

XVI. MINISTRY OF NATIONAL DEFENSE

A.1 Office of the Minister

Current Operating Expenditures

1.0 *Coordination and Supervision of National Defense Activities.* For coordination and supervision of national defense activities, including supervision of peace and order activities, planning, coordination and direction of home defense activities, operation and maintenance of the National Defense College of the Philippines, research and development activities, and general administration and support services ₱ 32,765,000

1.1 Supervision of Peace and Order Activities	18,070,000
1.2 Planning, Coordination and Direction of Home Defense Activities	1,531,000
1.3 Operation and Maintenance of the National Defense College of the Philippines	2,220,000
1.4 Research and Development Activities	375,000
1.5 General Administration and Support Services	10,569,000

Total Current Operating Expenditures,
Office of the Minister ₱ 32,765,000

Capital Outlays

2.0 *Construction of Permanent Improvements.* For construction of permanent improvements ₱ 1,000,000

2.1 Construction of Permanent Improvements	1,000,000
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Total Capital Outlays, Office of the
Minister ₱ 1,000,000

Total New Appropriations, Office of
the Minister ₱ 33,765,000

Special Provisions

1. *Inspection of Fuel and Lubricants.* When military exigencies so require, the Minister of National Defense may authorize Ministry personnel, subject to appropriate internal control measures and safeguards, to inspect deliveries of fuel and lubricants serviced direct to aircraft, vessels and motor vehicles utilized by the Armed Forces of the Philippines.

2. *Use of Savings.* The Minister of National Defense is authorized, subject to the approval of the President (Prime Minister), to use savings in the appropriations herein provided for the Ministry of National Defense for: (a) subsistence, hospitalization, transportation, rehabilitation and resettlement of destitute military personnel discharged honorably, including captured or surrendered dissidents and their families; (b) necessary expenses incurred during peace and order campaigns; (c) planning, coordination and direction of home defense activities; (d) payment of damages to private property resulting from military operations, including valid claims for damages of prior years'; and (e) financial assistance to government informers who are killed or injured in the performance of their duties.

3. *Disposal of Unserviceable Equipment and Motor Vehicles.* Any provision of law to the contrary notwithstanding, the Minister of National Defense, upon notice to the Commission on Audit, is authorized to dispose unserviceable and uneconomically repairable equipment and vehicles of any bureau, office or agency under the Ministry of National Defense, without the intervention of the Supply Coordination Office through public bidding, negotiated or private sale, or by destruction or dumping to prevent use of said items in their original state or form. The proceeds derived therefrom shall be deposited with the National Treasury and shall accrue to the General Fund pursuant to P.D. No. 711.

4. *Key Budgetary Inclusions (KBI).* The amounts herein appropriated for the various programs and projects of the agency shall specifically provide for the activities and purposes in the indicated amounts and conditions:

P/P/A	Purpose	KBI	Amount
1.1.1	Supervision of peace and order activities	14	₱ 7,470,000
1.1.2	Expenses related to the mission of the task force for rehabilitation of returnees created by PMO No. 516, as amended	2	10,500,000
1.1.3	Purchase of equipment	11	100,000
	Sub-total, Project 1.1		18,070,000
1.2.1	Coordination of home defense activities	14	1,491,000
1.2.2	Purchase of equipment	11	40,000
	Sub-total, Project 1.2		1,531,000
1.3.1	Operation and maintenance of the National Defense College of the Philippines	2	2,020,000
1.3.2	Purchase of equipment, including transport facilities	11	200,000
	Sub-total, Project 1.3		2,220,000
1.4.1	Research and development activities	9	365,000
1.4.2	Purchase of equipment	11	10,000
	Sub-total, Project 1.4		375,000
1.5.1	General administration and support services	14	9,463,000

314 GENERAL APPROPRIATIONS ACT, CY 1980

1.5.2	Purchase of equipment	11	180,000
1.5.3	Merit increases and salary adjustments (LOImp. Nos. 82-88)	3	<u>926,000</u>
	Sub-total, Project 1.5		<u>10,569,000</u>
2.1.1	Construction projects for the expansion of NDCP facilities	15	<u>1,000,000</u>
	Total, agency commitments and key budgetary inclusions		<u><u>₱ 33,765,000</u></u>

A.2 Armed Forces of the Philippines

A.2.a General Headquarters

Current Operating Expenditures

1.0 *GHQ Command and Support Services.* For GHQ command and support services, including command and management, logistical services, medical and dental services, research and development, pensions and gratuity services, and educational services ₱ 755,313,000

1.1	Command and Management	94,909,000
1.2	Logistical Services	361,138,000
1.3	Medical and Dental Services	50,979,000
1.4	Research and Development	8,339,000
1.5	Pensions and Gratuity Services	196,424,000
1.6	Educational Services	43,524,000

2.0 *GHQ Operations and Training.* For GHQ operations and training, including GHQ operational activities, GHQ training activities, military intelligence activities, and home defense activities ₱ 366,494,000

2.1	GHQ Operational Activities	178,334,000
2.2	GHQ Training Activities	19,107,000
2.3	Military Intelligence Activities	157,897,000
2.4	Home Defense Activities	<u>11,156,000</u>

Total Current Operating Expenditures,
General Headquarters ₱1,121,807,000

Capital Outlays

3.0 *AFP Capability Development Program.* For AFP capability development program, including self-reliant defense posture ₱ 264,550,000

3.1	Self-Reliant Defense Posture	<u>264,550,000</u>
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Total Capital Outlays, General Headquarters ₱ 264,550,000

Total New Appropriations, General Headquarters ₱1,386,357,000

Special Provision

1. *Key Budgetary Inclusions (KBI)*. The amounts herein appropriated for the various programs and projects of the agency shall specifically provide for the activities and purposes in the indicated amounts and conditions:

<i>P/P/A</i>	<i>Purpose</i>	<i>KBI</i>	<i>Amount</i>
1.1.1	Command, staff direction and co-ordination of GHQ-wide units of the AFP	14	₱ 53,258,000
1.1.2	Operation and maintenance of headquarters service groups	14	37,327,000
1.1.3	Merit increases	3	340,000
1.1.4	Salary adjustments (LOImp. Nos. 82-88)	3	3,984,000
	Sub-total, Project 1.1		<u>94,909,000</u>
1.2.1	Procurement, transport, storage and distribution of supplies, including support to the rebuilt program	14	246,013,000
1.2.2	Procurement under the self-reliant defense posture program	14	115,125,000
	Sub-total, Project 1.2		<u>361,138,000</u>
1.3.1	Operation and maintenance of the AFP Medical Center	14	50,979,000
1.4.1	Scientific and technological research development	9	8,339,000
1.5.1	Processing and settlement of regular pensions and gratuities of military personnel	14	196,424,000
1.6.1	Instruction, training and development of officers, cadets and students of AFP schools	16	43,524,000
2.1.1	Special operations of headquarters command and all other GHQ-wide AFP Units	14	178,334,000
2.2.1	Training of regular and reserve forces	16	19,107,000
2.3.1	Intelligence and counter-intelligence operations and related activities, the release of which shall observe the procedure established by LOI No. 746	14	157,897,000
2.4.1	Civil assistance, agro-military activities, command and troop information and education, vocational training of trainees and draftees, and other home defense activities	14	11,156,000
3.1.1	Production of military hardware and build-up of material reserves	1	264,550,000
	Total, agency commitments and key budgetary inclusions		<u><u>₱1,386,357,000</u></u>

