

MALACAÑANG
MANILA

December 15, 2011

**THE HONORABLE SPEAKER
LADIES AND GENTLEMEN OF
THE HOUSE OF REPRESENTATIVES**

In strict accord to my Social Contract with the Filipino People, I sign into law Republic Act (RA) No. 10155, the General Appropriations Act (GAA) for Fiscal Year (FY) 2012 entitled "AN ACT APPROPRIATING FUNDS FOR THE OPERATION OF THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES FROM JANUARY ONE TO DECEMBER THIRTY-ONE, TWO THOUSAND AND TWELVE, AND FOR OTHER PURPOSES."

Ikinalulugod ko pong isinasabatas ang Pambansang Badyet na ito upang ang ating pamahalaan ay makatugon ng tuwiran, agaran at makabuluhan sa pangangailangan ng ating mga kababayan, lalo na sa mga mahihirap.

I. GENERAL COMMENTS

Today, we are again making history: not since our democracy was restored by People Power has the government enacted the National Budget as swiftly and efficiently.

For this, I laud the men and women of the 15th Congress, especially the House Committee on Appropriations and the Senate Committee on Finance. Not only has your prompt legislative action enabled me to sign this National Budget early: your resolute action will also enable the government to swiftly implement critical programs and projects at the onset of FY 2012.

This Budget is a Results-Focused Budget. It has been designed to ensure that the dividends of good governance reach the poor directly, immediately and substantially. It focuses our government's resources in the fulfilment of our Social Contract with the Filipino People: our commitment to decisively reduce poverty by relentlessly fighting corruption and resolutely installing good governance.

From day one of my Presidency until the end of my term, this Social Contract will remain the basic guidance for all our actions and decisions in government. And I express my gratitude to Congress for giving overwhelming and earnest support to our social transformation agenda, as translated into Peso amounts by the 2012 National Budget.

II. DIRECT VETO

As we move into the urgent task of implementing this Budget, I hereby register the following comments and observations to the changes introduced in the Budget that I originally submitted to Congress.



A. Imposition of a Debt Cap

For the past years, Congress has consistently prescribed a debt cap in the GAA. For FY 2012, it seeks to limit once again total government indebtedness to sixty percent (60%) of gross domestic product (GDP).

While I recognize Congress' noble intent behind the imposition of this rule, I firmly believe that the GAA is not the proper legislative vehicle to amend Presidential Decree No. 1961 (*An Act Authorizing the President of the Philippines to Enter into Foreign Currency Loan, Deposit and Guarantee Agreements and Arrangements in support of the National Economic Recovery Program*) and other relevant laws such as RA No. 4860 (*Foreign Borrowings Act*). A change in our borrowing policy ought to be more deliberately discussed and embodied in a separate substantive law. For the foregoing reasons, I am constrained to veto **General Provisions, Section 14, "Government Indebtedness and Guaranty", page 1580.**

Besides, no fiscal rule can take the place of government's unwavering commitment to fiscal prudence and discipline, and this I have exhibited from the very beginning of my Administration. Thus, our credit rating has thrice been upgraded in my first year in office. Our average debt maturity has also been extended from 7.9 to 9.2 years in a period of one year (June 2010 to June 2011). Further, with the successful implementation of our international bond exchange and buyback program, we have reduced our annual debt service cost from US\$ 69.6 Million to US\$ 65 Million. Last, but not the least, is the significant reduction of our consolidated public sector debt from 88.7% of GDP in 2005 to 73% by end of 2010.

B. Grant of Special Allowances

Similarly, and in keeping with the Constitutional policy on salary standardization, I am duty bound to strictly adhere to provisions of laws treating the grant of special allowances as advances of future salary increases. I am, thus, compelled to veto **Department of Justice (DOJ)–Office of the Secretary (OSEC), Special Provision No. 1, "Use of Income", page 610** and the item "and Commissioners" under **Department of Labor and Employment–National Labor Relations Commission (NLRC), Special Provision No. 1, "Use of Income", page 654.**

In the case of the DOJ, the vetoed special provision authorizes the continued grant of special allowance to all members of the National Prosecution Service and Office of the Chief State Counsel, and Undersecretaries over and above their respective salaries, regardless of any subsequent salary increases that may be provided by law. This is in direct contravention to Section 4 of RA No. 9279 (*An Act Granting Special Allowances for the Members of the National Prosecution Service and the State Counsels in the Department of Justice*).

