

## REORGANIZING CERTAIN GOVERNMENT-OWNED OR CONTROLLED CORPORATIONS AND FOR OTHER PURPOSES

*EXECUTIVE ORDER NO. 494, December 06, 1991*

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WHEREAS, consistent with the Government's Corporate Rationalization Program and upon the recommendation of the Department of Budget and Management pursuant to its mandate under Executive Order No. 5, series of 1986, and Executive Order No. 165, series of 1987, the reorganization of the following government-owned or controlled corporations should be effected: (1) the Metals Industry Research and Development Center; (2) the Fiber Industry Development Authority; (3) the National Post-Harvest Institute for Research and Extension; (4) the Philippine Coconut Authority; (5) the Music Promotion Foundation of the Philippines; and (6) the National Social Action Council;

WHEREAS, Section 48 of the General Provisions, Republic Act No. 7078, otherwise known as the General Appropriations Act of FY 1991, provides the following:

“Sealing Down and Phase-Out of Activities of Agencies within the Executive Branch. – The heads of departments, bureaus, offices and agencies are hereby directed to identify their respective activities which are no longer essential in the delivery of public services and which may be scaled down, phased-out or abolished, subject to civil service rules and regulations. Said activities shall be reported to the Office of the President through the Department of Budget and Management and to the Chairman, Committee on Appropriations of the House of Representatives and the Chairman, Committee of Finance of the Senate. Actual scaling down, phase-out or abolition of the activities shall be elected pursuant to circulars or orders issued for the purpose by the Office of the President.

“Savings generated by departments, bureaus, offices and agencies on the abolition, phase-out or scaling down of unnecessary activities may be used by the departments, bureaus, offices and agencies concerned for the augmentation of their respective programs, projects and activities.”

WHEREAS, the Secretary of Justice, in Opinion No. 210, series of 1988, states that “the President may, in the implementation of the privatization program of the government, amend or repeal the charters of government-owned or controlled corporations pursuant to her delegated legislative authority under Section 22 of Proclamation No. 50, which remains to be operative until it is amended, repealed or revoked by Congress (Sec. 3, Art, XVIII, Constitution);”

WHEREAS, the Secretary of Justice, in Opinion No. 43, Series of 1990, further states that the President may amend the charters of GOCCs which have been identified for privatization to effect mergers or consolidations pending final disposition of such GOCCs to the private sector “if such disposition action will enhance the implementation of the privatization program of the government; and, considering that privatization program aims to generate maximum cash recovery for the National Government, the “rehabilitation of GOCCs through merger or consolidation of certain GOCCs identified for privatization, to ensure maximum cash recovery for the government would certainly be in furtherance of the government’s privatization program;” and

WHEREAS, the Secretary of Justice, in the same opinion, also states that “[I]n the case of GOCs which are recommended for regularization into regular line agencies, xxx the President may likewise amend the charters of such GOCs so as to terminate their corporate existence. Such disposition action is also deemed consistent with the government’s privatization of certain GOCs into regular line agencies would give effect to the government’s policy to accord primacy to the private sector in entrepreneurial endeavors and relegate the government to a secondary role.”

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by law, do hereby order:

**SECTION 1. Definition of Terms. – For purposes of this Executive Order:**

- a. Regularization shall refer to the process by which a government-owned or controlled corporation is transformed into (1) a regular government agency with essentially the same objectives, powers and functions, except those which are corporate in nature, and is attached to a department in the Executive Branch; or (2) a unit which is integral to an existing agency or executive department and with essentially the same objectives, powers and functions, except those which are corporate in nature;
- b. Conversion shall refer to a variant of the divestment process by which, for the purpose of privatization, a government-owned or controlled corporation is dissolved but exclusive authority is granted to be the management thereof to form a new and private corporation through registration with the Securities and Exchange Commission, with the same corporate name and essentially the same objectives, powers and functions but without government funding, except that existing assets of the dissolved corporation may be donated to the new corporation; and
- c. Consolidation refers to the process by which a government-owned or controlled corporation loses its legal personality and its objectives, powers and functions, assets, liabilities as well as necessary personnel are integrated into another government-owned or controlled corporation.

