

ELEVENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
First Regular Session)

00 MAR 13 P4:46

SENATE

RECEIVED BY: G

COMMITTEE REPORT NO. 197

Submitted jointly by the Committees on Trade and Commerce *and* Finance on

13 MAR 2000

Re: S. No. **1946** (Prepared by the Committees)

Recommending its approval in substitution of S. No. 189

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

MR. PRESIDENT:

The Committees on Trade and Commerce; *and* Finance, which was referred S. No. 189, introduced by Senator Osmeña III, entitled:

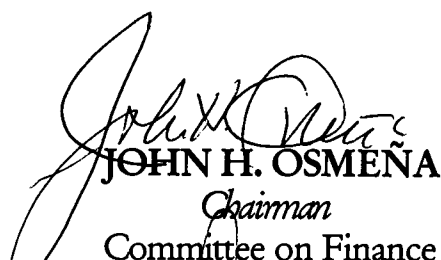
"AN ACT ESTABLISHING THE PRESIDENT'S NATIONAL QUALITY AWARD IN ORDER TO ENCOURAGE PHILIPPINE BUSINESS AND OTHER ORGANIZATIONS TO ATTAIN EXCELLENCE IN QUALITY IN THE PROVISION OF THEIR GOODS AND SERVICES"

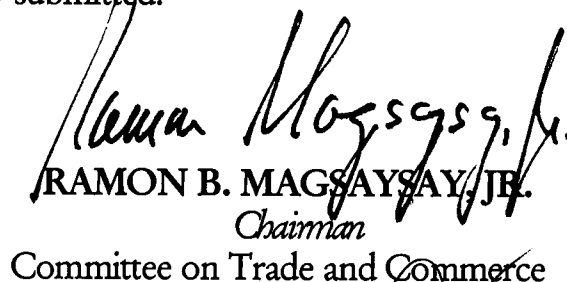
have considered the same and have the honor to report them back to the Senate with the recommendation that the attached S. No. **1946**, prepared by the Committees, entitled:

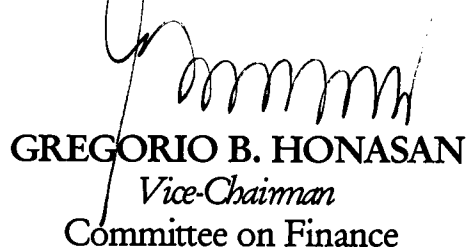
"AN ACT ESTABLISHING THE PHILIPPINE QUALITY AWARD IN ORDER TO ENCOURAGE ORGANIZATIONS IN BOTH THE PRIVATE AND PUBLIC SECTORS TO ATTAIN EXCELLENCE IN QUALITY IN THE PRODUCTION AND/OR DELIVERY OF THEIR GOODS AND SERVICES"

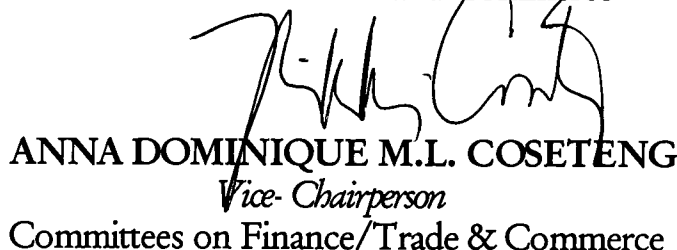
be approved in substitution of S. Nos. 189 with Senators Osmeña III and Magsaysay, Jr. as authors thereof.

Respectfully submitted:



JOHN H. OSMENA
Chairman
Committee on Finance



RAMON B. MAGSAYSAY, JR.
Chairman
Committee on Trade and Commerce


GREGORIO B. HONASAN
Vice-Chairman
Committee on Finance

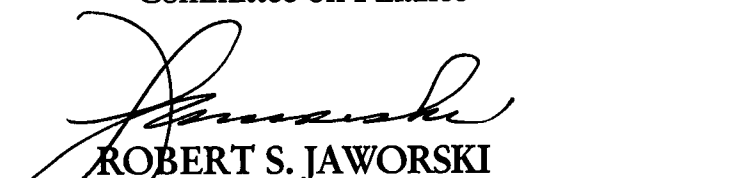

ANNA DOMINIQUE M.L. COSETENG
Vice-Chairperson
Committees on Finance/Trade & Commerce