On the other hand, the special provision under the NLRC includes its "Commissioners" as among those still entitled to the grant of special allowance. However, upon implementation of the third tranche of salary increases in FY 2011, said special allowance of Commissioners had already been fully integrated into their basic salary. Its continued grant, therefore, violates Section 4 of RA 9347 (*An Act*



Rationalizing the National Labor Relations Commission) in relation to Sections 2 and 6 of RA No. 9227 (*An Act Granting Special Allowances for Justices, Judges and All Other Positions in the Judiciary with the Equivalent Rank*).

C. Metro Rail Transit Fare Subsidy

I am also constrained to veto **Department of Transportation and Communications (DOTC)–OSEC, Special Provision No. 4, “MRT Subsidy”, page 1065** for unjustifiably restricting my constitutional authority, as President, to use and realign savings to more critical projects of the National Government. This provision earmarks any excess or savings due to peso appreciation in national government support to the Metro Rail Transit (MRT) for additional subsidy to the MRT fare.

It is interesting to note, however, that government subsidy of Forty-Eight Pesos (P48.00) to the MRT fare had already been fully provided in the DOTC budget. We, therefore, find no cogent reason to prepare for such a contingency unless Congress, contrary to existing policy, intends to increase the existing government subsidy to the MRT fare.

D. Legislative Coordination during Program/Project Implementation

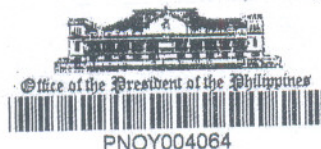
While I firmly believe in the complementary roles of the Executive and Legislative Branches in crafting and monitoring the National Budget, I am mindful of jurisprudential rulings stating that budget execution remains the sole responsibility and accountability of the Executive Department. It is for this reason that I am directly vetoing the following provisos:

1. **Department of Education (DepEd)-Office of the Secretary (OSEC), Special Provision No. 9, “Provision for Basic Educational Facilities”, page 108**, which reads: “:PROVIDED, FINALLY, That the DepEd shall inform and coordinate the implementation of the projects with the representatives of the respective legislative districts”.
2. **General Provisions, Section 57, “Realignment/Relocation of Capital Outlays”, page 1588**, which reads: “:PROVIDED, That such realignment/relocation of capital outlays shall be done only upon prior consultation with the representative of the legislative district concerned”.

Notwithstanding these vetoes, I direct all agencies to inform and apprise legislators on the implementation of projects within their respective legislative districts. Collaboration between the Executive and Legislative Departments is productive, as long as it does not infringe upon agencies' independence in determining the manner by which to properly execute their programs and projects.

E. Quick Response Fund under PDAF

Finally, I hereby veto **Priority Development Assistance Fund (PDAF), Special Provision No. 5, “Quick Response Fund”, page 1365**. While I recognize Congress' good intentions in incorporating this provision, I must emphasize the need to be faithful to the rationale behind the establishment of the PDAF, that is, to fund priority development projects of the legislative district not provided under the GAA.



Funding requirements for the relief and rehabilitation assistance to victims of calamities are sufficiently provided under the Quick Response Fund (QRF) of the Department of Social Welfare and Development, Department of Public Works and Highways (DPWH), Department of National Defense (DND), and DepEd. Let me also assure Congress that this QRF shall immediately be made available to the foregoing agencies and promptly released when needed.

III. CONDITIONAL IMPLEMENTATION

Of equal emphasis are other provisions which, while spared from direct veto, need to be subject to appropriate conditions in order to ensure their uniformity and consistency with existing policies. I am, thus, compelled to subject these items to conditional implementation pursuant to Sections 1 and 17, Article VII of the Constitution.

A. Accreditation of Health Care Providers

In accord with government's commitment to universal health care, Congress incorporated a special provision directing the Philippine Health Insurance Corporation (PhilHealth) to automatically accredit all government health care providers. I concur with the reasons behind this directive. Accreditation of government health care providers translates into wider coverage and access to the National Health Insurance Program, especially for our poor brothers and sisters.

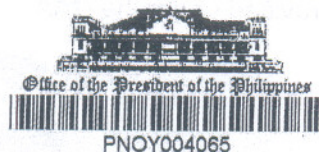
However, I firmly believe that any accreditation to be granted under this special provision should not excuse health care providers from complying with the minimum requirements prescribed under Section 33 of RA No. 7875 (*National Health Insurance Act of 1995*) and other relevant rules and regulations.

