



REPUBLIC OF THE PHILIPPINES

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Pasay City

Journal

SESSION NO. 81

Wednesday, May 4, 2005

**THIRTEENTH CONGRESS
FIRST REGULAR SESSION**

SESSION NO. 81
Wednesday, May 4, 2005

CALL TO ORDER

At 3:37 p.m., Senate President, Hon. Franklin M. Drilon, called the session to order.

PRAYER

Sen. Francis N. Pangilinan read the prayer prepared by Sen. Manuel "Lito" M. Lapid, to wit:

Mahal na Panginoon, ang Iyong pagmamahal ay nagsisilbing inspirasyon namin upang makagawa ng mga desisyon na tutugon sa anumang pangangailangan ng ating bayan.

Bilang mga lider ng bansa, kami Po ay patuloy na umaasa sa Inyong biyaya at paggabay. Nawa'y bigyan Ninyo kami ng sapat na kakayahan at talento upang magampanan namin ang mga tungkulin na ipinagkatiwala sa amin ng aming mga kababayan.

Ang lahat ng ito ay itinataas namin sa Iyo, Mahal na Panginoon.

Amen.

ROLL CALL

Upon direction of the Chair, the Secretary of the Senate, Oscar G. Yabes, called the roll, to which the following senators responded:

Arroyo, J. P.	Gordon, R. J.
Cayetano, C. P. S.	Lacson, P. M.
Drilon, F. M.	Magsaysay Jr., R. B.
Ejercito Estrada, J.	Pangilinan, F.N.
Ejercito Estrada, L. L. P.	Pimentel Jr., A.Q.
Enrile, J. P.	Roxas, M.
Flavier, J. M.	

With 13 senators present, the Chair declared the presence of a quorum.

Senators Angara, Biazon, Lapid, Lim, Madrigal and Villar arrived after the roll call.

Senator Defensor Santiago was absent on account of illness.

Senators Osmeña, Recto and Revilla were absent.

APPROVAL OF THE JOURNAL

Upon motion of Senator Pangilinan, there being no objection, the Body dispensed with the reading of the Journal of Session No. 80 and considered it approved.

REFERENCE OF BUSINESS

The Secretary of the Senate read the following matters and the Chair made the corresponding referrals:

BILLS ON FIRST READING

Senate Bill No. 1991, entitled

AN ACT EXPANDING THE SCOPE OF PROTECTION FOR TECHNOLOGY TRANSFER AGREEMENTS TO INCLUDE OPERATING AND DISTRIBUTION AGREEMENTS AMENDING FOR THAT PURPOSE SECTIONS 4, 85 AND 87 OF REPUBLIC ACT NO. 8293 OTHERWISE KNOWN AS THE INTELLECTUAL PROPERTY CODE OF THE PHILIPPINES, AND FOR OTHER PURPOSES

Introduced by Senator Villar Jr.

To the Committee on Trade and Commerce

Senate Bill No. 1992, entitled

AN ACT ADOPTING A RETAIL PRICE MAINTENANCE AND UNIFORM DISCOUNTING SCHEME IN BOOK TRADE WITH THE END IN VIEW

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OF ENSURING AFFORDABLE, ACCESSIBLE AND QUALITY-LADEN TEXTBOOKS AND OTHER RELATED EDUCATIONAL MATERIALS TO BE USED BY PRIVATE AND PUBLIC SCHOOLS

Introduced by Senator Luisa "Loi" P. Ejercito Estrada

To the Committees on Trade and Commerce; Education, Arts and Culture; and Ways and Means

RESOLUTIONS

Proposed Senate Resolution No. 251, entitled

RESOLUTION DIRECTING THE SENATE COMMITTEE ON ACCOUNTABILITY OF PUBLIC OFFICERS AND INVESTIGATIONS (BLUE RIBBON) TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, INTO THE PROPRIETY OF SUBSEQUENTLY RE-HIRING SEVERAL EXECUTIVES OF THE NATIONAL POWER CORPORATION (NAPOCOR) AFTER REPORTEDLY GRANTING THEM RETIREMENT BENEFITS THEREBY CAUSING THE DEBT-RIDDEN NAPOCOR TO UNNECESSARILY COUGH-UP P119.4 MILLION, TO THE DETRIMENT OF CONSUMERS AND TAXPAYERS WHO STAND BURDENED BY SAID GRANT, AND FOR OTHER PURPOSES

Introduced by Senator Magsaysay Jr.

