

## EN BANC

[ G.R. No. 180308, June 19, 2012 ]

**PHILCOMSAT HOLDINGS CORPORATION, ENRIQUE L. LOCSIN AND MANUEL D. ANDAL, PETITIONERS, VS. SENATE OF THE REPUBLIC OF THE PHILIPPINES, SENATE COMMITTEE ON GOVERNMENT CORPORATIONS AND PUBLIC ENTERPRISES, SENATE COMMITTEE ON PUBLIC SERVICES, HON. SEN. RICHARD GORDON AND HON. SEN. JUAN PONCE ENRILE, RESPONDENTS.**

### RESOLUTION

**PERLAS-BERNABE, J.:**

This original Petition for Certiorari and Prohibition assails and seeks to enjoin the implementation of and nullify Committee Report No. 312<sup>[1]</sup> submitted by respondents Senate Committees on Government Corporations and Public Enterprises and on Public Services (respondents Senate Committees) on June 7, 2007 for allegedly having been approved by respondent Senate of the Republic of the Philippines (respondent Senate) with grave abuse of discretion amounting to lack or in excess of jurisdiction.

#### **The Factual Antecedents**

The Philippine Communications Satellite Corporation (PHILCOMSAT) is a wholly-owned subsidiary of the Philippine Overseas Telecommunications Corporation (POTC), a government-sequestered organization in which the Republic of the Philippines holds a 35% interest in shares of stocks.<sup>[2]</sup> Petitioner PHILCOMSAT Holdings Corporation (PHC), meanwhile, is a private corporation duly organized and existing under Philippine laws and a holding company whose main operation is collecting the money market interest income of PHILCOMSAT.

Petitioners Enrique L. Locsin and Manuel D. Andal are both directors and corporate officers of PHC, as well as nominees of the government to the board of directors of both POTC and PHILCOMSAT.<sup>[3]</sup> By virtue of its interests in both PHILCOMSAT and POTC, the government has, likewise, substantial interest in PHC.

For the period from 1986 to 1996, the government, through the Presidential Commission on Good Government (PCGG), regularly received cash dividends from POTC. In 1998, however, POTC suffered its first loss. Similarly, in 2004, PHC sustained a P7-million loss attributable to its huge operating expenses. By 2005, PHC's operating expenses had ballooned tremendously. Likewise, several PHC board members established Telecommunications Center, Inc. (TCI), a wholly-owned PHC subsidiary to which PHC funds had been allegedly advanced without the appropriate accountability reports given to PHC and PHILCOMSAT.<sup>[4]</sup>

On February 20, 2006, in view of the losses that the government continued to incur

and in order to protect its interests in POTC, PHILCOMSAT and PHC, Senator Miriam Defensor Santiago, during the Second Regular Session of the Thirteenth Congress of the Philippines, introduced Proposed Senate Resolution (PSR) No. 455<sup>[5]</sup> directing the conduct of an inquiry, in aid of legislation, on the anomalous losses incurred by POTC, PHILCOMSAT and PHC and the mismanagement committed by their respective board of directors. PSR No. 455 was referred to respondent Committee on Government Corporations and Public Enterprises, which conducted eleven (11) public hearings<sup>[6]</sup> on various dates. Petitioners Locsin and Andal were invited to attend these hearings as "resource persons."

On June 7, 2007, respondents Senate Committees submitted the assailed Committee Report No. 312, where it noted the need to examine the role of the PCGG in the management of POTC, PHILCOMSAT and PHC. After due proceedings, the respondents Senate Committees found overwhelming mismanagement by the PCGG and its nominees over POTC, PHILCOMSAT and PHC, and that PCGG was negligent in performing its mandate to preserve the government's interests in the said corporations. In sum, Committee Report No. 312 recommended, *inter alia*, the privatization and transfer of the jurisdiction over the shares of the government in POTC and PHILCOMSAT to the Privatization Management Office (PMO) under the Department of Finance (DOF) and the replacement of government nominees as directors of POTC and PHILCOMSAT.

On November 15, 2007, petitioners filed the instant petition before the Court, questioning, in particular, the haste with which the respondent Senate approved the challenged Committee Report No. 312.<sup>[7]</sup> They also claim that respondent Senator Richard Gordon acted with partiality and bias and denied them their basic right to counsel,<sup>[8]</sup> and that respondent Senator Juan Ponce Enrile, despite having voluntarily recused himself from the proceedings in view of his personal interests in POTC, nonetheless continued to participate actively in the hearings.<sup>[9]</sup>

### **Issues Before The Court**

The basic issues advanced before the Court are: (1) whether the respondent Senate committed grave abuse of discretion amounting to lack or in excess of jurisdiction in approving Committee Resolution No. 312; and (2) whether it should be nullified, having proposed no piece of legislation and having been hastily approved by the respondent Senate.

### **The Court's Ruling**

The respondents Senate Committees' power of inquiry relative to PSR No. 455 has been passed upon and upheld in the consolidated cases of *In the Matter of the Petition for Habeas Corpus of Camilo L. Sabio*,<sup>[10]</sup> which cited Article VI, Section 21 of the Constitution, as follows:

"The Senate or the House of Representatives or any of its respective committees may conduct inquiries in aid of legislation in accordance with its duly published rules of procedure. The rights of persons appearing in or affected by such inquiries shall be respected."