Therefore, to balance the need to fast track accreditation with the equally important policy of ensuring quality health care, I am constrained to subject the implementation of **Department of Health (DOH)–OSEC, Special Provision No. 16, “Accreditation of Health Care Providers”, page 550** to guidelines to be issued by the PhilHealth, DOH, and the Department of Budget and Management (DBM).

B. National Government Subsidy to Insurance Premium of Indigents

Equally important to the agenda of universal health care is the provision prescribing national government share in premium subsidy of indigents. Anticipating the passage of a law increasing said share, we have proposed to Congress increased and full funding for national government subsidy. However, and consistent with my duty to faithfully execute the laws of the land, said funding was conditioned on the passage of an amendatory law.

Nonetheless, and due to differing legal interpretations on Section 29 of RA No. 7875, said condition requiring the passage of a law was not reflected under **DOH–OSEC, Special Provision No. 15, “National Health Insurance Program for the Indigents”, page 550**.



Accordingly, I am constrained to subject the full release of national government subsidy to the issuance of a DOJ Opinion stating that said amendatory law is not necessary. Pending issuance of said DOJ Opinion, release of funds under this special provision shall be limited to the national government share provided under Section 29 of RA No. 7875, as amended.

C. Completion of the Comprehensive Agrarian Reform Program

Pursuant to Section 5 of RA No. 9700 (*An Act Strengthening the Comprehensive Agrarian Reform Program, Extending the Acquisition and Distribution of All Agricultural Lands*) allow me to underscore the clear mandate of the Department of Agrarian Reform (DAR) to complete the final acquisition and distribution of all remaining unacquired and undistributed public and private agricultural lands by June 30, 2014. Consistent with this mandate, the DAR shall gradually scale down its Organizational and Staffing Structure. The provision for the continued support services to the agrarian reform beneficiaries beyond 2014 shall be undertaken by the Department of Agriculture (DA) and other appropriate agencies of the government.

Thus, implementation of **DAR-OSEC, Special Provision No. 2, "Comprehensive Agrarian Reform Program"**, page 30 shall be in accordance with the foregoing intent and provision of RA No. 9700.

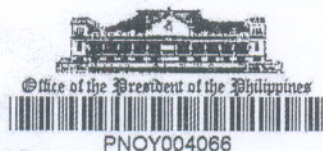
D. Prioritization of Small Farmers and Subsistence Fisherfolks

Diretso sa tao, this has been the driving force in crafting the FY 2012 National Budget. With this in mind, and consistent with the provisions of RA No. 8435 (*Agriculture and Fisheries Modernization Act of 1997*), small farmers and subsistence fisherfolks shall continually be prioritized in the implementation of various programs and projects on agriculture and fisheries development. For this purpose, the Small Farmers Registry System being developed by the DBM and the National Statistics Office in coordination with the DA, DAR and Department of the Interior and Local Government (DILG) shall be tapped in the identification of small farmers once this registry becomes operational. In the meantime, the DA and DAR shall accordingly identify the small farmers within their area of coverage, as specified under DA-OSEC, Special Provision No. 3.

Thus, it is understood that implementation of the programs and projects under the following special provisions shall give priority to small farmers and subsistence fisherfolks, particularly as specified below:

1. **DA-OSEC, Special Provision Nos. 3 and 5, "Implementation of Farm-to-Market Road Projects", page 52 and "Implementation of Post-Harvest Development Services and Facilities", page 53, respectively.**

In the implementation of the foregoing projects, priority shall be given to: (i) areas where the majority of small farmers are located; (ii) locations where there are a large number of subsistence fisherfolks as determined by the DA; and (iii) the provinces or regions where the absolute number of poor farmers and/or fisherfolks and the incidence of poverty are high as identified in the latest official poverty statistics of the National Statistical Coordination Board (NSCB).



2. DA-OSEC, Special Provision No. 4, "Implementation of Irrigation Projects", pages 52-53.

For irrigation projects, priority shall be extended to: (i) areas where the majority of small farmers are located; and (ii) provinces or regions where the absolute number of poor farmers and/or fisherfolks and the incidence of poverty are high as identified in the latest official poverty statistics of the NSCB.

3. DA-OSEC, Special Provision No. 8, "Projects under RP-Japan Increased Food Production Program Grant," page 53.

Food security projects under the RP-Japan Increased Food Production Program Grant shall directly benefit underprivileged farmers or small farmers.

4. Budgetary Support to Government Corporations (BSGC), Special Provision No. 5, "Subsidy to the National Food Authority", page 1316.