To the Committees on Accountability of Public Officers and Investigations; and Energy

Proposed Senate Resolution No. 252, entitled

RESOLUTION DIRECTING THE SENATE COMMITTEE ON PUBLIC ORDER AND ILLEGAL DRUGS TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, INTO THE FINDINGS OF THE NEW YORK-

BASED COMMITTEE TO PROTECT JOURNALISTS WHICH IDENTIFIED THE PHILIPPINES AS THE MOST MURDEROUS COUNTRY FOR JOURNALISTS, WITH THE END VIEW OF RECOMMENDING POLICY MEASURES TO PROTECT PRESS FREEDOM AND TO CARRY OUT THE RESOLUTE IMPLEMENTATION OF JUSTICE IN THE COUNTRY

Introduced by Senator Villar Jr.

To the Committees on Public Order and Illegal Drugs; and Public Information and Mass Media

COMMITTEE REPORT

Committee Report No. 22, submitted by the Committee on Rules re: Motion of Senator Juan Ponce Enrile that his privilege speech delivered on Monday, 14 February 2005, concerning the loan agreement on the North Rail Project be referred to a Committee of the Whole; and the recommendations and policies of the Committee on Rules as to when the Senate, as a Whole, could inquire into a particular matter,

recommending the adoption of the conclusions and recommendations contained herein.

Sponsor: Senator Pangilinan

To the Calendar for Ordinary Business

QUESTION OF PRIVILEGE OF SENATOR EJERCITO ESTRADA (L)

Rising to a question of personal and collective privilege, Senator Ejercito Estrada (L) reacted to the report of the U.S. government on her detention at the San Francisco International Airport last March 20, 2005.

The full text of her statement follows:

I rise today on a matter of personal privilege to express disappointment with the report on the investigation conducted by the U.S. government when I was detained for questioning for over an hour by an American

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immigration official at the San Francisco International Airport.

Since then, I have practically considered this unfortunate incident over and over for my peace of mind, practically a closed book.

Yesterday, however, I returned a call to U.S. Ambassador Frank Ricciardone. He was telling me he was already due for a reassignment and was bidding his friends in the Philippines goodbye. In the course of our conversation, I asked him if he received my letter dated April 12, 2005. He said "yes" and that their investigation showed that they have a different version from mine: that my detention took six minutes only, not more than an hour, as I have stated.

This is a blatant lie of the highest order. It is an insult and it not only defied logic but even reason. *Anim na minuto lang daw akong na-hold sa San Francisco Airport. Kung anim na minuto lamang, siguro naman, wala nang dahilan para sumulat pa ako sa Embassy. Ako pa ngayon ang pinalalabas na sinungaling ng mga opisyal ng gobyerno ng Amerika na ayaw tanggapin ang kanilang pambabastos sa isang miyembro ng ating Senado.*

I was not the one who timed these. It was the people waiting for us at the airport, including Deputy Consul General Cardenas of the Philippine Consulate, who was denied permission to meet me at the immigration area but was told to wait for me at the baggage claim area, who said that I was held for more than an hour.

I have almost disposed myself to promptly ignore the incident, having been subjected in the past, when my husband was deposed as President of the Philippines, to the highest degree of humiliation, ridicule and mortification. *Wala sa kalingkingan nitong insidenteng nangyari sa San Francisco ang naramdaman ko noong mga nakaraan.*

But as senator of the Republic, I deemed it my solemn duty to formally report the incident to the American ambassador in the

Philippines with the hope that cases like this could be avoided in the future.

I also felt it my moral duty to do this on behalf of the many untold and disturbing cases of humiliation suffered by our people from overbearing and arrogant U.S. immigration personnel.

Let me make it clear that I have no wish at all to be given special treatment by the U.S. government. All I am seeking then and now is to be treated fairly and given some measure of respect according to established conventions of the civilized world.

Having said these, I will close the matter. But I want to state for the record that the claim of the American immigration officials in their report to their embassy here is a big fat shining lie.

