

REPUBLIC OF THE PHILIPPINES }  
CONGRESS OF THE PHILIPPINES }  
    *Second Regular Session*

H. No. 10900

REPUBLIC ACT NO. 7663

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-  
FOUR, AND FOR OTHER PURPOSES

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

SECTION 1. *Appropriation of Funds.* – The following sums,  
or so much thereof as may be necessary, are hereby appropriated  
out of any funds in the National Treasury of the Philippines not  
otherwise appropriated, for the operation of the Government of  
the Republic of the Philippines from January one to December  
thirty-one, nineteen hundred and ninety-four except where  
otherwise specifically provided herein:

## SUMMARY OF FY 1994 NEW APPROPRIATIONS

(Amount, In thousand pesos)

I.	CONGRESS OF THE PHILIPPINES .....	<u>1,784,832,000</u>
A.	Senate .....	472,000,000
A.1	Senate Electoral Tribunal .....	27,713,000
B.	Commission on Appointments .....	82,907,000
C.	House of Representatives .....	1,171,924,000
C.1	House Electoral Tribunal .....	30,288,000
II.	OFFICE OF THE PRESIDENT .....	<u>611,749,002</u>
A.	The President's Offices .....	611,749,002
III.	OFFICE OF THE VICE-PRESIDENT .....	<u>45,363,000</u>
A.	Office of the Vice-President .....	45,363,000
IV.	DEPARTMENT OF AGRARIAN REFORM .....	<u>827,716,000</u>
A.	Office of the Secretary .....	827,716,000
V.	DEPARTMENT OF AGRICULTURE .....	<u>6,430,469,000</u>

A.	Office of the Secretary .....	5,972,162,000
B.	Agricultural Credit Policy Council .....	75,730,000
C.	Fertilizer and Pesticide Authority .....	15,804,000
D.	Fiber Industry Development Authority .....	84,074,000
E.	Livestock Development Council .....	8,978,000
F.	National Agricultural and Fishery Council .....	86,927,000
G.	National Meat Inspection Commission .....	43,170,000
H.	National Nutrition Council .....	28,787,000
I.	National Stud Farm .....	5,599,000
J.	Philippine Carabao Center .....	102,422,000
K.	Sacobia Development Authority .....	6,816,000
VI.	DEPARTMENT OF BUDGET AND MANAGEMENT .....	<u>261,101,000</u>
A.	Office of the Secretary .....	258,085,000
B.	Procurement Service .....	3,016,000
VII.	DEPARTMENT OF EDUCATION, CULTURE AND SPORTS .....	<u>37,956,910,000</u>
A.	Office of the Secretary .....	37,780,450,000
B.	National Historical Institute .....	49,295,000

C.	National Library .....	36,374,000
D.	National Museum .....	58,907,000
E.	Records Management and Archives Office .....	20,099,000
F.	Philippine High School for the Arts .....	11,785,000
VIII.	STATE UNIVERSITIES AND COLLEGES .....	<u>6,078,360,000</u>
A.	NATIONAL CAPITAL REGION.....	<u>2,506,144,000</u>
A.1	Eulogio "Amang" Rodriguez Institute of Science and Technology	47,069,000
A.2	Philippine Merchant Marine Academy	42,217,000
A.3	Philippine Normal University	104,607,000
A.4	Philippine State College of Aeronautics	24,150,000
A.5	Polytechnic University of the Philippines	257,420,000
A.6	Rizal Technological Colleges	66,128,000
A.7	Technological University of the Philippines	126,440,000
A.8	University of the Philippines System	1,838,113,000
B.	REGION I - ILOCOS .....	<u>416,955,000</u>
B.1	Don Mariano Marcos Memorial State University	158,354,000
B.2	Mariano Marcos State University	98,735,000
B.3	Cotton Research and Development Institute	19,955,000
B.4	Pangasinan State University	75,216,000
B.5	University of Northern Philippines	64,695,000
C.	CORDILLERA ADMINISTRATIVE REGION .....	<u>139,874,000</u>
C.1	Abra State Institute of Science and Technology	16,900,000

C.2	Benguet State University	60,545,000
C.3	Ifugao State College of Agriculture and Forestry	23,683,000
C.4	Kalinga-Apayao State College	13,447,000
C.5	Mt. Province State Polytechnic College	25,299,000
D.	REGION II - CAGAYAN VALLEY .....	<u>258,596,000</u>
D.1	Cagayan State University	102,872,000
D.2	Isabela State University	88,602,000
D.3	Nueva Vizcaya State Institute of Technology	35,955,000
D.4	Nueva Vizcaya State Polytechnic College	19,765,000
D.5	Quirino State College	11,402,000
E.	REGION III - CENTRAL LUZON .....	<u>295,196,000</u>
E.1	Bulacan College of Arts and Trades	34,387,000
E.2	Central Luzon Polytechnic College	42,922,000
E.3	Central Luzon State University	86,616,000
E.4	Don Honorio Ventura College of Arts and Trades	29,970,000
E.5	Pampanga Agricultural College	26,806,000
E.6	Tarlac College of Agriculture	28,624,000
E.7	Tarlac State University	33,475,000
E.8	Western Luzon Agricultural College	12,396,000
F.	REGION IV - SOUTHERN TAGALOG AND PALAWAN .....	306,096,000
F.1	Don Severino Agricultural College	52,152,000
F.2	Laguna State Polytechnic College	17,154,000
F.3	Marinduque State College	19,910,000
F.4	Occidental Mindoro National College	25,619,000
F.5	Pablo Borbon Memorial Institute of Technology	32,054,000

F.6	Palawan National Agricultural College	41,198,000
F.7	Palawan State College	32,284,000
F.8	Rizal College of Agriculture and Technology	32,893,000
F.9	Romblon State College	19,627,000
F.10	Southern Luzon Polytechnic College	33,205,000
G.	REGION V - BICOL .....	<u>251,477,000</u>
G.1	Bicol University	111,094,000
G.2	Camarines Norte State College	35,721,000
G.3	Camarines Sur Polytechnic College	9,429,000
G.4	Camarines Sur State Agricultural College	35,760,000
G.5	Catanduanes State College	44,761,000
G.6	Partido State College	14,712,000
H.	REGION VI - WESTERN VISAYAS .....	<u>299,848,000</u>
H.1	Aklan State College of Agriculture	28,616,000
H.2	Iloilo State College of Fisheries	24,139,000
H.3	Northern Iloilo Polytechnic State College	35,577,000
H.4	Paglaum State College	25,376,000
H.5	Panay State Polytechnic College	37,615,000
H.6	Polytechnic State College of Antique	15,265,000
H.7	West Visayas State University	86,470,000
H.8	Western Visayas College of Science and Technology	46,790,000
I.	REGION VII - CENTRAL VISAYAS .....	<u>125,722,000</u>
I.1	Cebu State College	25,579,000
I.2	Cebu State College of Science and Technology	70,244,000
I.3	Central Visayas Polytechnic College	29,899,000

J.	REGION VIII - EASTERN VISAYAS .....	<u>293,944,000</u>
J.1	Eastern Samar State College	26,254,000
J.2	Leyte Institute of Technology	37,626,000
J.3	Leyte State College	24,053,000
J.4	Naval Institute of Technology	15,534,000
J.5	Palompon Institute of Technology	21,653,000
J.6	Samar State Polytechnic College	23,381,000
J.7	Tiburcio Tancinco Memorial Institute of Science and Technology	13,031,000
J.8	University of Eastern Philippines	39,768,000
J.9	Visayas State College of Agriculture	86,224,000
J.10	Tomas Oppus Normal College	6,420,000
K.	REGION IX - WESTERN MINDANAO .....	<u>223,058,000</u>
K.1	Basilan State College	10,897,000
K.2	Sulu State College	14,660,000
K.3	MSU-Tawi-Tawi College of Technology and Oceanography	86,045,000
K.4	Tawi-Tawi Regional Agricultural College	14,440,000
K.5	Western Mindanao State University	64,391,000
K.6	Zamboanga State College of Marine Sciences and Technology	32,625,000
L.	REGION X - NORTHERN MINDANAO .....	<u>169,947,000</u>
L.1	Bukidnon State College	26,303,000
L.2	Central Mindanao University	86,943,000
L.3	Mindanao Polytechnic State College	33,200,000
L.4	Misamis Oriental State College of Agriculture and Technology	10,656,000
L.5	Northern Mindanao State Institute of Science and Technology	12,845,000
M.	REGION XI - SOUTHEASTERN MINDANAO .....	<u>81,204,000</u>

M.1	Davao Oriental State College of Science and Technology	14,073,000
M.2	Southern Philippines Agri-Business and Marine and Aquatic School of Technology	14,272,000
M.3	University of Southeastern Philippines	52,859,000
N.	REGION XII - CENTRAL MINDANAO .....	<u>670,299,000</u>
N.1	Cotabato Foundation College of Science and Technology	27,130,000
N.2	Cotabato City State Polytechnic College	20,396,000
N.3	Mindanao State University	402,124,000
N.4	MSU-Iligan Institute of Technology	120,956,000
N.5	University of Southern Mindanao	72,255,000
N.6	Sultan Kudarat Polytechnic State College	27,438,000
O.	FACULTY AND STAFF AND DEVELOPMENT FUND .....	<u>40,000,000</u>
IX.	DEPARTMENT OF ENERGY .....	<u>293,867,000</u>
X.	DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES .....	<u>4,377,961,000</u>
A.	Office of the Secretary .....	4,238,731,000
B.	National Mapping and Resource Information Authority .....	139,230,000
XI.	DEPARTMENT OF FINANCE .....	<u>3,282,273,000</u>
A.	Office of the Secretary .....	87,785,000
B.	Bureau of Customs .....	765,650,000
C.	Bureau of Internal Revenue .....	1,873,336,000



D.	Bureau of Local Government	
	Finance .....	197,006,000
E.	Bureau of the Treasury .....	182,009,000
F.	Central Board of Assessment Appeals .....	4,634,000
G.	Economic Intelligence and Investigation Bureau .....	119,776,000
H.	Fiscal Incentives Review Board .....	419,000
I.	Insurance Commission .....	33,657,000
J.	National Tax Research Center .....	18,001,000
XII.	DEPARTMENT OF FOREIGN AFFAIRS .....	<u>1,572,727,000</u>
A.	Office of the Secretary .....	1,540,414,000
B.	Foreign Service Institute .....	24,447,000
C.	Technical Cooperation Council of the Philippines .....	2,117,000
D.	UNESCO National Commission of the Philippines .....	5,749,000
XIII.	DEPARTMENT OF HEALTH .....	<u>7,418,233,000</u>
A.	Office of the Secretary .....	7,332,191,000
B.	Dangerous Drugs Board .....	41,325,000
C.	Philippine Medical Care Commission .....	44,717,000

XIV.	DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT .....	<u>12,919,893,000</u>
A.	Office of the Secretary .....	970,313,000
B.	Local Government Academy .....	45,549,000
C.	National Police Commission .....	265,658,000
D.	Philippine National Police .....	9,820,527,000
E.	Bureau of Fire Protection .....	1,276,172,000
F.	Bureau of Jail Management and Penology .....	426,802,000
G.	Philippine Public Safety College .....	114,872,000
XV.	DEPARTMENT OF JUSTICE .....	<u>2,212,182,000</u>
A.	Office of the Secretary .....	821,729,000
B.	Bureau of Corrections .....	262,423,000
C.	Public Attorney's Office .....	264,911,000
D.	Bureau of Immigration .....	80,577,000
E.	Commission on the Settlement of Land Problems .....	22,899,000
F.	National Bureau of Investigation .....	303,026,000
G.	Land Registration Authority .....	212,870,000
H.	Office of the Government Corporate Counsel .....	22,190,000

I.	Office of the Solicitor General .....	70,198,000
J.	Parole and Probation Administration .....	151,359,000
XVI.	DEPARTMENT OF LABOR AND EMPLOYMENT .....	<u>1,771,421,000</u>
A.	Office of the Secretary .....	843,821,000
B.	Institute for Labor Studies .....	10,652,000
C.	National Conciliation and Mediation Board .....	54,165,000
D.	National Labor Relations Commission .....	145,714,000
E.	National Manpower and Youth Council .....	551,974,000
F.	National Maritime Polytechnic .....	20,203,000
G.	National Wages and Productivity Commission .....	50,306,000
H.	Philippine Overseas Employment Administration .....	94,586,000
XVII.	DEPARTMENT OF NATIONAL DEFENSE .....	<u>22,694,974,000</u>
A.	Office of the Secretary .....	88,751,000
B.	Armed Forces of the Philippines .....	20,309,489,000
	B.1 General Headquarters	2,581,755,000
	B.2 Philippine Air Force	2,769,809,000
	B.3 Philippine Army	6,073,002,000
	B.4 Philippine Navy	3,384,820,000

