Orica expanding PHL operations on bullish outlook for mining

By Adrian H. Halili *Reporter*

AUSTRALIAN-OWNED mining services company Orica Philippines, Inc. is placing a bullish bet on the mining industry by expanding its operations here, an official said.

"Going forward I think there is a lot to be optimistic about. There are some world class deposits here in the Philippines. As they get developed the technology that Orica offers is going to be relevant," Gordon Wallace, country head for Orica in the Philippines, told *BusinessWorld* in an interview.

Mr. Wallace said that the expected growth of the mining industry has encouraged the company to invest in its Philippine operations.

"We are eagerly awaiting the re-emergence of the mining industry growth here is the Philippines... and we are resourcing ourselves (for) the future," he said.

"As an organization we have a lot to offer to the Philippines. We have made very large technology investments and we have a portfolio of products and services that would be applicable here," he added.

Orica provides commercial explosives and blasting systems to the mining, quarrying, oil and gas, and construction markets. Its parent firm is Australia Stock Exchange-listed Orica Ltd.

"The industry is starting to recover and build some momentum; construction activity is back from the pandemic lows and mine sites are expanding. So that leads to a positive growth outlook for us," he said.

He said, however, that the company does not expect any immediate changes to the market due to the slow process of mining approvals.

"It does take a very long time to get a significant mining project off the ground... the wholesale change of the industry (will) take time," he added.

Mr. Wallace added that the company's electronic blasting systems and environment monitoring technologies will help miners navigate a regulatory environment that expects them to operate more safely and responsibly.

"As mines get closer and closer to communities, that aspect of the mining cycle gets more sensitive and important. Going forward (these technologies) are going to be a big focus for the Philippines," he added.

He said that Orica's wireless blasting system WebGen allows the use of less risky mining methods.

"Particularly with a focus on risk reduction and safety, it allows the mining method to fundamentally change so that we can (remove) people from the dangerous areas of the mine and use mechanization instead," he added.

Devolution dialogue with NG has stalled, city official says

By Luisa Maria Jacinta C. Jocson *Reporter*

THE National Government (NG) needs to open up more avenues for discussion with local government units (LGUs) in order to efficiently devolve its functions, a city official said.

"The main challenge there is we're not able to talk with the national agencies on the (functions that) will be given to us. There is a certain part of the Mandanas-Garcia ruling (where) certain functions will be devolved to the cities, but we haven't heard from the NG," Tagbilaran City Administrator Cathelyn O. Torremocha told *BusinessWorld* on the sidelines of a forum last week.

"It would have been better if there was also coordination and collaboration and meetings with these national agencies (whose) functions will be devolved to us," she added.

The Supreme Court's Mandanas-Garcia ruling granted LGUs a larger share of national taxes. In response, the NG sought to push some of its functions to the local level, to reflect the greater level of funding that the ruling placed in the hands of LGUs.

The devolution process was initially expected to be completed by 2024. Early this year, President Ferdinand R. Marcos, Jr. ordered officials to study prolonging the devolution timetable to give LGUs more time to transition.

The Department of Budget and Management (DBM) said it is studying the possibility of extending the devolution to 2027.

Ms. Torremocha said that fully devolving by 2027 would be feasible if the devolution process was "properly coordinated and the transition is smooth."

She said the readiness of LGUs must be taken into account. "Many will be affected. We have employees that will be affected by those positions the NG will devolve. Where will they go? Are they going to be in the local government? It's difficult. (The process) should be smooth," she said.

Ms. Torremocha said Tagbilaran City is continuing to prepare for the devolution.

"We prepared the offices and also the budget of these positions we have to create in order to address the functions that will be devolved to us. That was (sometime) during 2022. In 2023, we have the budget for all those devolved (functions), especially those in the health sector, engineering, and agriculture," she said.

USAID Urban Connect Activity Chief of Party Alex B. Brillantes, Jr. said that the timetable for devolution should be reviewed.

"It should be recalibrated. We cannot rush the local government units. It takes a mindset change. The NG is willing to give, but having said that, we have to look at the absorptive capacity of the LGUs," he said at the sidelines of a forum last week.

Bienvenido S. Oplas, Jr., president of a research consultancy and of the Minimal Government Thinkers think tank, said that the NG should encourage more competition to better capacitate LGUs.

"Encourage more LGUs competition. Infrastructure competition, peace and order competition, power generation and distribution competition, tax competition, etc. to attract more tourism and investments," Mr. Oplas said in a Viber message.

"When there is no LGU competition, there is no self reliance. LGUs are dependent on the NG for more funding yearly. If there is competition, it's up to them, so that national government funding will only complement their local revenue mobilization because they want to do more," he added.

Mr. Oplas also said the devolution process should be done as early as 2025.

"For me, the problem is that many national agencies, the departments of Health, Education, and Social Welfare and Development, still want more national central planning and implementation of socio-economic projects and do not want their powers and funding to be reduced via devolution," he said.

The DBM has announced that the National Tax Allotment (NTA) to be set aside for LGUs next year is pegged at P871.38 billion.

The NTA is an automatic allocation and is equivalent to 40% of the national taxes collected three years prior.

This is 6.23% higher than this year's NTA. The number of LGUs is at 43,670, consisting of 83 provinces, 148 cities, 1,486 municipalities and 41,953 barangays.

Municipalities are entitled to an NTA of P295.47 billion. The correspondng amounts for cities, provinces, and barangays are P201.22 billion, P200.42 billion, and P174.28 billion, respectively.

According to the DBM, LGUs are required to appropriate at least 20% of their NTA on development projects and at least 5% of their estimated revenue from regular sources to their Local Disaster Risk Reduction and Management Fund.

Meanwhile, the Department of Finance (DoF) said that the recently signed law updating the income classification of LGUs will help boost local revenue and improve fiscal management.

"This law is a significant milestone that resolves the long-standing issue of outdated LGU income classification. It paves the way for a more responsive approach to foster local autonomy and empower LGUs to unleash their full economic potential," Finance Secretary Benjamin E. Diokno said in a statement.

It will also help the DoF "efficiently and systematically determine LGUs' financial capabilities and fiscal positions in line with the economy and local development."

Last week, President Ferdinand R. Marcos, Jr. signed into law Republic Act (RA) No. 11964 or the "Automatic Income Classification of Local Government Units Act."

FULL STORY

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