In the procurement of *palay* and corn, the National Food Authority shall give priority to small farmers.

5. BSGC, Special Provision No. 7, "Subsidy to the Philippine Coconut Authority", page 1316.

Implementation of the following projects: (i) Coconut Planting/Replanting Project; (ii) Coconut Fertilization Project; and (iii) Sustainable Livelihood (KAANIB) Project, must directly benefit small farmers.

E. Quick Response Fund under the DepEd

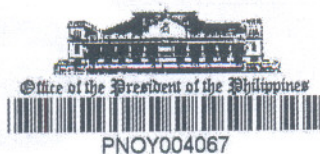
Consistent with the nature and purpose of the QRF, I hereby place **DepEd-OSEC, Special Provision No. 11, "Quick Response Fund", page 109** under conditional implementation to ensure that the QRF under the DepEd budget shall be similarly treated as a stand-by appropriations for immediate response to calamities occurring during the year in order that the situation and living conditions of people in areas stricken by calamities are normalized as quickly as possible.

F. Implementation of Various Research Programs and Projects

To avoid any duplication or overlapping in the conduct of research on new and emerging areas of development and ensure the optimum use of resources, the DA and Department of Science and Technology (DOST) shall come up with a master plan that will properly coordinate the priority research programs and projects to be implemented under the following special provisions.

1. DA-OSEC, Special Provision No. 6, "Implementation of Various Research Projects", page 53.

2. DOST-Philippine Council for Agriculture, Forestry and Natural Resources Research and Development, Special Provision No. 1, "Funding for the Various Research Programs", page 961.



3. **DOST-Philippine Council for Aquatic and Marine Research and Development, Special Provision No. 1, "Funding for the Various Research Programs", page 963.**
4. **DOST-Philippine Council for Industry Energy and Engineering Technology Research and Development, Special Provision No. 1, "Funding for the Various Research Programs", page 969.**
5. **Other Executive Offices (OEOs)-Commission on Higher Education (CHED), Special Provision No. 3, "Additional Allocation for State Universities and Colleges", page 1137.**

G. Health Facilities Enhancement Program

Consistent with Section 88 of the General Provisions, release of funds by the DOH to the local government unit (LGU) beneficiaries of the Health Facilities Enhancement Program under **DOH-OSEC, Special Provision No. 7, "Health Facilities Enhancement Program", page 549** shall be subject to execution of a Memorandum of Agreement with the said LGUs.

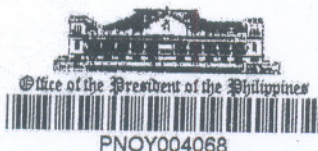
H. Release of Funds

Consistent with this Administration's policy on release of funds directly to the operating units, the following special provision shall be implemented in consideration of the existing Organizational Structure of the Philippine National Police (PNP):

1. **DILG-PNP, Special Provision No. 4, "Allocation for the Internal Affairs Service", page 596.**
2. **DILG-PNP, Special Provision No. 3 "Allocation for Maintenance and Other Operating Expenses (MOOE) of the PNP National Headquarters, Regional Offices and Other Operating/Implementing Units", page 595-596.**

I. MOOE Allocation for Fire and Jail Stations

I fully agree with Congress that the MOOE allocation for the District, City and Municipal fire stations and jail stations should be distributed within five (5) days from receipt of allocation by the Bureau of Fire Protection (BFP) or Bureau of Jail Management and Penology (BJMP) Regional Offices, as the case may be. However, I have to register some reservations on the criteria set forth in these special provisions in the MOOE allocation for every fire station and jail station in the country. The criteria to be used should be related to the nature and use of the MOOE which are for the upkeep of equipment and facilities. I note that the number of firemen in the case of fire stations and the number of inmates and jail guards in the case of jail stations are not commensurate to this purpose. More importantly, the requirements of firemen, jail guards, and inmates are properly covered by the corresponding provisions and allowances allocated for them under the BFP and BJMP budget, as the case may be.



For said reasons, I hereby order the respective Chiefs of BFP and BJMP to enhance the criteria provided in these special provisions in consideration of the foregoing observations. Accordingly, the funds for MOOE of the operating units of the BFP and BJMP to be released by the DBM shall be based on the revised criteria.