B.5	Presidential Security Group	169,781,000
B.6	Armed Forces of the Philippines Medical Center	226,648,000
B.7	Citizen Armed Forces Geographical Units	877,185,000
B.8	Philippine Military Academy	241,512,000
B.9	AFP - Reservist and Retiree Affairs Program	39,607,000
B.10	AFP Pension and Gratuity	2,165,502,000
B.11	AFP Modernization Program	1,779,868,000
C.	Government Arsenal.....	160,086,000
D.	National Defense College of the Philippines.....	17,083,000
E.	Office of Civil Defense .....	38,057,000
F.	Philippine Veterans Affairs Office.....	2,081,508,000
F.1	Philippine Veterans Affairs Office (Proper)	1,783,434,000
F.2	Military Shrine Services	10,482,000
F.3	Veterans Memorial Medical Center	287,592,000
XVIII.	DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS.....	<u>23,180,953,000</u>
A.	Office of the Secretary .....	23,157,946,000
B.	National Water Resources Board .....	17,253,000
C.	Toll Regulatory Board .....	5,754,000
XIX.	DEPARTMENT OF SCIENCE AND TECHNOLOGY .....	<u>2,857,318,000</u>
A.	Office of the Secretary .....	1,347,770,000

B.	Advanced Science and Technology Institute .....	32,208,000
C.	Food and Nutrition Research Institute .....	38,555,000
D.	Forest Products Research and Development Institute .....	33,520,000
E.	Industrial Technology Development Institute .....	98,249,000
F.	Metals Industry Research and Development Center .....	68,126,000
G.	National Academy of Science and Technology .....	7,198,000
H.	National Research Council of the Philippines .....	14,030,000
I.	Philippine Atmospheric, Geophysical and Astronomical Services Administration .....	675,292,000
J.	Philippine Council for Advanced Science and Technology Research and Development .....	34,433,000
K.	Philippine Council for Agriculture, Forestry and Natural Resources Research and Development	75,223,000
L.	Philippine Council for Aquatic and Marine Research and Development .....	11,412,000
M.	Philippine Council for Health Research and Development .....	20,986,000
N.	Philippine Council for Industry and Energy Research and Development .....	18,481,000
O.	Philippine Institute of Volcanology and Seismology .....	53,778,000
P.	Philippine Nuclear Research Institute .....	69,241,000
Q.	Philippine Science High School .....	105,974,000
R.	Philippine Textile Research Institute .....	21,045,000
S.	Science Education Institute .....	88,741,000

T.	Science and Technology Information Institute .....	15,141,000
U.	Technology Application and Promotion Institute .....	27,915,000
XX.	DEPARTMENT OF SOCIAL WELFARE AND DEVELOPMENT .....	<u>774,315,000</u>
A.	Office of the Secretary .....	756,029,000
B.	Council for the Welfare of Children and Youth .....	4,831,000
C.	National Council for the Welfare of Disabled Persons .....	13,455,000
XXI.	DEPARTMENT OF TOURISM .....	<u>384,206,000</u>
A.	Office of the Secretary .....	282,011,000
B.	Intramuros Administration .....	32,217,000
C.	National Parks Development Committee .....	69,978,000
XXII.	DEPARTMENT OF TRADE AND INDUSTRY .....	<u>1,439,108,000</u>
A.	Office of the Secretary .....	1,091,509,000
B.	Board of Investments .....	146,024,000
C.	Bonded Export Marketing Board .....	3,018,000
D.	Construction Industry Authority of the Philippines .....	22,202,000
E.	Construction Manpower Development Foundation .....	14,607,000

F.	International Coffee Organization - Certifying Agency .....	5,226,000
G.	Philippine Trade Training Center .....	25,237,000
H.	Product Development and Design Center of the Philippines .....	131,285,000
XXIII.	DEPARTMENT OF TRANSPORTATION AND COMMUNICATIONS .....	<u>4,817,567,000</u>
A.	Office of the Secretary .....	4,681,751,000
B.	Civil Aeronautics Board .....	10,846,000
C.	Maritime Industry Authority .....	60,428,000
D.	National Telecommunications Commission .....	58,334,000
E.	Office of Transportation Cooperatives .....	6,208,000
XXIV.	NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY .....	<u>303,015,000</u>
A.	Office of the Director-General .....	215,906,000
B.	Commission on Population .....	58,871,000
C.	Philippine National Volunteer Service Coordinating Agency .....	5,556,000
D.	Tariff Commission .....	22,682,000
XXV.	NATIONAL STATISTICAL COORDINATION BOARD .....	<u>339,636,000</u>
A.	Office of the Secretary-General .....	31,763,000

B.	National Statistics Office .....	302,321,000
C.	Statistical Research and Training Center .....	5,552,000
<b>XXVI.</b>	<b>OFFICE OF THE PRESS SECRETARY .....</b>	<b><u>475,795,000</u></b>
A.	Office of the Press Secretary (Proper) .....	51,358,000
B.	Bureau of Broadcast Services .....	132,999,000
C.	Bureau of Communications Services .....	13,146,000
D.	National Printing Office .....	100,742,000
E.	News and Information Bureau .....	49,524,000
F.	Philippine Information Agency .....	95,941,000
G.	Presidential Broadcast Staff (RTVM) .....	32,085,000
<b>XXVII.</b>	<b>OTHER EXECUTIVE OFFICES .....</b>	<b><u>2,001,485,000</u></b>
A.	Commission on the Filipino Language .....	15,612,000
B.	Commission on Filipinos Overseas .....	15,601,000
C.	Committee on Privatization .....	874,000
D.	Cooperatives Development Authority .....	196,033,000
E.	Energy Regulatory Board .....	43,175,000
F.	Games and Amusements Board.....	13,502,000



G.	Government Corporate Monitoring and Coordinating Committee .....	7,835,000
H.	Housing and Land Use Regulatory Board .....	61,572,000
I.	Housing and Urban Development Coordinating Council .....	124,906,000
J.	Metropolitan Manila Authority .....	132,897,000
K.	Movie and Television Review and Classification Board .....	6,445,000
L.	National Commission on Culture and Arts .....	45,302,000
M.	National Commission on the Role of Filipino Women .....	18,171,000
N.	National Computer Center .....	102,423,000
O.	National Intelligence Coordinating Agency .....	100,778,000
P.	National Security Council.....	57,714,000
Q.	Office on Muslim Affairs .....	106,609,000
R.	Office for Northern Cultural Communities .....	85,454,000
S.	Office for Southern Cultural Communities .....	96,642,000
T.	Palawan Council for Sustainable Development Staff .....	29,172,000
U.	Philippine Gamefowl Commission.....	4,238,000
V.	Philippine Human Resource Development Center .....	23,785,000
W.	Philippine Racing Commission .....	12,214,000
X.	Philippine Sports Commission .....	70,595,000

Y.	Presidential Commission on Good Government .....	83,528,000
Z.	Presidential Commission for the Urban Poor .....	29,213,000
AA.	Presidential Committee on the Philippine Nuclear Power Plant .....	271,660,000
BB.	Presidential Council on Youth Affairs .....	22,266,000
CC.	Presidential Legislative Liaison Office .....	15,432,000
DD.	Presidential Management Staff.....	74,219,000
EE.	Securities and Exchange Commission .....	119,533,000
FF.	Videogram Regulatory Board .....	14,085,000
<b>XXVIII.</b>	<b>JOINT LEGISLATIVE-EXECUTIVE COUNCILS .....</b>	<b><u>3,064,001</u></b>
A.	Joint Legislative-Executive Foreign Debt Council .....	1
B.	Legislative-Executive Development Advisory Council .....	3,064,000
<b>XXIX.</b>	<b>THE JUDICIARY .....</b>	<b><u>3,091,973,000</u></b>
A.	Supreme Court of the Philippines and the Lower Courts .....	2,764,303,000
A.1	Presidential Electoral Tribunal .....	36,302,000
B.	Sandiganbayan .....	41,158,000
C.	Court of Appeals .....	235,983,000
D.	Court of Tax Appeals.....	14,227,000

XXX.	CONSTITUTIONAL OFFICES .....	<u>2,808,198,000</u>
A.	Civil Service Commission .....	229,454,000
A.1	Career Executive Service Board	48,703,000
A.2	Professional Regulation Commission	64,039,000
B.	Commission on Audit .....	1,546,955,000
C.	Commission on Elections .....	919,047,000
XXXI.	OFFICE OF THE OMBUDSMAN .....	<u>178,406,000</u>
XXXII.	COMMISSION ON HUMAN RIGHTS .....	<u>101,465,000</u>
XXXIII.	AUTONOMOUS REGIONS .....	<u>2,115,851,000</u>
A.	Cordillera Administrative Region .....	26,079,000
A.1	Cordillera Administrative Region (Proper)	15,655,000
A.2	Kalinga Special Development Authority	10,424,000
B.	Autonomous Regional Government in Muslim Mindanao .....	2,089,772,000
XXXIV.	BUDGETARY SUPPORT TO GOVERNMENT CORPORATIONS .....	<u>6,744,384,001</u>
A.	DEPARTMENT OF AGRICULTURE .....	<u>1,996,424,000</u>
A.1	National Food Authority	1,479,384,000
A.2	National Tobacco Administration	107,963,000

A.3	Philippine Coconut Authority	80,000,000
A.4	Philippine Fisheries Development Authority	17,513,000
A.5	Philippine Rice Research Institute	142,086,000
A.6	Quedan and Rural Credit Guarantee Corporation	90,000,000
A.7	Sugar Regulatory Administration	79,478,000
B.	DEPARTMENT OF ENERGY .....	<u>1,408,918,000</u>
B.1	National Electrification Administration	588,918,000
B.2	National Power Corporation	820,000,000
C.	DEPARTMENT OF FINANCE .....	<u>150,000,000</u>
C.1	Philippine Crop Insurance Corporation	50,000,000
C.2	Philippine Export and Foreign Loan Guarantee Corporation	100,000,000
D.	DEPARTMENT OF HEALTH .....	<u>359,531,000</u>
D.1	Lung Center of the Philippines	83,835,000
D.2	National Kidney Institute	95,000,000
D.3	Philippine Children's Medical Center	93,196,000
D.4	Philippine Heart Center	87,500,000
E.	DEPARTMENT OF NATIONAL DEFENSE .....	<u>12,932,001</u>
E.1	Philippine Veterans Assistance Commission	
E.2	PHIVIDEC Industrial Authority	12,932,000
F.	DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS .....	<u>539,206,000</u>
F.1	Local Water Utilities Administration	539,206,000
G.	DEPARTMENT OF TOURISM .....	<u>66,273,000</u>
G.1	Philippine Convention and Visitors Corporation	66,273,000

H.	DEPARTMENT OF TRADE AND INDUSTRY .....	<u>126,752,000</u>
	H.1 Center for International TradeExpositions and Missions	64,042,000
	H.2 Cottage Industry Technology Center	8,310,000
	H.3 Export Processing Zone Authority	54,400,000
I.	DEPARTMENT OF TRANSPORTATION AND COMMUNICATIONS .....	<u>483,336,000</u>
	I.1 Light Rail Transit Authority	46,237,000
	I.2 Philippine National Railways	437,099,000
J.	NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY .....	<u>15,000,000</u>
	J.1 Philippine Institute for Development Studies	15,000,000
K.	OFFICE OF THE PRESS SECRETARY .....	<u>90,000,000</u>
	K.1 People's Television Network, Incorporated	90,000,000
L.	OTHER EXECUTIVE OFFICES.....	<u>1,476,047,000</u>
	L.1 Asset Privatization Trust	21,600,000
	L.2 Bases Conversion and Development Authority	35,000,000
	L.3 Home Insurance and Guaranty Corporation	300,000,000
	L.4 National Home Mortgage Finance Corporation	472,600,000
	L.5 National Housing Authority	425,000,000
	L.6 Philippine Deposit Insurance Corporation	10,000,000
	L.7 Philippine Retirement Authority	7,000,000
	L.8 Southern Philippines Development Authority	7,920,000
	L.9 Subic Bay Metropolitan Authority	196,927,000
M.	BUDGETARY SUPPORT TO GOVERNMENT CORPORATIONS .....	<u>19,965,000</u>
XXXV.	AGRARIAN REFORM FUND .....	<u>28,000,000</u>

A.	Agrarian Reform Fund .....	28,000,000
	<b>XXXVI. ALLOCATIONS TO LOCAL GOVERNMENT UNITS .....</b>	<b><u>49,462,997,000</u></b>
A.	Internal Revenue Allotment .....	46,753,000,000
B.	Magna Carta for Public Health Workers Devolved to LGUs .....	662,000,000
C.	Special Shares of LGUs in the Proceeds of National Taxes .....	1,468,000,000
D.	Countrywide Industrialization Fund .....	120,000,000
E.	Local Officials Insurance Premium Fund .....	47,000,000
F.	Municipal Development Fund .....	412,997,000
	<b>XXXVII. AREA DEVELOPMENT ASSISTANCE FUND .....</b>	<b><u>58,123,000</u></b>
A.	Aurora Integrated Area Development Project .....	10,330,000
B.	Bondoc Development Program .....	9,642,000
C.	Central Visayas Water and Sanitation Project .....	38,151,000
	<b>XXXVIII. CALAMITY FUND .....</b>	<b><u>2,000,000,000</u></b>
	<b>XXXIX. COMPENSATION ADJUSTMENT FUND .....</b>	<b><u>7,000,000,000</u></b>
XL.	CONTINGENT FUND .....	<u>800,000,000</u>