TERESA AQUINO-ORETA
Vice-Chairperson
 Committee on Finance


AQUILINO Q. PIMENTEL
Vice-Chairman
 Committee on Finance

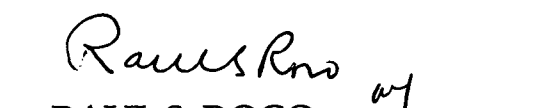

RODOLFO G. BIAZON
Vice-Chairperson
 Committee on Finance


SERGIO R. OSMEÑA III
Vice-Chairman
 Committee on Finance



ROBERT S. JAWORSKI
Vice-Chairperson
 Committee on Finance/Trade & Commerce


JUAN PONCE ENRILE
Vice-Chairman
 Committee on Finance



VICENTE C. SOTTO III
Vice-Chairperson
 Committee on Finance

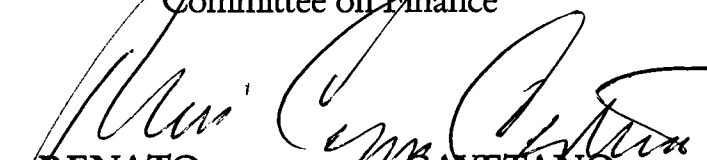

RAUL S. ROCO *of*
evolution
Vice-Chairman
 Committee on Finance


MEMBERS:


RAMON B. REVILLA
 Committee on Finance


LOREN LEGARDA-LEVISTE
 Committee on Finance

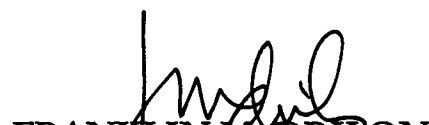

ROBERT Z. BARBERS
 Committee on Finance



RENATO COMPANERO CAYETANO
 Committee on Finance


JUAN M. FLAVIER
 Committee on Finance

EX-OFFICIO MEMBERS:

JOHN H. OSMEÑA
President Pro-Tempore


FRANKLIN M. DRILON
Majority Leader


TEOFISTO T. GUINGONA, JR. *w/conn.*
Minority Leader

The Honorable
BLAS F. OPLE
Senate President
 Pasay City

ELEVENTH CONGRESS OF THE REPUBLIC
OF THE PHILIPPINES
Second Regular Session

00 MAR 13 P4 46

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SENATE
S.B. No. 1946

Introduced by Senators Osmeña III and Magsaysay, Jr.

AN ACT

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

*Be it enacted by the Senate and the House of Representatives of the Philippines in
Congress assembled:*

SECTION 1. Title. - This Act shall be known and cited as the "Philippine
Quality Award Act."

SECTION 2. Declaration of Policy - It is hereby declared to be the policy of the
State to promote industrialization and full employment through industries that make full
and efficient use of human and natural resources, and which are competitive in both
domestic and foreign markets. Towards this end, the state shall encourage all sectors of
the economy to aim for optimum productivity and improved quality and shall recognize
their contribution to raising the quality of life for all, especially the underprivileged.
Thus, the State shall endeavor to:

- A. Help stimulate organizations to improve quality and productivity for the pride
of recognition while obtaining a competitive edge through improved
performance or business results;
- B. recognize the achievements of those organizations which improve the quality
of their processes, goods and services and providing examples to others;
- C. establish guidelines and criteria that can be used by industrial, commercial,
governmental, and other organizations in evaluating their own quality
improvement efforts; and
- D. provide specific guidance for other organizations in the Philippines that wish
to learn how to manage quality by making available relevant information on
how winning organizations were able to change their cultures and achieve
eminence.

SECTION 3. Purpose. - The twofold purposes of this Act are as follows:

- a) to provide for the establishment and conduct of a national quality improvement system under which awards are given to selected organizations that practice effective quality management and as a result make significant improvements in the quality of their goods and services, and
- b) to generate and obtain useful information about successful strategies, programs and practices for improving quality of goods and services which can be disseminated to other organizations.

SECTION 4. Establishment of the Philippine Quality Award System. - There is hereby established the Philippine Quality Award, which shall be evidenced by a trophy bearing the Presidential Seal, PQA Logo, and the inscriptions "Philippine Quality Award - Quest for Performance Excellence". The trophy shall be of such design and materials and bear such additional inscriptions as the PQA Committee may prescribe.

SECTION 5. Making and Presentation of Award. - (1) The President of the Philippines, on the basis of recommendations received from the Award Manager, shall periodically grant the award to organizations which in the judgment of the Award Manager have substantially benefited the economic or social wellbeing of the Philippines through improvements in the quality of their goods or services resulting from the effective practice of quality management, and which as a consequence are deserving of special recognition.

(2) The conferment of the award shall be made by the President, personally in accordance with such ceremonies as may be prescribed by the rules and regulations to be promulgated hereinafter.