And if Ambassador Ricciardone would like to believe in that lie, that is his prerogative.

I assure him, however, that I continue to wish him well and that my respect for him will remain undiminished even in the face of what seems to be another wrinkle in American credibility and respect for the Philippines.

REMARKS OF SENATOR PANGILINAN

Thereupon, Senator Pangilinan informed the Body that Senate Resolution No. 21, expressing the sense of the Senate that an investigation be undertaken on the apparent violation of certain provisions of the Vienna Convention on Diplomatic Relations, had been transmitted to Foreign Affairs Secretary Romulo. Moreover, he assured Senator Ejercito Estrada (L) that the matter would be followed up with the Department of Foreign Affairs for appropriate action.

SUSPENSION OF SESSION

Upon motion of Senator Pangilinan, the session was suspended.

It was 3:47 p.m.

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RESUMPTION OF SESSION

At 3:48 p.m., the session was resumed.

COMMITTEE REPORT NO. 17 ON SENATE BILL NO. 1956

Upon motion of Senator Pangilinan, there being no objection, the Body considered, on Second Reading, Senate Bill No. 1956 (Committee Report No. 17), entitled

AN ACT ESTABLISHING REFORMS IN THE REGULATION OF RENTALS OF CERTAIN RESIDENTIAL UNITS, PROVIDING MECHANISMS THEREFOR AND FOR OTHER PURPOSES.

Pursuant to Section 67, Rule XXIII of the Rules of the Senate, with the permission of the Body, upon motion of Senator Pangilinan, only the title of the bill was read without prejudice to the insertion of its full text into the Record of the Senate.

Thereupon, the Chair recognized Senator Biazon, Sponsor of the measure.

SPONSORSHIP SPEECH OF SENATOR BIAZON

In sponsoring Senate Bill No. 1956, Senator Biazon delivered the following speech:

As Chairman of Your Committee On Urban Planning, Housing and Resettlement, I have the honor to sponsor Senate Bill No. 1956 as contained in Committee Report No. 17. Senate Bill No. 1956 is in consideration of Senate Bill No. 1324 and House Bill No. 3356. It is entitled "*An Act Establishing Reforms In The Regulation Of Rentals Of Certain Residential Units, Providing Mechanisms Therefor And For Other Purposes*" or the "Rental Reform Act Of 2005."

Salient features of the bill

Senate Bill No. 1956 covers apartments, houses and/or land on which another's dwelling is located and used for residential purposes and shall include not only buildings but also parts or units thereof used solely as

dwelling places, boarding houses, dormitories, rooms and bedspaces offered for rent by their owners. It fixes at ten percent (10%) upon its effectivity up to 31 December 2011, the annual increase of monthly rentals of all residential units not exceeding P7,500.00 in the National Capital Region (NCR) and other highly urbanized cities and the monthly rentals of all residential units not exceeding P4,000.00 in all other areas of the country.

The proposed measure also provides that a lessor cannot demand more than one month advance rental and two months deposit. Also, it provides that the two months deposit be kept in a bank during the entire duration of the lease agreement. It further mandates that any and all interests that shall accrue thereto shall be returned to the lessee at the expiration of the lease contract.

Section 6 of the bill prohibits assignment of lease or subleasing without written consent of the owner. In the succeeding section, the following are provided as grounds for ejectment: (1) arrears in payments for three months; (2) legitimate need of owner to repossess his or her property for personal use or for the use of any immediate member of his or her family as a residential unit; (3) need of the owner to make necessary repairs on the property which is the subject of an existing order of condemnation by appropriate authorities; and (4) expiration of the period of the lease contract.

It also prohibits ejectment by reason of sale or mortgage (Section 8) and allows the owner to engage in a rent-to-own scheme with the lessee.

A brief history of rent control laws

Rent control in the Philippines started with the issuance of Executive Order No. 62, entitled "*Regulating Rentals For Houses And Lots For Residential Buildings*," on 21 June 1947. This remained in force until the passage of Republic Act No. 6126, entitled "*An Act To Regulate Rentals Of Dwelling Units Or Of Land On Which Another's Dwelling Is Located For One Year And Penalizing Violations Thereof*," on 17 June 1970.

