYNASTIES,

recommending its approval with amendments.

Sponsors: Senators Maceda and Mercado

The President Pro Tempore: To the Calendar for Ordinary Business.

SPECIAL ORDERS

Senator Romulo: I move, Madam President, that we transfer Senate Bill No. 599 under Committee Report No. 8 from the Calendar for Ordinary Business to the Calendar for Special Orders.

The President Pro Tempore: Is there any objection to the proposal of the Majority Leader? [*Silence*] There being none, Senate Bill No. 599 is transferred to the Calendar for Special Orders.

MOTION OF SENATOR ROMULO (Reconsideration of Approval on Second Reading of S. No. 1122)

Senator Romulo: Madam President, upon the request of some of our Colleagues, may I now ask that we reconsider the approval on Second Reading of Senate Bill No. 1122 which is the Salt Iodization Act.

The President Pro Tempore: Is there any objection to the proposal that we reconsider the approval on Second Reading of the Salt Iodization Act? [*Silence*] There being none, the motion is approved.

Senator Romulo: Madam President, I move that we reopen the period of individual amendments and ask that the Sponsor of the bill, the Chairman of the Committee on Health and Demography, Senator Webb, be recognized.

The President Pro Tempore: Is there any objection? [*Silence*] There being none, the Chairman of the Committee on Health and Demography, Senator Webb, is recognized.

Senator Romulo: For his individual amendment, I ask that Senator Mercado be recognized.

The President Pro Tempore: Senator Mercado is recognized.

MERCADO AMENDMENTS

Senator Mercado: Madam President, I like to start my individual amendments on page 1, lines 10 to 11, Section 3 under *Purposes*.

On line 10, insert the clause, "THE MAIN PURPOSE OF

Table of Contents

PLENARY SESSIONS

Session No.		Page
19	Wednesday & Thursday, September 20 & 21, 1995	
20	Monday, September 25, 1995	
21	Tuesday, September 26, 1995	
22	Wednesday & Thursday, September 27 & 28, 1995	
23	Monday, October 2, 1995	
24	Tuesday, October 3, 1995	
25	Wednesday & Thursday, October 4 & 5, 1995	
26	Monday, October 23, 1995	
27	Tuesday, October 24, 1995	
28	Wednesday, Thursday, Friday, Saturday & Monday October 25, 26, 27, 28 & November 6, 1995	
29	Tuesday, November 7, 1995	
30	Wednesday & Thursday, November 8 & 9, 1995	
31	Monday, November 13, 1995	
32	Tuesday, November 14, 1995	
33	Wednesday & Thursday, November 15 & 16, 1995	
34	Monday, November 20, 1995	
35	Tuesday, November 21, 1995	
36	Wednesday & Thursday, November 22 & 23, 1995	
37	Monday, November 27, 1995	
38	Tuesday, November 28, 1995	
39	Wednesday, November 29, 1995	
40	Monday & Tuesday, December 4 & 5 (am), 1995	
41	Tuesday & Wednesday, December 5 (pm) & 6 (am), 1995	

RECORD OF THE SENATE

WEDNESDAY, SEPTEMBER 20, 1995

OPENING OF THE SESSION

At 3:43 p.m., the President of the Senate, Hon. Neptali A. Gonzales, called the session to order.

The President. The 19th session of the Senate in the First Regular Session of the Tenth Congress is hereby called to order.

We shall be led in prayer by Sen. Leticia R. Shahani.

Everybody rose for the opening prayer.

PRAYER

Senator Shahani.

Our most heavenly Father,

Our thoughts today are with a 16-year-old Filipina, our own sister Sarah Balabagan, who has received the death verdict by the UAE Shari'a Court.

We ask for Thy divine intercession so that the sentence which violates the fundamental rights of a minor migrant worker woman can be tempered with justice and mercy.

We implore Thee to give Sarah and her loved ones courage and dignity to withstand the buffets of this tragedy.

We beseech Thee, dear Lord, to touch the hearts and minds of the authorities of the United Arab Emirates, a country with whom we enjoy diplomatic relations, so that they may see why this young life should be spared and nurtured.

We implore Thee to give our own authorities the firmness of resolve and the delicacy of touch to negotiate a problem which touches the heart of the fundamental rights of individuals as well as the sovereignty of nations.

Before Thee, Lord, we are the same—employer and housemaid, Arab and Filipino, male and female. Let all concerned in this case who, after all are Your children, do what is right and just and what is pleasing in Your sight.

All these we ask in Jesus' name:

Amen.

ROLL CALL

The President. The Secretary will please call the roll.

The Secretary.

Senator Heherson T. Alvarez Present*
Senator Edgardo J. Angara Present*
Senator Anna Dominique M.L. Coseteng.. Present
Senator Franklin M. Drilon Present
Senator Juan Ponce Enrile Present
Senator Marcelo B. Fernan ***
Senator Juan M. Flavier Present
Senator Ernesto F. Herrera Present*
Senator Gregorio B. Honasan Present
Senator Gloria M. Macapagal Present*
Senator Ernesto M. Maceda Present
Senator Ramon B. Magsaysay Jr. Present
Senator Orlando S. Mercado Present
Senator Blas F. Ople Present*
Senator Sergio R. Osmeña III Present
Senator Ramon B. Revilla Present
Senator Raul S. Roco Present
Senator Alberto G. Romulo Present
Senator Miriam Defensor-Santiago Present*
Senator Leticia R. Shahani Present
Senator Vicente C. Sotto III Present
Senator Francisco S. Tatad **
Senator Freddie N. Webb Present*
The President Present

The President. With 15 Senators present, the Chair declares the existence of a quorum.

THE JOURNAL

Senator Romulo. Mr. President, I move that we dispense with the reading of the *Journal* of the previous session and consider the same as approved.

The President. Is there any objection? [*Silence*] The Chair hears none; the motion is approved.

OFFICIAL VISIT OF PARLIAMENTARIANS
FROM CAMBODIA, CHINA, FIJI, MONGOLIA, NEPAL,
PAKISTAN AND OTHER COUNTRIES;
PROF. BACH OF US CONGRESS LIBRARY AND
DR. FARUQUI OF MALAYSIA

Senator Romulo. Mr. President, before we proceed to the Reference of Business, we have with us distinguished visitors who are the participants to the ongoing Asia-Pacific Program in

* Arrived after the roll call

** On official mission

*** On official mission but arrived after the roll call

The President Pro Tempore. We shall now vote on the bill, as amended, on Second Reading.

As many as are in favor of the bill, as amended, please say *Aye*. [*Several Senators: Aye.*] As many as are against, please say *Nay*. [*Silence*]

Senate Bill No. 1122, as amended, is approved on Second Reading.

Senator Romulo. Printed copies of the bill shall be available tomorrow, Madam President. Thereafter, we may consider this bill for approval on Third Reading.

BILL ON SECOND READING
S. No. 1157—Amending the PCIC Charter
(Continuation)

Senator Romulo. Madam President, I move that we resume consideration of Senate Bill No. 1157 as reported out under Committee Report No. 3.

The President Pro Tempore. Resumption of consideration of Senate Bill No. 1157 is now in order.

Senator Romulo. Madam President, we are still in the period of interpellations. We still have two reservations for interpellations.

May I ask that the Sponsor of the bill, Senator Alvarez, be recognized, with the distinguished Gentleman from Bohol and Cebu, Senator Herrera, to interpellate.

The President Pro Tempore. Senators Alvarez and Herrera are recognized.

Senator Herrera. Thank you, Madam President. May I know if the Gentleman from Isabela would oblige to answer a few questions.

Senator Alvarez. With pleasure, to the Gentleman from Cebu and Bohol.

Senator Herrera. The PCIC is one of the 189 government corporations, is it not, Madam President?

Senator Alvarez. I do not know the exact count, but I have proposed to this Chamber the Sunset Law which would, at the end of the line, abolish the surplusage of government corporations.

Senator Herrera. I am asking this, Madam President,

because in one of the meetings of the Committee on Government Corporations and Public Enterprises, Undersecretary Leny de Jesus gave us a briefing that some of these government corporations would be recommended for abolition. I would like to know if this is one of those listed that Malacañang plans to recommend for abolition.

Senator Alvarez. I do not believe so, Madam President. If we do that, then we will have to create another corporation in its place. Precisely, because of the growing awareness that the agricultural sector must be made a vibrant productive sector of our economy, these support mechanisms should be strengthened and expanded. Now that we are creating safety nets with the entry of competitive products for agriculture from outside the country, a system of insurance like this, which helps small or marginal producers, will serve a very laudable and constructive purpose.

Senator Herrera. In the list of corporations that was submitted by Malacañang to the committee headed by Senator Enrile, they have classified government corporations into three: 1) those which would be integrated in the regular functions of the government because these are duplicating the functions of the government, and there are about 14; 2) those which are classified for purposes of privatization, and there are about 20; and 3) those which the government, I suppose, has decided to maintain, because these are making profits and, in fact, some have already contributed the 50-percent dividend required under the existing law.

May I know under which of these three classifications the PCIC falls, Madam President?

Senator Alvarez. There are three areas, Madam President. First, those which should be privatized. The private sector would be in a better position to manage it and so they must be allowed to enter the market system.

Second, those which are duplicating the line functions of the government and so they should be absorbed in the normal line functions of government.

The PCIC does not fall under any one of these, Madam President, because as an insurance scheme, the private sector does not have enough incentive to enter these areas. If it does have, I do not think it will be a viable commercial proposition that the PCIC be absorbed in the normal line functions of the government machinery because of the very character of its operation.

It does not fall under the agricultural extension service or with the disaster relief operation, so that keeping it as an

autonomous government operation, I think, limits the operational exposure of the government and develops the necessary expertise.

This has been in operation for 13 years, Madam President. And when a corporation has run for 13 years, we can expect it to run for another 10 years and be able to build a body of men who could develop a know-how useful for this particular operation. Managing funds really does require a specialized level of skill, and managing insurance is managing funds plus some actuarial computations.

Senator Herrera. On the third classification, Madam President, there is also what we call a "sub-classification." Those are corporations that are making money and those that are not. I suppose that the PCIC, for the 13 years that it has been in existence, is not making money.

Senator Alvarez. No, Madam President. It has not been making money. But the overhead costs, at least, have been covered. In those disastrous years where they had to dip into some other sources other than the premiums, they had resorted to reserved funds.

Senator Herrera. Madam President, is the distinguished Gentleman aware that these government corporations which are subsidized by the government are asking P28 billion in the 1996 budget? It means they would like to double the government subsidy in 1995, which is about P14 billion.

Senator Alvarez. I appreciate that, Madam President. I think it is around that figure because two years ago, when I proposed the Sunset Law for government corporations under those schemes that the distinguished Gentleman has enumerated, the ballpark figure is already around that number—somewhere around P16 billion to P18 billion.

Senator Herrera. In the period of 13 years that the government had been subsidizing the PCIC, could the Gentleman enlighten us as to how much the government had already invested in the PCIC?

Senator Alvarez. The initial investment is P750 million in government shares.

Senator Herrera. That was the initial investment of the government.

Senator Alvarez. Yes. The initial investment.

Senator Herrera. Was that in 1981?

Senator Alvarez. In 1979. But since then, there has been no infusion of additional capital. As a matter of fact, the government premium which is 3.5 percent of the total 8 percent premium is in arrears of P542 million over the last 13 years. In effect, they cancel each other.

Senator Herrera. There is no government subsidy for the past 13 years except the initial capitalization of P750 million.

Senator Alvarez. None, except for a trust fund which came from the special trust proceeding from the residue of funds from the *Masagana 99* program.

Senator Herrera. If I am not mistaken, Madam President, every year there is a subsidy to PCIC. Last year, there was a subsidy of something like P50 million. Could the Gentleman ask the officers of PCIC whether this is correct or not? The government has been subsidizing them on a yearly appropriation and the last time it is something like P50 million, if I am not mistaken.

Senator Alvarez. These are the premium subsidies, Madam President. This is the 3.5 percent which the government adds on to the premium of 2.5 percent paid by the farmers and to the premium of 1.5 percent which is shared by the lending banks.

Senator Herrera. Whatever it is, this is still taken from the national budget to subsidize part of the operations of the PCIC.

Senator Alvarez. That is right, Madam President.

Senator Herrera. Precisely. That is why my question is: Could the Gentleman give us an idea as to how much we have invested or given to the PCIC for the past 13 years so that we can have a good idea of the amount that the national government has invested in the PCIC? How much do we intend to put up as the additional amount in the next 10 years?

Senator Alvarez. Theoretically, Madam President, over the last 13 years, because of this premium subsidy, there has been a subsidy of roughly about P500 million plus— $1,350 \times 13$ would be somewhere around P600 million. But in the earlier years, the subsidy has been lower than that. I do not have the exact figures.

Senator Herrera. Can we have that report later, Madam President?

Senator Alvarez. Yes. For the information of the Gentleman, the uncollected premium from the government also amounts to P542 million. That is why I said they have cancelled each other out. We will ask for more explicit figures, Madam President.

In the direct operating subsidy, there is none. The premium subsidy has been exactly, as I have said, P509 million over the last 13 years.

Senator Herrera. Is it the intention of the charter of this corporation that the government will have to continue paying subsidy to the PCIC? Or is the PCIC envisioned to become self-sustaining, Madam President?

If the intention is to make the PCIC self-sustaining, could the Gentleman tell us why until now the government has to continue subsidizing the PCIC?

Senator Alvarez. There is a study which was conducted by the PCIC, and indications are that the marginal subscriber to this program will not have the capacity to cover the entire premium. So, they could not be brought into the program unless there is a subsidy from the government and from the lending banking institutions, and that the premium being paid by the farmer is radically reduced to 2.5 percent of the total 8 percent of the premium for the benefits or the insurable interest.

Senator Herrera. In effect, what the Gentleman is saying is that, we cannot see the light at the end of the tunnel where we can say that this corporation will eventually be self-sustaining, and that the government does not have to give subsidy.

Senator Alvarez. That is correct, Madam President. Even when it becomes an attractive area for insurance, they will be bid out of the market. We just have to withdraw this operation from the market.

Senator Herrera. In this proposed amendment of the charter, where we will be increasing the capital stock from P750 million to P2 billion, Madam President, what can we expect of the PCIC? Can we expect them to be viable in the next two or three years? Or two or three years from now, they will come back and say, "Look, the P2 billion is not enough. We need an additional infusion of capital."

May we be given an assurance or clear indication of where we are going, Madam President? This amount of P2 billion is not peanuts; this is, in fact, a very big amount.

Senator Alvarez. Madam President, actually, they will not be able to arrive at the P2-billion capital base. This is going to be an accretion which is spread out over a period of six years to be able to build the bulk capital of P2 billion. And the program is that if they are already in the ballpark figure of P2 billion, then they can be, actuarial-wise, viable. They can move to other high-value crops like asparagus. They can expand their coverage of plantation crops like banana or tobacco. There are

proposals to go into cutflowers. But that critical mass of P2 billion, in their calculation, is needed so that they can be more flexible and they can transform it into a self-sustaining operation. Premiums will no longer be subsidized; otherwise, it can be reduced.

Senator Herrera. So what the Gentleman is saying, Madam President, is that after a period of six years, this corporation will become self-sustaining. Is this correct?

Senator Alvarez. That is the expectation, Madam President.

Senator Herrera. What was the expectation, Madam President, when this corporation was organized and was given a capital stock worth P750 million? What was their projection at that time?

Senator Alvarez. The program design is to bring them into the financing system to enable small farmers to loan and access available funds for agriculture so that they can be more financially flexible, aside from the fact that it was also intended to protect them against the contingencies of adverse weather and the like, which are covered by the insurance program.

Senator Herrera. What I can figure out now with the statement of the Gentleman, Madam President, is that at the time this corporation was organized and was given P750 million, and because of the failure of the government to provide the total amount of P750 million, there was a problem on the viability of the corporation. That is why they are asking for additional capitalization. Is this correct?

Senator Alvarez. Yes, Madam President. The area for coverage is so vast. There is no way whereby the corporation could move into financially profitable crops, insurance-wise, using the insurance mechanism. So if they are able to expand with the additional capital of P2 billion, they may be able to cover crops which are not plainly marginal. They may even consider going into coverage of agricultural tools and facilities or equipment.

Senator Herrera. We will come to that later, Madam President. I would just like to focus first on the reason why they failed to become viable at P750-million capitalization, and now they are coming back to us and asking for additional P2 billion.

Senator Alvarez. The effort really here is to expand operation, give the financial institution more muscle so it can cover more and enable them to go into profit areas. It will then be able to cross-subsidize the non-profitable operation which is its coverage now.

Senator Herrera. What the Gentleman is saying, Madam President, is that, as it is, with the P750 million, they can only cover a certain sector of agriculture in a way that there is no possibility that they can be viable. That is why he is asking for P2 billion in order that they can expand to other crops which, as he said, there is a possibility that they can be viable after six years.

Senator Alvarez. Yes, Madam President. They can be viable and may be able to cross-subsidize the traditional areas where subsidy is being given by the government.

Senator Herrera. Madam President, yesterday, one of the Sponsors, Senator Macapagal, raised the question whether this was also referred to the Committee on Finance because of the tremendous financial requirement in order to provide additional capital to this corporation. There was an assurance that the Chairman of the Committee on Finance has no objection; that we can submit this for Second Reading, giving the impression that there was a discussion on the budgetary requirements which is P2 billion.

I would like to know, if in the present budget of the Department of Agriculture or in the present budget proposal of the PCIC this financial requirement for 1996 is already included. And if it is included, will the Gentleman tell us how much that amount is?

Senator Alvarez. This year, there is no specific allocation.

Senator Herrera. What about in 1996?

Senator Alvarez. Last year, Madam President, this measure was already passed upon and approved by the House, but it did not pass the Senate. So, we can say with confidence that there is already an approval in principle.

Senator Herrera. Yes, but what I am asking is whether the financial requirements now as mandated under this bill—and if we have to approve it this year since under the provision of this bill the budgetary requirement will be provided in the next calendar year, referring to 1996—are included in the budgets of the Department of Agriculture and the PCIC.

Senator Alvarez. Madam President, it is not yet included, but if we should approve this, there may be no need for an infusion of allocation for the first year.

Senator Herrera. And how much would that be, Madam President?

Senator Alvarez. The first year, Madam President, will

draw funds from a special trust fund.

Senator Herrera. How much would that be?

Senator Alvarez. It would be about P113 million.

Senator Herrera. It would be P113 million for their insurance. But what about the additional amount needed for the increase of the capital stock which would amount to P2 billion, may we know how much would that be?

Senator Alvarez. This is in a graduated scale spread over a period of six years to reach roughly P2.3 billion, but we will have to do it for 11 years. So that on the first year, if we should approve this, there is a trust fund of P113 million.

Senator Herrera. Is that the only requirement for next year?

Senator Alvarez. For next year, there is another fund—the P350 million fund from the Agrarian Reform Fund under the Office of the President which could be extended because the target community here would be mainly agrarian reform beneficiaries without allocation from the GAA, but with the approval of the Secretary of the Department of Agrarian Reform.

I think, in principle, this has already been discussed amongst the executives in the executive branch.

It is on the third year, in 1997, where the budgetary allocation would have to be made for P350 million.

Senator Herrera. I am not concerned with the 1997 allocation, but I am concerned with the 1996 Budget—whether we have the funds that we can use for the additional premium.

Senator Alvarez. There is a fund available and it need not be allocated.

Senator Herrera. Is this a fund of the Department of Agrarian Reform?

Senator Alvarez. Agrarian Reform Fund, yes, Madam President.

Senator Herrera. And is this fund not earmarked for a specific purpose for the Department of Agrarian Reform?

Senator Alvarez. The trust fund has been used to help other agencies that support the Agrarian Reform Program like the DPWH and the Department of Agriculture. This one would be within the ambit of that support system.

Senator Herrera. Could the Gentleman tell us, Madam President, how much money we have in this trust fund, and what are the possible expenses for 1996 that will be taken from this trust fund, so that we will have a good idea as to how much requirement is needed by the PCIC and where to get these funds?

Senator Alvarez. The Agrarian Reform Trust Fund from last that I remember is only about P2 billion plus.

Senator Herrera. Yes, but I would like to know. They might have P2 billion plus, but this might have been earmarked for a specific expenditure. I would like to know whether there is really such an amount in this trust fund that can be used by the PCIC.

Senator Alvarez. I have not personally inquired into this. But on good authority, I am told that aside from those that are forthcoming from the PCGG, there is enough amount to help raise this proposed P350 million.

Senator Herrera. Madam President, I think this Chamber would appreciate it if we can really have a certainty that there is this fund available and, as the Gentleman said, this should be taken from the trust fund of the Department of Agrarian Reform.

How much of this trust fund is available for the PCIC and what are the other expenditures that will be charged to this trust fund?

Senator Alvarez. We will send a detailed report on this, Madam President, to inform the Gentleman and this Chamber.

Senator Herrera. Madam President, earlier, the Gentleman mentioned that in order to make the PCIC viable, it has to expand its coverage to other crops. Could he tell us what criteria will be followed by the PCIC Board in determining which crops should be covered by the PCIC?

Senator Alvarez. They have expanded the coverage already to include tobacco. They have covered about a certain acreage of banana plantation at P100,000 per hectare. When they are in the drawing board and when they have the financial capability, they are considering to expand their operation into agriculturally-related activities including acquisition of farm machineries for agriculture which would be financially viable.

Senator Herrera. Since when have they started covering banana and tobacco, Madam President? My understanding is that this is one of the amendments to the Charter—to give them

authority to cover other crops. So I would like to know under what authority has the board decided to cover other crops.

Senator Alvarez. Since last year, and they had a presidential approval.

Senator Herrera. Is it through a presidential approval?

Senator Alvarez. Yes, Madam President.

Senator Herrera. Is that allowed under the present charter, Madam President?

Senator Alvarez. It is allowed under the present charter.

Senator Herrera. May we know, Madam President, how much was spent by the PCIC in the payment of premium on a specific crop covered by their insurance?

Senator Alvarez. If the Gentleman is asking for a breakdown, a yearly average from 1981 to 1994 for rice, the amount of coverage is P1.6 billion.

Senator Herrera. Is that the amount paid by the PCIC?

Senator Alvarez. Yes, Madam President.

Senator Herrera. May we know the collection rate, Madam President?

Senator Alvarez. It is not broken down into crop basis, but the collection was P1.952 billion.

Senator Herrera. May we have a breakdown on a crop basis, by region or province so that we will have a good idea which province has a high collection rate, which province has a very low collection rate, and which province has been covered by the PCIC under its program.

Senator Alvarez. We will do that, Madam President. We do not have specific breakdowns by province on the crops. We only have aggregates.

Senator Herrera. I would appreciate it, Madam President, if we can be provided with that, because I would like to focus on these issues in my succeeding interpellation.

Madam President, under this bill, there is a provision—and let me read the provision:

PROVIDED, HOWEVER, THAT THE SHARE OF THE GOVERNMENT IN THE PREMIUM COST,

IN THE FORM OF PREMIUM SUBSIDY, SHALL BE LIMITED ONLY TO SMALL-SCALE/ SUBSISTENCE FARMERS EACH OF WHOM IS CULTIVATING NOT MORE THAN SEVEN (7) HECTARES BY HIMSELF OR WITH THE HELP OF THE LABOR OF THE MEMBERS OF HIS HOUSEHOLD AND HIRED LABOR.

Madam President, could the Sponsor give us an idea of the number of workers or laborers who will be covered by this provision based on the seven-hectare limitation?

Senator Alvarez. Madam President, we have aggregate figures. What they are able to cover among rice farmers is 150,000 per annum. And if we include a family of five, that is times five, that would be around 150,000.

Senator Herrera. That is around 150,000 per annum.

Senator Alvarez. Yes, per annum. Those are the workers within a household who may possibly benefit under the program.

Senator Herrera. Could the Sponsor tell us how many rice farmers will be covered, Madam President?

Senator Alvarez. That is the rice farmers. But among the corn farmers, which is much less, it is only one-third.

Senator Herrera. It is only one-third.

Senator Alvarez. No, 25 percent, to be exact, of those that are covered among rice farmers. So that is about 25,000 times five would be 125,000, Madam President.

Senator Herrera. About 125,000 for the corn farmers, and then about 150,000 for the rice farmers.

Senator Alvarez. Yes, Madam President, but those are rough estimates.

Senator Herrera. More or less, Madam President, how much is the subsidy that will be provided by the government?

Senator Alvarez. The subsidy is about 3.5 percent of the 8 percent of premiums.

Senator Herrera. That is P150,000, as the Sponsor said.

Senator Alvarez. No, those are the number of workers who are being assisted under the subsidy program.

Senator Herrera. Is that 150,000 per worker?

Senator Alvarez. Per season, Madam President.

Senator Herrera. Covering how many workers?

Senator Alvarez. One hundred fifty times five, Madam President, is about 750,000.

Senator Herrera. That is about 750,000 workers. How much does the government spend in terms of subsidy to benefit the 750,000 rice farmers?

Senator Alvarez. The gross premium per annum is P139 million so that about 45 percent of that is subsidized by the government.

Senator Herrera. Of the P39 million?

Senator Alvarez. One hundred thirty-nine million pesos.

Senator Herrera. Can we have an exact amount on the number in the case of corn, rice, banana, and tobacco because, as the Gentleman said, under the present system, we are already covering the tobacco and banana workers.

Senator Alvarez. Banana is not subsidized, and I think it is self-liquidating. But rice and corn are subsidized.

Senator Herrera. What about tobacco?

Senator Alvarez. There is also no subsidy in tobacco.

Senator Herrera. Could we have the figures later, Madam President?

Senator Alvarez. We will submit that, Madam President.

Senator Herrera. What other crops will be covered in the future? As I said, I would also like to know what criteria will be used in determining such crops that will be covered under the program of the PCIC.

Senator Alvarez. Madam President, they can move to cutflowers. They can insure asparagus, even *kasoy* nuts. It will depend on the actuarial feasibility and the reinsurance facilities.

Senator Herrera. Does the Gentleman not think that it would be a good idea to establish the criteria as the bases in the selection of crops that will be covered by the insurance rather than just leave it to the members of the board to decide?

Senator Alvarez. I think this is an arena which I would rather delegate because it will demand more specific information before they undertake the necessary investments. If we prescribe at this point and the market or the financial situation cannot allow it, it will hamstring the operation of the corporation.

Senator Herrera. Yes, but I thought that the priority of this bill is to provide support to marginalized farmers. My worry is, if we give absolute power to the board, we might be neglecting certain sectors in agriculture which are in need of the support of the government in favor of certain sectors which do not need support.

Senator Alvarez. Madam President, perhaps, during the period of amendments, we can indicate where the expansion must be precisely to carry out the intended purpose. But I am concerned that if this Chamber sets the crops and mandates the areas, agricultural activities that must be covered, the specific information needed for entering into such ventures will not be readily available to this Chamber.

We can, of course, do that. But going to the nitty-gritty of investigating commercial feasibility and gathering the actuarial evidence in order to embed a mandate, may not be the most useful deployment of the scarce and limited time of the Senate at this point. I would rather, as an approach of crafting a policy with sufficient flexibility for an implementing agency, define the mandate in more general terms.

Senator Herrera. That is only good, Madam President, if it will not be the taxpayers' money that we will be using to provide subsidy. But if it is the taxpayers' money that we are using, I think there should be certain guidelines to assure the taxpayers that the money is really put in good use.

I do not mean that we have no trust and confidence in the members of the board. But I feel strongly, Madam President, that there should be some kind of a guideline so that there will be no abuses, and we can assure the taxpayers that the money will be used for what it is intended because we are talking here of billions, not thousands.

Senator Alvarez. I will have no objection to that, Madam President. But, again, I will state with caution that this delegation of authority has sufficient constraints and safeguards as much as needed to carry out a given social objective.

Senator Herrera. Could the distinguished Gentleman just explain to us, Madam President, the meaning of this provision appearing on page 3, lines 19 to 21, which states: *PROVIDED, FURTHER, THAT THE PREMIUM SHARE OF THE SMALL-SCALE/SUBSISTENCE FARMER SHALL BE REASON-*

ABLY AFFORDABLE BY HIM.

Does this mean, Madam President, that there will be different rates? We will have no uniform rates, but different rates depending on the capability of the farmer to pay the share of the premium. Is this the intention of this provision so that it is possible that there can be 1,000 rates in a particular province or region?

Senator Alvarez. No, Madam President. The intention here is, among farmers of the same class and the same products, there will be a uniform rate, but the criterion is to define a rate that will be affordable.

Senator Herrera. What is the intention of this provision, Madam President, which states: "WHERE THE PREMIUM RATE AND SHARING TO BE DETERMINED BY THE BOARD OF DIRECTORS subject to the approval of the President of the Philippines"? Is there really a need to have this approved by the President, or would it be sufficient that in the law, we have to outline the guidelines so that we can dispense with the approval of the President?

Senator Alvarez. Madam President, because there is a premium subsidy from the government.

Senator Herrera. I agree, that is why earlier, Madam President, I made a proposal that we should establish a guideline so that there will be no need for the board to submit its recommendation to the President for his approval.

I think Congress should be the one to establish the guidelines. Perhaps that will make the job of the board of directors easier and that will make the function of the office more efficient.

The President is too busy. I do not think that every time they make a recommendation on what should be the rate of the premium on a particular region or province, we have to submit that to the President.

Senator Alvarez. I quite agree with the distinguished Gentleman. But there is an advantage to that because when they do the annual changes, there may be some changes in the information or in the conditions of the area that is covered. If we prepare the guidelines here and these guidelines are going to be operational throughout the lifetime of the corporation, there are changes and fluctuations of information in the area where the coverage will be done which could hamstring the capacity of the corporation to make smart decisions according to the contingencies of the years in which the decision is made. Whereas, in the case of presidential approvals, since these approvals are made

perhaps in the given year that the decision is made, there is a period available to make the adjustment.

Senator Herrera. Madam President, I would like to assure the distinguished Gentleman that the guidelines that I envision do not mean to obstruct, but to facilitate the function of the PCIC. Anyway, at the appropriate time, during the period of amendments, I will prepare changes to achieve the said vision.

Senator Alvarez. We will look into that during the period of amendments, Madam President.

Senator Herrera. Madam President, in addition to the budgetary requirement which the distinguished Gentleman estimated to be something like P300 million next year or P130 million...

Senator Alvarez. One hundred thirty million pesos on the first year, P350 million on the second year from the Agrarian Reform Fund, and on the third year, that is where we will need an appropriation.

Senator Herrera. So the entire P2 billion, Madam President, will be taken from the trust fund of the Department of Agrarian Reform.

Senator Alvarez. Only the P350 million.

Senator Herrera. What about the balance, Madam President?

Senator Alvarez. The balance will be from the allocations of the government.

Senator Herrera. From the government?

Senator Alvarez. Yes, Madam President.

Senator Herrera. If we look at the revenue projection of the government, Madam President, and if we have to consider the various legislative and executive measures which we have approved this year and last year, including the proposed tax reform, the government will lose something like P32.6 billion. I am just wondering where we can get the P1.6 billion unless this will be accompanied by a tax measure earmarked for this purpose.

Senator Alvarez. Madam President, this was passed by Congress in the previous session, I think last year, in the Ninth Congress. In that calculation, I think we pinned our hopes that somewhere there is an opening that could be created in order to accommodate the needed allocations for this. After all, the P2

billion will not be an insertion in one budgetary year. This is going to be broken down over a period of six years and if we persist to increase it to P2.3 billion, it can be broken down over a period of 11 years.

Senator Herrera. But even with that, Madam President, let me just make a comment that after we approved this last year, there were several legislative and executive measures disapproved by Congress and Malacañang. The latest is the reduction on tariff.

That reduction on tariff, Madam President, would be a substantial loss of revenue to the government. I am just expressing this concern because if we look at the budget of the government now, we are talking of something like P473 billion.

I really cannot find any justification on how we can provide that budget, Madam President. Then if we put this as an additional requirement, I am afraid that the government will not be able to provide the necessary funds. Unless this will be accompanied by tax measures, we might have a problem.

But anyway, Madam President, I would like to think that with the assurance of the Chairman of the Committee on Finance that he has no objection to the financial requirement of this, he must have other means or ways to look for funding for this bill.

Senator Maceda. Madam President.

The President Pro Tempore. Senator Maceda is recognized.

Senator Maceda. Just to contribute to the issue on the floor. Last night, the LBRMO gave me the transcript of the hearings of the Committee on Finance on this matter. And it turns out that of the P2 billion that is required as additional equity, following the standard procedure on subscription and paid-up, what is needed to be paid up only is P400 million.

Senator Herrera. That is for 1996?

Senator Maceda. Yes, to infuse the P2 billion. And the P400 million is proposed to be taken as follows: P150 million from the PCIC itself, from their trust fund; another P100 million from the Department of Agrarian Reform, and the P150 million will be the only one that has to be provided for, although I am minded to even switch that around and get another P150 million from the Department of Agrarian Reform. The General Appropriations bill will only provide for P100 million which we could probably realign from some of the increased appropriation of the Department of Agriculture.

Senator Herrera. Fine, if that would be the case, Madam President. So that for 1996, the funding for this is assured.

Madam President, on page 7, line 16, under the title A SETTLEMENT OF CLAIMS, where there is difficulty because the claim is controversial, the decision of the Regional Office will be elevated to the President/Executive Vice President of the Corporation for decision. May I know why this will not be elevated to the board and that the decision will be elevated to the president or vice president of the corporation?

Senator Alvarez. Madam President, on first impression, claims like these are of executive jurisdiction. They are not really policy setting although there is nothing that will prevent the board of directors to take cognizance of this claim and set uniform rule in subsequent years.

Senator Herrera. So, what the distinguished Sponsor is saying is that this is a matter which can be left to the executive officials of the corporation rather than the board making a decision on a claim which is novel, difficult or controversial.

Senator Alvarez. Yes, Madam President.

Senator Herrera. I thought that in claims of this nature, there is really a need to come out with a policy and it is only the board which can do that.

Senator Alvarez. That, or we leave it to a precedent-setting practice of the corporation.

Senator Herrera. Thank you, Madam President. I would like to thank the Gentleman from Isabela for giving me the opportunity to ask some questions. I just hope I can be provided with the data and the documents I asked for earlier, so that we can terminate my interpellation tomorrow.

Senator Alvarez. Thank you, Madam President.

The President Pro Tempore. The Majority Leader is recognized.

Senator Romulo. Madam President, for the next interpellator, may I ask that the distinguished Minority Leader, Senator Angara, be recognized.

The President Pro Tempore. The Minority Leader, Senator Angara, is recognized.

Senator Angara. Thank you, Madam President. Will the distinguished Gentleman care to answer some questions?

Senator Alvarez. With pleasure, to the Gentleman from Quezon and Manila.

Senator Angara. To start with, Madam President, we support this bill because we find that this is needed especially to make our agriculture competitive. But we would like to ask some questions.

For one, on definition. What other crops will be covered here? I seem to hear the Gentleman say the other day that even animals would be covered by this insurance. Is that correct?

Senator Alvarez. Yes, Madam President. What would be the purview of agricultural production would be the other crops. The design of expanding the capacity for coverage really is to move to more viable crops so that there can be, at some future point, cross-subsidy.

I can conjecture at this point that the other crops would be — as they have done last year, areas which yielded commercial benefits and not just discharging their function of subsidizing — crops like tobacco, which they did cover last year, and to some bananas.

Senator Angara. It is clear that the reference here to crops include animals. Would that be correct?

Senator Alvarez. Yes, Madam President.

Senator Angara. Would it also include aquaculture, say, cultured fish?

Senator Alvarez. I think it may also include that. Although by strict definition, if we are using the land reform law, that is not an agricultural crop.

Senator Angara. This would be important in interpretation, Madam President. Can we have a more categorical answer whether it is included or not?

Senator Alvarez. I would sympathize with the flexibility of allowing the coverage of prawn farms and other fish products.

Senator Angara. I am not very clear on how and by what standards would the premium subsidy be allocated between subsistence or small-scale farmers and the other sharers in the risks. What standard will the board use in allocating the subsidy that will be granted to a subsistence or small-scale farmer?

Senator Alvarez. The board in the past, when it had set the standard of 3.5 percent for government subsidy, 2.5

percent for farmers' premium and 1.5 percent from the bank, had used an experience which it gathered over a period of five years on countryside conditions. And using some actuarial computations on this experience, it came up with these specific numbers.

Senator Angara. For instance, just to illustrate the application of that formula. If it is a seven-hectare palay farmer against a seven-hectare cutflower farmer, how would the insurance corporation determine whether to give a smaller, or whether at all a subsidy will be given to that cutflower farmer? And if at all a subsidy may be granted to that cutflower farmer, what formula will be used to determine the amount?

Senator Alvarez. I think in the case of cutflowers and other similar high-value crops, there will be no subsidy. They will have to operate the computation with actuarial assistance.

Senator Angara. Now, there is again that another definition of small-scale/subsistence farmer. In other words, small-scale/subsistence farmer really means "subsistence farmer". It is not simply because one is a small-scale farmer cultivating 7 hectares that he is entitled to premium subsidy, is that the correct interpretation, Madam President?

Senator Alvarez. That is right, Madam President.

Senator Angara. That a subsistence farmer means that one must be a hand-to-mouth type of farmer. Otherwise, the crop insurance will be subsidizing even a cutflower farmer tilling 7 hectares, and such similar farmers?

Senator Alvarez. That is correct, Madam President.

Senator Angara. I am still bothered, Madam President, by this premium subsidy. Does the crop insurance, by practice, follow the same practice of loss-ratio as in private property insurance? A loss ratio, meaning that "X" amount of premium received can be paid for in terms of losses. As I understand it, in private property insurance, the ratio is 60 percent, which means that for every peso of premium received, the insurance can afford to pay P0.60 of P1.00 in losses and still make the company viable.

Can we find out, for the record, whether the Philippine Crop Insurance Corporation also follow a similar loss-ratio formula to insure the viability of the corporation?

Senator Alvarez. I do not think so, Madam President, because this is a subsidy scheme. A private corporation needs to create a kind of sinking fund in order to allow its operation the capacity to survive in the market.

Senator Angara. But I suppose, Madam President, the coverage of this is not only to subsistence farmers. In fact, I would be interested to find out the proportion of insurance obtained by subsistence farmers in relation to the total number of farmers getting crop insurance so the loss-ratio is still applicable to farmers who can afford to pay premium in full.

Senator Alvarez. If and when we should have expanded the financial capacity of this corporation, Madam President, I can imagine that the board will have to embrace measures and methods in order to cover other crops which are financially viable, and not only be subsisting on subsidy.

Senator Angara. Yes. What I am really trying to find out, Madam President, is the standard being applied by the board in weighing this insurable risk and in calculating the subsidy. For instance, I cannot conceive of a property insurance or a crop insurance that has an open-ended risk, one which will just accept any risk or is prepared to pay the amount of losses no matter how huge it will be. Otherwise, this insurance scheme will be perpetually subsidized by public taxes and we will never see the end of subsidy to this scheme.

Senator Alvarez. If and when the board moves on insurable crops, insurable in the competitive sense, then I imagine they will be using a standard like the loss-ratio which will insure the viability of their operation and they can undertake the cross-subsidy.

Senator Angara. But are they, in fact, applying the loss-ratio, Madam President?

Senator Alvarez. For commercial crops, they would like to operate market-rated premiums, Madam President.

Senator Angara. Yes, and what is the loss-ratio that the insurance company is following?

Senator Alvarez. Seventy percent.

Senator Angara. Does that mean that the PCIC can afford to pay out P0.70 out of every peso premium collected?

Senator Alvarez. They have done it for commercial crops like banana and tobacco.

Senator Angara. Is there a "stop loss" in the coverage? Meaning, is there a limit beyond which the corporation will not pay the insured risk, or is it an open-ended coverage?

Senator Alvarez. For rice crop insurance. I think there is.

Senator Angara. An open-ended coverage.

Senator Alvarez. No. They have a cut-off point.

Senator Angara. They have ceilings, a "stop loss." Now, there is a provision in the old law, in the existing presidential decree, that the indemnity for losses shall not exceed at all times the costs borne by the insured farmer in the production of the crop. I notice that this ceiling or this "stop loss" provision has been removed in this amended law.

Is there any reason why this was removed? Are we now saying that the corporation is willing to accept an open-ended risk?

Senator Alvarez. It is the intention of the corporation to partly cover the yield. It will not restrict itself to covering inputs only, like chemicals and the labor of the farmer and his family.

Senator Angara. Even if the intent is to cover other factors than production inputs, I can see the wisdom of the original provision that the indemnity should not exceed the total cost to the farmer which was deleted in this amendment.

Senator Alvarez. Madam President, there has been a recurring complaint in the countryside that if there is a cut-off point, this has been applied so badly against the farmer that nothing is left for him to be able to carry on for the next season while waiting for the next crop.

Senator Angara. Madam President, I think this does not exclude taking into account really the actual production loss of the farmer in trying to cover it as much as possible. What I am just saying is that by eliminating the provision on this "stop loss," the total loss that the corporation is willing to pay cannot go beyond the production loss of the farmer. We are now in effect saying—and I hope we are not—that the coverage can now be open-ended. Whatever the farmer can prove that he lost, he will be able to claim which no insurance in the world will ever accept. I think it is not a prudent insurance practice to have eliminated this ceiling.

Senator Alvarez. I think the intention here is to cover some parts of the crop. At the opportune time, perhaps we can specify that coverage to remove the ceiling on inputs and open coverage of crops.

Senator Angara. I think the principle of "indemnity for losses shall not at any time exceed the production loss of the insured" should be reinstated as a matter of prudent principle in the new amendment, Madam President.

Senator Alvarez. We will welcome that amendment at the opportune time, Madam President.

Senator Angara. Another bothersome issue here, Madam President, is that apart from the production input, we are also now going to cover the farmer's own labor as well as his household. How is the Gentleman going to ascertain that, Madam President?

Senator Alvarez. There are standard measures which are conventions in the countryside. These standards have been set by the Department of Agriculture.

Senator Angara. Can we just illustrate that for the record, Madam President? For instance, for a *palay* farmer and an orchard farmer. What is the labor attributed to a farmer tilling a rice farm and a farmer maintaining an orchard of mangoes, *calamansi*, et cetera?

Senator Alvarez. The standard being observed is 75 percent for inputs and 25 percent for labor.

Senator Angara. The labor component is determined by the input. If I put in P1,000 worth of fertilizer, P1,000 for pesticide, that means P2,000; 25 percent of P2,000 is automatically the labor input. Is that what the Gentleman means?

Senator Alvarez. I do not believe so, Madam President. What would be available of the 25 percent would be the ceiling of the labor that has been expended. So that the labor cost would not be an infinitely extendible cost, it would be 25 percent, and if there is an excess of that, it cannot go beyond 25 percent.

Senator Angara. But who will decide that, Madam President? Who will evaluate that extra labor beyond 25 percent?

Senator Alvarez. The company has regional offices which will evaluate this. They have adjusters of some kind in the countryside with experiences shared with the technicians of the Department of Agriculture, Madam President.

Senator Angara. But can the Gentleman illustrate, Madam President, for my own enlightenment, how that 25-75 percent formula is applied?

Senator Alvarez. Madam President, let us assume that if the insured material is in the round figure of P100, then P75 will have to be allocated for fertilizers, chemicals, and even the certified seeds, and the 25 percent remainder will have to be allocated to the labor that has been expended. And if it can cover the labor of the head of the family and those who have shared the labor within the family, then they will also be covered by the insurance.

Senator Angara. In other words, Madam President, the calculation of the labor component is dependent on the amount

of the production inputs. Is that correct?

Senator Alvarez. Yes.

Senator Angara. If we add up the production inputs—certified seeds, fertilizers, pesticides, et cetera—it will come up to an actual amount, which the Gentleman automatically calculates as 25 percent and that is the assigned labor cost. Is that how it is applied?

Senator Alvarez. The insurance per hectare is P10,000. So P7,500 is calculated for material inputs, and the balance of P2,500 or 25 percent would be for labor inputs.

Senator Angara. All right. I just want to make that very clear, Madam President, because this is a new calculation being included in the risk coverage.

There is also the new risk coverage which is the expected yield. How do we calculate expected yield, Madam President? We can also cover loss of yield, but how do we calculate the loss of yield to be covered by insurance?

Senator Alvarez. Well, there are expected yields given the quality of the crop and perhaps the region where the crop is planted. There is history whereby these calculations are made and the figures are shared with the Department of Agriculture. They have a Statistics Bureau that handles this. When the insurance contract is entered into, these are the reference points.

Senator Angara. For *palay*. What about the other crops now?

Senator Alvarez. For *palay* and for other crops, if we have to have a history of the other crops as well.

Senator Angara. Since we have no history yet of the other crops being covered or will be covered by this, we still do not have experience. We still do not have a scale.

Senator Alvarez. Yes, Madam President, unlike property, in the urban sector or land where there are accepted measures of undertaking this over and above its assessed value.

Senator Angara. I suppose the same standard used in *palay* will be applied to other crops in estimating the potential loss of yield.

I am just curious if we do not have yet the standard for non-*palay* crops, it may take some time before a farmer can apply insurance on non-*palay* crops.

Senator Alvarez. That difficulty will be confronted on non-*palay* and non-corn, Madam President. In the case of tobacco and banana which have a history of production, the available figures were used.

Senator Angara. I am not too much worried, Madam President, over traditional crops like tobacco, *palay*, sugar and even coconut because we have a long experience with them. But I am more concerned about the new crops that we are developing in the country, like cutflowers, asparagus, et cetera.

Senator Alvarez. Such as asparagus, if they should cover, or cutflower, if that should be the case. I will, if I were the manager in crafting the insurance agreement, air in favor of a more moderate and conservative estimate on these things, Madam President.

Senator Angara. Is there a requirement on the part of the insured to submit proof of his actual loss like in private property insurance?

Senator Alvarez. The standard practice is for inspectors to go over the damaged site.

Senator Angara. Yes, but at the first instance, I suppose the insured submits to that appraiser the nature and extent of his loss which the appraiser will now verify.

Senator Alvarez. Yes, there is, Madam President.

Senator Angara. That is why, Madam President, it is very important for us to know the standards that will be used in calculating yield or anticipated loss of yield as well as inputted labor of the farmer and his household.

As we know in private insurance, most of the fraud in insurance claims is in the amount being presented and being asked for payment. So this is a very critical area in insurance and I suppose in crop insurance as well.

Let me move to the board, Mr. President. Crop insurance—I do not know much about it, but I know a little about private property insurance—is similar to private insurance. It is really such a complex and technical business.

Without reflection on the present board, can the Gentleman tell us why the board of this crop insurance corporation is mostly ex officio: Seven Cabinet members and now we are adding four representatives of potential beneficiaries? What is the rationale for putting “busy-busy” people to sit in the board and imposing such a high standard of management and judgment on this board?

Is that not something to worry about, Madam President? Should we not put a real professional board on this tremendous and huge program of government rather than half-time, very busy people?

Senator Alvarez. Well, these are men of experience and the original intention here was to address the field of social concern—agriculture. The company has begun to organize its own systems of management which would aid the board in discharging its duty. They have, for instance, began a program of strengthening their actuarial division in the board. So ultimately, Madam President, I think, because there is an 11-year buildup for the capitalization, the company will be able to provide for the necessary support mechanism to strengthen the decisions of the board.

Senator Angara. I have no doubt, Madam President. I have very little reservation about creating a professional management. But my principal reservation is, in having almost a part time ex officio-type of directors and here, under this law, we are putting so much judgment and we are expecting so much of them in terms of standards, decision, and judgment that I am afraid we may not be able to develop a truly professional crop insurance in this country.

The Gentleman and this Representation have had experience, Madam President, sitting also in some agencies where ex-officio department secretaries sit, and we find that many times we just sit across their undersecretaries or their assistants. I suppose this program is so important that we ought to really tap the best minds in management and in insurance, in particular, to sit as a professional board.

Senator Alvarez. When I was also sitting with the board, Madam President, I did not have a permanent alternate. But the Secretary of the Department of Finance had a permanent alternate, and the Secretary of the Department of Agriculture had a permanent alternate. Those who have been expected to focus on this arena were providing permanent alternates so that that may have provided the necessary consistency in the decision-making.

Senator Angara. Would the Gentleman agree to reconstituting this board to provide more professional representation rather than ex officio representation?

Senator Alvarez. I will not have any objections if we assign here somebody or more than one who has had sufficient insurance competence.

Senator Angara. Yes, in particular, people with experience in insurance. Now, the other point associated with this, Madam President, is that the operation of this corporation is

really insurance. Should it not then be under the jurisdiction and supervision of the insurance corporation rather than the Office of the President?

One immediate advantage, Madam President, is that the insurance ratios and principles that are applied to private insurance company can be extended to the operation of this business. And I think there will be greater confidence in the viability and, perhaps, even in the profitability of this corporation.

Senator Alvarez. I agree with the Gentleman, Madam President, but the Insurance Commissioner sits in the board.

Senator Angara. Yes, but that is different. In fact, he should not sit in the board because he should be an outsider and not be involved in the operation.

Senator Alvarez. But as currently designed, and even as it will operate in the foreseeable future before we would have accumulated the P2 billion base capital, this will still be not a commercial market instrument. It will continue to be an intervention into the market, the subsidy program which is an instrument of the government to respond to a depressed and yet uncompetitive sector of the community.

Senator Angara. Yes, a government intervention like this, Madam President, like insurance, is not incompatible with a professional and disinterested supervision of the business. That is exactly what I am trying to suggest, that this government subsidy will be better protected if we put it outside the political jurisdiction of political departments and put it under the supervision of the insurance agency which is quasi-judicial and enjoys a certain measure of autonomy, and making the board members not political appointees but professional men and women with adequate experience in the business.

Senator Alvarez. Although the company makes yearly report to the Insurance Commissioner, Madam President.

Senator Angara. Yes, but that is different, Madam President. Many companies do that. Without subjecting it, however, to the jurisdiction and supervision of the insurance company, then it will not help.

Anyway, would the Gentleman entertain an amendment to that effect?

Senator Alvarez. Yes, Madam President, if at the opportune time the Gentleman will sufficiently explain away my thoughts that this is still a social measure of the government and is not really in the purview of an insurable competitive arena. Perhaps some flexible provisions could be embedded here to accommodate both character of service, quasi-subsidy, and

assume the competitive character of an insurance operation.

Senator Angara. As I said, Madam President, the social character of this program is not incompatible. In fact, it is consistent with providing the program with adequate governance and with an outside disinterested audit. So I am sure the Gentleman will see that that is a better scheme rather than subjecting this to political appointees as well as to political intervention.

Senator Alvarez. Madam President, I will really have no objection if, eventually, when the agricultural sector is an insurable undertaking, it should become a private operation. But as it stands now, it is not even a half-way measure. It is really a subsidy measure and a responsibility of the government.

While the sum looks big, and the magnitude is broad, actually, it barely scratches. If the Gentleman will look at the complete figure of agricultural products that must be insured, it barely scratches a very miniscule proportion which is not even, I think, 10 percent of the total agricultural productivity.

Senator Angara. That is why we want to stimulate confidence in the system, Madam President, so that we can widen the clientele. What I am suggesting would, I believe, stimulate further confidence.

Senator Alvarez. We are moving towards that direction, Madam President.

Senator Angara. Madam President, a final point. I find it very odd that this settlement of claims is so protracted and even bifurcated. Protracted because first, the proposal says that the claims can be filed with the regional office. Now the regional director has an option. He can direct the appeal to the president or the executive vice president or he may send it to the board of directors.

I think this kind of uncertainty, this kind of unpredictability in appeal is the worst thing in an adjudicatory procedure, Madam President. We must point to the claimants a certain route as well as a certain time within which their claims will be settled.

I hope that the Sponsor will take a hard look at this settlement of claims provision and simplify the appeals procedure. For instance, I cannot really understand why the appeal can be made to the President/Executive Vice President. Does that mean that one can appeal to either one? Why President/Executive Vice President, and then on top of that, the appeal can go to the board of directors?

I think we must make up our mind, whether the appeal will go to one office or not rather than these three personalities.

Senator Alvarez. We have noted this, Madam President, and the explanation is that, when there are these multiple claims and they all come at the same time, then they are able to share the responsibility of settling the claims in a more expeditious way.

Senator Angara. But that is worse, Madam President. That will compound the confusion; that will create more confusion because, technically, the president may decide one set of claims differently from that of the executive vice president or that of the board of directors. Then we will spawn a variety of decisions and controversies. We must really clarify this line of appeal and the ultimate point of appeal.

Senator Alvarez. We will look into that at the opportune time, Madam President.

Senator Angara. I heard the tail end of Senator Herrera's interpellation, Madam President. What is the total amount of appropriations needed to support the increase in capitalization of P1.7 billion and the accrued or unpaid claims or unreleased government premiums subsidy for 1981 to the present?

Senator Alvarez. The unreleased subsidy is P542 million, Madam President.

Senator Angara. And the additional capital?

Senator Alvarez. And the additional government capital is P1.2 billion.

Senator Angara. Thank you very much, Madam President. I also thank Senator Alvarez.

Senator Maceda. Madam President.

The President Pro Tempore. Senator Maceda is recognized.

QUESTION OF PRIVILEGE OF SENATOR MACEDA (On the Question of Quorum)

Senator Maceda. Madam President, a small question of privilege. Last night, I left the Chamber at 6:55 p.m., after the debate on this bill was suspended and when Senator Mercado was going to propose a few amendments to the Salt Iodization bill.

Madam President, I think the Chair will understand that I find now that as Chairman of the Committee on Foreign Relations, I have to attend to a certain number of diplomatic cocktails on the occasion of the National Day of the different countries.

So I was a little bit disturbed that a few minutes after I left, there was a quorum call and subsequently a roll call was made, which I certainly encourage because I used to do that when I was in the Minority. I just wanted to explain that five minutes earlier I was here, but I had to leave to attend to a diplomatic cocktail.

And just to return the compliment, Madam President, I would like to raise the question of quorum tonight also and ask for a roll call.

The President Pro Tempore. May I ask the Secretary to call the roll, please. Before we do that, Senator Alvarez would like to say a few words before we conclude the period of interpellations.

Senator Alvarez. Madam President, I wanted to ask whether there would be any more interpellators after this session, or have we ended the period of interpellations?

The President Pro Tempore. The Majority Leader is recognized.

Senator Alvarez. The Gentleman from Bohol and Cebu reserves to continue his interpellations upon the availability of the documents, Madam President.

Senator Maceda. May we now have the roll call, Madam President.

The President Pro Tempore. May I ask the Secretary to call the roll. I would request the Secretary to try to locate the other members of the Senate before the Chair declares the attendance. They must be somewhere in the building.

Senator Enrile. Madam President.

The President Pro Tempore. Senator Enrile is recognized.

**PARLIAMENTARY INQUIRY OF SENATOR ENRILE
(Re Status of Senators Not In the Session Hall
During the Roll Call)**

Senator Enrile. Parliamentary inquiry. Will this roll call mean that those who are not in the room and they are not in the building will be marked absent for this day's session?

The President Pro Tempore. I believe that we have always made the attempt to locate other Senators who are in the building, and if located, they are considered present. Maybe, a few minutes will produce more warm bodies.

Senator Enrile. Thank you very much.

SECOND ROLL CALL

The Secretary.

Senator Heherson T. Alvarez Present
 Senator Edgardo J. Angara Present
 Senator Anna Dominique Coseteng
 Senator Franklin M. Drilon
 Senator Juan Ponce Enrile Present
 Senator Marcelo B. Fernan Present
 Senator Juan M. Flavier Present
 Senator Ernesto F. Herrera Present
 Senator Gregorio B. Honasan Present
 Senator Gloria M. Macapagal
 Senator Ernesto M. Maceda Present
 Senator Ramon B. Magsaysay Jr. Present
 Senator Orlando S. Mercado
 Senator Blas F. Ople
 Senator Sergio R. Osmeña III Present
 Senator Ramon B. Revilla
 Senator Raul S. Roco Present
 Senator Alberto G. Romulo Present
 Senator Miriam Defensor-Santiago
 Senator Leticia R. Shahani Present
 Senator Vicente C. Sotto III
 Senator Francisco S. Tatad
 Senator Freddie N. Webb
 The President

The President Pro Tempore. With 13 Senators present, the Chair declares a quorum.

SUSPENSION OF CONSIDERATION OF S. NO. 1157

Senator Romulo. Mr. President, I move that we suspend consideration of Senate Bill No. 1157, the Philippine Crop Insurance Corporation Bill.

There is just one short interpellation for tomorrow at which time we shall close the period of interpellations. Thereafter, we shall proceed to the period of Committee amendments.

The President Pro Tempore. Is there any objection to the suspension of the period of interpellations of the Philippine Crop Insurance Corporation bill? [*Silence*] There being none, the motion of the Majority Leader is approved.

Senator Romulo. Madam President, we shall resume consideration of the Philippine Crop Insurance Corporation Bill tomorrow as well as the Anti-Political Dynasty Bill and other bills that might be in the Calendar for Special Orders.

Madam President, today is Wednesday. Tomorrow, we shall have our session at ten o'clock in the morning.

SUSPENSION OF THE SESSION

Before I move for the suspension of the session until tomorrow, may I just ask for a one-minute suspension of the session.

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

It was 6:30 p.m.

RESUMPTION OF THE SESSION

At 6:31 p.m., the session was resumed.

The President Pro Tempore. The session is resumed.

Senator Romulo. Madam President.

The President Pro Tempore. The Majority Leader is recognized.

SUSPENSION OF THE SESSION

Senator Romulo. Madam President, I move that we suspend this evening's session until tomorrow, Thursday, at ten o'clock in the morning.

The President Pro Tempore. The session is suspended until tomorrow at ten o'clock in the morning, if there is no objection. [*There was none.*]

It was 6:31 p.m.

RESOLUTIONS

The Acting Secretary [Atty. Raval]. Proposed Senate Resolution No. 142, entitled

RESOLUTION URGING THE COMMITTEE ON ENVIRONMENT AND NATURAL RESOURCES TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, INTO THE DAMAGE WROUGHT BY MINE-RELATED DISASTERS ON THE ENVIRONMENT IN THE COUNTRY AND TO RECOMMEND COMPREHENSIVE PREVENTION AND MITIGATION MEASURES

Introduced by Senator Alvarez.

The President Pro Tempore. Referred to the Committee on Environment and Natural Resources.

The Acting Secretary [Atty. Raval]. Proposed Senate Resolution No. 143, entitled

RESOLUTION DIRECTING THE COMMITTEE ON PUBLIC INFORMATION AND MASS MEDIA AND THE COMMITTEE ON MOTION PICTURE AND TELEVISION JOINTLY TO CONDUCT AN INQUIRY INTO THE COMPLAINT OF THE RADIO PHILIPPINES NETWORK EMPLOYEES UNION AGAINST THE ALLEGED MISMANAGEMENT OF THE RPN NETWORK BY ITS INCUMBENT PRESIDENT AND GENERAL MANAGER WHICH HAD RESULTED TO REVENUE LOSSES AND GROSS DEMORALIZATION AMONG THE RANK AND FILE OF THE SAID TV NETWORK WITH THE END IN VIEW OF RECOMMENDING REMEDIAL AND/OR NEW LEGISLATIVE MEASURES AND FOR OTHER PURPOSES

Introduced by Senator Maceda.

The President Pro Tempore. Referred to the Committees on Public Information and Mass Media; and Motion Picture and Television.

The Acting Secretary [Atty. Raval]. Proposed Senate Resolution No. 144, entitled

RESOLUTION DIRECTING THE COMMITTEE ON NATIONAL DEFENSE AND SECURITY TO CONDUCT AN INVESTIGATION, IN AID OF LEGISLATION, INTO THE COMPLAINT OF SOME MEMBERS OF THE PHILIPPINE NAVY

GOLF CLUB AGAINST THE PHILIPPINE NAVY GOLF COUNCIL (PNGC) IN REGARD TO THE ALLEGED ANOMALOUS REFUSAL OF ITS CHAIRMAN TO SUBMIT THE GOLF CLUB'S FINANCIAL STATEMENTS FROM 1990 TO THE PRESENT RAISING DOUBTS AS TO HOW THE P300 MILLION ESTIMATED REVENUE FOR THE LAST FIVE (5) YEARS WAS SPENT, WITH THE END IN VIEW OF RECOMMENDING REMEDIAL AND/OR NEW LEGISLATIVE MEASURES AND FOR OTHER LEGISLATIVE PURPOSES

Introduced by Senator Maceda.

The President Pro Tempore. Referred to the Committee on National Defense and Security.

The Majority Leader is recognized.

Senator Romulo. Madam President, in the Calendar for Special Orders today, we have Senate Bill No. 1122 as reported out under Committee Report No. 2, the Salt Iodization Act. We are in the period of individual amendments.

We also have Senate Bill No. 1157 as reported out under Committee Report No. 3, the amendment to the Philippine Crop Insurance Law. We are still in the period of interpellations.

Also in the Special Orders is Senate Bill No. 599 as reported out under Committee Report No. 8, the Anti-Political Dynasty bill for sponsorship.

SUSPENSION OF THE SESSION

Before we consider any of these bills, Madam President, may I ask for a one-minute suspension of the session.

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

It was 3:59 p.m.

RESUMPTION OF THE SESSION

At 4:01 p.m., the session was resumed.

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

BILL ON SECOND READING

S. No. 599—Prohibiting the Establishment of Political Dynasty

Senator Romulo. Madam President, I move that we

RECORD OF THE SENATE

MONDAY, SEPTEMBER 25, 1995

OPENING OF THE SESSION

At 4:14 p.m., the President of the Senate, Hon. Neptali A. Gonzales, called the session to order.

The President. The 20th session of the Senate in the First Regular Session of the Tenth Congress of the Philippines is hereby called to order.

Shall we rise and be led in prayer by Sen. Miriam D. Santiago. After which, we shall be led in the singing of the Philippine National Anthem and another song, entitled *Mahal Kong Bayan*, by the choral group of the Philippine Women's University.

Everybody rose for the opening prayer.

PRAYER

Senator Santiago.

Prayer to Achieve Inner Peace

Slow me down, Lord.
Ease the pounding of my heart
by the quieting of my mind.
Steady my hurried pace
with a vision of the eternal reach of time.
Give me, amid the confusion of the day,
the calmness of the everlasting hills.
Break the tensions of my nerves and muscles
with the soothing music of the singing streams
that live in my memory.

Help me to know
the magical, restoring power of sleep.
Teach me the art of taking minute vacations—
of slowing down to look at a flower,
to chat with a friend,
to pat a dog,
to read a few lines from a good book.

Remind me each day of the fable
of the hare and the tortoise,
that I may know
that the race is not always to the swift—
that there is more to life
than increasing its speed.
Let me look upward

into the branches of the towering oak
and know that it grew great and strong
because it grew slowly and well.
Slow me down, Lord,
and inspire me to send my roots deep
into the soil of life's enduring values
that I may grow toward the stars
of my greater destiny.

THE NATIONAL ANTHEM

Everybody remained standing for the singing of the national anthem and the song "Mahal Kong Bayan."

SUSPENSION OF THE SESSION

Senator Romulo. Mr. President, may I ask for a one-minute suspension of the session.

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

It was 4:21 p.m.

RESUMPTION OF THE SESSION

At 4:22 p.m., the session was resumed.

The President. The session is resumed. The Secretary will now call the roll.

ROLLCALL

The Secretary.

Senator Heherson T. Alvarez	Present
Senator Edgardo J. Angara	Present
Senator Anna Dominique M. L. Coseteng	Present
Senator Franklin M. Drilon	Present
Senator Juan Ponce Enrile	Present
Senator Marcelo B. Fernan	Present
Senator Juan M. Flavier	Present
Senator Ernesto F. Herrera	Present*
Senator Gregorio B. Honasan	Present
Senator Gloria M. Macapagal	Present*
Senator Ernesto M. Maceda	Present
Senator Ramon B. Magsaysay Jr.	Present
Senator Orlando S. Mercado	Present
Senator Blas F. Ople	Present

* Arrived after the roll call

and women who will safeguard our Mother Earth.

Mr. President, for the foregoing reasons, I vote *Yes* to Senate Bill No. 1122.

Thank you.

BILL ON SECOND READING
S. No. 1157 - Amending the PCIC Charter
(Continuation)

Senator Romulo. Mr. President, I move that we resume consideration of Senate Bill No. 1157, as reported out under Committee Report No. 3. This is the Philippine Crop Insurance bill. We are winding up the period of interpellations.

The President. Resumption of consideration of Senate Bill No. 1157 is now in order.

Senator Romulo. Mr. President, I ask that the sponsor, Senator Alvarez, be recognized with Senator Drilon, the Senator from Iloilo, to interpellate.

Senator Enrile. Mr. President.

The President. May I know the pleasure of Senator Enrile?

QUESTION OF PRIVILEGE OF SENATOR ENRILE
(On the Arithmetical Error in the
Presentation of Figures)

Senator Enrile. Mr. President, I would like to stand on a matter of personal privilege in connection precisely with this particular measure in order to straighten the facts and the record.

If the Chair will recall, Mr. President, I was among the first to interpellate the distinguished Sponsor regarding the nature and some of the salient points or elements of this bill. And in the course of that interpellation, I was made to understand, in answer to my various questions, that the Philippine Crop Insurance Corporation was receiving an annual premium receipt of approximately P1.4 billion over a period of some 10 years.

As a consequence of this information, I issued a statement to the effect that I would like to look into the financial condition of this government corporation to find out the truth of the facts that were brought out in the course of my interpellation.

To be fair, Mr. President, I would like to state for the record that evidently there was an error of arithmetic in the presentation of the figures in the course of the interpellation, such that what

was meant was that this corporation received a total of P1.366 billion of premium since 1981, when it was organized, until 1994 and not P1.4 billion yearly since then.

I was handed a summary of the premium receipts of this corporation from 1981 onwards to 1994 totaling P1,909,322,000 but that of this, P542,941,000 remains unpaid by the Philippine Government. So, this leaves a net premium receipt of the corporation of P1,366,381,000.

This summary further indicated that this corporation paid out a matured risk of P1,636,105,000 and thereby incurring a deficit of P269,724,000. So that to that extent, it is in the red today of P269,724,000.

Thank you, Mr. President.

The President. The sponsor, Senator Alvarez, is now recognized. What is the parliamentary status of this bill?

Senator Alvarez. Mr. President, the figures as read by the distinguished gentleman is accurate. These are the figures that have been reflected from the computations of the Philippine Crop Insurance Corporation. It rectifies all the previous computations.