A.2.b Philippine Air Force**Current Operating Expenditures**

1.0 *Air Force Command and Support Services.* For air force command and support services, including air force command and management, logistical services and medical and dental services ₱ 315,582,000

1.1 Air Force Command and Management ..	53,865,000
1.2 Logistical Services	240,776,000
1.3 Medical and Dental Services	20,941,000

2.0 *Air Force Operations and Training.* For air force operations and training, including air force operational activities, air force training activities and home defense activities ₱ 404,733,000

2.1 Air Force Operational Activities	350,773,000
2.2 Air Force Training Activities	50,455,000
2.3 Home Defense Activities	3,505,000

**Total Current Operating Expenditures,
Philippine Air Force** **₱ 720,315,000**

Capital Outlays

3.0 *Air Force Capability Development Program.* For air force capability development program, including construction of building and facilities ₱ 5,000,000

3.1 Construction of Building and Facilities ..	5,000,000
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**Total Capital Outlays, Philippine Air
Force** **₱ 5,000,000**

**Total New Appropriations, Philippine
Air Force** **₱ 725,315,000**

Special Provision

1. *Key Budgetary Inclusions (KBI).* The amounts herein appropriated for the various programs and projects of the agency shall specifically provide for the activities and purposes in the indicated amounts and conditions:

<i>P/P/A</i>	<i>Purpose</i>	<i>KBI</i>	<i>Amount</i>
1.1.1	Command, staff direction and co-ordination of Air Force-wide units	14	₱ 32,777,000

1.1.2	Settlement of current and prior years' accounts with Philippine Aerospace Development Corporation	11	17,000,000
1.1.3	Salary adjustments (LOImp. Nos. 82-88)	3	4,088,000
	Sub-total, Project 1.1		<u>53,865,000</u>
1.2.1	Procurement, transport, storage and distribution of supplies and materials	14	<u>240,776,000</u>
1.3.1	Operation and maintenance of air force medical and dental health centers	14	<u>20,941,000</u>
2.1.1	Direction of air force operations	14	<u>350,773,000</u>
2.2.1	Conduct of air force training	16	<u>50,455,000</u>
2.3.1	Civil assistance, agro-military activities, command and troop information and education, vocational training of trainees and draftees, and other home defense activities	14	<u>3,505,000</u>
3.1.1	Construction and improvement of buildings and facilities in air bases and air stations	15	<u>5,000,000</u>
	Total, agency commitments and key budgetary inclusions		<u><u>₱ 725,315,000</u></u>

A.2.c Philippine Army

Current Operating Expenditures

1.0 *Army Command and Support Services.* For army command and support services, including army command and management, logistical services, and medical and dental services ₱ 165,494,000

1.1	Army Command and Management	71,377,000
1.2	Logistical Services	81,426,000
1.3	Medical and Dental Services	12,691,000

2.0 *Army Operations and Training.* For army operations and training, including army operational activities, army training activities and home defense activities ₱ 745,466,000

2.1	Army Operational Activities	643,615,000
2.2	Army Training Activities	95,611,000
2.3	Home Defense Activities	<u>6,240,000</u>

Total New Appropriations (All Current Operating Operating Expenditures), Philippine Army ₱ 910,960,000

Special Provision

1. *Key Budgetary Inclusions (KBI)*. The amounts herein appropriated for the various programs and projects of the agency shall specifically provide for the activities and purposes in the indicated amounts and conditions:

<i>P/P/A</i>	<i>Purpose</i>	<i>KBI</i>	<i>Amount</i>
1.1.1	Command, staff direction and co-ordination of Army-wide units	14	₱ 42,655,000
1.1.2	PNB loan amortization for armored infantry fighting vehicles (AIFV)	14	25,000,000
1.1.3	Salary adjustments (LOImp. Nos. 82-88)	3	3,722,000
	Sub-total, Project 1.1		<u>71,377,000</u>
1.2.1	Procurement, transport, storage and distribution of supplies and materials	14	<u>81,426,000</u>
1.3.1	Operation and maintenance of Army Medical and Dental Health Center	14	<u>12,691,000</u>
2.1.1	Direction of army operations	14	<u>643,615,000</u>
2.2.1	Conduct of army training	14	<u>95,611,000</u>
2.3.1	Civil assistance, agro-military activities, command and troop information and education, vocational training of trainees and draftees, and other home defense activities	14	<u>6,240,000</u>
	Total, agency commitments and key budgetary inclusions		<u><u>₱ 910,960,000</u></u>

A.2.d Philippine Constabulary

Current Operating Expenditures

1.0 *Constabulary Command and Support Services*. For constabulary command and support services, including constabulary command and management, logistical services, and medical and dental services ₱ 317,438,000

1.1	Constabulary Command and Management	86,720,000
1.2	Logistical Services	204,532,000
1.3	Medical and Dental Services	26,186,000

2.0 *Law Enforcement and Maintenance of Peace and Order*. For law enforcement and maintenance of peace and order, including police operational activities, constabulary training activities, and home defense activities ₱ 584,875,000

2.1	Police Operational Activities	560,923,000
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2.2 Constabulary Training Activities	14,762,000
2.3 Home Defense Activities	9,190,000
Total Current Operating Expenditures, Philippine Constabulary	<u>₱ 902,313,000</u>

Capital Outlays

3.0 *Constabulary Capability Development Program.* For constabulary capability development program, including construction of buildings and facilities . . . ₱ 5,000,000

3.1 Construction of Buildings and Facilities	5,000,000
Total Capital Outlays, Philippine Con- stabulary	<u>₱ 5,000,000</u>
Total New Appropriations, Philippine Constabulary	<u>₱ 907,313,000</u>

Special Provision

1. *Key Budgetary Inclusions (KBI).* The amounts herein appropriated for the various programs and projects of the agency shall specifically provide for the activities and purposes in the indicated amounts and conditions:

<i>P/P/A</i>	<i>Purpose</i>	<i>KBI</i>	<i>Amount</i>
1.1.1	Command, staff direction and co-ordination of constabulary-wide units	14	<u>₱ 82,066,000</u>
1.1.2	Salary adjustments (LOImp. Nos. 82-88)	3	<u>4,654,000</u>
	Sub-total, Project 1.1		<u>86,720,000</u>
1.2.1	Procurement, transport, storage and distribution of supplies and materials	14	<u>204,532,000</u>
1.3.1	Operation and maintenance of constabulary medical and dental health centers	14	<u>26,186,000</u>
2.1.1	Direction of police operations	14	<u>560,923,000</u>
2.2.1	Conduct of constabulary training	16	<u>14,762,000</u>
2.3.1	Civil assistance, agro-military activities, command and troop information and education, vocational training of trainees and draftees, and other home defense activities	14	<u>9,190,000</u>
3.1.1	Construction and improvement of constabulary regional buildings and facilities	15	<u>5,000,000</u>
	Total, agency commitments and key budgetary inclusions		<u>₱ 907,313,000</u>

