DBM: 'Unprogrammed' DoTr budget supported by loans

THE Department of Budget and Management (DBM) said it can adequately account for all items in the National Expenditure Program (NEP), rejecting claims by a legislator that vague proposals in the NEP suggest that the government is planning to spend "unprogrammed" funds that will swell the budget by as much as P588.1 billion.

"The DBM stands firm on its position of having no irregularities in allocating unprogrammed funds under the 2023 NEP as it is ready to defend the proposed budget with the start of the budget deliberations. Details of these unprogrammed appropriations are available for public and Congress scrutiny," it said in a statement on Wednesday.

On Saturday, Deputy Speaker and Batangas Rep. Ralph G. Recto called P588.1 billion worth of proposed spending "shades of grey," referring to the lack of itemization in the spending proposal.

The proposed 2023 budget is officially P5.268 trillion.

"The spending being (sought) by the Palace is actually half-a-trillion pesos more," Mr. Recto said in a statement, noting that the P588.1 billion is "more than double the current year's P251.7 billion worth of unprogrammed funds."

"The funding footprint is big but the appropriations language (consists of) one-liners. It is a blank check request," he said.

On Wednesday, the DBM said in a statement that the "unprogrammed" portion consists largely of the P378.2 billion for use by the Department of Transportation (DoTr), funded from loans.

The share of unprogrammed appropriations in the budget has typically ranges between 2% and 8.4%. The inclusion of the DoTr item brings the share in the 2023 proposed budget to 11.2%.

The DBM said that the DoTr item should not be classified as an unprogrammed allocation, resorting in an unprogrammed portion of about P200 billion or 4%.

"The DBM contends that if there is going to be an analysis on whether it exceeded the ideal percentage of unprogrammed appropriations against the national budget, it should be based on the P200 billion unprogrammed appropriation, and not with the P378.2 billion unprogrammed appropriation corresponding to loan proceeds of the DoTr," the DBM said.

Other unprogrammed items include support for infrastructure projects and social programs (P149.6 billion, inclusive of P22 billion for the procurement of vaccines); the Armed Forces of the Philippines Modernization Program (P5 billion); budgetary support to Government-Owned and -Controlled Corporations (P20.6 billion); support to foreign-assisted projects to the Department of Social Welfare and Development (P2.2 billion); the Risk Management Program (P1 billion); and payment of arrears accumulated by the Land Transportation Office-Information Technology service (P2 billion).

It also includes a refund of the service development fee for the right to develop the Nampeidai property in Tokyo (P210.5 million); the Bangko Sentral ng Pilipinas equity infusion as authorized by RA 11211 (P10 billion); public health emergency benefits and allowances for health and non-healthcare workers (P18.9 billion); and prior years' funding for local government units (P14 million).

The funding of unprogrammed appropriations is conditional on surplus tax collections, new revenue sources, or additional foreign project loans.

"But the problem is, there seems to be lax compliance on this. In 2020, for example, when revenue collections were down because of the pandemic, every centavo of the P122 billion in unprogrammed appropriations was (still) released," Mr. Recto said, calling for more transparency whenever the funds are utilized. — **Diego Gabriel C. Robles**

House members declare support for raising DoT budget

LEGISLATORS preparing the 2023 budget said the Department of Tourism (DoT), which will receive 30% more funding under the spending plan proposed by the Executive branch, is still inadequately funded relative to the economic benefits generated by the industry it regulates.

"As revenue and job-generating department, adequate budgetary support must be accorded to the Department of Tourism so that the Philippines can compete for tourist arrivals with our ASEAN neighbors and create local livelihood opportunities," Albay Rep. Edcel C. Lagman said at a hearing of the House Committee on Appropriations.

The 2023 DoT budget is P3.58 billion, up 30.3%, according to the spending plan sent by the government to Congress. The department had sought funding of P12.2 billion from the Department of Budget and Management.