1. **DILG-BFP, Special Provision No. 3, "Maintenance and Other Operating Expenses (MOOE) of the Operating Units of the BFP", page 577.**
2. **DILG-BJMP, Special Provision No. 2, "Maintenance and Other Operating Expenses (MOOE) of the Operating Units of the BJMP", page 580.**

J. Release of Funds for Personal Services

While I recognize the good intentions of Congress in regulating the disbursement of funds for Personal Services, the same cannot be done exclusively through the use of the automated teller machine (ATM). Considering the time-consuming ATM enrolment process and the imperativeness of disbursing the salaries of government employees on time, there is a need for greater flexibility on this regard. Moreover, disbursement of funds for Personal Services cannot be done exclusively through the Land Bank of the Philippines. Pursuant to pertinent rules, disbursement by government agencies should be done through any of the authorized government depository banks.

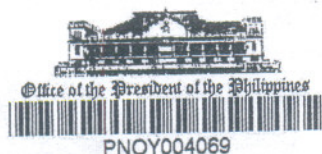
Thus, I hereby subject implementation of **DND, Special Provision(s) Applicable to the Armed Forces of the Philippines, Special Provision No. 4, "Release of Funds for Personal Services", page 714** to the foregoing qualifications.

K. Transfer of Tourism Marketing and Promotion Services to the Tourism Promotions Board

To avoid duplication of functions between the Department of Tourism (DOT) and the Tourism Promotions Board (TPB), I wish to emphasize that implementation of **DOT-OSEC, Special Provision No. 2, "Transfer of the Tourism Marketing and Promotion Services", page 1017** includes the transfer of the tourism marketing and promotion services being undertaken by the DOT's foreign field offices to the TPB as mandated under Sections 46 and 109 of RA No. 9593 (*The Tourism Act of 2009*).

L. Subsidy to Local Water Utilities Administration

Over the years the National Government has consistently provided the Local Water Utilities Administration (LWUA) financial assistance to address the need for greater access to potable water supply by every Filipino. Thus, to ensure optimum utilization of funds by LWUA for potable water supply, I subject the release of this year's subsidy for the purpose under **Budgetary Support to Government Corporations, Special Provision No. 13, "Subsidy to the Local Water Utilities Administration", page 1317** to the identification by LWUA of additional project beneficiaries.



M. Earmarked Appropriations

To ensure equal availment from the Higher Education Development Fund (HEDF), the amount of Twelve Million Pesos (P12M) earmarked for the extension services of State Universities and Colleges (SUCs) in the Cordilleras under the last proviso of **OEOs-CHED, Special Provision No. 2, "Augmentation of Appropriations", page 1137** which reads: "PROVIDED, FURTHER, That the amount of Twelve Million Pesos (P12,000,000.00) shall be allotted in support of extension services at the State Universities and Colleges in the Cordilleras that are aligned to cultural preservation, environmental protection and climate change adaptation subject to review and approval of CHED" shall be released only upon compliance with the policies and guidelines of CHED on the utilization of the HEDF.

And as in previous years, I hereby declare that notwithstanding the earmarking of Fifty Million Pesos (P50M) for various research programs under **E-Government Fund, Special Provision No. 2, "Funding of the Various Research Program", page 1339**, release thereof is subject to compliance with all the criteria enumerated under Special Provision No. 1 of this Fund and the guidelines issued by the Information and Communications Technology Office for the purpose. Moreover, considering that the appropriations under this Fund is for Capital Outlays, any current operating expenses such as the payment of honoraria must be related to the capital expenditures and comply with the accounting rules and regulations on the capitalization of expenditures.

N. Newly Established High Schools

Allow me to emphasize that the appropriations referred to under **Miscellaneous Personnel Benefits Fund, Special Provision No. 1, "Newly Established High Schools", page 1355**, pertain to the Personal Services requirements of teachers for newly established high schools. Given the numerous high schools established over the years, it is imperative for the DepEd to issue guidelines on the prioritization of newly established high schools availing from this Fund.

O. PAMANA Fund

To ensure the proper implementation of **Payapa at Masaganang Pamayanan (PAMANA) Fund, Special Provision No. 1, "Use and Release of Fund", page 1358**, the Office of Presidential Adviser on Peace Process (OPAPP) is hereby directed to issue the guidelines on the use and release of the PAMANA Fund in coordination with its implementing agencies. In the crafting of said guidelines, the OPAPP shall include all the conditions set forth under Special Provision Nos. 2 and 4 of this Fund relative to administrative cost and monitoring expenses, and reports on fund utilization. Finally, release of funds shall be subject to the submission of a Special Budget pursuant to Section 35, Chapter 5, Book VI of Executive Order (EO) No. 292, s. 1987 (*Administrative Code of 1987*).