The President. May the Chair know the parliamentary status of this bill.

Senator Romulo. Mr. President, we are in the period of interpellations. In fact, there are reservations to interpellate starting with Senator Drilon, Senator Tatad, and then Senator Herrera.

The President. Senator Drilon is recognized.

Senator Drilon. Thank you, Mr. President. Will the distinguished Gentleman from Isabela yield for a few questions?

Senator Alvarez. With pleasure to the Gentleman from Iloilo.

Senator Drilon. Mr. President, the bill under consideration provides for an increase in the authorized capital stock of the PCIC which shall be partly subscribed by the government—P1.5 billion out of the P2 billion—and that “the necessary funds shall be appropriated, programmed, and paid by the proper entity of the government as the financial needs of the corporation shall require and until the authorized capital stock is fully paid up.” My question is: Which is the proper entity of the government that will appropriate, program, and pay?

Senator Alvarez. Mr. President, in the first year, the money will be drawn from the Special Reserve Trust Fund which is under the PCIC. And then in the subsequent year, the money will be drawn from the Comprehensive Agrarian Reform Fund under the Office of the President. So that on the third year, we expect to be able to raise from the General Budget something like P350 million up to the fourth, the fifth, and the sixth year in order to complete the P2 billion. Thereafter, up to the 11th year, it will still be from the GAA.

Senator Drilon. Mr. President, mention is made of the trust fund of the PCIC. May this Representation know how much is this trust fund.

Senator Alvarez. Mr. President, it is exactly, as proposed to be set aside for 1995—P113 million.

Senator Drilon. So right now, there is no fund in this account that was mentioned by the Gentleman from Isabela. Is that a correct conclusion, Mr. President?

Senator Alvarez. These are leftover funds from the program of *Masagana '99* held in trust by the PCIC. So if we should make good use of this account, then it is going to be put as the additional capitalization in the first year of the PCIC.

Senator Drilon. Can I be enlightened, Mr. President? Is the P100 million existing as a trust fund, or will the P100 million be appropriated?

Senator Alvarez. Yes, it is existing, Mr. President.

Senator Drilon. And what is the purpose of the trust, Mr. President, if it is a trust fund?

Senator Alvarez. This P113 million is a leftover from funds which have been liquidated under the *Masagana '99* Program, and it has been put in the care of the PCIC by some legal arrangement at that point in time. But the PCIC is holding it as trustee, and there is a proposal now that this trust fund be used for this purpose.

Senator Drilon. What is this legal arrangement under which the PCIC is holding the so-called "trust fund," Mr. President?

Senator Alvarez. It is under the authority of Letter of Instruction No. 1242, Mr. President.

Senator Drilon. Under that Letter of Instruction, who is supposed to be the beneficiary of the trust?

Senator Alvarez. The lending institution that participated under the *Masagana '99* Program, and it turns out now that the operation of that program has become moribund but the PCIC continues to hold the trust fund.

Senator Drilon. If so, Mr. President, then how can we touch this trust fund if it was established for a specific purpose?

Senator Alvarez. The earnings of this trust fund, Mr. President.

Senator Drilon. How much is the earnings, Mr. President?

Senator Alvarez. It is P113 million, Mr. President.

Senator Drilon. So the earnings is P113 million, Mr. President.

Senator Alvarez. Yes, Mr. President.

Senator Drilon. What is the principal of the trust fund if the earnings is P113 million?

Senator Alvarez. It is P450 million, Mr. President.

Senator Drilon. The trust fund is P450 million. Is that a correct conclusion, Mr. President?

Senator Alvarez. Yes, Mr. President.

Senator Drilon. In addition to the P450 million, P113 million will be used to capitalize the PCIC. May we be enlightened, Mr. President?

Senator Alvarez. Yes, Mr. President.

Senator Drilon. What is the purpose of the principal fund of P450 million, Mr. President?

Senator Alvarez. Mr. President, under Letter of Instruction No. 1242, promulgated in May 1992, this Special Revolving Trust Fund of P450 million was created to be administered by the Philippine Crop Insurance Corporation. This Special Revolving Trust Fund would be used to benefit those who have participated in the lending program of *Masagana '99*. This is what is being proposed for this purpose.

Senator Drilon. So that the trust fund was established for the benefit of those who participated in the lending program of the *Masagana '99*. Is that how we understand it, Mr. President?

Senator Alvarez. Yes, Mr. President.

Senator Drilon. Therefore, the interest on the principal should also be used for those who participated in the lending program. Is that correct, Mr. President?

Senator Alvarez. Yes, that was the intention, Mr. President.

Senator Drilon. And these are the banks, the rural banks, if I may get a confirmation from the honorable Senator.

Senator Alvarez. Yes, the Philippine National Bank and the rural banks, Mr. President.

Senator Drilon. The Gentleman from Isabela is, of course, aware that when we put up a trust fund and when we put up a trust instrument, the funds cannot be touched for any purpose other than for the benefit of those for whom the trust was established. Is that correct, Mr. President?

Senator Alvarez. That is right, Mr. President. But in this particular case, this trust fund can be availed of up to 80 percent or up to 85 percent of the outstanding loans borrowed from these funds. So we are seeking to move this fund for the same purpose of providing guaranty under this program, from this trust fund to the PCIC.

Senator Drilon. Should the trust not be abolished first and then the funds reverted back to the general funds; thereafter, appropriations should be made in order to fund the budgetary requirements of the PCIC? Is that not the proper procedure, Mr. President?

Senator Alvarez. There had been some practice in the past where the PCIC had been authorized to reach for the fund to cover up certain volumes of deficit. As a matter of fact, its deficit over the last 13 years for uncollected premiums have been drawn from the fund.

Senator Drilon. Who made the authority, Mr. President?

Senator Alvarez. The National Treasurer and the President, Mr. President, as a matter of standard practice, per interpretation of the creation of the trust fund.

Senator Drilon. So the President and the National Treasurer would authorize the allocations of this trust fund to cover up the deficiencies in the operations of the Philippine Crop Insurance Corporation. Is that correct, Mr. President?

Senator Alvarez. Yes, Mr. President.

Senator Drilon. Should we not now have this opportunity

to correct this practice by first abolishing this trust fund and putting it under the General Appropriations Act so that the proper appropriations can be made out of that trust fund rather than violate the trust by allocating into the PCIC funds which are intended for a specific beneficiary and a specific purpose?

Senator Alvarez. There are certain acceptable procedures which are observed when there is a turnover of funds. It seems that established practice has validated this procedure. The earnings are turned over to the unappropriated lump-sums for government corporations. Then the Office of the President gives the signal to use the same.

Senator Drilon. Were these trust funds transferred to the general funds?

Senator Alvarez. To the unappropriated lump-sums. Only the earnings, Mr. President.

Senator Drilon. Who made the appropriation, Mr. President?

Senator Alvarez. That is from the authority of the National Treasurer and the Office of the President.

Senator Drilon. Under the Constitution—if I recall my Constitution correctly—only Congress can make an appropriation of public funds.

Senator Alvarez. But it seems this is a fund of special character. The capital is untapped, but the interest is earmarked for a particular purpose. It seems that one of the generic purposes, as interpreted, is the turnover of the funds on authority of the National Treasurer for the use of the Philippine Crop Insurance Corporation.

Senator Drilon. By what authority does the National Treasurer make an appropriation of public funds, especially of public funds held in trust for a specific purpose and place it under the general appropriations?

Senator Alvarez. It seems that it springs from the broad understanding of how the trust fund is managed and appropriated for this generic purpose. It has been done over a period of time, since 1981 to 1994.

Senator Drilon. The Gentleman from Isabela believes that because of this practice, it is consistent with the constitutional provisions on appropriation of public funds?

Senator Alvarez. Mr. President, this is not money coming

from general appropriations precisely because it has a special character, and there has been an understanding and accepted government accounting procedure applied to the management of this fund.

If the Gentleman were talking of appropriation funds other than those set aside for specific or certain understandable purpose, then I will agree with the gentleman—the constitutional inhibition would be infringed.

Senator Drilon. With more reason in this particular case, Mr. President, since these are special trust funds. In the case, for example, of the Social Security System funds and the GSIS, these are trust funds which would have to be used for the benefit of the members or of the beneficiary for whom the trust was established under accepted principles of the Civil Code and our laws.

Senator Alvarez. Mr. President, precisely, the fund was created as a special revolving fund of P450 million to be administered by the Philippine Crop Insurance and only the earnings were deployed for this purpose.

If the gentleman is talking of other trust funds specifically earmarked for specific trust purposes, then I do agree with the Gentleman that to divert it for any other purpose other than that defined by the trust would be a violation of the trust arrangement.

In this particular case, the intended creation of the revolving trust fund is serving its purpose when it is being used, observing certain accounting procedures of the government, because this trust fund was earmarked, targeted to be used for this particular purpose, Mr. President, not the capital but only the accrued earnings.

Senator Drilon. Mr. President, I must confess that I am a little confused at this stage. Is the fund a revolving fund or a trust fund?

Senator Alvarez. It is a special revolving trust fund, Mr. President. That is how the LOI is entitled.

Senator Drilon. It is a revolving trust fund. Is that how it is worded?

Senator Alvarez. Mr. President, so that the distinguished Gentleman and this Representation will not be making inquiries under hazy conditions, the Gentleman may have to refer directly to the provisions of Letter of Instruction No. 1242 which was promulgated on May 21, 1982. But I stand on an established 11 years of accounting practice authorized by the National Treasurer and approved by the Office of the President. Under these

circumstances and under the mandate of this Letter of Instruction, the use of this particular fund had been allowed, unless the Gentleman will have some other interpretation which this Representation may welcome, that clearly points out that the usage and practice deviate radically, nay even legally, from the norm in which this particular rule must be interpreted.

But in the absence of such interpretation, Mr. President, I think the presumption that the procedure is valid and sustainable under our rules should be given after this cited lengthy year of practice in the offices of the government concerned.

Senator Drilon. Mr. President, suppose the beneficiaries of this revolving trust fund, which according to the Gentleman from Isabela would be the lending institutions, question the use of this trust fund, how does the gentleman from Isabela propose to reply to such questions that will be raised since the deliberations before this hall and before this Chamber will certainly be a guide to the Judiciary once this matter is brought to court?

Senator Alvarez. Mr. President, the capital of the trust fund is P450 million. The claims thus far that had been processed amounted to much less than this. It is P420 million. So that, in no way is the settlement of the claims impaired or threatened. That is why what is being set aside by the Letter of Instruction is only the earnings or the fruits from the principal.

Senator Drilon. So that the sponsor is saying, that since the principal is not impaired, there is no reason for the beneficiaries to complain. Is that a correct statement, Mr. President?

Senator Alvarez. There will be no cause for the beneficiary to be debauched in his claim because there is sufficient funds set aside with the capital to answer for his claim. That is why the Office of the President, under the Letter of Instruction which had been formulated, went to the process of allocating the fruits or the interest of this trust fund, but not the trust fund itself.

Senator Drilon. But, Mr. President, I think it cannot be disputed that the fruits of the trust fund can only be used for the same purpose for which the trust fund was established. Precisely, we establish a trust fund because we do not want the principal to be touched and only the interest or the fruits of such principal will be used for the purpose for which the trust fund was established.

When we establish a trust fund, we intend that this trust fund be in perpetuity. And that, therefore, to serve the purpose for which the trust fund was established, we only use the interest which is earned by the principal. So it is no argument that only the interest will be used and the principal will be intact.

Senator Alvarez. Obviously, Mr. President, the trust fund is well-protected because the expected claims upon the fund is much less than the capital. Besides, there have been changes or permutations as has been indicated in the formulation of the Letter of Instruction, so that the fruits have been cashed for almost the same purpose that the trust fund has been originally created.

I will only say at this point in time that we can only have the presumption of regularity and validity of this procedure which had been there for some extended practice unless someone would have brought it to the proper body in order to impugn its validity.

Senator Drilon. Is the sponsor saying that the purpose for which the trust was established has been fully fulfilled which will now justify the use of the interest for the purpose other than the original purpose for which the fund was established?

Senator Alvarez. Yes, Mr. President.

Senator Drilon. And, therefore, is it not more proper that this trust fund should now be abolished and have the funds reverted to the general fund out of which appropriation can be made by this Chamber and by Congress itself?

Senator Alvarez. Mr. President, if we go into the ramifications on how the rule was established, we may find reason to object. But until that point in time is reached when the appropriate adjudication on this matter is done, I can only find enough observance of the rules and standard caution, or perhaps, appropriate caution on the management of these funds, and I will presume its validity.

Senator Drilon. Did the National Treasurer issue a certification that these funds are available; that the earnings of these funds are available for the purpose enunciated in Senate Bill No. 1157?

Senator Alvarez. Earlier, he did, Mr. President, because this law asking for the increase of capitalization had passed the House of Representatives.

Senator Drilon. I am sorry.

Senator Alvarez. Yes, Mr. President, earlier, he did.

Senator Drilon. When was this, Mr. President?

Senator Alvarez. I think when this bill was considered in the House.

Senator Drilon. When was this bill considered in the House, Mr. President?

Senator Alvarez. In the Ninth Congress, Mr. President. This bill of almost the same tenor was passed by the Ninth Congress.

Senator Drilon. And that bill presumably did not become a law.

Senator Alvarez. It did not pass the Senate for want of time.

Senator Drilon. Therefore, that bill was considered to have expired with the close of the Ninth Congress.

Senator Alvarez. Yes, Mr. President, obviously. That is why we are considering the bill, and Congress is again reconsidering the bill.

Senator Drilon. Obviously, the certification of the National Treasurer given during the Ninth Congress could not be made to apply in the deliberation of Senate Bill No. 1157.

Senator Alvarez. Mr. President, at the precise point when we will need to access the fund, I will find no technical difficulty why the same process—because the same funds are available to be used for this purpose—could not be undertaken in the Tenth Congress.

Senator Drilon. The certification of the National Treasurer in the Ninth Congress was issued to the House of Representatives. Is that correct, Mr. President?

Senator Alvarez. To the Congress, to the House of Representatives.

Senator Drilon. And it was so issued to the House of Representatives because it was considered an appropriations bill which required a certification from the National Treasurer. Is that correct, Mr. President?

Senator Alvarez. No, Mr. President. The certification was issued as a statement of the availability of the funds and that it can be accessed in the manner that we are trying to seek the availability of this fund. And precisely because it has been a standard procedure in times past—over 10 years—that this fund, with the authorization of the National Treasurer and certification of availability of funds approved by the President, has been used to cover some of the deficits of the PCIC.

So, we have here an observed accounting practice going

through the process of accepted accounting procedure in the bureaucracy.

Senator Drilon. Mr. President, would the Gentleman agree with me that this certification issued in the Ninth Congress is no longer valid in the Tenth Congress?

Senator Alvarez. Mr. President, looking at how this matter has been attended to by the government, I can only presume in its continuing validity, that there is a decade of practice behind this certification. And one more year does not destroy a fabric of standard procedure which has been established for 10 years.

So, in a situation where the certification may be needed in order to reassure this Chamber that those funds once more can be made available, I think it may only be a matter of bureaucratic effort to reach out for that certification.

Senator Drilon. Mr. President, the Gentleman is talking about presumptions, and we are talking here about an appropriation of P2 billion or P1.5 billion. Is the Gentleman saying that we can presume that these funds are available without a certification from the National Treasurer?

Senator Alvarez. We can only make assumptions here on the irregularity of government behavior, and if this has been established over the last 10 years, I think that presumption is not overly generous.

Senator Drilon. We are making assumptions that there are funds available, is that what the Gentleman is saying?

Senator Alvarez. Yes, Mr. President.

Senator Drilon. I assume the Gentleman would also push that logic further by just dispensing with the certification of the National Treasurer because we can always assume that funds are available.

Senator Alvarez. No, Mr. President. We are not making assumptions in a vacuum. As I have explained to the Gentleman, there has been a decade of practice and there are certain established norms which this practice has assumed. Therefore, it makes sense that if we need to access this—if we are with the Philippine Crop Insurance Corporation—we go to the standard practice. Since nobody is accessing this, the assumption is that, it will be there to access for purposes of a Philippine Crop Insurance Corporation.

These funds have been accessed almost annually to cover up deficits for the settlement of claims. As a matter of fact, the accumulated sum that has been drawn from these funds is

something like P269.724 million for over 13 years.

Senator Drilon. Mr. President, first we are talking about access and we are talking about 13 years. What I am looking for is a certification in 1995 that these funds are available. We have no such certification, Mr. President.

Senator Alvarez. We can obtain that certification in the manner that it is normally obtained in the course of the year or as it has been obtained in past years. I am reassured by the executives of the Philippine Crop Insurance Corporation; that is why we accept this government practice with confidence.

Senator Drilon. What is this manner of obtaining the certification, as the Gentleman has mentioned, over the past 11 or 13 years?

Senator Alvarez. The certification on the availability of these funds is obtained from the Office of the National Treasurer. As I have explained to the Gentleman time and again, these funds are going to be expended for the purposes of the Philippine Crop Insurance Corporation.

Senator Drilon. Is the certification of the National Treasurer not a constitutional requirement before we can take up a bill which would require an appropriation of public funds other than the General Appropriations Act?

The constitutional provision is very clear that no appropriation bill can be considered where there is no certification from the National Treasurer as to the availability of funds. Obviously, the Gentleman from Isabela could not tell us and, in fact, he is admitting that there is no certification from the National Treasurer.

Senator Alvarez. Mr. President, the Gentleman kept invoking a general rule to which I do not disagree. I have already pointed out to him a specific permutation of this special revolving fund under LOI 1242.

As this LOI stands, and it has been set into operation for over a decade now, the presumption is that this rule is extant and valid. As the LOI has made the Philippine Crop Insurance Corporation the administrator of the funds, the understanding that these funds are available is readily obtainable through the PCIC which seeks this kind of an expansion of its capitalization, and seeks to draw from this special fund.

Senator Drilon. Are we just going to disregard the constitutional provision regarding this certification by the National Treasurer of the availability of funds, Mr. President? That is a constitutional provision; that is not a matter of presumption;

that is not a matter of practice. Whatever practice may have been done in the past, we have this constitutional provision which requires a certification by the National Treasurer on the availability of funds for the purpose for which it is being appropriated.

Are we going to disregard the provision of the Constitution on the "presumption", and I underscore the word "presumption", that the funds are available. Are we going to disregard the provision of the Constitution, Mr. President?

Senator Alvarez. Mr. President, the Gentleman, of course, is expressing his individual opinion on how to view this from the dimension that he sees it.

I see it in another way. I want to give validity and presumption to the practice of government. I want to say that an opportunity is here, sustained by government practice and accounting procedure, and sustained by a Letter of Instruction.

Unless the Gentleman impugns this by some acceptable procedure, then I will stand by my adherence to the validity and legality of the practice that has been observed by government for over 10 years.

Senator Drilon. In the Ninth Congress, Mr. President, the Gentleman from Isabela said that there was a certification issued. Is that correct?

Senator Alvarez. Yes, Mr. President.

Senator Drilon. Why was this certification issued in the Ninth Congress?

Senator Alvarez. Because at the Ninth Congress, I believe it was already being considered—the same intentions under the law.

Senator Drilon. Did the Ninth Congress consider the certification of the National Treasurer as necessary, as absolutely necessary as in compliance with the constitutional requirement before this bill can be deliberated upon? Was that the presumption?

Senator Alvarez. Mr. President, I believe that the intention there was to obtain a statement that the funds are available and may be made available for this particular purpose.

Senator Drilon. The Gentleman from Isabela, of course, is aware of the constitutional provision requiring certification by the National Treasurer.

Senator Alvarez. Mr. President, I keep hearing about the

Gentleman's interpretation of the constitutional provision. He is not saying by any stretch of the imagination that that is the constitutional provision. It is his interpretation. And, unfortunately, we disagree on how to view this particular provision because the PCIC has gone through a course of many years of practice and they have gone through all the measures that. I think, on the face of it, I do not disagree.

Senator Drilon. If indeed there is a constitutional provision requiring the necessity of a certification from the National Treasurer, would the Gentleman agree that this bill in the Tenth Congress, in the absence of that certification, would be invalid?

Senator Alvarez. Mr. President, if that is the Gentleman's interpretation, it is not necessarily "the interpretation." Ultimately, we may have to look into the refinement of the rule. I will give it the presumption of validity because I give, in the normal course of events, the presumption of validity for regular government practices.

Senator Drilon. Mr. President, under Article VI, Section 25, paragraph 4 of the Constitution, it expressly provides as follows:

A special appropriations bill shall specify the purpose for which it is intended, and shall be supported by funds actually available as certified by the National Treasurer, or to be raised by a corresponding revenue proposal therein.

Is the Gentleman from Isabela now convinced that this is not only an interpretation on the part of this representation but, actually, a requirement of the Constitution?

SUSPENSION OF THE SESSION

Senator Romulo. Mr. President, may I ask for a one-minute suspension of the session.

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

It was 5:20 p.m.

RESUMPTION OF THE SESSION

At 5:29 p.m., the session was resumed.

The President. The session is resumed.

Senator Alvarez. Mr. President, in order to satisfy the

anxiety of the Gentleman over the constitutionality on the manner in which this fund has been handled over the last 13 years, we are going to make the necessary inquiry with the Secretary of the Department of Budget and Management on how the government has, in fact, used this fund so that the constitutional mandate is not breached. If the gentleman will agree, we will take this to his attention, including the procedures observed, hoping that this will put to rest his concerns and doubts.

Senator Drilon. So, are we suspending deliberations of this bill until an inquiry can be made from the Department of Budget and Management, Mr. President?

Senator Alvarez. Yes, Mr. President, in our effort to satisfy the Gentleman's inquiry.

Senator Drilon. I have no objection to the suspension. We can bring this back to the Committee, and we can have another hearing so that all of these can be clarified.

Senator Alvarez. It is not our intention to bring it back to the committee level, Mr. President. We would like to get in touch with the Department of Budget and Management now and obtain the necessary information, so that we shall then resume consideration when we have this information, hoping that it will satisfy the Gentleman's inquiry.

Senator Drilon. Thank you, Mr. President. Can we now go to another matter? Are we suspending deliberations now?

Senator Alvarez. We can suspend on this particular matter while we get in touch with the DBM Secretary.

SUSPENSION OF CONSIDERATION OF S. NO. 1157

Senator Romulo. Mr. President, we do not have any objection to the suspension of the consideration of the bill.

The President. Is there any objection to the suspension of consideration of the Philippine Crop Insurance bill? [*Silence*] There being none, the motion is approved.

Senator Macapagal. Mr. President.

The President. Senator Macapagal is recognized.

PARLIAMENTARY INQUIRY OF SENATOR MACAPAGAL (Hearings with the Finance Committee)

Senator Macapagal. Mr. President, although we have

suspended consideration of the bill, may I make an inquiry?

During the last meeting that we had, I had urged the Committee on Finance to hear this bill. All these questions that are raised on the floor now, where there is such difficulty for the sponsor assigned to answer, could have been avoided if we had a hearing on the Committee on Finance to settle these matters.

So may I find out if, finally, we have held the hearings on the Committee on Finance as we have been urging.

The President. The Majority Leader is recognized.

Senator Romulo. Mr. President, as we had stated the last time that we took up this bill, under the *Rules of the Senate*, when a bill is referred to a committee, and if there is no report thereon two weeks after that referral was made, that committee is deemed to have waived the right to make a report.

Mr. President, that does not mean, of course, that we will not answer the question posed on the appropriation contained in the bill.

The purpose of the Gentleman from Isabela precisely is to inquire into the issues and concerns being raised specifically on the questions posed by Senator Drilon.

So I believe that since we have suspended the consideration of the bill, all the issues raised will be answered when we resume consideration of the bill.

The President. What is now the pleasure of the Body, Majority Leader?

Senator Romulo. We have suspended consideration of the bill, and we are now ready to take up another bill.

BILL ON SECOND READING S. No. 1205—Child and Family Courts Act (Continuation)

Senator Romulo. Mr. President, I move that we resume consideration of Senate Bill No. 1205, as reported out under Committee Report No. 9, the Child and Family Courts Act.

The President. Resumption of consideration of Senate Bill No. 1205 is now in order.

Senator Romulo. The sponsorship speech was made last week. Our distinguished Colleague from Cebu, Senator Fernan, had made a reservation to be recognized to interpellate.

RECORD OF THE SENATE

TUESDAY, SEPTEMBER 26, 1995

OPENING OF THE SESSION

At 4:08 p.m., the President of the Senate, Hon. Neptali A. Gonzales, called the session to order.

The President. The 21st session of the Senate in the First Regular Session of the Tenth Congress of the Philippines is hereby called to order.

We shall be led in prayer by Senator Francisco S. Tatad.

Everybody rose for the opening prayer.

Senator Tatad. Let us all bow our heads in prayer.

PRAYER

God our Father,

In our human society today, there is far too much of us and too little of You:

Too many words, not enough deeds,
Too many tongues, and not enough ears,
Too much of death, too little of life,
Too much of lust, too little of love,
Too much of rights, too little of responsibility,
Too much of freedom, not enough of truth,
Too much of knowledge, too little of virtue,
Too many laws, too little justice,
Too many makers and enforcers of laws, not enough
servants of the law:

Take pity on our weaknesses,
Set us right in our ways,
And teach us to be more like You.

Humble us in our pride,
Chasten us in our passions,
Moderate our desire for power, pleasure and possessions,
Cast us down from our foolish ambitions,
And teach us once more to obey Your laws:

So that we may not weep for the young Sarah who suffers injustice in a foreign land, without weeping for those who suffer injustice in our land, and in our own hands;

So that we may not grieve for the few who are murdered in their homes or in the streets, without grieving for the millions who are slaughtered with the help of many states in their mothers' wombs;

And so that we may not speak so much of serving the poor and the powerless without first doing penance for the many wrong and wicked things we have done and continue to do to them, and in their name.

All this we ask in the name of Jesus Christ, Your only Son, our Lord, who lives and reigns with You and the Holy Spirit, one God forever and ever.

Amen.

ROLL CALL

The President. The Secretary will now call the roll.

The Secretary.

Senator Heherson T. Alvarez Present*
Senator Edgardo J. Angara Present
Senator Anna Dominique M. L. Coseteng Present
Senator Franklin M. Drilon Present
Senator Juan Ponce Enrile Present
Senator Marcelo B. Fernan Present
Senator Juan M. Flavier Present
Senator Ernesto F. Herrera Present
Senator Gregorio B. Honasan Present
Senator Gloria M. Macapagal Absent
Senator Ernesto M. Maceda Present
Senator Ramon B. Magsaysay Jr. Present*
Senator Orlando S. Mercado Present
Senator Blas F. Ople Present*
Senator Sergio R. Osmeña III Present**
Senator Ramon B. Revilla Present
Senator Raul S. Roco Present*
Senator Alberto G. Romulo Present
Senator Miriam D. Santiago Present
Senator Leticia R. Shahani Present*
Senator Vicente C. Sotto III Present*
Senator Francisco S. Tatad Present
Senator Freddie N. Webb Present
The President Present

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

THE JOURNAL

Senator Romulo. Mr. President, I move that we dispense with the reading of the *Journal* of the previous session and consider the same approved.

* Arrived after the roll call

** On official mission

ment for what is primarily a legislative and oversight function to be performed by Congress, which is a separate body of the government.

Shall we not be accused of dipping our fingers into another one's pocket? If I remember correctly, the EdCom got its budget from both Houses, the Health Commission got its budget from both Houses, and this bill will be called an AgroCom. Why are we charging its budget to the Department of Agriculture and the Department of Agrarian Reform, respectively?

Senator Shahani. Mr. President, of course, this was also referred to the Committee on Finance. I believe it has a slightly different recommendation. When we proposed this, we were really looking for funds, and when we asked the two department heads if they have some funds for such a purpose, they said yes. So, more or less, this is really by way of a preliminary version, since at that stage, we really did not explore it too much, knowing that this bill would also be referred to the Committee on Finance.

Senator Webb. Mr. President, though I am not too satisfied, I accept our Colleague's explanation.

I was hoping that we would still have to look into our budget as I do not want us to look up to a department and say: "We want you to do this; we want directional legislative functions that belong to us; that we steer your particular executive department to this kind of a chart."

Then later on, *sasabihin sa atin, "Aba, iyong pondo naman ninyo, kinuha ninyo sa amin. Ngayon, kayo pa ang magtuturo sa amin kung saan kami pupunta."*

Iyon lamang po ang aking agam-agam. Pero nang sinabi ninyo na sila ay pumapayag, mas maganda sana kung isusulat nila that they are ready, willing and able to give us the P10 million.

With the Lady Senator's explanation, Mr. President, and since I said earlier that this would be my last question, I thank the Lady Senator for her patience.

Thank you very much, Mr. President.

Senator Shahani. Thank you, Mr. President.

Senator Romulo. Mr. President.

The Presiding Officer [Senator Sotto]. The Majority Leader is recognized.

SUSPENSION OF CONSIDERATION OF S. JT. RES. NO. 1

Senator Romulo. Mr. President, there are other interpellators but they requested that they be allowed to interpellate tomorrow.

With the permission of the Sponsor, may I move that we, in the meantime, suspend consideration of Senate Joint Resolution No. 1, as reported out under Committee Report No. 6.

The Presiding Officer [Senator Sotto]. There is a motion to suspend consideration of Senate Joint Resolution No. 1. Is there any objection? [Silence] There being none, the motion is approved.

SUSPENSION OF THE SESSION

Senator Romulo. Mr. President, before we move for the resumption of the consideration of Senate Bill No. 1157, the Philippine Crop Insurance bill, may I ask for a one-minute suspension of the session to enable our Colleagues to prepare, as I believe that Senator Drilon wishes to continue his interpellation.

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

It was 6:17 p.m.

RESUMPTION OF THE SESSION

At 6:23 p.m., the session was resumed.

The Presiding Officer [Senator Sotto]. The session is resumed.

BILL ON SECOND READING S. No. 1157 — Amending the PCIC Charter (Continuation)

Senator Romulo. Mr. President, I move that we resume consideration of Senate Bill No. 1157, the Philippine Crop Insurance Corporation bill. We are still in the period of interpellations.

I ask that the distinguished Sponsor, Senator Alvarez, be recognized, and Senator Drilon be recognized to continue his interpellation.

The Presiding Officer [Senator Sotto]. Senators Alvarez and Drilon are recognized.

Senator Alvarez. Mr. President, we were at the point of clarifying the availability of P115 million as the contribution of the government on the first year for the expansion of this program. That P115 million is drawn from the interest of a special revolving trust fund managed by the PCIC and made available through a certification by the Treasurer of the Philippines with the approval of the President of the Philippines.

I was saying that under the practice, the trust fund, which has an outstanding amount of P450 million drawn from the previous program of *Masagana '99*, has been kept intact and alive in order to respond for the remainder of the obligations of the fund. Meanwhile, the fund, as managed by PCIC, has gained interest from its investments in treasury notes. These are the interests made available by the government in order to respond to the unappropriated, unprogrammed obligations of the government to government corporations.

Mr. President, the question raised by the Gentleman is: Is this constitutional? Does it fulfill obligations of the Constitution on dipping into trust funds? I have tried to explain to the Gentleman that it has been an accepted practice without breaching the constitutional provision.

Senator Drilon. Mr. President, we will go back to that question later. In the meantime, Mr. President, I would like to make a few remarks, lest we be misunderstood. We have no basic objection to the policy framework upon which the bill is being founded. Indeed, by strengthening the PCIC, we will be able to develop and support an adequate insurance program for our agricultural sector, especially the small-scale farmers. In fact, a member of the Conscience Bloc, Senator Macapagal, is a principal author of this bill.

Mr. President, while the policy is indeed laudable, we should exercise care and caution so that we will not allow patently unconstitutional provisions to stand uncorrected and disregard basic constitutional requirements for the passage of this kind of legislation; otherwise, we will be parties to a failed policy.

We need not be reminded, Mr. President, that in a number of cases, the Supreme Court has declared laws of recent cases unconstitutional. To recall, the appointment of the Olongapo City mayor as chairman of the SBMA was declared unconstitutional.

We should be reminded that a number of laws is now being questioned in our courts, and therefore, could not be implemented. Among these would be VAT and the Overseas Contract Workers Act.

We should examine this bill carefully so that we would not commit the same mistake, especially in this particular case, where no less than P3 billion in government funds would be allocated.

It is therefore, in this light, Mr. President, that we would like to ask a few more questions from the distinguished Gentleman from Isabela; the distinguished Chairman of the Blue Ribbon Committee, who is reported in the media to have a 100-percent batting average before the Supreme Court. And we hope that the answers to our questions can further clarify certain doubts we have in our minds on this issue.

Senator Alvarez. Mr. President, will the Gentleman allow me to clarify that first portion of his statement?

I yield to the tenacity of the worthy Gentleman in clarifying a doubtful constitutional question. I also yield to the legal acumen of the worthy Gentleman in interpreting these constitutional rules, most especially because, sometime in the past, there was a certain communication signed by a certain executive secretary who precisely was participant in the process of transferring these funds for a special trust fund into the PCIC.

What the Gentleman, in his legal opinion at that time considered worth doing, we would be doing the same. I feel safer now in the legal interpretation articulated in whatever system of practice and procedure which has been adopted by the government with the support of the Gentleman while he was still an executive secretary.

I will just leave this documentation which was signed by the worthy Gentleman in fiscal year 1992. It was part and parcel of the process of transfer of the funds which enabled the PCIC to survive up to this point. I will not belabor that point because we have discussed and debated on that last night. But last night, I did not have the information that this had the legal support of the Gentleman all along.

Senator Drilon. Thank you, Mr. President. May I now proceed with the questions that I intend to raise to the Gentleman?

Senator Alvarez. Yes, Mr. President.

Senator Drilon. Mr. President, is the Gentleman aware of the principle of undue delegation of legislative powers?

Senator Alvarez. Yes, Mr. President. Time and again, we are in confrontation with that matter in legislation here. We

The Presiding Officer [Senator Sotto]. With the permission of the two Gentlemen, Senator Maceda is recognized.

SUSPENSION OF THE SESSION

Senator Maceda. Mr. President, could we have a one-minute suspension so that we could ask other people to come to the Floor and constitute a quorum.

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

It was 6:37 p.m.

RESUMPTION OF THE SESSION

At 6:40 p.m., the session was resumed.

The Presiding Officer [Senator Sotto]. The session is resumed.

Senator Drilon. Mr. President.

The Presiding Officer [Senator Sotto]. Senator Drilon is recognized.

Senator Drilon. Mr. President, may I ask for a roll call to find out if there is a quorum?

The Presiding Officer [Senator Sotto]. The Secretary is directed to do so.

The Secretary.

Senator Alvarez	Present
Senator Drilon	Present
Senator Enrile	Present
Senator Fernan	Present
Senator Flavier	Present
Senator Honasan	Present
Senator Maceda	Present
Senator Magsaysay	Present
Senator Mercado	Present
Senator Ople	Present
Senator Romulo	Present
Senator Shahani	Present
Senator Sotto	Present
Senator Webb	Present
The President	Present

The Presiding Officer [Senator Sotto]. With 15 Senators present, we have a quorum.

Senator Drilon. Mr. President.

The Presiding Officer [Senator Sotto]. Senator Drilon is recognized.

Senator Drilon. Thank you, Mr. President. I have a pending question with the Gentleman from Isabela.

Senator Alvarez. I gave the Gentleman my answer, Mr. President. I think that he fully understands and comprehends the metes and bounds of delegation of power, and I think that he is not being very serious with this Representation when he refuses to go into the specific question of the delegation of power.

That is why this Representation is asking the worthy Gentleman to go into the specific questions where he sees that there is no completeness of the delegation of power in any one particular provision; that if sufficient standards are not there, then we will begin to explain. Instead of going to an understanding of how I think about the delegation of power, let us hit the nail on the head, and let us settle the anxieties and doubt of the Gentleman on this bill which is being proposed on the Floor.

Senator Drilon. Mr. President, with all due respect, I certainly would go into specific provisions to test the sufficiency of standards. But in order to have a fruitful and intelligent discussion on these provisions, certainly, it would be reasonable to expect that we would have a common understanding of what sufficient standards are; what the definition of undue delegation of legislative powers is, so that we would have a common ground to debate. And as I said, I have a pending question, which if the kind Gentleman will not answer, I will accept.

Senator Alvarez. I will answer the Gentleman as he raises the issue, but he should not raise questions with this Representation which is going to be a debate of jurisprudence or principles that can be applied to specific questions on the Chamber.

Mr. President, the Gentleman and I went through a 30-minute question-and-answer last night only to find out that it could be managed with a specific answer to the specific problem.

Senator Drilon. This Representation, Mr. President, should not be blamed for that because we were asking questions and we expected the Sponsor to be ready to answer the questions. If he was ready last night, why should we be faulted for debating with him for 30 minutes? And if we are going to appropriate P3 billion of government funds, is 30 minutes too much of a time to spend and ask clarificatory questions?

Senator Alvarez. Because, Mr. President, the Gentleman would have appropriated 30 minutes, according to computations

on what is spent here, not P2,275,000 but more.

Senator Drilon. Mr. President, can the Gentleman give us a definition of what he understands by "undue delegation of legislative powers"?

Senator Alvarez. Mr. President, as I have told the Gentleman when he raises the issue of "undue delegation of power" on any specific provision, he is raising a question of which the Gentleman should be fully aware of, what undue delegation of power is. That will enable us to tackle the specific questions.

We know the standards for undue delegation of power, Mr. President. We know the completeness test. The law that relinquishes the power must be complete, that there are sufficient standards. So in order that we will not waste time on definitions, may we know what are the specific doubts and concerns of the Gentleman?

Senator Drilon. I am the one interpellating, Mr. President. And I would like to make sure that my understanding of undue delegation of legislative power would jibe with the understanding of the Gentleman of what is an undue delegation of legislative power.

Senator Alvarez. Mr. President, I do not think we should make our definitions jibe.

Senator Maceda. Mr. President, parliamentary inquiry.

The Presiding Officer [Senator Sotto]. Senator Maceda is recognized. Will he state the parliamentary inquiry?

PARLIAMENTARY INQUIRY OF SENATOR MACEDA
(On Repetition of Questions and
Answers in an Interpellation)

Senator Maceda. The particular question has been asked five or six times and it has been answered in the same way. How many times can the same question be asked and be answered in the same way in an interpellation, Mr. President?

Senator Drilon. Mr. President.

Senator Maceda. I am asking the Chair to answer, Mr. President.

Senator Drilon. I can comment on the question.

The Presiding Officer [Senator Sotto]. There is no set number of times.

Senator Romulo. Mr. President.

The Presiding Officer [Senator Sotto]. The Majority Leader is recognized.

Senator Romulo. Mr. President, while the one interpellating has the right to ask questions, I believe that the Sponsor has already replied. He may not be satisfied with the reply, but the Sponsor already replied. He said that he wanted the one interpellating to give him specifics.

I do not believe, Mr. President, that the Sponsor can be forced to reply according to the desires of the one interpellating. He has answered and that would suffice. We do not have to call a point of order here because his question has been answered. He may not be satisfied with it, but his question has been answered.

The Presiding Officer [Senator Sotto]. That could probably answer the question of Senator Maceda.

Senator Alvarez. Mr. President.

The Presiding Officer [Senator Sotto]. Senator Alvarez is recognized.

Senator Alvarez. Mr. President, I hesitate to enter into this manner of exchange because giving definition is expressing one's philosophy or outlook. One can be as broad as one wants or in as many dimensions in the definition as one wants. But if we should be fruitful in our exchange, we should begin to apply the standards already. Then let the Chamber judge whether these standards are fulfilled. There should be underlying assumptions here that these standards are common standards and we will know precisely as he presents the specific issue.

Senator Drilon. All right. Mr. President, the phrase "undue delegation of legislative power" has a definite meaning in jurisprudence. That is why I was asking the Gentleman whether, in fact, he would be able to tell us his understanding of the phrase "undue delegation of legislative power" because there is a definite meaning to this. I had to make sure that our understanding of this technical phrase will be along the same line so that when I ask the questions on the specific provisions of the bill, then there can be an intelligent discussion.

Mr. President, as early as 1965, there were cases decided defining "undue delegation of power," particularly in the case of *Pelaez v. Auditor General*. But if the Gentleman would not wish to answer the question, I will now go to the specific provisions that the Gentleman would want me to go to.

Under Section 3 of the bill under consideration, which seeks

to amend Section 1 of PD No. 1467, it broadens the authority of the board of directors so that instead only of *palay* as originally covered, it would now include other crops as the board of directors may decide. May I know what these crops are, Mr. President?

Senator Alvarez. The charter here defines the standard of agricultural crops. So whichever crops the board of directors as a decision-making body under the metes and bounds of the insurance charter may define as agricultural crops, Mr. President.

Senator Drilon. Mr. President, can the Gentleman point to me any provision of PD No. 1467 which mentions "agricultural crops"?

Senator Alvarez. If the Gentleman is saying that PD No. 1467 which created this Philippine Crop Insurance Corporation Law does not authorize the board of directors to insure agricultural crops, then from the very inception, there has been no grant of authority for this government insurance corporation to cover the crops that it has covered. All along it has covered agricultural crops; it has covered rice and corn; it has gone into bananas, even asparagus to a certain extent. What are these, Mr. President? Are these not agricultural crops?

Senator Drilon. My question, Mr. President is: Where in PD No. 1467 is there a mention of "agricultural crops"?

Senator Alvarez. Let me read it. It may not specifically say "agricultural crops", but we can interpret even from the provisions of the section. It says:

Section 1. *Creation of the Philippine Crop Insurance Corporation.* - There is hereby created a body corporate to be known as the Philippine Crop Insurance Corporation (PCIC) and herein called the "Corporation" which shall provide insurance protection to farmers against losses arising from natural disasters, as well as to plant diseases, pest infestation, initially to *palay* crops and later on to other crops.

I do not read "agricultural crops," Mr. President. But what is in a name; that which we call a rose by any other name would smell as sweet. The Gentleman, I think, is too severely literal with the English language.

Senator Drilon. I am not being literal, Mr. President.

May I invite the attention of the Gentleman to Section 3 of PD No. 1467 which is sought to be amended. Would the Gentleman go through the powers of the corporation and tell me whether it is authorized to insure other agricultural crops,

which is the standard supposed to be in satisfaction of the constitutional principle against undue separation of legislative power, because under Section 3.5, "the power of the Corporation is to insure rice production of farmers," not agricultural crops?

Senator Alvarez. Mr. President, I just read to the distinguished Gentleman a provision which said, initially, rice, yes, and later on to other crops. I think some wisdom has been invested in this program so that we cover that vital staple, and also corn and other crops as well. I could not see how the Gentleman would wish to interpret this in such a narrow fashion that the board of directors invested to protect small farmers from calamities and would now tell the board of directors, "No, you cannot protect them from other crops because they cannot plant other crops other than rice."

It goes against the wisdom of trying to protect the marginal farmers who may, after all, not only plant rice but care for other crops as well. I think a generous interpretation, and may I say a wise interpretation, should just suggest to us that if we are providing insurance for the small farmers in the countryside, then the small farmers expect to produce other crops as well.

That is why, Mr. President, I am amazed at the strict manner of construction of the Gentleman in this particular legislation. If we do that, we will straitjacket this rule if I will agree with this manner of interpretation, and I hope the jurisprudence is not interpreted that way. We will lose the resilience and the flexibility of legislating for particular sections of the community.

Senator Drilon. Mr. President, under the accepted principles of statutory construction, where the provision of law is clear, as it is in this case, there is no ground for interpretation. The law says, "to insure rice production." Is it not clear enough that it is the rice production that is being insured and this provision under Section 3.5 of the charter of the PCIC is not proposed to be amended by the bill under consideration now? So that if we pass this bill, we will be confronted with a situation where the power of the corporation is limited by the clear language of its original charter—to refer only to rice production—and yet we have expanded the coverage to include other crops. How do we reconcile this now, Mr. President?

Senator Alvarez. Mr. President, I will tell the Gentleman that that viewpoint, which is very stiff and strict in interpreting this particular rule, does not reflect the spirit of the LOI, the Executive Order. Precisely, the Executive Order says, "other crops." "Other crops" could mean more than rice. It could mean asparagus. It could mean banana. Any crop that grows on land.

So the one who now executes that mandate to insure small marginalized farmers under the LOI has enough mandate or authorization to include other crops, not only rice. Besides, there are also other laws. Republic Act No. 7900 mandates also the PCIC to cover high-value crops. This is the High-Value Crop Law. In this matter—this is where the Gentleman and this Representation disagree—for as long as there is consistency and coherence, and it does not violate the provision of the law, I will interpret the law within the metes and bounds of consistency and coherence that serve the public policy to advance a common purpose or a common good.

I think the Philippine Crop Insurance Corporation has a defined mandate. It seeks to perform a common good. And if and when the Gentleman has some doubts—he doubts the words “other crops”—I think that doubt should be resolved to make the law viable. I see the law to be viable, Mr. President.

Senator Drilon. Mr. President, I am just guided by the letter of the law that I read. The problem with the spirit cited by the Gentleman from Isabela is that by the very nature we cannot see the spirit. We can only read the letter. That is why I am reading the law which says “rice” production. But if the Gentleman would insist on the spirit, well and good. Let us have that spirit which I could not see at this point and which maybe the Gentleman can see.

But in any case, would the Gentleman agree with me that the limits are not determinable the way the proposed bill is phrased now? There is absolutely no limit to any kind of crop that can be insured. Is that correct, Mr. President?

Senator Alvarez. How I wish, Mr. President, that our capacity to insure crops in the countryside would be limitless. But as the Gentleman may have already found out in the way that this program is structured, it responds to the scarce and limited resources that can be deployed and it barely scratches the problem of small farmers in their insurance needs. So, the mandate here gives an elbow room in the word “other crops”. And the mandate here is even expanded after we have passed in the Ninth Congress our Republic Act No. 7900 which instructs the PCIC to cover high-value crops.

When we cover high-value crops, we know that the *palay* farmer is not the beneficiary of high-value crops, Mr. President. *Palay* farmer is a marginal farmer. High-value crops are in other crops. It could be banana, *kasuy*, mango, asparagus or in certain cases, cutflowers. So that the law, not necessarily perhaps in specific provisions here of “other agricultural...”—we don’t find the word “agricultural” but “crops”, “other crops”—may cover and may insure other crops. And if in the period of amendments, the Gentleman wants to clarify this point, I will be very liberal in accepting the wise recommendations in order that

the limitations in language of this law will actually embrace the intended benefit for our marginal farmers whom I know the Gentleman wants to support under this insurance program.

Senator Drilon. And the marginal farmers, Mr. President, will include the banana plantations in Davao, the pineapple plantations of the multinational companies, the high-value crops planted in Tagaytay. Would this be my understanding, Mr. President?

Senator Alvarez. Yes, Mr. President, because then we can create a viable insurance program and we can have cross-subsidies. We can even continue to subsidize the premium of marginalized rice farmers, or the rice farmers can start raising orchids on the side which are high-value crops. So we are subsidizing or we will remove subsidy from this rice production while we are insuring his orchids, assuming, Mr. President, that we were able to enter into the market system the production and sale of orchids as high-value crops.

Senator Drilon. So that there is no limit except at the discretion of the board of directors as to what crops to cover. Is that a correct interpretation, Mr. President?

Senator Alvarez. Yes, Mr. President.

Senator Drilon. Would this discretion, if exercised, be subject to the approval of the President under the amendments proposed by this bill under consideration?

Senator Alvarez. There is no specific provision that the Office of the President may or must review the decisions of the board.

In particular cases, I think when a corporate body, be it public or private entity, goes beyond the metes and bounds of its mandate, then there are appropriate agencies in the government that may invite its attention. Even the President may do that, Mr. President.

Senator Drilon. May I invite the attention of the Gentleman, Mr. President, to Section 10, paragraph 10.2 of PD No. 1467 which is not sought to be amended by this bill.

If the Gentleman would examine this particular provision, he would note that the expansion of the coverage other than *palay* would be subject to the approval of the President. Would the Gentleman now change his answer in the face of this provision which is not being amended?

Senator Alvarez. This is right, Mr. President. But under Republic Act No. 7900, the mandate is already there, to insure high-value crops.

Senator Drilon. And so is PD No. 1467; this is also a law, Mr. President.

Senator Alvarez. Mr. President, so that we will not debate too much on this point—the Gentleman has his views, and I have mine—I will not have any objection. If we come to the period of amendments, the Gentleman may propose his amendments in order to put to rest some of his constitutional doubts on this matter.

Senator Drilon. Thank you, Mr. President.

Mr. President, can the board of directors of PCIC insure the bananas in Honduras?

Senator Alvarez. Mr. President, by the title alone of the insurance company under this charter, "Philippine Crop Insurance Corporation," it is Philippine crops.

I think if the board of directors should decide to go into international business, then it will have to seek additional powers. That is not within its powers.

As a matter of fact, we can glean from the Declaration of Policy that what is sought to be protected and what is the limitation of the mandate is Philippine agriculture.

Senator Drilon. May I invite the attention of the Gentleman to Section 3 of PD No. 1467, particularly paragraph 3.6, which deals on the powers of the corporation. Let me read it:

"SEC. 3. The corporation shall have the following powers:

SEC. 3.6. To insure in the Philippines or abroad all or any risks of the corporation."

So that under this law, the corporation can insure the bananas in Honduras, if it is so authorized. This provision is not sought to be amended by the bill under consideration.

Senator Alvarez. Mr. President, what are being sought to be insured here are Philippine crops, which means Philippine crops which go through international passage.

If we put the crops on board a vessel that travels to Europe, we insure them against disaster that the agricultural products of Philippine origin may encounter to that point.

I thought the Gentleman was asking me whether it would go into business of insuring Philippine crops. Definitely, I do not think it is within the mandate of this corporation to insure

Japanese-produced rice. But Philippine-produced bananas or Philippine-produced asparagus are well within the competence of the corporation.

It is unthinkable that as soon as Philippine agricultural products cross Philippine waters up to 12 kilometers or 200 kilometers or whichever may be the interpretation of Philippine territory, then we cease to cover it.

Senator Drilon. Thank you, Mr. President. Under the same provision, in the payment of the benefits, the corporation, will cover production inputs, including the farmer's own labor, that of the members of his households and paid labor. May I know how this will be computed?

Senator Alvarez. Mr. President, there were standards that have been adopted. It looks back into these costings from the period 1972 up to 1981—a decade. There are ball park figures which have been the reference points used by the banks and the PCIC.

We will understand here that the premium is subsidized by the government by about 3.5 percent; the banks by about 1.5 percent; and the premium collected from the farmers directly is only about 2.5 percent.

Senator Drilon. May we know what is the formula used in the computation of the farmer's own labor, that of the members of his family and paid labor for purposes of payment of the insurance benefits?

Senator Alvarez. The formula was arrived at by doing a study of the history of farmers in the countryside. The insurable amount was in the ceiling of P10,000 per hectare for rice and P12,000 per hectare for corn. The material inputs were counted at 75 percent and the labor inputs at 15 percent. That was the formula for the total sum insured.

Senator Drilon. I assume this would be adjusted on a year-to-year basis, Mr. President.

Senator Alvarez. I believe so. If there will be some departures from costings, the board may be called upon to make the appropriate adjustments.

Senator Drilon. Mention is also made here about payment of portions of the expected yield or income. May I know what portion is this?

Senator Alvarez. Mr. President, that has to be set again by the board. I think the expectation here is to enable the marginal or small farmer to survive from one season to the other. What

are insured here are the costs of production plus his labor. So that if there will be a disaster and he collects his production cost, he will have the money to pay for seeds. He will have the money to pay for labor, but he will not have the food to eat after a disaster to enable him to catch on with the next season.

Perhaps, a ball park figure could be set by the board of directors somewhere in the level of 20 percent of the expected yield or income of the corporation.

Senator Drilon. Why not 30 percent, Mr. President?

Senator Alvarez. That may also be right, but there is a policy which I think the board will pursue—the policy to cover for risk the marginalized farmers. So that if, in its social investigation, it will find out that it is wise to insure 30 percent, then we should do so.

In certain jurisdictions as in Japan, the crops are insured to about 47 percent. The insurance corporation does not give a 100 percent insurance for obvious reasons, Mr. President. Because if we give a 100 percent insurance, then the farmer may not have the incentive at the end of the cropping season to even pay attention to preserving his crops and may even wish that disasters would strike his total production.

Senator Drilon. Could it also be 50 percent of the expected yield, Mr. President?

Senator Alvarez. As I told the Gentleman, in other jurisdictions as in Japan, where they have huge coverage or multibillion coverage of insurance for rice alone, they do not go beyond 47 percent.

What they do, Mr. President, is that they set the coverage at 70 percent—70 percent in the volume of crop and 70 percent in the costs, and they end up with 47 percent. There is a set formula here based on what we might call countryside wisdom or the history of that economic endeavor.

Senator Drilon. In other words, it is just based on the discretion of the board of directors as to what portion of the expected yield would be covered by the benefit. Is that a correct statement?

Senator Alvarez. I believe so, Mr. President, upon the conclusions, the studied judgment of the board of directors. Incidentally, the board of directors is structured in such a manner that it has diverse Representation from different segments of the agricultural community, even the financing and insurance community, so that we really have a confluence of experiences, skills, and perhaps wisdom to make that studied judgment.

Senator Drilon. Mr. President, is the coverage under the PCIC compulsory?

Senator Alvarez. It is not compulsory in the sense that one may not engage in agriculture unless he has a coverage.

Senator Drilon. But if one is engaged in agriculture, is it compulsory, Mr. President?

Senator Alvarez. If one is engaged in agriculture, and he wants to borrow from the bank, yes, it becomes an essential requisite in order that he can trigger the loan mechanism to cover his insurable interest.

The word is not compulsory, Mr. President. Does it set into operation certain expected programs so that the farmer may benefit from this program? Is he therefore insured? Yes, it does, Mr. President.

Senator Drilon. At no instance is the coverage compulsory. Is that what the Gentleman is telling us, Mr. President?

Senator Alvarez. Not compulsory in the martial law sense; but in the business sense, yes, it is useful to have this kind of coverage, Mr. President.

Senator Drilon. May I invite the attention of the Gentleman to Section 4 of PD. 1467, which is not being amended by the proposed bill, and let me read it for the record:

Section 4. Who shall be insured? Participation in the *palay* crop insurance shall be compulsory upon all farmers obtaining production loans for *palay* under the supervised credit program and optional on the part of the self-financed farmers: *Provided*, that they agree to place themselves under the supervision of the agricultural production technicians.

The term "supervised credit program", as used in this Decree, shall mean the production credit program wherein the farmer who obtained production loans for *palay* agrees in writing that he will apply proven farm practices necessary to conserve the land, improve its fertility and increase its production, and abide by the approved farm plan and budget jointly prepared by him and the duly accredited supervised credit technician.

The term "supervision of agricultural production technician" shall mean the supervision undertaken by the agricultural production technicians who are duly accredited by the appropriate government agencies concerned, as required under the supervised credit system.

May I know if this provision is still applicable, Mr. President?

Senator Alvarez. Yes, it is still applicable, Mr. President. As a matter of fact, this is an operative provision. But if the Gentleman interprets the word "compulsory" in that fashion, I will agree with that kind of interpretation. However, in the broader sense, I was interpreting it to mean that, unlike the payment of taxes which is compulsory upon everyone of us, this program is compulsory only in the sense that if a farmer wants to benefit under this program, then he will have to be insured. Otherwise, he will not be covered.

When I answered, "No, it is not compulsory," I meant that it is not something that one must do in order to exercise certain prerogatives. Whether he likes it or not, he must do this. That is compulsory.

Senator Drilon. My problem, Mr. President, is that the word "compulsory" should be understood in its ordinary meaning under the standard principles of statutory construction. And it is quite clear under Section 4, which is not sought to be amended, that the participation in the *palay* crop insurance, which is precisely the law, shall be compulsory on all farmers.

Senator Alvarez. No, Mr. President. I must correct the Gentleman in his interpretation.

Senator Drilon. Please correct me.

Senator Alvarez. The word "compulsory" here is used in relation to those who would want to participate. While the word "compulsory" is being used here, it does not mean compulsory. It only means that before a farmer can avail of the benefits of the rice production loan program, he should enter into this insurance scheme.

Whoever authored this law could have written this in that fashion. "Compulsory" here does not mean the compulsion which is part of the obligations of the ordinary citizens which are inescapable obligations in law. These are not mandated obligations. These are obligations which are optional only since one imposes them upon himself if he must take advantage of certain benefits organized by the system.

If one wants to secure a loan from the bank, he must complete the requisites. In that sense—I will agree with the Gentleman—it is compulsory. But let us not use the word "compulsory" in its most literal interpretation because what is being suggested here is that, in order to qualify, one has to be a part of a membership program.

Just like when one joins an exclusive club. Before he can play golf at Holiday Hills in Cavite, it is compulsory that he pays

the membership fee that all players must pay. In that sense, we can use the word "compulsory," but we do not really mean "compulsory" because he may or may not pay the membership fee. He may join Wack Wack Golf Club instead.

Mr. President, we are talking of language interpretation, but the intention of the law is clear: that this is a trigger mechanism so that one can go into an economic relationship which affords him certain protection and benefits.

Senator Drilon. Mr. President, I will ask a very simple question. If a farmer would apply for a loan from, say, the Bank of the Philippine Islands, or the Metropolitan Bank and Trust Company, or any private commercial bank, would he be required to secure insurance for his agricultural crop from the Philippine Crop Insurance Corporation? Is that the intention, Mr. President?

Senator Alvarez. Mr. President, the reality is that he may not even be entertained because the insurable commodity which he wants to insure is not covered by the commercial banks. This is really a limited scheme to cover farmers whose insurable interests have not yet entered the marketplace.

If regular insurance companies would already find it beneficial or profitable to cover the farmers in the countryside, then the Gentleman and this Representation would not be crafting this legislation. To the credit of that martial law regime, they would not have crafted this legislation. This is an act of intervention into the economics of the countryside. Therefore, if one wants to be covered by the benefits of the process, then he must insure. That is the idea here.

SUSPENSION OF THE SESSION

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

The Presiding Officer [Senator Sotto]. The session is suspended, if there is no objection. [*There was none.*]

It was 7:28 p.m.

RESUMPTION OF THE SESSION

At 7:29 p.m., the session was resumed.

The Presiding Officer [Senator Sotto]. The session is resumed.

SUSPENSION OF CONSIDERATION OF S. NO. 1157

Senator Romulo. Mr. President, after consultation with both Senators Alvarez and Drilon, I move that we suspend consideration of Senate Bill No. 1157 until tomorrow.

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

**MOTION OF SENATOR ROMULO
(Election of the Chairman and Members of the
Peace, Unification and Reconciliation Committee)**

Senator Romulo. Mr. President, I move that we elect the following as Chairman and Members of the Peace, Unification and Reconciliation Committee: Senator Honasan as Chairman, Senator Mercado as Vice-Chairman, and Senators Coseteng, Osmeña, Magsaysay, Macapagal, and Drilon, as Members.

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

**MOTION OF SENATOR ROMULO
(Election of Senator Honasan as Member of the
Committee on Constitutional Amendments,
Revision of Codes and Laws)**

Senator Romulo. I move that we elect Senator Honasan as Member of the Committee on Constitutional Amendments, Revision of Codes and Laws.

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

Senator Romulo. Mr. President, the booklet-form of the *Rules of Procedure Governing Inquiries In Aid Of Legislation* has been distributed and is on the desk of each Senator.

The booklet-form of the list of all committees with chairmen, vice-chairmen and members will be submitted tomorrow, Mr. President.

The Presiding Officer [Senator Sotto]. We will take note of that.

Senator Romulo. Mr. President, we have an Additional Reference of Business. May I ask the Secretary to read them.

The Presiding Officer [Senator Sotto]. The Secretary will please read the Additional Reference of Business.

ADDITIONAL REFERENCE OF BUSINESS

BILL ON FIRST READING

The Secretary. Senate Bill No. 1213, entitled

AN ACT TO IMPLEMENT THE DEREGULATION OF THE DOWNSTREAM OIL INDUSTRY PURSUANT TO REPUBLIC ACT NUMBERED SEVENTY-SIX HUNDRED AND THIRTY-EIGHT

Introduced by Senator Alvarez.

The Presiding Officer [Senator Sotto]. Referred to the Committees on Energy; and Trade and Commerce.

RESOLUTION

The Secretary. Proposed Senate Resolution No. 154, entitled

RESOLUTION URGING THE COMMITTEES ON ENVIRONMENT AND NATURAL RESOURCES; CULTURAL COMMUNITIES; YOUTH AND SPORTS DEVELOPMENT; AND EDUCATION, ARTS AND CULTURE TO ACTIVELY PARTICIPATE IN THE GLOBAL INDIGENOUS CULTURAL OLYMPICS/SUMMIT TO BE HELD FROM DECEMBER 1 TO 10, 1995 FOR THE OBSERVANCE OF DECADE FOR FILIPINO INDIGENOUS PEOPLES AS MANDATED BY A.O. NO. 206

Introduced by Senator Alvarez.

The Presiding Officer [Senator Sotto]. Referred to the Committees on Youth and Sports Development; and Cultural Communities.

Senator Romulo. Mr. President, we shall resume consideration of the bills in the Calendar for Special Orders tomorrow. We shall start with Senate Joint Resolution No. 1, the Creation of Agricultural Commission, and then the Philippine Crop Insurance Corporation Bill, as amended.

ADJOURNMENT OF THE SESSION

With that, Mr. President, I move that we adjourn the session until four o'clock tomorrow afternoon.

The Presiding Officer [Senator Sotto]. Is there any objection? [*Silence*] There being none, the session is adjourned until four o'clock tomorrow afternoon.

It was 7:32 p.m.

RECORD OF THE SENATE

WEDNESDAY, SEPTEMBER 27, 1995

ROLL CALL

OPENING OF THE SESSION

At 4:11 p.m., the President of the Senate, Hon. Neptali A. Gonzales, called the session to order.

The President. The 22nd session of the Senate in the First Regular Session of the Tenth Congress of the Philippines is hereby called to order.

We shall be led in prayer by Senator Freddie N. Webb.

Everybody rose for the opening prayer.

PRAYER

Senator Webb.

Lord of all creation, in these times of conflicts, which divide our attention and tear apart our loyalties and resolutions, help us to understand:

If in scrupulously respecting the human rights of criminals, we are unwittingly encouraging the commission of crimes;

If in assiduously upholding freedom of the press, we are instead ruining the lives of individuals who are thereby unnecessarily convicted on the bar of public opinion;

If in rushing towards industrialization, we are not in fact turning our plowshares to building beams, our farmlands to subdivisions, and thereby reducing our capacity to feed the population;

If in the quest for cheaper nuclear power, we are not in fact shortening the terms of our existence;

If in rushing to amend our fundamental law on any given opportunity, we are not painting ourselves to a corner; then

Give us, Your legislators, the gift of judgment to balance our resolutions of these rights, all of which we hold sacred.

May Your Divine guidance, Lord, infuse our hearts with justice and suffuse the ink with which we affix our signatures to the laws we now make and in the future.

Amen.

The President. The Secretary will call the roll.

The Secretary.

- Senator Heherson T. Alvarez Present
Senator Edgardo J. Angara Present
Senator Anna Dominique M.L. Coseteng Present
Senator Franklin M. Drilon Present
Senator Juan Ponce Enrile Present
Senator Marcelo B. Fernan Present
Senator Juan M. Flavier Present
Senator Ernesto F. Herrera Present
Senator Gregorio B. Honasan Present
Senator Gloria M. Macapagal Present
Senator Ernesto M. Maceda Present
Senator Ramon B. Magsaysay Jr. Present
Senator Orlando S. Mercado Present
Senator Blas F. Ople Present
Senator Sergio R. Osmeña III Present*
Senator Ramon B. Revilla Present
Senator Raul S. Roco Present*
Senator Alberto G. Romulo Present
Senator Miriam Defensor-Santiago Present
Senator Leticia R. Shahani Present
Senator Vicente C. Sotto III Present
Senator Francisco S. Tatad Present
Senator Freddie N. Webb Present
The President Present

The President. With 22 Senators present, the Chair declares the presence of a quorum.

SUSPENSION OF THE SESSION

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

It was 4:14 p.m.

RESUMPTION OF THE SESSION

At 4:14 p.m., the session was resumed with the Honorable Senate President Pro Tempore, Leticia Ramos-Shahani, presiding.

The President Pro Tempore. The session is resumed.

* Arrived after the roll call

THE JOURNAL

Senator Romulo. Madam President, I move that we dispense with the reading of the *Journal* of the previous session and consider the same as approved.

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

The Secretary will please read the Order of Business.

REFERENCE OF BUSINESS

RESOLUTION

The Secretary. Proposed Senate Resolution No. 155, entitled

RESOLUTION GIVING CONSENT TO THE HONORABLE ROSARIO G. MANALO, TO ACCEPT THE ORDER OF MERIT, RANK OF "GRAND OFFICIER", AWARDED TO HER BY THE GOVERNMENT OF FRANCE

Introduced by Senator Maceda.

The President Pro Tempore. Referred to the Committee on Foreign Relations.

COMMUNICATION

The Secretary. Letter from Lalaine Villafuerte-Abonal, president of the Bicol Broadcasting Systems, Inc., conveying to the Senate their acceptance of the franchise granted under Republic Act No. 8092 entitled

AN ACT GRANTING THE BICOL BROADCASTING SYSTEMS, INC. A FRANCHISE TO ESTABLISH, OPERATE, AND MAINTAIN COMMERCIAL RADIO AND TELEVISION BROADCASTING STATIONS IN REGION V.

The President Pro Tempore. Referred to the Committee on Public Services.

The Majority Leader is recognized.

BILL ON SECOND READING
S. No. 1157—Amending the PCIC Charter
[Continuation]

Senator Romulo. Madam President, I move that we

resume consideration of Senate Bill No. 1157, as reported out under Committee Report No. 3.

The President Pro Tempore. Resumption of consideration of Senate Bill No. 1157 is now in order.

Senator Romulo. We are still in the period of interpellations, Madam President. I ask that the Sponsor, Senator Alvarez, be recognized, with Senator Drilon to continue his interpellation.

The President Pro Tempore. Senators Alvarez and Drilon are recognized.