**SEC. 2. Regularization. – The following government-owned or controlled corporations are hereby regularized:**

- Metals Industry Research and Development Center;
- Fiber Industry Development Authority;
- National Post-Harvest Institute for Research and Extension; and
- Philippine Coconut Authority.

**SEC. 3. Incomes of Regularized Corporations. –** Except for donations, grants, legacies, devises and similar acquisitions, incomes of government-owned or controlled corporations which are regularized, regardless of the manner of acquisition and in whatever form, whether as profits, fees, charges, penalties or otherwise, shall form part of the General Fund. After regularization, the operations of the regularized corporations shall be funded under the annual General Appropriations Act.

**SEC. 4. Consolidation. –** The Music Promotion Foundation of the Philippines is hereby consolidated with the Cultural Center of the Philippines.

**SEC. 5. Conversion. –** The National Social Action Council is hereby made subject to conversion.

**SEC. 6. Details of Disposition Actions. –** The details of the dispositive actions of regularization, consolidation and conversion as provided in the preceding sections are prescribed in Annexes “A” to “F” attached hereto. These annexes shall form integral parts of this Executive Order.

SEC. 7. Notice or Consent Requirement. – If any reorganizational change authorized in this Executive Order or in any of the Annexes attached hereto is of such substance or materiality as to prejudice third persons with rights recognized by law or contract such that notice to or consent of creditors is required to be made or obtained pursuant to any agreement entered into with any of such creditors, such notice or consent requirement shall be complied with prior to the implementation of such reorganizational change.

SEC. 8. Separability. – If for any reason any section or provision of this Executive Order or of its Annexes is declared unconstitutional or invalid, the remainder of this Executive Order and its Annexes shall not be affected as long as such remaining sections or provisions can still subsist and be given effect in their entirety.

SEC. 9. Repeal. – The following laws, presidential decrees and executive issuances are hereby repealed or modified accordingly:

- a. Republic Act Nos. 4724 and 6428, Executive Order No. 602, series of 1980, and Presidential Decree No. 1765, series of 1981, concerning the Metals Industry Research and Development Center;
- b. Section 8 of Executive Order No. 709, series of 1981, concerning the Fiber Industry Development Authority;
- c. Presidential Decree No. 1380, series of 1978, and Letter of Implementation No. 123, series of 1980, and Letter of Instructions No. 1142, series of 1982, concerning the National Post-Harvest Institute for Research and Extension;
- d. Presidential Decree No. 232, series of 1973, and Presidential Decree No. 961, series of 1976, and Article II of Presidential Decree No. 1468, series of 1978, concerning the Philippine Coconut Authority;
- e. Executive Order No. 182-A, series of 1969, and Presidential Decree No. 294, series of 1974, concerning the National Social Action Council; and
- f. Republic Act No. 1370, except Section 3 thereof, concerning the Music Promotion Foundation.

All other laws, rules, regulations and other issuances or parts thereof contrary to or inconsistent herewith are likewise hereby repealed or modified accordingly.

SEC. 10. Effectivity. – This Executive Order shall take effect immediately after fifteen (15) days following its publication in a national newspaper of general circulation or in the Official Gazette.

DONE in the City of Manila, this 6th day of December in the year of Our Lord, nineteen hundred and ninety-one.

(Sgd.) CORAZON C. AQUINO

President of the Philippines

By the President:

(Sgd.) FRANKLIN M. DRILON

Executive Secretary

## **ANNEX “A”**

### **METALS INDUSTRY RESEARCH AND DEVELOPMENT CENTER**

The Metals Research and Development Center was created as a government-owned corporation under Republic Act No. 4724, as amended by Republic Act No. 6428, to provide the public and private sectors with professional management and technical expertise on such vital activities as training of engineers and technicians, information

exchange, trade accreditation service, quality control and testing of metal products, research and business economics advisory program.

Pursuant to the Government's Corporate Rationalization Program, the following are hereby directed:

SECTION 1. Regularization. – The Metals Industry Research and Development Center, hereinafter referred to as the Center, is hereby transformed into a regular government agency which shall be attached to the Department of Science and Technology pursuant to Administrative Order No. 59, series of 1988. The Center shall continue to perform the powers and functions of the Metals Industry Research and Development Center, except those which are corporate in nature.

