Diokno considering sugar import liberalization

FINANCE Secretary Benjamin E. Diokno said he is studying the liberalization of sugar imports to soften the blow on the food industry amid proposals to tax sugary food and beverages.

In a chat with the media on Friday, Mr. Diokno said that freeing up sugar imports a "reasonable compromise" for volume users of sugar.

"Expectedly, producers and sellers of sugary products subjected to tax will object as it will raise the selling price of their products to the market," Mr. Diokno said in a Viber message to reporters after the chat.

"But knowing the big difference between the world price and the domestic price of sugar, a major input in the industry, then allowing the industry to import their own sugar requirement would reduce their cost of pro-

duction. This is the 'sweetener' or incentive for producers of sugary products to accept the broader, simpler tax on sugary products," he added.

Mr. Diokno said the model is the Rice Tariffication Law "for all the products which are covered by all these non-tariff barriers."

Rice tariffication allowed private parties a free hand to import rice, which was formerly a government monopoly. The importers would then pay a 35% tariff on Southeast Asian grain, generating funds for the government to pay for rice industry modernization.

Mr. Diokno said there is no need for legislation to allow the industry to import sugar.

"You don't need a law for access to imports. With just a policy, you will be allowed to import sugar, that's okay," he added.

Last week, the DoF announced plans to impose a tax on "junk food" and raise the excise tax on sweetened beverages.

The proposal seeks to place a P10 tax per 100 grams or a P10 tax per 100 milliliters of pre-packaged food deemed to lack nutritional value, including confectioneries, snacks, and desserts exceeding the Department of Health's thresholds for fat, salt, and sugar content.

It is also seeking to increase the excise tax on sweetened beverages to P12 regardless of the type of sweetener used.

"This tax rate will be indexed annually by 4%, and exemptions will be eliminated to broaden the tax base. These measures aim to strengthen the effectiveness of the sweetened beverage tax by further discouraging the consumption of such beverages," Mr. Diokno said.

Under the Tax Reform for Acceleration and Inclusion law, the excise tax on sweetened beverages differs based on the sweetener used. The tax is P6 per liter for drinks containing caloric or non-caloric sweeteners, and P12 per liter for drinks containing high-fructose corn syrup or such sweeteners in combination.

"The proposal makes good economic sense. It simplifies the tax system — one uniform rate is better than dual rates. It achieves the proposal to make Filipinos live healthier and longer lives. In the long run, it also reduces the costs to the government for providing healthcare for its people," Mr. Diokno added.

The DoF expects the tax package to generate additional revenue of P76 billion in its first year, as well as result in a 21% reduction in consumption of junk food.

Mr. Diokno said that the government is still studying exemptions to the junk food tax amid objections centered on the proposal's impact on poor consumers.

"We are consulting with the National Nutrition Council and the Department of Health. We are not yet firm with what we've released. If you're thinking of (instant noodles), that won't be covered. That's really for the poorest," he said.

Mr. Diokno said that the list of excluded products from the junk food tax will likely come out in the second half of the year.

While the bill has yet to be drafted, Mr. Diokno said that it should be signed into law before the elections in 2025.

"After that, it's hard to pass reform bills. You want the reform in the first two years of your administration. That's the window of opportunity," he added.

United Sugar Producers Federation of the Philippines President Manuel R. Lamata said the organization supports the tax on sweetened beverages, but not the call to liberalize sugar imports.

"We are against liberalization. Look what is happening to the rice industry, it is dying. We will fight him (Mr. Diokno) to the last. We are for increasing taxes on soft drinks, tetra packs, etc., especially those using high fructose corn syrup. He should double the taxes there," Mr. Lamata said in a Viber message.

Since last year, beverage companies and food manufacturers have been pushing to be allowed to directly import sugar amid elevated prices due to limited supply. - Luisa Maria Jacinta C. Jocson

Pursuant to the Department of Transportation approval of LRT-1 fare adjustment dated June 14, 2023, the following revised fare matrix is for implementation in LRT-1 effective AUGUST 2, 2023.