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Three days before the expiration of Republic Act No. 6126, a similar law, Republic Act No. 6359, was enacted on 14 July 1971. Barely a month after the declaration of martial law, Presidential Decree No. 20, which had the same provisions as RA 6359, was issued on 12 October 1972. The only difference of this executive issuance was that it did not have an expiry date.

On 10 April 1979, Batas Pambansa Blg. 25 was approved providing that "*the monthly rentals of all residential units not exceeding P300.00 shall not be increased, for any one year period, by more than 10% ...*" for a duration of five years. It is noteworthy that aside from the usual provisions of past laws on allowable increases in rent of covered dwelling units, new sections were introduced in BP 25 dealing with: (1) Definition of Terms; (2) Advance Rental and Deposit; (3) Subleasing or Assignment of Lease; (4) Grounds for Judicial Ejectment; and (5) Application of the Civil Code and the Rules of Court. An examination of these new provisions introduced in BP 25 reveals that these are similar to the provisions of the recently expired law on rent control, Republic Act No. 9161.

While a law pegging rental rates of dwelling units that had a rent of P300.00 and below was existing, Presidential Decree No. 1642, entitled "*Freezing The Rates Of Rental, Above Three Hundred Pesos A Month, Of Residential And Commercial Buildings, Houses, Apartments And Dwelling Units In Metropolitan Manila At Current Levels,*" was issued on 21 September 1979. Meanwhile, on 29 March 1984, the effectivity of BP 25 was extended up to 31 December 1984. With the existence then of BP 25, whose effectivity was extended, and PD 1642, we can say that from 1979 up to 1984, rents on all types of dwelling units in the country were practically controlled.

The passage of BP 877, entitled "*An Act Providing For The Stabilization And Regulation Of Rentals Of Certain Residential Units, And For Other Purposes,*" on 12 June 1985, changed this situation. BP 877 provided that from the

effectivity of said Act up to 31 December 1987, the rent of residential units with total monthly rental below P480.00 shall not be increased by more than 10% in the first year and by not more than 20% for the succeeding years. Aside from this provision and the penalty provision that removed imprisonment as a form of penalty and limited it just to a fine of not less than P2,000.00 but should not be more than P5,000.00, the provisions of BP 877 are more or less similar to the provisions of BP 25.

From the time it was enacted, the effectivity of BP 877 was extended four times with the passage of RA 6643 on 01 January 1988, RA 6828 on 01 January 1990, RA 7644 on 01 January 1993, and RA 8437 on 01 January 1998. As we all know, RA 9161 was enacted on 22 December 2001 and expired on 31 December last year. Said law provided that during its effectivity, the monthly rentals of all residential units in the National Capital Region and other highly urbanized cities not exceeding P7,500.00 and the monthly rentals of all residential units in all areas not exceeding P4,000.00 shall not be increased annually by more than 10%.

Seven republic acts, three presidential decrees and one executive order enacted and issued covering the period 1947 up to 2004, or 57 years – this has been the long and colorful history of rent control in our country.

The need for a rent control law

Given the very long period that rents of certain dwelling units in the country had been controlled, the question that comes to fore is: Do we still need a rent control law? Indeed, there are many arguments that are being put forth against a rent control law. This Representation submits that some of these are valid. However, this Representation is of the opinion that it will take more than a rent control law to fix the rental housing situation in the country.

Be that as it may, Your committee still maintains that the country still needs a rent control for one major reason – we need to protect renters from unreasonable increases in rent.

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Why? The reason is simple enough. It is unfortunate that the housing situation in the country is far from ideal. According to the National Statistics Office (NSO), the total housing need in the country for the period 1999-2004 was estimated at 3.3 million housing units. There are sectors that question the accuracy of these data from the NSO. Out of this figure, 2.2 million units account for new households while 1.1 million units account for the total backlog.

This tells us the demand we have but supply we do not have. Another problem that we are faced with is that the available supply we have of housing units are either unaffordable to those who need it or are located in the outskirts of their places of work. That is why we have renters.

According to the Census of Population and Housing conducted by the NSO in 2000, there were about 14.8 million occupied housing units in the country. Out of this number, about 1.5 million are being rented.