SEC. 2. Objectives. – The Center shall provide the public and private sectors with professional management and technical expertise on the following:

- Training of engineers and technicians;
- Information exchange;
- Trade accreditation services;
- Quality control and testing of metal products; and
- Research and business economics advisory services.

SEC. 3. Governing Council; Powers and Functions. – The responsibility of accomplishing the objectives and the exercise of the authority granted in the preceding section shall be vested in the Governing Council. The said Council shall have the following powers and functions:

- Formulate such policies, plans and programs and promulgate such procedures, rules and regulations as may be necessary for the effective operations of the Center;
- Receive, administer, dispose of and disburse the funds of the Center pursuant to pertinent laws, rules and regulations;
- Receive in trust legacies, gifts and donations of whatever kind given to the Center;
- Appoint the technical and administrative personnel of the Center and fix their compensation, terms of office, and other conditions of employment;
- Create donor positions which shall accommodate exceptionally qualified remetallurgy from both government and private sectors and visiting research search engineers or scientist in scientists;
- Enter into contracts for and on behalf of the Center; and
- Exercise such other powers and functions as may be necessary to carry out the provisions of this Executive Order and Annex "A" thereof.

SEC. 4. Composition of the Governing Council. The Governing Council shall be composed of the following:

- The Secretary of Science and Technology or his duly authorized representative, as ex-officio chairman; and
- A representative each—in ex-officio capacity—from the Departments of Trade and Industry, Agriculture, and Environment and Natural Resources; National Economic and Development Authority; Board of Investments; and the Center, as members; and
- A representative each from the metals, engineering, and allied industries—to be appointed by the Secretary of

Science and Technology—as members.

SEC. 5. Executive Director. – The Center shall have an Executive Director who shall be appointed by the Governing Council upon the recommendation of the Chairman. The Executive Director shall have the following duties and responsibilities:

- Plan, program, direct, supervise and coordinate all the activities of the Center;
- Assist the Council in the determination, formulation and implementation of the policies, plans, programs, procedures, rules and regulations as may be necessary for the effective operations of the Center;
- Promote and maintain close coordination between the Government and the private sector engaged in the development and expansion of the metals and allied industries;
- Appoint and effect other personnel actions of subordinate officers and employees of the Center in accordance with the instructions of the Governing Council and Civil Service laws, rules and regulations;
- Discipline for cause all subordinate officers and employees of the Center in accordance with Civil Service laws, rules and regulations, subject to the ratification by the Governing Council;
- Subject to such conditions as the Governing Council may prescribe, sign personally or through his duly authorized representative checks, vouchers or other documents involving the acquisition or disposition of property or funds;
- Negotiate and, subject to the approval of the Governing Council, execute all forms of contracts in behalf of the said Council and enter into all necessary obligations required to carry out efficiently and effectively the provisions of this Executive Order and Annex “A” thereof; and
- Perform such other related duties and responsibilities as may be assigned to him by the Governing Council for the efficient and effective implementation of this Executive Order and Annex “A” thereof.

SEC. 6. MIRDC Testing Foundation of the Philippines, Inc. – The Metals Industry Research and Development Center (MIRDC) Testing Foundation of the Philippines, Inc., created and registered pursuant to Presidential Decree No. 1765, series of 1981, with the Securities and Exchange Commission (SEC), shall be abolished expeditiously in accordance with the SEC’s rules and regulations. Its powers and functions shall forthwith be vested in the Center. Upon the abolition of the Foundation, the disposition of its appropriations, funds, records, equipment, facilities, choses in action, rights and other assets, and the payment of its liabilities shall be determined pursuant to Section 9 and the status of its personnel shall be in accordance with Section 7.

SEC. 7. Personnel and Organizational Policies. – Upon the regularization of the Metals Industry Research and Development Center, its officers and employees shall, in a holdover capacity, continue to perform their respective duties and responsibilities and receive their corresponding salaries and benefits unless in the meantime they are separated or retired from the service pursuant to existing laws rules and regulations.

