

Philippines eyeing 'green investments' despite tight fiscal space, Diokno says

THE government can pursue green investments despite the limited fiscal space, Finance Secretary Benjamin E. Diokno told an Asian Development Bank (ADB) conference, adding that such investments were factored in when the Philippines started drafting its medium-term goals.

"All these programs are embedded in our medium-term development plan that we are designing at the moment," Mr. Diokno said during the ADB Governor's Seminar on Thursday.

"We're not so much concerned about the fiscal space because, to me, given what we have done, the fiscal space is still there, (and) we have embedded the important greening programs moving forward."

ADB President Masatsugu Asakawa told the gathering, howev-

er, that fiscal consolidation in many countries is only a matter of time.

"I think (the time will come for) every country to shift the gears (from) fiscal expansion to fiscal consolidation. Of course, countries should pick the right time to do so. It cannot be too early; it cannot be too late," he said.

The Philippines' debt-to-gross domestic product (GDP) ratio was 62.1% in the second quarter, above the 60% threshold deemed sustainable for developing countries, and reflecting the debt taken on to finance the response to the coronavirus disease 2019 (COVID-19) pandemic.

Still, "the Philippines has maintained its financial footing," Mr. Diokno said, crediting recent structural reforms and the re-opening of the economy.

The government intends to bring debt-to-GDP to 52.5% by 2028, as well as reduce its budget deficit from 7.6% to 3% over the same period via higher tax collections, rightsizing, and projected growth of 6.5%-8%.

Pasi Hellman, a Finnish foreign ministry official sitting on the ADB board, said official development assistance may be harder to come by with even donor countries having limited fiscal space.

"That's why we need to work even harder to ensure different development financing institutions and entities have shared goals and better coordination," he said. "For climate mitigation, there is clearly more private and commercial financing available."

He proposed that public money be focused on "facilitating (and)

catalyzing by preparing and making projects bankable."

"The world really needs renewable energy, and energy efficiency solutions that are scalable also in developing countries and make good business sense," he added. "This, again, is where public funding can help to mitigate risks to pave way for private sector to enter the markets."

The Philippine government recently revised the implementing rules and regulations (IRR) of its Build-Operate-Transfer Law, in response to concerns from economists and business groups that the government remains too insulated from risk even if project delays are the result of delayed government deliverables.

"It has cured a number of perceived defects of the old IRR. (I) think the new IRR is more re-

sponsive and clearer to potential investors," Mr. Diokno told reporters on Tuesday.

At the same event, Mr. Diokno also expressed the Philippines' interest in participating in the ADB's \$14-billion food security and climate change facility, which was announced on Tuesday.

"The short answer is definitely," Mr. Diokno said. "Definitely we will avail of this facility."

"I have looked at the performance of the Philippine economy for the last two decades. Industry and services are growing, but agriculture has been in and out of recession. It's what I call a laggard, and this is because of many structural defects in the sector," he added, mentioning the "mild" failure of the government's agrarian reform program. — **Diego Gabriel C. Robles**

Farm damage from typhoon estimated at P2.02 billion

AGRICULTURAL damage caused by Typhoon Karding (international name: Noru) has hit P2.02 billion, the Department of Agriculture said.

The storm damaged an estimated 150,693 hectares of farmland and affected over 91,944 farmers and fisherfolk, resulting in lost production of 117,663 metric tons.

Damage and losses were reported in the Cordillera Administrative Region, Ilocos, the Cagayan Valley, Central Luzon, Calabarzon, Bicol, and the Western Visayas.

The department said that it is providing assistance in the form of P170.34 million worth of rice seed, P23.16 million worth of corn seed and P13.55 million worth of assorted vegetable seed.

It will also provide P2.45 million in replacement animals, drugs and biologics for livestock and poultry, as well as fingerlings and fishing equipment.

Separately, farmer organizations are calling on the National Food Authority (NFA) and local government units to step up procurement of palay (unmilled rice) to support farmers in typhoon-hit areas.

The NFA should help farmers from Nueva Ecija and nearby provinces with crop insurance, the National Movement for Food Sovereignty and the Alliance for Resiliency, Sustainability and Empowerment (ARISE) said in a joint statement.

"There is an urgent need to procure from farmers their produce without the usual stringent requirements. Procurement should also include additional dryers, hauling trucks and increased budgets for the NFA," ARISE Convenor Arze G. Glipo said. — **Luisa Maria Jacinta C. Jocsion**

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Small committee tasked to amend House's P5.268-trillion budget bill

A SMALL committee has been appointed to amend the P5.268-trillion budget bill, which passed on third reading this week before the House of Representatives went on recess, according to majority leader Manuel Jose M. Dalipe, who will himself be a member of the amending team.