P. Use of PDAF

In the interest of ensuring sound financial programming and prudent spending of PDAF, I hereby direct the DBM to issue guidelines for the implementation of **PDAF, Special Provision Nos. 1 and 3, "Use of Fund", pages 1361-1365** and

"Legislator's Allocation", page 1365, respectively, taking into consideration the following: (i) public infrastructure projects may only be implemented by LGUs who have proven technical capability to implement said projects; (ii) purchase of multi-purpose vehicles shall only be for peace and order purposes and not for utility vehicles and that it should comply with the rules on acquisition of motor vehicles in the government; (iii) the name of recipient hospitals/health units should be included in the list of requirement for the program Assistance to Indigent Patients; and (iv) programs/projects intended for Arts and Culture shall be subject to the submission of a certification from the National Historical Commission of the Philippines on their proper classification as either soft or infrastructure programs/projects under Special Provision No. 3 of this Fund.

Q. Support for Infrastructure Projects and Social Programs

As in previous years, support for the implementation of the Comprehensive Rehabilitation Master Plan for the town of Bacolor under **Unprogrammed Fund, Special Provision No. 7, "Support for Infrastructure Projects and Social Programs", page 1372**, shall be subject to the rules and conditions on the availment of Purpose 4—Support for Infrastructure Projects and Social Programs under the Unprogrammed Fund.

R. Confidential and Intelligence Funds

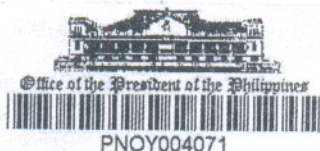
As part of my social contract with the Filipino People, I support every effort towards full transparency and accountability in all government operations, particularly on the use of funds. Thus, I wish to elucidate that the Confidential and Intelligence Fund (CIF) referred to under **General Provisions, Section 61, "Use and Release of Confidential and Intelligence Fund for Government Owned and/or Controlled Corporations and Local Government Units", page 1589**, shall follow the guidelines issued by the DBM for the purpose.

It is understood that the CIF referred to in this section are those included in the approved budgets of government owned or controlled corporations (GOCCs) and LGUs. Additionally, to prevent undue delay, it should be clarified that the presidential approval required under this section is on the utilization of the CIF.

S. Transparency in Infrastructure Projects

Cognizant of the possible implication of posting the cost breakdown of the scope of work in arriving at the Approved Budget for the Contract (ABC) on or before bidding of the infrastructure projects, I hereby place **General Provisions, Section 89, "Transparency in Infrastructure Projects", page 1594** under conditional implementation. Accordingly, said posting requirement shall only refer to the cost breakdown for materials, labor and overhead expenses in arriving at the ABC.

Moreover, the DPWH is hereby directed to set the reasonable rates/amounts of direct and indirect costs in the implementation of all infrastructure projects. The same shall be used to compare the actual direct and indirect costs incurred in the implementation of infrastructure projects in the government. For this purpose, the actual cost to be posted shall likewise cover materials, labor and overhead expenses.



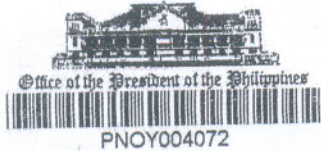
IV. GENERAL OBSERVATION

I likewise note the changes made in some special and general provisions and hereby express my interpretations thereon:

A. Funding Requirements for the Filling of Unfilled Positions

To promote the efficient use of public funds, as well as achieve focus and optimum impact in the implementation of the various priorities of the government, allow me to restate the rules on the availability of appropriations for Personal Services, MOOE, and Capital Outlays for all government offices under Section 63 of the General Provisions. Thus, Personal Services authorized in this Act, including those under the below-enumerated special provisions, shall be valid for release and obligation only until the end of FY 2012. On the other hand, MOOE and Capital Outlays authorized in this Act shall be available for release and obligation until the end of FY 2013.