The Secretary of Science and Technology, upon the recommendation of the Chairman of the Governing Council, shall submit the necessary organizational structure for the Center to the Secretary of Budget and Management within one hundred and twenty (120) days from the approval of this Executive Order: Provided, That incumbents of the abolished MIRDC shall have priority for appointment to the same or comparable positions in the Center: Provided, further, That the same incumbents shall have the option to be considered separated or to retire from the service whenever such option is available to them under existing laws, rules and regulations. Those incumbents of the abolished MIRDC whose positions are not among those position of the Center or who are not reappointed shall be deemed separated or retire from the service shall receive the benefits they may be entitled to under

existing laws, rules and regulations.

SEC. 8. Periodic Performance Evaluation. – The Secretary of Science and Technology shall formulate and enforce a system of appraising and evaluating periodically and objectively the performance of the Center.

SEC. 9. Transfer of Records and Others. – The records, equipment, facilities, choses in action, rights, other assets and personnel of the MIRDC are hereby transferred to the Center for the proper accomplishment of the objectives of this Executive Order and Annex “A” thereof. The appropriations and funds of the abolished MIRDC, if any, shall revert to the General Fund after reserving the amount necessary to pay the benefits of those separated or retired from the service under Section 7 hereof: Provided, That if the appropriations and funds of the abolished MIRDC are not sufficient to pay such benefits, the deficiency shall be satisfied from the savings of the Department of Science and Technology. Its remaining assets, if any, shall be allocated to the appropriate units of the Government as the Office of the President shall determine or shall otherwise be disposed of in accordance with the Government Auditing Code of the Philippines and other pertinent laws, rules and regulations. Its liabilities, if any, shall be paid in accordance with the provisions of the Civil Code of the Philippines on concurrence and preference of credits.

SEC. 10. Implementing Authority. – The Secretary of Science and Technology shall promulgate such rules, regulations and other issuances as may be necessary to ensure the efficient and effective implementation of this Executive Order and Annex “A” thereof.

## **ANNEX “B”**

### **FIBER INDUSTRY DEVELOPMENT AUTHORITY**

The Fiber Industry Development Authority was created as a government-owned corporation under Section 8 of the Executive Order No. 709, series of 1981, to promote the growth of the fiber industry.

Pursuant to the Government’s Corporate Rationalization Program, the following are hereby directed:

SECTION 1. Declaration of Policy. – It is the declared policy of the State to promote and accelerate the growth and development of the fiber industry in order to improve the living conditions of the farmers engaged in the industry, improve productivity, expand market bases and stabilize the prices of fiber and fiber-based products.

SEC. 2. Regularization. – The Fiber Industry Development Authority (FIDA) is hereby transformed into a regular government agency to be known as the Fiber Development Center, hereinafter referred to as the Center, which shall be attached to the Department of Agriculture pursuant to Administrative Order No. 59, series of 1988. The Center shall continue to perform the powers and functions of the FIDA, except those which are corporate in nature.

SEC. 3. Purposes and Objectives. – The Center shall have the following purposes and objectives:

- Promote higher productivity and improve and diversify the use of all indigenous fibers in the country;
- Improve the economic and living conditions of those engaged in the fiber industry;
- Encourage the development and expansion of the export trade for fiber and its manufactured products;
- Encourage and promote the processing of locally-produced fibers; and
- Provide incentives and assistance to those engaged in the industry either directly or in coordination with other government or private entity.

SEC. 4. Administrator. – The responsibility of accomplishing the purposes and objectives of the Center as well as the exercise of its powers and functions shall be vested in the Administrator. The Administrator shall be appointed by the President of the Philippines upon the recommendation of the Secretary of Agriculture. He shall possess recognized competence and experience in the production, processing and marketing aspects of natural fibers.

SEC. 5. Personnel and Organizational Policies. – Upon the regularization of the Fiber Industry Development Authority, its officers and employees shall, in a holdover capacity, continue to perform their respective duties and responsibilities and receive their corresponding salaries and benefits unless in the meantime they are separated or retired from the service pursuant to existing laws, rules and regulations.