Mr. Dalipe said the other members are House appropriations chairman and AKO-BICOL Party-list Representative Elizaldy S. Co, Marikina Rep. Stella Luz A. Quimbo, and Minority leader Marcelino C. Libanan.

Terry L. Ridon, a public investment analyst, said via Facebook chat that the small committee follows the precedent of the last Congress, but called for further scrutiny of opaque budget items.

"All the proposed changes, particularly those covering massive intelligence and confidential funds, should still be pushed in this small committee and through the entire budget process in the Senate and the bicameral conference committee," Mr. Ridon said.

Voting 289-3, the chamber approved House Bill 4488, or 2023 General Appropriations Bill, before adjourning for recess.

The proposed spending plan is 4.9% higher than this year's budget and the highest on record. President Ferdinand R. Marcos, Jr. on Tuesday certified it as urgent, allowing legislators to approve

the measure on second and third reading on the same day.

"The expeditious passage of the proposed 2023 budget is the product of the collective effort of the entire House, in transparent and open proceedings where the majority accorded ample opportunity for the constructive inputs of our friends from the minority bloc," Speaker Martin G. Romualdez said in a statement.

The bill allocates education P858.8 billion, up 8.2% from the 2022 level.

Mr. Romualdez said the budget is in line "with the eight-point socio-economic agenda of the Marcos administration to achieve sustainable growth."

Infrastructure funding across various agencies was P1.196 trillion, up 1.54%, including P140.4 billion for the Network Development Program, P88.5 billion for the Asset Preservation Program and P38 billion for the Bridge program.

Minority leader Marcelino C. Libanan said in his turno en contra speech that the minority does not necessarily oppose the budget but must do its duty in examining all spending programs.

"The scrutiny of the minority members of the proposed budget does not mean we absolutely disagree with it," Mr. Libanan said.

Legislators with the Makabayan bloc voted against the bill, noting its swift passage.

ACT-Teachers Party-list Rep. France L. Castro said in her turno en contra speech that the proposed budget was not responsive to the needs of the people, saying that the need to meet fiscal targets appear to have taken priority.

The cuts to key programs of the Department of Social Welfare and Development (DSWD) and Department of Labor and Employment (DoLE) will affect the lives of the poor, Gabriela Party-list Rep. Arlene D. Brosas said in plenary.

"This national budget banners the theme 'Agenda for Prosperity' when in reality it is an 'Agenda for Austerity,' as funds for social safety nets and social services were drastically cut," Ms. Brosas said.

The DSWD's proposed budget for 2023 is P197 billion, 3.8% lower, while DoLE was allocated P25.9 billion, down 29.9%.

"The funds allocated for COVID-19 response are not enough, despite the claims of the current administration that it will strengthen the monitoring and surveillance capacity of the health system," Kabataan Party-list Rep. Raoul Dannel A. Manuel said. — **Matthew Carl L. Montecillo**

Concepcion: Let business owners decide on WFH solutions

Joey Concepcion, the founder of Go Negosyo and the lead for the Jobs sector of the Private Sector Advisory Council, said that while he believes a 70:30 on-site versus work-from-home arrangement for the IT-BPO sector, business owners must be free to decide the work arrangements for their own employees.

"I am not against the 70:30 on-site - work-from-home arrangement for IT-BPO companies. In fact, I was part of the council that recommended it and am the leader of the Jobs group which presented this suggestion," said Concepcion. "What I am saying is that the recommended work arrangement solution for the IT-BPO sector may not be the best one for all organizations," he said. "It is the business owners who will be in the best position to decide which work arrangement makes the most sense for them, so it is they, not anyone else, who must be allowed to make the decision."

"Businesses must be free to decide based on what their operations require," he said.

He explained that the IT-BPO sector has its unique work setups and deliverables, as do sectors like manufacturing, retail, finance

services and so on, who may need to have all employees render in-person work at all times.

"One solution does not necessarily work for all. There may be those who are open to the idea of a hybrid work-from-home arrangement, or for four-day workweeks, but we can't have the same solution for everybody," he said.

Concepcion reminded, however, that the country's economic rebound depends on private sector consumption and spending. "We need more mobility if we want the economy to grow and for businesses to remain viable so they can generate more employment," he said.

