

IMPROVED ECONOMIC LANDSCAPE, INCLUSIVE DEVELOPMENT

FRANKLIN M. DRILON

Senate President, 16th Congress of the Senate of the Philippines

INDEED, MUCH HAS CHANGED IN THE PAST FIVE YEARS. The Philippines has become a rising star in Asia. It is now in the radar of the business and financial community because of its remarkable economic growth, investment grade ratings, strong macroeconomic indicators, political stability, and the earnest pursuit of good governance. The optimism and confidence of the international community are reflected in the significant improvements in our Global Competitiveness and Ease of Doing Business ratings.

Your Congress has been an active partner in the pursuit of difficult but meaningful reforms for the past five years. For the past five years, the Senate has never wavered in its commitment to help lay the foundation of a healthy economy, and create an environment marked by political stability and strong institutions, and equitable distribution of social services.

We have always underscored the importance of transparency and accountability, developing our human capital and building world-class infrastructure to attract much needed foreign investments and generate jobs for our people.

INSTITUTIONALIZING GOOD GOVERNANCE

During the first SONA of the President in 2010, he cited the excesses of the GOCCs. In response, and on our own initiative, I wrote and worked



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On 6 August 2015, Senate President Franklin M. Drilon was the guest speaker at the annual membership meeting organized by the Makati Business Club at The Peninsula Manila, Makati City. Published here are excerpts from the keynote speech .

on the enactment of the GOCC Governance Act and made state-owned enterprises instruments of national progress, instead of being milking cows. In 2013, the GOCCs remitted a total of P28 billion in dividends to the national coffers, and last year in 2014, over P32 billion.

Cases in the Sandiganbayan take five to seven years to resolve. To enable the speedy disposition of corruption cases, we amended the Sandiganbayan Law, with much input from former Ombudsman Sonny Marcelo.

We amended the Anti-Money Laundering Act to expand the list of entities required to report covered and suspicious transactions. We also authorized freeze orders and inquiries on bank deposits upon order of the court based on ex parte petition by the AMLC.

STIMULATING THE ECONOMY

On the initiative of the Senate and the House of Representatives, we passed the Philippine Competition Act. For more than 20 years the bill was stuck in Congress. Finally, we now have a competition policy that outlaws and penalizes anti-competitive agreements, abuse of dominant position, and anti-competitive mergers and acquisitions.

In 2013, the President asked Congress to “amend the Cabotage Law in order to foster greater competition and to lower the cost of transportation for our agricultural sector and other industries.” We responded by amending the Cabotage Law to achieve these goals.

On our own initiative, we allowed the Full Entry of Foreign Banks by authorizing them to acquire and invest up to 100% of the voting stock of a domestic bank. My recent conversation with Bangko Sentral Governor Tetangco indicated that there are four foreign banks which indicated their interest, and in fact, are putting up branches here. We also enacted a law that allowed foreign investors to own up to 60% of the voting stock in rural banks.

More than 80,000 Filipino seafarers faced the threat of losing their jobs in European Union-flagged vessels because of our failure to comply with the international convention on seafarers. We in Congress took it upon ourselves to pass the MARINA Law.

Last year, the European Union threatened to ban Philippine marine and fisheries products. This threatened the livelihood of our poor fisherfolk. Congress responded by amending the Fisheries Code to comply with international standards and strengthen our laws against illegal, unreported, and unregulated fishing. This also redounded to the benefit of Filipino traders who can now export to EU markets at zero tariff using the Generalized System of Preferences Plus (GSP+) of more than 6,000 products such as processed fruits, textiles, chemicals, and coconut and marine products. I am proud to say that due to Congress' swift action in passing the law, the Philippines is the only ASEAN country to be accepted in GSP+.

IMPROVING HEALTHCARE

For more than 10 years, our excise taxes on tobacco and alcohol favored certain brands. We responded with the passage of the Sin Tax Reform Law, which, by the way, I sponsored in the Senate and won by one vote, or a vote of 11 to 10. That one vote made the difference in levelling the playing field and in generating an additional excise tax collection of over P50 billion last year. P37 billion of this incremental revenue was allocated to enroll 15 million indigent families in PhilHealth and cover our senior citizens, which we required under the Amendments to the Expanded Senior Citizens Act.

The Graphic Health Warning Act compelled cigarette companies to graphically demonstrate in cigarette packs the deadly effects of smoking. For years, this legislation, again, was stuck in the legislative mill. Finally, we are able to pass this law which will require the graphic illustration of the deadly effects of

smoking in cigarette packs.