XL I. COUNTRYWIDE DEVELOPMENT FUND .....	<u>2,977,000,000</u>
XLII. FOREIGN-ASSISTED PROJECTS SUPPORT FUND .....	<u>462,375,000</u>
XLIII. GENERAL FUND ADJUSTMENTS .....	<u>207,500,000</u>
XLIV. INTERNATIONAL COMMITMENTS FUND.....	<u>664,803,000</u>
XLV. MISCELLANEOUS PERSONNEL BENEFITS FUND .....	<u>2,806,468,000</u>
XLVI. NATIONAL UNIFICATION FUND .....	<u>200,000,000</u>
XLVII. PROPERTY REPLACEMENT FUND .....	<u>47,500,000</u>
XLVIII. APPROPRIATIONS FOR DEBT SERVICE .....	<u>86,323,438,000</u>
XLIX. UNPROGRAMMED FUND .....	<u>7,500,000,000</u>
<b>TOTAL NEW APPROPRIATIONS .....</b>	<b>322,694,974,004</b>

GENERAL PROVISIONS  
RECEIPTS AND INCOME

SEC. 2. *Fees, Charges and Assessments.* – All fees, charges, assessments, and other receipts or revenues collected by departments, bureaus, offices or agencies in the exercise of their functions, at such rates as are now or may be approved by the Secretary concerned, shall be deposited with the National Treasury and shall accrue to the General Fund pursuant to Section 44 of Book VI, E.O. No. 292 and Section 3 of B.P. Blg. 325: *Provided*, That certain receipts may be recorded as income of a Special Fund, a Fiduciary or a Trust Fund, or a fund other than the General Fund, when authorized by law and following such rules and regulations as may be issued by the Permanent Committee created under Section 45 of Book VI, E.O. No. 292: *Provided, further*, That all revenues or income accruing to special accounts in the General Fund may be made available for expenditure, subject to the Special Provision in this Act for the agencies concerned and to Special Budgets required under Section 35 of Book VI, E.O. No. 292: and *Provided, furthermore*, That whenever practicable and taking into account the cost reduction program of the government, when an agency contracts with another government office for fabrication of furniture or equipment, or for computer, printing or other services, the agency rendering such services may assess the requesting agency for the cost of production and services rendered and may utilize the proceeds thereof, subject to Section 35 of Book VI, E.O. No. 292, except as otherwise provided in this Act: and *Provided, finally*, That the schedule of fees, charges and assessments collectible by any government agency including government-owned and/or controlled corporations shall be posted in big bold characters in a conspicuous place in said government agency or corporation, including its branches or extension offices and that the updating and continuous display of said schedule shall be the responsibility of the head of the agency or corporation concerned.

SEC. 3. *Revolving Fund.* – Revolving funds shall be established and maintained only in cases where said funds are expressly created and authorized by law. Revolving funds already in existence shall continue their operations, except those which are converted into "Use of Income" provisions in this Act. Receipts derived from business-type activities of departments, bureaus,



offices or agencies which are authorized by law to be constituted into a Revolving Fund shall be separately recorded and deposited in an authorized government depository bank, and may be made available for operational expenses of the said activity of the agency concerned, subject to the conditions prescribed under the special provision of the agency concerned and the rules and regulations as may be prescribed by the aforementioned Permanent Committee. The Revolving Fund shall be considered self-perpetuating and self-liquidating and all obligations or expenditures incurred by virtue of said business-type activities shall be charged against the Revolving Fund: *Provided*, That interest and other income earned shall be deposited with the National Treasury and shall accrue to the General Fund pursuant to Section 65 of P.D. No. 1445 in relation to Section 29(l) of Article VI of the Constitution. The agency concerned shall submit to the Department of Budget and Management, copy furnished the House Committee on Appropriations and the Senate Committee on Finance, a quarterly report of the income from this Fund and a quarterly report of expenditure. In case of failure to submit said requirements, no withdrawal in the subsequent quarter shall be allowed in audit except upon certification of the Department of Budget and Management that said report was submitted.

SEC. 4. *Trust Receipts.* – Receipts from non-tax sources authorized by law for specific purposes which are collected/received by a government office or agency acting as a trustee, agent or administrator, or which have been received as guaranty for the fulfillment of an obligation, and all other collections classified by law or regulations as trust receipts shall be treated as trust liability of the agency concerned and deposited in an authorized government depository bank or in the National Treasury, as the case may be, subject to the conditions prescribed under the Special Provisions of the agency concerned and to the rules and regulations as determined by the Permanent Committee created under Section 45 of Book VI, E.O. No. 292. Payment out of such funds shall be made in accordance with the purpose for which the fund is created and subject to accounting and auditing regulations: *Provided*, That deposits in authorized government depository banks shall be withdrawable, subject to existing budget, accounting and auditing rules and regulations without the need for issuance of a Notice of Cash Allocation: *Provided, further*, That if the amount is deposited in an interest-earning account, the interest shall

accrue to the General Fund and shall be remitted to the National Treasury at the end of each quarter.

SEC. 5. *Seminar and Conference Fees.* – Departments, bureaus, offices or agencies which conduct training programs approved jointly by the Department of Budget and Management and the Civil Service Commission are authorized to collect seminar and conference fees from government and private agency participants, at such standard rates as the Department of Budget and Management and the Civil Service Commission shall deem appropriate. The proceeds derived from such seminars or conferences may be made available for the conduct of such seminars and conferences, subject to pertinent budget, accounting and auditing rules and regulations: *Provided*, That any excess therefrom shall be remitted to the National Treasury: *Provided, further*, That upon the conclusion of the seminar or conference, the office authorized to conduct the same shall submit to the Department of Budget and Management a report of the income realized and of the expenses incurred: *Provided, finally*, That no appropriation authorized in this Act shall be used to support or augment expenses for seminars or conferences.

SEC. 6. *Sale of Non-Serviceable, Obsolete and Other Unnecessary Equipment.* – Departments, bureaus, offices or agencies are hereby authorized to sell non-serviceable, obsolete, and other unnecessary equipment. Fifty percent (50%) of the proceeds from the sale of equipment of the agency shall be deemed automatically appropriated for the purchase of new ones except cars, vans and the like and for the repair or rehabilitation of existing vital equipment for which no fund has been provided in this Act.

SEC. 7. *Sale of Products.* – Departments, bureaus, offices or agencies are hereby authorized to sell products of agricultural, industrial or other projects, including official publications. The proceeds derived therefrom shall be deposited with the National Treasury and shall accrue to the General Fund, pursuant to

Section 44 of Book VI, E.O. No. 292, unless otherwise provided by law or by Special Provision in this Act.

SEC. 8. *Donations.* – Departments, bureaus, offices or agencies are authorized to accept donations, contributions, grants, bequests or gifts, in cash or in kind, from foreign governments, international and local agencies, private entities or individuals for purposes relevant to their functions. Such receipts shall be accounted for in the books of the government and shall be subject to pertinent accounting and auditing rules and regulations. Such donations, whether in cash or in kind, shall be deemed automatically appropriated for the purposes specified by the donor. Receipts from cash donations and sale of donated commodities shall be remitted to the National Treasury and recorded as a Special Account in the General Fund. The Department of Budget and Management shall issue the necessary obligational authority on the basis of the grant agreement and in accordance with a Work and Financial Plan to be submitted by the recipient agency. The corresponding cash requirements shall be released upon remittance of the grant proceeds as certified by the Bureau of Treasury. The agency concerned shall submit to the Department of Budget and Management and to the Commission on Audit a quarterly report of the expenditures or disbursements of the amount released. The implementation of this section shall be in accordance with the rules and regulations issued jointly by the Department of Budget and Management and the Department of Finance.

SEC. 9. *Expenditures Funded from Borrowing.* – The amounts appropriated in this Act and funded from local or foreign borrowing shall be released in accordance with loan drawdowns or in the manner stipulated in the financing agreement concerned, subject to Section 35 of Book VI, E.O. No. 292.

SEC. 10. *Foreign Purchases and Other Importations.* – Purchases under foreign military sales agreements, heavy equipment imports for infrastructure projects and other

importations of agencies which are financed by foreign borrowings or by Bangko Sentral consolidated borrowing programs shall be subject to the requirement of a certification of availability of appropriations released for the purpose, to the requirements of LOI No. 880 and to applicable laws, rules and regulations.

SEC. 11. *Loan Agreements.* – Departments, bureaus, offices or agencies, including government-owned and/or controlled corporations, shall in no case enter into foreign or domestic loan agreements, whether in cash or in kind, except upon concurrence of the Secretary of Budget and Management with respect to peso requirements and implications on expenditure ceilings and prior approval of the President of the Philippines, with the prior concurrence of the Monetary Board, subject to such limitations as may be provided by law: *Provided,* That the Monetary Board shall within thirty days from the end of every quarter of the calendar year, submit to the Congress of the Philippines a report of its decisions on applications for loans to be contracted or guaranteed by the government or government-owned and/or controlled corporations which have the effect of increasing the foreign debt. Loans shall not be contracted by agencies of the national government unless the full amount of the loan is covered by an Obligational Authority issued by the Secretary of Budget and Management. For this purpose, the budgetary implications of foreign-assisted projects shall be explicitly considered by the Secretary of Budget and Management and the office or agency concerned at the time of project design and financing negotiations. The project study shall specify the cash flow requirements of the project among others, for: (a) payment of principal and interest; (b) peso component of capital costs and project preparation; (c) infrastructure and support facilities needed to be directly financed by government; (d) operating and other expenditures which will be ultimately required for general fund support when the project is implemented; and (e) peso requirements needed as counterpart.

SEC. 12. *Performance Bonds and Deposits.* – Performance bonds and deposits filed or posted by private persons or entities with agencies of the government shall be deposited with an authorized government depository bank as trust liabilities and under the name of the agency concerned. Upon faithful performance of the undertaking or termination of the obligation for which the bond or

deposit was required, any amount due shall be returned to the filing party and the office or agency concerned, withdrawable in accordance with accounting and auditing rules and regulations: *Provided*, That any interest accruing on deposit accounts and any forfeited amounts shall be recorded as income of the General Fund and shall be remitted to the National Treasury at the end of each quarter. This provision shall apply to bonds posted in cash, such as bidder's bond, guaranty bonds, bail bonds, judicial deposits for the benefit of clients, cash under litigation deposited in court or quasi-judicial bodies and other refundable and judicial bonds, and all bonds and deposits required by law, rules and regulations to be posted to ensure the faithful performance of an activity or undertaking.

#### AUTHORIZED EXPENDITURES

##### SEC. 13. *Restrictions on the Use of Appropriated Funds.*

– The amounts released, particularly for, but not limited to, petroleum, oil and lubricants as well as for water, illumination and power services, telephone and other communication services, rents, retirement gratuity and terminal leave requirements shall be disbursed solely for such items of expenditures in accordance with the Work and Financial Plan as approved by the Secretary of Budget and Management.

The use of funds in violation of this Section shall be null and void, and shall subject the erring officials and employees to disciplinary action under the provisions of Sections 43 and 80 of Book VI, E.O. No. 292 and to appropriate criminal action under existing penal laws.

##### SEC. 14. *Restrictions on the Use of Government Funds.*

– No government funds shall be utilized for the following purposes:

(1) To purchase motor vehicles, except medical ambulances, military and police patrol vehicles, other utility vehicles, road construction equipment, motorized bancas, those used for mass transport when necessary in the interest of the public service, and those authorized by the President, the Senate President, the Speaker of the House of Representatives, or the Chief Justice of the Supreme Court;

(2) To defray foreign travel expenses of any government official or employee, except in the case of training seminar or conference abroad when the officials and other personnel of the foreign mission cannot effectively represent the country therein and travels necessitated by international commitments;

(3) To provide fuel, parts, repair and maintenance to any government vehicle which is not permanently marked "For Official Use Only" with the name or logo of the agency, nor otherwise properly identified as a government vehicle and does not carry its official government plate number, except official vehicles assigned to the President, Vice-President, Senate President, Speaker of the House of Representatives, Chief Justice of the Supreme Court and Chairmen of the Constitutional Commissions and those used by personnel performing intelligence and national security functions: *Provided*, That in case of transport crisis, such as that occasioned by street demonstrations, welgang bayan, floods, typhoons and other emergencies, all government vehicles of any type whether luxury cars or utility vehicles, shall be made available to meet the emergency and utilized to transport for free the commuters on a round-the-clock basis;

(4) To pay *honoraria*, allowances or other forms of compensation to any government official or employee, except those specifically authorized by law;

(5) To be invested in nongovernment securities, money market placements and similar investments or deposited in private banking institutions.

The provisions of this section shall apply to local government units, political subdivisions and government-owned and/or controlled corporations.

The implementation of this section shall be in accordance with the rules and regulations issued by the Department of Budget and Management, in coordination with the Commission on Audit.

SEC. 15. *National Internal Revenue Taxes and Import Duties of National and Local Government Agencies as well as*

*Government-Owned and /or Controlled Corporations, Including Armed Forces of the Philippines Commissary, Exchange Service (AFPCEs) and Philippine National Police Storage Store System (PNPSSS).* – National internal revenue taxes and import duties payable by national government agencies to the National Government as well as customs duties and taxes for the importation of equipment by local government units, are deemed automatically appropriated. Tax expenditure subsidy to various government-owned and/or controlled corporations, including AFPCEs, thru the Department of National Defense, and PNPSSS thru the Department of the Interior and Local Government, shall be deemed automatically appropriated, subject to approval by the Fiscal Incentives Review Board (FIRB) pursuant to Executive Order No. 93, as amended. The amounts pertaining to such taxes and duties shall be considered as revenue and expenditure of the government.