A.2.e Philippine Navy**Current Operating Expenditures**

1.0 *Naval Command and Support Services.* For naval command and support services, including naval command and management, logistical services, medical and dental services, and maintenance of facilities ₱ 442,862,000

1.1 Naval Command and Management	49,640,000
1.2 Logistical Services	374,366,000
1.3 Medical and Dental Services	3,483,000
1.4 Maintenance of Facilities	15,373,000

2.0 *Naval Operations and Training.* For naval operations and training, including naval operational activities, naval training activities, and home defense activities ₱ 407,527,000

2.1 Naval Operational Activities	376,179,000
2.2 Naval Training Activities	27,929,000
2.3 Home Defense Activities	3,419,000

**Total Current Operating Expenditures,
Philippine Navy** **₱ 850,389,000**

Capital Outlays

3.0 *Naval Capability Development Program.* For naval capability development program, including construction of buildings and facilities ₱ 11,325,000

3.1 Construction of Buildings and Facilities	11,325,000
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**Total Capital Outlays, Philippine
Navy** **₱ 11,325,000**

**Total New Appropriations, Philippine
Navy** **₱ 861,714,000**

Special Provision

1. *Key Budgetary Inclusions (KBI).* The amounts herein appropriated for the various programs and projects of the agency shall specifically provide for the activities and purposes in the indicated amounts and conditions:

P/P/A	Purpose	KBI	Amount
1.1.1	Command, staff direction and co-ordination of naval-wide units	14	₱ 46,045,000
1.1.2	Salary adjustments (LOImp. Nos. 82-88)	3	3,595,000
	Sub-total, Project 1.1		<u>49,640,000</u>
1.2.1	Procurement, transport, storage and distribution of supplies and materials	14	357,366,000
1.2.2	Settlement of current and prior		

	years', accounts with the Philippine Aerospace Development Corporation	11	17,000,000
	Sub-total, Project 1.2		374,366,000
1.3.1	Operation and maintenance of naval medical and dental health centers	14	3,483,000
1.4.1	Maintenance of vessels and other naval facilities	14	15,373,000
2.1.1	Direction of naval operations	14	376,179,000
2.2.1	Conduct of naval training	16	27,929,000
2.3.1	Civil assistance, agro-military activities, command and troop information and education, vocational training of trainees and draftees, and other home defense activities	14	3,419,000
3.1.1	Partial payment to Marcelo Fiberglass Corporation covering the assumption of its foreign obligation on MTU engines	1	6,325,000
3.1.2	Construction and improvement of naval bases and station buildings and facilities	15	5,000,000
	Sub-total, Project 3.1		11,325,000
	Total, agency commitments and key budgetary inclusions		<u>₱ 861,714,000</u>

Special Provisions

1. *Reorganization of the Armed Forces of the Philippines.* Upon recommendation of the Chief of Staff of the Armed Forces of the Philippines (AFP), the Minister of National Defense may, with the approval of the President (Prime Minister), reorganize the AFP within the limits of the appropriations provided herein for the AFP: PROVIDED, That nothing in this Special Provision shall be construed as authority to reclassify positions or to increase salaries, allowances, or other forms of compensation: PROVIDED, FURTHER, That no increase in military and civilian personnel may be made without the approval of the President (Prime Minister) of the Philippines.

2. *Death Gratuity and Disability Pension of ROTC cadets.* The appropriations for training in the Armed Forces of the Philippines shall be made available for the payment of death gratuity or disability benefits of ROTC cadets on account of death or injury suffered as a direct and proximate result of summer cadre training or assignment to the military operations of the AFP, except thru misconduct, gross negligence or willful disobedience: PROVIDED, That payment shall be made to the beneficiaries as provided in R.A. No. 610, as amended, subject to such special rules and regulations as the Minister of National Defense may prescribe.

3. *Allowances of Civilians Utilized During Military Operations.* The AFP is authorized to grant subsistence allowance and other emoluments to civilians who are not employees of the Ministry of National Defense but utilized during military operations and similar activities of the AFP in the maintenance of peace and order, subject to such

rules and regulations prescribed by the Minister of National Defense.

4. *Use of Income.* Unless otherwise provided in this Act, income of the Armed Forces of the Philippines and all its offices, units, and installations, derived from all sources shall be deposited with the National Treasury and shall accrue to the General Fund pursuant to the provisions of P.D. No. 711 and may be made available for expenditure for capital outlay, maintenance and other operating expenses, subject to Section 40, P.D. No. 1177.

5. *Confidential National Security Fund.* The President (Prime Minister), in his capacity as Commander-in-Chief of the Armed Forces, may allot from the appropriations herein provided, such amounts as may be necessary for confidential national security purposes, and any disbursement therefrom shall be accounted for solely on his certification or by the Officer-in-Charge of the National Security Mission designated by him. A portion from the programmed allotment of said fund may, upon direction of the President (Prime Minister), be used for the purchase of technical equipment and vehicles necessary for carrying out national security missions.

6. *Purchase of Security Information.* The Minister of National Defense, upon certification of the Chief of Staff, AFP, may recommend for the approval of the President (Prime Minister) the disbursement of funds for the purchase of security information on national security projects other than those already approved under authorized operating programs or for payment of rewards to informers.

7. *Reimbursement of Expenses Incurred in Anti-Smuggling and Economic Subversion Operations.* Subject to the approval of the President (Prime Minister), upon recommendation of the Minister of National Defense, expenses incurred by the AFP in anti-smuggling, economic subversion or other similar operations may be reimbursed out of the proceeds from sale of items seized or confiscated by the AFP, subject to pertinent accounting and auditing regulations: PROVIDED, That such proceeds may also be used for the logistics support and acquisition of information necessary for the prosecution of subsequent operations, subject to regulations prescribed by the Chief of Staff, with the approval of the Minister of National Defense.

8. *AFP Procurement.* The AFP is authorized, subject to rules and regulations prescribed by the Minister of National Defense, to procure supplies, materials, services and equipment needed for its operations without the intervention of the Supply Coordination Office.

9. *Service of Tax-Free Aviation Fuel to Private Aircraft.* The Philippine Air Force is authorized to service tax-free aviation fuel to privately-owned aircraft when used solely by the Reserve Airlift and Tactical Support Service (RATTS) in carrying out missions under direction of the Philippine Air Force, pursuant to Executive Order No. 179, series of 1969.

10. *Research, Feasibility Studies, and Development Projects.* The Chief of Staff, AFP, subject to the approval of the Minister of National Defense, and upon direction of the President (Prime Minister), is authorized to conduct research and feasibility studies for development projects on heavy equipment rebuilding, assembly and manufacture of aircraft, vessels and their components, ammunition and other requirements of the AFP and import basic machineries needed to implement the projects, the cost of which shall be chargeable to the appropriations provided for the Self-Reliant Defense Posture Project: PROVIDED, That the amount that shall be spent for such research activities

and feasibility studies of development projects shall not exceed 4% of the contract price or direct cost of each project.