Senator Drilon. Thank you, Madam President. Section 16 of Presidential Decree No. 1467 regarding the exemption from taxes of the PCIC is not sought to be amended by the bill under consideration, Senate Bill No. 1157. Is that a correct understanding?

Senator Alvarez. I believe so, Madam President. It is not incorporated in one of those proposed to be amended.

Senator Drilon. The Gentleman from Isabela, Madam President, believes that, indeed, this corporation being formed or being in existence for the benefit of small farmers should be exempted from taxes. Is that correct?

Senator Alvarez. The exemption from taxes is limited only to such taxes and assessment for which the corporation itself would otherwise be liable. But it shall not apply to taxes and assessments payable by persons or other entities doing business with the corporation. So it is only the corporation.

Senator Drilon. Yes, the corporation is exempt from taxes.

Senator Alvarez. Yes.

Senator Drilon. Did I hear correctly the Gentleman say yes, Madam President?

Senator Alvarez. Yes, this is a subsisting provision.

Senator Drilon. Madam President, is the Gentleman aware of Section 193 of the Local Government Code, Republic Act No. 7160?

Senator Alvarez. Perhaps, we can go to that if the Gentleman wishes.

Senator Drilon. Yes, may I inform the Gentleman that under Section 193 of the Local Government Code, RA No. 7160, it specifically states:

Unless otherwise provided in this Code, tax exemptions or incentives granted to, or presently enjoyed by all persons, whether natural or juridical, including government-owned and controlled corporations, except local water districts, cooperatives duly registered under R.A. No. 6938, nonstock and non-profit hospitals and educational institutions, are hereby withdrawn upon the effectivity of this Code.

This provision, Madam President, clearly withdraws the tax exemption and privileges of government corporations, including the Philippine Crop Insurance Corporation, which is a body corporate created by PD No. 1467. Therefore, with all due respect, this Representation respectfully disagrees with the honorable Gentleman from Isabela that the PCIC continues to enjoy the tax exemption under Section 16.

Senator Alvarez. Madam President, that may be referring to local taxes, the Local Government Code.

Senator Drilon. No, Madam President. The provision is found in the Local Government Code and the tax exemption granted to government corporations, like the PCIC, has been withdrawn.

Senator Alvarez. Madam President, the Local Government Code, if that is the case, being of later promulgation, may have to effect the interpretation of this particular provision. But the PCIC management informs us, however, that it has been paying taxes, nonetheless.

Senator Drilon. So, it is not exempt from taxes?

Senator Alvarez. Apparently it has not invoked the privilege of this provision. But if we are to interpret this in the light of later enactment then, definitely, the Gentleman is correct when he says that this is withdrawn and affected by the Local Government Code.

Senator Drilon. But is the charter of the Philippine Crop Insurance Corporation not a specific exemption whereas the Local Government Code is a general exemption, Madam President?

Senator Alvarez. Madam President, nonetheless, the practice of the corporation has been to the effect that it has been paying its taxes.

Senator Drilon. Notwithstanding Section 16?

Senator Alvarez. Notwithstanding Section 16. For some corporate reason or the other, it has been paying its taxes.

Senator Drilon. What is that corporate reason or the other, Madam President?

Senator Alvarez. Madam President, it may be out of a sense of participation in the general effort to raise revenues for the government.

Senator Drilon. I see. Madam President, under Section 4 of Senate Bill No. 1157 which amends Section 5 of PD No. 1467, it states:

...THAT THE SHARE OF THE GOVERNMENT IN THE PREMIUM COST, IN THE FORM OF A PREMIUM SUBSIDY, SHALL BE LIMITED ONLY TO SMALL-SCALE SUBSISTENCE FARMERS EACH OF WHOM IS CULTIVATING NOT MORE THAN SEVEN (7) HECTARES BY HIMSELF OR WITH THE HELP OF THE LABOR OF THE MEMBERS OF HIS HOUSEHOLD AND HIRED LABOR, THE PREMIUM RATE AND SHARING TO BE DETERMINED BY THE BOARD OF DIRECTORS.

My question, Madam President, is: Can the Gentleman tell us what the premium rates are?

Senator Alvarez. Madam President, the premium rates are broken into parts: 3.5 percent of the 8-percent total is paid by the government; 2.5 percent is paid by the farmer; and 1.5 percent is paid by the lending financing institution.

Senator Drilon. If the Gentleman would excuse me, Madam President, may I have the answer again so that I can take it down? I did not catch the answer.

Senator Alvarez. Madam President, 3.5 percent is paid by the government; 2.5 percent is paid by the farmer; and 1.5 percent by the lending institution.

Senator Drilon. And how much would the 3.5-percent premium subsidy being paid by the government amount to on an annual basis, Madam President?

Senator Alvarez. Since this is a percentage scale, Madam President, it will depend on the policy to be underwritten.

Senator Drilon. In 1994, Madam President, how much did the 3.5-percent premium subsidy amount to?

Senator Alvarez. In 1994, there has been an average subsidy of P100 million per annum. There has been an outstanding unpaid subsidy premium of P542 million over the last 11 years.

Senator Drilon. It is P542 million unpaid over the last 11 years by the national government to the PCIC. Is that correct, Madam President?

Senator Alvarez. To be exact, Madam President, it is P542.941 million from the years 1985 to 1994.

Senator Drilon. It is P542,941,000. Is that correct, Madam President?

Senator Alvarez. That is correct, Madam President, and if the Gentleman so wishes, I shall read out to him the figures from 1985.

Senator Drilon. Please, Madam President. If that is the pleasure of the Gentleman, I would appreciate his reading the figures from 1985.

Senator Alvarez. Does the Gentleman need the figures, Madam President? I will read it to him.

Senator Drilon. Yes, please. And, Madam President, may I request the Gentleman to read them slowly so I can take them down.

Senator Alvarez. In 1985 - P22.541 M; 1986 - P52.830 M; 1987 - P 5.603 M; 1988 - P22.074 M; 1989 - P49.970 M; 1990 - P54.571 M; 1991 - P130.798 M; 1992 - P110.492 M; 1993 - P65.227 M; and 1994 - P28.835 M.

Senator Drilon. Is there any intention to change the premium rate being subsidized by the government, Madam President?

Senator Alvarez. Madam President, the general principles are stated in that particular provision which the Gentleman has thus far referred to. And if the board of directors will find it reasonable and helpful in carrying out the general objectives of the program, they may or may not.

Senator Drilon. May I know, Madam President, what will be the standard used by the board of directors in finding out if the premium share of the small-scale/subsistent farmer is reasonably affordable by him as provided in Section 4 of Senate Bill No. 1157?

Senator Alvarez. The small-scale/subsistent farmer referred to here should not be cultivating more than seven hectares. It should be reasonably affordable to him and the basis for this has been a study of the economics of small-scale farmers' livelihood in the countryside from the year 1971 to 1984. So based on the social evidence obtained from the study, they have

figured out that what will be affordable to him then was something like P250 per hectare of rice farm where the insurable interest will consist of his labor, materials inputted, seeds, and chemicals.

Senator Drilon. How about 10 years later, what is reasonably affordable, because the Gentleman cited a study which ended in 1984? May we know what is reasonably affordable according to that study 10 years hence or 1994?

Senator Alvarez. Madam President, there has not been found much change for the small-scale farmers. And if there were changes, they were minimal changes so the Philippine Crop Insurance Corporation has remained at that level of computation.

Senator Drilon. The Sponsor mentioned the figure of P542.941 million as the unpaid premium subsidy over the last 11 years. Is that a correct recollection, Madam President?

Senator Alvarez. These were the uncollected premiums from the government from the years 1985 to 1994. To be exact, it is not 11 years but nine years, Madam President.

Senator Drilon. I am sorry. I stand corrected, Madam President. Therefore, P542.941 million is the amount referred to under Section 5 which seeks to incorporate Section 6.3 into PD No. 1467, which reads as follows:

UNAPPROPRIATED AND/OR UNRELEASED
GOVERNMENT PREMIUM SUBSIDY FOR THE
POLICIES WRITTEN FOR THE PERIOD FROM
MAY 1, 1981 UPTO THE APPROVAL OF THIS ACT
COMPUTED ON THE BASIS OF PREMIUM RATES
AND SHARING AS PREVIOUSLY APPROVED BY
THE PRESIDENT OF THE PHILIPPINES AS
AUTHORIZED BY LAW SHALL BE
PROGRAMMED FOR PAYMENT BY THE
GOVERNMENT WITHIN A PERIOD OF TEN (10)
YEARS.

The amount referred to here is P542.941 million. Is that correct, Madam President?

Senator Alvarez. That is correct, Madam President. This is a financing scheme to enable the Philippine Crop Insurance Corporation to access money that is due to it from the government on a sliding scale.

Senator Drilon. Madam President, the proposed Section 8.1 of the charter of the PCIC would require the government to subscribe to 15 million common shares of the PCIC at P100 per

share or a total appropriation of P1.5 billion under Section 8.1. Is that correct, Madam President?

Senator Alvarez. That is correct, Madam President.

Senator Drilon. Under Section 8.3, an additional common stock of P1 billion will also be subscribed by the government. Is that correct, Madam President?

Senator Alvarez. I beg pardon of the Gentleman, Madam President.

Senator Drilon. Under proposed Section 8.3, it says: "The ADDITIONAL common capital stock of ONE BILLION PESOS (P1,000,000,000.00) shall be fully subscribed by the government."

So in addition to the P0.5 billion under Section 6.3, in addition to the P1.5 billion under Section 8.1, there is another P1 billion under Section 8.3. Is that a correct reading, Madam President?

Senator Alvarez. Yes, Madam President.

Senator Drilon. Under Section 7 which proposes to incorporate Section 8-A in PD No. 1467, the government is again required to put up a state reinsurance fund of P500 million. Is that correct, Madam President?

Senator Alvarez. That is right, Madam President.

Senator Drilon. So that the total exposure of the government under this proposed law is no less than P3.5 billion.

Senator Alvarez. Roughly, on that ballpark figure. But the reinsurance fund of P500 million is not part of the increased capitalization.

Senator Drilon. That is correct. But the state reinsurance fund will also answer for a proportion of all losses in excess of the risk premium. In other words, it is allocated for the same purpose. Is that correct, Madam President?

Senator Alvarez. Yes. It is intended to spread the risk during unusual events when the damage or the losses would be great.

Senator Drilon. So that the Gentleman would confirm, Madam President, that the total funds necessary would be at least P3.5 billion.

Senator Alvarez. The fund would amount to P2.292

billion, Madam President. The PCIC capital would be P1.250 billion; the state reinsurance fund would be P500 million; the unpaid receivable would be P542 million. So, an aggregate of P2.292 billion.

Senator Drilon. May I have that again, Madam President, because under Section 6.3, the unpaid premium is P0.5429 billion. Is that correct?

Senator Alvarez. That is right. Yes, Madam President.

Senator Drilon. Under Section 6 which, proposes to incorporate Section 8.1, the subscription is P1.5 billion.

Senator Alvarez. Yes, Madam President.

Senator Drilon. Under proposed Section 8.3, there is an additional P1 billion.

Senator Alvarez. It is not additional, Madam President. It is the PCIC capital. The aggregate will be P1.250 billion; the state reinsurance fund would be P500 million; the unpaid receivable would be P542 million. So the total government exposure would be P2.292 billion.

Senator Drilon. May I have, again, some explanation how this was arrived at? I am sorry I did not get it very clearly, Madam President.

Senator Alvarez. For the PCIC capital, the aggregate total is P1.250 billion; state reinsurance fund is P500 million; unpaid receivable, which we have gone through since 1985, is P542 million. So that the aggregate here would be P2.292 billion, Madam President.

Senator Drilon. Let us accept for the moment the computation of the Gentleman from Isabela as being correct, Madam President. My next question is, how much funding is necessary for the current year, meaning 1995?

Senator Alvarez. For the current year, we are asking for that point which we had extensively talked about three nights ago, which is P113 million. We were hoping to access that.

Senator Drilon. If it is P113 million for 1995, how much funding would be required in 1996?

Senator Alvarez. On the scale table prepared by the corporation, in 1996 it was targeting P350 million.

Senator Drilon. May I know how that was arrived at, Madam President?

Senator Alvarez. This was arrived at in liaison with the Department of Agrarian Reform.

Senator Drilon. In liaison, meaning in coordination with the Department of Agrarian Reform.

Senator Alvarez. With the leadership of the Department of Agrarian Reform, which wishes to beef up this capitalization. And it was prepared to have the Philippine Crop Insurance Corporation to access P350 million from its own fund, which is normally deployed to assist or subsidize those who are participants in the Agrarian Reform Program, since this may be used to cover some of the beneficiaries of the Agrarian Reform Program.

Senator Drilon. How about in 1997, Madam President, how much funding would be necessary?

Senator Alvarez. For 1997, it is P350 million.

Senator Drilon. Another P350 million. And in 1998?

Senator Alvarez. In 1998 - P350 million; in 1999 - P350 million; in the year 2000 - P237 million; and thereafter, up to the year 2006, P42 million. So we will arrive at an aggregate total of P2.042 billion.

Senator Drilon. So where will the balance of about P250 million come from, Madam President, if the original requirement was P2.292 billion?

Senator Alvarez. This P250 million will be in preferred shares and it need not necessarily be from targeted government sources. But since this is a program that will extend beyond the year 2000, the corporation is hopeful that this could be raised in certain quarters—from banks, cooperatives and farmers' organizations. There will be enough time for them to move around and campaign for the disposal of this targeted share of P250 million.

Senator Drilon. So the government exposure and the funding requirement is P2.042 billion not P2.292 billion, is that correct, Madam President?

Senator Alvarez. The Gentleman is correct, Madam President.

Senator Drilon. Since the P250 million will be raised from preferred shares, is that correct?

Senator Alvarez. The Gentleman is correct, Madam President.

Senator Drilon. Now, what are the features of these preferred shares?

Senator Alvarez. They will have preferential treatment in the payment of interest, and on occasion where the corporation will have to liquidate, they will have preferential treatment as well. This is the straight across-the-board preferred share feature.

Senator Drilon. How much would be the interest on the preferred shares?

Senator Alvarez. That depends on the annual performance. I think there is a guaranteed 6 percent.

Senator Drilon. There is a guaranteed 6 percent. Is it a voting share, Madam President?

Senator Alvarez. No, Madam President.

Senator Drilon. Would the dividends from the preferred share be exempt from income tax?

Senator Alvarez. I do not think that this is a guaranteed feature of these shares, Madam President.

Senator Drilon. Is it redeemable? And if so, when?

Senator Alvarez. They are redeemable at the option of the corporation at the prevailing book value but in no case less than the par value after five years from issuance of the preferred shares.

Senator Drilon. In fact, the feature of the preferred shares is found in Section 8.4 of PD 1467, is that correct?

Senator Alvarez. That is correct, Madam President.

Senator Drilon. And the dividends are exempt from income tax, is that correct?

Senator Alvarez. That is right, Madam President.

Senator Drilon. Under Section 8.4.5, the dividends are exempt from income tax.

Senator Alvarez. That is right, Madam President.

Senator Drilon. That is correct. Now, how realistic or attractive would these preferred shares be to the public, given the history of the PCIC, given the rate of return of 6 percent? How realistic can we expect subscription from private sources of such preferred shares?

Senator Alvarez. Well, this is going to be deployed and offered, Madam President. We do not really know how the organizations, which are not necessarily investment organizations, that will be approached for this participation will react. The groups that will be approached for the shares will be cooperatives, farmers' organizations, and the like. We have no history or record of how it is going to be accepted in that particular market.

Senator Drilon. The prevailing interest on deposits right now, Madam President, is way above 6 percent as specified under Section 8.4.1 as a feature of the preferred shares. Is that correct, Madam President?

Senator Alvarez. Yes, Madam President.

Senator Drilon. And, therefore, at 6 percent, the Gentleman would agree with me that this would not be attractive at all in the market to be able to attract investors. Is that correct, Madam President?

Senator Alvarez. Well, that is a minimum interest stated, Madam President.

Senator Drilon. I see. Suppose, just suppose, Madam President, that there are no investors to the preferred share issue, what will happen to the cash requirements of the PCIC of P2.292 billion and 10 percent of which will be coming from the preferred shares? Will the capital of the corporation be now impaired, or will we now require again a government subscription?

Senator Alvarez. Madam President, this is a program scaled over a period of time—from 1995 to the year 2006. Obviously, there is an elbow room for flexibility and decision-making by the board. So, it is a growth process of the organization to which the leadership may respond as the opportunity may arise. If that should not be subscribed, then I think any corporate group can make the necessary adjustment.

Senator Drilon. When does the corporation intend to offer this to the public?

Senator Alvarez. It is open to the public now, Madam President.

Senator Drilon. It is open to the public as of today?

Senator Alvarez. Yes, as of today.

Senator Drilon. When is it open to the public?

Senator Alvarez. It is already offering preferred shares to the public.

Senator Drilon. Right now, the corporation is offering preferred shares to the public, is that correct?

Senator Alvarez. Yes, Madam President.

Senator Drilon. And would the Gentleman tell us if there are any subscribers?

Senator Alvarez. Land Bank, yes, because it is interested in the program. But there are concessional arrangements, Madam President.

Senator Drilon. Land Bank is also a government corporation, Madam President.

Senator Alvarez. That is correct, Madam President.

Senator Drilon. Is there any private investor who has expressed interest on the preferred shares at 6 percent guaranteed dividend?

Senator Alvarez. There has not been a reported investment by cooperatives. But I am sure, in the same manner that Land Bank assists the corporation and makes this investment, it may find a cooperative.

Senator Drilon. If the cooperative can earn 9 percent for its money in a savings account or in a money market placement, would it be in fulfillment of its fiduciary obligation if it invests in preferred shares of PCIC at 6 percent interest?

Senator Alvarez. It may, Madam President, because if the cooperative uses the facility of the PCIC and to help show the viability of the program, it may. The benefits—as the cooperative sees them—will not only be in direct financial opportunities, but also with the necessary protection that it affords to the operation of its member-farmers.

Senator Drilon. But the Gentleman would agree with me that the government may end up subscribing to the preferred shares as the Land Bank is doing if, in fact, there are no investors interested in the preferred share with the features found in the law right now.

Senator Alvarez. Madam President, if that opportunity should arise or that contingency should come to pass and we find it socially useful, then the Gentleman and I may have to participate in the decision-making over this issue.

Senator Drilon. Let us now go to Section 8 of the bill which proposes to amend Section 9.1 of PD No. 1467. We note that the proposed amendment would increase the number of members of the board of directors from nine to 10. Is that correct, Madam President?

Senator Alvarez. That is right, Madam President.

Senator Drilon. May I know, Madam President, what happens if there is a tie on a decision submitted to the board—five voting for and five voting against?

Senator Alvarez. Madam President, this particular provision will be subject to further amendments. There are already reservations to amend this provision. So, we must not take this as unalterable provision.

Senator Drilon. I see.

Senator Alvarez. Later, during the period of amendments, there are fresh ideas that may come in from the Members, if they wish to.

Senator Drilon. Ideally, instead of an even number, it should be an odd number so that the possibility of a tie will not happen. Is that a correct assessment?

Senator Alvarez. That is correct, Madam President. As a matter of fact, that was being taken into account when the question of a permanent representative—to be nominated by the Secretary of the Department of Finance—from the private insurance group have to be added to the board.

So that as is the case when we craft measures here, there are certain measures that are open to amendments.

Senator Drilon. In other words, not only in this particular provision, but other provisions could still be amended at the appropriate time.

Senator Alvarez. Definitely, Madam President. We are only at the point of clarifying. Later on, we will note—as the Gentleman may have already known—the whole Chamber is encouraged and the Gentleman will be encouraged to improve and add his wisdom to perfect this piece of legislation.

Senator Drilon. Could these revisions not have been made if a public hearing was conducted, Madam President?

Senator Alvarez. Yes, Mr. President. But that is only a step in the process of legislating. We do not foreclose altogether in a public hearing the direct and active participation of every

member in the final stages of crafting the rule.

Senator Drilon. In fact, it could not have been corrected in a public hearing, because there was no public hearing conducted. Is that correct, Madam President?

Senator Alvarez. I do not believe that the Gentleman is correct. There had been public hearings. When I received this particular piece of legislation, I already saw some changes in the original bill that I had proposed to the Chamber.

Senator Drilon. So there were public hearings. But the matter of the number of the board members was not discussed in the public hearing. Is that correct, Madam President?

Senator Alvarez. Madam President, before I stood up here, this matter had been recommended for possible changes. I will open my mind when the time comes, if the changes will be introduced by any of our colleagues or the Gentleman, if he is interested.

Senator Drilon. I am certainly interested, Madam President, but I would like to go to another question on the board.

I notice that we have removed from membership of the board the Secretary of Labor. May I know why the Secretary of Labor is being removed from membership of the board in the PCIC?

Senator Alvarez. The corporation wanted to stress the participation of individuals who would otherwise be more active in this undertaking. They were considering bringing in more representatives from the insurance sector of the community. To keep the Secretary of Labor instead of relieving him would give an opportunity for bringing in more representations from other sectors. For instance, more from the farmers sector, because the Secretary of Labor, more or less, reflects the working class in the urban areas.

Senator Drilon. I beg to disagree, Madam President. Are we saying that the farmers are not members of the labor force?

Senator Alvarez. They are, Madam President. But in this specific case, there is an effort to bring in representation from the peasant working force, from the agrarian working force. In the normal course of figuring out whom the Secretary of Labor represents, it is usually the leader or the head of the agency that relates or attends to the commercial and industrial classes.

Senator Drilon. Does the bill not provide that among the risks that will be covered by the policy would be the paid labor of the farmer?

Senator Alvarez. That is what I was trying to point out, Madam President—labor. There is agrarian labor. When we talk of the Secretary of Labor, he is more into organized labor in commercial and industrial sectors. When we talk of farmers, sometimes we think of the Secretary of Agrarian Reform, we begin to consider the peasant organizations which truthfully do not have a one-to-one interest with the primary concerns of the Department of Labor.

Senator Drilon. How about the Secretary of National Defense? Do we understand it that the Gentleman would also want to remove from the PCIC the Secretary of National Defense?

Senator Alvarez. This position can give way to farmers' representation, Madam President.

Senator Drilon. But the membership of the board can be increased by one or three, as the Gentleman earlier indicated. Is that correct, Madam President?

Senator Alvarez. Yes, Madam President. At the opportune time, as I was suggesting to the Gentleman, perhaps we will have his ideas on whose viewpoint should be taken into account in constituting the board.

Senator Drilon. The reason I am asking that is, the Secretary of National Defense is also the chairman of the National Disaster Coordinating Council and certainly, in times of calamities, it is the Secretary of National Defense who will be in the best position to know whether or not, in fact, the agricultural crops at a certain locality has been damaged, the extent of the damage, and the amount necessary for the farmers to recover their losses. Would the Gentleman agree with that?

Senator Alvarez. I agree with that, Madam President. But if it is a matter of finding damage, there are other parallel bodies that can do that just as well.

Senator Drilon. Let us now go, Madam President, to Section 9 of Senate Bill No. 1157 regarding the procedure for the settlement of claims. Section 11-A.1 provides:

SEC. 11-A.1 CLAIMS FOR INDEMNITY AGAINST THE CORPORATION SHALL BE SETTLED BY THE CORPORATION'S REGIONAL OFFICE CONCERNED.

Who in the Regional Office would settle these claims?

Senator Alvarez. It is the regional manager in the Regional Office.

Senator Drilon. The regional manager. He is equivalent to a regional director in the order of bureaucracy.

Senator Alvarez. Yes, Madam President.

Senator Drilon. This provision also provides:

HOWEVER, IF IN THE OPINION OF THE REGIONAL OFFICE THE CLAIM IS NOVEL, DIFFICULT OR CONTROVERSIAL, THE MATTER MAY BE ELEVATED BY THE REGIONAL OFFICE TO THE PRESIDENT/EXECUTIVE VICE-PRESIDENT OF THE CORPORATION FOR DECISION.

My question is: What is a "novel, difficult or controversial claim"?

Senator Alvarez. Well, when there is an extensive damage and it is not in the usual and standard settlement of claims that have been undertaken by the Regional Office and their adjusters, and for this reason, there is a dispute, and those claims which are not within the working standard rules of the Regional Office.

Senator Drilon. So that if the damage is extensive, the claim is considered as novel, difficult or controversial. Is that our understanding, Madam President?

Senator Alvarez. And those that are not within the rules, because it has rules which the adjusters put into operation in settling the claims.

Senator Drilon. Madam President, the Gentleman mentioned that if there is a dispute, it becomes a difficult or controversial question. What disputes does the Gentleman have in mind, Madam President?

Senator Alvarez. The usual coverage are those that have been due to disasters, like typhoons. And if the claim should have been partially a matter of negligence and disaster or at the same time this is disputed and they cannot agree because they are adjusters, then the venue for satisfaction can be elevated.

Senator Drilon. So that the dispute is between the claimant and the adjuster of PCIC. Is that correct?

Senator Alvarez. Yes, Madam President. The Regional Office then takes it to the higher office.

Senator Drilon. To whom is it taken?

Senator Alvarez. The executive vice-president, as a matter of practice. It was anticipated that it should be to the executive vice-president or the president, although this is one provision which, at the opportune time for amendment, the Committee reserves to amend because there should be a very clear entity to which the appeal must be made.

Senator Drilon. I agree, Madam President. Under 11-A.2, it provides that:

A PARTY AGGRIEVED BY THE DECISION OF THE REGIONAL OFFICE MAY, WITHIN 30 DAYS FROM RECEIPT OF THE DECISION, REQUEST FOR A RECONSIDERATION THEREOF, AND IF NOT SATISFIED THEREWITH, ELEVATE THE MATTER TO THE PRESIDENT/EXECUTIVE VICE PRESIDENT OF THE CORPORATION, OR MAY APPEAL SAID DECISION, ORDER OR RULING TO THE CORPORATION'S BOARD OF DIRECTORS.

May I know, Madam President, who is the party aggrieved here?

Senator Alvarez. The insured, Madam President.

Senator Drilon. Only the insured or the claimant is the aggrieved party, is that correct, Madam President?

Senator Alvarez. That is correct, Madam President.

Senator Drilon. Can the aggrieved party appeal the decision of the regional manager to the president?

Senator Alvarez. We will introduce that for clarity during the period of amendments, Madam President. The Committee has sought reservations for that.

Senator Drilon. And would the Gentleman also sort out clearly the appeal stages under Section 11-A.2?

Senator Alvarez. That is right, Mr. President. We will do that.

Senator Drilon. From the decision of either the board or the president, where will the claimant go if he is not satisfied with the decision?

Senator Alvarez. Madam President, he can go either to the courts, or to the Insurance Commission.

Senator Drilon. Does the Insurance Commission have adjudicatory powers over the claims, Madam President?

Senator Alvarez. Yes, Madam President. I think that is provided by law.

Senator Drilon. Under what law is that so provided, Madam President?

Senator Alvarez. Under the Insurance Code, Madam President.

Senator Drilon. Under the Insurance Code, the Insurance Commissioner can adjudicate claims for insurance, is that correct, Madam President?

Senator Alvarez. Yes, Madam President.

Senator Drilon. Is it not the Regional Trial Courts which have jurisdiction over claims of this nature under the Judiciary Act?

Senator Alvarez. I believe so, Madam President, although I am not too clear on that. The Regional Trial Courts may have concurrent jurisdiction, but not exclusive jurisdiction over claims of such nature.

Senator Drilon. I beg to disagree because the jurisdiction of the Regional Trial Courts is exclusive under B.P. 129, otherwise known as The Judiciary Act, Madam President.

Senator Alvarez. We will have to clarify that, Madam President, because the Insurance Code provides also for that jurisdiction.

Senator Drilon. Is the decision of the board of directors or the president appealable to the President of the Republic of the Philippines, Madam President?

Senator Alvarez. That is one of the amendments we are considering, Madam President.

Senator Drilon. Can this Representation be enlightened now where the appeal would be, Madam President? Is it to the Insurance Commission, to the courts, or to the Office of the President?

Senator Alvarez. If we should introduce an amendment, as we intend to, so that it would also be appealable to the Office of the President, then thereafter, the parties may avail of an appeal to the courts, if they are not satisfied with the decision, Madam President.

Senator Drilon. May I know the view of the distinguished Gentleman as far as this particular appeal process is concerned?

Senator Alvarez. I beg the Gentleman's pardon, Madam President?

Senator Drilon. May I know the views of the Gentleman as far as the preferred process of appeal is concerned?

Senator Alvarez. I would say, Madam President, that if after having gone through the quasi-administrative body, the parties are still unsettled and dissatisfied, then the ultimate recourse would be to the judicial branch of the government.

Senator Drilon. Madam President, I would like now to go to LOI 1242. Did the National Treasurer already issue a certification as to the availability of funds as I recall being mentioned by the distinguished Gentleman in the last session?

Senator Alvarez. Madam President, the National Treasurer has not yet issued the certification for the availability of funds for the P113 million. But we have to remember that the administrator of the trust fund is the PCIC.

Senator Drilon. Will the distinguished Gentleman secure this certification from the National Treasurer?

Senator Alvarez. The management of the corporation assured us that this certification can be secured because this has already been secured in the Ninth Congress.

Senator Drilon. So we have the assurance, Madam President, that the National Treasurer will issue this certification?

Senator Alvarez. Yes, Madam President, it will make the representations. Since the PCIC is aware of the presence of this fund being its administrator, the PCIC is very hopeful that the certification can be obtained.

Senator Drilon. As the distinguished Senator said, this certification was issued at the Ninth Congress. Given the representations of the distinguished Gentleman, there should be no problem in securing this certification from the National Treasurer as to the availability of funds.

Senator Alvarez. That is right, Madam President.

Senator Drilon. May we know when this certification can be submitted?

Senator Alvarez. According to the management of the PCIC, it can submit the certification even next week, Madam President.

Senator Drilon. Next week. Specifically before October 6?

Senator Alvarez. Hopefully, before we proceed to vote on this piece of legislation.

Senator Drilon. And the distinguished Gentleman would agree with this Representation that we should have this certification before we vote.

Senator Alvarez. Yes, Madam President. At least for the first year so that we can have the P113 million available.

Senator Drilon. What is the funding requirement for one year? One hundred thirteen million, is that correct?

Senator Alvarez. Yes. On the first year, Madam President. This was targeted by the management because it felt that it was moving with confidence since, as the Gentleman has already been informed, the money is available and certified. As administrator of the fund, it knows that the money is there.

Senator Drilon. Madam President, may we know if the Gentleman from Isabela considers Letter of Instruction No. 1242 as a law?

Senator Alvarez. Yes, Madam President. It has not been removed from the pronouncements or letters of instruction that have been struck down from the statute books.

Senator Drilon. If I recall correctly, Madam President, the issuances made by the late President Marcos, where he exercised his legislative authority, were denominated as presidential decrees as in the case of Presidential Decree No. 1467, which is the charter of the PCIC. In this particular case, it is a Letter of Instruction.

Would the distinguished Gentleman still insist that this is in the nature of a law?

Senator Alvarez. Madam President, I think those that were struck down from the statute books were those that had political character or color that impinge on human rights. But economic guidelines or rules as in the nature of this LOI were kept in accordance with the nature of the LOI. Throughout the period of time that this democratic government had been operating, the Philippine Crop Insurance Corporation has been operating and subsisting. We can give the benefit once again, and I am telling the Gentleman of the presumption that the basis for this has not been abrogated.

Senator Drilon. Allow me to inform the Gentleman that what was struck down from the Supreme Court were LOIs and PDs which were never published. But LOI No. 1242 was published.

What I am raising as an issue here is why the Gentleman from Isabela views that the LOI is in the nature of a law when, in fact, it would appear to be simply an instruction of the late President Marcos to the Minister of Budget, Central Bank, Ministry of Agriculture, Philippine National Bank, PCIC and other concerned institutions. So why should this be considered a law, Madam President?

Senator Alvarez. Madam President, it is treated with force and effect of law. It is said that it built institutions, it allowed government funds to be allocated, it organized a system of hierarchy of authority, responsibility and obligations. It was done in the pursuit of the exercise of a political leader whose acts, depending on the nature and character, were sustained by the subsequent order.

The Gentleman will agree with me that we did not have a total and absolute sweeping away of all the issuances and pronouncements of the previous government.

Senator Drilon. Even if it was denominated only as a Letter of Instruction which enumerated the agencies to which the instruction is being given, the Gentleman considers LOI No. 1242 as in exercise of the legislative power of the late President Marcos. Is that correct?

Senator Alvarez. It is lesser than a decree, Mr. President, but it has a force and effect of law. As a matter of fact, I have pointed out to the Gentleman that when the Gentleman from Iloilo was the executive secretary, he had helped to reinforce this rule, precisely, by exercising a function that acknowledged the validity of this rule, as the executive secretary, when certain amounts of money were drawn from the trust fund.

Senator Drilon. I would agree with the Gentleman that it is a law because it appropriates public funds, even if it is only denominated as a Letter of Instruction.

Senator Alvarez. Whatever it may be, Mr. President, the Gentleman and this Representation will not be acting lawlessly if in pursuit of the policy-making function, we seek to reinforce and strengthen this piece of social legislation.

Senator Drilon. As the Gentleman said, Madam President, in yesterday's session, "What is in a name?" Therefore, whether it is an LOI or a PD, it would still be in exercise of the legislative authority of President Marcos under Martial Law.

Senator Alvarez. That is right, Madam President. This is not specifically amended or repealed, so it stands under the protective ambit of our Constitution that acknowledges the continuance of Letters of Instruction, which are not contrary to

the Constitution.

Senator Drilon. Letter of Instruction No. 1242 creates a special fund for the purpose of paying Philippine National Bank and other rural banks which participated in *Masagana '99*. Is that correct, Madam President?

Senator Alvarez. That is right, Madam President. Special revolving fund or rehabilitation trust fund.

Senator Drilon. During the interpellation two days ago, the Gentleman mentioned and asserted that the amounts now being utilized to support the PCIC under LOI No. 1242 are leftover funds. Is that a correct recollection, Madam President?

Senator Alvarez. No, Madam President. What is being used, following certain accounting procedures, is the interest of the trust fund. The trust fund is about P450 million and it is managed by the PCIC. It has been deployed and has earned interest from treasury bills. We are accessing only the interest of the trust fund. The body of the trust fund, which is P450 million, is a standby fund precisely to answer for obligations of that fund which in the last computation had amounted to P420 million. By accessing the interest of the trust fund, we do not really impair the character of the trust fund, the principal of the trust fund.

Senator Drilon. Allow me, Mr. President, to refer to the transcript of the proceedings before this Chamber two days ago, and let me read:

"**Senator Drilon.** So right now, there is no fund in the trust that was mentioned by the Gentleman from Isabela. Is that a correct conclusion, Mr. President?"

"**Senator Alvarez.** These are leftover funds from the program of *Masagana '99* held in trust by the PCIC."

So, indeed, as asserted by the Gentleman from Isabela, these are leftover funds.

Senator Alvarez. Yes, Madam President. But because of the Gentleman's extended inquiry and curiosity on how these funds are constituted, we must now delineate the nature of this fund. The fund consists of P450 million, which is the capital stock of the fund. What we are accessing is the interest.

The PCIC manages the fund and it has invested this in treasury bills and have earned interest. However, the body of the trust fund will still be answerable to a body of claims arising out of the *Masagana '99* Program which amounts to about P420 million. But there are no more claims against the fund.

Senator Drilon. I see.

Senator Alvarez. So that the interest, if we access this fund following the procedures that have been established, does not impair duplication of fund to pay off the claims. At the same time, the fund is able to continue the collection from those who owe the fund certain obligations. And it did, as a matter of fact, collect over a period of time some P12 million of collectibles.

Senator Drilon. Madam President, so that it is precisely because of this reason that the Gentleman from Isabela concluded in our previous interpellation that the purpose for which the trust fund has been established was already fulfilled. Is that correct?

Senator Alvarez. I believe, Madam President, it has been fulfilled. It is being fulfilled, as a matter of fact, because certain obligations to the fund are still being collected and certain claims to the fund are still being processed, but there are no more claims against the fund exceeding P420 million.

Senator Drilon. Principally, the fund was created to answer for claims arising from the failure of the farmers who availed of the *Masagana '99* Program to pay the banks. Is that a correct proposition?

Senator Alvarez. That is right, Madam President.

Senator Drilon. And the fund has become moribund because *Masagana '99* has been abandoned and, in fact, there are no more claims against this fund.

Senator Alvarez. Well, in a sense, yes, Madam President. The word may not be "moribund", but the fund has now limited obligations and exposure, and the obligations of the fund are manageable within the available capital stock of the fund. So that we may now access the interest of the fund.

Senator Drilon. Allow me, Madam President, to refer the Gentleman to page 5 of our transcript and let me quote:

"Senator Alvarez. The lending institution that participated under the *Masagana '99* Program, and it turns out now that the operation of the program has become moribund, but the PCIC continues to hold the trust fund."

Would the Gentleman now change his position on this point that he earlier raised?

Senator Alvarez. Madam President, the Gentleman may use the word "moribund" and I may also use it, but we must

always try to reflect the refinements of certain situations, if we can. We usually come up with categorical statements in the period of debate, but I am informing the Gentleman now that yes, it may be called "moribund". But, as I have explained, there is a difference between categorically denominating it as "moribund" but responding to certain obligations which have become static.

Senator Drilon. Whatever that is, Madam President, it is clear that there are no more claims against this fund as asserted by the Gentleman.

Senator Alvarez. There are claims, Madam President, but they are still being processed. But there are no more escalating claims, there are no more fresh claims being filed against the fund.

Senator Drilon. This being so, Madam President, should we not now transfer the principal of P450 million to the general fund?

Senator Alvarez. We cannot do that, Madam President, because there are still claims that are being processed and they are assessing these claims. The procedure of assessment has taken them on second stage and the third and final stage has yet to be accomplished.

If we will now deactivate this fund and put it in the general fund, we will breach the purpose for which this trust fund is created, aside from the fact that, although limited now in operation, there are still debtors to the program. And as manager of the remainder of the fund, the PCIC continues to collect. As a matter of fact, it has collected something like P12 million. It is not much in the magnitude of government funds, but there are some sums there that are still being collected.

Senator Drilon. But these are collections which are required from those who failed to pay the loans under the *Masagana '99* Program, meaning the farmers. Is that correct, Madam President?

Senator Alvarez. It is correct.

Senator Drilon. But as far as the purpose for which the special fund under LOI No. 1242 was created, i.e., the payment of the unpaid loans to the banks, as far as the PNB and the rural banks is concerned, that has been fully fulfilled. Is that correct, Madam President?

Senator Alvarez. The Gentleman can say that, Madam President, but as I have told him, the claim of P420 million is still under process.

Senator Drilon. The claim of whom, Madam President?

Senator Alvarez. The banks against the fund.

Senator Drilon. I thought the Gentleman just said that there are no more claims against this fund.

Senator Alvarez. No. There are standing claims which are in the process of being evaluated and liquidated.

Senator Drilon. Which banks have filed these claims?

Senator Alvarez. Some rural banks and the PNB.

Senator Drilon. And how long have these claims been pending?

Senator Alvarez. These are supposed to be paid in three tranches. They are now on the third tranche of payment. There is a procedure, Madam President, and unfortunately, this is one of those protracted government fulfillment processes and it is still continuing and subsisting, which is no different from the problem of the Gentleman which is the PCGG account.

Senator Drilon. So there are claims against this fund right now.

Senator Alvarez. That is correct, Madam President, and these are being evaluated.

Senator Drilon. So that the previous statement of the Gentleman that there are no more claims against this fund, that the purpose of the fund has been fulfilled, that these are leftover funds, that it has become moribund, are not accurate.

Senator Alvarez. Those are accurate, Madam President. But I was giving the Gentleman an immediate response to his anxiety; that is why I made it in such a fashion as to clarify the point. I am trying to explain to him now that, as a matter of fact, the P420 million worth of claims is being evaluated and since the process has been to settle them in tranches, it is now in the third tranche of settlement. Unfortunately, the process has been so prolonged.

Senator Drilon. I see. The process has been so long. How long has the process been, Madam President?

Senator Alvarez. Madam President, that must have been when they liquidated the *Masagana '99* system. That was in 19... I was not around but the Gentleman was. I was in exile, and I do not know whether he was with the government at the time. He would be in a better position to explain this to me.

Senator Drilon. I can assure the Gentleman that I was not in government. But would 10 years be a period of time that these claims have been processed?

Senator Alvarez. I believe so, Madam President, because to my recollection, the *Masagana '99* Program collapsed sometime in 1983, and these were the remedial measures.

Senator Drilon. And it has not been settled for the last 10 years.

Senator Alvarez. The settlement following the phase of seasonal settlement of these matters in the countryside, Madam President, is going on. Unfortunately, the implementation of the process has been so long.

Senator Drilon. All right. Hopefully, that process can be completed at some future time, Madam President.

Senator Alvarez. I believe so, Madam President. But meanwhile, what are we to do? Because it has not been completed, do we not have the creative will power to make good use of those funds that are available? Obviously, with some interpretative and accounting skill, the government has been able to deploy it according to the rules.

Senator Drilon. Going now to the second year of the funding which the Gentleman mentioned, he said that the funding for 1996 is P350 million which will be sourced from the Comprehensive Agrarian Reform Program. Is that correct, Madam President?

Senator Alvarez. That is right, Madam President.

Senator Drilon. Under what provision of the Comprehensive Agrarian Reform Law or RA No. 6657 would allow such funding, Madam President?

Senator Alvarez. Madam President, the fund which is managed now under the Office of the President is being used to assist other departments that help the program. They have set aside sums for agriculture. They have allocated sums for cooperatives, and I think that the management of the PCIC has also sought to be assisted under this Fund Disbursement Program of the Agrarian Reform Fund under the Office of the President. They have conducted conversations already and there have been reassuring and encouraging support for this effort.

Senator Drilon. Since the Gentleman is the principal author of the Comprehensive Agrarian Reform Law, may he kindly inform this neophyte Senator under what provision of the Comprehensive Agrarian Reform Law would the withdrawal of

P350 million and giving it to the PCIC be justified?

Senator Alvarez. Madam President, I do not know the specific provision. If the Gentleman has been interested in being informed of the provision, perhaps I would have done that and would have prepared so I can inform him most appropriately. But I know that we have created enough flexibility so that the Agrarian Reform Fund under the Office of the President could be deployed for allied activities that support the Agrarian Reform Program. It is so being done to support the Department of Public Works in the farm-to-market roads. It is so being done to help the Cooperative Development Authority.

This is the basis whereby the management of the PCIC approached the Department and sought the possibility of an assistance under the Agrarian Reform Trust Fund.

Senator Drilon. The Gentleman could be possibly referring to the funding for support services under Section 36 of the Comprehensive Agrarian Reform Law.

Senator Alvarez. Possibly, yes, Madam President.

Senator Drilon. Under what support service would the delivery or the subscription, whatever it is, of P350 million be justified?

Senator Alvarez. Madam President, this will trigger the availability of credit for beneficiaries, and it will also provide an umbrella coverage for marginal farmers. The Gentleman and I know that the beneficiaries of the Land Reform Program are almost all marginal farmers.

Senator Drilon. It cannot possibly fall under the provision that price support and guarantee for all agricultural produce are a part of the support services that are allowed under the law. Would the Sponsor agree with that, Madam President?

Senator Alvarez. "It cannot possibly," is that what the Gentleman is saying, Madam President?

Senator Drilon. That is correct, Madam President.

Senator Alvarez. It cannot possibly be price support. But the idea or the accommodation has been worked out by the management of the Philippine Crop Insurance Corporation, and I think the department is amenable in extending its support. It must be possible within its scheme of applying the rules.

Senator Drilon. At this stage, Madam President, we would like to suspend our interpellation until the Gentleman can produce the certification from the National Treasurer because

we want to raise some questions once this certification is made available.

So with the permission of the Chair, I would like to temporarily suspend my interpellation.

Senator Alvarez. Madam President, it is not for the Gentleman to suspend the interpellation. He may withdraw from interpellating.

Senator Drilon. I am asking. Madam President, I have the floor. I am the one speaking, if he can allow me to finish.

The President Pro Tempore. Yes, but the Chair would like to make the observation that the Sponsor of the bill has also the right to pronounce himself on whether he still wishes to yield to the questions of the person asking the questions. I hope that this procedure is understood.

Senator Drilon. Yes, Madam President. In fact, what I was just saying was to allow me to finish speaking. That was all.

The President Pro Tempore. Yes. We will allow Senator Drilon to finish his interpellation.

Senator Drilon. I was saying, Madam President, that I would reserve additional questions once the certification of the National Treasurer is made available. That was all.

If the Gentleman at that point will no longer yield to further questions, that is his own privilege. But certainly, I also have the privilege of reserving additional questions once this document is made available. If this document is made available now, I can finish my interpellation. But I am just manifesting my reservation to ask additional questions. If, at that point, the Gentleman will refuse to yield to additional questions, then I cannot do anything. That is just my point, Madam President.

Senator Alvarez. The Gentleman may exercise his prerogatives, but definitely, he will not dictate the manner in which the calendar of the Chamber will proceed.

Senator Drilon. I am in no way intending to dictate upon the calendar of this Chamber, but I would like to think that it is not the policy of the Majority to muzzle the views of the Conscience Bloc.

Senator Alvarez. Madam President, I yield to the questions of the Gentleman for as long as they will enlighten the Gentleman and clarify his vote for this particular measure.

Senator Drilon. Thank you very much, Madam President.

SUSPENSION OF THE SESSION

Senator Romulo. Madam President, may I ask for a one-minute suspension of the session.

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

It was 5:42 p.m.

RESUMPTION OF THE SESSION

At 5:46 p.m., the session was resumed.

The President Pro Tempore. The session is resumed.

Senator Romulo. Madam President.

The President Pro Tempore. The Majority Leader is recognized.

Senator Romulo. Madam President, may I ask that the Gentleman from Bicol and Aklan, Senator Tatad, be again recognized to interpellate.

The President Pro Tempore. Senator Tatad is recognized.

Senator Tatad. Thank you very much, Madam President. Will our distinguished Colleague yield for a few clarificatory questions?

Senator Alvarez. With pleasure to the Gentleman from Catanduanes, Madam President.

Senator Tatad. First of all, Madam President, let me congratulate the distinguished Sponsor for his patience, stamina and skill in replying to all the questions that have been put to him so far, including some that a less patient colleague would have found pestiferous or at least troublesome.

Obviously, it is on account of these special and luminous qualities of our distinguished Colleague that he has been tasked to defend Senate Bill No. 1157 on the floor, although the task of sponsoring a Committee Report is customarily left to the Chair of the Committee, who, in this case, is a political personality of no mean consequence, the Senate President Pro Tempore no less, or alternatively, by the principal author named in the committee bill who, in this case, happens to be our extremely capable colleague, the Lady Senator from Pampanga, Senator Macapagal, whose only known defect at this time is that she belongs to the Conscience Bloc.

Madam President, coming from a poor farming family on a

typhoon belt in Bicol, and with a lifelong experience of how a farmer's harvest could be completely washed out by just one cruel typhoon, I have been, from the very start, an ardent advocate and supporter of crop insurance.

In fact, the law which the present bill is seeking to amend was something that we, in the old Batasang Pambansa, had wanted to enact ourselves, except that the President at that time, exercising his simultaneous and vastly superior legislative powers and his very keen perception of what was laudable in the public eye, decided to enact the decree himself. Thus, the law creating the Philippine Crop Insurance Corporation was issued as P.D. No. 1467 on June 11, 1978.

Since then, however, we have not had the opportunity to look into, even at close range, the operations of the PCIC and its effects on rice-farming. I speak of rice-farming because rice is the only crop specified in the decree. Of course, the decree speaks of other crops being added on, and we are told that some other crops have been added after rice, but rice was intended as the principal beneficiary of the crop insurance scheme. I was hoping, therefore, that the present debate would give us a more intimate, or at least, a more informed view of the operations of the PCIC.

Well, we have listened to the debate that has gone on for hours, but I am not very sure that I am more informed about the PCIC today than I was when the debate started. This being the case, I would, in advance, ask the indulgence of our distinguished Sponsor if in the course of the interpellation, I would be asking some very basic questions.

Mr. President, this bill seeks, first of all, to increase the capitalization of PCIC from its original P750 million to P2 billion. And in the course of the interpellations, we learned that certain sums of money that should have been paid out by government as premiums remain unremitted, and need to be remitted according to our proposed schedule in the bill.

I seem to recall, Madam President, that prior to the organization of the PCIC, there was an agricultural guarantee loan fund from which certain sums of money—I do not have the exact idea—were generated. This money went into the Land Bank and upon the creation of the PCIC, this was transferred to the PCIC. And there are reports, which we are trying to verify right now, that on account of this, there was certain "blue chips" investments of the PCIC.

I wonder if our distinguished Sponsor would be better informed of this than this humble Representation and whether he could enlighten us on what happened to this fund.

Senator Alvarez. I am not exactly aware, but if the

Gentleman is referring to the CARL loan fund which ultimately ended under the management of the Department of Agriculture, this fund has remained with the Department of Agriculture.

Senator Tatad. Madam President, in the course of the previous interpellation, our distinguished Sponsor promised to produce a certification from the National Treasurer that actual funds are available to support the budgetary allocation contained in this bill. We welcome this assurance. But the distinguished Sponsor will agree with me that this is a constitutional requirement of appropriation bills. In this case, we are talking of a special appropriations bill as described in Section 25, paragraph (4), Article VI of the Constitution, which states that:

(4) A special appropriations bill shall specify the purpose for which it is intended, and shall be supported by funds actually available as certified by the National Treasurer, or to be raised by a corresponding revenue proposal therein.

In promising to produce this certificate, our distinguished Sponsor has clearly accepted that what is at issue, what is being discussed now in this hall is a special appropriations bill. Is this not correct, Madam President?

Senator Alvarez. In effect, Madam President, yes, because the fund will now accrue to the unprogrammed allocation for government corporations which will then be allowed by the President to be used for this special purpose.

Senator Tatad. Madam President, the thrust of my question has less to do with the nature of funds, as with the nature of the bill before us. It is a special appropriations bill.

In the same Constitution and the same Article, Section 24, states:

All appropriation, revenue or tariff bills, bills authorizing increase of the public debt, bills of local application, and private bills shall originate exclusively in the House of Representatives, but the Senate may propose or concur with amendments.

Accordingly, following this constitutional dictate, the Senate does not normally discuss any appropriation or special appropriations bill until it has been passed upon by the House and the House has forwarded such bill to this Chamber. Is this not correct?

Senator Alvarez. That is correct, Madam President, when these are measures of exclusive appropriations character.

Senator Tatad. Madam President, this is not exclusively an appropriations bill and that forms part of the constitutional defects of this bill which I will show later. But the fact that this is a special appropriations bill means that it should have originated from the House and that the House should have passed upon it before the Senate is called upon to deliberate on it. This is a serious constitutional obstacle.

How does the distinguished Sponsor propose to overcome this serious constitutional obstacle?

Senator Alvarez. We expect, Madam President, that the House will consider a similar measure. As a matter of fact, in the Ninth Congress, the House of Representatives had already considered this measure and passed it. It may not be too far away when this measure will be considered once again by the House, and we can meet in conference.

The assumption here is, this is a social measure and it has the characteristic of appropriations. So, if we consider it here, we are only expediting a joint enterprise of the House and the Senate.

Senator Tatad. I am afraid, Madam President, that the statement of our distinguished Colleague is not good enough. The constitutional requirement is very clear. We cannot improve upon it and we cannot detract from it. It is there for us to follow. And this Congress of the Philippines cannot exist, cannot pretend to do anything outside of the mandate of the Constitution.

Senator Alvarez. Madam President, if the Gentleman is going to have a straitjacket interpretation of that particular provision, that may determine his vote.

However, since the Gentleman and I agree that this one particular measure is long overdue and is a social measure. I think in the nature of measures of this character, where the social dimension is overwhelming over the pecuniary obligations involved, then we should not be inhibited from considering this measure. We should interpret more liberally the provisions of the rules for after all, an equal measure of this kind will still emanate from the House.

Senator Enrile. Madam President.

The President Pro Tempore. Senator Enrile is recognized.

Senator Enrile. With the permission of the two distinguished Gentlemen on the floor, may I be allowed to say something with respect to this particular point in order not to impede the work of the Senate.

While the distinguished Gentleman from Catanduanes is correct that all appropriation measures must emanate from the House, what is before us is simply an act to amend a charter of a corporation. We are not allocating funds yet. Even if we change the wording of the capitalization of this corporation as written in the charter, we have not allocated any fund. That is simply an obligation of the government to provide the funds for it at some future time. At that point in time, then the appropriation must emanate from the House of Representatives.

Senator Tatad. Madam President, with all due respect and appreciation for the intervention of our distinguished Colleague from Cagayan, it is not altogether correct that the bill before us does not contain an appropriation. The increased capitalization is to be provided for immediately by government, and we have a situation where the very distinguished Sponsor of the measure has conceded several times that this is a special appropriations measure. He has promised to produce a certification of actual availability of funds in compliance with one constitutional requirement.

I do not believe this position of the distinguished Sponsor of the bill can be easily undone by the intervention of our very good friend from Cagayan.

Senator Enrile. I simply stated my position, Madam President, in my humble effort to expedite the work of the Senate. In my humble view, what we are only doing here is to create the possibility of the government increasing the cash assets or other assets of this corporation to reflect a new nominal capitalization by rewording the charter.

If that is not accepted, so be it. But if this is tested in court, I think the other proposition will fail.

Senator Tatad. Madam President, the Supreme Court ruling on the VAT issue is not too distant from us. It is so fresh, so recent. I believe, in that ruling, the Supreme Court said that the Senate is supposed to wait for a bill such as that from the House before it actually takes it.

I do not wish that to be repeated. Like our distinguished Colleague from Cagayan, I am for expeditious action on very important measures, and this is an important measure. As I said in the beginning, I am in full support of it. I know our people are waiting for this. But then, we must not forget that law is the thing that guarantees order and efficiency. Rules as well guarantee order and efficiency, and the Constitution is the mother of all laws and rules. If we find it so easy to disregard a constitutional mandate, then we have no business running a Congress. We better close shop.

Senator Enrile. Madam President.

The President Pro Tempore. Senator Enrile is recognized.

Senator Enrile. Just for the record, so that we will put this in proper perspective, may I read the text of a portion of this measure that is in question. It reads as follows:

SEC. 6. Subsections 8.1 and 8.3 of Presidential Decree No. 1467, as amended, are hereby further amended to read as follows:

8.1. The authorized capital stock of the Corporation is TWO BILLION PESOS (P2,000,000,000.00) divided into FIFTEEN MILLION (15,000,000) common shares with a par value of One hundred pesos (P100.00) each share, which shall be fully subscribed by the government.

It is simply a statement of the magnitude of the prospective capitalization of the corporation. The actual payoff of the money is not yet embodied in this measure. That will be done at the proper time when the government will put in the money into the corporation.

Senator Macapagal. Madam President, may I intervene, with the permission of the three Gentlemen.

The President Pro Tempore. Senator Macapagal is recognized.

Senator Macapagal. Madam President, I am the author of the bill. So, may I put in my intentions.

My understanding of the word "shall" when it is used in the third person is that, it is a mandate. And so, the intention was to appropriate, Madam President.

Senator Tatad. I appreciate the remarks of the distinguished Sponsor, Madam President. But at this stage, may I put in this observation.

Senator Enrile. Madam President, if the author of the bill is saying that this is an appropriation measure, therefore, the Senate has no jurisdiction.

Senator Tatad. Thank you for that, Madam President.

Senator Enrile. Then I think this bill was filed with full knowledge that the Senate has no jurisdiction to consider it.

Senator Romulo. Madam President.

The President Pro Tempore. The Majority Leader is recognized.

Senator Romulo. With the permission of the Gentlemen on the floor. Madam President, this bill was filed by the Committee on Agriculture and Food. The filing of this bill was fully supported by the Members.

Assuming, for the sake of argument, that one of the authors had some intention on what the bill is, the point is that, it is the committee that has jurisdiction over the bill. So it is the committee's report that should count here, Madam President.

May I also say that Senator Tatad has already made his point and the Sponsor has already answered. And not only that, Senator Enrile has also answered him. So, I would ask him to move on to the next point. He may not be satisfied with the answer but that is the answer. We cannot force the Sponsor to answer it the way one, who is interpellating, would like the question to be answered.

Madam President, the Sponsor and Senator Enrile have already answered the question. If our distinguished Colleague is not satisfied, then let the other Senators take note so that at the proper period, particularly during the period of amendments and, certainly, when we vote on Second Reading, each Senator would take into account what has been discussed here.

The President Pro Tempore. We are indeed in the period of interpellations where the Sponsor is entertaining questions from the floor. I would like to request Senator Tatad to proceed with his questions.

Senator Tatad. Thank you very much, Madam President. We appreciate the position taken by the Majority Leader. Indeed, we have before us a substitute measure prepared by the committee. But enumerated as authors of this substitute measure are a number of Senators, the first among them is Senator Macapagal.

The particular proposal contained in her original bill has not been altered by the committee. So, I believe, with all due respect, that her intent remains unaltered by the committee. And in this case, Senator Enrile has concurred with my observation that the Senate has no jurisdiction over it.

Senator Maceda. Madam President.

The President Pro Tempore. Senator Maceda is recognized.

Senator Maceda. With the permission of the two Gentlemen on the floor, considering that I am also a signatory of the

Committee Report.

This bill started with the sponsorship speech by the distinguished Senator from Pampanga, Pangasinan and Negros Occidental. In standing up to sponsor the bill, she is already in estoppel to say at this point that this bill has defects which would cause it not to be taken up on the floor.

Senator Tatad. Madam President.

Senator Macapagal. Madam President.

The President Pro Tempore. Senator Macapagal is recognized.

Senator Macapagal. Madam President, I am not saying that we should not take up this bill. I am only giving my interpretation of the word "shall" in order to correct the interpretation made by the Gentleman from Cagayan.

Filing a bill that is a money bill has been, in the past, acceptable even if there was no bill that has originated from the House of Representatives. From my understanding, what we used to do was that when the House committee has started to hear the bill, when the House committee has reported it out, then the Senate committee reports it out. And when it was calendared for discussion in the House, then we are free to discuss it in the Senate. We have been liberal about that provision except that we have not been liberal to the point of discussing it ahead of the House of Representatives.

I am not saying that we should not be doing what we are doing now. I am merely stating that the construction of the word "shall" is a mandate.

Senator Enrile. Madam President.

The President Pro Tempore. Senator Enrile is recognized.

Senator Tatad. Madam President, we still have the floor.

The President Pro Tempore. Senator Enrile is recognized.

Senator Enrile. Madam President, I would like to get the permission of the Chair. Section 8.3 further buttresses my position because it states:

The ADDITIONAL common capital stock of ONE BILLION PESOS shall be fully subscribed by the Government and the necessary funds shall be appropriated, programmed and paid by the proper

office, entity or agency of the government as the financial needs of the Corporation shall require and until the authorized capital stock is fully paid up.

It does not say "is hereby appropriated". There is no immediate appropriation called for in this bill. It is simply an amendment of the amount of capital which shall be subscribed by the government. That is my understanding of Corporation Law, Madam President.

The President Pro Tempore. Thank you. Senator Tatad is recognized.

Senator Tatad. Madam President, may we be allowed to continue our interpellation. Before posing my next question, however, may I just be allowed to refer to the remarks that have been made by other members of the Chamber.

First of all, on the remarks made by the distinguished Gentleman from Cagayan. We agree wholeheartedly to his reference to the proposed Section 8-A. That is very clear. The appropriation is to be provided for later. But in due time, I will show to this Chamber that this particular provision is a rider and it violates a constitutional provision.

Second, let me refer to the remarks made by our distinguished colleague from Laguna, Ilocos Sur and Manila, Senator Maceda.

We have a rule in the Senate that a member who signs a committee report without any reservation may not oppose a measure on the floor. We do not have a rule which says that a member that dissents against a measure may disregard the dissent and support the measure without having previously informed the Senate, in writing, that he has changed his position. The remarks of our distinguished Colleague seem to indicate to me that he is now in full support of the measure.

May we know if he has communicated formally to the Senate, in writing, that he has withdrawn his dissent and is now supporting the measure?

Senator Maceda. Madam President.

The President Pro Tempore. Senator Maceda is recognized.

Senator Maceda. I would be happy to accommodate the distinguished Gentleman, Madam President.

The Gentleman is correct in the premise, Madam President. There is no rule in the Senate which says that when one dissents, he cannot change his mind and support the measure. Having said

that, I have no obligation to inform the Senate. But as a matter of fact, we have, in effect, informed the Senate if we have no obligation because we came out with a Committee on Finance report, as a secondary referral to this bill, expressing the "No Objection" on the part of the Committee on Finance because of the findings by the committee's technical staff that the funding required is not P2 billion, but it is going to be taken care of by a P400-million payment of a subscription which is the normal rule—20 percent or 25 percent payment; and that it is going to be provided for already by the trust fund, by the Department of Agrarian Reform and, at the appropriate time, if necessary, in the bill that will be coming from the House. There will be, if necessary, a general appropriation from the funds. So that is the financial situation, Madam President.

At any rate, as I was commenting to the distinguished Gentleman from Cagayan, the Gentleman from Catanduanes is correct in pointing out some of the items that he feels might be objectionable in the bill. I was just trying to emphasize in my remarks with regard to the sponsorship that the interpellation period, precisely, can bring out these points. If he feels that there is a rider or there is something wrong with it, it is in the period of interpellations and in the period of amendments where the rider or the defect could be expunged or amended by the bill precisely to come out with a bill that the majority feels is the final form.

The President Pro Tempore. Thank you. Let us stick to the period of interpellations. If there are serious objections to this bill, there is the time for amendments to do so.

Senator Tatad. We are not proposing any amendments right now, Madam President. We appreciate the remarks of our distinguished Colleague from Ilocos Sur, Laguna and Manila, and we accept his explanation although he has called this a "money bill."

As I said, a number of paragraphs considered this as special appropriations bill for which the distinguished Gentleman would produce a certification from the National Treasurer in compliance with the constitutional provision. That is on record and that has not been withdrawn. But as the Majority Leader has pointed out, we have to move on. At the appropriate time, we might decide to move the proper motion concerning this particular point.

Let me ask a few other questions, Madam President. The proposal under this bill is to attach the Philippine Crop Insurance Corporation to the Department of Agriculture. What is the reason for this?

Senator Alvarez. Madam President, a number of reasons

have been considered by the Philippine Crop Insurance Corporation.

First is that the reinsurance fund of P500 million is going to be sited with the Department of Agriculture. Second is on the straightforward consideration that this seeks to protect agricultural workers and small workers.

Senator Tatad. Right now, the PCIC stands as an independent body unattached to any department. Is that correct?

Senator Alvarez. Yes, Madam President. It is a corporation, but it is attached to the Department of Finance.

Senator Tatad. It is attached to the Department of Finance. Is this a correct statement?

Senator Alvarez. Yes, Madam President.

Senator Tatad. It is subject to official verification. What is the reason for changing the present arrangement? The fact that PCIC is attached to the Department of Finance, has that been injurious to the farmers or to the corporation itself?

Senator Alvarez. Madam President, I think this is for coherence and for more consistency. It is not entirely a finance measure. It is in the character of a subsidy assistance. This meager effort of insuring less than 20 percent of small farmers is an agriculture program to tide them over periods of difficult calamities. So that to be coherent and consistent, it would be more logical, it would make more sense if this was attached to the Department of Agriculture. More especially because the reinsurance fund of P500 million is going to be under the auspices of the Department of Agriculture.

Senator Tatad. Without necessarily agreeing to a proposition advanced by the distinguished Colleague, may I now proceed to the matter of reinsurance. For the record, how does reinsurance work?

Senator Alvarez. The reinsurance fund here of P500 million?

Senator Tatad. No, the concept of reinsurance itself. Let us first discuss the concept of reinsurance because our people do not know what is reinsurance. And for the record, we would like the distinguished Sponsor to enlighten us on this concept. How does it work?

Senator Alvarez. As conceived here, Madam President, that portion which will not be competently or ably protected by

the fund will be covered by the reinsurance in order to distribute the risk.

Senator Tatad. For instance, in government today, we have an insurance company called the Government Service Insurance System. It insures government workers. Is there a reinsurance scheme in the GSIS system?

Senator Alvarez. I am not aware of how that system operates, Madam President. But if the Gentleman is saying that the GSIS insures its risks with another bigger insurance entity or perhaps an international insurance body with sufficient financial muscle to respond to the additional risks, I understand that is being done as a practice.

Senator Tatad. Just to try to understand really the concept of reinsurance, let us talk of a private insurance company like Philamlife. It insures its policyholders. It does reinsure also the risks. Is this a correct observation?

Senator Alvarez. Yes, Madam President, certain percentage of risks in order to spread out the assumption of that risk. There are reinsurance companies and they are usually international reinsurance companies with very strong financial basis.

The reinsurance scheme is also to build confidence for the reinsuring company.

Senator Tatad. Yes, I am sure it works that way. I am just trying to understand how it works before we try to tackle the reasons for reinsuring policyholders.

So, clearly we have established that in the normal course of the insurance business, an insurance company like Philamlife would reinsure its policies with a much bigger company. I do not know if Lloyd's of London would be such company, but such big firms.

The bill before us seeks to create a reinsurance fund which it wants to put in the hands of the Department of Agriculture. In the process of doing so, does it not create a reinsurance agency in the person of the Department of Agriculture? We cannot have a reinsurance fund that is not being administered by a reinsurance entity. Is it not correct, Madam President?

Senator Alvarez. Yes, Madam President, if the Gentleman is talking of commercial insurance. In this particular case, this is a social measure. While it is true that we are insuring here the meager interest, the Gentleman must remember that what we are insuring here is the capacity of the small producer, after he met a disaster, to be able to move from one production cycle to the other.

We are only insuring here his chemical expenditures—pesticides and fertilizers—his inputs, he and his family, and perhaps, expenditures for his seed.

Madam President, we are not going to seek out the Lloyd's of London for the program of this magnitude.

Senator Tatad. Madam President, all the previous statements, I am afraid, will not help us understand what is being proposed here. Whatever the reasons, whatever clothes we require the reinsurance scheme to don, it is a reinsurance scheme. The fund is provided, and the Department of Agriculture becomes a reinsurance agency. I think that is very clear, and the distinguished Sponsor agrees.

The next question is: Is it part of the charter of the Department of Agriculture to undertake this business of becoming a reinsurance agency?