"However employers decide, we must not lose sight of the urgency for our country's economy to recover from the pandemic, whether this is achieved through increased productivity or mobility," he said.

This follows continuing discussion on how to balance health and the economy, as well as the clamor from the workforce for employers to reconsider pre-pandemic work processes, and from business for employees to return to the office.

Bill seeks VAT threshold indexed to inflation

A BILL filed by Senator Sherwin T. Gatchalian to amend the tax code will index the threshold for value-added tax (VAT) exempt taxpayers to inflation, adjustable every three years.

Mr. Gatchalian, who chairs the Senate Ways and Means Committee, filed Senate Bill 1346, dated Sept. 27, which adjusts the tax administration rules via amendments to the National Internal Revenue Code of 1997.

The start date proposed for the indexing exercise is Jan. 1, 2023.

He also hopes to expand the number of banks eligible to receive tax payments to ease the process for taxpayers, who currently must transact at an authorized agent bank in the revenue district where they are registered.

Mr. Gatchalian also proposed online channels for making tax payments.

"For the benefit of our taxpayers, we need to simplify the process of paying taxes as we endeavor to enhance tax compliance

and strengthen taxpayer's rights," Mr. Gatchalian said in a statement on Thursday.

The bill seeks to remove the option to pay internal revenue taxes to a city or municipal treasurer with jurisdiction over the taxpayer, while eliminating the distinction between documentation and basis of sales of goods and services, which will then require a sales invoice for both.

The bill states: "For purposes of value-added tax (VAT), the term 'gross sales' means the total amount of money or its equivalent which the purchaser pays or is obligated to pay to the seller in consideration of the sale, barter or exchange of services and the use or lease of properties, excluding value-added tax. The liability to pay VAT shall be at the time of the issuance of the invoice."

"The value of services sold and subsequently refunded or for which allowances were granted by a VAT-registered person may be deducted from the gross sales for the quarter in which a

refund is made or a credit memorandum is issued," it added.

Any sales discount granted and indicated in the invoice, at the time of sale but not for a future purpose, may be excluded from gross sales in the quarter it was given.

It seeks to provide registration channels for taxpayers living overseas.

"Our bill seeks to modernize tax administration and establish mechanisms so that we can further improve and make tax collection more effective," Mr. Gatchalian said. "We hope that these measures will further encourage our taxpayers to do their duty to pay proper taxes."

The bill, a priority measure of President Ferdinand R. Marcos, Jr., remains pending in the Senate Ways and Means Committee.

The House of Representatives on Monday passed on third and final reading its counterpart bill, which its backers said would generate an estimated P73.1 billion in additional revenue over five years. — **Alyssa Nicole O. Tan**

BoI approves P560.4-M mattress project

THE Board of Investments (BoI) has approved a P560.4-million project of Maxiflex Philippine Corp. in Plaridel, Bulacan, which will export mattresses.

In a statement on Thursday, the BoI said the project will have an annual capacity of 680,000 all-foam and spring mattresses.

The BoI added that the funding for the plant will include an investment from mattress brand Uratex. Maxiflex and Uratex are affiliates of the RGC Group. The manufacturing plant will begin commercial operations in October.

Uratex aims to export around 79% of its production to the US, New Zealand, Papua New Guinea, and Southeast Asia. The company's export sales

are projected to top P2.1 billion a year once at full capacity.

"This will provide a boost to the international footprint of our locally produced mattresses since a great majority of Uratex's production will cater to foreign markets, leveling up our exports of high-value and high-quality products," Trade Undersecretary and BoI Managing Head Ceferino S. Rodolfo said.

"Uratex has long been known in the Philippines as it is the leading manufacturer of mattresses. The exports of its Maxiflex product around the globe will provide greater traction and awareness for Uratex as a world-class brand," he added.

According to the BoI, the new facility will have bedding and mattress testing

machineries that can carry out various performance and durability tests.

The BoI said Philippine exports of mattresses totaled \$102 million against imports of \$36 million, amounting to a surplus of \$66 million in 2021. It was citing data from Tradeline Philippines.

The top export markets for Philippine mattresses are the Netherlands (\$58 million), the US (\$35.4 million), and Japan (\$8.1 million).

"According to Statista.com, the domestic mattress market is expected to reach \$41 billion in 2022. It added that the market is projected to grow yearly at 9.45% annually in the next four years with the market reaching nearly \$60 billion by 2026," the BoI said. — **Revin Mikhael D. Ochave**