11. *Loans for Living Quarters.* The Chief of Staff, AFP, subject to the approval of the Minister of National Defense and the Minister of Finance, is authorized to contract loans from any financing corporation for the purchase or lease of real estate and for construction of living quarters for military personnel, including those of the JUSMAG and AFP attachés abroad: PROVIDED, That the payment schedule of all the loans contracted can be supported by the regular appropriations of the AFP, and the real estate purchased and the quarters so constructed shall become government property. The unused or unexpended appropriations of the AFP for quarters allowance shall be used to amortize said loans and shall be made available for the repair and maintenance of such quarters, except the annual amortization and other expenses for the quarters and other facilities furnished to personnel of the JUSMAG which shall be taken from the appropriation for support to Foreign Military Missions assigned in the Philippines.

12. *Limitation on Use of Aircraft and Watercraft.* The use of Philippine Air Force aircraft and Philippine Navy watercraft shall be limited to military personnel and their immediate dependents, reservists, trainees and cadets undergoing military training, veterans, relief workers during disasters or natural calamities, prisoners and prison guards and other persons who may be authorized by the Minister of National Defense, through appropriate invitational orders. Fees may be charged or collected from such passengers, as may be prescribed by law or regulations.

13. *Welfare Projects.* The Chief of Staff, AFP, upon approval of the Minister of National Defense, may authorize the utilization of unused portions of military camps, reservations or installations, for welfare projects of military personnel and ex-servicemen, subject to such rules and regulations prescribed by the Minister of National Defense.

14. *Operating Budgets of the AFP Major Services.* The Chief of Staff of the AFP, upon recommendation of the Minister of National Defense and approval of the President (Prime Minister) may transfer appropriation from one project to another in pursuance of reorganization and emergency changes in priorities: PROVIDED, That such appropriation transfers shall be affected through Special Budgets pursuant to Section 40 of P.D. No. 1177; AND PROVIDED, FURTHER, That the transfer of the corresponding appropriation shall be computed on the basis of the unit of work measurement of the project concerned.

The Chief of Staff shall prepare a Work and Financial Plan for each of the Services of the Armed Forces of the Philippines, including the General Headquarters, identifying cost estimates, for each Program, Project, Activity and Sub-Activity by Command, and the amounts earmarked for intelligence activities in each Program/Project/Activity as listed in this Act.

The Work and Financial Plan shall be prepared by the Chief of Staff, reviewed by the Minister of National Defense and the Minister of the Budget, and submitted to the President (Prime Minister) for final approval prior to the release of funds at the beginning of each budget year. Any deviation from the approved Work and Financial Plan and from the implementing budgetary releases shall be subject to the approval of the Minister of National Defense acting upon guidelines

issued by the President (Prime Minister): PROVIDED, That no increase in compensation, allowance and fringe benefits shall be implemented without the written approval of the President (Prime Minister), copy of which shall be furnished by the Minister of the Budget.

15. *Assessment on Government Agencies and Instrumentalities.* The National Intelligence and Security Authority (NISA) may assess national government offices, state universities and colleges, government-owned or controlled corporations, and local government units for intelligence services, the fees of which shall be deposited with the National Treasury and shall accrue to the General Fund pursuant to the provisions of P.D. No. 711: PROVIDED, That such proceeds may be made available for expenditure in support of Civil Security Units, subject to Section 40, P.D. No. 1177: PROVIDED, That in no case shall such proceeds be used for creation of positions nor for salaries, wages or allowances, except as may be authorized pursuant to P.D. No. 985.

16. *Lease of Armed Forces Equipment.* The Armed Forces of the Philippines is authorized, subject to the approval of the Minister of National Defense, to lease its idle equipment which can be dispensed with, and the proceeds derived therefrom shall be deposited with the National Treasury and shall accrue to the General Fund pursuant to the provisions of P.D. No. 711: PROVIDED, That such proceeds shall be made available for maintenance and other operating expenses of the AFP, in such amounts not exceeding the proceeds actually deposited, subject to Section 40, P.D. No. 1177, chargeable to the General Fund Adjustments provided in this Act: PROVIDED, That in no case shall such proceeds be used for creation of positions nor for salaries, wages or allowances.

17. *Use of Savings.* The Chief of Staff, AFP, is authorized, subject to the approval of the Minister of National Defense, to use any savings in the appropriations provided herein for the AFP, for: (a) purchase of furniture and equipment for the living quarters of the various Provincial Constabulary Commanders not exceeding ₱1,000,000; (b) payment of loans and amortization, including valid prior years' obligations; (c) acquisition of sites, facilities or equipment under lease or currently used by the Armed Forces, and payment of boundary, relocation and subdivision surveys for titling of AFP real estate; (d) purchase, manufacture and repair of motor vehicles, aircrafts, vessels and spare parts, and all other types of equipment, supplies and materials as may be determined by the Minister of National Defense; (e) purchase or manufacture of ammunition and components, armaments and other similar equipment to build up the reserve stocks of the AFP Reserve Force; (f) construction of living quarters, mobilization centers, military barracks, AFP museum, archives or libraries and other construction projects; (g) modernization and expansion of the AFP General Headquarters; (h) support of intelligence and counter-intelligence activities of the AFP; (i) support of the international commitments of the AFP, including the expenses of Philippine Armed Forces Contingent sent overseas on missions; (j) payment of certificate of disability discharge pensions of retirees, and educational benefits of beneficiaries entitled thereto; (k) payment of gratuities and pensions of military retirees under Republic Act No. 340, as amended; (l) authorized payment of current and prior years' damages to private properties arising from lawful military operations; and (m) subsistence of military personnel serving sentence at the National Penitentiary.

18. *Intelligence Funds.* No amount herein appropriated shall be utilized for intelligence purposes without the approval of the President (Prime Minister) upon recommendation of the Minister of National Defense.

19. *Longevity Pay Entitlement.* For the purpose of determining entitlement to longevity pay, the period of trainee service, ROTC cadre training, probationary training, and cadet service at Service Academies and at the PAF Flying School not exceeding four years, shall be considered as active military service.

A.3 Government Arsenal

Current Operating Expenditures

1.0 *Operation, Maintenance and Security of Arsenal.*
For operation, maintenance and security of arsenals, including manufacture of arms and ammunitions ₱ 51,469,000

1.1 Manufacture of Arms and Ammunitions 51,469,000

Total New Appropriations (All Current Operating Expenditures), Government Arsenal ₱ 51,469,000

Special Provisions

1. *Procurement of Supplies.* Any provision of law to the contrary notwithstanding, the Director of Government Arsenal is authorized, subject to the approval of the Minister of National Defense, to procure supplies, materials and equipment necessary in the production of small arms and heavy weapons, including ammunitions and munitions through any mode of procurement and without the intervention of the Supply Coordination Office.