The implementation of this section shall be in accordance with guidelines jointly issued by the Department of Budget and Management and the Department of Finance.

SEC. 16. *Expenditure Components.* – Except by act of the Congress of the Philippines, no change or modification shall be made in the expenditure items authorized in this Act and other appropriations laws unless in cases of augmentations from savings in appropriations as authorized under Section 25(5) of Article VI of the Constitution.

SEC. 17. *Use of Savings.* – The President of the Philippines, the President of the Senate, the Speaker of the House of Representatives, the Chief Justice of the Supreme Court, the Heads of Constitutional Commissions under Article IX of the Constitution, the Ombudsman, and the Commission on Human Rights are hereby authorized to augment any item in this Act for their respective offices from savings in other items of their respective appropriations.

SEC. 18. *Priority in the Use of Savings.* – In the use of savings, priority shall be given to the augmentation of the amounts set aside for compensation, bonus, retirement gratuity, terminal leave, old-age pension of veterans and other personnel benefits authorized by law and those expenditure items authorized in

agency Special Provisions and in other sections of the General Provisions of this Act.

SEC. 19. *Meaning of Savings and Augmentation.* – Savings refer to portions or balances of any programmed appropriation free of any obligation or encumbrance still available after the satisfactory completion or unavoidable discontinuance or abandonment of the work, activity or purpose for which the appropriation is authorized, or arising from unpaid compensation and related costs pertaining to vacant positions and leaves of absence without pay.

Augmentation implies the existence in this Act of an item, project, activity or purpose with an appropriation which upon implementation or subsequent evaluation of needed resources is determined to be deficient. In no case, therefore, shall a non-existent item, project, activity, purpose or object of expenditure be funded by augmentation from savings or by the use of appropriations authorized otherwise in this Act.

SEC. 20. *Information Outlay.* – The appropriations pertaining to information activities of various departments, bureaus, offices or agencies shall be released upon presentation of an appropriate program of activities prepared by their respective Heads, copies of which shall be furnished the House Committee on Appropriations and the Senate Committee on Finance.

SEC. 21. *Purchase of Supplies, Materials and Equipment Spare Parts.* – The stock on hand of supplies, materials and equipment spare parts to be acquired through ordinary purchase out of appropriations herein provided shall at no time exceed normal three-month requirements, subject to pertinent rules and regulations issued by competent authority: *Provided,* That heads of departments, bureaus, offices or agencies or other instrumentalities of the government may approve the build-up of stocks on hand of critical supplies and materials as defined or specified by the Department of Budget and Management in anticipation of cost increases, or requirement of a national emergency, or of an impending shortage in the items concerned, specifying maximum quantities of individual items. Unless otherwise approved by the President, upon the joint



recommendation of the Secretary concerned and the Chairman of the Commission on Audit, these stocks shall not exceed one year's need.

SEC. 22. *Emergency Purchases.* – Unless otherwise provided in this Act, departments, bureaus, offices or agencies of the National Government are authorized to make emergency purchases of supplies, materials and spare parts of motor transport equipment that are urgently needed for the repair of ambulances, motor vehicles, vessels and aircrafts or to meet an emergency which may involve the loss of, or danger to, life and/or property, or are to be used in connection with a project or activity which cannot be delayed without causing detriment to the public service, in a monthly amount not exceeding four percent (4%) of the annual agency expenditure program for supplies and materials out of the appropriations allotted for maintenance and other operating expenses of the agency concerned, except as may be authorized by the President of the Philippines upon the joint recommendation of the Department of Budget and Management and the Commission on Audit.

SEC. 23. *Purchase of Locally Manufactured Products.* – All appropriations for the procurement of equipment, supplies and materials authorized in this Act shall be used only for the purchase of locally manufactured equipment, parts, accessories, medicines and drugs, supplies and materials, except when none of the desired quality or standard is available in the market or when the price of the locally manufactured product is more than fifteen percent (15%) of that of a similar product offered by an entity other than a domestic entity pursuant to Section 4 of the Flag Law (Commonwealth Act No. 138, as amended).

SEC. 24. *Cultural and Athletic Activities.* – An amount not exceeding P50,000 *per annum* out of the appropriations allotted for maintenance and other operating expenses for each department, bureau, office or agency and P20,000 for each regional office of each regionalized department, bureau, office or agency, may be used for cultural and athletic activities, including purchase of uniforms at not more than P700 for each participant, and for supplies and necessary expenses for said activities. The amounts fixed in this Section constitute the allowable maximum to be

expended by any department, bureau, office or agency for its cultural and athletic activities, except as otherwise approved by the President of the Philippines: *Provided*, That these amounts may be pooled by the Secretary concerned into one fund, programmed and controlled to best serve the needs of the department and all the offices, bureaus and agencies therein.

For purposes of this Section, the term "office or agency" shall be construed to refer only to departments and bureaus and the regular government offices or agencies under them.

*SEC. 25. Contracting Multi-Year Projects.* – In the implementation of multi-year projects, no agency shall enter into a contract without a multi-year Obligational Authority issued by the Department of Budget and Management for the purpose.

Notwithstanding the issuance of the multi-year Obligational Authority, the obligation to be incurred in any given calendar year, shall in no case exceed the amount programmed for implementation of the multi-year projects during said calendar year.

*SEC. 26. Extraordinary and Miscellaneous Expenses.* – Appropriations herein authorized may be used for extraordinary expenses not exceeding:

- (a) P120,000 for each Secretary or equivalent;
- (b) P40,000 for each Undersecretary or equivalent;
- (c) P16,000 for each Assistant Secretary, head of bureau or organization of equal rank to a bureau and for each Department Regional Director; and
- (d) P8,000 for each Bureau Regional Director.

In addition, miscellaneous expenses not exceeding P24,000 for each of the offices under the above named officials are herein authorized.

For purposes of this Section, extraordinary and miscellaneous expenses shall include, but shall not be limited to, expenses incurred for:

- (a) meetings, seminars and conferences;
- (b) official entertainment;
- (c) public relations;
- (d) educational, athletic and cultural activities;
- (e) contributions to civic or charitable institutions;
- (f) membership in government associations;
- (g) membership in national professional organizations duly accredited by the Professional Regulation Commission;
- (h) membership in the Integrated Bar of the Philippines;
- (i) subscription to professional technical journals and informative magazines, library books and materials;
- (j) office equipment and supplies; and
- (k) other similar expenses not supported by the regular budget allocation.

In case of deficiency, the fund provided for the purpose shall be augmented from savings of the agency.

No portion of the amounts authorized herein shall be used for salaries, wages, allowances, intelligence and confidential expenses.

These expenditures shall be subject to the accounting and auditing rules and regulations.

SEC. 27. *Release of Intelligence and Confidential Funds.*

– No amount appropriated in this Act shall be released or disbursed for confidential and intelligence activities unless specifically identified and authorized as such intelligence or confidential fund in this Act.

Intelligence and confidential funds provided for in the budgets of departments, bureaus, offices or agencies of the national government, including amounts from savings authorized by Special Provisions to be used for intelligence and counter-intelligence activities, shall be released only upon approval of the President of the Philippines: *Provided*, That at least eighty percent (80%) of intelligence and confidential funds shall be used for field operations.

All departments, bureaus and offices shall submit to the Secretary of the Department of Budget and Management, the Chairman of the House Committee on Appropriations and the Chairman of the Senate Committee on Finance, a quarterly report on the utilization of intelligence and confidential funds.

SEC. 28. *Release of Funds.* – Any provision of law to the contrary notwithstanding, the appropriations authorized for the Judiciary, Congress of the Philippines, the Commission on Human Rights, the Office of the Ombudsman, the Civil Service Commission, the Commission on Audit and the Commission on Elections in this Act shall be automatically and regularly released in accordance with the Work and Financial Plan.

SEC. 29. *Disbursement of Funds.* – All appropriated funds shall be disbursed only through the National Treasury and/or originally-chartered government-owned or controlled banks.

SEC. 30. *Funding of Contracts and Future Payment of Contractual Obligations.* – Notwithstanding the availability of deferred payment terms, departments, bureaus, offices or agencies concerned, before entering into contracts involving the expenditure of public funds, including contracts for services or consultancy, contracts of lease, equipment rental, construction of partitions or improvements in leased buildings, or contracts involving an increase in the approved contract price shall secure a certification of availability of funds for the purpose from the agency Chief

Accountant, subject to applicable rules and regulations as may be issued by the Department of Budget and Management and to Sections 40 and 58 of Book VI, E.O. No. 292: *Provided*, That the certification of availability of funds sufficient to cover the cost of the contracted activities shall be contained in and made part of the contract duly signed by the Chief Accountant of the contracting agency, as provided for by LOI No. 968. Departments, bureaus, offices or agencies, before entering into contracts for delivery of goods or services against future payment, shall likewise first secure a certification of the availability of the full contracted amount for such goods or services out of the agency's appropriations. No contracts shall be entered into nor work undertaken without such certification of fund availability.

SEC. 31. *Service Contracts.* – Departments, bureaus, offices or agencies of the National Government are hereby authorized to enter into contracts with other government agencies, private firms and nongovernmental organizations for services related or incidental to their respective functions and operations, through public bidding or negotiated contracts, whenever it is impractical or more expensive for the government to directly undertake such functions and operations, subject to accounting and auditing rules and regulations: *Provided*, That the execution of the service contracts shall not operate to automatically abolish or render vacant any existing occupied position in the contracting office or agency.

SEC. 32. *Health Financial Assistance Program.* – Subject to the enactment of a law for the purpose, the amount necessary to cover increases authorized in medicare benefits for GSIS Medicare beneficiaries shall be taken from budgetary savings of national government agencies. For this purpose, the Department of Budget and Management is hereby authorized to set aside the amount necessary to cover this year's Financial Assistance Program from the appropriations provided in this Act for the current operating expenses of the national government agencies concerned. In subsequent years, the requirement for the Health Financial Assistance Program shall be included in the respective budgets of the agencies concerned. The Department of Budget and Management, the Philippine Medical Care Commission and the Government Service Insurance System shall jointly

promulgate the necessary rules and regulations to implement this Section.

SEC. 33. *Funding of Personnel Benefits.* – The personnel benefits costs of government officials and employees shall be charged against the respective funds from which their compensations are paid.

All authorized supplemental or additional compensation, fringe benefits and other personal services costs of officials and employees whose salaries are drawn from special accounts or special funds, such as salary increases and adjustments, merit increases, incentive and service fees, vacation and sick leaves, retirement and life insurance premiums, compensation insurance premiums, health insurance (Medicare) premiums, HDMF contributions, hospitalization and medical benefits, scholarship and educational benefits, training and seminar expenses, all kinds of allowances, whether commutable or reimbursable, in cash or in kind, and other personnel benefits and privileges authorized by law, including the payment of retirement gratuities, separation pay and terminal leave benefits, shall be charged against the corresponding fund from which their basic salaries are drawn and in no case shall such personnel benefits costs be charged against the General Fund of the national government.

Officials and employees on detail with other offices, including the representatives and support personnel of auditing units assigned to serve other offices or agencies, shall be paid their salaries, emoluments, allowances and the foregoing supplemental compensation, fringe benefits and other personal services costs from the appropriations of their parent agencies, and in no case shall such be charged against the appropriations of the agencies where they are assigned or detailed, except when authorized by law.

SEC. 34. *Personnel Benefits Fund.* – The Employees Compensation Insurance Premium Fund, the National Government Contributions to the Health Insurance (Medicare) Fund and the Employers' Share in the Home Development Mutual Fund (Pag-IBIG) shall be released directly by the Department of Budget and Management to the Government Service Insurance System and the Home Development Mutual Fund.

Payment of amelioration benefits to cover the year-end bonus and cash gift provided under Republic Act No. 6686 shall be released to the department, bureau, office or agency concerned.

Savings generated in one department, bureau, office or agency shall be used to augment deficient funds in other departments, bureaus, offices or agencies.

SEC. 35. *Travelling Expenses.* – Officials and employees of the government may be allowed full payment of claims for reimbursement of travelling and related expenses incurred in the course of official travel, certified by the head of the agency concerned as absolutely necessary in the performance of an assignment and supported by receipts, chargeable to the allotment for travelling expenses.

The implementation of this Section shall be in accordance with the rules and regulations to be issued by the Department of Budget and Management.

SEC. 36. *Representation and Transportation Allowances.* – The following officials and those of equivalent rank as may be determined by the Department of Budget and Management while in the actual performance of their respective functions are hereby granted monthly commutable representation and transportation allowances payable from the programmed appropriations provided for their respective offices not exceeding the rates indicated below, which shall apply to each type of allowance:

- (a) At P3,500 for Secretaries or equivalent;
- (b) At P2,400 for Department Undersecretaries or equivalent;
- (c) At P2,000 for Assistant Secretaries, Bureau Directors and Department Regional Directors or equivalent;
- (d) At P1,700 for Assistant Bureau Directors, Department Assistant Regional Directors, Bureau Regional Directors, Department Service Chiefs or equivalent;

(e) At ₱1,400 for Assistant Bureau Regional Directors or equivalent;

(f) At ₱1,300 for Chief of Divisions, identified as such in the Personal Services Itemization.

