

Committee on Tourism

10 December 2004, Friday

10:15 am – 12:02 pm

Senator Lorenzo M. Tañada Room, Second Floor

Senate of the Philippines, Pasay City

MEMBERS/SENATORS PRESENT: Senators Richard J. Gordon (Chair, Committee on Tourism) and Biazon (Guest)

GUESTS/RESOURCE PERSONS: Department of Tourism-Main: Hon. Joseph Felix Mari H. Durano (Secretary, Department of Tourism), Hon. Evelyn B. Pantig (Undersecretary, Product Planning Development & Coordination), Hon. Armand C. Arreza (Undersecretary, Internal Services), Hon. Oscar P. Palabyab (Undersecretary for Tourism Services & Regional Offices)

Attached Agencies: General Manager/Executive Officer Robert Dean S. Barbers (Philippine Tourism Authority), Deputy General Manager Adel Oriondo (For Finance, Philippine Tourism Authority), Executive Director Daniel G. Corpuz (For Philippine Convention & Visitors Corporation), Deputy Executive Director Ferdie Capistrano (For Corporate Affairs), Administrator Dominador C. Ferrer (For Intramuros Administration), Executive Director Atty. Charito L. Planas (For Nayong Pilipino Foundation)

On Trade Industries Associations: Ms. Alejandra C. Clemente (President for Federation of Tourism Industries of the Philippines), Mr. Marciano C. Ragaza (President for Philippine Travel Agencies Association), Ms. Rosario Libongco (President for Hotel Sales & Marketing Association), Ms. Marissa A. Nallana (President for Philippine Association of Convention/Exhibition Organizers and Suppliers), Ms. Merle Villacorta (President for Women in Travel Club), Deputy Executive Director Rosvi Gaetos (For Convention Incentive Travel), Mr. Ramon Layosa (Philippine Agents Travel Associations), Mr. Ruelito Cayamanda (President for Association of Car Rental Companies Inc.),

AGENDA:

SBN 1834 – “*AN ACT* DECLARING AND IMPLEMENTING A NATIONAL POLICY FOR TOURISM AS THE PRIMARY ENGINE OF INVESTMENT, EMPLOYMENT, GROWTH AND NATIONAL DEVELOPMENT, AND PROVIDING NECESSARY INCENTIVES THEREFOR” (*Introduced by: Senator Gordon*)

HIGHLIGHTS

Senator Gordon stated that the proposed measure under consideration is in line with the industrialization drive of the government in order to broaden the industrial base of the economy from tourism. He noted that there are specific strategies being pursued by the government regarding the government’s tourism industrial development program and some components include regional industrial areas, people’s industrial and technology parks. This notwithstanding, he said there is a need to clarify the linkage between proposed economic zones and the various components of the countryside tourist industrial program. He stressed the necessity to study the matter, given the limited resources available for setting up new tourism economic zones.

Moreover, Senator Gordon said that given the Local Government Code there is a need to clarify the relationship between the proposed Tourism Philippines and the Local Government Units (LGU). Since its mission, is to promote peace and order, to ensure public safety and strengthen further local government capability to effectively deliver basic services to the people, towards the attainment of a peaceful, self-reliant and progressive community within a just social order. Senator Gordon added that this is something that we call the culture of tourism that the proposed measure wanted to emphasize. Because a situation might arise where both the Board of Tourism Philippines and the LGUs would be competing for the same limited resources, he pointed out.

Thereafter, Senator Biazon said that the Committee whose thrust is for "tourist friendly and crime-free entry points," is concerned with the improvement of organizations system for the convenience of numerous tourists, foreign and local travellers. He commended the Chairman for addressing the poor state of facilities and services of the tourism industry in Boracay Island. These situations, if true, would have a detrimental effect on tourism right at the very frontline service of the country - its primary airport, he added.

Senator Biazon also expressed his desire to adopt measures for the effective and efficient enforcement of laws towards the attitude of the taxi drivers in the country. Because this causes a lot of inconveniences to the passengers, and discourages tourists from coming back to our country, he pointed out.

Summarising the issues, Secretary Joseph Felix Mari H. Durano stated support for the policy and principles embodied in the measure. He broached the need for more specific recommendations and adjustments and the specific changes needed to foster a favourable policy environment for tourism industry. Secretary Durano also agreed with the observations and the adjustments coming from the private sector, adding that they intend to develop further the tourism industry and work very closely with the DOT on this matter. He added that there was no mention of the Nayong Pilipino in the measure under consideration. He then suggested that Nayong Pilipino would continue to be an attached agency of the DOT.

Senator Gordon also broached the need for more specific recommendations on all these policy changes, with emphasis on arts, culture and history. As such, Secretary Durano added that there is an opposition that the culture and arts should be a separate entity and be independent from the DOT because their scope is more than just on tourism.

