



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

NINETEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 2627



Introduced by **Representative GLORIA MACAPAGAL-ARROYO**

AN ACT
DEFINING THE SCOPE AND EXTENT OF THE FISCAL AUTONOMY OF THE
JUDICIAL BRANCH OF GOVERNMENT AND FOR OTHER PURPOSES

EXPLANATORY NOTE

The Judiciary, a separate and co-equal branch of government, has the Constitutional duty "to settle actual controversies involving rights which are legally demandable and enforceable, and to determine whether or not there has been a grave abuse of discretion amounting to lack or excess of jurisdiction on the part of any branch or instrumentality of the Government". It is headed by the Supreme Court and composed of all lower courts, the Presidential Electoral Tribunal, Sandiganbayan, Court of Appeals, and Court of Tax Appeals.

To enable the Judiciary to fulfill its mandate and as enshrined in Art. VIII, Sec. 3 of the 1987 Constitution, "the Judiciary shall enjoy fiscal autonomy. Appropriations for the judiciary may not be reduced by the legislature below the amount appropriated for the previous year and, after approval, shall be automatically and regularly released". However, despite this very clear provision of the Constitution on fiscal autonomy, the Judiciary's operation has been hampered by the practice and requirements of various oversight agencies, particularly of the Department of Budget and Management. These bureaucratic system does not help in addressing backlog of cases in courts and the numerous vacancies in the judicial posts all over the country.

In pursuit of swift administration of justice and to enhance the capability of the judiciary to fulfill its mandate under the constitution, there is a need to legislate a measure in order to define and elaborate the extent, scope and limitations of fiscal autonomy in the judiciary, and the appurtenant rights and obligations of the courts, and also of the other oversight agencies of government.

In view of the objectives contained herein, the passage of this bill is most urgently sought.



GLORIA MACAPAGAL ARROYO
2nd District, Pampanga



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1 *Be it enacted by the Senate and the House of Representatives of the*
2 *Philippines, in Congress assembled:*

3
4 **SECTION 1. Short Title.** – This Act shall be known as the “*The Fiscal*
5 *Autonomy Act of the Judicial Branch of Government*”.

6
7 **SEC. 2. Declaration of Policy.** – It is hereby declared the policy of the State
8 to affirm and strengthen the constitutional mandate and powers of the Judiciary
9 as a co-equal branch of government. To this end, and with the goal of ensuring
10 the Judiciary’s continuing independence, the Judiciary’s fiscal autonomy
11 mandated under Sec. 3, Art. 8, Constitution, shall be guaranteed, as such:

- 12
13 a) in accordance with Sec. 3, Art. 8, Constitution, appropriations for the
14 Judiciary may not be reduced below the amount appropriated for the
15 previous year. After approval by Congress, the appropriations for the
16 Judiciary shall be automatically and regularly released. The releases
17 shall not be conditioned on the submission of any work and financial
18 plans nor any financial report whatsoever.
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20 b) As provided under Sec. 16, Art. 8 , Constitution, the Supreme Court
21 shall be required to submit its annual report to the President and
22 Congress within thirty days from the opening of each regular session of
23 Congress.

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SEC. 3. *Submission of Annual Budget Proposal.* –The Supreme Court shall submit a budget of expenditures and sources of financing, reflecting total revenues and expenditures for the budget year, to Congress for approval with copy furnished to the Department of Budget and Management (DBM).

SEC. 4. *Proposed Revisions of the DBM.* – The budget proposal prepared by the Supreme Court shall be incorporated in the draft national budget without any revisions. The DBM, however, may propose revisions thereon as it may deem appropriate; *Provided*, that it clearly indicates that the revisions are of its own and not of the Court's; *Provided, further*, that the DBM shall consult in writing the Supreme Court or the Chief Justice concerning its comments on, and suggested revisions to, the proposed budget for the Judiciary.

Upon written request of the DBM, the Supreme Court or the Chief Justice may, in their discretion, submit reports of operation and income, current personnel, work and financial plans and similar reports to the DBM only for recording purposes. The submission thereof concerning funds previously released shall not be a condition precedent for subsequent fund releases.

SEC. 5. *Power to Realign the Budget Appropriated for the Judiciary.* Upon the approval of the total budget for the Judiciary:

- a) The Supreme Court or the Chief Justice shall have the power and authority to realign the budget from one expense account to another, or from one functional unit or category to another, without approval of the DBM. The Supreme Court or the Chief Justice may also utilize any savings from the budget for whatever expense, as the Court or Chief Justice may deem necessary and reasonable for the fulfillment of the Judiciary's mandate.
- b) The DBM shall automatically release to the Supreme Court, without need for any request, the monthly cash requirements of the Judiciary or one-twelfths (1/12) of the total National Government support. The releases shall not be conditioned on approved work and financial plans, nor any financial report whatsoever. The Supreme Court shall only submit accomplishment and financial reports, within thirty days from the opening of each regular session of Congress, to the President and to Congress.
- c) All expenditures and revenues of the Judiciary shall be subject to post-audit by the Commission on Audit, under pertinent laws, rules and regulations.

