

Valuation system changed for power generators' coal imports

THE Department of Energy (DoE) said a new valuation system for thermal coal imports, which the Bureau of Customs (BoC) has agreed to implement, will more clearly reflect the true cost of coal, which many power plants in the Philippines rely on to generate electricity.

In a briefing on Wednesday, Energy Undersecretary Sharon S. Garin said the BoC has agreed to

use transactional value for coal imports, instead of reference value. She expects no immediate impact on the power costs, saying only that the shift will better reflect the true price of coal when power companies pass on costs to consumers.

The BoC said reference values for imports are taken from a list of standard prices, while the transactional value reflects actual prices paid.

"The problem with coal imports is the valuation of coal. The higher it is valued, the higher the taxes and duties to be paid which in return affect the country's electricity prices," Ms. Garin said.

"Together with the Bureau of Customs, we have re-assess that instead of having a reference value, it should be the transactional value, so the collectors have been informed to use

transactional value. The DoE (hopes this move will be to) the advantage of consumers," Ms. Garin added.

Energy Secretary Raphael P.M. Lotilla has said that 45% of power plants in the Philippines use coal for fuel, with 80% of that coal imported. Coal-fired plants accounted for the largest share of the Philippine power with 45%. — **Ashley Erika O. Jose**

Gov't urged to create single regulator to oversee supply chain

By **Arjay L. Balinbin**
Senior Reporter

THE government needs to create a single regulator to oversee the supply chain industries, a procurement executive said.

The regulator needs to be a "high-level body that will facilitate stronger collaboration between the public and the private sector in setting policies, initiatives, and programs that are required to address constraints and

"Micro-, small-, and medium-sized enterprises (MSMEs) are closing with idle or no advance warning. They will not open again easily," Mr. Villaseñor said.

Financial or capital issues also persist, while professionals are not well-trained in global supply chain standards, he said.

This means that "non-traditional financial access is needed, and (we should) push large enterprises to allocate a certain percentage of their spend to MSMEs," Mr. Villaseñor said.

improve supply chain performance," according to Jesus Carlos "Charlie"



P. Villaseñor, chairman of the Procurement and Supply Institute of Asia (PASIA), speaking at the BusinessWorld Insights online forum.

There should be a "national supply chain control tower to monitor demand and supply conditions, gain visibility on supply market analysis as it impacts health, livelihood, trade and the economy," he added.

Mr. Villaseñor, who is also the chief executive officer of TransProcure Corp. and PASIA Shared Services Corp., described supply chain issues as complex, fragmented, and under pressure.

There is a "lack of integrated supply chain management focus at the national level," he noted.

"No focal point for national end-to-end supply chain undertakings. No strategic drive," he added.

He said strong leadership and experience, as well as government and private-sector partnerships, are necessary to deliver results.

He said a degree of uncertainty clouds the industry's prospects during the next large-scale emergency, due to the absence of reliable data on demand and supply which the industry relies on to manage capacity constraints and exploit supply opportunities.

He cited the need for "human resource development programs and recognition," as well as "professional certification in the conduct of practice."

Marjorey M. Rubio, president and founder of BEXCS Logistics Solutions, Inc., said large companies are beginning to help MSMEs in building a sustainable supply chain.

"One of the biggest trends that we are looking at right now is that larger entities will be the ones to support the MSMEs in order to sustain (the) supply chain," she said.

"The collaboration between large and small enterprises is going to be crucial in building a resilient supply chain."

She said that MSMEs are not well-placed to service the e-commerce industry and have limited access to suppliers.

"The consumers are dictating the demand — or which items they would buy from the sellers — and most of our sellers source separately and on their own, so the reason there is not a fast way of sourcing their items is that they consider two types of suppliers, local and foreign. But I think a large percentage of the supplies that are being sold in the market are coming from foreign suppliers, and there is a small percentage coming from our local suppliers," Ms. Rubio said.

Green industries promoted as 'pandemic-proof' job generators

By **Alyssa Nicole O. Tan** Reporter

"GREEN" employers like solar power farms, as well as content generators within the creative industries, are expected to drive employment in the next few years, making it crucial to address mismatched skills that prevent graduates from taking on these jobs seamlessly, according to Philippine Business for Education (PBE).

"From our experience in YouthWorks PH, especially during the pandemic, we need to look more into pandemic and climate-resilient industries, so what we found were green industries, for example... the workforce of the solar energy industry," PBE Executive Director Lovelaine B. Basillote told reporters on the sidelines of the PBE Skills Partnership Summit on Wednesday.

