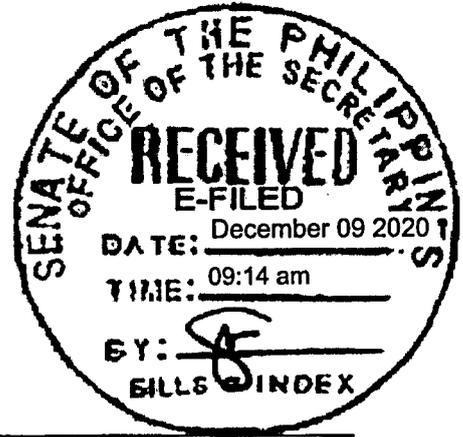


EIGHTEENTH CONGRESS OF THE
REPUBLIC OF THE PHILIPPINES
Second Regular Session

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SENATE

P.S. Res. No. 588

Introduced by
SEN. WIN GATCHALIAN AND SEN. FRANKLIN DRILON

RESOLUTION

DIRECTING THE APPROPRIATE SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION AND IN THE EXERCISE OF THE SENATE'S OVERSIGHT FUNCTIONS, ON THE FINANCIAL VIABILITY, PERFORMANCE, MONITORING AND RISK EVALUATION, GOVERNANCE AND LIQUIDATION OF GOVERNMENT-OWNED OR CONTROLLED CORPORATIONS (GOCCs), WITH THE END VIEW OF STRENGTHENING THE POWERS, FUNCTIONS, PLANS AND PROGRAMS OF THE GOVERNANCE COMMISSION FOR GOCCs AND/OR AMENDING THE CHARTERS OF CONCERNED GOCCs THROUGH APPROPRIATE LEGISLATION

1 **WHEREAS**, Section 2 of Republic Act No. 10149 (RA 10149), otherwise
2 known as the "GOCC Governance Act of 2011", recognizes the potential of GOCCs
3 as significant tools and contributors to national and economic development;

4 **WHEREAS**, RA 10149 was envisioned to create a viable, efficient, self-
5 sustaining and productive GOCC system wherein fiscal discipline will be
6 institutionalized so that GOCCs will contribute to the government coffers and
7 prevent unnecessary and inefficient use of public funds while performing social
8 welfare functions or implementing priority projects of the government;

9 **WHEREAS**, to promote financial viability and fiscal discipline among
10 GOCCs, RA 10149 laid down the standards, policies and fundamentals to
11 establish an improved policy and regulatory environment for the GOCC sector,
12 as well as created the Governance Commission for GOCCs (GCG) as the central
13 advisory, monitoring and oversight body tasked to formulate, implement and
14 coordinate these standards, policies and fundamentals that should be
15 implemented and observed by covered GOCCs;

1 **WHEREAS**, one of the primary functions of GCG is to “evaluate the
2 performance and determine the relevance of the GOCC, to ascertain whether
3 such GOCC should be reorganized, merged, streamlined, abolished or
4 privatized¹;

5 **WHEREAS**, to date, the GCG has streamlined the GOCC sector to 118
6 (excluding those not falling within GCG’s supervision) from 604² in 2010, and
7 has reviewed and rationalized the organizational structure and staffing
8 complement of 30 GOCCs, including the Bases Conversion and Development
9 Authority, the Local Water Utilities Administration, the National Transmission
10 Corporation and the Philippine National Oil Company;

11 **WHEREAS**, since GCG’s creation in 2010, 25 GOCCs were already
12 classified as inactive or non-operational; 3 GOCCs were recommended and
13 approved for privatization; and 30 GOCCs were recommended and approved for
14 abolition;

15 **WHEREAS**, after ten years, only 4 out of the 30 GOCCs approved for
16 abolition have been completely liquidated while the assets of the remaining 26
17 GOCCs continue to deteriorate and remain undisposed. The government could
18 have earned additional revenues and use the same for our Covid-19 recovery
19 response had these assets been timely and properly disposed;

20 **WHEREAS**, out of the 3 GOCCs recommended for privatization, one was
21 initially placed under receivership and is currently undergoing liquidation, while
22 the success of the privatization of the other two GOCCs remain to be seen as
23 public funds are continuously infused to sustain their still losing operations;

