In loving memory of Albert F. del Rosario


PHILIPPINE STAR/KJ ROSALES

MAP INSIGHTS
BENEDICTA DU-BALADAD

On behalf of the Board of Governors and the more than 1,100 members of the Management Association of the Philippines (MAP), I express our sincerest condolences to Gretchen and the entire family of Ambassador Albert F. del Rosario, whom we will greatly miss.

We thank Ambassador del Rosario, who served as MAP President in 2007, for his many contributions to MAP and for introducing many firsts that continue to be nurtured today.

He started the drive to increase and sustain the MAP membership at more than 1,000. Today, we are more than 1,100 and increasing every month. In line with this drive, he initiated a MAP mini-general membership meeting in Cebu in 2007 where he personally inducted about 15 MAP members based in the Visayas. Up to now, we still hold these meetings in Cebu. On May 12, we will hold one and will induct about 20 members.

With a membership base of 1,000, Ambassador del Rosario envisioned MAP to achieve a critical mass to enable a greater exercise of influence and relevance with both the business community and government in the promotion of management excellence. Today, MAP is the organization that Ambassador del Rosario had envisioned.

He also started the weekly *MAP Insights* column in *BusinessWorld* every Tuesday.

It was during his term when the "*MAP CEO Academy*" was institutionalized as the group's umbrella brand for all management development fora and other learning activities on leadership and management to address the continuing education needs of MAP members and other management practitioners.

He initiated the healthcare coverage of all regular employees of MAP as well as their spouses and children.

MAP conferred the "*MAP Management Man of the Year 2014*" award on Ambassador del Rosario for raising the standards of economic diplomacy by pursuing an independent and principled foreign policy, and for standing firmly in staunchly defending the Philippine national interest in the global arena.

Ambassador del Rosario has set a leadership example that Filipino professional managers should emulate through his track record of integrity, professional competence and strong leadership in his management career in both public and private sectors.

He will forever be remembered for being a paragon of statesmanship and management excellence for nation-building, and for his overwhelming love of country.

Farewell to an extraordinary leader, an exemplary public servant and a genuine patriot.

We will certainly miss you, Ambassador del Rosario!

(This article was lifted from the eulogy delivered by the author, who is president of MAP, at the MAP-sponsored mass for the late Ambassador Albert F. del Rosario at the Santuario de San Antonio on April 24.)

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Taxpayers' burden from uniformed pensions

MY CUP OF LIBERTY
BIENVENIDO S. OPLAS, JR.

The pushback against military and uniformed personnel pension reform has come strongly since Finance Secretary Benjamin E. Diokno announced the reforms on March 28. President Ferdinand R. Marcos, Jr. approved the reforms with the concurrence of Defense Secretary Carlito G. Galvez, Jr. and Interior and Local Government Secretary Benhur Abalos.

Under Mr. Diokno's proposal, the reforms will apply to all active personnel and new entrants. It will remove the automatic indexation of pensions to the salary of active personnel of the same rank. Uniformed personnel will start getting their pensions when they turn 57. Mandatory contributions will be required for active personnel and new entrants, similar to GSIS pensioners.

These reforms are necessary to address certain economic distortions. For instance, active personnel contribute zero to their future pensions, the cost of which had reached P160 billion a year and is projected to reach P200+ billion a year by 2023-2024. These pensions are tax-free, indexed to one grade higher, and 75% is passed on to the spouse when the pensioner dies, still tax free. This is even more generous than the US military pension system.

Taxpayers are already burdened with costs such as free education for four years at the Philippine Military Academy and Philippine National Police Academy; high salaries, especially doubling of military pay by former President Rodrigo R. Duterte in 2018; high expenditures for arms, ammunition, trucks, tanks, ships, choppers, planes, training, etc. so that they have superiority over rebels and criminals and their chance of dying is low; and pension upon retirement.

If soldiers and policemen were sent to battle without those heavy equipment in land, sea and air, they are indeed entitled to generous pensions as additional incentive for their service to the country.

I built this table to have a bigger picture of the fiscal situation. From 2016 to 2022, the tax burden increased from P21,400 to P31,800, while the expenditure burden rose from P24,900 to P46,200. The debt burden increased from P64,400 to P124,000, while the military and police pension burden rose from P585 to P1,470. Their pensions, maintenance and other operating expenditures plus capital outlay burden such as the purchase of new tanks and choppers doubled to P2,600 (*Table 1*).The fiscal burden on taxpayers keeps rising, not flatlining or decreasing. And the huge military and police pension cost is part of this problem.

So, I ask our soldiers and policemen — active and pensioners — to please do your share. "Serve and protect" the taxpayers too, contribute to the pension fund, end the indexation and support other reforms. Do not limit the "Serve and protect... our taxpayer-funded pension." Thank you.

Last week, I got data from the DoF on excise tax revenues. Collections from tobacco products are the biggest as the tax rate keeps rising: P35 a pack in 2019, P45 in 2020, P50 in 2021, P55 in 2022, P60 this year and a 5% increase yearly thereafter, or P63 a pack in 2024, P66.15 in 2025 and so on.