Senator Alvarez. The state reinsurance fund will help make the premium affordable. We need not load the premium in case of catastrophic losses. The government itself is part of this reinsurance scheme.

Senator Tatad. I am afraid the answer is not very responsive to the question. The Department of Agriculture has a specific charter, and nowhere in the charter, as far as I know, is there a provision that it can become a reinsuring agency. And this is what this proposal is trying to do: to convert the Department of Agriculture into a reinsurance agency.

The question, to repeat it, is: Is there anything in the charter, since I do not know of anything in the charter, that allows it to become a reinsurance agency? Will the distinguished Sponsor help us locate that particular provision in the charter that empowers it to become a reinsurance agency?

Senator Alvarez. In this particular case, the Department of Agriculture only administers the fund. It will be a holding body for a fund, in the same manner that it holds certain funds in trust for a specific purpose, like the agricultural livelihood fund. So that the Philippine Crop Insurance Corporation thought perhaps that this will be a generic fund which could be alongside its other agricultural fund to be managed and handled by the Department of Agriculture.

Senator Tatad. The sheer eloquence of our Colleague is beginning to succeed to hide the meaning of what he is trying to say. Unfortunately, I am at a loss. Whatever is the intention of putting his reinsurance fund there, the point is, the mere establishment of the reinsurance fund in the hands of the Department of Agriculture makes the department the reinsuring agency. We

cannot be expected to believe that this fund will just be put there, it will remain there, the DA will do nothing about it, and it will settle reinsurance claims.

That is my problem right now, Madam President. This is an extraneous matter. This seeks to amend the charter of the Department of Agriculture. So, this is a rider. This is constitutionally flawed. This has no place in this bill.

Senator Alvarez. Madam President, that may be the Gentleman's interpretation. However, we are pointing out that this bill has the characteristic of a social measure that responds to a defined need which is being responded to by this program of the government.

And in the nature of this reinsurance, we may not see it as a reinsurance in its strictest sense. This is an effort to spread the risk. Putting the management of specific funds in order to help spread the risk when there are catastrophic losses is what is meant by having this P500 million in the hands of the Department of Agriculture.

Senator Tatad. Madam President, we cannot use the phrase "social measure" as an excuse or a refuge for violations of the Constitution. I do not oppose the establishment of a reinsurance fund, but there is a proper way of doing it. Let us do it in a separate measure. Let us not load it here because it is a rider, pure and simple. This is not simply a matter of interpretation. Right now, it is an interpretation. But until there is a superior interpretation that overrides this interpretation, then that interpretation stands.

Senator Alvarez. Madam President, that is the Gentleman's interpretation. However, in the process that we have attempted to put together an effort to respond to this social agenda, we thought how the liberal management of these funds, following some practices with the Department of Agriculture, will accommodate this arrangement.

The Gentleman's idea, of course, is an interpretation to which he is entitled to. This Representation, at this point in time, does not dispute it. But in some future time, I hope that he can change that interpretation.

Senator Tatad. The interpretation will follow the facts, Madam President. The proposal here presents to us a situation where the government is the insurer, because the government puts up a portion of the premium and the PCIC is attached to the Department of Agriculture. This is the insuring company, and the reinsurer is also the government. I have not encountered a more absurd situation.

Are we to say that we should allow this just because this is

a social measure? This is my difficulty, Madam President.

Senator Alvarez. If the Gentleman will note the intricate arrangement in which this social measure was put together, he will find out that we do not find all the intrinsic characteristics of a commercial insurance operation precisely because commercial insurance will not take the effort to make investments in this area where the government has gone for the purpose of alleviating conditions in the countryside. And if the Gentleman is going to be strict and constrictive in his interpretation, I doubt very much if this measure would have taken off the ground when it was initially conceived.

Senator Tatad. Madam President, I need no further convincing about the need to put in social legislation especially for the rice farmers, for the agricultural workers, for all the farmers of this country. But this country rests on law, on the Constitution. And if we are to learn any lesson at all from the breakdown of law and order in this country, what is beginning to look like a social meltdown in this country, we have to be more careful about the way we deal with the Constitution and the law. And very clearly, the Constitution provides Article VI, Section 26, which states: "Every bill passed by Congress shall embrace only one subject which shall be expressed in the title thereof."

If we examine the title, the establishment of a reinsurance fund on a reinsuring agency is not mentioned in the title.

I think that is a very clear provision of the Constitution.

Senator Alvarez. I am sure, Madam President, that we have our ways of looking at the great principles of the Constitution. In the process of having applied them creatively, they have brought about benefits not only in seeking out fresh approaches to policy, but responding to social situations. It may be, at this point in time, a point of deep disagreement between myself and the Gentleman's interpretation of the Constitution, but I think we do agree on one thing—that we are responding to a social situation and that we are strengthening an established practice in responding to that social situation. We are debating the process in which the policy mechanism will be made to respond to that given social situation.

So if it is his interpretation that this is not possible under the rules of the Constitution, I disagree with him, and I think that the rule is broad enough to accommodate the validity of this proposed measure.

Senator Tatad. Madam President, there will be no end to our restating our agreement with the distinguished Sponsor on the need for a special legislation to address the social problems

of this country. But all this must be based on the concept of the law. Thus the lawyers would tell us: *Dura lex sed lex*. It may be hard but it is the law. And especially those of us who sit here in the Senate must be the first ones to defend the integrity of the Constitution and the law.

I will have no further questions at this time, Madam President. I think, at the proper time, we will decide whether to move the proper motion questioning the constitutionality of the measure before us.

Thank you very much, Madam President. Thank you very much, distinguished Sponsor.

Senator Alvarez. I thank the Gentleman and I am sure that this is not the last arena in which he will question the constitutional validity of this measure in this Chamber. I think this is a healthy exercise of his duties and functions as policy-maker.

The President Pro Tempore. I thank Senators Alvarez and Tatad. The Majority Leader is recognized.

Senator Romulo. Madam President, just a matter of record, may I state that for the interpellation in this particular bill—I am having the record checked—so far, my staff tells me that we have already spent almost 400 minutes here. We are saying that we continue to have unlimited debate. We have not stifled the right of the Minority to interpellate and to question.

I mention this, Madam President, just to make the record clear—that we have been liberal; we have not posed any points of order; and we have allowed untrammelled and unlimited debate. I am having, of course, the figures checked whether 400 minutes is correct, or whether it is less. I just want to make a point on that.

The President Pro Tempore. The comments of the Majority Leader are noted.

Senator Romulo. Madam President, we have been accommodating. We have allowed the interpellation to take place the next day as requested. Since Senator Herrera has requested that he be allowed to interpellate—although he has already interpellated—and be given time until tomorrow, we are again acceding to this request.

SUSPENSION OF CONSIDERATION OF S. NO. 1157

Because this is the request, may I now move that we suspend consideration of Senate Bill No. 1157, the Philippine Crop Insurance Corporation bill, until tomorrow, Madam President.

The President Pro Tempore. Are there any objections to the proposal that we suspend the consideration of the Philippine Crop Insurance Corporation bill? [Silence] There being none, it is so decided.

SUSPENSION OF THE SESSION

Senator Romulo. Madam President, before we resume consideration of the Agricultural Commission Bill, may I ask for a one-minute suspension of the session.

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

It was 6:41 p.m.

RESUMPTION OF THE SESSION

At 6:44 p.m., the session was resumed, with the Hon. Raul S. Roco presiding.

The Presiding Officer [Senator Roco]. The session is resumed.

Senator Romulo. Mr. President.

The Presiding Officer [Senator Roco]. The Majority Leader is recognized.

Senator Romulo. Mr. President, before we consider the resolution Creating a Congressional Commission on Agriculture, may I just read the Memorandum from the Senate President on the Mt. Pinatubo Assistance, Resettlement and Development Fund Joint Congressional Oversight Committee:

The following Senators are appointed to represent the Senate in the Joint Congressional Oversight Committee created under Section 13 of Republic Act No. 7637 known as the "Mt. Pinatubo Assistance Resettlement and Development Fund".

As Chairman, Sen. Gloria Macapagal. As Members, Sen. Blas Ople, Sen. Ramon Magsaysay, Jr., Sen. Alberto G. Romulo, Sen. Gregorio B. Honasan. As alternate Members, Sen. Vicente Sotto III and Sen. Marcelo B. Fernan.

SUSPENSION OF THE SESSION

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

The Presiding Officer [Senator Roco]. The session is

suspended, if there is no objection. [There was none.]

It was 6:45 p.m.

RESUMPTION OF THE SESSION

At 6:46 p.m., the session was resumed.

The Presiding Officer [Senator Roco]. The session is resumed.

RESOLUTION ON SECOND READING S. Jt. Res. No. 1 — Creation of Congressional Commission on Agriculture (Continuation)

Senator Romulo. Mr. President, I move that we resume consideration of Senate Joint Resolution No. 1.

The Presiding Officer [Senator Roco]. Resumption of consideration of Senate Joint Resolution No. 1 is now in order.

Senator Romulo. May I ask that the Sponsor and Chairman of the Committee on Agriculture and Food, Senator Shahani, be recognized.

The Presiding Officer [Senator Roco]. The Lady from Pangasinan, Senator Shahani, is recognized.

Senator Romulo. For the interpellation, Mr. President, the following Senators have requested their reservation to interpellate: Senators Macapagal and Herrera.

May I ask that Senator Macapagal be recognized to interpellate.

The Presiding Officer [Senator Roco]. The Lady from Pampanga, Senator Macapagal, is recognized.

Senator Macapagal. Mr. President, will the distinguished Chairman of the Committee on Agriculture and Food answer a few questions?

Senator Shahani. It will be a pleasure to entertain questions from my Colleague from Pampanga.

Senator Macapagal. Mr. President, there are several "Whereases" in this resolution, ending with a resolution to create a Congressional Commission on Agriculture Modernization. In the sponsorship speech, the Chairman of the Committee on Agriculture and Food alluded to some of the things that were taken up during the hearing to consider the

creation of this Joint Commission.

I wonder if during that hearing, the subject matter of the Medium-Term Agricultural Development Plan was taken up.

Senator Shahani. It was certainly mentioned because it is the centerpiece program of the Department of Agriculture. The Secretary of Agriculture was there. He referred to it during the hearing of this matter.

Senator Macapagal. I asked this question, Mr. President, because looking at the objectives of this commission, I think that the work of the commission may not be as extensive as it is intended to be if we only paid more attention to the Medium-Term Agricultural Development Plan. It is a very detailed plan. If we are just going to be alluding to it or mentioning it and then we will form a commission in order to study the state of Philippine agriculture and formulate new agricultural policies, we might be reinventing the wheel all over again. That is why I am going back to the original statement of agricultural policy, a very extensive one indeed, and if we may disagree with some provisions, that is well and good.

But to begin with, let me say that I have never seen a statement of a medium-term plan as detailed as the Medium-Term Agricultural Development Plan. That is why it is very important for us to examine what we know and understand about it in order to spell out the specific objectives of this Commission in a way that will not just duplicate the work of the planners who did the Medium-Term Development Plan.

Mr. President, did Secretary Sebastian talk about the four important components of the Medium-Term Agricultural Development Plan?

Senator Shahani. Mr. President, there was mention of the Medium-Term Development Plan, and the Secretary of the Department of Agriculture referred to the key production areas which were mentioned in that plan. In fact, there was frequent reference to the key production areas. There was frequent reference to the Grains Production Enhancement Program (GPEP).

In other words, Mr. President, there was a presentation of what this Medium-Term Development Plan was all about. But the objective of the commission is precisely not an executive exercise. The Medium-Term Development Plan is mainly an executive exercise. It is an expression of the plan of the Department of Agriculture but precisely, this is what we are also questioning—the capability of the Department of Agriculture to execute this beautiful-looking document.

In fact, the documentation of the Department of Agriculture

is indeed very good, but this Joint Congressional Commission is being created precisely to focus sharply into these so-called “objectives and goals” and look into the capability of the Department of Agriculture and its vast network of institutions to deliver what it really has to say. Because if it does not deliver, then it is indeed going to be very bad for agriculture.

We are not being tied down by what the Department of Agriculture is saying or proposing, Mr. President. This is a Joint Congressional Commission independent of the executive branch and where Congress now is going to pronounce itself. It will criticize the Medium-Term Development Plan and see if its leadership is, in fact, responding to the challenges which agriculture is facing during these critical times.

Senator Macapagal. Mr. President, the capability of the Department of Agriculture, therefore, in carrying out the Medium-Term Development Plan is presumed to be defective, and that is why this commission will be there to study why it is defective. Is that my understanding of the judgment of the Department of Agriculture?

Senator Shahani. What we are saying is, the legislative branch of government is asserting its right to look anew at the agricultural situation. It does not say that the Department of Agriculture is not doing its job, but it is saying that the legislative branch has a role to play in examining why the agricultural situation is not in a very good condition. Although the executive branch may have its plans, I believe that the legislative branch is there to complement, help and fiscalize it.

In other words, Mr. President, it is a mixture of intentions, if we may put it that way, but the intention is a positive one. And in the end, I think it could help the executive branch find its way in implementing its own medium-term plan for agriculture.

Senator Macapagal. Mr. President, in conducting the hearing to determine whether there is need for a commission, did the Chairman ask the Secretary of Agriculture whether he thinks that he has been failing in the job, or whether the Department of Agriculture feels frustrated that it cannot do the job that it has set out to do under the Medium-Term Development Plan for agriculture?

Senator Shahani. Mr. President, we are not that beholden to the Executive. I think the Medium-Term Plan is there. And since it was instituted, other important things have intervened. I am sure our Colleague from Pampanga knows it. She was at the center of the debate of our membership in the World Trade Organization. And precisely, this is also one of the reasons why this commission is being proposed—in order that, together, the

government, the Executive and the Legislative, will be able to respond to the new challenges ahead.

The Secretary of Agriculture was there, and when he was asked to explain he would always refer to the many documents which the Department of Agriculture had already put out. And, indeed, there are several documents explaining the Medium-Term Plan, explaining the GATT safety nets. And as it was, in the creation of the EdCom, Mr. President, this commission is proposed to be created at the time when policy-making in the area of agriculture becomes crucial for the entire government.

Senator Macapagal. Mr. President, the reference to EdCom was made also during the last interpellation. But Senator Tatad, according to the records, also pointed out that the success of the EdCom does not mean that we now create a commission for every problem that we want to study. In fact, he has pointed out that the Health Commission has not produced the same results as the Education Commission.

Furthermore, Mr. President, the Education Commission was established before the Legislative-Executive Development Advisory Council was established. If it is a question of subjecting the Medium-Term Agricultural Development Plan to peso validity, would it not be the proper venue to have that presented in the Legislative-Executive Development Advisory Council rather than to create another bureaucracy that will cost P10 million for that purpose?

Senator Shahani. Mr. President, I think our Colleague knows how overloaded the agenda of LEDAC is. And I believe that LEDAC is not the place to discuss some of the long-term issues which agriculture has to grapple with.

I just would like to say that during the hearings, the leadership of the Department of Agriculture indeed welcomed the creation of the commission, Mr. President. It is not that we did not consult the Executive. In fact, they were there. The Secretary of the Department of Agrarian Reform was also there. They did not have any objections to it. In fact, they welcome this effort to coordinate through this commission all of the efforts, the policies and the programs which would point out to a more focused approach to the agricultural sector.

Senator Macapagal. Mr. President, I am sure they welcome it because, first of all, it will hopefully provide them with a budget they have been asking for but never got. Secondly, it will hopefully provide them with a support for the legislative agenda that they must fight for all the time. But these two objectives, Mr. President, might very well be fulfilled even if we do not have the commission to study agriculture.

For instance, Mr. President, what is the total budgetary requirement of the Medium-Term Agricultural Development Plan? Was that brought out in the hearings?

Senator Shahani. Those facts were not brought out, Mr. President.

Senator Macapagal. This is what I mean, Mr. President. Some simple facts that could have been brought out in the hearings need not wait for such a grandiose commission to be established.

The total budgetary requirement of the Medium-Term Development Plan for Agriculture over the period of five years is about P72 billion. And the requirement for the first year is P18 billion.

Mr. President, the P18 billion was also the amount that was pointed out as what was needed as GATT safety nets.

In other words, if we talk about events that intervened between the establishment of the Medium-Term Development Plan and this call for a commission to review and assess Philippine agriculture, and if that main event is the GATT ratification, it does not seem to me that that main event would justify having a separate commission.

I think what was brought out in the hearings on the GATT debate was that, it is about time that the Medium-Term Philippine Development Plan was finally funded.

The Medium-Term Development Plan for Agriculture was established in 1992, but it never got the P18 billion that it needed for the first year.

I recall very well that in the Legislative-Executive Development Advisory Council, even if it is overloaded, it has a way of going to the meat of the issues—resolved, that we should provide P18 billion in 1995 in order to carry out the first year requirements of the Medium-Term Philippine Development Plan.

Mr. President, were we able to carry out the P18 billion required by the Department of Agriculture for the Medium-Term Philippine Development Plan?

Senator Shahani. Mr. President, that is precisely why I believe a commission needs to be created. If DA does not get the budgetary support, maybe, something is wrong with its own leadership or maybe something is wrong with its own implementation.

I mean, when irrigation asks for a doubling of its budget,

there are many questions which are asked about the implementation of past programs of irrigation. There are questions of what is the relationship between the national and local governments.

In other words, this commission is precisely going to look more deeply not so much in the policy formulation of agriculture per se, but in the implementation of these policies which, in fact, also became implemented. There are also questions of why the "safety nets" which total P72 billion are not quite figuring again in this year's budget.

I believe a more coordinated approach, Mr. President, would help in focusing more sharply on the problems of agriculture which are not just programmatic, but which will entail the political will of both branches of government; an approach which will also have to look more critically in the actual procedures and processes of not only the Department of Agriculture, but the relationship between the state colleges and universities of agriculture, of which we have so many, and yet do not have a full impact on policy-making or training; and the place of TESDA in agricultural training. All of these can look good in the budget and in medium-term plans. I think it is a cultural given in this country that we are good in making plans but poor in implementation.

I hope this commission will strike at the heart of the question of why we have some of the best plant breeders in the world, why we have some of the best plants, yet agriculture remains a poor performer in our economy.

Senator Macapagal. Mr. President, the distinguished Chairman of the Committee on Agriculture and Food talked about political will. Sometimes those who make fun of our political will say that we solve a problem by creating a committee. Here, it seems we are solving a problem by creating a commission when, maybe, the first step we should do to solve the problem is to provide the funds—the P18 billion for the first year of operation of the Medium-Term Agricultural Development Plan. If given that P18 billion our agricultural sector still fails, then we have to find out why. It seems very obvious to me that if it does not get the funds that it needs to carry out a program, then creating another commission which will recommend that that funds be provided will just be postponing the solution to the problem.

Senator Shahani. Mr. President, I would like to give a modest warning that observation that commissions are created just for the sake of escaping the problem is the usual British style of meeting crisis.

But I would like to assure the Lady Senator that this commission was not formed with the tongue-in-cheek or just to

create another bureaucratic unit which will be another bloated overlay of bureaucracy. This commission was created with the serious intent of meeting a very real crisis.

If I may say so, I would like to pay tribute to Senator Angara. He was one of the earliest proponents of this commission even at the height of the GATT debate. As we listened to the GATT debate in the Senate, we saw the helplessness of many of the leaders in the Executive about giving importance to agriculture. We felt that this was one way of, indeed, focusing high level attention to a very critical issue.

Senator Macapagal. Mr. President, if the leaders in the Executive were feeling helpless about giving the farmers what they need, they felt helpless not because there was no commission to analyze their problems some more, but because they did not have the funds that it has laid out as necessary to carry out the programs meant to modernize agriculture.

Mr. President, may I ask the distinguished Chairman of the Committee on Agriculture and Food, since she has conducted some preliminary hearings on the need to find out what is ailing our agricultural sector: Why is it that the P18 billion has not been provided for? Is there any question? Is there any doubt that we need P18 billion for the first year in order to modernize agriculture?

Senator Shahani. We did ask the Secretary of Budget and Management. We asked him, "Where did the money for irrigation go?" He said, "Well, there are so many needs in government that we just had to apportion that amount to other requirements."

That was the reply, Mr. President. As a matter of fact, I questioned the Executive on this shortfall.

The submitted budget by the executive branch is P12.5 billion for the Department of Agriculture. In fact, I expressed my concern about the shortfall of the P18 billion. I think this illustrates, I share the concern of our Colleague from Pampanga, that it is money that is needed.

In this system, it has been shown that although there are assurances in the beginning, the fact is that there are demands from other sectors of the economy. And the way the budget is presented today, there is a shortfall in the budget for agriculture, particularly on irrigation. In fact, the irrigation crisis is not getting what it needs.

I feel, Mr. President, that the Commission can focus, can refine proposals in order that we can have a working solution, we can have doable solutions to the problems besetting us now.

Senator Macapagal. Is a solution doable, Mr. President, unless we provide funds that are needed to finance this program?

Senator Shahani. Mr. President, just because we ask for the funds, it does not mean that they are going to come. But if there is going to be a concerted action—if that action is going to be more focused, more convincing—I believe that the investment of P10 million will do for the sake of saving agriculture. As I said, it is not really just the Department of Agriculture which is at stake here, Mr. President.

We would like, as I said, the academe to join us, to give their talents and genius in the field of research and development; we would like to invite the private sector to come in.

We had a hearing this afternoon on the amendments to the Agri-Agra Law, one of the bills which was authored by this worthy self and also by our Majority Leader.

It was the farmers who were saying that they want to be liberated from this bondage to the land; they want to be helped to be capitalists; they want to be helped to be rich. We cannot just get that from the Medium-Term Development Plan of the Department of Agriculture. This is no longer just a bureaucratic exercise. The private sector has to come in; agribusiness has to feature very prominently in the work of this commission. It is really the modernization of agriculture. And there are certain issues which the Medium-Term Plan does not look into.

In fact, it was very obvious, Mr. President, when I asked, "Why is it that despite this Agri-Agra Law which has been in existence for a long time, despite so many policy measures which we keep saying, 'Let us give credit to the poor', why does agriculture not move?"

And the farmers' representatives were there. They said, "Well, nobody pays attention to the farmer. If they give us credit, it does not have enough infrastructure support."

We can have all of the nice policies on paper, Mr. President. But the fact is, no one has really paid attention to agriculture in a serious way until now. I feel that not even the medium-term plan of the Department of Agriculture, beautiful as it is as there have been many plans before, is not sufficient for the political will of both the Executive, the Legislative, the private sector and the academe to focus together on a very important matter.

Senator Macapagal. Mr. President, the farmers were so right when they said that even if we grant them credit, they become poor credit risks because they do not have the infrastructure. Is the commission therefore intending to spell out

the infrastructure needed in order to be able to modernize agriculture?

Senator Shahani. Mr. President, I think, it is a matter of refocusing what needs to be done. The commercial banks were saying "maybe" and have also said it in other fora. It is not just for commercial banks to give credit to the poor farmers because, in a way, these banks shy away from these risky ventures. We should be encouraged to go into infrastructures and in the construction of irrigations on B-O-T basis. It is to have a fresh look which we really have not done.

The fact that the farmers are clamoring now—I think this is what emerged so well during the rice crisis shortage—that if we train our farmers to be the millers, traders and haulers in the rice business, they can also prosper. These are the important issues which have not been given thought to—the role of the banks, et cetera.

The commission, Mr. President, should look into every aspect of agriculture and not just how the Executive sees it.

Senator Macapagal. Mr. President, the farmers are indeed right in saying that we can have beautiful policies, but if we do not have the infrastructures, they will not move forward. The commission will be addressing policies while infrastructures must be addressed by funding.

The Medium-Term Agricultural Development Plan very specifically points out the infrastructures needed for the key production areas—irrigation project by irrigation project—sometimes at the level of towns and certainly in most cases, at the level of provinces. The infrastructures are spelled out, but the funds are not there.

Will the commission be more detailed than the Medium-Term Agricultural Development Plan as far as the way it has spelled out where infrastructure requirements are concerned?

Senator Shahani. As I said, Mr. President, it is not so much on the program but on the focus and refocusing. Who is going to do it? It is not just DPWH again. I mean, if the funding can come from the private sector, if there are some parties interested to do that, by all means, they should. I think it is now time to look into other ways of approaching rural development and rural industrialization, because in the past, all of these techniques have not really worked.

The Medium-Term Plan lays out the program, but my suspicion is, it is not really moving; that is the point.

Those bureaucrats in the Department of Agriculture—and

this has been confirmed by many of my visits—are not really that interested anymore in transferring technology to the farmers, in social mobilization and in community development the way it was true 25 years ago. I think this is one of the reasons why agriculture is not moving in this country, Mr. President.

We may have all of the projects there but when we go down to the field, they will say, "The farmers are tired and poor", and the bureaucrats are also tired from inaction.

I have a feeling, Mr. President, that this commission is not just going to be a bureaucratic exercise. It should help to move agriculture in the right direction. I would emphasize on the move, its movement, its action, in order that the Medium-Term Plan, beautiful as it is, is really going to be implemented.

Senator Macapagal. Mr. President, we are not saying that the Medium-Term Plan is beautiful. There may be some defects. But moving is the password. The Committee on Agriculture is right. But in order to move, what is more important than creating another commission is to fund the proposal in the first place. We have very concrete proposals and the farmers are right. The name of the game is infrastructure and the Medium-Term Agricultural Development Plan is full of details about infrastructures needed. But how can they move if they are not funded, Mr. President?

Senator Shahani. Mr. President, I will not quarrel with our Colleague about the importance of funding. The funding is there, but it is a fact that funding remains short. We can fight for it. At the budget hearings, I am glad that the Chairman of the Finance Committee is for increasing the budget of agriculture by P2 billion. I am also behind that move. But these moves will not be sufficient.

I think there is also a need to go more deeply into the training of our farmers, into the issue of transfer of technology and in looking at the role of women and farm families. I believe that there are other aspects which the Executive is not able to implement.

Again, I would emphasize the role of the private sector, what suggestions it can make, what arrangements can be made, and the role of cooperatives.

Secretary Sebastian admitted that the cooperatives were not really sought as much as they should. The sense of organizing the farmers into viable economic units by encouraging them to be sustainable in their efforts is weak in the program of the DA. This has been admitted quite often in the questions that we have posed to them. This was highlighted in the many hearings we had on the rice shortage, Mr. President.

Senator Macapagal. Mr. President, does the Medium-Term Agricultural Development Plan not have any component regarding training and extension?

Senator Shahani. It does, Mr. President. But from our questions which we asked in the hearing before the members of the department, there was an admission that, first, cooperative training is lacking in the issue of transfer of technology. Why did GPEP fail? GPEP looks nice on paper. But the fact that we have to convince the farmers not to plant rice anymore but to plant some high-value crops is not just a scientific decision made on paper. We have to convince the hard-headed farmer that he has to change crops.

The way of explaining that 1.2 million hectares for corn or 1.3 million hectares for rice, we can say that on paper. But try to implement that at the grassroots and it is not as simple as it seems.

So, Mr. President, this is also a way of examining the actual implementation of the Medium-Term Development Plan and how that money is actually spent. We may have the money but it is common knowledge that it could also be useless, wasted and thrown away because of inefficient implementation. I believe the commission should also look into this matter, Mr. President.

QUESTION OF QUORUM

Senator Macapagal. Mr. President, I believe that we no longer have a quorum. So I would like to exercise the option of continuing the interpellation the next time that we meet one another. In the meantime, I have a motion to adjourn.

The Presiding Officer [Senator Roco]. Is the distinguished Lady from Pampanga raising a question of quorum?

Senator Macapagal. Yes, Mr. President.

Senator Romulo. Mr. President, what was the motion?

The Presiding Officer [Senator Roco]. The distinguished Lady Senator is questioning the existence of a quorum. I guess there would be a need for a roll call since a question of quorum is being raised.

Can we have the Secretariat ring the bell? Since the Chair is informed that there are 13 Senators, can we have the ringing of the bells? In the meantime, we can have a one-minute suspension.

SUSPENSION OF THE SESSION

Senator Romulo. I move for a one-minute suspension of the session, Mr. President.

The Presiding Officer [Senator Roco]. The session is suspended, if there is no objection. [*There was none*].

It was 7:25 p.m.

RESUMPTION OF THE SESSION

At 7:29 p.m., the session was resumed.

The Presiding Officer [Senator Roco]. The session is resumed. As there is a call for a quorum, the roll call will be called unless there is a motion withdrawing the roll call.

Senator Macapagal. Mr. President, I withdraw the motion to have a roll call.

The Presiding Officer [Senator Roco]. Just for purposes of record, Majority Leader, that had a quorum been called, we would have adjourned.

Senator Romulo. There is a quorum.

The Presiding Officer [Senator Roco]. There is a quorum.

SUSPENSION OF THE SESSION

Senator Macapagal. May I move for a one-minute suspension of the session.

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

It was 7:30 p.m.

RESUMPTION OF THE SESSION

At 7:33 p.m., the session was resumed.

The Presiding Officer [Senator Roco]. The session is resumed.

Senator Macapagal. Mr. President, I was about to withdraw the call for a quorum, but since the Presiding Officer says that for the record he wants to state there is a quorum, I would like to make sure that the record is correct.

Therefore, again, I would like to call for a quorum.

The Presiding Officer [Senator Roco]. The Lady has, in fact, withdrawn her motion to call for a quorum. The Chair was about to say that had we called for a quorum, we would have adjourned and would meet at three o'clock tomorrow after-

noon. But somebody said that there was a quorum and I repeated whatever was said.

In any event, is the Lady again calling for a quorum?

Senator Macapagal. If the Presiding Officer wants to put on the record that there is a quorum, it is but right that we call for a quorum.

The Presiding Officer [Senator Roco]. The Chair does not determine the quorum; the roll call determines the quorum. Is the Lady asking for a quorum?

Senator Macapagal. Because the Presiding Officer has stated that there is a quorum, I am asking for a quorum.

The Presiding Officer [Senator Roco]. Then let the roll call be called, as simple as that.

The Secretary.

Senator Alvarez	Present
Senator Drilon	Present
Senator Flavier	Present
Senator Honasan	Present
Senator Macapagal	Present
Senator Maceda	Present
Senator Magsaysay Jr.	Present
Senator Osmeña	Present
Senator Roco	Present
Senator Romulo	Present
Senator Shahani	Present
Senator Webb	Present

The Presiding Officer [Senator Roco]. There being 12 Senators present...

Senator Romulo. Mr. President, pursuant to the *Rules*, I ask that we suspend the session until ten o'clock tomorrow morning.

Mr. President, that is the rule. Let me read to the Chair Section 98 of the *Rules*: "Notwithstanding the provision of the preceding section, —

The Presiding Officer [Senator Roco]. I am familiar with Section 98 of the *Rules*.

Senator Romulo. "—the lack of quorum shall compel the President to adjourn the session, unless, by means of motion, which shall not be subject to debate, a majority of the Senators present agree to its suspension...."

SUSPENSION OF THE SESSION

So, under the *Rules*, Mr. President, I move that we suspend the session until ten o'clock tomorrow morning so that we can ask the other Members to be present at tomorrow's meeting.

The Presiding Officer [Senator Roco]. Is there any objection to the motion of the Majority Leader? Is the Lady objecting? [Senator Macapagal shaking her head]. No. There being no objection, the session is suspended until ten o'clock tomorrow morning.

It was 7:36 p.m.

RECORD OF THE SENATE

THURSDAY, SEPTEMBER 7, 1995

RESUMPTION OF THE SESSION

At 10:18 a.m., the session was resumed with the Honorable Neptali A. Gonzales, President of the Senate, presiding.

The President: The 17th session of the Senate in the First Regular Session of the Tenth Congress is resumed.

The Acting Secretary will please read the Order of Business.

REFERENCE OF BUSINESS

BILLS ON FIRST READING

The Acting Secretary [Atty. Raval]: Senate Bill No. 1165, entitled

AN ACT REGULATING THE INSTALLATION AND MAINTENANCE OF CHECKPOINTS.

Introduced by Senator Coseteng.

The President: Referred to the Committee on National Defense and Security.

The Acting Secretary [Atty. Raval]: Senate Bill No. 1166, entitled

AN ACT PROVIDING FOR THE RIGHTS OF WORKING MINORS, AMENDING CHAPTER 2, ARTICLES 139 AND 140 OF THE LABOR CODE (P.D. NO. 442, AS AMENDED), AND FOR OTHER PURPOSES.

Introduced by Senator Coseteng.

The President: Referred to the Committees on Labor, Employment and Human Resources Development; and Youth and Sports Development.

The Acting Secretary [Atty. Raval]: Senate Bill No. 1167, entitled

AN ACT TO PROTECT AND PROMOTE THE RIGHT TO SELF-ORGANIZATION AND COLLECTIVE BARGAINING OF THOSE IN THE CIVIL SERVICE AND CREATING A CIVIL SERVICE LABOR RELATIONS BOARD, APPROPRIATING FUNDS THEREFOR, AND FOR OTHER PURPOSES.

Introduced by Senator Coseteng.

The President: Referred to the Committees on Civil Service and Government Reorganization; and Finance.

The Acting Secretary [Atty. Raval]: Senate Bill No. 1168, entitled

AN ACT REGULATING THE EMPLOYER-HOUSEHELPER RELATIONSHIP BY PRESCRIBING THE STANDARD WORKING CONDITIONS AND BY PROVIDING FOR ADDITIONAL BENEFITS, AMENDING FOR THIS PURPOSE THE PERTINENT PROVISIONS OF BOOK III, TITLE III, CHAPTER III OFF.D. NO. 442, AS AMENDED, OTHERWISE KNOWN AS THE LABOR CODE OF THE PHILIPPINES AND BOOK IV, TITLE VIII, CHAPTER III, SECTION 1 OF R.A. NO. 386, OTHERWISE KNOWN AS THE CIVIL CODE OF THE PHILIPPINES AND FOR OTHER PURPOSES.

Introduced by Senator Tatad.

The President: Referred to the Committees on Labor, Employment and Human Resources Development; and Constitutional Amendments, Revision of Codes and Laws.

The Acting Secretary [Atty. Raval]: Senate Bill No. 1169, entitled

AN ACT MAKING MANDATORY THE MEMBERSHIP OF HOUSEHELPERS IN THE SOCIAL SECURITY SYSTEM (SSS) CREATED PURSUANT TO R.A. NO. 1161, AS AMENDED, OTHERWISE KNOWN AS THE SOCIAL SECURITY LAW, AMENDING FOR THIS PURPOSE PARAGRAPH 5 OF SECTION 1 OF R.A. NO. 7655, AND FOR OTHER PURPOSES.

Introduced by Senator Tatad.

The President: Referred to the Committee on Labor, Employment and Human Resources Development.

The Acting Secretary [Atty. Raval]: Senate Bill No. 1170, entitled

AN ACT REORGANIZING THE GOVERNMENT, CREATING FOR THIS PURPOSE, A JOINT LEGISLATIVE-EXECUTIVE REORGANIZATION COMMISSION, DEFINING ITS POWERS AND FUNCTIONS, APPROPRIATING FUNDS

Is that still the definition as it stands now, Mr. President?

Senator Webb: That is right, Mr. President. In fact, I think the Lady Senator is driving at a very good point; it has to be changed. May I hear the amendment.

Senator Macapagal: Mr. President, we can just define it as "ONE WHO PRODUCES, IMPORTS, TRADES IN OR DISTRIBUTES SALT."

Senator Webb: It is accepted, Mr. President.

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

Senator Macapagal: Thank you, Mr. President. That is all.

Senator Romulo: Mr. President, may I just make it clear that in the previous amendment on the "Subsistence producer," it says: "whose total salt production does not exceed two (2) metric tons of salt per year." Would that also apply to (g) which states: "Small producer - a producer/farmer whose total production ranges from two (2) tons to three hundred (300) metric tons per year"?

Senator Webb: That is right, Mr. President, not more than two tons.

APPROVAL OF S. NO. 1122 ON SECOND READING

Senator Romulo: Mr. President, I move that we vote on Senate Bill No. 1122, as amended, on Second Reading.

The President: We shall now vote on the bill, as amended, on Second Reading.

As many as are in favor of the bill, please say *Aye*. [*Several Senators: Aye*] As many as are against, please say *Nay*. [*Silence*]

Senate Bill No. 1122, as amended, is approved on Second Reading.

MANIFESTATION OF SENATOR WEBB (Senator Shahani as Coauthor of S. No. 1122)

Senator Webb: Mr. President, just an additional coauthor. Senator Shahani has just sent word that she would like to be a coauthor of this bill.

The President: Let that be entered into the record.

SUSPENSION OF THE SESSION

Senator Romulo: 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 12:03 p.m.

RESUMPTION OF THE SESSION

At 12:04 p.m., the session was resumed.

The President: The session is resumed.

BILL ON SECOND READING S. No. 1157—Amending the PCIC Charter

Senator Romulo: Mr. President, I move that we consider Senate Bill No. 1157 as reported out under Committee Report No. 3.

The President: Consideration of Senate Bill No. 1157 is now in order.

With the permission of the Body, the Secretary will read only the title of the bill without prejudice to inserting into the *Record* the whole text thereof.

The Acting Secretary [Atty. Raval]: Senate Bill No. 1157, entitled

AN ACT FURTHER AMENDING PRESIDENTIAL DECREE NO. 1467, AS AMENDED, OTHERWISE KNOWN AS THE CHARTER OF THE PHILIPPINE CROP INSURANCE CORPORATION (PCIC), IN ORDER TO MAKE THE CROP INSURANCE SYSTEM MORE STABLE AND MORE BENEFICIAL TO THE FARMERS COVERED THEREBY AND FOR THE NATIONAL ECONOMY.

The following is the full text of Senate Bill No. 1157:

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. *Title.*— This Act shall be known as the "Revised Charter of the Philippine Crop Insurance Corporation Act of 1995,"

SEC. 2. *Declaration of Policy.* — It is the policy of the State to develop and support an adequate agricultural insurance program as a mechanism for managing the risks inherent in agriculture and stabilizing the financial fluctuations suffered by agricultural producers in case of crop loss, with the end in view of encouraging lending institutions to extend credit to the agricultural sector.

Considering that a major sector of our farming economy is composed of marginalized small-scale/subsistence farmers, it is likewise declared a policy of the State to extend to said farmers such subsidies as may be called for in order to bring the benefits of this program within their reach.

In pursuit of this policy, and in order to maximize the benefits under this program, the State shall encourage the formation, development and promotion of people's organization and/or associations such as cooperatives as provided for by Section 23, Article II, Sections 15 and 16, Article XII, and Sections 15 and 16, Article XIII, of the 1987 Constitution, as service channels through which such benefits shall preferably be extended.

SEC. 3. Section 1 of Presidential Decree No. 1467, as amended, is hereby further amended to read as follows:

“SEC. 1. *Creation of the Philippine Crop Insurance Corporation.*—There is hereby created a body corporate to be known as the “Philippine Crop Insurance Corporation” (PCIC and herein called the Corporation) which shall BE ATTACHED TO THE DEPARTMENT OF AGRICULTURE AND SHALL provide insurance protection to farmers against losses arising from natural disaster as well as plant diseases and pest infestation, initially to palay crops and later on the other crops. SUCH INSURANCE SHALL COVER SUCH OTHER CROPS AS THE BOARD OF DIRECTORS OF THE CORPORATION SHALL DECIDE, AND SHALL COVER COST OF PRODUCTION INPUTS, INCLUDING THE FARMER'S OWN LABOR, THAT OF THE MEMBERS OF HIS HOUSEHOLD AND PAID LABOR AS WELL AS PORTIONS OF EXPECTED YIELD OR INCOME, AS DETERMINED BY THE BOARD OF DIRECTORS OF THE CORPORATION. Such insurance protection, however, shall exclude losses arising from avoidable risks emanating from or due to neglect, malfeasance or

fraud by the insured or any member of his immediate farm household or employee or the failure of the insured to follow proven farm practices (and that the indemnity for such losses shall not exceed at all times the cost borne by the insured farmer in the production of the crop).”

SEC. 4. Section 5 of Presidential Decree No. 1467, as amended, is hereby further amended to read as follows:

“SEC. 5. *Rate of Premium and Its Sharing.* - The rate of premium, as well as the allocated sharing thereof by the farmers, the lending institutions, the Government of the Republic of the Philippines (herein called the Government) and other parties, shall be determined by the Board of Directors of the Corporation: *PROVIDED, HOWEVER, THAT THE SHARE OF THE GOVERNMENT IN THE PREMIUM COST, IN THE FORM OF PREMIUM SUBSIDY, SHALL BE LIMITED ONLY TO SMALL-SCALE/SUBSISTENCE FARMERS EACH OF WHOM IS CULTIVATING NOT MORE THAN SEVEN (7) HECTARES BY HIMSELF OR WITH THE HELP OF THE LABOR OF THE MEMBERS OF HIS HOUSEHOLD AND HIRED LABOR. THE PREMIUM RATE AND SHARING TO BE DETERMINED BY THE BOARD OF DIRECTORS subject to approval by the President of the Philippines: PROVIDED, FURTHER, THAT THE PREMIUM SHARE OF THE SMALL-SCALE/SUBSISTENCE FARMER SHALL BE REASONABLY AFFORDABLE BY HIM: PROVIDED, FINALLY, THAT THE GOVERNMENT SHALL SHARE IN THE PREMIUM COST ONLY IN INSURANCE COVERAGE AGAINST UNAVOIDABLE RISKS SUCH AS, BUT NOT LIMITED TO, TYPHOONS, DROUGHTS, OUTBREAKS OF PESTS AND DISEASES.*”

SEC. 5. A new subsection, numbered 6.3 shall be added to Section 6 of Presidential Decree No. 1467, as amended, to read:

“6.3. UNAPPROPRIATED AND/OR UNRELEASED GOVERNMENT PREMIUM SUBSIDY FOR POLICIES WRITTEN FOR THE PERIOD FROM MAY 1, 1981 UP TO THE APPROVAL OF THIS ACT COMPUTED ON THE BASIS OF PREMIUM RATES AND SHARING AS PREVIOUSLY APPROVED BY THE PRESIDENT OF THE

PHILIPPINES AS AUTHORIZED BY LAW SHALL BE PROGRAMMED FOR PAYMENT BY THE GOVERNMENT WITHIN A PERIOD OF TEN (10) YEARS. AND THE YEARLY SUMS SHALL BE INCLUDED IN THE BUDGETARY APPROPRIATIONS FOR SUBMISSION TO CONGRESS, STARTING THE FISCAL YEAR FOLLOWING APPROVAL HEREOF, IN ADDITION TO THE PREMIUM SUBSIDY REQUIREMENT FOR THE YEAR INVOLVED."

SEC. 6. Subsections 8.1 and 8.3 of Presidential Decree No. 1467, as amended, are hereby further amended to read as follows:

"8.1. The authorized capital stock of the Corporation is [Seven hundred fifty million pesos (P750,000,000.00)] TWO BILLION PESOS (P2,000,000,000.00) divided into [Five million (5,000,000)] FIFTEEN MILLION (15,000,000) common shares with a par value of One hundred pesos (P100.00) each share, which shall be fully subscribed by the Government; and [Two million five hundred thousand (2,500,000)] FIVE MILLION (5,000,000) common shares with a par value of One hundred pesos (P100.00) per share, which shall have the features as provided in Section 8.4 hereof and shall be issued in accordance with the provisions of Section 8.5 hereof."

"8.3. The [remaining] ADDITIONAL common capital stock of [Two hundred fifty million pesos (P250,000,000.00)] ONE BILLION PESOS (P1,000,000,000.00)] shall be fully subscribed by the Government and the necessary funds shall be appropriated, programmed, and paid by the proper office, entity or agency of the government as the financial needs of the Corporation shall require and until the authorized capital stock is fully paid up."

SEC. 7. A new section is hereby inserted between Sections 8 and 9 of Presidential Decree No. 1467, as amended, designated as Section 8-A, which reads as follows:

"Sec. 8-A. A STATE REINSURANCE FUND FOR AGRICULTURAL INSURANCE IN THE AMOUNT OF FIVE HUNDRED MILLION PESOS (P500,000,000.00) SHALL BE CREATED EXCLUSIVELY TO ANSWER FOR A PROPORTION OF ALL LOSSES IN EXCESS OF RISK (PURE) PREMIUMS UNDER THE CORPORATION'S CROP

INSURANCE PROGRAM FOR SMALL FARMERS. THE FUND SHALL BE ADMINISTERED BY THE DEPARTMENT OF AGRICULTURE AND SHALL BE FUNDED BY THE NATIONAL GOVERNMENT THROUGH ANNUAL BUDGETARY ALLOCATION OF ONE HUNDRED MILLION PESOS (P100,000,000.00) STARTING WITH THE CALENDAR YEAR IMMEDIATELY FOLLOWING THE APPROVAL OF THIS ACT AND EVERY YEAR THEREAFTER UNTIL THE FULL AMOUNT IS COMPLETED. THE MECHANICS OF CLAIMS AGAINST THE FUND AND TO WHAT EXTENT THE FUND SHALL BE LIABLE SHALL BE DETERMINED JOINTLY BY THE DEPARTMENT OF AGRICULTURE AND THE CORPORATION, SUBJECT TO APPROVAL BY THE PRESIDENT OF THE PHILIPPINES."

SEC. 8. Subsections 9.1 and 9.4 of Section 9 of Presidential Decree No. 1467, as amended, are hereby further amended to read as follows:

"SEC. 9.1. The power of the Corporation shall be vested in and exercised by a Board of Directors composed of TEN (10) members and made up of the following: THE SECRETARY OF AGRICULTURE AS CHAIRMAN, The Secretary of Finance, [the Secretary of Agriculture] the President of the Land Bank of the Philippines, the Secretary of Agrarian Reform, [the Secretary of Labor, the Secretary of National Defense], the [Budget Commission] SECRETARY OF BUDGET AND MANAGEMENT, [and] the President of the Corporation, A REPRESENTATIVE FROM [and in addition, a nominee of the Secretary of Finance, preferably representing] the private insurance industry, TO BE NOMINATED BY THE SECRETARY OF FINANCE AND THREE (3) REPRESENTATIVES FROM THE SMALL-SCALE/SUBSISTENCE FARMERS' SECTOR TO REPRESENT THE THREE (3) MAIN REGIONS OF THE COUNTRY, LUZON, VISAYAS AND MINDANAO WHO SHALL BE SELECTED AND NOMINATED BY THE DIFFERENT FARMERS' ORGANIZATIONS FROM THEIR RESPECTIVE REGIONS. THE NOMINEES OF THE PRIVATE INSURANCE INDUSTRY AND THAT OF THE FARMERS SECTOR SHALL BE SUBMITTED TO AND APPOINTED BY THE PRESIDENT OF THE PHILIPPINES. [The Chairman of the Board of Directors shall be appointed by the President from among the members of the Board of Directors; and that] The President of the Corporation

shall be ex officio Vice Chairman who, as such shall assist the Chairman and act in his stead in case of absence or incapacity. In case of absence or incapacity of both the Chairman and the Vice Chairman, the Board of Directors shall designate a temporary Chairman from among its members."

"9.4. The Chairman and the members of the Board shall each receive a per diem of [Three hundred pesos (P300.00)] ONE THOUSAND PESOS (P1,000.00) for each session of the Board attended, but in no case to exceed [Three thousand pesos (P3,000.00)] FIVE THOUSAND PESOS (P5,000.00) a month; *PROVIDED, HOWEVER, THAT IN CASE OF THE REPRESENTATIVES OF THE SMALL-SCALE/SUBSISTENCE FARMERS' SECTOR, THE BOARD IS AUTHORIZED TO DETERMINE REASONABLE TRAVELING AND SUBSISTENCE EXPENSES IN GOING TO AND RETURNING FROM SAID BOARD MEETINGS TO BE DISBURSED TO THEM IN ADDITION TO THEIR PER DIEM.*"

SEC. 9. A new Section is hereby inserted between Sections 11 and 12 of Presidential Decree No. 1467, as amended, designated as Section 11-A, which shall read as follows:

"SEC. 11-A. SETTLEMENT OF CLAIMS. -

"11-A.1. CLAIMS FOR INDEMNITY AGAINST THE CORPORATION SHALL BE SETTLED BY THE CORPORATION'S REGIONAL OFFICE CONCERNED. HOWEVER, IF IN THE OPINION OF THE REGIONAL OFFICE THE CLAIM IS NOVEL, DIFFICULT OR CONTROVERSIAL, THE MATTER MAY BE ELEVATED BY THE REGIONAL OFFICE TO THE PRESIDENT/EXECUTIVE VICE PRESIDENT OF THE CORPORATION FOR DECISION.

"11-A.2. A PARTY AGGRIEVED BY THE DECISION OF THE REGIONAL OFFICE MAY WITHIN THIRTY (30) DAYS FROM RECEIPT OF THE DECISION REQUEST FOR RECONSIDERATION THEREOF, AND IF NOT SATISFIED THEREWITH, MAY ELEVATE THE MATTER TO THE PRESIDENT/EXECUTIVE VICE PRESIDENT OF THE CORPORATION OR MAY APPEAL SAID DECISION, ORDER OR RULING TO THE CORPORATION'S BOARD OF DIRECTORS."

SEC. 10. This Act shall take effect fifteen (15)

days after its complete publication in at least two (2) newspapers of general circulation.

Approved.

Senator Romulo: Mr. President, for the sponsorship speech, I ask that the distinguished Senator from Pampanga, Pangasinan, and Negros Occidental, Senator Macapagal, be first recognized and thereafter the distinguished Gentleman from Isabela, Senator Alvarez.

The President: Senator Macapagal is recognized.

SPONSORSHIP SPEECH OF SENATOR MACAPAGAL

Senator Macapagal: Mr. President, nine months ago, we entered into a covenant with the Filipino farmers.

To enable them to compete under a Free Trade regime brought about by our ratification of the GATT-Uruguay Round Accord, we agreed to provide them with the demanded safety nets for the agricultural sector. In the opening hearings on the GATT ratification, this Representation articulated 16 so-called safety nets recommended by the agricultural sector as synthesized by Rep. Leonardo Montemayor, representative of the peasant sector.

At least five items in these safety nets involve the passage of proposed laws, including a marked increase in the budgetary allocation for agricultural research and development. The rest are to be undertaken by the Executive Branch of the government.

The long campaign period for the May elections got into the way of the safety net legislations filed under the past Congress.

At the same time, meanwhile, Mr. President, a food crisis has descended on our people independently of GATT. There is a shortage in rice and *bangus* fries which are exempted from GATT liberalization. There is a scarcity of sugar which was liberalized even before the GATT-Uruguay Round. There is a shortage of chicken, pork, and beef which have not yet been liberalized in accordance with GATT.

The handwriting on the wall is unmistakable. GATT or no GATT, we have to enact the laws that will give immediate relief to the biggest segment in our society — the farmers and fishermen. We must infuse vigor to a sector which many have said has indeed suffered with policies and programs bordering on neglect.

We have to live up to our commitments as lawmakers. We

must assume the responsibility of reinvigorating our farmers' sector.

To refresh our minds, Mr. President, the farmers asked us to do the following:

First, strengthen the anti-dumping and anti-smuggling laws and regulations. We passed the stronger Anti-Dumping Act by enacting Republic Act No. 7843 last December. However, this Body has not yet strengthened the anti-smuggling laws. I hope the anti-smuggling law will find its way through our legislative mill.

Second, exempt small farmers' cooperatives from VAT and other taxes. In this regard, we filed last June 30, 1995 Senate Bill No. 350 which seeks to amend RA No. 7716 or the Expanded VAT Law, to exempt farmers' cooperatives from VAT and other taxes.

Third, increase the support prices of the National Food Authority on palay and other incentives for more efficient grains marketing and the acquisition of post-harvest facilities. If we had acted on the NFA buffer stock as requested, perhaps the grains agency could have had the money to buy the farmers' harvest during the last cropping season and, perhaps, the present rice crisis could have been avoided.

Be that as it may, we have also filed Senate Bill No. 334, which creates the Buffer Stock Stabilization Fund of the NFA. On this bill shall anchor a national program for food security and stabilization which will help insure our country against rice shortages in the future.

Fourth, increase the budget for farm research and development. As a national policy, the administration has adopted the policy of spending two percent of the whole government budget on agricultural research and development. It must be the lookout of our Chamber to make sure that this budget will not be slashed to insignificance.

And, fifth, last but equally important, putting more clout to the Philippines' Crop Insurance Law our bill under present sponsorship. The original law embodied in Presidential Decree No. 1467 created the Philippine Crop Insurance Corporation in 1978 to provide insurance protection to rice farmers against natural calamities. Its coverage was later expanded to corn, tobacco, and banana crops.

In 13 years from 1981 to 1994, the PCIC extended crop

insurance protection worth P19.1 billion to 2.7 million farmers nationwide. But this has not been enough.

In the Ninth Congress, last February 20th, I stood before this Chamber urging this Body to adopt an amended version of the Crop Insurance Law to save one of the few worthwhile government programs in agricultural development. Perhaps, at that time, our Chamber may not have yet realized the urgency of this bill; otherwise, a law might have been rushed to that end.

But today, against the backdrop of rice and sugar shortages, the continuing tragedy in laharland, the invasion by swarms of locusts of rice and sugarcane plantations in Central Luzon, Pangasinan, and Batangas, and the arrival of typhoons, the urgency of enacting a Crop Insurance Law can no longer be ignored.

It is one safety net which needs to be immediately cast.

I therefore submit to this Body Senate Bill No. 1157, the bill which seeks to change the Charter of the Philippine Crop Insurance Corporation, specify the scope of insurance coverage, and above all, protect farmers against crop losses due to natural disasters.

Records of the PCIC have proven that the law is indeed a meaningful tool in helping the farmers help themselves. It has given banks the confidence to lend production loans without risking nightmares whenever the weatherman announces the coming of a new typhoon.

With easier loans for fertilizer, certified seeds and added labor, farmers can harvest more per hectare of land. It redounds to higher productivity.

In the end, the government need not dole out goods in areas hit by natural calamities when farmers' losses are covered by adequate insurance.

Valuable lessons have been learned by implementors of the crop insurance program, lessons which form part of the new bill and, in fact, are the salient features of Senate Bill No. 1157.

In capsule, the amendatory bill includes the following features:

- Attaching the PCIC to the Department of Agriculture instead of the Department of Finance, as it is presently today. This will make crop insurance a part of a whole package of services given to a target group of farmers instead of simply a tool for macroeconomic policy.

- Empowering the PCIC Board of Directors to extend insurance coverage to other crops without securing approval by the President. This will reduce red tape and give more elbow room to respond to the specific needs of beneficiaries.
- Expanding the crop insurance coverage to include part of the expected harvest or yield of a farmer and this is the most crucial amendment, Mr. President. The old law protected farmers against losses only to the extent of the cost of production inputs, only due to pests, typhoons or droughts. It did not protect the farmers to the extent of the value of his yield.
- Limiting the premium subsidy by the Government to small-scale farmers because the big plantation owners must be made to pay the full rate of their insurance premium.
- Providing for the payment of the Government's unreleased premium subsidy for crop insurance since 1981 until the passage of the bill, plus yearly appropriations for subsidized premium thereafter.
- Increasing the authorized capital of PCIC from P750 million to P2 billion, thus expanding the extent of its beneficiaries.
- Expanding the membership of the PCIC board to include three representatives from small-scale subsistence farmers.
- Establishing a P500-million State Reinsurance Fund administered by the Department of Agriculture and funded with annual budgetary appropriations of P100 million.
- Providing procedures for claims appeal where farmers, whose claims for insurance payments are rejected, can appeal for consideration.

Mr. President, we have heard many times the officials of the government state that we are phasing out the system of subsidies in the farming sector. I beg to say that recent events have jolted us and we must realize that the no-subsidy policy in agriculture may prove too dangerous to the future of food security in the Philippines.

One after the other, our more basic foodstuffs — from rice to sugar, from chicken to pork — are getting scarce. The specter of widespread hunger due to food shortages has reared its ugly head.

Since rice became scarce and prices of basic goods started shooting up last July, debates on food issues have dominated the press, public fora, and both Houses of Congress.

Recriminations and finger pointing were many, but concrete proposals to solve the problem have been few. Senate Bill No. 1157 is one of those few.

I am asking our Colleagues to pass Senate Bill No. 1157 not only as a principal author of the bill but also as a Member of the new Minority that is still committed to pursue the economic reforms that are truly needed by our people. This bill is a priority administration measure. We therefore hope that the new Majority will support it. With both the majority and the minority supportive of this bill, this Representation humbly hopes that Senate Bill No. 1157 will be passed at the soonest possible time for the greatest benefit of our farmers.

Thank you, Mr. President.

Senator Romulo: Mr. President, may I ask that the distinguished Gentleman from Isabela and Cagayan, Senator Alvarez, be recognized.

The President: Senator Alvarez is recognized.

**MANIFESTATION OF SENATOR ALVAREZ
(Senator Romulo as Coauthor of S. No. 1157)**

Senator Alvarez: Mr. President, before I deliver my sponsorship speech, may I manifest that the distinguished Gentleman from Tarlac and Quezon City, Senator Romulo, be included as one of the principal authors also of this proposed legislation.

SPONSORSHIP SPEECH OF SENATOR ALVAREZ

Mr. President, the speech of the Senator from Pampanga is worthy of the issue that is being discussed, for this is one of the strategic question of modernization and development. This government has promised that agriculture is going to be one of the take-off points. And we have decided in so many instances that indeed that quantum strategic, critical mass of investment funds will be devoted to agriculture in order to make agriculture blossom because it is lagging behind. It is lagging behind manufacture; it is lagging behind commerce.

And as we sit down to figure out the numbers, we look at the physical investments needed for physical improvements — irrigation, farm-to-market roads, and perhaps, cooperatives. But there is a missing ingredient, far more valuable perhaps, and far more crucial than all these physical investments, the ingre-

dient of security for the working man in the agricultural sector.

For surely, we want to improve this sector, we want to assure the capacity of the working man — the small farmers especially, or the big farmers themselves — to bounce back in the face of calamity that threatens agriculture, not once but many times a year, by pests, by drought, by volcanic eruption or by flood.

Mr. President, this assurance is available to many sectors of the business community. It is so easy to secure insurance for many business activities. But there has not been insurance sufficient enough in order to embolden our agricultural workers and investors to come forth and produce.

The Philippine Crop Insurance is trying to do a feeble job of responding to this gaping need in order to make the agricultural sector a more secure enterprise for those who dare take the risk in the face of about 21 to 24 typhoons every year. Now the coverage of the insurance system in the agricultural sector is only about 10 percent. Out of a million farmers, those who have access to it number only about 140,000, and these are rice farmers. No wonder, Mr. President, that with this traditional and ancient crop, up to now we have not been able to put our acts together because we have not looked after the security of the producers of rice and corn.

This bill does not assure us anything great. It merely scratches the surface, if we compare ourselves to such developed agricultural communities. And even with India where the coverage is not 10 percent of the total produce of rice but they cover orchard fruits and other high-value crops.

We look at India, that ancient city of immemorial poverty and famine. It has been a land of plenty lately. Perhaps because the leaders had imagination not only to build farm-to-market roads, additional irrigation canals, but they had the business imagination to encourage and build assurances for the farmers who take the risk of unpredictable weather and very unfriendly volcanoes...for we are in the volcanic belt.

Mr. President, from P600-million capitalization, this bill proposes to jump to P2 billion, roughly an increase of only about 300 percent. Hopefully, we will be able to increase the coverage from some 140,000 to 200,000 farmers in the rice sector. It will only be 20 percent of the rice-farming population.

We will also be able to cover, as mandated by the new high-value-crop producers of asparagus, and, perhaps, banana producers who are covering about 100,000 hectares of banana. Hopefully, we will be able to produce more of asparagus so that we will be competing in the asparagus market of the world, as

farmers of asparagus take the difficult challenge in the global market.

Mr. President, this increase of P2 billion will challenge us on how to source the funds. When we get to the opportune time of looking where to source the fund, we will be creative enough to extract this from the so-called "net" for GATT for the farming sector.

We have set aside about P30 billion, and I hope from that, we will be able to produce the necessary combination of money to tell the farming sector of this agricultural community that we do care and we want to protect their rights; we want to protect their chance of surviving in the market, that like the businessman in Manila and suburbs, they have an insurance system that will make them survive the storm.

Miniscule as it may be, it is a happy beginning. But at this time of our development when all of us, leaders for modernization and the development of the national economy, have proclaimed to the world that the agricultural sector is the leading sector of the economy, I see no reason why this P2-billion insurance system should not be boosted and enhanced. I see no reason why this should not be the beginning.

Hopefully, in the days ahead, Mr. President, when we shall have identified the sources of funds, we will not only have P2 billion but P10 billion so that, as in other countries where agriculture flourishes and is bountiful, there is a 100-percent coverage to the calamities and the dangers that the workers in the fields are confronted day-in-day-out in a storm-wracked country, in a volcanic country and sometimes, in a locust-ridden country like the Republic of the Philippines.

Thank you, Mr. President.

Senator Romulo: Mr. President.

The President: The Majority Leader is recognized.

SUSPENSION OF CONSIDERATION OF
S. NO. 1157

Senator Romulo: Mr. President, I move that we suspend consideration of Senate Bill No. 1157.

The President: Is there any objection to this motion? [Silence] There being none, consideration of Senate Bill No. 1157 is hereby suspended.

Senator Romulo: For the privilege hour, Mr. President, I ask that the distinguished Gentleman from Bulacan, Senator

RECORD OF THE SENATE

MONDAY, OCTOBER 2, 1995

OPENING OF THE SESSION

At 4:17 p.m., the Honorable Orlando S. Mercado, Presiding Officer, called the session to order.

The Presiding Officer [Senator Mercado]. The 23rd session of the Senate in the First Regular Session of the Tenth Congress is hereby called to order.

Let us stand for the prayer to be led by Senator Edgardo J. Angara, after which we shall be led in the singing of the Philippine National Anthem and another song entitled *Luha sa Kinalimutang Lupa* by the Senate Choir.

Everybody rose for the opening prayer.

PRAYER

Senator Angara.

Almighty Father, we beg You to bless this Chamber so that we may, in our thoughts, words and deeds fulfill Your will always.

Grant that each one of us may always be guided by what is true, moral and beneficial for all and not by the rule of expediency and convenience.

Touch our hearts with Your grace and make us sensitive to the poverty and injustice that surround us, for we realize that our relevance lies in our ability and willingness to make life better for so many.

Infuse us with the courage to rise above our selfishness so that we may give more of ourselves to others.

Make us always deserving of Your love and mercy, even if in Your judgment we are totally unworthy.

Hammer down our pride with the spirit of Your humility so that we may begin to accept that apart from You, and without You, we can do nothing.

Shower Your blessings on our people who suffer in silence on our land that has known so much destruction and desolation.

Amen.

NATIONAL ANTHEM

Everybody remained standing for the singing of the National Anthem.

ROLL CALL

The Presiding Officer [Senator Mercado]. The Secretary will please call the roll.

The Acting Secretary [Atty. Raval].

Senator Heherson T. Alvarez	Present
Senator Edgardo J. Angara	Present
Senator Miriam Defensor-Santiago	Present
Senator Franklin M. Drilon	Present
Senator Juan Ponce Enrile	Present
Senator Marcelo B. Fernan	Present
Senator Juan M. Flavio	Present
Senator Ernesto F. Herrera	Present
Senator Gregorio B. Honasan	Present
Senator Gloria M. Macapagal	Absent
Senator Ernesto M. Maceda	Present
Senator Ramon B. Magsaysay Jr.	Present
Senator Orlando S. Mercado	Present
Senator Blas F. Ople	**
Senator Sergio R. Osmeña III	Present
Senator Ramon B. Revilla	Present
Senator Raul S. Roco	Present
Senator Alberto G. Romulo	Present
Senator Anna Dominique M.L. Coseteng ..	Present
Senator Leticia Ramos Shahani	Present
Senator Vicente C. Sotto III	Present
Senator Francisco S. Tatad	**
Senator Freddie N. Webb	Present*
The President	**

The Presiding Officer [Senator Mercado]. With 19 Senators present, the Chair declares the presence of a quorum.

THE JOURNAL

Senator Romulo. Mr. President, I move that we dispense with the reading of the *Journal* of the previous session and consider the same as approved.

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

* Arrived after the roll call.

** On official mission.

The Presiding Officer [Senator Mercado]. The Chair recognizes Senator Magsaysay. We shall go page by page.

Are there any amendments on page 1? [Silence] We proceed to page 2.

MAGSAYSAY AMENDMENT

Senator Magsaysay. Thank you, Mr. President. On page 2, line 30, my proposal is to insert a new section. This will be small letter "f)" as in "French," to read as follows:

f) ENCOURAGE BY WAY OF INCENTIVES THE ACTIVE INVOLVEMENT OF THE PRIVATE BUSINESS SECTOR IN THE DEVELOPMENT OF THE AGRI-BUSINESS THROUGH MANAGEMENT AND INVESTMENT IN AGRICULTURAL ACTIVITIES.

Senator Angara. Mr. President.

The Presiding Officer [Senator Mercado]. Senator Angara is recognized.

Senator Angara. I am sorry, Mr. President, but mine is an anterior amendment. With the permission of my friend Senator Magsaysay, my amendment will go into line 3 of page 2.

The Presiding Officer [Senator Mercado]. Please proceed.

ANGARA AMENDMENT

Senator Angara. This is about the composition of the Commission. My amendment would provide that of the three representing the Senate, one should represent the Minority as designated by the Minority Leader.

Senator Shahani. May we know how that amendment would read, Mr. President?

Senator Angara. Mr. President, let me go back to page 1, line 7: "to be composed of the Senate President and the Speaker of the House of Representatives, the Chairpersons of the Committee on Agriculture of each House, three (3) members of the Senate and three (3) members of the House of Representatives, to be designated by the Senate President and the Speaker of the House of Representatives,..." Here I will insert my amendment in line 3 after the word "Representatives": PROVIDED THAT OF THE THREE MEMBERS COMING FROM EACH HOUSE, ONE SHOULD REPRESENT THE MINORITY AS DESIGNATED BY THE MINORITY LEADER.

Subject to style, Mr. President.

The Presiding Officer [Senator Mercado]. What does the Sponsor say?

Senator Shahani. It is accepted, Mr. President, but subject to style because I do not think it reads properly as it was dictated. But I accept the idea.

The Presiding Officer [Senator Mercado]. So it is accepted, subject to refinement in style. Is there any objection? [Silence] There being none, the amendment is approved.