The Secretary of Agriculture, upon the recommendation of the Administrator, shall submit the necessary organizational structure for the Center to the Secretary of Budget and Management within one hundred and twenty (120) days from the approval of this Executive Order: Provided, That incumbents of the FIDA shall have priority for appointment to the same or comparable positions in the Center: Provided, further, That the same incumbents shall have the option to be considered separated or to retire from the service whenever such option is available to them under existing laws, rules and regulations. Those incumbents of the FIDA whose positions are not among those positions of the Center or who are not reappointed shall be deemed separated from the service. Those who are separated or retired from the service shall receive the benefits they may be entitled to under existing laws, rules and regulations.

SEC. 6. Periodic Performance Evaluation – The Secretary of Agriculture shall formulate and enforce a system of appraising and evaluating periodically and objectively the performance of the Center.

SEC. 7. Transfer of Records and Others – The records, equipment, facilities, choses in action, rights, other assets and personnel of the FIDA are hereby transferred to the Center for the proper accomplishment of the objectives of this Executive Order and Annex “B” thereof. The appropriations and funds of the FIDA, if any, shall revert to the General Fund after reserving the amount necessary to pay the benefits of those separated or retired from the service under Section 5: Provided That if the appropriations and funds of the FIDA are not sufficient to pay such benefits, the deficiency shall be satisfied from the savings of the Department of Agriculture. Its remaining assets, if any, shall be allocated to the appropriate units of the Government as the Office of the President shall determine or shall otherwise be disposed of in accordance with the Government Auditing Code of the Philippines and other pertinent laws, rules and regulations. Its liabilities, if any, shall be paid in accordance with the provisions of the Civil Code of the Philippines on the concurrence and preference of credits.

SEC. 8. Implementing Authority. – The Secretary of Agriculture shall promulgate such rules, regulations and other issuances as may necessary to ensure the efficient and effective implementation of this Executive Order and Annex “B” thereof.

## **ANNEX "C"**

### **NATIONAL POST-HARVEST INSTITUTE FOR RESEARCH AND EXTENSION**

The National Post-Harvest Institute for Research and Extension was created as a government-owned corporation under Presidential Decree No. 1380, series of 1978, and further reorganized under Letter of Implementation No. 123, series of 1980, and Letter of Instructions No. 1142 series of 1981. It was intended to develop the grains industry's post-harvest system, encompassing harvesting, threshing, drying, storage, milling, transportation and other related activities. However, for purposes of economy and a more effective organizational set-up, it would be better if the Institute shall be transformed into a bureau under the Department of Agriculture.

Pursuant to the Government's Corporate Rationalization Program, the following are hereby directed:

SECTION 1. Regularization. – The National Post-Harvest Institute for Research and Extension, hereinafter referred to as the Institute, is hereby transformed into a new bureau in the Department of Agriculture to be known as the Bureau of Post-Harvest Research and Extension, hereinafter referred to as the Bureau. The Bureau shall continue to perform the powers and functions of Institute, except those which are corporate in nature.

SEC. 2. Hiring of Experts. – The Bureau may engage the services of experts from the public or private sector pursuant to existing laws, rules and regulations.

SEC. 3. Personnel and Organizational Policies. – Upon the regularization of the Institute, its officers and employees shall, in a holdover capacity, continue to perform their duties and responsibilities and receive their corresponding salaries and benefits unless in the meantime they are separated or retired from the service pursuant to existing laws, rules and regulations.

The Secretary of Agriculture shall submit the necessary organizational structure for the Bureau to the Department of Budget and Management within one hundred and twenty (120) days from the approval of this Executive Order: Provided, That incumbents of the Institute shall have priority for appointment to the same or comparable positions in the Bureau: Provided, further, That the same incumbents shall have the option to be considered separated or to retire from the service whenever such option is available to them under existing laws, rules and regulations. Those incumbents of the Institute whose positions are not among those positions of the Bureau or who are not reappointed shall be deemed separated from the service. Those who are separated or retired from the service shall receive the benefits they may be entitled to under existing laws, rules and regulations.