								LR	T1 STORED	VALUE Far	e Matrix									
										DESTIN	ATION									
	Baclaran	EDSA	Libertad	Gil Puyat	Vito Cruz	Quirino	Pedro Gil	UN Avenue	Central	Carriedo	D. Jose	Bambang	Tayuman	Blumentritt	Abad Santos	R.Papa	5th Avenue	Monumento	Balintawak	Roosevel
Baclaran	13	14	15	16	17	18	19	20	22	23	23	24	25	26	27	28	29	30	33	35
EDSA	14	13	15	15	17	18	19	20	21	22	23	24	24	25	26	27	28	29	32	34
Libertad	15	15	13	14	15	16	17	18	20	21	22	22	23	24	25	26	27	28	31	33
Gil Puyat	16	15	14	13	15	16	17	17	19	20	21	21	22	23	24	25	26	27	30	32
Vito Cruz	17	17	15	15	13	14	15	16	18	19	19	20	21	22	23	24	25	26	29	31
Quirino	18	18	16	16	14	13	14	15	17	18	18	19	20	21	22	23	24	25	28	30
Pedro Gil	19	19	17	17	15	14	13	14	16	17	17	18	19	20	21	22	23	24	27	29
UN Avenue	20	20	18	17	16	15	14	13	15	16	16	17	18	19	20	21	22	23	26	28
Central	22	21	20	19	18	17	16	15	13	14	15	16	17	17	18	19	20	22	24	27
Carriedo	23	22	21	20	19	18	17	16	14	13	14	15	16	16	18	18	20	21	24	26
D. Jose	23	23	22	21	19	18	17	16	15	14	13	14	15	16	17	18	19	20	23	25
Bambang	24	24	22	21	20	19	18	17	16	15	14	13	14	15	16	17	18	19	22	24
Tayuman	25	24	23	22	21	20	19	18	17	16	15	14	13	14	15	16	17	18	21	23
Blumentritt	26	25	24	23	22	21	20	19	17	16	16	15	14	13	14	15	16	18	20	23
Abad Santos	27	26	25	24	23	22	21	20	18	18	17	16	15	14	13	14	15	17	19	22
R.Papa	28	27	26	25	24	23	22	21	19	18	18	17	16	15	14	13	14	16	18	21
5th Avenue	29	28	27	26	25	24	23	22	20	20	19	18	17	16	15	14	13	15	17	20
Monumento	30	29	28	27	26	25	24	23	22	21	20	19	18	18	17	16	15	13	16	18
Balintawak	33	32	31	30	29	28	27	26	24	24	23	22	21	20	19	18	17	16	13	16
Roosevelt	35	34	33	32	31	30	29	28	27	26	25	24	23	23	22	21	20	18	16	13

								LRT	1 SINGLE J	OURNEY Fa	re Matrix									
										DESTIN	ATION									
	Baolaran	EDSA	Libertad	Gil Puyat	Vito Cruz	Quirino	Pedro Gil	UN Avenue	Central	Carriedo	D. Jose	Bambang	Tayuman	Blumentritt	Abad Santos	R.Papa	5th Avenue	Monumento	Balintavak	Roosevelt
Baclaran		15	15	20	20	20	20	20	25	25	25	25	25	30	30	30	30	30	35	35
EDSA	15		15	15	20	20	20	20	25	25	25	25	25	25	30	30	30	30	35	35
Libertad	15	15		15	15	20	20	20	20	25	25	25	25	25	25	30	30	30	35	35
Gil Puyat	20	15	15		15	20	20	20	20	20	25	25	25	25	25	25	30	30	30	35
Vito Cruz	20	20	15	15		15	15	20	20	20	20	20	25	25	25	25	25	30	30	35
Quirino	20	20	20	20	15		15	15	20	20	20	20	20	25	25	25	25	25	30	30
Pedro GII	20	20	20	20	15	15		15	20	20	20	20	20	20	25	25	25	25	30	30
UN Avenue	20	20	20	20	20	15	15		15	20	20	20	20	20	20	25	25	25	30	30
Central	25	25	20	20	20	20	20	15		15	15	20	20	20	20	20	20	25	25	30
Carriedo	25	25	25	20	20	20	20	20	15		15	15	20	20	20	20	20	25	25	30
D. Jose	25	25	25	25	20	20	20	20	15	15		15	15	20	20	20	20	20	25	25
Bambang	25	25	25	25	20	20	20	20	20	15	15		15	15	20	20	20	20	25	25
Tayuman	25	25	25	25	25	20	20	20	20	20	15	15		15	15	20	20	20	25	25
Blumentritt	30	25	25	25	25	25	20	20	20	20	20	15	15		15	15	20	20	20	25
Abad Santos	30	30	25	25	25	25	25	20	20	20	20	20	15	15		15	15	20	20	25
R.Papa	30	30	30	25	25	25	25	25	20	20	20	20	20	15	15		15	20	20	25
5th Avenue	30	30	30	30	25	25	25	25	20	20	20	20	20	20	15	15		15	20	20
Monumento	30	30	30	30	30	25	25	25	25	25	20	20	20	20	20	20	15		20	20
Balintavak	35	35	35	30	30	30	30	30	25	25	25	25	25	20	20	20	20	20		20
Roosevelt	35	35	35	35	35	30	30	30	30	30	25	25	25	25	25	25	20	20	20	