The top three regions that had the most number of renter households are the NCR with 687,048, Region IV with 245,510, and Region III with 137,028. All of these regions have different degrees of industrialization that attract the migration of our farmers to the urbanized areas.

The law of supply and demand dictates that for rents to more or less stabilize, demand must equal supply. *Alas, the market is imperfect!*

On the supply side, results from the Philippine Housing Census of 2000 revealed that the proportion of "sharers" or those who share or borrow homes rent-free or pay rent irregularly, doubled from 1990 to 2000. This is clearly a manifestation that rental housing supply is either not sufficient or priced beyond the means of ordinary renters. Figures from the housing agencies also indicate that for the period 2002-2004, they were only able to provide rental housing to 11,045 low-income renters. According to the position paper submitted by the Housing and Urban Development Coordinating Council

(HUDCC), "this is not enough to bridge the gap on the demand for affordable rental housing by low-income families if we consider the number of households with borrowed homes."

From 2002 up to the second quarter of 2004, according to the NSO, there were a total of 167,340 new residential building constructions started broken down as follows: (1) Single dwelling units – 145,748; (2) Duplex/Quadruplex units – 4,162; (3) Apartment/Accessoria – 12,032; Residential/Condominium – 37; and (4) Others – 5,451. Unfortunately, there are no available data on how many of these units have been constructed with the intention of being rented and at what price.

Assuming that all of these units were constructed with the intention of being rented, data from the NSO on the average cost per square meter of these new residential units, which ranges from a low of about P4,800.00 per square meter to a high of about P4,900.00 per square meter, will tell us that majority of our population of renters will not be able to afford to rent many of these dwelling units.

If we are to look at the profile of our renters, we can immediately determine that about 823,000 or about 57% of the total population of renters in the country will not be able to afford these units. Reason? This is the portion of renters who can only afford to pay rent below P1,000.00 a month.

As to the demand side of the equation, among the solutions being put forward to affect this are to give direct rent subsidy or improve the income of households. Direct-rent subsidy unfortunately still remains to be just a proposal while there remains a lot to be desired in the improvement of household incomes.

This is the rental housing situation in the country.

Because the rental housing market is imperfect where there is not enough supply of dwelling units that will more or less be

able to meet the demand, rents are quite high. And possibly, they will continue to soar unreasonably. Clearly, we still need a Rent Control Law to protect renters from unreasonable increases in rent.

Unless and until there is enough supply of dwelling units for rent or there is direct-rent subsidy or an increase in the income of households, a rent control law is necessary. Without a Rent Control Law in place, Congress will be remiss of its duty to protect the population of renters among its citizenry.

If the latest control law had indeed expired on 31 December 2004, what then is the use of this proposed Act? The House of Representatives approved the extension of the existing law on 9 January 2005. But what is there to extend if the law had already expired? The Senate proposal is not to extend the rent control law for another three years but to enact a new law that would be effective for six years.

SUSPENSION OF CONSIDERATION OF SENATE BILL NO. 1956

Upon motion of Senator Pangilinan, there being no objection, the Body suspended consideration of the bill.

SUSPENSION OF SESSION

Upon motion of Senator Pangilinan, the session was suspended.

It was 4:11 p.m.

RESUMPTION OF SESSION

At 4:21 p.m., the session was resumed.

MANIFESTATION OF SENATOR PANGILINAN

Senator Pangilinan stated that after conferring with Senators Gordon and Angara, it was agreed that the amendments to Senate Resolution No. 249 would be the subject of a separate resolution.

The Chair took note of the manifestation.

PROPOSED SENATE RESOLUTION NO. 244

Upon motion of Senator Pangilinan, there being no objection, the Body considered Proposed Senate Resolution No. 244, entitled

A RESOLUTION COMMENDING AND EXPRESSING GRATITUDE TO THE PARTICIPANTS, ORGANIZERS, AND STAFF OF THE 112TH ASSEMBLY OF THE INTERNATIONAL PARLIAMENTARY UNION FOR THEIR SIGNIFICANT CONTRIBUTION TO THE SUCCESS OF THE ASSEMBLY.