SEC. 4. Periodic Performance Evaluation. – The Secretary of Agriculture shall formulate and enforce a system of appraising and evaluating periodically and objectively the performance of the Bureau.

SEC. 5. Transfer of Records and Other. – The records, equipment, facilities, choses in action, rights, other assets and personnel of the Institute are hereby transferred to the Bureau for the proper accomplishment of the objectives of this Executive Order and Annex "C" thereof. The appropriations and funds of said Institute, if any, shall revert to the General Fund after reserving the amount necessary to pay the benefits of those separated or retired from public service under Section 3 hereof: Provided, That if the appropriations and funds of the Institute are not sufficient to pay such benefits, the deficiency shall be satisfied from the savings of the Department of Agriculture. Its remaining assets, if any, shall be allocated to the appropriate units of the Government as the Office of the President shall determine or shall otherwise be disposed of in accordance with the Government Auditing Code of the Philippines and other pertinent laws, rules and regulations. Its liabilities, if any, shall be paid in accordance with the provisions of the Civil Code of the Philippines on the concurrence and preference of credits.

SEC. 6. Implementing Authority. – The Secretary of Agriculture shall promulgate such rules, regulations and other issuances as may be necessary to ensure the efficient and effective implementation of this Executive Order and Annex "C" thereof.

## **ANNEX "D"**

### **PHILIPPINE COCONUT AUTHORITY**

Recent studies have shown that a bureau can attain, at less expense to the Government and with relatively the same degree of efficiency and effectiveness, the objectives for which the government-owned Philippine Coconut Authority has been created.

Pursuant to the Government's Corporate Rationalization Program, the following are hereby directed:

SECTION 1. Regularization. – The Philippine Coconut Authority (PCA) is hereby transformed into a new bureau in the Department of Agriculture to be known as the Bureau of Coconut Development and Inspection Service, hereinafter referred to as the Bureau. The Bureau shall continue to perform the powers and functions of the PCA, except those which are corporate in nature.

SEC. 2. Hiring of Experts. – The Bureau may engage the services of experts from the public or private sector, pursuant to existing laws, rules and regulations.

SEC. 3. Personnel and Organizational Policies. – Upon the regularization of the Philippine Coconut Authority, its officers and employees shall, in a holdover capacity, continue to perform their respective duties and responsibilities and receive their corresponding salaries and benefits unless in the meantime they are separated or retired from the service pursuant to existing laws, rules and regulations.

The Secretary of Agriculture shall submit the necessary organizational structure for the Bureau to the Department of Budget and Management within one hundred and twenty (120) days from the approval of this Executive Order: Provided, That incumbents of the PCA shall have priority for appointment to the same or comparable positions in the Bureau: Provided, further, That the same incumbents shall have the option to be considered separated or to or retire from the service whenever such option is available to them under existing laws, rules and regulations. Those incumbents of the PCA whose positions are not among the positions of the Bureau or who are not reappointed shall be deemed separated or retired from the service shall receive the benefits they may be entitled to under existing laws, rules and regulations.

SEC. 4. Periodic Performance Evaluation. – The Secretary of Agriculture shall formulate and enforce a system of appraising and evaluating periodically and objectively the performance of the Bureau.

SEC. 5. Transfer of Records and Others. – The records, equipment, facilities, choses in action, rights, other assets and personnel of the PCA are hereby transferred to the Bureau for the accomplishment of the objectives of this Executive Order and Annex "D" thereof. The appropriations and funds of the PCA, if any, shall revert to the General Fund after reserving the amount necessary to pay the benefits of those separated or retired from the service under Section 3 hereof: Provided, that if the appropriations and funds of the PCA are not sufficient to pay such benefits, the deficiency shall be satisfied from the savings of the Department of Agriculture. Its remaining assets, if any, shall be allocated to the appropriate units of the Government as the office of the President shall determine or shall otherwise be disposed of in accordance with the Government Auditing Code of the Philippines and other pertinent laws, rules and regulations. Its liabilities, if any, shall be paid in accordance with the provisions of the Civil Code of the Philippines on the concurrence and preference of credits.