"We're also looking at cloud technologies because... whether there's a pandemic or a calamity, as long as infrastructure is there, we can actually work in the cloud," she added. "We're also looking at... social media content creation. We see a lot of opportunities there."

The YouthWorks program, which seeks to tap the potential of the young workforce by investing in skills development, began in 2018. It has 77 private company partners, including McDonald's Corp., Amazon Web Services, Inc., and BDO Unibank, Inc.

The US Agency for International Development has increased its original grant of \$4.48 million for the program, which was initially meant to end in 2023, with an additional \$3.86 million to extend the project until 2026. The partnership agreement for the extension was also signed during the event on Wednesday.

The private sector, Ms. Basillote said, places a premium on workers who can deliver on productivity goals while working with technology. This includes skills that promote teamwork and communication without being in the same space.

The main issue, she said, is the disconnect between business and education, especially for those who plan to work right after graduating from the K to 12 program.

"There are many existing preconceptions, biases against senior high school graduates," she said. "If the private sector is just exposed to them, to the senior high school graduates, they will really change their minds and we were able to prove that."

She cited a pilot program earlier performed which lasted a year and resulted in a commitment from the private sector to open over 20,000 employment positions up to K to 12 graduates. The employers involved agreed to waive the college degree requirement in their job advertisements.

"We went to the DepEd (Department of Education) and looked at the curriculum, and then matched that with the qualifications required in the job advertisements. What we found was 93% were matched, theoretically," she said.

"The we asked the senior high school coordinators of schools and brought them together with the HR (human resources) of the companies," she added. "This is a matter of also bringing people together because the private sector (doesn't) know, so you need someone to advocate for the youth."

Job fairs were also organized, she said, which led to about 40% of the 3,000 participants being invited to proceed to the next level of the recruitment process.

The PBE has pitched government agencies to work with senior high school coordinators to broaden the pathway to internships.

"We're hoping that we can partner with the DepEd so that we can train as many of their senior high school coordinators as possible, so that's something we in the private sector can do to help scale these kinds of initiatives," she said.

She also suggested decongesting the competencies in senior high school to make the curriculum more responsive to the needs of employers.

Philippine Institute for Development Studies Senior Research Fellow Jose Ramon G. Albert, speaking at the event, noted the need to ensure quality of learning and training over a broad base.

"Our policies are (geared towards getting) children to school to the neglect of quality; even interventions focus on quantity — more training programs, more trainees — than on quality assurance," he said.

The Philippines must ensure quality basic education while increasing work-integrated learning in technical-vocational education and systems thinking in higher education, he said. It must also work on building digital skills and soft skills in the workforce.

Incentives, he added, should be provided for enterprise-based training, while industry must begin to value training certificates.

ERC notes complaints from contestable power customers

THE Energy Regulatory Commission (ERC) complaints are rising from contestable customers concerning the alleged improper implementation and unilateral termination of retail supply contracts (RSCs).

In a statement, ERC Chairperson and Chief Executive Officer Monalisa C. Dimalanta said the regulator has also received complaints from contestable customers regarding the fuel cost recovery adjustment in fixed-price contracts.

The ERC said that to date, it has logged 16 complaints involving deals covering 123.69-megawatts (MW). Nine of the affected customers are major manufacturers.

"While the letters on file cover 16 complaints with the ERC, it appears that many more contestable customers are affected; thus, this 126 MW is just a fraction of the capacity affected. We are taking this seriously especially since these contestable customers belong to industries which are critical to our economic recovery," Ms. Dimalanta said.

Contestable customers are large end-users that are able to purchase power directly from retail electricity suppliers (RES) under the retail competition and open access program (RCOA), as authorized by the Electric Power Industry Reform Act.

RCOA introduces retail competition to the energy industry. It allows consumers with an average monthly consumption of 1 MW to obtain retail supply contracts from RES. Energy consumers can also customize their supply contracts according to dispatch, technology, or power plant.

The ERC said that it has referred the issue to the Department of Energy and the Department of Trade and Industry to determine the steps to be taken to protect the interests of contestable customers.

"The ERC encourages the parties to amicably settle their disputes based on the Complaints Handling Procedures and Dispute Resolutions of the RES, as well as the Dispute Resolution or Arbitration clause incorporated in their respective RSCs," Ms. Dimalanta said. — **Ashley Erika O. Jose**

OPINION

Handling the 1% PhilHealth contribution differential — easier said than done

With the end of the year approaching, employers and other direct contributors must take on additional responsibilities related to Philippine Health Insurance Corp. (PhilHealth) coverage. PhilHealth has issued guidelines for the 1% contribution differential for the January-May 2022. In compliance with PhilHealth Resolution No. 2713, s. 2022, the contribution differential may be remitted until Dec. 31.