Senator Magsaysay. Mr. President, before the Gentleman from Quezon put in his amendment, this Representation earlier proposed to insert a new section.

The Presiding Officer [Senator Mercado]. We will proceed to what line?

Senator Magsaysay. Line 30, page 2, Mr. President. I already quoted the insertion.

The Presiding Officer [Senator Mercado]. Will the Gentleman please repeat the proposed amendment?

MAGSAYSAY AMENDMENT

Senator Magsaysay. The insertion will be on page 2, line 30, a new section:

f) ENCOURAGE BY WAY OF INCENTIVES THE ACTIVE INVOLVEMENT OF THE PRIVATE BUSINESS SECTOR IN THE DEVELOPMENT OF THE AGRI-BUSINESS THROUGH MANAGEMENT AND INVESTMENT IN AGRICULTURAL ACTIVITIES.

The Presiding Officer [Senator Mercado]. What does the Sponsor say?

Senator Shahani. May I know what the Gentleman means by "Incentives" here, Mr. President?

Senator Magsaysay. By "Incentives," Mr. President, I mean to input factors which will make it attractive for private business to go the extra mile because of certain incentives—not necessarily tax incentives—but maybe some kind of franchise, or something less than franchise, that they will be putting in their resources to develop a certain agricultural activity.

Senator Shahani. Mr. President, I think it would be more acceptable if we just say "ENCOURAGE THE PARTICIPATION OF THE PRIVATE SECTOR" because when we say

"Incentives," it could mean tax incentives and that is going to put us into some problem. It could be general enough so that we leave it to the Commission to spell out what this encouragement would be.

Senator Magsaysay. In other words, Mr. President, the Lady from Pangasinan prefers something broader, not being committed to a more specific activity like incentives?

Senator Shahani. Yes. I would let the Commission, Mr. President, work out what we should give because certainly, although we would want business to come in, we should not also forget that we are encouraging the small farmer to become a businessman in his own right. Just how we create this balance is something so important, I believe.

I would like to assure our Colleague that the role of private industry is recognized by our Committee and the Commission will also recognize that. But if we put along general terms, "THE ENCOURAGEMENT OF THE FULL PARTICIPATION OF PRIVATE INDUSTRY IN THE DEVELOPMENT OF AGRICULTURE AND AGRI-BUSINESS," or something to that effect, I think, would be very acceptable. This is a useful amendment, but I would not want to limit it too much at this stage.

The Presiding Officer [Senator Mercado]. Does Senator Magsaysay accept the amendment to the amendment?

Senator Magsaysay. In the light of the explanation of the Lady Senator from Pangasinan, may I now amend my amendment? The amendment would be the same except to delete the phrase "BY WAY OF INCENTIVES."

The Presiding Officer [Senator Mercado]. Please read that again.

Senator Magsaysay. The final insertion is: ENCOURAGE THE ACTIVE INVOLVEMENT OF THE PRIVATE BUSINESS SECTOR IN THE DEVELOPMENT OF THE AGRI-BUSINESS THROUGH MANAGEMENT AND INVESTMENT IN AGRICULTURAL ACTIVITIES.

Senator Shahani. It is accepted, Mr. President.

Senator Magsaysay. Thank you, Mr. President.

The Presiding Officer [Senator Mercado]. Is there any objection? [*Silence*] There being none, the amendment is approved.

Is there any other amendment?

SHAHANI AMENDMENT

Senator Shahani. Mr. President, I do have an amendment on page 3. This is an individual amendment now.

In line 6, subparagraph (c), Mr. President, in view of the debates which had taken place previously, I think this subparagraph should read: "RECOMMEND THE review and PRIORITIZATION OF pending legislation in the Committees on Agriculture of the Senate and of the House of Representatives, respectively." We just add the words RECOMMEND THE and PRIORITIZATION OF.

The Presiding Officer [Senator Mercado]. Is there any objection to the amendment? [*Silence*] There being none, the amendment is approved.

Is there any other amendment?

Senator Maceda. Mr. President.

The Presiding Officer [Senator Mercado]. Senator Maceda is recognized.

MACEDA AMENDMENT

Senator Maceda. On page 4, Mr. President. On the appropriation provision, we propose reducing the Ten million pesos (P10,000,000.00) to SIX MILLION PESOS (P6,000,000.00), and the Six million pesos (P6,000,000.00) to be equally divided against the current appropriations or savings of the Department of Agriculture, the Department of Agrarian Reform, and the Congress of the Philippines; meaning to say, it will be Two million pesos (P2,000,000.00) each. So, it will be One million pesos (P1,000,000.00) for the House of Representatives and One million pesos (P1,000,000.00) for the Senate.

The Presiding Officer [Senator Mercado]. What does the Sponsor say?

Senator Shahani. It is accepted, Mr. President.

The Presiding Officer [Senator Mercado]. Is there any objection to the amendment? [*Silence*] There being none, the amendment is approved.

Senator Romulo. Mr. President.

The Presiding Officer [Senator Mercado]. The Majority Leader is recognized.

Senator Romulo. I move, Mr. President, that we close the

released in 1994, although the disaster and the coverage took place in 1993.

Senator Herrera. Mr. President, what I notice is that the PCIC did not make a profit only in 1994. Is this correct? May I know the reason why in 1994 the PCIC did not register a net income?

Senator Alvarez. Mr. President, of this number of years, 13 years, PCIC has been incurring losses for eight years. Its heaviest loss was in 1988 which was P129.520 million.

Senator Herrera. This is not what is reflected in the document which the distinguished Sponsor provided this Representation where there is a reflection of profit since 1981. Is the Sponsor telling us now that for eight years, the PCIC is not making a profit? The document that I got from him indicated that there is a profit.

Senator Alvarez. On the first year, in 1981, there was a P10 million profit. Subsequent to that, in 1982, there was P5 million. But for the coming four years up to 1988, there had been losses.

Senator Herrera. So what the distinguished Sponsor is saying is that from 1983 up to 1994, the PCIC had been incurring losses?

Senator Alvarez. Only up to 1990, Mr. President.

Senator Herrera. Only up to 1990. From 1991 up to 1994, was it making profit?

Senator Alvarez. Yes, Mr. President, but on a decreasing scale because in 1991, it made P103 million. In 1992, it went down to P43 million. It went up again in 1993 to P49.6 million. But in 1994, it dipped to a low record, the second lowest, as a matter of fact, in its 13-year history to P7.2 million.

Senator Herrera. From 1991 to 1994, how much was the aggregate profit of the PCIC, Mr. President?

Senator Alvarez. Is the Gentleman asking for the aggregate profit from 1991 to 1994, Mr. President?

Senator Herrera. Yes, Mr. President, because the Gentleman said that from 1991 to 1994, the PCIC registered a profit. Could he give us the aggregate profit from 1991 up to 1994?

Senator Alvarez. It is P169 million, Mr. President.

Senator Herrera. What about its aggregate losses from 1983 to 1990, how much was it?

Senator Alvarez. It is P269.724 million, Mr. President.

Senator Herrera. So there is still a net loss of over P100 million. Is this correct?

Senator Alvarez. If we take into account the collectibles of unpaid government share, it should register a profit.

Senator Herrera. If we include the P500 million collectibles from the national government?

Senator Alvarez. Yes, Mr. President.

Senator Herrera. So that the capital base as of 1994, which is P711 million, includes the collectibles?

Senator Alvarez. Yes, Mr. President.

Senator Herrera. How does the Gentleman account the P211 million if at the start of 1981 the actual capital base was only P250 million, and the PCIC incurred losses to the tune of over P100 million? If we deduct about P111 million from the P250 million, that would be about P140 million. Since it has only a collectible of P500 million, and it has a capital base of P745 million, can the Gentleman tell us where he got the over P100 million?

Senator Alvarez. Mr. President, it had been dipping into its capital. So that the aggregate premiums collected through the years plus the use of its capital enabled it to move on.

Senator Herrera. That is it. But as the Gentleman said, Mr. President, except in 1981, 1992 and 1993, the PCIC registered profits. Then from 1984 to 1990, it incurred losses to the tune of over P200 million. The aggregate profit from 1991 to 1994 is only about P100 million. So it had a balance of P100 million.

I notice in the document which the Gentleman has provided this Representation that the capital base now is something like P745 million. I am asking, where did the Gentleman get this amount of over P100 million because the P500 million is collectible from the national government?

Senator Alvarez. Mr. President, at that time when it was incurring losses, it was also simultaneously collecting premiums. So that only part of the capital actually was devoted to the losses, and much of the premium had been devoured for the payment of the claims.

Senator Herrera. What are the bases for asking for P2-billion increase of the capital stock of PCIC, Mr. President? Because I notice in the capitalization of P750 million, it really

correct, Mr. President?

Senator Alvarez. That is over an aggregate period of roughly 14 years.

Senator Herrera. So it is aggregate, not on an annual basis.

Senator Alvarez. No, Mr. President. If I said that was on an annual basis, I must have made a mistake in describing the figures, because in billions, that would be the aggregate.

Senator Herrera. It is good that this is clarified, Mr. President, because it is difficult to believe that the PCIC is earning a premium of P1.4 billion on an annual basis with only an expenditure of an aggregate of P1.7 billion. If that were so, then the PCIC must be wallowing in wealth rather than in need of further capitalization.

Senator Alvarez. Mr. President, the premiums actually received over a period of 13 years was P1.366 billion, and if I stated that as an annual collection, then we stand to be corrected.

Senator Herrera. Can we be clear on this, Mr. President? This P1.373 billion is not the premium collected but the claims paid by the PCIC. Is this not correct?

Senator Alvarez. The amount of P1.636 billion actually is the volume of claims paid.

Senator Herrera. The volume of claims paid is P1.373 billion for a period of 14 years, and the premium collected is P1.709322 billion. Is this correct, Mr. President?

Senator Alvarez. The premiums actually received is P1.366 billion.

Senator Herrera. That is the premium actually received.

Senator Alvarez. Yes, Mr. President.

Senator Herrera. What happens to the P500 million?

Senator Alvarez. There is an outstanding unpaid share by the government which is part of the government subsidy spread over a period of 10 years which amounts to P542.941 million.

Senator Herrera. In this document that the Gentleman submitted to the members of the Minority, the Gentleman indicated that the premiums collected from 1981 through 1994 is P1.709 billion. Does this include the receivable which the national government is supposed to pay?

Senator Alvarez. That is right, Mr. President. The National Government is supposed to pay a balance of P542 million.

Senator Herrera. In this payment of P1.373 billion for the claims of the farmers, Mr. President, may I know if the PCIC has paid the entire amount, or is there still a balance to be paid by the PCIC?

Senator Alvarez. All claims have been paid, but not all claims have been paid without anguish, or I hear some complaints in the countryside, Mr. President.

Senator Herrera. So, what is the answer?

Senator Alvarez. All claims have been paid.

Senator Herrera. All claims have been paid?

Senator Alvarez. Yes.

Senator Herrera. But I notice, Mr. President, in the reports of the PCIC—I think, this is the 1994 report—in their financial statement, they indicated that about P25 million has not yet been paid. There is an unpaid claim of P25 million. If this is so, may I know why this amount has not been paid yet?

SUSPENSION OF THE SESSION

Senator Alvarez. May I ask for a one-minute break to confer with the management of PCIC, Mr. President.

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

It was 5:54 p.m.

RESUMPTION OF THE SESSION

At 5:59 p.m., the session was resumed.

The Presiding Officer [Senator Mercado]. The session is resumed.

Senator Alvarez. Mr. President, as to the question of the Gentleman, the P25-million-plus that has not been settled is a carry-over from unpaid accounts on disasters that happened in November, close to the end of the year, which had been processed. But settlement had not yet been consummated, and the amount was carried over to settle this into the earnings but appropriated for the following year—an accounting procedure—so that at the time it will be settled, the money will be

period of individual amendments.

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

**APPROVAL ON SECOND READING OF
S. JT. RES. NO. 1, AS AMENDED**

Senator Romulo. I move, Mr. President, that we vote and approve on Second Reading the Senate Joint Resolution on the Agricultural Commission, as amended.

The Presiding Officer [Senator Mercado]. We shall now vote on the Senate Joint Resolution No. 1, as amended, on Second Reading.

As many as are in favor of the Resolution, please say *Aye*. [*Several Senators: Aye*] As many as are against the Joint Resolution, please say *Nay*. [*Silence*]

Senate Joint Resolution No. 1, as amended, is approved on Second Reading.

SUSPENSION OF THE SESSION

Senator Romulo. Before we resume consideration of the Philippine Crop Insurance Bill, Mr. President, may I ask for a one-minute suspension of the session.

The Presiding Officer [Senator Mercado]. Is there any objection to the motion? [*Silence*] There being none, the session is suspended.

It was 5:42 p.m.

RESUMPTION OF THE SESSION

At 5:46 p.m., the session was resumed.

The Presiding Officer [Senator Mercado]. The session is resumed.

**BILL ON SECOND READING
S. No. 1157 - Amending PCIC Charter
(Continuation)**

Senator Romulo. Mr. President, I move that we resume consideration of Senate Bill No. 1157, as reported out under Committee Report No. 3.

The Presiding Officer [Senator Mercado]. Resumption of consideration of Senate Bill No. 1157 is now in order.

Senator Romulo. May I ask that the Sponsor of the bill and the Chairman of the Committee on Natural Resources and Environment, Senator Alvarez, be recognized.

The Presiding Officer [Senator Mercado]. Senator Alvarez is recognized.

Senator Romulo. For the interpellation, may I also ask that the distinguished Gentleman from Bohol and Cebu, Senator Herrera, be recognized.

The Presiding Officer [Senator Mercado]. The Chair recognizes Senator Herrera.

Senator Herrera. Thank you, Mr. President. As I have promised, I will only have very few questions. Mr. President; how much is the capital base of the PCIC when it was organized in 1978?

Senator Alvarez. The initial capital base was P250 million.

Senator Herrera. It was P250 million.

Senator Alvarez. Yes, Mr. President.

Senator Herrera. Although the law creating the Philippine Crop Insurance Corporation provided for a P750 million authorized capital?

Senator Alvarez. Yes, Mr. President. There were unpaid subscriptions at that time from the Land Bank of the Philippines. Some portions of the preferred shares were also subscribed but not totally paid. I am not too clear on the exact portions.

Senator Herrera. In the book, the capital base is P750 million, but the actual capital base is only P250 million.

Senator Alvarez. As it stands now, it is already P500 million.

Senator Herrera. As of the present.

Senator Alvarez. As of the present, yes.

Senator Herrera. But in 1978, it started with an actual capital base of only P250 million. Is this correct, Mr. President?

Senator Alvarez. That is correct, Mr. President.

Senator Herrera. In the interpellation of the Senator from Cagayan Valley, the Sponsor said that the annual premium is something like P1.4 billion in a period of 14 years. Is this

had not exhausted its available funds in order to provide support to the farmers.

Senator Alvarez. Actually, Mr. President, the coverage is slightly over 10 percent of the universe of small farmers.

Senator Herrera. Yes. But a demand for additional—coming from the farmers—to be covered is now beyond the financial capability of the PCIC. Because if we look at the records here, in 1981, it paid only P4.785 million, but it got a premium of P17.746 million; in 1982, premium collected is still P22 million, coverage is only P15 million.

We know that with its capital base, it could have covered more farmers.

Senator Alvarez. I think the problem in its early operations was their lack of extension services and there were fewer participants in the program. But now, because of the vast demand for the program—which also triggers a capacity to borrow from designated financing institutions and even certain rural banks—they feel that the expansion of the capital is more than justified.

Senator Herrera. That is precisely what I am saying, Mr. President. It would appear from these data that the Gentleman has provided this Representation, that there seems to be no demand for expanding the operation of PCIC. So that even if we increase their authorized capital to P2 billion, there is no guarantee that the number of farmers asking for coverage will increase. If we will consider now the data that we have here, there seems to be no demand from the farmers.

Senator Alvarez. That is explained partly by their inability to move into the hinterlands, Mr. President. They are confined to the areas where there are banking institutions which could act as the broker for this program. But with the expansion of the program which is mandated by Republic Act No. 7900 to cover high-value crops as well, the program with its expanded capital base will be able to answer partially this need for insurance in the countryside.

Senator Herrera. I have the suspicion, Mr. President, that the reason for the provision in this bill, which is to cover other crops, is that there is no demand from the rice and corn farmers for expansion of the coverage under this program. Because if we look at these data, it is very clear that the demand is so low. That is why their business activity is also not really that viable.

How come, for instance, they covered only very few farmers in 1981, 1982, up to 1994 when the resources of the PCIC would be sufficient to cover additional farmers?

I hope the Gentleman will not misunderstand this Representation, Mr. President. Frankly, even during the period of amendments, if we can only justify and if there is really a demand, I would really like to give a bigger amount, not just P2 billion for after all, we are talking here of small farmers. But it would appear, based on the records here, that there is really no demand for increased activities of the PCIC.

Senator Alvarez. Mr. President, this would be contrary to the reality in the countryside.

Senator Herrera. What does the Gentleman mean by “contrary to the reality”?

Senator Alvarez. There is a need for credit in the countryside. This program enables the farmer to access credit from established banking institutions. So that to be able to borrow, those who want to borrow must join the program. If we do not have this kind of a program, many farmers, especially the small-scale farmers, would not have access to financing facility.

Senator Herrera. So what the Gentleman is saying, Mr. President, is that if we can increase the authorized capital from P750 million to P2 billion, it would follow that we will be able to cover more farmers.

Senator Alvarez. We will cover more, Mr. President, but we will not be able to cover as much as we want to because there is really a big farmer population there.

Senator Herrera. Yes, but the records will show that we have not maximized the utilization of the P750 million which is the present capital base of the PCIC. There are only very few farmers availing themselves of this program.

Senator Alvarez. I think from the thin capital base of the insurance program, it seems that we cannot really have a very substantive coverage of those who are in need in the countryside.

Senator Herrera. Mr. President, how many employees do we have at present in the PCIC?

Senator Alvarez. According to the management of the PCIC, there are 540 employees nationwide, Mr. President.

Senator Herrera. What is the appropriation in 1994 for the salaries of these 500 employees?

Senator Alvarez. It is within the range of P60 million to P70 million, according to the management of PCIC.

Senator Herrera. What is our projection for 1996, Mr. President, on the assumption that we will be able to increase the authorized capital of the PCIC?

Senator Alvarez. They are not projecting an increase in manpower. They will manage the same volume, an increased volume of P2 billion, with the same manpower.

The projection for salaries will be in the range of P80 million to P90 million, which is roughly about 25 percent of 1994.

Senator Herrera. They will not be increasing the manpower of the PCIC.

Senator Alvarez. No, Mr. President.

Senator Herrera. And the entire amount of P2 billion will be used for the insurance coverage of the farmers.

Senator Alvarez. Yes, Mr. President.

Senator Herrera. We just like to be assured, Mr. President, that this amount will not be used to increase the bureaucracy of the PCIC.

Senator Alvarez. We have assurances from the bureaucrats themselves, Mr. President. I think we can even mandate that during the period of amendments.

Senator Herrera. So, the Gentleman is open to the suggestion that we can put a provision in the bill that the amount of P2 billion shall not be used for the payment of fringe benefits, salaries and wages of new employees. Is that correct, Mr. President?

Senator Alvarez. Yes, Mr. President, because there is a commitment that there will be no new employees. As a matter of fact, it will be a wise mandate.

Senator Herrera. With that, Mr. President, I thank the distinguished Gentleman.

Senator Alvarez. The Gentleman is welcome. Thank you, Mr. President.

Senator Romulo. Mr. President, may I ask that the distinguished Gentleman from Iloilo and Iloilo City, Senator Drilon, be recognized for some interpellation.

The Presiding Officer [Senator Mercado]. Senator Drilon is recognized anew.

Senator Drilon. Thank you, Mr. President. I just have a few

questions remaining as we have agreed during the previous sessions.

Mr. President, we received just a few minutes ago a certification from the treasurer and assistant vice president of the Philippine Crop Insurance Corporation that there are certain funds available. Does the Gentleman from Isabela confirm this certification from the treasurer of the PCIC?

Senator Alvarez. Yes, Mr. President, from Mr. Liberty B. Tiongo. It is dated September 26, 1995 and it certifies to the availability of unrestricted earnings in the amount of P113,172,875 as of June 30, 1995.

Senator Drilon. And also, Mr. President, there is a certification here issued by the deputy treasurer of the Philippines dated September 28, 1995, that the earnings of the fund amounting to P278,708,178.02 was remitted to the National Treasurer on December 13, 1991, and P250 million of the said remittance was utilized for additional equity infusion into the PCIC in March of 1992. This certification is dated September 28, 1995. Is this on record? I just received it.

Senator Alvarez. That is right, Mr. President. I believe, that the remittance to the National Treasury on December 13, 1991, and the P250 million of this remittance that was utilized by the national government for additional equity infusion into the PCIC in March of 1992, is the same procedure which the PCIC now wants to pursue in order to be able to access the standing amount, the unrestricted earnings of P113 million.

If I may not be overly repetitious, Mr. President, the same process was undertaken by the worthy Gentleman from Iloilo when in December 1991, the P250 million was accessed through the exercise of his executive functions.

Senator Drilon. That is correct, Mr. President, and that is because under PD No. 1467, the share of the government has not been fully subscribed and there were unsubscribed portions, for which reason the P250 million was remitted in order to pay for the subscription of a law which was already existing which is PD No. 1467. Is that correct?

Senator Alvarez. That is right, Mr. President. And in the same breath, in pursuit of the power within that law, we are amending the charter to exercise the same function that the Gentleman had so ably discharged according to the rules.

We will now access the same amount in the manner that he paid the unsettled subscription for this proposal. Even when this is approved as mandated in the amendment, we will access P113 million which is far less than the P250 million that the Gentleman had utilized so wisely in 1991.

Senator Drilon. When PD No. 1467 was enacted, it was enacted pursuant to the exercise by then President Marcos of his legislative authority under martial law. Is that correct, Mr. President?

Senator Alvarez. Yes, Mr. President, which we have kept intact and undisturbed.

Senator Drilon. That is correct. And at that point in our political history, there was no need for any certification because President Marcos then was exercising legislative authority ungoverned by any provision of the Constitution.

Senator Alvarez. Mr. President, when the Gentleman had exercised his functions as Executive Secretary, he was not exercising unusual martial law powers. He was pursuing an accounting procedure well-observed within the processes of a democratic government.

In 1992, I was already a senator and there was already a Congress. So that when it was certified that these were earnings—and the Gentleman had access to the earnings to pay off certain obligations—these were entered into the unallocated lump sum for government corporations, in the same manner that this item is still in the budget and we can undertake the same process.

From all indications, it seems that the PICC people have done their homework. They have had the assent of their corresponding agencies, if and when the law is passed, in order to access this amount in the well-honored process that the distinguished Gentleman had previously undertaken in 1992.

Senator Drilon. Mr. President, the well-honored process is that there was a legislative authority under PD No. 1467. Under the proposed bill, which is now under consideration, the capital stock will be increased from P750 million under PD No. 1467 to P2 billion. Is that correct?

Senator Alvarez. Yes, Mr. President.

Senator Drilon. So that when we increase the authorized capital stock, we will actually be appropriating funds in the future.

Senator Alvarez. The Gentleman is setting an authority to access funds. What we are saying here is, we can follow the same track for accessing the fund, as he had done. We are only indicating a possible source of fund. Because if we approve this amendment to the Charter, we will put the PCIC in the same position that it was in 1992 when there was already a law that would authorize it to increase its capitalization.

Senator Drilon. Just one final point on this matter, Mr. President. When PD No. 1467 was enacted, there was no requirement for a certification by the National Treasury because it was done by President Marcos in the exercise of his martial law authority.

Senator Alvarez. Mr. President, there was still a need to verify and establish the existence of the fund because the fund was going to be moved from that which is being managed by the PCIC into the hands of the National Treasurer, and with the approval of the President, move this from the unallocated lump sum for government corporations and respond to the need of the PCIC, which is a government corporation.

Senator Drilon. Previously, Mr. President, the Gentleman from Isabela committed that he will submit the certification of the National Treasurer. May I know from the Gentleman if that is no longer valid today?

Senator Alvarez. The certification from the National Treasurer, Mr. President, is really intended to point out to the Gentleman that this process has been operative. It will still be valid. As a matter of fact, if and when we shall have approved this bill and we want to access or we will access that amount, we will still need the certification of the National Treasurer because the transfer will have to be made from the PCIC, which is the administrator of the fund, to the National Treasurer and technically into the unallocated lump sum for government corporations. Hence, with the approval of the President, it will be directed to fund the expanded allocation for 1995 of the PCIC.

Senator Drilon. So that the certification of the National Treasurer will be submitted after the approval of this bill or after this bill becomes a law. Is that what the Gentleman is saying?

Senator Alvarez. If it could be obtained now before the transfer. But we have not made the transfer. If the bill shall have become law, and this amendment shall have been approved, then the funds would be accessible if the certification were provided.

This certification is only an abridging function of the National Treasurer to show that the funds are already in the hands of the government. Therefore, the President, in accordance with the unappropriated lump sum for government corporations may now use that.

But this is all with some accounting understanding within the system. So the money that has been obtained in that system or in that process may really be redirected.

Senator Drilon. For my understanding, Mr. President,

what will happen here is that we will appropriate funds now but the payment or actual subscription will take place only when the National Treasurer certifies that the funds are available?

Senator Alvarez. Yes, Mr. President. As a matter of fact, throughout the 10 years that we are going to beef up the capitalization, the funds will be made available after we shall have put into force and effect the amendments.

Senator Drilon. Yes. So that we now make the appropriation and the subscription come later. Is that correct?

Senator Alvarez. That is right, Mr. President, yes.

Senator Drilon. In the Ninth Congress, was a certification from the National Treasurer produced before the Senate deliberated on a similar bill?

Senator Alvarez. No, Mr. President. I think they considered this in the House without the need for the certification.

Senator Drilon. Was there no certification from the National Treasurer when the bill was deliberated upon in the House?

Senator Alvarez. None that I know of, Mr. President.

Senator Drilon. That will be all, Mr. President. Let me thank the Gentleman for being so accommodating in answering all the questions.

Thank you, Mr. President.

Senator Alvarez. Thank you, Mr. President.

Senator Romulo. Mr. President.

The Presiding Officer [Senator Mercado]. The Majority Leader is recognized.

Senator Romulo. Mr. President, I move that we close the period of interpellations.

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

Senator Romulo. Mr. President, we shall consider the amendments in tomorrow's session.

SUSPENSION OF CONSIDERATION OF S. NO. 1157

I move that we suspend consideration of Senate

Bill No. 1157.

The Presiding Officer [Senator Mercado]. Is there any objection? [Silence] There being none, consideration of Senate Bill No. 1157 is suspended.

Senator Romulo. Mr. President, before we go to the Privilege Hour, may I just remind our Colleagues that in accordance with our request and the response to a morning session on Tuesday and Wednesday, we shall have a morning session tomorrow. We are suspending the session this evening until tomorrow at ten o'clock in the morning. So the roll call would be in the afternoon session.

Regarding the Wednesday's session, Mr. President, I do not know if we still need a session in the morning. In fact, there is a scheduled Commission on Appointments' session in the morning. If at all, we shall only have the morning session for tomorrow.

Senator Drilon. Mr. President.

The Presiding Officer [Senator Mercado]. Senator Drilon is recognized.

Senator Drilon. Mr. President, there are also committee meetings of the Commission on Appointments tomorrow and there are certain representations made that these are very important committee hearings particularly because it is our ambassador to Japan who is subject to confirmation. The hearing of the Committee on Foreign Affairs before the Commission on Appointments is scheduled at ten o'clock. May we know what will happen to this?

SUSPENSION OF THE SESSION

Senator Romulo. Mr. President, our sessions always have the priority. But in response, may I have a one-minute suspension of the session.

The Presiding Officer [Senator Mercado]. The session is suspended for one minute, if there is no objection. [There was none.]

It was 6:36 p.m.

RESUMPTION OF THE SESSION

At 6:40 p.m., the session was resumed.

The Presiding Officer [Senator Mercado]. The session is resumed.

Senator Romulo. Mr. President, this Representation has been advised that there are important and urgent meetings of the Commission on Appointments tomorrow, which means that most of our Colleagues will be in their respective committee meetings in the Commission on Appointments. Therefore, instead of holding a session in the morning tomorrow, with the consensus of our Colleagues, we shall hold our session as usual at four o'clock tomorrow afternoon. We will extend the hour of the session beyond the usual 7:00-7:30 p.m. so that what we will not be able to accomplish in the morning session can be taken up in these afternoon and evening sessions.

With that, Mr. President, we shall adjourn at the proper time the session this afternoon until four o'clock tomorrow afternoon, with the understanding that we will extend the session much later in the evening.

Mr. President, may I now ask that we move to the Privilege Hour. I ask that our distinguished Colleague from Iloilo and Quezon City, Sen. Miriam Defensor-Santiago, be recognized.

The Presiding Officer [Senator Mercado]. Senator Santiago is recognized.

PRIVILEGE SPEECH OF
SENATOR DEFENSOR SANTIAGO
(On Martial Law)

Senator Santiago. Ladies and Gentlemen of the Senate:

The favorite parlor game in the Philippines today deals with how and when martial law will be imposed for the second time in our country.

A country, like an individual, has many futures and which future will ultimately prevail, depends upon the free will of man and the grace of God. Just as there are many futures, there are many realities; and which reality truly prevails, depends upon the optics of the perceiver.

If the reality is that the Filipino electorate in 1992 made a free choice of the president of our Republic, and yet that choice was quickly twisted and trampled upon in a travesty of the electoral process, then a competing reality would have been imposed on society by the architects of political manipulation. And if the architects of political manipulation continue to build on political greed and social hypocrisy to maintain their artificial reality, then it would be expedient for them eventually to forge a new career path as engineers of Martial Law 2000. In other words, the gluttons of power who embarked on governance by feasting on falsehood and half-truths are doomed to spin more and more political fantasies that have no relation to reality.

Allow me now to list these political fantasies, and to juxtapose them with the realities of our day.

The first fantasy of the administration is the fantasy of alleged political stability. The propaganda is that the ex-generals have imposed peace and order, the crime wave is exaggerated, and in any event, the leading general has set things right by publicly humiliating his crime czar, and taking over. The indubitable reality is that a tidal wave of kidnappings and robberies, unprecedented in our country, engulfs the Philippines today. The reality is that this tidal wave of crime is not anecdotal. Instead, it follows a pattern of secrecy, efficiency, and impunity so identifiable that it presents itself as a reality intended to prepare for a certain, ominous future.

But let me substitute this oracular language with specific language. Recently, a young matron was kidnapped in Metro Manila. She was blindfolded and taken on a few hours' journey by motor vehicle. At a certain point, her captors ordered her to negotiate on foot some distance across rice paddies. They reached a hideout, and she was kept in a room, until her ransom was received and she was released.

She and the other kidnapping victims in that room were blindfolded most of the time. She cannot estimate the actual number, but asserts that there were many other victims in the room, mostly children or young adults, who were noticeable because of their crying. She refuses to report her kidnapping to the authorities.

Let us assume that there were five kidnapping victims, that each one paid P1 million in ransom money, and that the turnover rate for kidnap victims is once a month. Under these hypotheses, the kidnapping syndicate is making some P5 million a month, or P60 million a year.

How many kidnapping syndicates, earning some P5 million a month, are operating in Metro Manila alone? How many syndicates in all are operating throughout the whole country? When firearms, transportation, communications, negotiations, and cash of this magnitude criss-cross the National Capital Region, is it not logical that the tidal wave of kidnappings and robberies can take place week after week after week only with the consent or, at the very least, the acquiescence or tolerance, of certain powerful cabals in the intelligence community?

Today, a "kidnap watch" which started in 1993 is being kept by two major nongovernmental organizations: the Citizens Action Against Crime, and the Movement for the Restoration of Peace and Order. Their sheer existence is in itself an indictment of the administration which, although headed for

RECORD OF THE SENATE

TUESDAY, OCTOBER 3, 1995

OPENING OF THE SESSION

At 4:07 p.m., the President of the Senate, Hon. Neptali A. Gonzales, called the session to order.

The President. The 24th session of the Senate in the First Regular Session of the Tenth Congress of the Philippines is hereby called to order.

We shall be led in prayer by Senator Heherson T. Alvarez.

Everybody rose for the opening prayer.

PRAYER

Senator Alvarez.

Panginoong Diyos, itong mga huling araw ng aming pagtatalo at paghubog ng batas, liwanagan Mo po ang aming mga dunong upang sa gayon ay maipon namin ang aming pagmamahal sa bayan at buuin namin ang mga batas na magiging handog namin lalung-lalo na sa mga nangangailangan ng tulong—ang mga magsasaka, ang mga nangangailangan ng kalinga, ang mga nasalanta—at higit sa lahat ay upang mapaunlad ang kabuuan ng kabuhayan ng bayan.

Maraming salamat sa mga nakaraang araw na nagkaroon kami ng laya at pagkakataong makapagsilbi sa bayan at sana ay mapalawak pa namin ito.

Maraming salamat po.

Amen.

ROLL CALL

The President. The Secretary will call the roll.

The Secretary.

Senator Heherson T. Alvarez	Present
Senator Edgardo J. Angara	Present*
Senator Anna Dominique M.L. Coseteng	Present
Senator Franklin M. Drilon	Present
Senator Juan Ponce Enrile	Present
Senator Marcelo B. Fernan	Present
Senator Juan M. Flavier	Present
Senator Ernesto F. Herrera	Present*
Senator Gregorio B. Honasan	Present

* Arrived after the roll call

Senator Gloria M. Macapagal	Present
Senator Ernesto M. Maceda	Present
Senator Ramon B. Magsaysay Jr.	Present*
Senator Orlando S. Mercado	Present
Senator Blas F. Ople	**
Senator Sergio R. Osmeña III	Present*
Senator Ramon B. Revilla	Present*
Senator Raul S. Roco	Present*
Senator Alberto G. Romulo	Present
Senator Miriam D. Santiago	Present*
Senator Leticia R. Shahani	Present*
Senator Vicente C. Sotto III	Present
Senator Francisco S. Tatad	**
Senator Freddie N. Webb	Present
The President	Present

The President. With 14 Senators present, the Chair declares the presence of a quorum.

Senator Romulo. Mr. President.

The President. The Majority Leader is recognized.

JOURNAL

Senator Romulo. Mr. President, I move that we dispense with the reading of the *Journal* of the previous session and consider the same as approved.

The President. Is there any objection? [*Silence*] There being none, the reading of the *Journal* of the previous session is dispensed with and the same is considered approved.

The Secretary will please read the Order of Business.

REFERENCE OF BUSINESS

BILL ON FIRST READING

The Secretary. Senate Bill No. 1219, entitled

AN ACT PROVIDING FOR THE INCLUSION OF METHAMPHETAMINE HYDROCHLORIDE, COMMONLY KNOWN AS SHABU, UNDER THE DEFINITION AND CLASSIFICATION OF DANGEROUS AND PROHIBITED DRUGS, AMENDING FOR THIS PURPOSE ARTICLE I, SECTION 2 (e) (1) OF REPUBLIC ACT 6425, OTHERWISE KNOWN AS "THE DANGEROUS DRUGS ACT OF 1972"

Introduced by Senators Sotto III and Herrera.

** On official mission

RECOGNIZANCES, STIPULATIONS, BONDS,
AND UNDERTAKINGS

The President. Referred to the Committee on Banks, Financial Institutions and Currencies.

The Secretary. Memorandum Circular No. 129, entitled

DIRECTING ALL HEADS OF DEPARTMENTS AND OTHER CONCERNED AGENCIES, GOVERNMENT INSTRUMENTALITIES OR GOVERNMENT-OWNED AND CONTROLLED CORPORATIONS, TO DESIGNATE THEIR RESPECTIVE LEGISLATIVE LIAISON OFFICERS AND TECHNICAL ASSISTANTS WHO SHALL BE REQUIRED TO ATTEND THE LEGISLATIVE LIAISON SYSTEM (LLS) STRATEGIC WORKSHOP-SEMINAR BEING ORGANIZED BY THE PRESIDENTIAL LEGISLATIVE LIAISON OFFICE (PLLO)

The President. To the Archives.

The Secretary. Memorandum Order No. 297, entitled

DESIGNATING THE CHAIRMAN AND MEMBERS OF THE OVERSIGHT AND ACTION GROUP (OAG) TO FOLLOW UP AND ENSURE THE EFFECTIVE IMPLEMENTATION OF THE RECOMMENDATIONS OF THE GANCAYCO COMMISSION

The President. Referred to the Committee on Labor, Employment and Human Resources Development.

The Secretary. Proclamation No. 621, entitled

DECLARING WEDNESDAY, AUGUST 30, 1995, AS A SPECIAL DAY IN SAN JUAN, METRO MANILA

The President. To the Archives.

The Secretary. Proclamation No. 622, entitled

DECLARING THE EXISTENCE OF A STATE OF CALAMITY IN THE MUNICIPALITY OF RIZAL, NUEVA ECIJA, WHICH WAS ADVERSELY AFFECTED BY FIRE

The President. Referred to the Committee on Social Justice, Welfare and Development.

The Secretary. Proclamation No. 623, entitled

DECLARING A STATE OF CALAMITY IN THE MUNICIPALITY OF WAO, LANA DEL SUR

The President. Referred to the Committee on Social Justice, Welfare and Development.

The Secretary. Proclamation No. 624, entitled

AUTHORIZING THE UNITED STATES ARMY FORCES IN THE PHILIPPINES-NORTH LUZON (USAFIP-NL) VETERANS AND HEIRS FOUNDATION, INC., TO CONDUCT A FUND RAISING CAMPAIGN FOR A PERIOD OF ONE (1) YEAR

The President. Referred to the Committee on National Defense and Security.

The Secretary. Proclamation No. 625, entitled

DECLARING A STATE OF CALAMITY IN THE MUNICIPALITY OF LINGAYEN, PANGASINAN

The President. Referred to the Committees on Social Justice, Welfare and Development; and Finance.

Senator Romulo. Mr. President.

The President. The Majority Leader is recognized.

BILL ON SECOND READING
S. No. 1157—Amending PCIC Charter
(Continuation)

Senator Romulo. Mr. President, I move that we resume consideration of Senate Bill No. 1157 as reported out under Committee Report No. 3.

The President. Resumption of consideration of Senate Bill No. 1157 is now in order.

Senator Romulo. Mr. President, we are now in the period of committee amendments. May I ask that the Sponsor of the bill, Senator Alvarez, be recognized.

The President. Senator Alvarez is recognized. Are there any committee amendments?

Senator Alvarez. May I call on the Chairman of the

Senator Romulo. I move that we close the period of committee amendments and proceed to the individual amendments.

The President. Is there any objection to the motion?

Senator Herrera. Mr. President.

The President. Senator Herrera is recognized.

SUSPENSION OF THE SESSION

Senator Romulo. Mr. President, may I 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 4:21 p.m.

RESUMPTION OF THE SESSION

At 4:24 p.m., the session was resumed.

The President. The session is resumed. Is there any individual amendment?

Senator Alvarez. Mr. Chairman, after consultation with the distinguished Gentleman from Bohol and Cebu, the Committee has taken unto itself to introduce an additional amendment which was part of the interpellation yesterday and agreed upon in principle. In order to facilitate this, may we now make the proposal, subject to further refinement in style.

The President. This is in the nature of a committee amendment.

Senator Alvarez. Yes, Mr. President.

Senator Webb. Mr. President.

The President. Senator Webb is recognized.

Senator Webb. Just to put everything in the proper order, I think there should be a reconsideration of the period of committee amendments because it was already closed by the Majority Leader.

The President. Is there any motion to that effect?

MOTION OF SENATOR ROMULO
(To Reopen the Period of Committee Amendments)

Senator Romulo. Mr. President, I move that we reopen the period of committee amendments.

The President. Is there any objection to this motion? [Silence] There being none, the closing of the period of committee amendments is hereby reconsidered. We will now proceed with the additional committee amendment.

Senator Alvarez is recognized.

COMMITTEE AMENDMENT

Senator Alvarez. Under Section 6, we add a further subsection 8.4 amending Presidential Decree No. 1467, to read as follows:

BUT IN NO CASE WILL THE ADDITIONAL CAPITALIZATION BEYOND ITS INITIAL CAPITALIZATION OF P750 MILLION BE USED TO ENHANCE BENEFIT FOR THE EMPLOYEES OF THE CORPORATION IN ADDITIONAL WAGES, OVERTIME PAY OR SUCH OTHER BENEFITS NOT NECESSARILY FOR THE OPERATION OF THE CORPORATION.

Senator Herrera. Mr. President.

The President. Senator Herrera is recognized.

Senator Herrera. What was agreed yesterday is that, the additional capitalization of P2 billion shall not be used to pay for salaries and wages of additional personnel. It means we have to use the entire P2 billion for the increase of capitalization to expand the coverage of PCIC, not to expand the bureaucracy of PCIC. That is what was agreed upon yesterday, Mr. President.

I would just like that to be included in the committee amendments because I am one of the coauthors of this bill.

The President. Is there a need for reformulating the additional committee amendment?

Senator Alvarez. We will articulate it subject to refinement in style, Mr. President, in order to embrace the recommendations of the Gentleman that the additional capitalization should not be used in any case to expand the present manpower of the corporation.

The President. And this amendment will be on what page?

Senator Alvarez. It will be on page 5, Section 6, between lines 5 and 6, subparagraph 8.4.

The President. Is there any objection to this committee amendment? [Silence] There being none, the amendment is approved, subject to refinement in style.

Senator Romulo. Mr. President, I move that we close the period of committee amendments.

The President. Is there any objection to close the period of committee amendments? [*Silence*] The Chair hears none; the period of committee amendments is hereby closed.

Senator Romulo. Mr. President, I ask that we now consider the individual amendments.

The President. Yes, the period of individual amendments is considered. Does Senator Webb have any individual amendment?

Senator Webb. On page 2, Mr. President.

The President. Is there any anterior amendment? [*Silence*] Senator Webb may proceed.

Senator Webb. Thank you, Mr. President. On page 2, line 16, substitute the words "SHALL DECIDE" with the words MAY INCLUDE.

This is to give the Board more leeway not to expand the coverage of the insurance if the corporation's resources do not allow it. That is the reason, Mr. President, for the substitution of these words.

The President. Yes. Before we proceed with the consideration of this amendment, there appears to be an anterior amendment. Senator Angara is recognized for this purpose.

ANGARA AMENDMENT

Senator Angara. Thank you, Mr. President. With the permission of my Colleague, Senator Webb.

I would like to propose an amendment on page 2, line 9. Delete the phrase "ATTACHED TO THE DEPARTMENT OF AGRICULTURE" and in lieu thereof, add the following phrase: UNDER THE CONTROL AND SUPERVISION OF THE INSURANCE COMMISSION.

The President. So that the amendment calls for the deletion of the phrase "BE ATTACHED TO THE" in line 9 and "DEPARTMENT OF AGRICULTURE" in line 10. Is that correct?

Senator Angara. That is correct, Mr. President.

The President. I see that Senator Maceda is asking permission to clarify some points.

Senator Angara. Before Senator Maceda, let me just explain the rationale for this, Mr. President.

Mr. President, the crop insurance is what it is—property insurance. I think it would be wise and prudent to place the supervision and control of the operations of this corporation not under a political department, such as the Department of Agriculture, but by simply placing it under an independent and quasi-judicial body like the Insurance Commission. Then, we would bring into operation certain principles in insurance that make for a better management of the premium income as well as the management of the risks, such as loss ratio, prudence in investing the reserve, and the premium.

I can see, Mr. President, that there will be much advance taken if we now move the Philippine Crop Insurance from a political department, which was quite probably understandable during martial law, to an independent and autonomous commission, like the Insurance Commission.

That is the principal rationale, Mr. President.

The President. Thank you, Senator Angara. What is the pleasure of Senator Maceda?

Senator Maceda. With the permission of the Sponsor, may I propound a question for clarification to the Sponsor of the amendment.

Senator Angara. Certainly, Mr. President.

Senator Maceda. The Insurance Commission is the regulatory body for all insurance companies. And because of the deletion of the phrase "ATTACHED TO THE DEPARTMENT OF AGRICULTURE", it seems to me the intent is clear in that the supervision and control be placed under the Insurance Commission not only because it is a regulatory body, but the Insurance Commission would take the place of the Department of Agriculture as the higher body.

Would it mean, Mr. President, that when we say "control", the Insurance Commission would then be directly involved in the operations of this particular PCIC after it is so transferred under the supervision and control of the Insurance Commission?

Senator Angara. No, Mr. President. There are three points.

One, by placing it under the supervision and jurisdiction of the Insurance Commission, we would bring into operation certain prudent rules of insurance management and risk management.

Two, the Department of Agriculture would not be excluded in the management of the crop insurance because under my subsequent amendment, I would propose that the Secretary of the Department of Agriculture remains as the chairman of the board of the Philippine Crop Insurance Corporation.

And three, Mr. President, the Insurance Commission will exercise the same amount of supervision as it does over existing insurance companies, whether life, nonlife, marine and other types of insurance.

Senator Maceda. That I can understand, Mr. President, and I have no objection or problem to clarify. The use of the word "control" is what we have to clarify for the record.

What is the extent of the control of the Insurance Commission over the Philippine Crop Insurance Corporation?

The President. In short, would that extend to authority over the management and administration of the Philippine Crop Insurance Corporation?

Senator Angara. No, Mr. President, under normal circumstances. However, if an insurance company is operated recklessly or negligently, then the Insurance Commissioner steps in and gets into control of management. But that is not the rule that we are trying to put here. As I said, the amount and degree of control will be the same as the degree of control it wields over existing insurance companies—no more, no less.

Senator Maceda. The intent of the amendment is clear, Mr. President. It is now a matter of how to properly word it.

SUSPENSION OF THE SESSION

May I ask for a one-minute suspension, Mr. President?

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

It was 4:37 p.m.

RESUMPTION OF THE SESSION

At 4:47 p.m., the session was resumed.

The President. The session is resumed. There is a pending question, and that is an amendment that has been proposed by Senator Angara.

Senator Angara is recognized.

Senator Angara. After conferring with our Colleagues,

may I withdraw the amendment as originally worded. Instead, may I submit, in its place, the following wording which shall be in lines 9 and 10: UNDER THE JURISDICTION OF THE INSURANCE COMMISSION IN ACCORDANCE WITH THE INSURANCE CODE AND OTHER EXISTING INSURANCE LAWS.

The President. What does the Sponsor say?

Senator Alvarez. Mr. President, let me clarify the proposed amendment of the Gentleman. It will not, therefore, disturb the attachment of the PCIC with the Department of Agriculture.

The attachment proposal here is intended to facilitate the processing or the application for premium subsidies. We have a department and a department secretary sitting in the board. It has been the experience of the management of the PCIC that this has helped considerably with the premium subsidy.

So if the Gentleman does not bother the attachment, but only puts the whole PCIC operation under the jurisdiction and the laws of insurance without disturbing the attachment, which is an administrative convenience, we will have no objection to it.

In which case, it should come after lines 10 and 11, Mr. President.

Senator Angara. Mr. President, we can cover the attachment issue and define what attachment means in a separate line. But the proper place of this amendment is where we proposed it to be: after the word "BE" in line 9, and at the end of the word "AGRICULTURE" in line 10.

Now, attachment, Mr. President, can be for several purposes. Attachment can be purely for budgetary purposes; meaning, that it is attached to a mother department for purposes of budget, which means its budget is presented to that department. If that is the meaning, then I will agree that we can still say, THE PHILIPPINE CROP INSURANCE CORPORATION SHALL BE ATTACHED TO THE DEPARTMENT OF AGRICULTURE ONLY FOR BUDGETARY PURPOSES. But we must define it that narrowly so that we maintain the independent autonomous character of the PCIC.

Senator Alvarez. Yes, that is the intention, Mr. President.

Senator Angara. If that is the intention, Mr. President, since my amendment has been accepted, we can add another line.

Senator Alvarez. May we hear the proposed structuring of the amendment, Mr. President.

The President. Let us put the amendment to a vote now. Is there any objection to the individual amendment of Senator Angara?

Senator Enrile. Mr. President.

The President. Senator Enrile is recognized.

Senator Enrile. Would the distinguished Gentleman from Quezon consider an amendment to his proposed amendment?

Senator Angara. Certainly, Mr. President, if we can hear it.

ANGARA-ENRILE AMENDMENT

Senator Enrile. I would propose this wording for consideration, Mr. President.

In line 9, after the word "BE": UNDER THE JURISDICTION OF THE INSURANCE COMMISSION IN ACCORDANCE WITH EXISTING LAWS, and add the following words: AND SHALL BE ATTACHED TO THE DEPARTMENT OF AGRICULTURE.

Then, another sentence which will read: "THE PHILIPPINE CROP INSURANCE CORPORATION SHALL provide insurance protection" et cetera.

Senator Angara. We accept that, Mr. President, except that I will add a qualifying phrase to the ATTACHED TO THE DEPARTMENT OF AGRICULTURE ONLY FOR BUDGETARY PURPOSES. That means, when it requires its budget, it must submit its budget to the department, and the Department of Agriculture will submit its budget in turn. Only for budgetary purposes, not for administrative purposes.

Senator Enrile. SHALL BE ATTACHED TO THE DEPARTMENT OF AGRICULTURE FOR BUDGETARY PURPOSES.

Senator Angara. It is accepted, Mr. President.

The President. Does the sponsor accept the amendment of Senator Angara, as further amended by Senator Enrile?

Senator Alvarez. As amended further by the Gentleman from Cagayan, it is accepted, Mr. President.

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

Senator Maceda. Mr. President.

The President. Senator Maceda is recognized.

MACEDA AMENDMENT

Senator Maceda. Following the amendment just approved, may I propose the following amendment: THE BUDGET OF THE PHILIPPINE CROP INSURANCE CORPORATION SHALL BE SUBMITTED TO CONGRESS IN THE GENERAL APPROPRIATIONS ACT.

The President. What does the Sponsor say?

Senator Alvarez. It is accepted, Mr. President.

The President. Is there any objection to the amendment?

Senator Macapagal. Mr. President.

The President. Senator Macapagal is recognized.

Senator Macapagal. Mr. President, before I vote on that amendment, may I ask a few questions for clarification to the sponsor of the amendment.

Are we to understand that this amendment will, in effect, wed Committee Report Nos. 10 and 3?

Senator Maceda. The amendment is precisely premised on the fact that since we are infusing now a big amount of government funds into this corporation, that like the PNO, the Napocor, and the National Electrification Administration—which is a precedent that has been set—there is good reason now to provide that the enlarged budgetary requirements of this corporation be subjected to congressional scrutiny in the annual appropriations process.

Senator Macapagal. That is why, Mr. President, I would like to know if this, in effect, incorporates the essence of Committee Report No. 10 into Committee Report No. 3.

Senator Maceda. Committee Report No. 10 does not talk of this particular aspect, Mr. President.

Senator Macapagal. Since the Sponsor is the sponsor of the amendment as well as Committee Report No. 10, may I know what is the relationship between this amendment and the main substance of Committee Report No. 10?

Senator Maceda. There is no intended relationship, Mr. President. With or without Committee Report No. 10, the amendment can stand on its own.

Senator Macapagal. What shall we do with Committee Report No. 10?

Senator Maceda. At the appropriate time we shall discuss that, Mr. President.

Senator Macapagal. But Committee Report No. 10 refers to the same original bill, is it not? What is the appropriate time for discussing Committee Report No. 10?

Senator Maceda. Mr. President, we have proposed an amendment and, as I said, the amendment stands on its own at this point of the parliamentary process.

Senator Macapagal. But this particular amendment, Mr. President, refers to the appropriation that will support the expansion of the crop insurance system. And my understanding from Committee Report No. 10 is, that is also the same purpose: to provide for the system of appropriation to support the crop insurance.

Do they not, in fact, contradict each other if they are not the same?

Senator Maceda. Mr. President, the amendment just presented was inspired by the previous amendment introduced by the Minority Leader, accepted by the Committee and approved, that this office is attached to the Department of Agriculture only for budgetary purposes. That is why we immediately added a succeeding line to clarify that the attachment for budgetary purposes would mean that it would be submitted, together with the Department of Agriculture's budget, to the Congress in the annual appropriations process.

**QUESTION OF PRIVILEGE OF SENATOR ENRILE
(Request for a Copy of Committee Report No. 10)**

Senator Enrile. On a matter of personal privilege, Mr. President.

The President. What is the personal privilege of the Gentleman?

Senator Enrile. We are talking of Committee Report No. 10. I looked at my file, and I do not see any Committee Report No. 10. I would like, as a member of the Chamber, to be provided with a copy so that, at least, I will know what is this committee report.

SUSPENSION OF THE SESSION

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

It was 4:57 p.m.

RESUMPTION OF THE SESSION

At 5:03 a.m., the session was resumed with Senator Roco as Presiding Officer.

The Presiding Officer [Senator Roco]. The session is resumed. The Majority Leader is recognized.

Senator Romulo. Mr. President, I understand the distinguished Lady Senator from Pangasinan, Pampanga and Negros Occidental wishes to pose a query. May we request her to restate it.

The Presiding Officer [Senator Roco]. The Lady from Pampanga, Pangasinan and Negros Occidental is recognized.

Senator Macapagal. Mr. President, I have several questions. I started by asking whether we are incorporating Committee Report No. 10 on Committee Report No. 3. That is how I started my question.

The Presiding Officer [Senator Roco]. What does the Majority Leader say?

Senator Maceda. May I answer that, and the answer is "no," Mr. President. The primary committee is the Committee on Agriculture and Food. Therefore, the primary committee report is the report of the Committee on Agriculture and Food, which, as a matter of fact, came earlier than Committee Report No. 10.

Senator Macapagal. Then I ask the question: Since they are related to the same original bill, what shall we do now with Committee Report No. 10? Because the Sponsor of the amendment said that we will attend to Committee Report No. 10 in due time, then when is that due time? When it is on the same bill?

Senator Maceda. Now is the due time. If the Chairman of the Committee on Finance or any member of the Chamber would like to propose the amendments included in Committee Report No. 10, then it could be done at this time.

For example, there are actually only two differences between Committee Report No. 10 and Committee Report No. 3. The first is that Committee Report No. 10 has proposed that instead of being attached to the Department of Agriculture, the PCIC be attached to the Department of Finance.

When this Representation did not object to the Angara amendments, we, in effect, did not insist on the proposal in Committee Report No. 10 to attach this to the Department of Finance.

The Presiding Officer [Senator Roco]. May the Chair be guided. Was the proposed amendment of the Gentleman from Manila, Laguna, and Ilocos Sur, in the nature of an individual amendment, submitted to the Chairman of the committee?

Senator Maceda. As a matter of fact, we are in the period of individual amendments, Mr. President.

The Presiding Officer [Senator Roco]. Yes. And is the Lady from Pampanga suggesting that this is not quite proper at this time? Or, are we just clarifying?

Senator Macapagal. Mr. President, I am just clarifying because since the Chamber has accepted Committee Report No. 10, and it is on the same subject matter as Committee Report No. 3, then they must be taken up together.

Senator Maceda. They were, in the period of interpellations, Mr. President. That is the effect.

When the bill was being taken up, sponsored and interpellated during the general debate, in effect both Committee Reports were being taken up, although the basis for the debate during the period of interpellations was the primary report which is Committee Report No. 3 of the primary committee.

Senator Macapagal. That is right. That was the main basis for the interpellations. So, my question on when is it the proper time to take up this Committee Report No. 10 really means when do we start asking questions regarding Committee Report No. 10.

Senator Maceda. The Lady should have asked questions during the period of interpellations because at that time, both committee reports, in effect, were already on the Floor.

Senator Macapagal. Mr. President, at that time, whenever the Majority Leader was calling for the resumption of the interpellation, he was always referring to Committee Report No. 3.

Senator Maceda. That is right. That was the primary committee report. But together with that, Committee Report No. 10 was automatically also under consideration because it is the report of a secondary committee.

The Presiding Officer [Senator Roco]. Yes, can we ask the Majority Leader to clarify the parliamentary situation?

Senator Romulo. Yes, Mr. President. At the present stage of the bill, the distinguished Lady Senator from Pampanga, Pangasinan, and Negros Occidental may now propose her

amendment to the Philippine Crop Insurance Bill, as already amended. And so, she may use Committee Report No. 10 for that purpose, or she may have her own proposed individual amendments.

I do not see any problem, Mr. President, as far as the parliamentary situation is concerned.

Senator Macapagal. Mr. President, there is a problem because they refer to the same original bill. But they are not identical. Committee Report No. 3 is different from Committee Report No. 10.

Senator Maceda. I have already answered that problem, Mr. President, and I have already referred to the first of two differences. Committee Report No. 3 attaches this PCIC to the Department of Agriculture; the secondary Committee Report attaches it to the Department of Finance.

When the Angara amendments came up—and I voted in favor of the same to attach the PCIC to the Department of Agriculture for budgetary purposes—I, in effect, yielded, as Chairman of the committee that issued Committee Report No. 10, the amendments proposed by the committee under Committee Report No. 10.

At that point in time, if the Lady Senator or any member of the Chamber would have wanted to insist on attaching the PCIC to the Department of Finance, then it could have been brought up at that time.

Senator Macapagal. I am not questioning the attachment to the Department of Finance or the Insurance Commission, Mr. President. I am interested in seeking clarification about Committee Report No. 10. That is why I am asking when can I exercise that right.

The Presiding Officer [Senator Roco]. May the Chair try to clarify the situation.

Senator Maceda. I have answered that already, Mr. President.

The Presiding Officer [Senator Roco]. Yes.

Senator Maceda. Mr. President, it is very clear. The attachment to the Department of Finance is just a very specific example of what is in Committee Report No. 10.

So the question is: When can the Lady Senator raise it? The Lady Senator could have raised it in the period of debate or earlier when there was a proposed Angara amendment to attach

it to the Department of Agriculture for budgetary purposes contrary to the recommendations of the secondary report, which is Committee Report No. 10.

The other difference now is the matter of the paid up, because Committee Report No. 3 speaks only of subscription while Committee Report No. 10 went one step further and indicated the matter of paying up and where it should come from.

If the Lady Senator would like to focus on that difference, then now is the time to raise it by proposing that in lieu of the present provisions of Committee Report No. 3, the difference embodied in Committee Report No. 10, which pertains to the paid-up of the additional P400 million, be accepted as an amendment to Committee Report No. 3, which carries the bill and which is the principal bill on the Floor.

Senator Macapagal. Mr. President, I wonder how many of our Colleagues in this Chamber knew that we were also discussing Committee Report No. 10 all this time.

Senator Maceda. That is a matter of parliamentary knowledge, Mr. President, and I do not know the answer as to how many do know.

The Presiding Officer [Senator Roco]. May the Chair intervene.

We have to assume that all the members are conscious of the reports in the different black folders. As the Chair sees it, there were two committee reports, but when the Gentleman from Manila and Ilocos Sur stood up and presented an individual amendment tucked on to a previous individual amendment, and it was accepted by the Chair, I guess that settles it up.

The Lady Senator, however, seems to be requesting to ask questions on Committee Report No. 10. Is this the understanding of the Chair?

Senator Macapagal. Yes, Mr. President.

The Presiding Officer [Senator Roco]. So that in terms of the amendment and of its acceptance, that is clearly in order, and even if it was pursuant to the previous amendment, that should also be in order. We will now have to find the appropriate time if there is a question as regards Committee Report No. 10.

Senator Macapagal. That is why I have asked when can I exercise that right to ask questions on Committee Report No. 10. It cannot be after we have passed this Committee Report No. 3 on Third Reading, Mr. President.

Senator Maceda. That is why I am answering, Mr. President. The right should have been exercised during the period of debate or, at least, during the period of the Angara amendment. Now, that is already a settled matter.

If the Lady wants to reopen the Angara amendment and the Maceda amendment, because of questions with regard to Committee Report No. 10 that are related to those amendments, then the parliamentary procedure is to reopen that amendment.

The Presiding Officer [Senator Roco]. What is the pleasure of the Gentleman from Bohol?

Senator Herrera. With the permission of the Lady Senator from Pampanga and Pangasinan and the two Gentlemen, Mr. President. It would appear that in these two committee reports, there are disagreements of these two provisions.

The Chairman of the Committee on Finance, in order to do away with the contradiction between these two provisions, agreed to attach this to the Department of Agriculture, contrary to the recommendation of Committee Report No. 10.

Does the Chair not think that the proper procedure here is that the members of the committee must have to be consulted, whether they agree to Committee Report No. 3? Because while the Chairman of the Committee on Finance agreed to that, he was agreeing to that as a chairman, not as a committee.

Senator Maceda. Mr. President, the members were not only consulted. They were given the chance to vote on that matter when the Angara amendment was taken up, which is more than a consultation. All the members of the Committee on Finance who are on the Floor have that right.

Now, with regard to the so-called "disagreement" between the two committee reports, it is the prerogative of the Majority Leader which of these committee reports to call on the Floor. And he decided, and rightly so, to call the principal committee report of the primary committee, which was the one used for debate.

Unfortunately, the Lady Senator from Pampanga and Pangasinan is raising the matter out of its proper time. It should have been raised before the bill was even taken up or it should have been raised during the debate, which is already closed.

SUSPENSION OF THE SESSION

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

The Presiding Officer [Senator Roco]. The session is suspended, if there is no objection. [*There was none.*]

It was 5:15 p.m.

RESUMPTION OF THE SESSION

At 5:26 p.m., the session was resumed.

The Presiding Officer [Senator Roco]. The session is resumed. As the Chair understands it, there is a pending motion to amend, and the proposed amendment was accepted by the chairman of the sponsoring committee, so we were about to vote. What is the pleasure now of the Lady Senator?

Senator Macapagal. Mr. President, when we were about to vote, this Representation said that before she would give her vote, she wanted to seek clarification from the Sponsor of the last amendment. What this Representation really wanted to ask is this: In the original dissenting vote of the Chairman of the Committee on Finance to Subcommittee Report No. 3, he said that the bill is anti-farmer. What this Representation wanted to know is, by introducing the amendments now, has the bill become pro-farmer?

But if the Gentleman is certain that he will no longer yield the Floor, then there is nothing this Representation can do about that.

Senator Maceda. Mr. President.

The Presiding Officer [Senator Roco]. The Gentleman from Manila, Laguna and Ilocos Sur is recognized.

Senator Maceda. The explanation to the question that the Lady Senator would like to ask only confirms the fact that she is referring to a vote or an annotation of this Representation on Committee Report No. 3. Therefore, Committee Report No. 3, having been taken up and the period of interpellations closed, this Representation would not want to reopen the debate by having to answer a matter that was included in Committee Report No. 3.

The Presiding Officer [Senator Roco]. In any event, since the Gentleman has yielded the Floor, maybe he cannot yield anymore to answer.

If the Chamber is ready for a vote, all those in favor, will please say *Aye*. [*Several Senators: Aye*] As many as are against, will please say *Nay*. [*Senator Macapagal: Nay*] One is recorded as "against."

The amendment, as amended, is approved. Are there any further individual amendments?

Senator Romulo. Mr. President, only the Minority Leader has expressed a desire to have his turn for individual amendments. There are no more individual amendments. May I ask that the Chairman of the Committee on Finance be recognized.

The Presiding Officer [Senator Roco]. The Gentleman from Manila, Laguna and Ilocos Sur is recognized.

Senator Maceda. Mr. President, in connection with page 4, line 28 to the end of that paragraph...

Senator Webb. Mr. President, anterior amendment.

The Presiding Officer [Senator Roco]. There is an anterior amendment from the distinguished Gentleman from Parañaque.

WEBB AMENDMENTS

Senator Webb. Earlier, I manifested my amendment. May I reiterate, Mr. President. This is on page 2, line 16. I said earlier, we substitute the words "SHALL DECIDE" with the words MAY INCLUDE.

The reason that I gave earlier is to give the board some leeway in not expanding the coverage of the insurance if the corporation's resources do not allow it.

The Presiding Officer [Senator Roco]. What is the proposed amendment?

Senator Webb. Change the words "SHALL DECIDE" with the words MAY INCLUDE.

The Presiding Officer [Senator Roco]. What does the Sponsor say?

Senator Alvarez. Will the Gentleman state the proposed amendment?

Senator Webb. May I read the whole text now, if I may. It starts from line 14:

SUCH INSURANCE SHALL COVER SUCH OTHER CROPS AS THE BOARD OF DIRECTORS OF THE CORPORATION MAY INCLUDE, AND SHALL COVER THE COST OF PRODUCTION INPUTS...

ANGARA AMENDMENTS

The Presiding Officer [Senator Roco]. What is the pleasure of the sponsoring committee?

Senator Alvarez. It is accepted, Mr. President. I think it is a most appropriate amendment.

The Presiding Officer [Senator Roco]. It is accepted. Is there any objection to the proposed amendment as accepted by the sponsoring committee? [Silence] There being none, the amendment is approved.

Senator Webb. Mr. President, just to take note. I included the word "THE", which is just a matter of style, between the words "COVER" and "COST". That is in line 17.

Senator Alvarez. It is accepted, Mr. President.

The Presiding Officer [Senator Roco]. The grammatical addition is accepted. Is there any objection? [Silence] There being none, it is approved.

Senator Webb. Still on page 2, line 24, if there is no anterior amendment, substitute the word "neglect" with the words THE NEGLIGENCE.

The Presiding Officer [Senator Roco]. What does the sponsoring committee say?

Senator Alvarez. It is accepted, Mr. President.

The Presiding Officer [Senator Roco]. It is being accepted. Is there any objection to the amendment as accepted by the sponsoring committee? [Silence] There being none, the amendment is approved.

Senator Webb. Also in line 24, insert between the words "fraud" and "by", the word COMMITTED.

The Presiding Officer [Senator Roco]. What does the sponsoring committee say?

Senator Alvarez. It is accepted, Mr. President.

The Presiding Officer [Senator Roco]. It is accepted. Is there any objection to the amendment as accepted by the sponsoring committee? [Silence] There being none, the amendment is approved.

Is there any other anterior amendment on page 2?

Senator Angara. Mr. President.

The Presiding Officer [Senator Roco]. The Minority Leader is recognized.

Senator Angara. Mr. President, the committee deleted in lines 27 to 30 the phrase "and that the indemnity for such losses shall not exceed at all times the cost borne by the insured farmer in the production of the crop."