Zamboanga Sibugay Rep. Wilter Y. Palma told the committee that he "fully endorse(s) the augmentation or the increase of the budget of the Department of Tourism" because its funding, as proposed, "is small compared to the income that is being derived from the tourism industry."

Manila Rep. Edward Vera P. Maceda said that even with small budgets, the department must improve its fund utilization.

President Ferdinand R. Marcos, Jr., in his First State of the Nation Address to lay out his legislative agenda, called tourism "an important economic development tool" that generates an "abundance of opportunities... in terms of regular employment and even job creation at the grassroots level."

Gabriela Party-list Rep. Arlene D. Brosas said the DoT does not appear to have allocated funds for safety nets, wage subsidies, or cash assistance for tourism workers, who were among the most affected by the pandemic.

Tourism Secretary Ma. Esperanza Christina G. Frasco told the committee that the department "signed a Memorandum of Understanding with the Department of Labor and Employment (DoLE) with a view to bridging the gap between the shortage of workers in the accommodation sector, as well as the huge demand for tourism employment, especially for those who have been displaced by the pandemic and those who wish to pursue a career in tourism."

She said the current tourism workforce is up 4.6% from the 2021 work force of 4.7 million.

Ms. Frasco added that the DoT is organizing its efforts around attracting long-stay, repeat visitors.

John Paolo R. Rivera, associate director of the Asian Institute of Management Dr. Andrew L. Tan Center for Tourism, said tourism's employment potential rests on the increasing confidence of travelers as borders and economies reopen.

"As we transition to post-pandemic (conditions), the demand for tourism products and services will increase, (generating) a need for the workforce to service rising demand," Mr. Rivera said in an e-mail.

In other committee work at the House, the Committee on Micro, Small, and Medium Enterprise Development, said its agenda is headlined by the proposed Magna Carta for Micro-, Small- and Medium-Sized Enterprises (MSMEs), the proposed Pondo sa Pagbabago At Pag-asenso (P3) act, the proposed Barangay Microfinance System act, the proposed Strengthening the Protection & Welfare of Self-Employed Workers act, the proposed Establishment of Support Services for Small Entrepreneurs in Online Spaces act, the proposed Declaration of National Entrepreneurship Week act, the proposed MSME Stimulus Act, the proposed Pangkabuhayan Act of 2022, a measure setting up a Small- and Medium-sized Enterprises stock exchange, and amendments to the Go Negosyo Act.

It said 24 bills have been referred to the committee as of Aug. 17. — **Kyanna Angela Bulan**

MAP cites infra precedents for bus privatization

By Arjay L. Balinbin
Senior Reporter

THE Management Association of the Philippines (MAP), an advocate of privatizing the bus system servicing Epifanio delos Santos Avenue (EDSA) as well as urban railways, said the utilities and infrastructure industries offer sufficient precedent for the private management of public goods.

MAP said privatization is the best way to improve the EDSA Busway, which suffers from long queues as demand overwhelms the available number of buses.

"Privatization of public utilities and infrastructure has many precedents," MAP Infrastructure Committee Chair Eduardo H. Yap told *BusinessWorld* in an e-mail on Wednesday.

Mr. Yap wrote *BusinessWorld* in response to an article in which analysts raised questions over the proposed EDSA Busway privatization.

His organization recently urged the Department of Transportation (DoTr) to consider privatizing the EDSA Busway and bus service as well as commuter rail lines still largely in public hands like Metro Rail Transit Line 3 (MRT-3), Light Rail Transit Line 2 (LRT-2) and the Philippine National Railway (PNR) commuter lines.

"Privatization of public utilities and infrastructure has many precedents. LRT-1 was recently privatized, while MRT-7 is being developed and will be operated by a private concessionaire," Mr. Yap said.

"These existing concession agreements may serve as models or guides for the privatization of the EDSA Busway," he added.

