Bill seeking competitive pay for aviation regulators touted as critical for recovery of airline industry

A BILL that proposes to exempt the Civil Aviation Authority of the Philippines (CAAP) from the government salary structure will, if passed, help attract executive talent to the regulator and pave the way for the recovery of the airline industry, a legislator said on Wednesday.

Samar Rep. Edgar Mary S. Sarmiento, author of House Bill (HB) 8700, said a CAAP run along more professional lines is needed to help the airline industry recover from the pandemic.

The bill proposes, among other things, to exempt CAAP from the Salary Standardization Law, the pay scale for civil servants, while also giving the regulator a measure of independence by being run as a government-owned and -controlled corporation.

"The negative impact of the COVID-19 pandemic on the financial viability of the aviation sector is staggering. We need a highly competent CAAP to assist the industry (in its recovery)," he said in a statement.

He said CAAP, as an independent monitoring agency that regulates airlines and has some judicial powers, should be given more financial freedom.

The measure also seeks to extend the term of the Director General to seven years to insulate appointees from partisan politics.

On Monday, the House Ways and Means Committee, chaired by Albay Rep. Jose Maria Clemente S. Salceda, approved the bill despite some opposition from the Department of Finance.

HB 8700 will be subject to second reading when the House of Representatives resumes session on May 23, after a three-month election recess.

"I'm really happy that the fiscal issues related to HB 8700 have been fully threshed out by the Salceda panel. I'm grateful for this positive action of the Ways and Means Committee. Now we can move to put (the bill before) the plenary for House approval," Mr. Sarmiento said. — **Jaspearl Emerald G. Tan**

ADB considers RCEP beneficial to BPO sector; says not too late to join

THE outsourcing industry is poised to benefit from the Regional Comprehensive Economic Partnership (RCEP) trade deal, with opportunities still likely available even with a delayed start, the Asian Development Bank (ADB) said.

"RCEP includes two chapters that are very relevant for digitalization," ADB Economic Research and Regional Cooperation Department Director for Regional Cooperation and Integration Cyn-Young Park said in a briefing on Wednesday.

The trade deal involving the Association of Southeast Asian Nations, Australia, China, Japan, South Korea, and New Zealand includes chapters on e-commerce and intellectual property rights.

Ms. Park said that this establishes a set of unified rules on trade in services through e-commerce, and supports investment by protecting intellectual property.

"Especially in the Philippines, this will help greatly the BPO (business process outsourcing) sector," she said. "BPO sector has been the core business for creating jobs and incomes for many, many people in the Philippines."

An outsourcing industry group, the Information Technology and Business Process Association of the Philippines, has said that the trade deal would boost investment in the sector due to the stable regulatory environment and adherence to common international standards.

The world's largest trade deal started to come into force on Jan. 1, having been approved by Brunei, Cambodia, Laos, Singapore, Thailand, Vietnam, Australia, China, Japan, New Zealand, and South Korea.

RCEP was signed by President Rodrigo R. Duterte on Sept. 2, 2021, but the Senate last week adjourned for the election break without giving its concurrence to the trade deal.

Groups such as the Federation of Free Farmers have said that safeguards for the agriculture sector need to be in place before the Philippines enforces the deal.

ADB Chief Economist Albert Park said the delayed implementation is "unfortunate."

"At the same time, the agreement just went into force on January 1st, and so I think its impacts are going to be quite gradual. They will unfold over time," he said.

"I don't think companies in the Philippines or workers should feel discouraged," he added, as long as the country eventually implements the deal. "I'm sure as the years unfold those opportunities will also be made available."

The ADB in its Asian Economic Integration Report 2022 launched on Wednesday said digital services trade in the Asia Pacific has grown faster in the last 15 years compared to other parts of the world.

Wealthier economies are more competitive in digital services, in which human capital, digital connectivity, communications technology investment, and the regulatory environment are key, the ADB said.

"The availability of human capital in scale, costs, or specific expertise has been identified as important for digital services competitiveness in many economies in Asia and the Pacific," the bank said.

"Digital services exports in India and the Philippines have been largely driven by their large, young, English-speaking population, and competitive wages." — **Jenina P. Ibañez**

Hotels lobby for aid after losing mandatory quarantine business

THE hotel industry is asking for government aid after the easing of quarantine requirements took away one of their more reliable sources of business during the pandemic — mandatory hotel stays while observing the quarantine period.

The government recently allowed fully vaccinated travelers from a list of countries not requiring a visa for entry to skip the requirement to stay in a recognized facility during their quarantine.

Benito C. Bengzon, Jr., Philippine Hotel Owners Association, Inc. (PHOA) executive director, said during the Kapihan sa Manila Bay virtual forum on Wednesday that hotels have experienced a drop in occupancy following the removal of mandatory quarantine.

