

WHERE THERE IS SMOKE, THERE IS FIRE (In Defense Of Housing And Urban Development)

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“*O*ur lives begin to end the day we become silent about things that matters.”, intoned one of America’s greatest human rights activist- Martin Luther King, Jr.. Today, my colleagues let me invite you to peruse over this important issue which tries to tear down an institution that was organized and nurtured to save the poor and destitute dwellers from a smoking mountain of garbage.

I am naturally attracted to any issue, which impinges on housing, and urban development, it being the main area of concern of the committee which I chair- the House Committee on Housing and Urban Development.

*I*n slightly over a decade, two mountains have projected the country into the international consciousness. In 1991, Mt. Pinatubo erupted and spewed voluminous volcanic debris into the atmosphere, ultimately driving the American servicemen out of Clark and Subic.

*I*n 1992, Time Magazine featured the Smokey Mountain as a symbol of the Philippines’ failure to deliver basic needs to its people, as if all Filipinos live on top of garbage. The pile of stinking garbage had grown into a mountain like a monument to the depravity of the human condition that tried to subsist society’s accumulating refuse.

*I*magine 21.2 hectares of garbage, 2 million cubic meters of waste, 9 floors of filth -the epitome of destitution! Ahh... but heaven to 25,000 people of 4,000 families.

*A*s early as 1988, President Corazon Aquino lived with the dream to transform Smokey Mountain into a totally modern and productive community. The dream was there, but the problem was how to make it into a reality with a cash-strapped country?

*S*o President Cory gave the National Housing Authority the mandate: **Solve the Smokey Mountain problem including its funding.**

*T*he conceptual plan of NHA centered on the removal of the garbage and the conversion of the dump into a habitable housing project. The enabling component or source of funds is the reclamation of 79 hectares and its conversion into a commercial and industrial park which was envisioned to generate and attract investments, and create decent jobs for the scavenging families.

*O*n January 17, 1992, President Aquino directed the National Housing Authority to implement the SMOKEY MOUNTAIN PROJECT. Immediately, eleven (11) agencies of government were put to task and which eventually form the Executive Committee to oversee the implementation of the Smokey Mountain Project. From then on, the project went through a process of bidding. And eventually, on September 7, 1994, President Fidel V. Ramos approved the contract.

R-II Builders infused an initial capital of P300 million to pump prime the project and gradually increased it to P1.2 Billion as construction progressed.

*B*uilding a modern port complete with all amenities became vital elements of the enabling component effectively turning it to a livelihood project for the Smokey Mountain residents. Work on the plan was started on January 1995. 12 months later... temporary housing composed of 34 buildings were certified and turned over to the NHA. Some 2,992 families spent Christmas of 1995 in their own new homes

Work on the permanent housing structures started in January 1997. In 1999, 21 buildings were completed. Subsequently, 1,520 families received their certificates of occupancy personally from President Gloria Macapagal-Arroyo. Last Wednesday, November 3, the remaining 960 beneficiaries move into their permanent homes completing the transfer after nine (9) years! Even earlier, work on the 79-hectare reclamation area started in February 1995 and was completed in August 1996.

On it have risen grains and cement silos, wholesale warehouse shops such as Makro, fuel companies and other industrial structures that directly benefit the country's economy.

This ingenious scheme used in the Smokey Mountain Development and Reclamation Project or (SMDRP) later on became a model for the Securitization Law, which was enacted only last March 19. Could it be possible then that the lawmakers during that time were unaware that their model for a project was in fact a scam? Let the successful implementation of the projects that used RA 9267 be our testimonies to the wisdom in the SMOKEY MOUNTAIN PROJECT.

Phase II of the SMOKEY MOUNTAIN PROJECT was the disposal of the garbage by utilizing an incineration plant. Unfortunately, it was aborted by the 1999 Clean Air Act.

Despite two previous investigations in the Senate and in the House that gave the project clean bills of health, the same old issues are now being raised from the grave.