He said that some of the concerns expressed by analysts are "considerations that are known and will be among matters to be discussed in a series of roundtable discussions with privatization experts and stakeholders."

"The bottom line is that this busway on EDSA has proven to be more efficient than the previous bus transportation system on the yellow bus lanes. But it is a work in progress that must be quickly and properly completed in accordance with global standards and availing of the latest high-capacity commuter clean-energy buses," he said.

"Privatization will realize this objective and optimize this busway to its fullest potential as a mass transit system without severe overcrowding and long wait for ride."

High fares, underinsurance, government meddling that deters investment recovery, and unresolved issues with the implementing rules and regulations of the Build-Operate-Transfer (BOT) Law are among the concerns raised about any privatization exercise.

Business groups have criticized the new rules for the BOT Law, saying private proponents will shoulder more risk while the government is relieved of responsibility for delayed deliverables.

MAP is proposing a "hybrid" public-private partnership model, in which the government provides the infrastructure, while a private company operates the service and maintains the facilities under an operations and maintenance concession.

MAP has offered to work with the DoTr and other private sector parties in preparing the terms of reference for the bidding and award of the concessions "to ensure a level playing field for all."

EDSA Busway upgrades recommended by MAP include increasing the capacity of station platforms to accommodate more commuters and enable simultaneous docking of buses, the construction of more stations near footbridges and concourses dedicated to the busway, expediting the construction of donated busway station footbridges, resolving chokepoints along the carousel line, replicating the busway in other major commuter corridors in the National Capital Region, and easing bus-to-train connectivity.

Other recommendations are to provide bus exchange stations for trunk-to-feeder line transfers, decongest the Ayala stations and McKinley Road by providing an alternate route between Bonifacio Global City and Buendia stations, and modern high-capacity bi-articulated electric commuter buses.

Legislator asks Migrant Workers dep't to screen OFW employers

THE Department of Migrant Workers (DMW) needs to screen foreign employers before deploying overseas Filipino workers (OFWs), to minimize the possibility of these OFWs being abused at their workplaces, Senator Rafael T. Tulfo said on Wednesday.

"What I really need to see is a screening process not only for OFWs but also for employers," the senator, who chairs the Senate Migrant Workers Committee, said in a hearing.

"We keep sending our OFWs (overseas) until they, unfortunately, come back dead, and I don't want that to happen," he added.

Secretary Susan V. Ople, who heads the DMW, said the system has been geared towards maximizing deployments, with limited capacity for tracking workers past departure.

"I have noticed that... long as there are job orders, we just keep approving, which is why sometimes the recruitment agencies, despite only having a few staff, have hundreds and hundreds of job orders; when OFWs have a problem, they no longer know where to search because the employer has already changed," she said.

Ms. Ople also noted that some Philippine diplomatic personnel have been reported for sexually harassing OFWs in shelters overseas.

"I hope we can give teeth to our laws in such cases. It is hard to accept that these things happen," Senator Robinhood Ferdinand C. Padilla, said. "An ambassador is the father of Filipinos in the host country, yet he commits such offenses, right in the OFW shelter?" — **Alyssa Nicole O. Tan**

OPINION

Rekindling the SEC's eSPARC

TAXWISE OR OTHERWISE
CYRIL B. PESTILOS

To quote a popular Korean pop group, *"the wait is over"* for eSPARC, which is now ready *"to light it up like dynamite."* So I urge companies to *"get it, let it roll."*

In April 2021, the Securities and Exchange Commission (SEC) launched the Electronic Simplified Processing of Application for Registration of Company (eSPARC) system to automate the company registration process for domestic corporations, while other types of registration applications, such as those of foreign corporations, are filed through the SEC Company Registration System (CRS). The eSPARC was later enhanced to increase utilization, and to catch up with the regulatory changes imposed by the Revised Corporation Code, subsuming the CRS functions in September 2021.