Republic of the Philippines
DEPARTMENT OF TRANSPORTATION

MR. JUAN F. ALFONSO President and CEO Light Rail Manila Corporation LRTA Compound, Airport Road, Pasay City

This refers to the attached memorandum for the Secretary of this Department dated 24 March 2023 received from the undersigned on the Railway Regulatory Unit's Recommendation on the Fare Adjustment Petition of the Light Rail Manila Corporation (LRMC) and Light Rail Transit Authority (LRTA).

The undersigned hereby informs the LRMC that the application for fare adjustment for the LRT 1 system has been duly approved by the Secretary, based on following scheme:

	Fare Formula
LRT Line 1	Boarding Fare = PHP 13.29 Distance Fare = PHP 1.21 per kilometer

Further, the LRMC is reminded to comply with Section 3.4, Rule 4 ("Procedure for Approval of Adjusted and Periodic Fare Rates for Applicants with Concession Agreements") of the Rules of Procedure for Fare Rate-Fixing under the Department of Transportation Railway Regulatory Unit, as contained in Department Order No. 2022-027 dated 07 December 2022 on the Creation of the DOTr Railway Regulatory Unit, to wit:

Approved Fare rates shall be published, at the expense of the Applicant

- once a week for three (3) consecutive weeks in a newspaper of general circulation. Collection Date¹ shall be implemented thirty (30) days after the last day of publication. Said publication must include the following:
 - oned fare rates shall take effect XXXX

CESAR B. CHAVEZ Chairperson, DOTr Railways Regulatory Unit



MEMORANDUM FOR THE SECRETARY

FROM The Chairperson Rail Regulatory Unit (RRU)

DATE

1.0

ctfully pertains to the Petitions for Fare Adjustment filed by LRMC and LRTA.

Body LEGAL ASPECT

AUTHORITY OF DOTR THROUGH RRU TO RULE ON RAIL FARE ADJUSTMENT MATTERS

- DOTr is vested with regulatory powers under existing laws for purposes of fixing rates and granting franchises to rail transportation utilities.¹
- Under the 1987 Administrative Code, DOTr is the primary regulating and administrative entity mandated to administer and enforce laws, rules, and regulations in the field of transportation. Pursuant to Executive Order (EO) No. 125-A.) DOTr is authorized to determine, fix and prescribe rates for the operation of public land transportation utility facilities and services.
- In fact, DOTr is also authorized by the same EOs to issue Certificates of Public

- Petition, timely publication, and Notice of Hearing5 as required under the law and the
- Both Petitions are found to be sufficient in form and substance as they provided for the proposed fare rate, factual antecedents in arriving at said proposed fare rate, and the basis for such adjustment. While LRMC's petition is unverified, it is worth noting that the same was filed based on the Concession Agreement, prior to the establishment

AUTHORITY TO FILE PETITIONS/APPLICATION

As to signatories' authority in filing the Petitions, both Petitions submitted the necessary authorizations, in compliance with the provisions of the Revised Corporation Code of the Philippines' and Executive Order 603, as amended.