2. *Loans for Living Quarters of Military and Civilian Personnel.* The Director of Government Arsenal is authorized, upon the joint approval of the Minister of National Defense, the Minister of Finance, and the Minister of the Budget, to contract loans from any financing institution for the purchase of real estate or for the construction of living quarters for military and civilian personnel assigned or employed in the Government Arsenal at Lamao, Limay, Bataan, and to collect rentals for the occupancy of these quarters at such rates as may be determined by the Minister of National Defense. The proceeds derived therefrom may be used for the payment of the annual amortization on such loans: PROVIDED, That all the lands and buildings acquired thru loan financing shall be under the administration of the Director of Government Arsenal, and shall become government property after they have been duly paid.

3. *Use of Finished Products.* The Minister of National Defense is authorized to issue the products manufactured by the Government Arsenal free of charge to the Armed Forces of the Philippines.

4. *Procurement of Plant Safety Equipment.* The Director of Government Arsenal, subject to the approval of the Minister of Nat-

ional Defense, is authorized to procure plant safety equipment and clothing materials as may be needed in its operations and issue the same to its personnel without cost, chargeable to the regular appropriations of the Government Arsenal.

5. *Authority to Barter Scrap.* The Director of Government Arsenal, subject to the approval of the Minister of National Defense, is authorized to barter scrap with transport and equipment needed for handling raw materials and finished products of the Government Arsenal: PROVIDED, That the money value of the scrap items bartered shall be recorded as income of the Government Arsenal and the equipment so acquired shall be recorded as government property.

6. *Key Budgetary Inclusions (KBI).* The amount herein appropriated for the project of the agency shall specifically provide for the activities and purposes in the indicated amounts and conditions:

P/P/A	Purpose	KBI	Amount
1.1.1	Operation and maintenance of government arsenals	14	₱ 46,943,000
1.1.2	Intelligence fund, to be released in accordance with the procedure established by LOI No. 746 upon recommendation of the Director and approval by the Minister of National Defense	9	100,000
1.1.3	Scholarship and training program, both local and foreign, subject to rules and regulations as may be prescribed by the Minister of National Defense	16	500,000
1.1.4	Extraordinary expenses	10	10,000
1.1.5	Purchase of equipment	11	3,000,000
1.1.6	Merit increases	3	34,000
1.1.7	Salary adjustments (LOImp. Nos. 82-88)	3	882,000
Total, agency commitments and key budgetary inclusions			₱ 51,469,000

A.4 Bureau of Coast and Geodetic Survey

Current Operating Expenditures

1.0 *Production of Maps and Charts.* For production of maps and charts, including field surveys and the production of materials for printing of maps, charts and related publications, reproduction and distribution of maps, charts and related publications, and general administration and support services ₱ 11,517,000

1.1	Field Surveys and the Production of Materials for Printing of Maps, Charts and Related Publications	8,818,000
1.2	Reproduction and Distribution of Maps, Charts and Related Publications	1,323,000

1.3 General Administration and Support Services 1,376,000

Total New Appropriations (All Current Operating Expenditures), Bureau of Coast and Geodetic Survey ₱ 11,517,000

Special Provisions

1. *Authority to Contract for Surveys and Technical Investigations.* The Director of Coast and Geodetic Survey is authorized, subject to the approval of the Minister of National Defense, to enter into contracts or cooperative agreements with, and to receive funds from, public or private organizations and/or persons for technical investigations, surveying, mapping and charting activities and for the preparation and publication of the results therefor. All receipts and proceeds realized therefrom shall be deposited with the National Treasury and shall accrue to the General Fund pursuant to P.D. No. 711: PROVIDED, That actual income in excess of approved estimates may be used for operating and maintenance expenses, subject to Sec. 40 of P.D. No. 1177.

2. *Key Budgetary Inclusions (KBI).* The amounts herein appropriated for the various projects of the agency shall specifically provide for the activities and purposes in the indicated amounts and conditions:

P/P/A	Purpose	KBI	Amount
1.1.1	Conduct of hydrographic, oceanographic, geodetic and geophysical surveys, publication and distribution of notices to mariners and compilation of special maps and other publications	14	₱ 8,220,000
1.1.2	Participation in the Man and Biosphere (MAB) program	7	50,000
1.1.3	Participation in the Cagayan Valley Topographic Mapping	7	150,000
1.1.4	Salary adjustments (LOImp. Nos. 82-88)	3	348,000
1.1.5	Purchase of equipment, including motor vehicles	11	50,000
	Sub-total, Project 1.1		<u>8,818,000</u>
1.2.1	Printing, distribution and selling of maps, charts and related publications	14	1,234,000
1.2.2	Salary adjustments (LOImp. Nos. 82-88)	3	41,000
1.2.3	Purchase of equipment	11	48,000
	Sub-total, Project 1.2		<u>1,323,000</u>
1.3.1	General administration and support services	14	1,248,000
1.3.2	Per diems of twelve (12) heads of coordinated agencies, or their authorized representatives at ₱40 each per session not to exceed ₱160 each		

328 GENERAL APPROPRIATIONS ACT, CY 1980

	per month, as authorized under the Integrated Reorganization Plan	3	23,000
1.3.3	Local and international meetings and conferences, and other related activities of the Bureau, subject to the approval of the Minister of National Defense	10	20,000
1.3.4	Salary adjustments (LOImp. Nos. 82-88)	3	41,000
1.3.5	Merit increases	3	42,000
1.3.6	Purchase of equipment	11	2,000
	Sub-total, Project 1.3		<u>1,376,000</u>
	Total, agency commitments and key budgetary inclusions		<u><u>P 11,517,000</u></u>

A.5 Integrated National Police

Current Operating Expenditures

1.0 *Maintenance of Peace, Law, Order and Public Safety.* For maintenance of peace, law, order and public safety, including law enforcement and public safety services, fire prevention, investigation and control, and general administration and support services P 577,653,000

1.1	Law Enforcement and Public Safety Services	345,908,000
1.2	Fire Prevention, Investigation and Control	65,018,000
1.3	General Administration and Support Services	<u>166,727,000</u>

Total Current Operating Expenditures, Integrated National Police P 577,653,000

Capital Outlays

2.0 *Acquisition and Construction of Permanent Improvements.* For acquisition and construction of permanent improvements P 5,000,000

2.1	Acquisition and Construction of Permanent Improvements	<u>5,000,000</u>
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Total Capital Outlays, Integrated National Police P 5,000,000

Total New Appropriations, Integrated National Police P 582,653,000

Special Provisions

1. *Payment of Damages Arising from Lawful Police Operations.* Any provision of law to the contrary notwithstanding, the Director-General of the Integrated National Police (INP) is authorized, subject

to the approval of the Minister of National Defense, to disburse funds from the appropriations provided in this Act for the INP for payment of damages to property and for injury or death benefits of civilians resulting from duly authorized police operations in the maintenance of peace and order.