24 **WHEREAS**, the GCG, pursuant to its mandate, set-up the Performance
25 Evaluation System (PES) to monitor and evaluate the strategic performance of
26 GOCCs on the quality of services, financial management, operations and human
27 capital. However, out of the 118 GOCCs under GCG’s jurisdiction, only 30
28 GOCCs in 2017 and 33 GOCCs in 2018, or around 25% and 28%, respectively,
29 passed the PES;

30 **WHEREAS**, in 2018, the Inter-Agency Task Force on the Harmonization of
31 National Government Performance Monitoring, Information and Reporting
32 Systems flagged 70 GOCCs covered by RA 10149 that were non-compliant with

¹ Sec. 5 (a), RA 10149.

² Issues and Challenges with the Philippines’ Public Corporate Sector, Senate Economic Planning Office, August 2010

1 the annual procurement compliance performance indicator submission and 38
2 GOCCs that do not have a citizens' charter, among others;

3 **WHEREAS**, although several GOCCs continue to return a significant
4 amount of its income to the national coffers through dividend remittance,
5 especially this 2020, there are other GOCCs whose operations constitute
6 expenditures for the government. Several of these GOCCs³ are either losing
7 money or operating at a deficit had these GOCCs not received a national subsidy.
8 Based on the 2019 and 2020 General Appropriations Act, the total national
9 subsidy given to the GOCC sector reached P185.505 billion and P193.875 billion,
10 respectively;

11 **WHEREAS**, the national subsidy or budgetary support given to these
12 GOCCs should be properly managed and accounted by their respective Boards.
13 However, for the last year alone, several GOCCs such as the Philippine Health
14 Insurance Corporation, the Philippine International Trading Corporation, the
15 Philippine Pharma Procurement Inc. and others, and their respective boards have
16 been involved in allegedly questionable activities, and/or have been accused of
17 bribery, malversation, falsification, graft and corruption or grave misconduct or
18 gross negligence in the performance of duty;

19 **WHEREAS**, RA 10149 created the GCG to precisely oversee and rationalize
20 the operations of GOCCs and their respective Boards to ensure that "government
21 assets and resources are used efficiently and the government exposure to all
22 forms of liabilities including subsidies is warranted and incurred thru prudent
23 means.⁴" Thus, there is a need to review if existing oversight mechanisms set by
24 RA 10149 and the GCG are proper and remains effective;

25 **WHEREAS**, from the foregoing, it appears that there are a lot of areas that
26 need improvement, such that GCG's functions should go beyond the
27 implementation of a performance incentives system and rationalization of
28 salaries and allowances of GOCC personnel, officers and members of the Board,
29 including requiring all these GOCCs to strictly comply with the standards and
30 policies being implemented by GCG and possibly, empowering the GCG to hold
31 the GOCCs, their respective Governing Boards and Officers, and their parent

³ Philippine Pharma Procurement Inc. (PPPI), Center for International Trade Expositions and Missions, Cultural Center of the Philippines, Intercontinental Broadcasting Corporation, Philippine National Railways, Light Rail Transit Authority, etc.

⁴ Sec. 2, RA 10149.

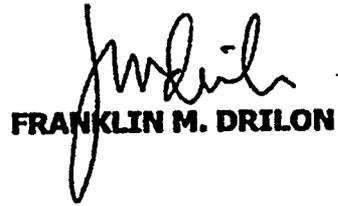
1 agencies or departments responsible and accountable for failure to act on GCG's
2 recommendations;

3 **NOW, THEREFORE, BE IT RESOLVED, AS IT IS HEREBY RESOLVED,**
4 to direct the appropriate Senate Committee to conduct an inquiry, in aid of
5 legislation and in the exercise of the Senate's oversight functions, on the financial
6 viability, performance, monitoring and risk evaluation, governance and
7 liquidation of Government-Owned or Controlled Corporations (GOCCS) with
8 the end view of strengthening the powers, functions, plans and programs of
9 the Governance Commission for GOCCS and/or amend the charters of
10 concerned GOCCS through appropriate legislation.
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Adopted

WIN GATCHALIAN


FRANKLIN M. DRILON