1. Senate, Special Provision No. 1, "Funding Requirements for the Filling of Unfilled Positions", pages 3-4.
2. Senate Electoral Tribunal, Special Provision No. 1, "Funding Requirements for the Filling of Unfilled Positions", page 6.
3. Commission on Appointments, Special Provision No. 1, "Funding Requirements for the Filling of Unfilled Positions", page 8.
4. House of Representatives, Special Provision No. 1, "Funding Requirements for the Filling of Unfilled Positions", page 12.
5. House Electoral Tribunal, Special Provision No. 1, "Funding Requirements for the Filling of Unfilled Positions", page 15.
6. Judiciary-Supreme Court of the Philippines and the Lower Courts, Special Provision No. 3, "Funding Requirements for the Filling of Unfilled Positions", page 1236.
7. Judiciary-Presidential Electoral Tribunal, Special Provision No. 1, "Funding Requirements for the Filling of Unfilled Positions", page 1239.
8. Judiciary-Sandiganbayan, Special Provision No. 1, "Funding Requirements for the Filling of Unfilled Positions", page 1241.
9. Judiciary-Court of Appeals, Special Provision No. 1, "Funding Requirements for the Filling of Unfilled Positions and Creation of New Positions", page 1244.
10. Judiciary-Court of Tax Appeals, Special Provision No. 1, "Funding Requirements for the Filling of Unfilled Positions and Creation of New Positions", page 1246.



11. Civil Service Commission, Special Provision No. 3, "Funding Requirements for the Filling of Unfilled Positions", page 1252.
12. Commission on Audit (COA), Special Provision No. 4, "Funding Requirements for the Filling of Unfilled Positions", page 1262.
13. Commission on Elections, Special Provision No. 3, "Funding Requirements for the Filling of Unfilled Positions", page 1270.
14. Office of the Ombudsman, Special Provision No. 2, "Funding Requirements for the Filling of Unfilled Positions", page 1275.

B. Organizational Structure of Congress

As in previous years, allow me once again to express my unwavering trust and confidence in the leadership of both Houses of Congress in the implementation of **Congress of the Philippines, Special Provision No. 2, "Organizational Structure of the Senate, the House of Representatives, the Senate and House of Representatives Electoral Tribunals and the Commission on Appointments", page 17.** I am convinced that Congress will staunchly adhere to the constitutional principle of salary standardization enshrined as a state policy under RA No. 6758 (*Compensation and Position Classification Act of 1989*), as amended by the Congress Joint Resolution No. 1, s. 1994 (*Urging the President of the Philippines to Revise the Existing Compensation and Position Classification System in the Government*) and Congress Joint Resolution No. 4 s. 2009, and RA No. 6686 (*An Act Authorizing Annual Christmas Bonus*), as amended by RA No. 8441 (*An Act Increasing the Cash Gift*).

Moreover, I wish to stress that any adjustment and modification in the Organizational and Staffing Structure of these institutions should follow the scrap and build policy and other existing organization, staffing, compensation and position classification standards. Additionally, the creation of new positions as well as the grant of retirement benefits and separation pay, as the case may be, under this special provision should be funded from the appropriations or available savings of said institutions.

I trust that Congress will remain steadfast in its commitment to the fundamental policy set forth under Section 8, Article IX-B of the Constitution, which prohibits the payment of additional compensation, as well as the requirements of other relevant laws.

C. Regularization of Qualified Contractual and Volunteer Teachers and Qualified Part-Time Faculty

I salute our teachers for their significant role in and unwavering commitment to the education of our children. Thus, the priority given to qualified contractual, volunteer and part-time teachers in the hiring of new teachers/faculty under **DepEd-OSEC, Special Provision No. 8, "Regularization of Qualified Contractual and Volunteer Teachers", page 108 and Special Provision(s) Applicable to the SUCs, Special**



Provision No. 13, "Regularization of Qualified Part-Time Faculty", page 435. The intent of these special provisions is simply to give priority to qualified contractual and volunteer teachers or qualified part-time faculty in the hiring of new regular teacher positions.

D. Rationalization of Embassies and Consular Offices

I note the laudable objective of **Department of Foreign Affairs-OSEC, Special Provision No. 10, "Rationalization of Embassies and Consular Offices", page 532** in reiterating the need to rationalize our embassies and consular offices. But even without said provision, the Executive has the continuing authority to undertake said rationalization and is in fact in the process of rationalizing thirteen (13) embassies and consular offices to date. Moreover, the conduct of said rationalization should be in accordance with the policy considerations and parameters set by the Executive for the purpose.

E. Potable Water Supply

In recognition of the importance of advancing and protecting public health, I have tasked the DILG to undertake potable water supply projects to effectively supply our waterless municipalities. However, it must be clarified that in addition to the Seven Hundred Seventy Million Pesos (P770M) referred to under **DILG-OSEC, Special Provision No. 3, "Appropriations for Potable Water Supply", page 573**, Thirty Million Pesos (P30M) appropriated under DILG for Potable Water Supply shall cover the full administrative costs or engineering and administrative overhead expenses authorized for infrastructure projects in implementing said Program.