The registration processes on eSPARC include name reservation, form fill-out, download of pre-generated registration documents, upload of signed and notarized or consularized/apostilled documents, payment of registration fees, and a recently-added facility that allows registrants to download a digital Certificate of Incorporation (CoI).

To maintan its spark, eSPARC was further reformed earlier this year. It now has two subsystems: the Regular Processing, and the One-day Submission and E-registration of Companies (OneSEC) Processing.

The Regular Processing subsystem of eSPARC processes the company registration within the usual timeline. On the other hand, the newly added subsystem — OneSEC Processing — allows registrants to complete the registration process in only one day. This is available for domestic stock corporations, whether organized as a One Person Corporation (OPC) or otherwise.

According to the SEC's slogan, this new subsystem aims to provide the following:

One - One-day approval of the registration application anytime, anywhere

S - Simple procedure to ensure that the data encoded are protected and secured

E - Efficient management of information

C - Completely seamless and fully automated

This initiative is the most awaited comeback and digitization of the previous *"Green Lane Registration"* of the SEC, which was a one-day registration process offered during the manual era.

To qualify for one-day processing, registrants applying for OneSEC Processing have to meet specific conditions. These conditions include, among others: a) the primary purpose or main activity must be predetermined/fixed and not subject to any modification/correction; b) the corporate term of existence is perpetual; c) the applicant corporation's location is not in any of the economic zones; and d) the mode of payment for the subscription of shares is cash. Registrants who initially apply via OneSEC Processing but fail to meet the conditions will be redirected to the Regular Processing system.

Be mindful that failure to complete the application and to pay the assessed registration fees within one day from the Payment Assessment Form's (PAF) issuance will cause the system to purge the entire application automatically. This includes the cancellation of the pre-approved name reservation.

For regular processing, the SEC promises to review the application within seven working days from submission. Once the application is pre-approved, the duly finalized documents must be uploaded to eSPARC by the registrants within 30 calendar days. If the uploaded documents are disapproved, the documents incorporating the corrections sought by the reviewing officer must be uploaded within 15 calendar days from disapproval. Once the PAF is issued, registration fees must be paid within 45 days from the date of the PAF.

The issuance of a digital CoI signals the inception of the SEC's digital transformation, a precursor of more innovation yet to come. Notwithstanding the downloadable digital CoI, however, the hard copy CoI will be released **only** upon presentation and submission to the selected SEC office of the digital CoI, proof of payment of the assessed registration fees, along with four sets of complete registration requirements within 60 calendar days from the date stated in the digital CoI.

eSPARC is now also integrated with the Philippine Business Hub (PBH), an online system that caters to post-SEC registrations with other government agencies such as the Bureau of Internal Revenue (BIR), the Local Government Unit, and social agencies (like the Social Security System, Philippine Health Insurance Corp., and Home Development Mutual Fund). At the end of the registration process in eSPARC, a link to the PBH will appear. For those who did not receive the link to the PBH website or who obtained their CoI or license outside eSPARC, they can still proceed to the PBH website at *https://business.gov.ph*. Upon logging in to the PHB, registrants may apply for a Tax Identification Number (TIN) and automatically obtain their employer numbers from the social agencies.

While the PBH is available, registrants may still personally visit the government offices to process the post-SEC registrations, if onsite processing is somehow preferred.

While the eSPARC-PBH integration appears to be a one-stop shop for the registration of companies, registrants must ensure that they complete the post-registration process. Even if registrants have obtained their TIN online through the PBH, they still need to go to the Revenue District Office of the BIR having jurisdiction over their registered business address to secure their certificate of registration, apply for an authority to print their receipts/invoices, and register their books of account.

The full implementation of a one-stop shop for online business registration in all government agencies has yet to be realized. Nevertheless, the foundation has been laid through the eSPARC-PBH's convenient registration process. It is the SEC's contribution to jump-starting the economy post-pandemic. Let's hope this digitization initiative will continue to run — *"smooth like butter."*

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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