SEC. 6. Implementing Authority. – The Secretary of Agriculture shall promulgate such rules, regulations and other issuances as may be necessary to ensure the efficient and effective implementation of this Executive Order and Annex "D" thereof.

## **ANNEX "E"**

### **MUSIC PROMOTION FOUNDATION**

The Music Promotion Foundation was created as a government-owned corporation under Republic Act No. 1370. Considering the nature of its purposes and functions, its having a corporate existence separate from the Cultural Center of the Philippines would result in the unnecessary duplication of government activities.

Pursuant to the government's Corporate Rationalization Program, the following are hereby directed:

SECTION 1. Abolition. – The Music Promotion Foundation is hereby abolished. Its powers and functions under Section 3 of Republic Act No. 1370 are hereby transferred to the Cultural Center of the Philippines.

SEC. 2. Transfer of Records and Others. – The records, equipment, facilities, choses in action, rights, other assets and personnel of the Music Promotion Foundation are hereby transferred to the Cultural Center of the Philippines for the proper accomplishment of the objectives of this Executive Order and Annex "E" thereof. The appropriations and funds of the said Foundation, if any, shall revert to the General Fund. Its remaining assets, if any, shall be allocated to the appropriate units of the Government as the Office of the President shall determine or shall otherwise be disposed of in accordance with the Government Auditing Code of the Philippines and other pertinent laws, rules, and regulations. Its liabilities, if any, shall be paid in accordance with the provisions of the Civil Code of the Philippines on the concurrence and preference of credits.

SEC. 3. Implementing Authority. – The President of the Cultural Center of the Philippines shall promulgate such rules, regulations and other issuances as may be necessary for the efficient and effective implementation of this Executive Order and Annex "E" thereof.

## **ANNEX "F"**

### **NATIONAL SOCIAL ACTION COUNCIL**

The National Social Action Council was created under Executive Order No. 182-A, series of 1969, and vested with corporate powers and under Presidential Decree No. 294, series of 1973. It is composed of members from the government and private sectors and the ecumenical faiths.

The National Social Action Council has been intended to be an instrument for making public consultations with the Government in the formulation of the latter's development plans and policies based on the premise that in the pursuit of their respective developmental goals, the Government, the ecumenical faiths and the private sector should collaborate with one another while maintaining and respecting their respective roles and responsibilities.

Recent studies have, however, shown that the National Social Action Council can be more effective if it exercises its powers and performs its functions as a purely private, none-stock and non-profit corporation duly registered with the Securities and Exchange Commission.

Pursuant to the Government's Corporate Rationalization Program, the following are hereby directed:

SECTION 1. Abolition. – The National Social Action Council is hereby abolished.

SEC. 2. Incorporation. – The members of the National Social Action Council, by exclusive authority herein granted, shall, within thirty (30) days from the effectivity of this Executive Order, perform all acts necessary for the creation and registration of a private, non-stock and non-profit corporation with the Securities and Exchange Commission.

SEC. 3. Personnel. – Upon the abolition of the National Social Action Council, its officers and employees shall continue to perform their duties and responsibilities in a holdover capacity and shall receive their corresponding salaries and other benefits unless in the meantime they are separated or retired from the service pursuant to existing laws, rules and regulations. Upon the registration of the new corporation, the incumbents of the dissolved Council shall be deemed separated or retired from the service and shall be entitled to such termination benefits that they may be entitled to under pertinent laws, rules and regulations: Provided, That they shall have priority for appointment to the same or comparable positions in the said private corporation.

SEC. 4. Disposition of Assets. – The assets of the National Social Action Council, net of liabilities, shall upon the registration of the new private corporation, be transferred to the latter without consideration, subject to the pertinent auditing and accounting laws, rules and regulations, and shall thereby constitute as its capitalization. However, should its liabilities exceed its assets, the same shall be paid in accordance with the provisions of the Civil Code of the Philippines on the concurrence and preference of credits.

SEC. 5. Implementing Rules and Regulations. – The Secretary of Budget and Management shall prescribe the rules and regulations for the efficient and effective implementation of this Executive Order and Annex “F” thereof.

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