"Right now, many of our hotels are recording single-digit occupancy... many of them were really banking on the quarantined guests for revenue," Mr. Bengzon said.

"What we would like is some kind of financial assistance to help tide us over in the next six to 12 months. Perhaps this is something that we can discuss in greater detail with the relevant agencies, particularly with respect to the possibility of a stimulus program for hotels, whether they are members of PHOA or otherwise," he added.

On Jan. 28, Malacañang announced that fully vaccinated travelers are allowed to enter the country without having to undergo mandatory quarantine. They are only required to present a negative reverse transcription polymerase chain reaction (RT-PCR) test taken at least 48 hours prior to their departure.

The new policy on returning Filipinos was in force on Feb. 1, while the removal of such restrictions on foreigners will begin on Feb. 10.

Mr. Bengzon said that "Moving forward, even as we open our borders to international travel, it is important to provide a lifeline to the hotels which have been suffering."

Tourism Secretary Bernadette Romulo-Puyat said at the virtual forum that the Philippines is ready for the reopening of international travel.

Ms. Romulo-Puyat said fully vaccinated travelers are exempt from the limit of 5,000 arrivals limit set by the government.

"Allowing the entry of these international travelers is a welcome development that will lead to growth in the travel and tourism sector, the restoration of lost jobs, the generation of much-needed revenue for tourism-related enterprises, tourism communities and the government, plus many other benefits that will be felt by the entire tourism value chain," Ms. Romulo-Puyat said. — **Revin Mikhael D. Ochave**

Competition, privacy regulators in enforcement collaboration deal

THE Philippine Competition Commission (PCC) said it entered into a partnership with the National Privacy Commission (NPC) to collaborate in competition cases involving data-privacy issues.

The PCC signed the memorandum of agreement (MoA) with the NPC on Wednesday.

"The MoA facilitates investigation and enforcement support between (the two commissions), including forming joint task forces and notification of matters of common concern. It also enables direct consultation between both regulators in the drafting and implementation of policies relating to one another's expertise," PCC said.

"To further promote coordination and cooperation, the agencies also agreed to conduct capacity-building activities, which may come in the form of training or temporary secondments of staff to one another," it added.

According to PCC Chairman Arsenio M. Balisacan, a unified approach is needed to promote competition and data privacy in following the surge in digitalization.

"With the rise of the digital economy, data — including personal data — have become an important source of market power. It falls upon regulators to ensure that data-driven markets develop and mature in a manner that does not harm consumer welfare," Mr. Balisacan said.

The PCC said the accumulation and use of data by dominant market players has been the subject of scrutiny in various jurisdictions.

It added that the emerging risk of abuse in data privacy and competition has increased, requiring collaboration between the two commissions.

"In today's digital economy, data play a key role in the business model of many firms. The synergy we are forming through this agreement is a springboard for stronger enforcement of our competition and data privacy laws," Mr. Balisacan said. — **Revin Mikhael D. Ochave**

ADB approves food aid grant for Typhoon Odette victims

THE Asian Development Bank (ADB) approved a $2-million grant to support Philippine recovery efforts from Typhoon Odette (international name: Rai).

The ADB's Asia Pacific Disaster Response Fund will finance food vouchers for 15,000 households affected by the typhoon in the Visayas and Mindanao, the bank said in a statement on Wednesday.

Typhoon Odette struck Mindanao and the Visayas in December, causing P13.3 billion in agricultural damage and P17.19 billion in destroyed infrastructure.

"Typhoon Odette's damage to housing, agriculture, and infrastructure amid the COVID-19 pandemic has made life more difficult for Filipinos in affected areas," ADB Director General for Southeast Asia Ramesh Subramaniam said.

"This assistance will help finance the humanitarian needs of those residents, especially people living in remote areas."

ADB partnered with the United Nations World Food Programme to distribute the food aid, along with the Department of Social Welfare and Development.

Separately, South Korea offered $300,000 in relief aid to help rebuild shelters in some areas affected by the typhoon, the United Nations Development Programme (UNDP) said.

Selected beneficiaries in the Dinagat Islands, off northeastern Mindanao, will be trained in home rebuilding using designs that can withstand strong winds and flood, the UNDP said in a statement on Wednesday.

The UNDP also invested $650,000 in recovery efforts for communities and local government units in areas hit by the typhoon, especially in Cebu, Siargao, and the Dinagat Islands.

The UNDP is also working with the Department of Information and Communications Technology to help restore information and communications technology in the affected areas.

"UNDP focuses (its) support (on) corrective measures that will reduce the existing level of risk. We are working hand-in-hand with key government agencies and local government units to enhance their capacities in risk management to reduce vulnerability and exposure to threats and hazards," UNDP Philippines Resident Representative Selva Ramachandran said.