I move that this phrase be reinstated because it is a cardinal rule in insurance that one cannot claim more than his actual losses, and this is a prudent rule that ought to stay in the law.

The Presiding Officer [Senator Roco]. What does the sponsoring committee say?

Senator Alvarez. We feel that this is a reiteration. It does no violence to the statement of the rule. We will accept it, if the Gentleman wants to restore it.

The Presiding Officer [Senator Roco]. It is accepted. Does anybody object to the proposed amendment as accepted by the sponsoring committee? [Silence] There being none, the amendment is approved.

We then close page 2. We are now on page 3.

Senator Webb. Mr. President.

The Presiding Officer [Senator Roco]. The Gentleman from Parañaque is recognized.

Senator Webb. Mr. President, if there is no anterior amendment, on page 3, line 25...

Senator Angara. Anterior amendment, Mr. President.

The Presiding Officer [Senator Roco]. There is an anterior amendment from the Minority Leader.

Senator Angara. In line 12, I suggest that we define this anomalous phrase "SMALL-SCALE/SUBSISTENCE FARMERS." What this obviously meant is that, the farmer who is going to be subsidized in terms of premium is the individual farmer who farms his lot all by himself or members of his family. So, I would like to reflect that meaning in lieu of this phrase "small-scale subsistence farmers" in line 12, by substituting it now with this definition.

Delete first the phrase "small-scale" and then retain "subsistence farmer"...

The Presiding Officer [Senator Roco]. We delete the "s" also?

Senator Angara. Well, we can keep it. And add, WHO BY

DEFINITION SHALL BE FARMERS WHO DEPEND SOLELY ON FARMING FOR THEIR SUBSISTENCE AND WHO TILL THEIR FARMS ONLY WITH THE HELP OF MEMBERS OF THEIR HOUSEHOLD.

The Presiding Officer [Senator Roco]. May we have that slowly, please: WHO BY DEFINITION SHALL BE FARMERS WHO DEPEND SOLELY ON FARMING FOR THEIR SUBSISTENCE AND WHO TILL THEIR FARMS ONLY WITH THE HELP OF MEMBERS OF THEIR HOUSEHOLD.

What does the sponsoring committee say? It adds the definition to the term "subsistence farmers", as follows:

WHO BY DEFINITION SHALL BE FARMERS WHO DEPEND SOLELY ON FARMING FOR THEIR SUBSISTENCE AND WHO TILL THEIR OWN FARM WITH THE HELP OF MEMBERS OF THEIR HOUSEHOLD.

This is subject to style.

Senator Alvarez. This is a very narrowing definition because it is possible that even a subsistence farmer who depends on the support of members of his family to cultivate a small plot of land during the off-season, or during the dry spell when he cannot farm, may be driving a tricycle or chopping wood.

It may be, if the Gentleman would consider a more liberal interpretation of "subsistence" so that he does not...

Senator Angara. Maybe we can substitute the word "solely" with the word PRIMARILY—WHO DEPEND PRIMARILY ON FARMING.

Senator Alvarez. With the help of members of his family—that is accepted. That is reasonable, Mr. President. We accept it.

The Presiding Officer [Senator Roco]. So, the sponsoring committee is accepting the proposed amendment as further amendment. An inserted phrase in line 12 shall read: WHO BY DEFINITION SHALL BE FARMERS WHO DEPEND PRIMARILY ON FARMING FOR THEIR SUBSISTENCE AND WHO TILL THEIR OWN FARM WITH THE HELP OF THE MEMBERS OF HIS HOUSEHOLD.

This is subject to final refinement in style.

Senator Alvarez. Yes, subject to refinement.

The Presiding Officer [Senator Roco]. Does the committee accept the amendment?

Senator Alvarez. We accept, Mr. President.

The Presiding Officer [Senator Roco]. The amendment being accepted, is there any objection to the amendment as accepted? [Silence] There being none, the same is approved.

Senator Angara. In lines 13 and 14, Mr. President, there is a qualifying phrase that this subsistence farmer must be tilling not more than seven hectares by himself, or with the help of members of his household.

I am sure the reference to seven hectares here, Mr. President, was to the old Agrarian Law, the Macapagal Law.

The Presiding Officer [Senator Roco]. The Land Reform Law.

Senator Angara. I wonder whether this seven hectares is still relevant and meaningful at this time when under the Agrarian Reform Law, the cultivatable land is only limited to three hectares.

Senator Alvarez. We have explored this acreage provision, Mr. President. We thought that since some have benefited in the past with seven hectares, it may not be equitable to deny it to those who would want to access the program.

The Presiding Officer [Senator Roco]. May the Chair suggest something. There are instances when the seven hectares may still occur because they were covered by the old Land Reform Code. There could also be instances when, because household is included here and that, presumably, could be the children of the farmer, there might be two children and they might be entitled therefore to tilling of nine hectares. I am just calling attention to the possibility. If this explains the situation, there is nonetheless a limitation of seven hectares. But if that is not the understanding of the committee, we leave it to the Gentleman to settle the issue.

Senator Alvarez. Mr. President, we have included that concession—the possibility that there would be beyond five hectares which is the provided retention limit.

In any case, this is the ceiling or maximum. The reality in the countryside is that the subsistence farmers only cultivate 1.2 hectares per family.

The Presiding Officer [Senator Roco]. What does the Minority Leader say?

Senator Angara. I am not too passionate about this, Mr. President. I just want to be sure that what we are subsidizing are really subsistence farmers. It may be that a seven-hectare farmer

will already exceed the subsistence threshold and it may look ridiculous for the government to continue subsidizing his crop premiums when he may have already graduated from the category of a subsistence farmer to a not necessarily prosperous but a well-off farmer.

The Presiding Officer [Senator Roco]. Let the *Record* show then that the dual limitation of "seven hectares" and "subsistence" is the intent of this provision.

Senator Angara. And that the defining characteristic is "subsistence", not so much the land area. As long as that is reflected, Mr. President, that would be enough.

The Presiding Officer [Senator Roco]. Let the *Record* so reflect.

Do we have any other amendments on page 3? The Gentleman from Quezon City is recognized.

SOTTO AMENDMENT

Senator Sotto. Mr. President, I would like to inquire on the implication of the phrase "EACH OF WHOM" after we have accepted the amendment of Senator Angara. Would the chairman of the committee delete this phrase? Is it still necessary after the Angara amendment?

The Presiding Officer [Senator Roco]. Is the Gentleman referring to the phrase "EACH OF WHOM" in line 13?

Senator Sotto. Yes, Mr. President, because the phrase might connote "each member of the household".

The Presiding Officer [Senator Roco]. We have a hanging modifier here.

Senator Alvarez. Mr. President.

The Presiding Officer [Senator Roco]. What does the committee chairman say?

Senator Alvarez. Mr. President, we will welcome a clarification of this particular point. What the Gentleman is saying is obvious—that we may be referring to "seven hectares for each one of the children" or the "wives of the children", in which case, we will not really have seven hectares as a ceiling. It would be beyond seven.

Senator Sotto. It is subject to style, Mr. President. May we just delete the phrase "EACH OF WHOM" after the

amendment of Senator Angara.

The Presiding Officer [Senator Roco]. How then will the phrase read? After the definition "OF MEMBERS OF THEIR HOUSEHOLD"...

Senator Sotto. "WHO IS CULTIVATING NOT MORE THAN SEVEN HECTARES BY HIMSELF OR WITH THE HELP OF"... Instead of "EACH OF WHOM", may we replace the word "WHOM" with the word WHO?

The Presiding Officer [Senator Roco]. Or subject to style, such as, *PROVIDED, HOWEVER, THAT THESE SUBSISTENCE FARMERS ARE CULTIVATING NOT MORE THAN SEVEN HECTARES BY HIMSELF OR WITH THE HELP OF THE LABOR OF THE MEMBERS OF HIS HOUSEHOLD OR HIRED LABOR.*

Will that be all right?

Senator Sotto. Yes, Mr. President.

The Presiding Officer [Senator Roco]. Does the committee chairman accept the proviso, just by way of style?

Senator Alvarez. It is accepted, Mr. President.

The Presiding Officer [Senator Roco]. The proviso is accepted. Is there any objection to the phrase now, as amended? [*Silence*] There being none, the amendment is hereby approved.

The Gentleman from Parañaque is recognized.

WEBB AMENDMENT

Senator Webb. Mr. President, on page 3, line 25, I propose that we change the period (.) to a semicolon (;), and add the following provision: *AND PROVIDED, FINALLY, THAT PREMIUM SUBSIDY AND/OR INSURANCE BENEFITS SHALL, UPON THE ACCUMULATION OF SURPLUS FUNDS, BE INCREASED TO SUCH AMOUNT AS MAY BE DETERMINED BY THE BOARD, TAKING INTO CONSIDERATION THAT THE CORPORATION HAS BEEN ESTABLISHED NOT ONLY FOR PROFIT BUT MAINLY TO HELP THE INSURED IN THEIR DIREST HOURS OF NEED.*

SUSPENSION OF THE SESSION

The Presiding Officer [Senator Roco]. With the permission of the Body, may we have a one-minute suspension so that the Gentlemen can get together. That is a mouthful of a phrase.

It was 5:45 p.m.

RESUMPTION OF THE SESSION

At 5:47 p.m., the session was resumed.

The Presiding Officer [Senator Roco]. The session is resumed.

Senator Webb. Mr. President, just to put on record, may I just explain the reason for this provision.

At the time that we were interpellating the Gentleman from Isabela, Senator Alvarez, I mentioned the fact that there will come a time when there would be subsidies for the board to decide whether these marginalized farmers will be allowed to continue paying the premium if and when the surplus is there. The answer was that—and I think I have it on record—as long as there will come a time that they do have a surplus, then there is a possibility for them to shoulder fully the premium of the farmers. That is why I am placing this provision on the bill with the hope that it will be the board that will decide, if and when the surplus occurs, that they have the right to subsidize the farmers fully.

The Presiding Officer [Senator Roco]. What does the sponsor say?

Senator Alvarez. As long as the discretion is really left with the board and it is not a right that the subject beneficiary will demand upon the corporation. If this interpretation is made clear, we are prepared to accept the amendment, Mr. President.

The Presiding Officer [Senator Roco]. Will the distinguished Gentleman from Parañaque read again the full text of the amendment before we finally vote on it?

Senator Webb. AND PROVIDED, FINALLY, THAT PREMIUM SUBSIDY AND/OR INSURANCE BENEFITS SHALL, UPON THE ACCUMULATION OF SURPLUS FUNDS, BE INCREASED TO SUCH AMOUNT AS MAY BE DETERMINED BY THE BOARD, TAKING INTO CONSIDERATION THAT THE CORPORATION HAS BEEN ESTABLISHED NOT ONLY FOR PROFIT BUT MAINLY TO HELP THE INSURED IN THEIR DIREST HOURS OF NEED.

Senator Alvarez. It is accepted, Mr. President, in the interpretation that we propounded.

The Presiding Officer [Senator Roco]. The committee accepts the amendment. Is there any objection to the proposed amendment as accepted? [*Silence*] There being none, the amendment is approved.

The distinguished Sponsor may wish to ask authority for style since we now have three provisos.

In line 19, we begin with PROVIDED, in line 12, PROVIDED, FURTHER and the final proviso, would be PROVIDED, FINALLY. If this is acceptable to the Body, then we authorize the committee chairman to just restyle the bill. If there is no objection, the amendment is approved.

There is no amendment on page 4. Page 5. Is there any individual amendment on page 5?

Senator Maceda. Mr. President.

The Presiding Officer [Senator Roco]. The Gentleman from Manila, Laguna and Ilocos Sur is recognized.

MACEDA AMENDMENT

Senator Maceda. At the top of page 5, line 5, remove the period (.) and the closing quotes (") to add a new proviso: PROVIDED, HOWEVER, THAT ANY OR ALL OF THESE SHARES OF STOCK MAY BE SUBSCRIBED BY PRIVATE PERSONS WITH THE APPROVAL OF THE COMMITTEE ON PRIVATIZATION.

The Presiding Officer [Senator Roco]. May this Representation inquire if the intention is to help private parties. Will that procedure not handicap the participation of private parties and subject them to the bureaucracy of the Committee on Privatization?

Senator Maceda. We have adopted a policy of privatization. This is just in case the government does not want to subscribe the additional stocks and there are interested parties who want to subscribe. Therefore we can avoid using government funds.

With regard to the amount, whether it is P1 billion or P500 million, we leave it up to the Committee on Privatization, which as we know, is headed by the Secretary of Finance and has other members in the committee.

The Presiding Officer [Senator Roco]. What does the Sponsor say?

Senator Herrera. Mr. President.

The Presiding Officer [Senator Roco]. With the permission of the Gentlemen, what is the pleasure of the Gentleman from Bohol and Cebu?

Senator Herrera. I would like to know, Mr. President,

whether it is appropriate to include that in the provision of this bill which would imply that this can be privatized, considering that there is a government subsidy. Does the Gentleman not think that this will be a restriction on the use of government funds once this is privatized?

The Presiding Officer [Senator Roco]. What does the Gentleman from Manila say?

Senator Maceda. To begin with, Mr. President, this is not going to be the majority of the stocks. And we have done that in the case of the Philippine National Bank. We have been continuously subsidizing the National Steel Corporation and that has been privatized.

I just thought that we might as well authorize this, a partial privatization as an alternate source of funds, rather than to just limit the subscription to the government. Meaning to say, if the government should feel that it does not want to privatize, then the proposed amendment is not mandatory but only permissive.

Senator Herrera. I have no objection to the principle of privatization, Mr. President. In fact, I really would like to put this business of giving subsidy to government corporations. But I am just concerned if there will be no constitutional or legal restriction, considering that this will be in the private sector, and there is a provision here for a continuing subsidy, since the clientele or the beneficiaries are small farmers. As long as we can justify it, I have no objection.

I am just expressing my concern because it would appear that under this bill, there is a continuing subsidy for small farmers.

The Presiding Officer [Senator Roco]. The concerns of the gentleman from Bohol and Cebu are on record. I understand that there are no objections so far stated. Does the Gentleman from Manila wish to answer the concern?

Senator Maceda. Mr. President, I do not believe that the presence of a subsidy by the government would raise any constitutional problem. As a matter of fact, we not only subsidize, but almost everyday we release funds to nongovernmental organizations or private entities. How much more to a government corporation?

As I said, just following the principle of privatization and not necessarily yielding the control in the majority, it was just a substitute to an earlier proposed amendment to identify certain sources as to where to get P400 million. If we can get the P400 million from the private sector, that would release accordingly P400 million for other purposes.

The Presiding Officer [Senator Roco]. For purposes of record, what does the Sponsor of the committee say?

Senator Alvarez. The committee is predisposed to accept the amendment looking at the benefits of opening up more options for funding the program.

While the question of a subsidy may prove to be a ticklish problem, the subsidy only indicates that commercial insurance does not operate or is not viable in this arena of subsistence farmers. If it is not viable, then the shares of common stocks or preferred stocks for that matter will not be commercially attractive. So that, when and if it becomes commercially attractive, it is the risk that the private investor takes. If the private investor, which will now be welcome under this proposed amendment, takes that risk, woe unto him who wants to take that risk. I think it is government that will profit thereby and the program as well.

The Presiding Officer [Senator Roco]. Does the committee then accept the amendment?

Senator Alvarez. Yes, Mr. President, it is accepted.

The Presiding Officer [Senator Roco]. Is there any objection to the amendment? [*Silence*] There being none, the amendment is approved.

Senator Maceda. Thank you, Mr. President.

Senator Drilon. Mr. President.

The Presiding Officer [Senator Roco]. The Gentleman from Iloilo and Pandacan is recognized.

Senator Drilon. Mr. President, may I propose an amendment on page 5, lines 1 to 5.

Senator Alvarez. Is it on page 5, Gentleman from Iloilo?

Senator Drilon. That is correct, Mr. President. May I propose the amendment as follows: delete in line 1 starting with the word "programmed" up to the words "paid up" in line 5. In lieu thereof, insert the words BY CONGRESS.

The Presiding Officer [Senator Roco]. "... appropriated BY CONGRESS," and then the previous amendment continues.

Senator Drilon. Yes, Mr. President.

The Presiding Officer [Senator Roco]. What does the committee say?

Senator Alvarez. I want to have a clarification on how this proposed amendment stands. Will the Gentleman read in its entirety the proposed amendment?

The Presiding Officer [Senator Roco]. If the Gentleman will look at page 4, subsection 8.3 in line 28 will be as is, but it will end with the phrase "the necessary funds shall be appropriated BY CONGRESS." The rest of the phrase "programmed..." et cetera, are suggested to be details that may be omitted.

Senator Alvarez. Does that amendment mean, Mr. President, that the manner in which the PCIC has access funds from the special revolving fund, a manner which has been pointed out to us by the Gentleman from Iloilo when he was executive secretary is, therefore, blocked under this amendment?

Senator Drilon. This is just a reflection of the constitutional provision, Mr. President.

The Presiding Officer [Senator Roco]. I guess the proposed amendment merely generalizes, so that it is an appropriation by Congress, instead of a detailing program paid by the proper office, because that goes without saying before it can be spent, as I understand the Gentleman from Iloilo. So what does the chairman say?

Senator Alvarez. Mr. President, this prolix provision which the Gentleman wants to delete recommends a procedure which has been developed through practice over the years. One of the leading practitioners in 1992 was also the Gentleman, and we are following through his footsteps of accessing funds under a special revolving fund managed by the PCIC and, later on, approved by the President to expand the capital.

In the first year, 1995, the sourcing of fund is already the special revolving fund. Does this straightforward amendment say that we will not be able to access this special revolving fund in the accepted manner in which this fund has been accessed so that every other government contribution will now have to be provided under the GAA directly?

Senator Drilon. Mr. President, I do not want to go into that debate again. I have stated my position very clearly in the course of the interpellation as to the transfer of the funds in 1992. And that was because that was the subscription that the government paid under the old capital structure of PCIC.

We are going into the additional capital stock and, therefore, that practice in 1992, in the face of this additional subscription, in the face of the constitutional provision, can no longer be followed. In fact, Mr. President, I am making this amendment

without prejudice to my raising, at the proper time, the issue of whether or not this is an Appropriations Bill.

The Presiding Officer [Senator Roco]. May the chairman be enlightened though. With that amendment, there will be no other way of funding except through appropriations. Is this the intent of the Gentleman from Iloilo? Or by relying on other laws or whatever other laws there may be, if funds could be made available to this entity, can we utilize other laws because, after all, we are not legislating in a vacuum?

Senator Drilon. If there are other laws which authorize the appropriation and the payment, we can utilize those laws, Mr. President. But my amendment here will just reflect the Constitution.

The Presiding Officer [Senator Roco]. What does the chairman say?

Senator Alvarez. I am afraid I cannot accept the proposed amendment as perceived by the Gentleman because we would not want to remove the flexibility of this corporation to access other sources by creative means well within the ambit of the rules.

The Presiding Officer [Senator Roco]. Does the Gentleman from Iloilo want to press on with the amendment?

Senator Drilon. I am concerned, Mr. President, that if we will not amend it in the way I have proposed, there will be questions raised later on as to whether or not there was a valid payment of the premiums, particularly use of government funds.

The Presiding Officer [Senator Roco]. Just a matter of procedure, is the Gentleman pressing for the amendment so that we can vote on it since the committee regrets that it cannot accept it? Or is the Gentleman manifesting for the record that he is not pressing for the amendment anymore?

SUSPENSION OF THE SESSION

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

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

It was 6:05 p.m.

RESUMPTION OF THE SESSION

At 6:16 p.m., the session was resumed.

The Presiding Officer [Senator Roco]. The session is resumed. The parliamentary status is, there was a proposed amendment. Are there any additions to the proposed amendment?

Senator Drilon. Mr. President.

The Presiding Officer [Senator Roco]. The Gentleman from Iloilo is recognized.

DRILON AMENDMENT

Senator Drilon. Mr. President, after conferring with the Sponsor, may I add a few more phrases to the original amendment I proposed.

From line 1 to line 5, we delete from the word "programmed" up to the words "paid up", and then we insert the following phrase: BY CONGRESS, UNLESS OTHERWISE ALLOWED BY EXISTING LAWS.

Senator Alvarez. As a compromise, Mr. President, we accept the amendment.

The Presiding Officer [Senator Roco]. The proposed amendment in lieu of the phraseologies in lines 1 to 5 is accepted by the Sponsor. Does anybody object? [Silence] There being none, the amendment is approved.

Is there any further amendment to page 5?

Senator Webb. Mr. President.

The Presiding Officer [Senator Roco]. The Gentleman from Parañaque is recognized.

WEBB AMENDMENTS

Senator Webb. Mr. President, on page 5, line 26, after the word "PHILIPPINES", add the following sentence: ANY CLAIM AGAINST THE FUND SHALL BE PAID TO THE INSURED, HIS HEIRS OR SUCCESSORS-IN-INTEREST IN THE SOONEST POSSIBLE TIME.

This will compel the corporation not to delay payments of claims, without preventing them, of course, Mr. President, to take the necessary steps to determine the veracity of the claim.

The Presiding Officer [Senator Roco]. Is the amendment to add a new sentence on immediacy of payment?

Senator Webb. That is right, Mr. President. May I repeat the amendment. After the word "PHILIPPINES", add a new

sentence to read: ANY CLAIM AGAINST THE FUND SHALL BE PAID TO THE INSURED, HIS HEIRS OR SUCCESSORS-IN-INTEREST IN THE SOONEST POSSIBLE TIME.

Senator Alvarez. It is accepted, Mr. President.

The Presiding Officer [Senator Roco]. The committee accepts. Is there any objection to the proposed amendment, as accepted? [Silence] There being none, the amendment is approved.

Are there any further amendments on page 5? [Silence] Are there any individual amendments on page 6? [Silence] Can we close then the proposed amendments on page 6?

Are there any amendments on page 7? The Gentleman from Parañaque is recognized.

Senator Webb. Page 7, line 4, Mr. President.

The Presiding Officer [Senator Roco]. Is there an anterior amendment from the Gentleman from Iloilo?

Senator Drilon. None, Mr. President.

The Presiding Officer [Senator Roco]. Please proceed, Gentleman from Parañaque.

Senator Webb. Mr. President, change the word "session" to MEETING and insert it between the words "Board" and "attended".

The Presiding Officer [Senator Roco]. What line is this?

Senator Webb. This is line 4, Mr. President.

The Presiding Officer [Senator Roco]. Line 4, page 7?

SUSPENSION OF THE SESSION

Senator Webb. May I request for a one-minute suspension, Mr. President.

The Presiding Officer [Senator Roco]. The session is suspended for one minute, if there is no objection. [There was none.]

It was 6:20 p.m.

RESUMPTION OF THE SESSION

At 6:21 p.m., the session was resumed.

The Presiding Officer [Senator Roco]. The session is resumed.

Senator Webb. On page 7, line 2, change the word "session" to MEETING.

The Presiding Officer [Senator Roco]. In lieu of the word "session", the word MEETING. What does the Sponsor say?

Senator Alvarez. It is accepted, Mr. President.

The Presiding Officer [Senator Roco]. Is there any objection to the amendment? [Silence] There being none, the amendment is approved.

Senator Webb. On the same page, line 2, insert between the words "Board" and "attended" the word PERSONALLY. This is to ensure that the board members shall attend the meeting personally and should not be represented to be able to get their per diem.

The Presiding Officer [Senator Roco]. That may go without saying. What does the Sponsor say?

Senator Alvarez. The amendment is accepted, Mr. President.

The Presiding Officer [Senator Roco]. The Sponsor accepts the amendment. Is there any objection? [Silence] There being none, the amendment is approved.

Senator Drilon. Mr. President.

The Presiding Officer [Senator Roco]. The Gentleman from Iloilo and Pandacan is recognized.

DRILON AMENDMENTS

Senator Drilon. On page 7, line 18, Mr. President, I propose the deletion of the words "OFFICE CONCERNED" and substitute it with the word MANAGER.

The Presiding Officer [Senator Roco]. Regional MANAGER?

Senator Drilon. That is correct, Mr. President.

The Presiding Officer [Senator Roco]. What does the Sponsor say?

Senator Drilon. If I may recall, Mr. President, in the course of our interpellation, we asked the Sponsor who in the regional

office will decide because we must have a person there and the reply was "regional manager." That is why instead of "REGIONAL OFFICE CONCERNED", we are proposing the deletion of the words "OFFICE CONCERNED" and substitute it with the word MANAGER.

The Presiding Officer [Senator Roco]. What does the Sponsor say?

Senator Alvarez. Mr. President, in a region, there are a number of offices, and in any of those offices the claim may be filed. So what this provision really contemplates is that, it is possible to obtain simultaneous services but not necessarily the apex of the regional organization.

Senator Drilon. This talks about settlement of claims, Mr. President. The purpose of the amendment is to identify the person who will decide the claim for indemnity instead of having an office. A clerk is part of an office, but certainly, I do not think that is the intention.

Senator Alvarez. I appreciate the proposal, Mr. President. If we establish the deciding individual by saying...

The Presiding Officer [Senator Roco]. Will a return of the word CONCERNED satisfy both Gentlemen?

Senator Drilon. I have no problem with that, Mr. President.

Senator Alvarez. Mr. President, I understand the Gentleman's concern that there should be an individual. But what I would like to be made clear is, it is not the manager of the region alone but there are several offices in a given region. A given region consists of provinces. We can file in the provincial level; we can even file in the municipal level and there are heads of offices in those levels who can settle the claims. As a matter of fact, this expedites or facilitates the settlement of claims.

I also understand what the Gentleman means by stating that there should be an individual in particular offices who should be accountable for settling the claims. If that is incorporated by the Gentleman, if we can craft that, I will accept the amendment.

Senator Drilon. Mr. President, the amendment is only to identify the person in the regional office who will decide and settle the claim. That is all that the amendment proposes. Precisely because of the possible confusion that can result if there are a number of offices in a province or number of officials in the regional offices, we must have somebody who will decide the claim.

I am accepting the proposal of the Chair to retain the word

CONCERNED, if that will make the amendment acceptable to the committee, Mr. President.

The Presiding Officer [Senator Roco]. What does the Sponsor say?

Senator Alvarez. I am trying to craft an amendment which responds to the concern of the Gentleman and which will be acceptable. Because if we delete the words "OFFICE CONCERNED"—we mean the regional manager who is the highest official of the organization in the region—that will be to the injury of the many claimants who may come from the towns where there is an office and there is already a head of the PCIC in that particular office.

What we are trying to clarify here is that "OFFICE CONCERNED" means whichever office in the region, any of the regional offices. I am also aware of what the Gentleman wants—that there should be somebody who is going to be held accountable in any of these offices.

If the Gentleman will work out with me the provision to clarify this matter, it will be appreciated.

SUSPENSION OF THE SESSION

Senator Drilon. Sure. May we have a one-minute suspension of the session so that we can work it out.

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

It was 6:27 p.m.

RESUMPTION OF THE SESSION

At 6:32 p.m., the session was resumed.

The Presiding Officer [Senator Roco]. The session is resumed. What is the parliamentary status? The Gentleman from Iloilo is recognized.

Senator Drilon. We are proposing an amendment to line 18, particularly the words "office concerned" and subject to style, the amendment will define the manner in which the claims will be settled.

The Presiding Officer [Senator Roco]. May the Chair reflect the agreement.

Senator Drilon. Yes, Mr. President.

The Presiding Officer [Senator Roco]. The proposed amendment will read as follows: Instead of the word "office" we shall say THE REGIONAL MANAGER CONCERNED OR THE APPROPRIATE OFFICER TO WHOM HE MAY DELEGATE THE FUNCTION.

Senator Alvarez. It is accepted, Mr. President.

The Presiding Officer [Senator Roco]. If that is accepted, if that is reflective of the agreement.

Senator Drilon. THE APPROPRIATE OFFICER TO WHOM HE MAY DELEGATE THE FUNCTION.

The Presiding Officer [Senator Roco]. Is there any objection to the amendment as accepted? [*Silence*] There being none, the amendment is approved.

Senator Drilon. Mr. President, in line 19, instead of the words "regional office" it now becomes REGIONAL MANAGER. Delete the word "office" and substitute it with the word MANAGER.

The Presiding Officer [Senator Roco]. In lieu of the term "office", substitute it with the word MANAGER. What does the committee say?

Senator Alvarez. It is accepted, Mr. President.

The Presiding Officer [Senator Roco]. Is there any objection to the amendment? [*Silence*] There being none, the amendment is approved.

Senator Drilon. In line 21, the word "office" is deleted to be substituted with the word MANAGER.

The Presiding Officer [Senator Roco]. Again, as a consequence of the previous amendments. Does the committee accept?

Senator Alvarez. It is accepted, Mr. President.

The Presiding Officer [Senator Roco]. Is there any objection to the amendment? [*Silence*] There being none, the amendment is approved.

Senator Drilon. On page 7, line 22, I propose the deletion of the words "EXECUTIVE VICE-PRESIDENT".

The Presiding Officer [Senator Roco]. It reads "TO THE PRESIDENT OF THE CORPORATION FOR DECISION."

What does the committee say?

Senator Alvarez. It is accepted, Mr. President.

The Presiding Officer [Senator Roco]. Is there any objection to the amendment? [Silence] There being none, the amendment is approved.

Senator Drilon. In line 24, instead of the words "A PARTY", I propose their deletion and start the line with the words "THE CLAIMANT".

The Presiding Officer [Senator Roco]. "THE CLAIMANT AGGRIEVED BY THE DECISION".

Senator Drilon. Yes, Mr. President.

The Presiding Officer [Senator Roco]. What does the committee say?

Senator Alvarez. It is accepted, Mr. President.

The Presiding Officer [Senator Roco]. Is there any objection to the amendment as accepted? [Silence] There being none, the amendment is approved.

Senator Drilon. In line 25, as a consequence of the previous amendment, we delete the word "OFFICE" and change it to MANAGER.

The Presiding Officer [Senator Roco]. Is that accepted by the committee?

Senator Alvarez. It is accepted, Mr. President.

The Presiding Officer [Senator Roco]. Is there any objection? [Silence] There being none, the amendment is approved.

Senator Drilon. In line 29, delete the words "EXECUTIVE VICE-PRESIDENT".

Senator Alvarez. It is accepted, Mr. President.

The Presiding Officer [Senator Roco]. The amendment being accepted, is there any objection? [Silence] There being none, the amendment is approved.

Senator Drilon. In line 30, delete the word "OR" up to the end of line 31.

The Presiding Officer [Senator Roco]. So the appeals with the president of the corporation. What does the committee say?

Senator Alvarez. The last recourse would be the judicial

process, Mr. President.

The Presiding Officer [Senator Roco]. Yes, and the board of directors will still be covered by the corporation law, public and administrative laws and similar other procedures because we are not amending them in any manner.

Senator Alvarez. It is accepted, Mr. President.

The Presiding Officer [Senator Roco]. Is there any objection? [Silence] There being none, the amendment is approved.

We close the amendment on page 7 and proceed to page 8. Is there any individual amendment on page 8? [Silence] If there is none, we close the amendment on page 8.

Is there any proposed amendment to the title? [Silence] What is the pleasure of the Majority Leader?

Senator Romulo. Mr. President, I move that we close the period of individual amendments.

The Presiding Officer [Senator Roco]. There is a motion to close the period of individual amendments. Is there any objection? [Silence] There being none, the same is approved.

Senator Romulo. Mr. President, after consultation with the Sponsor and the Minority Leader, we will consider the approval on Second Reading of this bill tomorrow.

The Presiding Officer [Senator Roco]. It shall be calendared for Special Orders. So the voting on the matter will be scheduled for tomorrow afternoon.

SUSPENSION OF CONSIDERATION OF S. NO. 1157

Senator Romulo. In view thereof, I move that we suspend, in the meantime, consideration of Senate Bill No. 1157.

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

Senator Romulo. Mr. President, as we announced yesterday, we have two electoral bills that we would like to consider for sponsorship this afternoon.

SUSPENSION OF THE SESSION

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

RECORD OF THE SENATE

WEDNESDAY, OCTOBER 4, 1995

OPENING OF THE SESSION

At 4:29 p.m., the President of the Senate, Hon. Neptali A. Gonzales, called the session to order.

The President. The 25th session of the Senate in the First Regular Session of the Tenth Congress of the Philippines is hereby called to order.

We shall rise and be led in prayer by Senator Anna Dominique M.L. Coseteng.

Everybody rose for the opening prayer.

PRAYER

Senator Coseteng.

Omahal na Birhen ng Santo Rosario, sa iyong kaluwalhatian, ipadama sa amin ang iyong malugod na pagtingin lalo na po ngayong buwan ng Oktubre kung saan namin idinaraos ang iyong pista bilang papuri sa iyong kabanalan.

Bendisyunan mo ang Kapulungang ito nang hindi mamayani sa aming mga puso ang kayabangan at makasariling interes at buong tapat kaming makapagsilbi sa sambayanang Pilipino sa ngalan ng iyong anak na si Hesus.

Tulungan mo kami upang lubusan naming mabigyan ng kalunasan ang mga napakasidhing problema na ngayo'y kinakaharap ng aming bayan.

Kahabagan mo, mahal na Birhen, kaming mga anak mo lalo na ang mga nasalanta ng bagyo, ang mga mamamayan ng Pampanga na ngayo'y lugmok na sa walang humpay na hagupit ng lahar.

Pawiin mo ang gutom ng marami sa amin na dulot ng kakulangan ng bigas. Pagmasdan mo ang mga napakahabang pila sa mga bigasang bayan. O mahabaging Birhen, kailan pa kaya kami magkakaroon ng sapat na bigas?

Sa darating na pagtaas ng presyo ng langis at ang kasunod na pagtaas ng presyo ng bilihin, pagpalain mo ng iyong banal na kalinga ang mga ordinaryong manggagawa, haligi ng bansa, na siyang papasan ng karagdagang pasakit na ito.

Patubayan mo, aming Ina, sina Sarah Balabagan, Rosalia Maglalang, John Aquino, at lahat pang mga kapatid na migranteng manggagawa na ngayo'y nasa bingit ng kamatayan sa ibang

bansa. Napakasaklap ng kanilang sinapit dahil lamang sa pagnanais na magkaroon ng mas mabuting kabuhayan.

Patubayan mo rin ang lahat ng Pilipinong migranteng manggagawa na ngayon ay kalat na sa higit sa 137 bansa.

Sa iyong mapaghimalang biyaya, dumating po sana ang panahon na hindi na nila kailangan pang lumisan sa bayang sinilangan upang kumita nang sapat at mabuhay nang marangal.

Buhay ang aming pag-asa at tiwala na sa iyong dakilang pagmamamahala, ay hindi mo kami pababayaang. At lahat ng pagsubok ay aming kakayanin sapagkat ikaw ay aming kapiling.

Dinggin mo ang aming pagsusumamo, mahal na Birhen Maria; ngayon at magpakailan man.

Amen.

ROLL CALL

The President. The Secretary will now call the roll.

The Secretary.

Senator Heherson T. Alvarez	Present
Senator Edgardo J. Angara	Present
Senator Anna Dominique M. L. Coseteng	Present
Senator Franklin M. Drilon	Present
Senator Juan Ponce Enrile	Present
Senator Marcelo B. Fernan	Present
Senator Juan M. Flavio	Present
Senator Ernesto F. Herrera	Absent
Senator Gregorio B. Honasan	Present
Senator Gloria M. Macapagal	Present*
Senator Ernesto M. Maceda	Present
Senator Ramon B. Magsaysay Jr.	Present
Senator Orlando S. Mercado	Present
Senator Blas F. Ople	**
Senator Sergio R. Osmeña III	Present
Senator Ramon B. Revilla	Present*
Senator Raul S. Roco	Present
Senator Alberto G. Romulo	Present
Senator Miriam Defensor-Santiago	Present
Senator Leticia R. Shahani	Present
Senator Vicente C. Sotto III	Present
Senator Francisco S. Tatad	**
Senator Freddie N. Webb	Present
The President	Present

*Arrived after the roll call

**On official mission

The President. With 19 Senators present, the Chair declares the presence of a quorum.

SUSPENSION OF THE SESSION

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

It was 4:33 p.m.

RESUMPTION OF THE SESSION

At 4:34 p.m., the session was resumed with the Senate President Pro Tempore presiding.

The President Pro Tempore. The session is resumed.

THE JOURNAL

Senator Romulo. Madam President, I move that we dispense with the reading of the *Journal* of the previous session and consider the same as approved.

The President Pro Tempore. Is there any objection? [*Silence*] The Chair hears none; the motion is approved.

The Secretary will now proceed with the reading of the Order of Business.

REFERENCE OF BUSINESS

BILL ON FIRST READING

The Secretary. Senate Bill No. 1221, entitled

AN ACT ESTABLISHING A STRATEGIC FOOD SECURITY BUFFER STOCK, AND FOR OTHER PURPOSES

Introduced by Senator Shahani.

The President Pro Tempore. Referred to the Committees on Agriculture and Food; and Finance.

RESOLUTION

The Secretary. Proposed Senate Resolution No. 166, entitled

RESOLUTION DIRECTING THE COMMITTEE ON GOVERNMENT CORPORATIONS AND PUBLIC ENTERPRISES TO CONDUCT AN

INQUIRY, IN AID OF LEGISLATION, ON THE REPORT OF THE COMMISSION ON AUDIT (COA) REGARDING THE ALLEGED UN-ACCOUNTED FUNDS OF THE GOVERNMENT SERVICE INSURANCE SYSTEM (GSIS)

Introduced by Senators Angara, Herrera, Fernan and Drilon.

The President Pro Tempore. Referred to the Committees on Government Corporations and Public Enterprises; and Banks, Financial Institutions and Currencies.

BILL ON SECOND READING S. No. 1157 - Amending the PCIC Charter (Continuation)

Senator Romulo. Madam President, I move that we resume consideration of Senate Bill No. 1157 as reported out under Committee Report No. 3.

The President Pro Tempore. Resumption of consideration of Senate Bill No. 1157 is now in order.

SUSPENSION OF THE SESSION

Senator Romulo. Madam President, I ask for a one-minute suspension of the session.

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

It was 4:36 p.m.

RESUMPTION OF THE SESSION

At 4:56 p.m., the session was resumed.

The President Pro Tempore. The session is resumed.

Senator Romulo. Madam President, may I ask that Senator Alvarez, the Sponsor of Senate Bill No. 1157, the Philippine Crop Insurance Corporation Bill, be recognized.

The President Pro Tempore. Senator Alvarez is recognized.

MOTION OF SENATOR ROMULO (To Reopen the Period of Individual Amendments)

Senator Romulo. Madam President, I move that we reopen the period of individual amendments, and we recognize the distinguished Minority Leader, Senator Angara, for his individual amendments.

The President Pro Tempore. Senator Angara is recognized.

I understand that clean copies of the bill, as corrected as of October 3, 1995, have been distributed to all the Senators. These are found in the black folders before us.

Senator Angara. Thank you, Madam President. Am I now to understand that the basis of our amendments would be the amended copy as of October 3, 1995?

The President Pro Tempore. Yes. I believe this is the copy which all of us are using in this session.

Senator Angara. It will be used for the first time this afternoon.

The President Pro Tempore. This has been distributed for the first time this afternoon.

Senator Angara. Yes, Madam President. If it will be used for the first time this afternoon, then a motion to have it adopted as the working copy may be in order.

**MOTION OF SENATOR ROMULO
(Amended Bill as of October 3, 1995 as Working Copy)**

Senator Romulo. Madam President, I move that the corrected copy, which includes all the amendments until last night, be adopted as the working copy for the individual amendments that will be proposed by the Minority Leader.

The President Pro Tempore. Is there any objection to using the amended copy as of October 3, 1995 for the amendments to be presented this afternoon? [Silence] There being none, the motion is approved.

Senator Angara. Thank you, Madam President.

Yesterday, we defined what a small-scale/subsistence farmer is. Instead of using the phrase "small-scale/subsistence farmer", we just used the words SUBSISTENCE FARMER.

I discovered that there are other references to small-scale/subsistence farmers in the other pages of this draft. May I make an omnibus motion that whenever the phrase "small-scale/subsistence farmer" is used, it be substituted with the words SUBSISTENCE FARMER.

Senator Alvarez. I second the motion, Madam President. As a matter of fact, in this copy that we have on hand, we have already marked those alterations.

Senator Angara. That is not so, Madam President. On page 1, line 14, the phrase is still "small-scale/subsistence farmer". On page 3, line 28, the phrase is still "small-scale/subsistence farmer", and so on.

Senator Alvarez. The Sponsor has already marked on his copy these changes, and we intend to introduce them, Madam President.

The President Pro Tempore. The omnibus amendment is accepted whenever it appears in this copy.

Senator Roco. Madam President.

The President Pro Tempore. Senator Roco is recognized.

ROCO AMENDMENT

Senator Roco. Madam President, with the permission of the Gentlemen.

Since that is an omnibus motion, will it be possible, in an effort to improve the style, that after line 14 on page 1—the first time we used "subsistence farmers"—the definition that was introduced yesterday be attached with a phrase in parenthesis "(hereafter referred to as "subsistence farmers")" and thereafter, all subsequent sections will just use the term "subsistence farmers"?

I wonder, Madam President, if this will be an acceptable amendment, since we are now exerting an effort to improve the style.

Senator Angara. This is a matter of style, Madam President.

The President Pro Tempore. May I know if this is acceptable to Senator Angara?

Senator Angara. Yes, because it is just a matter of style not substance.

The President Pro Tempore. So, if there is no objection, the proposal of Senator Roco is accepted.

Senator Alvarez. I have no objection, Madam President.

Senator Angara. On page 5, Section 7, line 25, let me ask some questions before I put my amendment, Madam President. This State Reinsurance Fund will be administered by the Department of Agriculture according to this clause. Is it not?

Senator Alvarez. Which section is the Gentleman referring to?

Senator Angara. Section 7, on page 5. That will be Section 8-A. It says:

A STATE REINSURANCE FUND FOR AGRICULTURAL INSURANCE IN THE AMOUNT OF FIVE HUNDRED MILLION PESOS (P500,000,000.00) SHALL BE CREATED EXCLUSIVELY TO ANSWER FOR A PROPORTION OF ALL LOSSES IN EXCESS OF RISK (PURE) PREMIUM UNDER THE CORPORATION'S INSURANCE PROGRAM FOR SMALL FARMERS. THE FUNDS SHALL BE ADMINISTERED BY THE DEPARTMENT OF AGRICULTURE.

What is the main purpose of this reinsurance fund, Madam President?

Senator Alvarez. This is actually in the form of additional insurance while the nomenclature is a reinsurance fund. So that when the pure risk of the Philippine Crop Insurance coverage is exceeded, then the reinsurance fund may be called upon or the additional fund may be called upon to answer for the additional risk.

Senator Angara. And who will be the insurer of this reinsurance contract?

Senator Alvarez. Actually, it is the Philippine government. This is a practice which the Philippine Crop Insurance found to be expedient, and they have drawn this from the experience of the Japanese cooperative where the Japanese government had become the reinsurer through its Department of Agriculture.

Senator Angara. This is a practice that will only be started once we pass this bill?

Senator Alvarez. In the Philippines. They have modeled it after the practice in Japan.

Senator Angara. Yes. It is quite strange, Madam President, because this will, in effect, allow the insurer to be a reinsurer itself. As I understand it, a reinsurance contract is one where another insurer insures the loss or liability of the first insurer. But in this case, we are going to combine the insurer and reinsurer in one person. That definitely will not spread the risk.

As we know it, Madam President, the reinsurance scheme has been invented to spread the risk among several corporations, among several entities. But in this case, we are putting the risk in just one basket, as the Gentleman said, in the Philippine government, and this Philippine Crop Insurance is a Philippine

government corporation.

Senator Alvarez. As I pointed out to the Gentleman, strictly speaking, it is not a reinsurance. It is an additional insurance, Madam President.

Senator Angara. If it is an additional insurance; Madam President, then we must call it as such. But I cannot conceive of P500 million as additional insurance because insurance depends on the production cost of a farmer. How can it be that P500 million will be additional insurance?

Senator Alvarez. By reckoning, Madam President, I think that the Philippine Crop Insurance Corporation has made calculations. The highest total ruin or damage that it has incurred is about 20 percent, in which case the coverage for the Philippine Crop Insurance Corporation will be 12 percent, and the additional percentage is calculated to be well within the coverage of P500 million.

Senator Angara. Yes, Madam President. But it is the concept that is quite questionable here. We are putting the risk in one insurer, whereas the concept of reinsurance is to spread the risk by getting a third-party insurer to take up part of the risk assumed by the insurer. I believe that we cannot, by legislation, just create a reinsurance scheme, especially in a charter like this.

Senator Alvarez. Madam President, we are talking of a reinsurance scheme. If we are going to look at the whole arrangement of this insurance program, it is really a social remedial measure. In a way, we will see a reinsurance premium which is subsidized by many participating entities, including the insurance company itself and the lending institutions.

There is really a variance in this social legislation that may not agree entirely with our concept of commercial insurance.

Senator Angara. I beg to disagree, Madam President, because when we use a technical term like "state reinsurance fund", then we must define that term in the right insurance concept. It is unthinkable that a reinsurance scheme is done by one insurance company or insurer.

As I said, the very nature of reinsurance is that a third party, or a third insurer, takes up part of the risk of the insurance so that that the risk is spread. In this case, we are not going to spread the risk. In fact, we are going to concentrate the risk on the government. That is why, Madam President, does it seem more prudent that we are placing this crop insurance under the insurance law? Precisely, part of the prudent insurance management is to set aside part of the premium income for premium in

favor of a reinsurer. But we do not set aside half-a-billion pesos just for that purpose. We have to calculate it out of the total premium income to determine how much shall be set aside in order to get a reinsurance contract or treaty with other insurance companies.

Senator Alvarez. Madam President, when I first saw this provision, I raised the same questions that I am encountering now with the Gentleman. We came up with the observation that since it has modeled this on other international experiences, like that of Japan, it does not fall alongside neatly with commercial insurance. I have given the observation that this is not an additional insurance on the part of the government.

Senator Angara. I cannot conceive of that, Madam President. It is either a reinsurance or it is not. If it is not a reinsurance, then it cannot be an additional insurance. If it is an additional insurance, then why not just add it to the capital stock of the corporation? In this case, obviously, it is not. Madam President, I am not against the Philippine Crop Insurance Corporation reinsuring its risk not just with one insurer but with several reinsurance companies, because that is the way we spread the risk. What I am saying is that this is not the right way to create that situation. This is an amendment of the charter and we cannot, at the same time, create a so-called "reinsurance fund" out of this.

Reinsurance is part of normal management by an insurance company. Out of a P1.00 premium, they can set aside maybe P0.20 to buy a reinsurance. But we cannot just simply say, "Here is P500 million. Here is a reinsurance fund. If the losses exceed your insurance cover, you dip your finger into this reinsurance fund." That is not reinsurance at all.

But as I said, Madam President, this is not without prejudice to coming up with a scheme that will allow the Philippine Crop Insurance Corporation some capacity to have its liability or loss insured by reinsurers.

For that reason, I move that Section 8-A on page 5, line 28, and lines 1 to 14 on page 6 be deleted.

SUSPENSION OF THE SESSION

Senator Alvarez. Madam President, may I ask for a suspension of the session before we proceed with the deliberation on this issue.

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

It was 5:11 p.m.

RESUMPTION OF THE SESSION

At 5:17 p.m., the session was resumed.

The President Pro Tempore. The session is resumed. Senator Alvarez is recognized.

ANGARA-ALVAREZ AMENDMENT

Senator Alvarez. Madam President, after consultation, we are prepared to accept the amendment, the deletion proposed by the Gentleman, and in lieu thereof, the general statement that spells out the reinsurance viability, to the effect that after deleting Section 8-A, it becomes: IN ORDER TO SPREAD THE RISK OF THE CORPORATION, THE PHILIPPINE CROP INSURANCE IS HEREBY AUTHORIZED TO SEEK REINSURANCE PROTECTION WHEREVER IT MAY BE AVAILABLE.

The President Pro Tempore. Could we have the amendment again?

Senator Alvarez. After deleting, it becomes: IN ORDER TO SPREAD THE RISK OF THE CORPORATION, THE PHILIPPINE CROP INSURANCE IS HEREBY AUTHORIZED TO SEEK REINSURANCE PROTECTION WHEREVER IT MAY BE AVAILABLE.

The President Pro Tempore. I see. So that is the substitute amendment as proposed by Senator Angara and as accepted by the Sponsor. Is there any objection? [*Silence*] There being none, the amendment is approved.

Senator Angara. I go now, Madam President, to the governing board of this corporation.

The President Pro Tempore. May we know what page and line?

Senator Angara. That is on page 6, beginning in line 18 and going through page 7 up to line 29. That is the whole provision on the governing board.

The governing board, Madam President, is to be composed of ten members, six of whom are ex officio members who are department secretaries, and four members are to be selected from sectoral groups.

Madam President, before I put the formal amendment, my proposal, in line with our desire to professionalize the Philippine Crop Insurance, is to reduce the board to a board of seven to be chaired by the Secretary of Agriculture—because we have to

establish the link between the Crop Insurance firm and the Department of Agriculture—the vice chairman will be the president of the Corporation; and five members will be selected from the private sector in the insurance field, from those involved in agricultural development, and from those involved in agricultural cooperatives and nongovernmental organizations.

That essentially is my amendment, Madam President. If I may now put it formally, delete the word and figure "TEN (10)" in line 20 up to line 34 on page 6, and delete lines 1 to 8.

Senator Alvarez. Madam President, may we ask the Proponent to repeat his proposal. The Secretary of Agriculture will be the chairman; the vice chairman will be the President of the Corporation.

Senator Angara. Let me say it now: A BOARD OF DIRECTORS COMPOSED OF SEVEN (7) MEMBERS WITH THE SECRETARY OF AGRICULTURE AS CHAIRMAN, THE PRESIDENT OF THE CORPORATION AS VICE CHAIRMAN; AND FIVE OTHER MEMBERS TO BE CHOSEN FROM THE PRIVATE SECTOR REPRESENTING THE INSURANCE AND SIMILAR FIELD, FROM AGRICULTURAL DEVELOPMENT, AND FROM AGRICULTURAL COOPERATIVES AND NONGOVERNMENTAL ORGANIZATIONS.

Senator Alvarez. Does the Insurance Commissioner count here as private or public sector in the consideration of the Gentleman's amendment?

Senator Angara. He will no longer sit in the board because he will be the watchdog of the corporation, Madam President. So subject to style, that will be my proposal.

SUSPENSION OF THE SESSION

Senator Alvarez. May I ask for a suspension of the session, Madam President.

The President Pro Tempore. The session is suspended for a few minutes, if there is no objection. [*There was none.*]

It was 5:23 p.m.

RESUMPTION OF THE SESSION

At 5:32 p.m., the session was resumed.

The President Pro Tempore. The session is resumed.

Senator Angara. Madam President.

The President Pro Tempore. Senator Angara is recognized.

ANGARA AMENDMENTS

Senator Angara. The provision now will read, subject to style. In lieu of Section 9.1, appearing on page 6, lines 18 to 34 then lines 1 to 6 on page 7, we propose the following:

"The power of the Corporation shall be vested in and exercised by a Board of Directors composed of SEVEN (7) members WITH THE SECRETARY OF AGRICULTURE AS CHAIRMAN, THE PRESIDENT OF THE CORPORATION AS VICE CHAIRMAN, AND FIVE (5) OTHER MEMBERS TO BE SELECTED FROM THE COOPERATIVE AND FARMERS' ORGANIZATION, THE PRIVATE INSURANCE SECTOR, AND THE AGRICULTURAL DEVELOPMENT SECTOR. OF THE FIVE (5) MEMBERS TO BE APPOINTED, TWO (2) SHALL BE APPOINTED FOR ONE (1) YEAR, TWO (2) FOR TWO (2) YEARS, AND THE FIFTH FOR THREE (3) YEARS."

The President Pro Tempore. May we know the pleasure of the Sponsor?

Senator Alvarez. It is accepted, Madam President. But we will just clarify that there will be one representative from the national cooperative organization, one representative from the national farmers' organization—these are all national organizations—two representatives from the private insurance sector—that should make it four—one representative from the agricultural development sector—that will make it five—all to be named by the President, and add the staggered proposal of the Gentleman.

The President Pro Tempore. Is this clarification acceptable to the Proponent?

Senator Angara. Yes, Madam President.

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

Senator Angara. And immediately after that, Madam President, we propose that there be created an advisory council. This would read as follows:

THERE SHALL BE AN ADVISORY COUNCIL COMPOSED OF FIVE MEMBERS CONSISTING OF THE FOLLOWING: THE SECRETARY OF FINANCE, THE SECRETARY OF AGRARIAN REFORM, THE SECRETARY OF BUDGET AND MANAGEMENT, THE PRESIDENT OF THE

LAND BANK, AND THE EXECUTIVE DIRECTOR OF THE AGRICULTURAL CREDIT AND POLICY COUNCIL.

The President Pro Tempore. May we know the pleasure of the Sponsor?

Senator Alvarez. It is accepted.

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

Senator Enrile. Madam President.

The President Pro Tempore. Senator Enrile is recognized.

Senator Enrile. With the permission of the two distinguished Gentlemen on the Floor, I would like to propose an anterior amendment, if this is permissible.

The President Pro Tempore. The Gentleman may proceed.

Senator Enrile. Madam President, I would like to recast the sentence beginning from line 16 on page 2 all the way to line 30, beginning with the word "THE" at the end of line 16. Instead of this whole text, I would like to propose the following:

THE PHILIPPINE CROP INSURANCE CORPORATION SHALL INSURE QUALIFIED FARMERS AGAINST LOSSES ARISING FROM NATURAL CALAMITIES, PLANT DISEASES AND PEST INFESTATIONS. INITIALLY, THE PHILIPPINE CROP INSURANCE CORPORATION SHALL PROVIDE INSURANCE COVERAGE FOR PALAY CROPS, WITHOUT PREJUDICE TO THE INCLUSION OF SUCH OTHER CROPS INCLUDING AGRICULTURAL FACILITIES, IMPLEMENTS, AND OTHER RELATED INFRASTRUCTURES, AS THE BOARD OF DIRECTORS OF THE PHILIPPINE CROP INSURANCE CORPORATION MAY DETERMINE. SUCH INSURANCE SHALL COVER, IN EVERY CASE, THE COST OF PRODUCTION INPUTS, THE VALUE OF THE FARMERS ON LABOR AND THOSE OF THE MEMBERS OF HIS HOUSEHOLD, INCLUDING THE VALUE OF THE LABOR OF HIRED WORKERS, AND A PORTION OF THE EXPECTED YIELD AS THE BOARD OF DIRECTORS, IN ITS DISCRETION DECIDE TO INSURE.

This is at the end of line 16, beginning with the word "THE" all the way to line 30 ending with the word "CORPORATION." I move for the deletion of that entire text and the substitution of the text that I have just read.

The President Pro Tempore. May we know the reaction of the Sponsor.

Senator Alvarez. I am of the impression now that the proposed amendment captures the intent of what is being deleted in more elegant style.

SUSPENSION OF THE SESSION

May I ask for a break to confer with the Proponent.

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

It was 5:39 p.m.

RESUMPTION OF THE SESSION

At 5:40 p.m., the session was resumed.

The President Pro Tempore. The session is resumed.

Senator Alvarez. The Gentleman is proposing that are delete the text starting from the word "THE" in line 16 up to the word "CORPORATION" in line 30, and in lieu hereof, the proposed substitution.

Senator Enrile. I have read the text already. This must have been recorded. Anyway, I will read again.

ENRILE AMENDMENTS

I move for the deletion of the text starting from line 16 all the way to line 30 of page 2, beginning with the word "THE" on line 16 and ending with the word "CORPORATION". In lieu thereof, substitute the following text:

THE PHILIPPINE CROP INSURANCE CORPORATION SHALL INSURE QUALIFIED FARMERS AGAINST LOSSES ARISING FROM NATURAL CALAMITIES, PLANT DISEASES, AND PEST INFESTATIONS. INITIALLY, THE PHILIPPINE CROP INSURANCE CORPORATION SHALL PROVIDE INSURANCE COVERAGE FOR PALAY CROPS, WITHOUT PREJUDICE TO THE INCLUSION OF OTHER CROPS, INCLUDING AGRICULTURAL FACILITIES, IMPLEMENTS, AND OTHER RELATED INFRASTRUCTURES, AS THE BOARD OF DIRECTORS OF THE PHILIPPINE CROP INSURANCE CORPORATION MAY DETERMINE. SUCH INSURANCE SHALL COVER, IN EVERY CASE, THE COST OF PRODUCTION INPUTS, THE VALUE OF THE FARMERS ON LABOR AND THOSE OF THE MEMBERS OF HIS HOUSEHOLD, INCLUDING THE VALUE OF THE LABOR OF HIRED WORKERS, AND A PORTION OF THE EXPECTED YIELD AS THE BOARD OF DIRECTORS, IN ITS DISCRETION, DECIDE TO INSURE.

The President Pro Tempore. May we know the pleasure of the Sponsor?

Senator Alvarez. The amendment is accepted, Madam President.

The President Pro Tempore. The Sponsor has accepted the amendment of Senator Enrile. Are there any objections to this amendment? [*Silence*] There being none, the amendment is approved.

Senator Enrile. On page 3, Madam President, if I may, in line 16, I would like to propose deleting the word "ONLY" after the word "LIMITED". When we say "limited", that means "only". There is a redundancy of expression. So, it will read: "SHALL BE LIMITED TO SUBSISTENCE FARMERS".

Senator Alvarez. The amendment is accepted, Mr. President.

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

Senator Enrile. In line 21, Madam President, on the same page, after the word "that", insert the words EACH OF before the pronoun "these". Delete the verb "are" and in lieu thereof, the verb IS will be substituted. So that this proviso would read: "PROVIDED, HOWEVER, THAT EACH OF THESE SUBSISTENCE FARMERS IS CULTIVATING NOT MORE THAN SEVEN (7) HECTARES..."

The President Pro Tempore. May we know the pleasure of the Sponsor?

Senator Alvarez. It is accepted, Madam President.

The President Pro Tempore. The amendment has been accepted by the Sponsor.

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

Senator Enrile. On page 4, line 14, Madam President, after the word "sharing" and before the word "previously", delete the conjunction "as". So that this text will read: "... AND SHARING PREVIOUSLY APPROVED BY THE PRESIDENT OF THE PHILIPPINES AS AUTHORIZED BY LAW..."

The President Pro Tempore. May we know the reaction of the Sponsor?

Senator Alvarez. It is accepted, Madam President.

The President Pro Tempore. The amendment is accepted by the Sponsor.

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

Senator Enrile. On page 5, line 31, Madam President, I suggest that the word "exclusively" appearing after the verb "created" be transposed to follow the word "answer". So that this text will read: "...SHALL BE CREATED TO ANSWER EXCLUSIVELY FOR..."

Senator Alvarez. This provision has already been deleted under the previous amendment proposed by the Gentleman from Aurora, Madam President.

The President Pro Tempore. Yes, that is correct. Section 8-A has been redrafted.

Senator Enrile. On page 6, line 8, Madam President, I propose that after the conjunction "and", delete the words "to what" and in lieu thereof, insert the article THE and after the word "liable" in the same line, insert the words FOR SUCH CLAIMS.

So that this text will read: "...THE MECHANICS OF CLAIMS AGAINST THE FUND AND THE EXTENT THE FUND SHALL BE LIABLE FOR SUCH CLAIMS SHALL BE DETERMINED JOINTLY BY THE DEPARTMENT OF AGRICULTURE AND THE CORPORATION, SUBJECT TO THE APPROVAL BY THE PRESIDENT OF THE PHILIPPINES."

Senator Angara. Madam President, this section has already been deleted.

Senator Enrile. It has been deleted.

The President Pro Tempore. Yes, and redrafted.

ANGARA AMENDMENTS

Senator Angara. If I may now complete the amendment, Madam President.

On page 7, lines 9 to 16, beginning with the words "The President" in line 9, and ending with the word "members" this text will be retained.

The President Pro Tempore. May we know the reaction of the Sponsor?

Senator Alvarez. This can be retained. It is not in collision with the accepted amendment introduced by the Gentleman, Madam President. It is only a definition of functions.

The President Pro Tempore. So lines 9 to 16 on page 7 are retained after the redrafted text.

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

Senator Angara. In line 23, Madam President, delete the phrase "that in case of the representatives of the small-scale/subsistence farmers sector" so that the proviso will simply read: "HOWEVER, THE BOARD IS AUTHORIZED TO DETERMINE REASONABLE TRAVELING AND SUBSISTENCE EXPENSES IN THE CASE OF THE PRIVATE SECTOR REPRESENTATIVES IN GOING TO AND RETURNING FROM SAID BOARD MEETINGS TO BE DISBURSED TO THEM IN ADDITION TO THEIR PER DIEM."

The President Pro Tempore. May we know the reason why there is a deletion?

Senator Angara. Because there is no more category called the small-scale/subsistence farmers sector, Madam President. There are now three sectors to be represented in the cooperative: the farmer's organization, the private insurance sector and the agricultural development sector. So, we are not distinguishing among them as far as reasonable traveling and subsistence expenses are concerned. The board may decide to give them reasonable traveling and, if necessary, subsistence allowance.

The President Pro Tempore. With that explanation, may we know whether the amendment is accepted by the Sponsor?

Senator Alvarez. Yes. If the Gentleman will restate the amendment.

Senator Angara. "PROVIDED, HOWEVER, THAT IN THE CASE OF THE PRIVATE SECTOR REPRESENTATIVES, THE BOARD IS AUTHORIZED TO DETERMINE REASONABLE TRAVELING AND, IF NECESSARY, SUBSISTENCE EXPENSES IN GOING TO AND RETURNING FROM SAID BOARD MEETINGS TO BE DISBURSED TO THEM IN ADDITION TO THEIR PER DIEM."

Senator Alvarez. Did the Gentleman say "reasonable

expense and necessary subsistence"?

Senator Angara. Yes, Madam President.

Senator Alvarez. The words "reasonable" and "necessary" are accepted.

The President Pro Tempore. So, the amendment in lines 23 to 29 is accepted by the Sponsor. Is there any objection? [*Silence*] There being none, the amendment is approved.

Senator Angara. I have one other amendment, Madam President.

The President Pro Tempore. Senator Angara is recognized.

Senator Angara. With the permission of the Chair and the Body's permission, I would like to turn back to page 3, line 32.

Senator Alvarez. Madam President, before we go back, Senator Enrile has an amendment on page 7.

The President Pro Tempore. Senator Enrile is recognized.

ENRILE AMENDMENT

Senator Enrile. I have a proposal that we delete in line 25, page 8, the preposition "of" before the word "preferred". That is a misplaced preposition. The text will read, "SUCH TRUST FUND MAY BE USED TO FINANCE PREMIUM REBATE, PREMIUM CREDIT APPLICABLE TO THE IMMEDIATE CROP SEASON, PURCHASE PREFERRED SHARES OF STOCK CERTIFICATES OF THE CORPORATION," etc.

Senator Alvarez. It is accepted.

The President Pro Tempore. The proposal is accepted by the Sponsor. Is there any objection? [*Silence*] There being none, the amendment is approved.

Senator Enrile. Madam President, may I propose that on page 8, line 24, insert the preposition "to" before the word "purchase" at the end of that line, and at the beginning of line 25, delete the preposition "of".

The President Pro Tempore. We have already accepted the deletion of the preposition "of". We shall now just be concerned with the acceptance of the word "to" before the word

"purchase." May we know the reaction of the Sponsor.

Senator Alvarez. Add the preposition TO before the word "purchase"?

Senator Enrile. Yes, "TO PURCHASE PREFERRED SHARES."

Senator Alvarez. It is accepted, Madam President.

The President Pro Tempore. It is accepted by the Sponsor. Is there any objection to this amendment? [*Silence*] There being none, the amendment is approved.

Senator Maceda. Mr. President.

The President Pro Tempore. Senator Maceda is recognized.

Senator Maceda. Are we discussing "11-B. *no claim benefits*?"?

Senator Alvarez. Yes, we can proceed to that, Madam President.

The President Pro Tempore. Yes, we are on page 8.

Senator Maceda. I assume the last amendment was in that paragraph.

Senator Alvarez. That is right, Madam President.

Senator Maceda. I was about to raise a more basic matter on this. This is under "no claim benefits," and it appears in the first part of the paragraph. The idea is to give an incentive to farmers who do not make any claims for three (3) crop seasons. But it seems to me that the real intention surfaces at the end where, after a series of options, the Corporation will have a trust fund to use to purchase preferred shares of stocks for the farmers.

If the idea is to give an incentive to farmers not to file any unnecessary claims, which I agree with, then it should be given back to them. Why should we go through all these rigmarole of really hiding a real intention of getting a trust fund to buy preferred shares? We are already fully subscribing to the stock of the corporation.

Where is the provision for the creation of another group of preferred shares this time to be sold to farmers? It seems to me that the PCIC is trying to—pardon me for saying—pull a fast one here. So, if they really want this, my proposal really is,

after the first part, put a period (.) in line 21 after the phrase "CROP SEASONS" and delete the rest of that paragraph, to read:

"ANY INSURED FARMER WHO HAS NOT FILED ANY CLAIM DURING THE IMMEDIATELY PRECEDING THREE (3)"—or if we want "FOUR (4)" on the basis that if it is an irrigated land, it will be two seasons a year—"CROP SEASONS SHALL BE ENTITLED TO A NO-CLAIM BENEFIT OF AT LEAST TEN PERCENT (10%) OF HIS PREMIUM SHARE PAID FOR SAID CROP SEASONS." And refund it to him.

If there is a need to sell preferred shares, then let it be through another scheme and not through this scheme, but, in effect should not compel the farmers to buy the preferred shares.

Senator Alvarez. Madam President.

The President Pro Tempore. Senator Alvarez is recognized.

Senator Alvarez. Madam President, during good seasons, this may prove to be a substantial amount. The purposes for which it was designed also revert to the farmer in terms of financing, premium rebate, premium credit applicable to the immediate crop season. So that we give some leeway to the Board of Directors.

Perhaps, we can delete that item which says "TO PURCHASE PREFERRED SHARES OF STOCK CERTIFICATES OF THE CORPORATION".

Senator Maceda. If that is the desire of the majority of the Senate, that is all right with me. But I am really specifically objecting to the idea of creating a trust fund, and then for it to be used to give preferred shares to farmers.