The Responsible Parenthood and Reproductive Health Law would not have been passed if not for the active intervention of President Aquino. It was one of the most difficult reform measures enacted by this Congress. The law, as you are aware, provides universal access for medically safe, effective, legal, affordable, and quality reproductive health services, information and education.

ENHANCING EDUCATION

The Enhanced Basic Education Act is now the cornerstone of our learning system. The K to 12 program—which covers kindergarten, six years of primary education, four years of junior high school, and two years of senior high school—would provide our students sufficient time to master concepts and skills and develop stronger fundamentals for college education. K to 12 also aligns our basic education program with those of other countries.

We passed the Iskolang Bayan Act, which accords the top 10 public high school graduates with scholarships to State Universities and Colleges of their choice. This complements the Fast-Tracked Science & Technology Scholarship Act which we passed in 2013.

This week we also passed the Unified Student Financial Assistance System Act (UNIFAST). This will harmonize and expand all student financial assistance programs for tertiary education in both public and private institutions, whether nationally or locally funded.

We also passed the Ladderized Education Act, the Open Learning and Distance Education Act, and the Open High School System Act to enable those who have less in life to have more access to good education.

I attribute this harvest of remarkable laws first, to the political will of President Aquino, and second, largely to the harmonious relations, marked by mutual trust and respect, with our counterparts in the House of Representatives. As you are aware, the leaders of the

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Senate and the House have been holding regular monthly meetings to define and push forward our legislative agenda.

MOVING FORWARD

However, the time is not ripe to congratulate ourselves and pat each other's back. The road to our goal for inclusive development is long. We must sustain the momentum, build on our gains and continue the pursuit of reforms.

Even if the economic fundamentals are now strong and the outlook is favorable, I assure you that the Senate remains relentless in passing reform measures that will ensure a better business climate.

In the last regular session of the 16th Congress, we will pass the Customs and Tariff Modernization Act that will introduce full automation of customs procedures, and strengthen the Bureau of Customs' risk management, revenue collection and enforcement systems. One of the sticky points of this law is the status of Customs brokers. There's a lot of discussion in this area; we hope to find the language that will be acceptable to all sectors.

We will soon pass the Tax Incentives Monitoring and Transparency Act (TIMTA) to foster transparency and accountability in the grant of fiscal incentives to business entities. The private sector has been pushing for transparency and accountability in government. However, we also wish that the effort to be transparent will extend to all phases of governance, including the private sector. Quite surprisingly, we encountered difficulty in passing TIMTA due to the reservations of the business community in the publication of tax incentives granted to registered business enterprises.

To have an open and transparent environment, we also need the cooperation of the private sector. So I ask: Have an open mind. Be objective. Look at it beyond the bottom line of your financial statements. In the end,

this will redound to the benefit of every Filipino.

Since we are an archipelagic country, we need to improve physical and digital connectivity to minimize transaction costs. The Senate passed on third reading the law creating the Department of Information and Communications Technology (DICT) to develop ICT systems and enhance communication services.

The creation of the DICT will improve the government's response to the challenges and issues posed by the rapid developments in ICT, while harnessing the sector's potential to be one of the strongest drivers of economic growth in the Philippines.

For efficiency and a smaller budget footprint, the DICT will be created by merging or abolishing existing ICT-related agencies. For instance, all units of the DOTC with functions dealing with communications will be transferred to the DICT. To avoid redundancy, other offices in the bureaucracy will be abolished and their functions, manpower and budget absorbed by the DICT.

We are aware that the Executive Department has some reservations on the creation of a DICT. In the coming weeks, Speaker Belmonte and I will confer with the Executive Secretary to thresh out the concerns of the Executive Department and the President on the creation of the DICT. We are not adding any bureaucracy. What we will do is to consolidate the functions of various offices involved in the ICT.

ON THE 2016 GENERAL APPROPRIATIONS ACT

Next week we will start examining the 2016 National Budget. We will pass this before December 31 as we have done in the past five years so that the government will not operate on a reenacted budget. I wish to reiterate that pork barrel is a thing of the past. The 2016 National Budget will be a people-centered budget. We would provide the social services sector its highest budget allocation in the history of our country: P1.1 trillion, or 36.8% of the proposed budget.

On social protection, we will allocate P62.7 billion for the Additional Cash Transfer that will benefit 4.6 million households. We will fund the supplementary feeding for 2.15 million daycare children and pension for 1.18 million senior citizens.

On basic education, we shall provide for the construction of more than 47,000 classrooms and workshops for senior high school for K-12, and the purchase of over 103 million new textbooks. To address the shortage of teachers, the budget shall fund close to 80,000 teaching and non-teaching positions.

