

# **Presidential Veto Message**

**MALACAÑANG  
MANILA**

December 30, 1994

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

I have this day signed into Republic Act No. 7845, the General Appropriations Bill for Fiscal Year 1995 (H.B. No. 13803) 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-FIVE, AND FOR OTHER PURPOSES."

I sincerely thank the ladies and gentlemen of Congress, most especially the House Committee on Appropriations and the Senate Finance Committee, for another singular act of statemanship in expeditiously passing the 1995 budget measure.

With this signing, I reaffirm our covenant in pursuing our common agenda for social reform and sustained economic development.

**I. GENERAL COMMENTS**

I am particularly gratified to note that Congress and the Executive Branch share the same principles of prudence and sound fiscal management that government has espoused in this budget proposal.

Guided by these common principles, I, today, signed the shortest Presidential Veto Message in recent history; none, but one budget item, directly vetoed.

I likewise commend Congress in their tireless efforts to incorporate innovations that highlight significant budget items and enhance transparency of public expenditures. The creation of the GATT-related Adjustment Measures Fund again demonstrated Congressional will to squarely address the challenges of being part of a new world trade order. Also, the establishment of a separate chapter for the DECS Schoolbuilding Program is a welcome change that will expedite the implementation of this critical program.

## II. DIRECT VETO

Were it not for a question of constitutional integrity, no item would have been directly vetoed.

However, pursuant to the decision of the Supreme Court in cases (1) G.R. No. 13105 Philippine Constitution Association, et. al. vs. Hon. Salvador M. Enriquez, Jr., etc., et. al and (2) G.R. No. 113174, Raul S. Roco, etc., et. al. vs. the Executive Secretary, etc., et. al. and the powers vested in me by the Constitution, I am directly vetoing in its entirety the appropriations for Debt Service, including its Special Provisions, to wit:

**LI. APPROPRIATIONS FOR DEBT SERVICE**

*For payment of interest and principal amortization of foreign and domestic indebtedness as indicated hereunder ..... P93,424,000,000*

*New Appropriations, by Purpose*

<u>Current Operating Expenditures</u>				
	<u>Personal Services</u>	<u>Maintenance and Other Operating Expenses</u>	<u>Capital Outlays</u>	<u>Total</u>
A. PURPOSE				
1. For the Payment of Interest and Principal Amortization of Foreign and Domestic Indebtedness		P93,424,000,000		P93,424,000,000
<b>TOTAL, NEW APPROPRIATIONS</b>		<b>P93,424,000,000</b>		<b>P93,424,000,000</b>

*Special Provisions*

1. **Use of the Fund.** The appropriation authorized herein shall be used for payment of principal amortization, including interest, of foreign and domestic indebtedness.
2. **Reporting Requirement.** The Bangko Sentral ng Pilipinas and the Department of Finance shall submit a quarterly report of actual foreign and domestic debt service payments to the House Committee on Appropriations and Senate Finance Committee within one (1) month after each quarter.

According to the Supreme Court, 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. Hence, this whole debt service appropriation is unnecessary.

**III. CONDITIONAL IMPLEMENTATION**

I fully appreciate the noble intentions of Congress in proposing the following provisions:

**X. DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES**

**A. Office of the Secretary**

3. *Hardship Allowance.* All protected area personnel living on the site are entitled to monthly hardship allowance corresponding to twenty-five percent (25%) of their monthly salary. Funds for the purpose shall be taken from agency savings or from the income generated by the protected areas.

**XVII. DEPARTMENT OF NATIONAL DEFENSE**

***Special Provisions Applicable to the Major Services of the Armed Forces of the Philippines***

7. *Use of Savings.* The Chief of Staff, AFP is authorized, subject to the approval of the Secretary of National Defense, to use any savings in the appropriations provided herein for the AFP for: (a) subsistence, hospitalization, transportation, rehabilitation and resettlement of destitute military personnel discharged honorably, including captured or surrendered dissidents and their families; (b) necessary expenses incurred during the peace and order campaign; (c) financial assistance to government informers who are killed or injured in the performance of their duties; (d) payment for damage to properties and compensation for injuries or death of civilians resulting from the Armed Forces of the Philippines operations; and (e) educational study tour of the National Defense College of the Philippines students and faculty.