Today, the rehashed allegations are again presented for additional evaluation and let me just run down on these allegations very quickly:

1. The Contract was awarded to R-II without public bidding.

Wrong! Invitation to bid for the project was published eight times in the January and February 1992 in all leading newspapers, specifically Philippine Daily Inquirer and Philippine Star.

2. 79 hectares of reclaimed land were given to R-II Builders.

Wrong! The 79-hectare reclaimed land is titled to NHA. The titling of the land to NHA is explicit in the Special Patents issued by the DENR.

3. "Anak ng Amari daw" ang Smokey Mountain Development and Reclamation Project.

Wrong! The PEA-Amari deal was purely a land reclamation project with the two parties sharing the reclaimed land on a 70-30 basis. The Smokey Mountain Project was conceived to transform the mountain of garbage into decent housing and livelihood for the resident-scavengers of Smokey Mountain, with the reclamation as the source of payment.

4. There is no legislative authority to reclaim and award the 79-hectare reclamation to R-II Builders.

Wrong! Memorandum No. 415 dated January 17, 1992 specifically stated, "to convert the Smokey Mountain dumpsite into a habitable housing project inclusive of the reclamation of the area across R-10 as the enabling component of the project" Furthermore, Presidential Proclamation Nos. 39 and 465 issued by FVR supported and approved the project. Section 14, Chapter 4, Book III of the Administrative Code of 1987 and Chapter 9 of the Public Land Act authorizes the President of the Republic of the Philippines to re-classify land of public domain from one class to another.

5. The NHA gave P3.1 B of government funds to R-II as payment for the project.

Wrong! NHA never gave P3.1 B to R-II Builders to finance the development of Smokey Mountain since the project started in 1992. The Smokey Mountain development project was completed ahead of schedule in 1999. To date, the government through the NHA, has received its share in the project, while R-II Builders has not R-II Builders will recover its investments only after the reclaimed land is sold. The unsold lands continue to be owned by the NHA.

6. Government financial institutions lost money in Smokey Mountain.

Wrong! On the contrary, all the institutions that invested in the Smokey Mountain Project Participation Certificates made a bundle.

There is a saying: "Where there is Smoke, there is Fire."

There is no fire here! Then where is the smoke coming from?

Let us look at some possible places where the fire could have started. Let's examine now...

Nearby, the Smokey Mountain Project are the Public Ports owned by the Philippine Ports Authority or PPA. These PPA-owned public ports at the South Harbor, Manila International Container Terminal and the North Harbor. The four ports that include Harbour Center compete with each other in attracting ships and cargo into their respective service areas.

PPA gave Harbour Center the permit to handle all kinds of domestic cargo and foreign bulk and break-bulk cargo. As a result, the port now handles 80% of the bulk and break-bulk cargo coming into the Manila Ports due to greater efficiency and lower rates. The 50% lower service rate offered by Harbour Center can be seen as the fruits of competition! This also clearly indicates that the rates of existing port operators- ICTSI and ATI- have been grossly overpriced,.

My cursory investigation shows that the fire emanates from the competition Harbour Center provides the Philippine Ports Authority and its other port operators in Manila.

Here are some questions about PPA begging for some answers, answers that could guide us in crafting legislation that would correct this anomaly. Or, at worst, provide us with enough reasons to abolish the PPA.

Now to the Question and Answer portion of my talk.

QUESTION # 1- Is PPA a biased referee because it owns the ports and, at the same time, is vested with regulatory powers- Judge, Jury and Executioner? *Aba, kakaiba ito!*

QUESTION # 2- To date, PPA has not given Harbour Centre the permit to handle foreign containerized cargo. **Bakit?** Of course, **to protect the monopoly of ICTSI and ATI** on the lucrative container traffic! At.. and masakit pa, inextend ng PPA ang "monopoliya" nila ng walang public bidding ang mga kontrata at kung saan ay binago at pinalaki and "scope of services" nila na wala sa orihinal na kontrata.

QUESTION # 3- Is PPA regulating against competition to protect its own interest even at the expense of public interest?