2. *Key Budgetary Inclusions (KBI).* The amounts herein appropriated for the various programs and projects of the agency shall specifically provide for the activities and purposes in the indicated amounts and conditions:

<i>P/P/A</i>	<i>Purpose</i>	<i>KBI</i>	<i>Amount</i>
1.1.1	Police and traffic control operations, including investigation of criminal cases and intelligence and counter-intelligence activities which shall be released in accordance with the procedure established under LOI No. 746	14	₱ 340,231,000
1.1.2	Purchase of equipment	11	3,493,000
1.1.3	Salary adjustments (LOImp. Nos. 82-88)	3	2,184,000
	Sub-total, Project 1.1		<u>345,908,000</u>
1.2.1	Fire prevention, investigation and firefighting operation	14	51,732,000
1.2.2	Purchase of equipment	11	4,737,000
1.2.3	New activities under the Fire Code established under P.D. No. 1185	3	750,000
1.2.4	Amortization of 61 fire trucks for Metropolitan Manila	11	7,600,000
1.2.5	Salary adjustments (LOImp. Nos. 82-88)	3	199,000
	Sub-total, Project 1.2		<u>65,018,000</u>
1.3.1	Jail management and prison rehabilitation	14	50,906,000
1.3.2	Training program for uniformed personnel	16	43,553,000
1.3.3	Central and regional administration and staff services, including support of INP Regional Command and Headquarters	14	53,880,000
1.3.4	Purchase of equipment	11	3,670,000
1.3.5	Legal assistance services to uniformed personnel pursuant to P.D. No. 971	3	2,000,000
1.3.6	Taxes for Integrated National Police Commissary and Exchange Service: PROVIDED, That any taxes paid in excess of ₱5M shall be borne by INPCES	3	5,000,000
1.3.7	Merit increases	3	2,594,000
1.3.8	Payment of prior years' obligations to Metropolitan Manila Commission for salary differentials of members		

330 GENERAL APPROPRIATIONS ACT, CY 1980

	of the Caloocan City Police Force (Station 2, NPD, MPF)	3	3,536,000
1.3.9	Salary adjustments (LOImp. Nos. 82-88)	3	<u>1,588,000</u>
	Sub-total, Project 1.3		<u>166,727,000</u>
2.1.1	Construction of police headquarters/ stations, jails and training centers	15	<u>5,000,000</u>
	Region I	600,000	
	Region II	250,000	
	Region III	350,000	
	Region IV	350,000	
	Region V	350,000	
	Region VI	600,000	
	Region VII	350,000	
	Region VIII	600,000	
	Region IX	600,000	
	Region X	600,000	
	Region XI	<u>350,000</u>	
	Total	<u>5,000,000</u>	
	Total, agency commitments and key budgetary inclusions		<u><u>₱ 582,653,000</u></u>

A.6 National Police Commission

Current Operating Expenditures

1.0 *Personnel and Management Service Administration.*
For personnel and management service administration,
including integrated police performance audit, administra-
tion of integrated police examination and attestation of
appointments, investigation and adjudication services,
and general administration and support
services ₱ 35,212,000

1.1	Integrated Police Performance Audit . . .	3,209,000
1.2	Administration of Integrated Police Ex- amination and Attestation of Appoint- ments	2,219,000
1.3	Investigation and Adjudication Services .	9,333,000
1.4	General Administration and Support Services	20,451,000

2.0 *Management and Crime Prevention Program.* For
management and crime prevention program, including devel-
opment of crime prevention program, and evaluation of
crime prevention program ₱ 1,099,000

2.1	Development of Crime Prevention Pro- gram	561,000
2.2	Evaluation of Crime Prevention Program .	<u>538,000</u>

Total New Appropriations (All Current
Operating Expenditures), National
Police Commission ₱ 36,311,000

Special Provisions

1. *Use of Savings.* Any provision of law to the contrary notwithstanding, the National Police Commission is authorized, subject to the approval of the Minister of National Defense, to use savings in its appropriations for payment of valid prior years' obligations for unpaid salary subsidy to cities and municipalities, pursuant to Section 8 of R.A. No. 6141.

2. *Examination Fee.* The National Police Commission is authorized to collect fees for police examinations. The proceeds derived therefrom shall be deposited with the National Treasury and shall accrue to the General Fund pursuant to P.D. No. 711.

3. *Key Budgetary Inclusions (KBI).* The amounts herein appropriated for the various programs and projects of the agency shall specifically provide for the activities and purposes in the indicated amounts and conditions:

P/P/A	Purpose	KBI	Amount
1.1.1	Inspection and audit of the performance/activities and facilities of all INP stations	14	₱ 1,132,000
1.1.2	Supervision of the implementation of policies, procedures and decisions of the Commission by all INP stations	14	738,000
1.1.3	Conduct of surveys and evaluation of the state of efficiency of INP stations	14	738,000
1.1.4	Conduct of surveys and evaluation of criminology schools in line with the new police concepts of criminology	14	272,000
1.1.5	Salary adjustments (LOImp. Nos. 82-88)	3	329,000
	Sub-total, Project 1.1		<u>3,209,000</u>
1.2.1	Preparation of INP tests, certification and recording of examination results for all police, fire and jail personnel	14	390,000
1.2.2	Evaluation of applicants qualifications preparatory to their admission to the INP service examination, and certification to all INP stations	14	520,000
1.2.3	Processing and evaluation of appointments of officers and members of the INP	14	644,000
1.2.4	Development and administration of a personnel program which shall include selection, placement, classification and career employee development	14	483,000
1.2.5	Salary adjustments (LOImp. Nos. 82-88)	3	182,000
	Sub-total, Project 1.2		<u>2,219,000</u>
1.3.1	Investigation and adjudication of administrative cases filed against		

332 GENERAL APPROPRIATIONS ACT, CY 1980

	members of the INP, including power to suspend and dismiss	14	5,305,000
1.3.2	Adjudication of claims for death and permanent disability benefits of INP members	14	317,000
1.3.3	Conduct of pre-charge investigation of anomalies and irregularities involving INP members	14	1,520,000
1.3.4	Intelligence and counter-intelligence missions to curb criminalities and police abuses, intelligence activities in support of the recruitment, intelligence work in respect to employment and benefit claims of applicants, the release of which shall observe the procedure established by LOI No. 746	14	1,016,000
1.3.5	Salary adjustments (LOImp. Nos. 82-88)	3	1,175,000
	Sub-total, Project 1.3		<u>9,333,000</u>
1.4.1	General administration and support services	14	9,161,000
1.4.2	Extraordinary expenses at ₱10,000 for the Chairman and ₱5,000 for each member	10	40,000
1.4.3	Hospitalization, death and disability benefits	14	8,000,000
1.4.4	Legal advisory services, preparation of decisions, and evaluation of inspection, investigation and intelligence reports	14	1,539,000
1.4.5	Salary adjustments (LOImp. Nos. 82-88)	3	1,711,000
	Sub-total, Project 1.4		<u>20,451,000</u>
2.1.1	Research studies on crime and collection and compilation of crime statistics	14	338,000
2.1.2	Formulation of crime prevention programs strategy	14	190,000
2.1.3	Salary adjustments (LOImp. Nos. 82-88)	3	33,000
	Sub-total, Project 2.1		<u>561,000</u>
2.2.1	Coordination and evaluation of crime prevention activities of the pillars of the Criminal Justice System	14	124,000
2.2.2	Planning and evaluation of crime prevention program and strategy	14	354,000
2.2.3	Salary adjustments (LOImp. Nos. 82-88)	3	60,000
	Sub-total, Project 2.2		<u>538,000</u>
	Total, agency commitments and key budgetary inclusions		<u><u>₱ 36,311,000</u></u>