PUBLICATION AND PUBLIC HEARING

- RRU conducted its first Public Hearing on 17 February 2023 at LRTA Administration Bldg., LRT Line 1 Pasay Depot, Gate 1, Aurora Blvd., Pasay City. Petitioners and other organizations attended the said hearing and each were given adequate time to
- As manifested during the Public Hearing, Kilusang Mayo Uno (KMU), Kabataan Partylist (Kabataan), Alliance of Nationalist and Genuine Labor Organization (ANGLO), Anakhayan and Bagong Alyansang Makabayan submitted their Position Papers on 20 February 2023, interposing their comments and objections on the proposed fare increase.9 All position papers submitted are duly considered herein.
- The foregoing twin requirements of publication and public hearing are in compliance with the 1987 Administrative Code® and jurisprudence. In Manila International Airpor Authority (MIAA) v. Blancaflor,¹¹ the Supreme Court expounded on necessity of a public hearing in rate fixing/increases scenario, ruling that MIAA, being an agency public hearing in rate fixing, increases scenario, runing that which, being a attached to the Department of Transportation and Communications (now I governed by Administrative Code of 1987, which specifically mandates the co

Similarly, as held in Francisco, et. al. v. Toll Regulatory Board (TRB), 12 subsequent toll rate adjustments (in this case, Rail fare adjustments) are mandated by law to undergo both requirements of public hearing and publication.

COORDINATION WITH COMMISSION ON AUDIT (COA) AND LAND TRANSPORTATION FRANCHISING REGULATORY BOARD (LTFRB)

- LRTA, under its Charter, is required to consult with LTFRB in fixing LRT's fare rates. ¹³ This consultative process is to determine the reasonableness and economic viability of the fare adjustment and does not arrogate unto LTFRB the authority to fix fares for
- Accordingly, LRTA consulted LTFRB to provide comments for the proposed fare adjustments for LRT1 and LRT2. LTFRB in response interposed no objection to the 2.12. proposed fare increase.
- On the other hand, Section 22 of the 1987 Administrative Code¹⁵ and Francisco v TRB requires a special audit on the matter of fare adjustment. In compliance thereto, LRTA wrote COA, 16 which replied that audit is not a procedural requirement nor a condition precedent to any adjustment and implementation of fare rates, and further stated that it is the sole duty of the regulatory body concerned who has the power to issue, modify and promulgate fare adjustment.¹⁷
- COA posited that they cannot participate on the ground that they can only be involved post-audit after the fare adjustment is approved.

DOTR'S CONTRACTUAL OBLIGATION

- For LRMC, pursuant to Sections 20.3.b and 20.3.c of Concession Agreement dated 2 October 2014, whenever notional fare is adjusted, Concessionaire shall apply to the grantors, LRTA and DOTr, for an adjustment of the approved fare so that it is at least
- As raised in the Petition, the approved fare rates took effect on January 2015 and is approximately 36% lower that the notional fare.

CHNICAL, FINANCIAL AND OPERATIONAL ASPECT

- Foremost, it is respectfully recognized that LRTA Board's expertise, as co-grantor of DOTr, already passed upon policy determination on technical, financial and operational matters involving the petitions made as evidenced by LRTA Board operational matters involved Resolution No. 068-2022.
- For LRMC, improvement has been established in terms of service as evidenced by the increase in trains deployed, faster travel time, improved headway, progress of major projects, and the progress in Cavite Extension Project's construction.
- For LRTA-operated Line 2, it is likewise acknowledged that LRT Line 2 has served For LKTA-operated Line 2, it is likewise acknowledged that LKT Line 2 has served more than 1 billion passengers since it started operating in 2003. With the current number of passengers, LKTA intends to allocate 97% (3% for common carrier's tax), or about P110.6 million, of the expected P114 million additional rail revenue per year, to augment funds for Maintenance and Other Operating Expenses (MOOE). Sufficient resources for repair and maintenance will help improve turn-around time of equipment repairs, as well as the timely conduct of preventive maintenance activities for optimal performance of critical rail systems and facilities.