(3) A company or an organization to which an award is granted, and which agrees to help other Philippine organizations improve their quality management, may publicize its receipt of such award and use the award in its promotional activities.

SECTION 6. Awards Levels. -

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

1) PQA SYSTEM-RECOGNITION FOR QUALITY MASTERY

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

2) PQA SYSTEM - RECOGNITION FOR QUALITY PROFICIENCY

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

SECTION 7. Eligibility Categories for the Grant of the Award. - Awards shall be made to qualifying organizations in each of the following categories:

- (A) Small and Medium Scale Enterprises as defined under the Magna Carta for Small and Medium Scale Enterprises
- (B) Manufacturing companies or their subsidiaries
- (C) Companies which primarily provide services
- (D) Agricultural Producers
- (E) Offices, Agencies, Bureaus of the National Government, and any of its subdivisions, including Government Owned and Controlled Corporations and Local Government Units

(1) The PQA Committee may at any time expand, subdivide, or otherwise modify the list of categories above enumerated and may establish separate awards for other organizations upon a determination that the objectives of this Act would be better served thereby; except that any such expansion, subdivision, modification, or establishment shall not be effective unless and until thirty (30) days after the PQA Committee has published a detailed description thereof.

(2) The Philippine Quality Award for Performance Excellence shall be given to all applicant organizations that garnered the qualifying conditions per year. No award shall be granted within any of the four levels if there are no qualifying organizations in that level. An organization granted the Philippine Quality Award for Performance Excellence shall be ineligible to receive another award in the same level for a period of three (3) years. However, previous winners of any

of the Recognition Levels: Mastery/Proficiency/Commitment, shall be eligible to apply for another award.

SECTION 8. Criteria for Qualification. - An organization may qualify for an award under this section only if it

- (A) prepares an application and submits this to the Award Administrators;
- (B) permits a rigorous evaluation of the means in which its business and other operations have contributed to improvements in the quality of goods, services and overall organizational performance; and,
- (C) meets such requirements and specifications, as the PQA Committee may deem appropriate.

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

SECTION 9. Award Manager and Award Administrators. - The Secretary of the Department of Trade and Industry shall be the Award Manager with the Center for Industrial Competitiveness as its implementing agency. The Development Academy of the Philippines through its productivity and Development Center and the Philippine Society for Quality Control shall be the Award Administrators for the public and private sectors, respectively, for three (3) years, after which their contract may be renewed year to year.

SECTION 10. PQA Committee. - The President shall appoint a PQA Committee upon the recommendation of the Philippine Council for Productivity consisting of the heads of the following agencies/organizations selected for their prominence in the field of quality:

- a) Department of Trade and Industry;
- b) Development Academy of the Philippines;
- c) Philippine Quality and Productivity Movement;
- d) Philippine Society for Quality;
- e) Department of Budget and Management;
- f) Industry Development Council/Export Development Council;

- //
- g) Management Association of the Philippines;
 - h) National Wages and Productivity Commission;
 - i) Commission on Higher Education; and
 - j) Philippine Association for Technological Education.

The Secretary of Trade and Industry shall serve as the Chair of the Committee while the President of the Development Academy of the Philippines and the Philippine Quality and ~~Awards Committee.~~ ⁴⁴

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

SECTION 11. Information and Technology Transfer Program. - The Committee shall ensure that all award applicants receive the results of evaluation of their application as well as detailed explanations of all suggestions for improvements. The Committee shall disseminate information about the awards and the successful quality improvement strategies of the award-winning organization/s.

SECTION 12. Funding. - The amount necessary for the implementation of this Act shall be included in the budget of the Department of Trade and Industry in the Annual General Appropriations Act.

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

SECTION 13. Fees and Charges. - The Committee may impose fees and other charges upon the organizations applying for the award in amounts sufficient to cover the cost of examinations under Section 7 hereof: *PROVIDED, That*, said fees and other charges shall be deposited with the National Treasury and shall accrue to the General Fund.

SECTION 14. Report. - The Chairman shall prepare and submit to the President and the Congress each year, a report on the award activities and the progress of the implementation of this Act.

SECTION 15. Implementing Rules and Regulations. - The Committee shall promulgate the necessary rules and regulations for the effective implementation of this Act.

SECTION 16. Repealing Clause. - All laws, decrees, executive orders, rules and regulations which are inconsistent with or contrary to the provisions of this Act are hereby repealed, amended, or modified accordingly.

SECTION 17. Effectivity. - This Act shall take effect fifteen (15) days after its publication in English and Filipino in at least two newspapers of general circulation.

Approved.