Secretary Oscar G. Yabes read the text of the resolution, to wit:

Whereas, the Inter-Parliamentary Union (IPU) is an international organization of the Parliaments of sovereign States working for peace and cooperation among peoples and for the firm establishment of representative institutions;

Whereas, the IPU has over a hundred-thirty national parliaments as Members and seven regional parliamentary assemblies as Associate Members;

Whereas, the IPU Assembly is the principal statutory body that expresses the views of the IPU on international political issues resulting from collegial discussion among parliamentarians of Member States;

Whereas, the Assembly meets twice a year in different countries to allow participants an opportunity to witness various national realities;

Whereas, the 112th Assembly of the IPU was successfully held for the first time in Manila, Philippines on 31 March to 8 April 2005, attended by parliamentarians from around the world;

Whereas, the success of the recently concluded Assembly enhanced the international reputation of the Philippines as a political and diplomatic State capable of leading international assemblies;

Whereas, the IPU Assembly was organized under the exceptional and untiring leadership of no less than Senate President Franklin M. Drilon who steered the Philippine Senate to international recognition as a parliamentary institution;

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Whereas, the Assembly was organized and spearheaded by the Office of the Senate President and the Senate Office on International Relations and Protocol, with the able assistance and valuable cooperation of the Office of Sergeant-at-Arms, Legislation Services, Administrative and Financial Services, the various offices of the Senators, Philippine National Police, Armed Forces of the Philippines, Department of Foreign Affairs, Department of Tourism, Department of Public Works and Highways, Department of National Defense, Department of the Interior and Local Government, Philippine Convention and Visitor's Corporation, Metro Manila Development Authority, Bureau of Immigration and Deportation, Bureau of Customs, Philippine National Construction Corporation, Philippine Reclamation Authority, Philippine International Convention Center, and the Cultural Center of the Philippines;

Whereas, the participants and organizers displayed superior competence and admirable diligence in facilitating the IPU Assembly and assisting in the achievement of its goal, thus upholding the prestige and stature of the Senate of the Philippines in particular and the Philippine Nation in general;

RESOLVED, AS IT IS HEREBY RESOLVED, That the Senate of the Philippines commends and expresses its utmost gratitude to all the participants, organizers, and staff of the 112th Assembly of the Inter-Parliamentary Union for their significant contribution to the success thereof and their indispensable cooperation in this event of national and international importance.

PANGILINAN AMENDMENTS

As proposed by Senator Pangilinan, there being no objection, the following amendments were approved by the Body:

1. On page 1, eighth "Whereas" clause, delete the words "the Office" on the third line up to the words "Financial Services" on the fourth line and in lieu thereof, insert the phrase **ALL THE OFFICERS AND EMPLOYEES OF THE SENATE SECRETARIAT**; and
2. On page 2, after the word "Authority" and the comma (,) on the second line, insert the phrase **CITY GOVERNMENTS IN THE NATIONAL CAPITAL**

REGION, PARTICULARLY MANILA AND PASAY.

3. On the same page, last "Whereas" clause, fourth line, change the words "Philippine Nation" to **COUNTRY**.

COAUTHOR

Upon his request, Senator Gordon was made coauthor of Proposed Senate Resolution No. 244.

ADOPTION OF PROPOSED SENATE RESOLUTION NO. 244

Upon motion of Senator Pangilinan, there being no objection, Proposed Senate Resolution No. 244 was adopted by the Body.

SUSPENSION OF SESSION

Upon motion of Senator Pangilinan, the session was suspended.

It was 4:28 p.m.

RESUMPTION OF SESSION

At 4:29 p.m., the session was resumed.

ACKNOWLEDGMENT OF THE PRESENCE OF GUEST

At this juncture, Senator Pangilinan acknowledged the presence of Ms. Mabel Sunga-Acosta, Councilor of Davao City.

ADJOURNMENT OF SESSION

Upon motion of Senator Pangilinan, there being no objection, the Chair declared the session adjourned until three o'clock in the afternoon of Monday, May 9, 2005.

It was 4:30 p.m.

I hereby certify to the correctness of the foregoing.

OSCAR G. YABES
Secretary of the Senate
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Approved on May 9, 2005