- Based on tentative data presented during the public hearing, LRTA's deficit for CY2023 is projected to be -P8.50 billion. It has been actually operating at a loss and relying on government subsidies for its operations and maintenance, as reflected in its financial performance in CY2022 when it incurred a deficit of about -P7.006
- On the part of LRMC, its fare deficit vis-à-vis the notional fare prescribed in its Concession Agreement with government is P1.46 billion. As of January 2023, LRMC's actual fare is 50% behind the notional fares. This gap will exponentially increase. In 2026, without an increase, actual fare will be 81% behind the notional fare.
- As such, although LRMC and LRTA claims that they continue to operate and maintain the Railway Systems with the highest performance and safety standards despite the apparent financial challenge, it is our view that the sought fare adjustments is of extreme urgency, and LRMC, LRTA and/or public interest will suffer great damage or inconvenience if the same is not imposed as it may cause delay or stoppage of urgently needed improvements, expansions and/or repairs.
- Thus, in order to ensure the viability and sustainability of the services rendered petition as applied to Stored Value Card (SVC) shall range from a minimum P14.00 and a maximum of P35.00; while fares for Single Journey Ticket (SJT) rare or P14.00 and a maximum of l shall range from P 15.00 to P35.00.
- For LRTA, the resulting fares as applied to SVC shall range from a minimum fare of P14.00 and a maximum of P33.00; while fares for SJT shall range from P15.00 to
- The foregoing fare rates were derived using inflation rebasing formula¹⁸ (2018 as base year), an option available in the LRT Line 1 Concession Agreement in determining the fares, and considers prevailing consumer price indexes (CPI) in the country within the last four (4) years.
- In fact, as commented by LTFRB, inflation rebasing method is a more comprehensive method as it considers computed average growth rate of inflation which is a significant economic parameter that is practical and reliable. Further, the timing consideration (4 years) is generally adequate, which suggests that the period (to adjust fares) is not too short nor too long.

Sample Comparison: Petitioned Fare (SJT) vs. Other Road Transportation Fares

Full and Ave. Trip	Single Journey Tit.	Ordinary	Modern E-Jeep AC	Ordinary Bus	City Bus AC	TNVS Sedan	TNVS
(in kilometer)	ERT2 Petition P13.29 + P1.21	P12.00 +P1.80	P34.00 ⇔2.20	P13.00 +P2.25	P15.00 +P2.65	PIS.00 +P15.00	PSS 00 +P18.00
16.56	P35.00	P35.00	P42.00	P39.00	P46.00	P294.00	P353.00
8.5	P25.00	2000	P24.00	P21.00	P25.00	P173.00	P208.00

- In view of the foregoing, RRU finds merit in LRMC and LRTA's Petitions for far
- Further, approved fare rates shall be published, at the expense of petitioners, once a treek for three (3) consecutive neeks in a newspaper of general circulation. Collection Date shall be implemented thirty (30) days after the last day of publication. Said publication must include the following:

3..3.1 Approved adjusted fare rates; and 3..3.2 Collection Date when approved fare rates shall take effect.

MAR 27 2023

JAIME J. BAUTISTA **OTHERINI**

APPROVED FOR FURTHER STUDY

¹ Executive Order No. 292 or the Administrative Code, and Executive Order No. 125-A. Executive Order No. 292, Section 1 and 2; Executive Order No. 125-A, Section 5. 3 Executive Order No. 125-A, Section 5.

* Executive Order 10. 122-4, Section 3.

* Memorandum for RRU Chairperson dated 28 February 2023.

For LBMC Annexes: A-LEMC Polition, B-27 January 2023 publication, C-1 February 2023 Publication, D-6 February 2023, E-Notice of Public Nations and T-Affaired of Publication, B-27 January 2023 publication, L-1 February 2023 Publication, J-6 February 2023, K-Notice of Dec LBMA Annexes de JEMA Public H-27 January 2023 publication, L-1 February 2023 Publication, J-6 February 2023, K-Notice of Dec LBMA Annexes (A) JEMA Public H-27 January 2023 publication, L-1 February 2023 Publication, J-6 February 2023, K-Notice of Dec LBMA Public Public Public H-27 January 2023 publication, L-1 February 2023 Publication, L-1

rizing the President/CEO; Annex N- LRTA Board Res ber 2022.

Republic Act No. 11232, Revised Corporation Code of the Philippines, 20 February 2018.

Republic Act No. 11232, Revised Corporation Code of the Philippines, 20 February 2018.

Republic No. 603, as amended, Creating a Light Rail Transit Authority, Vesting the same with Author at the Light Rail Transit (ATF) Project and Providing Funds Therefor, 72 July 1987.