The transportation allowance herein authorized shall not be granted to officials who are assigned a government vehicle or use government motor transportation. Unless otherwise provided by law, no amount appropriated in this Act shall be used to pay for representation and/or transportation allowances, whether commutable or reimbursable, which exceed the rates authorized under this Section. Previous administrative authorizations not consistent with the rates and conditions herein specified shall no longer be valid and payment shall not be allowed.

Allowances of those officials who are receiving salaries from special accounts or special funds shall be charged against the corresponding fund from which their salaries are charged. Officials on detail with other offices, including officials of the Commission on Audit assigned to serve other offices or agencies, shall be paid the allowance herein authorized from the appropriations of their parent agencies.

*SEC. 37. Official Vehicles and Transport.* – Government motor transportation may be used by the following officials, including those who may be specifically authorized by the President of the Philippines, the President of the Senate with respect to the Senate, and the Speaker, with respect to the House of Representatives, with costs chargeable to the appropriations authorized for their respective offices:

- (a) The President of the Philippines;
- (b) The Vice-President;
- (c) The President of the Senate;
- (d) The Speaker of the House of Representatives;



- (e) The Chief Justice of the Supreme Court;
- (f) The Secretaries, Undersecretaries and officials of equivalent rank;
- (g) The Presiding Justice of the Court of Appeals;
- (h) Ambassadors, Ministers Plenipotentiary and Consuls in charge of Consulates, in their respective stations abroad;
- (i) The Chief of Staff, the Vice-Chief of Staff and the Commanding Generals of the major services of the Armed Forces of the Philippines; and
- (j) The Heads of Constitutional Commissions.

SEC. 38. *Uniform and Clothing Allowance.* – The appropriations herein provided for each department, bureau, office or agency may be used for uniform and clothing allowance of employees at not more than P1,300 each *per annum* which may be given in kind, subject to the discretion of the department head concerned. Savings in the appropriations for each department, bureau or office may be used for this purpose where no amount is specifically appropriated in this Act.

SEC. 39. *Hazard Duty Pay.* – Upon recommendation of the Department Head and approval of the Department of Budget and Management, hazard pay may be allowed to officials and employees who are actually assigned in hardship or difficult areas, strife-torn or embattled areas, distressed or isolated stations, prison camps, mental hospitals, radiation-exposed clinics or laboratories, or disease-infested areas or in areas declared under state of calamity or emergency for the duration thereof which expose them to great danger, contagion, radiation, volcanic activity/eruption, occupational risks or perils to life, chargeable to savings in the appropriations of the department/agency concerned, which shall not be less than P100 nor more than P300 each per month, except in cases where the rates are specifically provided for under special laws, charters or enabling acts, in which case such rates shall govern, or where more incentives are needed

to attract applicants, in which case the sum may be augmented at the rates to be determined by the Department Heads as may be necessary: *Provided*, That hazard pay by reason of strife-torn or embattled areas shall be subject to the certification issued by the Secretary of National Defense and the rates thereof shall be determined by the Secretary of Budget and Management on the basis of the area classification certified by the Secretary of National Defense. The Secretary of Budget and Management and the Secretary of National Defense shall review from time to time authorizations for the payment of hazard duty pay in strife-torn and embattled areas earlier issued and shall terminate such authorizations in areas where conditions no longer justify the continuation of hazard duty pay.

SEC. 40. *Honoraria*. – Departments, bureaus, offices or agencies are authorized to use their respective appropriations for payment of *honoraria* as compensation for services rendered by researchers, experts and specialists who are acknowledged authorities in their field of specialization and military personnel who are rendering security service to the Congress of the Philippines including its Committees, at such rates as the Department of Budget and Management may authorize, unless otherwise specifically provided by law.

SEC. 41. *Authorized Deductions, Incentive and Service Fees*. – Deductions from salaries, emoluments or other benefits accruing to any government employee may be allowed for the payment of obligations due or owing to government lending institutions such as government banks, the Government Service Insurance System, duly licensed insurance companies, savings and loans associations, and those organized for, and managed by, government employees. Deductions under Section 21 of R.A. No. 4670, otherwise known as the Magna Carta for Public School Teachers may be allowed, including such deductions representing amortizations arising from educational loan for tuition fees, reasonable amount for textbooks and other school obligations granted by insurance companies duly licensed by the Insurance Commission: *Provided*, That such deductions shall not reduce the employee's take home pay to an amount lower than one thousand pesos, after deducting all other statutory deductions: *Provided, further*, That the agencies and offices with existing deductions

arrangements with private lenders, shall continue such deductions until the credits/loans outstanding or the premiums of the policies in force at the date of passage of this Act shall have been fully paid.

Service fees collected shall be deposited with the National Treasury or public financial institution and shall accrue to the General Fund, pursuant to Section 44 of Book VI, E.O. No. 292. Such fees may be made available for payment of incentive or service fees to employees who are actually and directly involved in the collection: *Provided, however,* That such payment to any employee may not, in the aggregate exceed fifty percent (50%) of his annual salary.

Any surplus of service fees deposited with the National Treasury pursuant to the provisions of the second paragraph hereof, shall form part of a provident fund to be established by the agency in favor of all its employees, which shall be available to employees for emergency needs, school and educational loans, hospitalization loans, minor but immediate need of repair of houses and other similar circumstances. This fund shall be administered pursuant to a set of uniform rules and regulations which the Office of the President shall promulgate.

SEC. 42. *Special Counsel Allowance.* – Lawyer-personnel in the legal staffs of departments, bureaus, offices or agencies of the National Government appearing in Court as special counsel in collaboration with the Solicitor General or Fiscals concerned are hereby authorized an allowance of P200 for each appearance, chargeable to savings in the appropriations allotted for personal services of their respective offices, but not exceeding P1,000 a month.

SEC. 43. *Quarters Allowance.* – Except as may be authorized by law, government officials and employees who, by virtue of their positions, are furnished free quarters or are charged only a nominal rate in government-owned buildings such as dormitories or living quarters in hospitals, state colleges, universities and schools, foreign posts and elsewhere, shall forfeit entitlement to any quarters allowance. In cases where portions of rented private buildings are authorized to be utilized for officials' quarters, the excess of rental cost over the quarters allowance of

the officials shall be borne by the officials or employees concerned. Those who enjoy free quarters in government-owned or rented buildings but who are not entitled to quarters privileges, shall be charged the corresponding cost of rentals therefor. Unless fixed by law or regulations, the rate of quarters allowance or rental, as the case may be, shall be determined by the Department of Budget and Management.

SEC. 44. *Compensation of Contractual Personnel.* – Heads of departments, bureaus, offices or agencies, when authorized in their respective appropriations as provided in this Act, may hire consultants, experts and other contractual personnel to perform specific vital activities or services which cannot be provided by the regular staff of the agency, limited to such period when their services are reasonably required and to activities that shall have a definite expected output. Such contractual personnel may be paid compensation inclusive of fees, *honoraria*, *per diems* compensation and allowances not exceeding 120 percent of the minimum salary of an equivalent position in the National Classification and Compensation Plan, except as may be authorized by the Department of Budget and Management in the following instances: (a) when the consultant or expert is an acknowledged authority in his field of specialization; and (b) where the consultant or expert is hired to perform a specific activity or service that requires technical skill and expertise which local labor force cannot provide, or if such expertise is available, the supply is limited: *Provided*, That in no case shall such compensation exceed the salary of his immediate superior, except as may be otherwise approved jointly by the Civil Service Commission and the Department of Budget and Management.

SEC. 45. *Use of Appropriations for Retirement Gratuity and Terminal Leave.* – Release of appropriations authorized in this Act to cover retirement gratuity benefit claims shall be made on the basis of the Work and Financial Plan of offices and agencies as approved by the Department of Budget and Management. In no case shall payment be made except on the basis of creditable services as computed by the Government Service Insurance System in accordance with the provisions of existing retirement laws. Unless otherwise authorized by law, no amount appropriated in

this Act shall be used for payment of retirement gratuity under the provisions of Section 12(c) of C.A. No. 186, as amended by R.A. No. 1616 and terminal leave benefits of retiring officials and employees which include in the computation thereof additional compensation as defined under retirement laws such as bonuses, *per diems*, allowances and overtime pay, or salary, pay or compensation given in addition to the base pay of the position or rank as fixed by law or regulation.

Savings generated in one department, bureau, office or agency shall be used to augment deficient funds in other departments, bureaus, offices or agencies.

The implementation of this section shall be in accordance with the rules and regulations issued jointly by the Civil Service Commission and the Department of Budget and Management.

*SEC. 46. Unauthorized Pre-Retirement Promotions and Salary Increases.* – No portion of the appropriations provided in this Act shall be used for automatic promotions or for salary increases and adjustments granted to retiring officials and employees, which are not authorized by law and duly formalized in a National Compensation Circular.

The implementation of this section shall be in accordance with the rules and regulations issued jointly by the Civil Service Commission and the Department of Budget and Management.

*SEC. 47. Personal Liability of Officials for Payment of Unauthorized Personal Services Cost.* – No official or employee of the National Government, including those of government-owned and/or controlled corporations, shall be paid any unauthorized personal services benefits charged against the appropriations in this Act, other appropriations laws or income of the government.

The payment of any unauthorized personal services benefit in violation of this Section is null and void. The erring officials and employees shall be subject to disciplinary action under the provisions of Section 43, Chapter 5 and Section 80, Chapter 7 of Book VI, E.O. No. 292 and to appropriate criminal action under existing penal laws.

## ADMINISTRATIVE PROCEDURES

SEC. 48. *Scaling Down and Phase-Out of Activities of Agencies within the Executive Branch.* – The heads of departments, bureaus, offices and agencies are hereby directed to identify their respective activities which are no longer essential in the delivery of public services and which may be scaled down, phased-out or abolished, subject to Civil Service rules and regulations. Said activities shall be reported to the Office of the President through the Department of Budget and Management and to the Chairman, Committee on Appropriations of the House of Representatives and the Chairman, Committee on Finance of the Senate. Actual scaling down, phase-out or abolition of the activities shall be effected pursuant to Circulars or Orders issued for the purpose by the Office of the President.

Savings generated by departments, bureaus, offices and agencies on the abolition, phase-out or scaling down of unnecessary activities may be used by the departments, bureaus, offices and agencies concerned for the augmentation of their respective programs, projects and activities.

SEC. 49. *Implementation of Reorganization.* – Pursuant to Section 42, Chapter 5, Book VI of the Administrative Code of 1987, the appropriations including the functions, projects, purposes and activities authorized in this Act may be realigned as may be necessary to implement the reorganization of departments, bureaus, offices or agencies of the government as mandated by law. Any unexpended balances or savings in appropriations may be made available for the payment of retirement gratuities and separation benefits as authorized under existing laws to personnel affected by the reorganization.

SEC. 50. *Entitlement to Personnel Economic Relief Allowance (PERA).* – The Personnel Economic Relief Allowance (PERA) in the amount of Five hundred pesos (P500) per month shall be granted to all appointive national and local government employees occupying itemized plantilla positions with Salary Grade 23 or below, to casual and contractual employees of equivalent grade who have rendered at least twelve (12) months continuous or uninterrupted service and to company grade officers and non-commissioned and enlisted personnel of the Armed Forces of the

Philippines who are receiving regular pay and to uniformed personnel of the Philippine National Police, Bureau of Fire Protection, Bureau of Jail Management and Penology and the Philippine Public Safety College: *Provided*, That employees of government-owned and/or controlled corporations shall be paid from their respective corporate fund: *Provided, further*, That appointive local government employees, except members of local legislative bodies, shall be paid from their respective internal revenue allotment and local funds in accordance with the following schedule:

	For Provinces/ Cities	For Municipalities
Special Cities and 1st Class	100%	90%
2nd Class and 3rd Class	90%	80%
4th Class, 5th Class and 6th Class	80%	70%

*Provided, furthermore*, That no employee whether national, local or corporate, receiving commutable representation and/or transportation allowance or equivalent fringe benefits or allowances under existing corporate policy or practice shall be granted the Personnel Economic Relief Allowance (PERA) herein authorized.

SEC. 51. *Grant of Additional Compensation of P500 Per Month.* – An additional compensation in the amount of Five hundred pesos (P500) per month shall be granted (1) to public school teachers occupying positions allocated to Salary Grade 25 and below; (2) to uniformed personnel of the Philippine National Police up to the rank of Superintendent and of the Armed Forces of the Philippines up to the rank of Lieutenant Colonel; and (3) to the rest of government personnel occupying positions allocated to Salary Grade 25 and below, whether regular personnel or full-time casual, those on temporary status or contractual personnel whose employments are in the nature of a regular employee, pursuant to A.O. No. 53 dated May 17, 1993.