Farmers do not even understand what preferred shares are, to begin with, and we are going to make them as preferred stockholders of the corporation. This is all one big scheme.

Senator Alvarez. I wonder whether the Gentleman would be amenable to deleting that particular reference of preferred shares.

Senator Maceda. I accept the proposed amendment to my amendment, Madam President.

So it will read: "TO BE DEPOSITED IN A TRUST FUND AND TO BE MANAGED BY THE PCIC. SUCH TRUST

FUND MAY BE USED TO FINANCE PREMIUM REBATE OR PREMIUM CREDIT APPLICABLE TO THE IMMEDIATE CROP SEASONS."

The President Pro Tempore. I take it that the sponsor accepts the amendment of Senator Maceda as amended also by him.

Senator Alvarez. It is accepted, Madam President.

The President Pro Tempore. Is there any objection to the amended subparagraph 11-B? [*Silence*] There being none, the amendment is approved.

Senator Angara. Madam President.

The President Pro Tempore. Senator Angara is recognized.

ANGARA AMENDMENTS

Senator Angara. Madam President, I have an amendment in line 3, page 8. This is subparagraph 11-A.1, "*Settlement of Claims.*"

I propose that we put a deadline within which claims can be settled because it is critical to the farmer that his crop loss shall be compensated timely or at the very least before the next planting season is concerned. A protracted settlement of claims can be damaging to him and can destroy the very essence of crop insurance.

I propose that claims for indemnity against the corporation shall be settled within 15 days from receipt of proof of loss.

SUSPENSION OF THE SESSION

Senator Alvarez. Madam President, may I ask for a one-minute suspension of the session.

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

It was 6:02 p.m.

RESUMPTION OF THE SESSION

At 6:04 p.m., the session was resumed.

The President Pro Tempore. The session is resumed. Senator Angara is recognized.

Senator Angara. Madam President, my amendment will go between lines 15 and 18 of page 8 and will be a subparagraph

denominated as 11-A.3. The amendment reads as follows:

CLAIMS FOR INDEMNITY AGAINST THE CORPORATION SHALL BE SETTLED WITHIN A PERIOD OF FORTY-FIVE (45) CALENDAR DAYS FROM RECEIPT OF PROPERLY DOCUMENTED PROOF OF LOSS.

The President Pro Tempore. May we know the pleasure of the Sponsor?

Senator Alvarez. "Forty-five calendar days from the date of the submission of a properly documented proof of loss."

The President Pro Tempore. So, instead of the word "receipt" the Gentleman is proposing the word SUBMISSION?

Senator Angara. Either way, Madam President.

Senator Alvarez. The Committee will accept the word RECEIPT in lieu of "submission"—"from the date of RECEIPT by the Philippine Crop Insurance office of properly documented proof of loss."

The President Pro Tempore. Is the clarification made by the Sponsor accepted?

Senator Angara. Yes, Madam President.

The President Pro Tempore. The amendment as proposed by Senator Angara and further clarified by the Sponsor is accepted.

Is there any objection to this amendment? [*Silence*] There being none, the amendment is accepted.

Senator Angara. One final amendment, Madam President, and with the permission of the Body.

I want to go back to page 3, line 32. Between the words, "against" and "unavoidable", insert the word UNFORESEEN.

So the phrase will be: "insurance coverage against UNFORESEEN and unavoidable risks such as..."

Because in insurance, Madam President, it should not only be unavoidable but it must also be unforeseen. If it is unforeseen, although unavoidable, then that is not an insurable risk.

The President Pro Tempore. Is this acceptable to the Sponsor?

Senator Alvarez. It is accepted, Madam President.

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

Senator Angara. Thank you, Madam President.

Senator Maceda. Madam President.

The President Pro Tempore. Senator Maceda is recognized.

Senator Maceda. Madam President, on page 7, may I know from the Sponsor if there has been any amendment in lines 17 to 29, in connection with the per diems of the members of the board?

Senator Alvarez. There has not been, except that which has been proposed originally before today's amendment.

MACEDA AMENDMENT

Senator Maceda. I would like to propose, considering that this is now a P2 billion corporation and the Gentleman wants to appoint five people from the private sector, and considering that we have previously, I think, on at least two occasions, provided for P1,500 as the per diem per session, that we increase the per diem from P1,000 to P1,500 and the monthly limit from P5,000 to P7,500.

Senator Maceda. That will read ONE THOUSAND FIVE HUNDRED PESOS (P1,500.00) in words and figures; and in line 22, it will read SEVEN THOUSAND FIVE HUNDRED PESOS (P7,500.00) in words and figures.

Senator Alvarez. I think that is reasonable. I accept, Madam President.

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

Senator Enrile is recognized.

PARLIAMENTARY INQUIRY

Senator Enrile. Parliamentary inquiry, Madam President.

The insertion of the word PERSONALLY after the word "Board" in line 20, page 7, would this mean that the members of the Cabinet not be allowed to appoint representatives to

participate in the deliberation of the Board?

I ask this question, Madam President, because from my experience—I used to sit as a Director of this Corporation—because of the pressure of work in the Cabinet, I used to assign one of my undersecretaries to represent me and he enjoyed the per diem from this corporation. Evidently, the addition of the word PERSONALLY would now deny a representative from sitting in this Board to represent the Cabinet member. I am afraid it might not have a quorum to discharge the function of this Board if this provision is allowed as it is.

Senator Alvarez. Madam President, we have already altered the composition of the Board so that there would only be one Cabinet member, the Secretary of Agriculture, as the presiding chairman. In the Board of Advisers, because it is really advisory in capacity, the members have to do it personally, and there are five Cabinet members. The initial composition of ten, which consisted of about six Cabinet members, has been changed now.

Senator Enrile. How many members of the Board will there be?

Senator Alvarez. There will be seven members of the Board. The Secretary of Agriculture as the presiding officer; the Vice Chairman as the President of the PCIC; and five members as representatives from the private sector.

Senator Enrile. So, is there only one Cabinet member? And in the absence of the ex officio chairman, the Board can function with the presence of the vice chairman.

Senator Alvarez. Yes, Madam President.

Senator Enrile. Thank you, Madam President.

Senator Drilon. Madam President.

The President Pro Tempore. Senator Drilon is recognized.

Senator Drilon. Madam President, with all these amendments, will the Sponsor consider amending other portions of the basic Charter, PD No. 1467, in order to make it consistent with the amendments now proposed?

I have gone over the text of PD No. 1467, and there are a number of provisions which would have to be deleted or amended in order to be consistent with the amendments as already accepted by the committee. We can go through it very quickly, Madam President, if the Sponsor will agree.

Senator Alvarez. The Gentleman must offer the amendments specifically, Madam President. We cannot have a blanket proposal for amendments.

Senator Drilon. Yes, Madam President. I am not offering a blanket proposal. I will go to the specifics.

Senator Alvarez. We will welcome the proposals, Madam President.

DRILON AMENDMENTS

Senator Drilon. Madam President, would the committee accept the proposal of deleting all references to "rice" in the original Charter, since the corporation will now cover not only rice but all crops?

For example, the "Whereas" clauses of PD No. 1467 make reference only to rice farmers in a number of paragraphs.

Senator Alvarez. There is no repugnance to the proposed amendments on what have been amended, Madam President. We accept that.

Senator Drilon. In Section 3 of PD No. 1467, under 3.5, which is not sought to be amended, we propose of deleting the word "rice", which is a limitation on the power of the corporation insofar as insuring crops is concerned.

Madam President, Section 3 reads:

Powers. The Corporation shall have the following powers: "3.5. To insure rice production of farmers against loss."

We propose of deleting under Section 3.5, the word "rice" so that it will be consistent with the general concept of expanding the powers of the corporation to include not only rice but other crops.

Senator Alvarez. Madam President, for purposes of symmetry, may we ask the Gentleman to indicate in this working draft of Senate Bill No. 1157 where these proposed amendments must be embedded.

SUSPENSION OF THE SESSION

Senator Romulo. May I ask for a one-minute suspension of the session, Madam President.

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

It was 6:15 p.m.

RESUMPTION OF THE SESSION

At 6:20 p.m., the session was resumed.

The President Pro Tempore. The session is resumed. Senator Drilon is recognized.

Senator Drilon. Madam President, in lieu of going through each of the provision, subject to style, can we include in Senate Bill No. 1157, a provision which will state substantially that "ALL PROVISIONS OF PD 1467 INCONSISTENT WITH THIS ACT ARE HEREBY REPEALED"?

The President Pro Tempore. I believe that is the proper procedure. May we have the comments of the Sponsor.

Senator Alvarez. That should fit with Section 9-A, "ALL PROVISIONS OF PD 1467 INCONSISTENT WITH THIS ACT." It is accepted, but subject to style.

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

Senator Drilon. Madam President, can the committee consider an insertion on page 8 after line 27 to include an amendment to Section 15 of PD No. 1467 as far as the utilization of the profits of the Corporation is concerned?

Madam President, if I may explain Section 15 of the existing law, the Charter of PCIC, reads as follows:

SEC. 15. Utilization of Profits. - The profits of the Corporation shall be determined on the calendar year basis and the manner of its distribution shall be determined by the Board of Directors.

We believe, Madam President, that since the enactment of this law, there has been subsequent laws which will require, if I recall it correctly, that 50 percent of the dividends shall be remitted through the National Government.

Will the committee accept an amendment which will be incorporated in Senate Bill No. 1157, an amendment to Section 15, as amended? That will be "Sec. 9-A" of Senate Bill No. 1157 which will read: "Section 15 of Presidential Decree No. 1467 is hereby amended to read as follows:

SEC. 15. Utilization of Profits. - The profits of the corporation shall be determined on the calendar year

basis and the manner of its distribution shall be determined by the LAW.

Senator Alvarez. It is accepted, Madam President. Except that "Section 9-A," on the repeal of all inconsistent provisions becomes "Section 9-B," and the latest proposal of the Gentleman will become "Section 9-A." We have to slide down "Section 9-A" to "Section 9-B."

The President Pro Tempore. Is there any objection to this proposal which has been accepted by the Sponsor? [*Silence*] There being none, the amendment is approved.

Senator Romulo. Madam President, just an omnibus motion that the renumbering shall be made accordingly in the bill, as amended.

The President Pro Tempore. Yes. This is an editing amendment. No objection on the part of the Sponsor? [*Silence*] There being none, the motion is approved.

Senator Romulo. Madam President, I move that we close the period of individual amendments.

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

Senator Romulo. Madam President, I move that we vote and approve on Second Reading Senate Bill No. 1157, the Philippine Crop Insurance Bill, as amended.

The President Pro Tempore. Is there any objection to the approval of Senate Bill No. 1157 on Second Reading?

Senator Drilon. Madam President.

The President Pro Tempore. Senator Drilon is recognized.

Senator Drilon. Madam President, we have no basic objection to this bill. However, in a number of instances as reflected in the *Journals* and in the debate, it was accepted that this bill will appropriate public funds.

Upon discussion with the Majority Leader, it is our understanding that notwithstanding this, we will approve this bill on Second Reading on the understanding that we will not calendar it for Third Reading until a similar measure is approved by the House of Representatives.

For the information of the Chair, there are three pending

bills in the House of Representatives of similar import. We will not calendar it for Third Reading until these House bills are approved and the certification of the National Treasurer on availability of funds is complied with.

Senator Romulo. Madam President.

The President Pro Tempore. The Majority Leader is recognized.

Senator Romulo. Madam President, without agreeing to a precedent as stated by the distinguished Senator from Iloilo, my estimate is, in fact, before we approve this bill on Third Reading, the House will already have approved a similar counterpart bill on Third Reading. So we are not setting a precedent. We do not accept any precedent. I am just stating that in my estimate, before this bill is approved on Third Reading, the House would have acted on a counterpart bill.

Senator Drilon. We will await for that, Madam President.

Senator Romulo. As I said, this is not a precedent but that is my estimate.

Senator Drilon. We are not establishing a precedent, Madam President.

Senator Alvarez. Madam President.

The President Pro Tempore. Senator Alvarez is recognized.

Senator Alvarez. May I offer the observation. Madam President, that holding back on the approval of a measure here which has been deliberated on certain suppositions of what is to be done in the House actually anticipates the function of the Conference Committee which has been there to reconcile and, perhaps, anticipates serious difficulties contemplated by the Gentleman. I am prepared to go on a gentleman's agreement, but I would like to put on record that there are mechanisms to anticipate the problems contemplated by the Gentleman.

If we are holding back for the approval to a final vote on this, it is not to say that perhaps these mechanisms are not available or that the Chamber, if it so decides sometime in the future, can recall this bill for a vote.

The President Pro Tempore. I believe that there is no attempt to hold the Second Reading vote. Senator Drilon has made some comments, and the Chair is ready to note them. The Majority Leader also replied. I believe what we should do is to note them in the *Journal*. If I am correct, if I read the sense of

the Chamber, we are ready to vote on this bill on Second Reading tonight.

The Majority Leader is recognized.

Senator Romulo. That is correct, Madam President. All I stated, in reply to the query of the distinguished Gentleman from Iloilo is that, in my estimate, before we approve this bill on Third Reading, the House will already have acted on Third Reading on a similar bill. That is all I have stated. All the other replies to the interpellations about appropriation remain. In fact, this was already explained very well by the Gentleman from Cagayan, Senator Enrile, on whether a bill is an appropriation bill or whether a bill which has an appropriation provision is merely incidental to a bill.

APPROVAL OF S. NO. 1157 ON
SECOND READING, AS AMENDED

Senator Romulo. I believe, Madam President, it is in order now that we approve Senate Bill No. 1157, as amended, on Second Reading.

The President Pro Tempore. We shall now vote on the bill, as amended, on Second Reading. As many as are in favor of the bill, as amended, will please say *Aye*. [*Several Senators: Aye*] Those against will please say *Nay*. [*Silence*]

Senate Bill No. 1157, as amended, is approved on Second Reading.

MOTION OF SENATOR ALVAREZ
(Senator Webb as Cosponsor of S. No. 1157)

Senator Alvarez. Madam President, may I move that we add the name of Senator Webb as one of the cosponsors of the bill.

The President Pro Tempore. Is there any objection? [*Silence*] There being none, Senator Webb's name is added as one of the cosponsors of the bill.

Senator Romulo. Thank you, Madam President. Before we consider the next bill, may I ask that the additional Reference of Business be read.

The President Pro Tempore. The Secretary may do so.

ADDITIONAL REFERENCE OF BUSINESS

COMMITTEE REPORT

The Secretary. Committee Report No. 16 submitted by the

Committee on Constitutional Amendments, Revision of Codes and Laws on Senate Bill No. 1067, introduced by Senator Romulo, entitled

AN ACT AMENDING SECTION 27 OF REPUBLIC
ACT NO. 7166, AS AMENDED (RA 8045)
ENTITLED AN ACT PROVIDING FOR SYN-
CHRONIZED NATIONAL AND LOCAL ELEC-
TIONS AND FOR ELECTORAL REFORMS,
AUTHORIZING APPROPRIATIONS THERE-
FOR, AND FOR OTHER PURPOSES,

recommending its approval without amendment in consolidation with Senate Bill No. 1087 with Senators Romulo, Angara, Fernan and Maceda as authors thereof.

Sponsors: Senators Romulo, Angara, Fernan and Maceda

The President Pro Tempore. To the Calendar for Ordinary Business.

SPECIAL ORDERS

Senator Romulo. Madam President, I move that we transfer this bill, Senate Bill No. 1087, under Committee Report No. 16, from the Calendar for Ordinary Business to the Calendar for Special Orders.

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

SUSPENSION OF THE SESSION

Senator Romulo. Madam President, before we take up Senate Bill No. 519 under Committee Report No. 12 in the Calendar for Special Orders—this is the bill on Continuing Registration to be sponsored by the chairman of the Committee on Constitutional Amendments, Senator Maceda—may I ask for a one-minute suspension of the session.

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

It was 6:32 p.m.

RESUMPTION OF THE SESSION

At 6:33 p.m., the session was resumed.

The President Pro Tempore. The session is resumed.

Senator Romulo. May I ask that the distinguished Lady

RECORD OF THE SENATE

MONDAY, DECEMBER 18, 1995

OPENING OF THE SESSION

At 5:54 p.m., the President of the Senate, Hon. Neptali A. Gonzales, called the session to order.

The President. The 44th session of the Senate in the First Regular Session of the Tenth Congress is hereby called to order.

Let us all stand for the prayer to be led by Sen. Edgardo J. Angara.

We shall be led in the singing of the Philippine National Anthem by the Senate Choir.

Everybody rose for the opening prayer.

PRAYER

Senator Angara.

Dear Father,

As You have revealed to us in the Book of Life, there is a time for everything under the sun. We implore You now, to let this time that we live in, be:

a time for peace, free from crime,
a time for comfort from affliction,
a time for healing after conflict,
a time for forbearance after the furies of nature,
a time for forgiveness, both for ourselves and
others, after a fall from Thy grace,
a time for love, after succumbing to human failings.

And with Your wise guidance, we shall endure so that:

after the peace, shall come progress for our society;
after the comfort, shall come zest for life and
renewed vigor to pursue the nation's goals;
after the healing, shall come genuine brotherhood
in the service of the country;
after the forbearance, shall come acceptance of
Thy Will and the assurance that we shall, as
always, overcome;
after the forgiveness, shall come serenity for the soul;
after the love, shall come inner strength to rise
above all trials and tribulations.

All this Lord, we, Your people ask from You, in our humble struggle to refashion this Republic in Thy image.

In Jesus' Name, we pray.

Amen.

After the prayer, everybody remained standing for the singing of the National Anthem.

SUSPENSION OF THE SESSION

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

It was 5:58 p.m.

RESUMPTION OF THE SESSION

At 5:59 p.m., the session was resumed.

The President. The session is resumed. The Secretary will now call the roll.

ROLL CALL

The Secretary.

Senator Heherson T. Alvarez Present*
Senator Edgardo J. Angara Present
Senator Anna Dominique M.L. Coseteng .. Present
Senator Franklin M. Drilon Present
Senator Juan Ponce Enrile Present
Senator Marcelo B. Fernan Present
Senator Juan M. Flavier Present
Senator Ernesto F. Herrera Present*
Senator Gregorio B. Honasan Present
Senator Gloria M. Macapagal Present
Senator Ernesto M. Maceda Present
Senator Ramon B. Magsaysay Jr. Present*
Senator Orlando S. Mercado Present
Senator Blas F. Ople Present
Senator Sergio R. Osmeña III Present*
Senator Ramon B. Revilla Present
Senator Raul S. Roco Present
Senator Alberto G. Romulo Present
Senator Miriam Defensor-Santiago Present
Senator Leticia R. Shahani Present
Senator Vicente C. Sotto III Present
Senator Francisco S. Tatad Present*
Senator Freddie N. Webb Present*
The President Present

* Arrived after the roll call

OF IN ADOPTING A PROGRAM THAT COULD
MINIMIZE THE ADVERSE EFFECTS OF
EARTHQUAKES IN THE COUNTRY

Introduced by Senator Revilla.

The President. Referred to the Committees on Science and Technology; and Public Works.

COMMITTEE REPORT

The Secretary. Committee Report No. 41, submitted by the Committee on Accountability of Public Officers and Investigations on Proposed Senate Resolution No. 116, entitled

RESOLUTION DIRECTING THE COMMITTEE ON
ACCOUNTABILITY OF PUBLIC OFFICERS
AND INVESTIGATIONS (BLUE RIBBON) TO
CONDUCT AN INQUIRY, IN AID OF
LEGISLATION, INTO THE CAUSE(S) OF THE
DELAY IN THE APPREHENSION AND
ARREST OF MR. ROBIN PADILLA,

recommending that it be consigned to the Archives.

The President. To the Archives.

ADDITIONAL REFERENCE OF BUSINESS

COMMITTEE REPORTS

The Secretary. Committee Report No. 42, prepared and submitted by the Committee on Foreign Relations on Proposed Senate Resolution No. 253, entitled

RESOLUTION CONCURRING IN THE RATIFICA-
TION OF THE GATT AGREEMENT ON
DEVELOPMENT COOPERATION BETWEEN
THE GOVERNMENT OF THE REPUBLIC OF
THE PHILIPPINES AND THE GOVERNMENT
OF AUSTRALIA,

recommending its adoption without amendments.

Sponsor: Senator Maceda

The President. To the Calendar for Ordinary Business.

The Secretary. Committee Report No. 43, prepared and submitted by the Committee on Foreign Relations on Proposed Senate Resolution No. 254, entitled

RESOLUTION CONCURRING IN THE RATIFICA-

TION OF THE AGREEMENT TO ESTABLISH
THE SOUTH CENTRE,

recommending its adoption without amendments.

Sponsor: Senator Maceda

The President. To the Calendar for Ordinary Business.

The Majority Leader is recognized.

SPECIAL ORDERS

Senator Romulo. Mr. President, I move that we transfer to the Calendar for Special Orders Committee Report No. 42 on Proposed Senate Resolution No. 253.

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

Senator Romulo. Likewise, Mr. President, Committee Report No. 43 on Proposed Senate Resolution No. 253.

The President. Is there any objection? [*Silence*] There being none, Committee Report No. 43 on Proposed Senate Resolution No. 254 is hereby transferred from the Calendar for Ordinary Business to the Calendar for Special Orders.

BILL ON THIRD READING

S. No. 1157—Amending the PCIC Charter

Senator Romulo. Mr. President, I move that we vote on Third Reading on Senate Bill No. 1157. Printed copies of the bill were distributed to all the members of the Senate on October 10 and 12, 1995.

The President. Voting on Third Reading on Senate Bill No. 1157 is now in order.

The Secretary will please read only the title of the bill, if there is no objection. [*There was none.*]

The Secretary. Senate Bill No. 1157, entitled

AN ACT FURTHER AMENDING PRESIDENTIAL
DECREE NO. 1467, AS AMENDED, OTHER-
WISE KNOWN AS THE CHARTER OF THE
PHILIPPINE CROP INSURANCE CORPORA-
TION IN ORDER TO MAKE THE CROP
INSURANCE SYSTEM MORE STABLE AND
MORE BENEFICIAL TO THE FARMERS
COVERED THEREBY AND FOR THE
NATIONAL ECONOMY

The President. The Senate will now proceed to vote on the bill. The Secretary will please call the roll.

The Secretary called the roll and the result of the voting was as follows:

YES - 16

Senator Angara	Senator Maceda
Senator Coseteng	Senator Mercado
Senator Defensor-Santiago	Senator Revilla
Senator Drilon	Senator Roco
Senator Enrile	Senator Romulo
Senator Flavier	Senator Shahani
Senator Honasan	Senator Sotto
Senator Macapagal	The President

NO - 0

ABSTENTION - 0

RESULT OF THE VOTING

The President. With 16 affirmative votes, no negative vote and no abstention, Senate Bill No. 1157 is hereby approved on Third Reading.

CONFERENCE COMMITTEE ON S. NO 1157/H. NO. 5201
(On Amending the PCIC Charter)

Senator Romulo. Mr. President, as members of the Senate panel to consider the disagreeing provisions of the House and Senate versions of the bill, I ask that the following Senators be named: Senators Shahani, Alvarez, Roco, Flavier and Macapagal.

The President. Is there any objection? [*Silence*] There being none, the Senators mentioned by the Majority Leader in his motion—Senators Shahani, Roco, Alvarez, Macapagal and Flavier—are hereby appointed as members of the Senate panel to consider the disagreeing provisions of the House and the Senate versions of the Philippine Crop Insurance Corporation Bill.

SUSPENSION OF THE SESSION

Senator Romulo. Mr. President, may I ask for a one-minute suspension of the session.

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

It was 6:11 p.m.

RESUMPTION OF THE SESSION

At 6:12 p.m., the session was resumed.

The President. The session is resumed.

SUSPENSION OF THE SESSION

Senator Romulo. Mr. President, may I ask for another short suspension of the session.

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

It was 6:12 p.m.

RESUMPTION OF THE SESSION

At 6:17 p.m., the session was resumed.

The President. The session is resumed.

RESOLUTION ON SECOND READING

P. S. Res. No. 253 - Ratification of RP-Australia General Agreement on Development Cooperation

Senator Romulo. Mr. President, I move that this Chamber consider Committee Report No. 42 on Proposed Senate Resolution No. 253.

The President. Consideration of Proposed Senate Resolution No. 253 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 full text thereof.

The Acting Secretary [Atty. Raval]. Proposed Senate Resolution No. 253, entitled

RESOLUTION CONCURRING IN THE RATIFICATION OF THE GENERAL AGREEMENT ON DEVELOPMENT COOPERATION BETWEEN THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES AND THE GOVERNMENT OF AUSTRALIA

The following is the full text of Proposed Senate Resolution No. 253:

WHEREAS, the General Agreement on Development Cooperation between the Government of the Republic of the Philippines and the Government of Australia was signed in Sydney on 28 October 1994;

RECORD OF THE SENATE

WEDNESDAY, DECEMBER 20, 1995

RESUMPTION OF THE SESSION

At 4:58 p.m., the session was resumed with the Senate President, Hon. Neptali A. Gonzales, presiding.

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

MANIFESTATION OF SENATOR ROMULO (Change of Schedule of the Bicameral Conference)

Senator Romulo. Mr. President, may I make an announcement. The chairman of the Committee on Finance wishes to advise all the members of the Senate panel that the Bicameral Conference this evening has been deferred to 10:00 a.m. tomorrow at the same place. The reason for this is that there are still many paperworks that have to be performed by the LBRMO.

May I restate it, instead of this evening at 6:30, as originally announced, the Bicameral Conference Committee panels will meet tomorrow at ten o'clock at the same place.

The President. The Secretary will please read the Fourth Additional Reference of Business.

FOURTH ADDITIONAL REFERENCE OF BUSINESS

MESSAGES FROM THE HOUSE OF REPRESENTATIVES

The Secretary.

December 13, 1995

Mr. President:

I have been directed to inform the Senate that the House of Representatives on December 12, 1995 passed House Bill No. 4525, entitled

AN ACT PROVIDING FOR THE UNIFORM COMPOSITION OF THE GOVERNING BOARDS OF CHARTERED STATE UNIVERSITIES AND COLLEGES, AND FOR OTHER PURPOSES,

to which it requests the concurrence of the Senate.

In case of disagreement, the House of Representatives requests for a conference on the disagreeing votes on said House bill, and accordingly has desig-

nated on December 12, 1995 Hon. Salvador H. Escudero III, Hon. Carlos M. Padilla, Hon. Pedro P. Romualdo, Hon. Bellaflor J. Angara-Castillo, Hon. Jeremias Z. Zapata, Hon. Carmencita O. Reyes and Hon. Elias B. Lopez as its conferees.

Very truly yours,

(Sgd.) CAMILO L. SABIO
Secretary General

The Honorable
NEPTALI A. GONZALES
President of the Senate
M a n i l a

The President. Referred to the Committees on Education, Arts and Culture; and Rules.

The Secretary.

December 14, 1995

Mr. President:

I have been directed to inform the Senate that should there be disagreeing votes on House Bill No. 3690, entitled

AN ACT APPROPRIATING FUNDS FOR THE OPERATION OF THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES FROM JANUARY ONE TO DECEMBER THIRTY-ONE, NINETEEN HUNDRED AND NINETY SIX, AND FOR OTHER PURPOSES,

which was passed by the House of Representatives on October 5, 1995, the House of Representatives on December 13, 1995 requests a conference with the Senate and has designated Congressman Rolando R. Andaya, Congressman Raul A. Daza, Congressman Hernando B. Perez, Congressman Rodolfo B. Albano, Congressman Feliciano R. Belmonte, Jr., Congressman Eric D. Singson, Congressman Eduardo R. Gullas, Congressman Antonio M. Diaz, Congressman Leandro B. Verceles, Jr., Congressman Amadeo R. Perez, Jr., Congresswoman Thelma Z. Almario, Congressman John H. R. Osmeña, Congressman Renato P. Dragon, Congressman Salvador H. Escudero III, Congressman Jose V. Yap, Congressman Edcel C. Lagman, Congressman Emigdio S. Tanjuatco, Jr., Congressman

indeed standard provisions, but I am not sure. Not even the people on my left would have a ready answer to that right now. We will look into the matter.

Senator Roco. Mr. President, by way of closing—I have reached my four-and-a-half—may I just associate myself with the comments on the intellectual property provisions of the agreement that the Lady from Pangasinan has called to our attention. If the Majority Leader will consider, maybe, we need a little time to look at the provisions.

Thank you, Mr. President.

Senator Maceda. Thank you, Mr. President.

SUSPENSION OF THE SESSION

Senator Romulo. May I ask for a suspension of the session, Mr. President.

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

It was 6:27 p.m.

RESUMPTION OF THE SESSION

At 6:32 p.m., the session was resumed.

The President. The session is resumed.

Senator Romulo. Mr. President, before we close the period of interpellations, I believe the chairman of the Committee on Foreign Relations has a statement to make.

Senator Maceda. Yes, Mr. President. Considering the very valid points raised by the distinguished interpellators, the committee takes note of the same and will forward them to the executive department to serve as a reminder that in future negotiations of treaties of the same nature, these points should be taken into consideration. And in the consultation machinery that is provided for under the treaty, these points should be taken up formally between the two governments.

The President. The Majority Leader is recognized.

Senator Romulo. Mr. President, I move to close the period of interpellations.

The President. Is there any objection? [*Silence*] There being none, the motion is approved and the period of interpellations is hereby closed.

APPROVAL OF P. S. RES. NO. 253 ON SECOND READING

Senator Romulo. Mr. President, there are no committee or individual amendments. I move that we vote on Senate Resolution No. 253 on Second Reading.

The President. We shall now vote on the Resolution on Second Reading.

As many as are in favor of the resolution, please say *Aye*. [*Several Senators: Aye*] As many as are against, please say *Nay*. [*Silence*]

Senate Resolution No. 253 is approved on Second Reading.

Senator Romulo. Mr. President, we wish to remind our Colleagues—and we have already advised them—that on the Oil Deregulation Bill, the Senate panel will meet with the House panel in Room 410. We have advised Senators Osmeña, Roco, Maceda, Enrile, Magsaysay, Drilon, Tatad and Webb. Of course, Senators Shahani and Alvarez will be there.

CONFERENCE COMMITTEE REPORT ON S. NO. 1157/H. NO. 5201 (Amending the PCIC Charter)

Senator Romulo. Mr. President, I ask that we now consider the Bicameral Conference Committee Report submitted to the Office of the Secretary on the disagreeing provisions of Senate Bill No. 1157 and House Bill No. 5201. This is the Philippine Crop Insurance Bill.

Both the members of the Senate and House panels have signed this Conference Committee Report recommending to their respective Houses its acceptance and approval.

May I ask, Mr. President, that the chairman of the Committee on Agriculture and Food, Senator Shahani, be recognized.

The President. The Senate President Pro Tempore, Senator Shahani, is hereby recognized.

Senator Shahani. Thank you, Mr. President. At the outset, I would like to thank the members of the Senate and the House panels for really trying very hard to come to an agreement on the disagreeing provisions so that we would be able to approve this Bicameral Conference Committee Report tonight.

Mr. President, we are awaiting the arrival of Senator Alvarez. I just would like to thank him on behalf of the committee for chairing the Bicameral Conference Committee of

the Senate panel. I requested him to undertake the chairpersonship in view of the very heavy schedule of the Senate.

So I just would like to thank him and to compliment him on the hardwork and dedication which he had shown during the finalization of this Bicameral Conference Committee Report.

Mr. President, thank you, and I would like to turn over now the discussion to my dear Colleague, Senator Alvarez.

Thank you, Mr. President.

The President. Senator Alvarez is recognized.

Senator Alvarez. Mr. President, the conference committee from the Senate and the House met to reconcile the divergences and create a unified legislation that amends the charter of the Philippine Crop Insurance Corporation. And after having met and discussed the same in a conference on December 19 and 20, 1995, the respective versions were consolidated.

Mr. President, may I now enumerate the consolidation and reconciliation:

Section 1 on *Title* of the consolidated bill is Section 1 of the Senate version;

Section 2 on *Declaration of Policy* is Sections 2 and 1 of the Senate and House versions, respectively;

Section 3 on *Creation of PCIC* is a consolidation based on Section 3 of the Senate version and Section 2 of the House version, with some modifications. The consolidated text provides that the Philippine Crop Insurance Corporation (PCIC) shall be attached to the Department of Agriculture for budgetary purposes;

Section 4 on *Floating of Bonds* is Section 3 of the House version;

Section 5 on *Rate of Premiums* is Section 4 of both versions. However, the Senate version was adopted in the final text;

Section 6 on *Continuing Funds for the Corporation* is a combination of both Section 5 of the Senate and House versions, particularly that:

6.1. Paragraph 6.3 of the consolidated text is paragraph 6.3 of the Senate version;

6.2. Paragraph 6.4 is 6.3 of the House version; and

6.3. Paragraph 6.5 is 6.4 of the House version;

Section 7 on *Authorized and Additional Capital Stock* is Section 6 of both versions;

Section 8 on *Prohibition on the Use of Additional Common Capital Stock* is paragraph 8.4, Section 6 of the Senate version;

Section 9 on *State Reserve Fund* is a consolidation of both versions, specifically:

Section 8-A is Section 8-A of Section 8 of the House version; and

Section 8-B is Section 8-A of Section 7 of the Senate version.

Section 10 on the *Composition of the Board of Directors* is a consolidation of Section 8 of the Senate version and Section 9 of the House version, with modifications, to wit:

10.1. The powers of the Corporation shall be vested in and exercised by a Board of Directors composed of seven (7) members.

10.2. The seven members are: (1) the president of the Land Bank of the Philippines; (2) The president of the corporation; (3) The executive director of the Agricultural Credit Policy Council; (4) A representative from the private insurance industry to be nominated by the Secretary of Finance; and (5) Three (3) representatives from the subsistence farmers' sector, preferably representing agrarian reform beneficiaries/cooperatives/associations coming from Luzon, Visayas, and Mindanao, who shall be selected and nominated by the different farmers organizations and/or cooperatives.

Section 11 on *Per Diem* is paragraph 9.4 of Section 8 of the Senate version and Section 10 of the House version;

Section 12 on *Issuance of Bonds* is Section 11 of the House version, with modifications, i.e., "ISSUE BONDS UP TO FIVE (5) TIMES THE VALUE OF ITS AUTHORIZED CAPITAL STOCK", instead of the original provisions of issuing bonds up to ten (10) times the value of its authorized capital stock;

Section 13 on *Settlement of Claims* is Sections 9 and 12 of the Senate and House versions, respectively;

Section 14 on *No Claim Benefits* is paragraph 11-B of Section 9 of the Senate version and Section 13 of the House version. However, the Senate version was adopted;

Section 15 on *Utilization of Profits*, is Section 9-A of the Senate version, with modifications:

1. Deletion of article "the" in between words "determined on" and "calendar" and, insertion of an article A; and
2. Deletion of article "the" before the word "LAW".

Section 16 on *Penal Provisions* is Section 14 of the House version;

Section 17 on *Review* is an additional Section, which reads as follows: "THE PCIC BOARD SHALL UNDERTAKE A PERIODIC REVIEW OF THE CORPORATION'S ACTIVITIES AND SHALL SUBMIT TO BOTH HOUSES OF CONGRESS AT LEAST ONCE EVERY TWO (2) YEARS, A REPORT WHICH SHALL INCLUDE, AMONG OTHERS, A RECOMMENDATION FOR IMPROVING SERVICES TO THE TARGET SECTORS AND THE FINANCIAL VIABILITY OF THE CORPORATION";

Sections 18, 19 and 20 of the reconciled version are standard Separability, Repealing and Effectivity Clauses. An omnibus amendment was introduced that whenever the term "Philippine Crop Insurance Corporation (PCIC)" is used, it shall be changed to THE CORPORATION; and the title of the consolidated bill, reads as follows:

AN ACT FURTHER AMENDING PRESIDENTIAL DECREE NO. 1467, AS AMENDED, OTHERWISE KNOWN AS THE CHARTER OF THE PHILIPPINE CROP INSURANCE CORPORATION (PCIC), IN ORDER TO MAKE THE CROP INSURANCE SYSTEM MORE STABLE AND MORE BENEFICIAL TO THE FARMERS COVERED THEREBY AND FOR THE NATIONAL ECONOMY.

In case of a conflict between the statements/amendments stated in this joint explanation and that of the provision of the consolidated bill in the accompanying Conference Committee Report, the provisions of the latter shall prevail.

Thank you, Mr. President.

The President. The Majority Leader is recognized.

APPROVAL OF CONFERENCE COMMITTEE REPORT
ON S. NO. 1157/H.NO. 5201

Senator Romulo. Mr. President, I ask for the approval of

the Conference Committee Report.

The President. Is there any objection to this motion? [Silence] There being none, the Bicameral Conference Committee Report on the disagreeing provisions of Senate Bill No. 1157 and House Bill No. 5201 is hereby approved.

The following is the full text of the Conference Committee Report:

JOINT EXPLANATORY STATEMENT

The Conference Committee on the disagreeing provisions of Senate Bill No. 1157 and House Bill No. 5201, after having set and fully discussed the subject matter in a conference on December 19 and 20, 1995, hereby report to their respective Houses the following, that:

1. Section 1 on *Title* of the consolidated bill is Section 1 of the Senate version;
2. Section 2 on *Declaration of Policy* is Sections 2 and 1 of the Senate and House bills, respectively;
3. Section 3 on *Creation of PCIC* is a consolidation based on Section 3 of the Senate version and Section 2 of the House bill, with some modifications. The consolidated text provides that the Philippine Crop Insurance Corporation (PCIC) shall be attached to the Department of Agriculture for budgetary purposes;
4. Section 4 on *Floating of Bonds* is Section 3 of the House version;
5. Section 5 on *Rate of Premiums* is Section 4 of both bills. However, the Senate version was adopted in the final text;
6. Section 6 on *Continuing Funds for the Corporation* is a combination of both Section 5 of the Senate and House bills, particularly that:
 - 6.1. Paragraph 6.3 of the consolidated text is paragraph 6.3 of the Senate version;
 - 6.2. Paragraph 6.4 is 6.3 of the House bill; and
 - 6.3. Paragraph 6.5 is 6.4 of the House version;
7. Section 7 on *Authorized and Additional Capital*

- Stock* is Section 6 of both versions;
8. Section 8 on *Prohibition on the Use of Additional Common Capital Stock* is paragraph 8.4, Section 6 of the Senate version;
 9. Section 9 on *State Reserve Fund* is a consolidation of both versions, specifically;
 - 9.1. Section 8-A is Section 8-A of Section 8 of the House bill; and
 - 9.2. Section 8-B is Section 8-A of Section 7 of the Senate version.
 10. Section 10 on the *Composition of the Board of Directors* is a consolidation of Section 8 of the Senate bill and Section 9 of the House version, with modifications, to wit:
 - 10.1. The powers of the Corporation shall be vested in and exercised by a Board of Directors composed of seven (7) members;
 - 10.2. The seven members are: (1) The President of the Land Bank of the Philippines; (2) The President of the Corporation; (3) The Executive Director of the Agricultural Credit Policy Council; (4) A Representative from the Private Insurance Industry to be nominated by the Secretary of Finance; and (5) Three (3) Representatives from the Subsistence Farmers' Sector, preferably representing Agrarian Reform Beneficiaries/Cooperatives/Associations coming from Luzon, Visayas, and Mindanao, who shall be selected and nominated by the different farmers organizations and/or cooperatives.
 11. Section 11 on *Per Diem* is paragraph 9.4 of Section 8 of the Senate version and Section 10 of the House bill;
 12. Section 12 on *Issuance of Bonds* is Section 11 of the House version, with modifications, i.e., "ISSUE BONDS UP TO FIVE (5) TIMES THE VALUE OF ITS AUTHORIZED CAPITAL STOCK," instead of the original provisions of issuing bonds up to ten (10) times the value of its authorized capital stock;
 13. Section 13 on *Settlement of Claims* is Sections 9 and 12 of the Senate and House versions, respectively;
 14. Section 14 on *No Claim Benefits* is paragraph 11-B of Section 9 of the Senate version and Section 13 of the House bill. However, the Senate version was adopted;
 15. Section 15 on *Utilization of Profits*, is Section 9-A of the Senate version, with modifications;
 - 15.1. Deletion of article "the" in between words "determined on" and "calendar" and, insertion of an article "A"; and
 - 15.2. Deletion of article "the" before the word "LAW".
 16. Section 16 of on *Penal Provisions* is Section 14 of the House version;
 17. Section 17 on *Review* is an additional Section, which reads as follows: "THE PCIC BOARD SHALL UNDERTAKE A PERIODIC REVIEW OF THE CORPORATION'S ACTIVITIES AND SHALL SUBMIT TO BOTH HOUSES OF CONGRESS AT LEAST ONCE EVERY TWO (2) YEARS, A REPORT WHICH SHALL INCLUDE, AMONG OTHERS, A RECOMMENDATION FOR IMPROVING SERVICES TO THE TARGET SECTORS AND THE FINANCIAL VIABILITY OF THE CORPORATION";
 18. Sections 18, 19 and 20 of the reconciled version are standard Separability, Repealing and Effectivity Clauses;
 19. An omnibus amendment was introduced that whenever the term "Philippine Crop Insurance Corporation (PCIC)" is used, it shall be changed to "THE CORPORATION"; and
 20. The title of the consolidated bill, reads as follows:
AN ACT FURTHER AMENDING PRESIDENTIAL DECREE NO. 1467, AS AMENDED, OTHERWISE KNOWN AS THE CHARTER OF THE PHILIPPINE CROP INSURANCE CORPORATION (PCIC), IN ORDER TO MAKE THE CROP INSURANCE SYSTEM MORE STABLE AND MORE BENEFICIAL TO THE

**FARMERS COVERED THEREBY AND FOR
THE NATIONAL ECONOMY.**

In case of a conflict between the statements/amendments stated in this Joint Explanation and that of the provision of the consolidated bill in the accompanying Conference Committee Report, the provisions of the latter shall prevail.

HON. SANTIAGO P. RESPICIO

HON. LETICIA RAMOS SHAHANI

HON. HEHERSON T. ALVAREZ

CONFERENCE COMMITTEE REPORT

The Conference Committee on the disagreeing provisions of Senate Bill No. 1157, entitled

**AN ACT FURTHER AMENDING PRESIDENTIAL
DECREE NO. 1467, AS AMENDED, OTHER-
WISE KNOWN AS THE CHARTER OF THE
PHILIPPINE CROP INSURANCE CORPORA-
TION (PCIC), IN ORDER TO MAKE THE CROP
INSURANCE SYSTEM MORE STABLE AND
MORE BENEFICIAL TO THE FARMERS
COVERED THEREBY AND FOR THE
NATIONAL ECONOMY**

and House Bill No. 5201, entitled

**AN ACT STRENGTHENING THE CROP INSUR-
ANCE PROGRAM OF THE GOVERNMENT,
AMENDING FOR THE PURPOSE PRESIDEN-
TIAL DECREE NO. 1467, AS AMENDED,**

has agreed to recommend and does hereby recommend to their respective Houses that Senate Bill No. 1157, in consolidation with House Bill No. 5201, be approved in accordance with the attached copy of the bill as reconciled and approved by the conferees.

Approved,

**CONFEREES ON THE PART OF THE
HOUSE OF REPRESENTATIVES:**

(Sgd.) HON. SANTIAGO P. RESPICIO

(Sgd.) HON. MARGARITO B. TEVES

(Sgd.) HON. LEONARDO Q. MONTEMAYOR

(Sgd.) HON. WIGBERTO E. TAÑADA

(Sgd.) HON. FLORENCIO B. ABAD

(Sgd.) HON. FELICITO C. PAYUMO

HON. ARNULFO P. FUENTEBELLA

CONFEREES ON THE PART OF THE SENATE:

(Sgd.) HON. LETICIA RAMOS SHAHANI

(Sgd.) HON. HEHERSON T. ALVAREZ

(Sgd.) HON. RAUL S. ROCO

(Sgd.) HON. JUAN M. FLAVIER

(Sgd.) HON. GLORIA MACAPAGAL-ARROYO

**AN ACT FURTHER AMENDING PRESIDENTIAL
DECREE NO. 1467, AS AMENDED,
OTHERWISE KNOWN AS THE CHARTER OF
THE PHILIPPINE CROP INSURANCE
CORPORATION (PCIC), IN ORDER TO MAKE
THE CROP INSURANCE SYSTEM MORE
STABLE AND MORE BENEFICIAL TO THE
FARMERS COVERED THEREBY AND FOR
THE NATIONAL ECONOMY**

SECTION 1. Title.- This Act shall be known as the "Revised Charter of the Philippine Crop Insurance Corporation Act of 1995."

SEC. 2. Declaration of Policy.- It is the policy of the State to develop and support an adequate agricultural insurance program as a mechanism for managing the risks inherent in agriculture and stabilizing the financial fluctuations suffered by agricultural producers in case of loss on crops, including the agricultural facilities and related infrastructures, with the end in view of encouraging lending institutions to extend credit to the agricultural sector.

Considering that a major sector of our farming economy is composed of marginalized subsistence farmers, who by definition shall be farmers who depend primarily on farming for their subsistence and till their own land with the help of members of their household (hereinafter referred to as 'subsistence farmers'), it is likewise declared a policy of the State to extend to said farmers such subsidies as may be called for in order to

bring the benefits of this program within their reach.

In pursuit of this policy, and in order to maximize the benefits under this program, the State shall encourage the formation, development and promotion of people's organizations and/or associations such as cooperatives as provided for by Section 23 of Article II, Sections 15 and 16 of Article XII, and Sections 15 and 16 of Article XIII of the Constitution, as service channels through which such benefits shall preferably be extended.

SEC. 3. Section 1 of Presidential Decree No. 1467, as amended, is hereby further amended to read as follows:

"SEC. 1. Creation of the Philippine Crop Insurance Corporation. - There is hereby created a body corporate to be known as the "Philippine Crop Insurance Corporation" (PCIC and herein called the Corporation) which shall BE ATTACHED TO THE DEPARTMENT OF AGRICULTURE FOR BUDGETARY PURPOSES. THE CORPORATION SHALL INSURE QUALIFIED FARMERS AGAINST LOSSES ARISING FROM NATURAL CALAMITIES, PLANT DISEASES, AND PEST INFESTATIONS. INITIALLY, THE CORPORATION SHALL PROVIDE INSURANCE COVERAGE FOR PALAY CROPS, AND LATER ON TO OTHER CROPS, WITHOUT PREJUDICE TO THE INCLUSION OF OTHER NON-CROP AGRICULTURAL ASSETS SUCH AS BUT NOT LIMITED TO MACHINERIES, EQUIPMENT, TRANSPORT FACILITIES, AND OTHER RELATED INFRASTRUCTURES, AS THE BOARD OF DIRECTORS OF THE CORPORATION MAY DETERMINE. SUCH CROP INSURANCE SHALL COVER, IN EVERY CASE, THE COST OF PRODUCTION INPUTS, THE VALUE OF THE FARMER'S OWN LABOR AND THOSE OF THE MEMBERS OF HIS HOUSEHOLD, INCLUDING THE VALUE OF THE LABOR OF HIRED WORKERS, AND A PORTION OF THE EXPECTED YIELD AS THE BOARD OF DIRECTORS, IN ITS DISCRETION, DECIDE TO INSURE. [provide insurance protection to farmers against losses arising from natural disasters as well as plant diseases and pest infestation, initially to palay crops and later on to other crops] Such insurance protection, however, shall exclude losses arising from avoidable risks emanating from or due to THE NEGLIGENCE [neglect], malfeasance or fraud COMMITTED by the insured or any member of his immediate farm household or

employee or the failure of the insured to follow proven farm practices [, and that the indemnity for such losses shall not exceed at all times the cost borne by the insured farmer in the production of the crop]."

SEC. 4. Section 3, paragraph 3.11 of Presidential Decree No. 1467, as amended, hereby further amended to read as follows:

"3.11 [To do and perform acts and things, and to exercise all the general powers conferred by law upon Corporation, as are incidental or conducive to the attainment of the objectives of the Corporation.] TO GENERATE INTERNAL FUNDS BY FLOATING BONDS, EXPANSION TO OTHER INSURANCE LINES AND EXTENDING COVERAGE TO OTHER AREAS OF AGRICULTURE IN ORDER TO ADDRESS INSURANCE NEEDS OF THE TARGET SECTOR AND TO DO AND PERFORM ACTS AND THINGS AND TO EXERCISE ALL THE GENERAL POWERS CONFERRED BY LAW UPON CORPORATION AS ARE INCIDENTAL OR CONDUCTIVE TO THE ATTAINMENT OF THE OBJECTIVES OF THE CORPORATION."

SEC. 5, Section 5 of Presidential Decree No. 1467, as amended, is hereby further amended to read as follows:

"SEC. 5 Rate of Premium and Its Sharing. - The rate of premium, as well as the allocated sharing thereof by the farmers, the lending institutions, the Government of the Republic of the Philippines (herein called the Government) and other parties, shall be determined by the Board of Directors of the Corporation: **PROVIDED, THAT THE SHARE OF THE GOVERNMENT IN THE PREMIUM COST, IN THE FORM OF PREMIUM SUBSIDY, SHALL BE LIMITED TO SUBSISTENCE FARMERS: PROVIDED, HOWEVER, THAT EACH OF THESE SUBSISTENCE FARMERS IS CULTIVATING NOT MORE THAN SEVEN (7) HECTARES BY THEMSELVES OR WITH THE HELP OF THE LABOR OF THE MEMBERS OF THEIR HOUSEHOLDS OR HIRED LABOR, THE PREMIUM RATE AND SHARING TO BE DETERMINED BY THE BOARD OF DIRECTORS subject to approval by the President of the Philippines: PROVIDED, FURTHER, THAT THE PREMIUM SHARE OF THE SUBSISTENCE FARMER SHALL BE REASONABLY AFFORDABLE BY HIM: PROVIDED, FURTHER, THAT THE PREMIUM SHARE OF THE SUBSISTENCE FARMER SHALL**

BE REASONABLY AFFORDABLE BY HIM: *PROVIDED, FURTHERMORE*, THAT THE GOVERNMENT SHALL SHARE IN THE PREMIUM COST ONLY IN INSURANCE COVERAGE AGAINST UNFORESEEN AND UNAVOIDABLE RISKS SUCH AS, BUT NOT LIMITED TO, TYPHOONS, DROUGHTS, OUTBREAKS OF PESTS AND DISEASES: *PROVIDED, FINALLY*, THAT PREMIUM SUBSIDY AND/OR INSURANCE BENEFITS SHALL, UPON THE ACCUMULATION OF SURPLUS FUNDS, BE INCREASED TO SUCH AMOUNT AS MAY BE DETERMINED BY THE BOARD, TAKING INTO CONSIDERATION THAT THE CORPORATION HAS BEEN ESTABLISHED NOT ONLY FOR PROFIT BUT MAINLY TO HELP THE INSURED IN THEIR DIREST HOURS OF NEED."

Section 6. Section 6 of Presidential Decree No. 1467, as amended, is hereby amended by adding three (3) new paragraphs to be designated as subsections 6.3, 6.4, and 6.5, to read as follows:

6.3. UNAPPROPRIATED AND/OR UNRELEASED GOVERNMENT PREMIUM SUBSIDY FOR POLICIES WRITTEN FOR THE PERIOD FROM MAY 1, 1981 UP TO THE APPROVAL OF THIS ACT COMPUTED ON THE BASIS OF PREMIUM RATES AND SHARING PREVIOUSLY APPROVED BY THE PRESIDENT OF THE PHILIPPINES AS AUTHORIZED BY LAW SHALL BE PROGRAMMED FOR PAYMENT BY THE GOVERNMENT WITHIN A PERIOD OF TEN (10) YEARS FROM THE APPROVAL OF THIS ACT, AND THE YEARLY SUMS SHALL BE INCLUDED IN THE BUDGETARY APPROPRIATIONS FOR SUBMISSION TO CONGRESS, STARTING THE FISCAL YEAR FOLLOWING APPROVAL HEREOF, IN ADDITION TO THE PREMIUM SUBSIDY REQUIREMENT FOR THE YEAR INVOLVED.

6.4. CALAMITY FUNDS EARMARKED BY THE GOVERNMENT SHALL INCLUDE A CERTAIN PERCENTAGE FOR CROP INSURANCE AND SHALL BE RELEASED TO AND ADMINISTERED BY THE CORPORATION.

6.5. TEN PERCENT (10%) OF THE NET EARNINGS OF THE PHILIPPINE CHARITY SWEEPSTAKES OFFICE (PCSO) FROM ITS LOTTO OPERATION SHALL BE EARMARKED FOR THE CROP INSURANCE PROGRAM AND SAID

AMOUNT SHALL BE DIRECTLY REMITTED BY THE PCSO TO THE CORPORATION EVERY SIX (6) MONTHS UNTIL THE AMOUNT OF GOVERNMENT SUBSCRIPTION IS FULLY PAID.

SEC. 7, Subsections 8.1 and 8.3 of Presidential Decree No. 1467, as amended, are hereby further amended, to read as follows:

"8.1. The authorized capital stock of the Corporation is [Seven hundred fifty million pesos (P750,000,000.00)] TWO BILLION PESOS (P2,000,000,000.00) divided into [Five million (5,000,000)] FIFTEEN MILLION (15,000,000) common shares with a par value of One hundred pesos (P100.00) each share, which shall be fully subscribed by the Government; and [Two million five hundred thousand (2,500,000)] FIVE MILLION (5,000,000) PREFERRED [common] shares with a par value of One hundred pesos (P100.00) per share, which shall have the features as provided in Section 8.4 hereof and shall be issued in accordance with the provisions of Section 8.5 hereof."

"8.3. The [remaining] ADDITIONAL common capital stock of [Two hundred fifty million pesos (P250,000,000.00)] ONE BILLION PESOS (P1,000,000,000.00) shall be fully subscribed by the Government and the necessary funds shall be appropriated BY CONGRESS UNLESS OTHERWISE PROVIDED BY EXISTING LAWS: *PROVIDED*, THAT CONGRESS SHALL PROVIDE, ON AN ANNUAL BASIS, AT LEAST FIFTY PERCENT (50%) OF THE NEEDED CAPITAL, UNTIL THE AUTHORIZED CAPITAL STOCK IS FULLY PAID UP.

SEC. 8. A new subparagraph is hereby added to Section 8 of Presidential Decree No. 1467, as amended, designated as subparagraph 8.6, to read as follows:

8.6. THE ADDITIONAL COMMON CAPITAL STOCK SHALL NOT BE USED, IN ANY CASE, TO EXPAND THE PRESENT MANPOWER OF THE CORPORATION.

SEC. 9. Two (2) new sections are hereby inserted between Sections 8 and 9 of Presidential Decree No. 1467, as amended, designated as Sections 8-A and 8-B, to read as follows:

SEC. 8-A. A STATE RESERVE FUND FOR

CATASTROPHIC LOSSES IN THE AMOUNT OF FIVE HUNDRED MILLION PESOS (P500,000,000.00) SHALL BE CREATED EXCLUSIVELY TO ANSWER FOR THE PROPORTION OF ALL LOSSES IN EXCESS OF RISK (PURE) PREMIUMS UNDER THE CORPORATION'S CROP INSURANCE PROGRAM FOR SMALL FARMERS. THE FUND SHALL BE ADMINISTERED BY A GOVERNMENT FINANCIAL INSTITUTION TO BE DESIGNATED BY THE CORPORATION'S BOARD OF DIRECTORS. SUCH SUM AS MAY BE NECESSARY FOR THE PURPOSE SHALL BE FUNDED BY THE NATIONAL GOVERNMENT THROUGH THE ANNUAL GENERAL APPROPRIATIONS ACT STARTING THE CALENDAR YEAR IMMEDIATELY FOLLOWING THE APPROVAL OF THIS ACT AND EVERY YEAR THEREAFTER UNTIL THE FULL AMOUNT IS COMPLETED. THE MECHANICS OF CLAIMS AGAINST THE FUND AND TO WHAT EXTENT THE FUND SHALL BE LIABLE SHALL BE DETERMINED JOINTLY BY THE FINANCIAL INSTITUTION ADMINISTERING THE FUND, SUBJECT TO THE APPROVAL BY THE PRESIDENT OF THE PHILIPPINES.

SEC. 8-b. IN ORDER TO SPREAD THE RISK OF THE CORPORATION, THE PCIC IS HEREBY AUTHORIZED TO SEEK REINSURANCE PROTECTION WHENEVER IT MAY BE AVAILABLE.

SEC. 10. Subsection 9.1 of Section 9 of Presidential Decree No. 1467, as amended, is hereby further amended, to read as follows:

"SEC. 9.1. The powers of the Corporation shall be vested in and exercised by a Board of Directors NOW composed of [nine (9) members and made up of the following: the Secretary of Finance, the Secretary Agriculture, the President of the Land Bank of the Philippines, and the Secretary of Agrarian Reform, the Secretary of Labor, the Secretary of National Defense, the Budget Commissioner, and the President of the Corporation, and in addition, a nominee of the Secretary of Finance, preferably representing the private sector industry. The chairman of the Board of Directors shall be appointed by the President from among the members of the Board of Directors; and that the President of the Corporation shall be ex officio Vice chairman who, as such, shall assist the chairman and act in his stead in

case of absence or incapacity. In case of absence or incapacity of both the chairman and the vice chairman, the Board of Directors shall designate a temporary chairman from among its members] SEVEN (7) MEMBERS, AND MADE UP OF THE FOLLOWING: THE PRESIDENT OF THE LAND BANK OF THE PHILIPPINES (LBP) THE PRESIDENT OF THE CORPORATION, THE EXECUTIVE DIRECTOR OF THE AGRICULTURAL CREDIT POLICY COUNCIL (ACPC), A REPRESENTATIVE FROM THE PRIVATE INSURANCE INDUSTRY TO BE NOMINATED BY THE SECRETARY OF FINANCE AND THREE (3) REPRESENTATIVES FROM THE SUBSISTENCE FARMERS' SECTOR, PREFERABLY REPRESENTING AGRARIAN REFORM BENEFICIARIES/COOPERATIVES/ASSOCIATIONS COMING FROM LUZON, VISAYAS, AND MINDANAO, WHO SHALL BE SELECTED AND NOMINATED BY THE DIFFERENT FARMERS ORGANIZATIONS AND/OR COOPERATIVES. THE RESPECTIVE NOMINEES OF THE PRIVATE INSURANCE INDUSTRY AND THE FARMERS' SECTOR SHALL BE SUBMITTED TO AND APPOINTED BY THE PRESIDENT OF THE PHILIPPINES. THE CHAIRMAN OF THE BOARD OF DIRECTORS SHALL BE APPOINTED BY THE PRESIDENT OF THE PHILIPPINES FROM AMONG THE MEMBERS OF THE BOARD OF DIRECTORS. THE PRESIDENT OF THE CORPORATION SHALL ALSO BE APPOINTED BY THE PRESIDENT OF THE PHILIPPINES AND SHALL BE *EX OFFICIO* VICE CHAIRMAN WHO SHALL ASSIST THE CHAIRMAN AND ACT IN HIS STEAD IN CASE OF ABSENCE OR INCAPACITY. IN CASE OF ABSENCE OR INCAPACITY OF BOTH THE CHAIRMAN AND THE VICE CHAIRMAN, THE BOARD OF DIRECTORS SHALL DESIGNATE A TEMPORARY CHAIRMAN FROM AMONG ITS MEMBERS, EXCEPT FOR THE PRESIDENT OF THE LBP AND THE EXECUTIVE DIRECTOR OF THE ACPC, ALL MEMBERS OF THE BOARD OF DIRECTORS, INCLUDING THE PRESIDENT OF THE CORPORATION, SHALL BE APPOINTED BY THE PRESIDENT OF THE PHILIPPINES WITHIN A REASONABLE PERIOD OF TIME AFTER THE APPROVAL OF THIS ACT."

SEC. 11. Subsection 9.4 of Section 9 of Presidential Decree No. 1467, as amended, is hereby further amended to read as follows:

"9.4. The chairman and the members of the Board

shall each receive *per diem* of [Three hundred pesos (P300.00)] NOT LESS THAN ONE THOUSAND FIVE HUNDRED PESOS (P1,500.00) for each MEETING [session] of the Board PERSONALLY attended, but in no case to exceed [Three thousand pesos (P3,000.00)] SEVEN THOUSAND FIVE HUNDRED PESOS (P7,500.00) a month: *PROVIDED, HOWEVER, THAT IN THE CASE OF THE REPRESENTATIVES OF SUBSISTENCE FARMERS' SECTOR, THE BOARD IS AUTHORIZED TO DETERMINE REASONABLE TRAVELLING AND, IF NECESSARY, SUBSISTENCE EXPENSES IN GOING TO AND RETURNING FROM SAID BOARD MEETINGS TO BE DISBURSED TO THEM IN ADDITION TO THEIR PER DIEM.*"

SEC. 12. Subsection 10.3 of Presidential Decree No. 1467, as amended, is hereby further amended to read as follows:

"10.3. To borrow funds from local and international financing sources or institutions AND ISSUE BONDS UP TO FIVE (5) TIMES THE VALUE OF ITS AUTHORIZED CAPITAL STOCK for the purpose of financing the program and projects deemed vital for the attainment of the Corporation's goal and objectives;"

SEC. 13. A new section is hereby inserted between 11 and 12 of Presidential Decree No. 1467, as amended, designated as Section 11-A, to read as follows:

SEC. 11-A. SETTLEMENT OF CLAIMS.

11-A.1. CLAIMS FOR INDEMNITY AGAINST THE CORPORATION SHALL BE SETTLED BY THE CORPORATION'S REGIONAL MANAGER CONCERNED OR THE APPROPRIATE OFFICER TO WHOM HE MAY DELEGATE THE FUNCTION. HOWEVER, IF IN THE OPINION OF THE REGIONAL MANAGER THE CLAIM IS NOVEL, DIFFICULT OR CONTROVERSIAL, THE MATTER MAY BE ELEVATED BY THE REGIONAL MANAGER TO THE PRESIDENT OF THE CORPORATION FOR DECISION.

11-A.2. THE CLAIMANT AGGRIEVED BY THE DECISION OF THE REGIONAL MANAGER MAY WITHIN THIRTY (30) DAYS FROM RECEIPT OF THE DECISION, REQUEST FOR RECONSIDERATION THEREOF, AND IF NOT SATISFIED THEREWITH, MAY ELEVATE THE

MATTER TO THE PRESIDENT OF THE CORPORATION.

11-A.3. ANY PARTY AGGRIEVED BY A DECISION, ORDER OR RULING OF THE PRESIDENT OF THE CORPORATION MAY APPEAL SAID DECISION, ORDER, OR RULING TO THE CORPORATION'S BOARD OF DIRECTORS.

11-A.4. ANY CLAIM NOT ACTED UPON WITHIN SIXTY (60) DAYS FROM SUBMISSION BY THE AFFECTED FARMER OF COMPLETE CLAIM DOCUMENTS TO THE CORPORATION SHALL BE CONSIDERED APPROVED.

SEC. 14. Presidential Decree No. 1467, as amended, is hereby further amended by adding a new section thereof to read as follows:

11-B. *NO CLAIM BENEFITS.* - ANY INSURED FARMER WHO HAS NOT FILED ANY CLAIM DURING THE IMMEDIATELY PRECEDING THREE (3) CROP SEASONS SHALL BE ENTITLED TO A NO-CLAIM BENEFIT OF AT LEAST TEN PERCENT (10%) OF HIS PREMIUM SHARE PAID FOR SAID CROP SEASONS TO BE DEPOSITED IN A TRUST FUND AND TO BE MANAGED BY THE CORPORATION. SUCH TRUST FUND MAY BE USED TO FINANCE PREMIUM REBATE OR PREMIUM CREDIT APPLICABLE TO THE IMMEDIATELY FOLLOWING CROP SEASONS AS DETERMINED BY THE BOARD OF DIRECTORS OF THE CORPORATION.

SEC. 15. Section 15 of Presidential Decree No. 1467, as amended, is hereby further amended to read as follows:

SEC. 15. *Utilization of Profits.* - The profits of the Corporation shall be determined on A [the] calendar year basis and the manner of its distribution shall be determined by [the] LAW. [Board of Directors]."

Section 16. A new section is hereby inserted between Sections 17 and 18 of the same decree, as amended, to be designated as Section 17-A, to read as follows:

SEC. 17-A. *PENAL PROVISIONS.* - ANY PERSON WHO THROUGH MALFEASANCE, MISFEASANCE OR NONFEASANCE ALLOWS A

SPURIOUS CLAIM TO BE PAID, INCLUDING THE CLAIMANT HIMSELF, SHALL, UPON FINAL CONVICTION, BE PUNISHED BY IMPRISONMENT OF NOT LESS THAN ONE (1) YEAR BUT NOT MORE THAN SIX (6) YEARS OR A FINE OF NOT LESS THAN FIFTY THOUSAND PESOS (P50,000.00) BUT NOT MORE THAN FIVE HUNDRED THOUSAND PESOS (P500,000.00) OR BOTH AT THE DISCRETION OF THE COURT. THE PCIC PERSONNEL WHO ALLOWED THE COMMISSION OF THE OFFENSE SHALL, IN ADDITION, BE DISMISSED FROM OFFICE, AND FORFEIT ALL PRIVILEGES AND BENEFITS WHICH MAY ACCRUE TO HIM.

SEC. 17. *Review.* - The PCIC Board shall undertake a periodic review of the Corporation's activities and shall submit to both Houses of Congress at least once every two (2) years, a report which shall include, among others, a recommendation for improving services to the target sectors and the financial viability of the Corporation.

SEC. 18. *Separability Clause.* - If any provision or part hereof is held unconstitutional or invalid, the remainder of the law, or the provisions not otherwise affected shall remain valid and subsisting.

SEC. 19. *Repealing Clause.* - Any provision of Presidential Decree No. 1467, as amended, and all other laws, inconsistent herewith is hereby repealed or modified accordingly.

SEC. 20. *Effectivity.* - This Act shall take effect fifteen (15) days after its complete publication in at least two (2) newspapers of general circulation.

Approved.

RESOLUTION ON SECOND READING
P. S. Res. No. 254 - Concurrence in the Ratification of the Agreement to Establish the South Centre
(Continuation)

Senator Romulo. Mr. President, I move that we resume consideration of Proposed Senate Resolution No. 254 under Committee Report No. 43. We are in the period of interpellations, Mr. President.

The President. Resumption of consideration of Proposed Senate Resolution No. 254 is in order.