**XVIII. DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS**

**A.1 Office of the Secretary**

***Special Provisions***

1. *Restriction on the Delegation of Project Implementation.* The implementation of projects funded herein shall not be delegated to any other agencies, except those projects that will be implemented by the Engineering Brigades of the Armed Forces of the Philippines, inter-department undertakings and projects undertaken by other offices/agencies as may be approved by the President: PROVIDED, That local government units, upon the initiative of the representative of the district concerned, may be authorized by the Secretary of Public Works and Highways to undertake construction, rehabilitation, improvement, repair and maintenance of infrastructure facilities within the area of coverage: PROVIDED, FURTHER, That said local government units have adequate capability to implement such infrastructure projects.

5. **Work by Administration.** Except as may be expressly authorized by the President of the Philippines, any project in this Act with a cost of Five Million Pesos (P5,000,000.00) or less, based on the approved program, may be done by administration or force account by the Agency concerned without prior public bidding. A project costing over Five Million Pesos (P5,000,000.00) may be prosecuted by administration by the agency concerned only in case of: (a) emergency arising from natural calamities or where immediate action is necessary to prevent imminent loss of life and/or property or to comply with government commitments; (b) failure to award a contract after competitive public bidding for a valid cause; (c) termination or rescission of contract; (d) areas with critical peace and order problems as certified by the local peace and order council: PROVIDED, That prior authority shall be obtained from the Secretary of Public Works and Highways if the project cost is Twenty Million Pesos (P20,000,000.00) or less, or from the President of the Philippines, upon the recommendation of the Secretary of Public Works and Highways, if the project cost is more than Twenty Million Pesos (P20,000,000.00).

## XXII. DEPARTMENT OF TRADE AND INDUSTRY

### A. Office of the Secretary

#### *Special Provision*

1. **Use of Sectoral Livelihood Program Fund.** The amount herein appropriated for the Sectoral Livelihood Program shall be used as financial assistance to qualified beneficiaries upon prior consultation with the House Sectoral Representative concerned: PROVIDED, That fifty percent (50%) of the assistance shall be in the form of loans and investments and the other fifty percent (50%) in the form of grants.

## XXXV. BUDGETARY SUPPORT TO GOVERNMENT CORPORATIONS

### C. Department of Finance

#### C.2 Philippine Export and Foreign Loan Guarantee Corporation

#### *Special Provision*

1. **Conversion of Outstanding Liabilities into Equity.** Outstanding liabilities of Philguarantee to the national government as of December 31, 1994 related to the restructuring of the corporation's foreign debts through its participation in the Philippine 1992 Financing Plan and the 1989 Debt Buyback Program, as well as that payable by Philguarantee on the government's net lending for CY 1987-1991 (inclusive), shall be converted into equity.

However, there is a need to rationalize the implementation of the abovesited special provisions. Hence, while I am not vetoing these provisions, I will issue the necessary guidelines, rules and regulations that will harmonize their implementation with existing policy.

#### IV. GENERAL OBSERVATIONS ON CHANGES, INCREASES AND REDUCTIONS IN CERTAIN ITEMS

In addition to the above, I have noted certain changes in budgetary items, including reductions and increases in appropriations introduced by Congress. These changes, increases and reductions will likewise require the issuance of implementing guidelines, rules and regulations to ensure consistency with the overall program of government.

#### V. CLOSING STATEMENT

In closing, I note, with pride, that with the passage of this budget, we have shown once again that Philippine democracy works. I am confident that this harmonious Legislative-Executive partnership that we have nurtured over the years will continue to prosper with our resolve to build a better life for our people.

I salute the Honorable Members of Congress for a job well done.

The Bill has become Republic Act No. 7845.

Very truly yours,