SEC. 52. *Pay Adjustment of AFP and PNP, BFP, BJMP, and PPSC Uniformed Personnel.* – The President of the

Philippines is authorized to adjust the basic pay of the AFP military personnel and of the uniformed personnel of the Philippine National Police (PNP), Bureau of Fire Protection (BFP), Bureau of Jail Management and Penology (BJMP) and the Philippine Public Safety College (PPSC) upon the recommendation of the AFP Chief of Staff and the Secretary of National Defense, the PNP Director-General, the Chairman of the National Police Commission and the Secretary of the Department of the Interior and Local Government, as applicable within their respective jurisdictions, and the Secretary of Budget and Management: *Provided*, That the fund requirements for the implementation of such adjustment for fiscal year 1994 shall be drawn from the Compensation Adjustment Fund and other appropriate funding sources authorized in this Act and from savings in the appropriations of the agencies concerned.

SEC. 53. *Funding of National Government Agencies in the Autonomous Regions.* – National government offices and agencies in the Autonomous Region of Muslim Mindanao which are not excluded under paragraph (9), Section 2, Article V of R.A. No. 6734, together with their personnel, equipment, properties and budgets shall be placed under the control and supervision of the Regional Government, pursuant to a schedule prescribed by the Oversight Committee in accordance with its mandate under the provisions of R.A. No. 6734.

Prior to said transfer, the said agencies of the national government shall continue their operations and discharge of their respective functions.

SEC. 54. *Use of Fund and Releases to the Autonomous Region in Muslim Mindanao.* – The lump-sum appropriations provided in the various departments of the national government intended for the Autonomous Region in Muslim Mindanao shall be used for regular programs and specific activities identified upon the initiative of the respective Representatives of the Congressional Districts therein. No portion of the lump-sum appropriation provided herein shall be released without the concurrence of the said Representatives of the Congressional Districts.



SEC. 55. *Training Programs.* – Departments, bureaus, offices or agencies shall review and formulate their training programs to make the same responsive to the organizational needs and manpower requirements of agencies and the need to train personnel in skills and attitudes. Such training programs shall be consistent with the rules and regulations issued by the Training Coordination Committee created under LOI No. 754, which shall review and evaluate training activities.

SEC. 56. *Direct Release of Funds to Regional Offices.* – Funds allotted for regional offices but included in the budgets of their central offices or which are specifically allocated for the different regions shall be released directly to said regional offices. Imposition of any retention or deduction as reserves shall not be allowed except as may be authorized by the Department of Budget and Management. For this purpose, the Department of Budget and Management shall identify by region the expenditure programs of agencies in the national government budget and shall release funds intended for them in accordance with the approved regional distribution of expenditures specifying the region of destination. Copies of fund releases to the said regional offices shall be furnished the House Committee on Appropriations and the Senate Committee on Finance.

SEC. 57. *Prohibition Against Deduction/Retention of Allotment.* – Fund releases from appropriations provided in this Act for any function/project shall be transmitted intact or in full to the office or agency concerned and no retention or deduction as reserves or overhead shall be made, except as authorized by law or upon direction of the President of the Philippines. The Commission on Audit shall ensure compliance with this provision to the extent that sub-allotments by departments and/or central agencies to their subordinate offices are in conformity with allocations in budgetary Advice of Allotments issued by the Department of Budget and Management.

SEC. 58. *Work and Financial Plan.* – All departments, bureaus, offices and agencies, including government-owned and/or controlled corporations, shall submit their respective Work and Financial Plans as may be required by the Department of

Budget and Management as the basis for the release of allotments and notices of cash allocations.

The Work and Financial Plan shall be prepared in accordance with the form and content as prescribed by the Secretary of Budget and Management.

No deviations shall be allowed from the approved Work and Financial Plan except upon prior approval of the Secretary of Budget and Management.

Agencies, however, may augment an item of expenditure within Maintenance and Other Operating Expenses (MOOE) from savings in other items of MOOE not exceeding one-third (1/3) of the appropriated amount to be augmented.

*SEC. 59. Submission of Quarterly Reports.* – Within thirty (30) days after the end of each quarter, each department, bureau, office or agency shall submit a quarterly report to the House Committee on Appropriations and the Senate Committee on Finance, copy furnished the Department of Budget and Management, the Commission on Audit, and the appropriate Committee Chairman of the House of Representatives on their cumulative allotments, obligations incurred/liquidated, total disbursements, unliquidated obligations, unobligated and unexpended balances, and the results of expended appropriations.

The quarterly report shall include detailed statements on the disbursements and utilization of appropriations for the purchase of motor vehicles and equipment, capital investment outlays, as well as appropriations earmarked and released for rentals, travels, petroleum, oil and lubricants, water, illumination and power services, and telephone and other communication services.

Likewise, the Department of Budget and Management shall submit to the House Committee on Appropriations, the Senate Committee on Finance and the appropriate Committee Chairman of the House of Representatives, a quarterly report on releases made from the lump-sum Special Purpose Funds, Supplemental Appropriations, Continuing Appropriations and Automatic

Appropriations and, as applicable, the unreleased balances of such appropriations.

SEC. 60. *Unauthorized Organizational Changes.* – Unless otherwise created by law or directed by the President of the Philippines, no organizational unit or changes in key position in any department or agency shall be authorized in their respective organization structures and be funded from appropriations provided by this Act.

SEC. 61. *Implementation of Construction Projects.* – Construction projects funded from capital outlays authorized in this Act under the various departments, bureaus, offices or agencies of the national government, including the construction of buildings for state universities, colleges, schools, hospitals, sanitarium, health centers and health stations, roads and bridges, shall be implemented only in accordance with the appropriate standards and specifications for the planning, survey, design and construction of the project as prescribed by the Department of Public Works and Highways or the Department of Transportation and Communications, through either of said departments as the case may be. In addition, land use and zoning guidelines as prescribed by existing laws, rules and regulations shall be strictly observed. In the implementation of the construction projects, Sections 2, 3, 4, 5, 6, 7, 9, 10 and 12 of Executive Order No. 182, entitled "Rationalizing Public Works Measures, Appropriating Funds for Public Works, and for Other Purposes," and other legislations on public works shall be strictly complied with, except as otherwise provided in this Act.

SEC. 62. *Availability of Capital Outlay Appropriations.* – Appropriations for capital outlays authorized in this Act shall be available for release and obligation for the purpose specified for a period extending to one Fiscal Year after the end of the year in which appropriated.

SEC. 63. *Realignment / Relocation of Capital Outlays and Public Works Projects.* – The amount appropriated in this Act for construction, replacement, rehabilitation and completion of school buildings, hospitals, sanitarium, health centers, clinics, herbal processing plants, warehouses, and health stations, as

well as waterworks/supply and other public works projects under the current year infrastructure program in this Act may be realigned/relocated in cases of imbalanced allocation of projects within the district, duplication of projects, overlapping of funding source and similar cases: *Provided*, That such request for realignment/relocation shall be made forty-five (45) days after the receipt of the original Advice of Allotment by the agency concerned except in cases of duplication of projects and overlapping of funding source: *Provided, further*, That such realignment/relocation is within the congressional district for which the funds were originally allocated: *Provided, furthermore*, That the realignment shall be for projects within the same category and shall not exceed the total amount originally allocated for the congressional district: and *Provided, finally*, That the realignment/relocation shall be made upon the initiative and consent of the representative of the district concerned and with the concurrence of any one of the following: The District Engineer, the Regional Director or Secretary of the Department concerned, regardless of the cost of the project being realigned or relocated.

The Department of Budget and Management shall accordingly issue the Advice of Allotment to effect the necessary adjustment without prejudice to the immediate implementation of the realignment/relocation by the concerned implementing agencies.

*SEC. 64. Release of Funds.* – Release of funds for construction, repair and maintenance, rehabilitation, replacement, completion, betterment or improvement of roads and bridges, port works, flood control, waterworks/supply and government buildings and structures as well as for Internal Revenue Allotment and other financial support to local government units shall be made with at least ten (10) days prior written notice to the representative of the district concerned.

Failure to comply with this Section shall be considered negligence in the performance of duty subject to appropriate administrative/penal sanction.

*SEC. 65. Implementing Agency for Nationally Funded Projects.* – Pursuant to Sec. 17(c) of R.A. No. 7160, the Local Government Code of 1991, projects, facilities, programs and

services funded under the General Appropriations Act shall be implemented by the appropriate national government department or agency, irrespective of the nature and location of such projects, facilities, programs and services.

SEC. 66. *Prohibited Expenses in Revolving Funds and Use of Income.* – No amount of the revolving funds or agency income authorized in this Act for use by the agency shall be used for the payment of discretionary and representation expenses.

SEC. 67. *Prohibition on the Release of Funds for Unfilled Positions.* – No amount herein appropriated for salaries of authorized itemized positions which are unfilled except those in the Judiciary, schools and educational institutions, and hospitals shall be released by the Department of Budget and Management. Amount generated from unfilled positions shall be used to augment the Compensation Adjustment Fund for increase of salaries and wages of all national government personnel, including uniformed personnel of the Armed Forces of the Philippines, Philippine National Police, Bureau of Fire Protection, Bureau of Jail Management and Penology and the Philippine Public Safety College, and the Miscellaneous Personnel Benefits Fund.

SEC. 68. *Priority Requirements of New Provinces.* – All departments, bureaus, offices and agencies shall give priority in their organizational structure and resource allocation to the requirements of the newly created provinces of Biliran, Guimaras and Sarangani for operations and the delivery of basic public services, especially for education, health, labor and welfare, peace and order, administration of justice, revenue collection and other finance services, tourism, environment and natural resources programs.

SEC. 69. *Budget Authority.* – The Philippine National Oil Company (PNOC), the National Power Corporation (NPC) and the National Electrification Administration (NEA) are authorized to operate on the basis of their respective budgets for fiscal year 1993 for the first semester of 1994 until such earlier time as their annual budget is submitted to, and approved by, Congress pursuant to Section 13 of R.A. No. 7638: *Provided,* That this provision shall not in any way prejudice the upgrading by the President of the compensation of the personnel of the National Power Corporation in accordance with Section 5 of R.A. No. 7648.

SEC. 70. *Legislative Liaison Officers.* – Department Legislative Liaison Officers shall preferably carry the rank of an Assistant Secretary.

SEC. 71. *Separability Clause.* – If for any reason any section or provision of this Act is declared unconstitutional or invalid, other sections or provisions hereof which are not affected thereby shall continue to be in full force and effect.

SEC. 72. *Effectivity.* – The provisions of this Act shall take effect on January one, nineteen hundred and ninety-four, unless otherwise provided herein.

Approved, December 30, 1993.

MALACAÑANG  
Manila

December 30, 1993

THE HONORABLE SPEAKER  
LADIES AND GENTLEMEN OF  
THE HOUSE OF REPRESENTATIVES

I have this day signed into Republic Act No. 7663 the General Appropriations Bill for Fiscal year 1994 (H.B. No. 10900), entitled "AN ACT APPROPRIATING FUNDS FOR THE OPERATION OF THE GOVERNMENT OF THE PHILIPPINES FROM JANUARY ONE TO DECEMBER THIRTY-ONE, NINETEEN HUNDRED AND NINETY-FOUR, AND FOR OTHER PURPOSES."

#### I. GENERAL COMMENTS

At the outset, allow me to acknowledge and make of record my wholehearted gratitude to the leaders and members of Congress for the precedent-setting passage in record time of the CY 1994 General Appropriations Bill.

I am particularly gratified to note the beneficent actions of Congress on funds and appropriation items which are of common interest and mutual concern to the executive and the legislative, in particular, for compensation adjustment, for calamities, for the infrastructure program and for internal revenue allotment to local government units.

I view these favorable legislative actions as monumental testaments to Congressional sentiment in favor of countryside development and of the general welfare of the Filipino people.

## II. CHANGES IN APPROPRIATIONS

### A. BUDGETARY CUTS AND REALIGNMENTS

I have noted with special interest the zeal and enthusiasm of the Legislature in the assiduous exercise of its power over the purse as manifested by its incisive budgetary cuts and realignments. I fully recognize the legislative authority to effect these budgetary cuts. However, when said cuts shall render difficult the implementation of urgent administration programs and curtail the effective delivery of essential public services, I shall exercise my Constitutional prerogative to augment the affected programs and items of appropriations and implement the same pursuant to Section 25 (5) of Article VI and Sections 1 and 17 of Article VII of the Constitution.

The budgetary realignments effected by Congress which resulted in the increase of the appropriations of certain offices and agencies or the additional allocation for agency programs or projects shall be released and disbursed during budget implementation subject to Executive approval pursuant to the above-stated Constitutional authority and the provisions of Section 35, Chapter 5, Book VI of E.O. No. 292. The reallocation of agency appropriations for projects and activities which are beyond the mandate and functional responsibility of recipient implementing agencies shall be subject to the exercise of the same Executive prerogative.

### B. BUDGETARY AUGMENTATION BY USE OF INCOME

Pursuant to Section 65 of the Government Auditing Code of the Philippines, Section 44, Chapter 5, Book VI of E.O. No. 292, s. 1987 and Section 22, Article VII of the Constitution, all income earned by all government offices and agencies shall accrue to the General Fund of the Government in line with the One Fund Policy enunciated by Section 29 (1), Article VI and Section 22, Article VII of the Constitution. Likewise, the creation and establishment of revolving funds shall be authorized by substantive law pursuant to Section 66 of the Government Auditing Code of the Philippines and Section 45, Chapter 5, Book VI of E.O. No. 292.