On universal health care, the proposed budget will cover Phil-Health premiums for approximately 15.4 million indigent families and 2.8 million senior citizens. More than 11,000 rural health units, barangay health stations and health-care facilities will be constructed. The budget will also provide for the hiring of more than 21,000 health professionals, because in many

ABOUT THE SPEAKER

FRANKLIN M. DRILON

Senator Franklin Drilon is a veteran public servant, having served for many years holding numerous responsibilities in both the executive and the legislative. Under President Cory Aquino, he was appointed secretary of labor, thereafter became justice secretary, and subsequently, served as Mrs. Aquino's executive secretary. After another stint with the DOJ from 1992 to 1995, he joined the Senate and has since been a member of six Congresses. He was previously Senate President from April to November 2000 and also throughout the 12th and 13th Congress. ■

parts of this country, our people do not even know how a doctor looks like.

We will support infrastructure spending because public investment is a driver of the economy, with 20% of our GDP dependent on the expenditure program of the government. Years ago, renowned economist Jeffrey Sachs asserted that to accelerate the growth of the country's economy, it has to focus on two important areas: one, the development of human capital and two, the improvement of our infrastructure—and these are the two areas where the 2016 national budget will be focused on.

ON THE REMAINING REFORM MEASURES

We will create a better policy environment for Public-Private Partnerships. To remove the roadblocks in the implementation of critical infrastructure projects, we will address the gaps in our Build-Operate-Transfer Law and the Law on Acquisition of Right-of-Way. These bills will be sponsored in the Senate probably next week, and we hope to pass them in October.

To promote lasting peace and sustainable development in Mindanao, we will enact a Bangsamoro Basic Law that is consistent with our Constitution. The chairman of our Committee on Local Governments, Senator Marcos, has committed to file the committee report on August 10 and to sponsor it the following day. On a daily basis, it will be the first item in our calendar.

I support the enactment of an Anti-Political Dynasty Law. This measure is long overdue. It's time to end the long wait. I will encourage my colleagues in Congress to give the bill a chance. Let us provide an avenue that will allow for a constructive debate on this very important issue that would bring positive changes to our political system.

To ensure the protection and economic security of the people and communities against nat-

ural hazards, we will modernize PAGASA. Yesterday, we passed the measure that will allocate P3 billion for the next three years to be sourced from the share of the national government of the PAGCOR funds so that we can equip our weather bureau with state-of-the-art facilities and technologies.

The proposed Rationalization of Fiscal Incentives has been mired due to disagreements between the Department of Finance and the Department of Trade and Industry.

This cannot continue. I call on Finance Secretary Cesar Purisima and Trade Secretary Gregory Domingo to reconcile their differences in order to facilitate the passage of this law, which the President cited in his last SONA. To recall, the delay in the passage of TIMTA can be attributed partly to the divergent views of DTI and DOF on how this law will be shaped.

We shall continue in the last regular session of this Congress, and even beyond, the pursuit of good governance and the audacity to implement meaningful reforms, no matter how unpopular they may be.

Our economic gains are a testament of our collective efforts to bring our beloved country to our development goals on the wings of good governance. However, prosperity should not be enjoyed by a few. Each and every Filipino must be able to partake of the fruits of development. That no Filipino man, woman or child will be left behind. Then, and only then, can we say that the Philippines is truly a developed country and everyone did his share to make this possible.

However, the challenge that we must face head on is to protect our gains and ensure the continuity of reforms. Next year, we shall be electing a new set of leaders for our country. Our mission now is to safeguard the reforms that we have painstakingly put in place so that neither force nor certain personalities can reverse these even beyond 2016.



The Makati Business Club invites guest speakers to its General Membership Meetings and MBC Briefings to discuss public issues and trends, whether local or global, that have an impact on Philippine development. MBC Forum highlights the speeches and discussions at these gatherings. The full text of speeches and other presentations may also be found at the MBC website, www.mbc.com.ph.

I am certain that this is what the Filipino people want. In five years, they have already seen the fruits of these reforms. Now, more than ever, they want these reforms to continue so that their fruits will be enjoyed not only by this generation, but also, the generations yet unborn.

Let me close from where I began. My dear friends, we have gone this far and achieved this much because of the relentless pursuit of good governance, which restored the trust and respect of our people for our government. We gained the confidence of the international community because of our resolute drive to institute transparency and accountability.

As the President mentioned in his SONA, "simula pa lang ito". This is just the beginning.

We are committed to follow the course that we have charted. But even now, we can already see in the horizon, the dawn of a progressive and prosperous Philippines. ■

Excerpts edited by
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