PHILHEALTH CONTRIBUTION INCREASE
In 2019, the Universal Health Care (UHC) Act was signed into law with the objective of providing immediate eligibility for health benefits to every Filipino. Under the UHC Act, PhilHealth contributions are to increase yearly, starting in 2020, when they were due to rise 3%, followed by 3.5% in 2021, 4% in 2022, 4.5% in 2023, until the increases hit 5% in 2024-2025. However, the scheduled hike in contributions for 2021 was suspended on orders former President Rodrigo R. Duterte to ease the burden of PhilHealth members affected by the pandemic.

In May, PhilHealth announced through Advisory No. 2022-0010 that it will implement the scheduled 4% premium rate hike, retroactive to January 2022. All direct contributors are

required to pay the retroactive adjustment of 1% contribution differential for those Statements of Premium Account (SPA) that were paid at the 3% rate until Dec. 31, 2022.

As the deadline set by PhilHealth for the payment of the 1% contribution differential draws closer, all employers are strongly encouraged to generate the SPA ahead of the deadline to avoid any inconvenience. Payment may be made through current online payment channels.

It is worth noting that a Senate bill was filed to grant the President the power to suspend the scheduled premium hike. However, the bill is still pending with the committees on health and demography, and finance.

PAYING THE 1% CONTRIBUTION DIFFERENTIAL

On Sept. 23, PHIC finally released Advisory No. 2022-0029 announcing the availability of the enhanced Electronic Payment and Reporting System (EPRS) and the guidelines on the generation of the SPA for the 1% contribution differential. All employers who have paid their contributions at the 3% premium rate through the EPRS are advised of the following:

1. The corresponding SPA for the 1% contribution differential for the

affected months will be automatically generated for all the paid periods within 2022 including those paid in advance.

2. The SPA is computed based on the total amount of premium paid and adjusted accordingly up to the P80,000 ceiling.

3. The SPAs will be editable, specifically for the personal share of the employee, to give the employer the liberty to exclude the personal share of employees who have resigned or been separated prior to the adjustment. With this, only the employer's is to be included in the remittance of the contribution differential. This is only applicable in case the employer has not deducted the contribution differential prior to the resignation or separation of the employee.

4. For post-audit purposes, employers who have edited the auto-generated SPAs are required to generate the Premium Remittance List from the EPRS and have it signed by the person who prepared and certified the report. The signed copy should be submitted to the assigned account officer via e-mail or to the nearest PHIC local health insurance office.

Employers who have yet to pay the full amount of contributions for the affected months are advised to generate a new SPA with the 4% rate.

ENHANCED EPRS LIMITATIONS

One of the limitations of the enhanced EPRS is the inability of users to edit

the monthly basic salary (MBS) reported for the months already paid (i.e., January to May 2022). As such, the 1% contribution differential will not be automatically calculated in case the employer has inputted the previous maximum ceiling of P60,000 instead of the actual MBS. For example, let's take the case of an employee who has an MBS of P64,500 but the previous ceiling of P60,000 was the MBS inputted in EPRS. This will result in an incorrect computation of the 1% contribution differential since the calculation will be based on the P60,000 MBS instead of the actual MBS.

To address this limitation, PhilHealth issued EPRS Advisory No. 49 on Oct. 5 reminding all employers to declare the actual monthly basic salary of all their employees regardless of whether the amount exceeds the prescribed ceiling for the current year (as stated in PhilHealth Circular No. 2018-0001 Item III. D). In cases where employers have not used the actual MBS for the months to be adjusted in consideration of the 1% contribution differential, they may seek assistance from their assigned PhilHealth account officer. While it is not expressly stated, I suspect that the account officer will assist to manually correct the salary information on PhilHealth's end.

Another limitation of the enhanced EPRS is that the edit function can only be used once. Once the employee share

of a separated employee is removed (i.e., edited to indicate "0"), this can no longer be undone. Hence, employers need to be careful when editing data prior to saving the edited SPA.

Considering the additional costs and administrative work for employers and other direct contributors, PhilHealth should take steps to prevent this from happening again next year. The agency must provide timely advisories to all its members. As we are less than three months away from 2023, the government should take immediate action and decide before year's end whether the scheduled 0.5% increase in contributions next year will be implemented or deferred. By doing so, it will make it simpler for members to comply with any rate change and avoid complicated retroactive adjustments.

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ANGELO GABRIEL PASCUA is a senior associate with the Client Accounting Services group of Isla Lipana & Co., the Philippine member firm of the PwC network. +63 (2) 845-2728 angelo.gabriel.pascua@pwc.com