

**BY THE PRESIDENT OF THE PHILIPPINES**

**EXECUTIVE ORDER NO. 339**

**MANDATING THE RATIONALIZATION OF THE OPERATIONS AND ORGANIZATION OF THE SUGAR REGULATORY ADMINISTRATION**

**WHEREAS**, it is the policy of government to continually improve the quality of public service delivery, amidst the people's rising expectations and its limited resources;

**WHEREAS**, to improve service quality, departments/agencies have to review their existing programs/projects/activities, systems and procedures to enable them to focus on core functions which could contribute to the attainment of their outcome objectives and which available resources could support;

**WHEREAS**, the *Sugar Regulatory Administration (SRA)*, created pursuant to RA 632 dated 6 June 1951, as amended, is one of the agencies of government which needs to pursue institutional reforms to address inconsistencies and redundancies in its present setup considering the current situation of the sugar industry and the sustainability of its operations;

**WHEREAS**, the Supreme Court has ruled in "Republic of the Philippines vs. Court of Appeals" dated 5 August 1991, that the *SRA* is neither a government-owned or controlled corporation nor a subsidiary, but an administrative agency;

**WHEREAS**, Sections 77 and 78 of the General Provisions of RA 9206 (General Appropriations Act of 2003), as reenacted, authorize the President of the Philippines to direct changes in the organizational units or key positions of any department or agency, and to require all departments/agencies of the Executive Branch to conduct a comprehensive review of their respective mandates, missions, objectives, functions, programs, projects, activities and systems and procedures, identify areas for improvement and implement structural, functional and operational adjustments to improve government's service delivery and productivity, respectively;

**NOW, THEREFORE, I, GLORIA MACAPAGAL ARROYO**, President of the Republic of the Philippines, by virtue of the powers vested in me by law, do hereby order:



**SECTION 1. *Rationalization of the Organization and Operations of the SRA.*** The SRA is hereby directed to review its existing functions, programs/projects/activities, and systems and procedures in order to strengthen its vital/core services and to refocus resources to priority programs and activities.

**SEC. 2. *Guidelines.*** In the implementation of the SRA rationalization, the following guidelines shall be observed:

1. The SRA shall operate and adopt the organizational structure of a regular agency of the National Government, consistent with the ruling of the Supreme Court that it is neither a government-owned or controlled corporation nor a subsidiary but an administrative body; and
2. The rationalization shall result in the reduction of its existing positions and the corresponding funding for the agency's personal services;

**SEC. 3. *Rationalization Timeframe.*** The SRA shall submit its revised organization structure and staffing pattern to the Department of Budget and Management (DBM) within sixty (60) days from the signing of this Executive Order.

**SEC. 4. *Options for Personnel Who May be Affected by the Rationalization of the Functions and Organization of the SRA.*** Personnel who may be affected by the rationalization of the functions and organization of the SRA shall have the option to remain in government service, if with permanent/temporary appointment attested by the Civil Service Commission (CSC), or to retire/be separated and paid benefits as herein provided.

**SEC.5. *Personnel Who Opt to Remain in the Service.*** Affected personnel with permanent or temporary appointment who do not want to retire or be separated from the government service shall be placed/assigned to other agencies by the CSC where additional personnel are required. Such affected personnel shall not suffer any diminution in pay, except for certain allowances that used to be given corresponding to the performance of specific functions which would no longer form part of their new functions.

Personnel who would choose to remain in government service but would later object to his/her new job assignment shall be deemed



separated/retired and shall be paid retirement, separation or unemployment benefit under the regular existing retirement/separation laws, as applicable, without the incentive provided herein.

**SEC. 6. Personnel Who Opt to Retire or Be Separated from the Service.** Affected personnel, with appointments attested by the CSC, whether hired on a permanent or temporary basis, who opt to retire or be separated from the service, and those hired on a casual or contractual basis, if qualified, shall be given the option to avail themselves of any of the following, whichever is beneficial to them.

**6.1** Retirement gratuity provided under *RA 1616* (An Act Further Amending Section 12 of Commonwealth Act No. 186 as Amended, By Prescribing Two Modes of Retirement and for Other Purposes), as amended, payable by the SRA, plus the refund of retirement premiums payable by the Government Service Insurance System (GSIS), without the incentive herein provided.