SEC. 6. *Judiciary Trust Fund.* - There is hereby created a trust fund, to be known as the Judiciary Trust Fund, which shall be dedicated for the use of the

70 judiciary. All the funds collected for, or accruing to the Judiciary may be
71 deposited and kept in the said trust fund, and from which funds needed for its
72 operation shall be drawn. The Judiciary Trust Fund shall include, but not be
73 limited to the following:

- 74
- 75 (a) Such funds that may be appropriated by Congress for the Judiciary;
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 - 77 (b) Increases in legal fees that are collected by the Judiciary pursuant to
78 PD 1949;
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 - 80 (c) Contributions of the local government units, under Sec. 3.c. of this Act:
81 and
 - 82
 - 83 (d) All interest income and trust fund.
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85 **SEC. 7. Power to Collect Fees and Raise Revenues** - The Judiciary shall
86 continue to enjoy its authority under PD 1949 to collect legal fees, pursuant to
87 the pertinent provisions of the Rules of Court. However, the fund utilization
88 ratio of Eighty Percent (80%) for cost of living allowances, and Twenty Percent
89 (20%) for office equipment and facilities shall no longer apply, considering that
90 all legal fees prescribed in Rule 141 of the Rules of Court, as amended, shall now
91 constitute a part of the Judicial Trust Fund, pursuant to Sec. 6 of this Act.

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- 93 (a) The Supreme Court shall determine the appropriate level of fees and
94 charges pursuant to Sec. 3 of Rule 141 of the Rules of Court, in
95 accordance with the following policy objectives:

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- 97 (1) Access to justice specially the disadvantaged and poor sectors of
98 society;

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- 100 (2) Internal revenue generation for the judiciary, to support its
101 operations; and

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- 103 (3) Charging the users of the judicial system in accord with their ability
104 to pay.

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- 106 (b) Local Government Units are strictly prohibited from providing
107 allowances, supplies, materials, vehicles and other resources for the
108 use of judges within their respective areas of jurisdiction, except for
109 the use of the courtroom located within the municipal or city hall, or
110 other buildings or facilities owned or leased by the local government
111 unit, and the maintenance thereof.

112

113 **SEC. 8. Power to Create Offices and Reorganize the Administrative**
114 *Structure.* - The Supreme Court shall have the authority to create such offices
115 and to reorganize its administrative structure, both at the national and regional

116 levels, for purposes of oversight or operations, in order to carry out the purposes
117 of this Act, and to enable it to take on the additional functions and
118 responsibilities stated in this Act, within the limit of its available resources.
119

120 The Supreme Court shall likewise have the authority to create such
121 positions, and allocate the necessary budgetary support for the smooth
122 operations of such offices. The creation of offices at the regional level shall be
123 guided by the principle of decentralization of administrative, financial, and
124 personnel matters, and bringing court management closer to the litigants, and
125 other users of the judicial system.
126

127 **SEC. 9. Salary and Personnel Administration.** – The Supreme Court shall
128 have the authority to determine the number and positions of court personnel
129 necessary for the smooth functioning of the judiciary, within the limits of the
130 approved appropriation guided by constitutional and legislative policies on
131 hiring and compensation. A copy of the annual approved staffing pattern of
132 personnel shall be furnished the COA and the DBM.
133

134 The Supreme Court shall institute measures to provide sufficient,
135 attractive and competitive compensation for judicial and non-judicial personnel
136 that will ensure continuity of service and sustainability, and in support of a
137 career development program. Such measures may include but not be limited to
138 the broadbanding of salaries, and the provision of total cash compensation
139 packages.
140

141 **SEC. 10. Transfer of Physical Assets.** - All real and personal properties
142 not presently titled to the Supreme Court, which have been acquired for the
143 judiciary shall, as far as practicable, be transferred to the Supreme Court, by
144 other national or local government units, or government owned or controlled
145 corporations, through an appropriate instrument, within six months from the
146 effectivity of this Act. Thereafter, the Supreme Court shall exercise the fiduciary
147 ownership, management, control, as well as the security, maintenance and
148 disposition, of such properties.
149

150 **SEC. 11. Delegation of Authority.** - The Supreme Court en banc, through
151 an appropriate instrument] may also delegate to the Chief Justice, the Court
152 Administrator, or other offices or heads of offices, which currently exist or may
153 be created in the future, any and all powers, functions and responsibilities
154 which are granted under this Act, under such conditions and under such
155 periods as the Supreme Court en banc may allow.
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157 **SEC. 12 Implementing Rules and Regulations.** -- The Supreme Court, in
158 consultation with the DBM and the COA, shall promulgate the rules and
159 regulations necessary to carry out the intent of this Act, save for those provisions
160 where particular agencies of government are mandated to promulgate the

161 implementing rules. The necessary rules and regulations shall be promulgated
162 within six (6) months from the effectivity of this Act.
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164 **SEC. 13. *Separability Clause*** – If any provision of this Act shall be held
165 unconstitutional or invalid, the other provisions not otherwise affected shall
166 remain in full force and effect.
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168 **SEC. 14. *Repealing Clause*** – All laws, executive orders, rules, and
169 regulations inconsistent with or contrary to this Act, are hereby deemed
170 accordingly repealed or modified.
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172 **SEC. 15. *Effectivity Clause***. – This Act shall take effect after fifteen (15)
173 days following its publication in the Official Gazette or in at least two (2)
174 newspapers of national circulation.
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176 *Approved,*