F. Special Audit

In consideration and due deference to the independence of the COA, the conduct of special audit required under **PAMANA Fund, Special Provision No. 3, "Special Audit", page 1358** shall follow existing rules and regulations of the Commission.

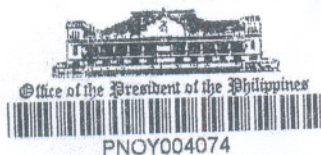
G. Grant of Collective Negotiation Agreement Incentive

The grant of Collective Negotiation Agreement (CNA) Incentive under **General Provisions, Section 56, "Rules in the Realignment of Funds", page 1588** shall be in accordance with the latest issuance by the DBM on the matter including DBM Circular Letter No. 2011-9 dated September 9, 2011 (*Reminder on the Observance of the Guidelines on the Grant of CNA Incentive*).

H. Direct Release of Funds to the Regional Offices and Other Implementing Units

I would like to emphasize that the release of budgetary allocations directly to the operating units, as defined by DBM in consideration of the existing Organizational Structures, endeavours to facilitate project implementation and seeks to empower the operating units and enforce accountability.

In line with this intention and in order to avoid confusion, allow me to explain that **General Provisions, Section 67, "Direct Release of Funds to Regional Offices**



and Other Implementing Units", page 1590 should be understood to mean that funds allotted for the regional offices/implementing units included in the budget of the central office shall be released by the DBM directly to said regional offices/implementing units in accordance with the approved regional distribution of expenditures submitted by the agencies concerned.

I. Congressional Oversight Powers

Indeed, the invaluable role of an oversight committee in providing checks and balance in government is unquestionable. It prevents abuse of power and guards against fraudulent practices in government and promote an environment conducive to full development. To guide us all in the appreciation of the oversight powers of Congress, the Supreme Court in the case of *ABAKADA Guro Party List, et al., vs. Cesar V. Purisima, et al.* (562 SCRA 287, 2008) has pronounced that any post-enactment congressional measure such as the creation of a congressional oversight committee should be confined to: (i) scrutiny based primarily on Congress' power of appropriation, its power to ask heads of departments to appear before and be heard by either of its Houses and in any matter pertaining to their departments, and its power of confirmation; and (ii) investigation and monitoring of the implementation of laws pursuant to the power of the Congress to conduct inquiries in aid of legislation. The Court went further to emphasize that any action beyond the foregoing will undermine the separation of powers as guaranteed by the Constitution.

I am confident that Congress shall exercise their oversight powers under the following special provisions fully mindful of the foregoing limitations:

1. General Provisions, Section 88, "Implementing Agency for Nationally Funded Projects", page 1593.
2. General Provisions, Section 94, "Joint Congressional Oversight Committee on Public Expenditures", page 1594-1595.

V. CLOSING STATEMENT

Budgeting under my Administration will always be about the pursuit of reforms to institute efficiency in place of waste, effectiveness in place of irrelevance, and transparency and accountability in place of concealment and impunity. With this FY 2012 Results-Focused Budget, we are asserting that governance reforms should directly lead to concrete and measurable outcomes for our people.

The success of our Administration will be for the success of our people. I acknowledge that, a year and a half into my administration, some things may have been executed better. For the sake of the people, we continue to improve on our actions and decisions.

More importantly, we remain steadfastly committed to our vision: a vision for a Philippines where all citizens—the rich and the poor—are able to benefit from the nation's prosperity. After all, this Administration was hoisted to power by the overwhelming mandate of our people who have cried out against corruption, abuse of power and neglect of their welfare. Our people's

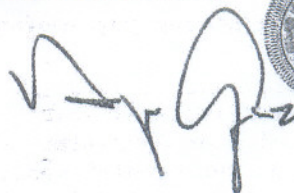


hopes and dreams—their aspirations for a better life not only for themselves but also for their country—continue to be our core inspiration.

Kayo, mga mahal kong kababayan, ang boss ko. At hindi magbabago iyon.

As your servant, I shall personally ensure that the government will begin implementing this GAA (RA No. 10155), in a timely and transparent manner, on January 1, 2012.

Respectfully yours,



Copy furnished: **THE HONORABLE SENATE PRESIDENT**
Senate of the Philippines
Pasay City