Notwithstanding the aforementioned provisions of the Constitution and existing law, I have noted the proliferation of special provisions authorizing the use of agency income as well as the creation, operation and maintenance of revolving funds.

I would like to underscore the fact that such incomes were already considered as integral part of the revenue and financing sources of the National Expenditure Program which I previously submitted to Congress. Hence, the grant of new special provisions authorizing the use of agency income and the establishment of revolving funds over and above the agency appropriations authorized in this Act shall effectively reduce the financing sources of the 1994 GAA and, at the same time, increase the level of expenditures of some agencies beyond the well-coordinated, rationalized levels for such agencies. This correspondingly increases the overall deficit of the National Government.

#### B.1 DIRECT VETO

In view of the foregoing reasons, I am directly vetoing in their entirety the following new special provisions which authorize the use of income and the creation, operation and maintenance of revolving funds:

(a) West Visayas State University

*"Equal Sharing of Income.* Income earned by the University subject to Section 13 of the Special Provisions applicable



to all State Universities and Colleges shall be equally shared by the university and the university hospital." (page 395, GAA, FY 1994)

(b) Leyte State College

*"Revolving Fund for the Operation of LSC House and Human Resources Development Center (HRDC).* The income of Leyte State College derived from the operation of its LSC House and HRDC shall be constituted into a Revolving Fund to be deposited in an authorized government depository bank for the operational expenses of these projects/services. The net income of the Revolving Fund at the end of the year shall be remitted to the National Treasury and shall accrue to the General Fund. The implementing guidelines shall be issued by the Department of Budget and Management." (page 415, GAA, FY 1994)

(c) Special provisions applicable to all State Universities and Colleges

*"Use of Income from Extension Services.* State Universities and Colleges are authorized to use their income from their extension services. Subject to the approval of the Board of Regents and the approval of a special budget pursuant to Sec. 35, Chapter 5, Book VI of E.O. No. 292, such income shall be utilized solely for faculty development, instructional materials and work study program." (page 490, GAA, FY 1994)

*"Income of State Universities and Colleges.* The income of State Universities and Colleges derived from tuition fees and other sources as may be imposed by governing boards other than those accruing to revolving funds created under LOI Nos. 872 and 1026 and those authorized to be recorded as trust receipts pursuant to Section 40, Chapter 5, Book VI of E.O. No. 292 shall be deposited with the National Treasury and recorded as a Special Account in the General Fund pursuant to P.D. No. 1234 and P.D. No. 1437 for the use of the institution, subject to Section 35, Chapter 5, Book VI of E.O. No. 292: PROVIDED, That disbursements from the Special Account shall not exceed the amount actually earned and deposited: PROVIDED, FURTHER, That a cash advance on

such income may be allowed State Universities and Colleges representing up to one-half of income actually realized during the preceding year and this cash advance shall be charged against income actually earned during the budget year: AND PROVIDED, FINALLY, That in no case shall such funds be used to create positions, nor for payment of salaries, wages and allowances, except as may be specifically approved by the Department of Budget and Management for income-producing activities, or to purchase equipment or books, without the prior approval of the President of the Philippines pursuant to Letter of Implementation No. 29.

All collections of the State Universities and Colleges for fees, charges and receipts intended for private recipient units, including private foundations affiliated with these institutions shall be duly acknowledged with official receipts and deposited as a trust receipt before said income shall be subject to Section 35, Chapter 5, Book VI of E.O. No. 292." (page 490, GAA, FY 1994)

(d) Office of the Secretary - Department of Labor and Employment

*"Revolving Fund.* Payments collected from loans extended thru the Promotion of Rural Employment through Self-Employment and Entrepreneurship Development (PRESEED) program shall be constituted into a revolving fund which shall be used for relending to other qualified beneficiaries.

The fund shall be deposited in an authorized government depository bank and withdrawals therefrom shall be made in accordance with the procedures prescribed by law and implementing rules and regulations: PROVIDED, That the interest income earned shall accrue to the revolving fund which shall be utilized solely for operating expenses of the program (PRESEED) subject to the submission of a special budget pursuant to Section 35, Chapter 5, Book VI of E.O. No. 292: PROVIDED, FURTHER, That DOLE-PRESEED shall submit to DBM a quarterly report of its collection and relending. In case of failure to submit said requirements, no withdrawals shall be allowed except upon certification of DBM that said report had been submitted." (page 676 to 677, GAA, FY 1994)

(e) Movie and Television Review and Classification Board

*"Use of Income.* The Movie and Television Review and Classification Board may use income derived from operations in the form of fees, surcharges and fines not exceeding Five million pesos (P5,000,000) which shall be used for purchase of equipment needed for reviewing, cutting and monitoring films, including its repair and maintenance; monitoring theaters especially those in the provinces that are showing pornographic films; and organizing local regulatory councils in all cities and municipalities throughout the country to help enforce the provisions of P.D. No. 1986, subject to Section 35, Chapter 5, Book VI of E.O. No. 292." (page 1054, GAA, FY 1994)

(f) Philippine Racing Commission

*"Use of Income.* Pursuant to Section 1 of E.O. No. 194, the Commission may use the collections representing the one percent (1%) of total wager fund or gross receipts from the sale of betting tickets set aside for use of the Commission not exceeding Fifteen million pesos (P15,000,000) to defray the additional operational and capital requirements of the Commission, subject to Section 35, Chapter 5, Book VI, E.O. No. 292." (page 1091, GAA, FY 1994)

(g) Philippine Sports Commission

*"Income and Receipts from Activities and Rentals.* All receipts and income derived by the Commission from activities and rentals for the use of its buildings and facilities being managed and administered or co-sponsored by the Commission shall automatically revert to the National Treasury and shall accrue to the General Fund: PROVIDED, That the same shall be earmarked for the program of identification, recruitment and training of athletes and coaches: PROVIDED, FURTHER, That the Commission shall submit to the Department of Budget and Management a quarterly report of its income and receipts and, in case of failure to submit said requirements, no withdrawal in the subsequent quarters shall be allowed." (page 1094, GAA, FY 1994)

## B.2 CONDITIONAL IMPLEMENTATION

Aside from the above enumerated new special provisions, I have observed that there are old and long existing special provisions authorizing the use of income and the creation of revolving funds. As a rule, such authorizations should be discouraged. However, I take it that these authorizations have legal/statutory basis aside from being already a vested right to the agencies concerned which should not be jeopardized through the Veto Message. There is, however, imperative need to rationalize their implementation, applicability and operation. Thus, in order to substantiate the purpose and intention of said provisions, I hereby declare that the operationalization of the following provisions during budget implementation shall be subject to the guidelines to be issued by the President pursuant to Section 35, Chapter 5, Book VI of E.O. No. 292 and Sections 65 and 66 of P.D. No. 1445 in relation to Sections 2 and 3 of the General Provisions of this Act:

(a) Office of the Secretary - Department of Agriculture (Special Provision No. 1, page 42, GAA, FY 1994)

(b) National Historical Institute (Special Provision No. 1, page 226, GAA, FY 1994)

(c) National Museum (Special Provision No. 1, page 234, GAA, FY 1994)

(d) Bureau of Immigration (Special Provision No. 1, page 652, GAA, FY 1994)

(e) National Bureau of Investigation (Special Provision No. 2, page 657, GAA, FY 1994)

(f) Office of the Secretary - Department of Labor and Employment (Special Provision No. 3, page 677, GAA, FY 1994)

(g) Philippine Overseas Employment Administration (Special Provision No. 1, page 707, GAA, FY 1994)

(h) Maritime Industry Authority (Special Provision No. 1, page 960, GAA, FY 1994)

(i) National Telecommunications Commission (Special Provision No. 1, page 965, GAA, FY 1994)

(j) Philippine Regulation Commission (Special Provision No. 1, page 1156, GAA, FY 1994)

(k) Commission on Audit (Special Provision No. 3, page 1160, GAA, FY 1994)

#### C. EXPANDED USE OF APPROPRIATION THROUGH SAVINGS

I have likewise noted that there are special provisions which treat savings as a new appropriation or new funding source for payment of fringe benefits and pensions. Ideally, the grant of, as well as the consequent payment of, such fringe benefits should be specifically authorized by law pursuant to Section 8, Article IX-B of the Constitution and should be covered by direct appropriations specifically approved for the purpose pursuant to Section 29 (1), Article VI of the fundamental law of the land. Besides, the authority to use savings is lodged by the Constitution in the officials enumerated under Section 25 (5) of Article VI of the Constitution.

##### C.1 DIRECT VETO

On the basis of the aforesaid provisions of the Constitution, I will exercise my prerogative to use savings during budget implementation. Accordingly, I am directly vetoing in its entirety the following new special provision:

##### AFP Pension and Gratuity Fund

*"Use of Savings.* The Chief of Staff, AFP, is authorized, subject to the approval of the Secretary of National Defense, to use savings in the appropriations herein to augment the pension fund being managed by the AFP Retirement and Separation

Benefit System as provided under Sections 2 (a) and 3 of P.D. No. 361." (page 746, GAA, FY 1994)

## C.2 CONDITIONAL IMPLEMENTATION

I am happy to note that Congress incorporated as condition precedent in the use of savings the underlined portion of the following special provisions of the offices vested with fiscal autonomy:

### (a) The Judiciary

*"Augmentation of any Item in the Court's Appropriations.* Any savings in the appropriations for the Supreme Court and the Lower Courts may be utilized by the Chief Justice of the Supreme Court to augment any item of the Court's appropriations for (a) printing of decisions and publication of "Philippine Reports"; (b) commutable terminal leaves of Justices and other personnel of the Supreme Court and payment of adjusted pension rates to retired Justices entitled thereto pursuant to Administrative Matter No. 91-8-225-C.A.; (c) repair, maintenance, improvement and other operating expenses of the courts' libraries, including purchase of books and periodicals; (d) purchase, maintenance and improvement of printing equipment; (e) necessary expenses for the employment of temporary employees, contractual and casual employees, for judicial administration; (f) maintenance and improvement of the Court's Electronic Data Processing System; (g) extraordinary expenses of the Chief Justice, attendance in international conferences and conduct of training programs; (h) commutable transportation and representation allowances and fringe benefits for Justices, Clerks of Court, Court Administrator, Chiefs of Offices and other Court personnel in accordance with the rates prescribed by law; and (i) compensation of attorney-de-officio: PROVIDED, That as mandated by LOI No. 489 any increase in salary and allowances shall be subject to the usual procedures and policies as provided for under P.D. No. 985 and other pertinent laws." (page 1128, GAA, FY 1994)

### (b) Commission on Audit

*"Use of Savings.* The Chairman of the Commission on Audit is hereby authorized, subject to appropriate accounting and auditing rules and regulations, to use savings for the payment of fringe benefits as may be authorized by law for officials and personnel of the Commission." (Page 1161, GAA, FY 1994)

(c) Office of the Ombudsman

*"Augmentation of Items in the Appropriation of the Office of the Ombudsman.* The Ombudsman is hereby authorized, subject to appropriate accounting and auditing rules and regulations, to augment items of appropriation in the Office of the Ombudsman from savings in other items of appropriation actually released, for : (a) printing and/or publication of decisions, resolutions, training and information materials; (b) repair, maintenance and improvement of OMB Central and Area/Sectoral facilities; (c) purchase of books, journals, periodicals and equipment; (d) payment of commutable representation and transportation allowances of officials and employees who by reason of their positions are entitled thereto and fringe benefits as may be authorized specifically by law for officials and personnel of OMB pursuant to Section 8 of Article IX-B of the Constitution; and (e) for other official purposes subject to accounting and auditing rules and regulations." (page 1172, GAA, FY 1994)

(d) Commission on Human Rights

*"Use of Savings.* The Chairman of the Commission on Human Rights (CHR) is hereby authorized, subject to appropriate accounting and auditing rules and regulations, to augment any items of appropriation in the office of the CHR from savings in other items of appropriations actually released, for: (a) printing and/or publication of decisions, resolutions, training materials and educational publications; (b) repair, maintenance and improvement of Commission's central and regional facilities; (c) purchase of books, journals, periodicals and equipment; (d) payment of commutable representation and transportation allowances of officials and employees who by reason of their positions are entitled thereto and fringe benefits, as may be authorized by law for officials and personnel of CHR, subject to

accounting and auditing rules and regulations." (page 1178, GAA, FY 1994)

The said condition is consistent with the Constitutional injunction prescribed under Section 8, Article IX-B of the Constitution which states that "no elective or appointive public officer or employee shall receive additional, double, or indirect compensation unless specifically authorized by law." I am, therefore, confident that the heads of the said offices shall maintain fidelity to the law and faithfully adhere to the well-established principle on compensation standardization.

#### D. CONGRESSIONAL RESTRICTIONS/LIMITATIONS ON APPROPRIATION

While I am cognizant of the well-intended desire of Congress to impose certain restrictions contained in some special provisions, I am equally aware that many programs, projects and activities of agencies would require some degree of flexibility to ensure their successful implementation and therefore risk their completion. Furthermore, not only could these restrictions and limitations derail and impede program implementation but they may also result in a breach of contractual obligations.