QUESTION # 4- Is it true that PPA, ICTSI and ATI stand to lose from the competition that Harbour Centre provides?

QUESTION#5- Is it true that the same members of the so-called "Consortium" who wanted to monopolize the entire port system in the country under the controversial E.O. 59 (one operator nationwide, no bidding formula) are the same parties the PPA is protecting?

QUESTION # 5 (part 2)- Whatever happened to the PHIVEDEC container port in Cagayan de Oro? What is happening in Cebu, Batangas, General Santos and Subic?

QUESTION # 6- Why is PPA acting like it was a member of the "Consortium"?

QUESTION # 7- Who are the members of this "Consortium"? *We have the documents!*

QUESTION # 8- How much has the government lost and will continue to lose from the favors extended by PPA to members of the "Consortium"?

QUESTION # 9- Whatever happened to the modernization and privatization program of the North Harbour??? Do they have any??? **Yes? No? If yes, have you seen it?**

QUESTION # 10- Has E.O. 308 (Rescinding E.O. 59, promoting competition and transparency in the privatization of the North Harbour) been implemented? Kung OO, nasaan na? Kung Hindi, Bakit?

QUESTION # 11- Why is it that all appointees to the PPA have to pass through this "Consortium"? Follow-up question: Who are the members of the consortium?

For the last TRIPLE BONANZA QUESTION! #12

Why is it that the PPA keeps on bragging about its Net Income of P1.2 B for 2003? Wala namang nadedvelop na Port 'di tulad ng HK, Singapore, Malaysia at iba pa!

Whatever happened to their mandate to develop Ports throughout our 7,100 islands?

Would you believe that to date we only have 115 public ports or a measly 1.6% of the country's 7,100 islands. Considering that the PPA had been in existence for thirty (30) years, that it managed to build only an average of close to 4 public ports a year.

Sa totoo lang, mas marami pa ang private ports (roughly 350), kaya lang, ayaw din bigyan ng Permit to Operate as a Commercial Port! Malamang po, ang sagot sa mga tanong ay magpapatunay na... PPA= Monopoly na + Cartel pa

Resulta: Walang Urban Development, Walang Asenso ang Bayan

So now, how do we put out the fire?

My dear colleagues let us not allow this day to pass without deciding on the action to take. Let us not see the beginning of the end of our lives paraphrasing again Martin Luther King, Jr., by becoming silent on this important issue, which also threatens our ability to continue providing housing facilities and jobs to our people.

May we therefore move for the investigation of the conflicting mandates of the Philippine Ports Authority and proceed with efforts from other sectors for the creation of more regional port authorities in the country? Due to the gravity of the implications arising from the uncoordinated mandates of the PPA, there may even be a need to abolish it, if all other measures fail.

We should be concerned on the increasing cost of basic consumer goods because of overpriced cargo handling at the PPA ports. Kasi dahil dito, apektado rin ang presyo ng ibat-iba nating industriya tulad ng semento, bakal, bigas at marami pang iba. The PPA's annual net income of P1.2 billion is certainly not enough to compensate for the consequent rise in the prices of the basic commodities, as well as the stagnation in the country's port modernization and liberalization program, and its far reaching effects on the country's economy and sense of national well being. The private concessionaires fees are alleged to be at least 5 times more than that of PPA. Just imagine how much money these private concessionaires have accumulated for the past 17 years since they started operating at the Manila Ports in 1987. For that P1.2 billion annual net income, the PPA has allowed itself to be held captive by the industry it serves, which is comprised by...? by only two players.

And for that measly P1.2 billion income, around 40 percent of which come from the ICTSI and the ATI, the PPA has, in turn, held the government and the future of the nation hostage by virtue of its own captivity.

I accuse the PPA of cartel and monopoly!!!

I accuse the PPA for being insensitive to the nation's welfare and

I accuse the PPA of economic sabotage!!!

Colleagues, Ladies and Gentlemen, Thank you for your attention.