A.7 Office of Civil Defense

Current Operating Expenditures

1.0 *Civil Defense Administration*. For civil defense administration, including planning, direction and coordination for civil defense ₱ 5,703,000

1.1 Planning, Direction and Coordination for Civil Defense 5,703,000

Total New Appropriations (All Current Operating Expenditures), Office of Civil Defense ₱ 5,703,000

Special Provision

1. *Key Budgetary Inclusions (KBI)*. The amount herein appropriated for the project of the agency shall specifically provide for the activities and purposes in the indicated amounts and conditions:

P/P/A	Purpose	KBI	Amount
1.1.1	Organization and training of disaster coordinating councils and volunteer workers	14	₱ 4,950,000
1.1.2	Participation in Leyte and Samar development project	7	100,000
1.1.3	Participation in national disaster research projects	3	60,000
1.1.4	Salary adjustments (LOImp. Nos. 82-88)	3	285,000
1.1.5	Merit increases	3	8,000
1.1.6	Purchase of equipment	11	300,000
	Total, agency commitments and key budgetary inclusions		₱ 5,703,000

A.8 Philippine Atmospheric, Geophysical and Astronomical Services Administration

Current Operating Expenditures

1.0 *Atmospheric, Geophysical and Astronomical Services*. For atmospheric, geophysical and astronomical services, including weather forecasting, seismological and astronomical services, observation and acquisition of environmental data, research and training on environmental and allied sciences, typhoon moderation and weather modification development, and general administration and support services ₱ 38,373,000

1.1 Weather Forecasting, Seismological and Astronomical Services 10,081,000

1.2 Observation and Acquisition of Environmental Data 11,482,000

1.3 Research and Training on Environmental and Allied Sciences	3,569,000
1.4 Typhoon Moderation and Weather Modification Development	5,747,000
1.5 General Administration and Support Services	<u>7,494,000</u>

Total Current Operating Expenditures, Philippine Atmospheric, Geophysical and Astronomical Services Administration **₱ 38,373,000**

Capital Outlays

2.0 *Construction of Permanent Improvements.* For construction of permanent improvements

2.1 Construction of Permanent Improvements	<u>₱ 27,125,000</u>
	<u>27,125,000</u>

Total Capital Outlays, Philippine Atmospheric, Geophysical and Astronomical Services Administration **₱ 27,125,000**

Total New Appropriations, Philippine Atmospheric, Geophysical and Astronomical Services Administration **₱ 65,498,000**

Special Provision

1. *Key Budgetary Inclusions (KBI).* The amounts herein appropriated for the various programs and projects of the agency shall specifically provide for the activities and purposes in the indicated amounts and conditions:

P/P/A	Purpose	KBI	Amount
1.1.1	Weather forecasting, seismological and astronomical services	14	₱ 6,244,000
1.1.2	Peso counterpart requirements to support seismological projects (UNDP)	4	200,000
1.1.3	Salary adjustments (LOImp. Nos. 82-88)	3	737,000
1.1.4	Purchase of equipment	11	2,200,000
1.1.5	Peso counterpart requirements to support the operation and maintenance of the flood forecasting and warning system for the Agno, Bicol, and Cagayan River Basins, including technical training of manpower needed for said systems (OECF-PH-P18)	4	<u>700,000</u>
	Sub-total, Project 1.1		<u>10,081,000</u>
1.2.1	Observation, measurement, record-		

	ing and reporting of atmospheric and other weather data	14	7,896,000
1.2.2	Salary adjustments (LOImp. Nos. 82-88)	3	1,042,000
1.2.3	Purchase of equipment	11	600,000
1.2.4	Peso counterpart requirements to support the installation and operation of newly installed weather radars in Aparri, Basco and Tanay	4	1,944,000
	Sub-total, Project 1.2		11,482,000
1.3.1	Research and training activities on environmental and allied sciences	14	2,734,000
1.3.2	Participation in the Man and Biosphere Program	7	220,000
1.3.3	Salary adjustments (LOImp. Nos. 82-88)	3	315,000
1.3.4	Purchase of equipment	11	300,000
	Sub-total, Project 1.3		3,569,000
1.4.1	Typhoon moderation and weather modification developments	14	1,746,000
1.4.2	Flying pay of personnel (on flying status) undertaking aerial flights, including increase in compensation equivalent to 25% of their base pay; PROVIDED, That said personnel have logged no less than 10 flying hours a month	3	90,000
1.4.3	Typhoon moderation research and development activities pursuant to Section 5 of P.D. No. 1149 and Letter of Implementation No. 29	3	3,000,000
1.4.4	Salary adjustments (LOImp. Nos. 82-88)	3	211,000
1.4.5	Purchase of equipment	11	700,000
	Sub-total, Project 1.4		5,747,000
1.5.1	General administration and support services	14	4,839,000
1.5.2	Incentive allowances of personnel performing scientific and technical functions as approved by the Office of the President (Prime Minister)	3	1,200,000
1.5.3	Meetings and conferences	13	24,000
1.5.4	Participation in natural disaster prevention research and training center with the assistance of UNDP/UNDRO and in cooperation with the Office of Civil Defense and other local agencies	7	600,000
1.5.5	Salary adjustments (LOImp. Nos. 82-88)	3	536,000
1.5.6	Merit increases	3	95,000
1.5.7	Purchase of equipment	11	200,000
	Sub-total, Project 1.5		7,494,000

336 GENERAL APPROPRIATIONS ACT, CY 1980

2.1.1	Peso counterpart requirements for construction of the flood forecasting and warning system for the Agno, Bicol and Cagayan River Basins (OECF-PH-P18)	4	500,000
2.1.2	Loan proceeds for flood forecasting and warning system for the Agno, Bicol and Cagayan River Basins (OECF-PH-P18)	5	15,000,000
2.1.3	Loan proceeds for typhoon warning system for Mindanao (Jumbo dollar loan)	5	11,625,000
	Sub-total, Project 2.1		27,125,000
	Total, agency commitments and key budgetary inclusions		<u><u>P 65,498,000</u></u>

A.9 Philippine Veterans Affairs Office

Current Operating Expenditures

1.0 *Administration of Veterans Benefits.* For administration of veterans benefits, including settlement of veterans claims, and general administration and support services

	<u>P 67,207,000</u>
1.1 Settlement of Veterans Claims	64,397,000
1.2 General Administration and Support Services	2,810,000

2.0 *Hospitalization and Medical Care and Treatment.* For hospitalization and medical care and treatment, including in-patient care, out-patient services, and general administration and support services

	<u>P 36,417,000</u>
2.1 In-Patient Care	26,769,000
2.2 Out-Patient Services	1,613,000
2.3 General Administration and Support Services	8,035,000

3.0 *Administration and Development of National Military Shrines.* For administration and development of National Military Shrines

	<u>P 1,337,000</u>
3.1 Administration and Development of National Military Shrines	1,337,000

Total New Appropriations (All Current Operating Expenditures), Philippine Veterans Affairs Office

P 104,961,000

Special Provisions

1. *Financing of Veterans Ward Annexes.* The Veterans Memorial Medical Center is authorized, subject to the approval of the Minister of National Defense, to use the interest earned from its share in the interest of the \$31 Million Veterans Settlement Fund paid by

the United States Government to the Philippines and deposited in the Philippine Veterans Bank, for operating expenses of existing Veterans Wards and to establish additional ward annexes, including the operational expenses of the 50-bed Nursing Home for Veterans at the Veterans Home at Taguig, Metropolitan Manila, to be managed by the Director, Veterans Memorial Medical Center, subject to Section 40, P.D. No. 1177.

