

MALACAÑANG  
MANILA

4 January 1990

THE HONORABLE SPEAKER,  
LADIES AND GENTLEMEN OF THE  
HOUSE OF REPRESENTATIVES:

I have this day signed the General Appropriations Bill for Fiscal Year 1990 (H.B. No. 26934), entitled "AN ACT APPROPRIATING FUNDS FOR THE OPERATION OF THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES FROM JANUARY ONE TO DECEMBER THIRTY-ONE, NINETEEN HUNDRED AND NINETY, AND FOR OTHER PURPOSES."

However, pursuant to the powers vested in me by the Constitution, I have vetoed the following items in the Bill:

A. SPECIAL PROVISIONS

XXXVII. CONTINGENT FUND

Special Provision

2. Use of the Fund. The amount herein appropriated shall be used solely to fund expenditures for contingencies, including the amount of P20,000,000 needed for the Legislative-Executive Bases Council and for newly enacted laws since August 23, 1989: PROVIDED, HOWEVER THAT THIS FUND SHALL NOT BE USED TO RESTORE OR AUGMENT ITEMS OF APPROPRIATION RECOMMENDED BY THE PRESIDENT IN THE BUDGET SUBMITTED TO CONGRESS PURSUANT TO ARTICLE VII SECTION 25 [SIC] OF THE CONSTITUTION WHICH HAVE BEEN REDUCED OR DISAPPROVED BY CONGRESS (Page 1136).

I am vetoing this provision for being an undue interference and encroachment into the prerogatives of the Executive Branch of Government. The Contingent Fund was established to serve as a ready funding source for the contingent liabilities of the government and to support the implementation of activities which shall be accorded higher priorities after the enactment of the budget. Indeed, the fund is intended to give the President a "quick response" mechanism to meet contingencies and emergencies which may arise during the budget year. These flexibility and quick response mechanism are effectively negated by this provision:

## B. GENERAL PROVISIONS

"Sec. 16. 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, and the Ombudsman are hereby authorized to augment any item in this Act for their respective offices from savings in other items of their appropriations: PROVIDED, THAT NO ITEM OF APPROPRIATION RECOMMENDED BY THE PRESIDENT IN THE BUDGET SUBMITTED TO CONGRESS PURSUANT TO ARTICLE VII, SECTION 22 OF THE CONSTITUTION WHICH HAS BEEN DISAPPROVED OR REDUCED BY CONGRESS SHALL BE RESTORED OR INCREASED BY THE USE OF APPROPRIATIONS AUTHORIZED FOR OTHER PURPOSES IN THIS ACT BY AUGMENTATION. ANY ITEM OF APPROPRIATION FOR ANY PURPOSE RECOMMENDED BY THE PRESIDENT IN THE BUDGET SHALL BE DEEMED TO HAVE BEEN DISAPPROVED BY CONGRESS IF NO CORRESPONDING APPROPRIATION FOR THE SPECIFIC PURPOSE IS PROVIDED IN THIS ACT." (Page 1166).

I am vetoing this provision for the reason that it violates Section 25 (5) of Article VI of the Constitution in relation to Sections 44 and 45 of P.D. No. 1177 as amended by R.A. No. 6670 which authorizes the President to use savings to augment any item of appropriations in the Executive Branch of the Government.

Parenthetically, there is a case pending in the Supreme Court relative to the validity of the President's veto on Section 55 of the General Provisions of Republic Act No. 6688 upon which the amendment on this Section was based. Inclusion, therefore, of the proviso and the last sentence of this section might prejudice the Executive Branch's position in the case.

Moreover, if allowed, this Section would nullify not only the constitutional and statutory authority of the President, but also that of the officials enumerated under Section 25 (5) of Article VI of the Constitution, to augment any item in the general appropriations law for their respective offices from savings in other items of their respective appropriations.

An unwanted consequence of this provision would be the inability of the President, the President of the Senate, Speaker of the House of Representatives, the Chief Justice of the Supreme Court, and the heads of Constitutional Commissions to augment any item of appropriation of their respective offices from savings in other items of their respective appropriations even in cases of national emergency or in the event of urgent

need to accelerate the implementation of essential public services and infrastructure projects.

"SECTION 61. DISAUTHORIZING PAYMENT OF THE PHILIPPINE NUCLEAR PLANT LOAN. ANY AND ALL PAYMENTS FOR THE BALANCE THAT MAY STILL BE DUE OR SOUGHT TO BE COLLECTED FROM THE REPUBLIC OF THE PHILIPPINES ON THE LOANS CONNECTED WITH THE PHILIPPINE NUCLEAR POWER PLANT ARE HEREBY EXPRESSLY DISAUTHORIZED, ALL LAWS AND ISSUANCES TO THE CONTRARY NOTWITHSTANDING."  
(Page 1175).

I am vetoing this Section for the reason that it may be viewed as a manifestation of bad faith on the part of the Philippine Government and may send the wrong signal to our foreign creditors. Besides, this could prejudice the on-going negotiations for "debt reduction" and imperil the "debt-buy-back program" of the Government. Furthermore, this may adversely affect our pending case on the Philippine Nuclear Power Plant.

This Bill has become Republic Act No. 6831.

Respectfully,