Alcohol tax rates are also rising. Sugar-sweetened beverage tax was imposed only in 2018 under the TRAIN law of 2017. Petroleum excise tax is vanishing because all oil players have shifted to imports since 2021, and the small tax collections in 2022 came from the remaining inventory.

One big and noticeable item showed up in the DoF data — revenues from tobacco taxes have declined for the first time, from P179 billion in 2021 to P160 billion in 2022. Then I computed the percent share of tobacco and alcohol, the Budget of Expenditures and Sources of Financing projections in August (or July) of the same year's share to actual. The DoF has over-projected revenues from tobacco tax — P210 billion versus P160 billion actual, or a ratio of 131% (*Table 2*).

The big drop in tobacco tax is mainly a result of worsening smuggling and illicit trade in the country. I personally saw cigarettes sold in western Pangasinan early this year at only P40 a pack. These were 100% illicit products because the retail price was lower than the tax at P60 pack, and there were no graphic warnings. And these were openly sold in mom-and-pop stores.

The control of illicit trade, which is economic sabotage, is mainly a function of local governments, DoF agencies and the Philippine National Police and Philippine Coast Guard. They have a huge budget — the police had P190-P192 billion a year in 2021-2023, and the coast guard had P15.4 billion in 2021, P19.3 billion in 2022 and P21.3 billion in 2023.

So this is a case where some uniformed agencies have a huge annual budget, big annual pensions that require higher taxes but are remiss in their function to control smuggling that reduces tax revenues.

Meanwhile, the tax-tax-tax health activists should be happy because their target of reduced smoking is attained. But they may have become unintentional allies of the smugglers, criminals and corrupt enforcers in government because more smokers have shifted to illicit, smuggled tobacco that pay zero tax.

TABLE 1.
Philippines per capita burden of taxes, debt and MUP pension

Indicators	Unit	2016	2019	2021	2022	2023	2024
(1) Population	Million	102.53	107.29	110.2	111.57	112.89	114.16
(2) Revenues, tax + non-tax	P Bill.	2,196	3,138	3,005	3,545		
(3) Total expenditures	P Bill.	2,549	3,798	4,675	5,159		
Deficit (2-3)	P Bill.	-353	-660	-1,670	-1,614		
(4) Debt, actual + guaranteed	P Bill.	6,604	8,220	12,152	13,830		
Per capita revenues (2/1)	Pesos	21,418	29,248	27,269	31,774		
Per capita expends. (3/1)	Pesos	24,861	35,399	42,423	46,240		
Per capita debt (4/1)	Pesos	64,410	76,615	110,272	123,958		
(5) MUP pension	P Bill.	60	102	160	164	145	162
(6) MUP MOOE + CO	P Bill.	73	106	116	125	214	241
(7) MUP pension + MOOE + CO	P Bill.	133	208	276	289	359	403
Per capita MUP pension (5/1)	Pesos	585	951	1,452	1,470	1,284	1,419
Per capita MUP expends (7/1)	Pesos	1,297	1,939	2,505	2,590	3,180	3,530

SOURCES: MUP PENSION, MOOE+CO FROM DOF; PER CAPITA SHARES ARE THE AUTHOR'S COMPUTATIONS.

TABLE 2.
Excise tax collections, actual vs projections, in billion pesos

Products	2012	2014	2016	2017	2018	2019	2020	2021	2022
(1) Tobacco	32.94	82.34	95.05	125.91	136.01	147.63	149.65	176.49	160.43
(2) Alcohol	23.90	37.52	50.27	61.05	68.81	77.00	77.92	90.13	101.22
(3) SSB	0	0	0	0	35.58	38.58	32.38	32.95	35.92
(4) Petroleum	10.16	9.42	13.11	15.51	39.00	42.71	27.60	7.37	0.22
(5) MAN*	5.35	6.04	5.07	7.02	11.21	11.35	8.62	10.76	13.53
Total Excise	72.35	135.32	163.51	83.58	290.61	317.27	296.17	317.69	311.31
(1)/Total %	45.5	60.8	58.1	150.6	46.8	46.5	50.5	55.6	51.5
(2)/Total %	33.0	27.7	30.7	73.0	23.7	24.3	26.3	28.4	32.5
(1) BPASY			112.12	92.00	143.14	162.24	139.5	172.33	209.6
(2) BPASY			47.24	51.51	60.45	84.66	62.05	82.22	103.64
(3) BPASY			-	3.27	46.46	37.29	28.62	34.04	37.04
(1) BPASY/Actual %			118.0	73.1	105.2	109.9	93.2	97.6	130.7
(2) BPASY/Actual %			94.0	84.4	87.9	110.0	79.6	91.2	102.4
(3) BPASY/Actual %			-	-	130.6	96.7	88.4	103.3	103.1

* MAN - MINERALS + AUTOMOBILES + NON-ESSENTIALS
SOURCES: ACTUAL FROM DOF-BIR; BPASY FROM BESF VARIOUS YEARS; PERCENT SHARES ARE THE AUTHOR'S COMPUTATIONS.

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