##### D.1 DIRECT VETO

D.1.a A study conducted by the Infrastructure Agencies show that for practical intent and purposes, maintenance by contract could be undertaken to an optimum of seventy percent (70%) and the remaining thirty percent (30%) by force account. Moreover, the policy of maximizing implementation through contract maintenance is a covenant of the Road and Road Transport Program Loan from the Asian Development Bank (ADB Loan No. 1047-PHI-1990) and Overseas Economic Cooperation Fund (OECF Loan No. PH-C17-199). The same is a covenant under the World Bank (IBRD) Loan for the Highway Management Project (IBRD Loan No. PH-3430) obtained in 1992.



In the light of the foregoing and considering the policy of the government to encourage and maximize private sector participation in the regular repair and maintenance of infrastructure facilities, I am directly vetoing the underlined second paragraph of Special Provision No. 2 of the Department of Public Works and Highways as quoted below:

*"Release and Use of Road Maintenance Funds.* Funds allotted for the maintenance and repair of roads which are provided in this Act for the Department of Public Works and Highways shall be released to the respective Engineering District, subject to such rules and regulations as may be prescribed by the Department of Budget and Management. Maintenance funds for roads and bridges shall be exempt from budgetary reserve.

Of the amount herein appropriated for the maintenance of national roads and bridges, a maximum of thirty percent (30%) shall be contracted out in accordance with guidelines to be issued by the Department of Public Works and Highways. The balance shall be used for maintenance by force account.

Five percent (5%) of the total road maintenance fund appropriated herein to be applied across the board to the allocation of each region shall be set aside for the maintenance of roads which may be converted to or taken over as national roads during the current year and the same shall be released to the central office of the said department for eventual sub-allotment to the concerned region and district: PROVIDED, That any balance of the said five percent (5%) shall be restored to the regions on a pro-rata basis for the maintenance of existing national roads.

No retention or deduction as reserves or overhead expenses shall be made, except as authorized by law or upon direction of the President." (page 785-786, GAA, FY 1994)

D.1.b The same rule and governing principle equally applies to the restrictions imposed on the purchase of medicines by the Armed Forces of the Philippines. While it is desirable to subject the purchase of medicines to a standard formulary, it is more prudent to provide for a transition period for its adoption

and smooth implementation in the Armed Forces of the Philippines.

In view of the foregoing, I am vetoing the whole of the following Special Provision:

*"Purchase of Medicines.* The purchase of medicines by all Armed Forces of the Philippines units, hospitals and clinics shall strictly comply with the formulary embodied in the National Drug Policy of the Department of Health." (page 748, GAA, FY 1994)

D.1.c In like manner as in paragraph D.1.a above, I would have fully supported the imposition of the restrictions and prohibitions contained under Special Provision Nos. 2 and 3 of the Armed Forces of the Philippines if these were not violative of the Constitutional mandate of non-impairment of contractual obligations. Furthermore, the prohibition, if allowed, shall effectively alter the original intent of the AFP Modernization Fund to cover all military equipment deemed necessary to modernize the Armed Forces of the Philippines. In view of the foregoing, I am constrained to veto the underlined proviso of Special Provision No. 2 on the "Use of the Fund" as well as entire Special Provision No. 3 on the "Specific Prohibition";

*"Use of the Fund.* Of the amount herein appropriated, priority shall be given for the acquisition of AFP assets necessary for protecting marine, mineral, forest and other resources within Philippine territorial borders and its economic zone, detection, prevention or deterrence of air or surface intrusions and to support diplomatic moves aimed at preserving national dignity, sovereignty and patrimony: PROVIDED, That the said modernization fund shall not be released until a Table of Organization and Equipment for FY 1994-2000 is submitted to and approved by Congress." (page 747, GAA, FY 1994)

*"Specific Prohibition.* The said Modernization Fund shall not be used for payment of six (6) additional S-211 Trainer planes, 18 SF-260 Trainer planes and 150 armored personnel carriers." (page 747, GAA, FY 1994)

## D.2 CONDITIONAL IMPLEMENTATION

I am well cognizant of the laudable intention of Congress in proposing the amendment of Special Provision No. 1 of the CAFGU. However, it is premature at this point in time of our peace process to earmark and declare through special provision the actual number of CAFGU members to be deactivated in CY 1994. I understand that the number to be deactivated would largely depend on the result or degree of success of the on-going peace initiatives which are not yet precisely determinable today. I have desisted, therefore, to directly veto said provisions because this would mean the loss of the entire special provision to the prejudice of its beneficent provisions. I therefore declare that the actual implementation of this special provision shall be subject to prior Presidential approval pursuant to the provisions of P.D. No. 1597 and R.A. No. 6758:

*"CAFGU Compensation and Separation Benefit.* The appropriation authorized herein shall be used for the compensation of CAFGUs including the payment of their separation benefits not exceeding one (1) year subsistence allowance for the 11,000 members who will be deactivated in 1994. The Chief of Staff, AFP, shall, subject to the approval of the Secretary of National Defense, promulgate policies and procedures for the payment of separation benefit." (page 740, GAA, FY 1994)

## E. OTHERS

### E.1 DIRECT VETO

I also note the laudable and noble intent of Special Provision No. 2 of the National Manpower and Youth Council (NMYC-DOLE). However, the subject matter of the provision is already amply covered by existing law and the general provisions of this Act, hence this is already a surplusage. Accordingly, I am vetoing the whole special provision:

*"Utilization of Services of Instructors.* NMYC is authorized to utilize the services of instructors for off-training centers in

various trade areas where the expertise is not available in their regular programs. Training honoraria/allowances from the Council's MOOE appropriations may be provided if deemed necessary subject to availability of funds." (page 695, GAA, FY 1994)

## E.2. CONDITIONAL IMPLEMENTATION

E.2.a While I fully agree with the intent and purpose of Congress in providing Special Provision No. 9 of the Department of Public Works and Highways, the mandatory retention of five percent (5%) and three percent (3%) through special provisions like in this case needs further study. Therefore, the implementation of the following special provision shall be subject to the necessary administrative guidelines to be formulated by the Executive pursuant to existing laws:

*"Engineering and Administrative Overhead.* Not more than five percent (5%) of the amount for infrastructure project released by the Department of Budget and Management shall be deducted by DPWH for administrative overhead, detailed engineering and construction supervision, testing and quality control, and the like, thus ensuring that at least ninety-five percent (95%) of the released fund is available for direct implementation of the project: PROVIDED, HOWEVER, That for school buildings, health centers, day-care centers and barangay halls, the deductible amount shall not exceed three percent (3%).

Violation of, or non-compliance with, this provision shall subject the government official or employee concerned to administrative, civil and/or criminal sanction under Sections 43 and 80, Book VI of E.O. No. 292." (page 786, GAA, FY 1994)

E.2.b I have noted that special provisions earmarking the budget of the National Housing Authority (NHA) for specific purposes were incorporated under previous General Appropriations Acts. These have not been directly vetoed for reason that it will result in the elimination of the items and the loss of the appropriations specified therein. The appropriations authorized for the NHA under this Act shall, therefore, be released and

disbursed in accordance with the housing program of the government, subject to prior Executive approval.

*"Allocations for Specified Projects.* The following allocations for the specified projects shall be set aside for corollary works and used exclusively for the repair, rehabilitation and construction of buildings, roads, pathwalks, drainage, waterworks system, facilities and amenities in the area: PROVIDED, That any road to be constructed or rehabilitated shall conform with the specifications and standards set by the Department of Public Works and Highways for such kind of road: PROVIDED, FURTHER, That savings that may be available in the future shall be used for road repair, rehabilitation and construction:

- (1) Maharlika Village Road - Not less than P5,000,000
- (2) Tenement Housing Project (Taguig) - Not less than P3,000,000
- (3) Bagong Lipunan Condominium Project (Taguig) - Not less than P2,000,000.00" (page 1216, GAA, FY 1994)

*"Allocation of Funds.* Out of the amount appropriated for the implementation of various projects in resettlement areas, Seven million five hundred thousand pesos (P7,500,000) shall be allocated to the Dasmariñas Bagong Bayan resettlement area, Eighteen million pesos (P18,000,000) to the Carmona Relocation Center Area (Gen. Mariano Alvarez) and Three million pesos (P3,000,000) to the Bulihan Sites and Services, all of which will be for the cementing of roads in accordance with DPWH standards." (page 1216, GAA, FY 1994)

*"Allocation for Sapang Palay.* An allocation of Eight million pesos (P8,000,000) shall be set aside for the asphaltting of seven (7) kilometer main road of Sapang Palay, San Jose del Monte, Bulacan." (page 1216, GAA, FY 1994)

### III. APPROPRIATIONS FOR DEBT SERVICE

I would like to emphasize that I concur fully with the desire of Congress to reduce the debt burden by decreasing the

appropriation for debt service as well as the inclusion of the Special Provision quoted below. Nevertheless, I believe that this debt reduction scheme cannot be validly done through the 1994 GAA. This must be addressed by revising our debt policy by way of innovative and comprehensive debt reduction programs conceptualized within the ambit of the Medium-Term Philippine Development Plan.

Appropriations for payment of public debt, whether foreign or domestic, are automatically appropriated pursuant to the Foreign Borrowing Act and Section 31 of P.D. No. 1177 as reiterated under Section 26, Chapter 4, Book VI of E.O. No. 292, the Administrative Code of 1987. I wish to emphasize that the constitutionality of such automatic provisions on debt servicing has been upheld by the Supreme Court in the case of "Teofisto T. Guingona, Jr. and Aquilino Q. Pimentel, Jr. vs. Hon. Guillermo N. Carague, in his capacity as Secretary of Budget and Management, et. al.," G.R. No. 94571, dated April 22, 1991.

I am, therefore, vetoing the following special provision for reason that the GAA is not the appropriate legislative measure to amend the provisions of the Foreign Borrowing Act, P.D. No. 1177 and E.O. No. 292:

*"Use of the Fund.* The appropriation authorized herein shall be used for payment of principal and interest of foreign and domestic indebtedness: PROVIDED, That any payment in excess of the amount herein appropriated shall be subject to the approval of the President of the Philippines with the concurrence of the Congress of the Philippines: PROVIDED, FURTHER, That in no case shall this fund be used to pay for the liabilities of the Central Bank Board of Liquidators." (page 1266, GAA, FY 1994)

#### IV. GENERAL OBSERVATIONS

I note with keen interest Special Provision No. 2 of the Congress of the Philippines on the "Organizational Structure of the Senate, the House of Representatives, the Senate and the House of Representatives Electoral Tribunals and the Commission on Appointments" and Section 69 of the General Provisions of

this Act on the "Budget Authority" of the three corporations under the Department of Energy.

A. SPECIAL PROVISION NO. 2, CONGRESS OF THE PHILIPPINES

It may be recalled that this provision was included in the General Observations portion of the Veto Messages under the CY 1991 and CY 1992 General Appropriations Acts as well as under R.A. No. 7645, the 1993 GAA, citing in particular the underlined portion of the provision, stating that its operation shall be circumscribed by the salary rates, allowable level of allowances and other benefits prescribed or authorized by law enacted pursuant to the compensation standardization clause of the Constitution.

I hereby reiterate the same observations for the implementation of subject Special Provision. As have been previously stated, I have complete trust in the wisdom of the institution tasked with this provision. I am therefore confident that the power vested in the officials of the Congress of the Philippines to fix and determine the salaries, allowances, year-end bonuses and cash gifts and other benefits of their respective employees shall be judiciously exercised in accordance with R.A. No. 6686 and the Constitutional principle of salary standardization which Congress itself heralded as a state policy under R.A. No. 6758, the Compensation and Position Classification Act of 1989.

B. SECTION 69, GENERAL PROVISION

I am disturbed by the congressional injunction contained under this new General Provision entitled "Budget Authority" which states that the Philippine National Oil Company, the National Power Corporation and the National Electrification Administration are authorized to operate on the basis of their respective budgets for Fiscal Year 1993 for the first semester of 1994 or until such time that their annual budget is submitted to, and approved by, Congress. This Congressional declaration may be misconstrued as an indictment of the Executive Branch for non-submission of the budgets of the aforementioned government

corporate entities as required by Section 13 of R.A. No. 7638. I, therefore, take exception to this provision.

I have incorporated the annual budgets of the three corporations on pages 363-407 of the FY 1994 Budget of Expenditures and Sources of Financing (BESF) which I submitted to Congress pursuant to the Constitution. These budgets are presented in the form consistent with the provisions of Executive Order No. 518, s. 1979. I, therefore request Congress to approve and affirm by Resolution the annual Budgets of said corporate entities pursuant to Section 13 of R.A. No. 7636.

#### V. CLOSING STATEMENT

In closing, I would like to put on record my deep gratitude to the leadership of Congress, most especially to the House Committee on Appropriations and the Senate Committee on Finance for the timely passage and enactment of the General Appropriations Bill for CY 1994. While this was sometimes heatedly debated upon by all concerned, I observed that it was designed, molded and crafted with the welfare of the Filipino people and the national interest of our beloved Philippines in mind.

This Bill has become Republic Act No. 7663.

Very Truly yours,

(Sgd.) FIDEL V. RAMOS

THE HOUSE OF REPRESENTATIVES  
Congress of the Philippines  
Manila