Senator Romulo. Mr. President, I ask again that the distinguished chairman of the Committee on Foreign Relations be recognized.

The President. The chairman of the Committee on Foreign Relations, Senator Maceda, is hereby recognized.

Senator Romulo. Mr. President, the Minority Leader also made a reservation to interpellate.

SUSPENSION OF THE SESSION

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

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

It was 6:44 p.m.

RESUMPTION OF THE SESSION

At 6:46 p.m., the session was resumed.

The President. The session is resumed.

Senator Romulo. Mr. President.

The President. The Majority Leader is recognized.

Senator Romulo. Mr. President, the Senate Minority Leader has waived his turn to interpellate. The Senate President Pro Tempore has asked that she be recognized to ask a few questions.

The President. Senator Shahani is recognized.

Senator Shahani. Thank you, Mr. President. I wonder whether the distinguished chairman of our Foreign Relations Committee would entertain a few questions from this Representation.

Senator Maceda. Willingly again, Mr. President.

Senator Shahani. Mr. President, I believe that this is an important agreement. It is a multilateral agreement, and with the end of the Cold War, of course, an agreement like this is increasingly important.

Mr. President, this is known as the "South Centre." May I know what the "South" pertains to?

Senator Maceda. Mr. President, as the distinguished Lady

Senator very well knows, this is really indicated by the article on membership. It shall be open to all developing countries—members of the Group of 77 and China as listed in the Annex, and other developing countries considered eligible for membership by the Council of Representatives.

Of course, the origin of this word “south” is really this: a north-south thing with the “north” referring to the developed countries of Northern Europe and even North America, the early pre-World War II days, so to speak; and the “south” being the less developed countries, geographically speaking, on the other side of the northern countries.

Senator Shahani. Yes, Mr. President. The south, of course, comprises a very wide range of countries as shown in the annex of this agreement which includes big countries. Of course, China is included, Indonesia and very small countries like St. Kitts and Nevis, Micronesia, et cetera.

As a member of the community of developing countries, Mr. President, where do we exactly place the Philippines? In what class? I mean, this is a very wide configuration of countries. How do we envisage ourselves as a member of the south?

Senator Maceda. I guess up to this point in time, Mr. President, we are still considered as one of the developing countries. In fact, we are a member of the so-called Group of 77. And in spite of our recent progress in the economic field, we certainly have not achieved the term “developed country” from an economic viewpoint. Of course, I notice that in the list, even developed countries like our neighbors Malaysia, Singapore and other economic tigers of Asia are still qualified to join this particular agreement or Centre.

Senator Shahani. But in such a wide aggrupation as this, does the Gentleman not think that as a country, we should be clearly focused on our strengths and weaknesses as a member of the developing countries and exercise some influence within this group?

Senator Maceda. As a matter of fact, we have shown that this year, especially as chairperson of the Group of 77, all the conferences that the Lady Senator has attended in Copenhagen, even in the recent conferences at the UN Headquarters, at Cairo and Beijing, the Philippines has assumed a leadership position among the members of the South or specifically among the developing countries.

Senator Shahani. Mr. President, I am glad that our chairman has mentioned our chairmanship in the Group of 77 for this year. It is going to end in a few days because Costa Rica will

succeed us in 1996. But still it was a great honor and privilege for the Philippines to have chaired the Group of 77. I believe that we were able to meet that challenge.

What I am saying, Mr. President, is that we do have the opportunity, the capability and certainly the talent to be able to have a position of influence—a position of strength in the group of developing countries.

In Article 2, Mr. President, we have all of the objectives of the South Centre which, of course, are admirable. The objectives relate to development, sovereignty and security. I think we are facing so many important issues in the field of foreign policy which are no longer related to the Cold War, that is our relationship with the United States. In fact, our most pressing, our most sensitive foreign policy issues are precisely within the group of the developing countries.

Would the distinguished chairman agree to this observation, Mr. President?

Senator Maceda. Yes, of course, Mr. President. The Philippines needs this South Centre as it will fill the need for the South, the Philippines included, for a policy research arm in strengthening our position in negotiation and debates with the North. Our field in Geneva and the Philippine Mission to the UN has endorsed this, considering that the Centre has done much scholarly and advocacy work to project the needs and aspirations of developing countries, as well as to challenge developing countries to take concerted action towards achieving development.

Senator Shahani. Mr. President, I think this is a very good organization. And what I really had in mind was the fact that many of our most pressing foreign policy issues like the Spratlys, the Mindanao question, the Christian-Muslim issue, the issue of the OCWs are really all related to countries belonging to the South. As far as the Spratlys are concerned, of course, China will be part of the South Centre. On OCWs, we have the Middle East, Singapore and Malaysia which traditionally oppose our position on overseas workers.

On the Mindanao issue, on the issue of fundamentalism, we have the Organization of the Islamic Countries, most of whom belong to the South and which will be members of the South Centre.

What I am saying, Mr. President, is, does the Department of Foreign Affairs which, as the Gentleman has said, negotiated our membership here, look at this South Centre as a way of helping to solve these very pressing and thorny foreign policy problems facing this Republic? Or we look at it again as a nice kind of a

club where it is nice to attend meetings, seminars, feel good about our being part of the group, not rock the boat because we might be elected as chairman of this or that group?

I mean, what is the attitude, what is the vision? I am sure we will have to pay a membership fee. May we know the justification? Can we use this South Centre not just as an academic research issue but as one of the points of reference where we can seek help, support and understanding for these problems which could affect in a very crucial way the future of our sovereignty and independence?

Senator Maceda. Mr. President, my impression is that the Department of Foreign Affairs is quite excited about this South Centre, it being a project of the Group of 77 and the nonaligned movement, to begin with. And it projects the Centre to be an effective think tank that would cover not only the subjects that the Lady Senator has already referred to, including overseas workers, but all the international issues concerning environment and development, governance, international trade, information flows, intellectual property rights, multilateralism and regionalization, security and instability, global governance issues, science and technology, structural adjustments, the Uruguay Round, French and global economic relations and others.

I am confident that under the new leadership of the incumbent Secretary of Foreign Affairs, who has talked to us about how we could revitalize and recruit and inject bright young men and women into the Foreign Service, an organization such as this would be a very useful one in pushing our interests in the international economic and trade field.

Senator Shahani. Mr. President, of course, in principle that is correct. But it is precisely within this configuration of nations that we have nations who are opposing us, nations who would want us not to progress with some very important issues and projects. Does the DFA have a clear idea on how to steer the course in such a difficult matter? I mean, cooperation is one thing, Mr. President.

Suppose the voting has to be on consensus. Do we give up our concerns, for instance, in the Spratlys, our concerns in terms of the OCWs for the sake of consensus? Like in the Beijing Conference, Mr. President, we voiced our concerns, but in the end, the majority of countries did not want this to come up as an issue and, unfortunately, that had to be accepted.

Senator Maceda. Mr. President, that is a problem that arises in any multilateral organization or forum, although it could be said without reservation that any additional multilateral forum can be used as a non-confrontational forum for discussing

and clarifying issues of great concern to us; and this gives us another forum to probably get a consensus behind our concerns such as the concern of the Senator for the migrant workers issue.

Incidentally, Mr. President, I have been told that there are no membership fees in joining this organization.

Senator Shahani. But there is a fund-raising drive. I think that amounts to the same thing, Mr. President.

Senator Maceda. Yes, Mr. President. There is indeed a request for voluntary donations, and as of the end of August, they have already raised \$3.4 million.

Senator Shahani. May we know who is behind this? That is the whole trouble with the UN. The US pays the 25 percent of the UN budget. This is why it can dictate what it wants in that world organization.

May we know what countries are behind this South Centre? Who will be financing it, for instance? As we know, in any world organization, he who plays the pipe calls the tune. Again, if I may use that word "naive," and I am not really using it for any particular person, but certainly, there is membership fee in a world organization. If we want to maintain our independence and our integrity, we have to pay the price, Mr. President.

I do not think that old Filipino-style of begging should come to this question. We should pay our own membership fee and not allow others to do that for us.

Senator Maceda. Mr. President, to begin with, I understand there is no formal voting in this organization. It is mainly set up as a forum for erring views. They are projecting an academic atmosphere and an atmosphere for research.

As we know, the chairman at the moment is a very respected one. I have personally listened to him, and I am one of those who hold him in the highest respect. He is the former President Julius Nyerere of Tanzania.

The DFA people tell me that the prime people pushing the Centre, at the moment, and contributing early to the Centre are Indonesia and Malaysia.

Senator Shahani. Mr. President, I think that is indicative already of a certain direction. I do not want to prejudge. But there are many paragraphs here on fund raising under Article 8. I am sure there will be expenses.

Geneva is a very expensive city. That is where the Centre is going to be stationed and this is going to do independent

research. Research is very expensive, Mr. President. There will be an executive director who, I am sure, will want a high salary in order that he will lend to it the prestige necessary.

Mr. President, I think we should know more. I mean, in principle, this looks all right. But may we know more about how contributions can be made?

Julius Nyerere, of course, is an honored name in the south, but I am sure there are others. May we know the plans of the Secretary of Foreign Affairs? Does he mean to play a role in this Centre, because this is important. Even if it is voluntary, I am sure some people from the DFA would be assigned to this Centre.

How do we look at it? How do we look at our membership? I think we are a mature country now that before we jump into the lake, we better know what the temperature of the water is and how deep the water is. These pieces of information are vital. I think we should just stop becoming members of many international bodies, which was our tendency before without asking too many questions.

Before we agree to this agreement, let us have more information on what voluntary contributions we may have to make. As chairman of the Group of 77, I know that the mission in New York is so beleaguered because of the type of work they have to do just to service the Group of 77 in the UN.

There are enormous implications for leadership in places like this. If they want to—I am not against that—it better be done on a sustained manner, not in a kind of fragmented way. If they have plans to be members of it, I think the Senate should be told now what our priorities are. There are so many things. Sometimes in the UN we are into everything, we focus on nothing.

So may we know the priorities of our membership in this South Centre? Are they related to national interest? And we would like to really know—is the Mindanao problem too sensitive to be brought to a forum like this? If Geneva is the main office, will it be our permanent representative to Geneva who will represent us there?

Senator Maceda. Mr. President, the questions are all valid and relevant, especially since the Lady raised the Mindanao problem. I think no less than the Secretary of Foreign Affairs would be the person who should be asked to answer that question. In fact, I have not been able to get him to attend the many hearings of the committee. We would be willing to contact him and clarify all these questions.

In the meantime, just for the record. As of December 1994,

the Centre has raised \$6.6 million. As indicated, the biggest is Indonesia with almost \$3 million; Malaysia, \$1 million.

We have Norway, Denmark and Sweden contributing around half a million dollars; India, \$335,000; Switzerland, \$140,000; Namibia, \$200,000; Syria, \$300,000; African Development Bank, \$300,000; Carnegie Corporation, \$210,000; Arab Fund for Economic and Social Development, \$109,000. All the others are smaller—Uganda, \$50,000; Botswana, \$50,000; Libya, \$50,000. So that gives us a very clear spectrum of contributors.

Senator Shahani. Mr. President, I think that will also reveal the clout that these parties will exercise in the organization. That is the bottom line in many of these issues. If the parties who pay the biggest sums are those who will be able to put in their staff, who will be able to influence the agenda, who will be able to choose the subjects for research, who will be able to choose the consultants who must be selected.

So, Mr. President, like in all international organizations, it is the financial powers who in the end will call the tune. Because of the present difficulties we are in, I think we should not entangle ourselves unnecessarily. We are so vulnerable in so many issues and I do not want to be obstructive. But I think it is about time we reviewed the foreign policy of this country—the Mindanao situation forces us to do so, so does the issue on the Spratlys, even if that is being resolved by ASEAN in a good way.

But, Mr. President, this might be a good time as any. I gather that there may be no very great hurry to do this. I think the ratification of this agreement could serve as a useful occasion for the Senate, under the chairmanship of our able Colleague. And maybe by the beginning of next year, he will be less pressed on his responsibilities in the Finance committee.

I suggest, Mr. President, that we have more discussions on this important issue, or maybe we should be briefed at greater length from no less than the Secretary of Foreign Affairs on the ratification of the South Centre.

Senator Maceda. I agree with the suggestions, Mr. President.

SUSPENSION OF CONSIDERATION OF P.S. RES. NO. 254

Senator Romulo. Mr. President, may I ask that we therefore suspend consideration of the proposed Senate resolution, as the chairman himself stated that he is acceding to the request of the Senate President Pro Tempore.

The President. Is there any objection to this motion?
[Silence] There being none, consideration of Proposed Senate Resolution No. 254 is hereby suspended.

Senator Romulo. Mr. President, as I have already stated, there are two bicameral conference committees that will take place: on the Oil Deregulation Bill and on the ARMM election. I have already stated the time the bicameral Conference Committee on the ARMM election will be held. The venue is in the Senators' Lounge of the Manila Hotel, with Senators Sotto, Flavio and Fernan attending.

As far as the Oil Deregulation Bill is concerned, we are in touch with the House as to the time this will take place. We will advise each of the members accordingly,

Tomorrow, Mr. President, we shall take up the Bicameral Conference Committee Report on the disagreeing provisions of the House and Senate versions of the General Appropriations Bill, House Bill No. 3690 under Committee Report No. 36.

SUSPENSION OF THE SESSION

With that, Mr. President, I move that we suspend this evening's session until 5:30 p.m. tomorrow.

The President. Is there any objection to this motion?
[Silence] There being none, the session is hereby suspended until 5:30 tomorrow afternoon.

It was 7:14 p.m.

RECORD OF THE SENATE

THURSDAY, DECEMBER 21, 1995

RESUMPTION OF THE SESSION

At 6:56 p.m., the session was resumed with the Hon. Neptali A. Gonzales presiding.

The President. The session is resumed.

CONFERENCE COMMITTEE REPORT ON H. NO. 5585/S. NO. 1314 (On Changing the Date of Elections for Officials of the ARMM)

Senator Romulo. Mr. President, the Conference Committee Report on the disagreeing provisions of House Bill No. 5585 and Senate Bill No. 1314, which is "An Act Changing the Date of Elections for the Elective Officials of the Autonomous Region for Muslim Mindanao, Amending for the Purpose R. A. 7647," has been filed with the Office of the Secretary. The majority of the conferees in both the House of Representatives and the Senate have signed the report recommending the approval of the Conference Committee Report.

To render a fuller account, may I ask that the Chairman of the Senate panel, Sen. Vicente C. Sotto III, be recognized.

The President. Senator Sotto is recognized.

Senator Sotto. Thank you.

Mr. President, distinguished Colleagues: It is my privilege to present today before this Chamber for its approval the Bicameral Conference Committee Report on the disagreeing provisions of Senate Bill No. 1314 and House Bill No. 5585 pertaining to the change of the date of elections for the elective officials of the Autonomous Region for Muslim Mindanao, amending for the purpose Section 1 of Republic Act No. 7647.

At the outset, the two panels identified the following issues that had to be resolved and reconciled: First, the date of the postponement of the scheduled elections in 1996; fixing the date of the subsequent ARMM elections, particularly the elections beginning in 1999; the contentious issue on the scenario after the expiration of the terms of office of the officials on March 31, 1996; and the restrictions on the powers of the officials acting on a holdover capacity during the interim period.

Mr. President, after a lengthy and candid discussion of these issues, the two panels were able to reconcile the disagreeing provisions of the two bills and were able to come up with a reconciled version, the major points of which are as follows:

First, as to the date of postponement of the elections, the Senate and House panels agreed to adopt the Senate version holding the ARMM elections on the second Monday of September, specifically September 9, 1996.

On the second issue, however, the two panels adopted the House version returning the date of all subsequent elections beginning 1999 to the month of March in order to harmonize it with Republic Act No. 6734, the Organic Act of the Autonomous Region for Muslim Mindanao which mandates that the terms of office of ARMM elected officials begin at noon on the 31st day of March next following their election.

On the third issue, the Conferees agreed to adopt the Senate version where the incumbent officials shall continue to hold office after March 31, 1996 in a holdover capacity until their successors shall have been duly elected and qualified. However, an amendment was accepted by adding the clause: **UNLESS THEY FILE THEIR CERTIFICATES OF CANDIDACY FOR ANY ELECTIVE POSITION THEREIN, IN WHICH CASE, THEY SHALL *IPSO FACTO* BE CONSIDERED RESIGNED FROM THEIR OFFICE.**

This last amendment was put forth and accepted by the members of both panels upon the urgings of the three Muslim congressmen who explained that allowing incumbents to hold office well into the campaign period may cause tension because of the perceived unfair advantage of the incumbents in the community, considering the substantial length of the holdover period involved, which is six months.

Lastly, both panels agreed to allow the officials acting during the interim period to disburse public funds upon the urgings again of the three Muslim congressmen who feared that the development of the area may be affected since the period covered by the restriction is of considerable length.

Finally, before we end this Bicameral Conference Committee Report, Mr. President, this Representation would like to assure this Body that the Senate panel tried its best to perform the difficult task of reconciling these two very different bills, keeping in mind the concerns raised by our Colleagues in the Chamber, but at the same time keeping an open mind and listening to the concerns of the people in the ARMM as voiced by their representatives, Congressmen Datumanong, Malindog and Jaffa who are members of the House panel.

In view of the foregoing reasons, we urge our Colleagues to approve this Bicameral Conference Committee Report for the people of Mindanao.

Thank you, Mr. President.

Senator Angara. Mr. President.

The President. The Minority Leader is recognized.

Senator Angara. Thank you. Mr. President, will the distinguished Sponsor answer a few questions?

Senator Sotto. Yes, Mr. President.

Senator Angara. Under the proviso here, there will be a holdover position unless one files his certificate of candidacy. Suppose the incumbent regional governor, Governor Pangandaman, files his certificate of candidacy for the same position while Vice Governor Tan did not file his certificate of candidacy, under this provision, Governor Pangandaman would have been considered *ipso facto* resigned.

Am I correct in assuming that Vice Governor Tan would now assume the position of regional vice governor by virtue of the law on public officers that the vice governor will succeed when the regional governor position is rendered vacant?

Senator Sotto. Yes, Mr. President. If Vice Governor Tan will not run for any elective position in the said election.

Senator Angara. Suppose a regional assemblyman files his certificate of candidacy, will he be considered, under this provision, *ipso facto* resigned and his position will be succeeded by whom, Mr. President?

Senator Sotto. There is no provision on this, Mr. President. We believe that there is no need to replace any member of the Legislative Assembly of the ARMM during the campaign period.

Senator Angara. So that the position of that regional assemblyman who filed his certificate of candidacy will remain vacant during the 45-day period preceding the election.

Senator Sotto. Yes, Mr. President, because we do not envision a legislative body made up of appointed officials or holdover officials.

Senator Angara. It is all right then that no one will be appointed regional assemblyman. So it is possible that more than half of the regional assembly would be vacant as a result of more than half filing the certificate of candidacy for reelection or for some other position. That is a possibility.

Senator Sotto. Yes, Mr. President, that is a possibility.

Senator Angara. Mr. President, why is it that we did not

follow here the usual ordinary rule in the law on public officers that an incumbent keeps his position despite his having filed a certificate of candidacy for the same position? Why are we now depriving the incumbent of his position if he is only seeking the same position?

Senator Sotto. Mr. President, basically, we follow that rule in law, because the elective official who files his certificate of candidacy still has his term until way beyond the campaign period and way beyond the elections. That is the normal course.

In this case, as of March 31, 1996, the governor and the other elected officials should no longer be regular elected officials. They will be acting in a holdover capacity.

In other words, the principle now that is being followed, and the contention that the House panel gave us, is that there is already a precedent under Republic Act No. 6636, which is an election law.

If I may be allowed to read into the *Record*. Section 1 of Republic Act No. 6636 states that "All local officials, whether elected, acting or officers-in-charge shall be deemed automatically resigned from their positions effective upon the filing of their certificates of candidacy for any local position."

Following this basic principle, Mr. President, in the 1987 elections, when there were OICs in the different local government units in the country, all of these OICs were deemed resigned following a rule that they were merely OICs and not elected officials.

Senator Angara. Mr. President, the Gentleman and I know that the ordinary regular rule is that the incumbent continues in office if he is filing only for the same position.

The Gentleman and I know that the regular basic rule is that if the election has to be moved and postponed, then the holdover rule is the ordinary accepted rule. The exception is what the Gentleman is citing now, Republic Act No. 6636, which is made especially for the 1988 elections because we wanted to synchronize the election.

I think that is one of the reasons why this unusual rule was adopted. But the regular rule, the basic rule is the one that we incorporated in the law amending or postponing the 1993 elections in the ARMM.

If the secretariat can provide us a copy of that law—the law that postponed the elections in 1993—the rule there was that there will be a holdover. Because that is the regular rule in the election law. What the Gentleman is citing—Republic Act No.

6636—is a special law made especially for the circumstances of the 1988 election.

The fact that in 1987, all positions were declared vacant was by virtue of the so-called Freedom Constitution. It was again under unusual circumstances. So again, why did we not follow the regular rule here of holdover? Why are we now depriving the incumbent of his right to continue if he is only seeking reelection?

Senator Sotto. Mr. President, I am sorry if I was not clear on what I said earlier. The regular rule applies to any elective official who files his certificate of candidacy within his term. The ARMM election postponement is very specific about the expiration of the terms of these elective officials. So the regular rule does not apply.

Senator Angara. That is exactly what I am disputing, Mr. President, that the rule for a postponed election is precisely a holdover rule, not an OIC situation, which this proviso is now in effect introducing.

What I am saying is that we follow the holdover rule because that is the fairer rule. We allow people who, in the first place, have been elected by the people to continue holding office instead of imposing new people or people who have never been elected by their constituents as new governors or new vice governors. That is the philosophy behind that.

I do not accept that this is the regular rule. This is the exception to the rule. We must have a special reason for adopting the exceptional rule and departing from the regular rule. And I am asking for that exceptional reason.

Senator Sotto. Mr. President, undue advantage is very one good reason. But if we are talking of exceptions...

Senator Angara. Mr. President.

Senator Sotto. Let me continue, Mr. President.

Senator Angara. I am sorry.

Senator Sotto. If we are talking of exceptions, the ARMM has always been an exception, Mr. President. All the elections that were conducted in the ARMM were exceptions. That is the only place in the country that the votes are not counted in the precincts. They are not even counted in the municipalities; they are counted in the provinces. These are exceptions. The ARMM elections have always been filled with exceptions. I do not see any reason why another exception, if the Gentleman will consider this as an exception, should be considered as such.

Senator Angara. Mr. President, that is a very dangerous statement to say. In the counting of votes, we allow the counting in one polling place to preserve peace because there are areas where counting in the polling places would not be possible. That is not unusual because even in other places, pooling together voting precincts and counting them in one precinct is allowed.

What I am saying is that, even in ARMM, the regular rules of succession and of election are regularly followed. We ought not to depart from that because it gives rise to the suspicion that we are favoring one group. The worst thing for us to do about this election is to insinuate or suggest to the constituencies that will be affected by this that we are giving an unfair advantage to one group over another which we are not, I hope. That is why we are insisting that we follow the regular rule rather than an exception to this holdover provision.

Mr. President, may I have a copy of that.

Senator Sotto. Mr. President, we are not favoring a group here, if the Gentleman would like to call it an exception; we are favoring peace. Because all the elected officials who came to our public hearings, and even those who we talked to after the hearings, are in favor of any provision, whether it be holdover, whether it be OIC, as long as, they said, it will finally provide peace and harmony in Mindanao.

The congressmen, if I may quote them, even said last night that they were all willing to give not only their limbs but their lives just to be able to finally secure peace in Mindanao. They find that this piece of legislation that we are talking about now will go a long way in fostering peace and harmony in Mindanao.

Senator Angara. Mr. President, peace and harmony can be achieved only if the rules are fair and are seen to be fair. Even last night, while we were debating on this, there were several regional assemblymen present in the gallery who made Representations with some of us and who strongly recommended that we do not agree to an OIC situation. And here we are already agreeing to an OIC situation.

We can easily see, Mr. President, that appointing an OIC will give undue advantage to whoever the government would want to favor. Because one can appoint people of his choice within the most critical time of the election, 45 days before the election.

So, talking of advantage, I think it is better that we preserve the incumbency or the continuance of the incumbent because, after all, they have been voted by the people. Why should we give unfair advantage to newly appointed officials who have

never been elected to that position in the first place?

We are talking here of fairness. We cannot achieve peace and harmony if the rules themselves are seen to be unfair. That is the point, Mr. President.

Senator Sotto. Mr. President, I do not see any advantage, as far as the elections are concerned if there is an OIC appointed, because the OIC cannot run.

Senator Angara. Mr. President, I think one need not be a politician to understand that one who is in control of the office will have tremendous influence over the voters and even over the result of the voting.

Senator Sotto. The Gentleman from Quezon has been mentioning the word "fairness." This is the same thing that the people of Mindanao have always been crying for in the past years. They have always cried for fairness. And to them, this is fair. Shall we not give it to them? After all these years, they are the ones crying that we have never been fair to them, not even in this Hall. That is what they have been crying for all throughout these years.

Senator Angara. Mr. President, we are not relying on the vague general claims of some people in Mindanao. We are relying on the Representation made to us only last night by people who are going to be directly affected by this OIC rule.

So, we are not going to accept that general and vague assurance that the people of Mindanao would welcome this OIC situation that we are now about to pass as a matter of rule in this election.

Senator Sotto. Mr. President, this is again also a presumption as far as we are concerned, because the governor, for all we know, might not run. Therefore, he will be in a holdover capacity until September 9 or until the official shall have been duly elected and qualified.

Senator Angara. What is the point then of having this rule inserted? As I understand it from the conferees, the reason this provision was inserted is to allow for the possibility of Nur Misuari wanting to be the OIC before the election. Why then?

Senator Sotto. I am sorry, Mr. President. During the official discussion of the Bicameral Conference Committee, that was not mentioned.

Senator Angara. Yes, officially. But unofficially, everybody knows that is the reason why the House contingent is insisting on this OIC situation. I think we ought not to close our

eyes also to that reality because we are here trying to fashion a law for real people and a real situation.

SUSPENSION OF THE SESSION

May I have a one-minute recess, Mr. President, just to wait for the bill that we are looking for?

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

It was 7:20 p.m.

RESUMPTION OF THE SESSION

At 7:52 p.m., the session was resumed.

The President. The session is resumed. Senator Angara is recognized.

Senator Angara. Mr. President, I now have a copy of Republic Act No. 7647 which postponed the ARMM election in 1993. As I was saying, the rule that we adopted in that election is the holdover rule rather than the OIC rule, just to complete the record.

Mr. President, in the Gentleman's recollection, was it the intent of the Conference Committee to exclude the possibility of the regular practice in an election wherein an incumbent seeking reelection does not lose his incumbency by the simple fact that he is running for reelection?

Senator Sotto. Mr. President, there was a lengthy discussion on this matter. The only time that we were able to arrive at a consensus was when Senator Fernan offered an amendment that will reconcile both versions.

So, if the Senate President will allow, and with the permission of the Gentleman, may I yield the Floor to Senator Fernan to give us a backgrounder on this provision, Mr. President.

The President. Yes. With the permission of the two Gentlemen on the Floor, Senator Fernan is recognized.

Senator Fernan. Thank you, Mr. President, and with the permission of the Gentleman from Aurora, Quezon.

Senator Angara. Yes, certainly, Mr. President.

Senator Fernan. To my recollection, during the bicameral conference last night to discuss the Conference Committee Report, I noticed that the House position compared to the Senate

position differed on four issues. Anyway, the three issues were resolved to the satisfaction of all parties concerned. So, we will limit ourselves to just one issue, and that is what happens to the members of the Regional Legislative Assembly, as well as the other officers—I am referring to the regional governor, the vice governor and the speaker—after March 31, 1996.

The position taken by the House was that they should *ipso facto* cease to hold office and that would give rise to the vacancies which have to be filled up. On the other hand, the version of the Senate provided for a continuance in office of the incumbents in a holdover capacity, and we were sort of stymied on this particular issue.

Later, in the course of our discussion, we came up with a proposal that the House panel accept the holdover position that we have taken. They suggested that we include a provision to read as follows: "The incumbents shall continue in a holdover capacity until their successor shall have been duly elected and qualified unless they file their certificates of candidacy."

When it reached that point, they wanted to qualify "for the same or other position". In which case, they shall *ipso facto* be considered resigned from their office.

As I recall, Mr. President, there was no agreement on the part of the Senate panel that it would be specified in the text of the bill that the position should be the same position. Instead, I made a proposal that they file their certificates of candidacy for any elective position therein. In the absence of any explicit statement and any categorical statement in the bill, it is my understanding that the elective position referred to therein is the position other than the one held by the incumbent. That is my observation, Mr. President.

Thank you.

Senator Angara. Mr. President, will the Gentleman yield for a few questions to clarify what he just said?

Senator Fernan. Yes, gladly.

Senator Angara. The distinguished Senator said that the House panel wanted to qualify the phrase, and I quote: "...unless they file their certificate of candidacy for any elective position, whether for the same or another position."

Senator Fernan. Yes, that is correct.

Senator Angara. And that the Senate panel rejected that qualification "for the same or another position" because the Senate contingent wanted the regular ordinary rule to be applied.

Senator Fernan. That is correct, Mr. President, and that is the reason why I insisted on the phraseology "for any elective position therein."

Senator Angara. And the ordinary regular rule in election is that one loses his incumbency only if he seeks another position. So that if he files a certificate of candidacy for the same position, then he continues to be an incumbent.

Senator Fernan. That is the understanding, Mr. President, because of the absence of any categorical statement in the text of the law that one is considered resigned if he runs for the same position.

Senator Angara. And the Senate contingent's position was, in effect, accepted by the Conference Committee.

Senator Fernan. Yes, because there was no insistence anymore on the part of the House panel that the phrase "different or the same position" be included in the text. But they accepted the phraseology that I proposed, to the effect "that a certificate of candidacy for any elective position therein without any specification".

Senator Angara. Thank you. Mr. President, does the chairman of the Committee accept the interpretation given to us by the distinguished Gentleman from Cebu?

Senator Sotto. Yes, Mr. President. That was the discussion.

Senator Angara. And is that interpretation not also consistent with the position taken by us here in the Senate and the position that the Gentleman has taken and committed to the Majority Leader as well as to this Representation before the Bicameral Conference Committee?

Senator Sotto. Yes. As a matter of fact, Mr. President, that was what I mentioned in my speech when I reported out the Committee Report. That was the position of the Senate.

Senator Angara. So that this interpretation is consistent with the Senate position, and one can say that the Conference Committee, meaning both Houses, have accepted this interpretation?

Senator Sotto. Yes, Mr. President. It was described accurately by Senator Fernan.

Senator Angara. Thank you, Mr. President.

The President. The Chair saw Senator Tatad trying to

claim the Floor before. Is he pursuing his intent?

Senator Tatad. Mr. President, I had wanted to ask some questions, but I believe my questions have been adequately covered. But just for emphasis, may I put one or two questions?

The President. Senator Tatad is recognized.

Senator Tatad. Under the interpretation given to us by the distinguished Gentleman from Cebu, does it mean then that if the regional governor runs for the same office, he is not *ipso facto* considered resigned from office?

SUSPENSION OF THE SESSION

Senator Sotto. Mr. President, may I ask for a one-minute suspension of the session.

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

It was 8:02 p.m.

RESUMPTION OF THE SESSION

At 8:04 p.m., the session was resumed.

The President. The session is resumed.

Senator Sotto. Mr. President, the question of the Gentleman, I understand, has been answered by Senator Fernan when he narrated what transpired during the Conference Committee.

Senator Tatad. I will accept that answer, Mr. President. Just one more small question. May the distinguished Sponsor tell us whether the Commission on Election is fully aware of the intent of the provision as interpreted by the distinguished Gentleman from Cebu?

Senator Sotto. They were present during the conference, Mr. President.

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

Senator Drilon. Mr. President.

The President. Senator Drilon is recognized.

Senator Drilon. Thank you, Mr. President. The questions we had in mind were all clarified during the interpellations made by the Gentlemen from Quezon and Catanduanes. But I want to make it of record that when the Senate bill was being presented

for Third Reading, we were in receipt of a petition from the Regional Legislative Assembly precisely on the issue of whether or not there is merit in the provision that the members of the Regional Legislative Assembly and the other officials of the ARMM should continue in a holdover capacity pending the election.

Mr. President, let me read for the record this petition of the assemblymen of the Regional Legislative Assembly dated December 1995. It reads:

Dear Senator Drilon:

In connection with the bills filed to postpone the March 4, 1996 election in the Autonomous Region in Muslim Mindanao, we, the Members of the Regional Legislative Assembly, want to put on record our comments for your consideration and appropriate action.

The March 4, 1996 election is an event very dear to our heart. It is our reelection bid that will steer our political career either to success or oblivion, and we want our people and history to judge us on that day on the basis of our performance.

Frankly, we have been preparing for that historic day, the March 4, 1996 election. However, the unfolding of this new development i.e., filing of three bills which are certified by the President as urgent, has certainly jeopardized our preparations and goal to the extent that our people may not be given the opportunity to judge us completely is unacceptable and absolutely unfair. Be that as it may, we have agreed to support the postponement of the election to give more time to the GRP-MNLF negotiation to settle the remaining issues and to afford extra time to the Comelec to put in place its computerized system of election.

As originally conceived, the bill filed in the Lower House provides for a holdover capacity to the elected incumbent officials of the ARMM when their term expires on March 31, 1996. For personal interest, some members of the Lower House are seeking to amend this particular bill by deleting the holdover provision and substituting it with "By Appointment" provision upon the expiration of the term of the incumbent elected officials on March 31, 1996. Such kind of gesture by our distinguished Members of the Lower House saddened us very much for they have chosen their personal interest to prevail over the interest of our people. The amendment will un-

doubtedly trample upon the mandate of the people who elected us and disregard the general principle on holdover.

We strongly feel that the holdover provision should be applied to the incumbent elected ARMM officials for the following reasons:

1. The incumbent ARMM officials were elected by the people. As between an elected official and a mere appointee, the former has a preferred right to the position, the term of which has been extended because he enjoys the mandate of the people.
2. The Constitution explicitly enumerates the officers who may be subjected to appointment by the President, an elective officer is not one of them.
3. To protect the interests of the incumbents who are not with the party in power.
4. To protect the confusion and disruption of legislative work, considering that the extension of term is only for a short period of time during which the appointees have not yet familiarized themselves with the job; and
- 5) To better serve the interest of the people who will be adversely affected by the political instability that will be caused by the squabbling for appointments and the fact that the appointees are beholden to the appointing authority.

Therefore, we respectfully request you to consider the sentiments and comments for we hold you as the last straw in our struggle for justice and fairness.

Thank you.

Sincerely,

(Sgd.) The Speaker

(Sgd.) Speaker Pro Tempore

(Sgd.) Majority Floor Leader

(Sgd.) Asst. Majority Floor Leader

(Sgd.) Minority Floor Leader

and 11 other assemblymen signed this petition, Mr. President.

We do hope that with the clarification as to the intent of the provision which is now incorporated in the committee report, the wishes and the desire of the duly elected assemblymen of the Regional Legislative Assembly will be realized through the interpretation made by the distinguished Gentleman from Cebu, and which, I would like to reconfirm, the chairman of the Committee on Local Governments and the Chair of the Senate contingent agrees with.

Senator Sotto. Yes, Mr. President.

Senator Drilon. Thank you, Mr. President.

APPROVAL OF CONFERENCE COMMITTEE REPORT
ON S. NO. 1314/H. NO. 5585

Senator Romulo. Mr. President, I ask that we approve and vote on the Conference Committee Report.

The President. Is there any objection to the approval of the Conference Committee Report on the disagreeing provisions of House Bill No. 5585 and Senate Bill No. 1314 as submitted and explained by the chairman of the Senate panel to the said Conference Committee? [Silence] There being none, the said Conference Committee Report is hereby approved.

The following is the full text of the Conference Committee Report:

CONFERENCE COMMITTEE REPORT

The Conference Committee on the disagreeing provisions of House Bill No 5585, entitled

AN ACT CHANGING THE DATE OF ELECTIONS FOR THE ELECTIVE OFFICIALS OF THE AUTONOMOUS REGION FOR MUSLIM MINDANAO, AMENDING FOR THE PURPOSE SECTION ONE OF REPUBLIC ACT NUMBERED SEVENTY-SIX HUNDRED AND FORTY- SEVEN ENTITLED "AN ACT PROVIDING FOR THE DATE OF REGULAR ELECTIONS FOR REGIONAL GOVERNOR, REGIONAL VICE GOVERNOR AND MEMBERS OF THE REGIONAL LEGISLATIVE ASSEMBLY OF THE AUTONOMOUS REGION IN MUSLIM MINDANAO, AND FOR OTHER PURPOSES"

and Senate Bill No. 1314, entitled

AN ACT CHANGING THE DATE OF ELECTIONS FOR THE ELECTIVE OFFICIALS OF THE AUTONOMOUS REGION FOR MUSLIM MINDANAO, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 7647 ENTITLED "AN ACT PROVIDING FOR THE DATE OF REGULAR ELECTIONS FOR REGIONAL GOVERNOR, REGIONAL VICE GOVERNOR AND MEMBERS OF THE REGIONAL LEGISLATIVE ASSEMBLY OF THE AUTONOMOUS REGION IN MUSLIM MINDANAO, AND FOR OTHER PURPOSES,"

having met, after full and free conference, have agreed to recommend and do hereby recommend to their respective Houses that House Bill No. 5585, in consolidation with Senate Bill No. 1314, be approved in accordance with the attached copy of the bill as consolidated and approved by the conferees.

Approved,

CONFEREES ON THE PART OF THE SENATE

(Sgd.) HON. VICENTE C. SOTTO III

(Sgd.) HON. JUAN M. FLAVIER

(Sgd.) HON. MARCELO B. FERNAN

*CONFEREES ON THE PART OF
HOUSE OF REPRESENTATIVES*

(Sgd.) HON. EMIGDIO S. TANJUATCO, JR.

(Sgd.) HON. ALFREDO AMOR E. ABUEG, JR.

(Sgd.) HON. SERGIO A.F. APOSTOL

(Sgd.) HON. ANTONIO H. CERILLES

(Sgd.) HON. NUR G. JAAFAR

(Sgd.) HON. SIMEON A. DATUMANONG

(Sgd.) HON. PANGALIAN M. BALINDONG

AN ACT CHANGING THE DATE OF ELECTIONS FOR THE ELECTIVE OFFICIALS OF THE AUTONOMOUS REGION FOR MUSLIM

MINDANAO, AMENDING FOR THE PURPOSE SECTION ONE OF REPUBLIC ACT NUMBERED SEVENTY-SIX HUNDRED AND FORTY SEVEN ENTITLED "AN ACT PROVIDING FOR THE DATE OF REGULAR ELECTIONS FOR REGIONAL GOVERNOR, REGIONAL VICE GOVERNOR AND MEMBERS OF THE REGIONAL LEGISLATIVE ASSEMBLY OF THE AUTONOMOUS REGION IN MUSLIM MINDANAO, AND FOR OTHER PURPOSES"

Be it enacted by the Senate and the House of Representatives of the Philippines in Congress assembled:

SECTION 1. Section 1 Republic Act No. 7647 is hereby amended to read as follows: "SECTION 1. The regular elections for regular governor, regional vice governor and members of the Regional Legislative Assembly of the Autonomous Region in Muslim Mindanao, shall be held on the second Monday of March 1993 and every three (3) years thereafter. Their terms of office shall commence at noon of the thirty-first of March next following their election and shall expire at noon of the thirty-first of March three years thereafter pursuant to Republic Act numbered six thousand seven hundred thirty-four, otherwise known as the Organic Act for the Autonomous Region in Muslim Mindanao. However, for the year nineteen hundred and ninety-six, the elections for regional governor, regional vice governor and members of the regional legislative assembly shall be held on September 9, 1996. The regional governor, regional vice governor and the members of the regional legislative assembly elected in nineteen hundred and ninety-six shall assume office at twelve o'clock noon on the thirtieth day of September next following their election: *Provided*, That the incumbent regional governor, regional vice governor and the member of the regional legislative assembly shall continue in office in a hold-over capacity until their successors shall have been duly elected and qualified unless they file their certificates of candidacy for any elective position therein, in which case, they shall *ipso facto* be considered resigned from their office; *Provided, further*, That while acting in a hold-over or appointive capacity, the regional governor and vice governor shall not make appointments, including promotions, transfer and/or assignments of personnel and shall be subject to all the restrictions and/or prohibitions mandated by Section 261 of the Omnibus Election Code more particularly, but not limited to, paragraphs (g); (h); (k); (m); (o); (r); (u); (v); (w); and (x) of said section."

SEC. 2. *Repealing Clause.* - All laws, decrees, orders, rules and regulations, and all other issuances, or parts thereof, which are inconsistent with this Act are hereby repealed, amended or modified accordingly.

SEC. 3. This Act shall take effect upon its approval.

Approved.

Senator Romulo. Mr. President, there are three resolutions submitted by the Committee on Foreign Relations giving consent to accept certain awards. The Chairman of the Committee on Foreign Relations has advised me that he is ready to present them.

CONSIDERATION OF P.S. RES. NO. 40
(Giving Consent to Hon. Domingo Siazon to Accept
the Grand Cordon of the Order of the Rising Sun)

Mr. President, I move that we consider Proposed Senate Resolution No. 40 as reported out under Committee Report No. 27.

The President. Consideration of Proposed Senate Resolution No. 40 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 full text thereof.

The Secretary. Proposed Senate Resolution No. 40, entitled

RESOLUTION GIVING CONSENT TO THE
HONORABLE DOMINGO L. SIAZON JR.,
SECRETARY OF FOREIGN AFFAIRS, TO
ACCEPT THE GRAND CORDON OF THE
ORDER OF THE RISING SUN AWARDED TO
HIM BY THE GOVERNMENT OF JAPAN

The following is the full text of Proposed Senate Resolution No. 40:

PROPOSED SENATE RESOLUTION NO. 40
Introduced by Senator Blas F. Ople

RESOLUTION GIVING CONSENT TO THE HONORABLE DOMINGO L. SIAZON JR., SECRETARY OF FOREIGN AFFAIRS, TO ACCEPT THE GRAND CORDON OF THE ORDER OF THE

RISING SUN AWARDED TO HIM BY THE
GOVERNMENT OF JAPAN

WHEREAS, the Honorable Domingo L. Siazon Jr., former Ambassador of the Republic of the Philippines to Japan, was, by his exemplary service and dedication to his duties, was instrumental in fostering close and friendly relations between the Governments of the Republic of the Philippines and Japan;

WHEREAS, in recognition of his zealous efforts and outstanding services, Secretary Domingo L. Siazon Jr., has earned for himself and the country, the honor conferred by Japan which is known as the Grand Cordon of the Order of the Rising Sun;

WHEREAS, Section 8, Article IX - CONSTITUTIONAL COMMISSIONS Sub-Article (B), "The Civil Service Commission," of the 1987 Philippine Constitution, provides that "No elective or appointive public officer or employee shall receive additional, double or indirect compensation, unless specifically authorized by law, nor accept without the consent of the Congress, any present, emolument, office or title of any kind from any foreign government";

RESOLVED THEREFORE, BY THE SENATE OF THE PHILIPPINES, That the Honorable Domingo L. Siazon, Jr., be given consent, as he is hereby given such consent, to receive the award known as the Grand Cordon of the Order of the Rising Sun conferred upon him by the Government of Japan, and to publicly wear/use the corresponding insignia of the decoration.

Senator Romulo. Mr. President, may I ask that the Chairman of the Committee on Foreign Relations be recognized to sponsor this resolution.

The President. Senator Maceda, the Chairman of the Committee on Foreign Relations is hereby recognized.

SPONSORSHIP SPEECH OF SENATOR MACEDA

Senator Maceda. Mr. President, this is one of the three resolutions giving consent to career foreign service ambassadors who have been given decorations upon termination or end of their tour of duty in certain countries.

The first one is a resolution introduced by then Chairman of the Committee on Foreign Relations, Senator Ople, giving consent to the Hon. Domingo L. Siazon, Jr., Secretary of Foreign Affairs, to accept the Grand Cordon of the Order of the Rising

Sun awarded to him by the government of Japan in recognition of his exemplary service and dedication to his duties, for being instrumental in fostering close and friendly relations between the governments of the Philippines and Japan.

Mr. President, pursuant to Section 8, Sub-Article(B), Article IX of the Constitution, we therefore ask that the Senate gives its consent to Hon. Domingo L. Siazon Jr. to accept the Grand Cordon of the Order of the Rising Sun awarded to him by the government of Japan.

ADOPTION OF P. S. RES. NO. 40

Senator Romulo. Mr. President, I ask that we adopt Proposed Senate Resolution No. 40.

The President. Is there any objection? [Silence] There being none, Proposed Senate Resolution No. 40 is hereby adopted.

CONSIDERATION OF P. S. RES. NO. 41 (Giving Consent to Hon. Francisco L. Benedicto to Accept the Order of Diplomatic Merit)

Senator Romulo. Mr. President, I move that we consider Proposed Senate Resolution No. 41 as reported out under Committee Report No. 28.

The President. Consideration of Proposed Senate Resolution No. 41 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. 41, entitled

RESOLUTION GIVING CONSENT TO THE HONORABLE FRANCISCO L. BENEDICTO TO ACCEPT THE ORDER OF DIPLOMATIC MERIT ("KWANGHWA CHANG") AWARDED TO HIM BY THE GOVERNMENT OF JAPAN

The following is the full text of Proposed Senate Resolution No. 41:

PROPOSED SENATE RESOLUTION NO. 41 Introduced by Senator Ople

RESOLUTION GIVING CONSENT TO THE HONORABLE FRANCISCO L. BENEDICTO TO

ACCEPT THE ORDER OF DIPLOMATIC MERIT ("KWANGHWA CHANG") AWARDED TO HIM BY THE GOVERNMENT OF KOREA

WHEREAS, the Honorable Francisco L. Benedicto, Ambassador of the Republic of the Philippines in the Republic of Korea was, by his exemplary service and dedication to his duties, instrumental in fostering close and friendly relations between the governments of the Republic of the Philippines and the Republic of Korea;

WHEREAS, in recognition of his zealous efforts and outstanding services, Ambassador Francisco L. Benedicto has earned for himself and the country, the honor conferred by the Republic of Korea which is known as the Order of Diplomatic Merit or the "Kwang Hwa Chang";

WHEREAS, Section 8, Article IX - CONSTITUTIONAL COMMISSIONS Sub-Article (B) "The Civil Service Commission", of the 1987 Philippine Constitution, provides that "No elective or appointive public officer or employee shall receive additional, double or indirect compensation, unless specifically authorized by law, nor accept without the consent of the Congress, any present, emolument, officer or title of any kind from any foreign government"; Now, therefore, be it

RESOLVED BY THE SENATE, That the Honorable Francisco L. Benedicto, be given consent, as he is hereby given such consent, to receive the award known as the "Kwang Hwa Chang" conferred upon him by the government of the Republic of Korea, and to publicly wear/use the corresponding insignia of the decoration.

Senator Romulo. Mr. President, I ask that the distinguished Chairman of the Committee on Foreign Relations, Senator Maceda, be recognized to sponsor the Resolution.

The President. Senator Maceda, the chairman of the Committee on Foreign Relations, is recognized.

SPONSORSHIP SPEECH OF SENATOR MACEDA

Senator Maceda. Again, Mr. President, this resolution introduced by Senator Ople, similar to the previous one, gives consent to Hon. Francisco L. Benedicto to accept the Order of Diplomatic Merit known as the "Kwang Hwa Chang," awarded

to him by the government of Korea for his exemplary service and dedication to his duties and being instrumental in fostering close and friendly relations between the governments of the Republic of the Philippines and the Republic of Korea.

I therefore ask that we give consent to Hon. Francisco L. Benedicto to accept the Order of Diplomatic Merit ("Kwang Hwa Chang") awarded to him by the government of Korea.

ADOPTION OF P. S. RES. NO. 41

Senator Romulo. Mr. President, I move that we adopt the said Resolution.

The President. Is there any objection? [Silence] There being none, Proposed Senate Resolution No. 41 is hereby adopted.

CONSIDERATION OF P. S. RES. NO. 155
(Giving Consent to Hon. Rosario G. Manalo
to Accept the Order of Merit)

Senator Romulo. Mr. President, I move that we consider Proposed Senate Resolution No. 155 as reported out under Committee Report No. 29.

The President. Consideration of Proposed Senate Resolution No. 155 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. Senate Resolution No. 155, entitled

RESOLUTION GIVING CONSENT TO THE
HONORABLE ROSARIO G. MANALO, TO
ACCEPT THE ORDER OF MERIT, RANK OF
"GRAND OFFICER" AWARDED TO HER BY
THE GOVERNMENT OF FRANCE

The following is the full text of Proposed Senate Resolution No. 155:

PROPOSED SENATE RESOLUTION NO. 155.
Introduced by Senator Maceda

RESOLUTION GIVING CONSENT TO THE
HONORABLE ROSARIO G. MANALO, TO
ACCEPT THE ORDER OF MERIT, RANK OF
"GRAND OFFICIER", AWARDED TO HER BY
THE GOVERNMENT OF FRANCE

WHEREAS, the Honorable Rosario G. Manalo, as Ambassador of the Republic of the Philippines to France, whose exemplary service and dedication to her duties was instrumental in fostering close and friendly relations between the governments of the Republic of the Philippines and France;

WHEREAS, in recognition of her zealous efforts and outstanding services, Ambassador Rosario G. Manalo has earned for herself and the country the honor conferred by the government of France which is known as the National Order of Merit, rank of "Grand Officier";

WHEREAS, Section 8, Article IX - CONSTITUTIONAL COMMISSION Sub-Article (B), "The Civil Service Commission," of the 1987 Philippine Constitution, provides that "No elective or appointive public officer or employee shall receive additional, double or indirect compensation unless specially authorized by law, nor accept without the consent of the Congress, any present, emolument, office or title of any kind from any foreign government.": Now, therefore, be it

RESOLVED BY THE SENATE, that the Honorable Rosario G. Manalo, be given consent, to receive the award known as the "Grand Officier" conferred upon her by the government of France, and to publicly wear/use the corresponding insignia of the decoration.

Senator Romulo. Mr. President, I ask that the distinguished Chairman of the Committee on Foreign Relations, Senator Maceda, be recognized to sponsor the Resolution.

The President. The Chairman of the Committee on Foreign Relations, Senator Maceda, is recognized.

SPONSORSHIP SPEECH OF SENATOR MACEDA

Senator Maceda. Mr. President, in recognition of Ambassador Manalo's exemplary service and dedication to her duties, and being instrumental in fostering close and friendly relations between the governments of the Republic of the Philippines and France, in recognition of her zealous efforts and outstanding services, she has earned for herself and the country the honor conferred by the government of France, which is known as "The National Order of Merit, Rank of Grand Officer".

Pursuant to Section 8, Article IX, Sub-Article (B) of the Constitution, I therefore move that the Senate give consent to the Hon. Rosario G. Manalo to receive the award known as the "Grand Officer" conferred upon her by the government of France.

ADOPTION OF P. S. RES. NO. 155

14 December 1995

Senator Romulo. Mr. President, I move that we vote and adopt Senate Resolution No. 155.

The President. Is there any objection to the adoption of this Resolution? [*Silence*] There being none, Senate Resolution No. 155 is hereby adopted.

Senator Romulo. Mr. President, we still have one more very important bill in our agenda, the General Appropriations Bill for 1996 for the operations of the government from January 1 to December 31, 1996.

We shall have the Bicameral Conference Committee Report, with the materials required for taking this up, on or about ten o'clock this evening.

SUSPENSION OF THE SESSION

Therefore, upon request of the chairman of the Committee on Finance, we will suspend the session until ten o'clock, or one-and-a-half hours later this evening.

The President. The session is suspended until ten o'clock this evening, if there is no objection. [*There was none.*]

It was 8:22 p.m.

RESUMPTION OF THE SESSION

At 11:59 p.m., the session was resumed.

The President. The session is resumed.

Senator Romulo. Mr. President.

The President. The Majority Leader is recognized.

Senator Romulo. Mr. President, there is an Additional Reference of Business. May we ask the Secretary to read the same.

The President. The Secretary will read the Fifth Additional Reference of Business.

FIFTH ADDITIONAL REFERENCE OF BUSINESS

MESSAGE OF THE PRESIDENT OF
THE PHILIPPINES

The Secretary.

HON. NEPTALI A. GONZALES
Senate President
Senate of the Philippines
Old Executive Building
Manila

Pursuant to Section 26 (2) of Article VI of the Constitution, I hereby certify to the necessity of the immediate enactment of Senate Bill No. 1314, entitled

AN ACT CHANGING THE DATE OF ELECTIONS FOR THE ELECTIVE OFFICIALS OF THE AUTONOMOUS REGION FOR MUSLIM MINDANAO, AMENDING FOR THE PURPOSE R.A. 7647 ENTITLED "AN ACT PROVIDING FOR THE DATE OF REGULAR ELECTIONS FOR THE REGIONAL GOVERNOR, REGIONAL VICE GOVERNOR AND MEMBERS OF THE REGIONAL LEGISLATIVE ASSEMBLY OF THE AUTONOMOUS REGION IN MUSLIM MINDANAO, AND FOR OTHER PURPOSES."

to meet the public emergency arising from possible election-related problems due to lack of preparations on the part of the Commission on Elections for the computerization of the elections for the Autonomous Region for Muslim Mindanao as called for under Republic Act No. 8046.

Best regards.

(Sgd.) FIDEL V. RAMOS

cc: Hon. Jose De Venecia
Speaker
House of Representatives
Quezon City

The President. Referred to the Committee on Rules.

MESSAGES FROM THE HOUSE OF
REPRESENTATIVES

The Secretary.

December 19, 1995

The Honorable
NEPTALI A. GONZALES
President of the Senate
Manila

Mr. President:

I have been directed to inform the Senate that the House of Representatives on December 18, 1995 designated Congressman Margarito B. Teves vice Congressman Jose T. Villarosa as member of the Conference Committee on the part of the House on House Bill No. 5201, entitled

AN ACT STRENGTHENING THE CROP INSURANCE PROGRAM OF THE GOVERNMENT, AMENDING FOR THE PURPOSE PRESIDENTIAL DECREE NO. 1467, AS AMENDED.

Very truly yours,

(Sgd.) CAMILO L. SABIO
Secretary General

The President. To the Archives.

The Secretary.

December 19, 1995

The Honorable
NEPTALI A. GONZALES
President of the Senate
M a n i l a

Mr. President:

I have been directed to inform the Senate that the House of Representatives approved on December 18, 1995 the Conference Committee Report on the disagreeing provisions of House Joint Resolution No. 2, entitled

JOINT RESOLUTION CREATING AN AGRICULTURAL COMMISSION TO REVIEW AND ASSESS THE STATE OF PHILIPPINE AGRICULTURE, PARTICULARLY IN THE LIGHT OF THE RATIFICATION OF THE GENERAL AGREEMENT OF TARIFFS AND TRADE (GATT) AND THE IMPLEMENTATION OF THE COMPREHENSIVE AGRARIAN REFORM PROGRAM, AND RECOMMEND POLICY, INSTITUTIONAL AND INFRASTRUCTURAL MEASURES TO ENSURE THE DEVELOPMENT AND MODERNIZATION OF THE SECTOR, PARTICULARLY OF THE SMALL FARMERS, AND APPROPRIATING

FUNDS THEREFOR

and Senate Joint Resolution No. 1, entitled

JOINT RESOLUTION CREATING A CONGRESSIONAL COMMISSION TO REVIEW AND ASSESS PHILIPPINE AGRICULTURE.

Very truly yours,

(Sgd.) CAMILO L. SABIO
Secretary General

The President. To the Archives.

The Secretary.

December 19, 1995

The Honorable
NEPTALI A. GONZALES
President of the Senate
M a n i l a

Mr. President:

I have been directed to inform the Senate that the House of Representatives approved on December 18, 1995 the Conference Committee Report on the disagreeing provisions of House Bill No. 2648, entitled

AN ACT AMENDING SECTION 1 OF REPUBLIC ACT NO. 8045, ENTITLED AN ACT AMENDING SECTION 27 OF REPUBLIC ACT NO. 7166, ENTITLED "AN ACT PROVIDING FOR SYNCHRONIZED NATIONAL AND LOCAL ELECTIONS AND FOR ELECTORAL REFORMS, AUTHORIZING APPROPRIATIONS THEREFOR, AND FOR OTHER PURPOSES"

and Senate Bill No. 1067, entitled

AN ACT AMENDING SECTION 27 OF REPUBLIC ACT NO. 7166, AS AMENDED BY REPUBLIC ACT NO. 8045, ENTITLED "AN ACT PROVIDING FOR SYNCHRONIZED NATIONAL AND LOCAL ELECTIONS AND FOR ELECTORAL REFORMS, AUTHORIZING APPROPRIATIONS THEREFOR, AND FOR OTHER PURPOSES."

Very truly yours,

(Sgd.) CAMILO L. SABIO
Secretary General

The President. To the Archives.

BILL ON FIRST READING

The Secretary. Senate Bill No. 1334, entitled

AN ACT ESTABLISHING THE HOME INDUSTRIES
NATIONAL DEVELOPMENT CENTER FOR
WOMEN AND ITS NETWORK

Introduced by Senator Roco.

The President. Referred to the Committees on Women and
Family Relations; and Trade and Commerce; and Finance.

RESOLUTIONS

The Secretary. Proposed Senate Resolution No. 258,
entitled

RESOLUTION DIRECTING THE APPROPRIATE
COMMITTEES TO CONDUCT AN INQUIRY,
IN AID OF LEGISLATION, INTO THE STATUS,
PROBLEMS AND PROSPECTS OF THE LOCAL
FOOD INDUSTRY, PARTICULARLY THE
ABSENCE OR LACK OF FOOD STANDARDS,
AND TO RECOMMEND MEASURES TO
ENSURE COMPETITIVENESS OF OUR FOOD
PRODUCTS IN THE WORLD MARKET

Introduced by Senator Shahani.

The President. Referred to the Committees on Trade and
Industry; and Health and Demography.

The Secretary. Proposed Senate Resolution No. 259,
entitled

RESOLUTION URGING THE COMMITTEE ON
HEALTH AND DEMOGRAPHY TO INQUIRE,
IN AID OF LEGISLATION, INTO THE
ATTENDANT HEALTH HAZARDS BEING
POSED BY THE ENJOYMENT AND USE OF
DANCING FIRECRACKERS, COMMONLY
KNOWN AS *WATUSI* AND OTHER
PYROTECHNIC DEVICES CONTAINING
HIGHLY POISONOUS CHEMICALS LIKE

YELLOW PHOSPHORUS, POTASSIUM
CHLORATE AND POTASSIUM NITRATE
WITH THE END IN VIEW OF PROHIBITING
OR STRICTLY REGULATING THE SALE,
MANUFACTURE, DISTRIBUTION AND USE
THEREOF TO ENSURE PUBLIC SAFETY ON
THE MATTER AND OTHER PYROTECHNIC
DEVICES AND TO RECOMMEND REMEDIAL
MEASURES THEREFOR

Introduced by Senator Mercado.

The President. Referred to the Committee on Health and
Demography.

The Secretary. Proposed Senate Resolution No. 260,
entitled

RESOLUTION DIRECTING THE COMMITTEE ON
EDUCATION, ARTS AND CULTURE; AND
COMMITTEE ON NATIONAL DEFENSE AND
SECURITY TO CONDUCT AN INQUIRY, IN
AID OF LEGISLATION, INTO THE REPORTED
SALE OF THE SITE AND CAMPUSES OF THE
PHILIPPINE STATE COLLEGE OF
AERONAUTICS (PhilSCA), DUE TO THE
SCHEDULED DISPOSITION OF THE
COLLEGE'S SITES AND ITS PROPERTY BY
THE BASES CONVERSION AND
DEVELOPMENT AUTHORITY (BCDA), IN
ORDER TO GIVE WAY TO AIR TERMINAL III
PROJECT, WITH THE END IN VIEW OF
ENSURING THE FUTURE LOCATION OF
THE STATE COLLEGE AS WELL AS THE
FULFILLMENT OF ITS GOALS AND MISSION
AS AN EDUCATIONAL INSTITUTION,
SPECIALIZED IN THE FIELD OF
AERONAUTICS, AND RECOMMENDING
REMEDIAL OR NEW LEGISLATIVE
MEASURES OR BOTH, AND FOR OTHER
PURPOSES

Introduced by Senator Shahani.

The President. Referred to the Committees on Education,
Arts and Culture; and National Defense and Security.

Senator Romulo. Mr. President.

The President. The Majority Leader is recognized.

Senator Romulo. Mr. President, there is an Additional

Reference of Business. May we ask the Secretary to read the same.

The President. The Secretary will read the Sixth Additional Reference of Business.

SIXTH ADDITIONAL REFERENCE OF BUSINESS

MESSAGES FROM THE HOUSE OF REPRESENTATIVES

The Acting Secretary [Atty. Raval].

December 19, 1995

The Honorable
NEPTALI A. GONZALES
President of the Senate
M a n i l a

Mr. President:

I have been directed to inform the Senate that the House of Representatives on December 18, 1995 passed House Bill No. 688, entitled

AN ACT CONVERTING THE GOVERNOR MARIANO FUENTEBELLA MEMORIAL FISHERY SCHOOL IN BARANGAY NATO, MUNICIPALITY OF SAGNAY, PROVINCE OF CAMARINES SUR, INTO A COLLEGE TO BE KNOWN AS THE GOVERNOR MARIANO FUENTEBELLA MEMORIAL COLLEGE OF FISHERIES, AND APPROPRIATING FUNDS THEREFOR,

to which it requests the concurrence of the Senate.

Very truly yours,

(Sgd.) CAMILO L. SABIO
Secretary General

The President. Referred to the Committees on Education, Arts and Culture; and Finance.

The Acting Secretary [Atty. Raval].

December 19, 1995

The Honorable
NEPTALI A. GONZALES
President of the Senate
M a n i l a

Mr. President:

I have been directed to inform the Senate that the House of Representatives on December 18, 1995 passed House Bill No. 2518, entitled

AN ACT CONSTITUTING THE SECOND ENGINEERING DISTRICT IN THE PROVINCE OF CAMARINES SUR INTO TWO SEPARATE AND DISTINCT ENGINEERING DISTRICTS, ONE TO BE LOCATED IN THE MUNICIPALITY OF BAAO AND THE OTHER IN THE MUNICIPALITY OF TIGAON, BOTH IN THE PROVINCE OF CAMARINES SUR,

to which it requests the concurrence of the Senate.

Very truly yours,

(Sgd.) CAMILO L. SABIO
Secretary General

The President. Referred to the Committee on Public Works.

The Acting Secretary [Atty. Raval].

December 19, 1995

The Honorable
NEPTALI A. GONZALES
President of the Senate
M a n i l a

Mr. President:

I have been directed to inform the Senate that the House of Representatives on December 19, 1995 passed House Bill No. 3946, entitled

AN ACT CHANGING THE BASIS OF THE COST COMPONENT OF THE CURRENT COST, INSURANCE, AND FREIGHT SYSTEM OF ASSESSING IMPORTED ARTICLES, AMENDING FOR THE PURPOSE SECTION 201 OF THE TARIFF AND CUSTOMS CODE OF THE PHILIPPINES, AS AMENDED,

to which it requests the concurrence of the Senate.

Very truly yours,

(Sgd.) CAMILO L. SABIO
Secretary General

The President. Referred to the Committee on Ways and Means.

The Acting Secretary [Atty. Raval].

December 21, 1995

The Honorable
NEPTALI A. GONZALES
President of the Senate
M a n i l a

Mr. President:

I have been directed to inform the Senate that the House of Representatives on December 21, 1995 designated Representatives Edcel Lagman, Jerome Paras, Renato Dragon, Salvador Escudero and Narciso Monfort as members of the Conference Committee on the part of the House on the disagreeing provisions of House Bill No. 5264, entitled

AN ACT DEREGULATING THE DOWNSTREAM OIL INDUSTRY, AND FOR OTHER PURPOSES

and Senate Bill No. 1253, entitled

AN ACT DEREGULATING THE DOWNSTREAM OIL INDUSTRY PURSUANT TO REPUBLIC ACT NUMBERED SEVENTY-SIX HUNDRED AND THIRTY-EIGHT, AND FOR OTHER PURPOSES.

The President. Referred to the Committee on Rules.

The Acting Secretary [Atty. Raval].

December 21, 1995

The Honorable
NEPTALI A. GONZALES
President of the Senate
M a n i l a

Mr. President:

I have been directed to inform the Senate that the House of Representatives on December 21, 1995 designated Congressman Antonio M. Diaz as member of the Conference Committee on the part of the House on the disagreeing provisions of House Bill No. 5264, entitled

AN ACT DEREGULATING THE DOWNSTREAM OIL INDUSTRY, AND FOR OTHER PURPOSES

and Senate Bill No. 1253, entitled

AN ACT DEREGULATING THE DOWNSTREAM OIL INDUSTRY PURSUANT TO REPUBLIC ACT NUMBERED SEVENTY-SIX HUNDRED AND THIRTY-EIGHT, AND FOR OTHER PURPOSES.

Very truly yours,

(Sgd.) CAMILO L. SABIO
Secretary General

The President. Referred to the Committee on Rules.

The Acting Secretary [Atty. Raval].

December 21, 1995

The Honorable
NEPTALI A. GONZALES
President of the Senate
M a n i l a

Mr. President:

I have been directed to inform the Senate that the House of Representatives approved on December 20, 1995 the Conference Committee Report on the disagreeing provisions of House Bill No. 5201, entitled

AN ACT STRENGTHENING THE CROP INSURANCE PROGRAM OF THE GOVERNMENT, AMENDING FOR THE PURPOSE PRESIDENTIAL DECREE NO. 1467, AS AMENDED

and Senate Bill No. 1157, entitled

AN ACT FURTHER AMENDING PRESIDENTIAL DECREE NO. 1467, AS AMENDED, OTHERWISE KNOWN AS THE CHARTER OF THE PHILIPPINE CROP INSURANCE CORPORATION (PCIC), IN ORDER TO MAKE THE CROP INSURANCE SYSTEM MORE STABLE AND MORE BENEFICIAL TO THE FARMERS COVERED THEREBY AND FOR THE NATIONAL ECONOMY.