General Manager/Executive Officer Robert Dean S. Barbers of the Philippine Tourism Authority (PTA), informed the Committee that the creation of a Tourism Economic Zone Authority (TEZA) under this measure should be viewed in the context of present laws governing tourism and economic zones. He explained that PTA's jurisdiction over tourist zones under its present charter is more comprehensive and substantial compared with that of TEZA. He added that Economic Zones, including tourist areas, with the corresponding initiatives are already provided for under Republic Act 7916, otherwise known as the "Special Economic Zone Act of 1995."

Moreover, he said that DOT should decrease its involvement in regulatory activities and leave regulation to the industrial sector or associations through policies and guidelines formulated for such purpose.

At this point, Senator Gordon stated that the on-going discussion has at least established the issue of differences in approaches regarding the creation of Tourism Philippines; one approach advocates the value of Philippine tourism; the other approach argues that such may not be good in the long-term for tourism industry. He emphasized that this part of consensus formation, is one of the goals of this hearing.

Senator Gordon reiterated that we cannot look at the tourism industry issue in isolation and that when we see the higher value of Philippine tourism, the country would be considered no longer a debt-ridden country but one that is safe to invest in. He said that higher debt papers' value will not attract the desired foreign investments needed to push our exports and to create jobs.

Senator Gordon agreed with the stand of Ms. Alejandra C. Clemente, Head of Federation of Tourism Industries of the Philippines (FTIP) that every government office must exert greater effort in the establishment of an institutional memory by giving additional duties to an Undersecretary of foreign promotion. So, this would enable us to put all these international agreements that the country has undertaken along with the reports in one bureau.

At this point, Director for Legislative Affairs Atty. Mark Evidente of Senator Gordon's office informed the Committee that the first aspect of the issues raised in Section 48 of the measure is putting together the Department's 2004 allocation for marketing and promotions and product development, as well as any appropriations in 2004 for the PTA and the Philippine Convention & Visitors Corporation (PCVC), the second aspect is the full amount collected from travel taxes and the third, is income from the operations of Duty Free Philippines, Tourism Enterprise Zones and Tourism Philippines investments and subsidiaries.

Noting the importance of the private sector as an active player in the field of tourism industry, Ms. Clemente stated that FTIP supports the measure as it would generate income for the government, help employ people, and promote tourism.

Ms. Clemente emphasized the need of their sector for the creation of an International Relation Office which would not be part of the promotion, but would be designated to represent the Secretary of Tourism in the event that he is absent. She said that this is necessitated by the fact that the private sector is a party or signatory in so many agreements, i.e., international levels both bilateral and or multilateral. In effect, the Secretary would be updated on the achievement of these goals, and the specific policy changes needed to foster a favourable policy environment for tourism industry in the world market.

Regarding Section 65 of the measure, Mr. Marciano C. Ragaza of Philippine Travel Agencies Association (PTAA) said that for the purpose of imposing the role of the LGU, the private sector requested for the insertion in the revised version of the phrase: *"All tourism establishments and services shall undergo a mandatory system of accreditation in accordance with the duly promulgated rules and regulations."* Mr. Ragaza agreed that society has indeed the right to protect itself.

Ms. Anabelle O. Moreno of Association of Human Resources Managers (AHRM) in a position paper submitted to the Committee, ventilated their concern about the legality of the establishment of the Tourism Enterprise Zone Authority (TEZA) and the granting of investment incentives for the TEZAs. She said that both could be used effectively in spurring tourism growth in our country.

Commenting on the measure under consideration, American Society of Travel Agencies (ASTA) - Philippine Chapter Head Sonny Lopez Gonzales stated that TEZA and Tourism Philippines have overlapping functions and therefore employ almost twice as many people than when there is just a single agency. They also observed that the measure fails to address the two-tier pricing system of the country – he said that we charge US dollars while other countries quote in their local currencies.

DOT Undersecretary Evelyn B. Pantig, suggested that the Bureau of International Tourism Promotion (BITP) employees mentioned in Section 12 of the proposed measure be given equal chances for re-employment or guarantee of outright absorption into the Tourism Philippines and TEZA, like the PTA and PCVC employees. To accomplish this, they proposed the rewording of the phrase “insofar as possible” in Section 12 to read as follows:

“The Bureau of Domestic and International Tourism Promotion, and the offices of Tourism and Product Development are hereby abolished. Resources for and personnel performing relevant functions within these bureaus and offices shall be integrated within the Tourism Enterprise Zone Authority and Tourism Philippines.”

Senator Gordon then announced that the Committee would conduct another public hearing on the matter in order to afford all those involved an opportunity to ventilate their views.

The Chair then adjourned the public hearing.

It was 12:02 p.m.