"We also want to strengthen the aspect of digital governance to make social services more accessible to people, especially in the event of natural calamity."

The Budget department as of the end of last year released P7.68 billion from 2021 unprogrammed appropriations, the calamity fund, and President Rodrigo R. Duterte's contingent fund to assist local governments and national agencies responding to the typhoon.

Adding to the international aid, the Japanese embassy in the Philippines also said that its government's $13 million in grant aid will support the work of several international organizations doing humanitarian work in areas devastated by the typhoon.

"These organizations shall focus on different areas of assistance such as food, shelter, non-food items, health, and water and sanitation," the embassy said.

Separately, the Japan International Cooperation Agency (JICA) approved a ¥329-million (about P146 million) grant funding Filipino government officials' training in Japan. — **Jenina P. Ibañez**

OPINION

A sigh of relief over SSS loan penalty condonation

TAXWISE OR OTHERWISE

BERNADETTE R. FAMA-ABSOLOR

Last call for member-borrowers of the Social Security System (SSS)!

As a pandemic relief measure for SSS members, those with qualified loans were allowed to avail of the Short-Term Member Loan Penalty Condonation Program between Nov. 15, 2021 and Feb. 14, 2022. Member-borrowers therefore have just a few days to meet the condonation deadline.

Under the guidelines laid down in SSS Circular No. 2021-14, a short-term loan qualifies for the program if the loan has been delinquent for at least six months, as of the first day of the condonation period, Nov. 15. Short-term loans include salary loans, calamity loans, those under the Salary Loan Early Renewal Program, emergency loans, and restructured loans under the Loan Restructuring Program implemented in 2016 and 2019.

The condonation program allows member-borrowers to settle their delinquent loans on much lighter payment terms. All outstanding principal and interest components of the loans are consolidated into one new Consolidated "Restructured Loan 1" or "Restructured Loan 2." The payment can be at one time or in installments.

One-time payment is due in full within 30 days from receipt of the approval of the penalty condonation application. For those choosing to pay by installment, a 50% down payment is required within 30 days upon receipt of the application approval, with the remaining 50% payable in six equal monthly installments.

Like any other loan, installment payments are subject to an interest rate of 3% per annum computed on a diminishing principal balance over the six months. Late payments are subject to a penalty of 1% per month.

The balance of the restructured loan should be zero at the end of the term; otherwise, any unpaid balance, including the proportionate condonable penalty, will become part of a new principal under "Restructured Loan 2." The modified loan terms require the balance settlement immediately because the "Restructured Loan 2" is due and demandable. If unpaid, the loan will be charged an interest of 10% per annum until fully paid.

Under the program, penalties are condoned 100% under the one-time payment option. For installment terms, 50% of the consolidated penalty is condoned upon receipt of the 50% down payment, with the remaining 50% penalty to be fully condoned after full payment of the restructured loan.

Before member-borrowers can avail of other short-term member loan programs, they should note that "Restructured Loan 1" and/or "Restructured Loan 2" should be fully settled first. Therefore, their payment schedule should be planned accordingly to manage cash flow, balancing cash usage for essential needs, loan payments, and emergencies.

One benefit of the application process is the ease of filing online via the member's SSS electronic account. Loan payment can be through any SSS Branch or online payment channels, such as GCash and PayMaya. While assisting a client, I found my experience of applying online to be convenient and safe, without exposure to health risks. On the downside, digital filing requires reliable internet connectivity and access to computers, which many Filipinos may not have.

It is always prudent for the member-borrower to keep a copy of the proof of payment for future reference. In case of lapses, such as system glitches or unposted entries, the burden is on the member-borrower to show proof of payment. Should the SSS assess the member-borrower for unpaid loans, the claim can be refuted by presenting proof of payment.

The condonation program is a welcome measure at a time when things have not yet returned to normal. Since the program's objective is to provide relief to cash-strapped members, the SSS may want to consider giving member-borrowers more time to settle their loans. One such scheme could involve (a) making the full payment or the 50% down payment payable in 60 days instead of 30 days, and (b) make the installments payable in 12 equal monthly installments instead of just six months.

The SSS may also consider extending the program period up to May 14, or an additional six months from the start of the program, to give more time for the qualified member-borrower to avail of the relief on offer.

For now, a sigh of relief would be better than no relief at all. I hope that qualified members-borrowers will still take the opportunity to settle their loan obligations to avoid additional financial burdens in the form of penalties as a consequence of defaulting on loan payments. On the part of the SSS, the funds collected from the program will help the agency improve its services and provide much-needed benefits to SSS members.

The views or opinions expressed in this article are solely those of the author and do not necessarily represent those of Isla Lipana & Co. The content is for general information purposes only, and should not be used as a substitute for specific advice.

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