Annexe O. SAUL, F. Achastaan, Q. ANGLO, R. Anakbuyan and S. Bagong Alyansang Makabayan.

Book Will of the Administrative Code of 1987.

- G.R. No. 16690D, Cotober 17, 2010.

 Section 4 (13) Article 2 E.O. No. 603, 12 July 1980

 *Annex T LTFRB letter dated 23 November 2022.

 *Annex T LTFRB letter dated 23 November 2022.

 *Annex T LTFRB letter dated 23 November 2022.

 Astherity to Examine Accounts of Public Utilities. (1) The Commission shall causine and sadd the bods, records and accounts of public utilities.

 *Annex U-Letter dated 3 August 2021; Annex V 2 September 2021 for LTFA (LKT Line 2) and Annex W 11 October 2022 for LRMC

 **Annex U-Letter dated 3 August 2021; Annex V 2 September 2021 for LTFA (LKT Line 2) and Annex W 11 October 2022 for LRMC
- ** Annex V- Letter dated 3 August 2022; Annex Y- 18 August 2021 for LRMC and Annex Z- 25 October 2022 for LRTA 19 Annex X- Letter dated 10 August 2021; Annex Y- 18 August 2021 for LRMC and Annex Z- 25 October 2022 for LRTA 10 Section D "Inflation Rebasing of the Notional Fare," Schedule 9 of the LRT Line 1 Concession Agreement.

SIM registrations breach 100 million

THE Department of Information and Communications Technology (DICT) said it considers the registration exercise for mobile subscriber identity module (SIM) cards a "success" after registrations exceeded 100 million.

The tally of registered user accounts was 100.26 million as of Thursday, Information and Communications Technology Secretary Ivan John E. Uy told reporters on Friday. "We have registered 100 million SIM cards,

and our population is more or less 110 million. So, I think we have a very good number and very successful SIM card registration," he said. He called the time remaining to register about one month — "a last chance... (If they fail to register and) their service gets cut, I hope

they do not get mad. We gave them all the opportunities to register and we even extended it

to give them more time," he added when asked about any possible deadline extensions. The National Telecommunications Commission (NTC) estimates that the registered SIM cards are equivalent to 59.67% of the 168.02

million SIMs in circulation as of the end of 2022. Around 47.37 million subscribers use Smart Communications, Inc., while 45.96 million use the services of Globe Telecom, Inc., and 6.94 million are with DITO Telecommunity Corp.

On April 25, the DICT announced the 90day extension of the SIM registration period giving the public until July 25 to register.

COMBATING CYBERCRIME

Mr. Uy said his department will be creating a special task force to respond rapidly to phishing and other forms of cybercrime.

Last week, the DICT met with the Cybercrime Investigation and Coordinating Center, the three major telecommunication firms, online banks, e-wallet companies, the NTC, the Bangko Sentral ng Pilipinas and the National Privacy Commission to discuss the coordinated response to cyber threats and scams.

"It is important that we get ahead of them and that we not wait for a scandal or a big (attack) in which there will be a lot of people victimized before we act," Mr. Uy said.

"Scammers and criminals are taking advantage of the lack of organization between concerned agencies," he added.

The special task group is expected to meet this week to discuss where incidents are to be reported and how to validate such complaints. Justine Irish D. Tabile

World Bank approves \$110-million project to improve quality of **Mindanao education**

THE World Bank has approved a \$110-million project to improve learning outcomes by enhancing teachers' skills in Mindanao.

The Teacher Effectiveness and Competencies Enhancement Project is expected to benefit almost two million elementary school students and over 60,000 teachers and school

officials in Mindanao. The project will be implemented in Region IX (Zamboanga Peninsula), Region XII (South Cotabato, Cotabato, Sultan Kudarat, Sarangani and General Santos) and the Bangsamoro Autonomous Region in Muslim Mindanao.

"These regions, which have high dropout rates, below-average enrollment rates, low

performance in reading and math scores, and significant indigenous populations, offer invaluable insights for national educational improvements," the World Bank said. -

Luisa Maria Jacinta C. Jocson



FULL STORY

Read the full story by scanning the QR code

dit.lv/WB062623>