**6.2** Retirement benefit under *RA 660* (An Act to Amend Commonwealth Act No. 186 Entitled "An Act to Create and Establish a Government Service Insurance System, to Provide for its Administration, and to Appropriate the Necessary Funds Therefor," and to Provide Retirement Insurance and for Other Purposes) *or* applicable retirement, separation or unemployment benefit provided under *RA 8291* (An Act Amending PD 1146, as Amended, Expanding and Increasing the Coverage and Benefits of the Government Service Insurance System, Instituting Reforms Therein and for Other Purposes), if qualified, plus the following applicable incentives:

**6.2.1** 1/2 month salary for every year of service for the first 20 years of service and a fraction thereof;

**6.2.2** 3/4 month salary for every additional year of service from the 21<sup>st</sup> to the 30<sup>th</sup> year of service and a fraction thereof; and,

**6.2.3** 1 month salary for every additional year of service from the 31<sup>st</sup> year of service and onwards.

PROVIDED: That the GSIS shall pay, on the day of separation, the retirement/separation/unemployment benefits to which an affected employee may be entitled to under *RA 660* or *RA 8291* and whenever there is an option, the one which the affected employee has chosen as the most beneficial to him/her.



**PROVIDED FURTHER:** That for the purpose of complying with the required number of years of service under RA No. 8291, the portability scheme under RA 7699 (An Act Instituting Limited Portability Scheme in the Social Security Insurance Systems by Totalizing the Worker's Creditable Services or Contributions in Each of the Systems) may be applied, subject to existing policies and guidelines.

- 6.3** Those with less than three (3) years of government service may opt to avail of the separation gratuity under RA No. 6656 (An Act to Protect the Security of Tenure of Civil Service Officers and Employees in the Implementation of Government Reorganization), plus the appropriate incentive provided under 6.2 above.

**SEC. 7.** The affected personnel who opt to retire or be separated from the service shall, in addition to the applicable benefits above, be entitled to the following:

- 7.1 Refund of Pag-IBIG Contributions.** Affected personnel who are members of the Pag-IBIG shall be entitled to the refund of their contributions (both personal and government), pursuant to existing rules and regulations of the Home Development Mutual Fund.

- 7.2 Commutation of Unused Vacation and Sick Leave Credits.** The affected personnel shall be entitled to the commutation of unused vacation and sick leave credits in accordance with existing rules and regulations.

**SEC. 8. *Prohibition on Hiring/Rehiring of Personnel.*** The SRA is hereby prohibited to hire additional personnel (permanent, temporary, contractual, casual or job order) and renew the contracts/appointments of all employees hired on contractual, casual or temporary basis during the conduct of the rationalization activities.

Moreover, personnel who retire or are separated as a result of the agency's rationalization effort shall not be rehired in any agency of the National Government, including in government-owned and /or -controlled corporation/government financial institutions (GOCCs/GFIs), except in educational institutions and hospitals, within a period of five (5) years.



**SEC. 9. *Period of Availability of the Benefit Package.*** The retirement/separation package provided herein shall be made available not later than one hundred twenty (120) days from the signing of this Executive Order.

**SEC. 10. *Funding.*** Funds necessary for the implementation of the Rationalization Plan of the SRA shall be taken from the agency's current corporate operating funds. In case of funding deficiency, the National Government may provide assistance in the payment of incentives to affected personnel.

**SEC. 11. *Subsequent Government Appropriations.*** The DBM shall take into consideration the gradual decrease in the operating subsidy of the SRA as the organizational structure and staffing pattern are streamlined and its operations become efficient.

**SEC. 12. *Implementing Guidelines.*** The Sugar Board is hereby authorized to promulgate the rules and regulations, as necessary, to ensure the orderly implementation of this Executive Order.

**SEC. 13. *Repealing Clause.*** All issuances, orders, rules and regulations or parts thereof that are inconsistent with this Executive Order are hereby revoked, amended or modified accordingly.

**SEC. 14. *Effectivity.*** This Executive Order shall take effect upon its publication in the Official Gazette or in a newspaper of general circulation, whichever comes earlier.

**DONE**, in the City of Manila, this 29<sup>th</sup> day of July, in the year of Our Lord Two Thousand and Four.

*Glenn Arroyo*



By Authority of the President:

*Alberto G. Romulo*  
**ALBERTO G. ROMULO**  
Executive Secretary

Received  
AUG 06 2004  
Date