2. *Daily Bed-Patient Rate.* The amount herein appropriated for the VMMC, shall include the necessary expenses for the operation and maintenance of its hospital beds.

3. *Use of Income from Professional Fees.* The income from professional fees paid by Medicare patients intended for honoraria of physicians, nurses, medical social workers, and other staff members who are involved in the care of Medicare patients shall be deposited with an authorized government depository bank as a trust liability which the Medical Center is authorized to withdraw on joint signatures of the authorized representatives of the Medical Center and the Commission on Audit without the need for Cash Disbursement Ceiling: PROVIDED, That if the income is deposited in a savings account, all withdrawals shall be made by check and the interest thereon shall accrue to the General Fund.

4. *Use of Savings.* The Administrator of the Philippine Veterans Affairs Office is authorized, subject to the approval of the Minister of National Defense and to Sec. 40 of P.D. No. 1177, to use savings in the appropriations for the Philippine Veterans Affairs Office: (a) to cover deficits in veterans pensions and educational benefits; (b) for payment of additional expenses of the Data Processing Service of the Ministry of the Budget for the purchase of supplies, materials, and equipment, including rental cost of accounting machines used in preparation of pension checks of veterans and beneficiaries; (c) for printing and binding of reports and publications for dissemination of information to veterans and heirs at not exceeding ₱20,000 per annum; (d) for acquisition of library books, periodicals, publications and other information materials; (e) for printing of ID cards of veterans, widows and other dependents; (f) for medical care and treatment at the Veterans Memorial Medical Center or its annex wards in the provinces; (g) for commissary privilege, encashment of pensions and backpay checks and other kinds of assistance, benefit or services authorized under the law; and (h) for the microfilming and/or computerization of veterans records and other important documents.

5. *Key Budgetary Inclusions (KBI).* The amounts herein appropriated for the various programs and projects of the agency shall specifically provide for the activities and purposes in the indicated amounts and conditions:

P/P/A	Purpose	KBI	Amount
1.1.1	Processing and settlement of veterans claims	14	₱ 47,478,000
1.1.2	Gratuity and pensions of heirs of military personnel under R.A. No. 5859, effective January 1, 1978	3	14,000,000
1.1.3	Increase in pensions of revolutionary veterans, pursuant to R.A. No. 5748, effective January 1, 1979	3	2,435,000
1.1.4	Purchase of equipment	11	10,000

338 GENERAL APPROPRIATIONS ACT, CY 1980

1.1.5	Salary adjustments (LOImp. Nos. 82-88)	3	<u>474,000</u>
	Sub-total, Project 1.1		<u>64,397,000</u>
1.2.1	General administration and support services	14	2,388,000
1.2.2	Purchase of equipment	11	40,000
1.2.3	Extraordinary expenses	10	15,000
1.2.4	Merit increases	3	32,000
1.2.5	Salary adjustments (LOImp. Nos. 82-88)	3	<u>335,000</u>
	Sub-total, Project 1.2		<u>2,810,000</u>
2.1.1	In-patient care	14	25,131,000
2.1.2	Purchase of equipment	11	600,000
2.1.3	Salary adjustments (LOImp. Nos. 82-88)	3	<u>1,038,000</u>
	Sub-total, Project 2.1		<u>26,769,000</u>
2.2.1	Out-patient services	14	1,487,000
2.2.2	Purchase of equipment	11	85,000
2.2.3	Salary adjustments (LOImp. Nos. 82-88)	3	<u>41,000</u>
	Sub-total, Project 2.2		<u>1,613,000</u>
2.3.1	General administration and support services	14	7,463,000
2.3.2	Purchase of equipment	11	115,000
2.3.3	Merit increases	3	87,000
2.3.4	Salary adjustments (LOImp. Nos. 82-88)	3	<u>370,000</u>
	Sub-total, Project 2.3		<u>8,035,000</u>
3.1.1	Administration and development of National Military Shrines	14	1,083,000
3.1.2	Allowance of re-employed retired military personnel	3	50,000
3.1.3	Purchase of equipment and transport facility for the National Military Shrines	11	150,000
3.1.4	Merit increases	3	3,000
3.1.5	Salary adjustments (LOImp. Nos. 82-88)	3	<u>51,000</u>
	Sub-total, Project 3.1		<u>1,337,000</u>
	Total, agency commitments and key budgetary inclusions		<u><u>₱ 104,961,000</u></u>

General Summary

Current Operating Expenditures

A.1	Office of the Minister	₱ 32,765,000
A.2	Armed Forces of the Philippines	<u>4,505,784,000</u>
A.2.a	General Headquarters	1,121,807,000

A.2.b	Philippine Air Force	720,315,000
A.2.c	Philippine Army	910,960,000
A.2.d	Philippine Constabulary	902,313,000
A.2.e	Philippine Navy	850,389,000
A.3	Government Arsenal	51,469,000
A.4	Bureau of Coast and Geodetic Survey	11,517,000
A.5	Integrated National Police	577,653,000
A.6	National Police Commission	36,311,000
A.7	Office of Civil Defense	5,703,000
A.8	Philippine Atmospheric, Geophysical and Astronomical Services Admin- istration (PAGASA)	38,373,000
A.9	Philippine Veterans Affairs Office ..	<u>104,961,000</u>
	Total Current Operating Expendi- tures	<u>₱5,364,536,000</u>

Capital Outlays

A.1	Office of the Minister	₱ 1,000,000
A.2	Armed Forces of the Philippines ...	<u>285,875,000</u>
A.2.a	General Headquarters	264,550,000
A.2.b	Philippine Air Force	5,000,000
A.2.d	Philippine Constabulary	5,000,000
A.2.e	Philippine Navy	11,325,000
A.5	Integrated National Police	5,000,000
A.8	Philippine Atmospheric, Geophysical and Astronomical Services Admin- istration (PAGASA)	<u>27,125,000</u>
	Total Capital Outlays	<u>₱ 319,000,000</u>
	Total New Appropriations, Ministry of National Defense	<u>₱5,683,536,000</u>