

DBM reluctant to reenact ‘most corrupt’ 2025 budget

THE Department of Budget and Management (DBM) expressed caution about reenacting the “most corrupt” 2025 budget, but added that preparations are underway in case President Ferdinand R. Marcos, Jr. follows through on his warnings to Congress not to deviate significantly from the Executive branch’s spending priorities.

“Hopefully not, because if the 2025 budget is reenacted... it’s the most corrupt kind of budget. So why reenact it?” Budget Secretary Amenah F. Pangandaman said, responding to a question about the likelihood of a reenacted budget.

Nevertheless, the DBM is preparing rules that will govern operations in case the President refuses to sign the budget bill, she said. If no budget is in place by the new year, the government automatically reverts to the

preceding year’s spending plan, which is typically smaller and is focused on priorities that could have changed.

The 2025 budget drew a Presidential veto covering P194 billion worth of spending items, and raised concerns over the size of the public works allocations. The Constitution requires governments to make education their top spending priority.

“I’ve instructed our legal team and budget operations team to start drafting the guidelines in case we need to operate under a reenacted budget,” Ms. Pangandaman told reporters on the sidelines of an inspection tour of public works in Pampanga on Aug. 4.

“Even now, my colleagues in the economic team and I are focused on this. Assuming a reenacted budget, what is the proper process that agencies should fol-

low to request new programs and projects?” she told DZBB radio last week.

Ms. Pangandaman noted the absence of a formal framework for agencies to follow under a reenacted budget scenario.

The last major reenacted budget crisis was in 2019 under President Rodrigo R. Duterte, during which the government operated under the P3.757-trillion national budget from 2018. The 2019 budget bill was signed four months later.

Ms. Pangandaman remains confident that Mr. Marcos will sign the General Appropriations Bill before the year ends.

She also told reporters during the Pampanga event that the Official Development Assistance (ODA) projects classified as unprogrammed appropriations are those with no “perfected contract” yet.

“Actually, (ODA projects) should be included in the program. Everything in the President’s budget is included in the program. What we put in the unprogrammed (category is) very minimal, those without a perfected contract,” Ms. Pangandaman said.

According to the recent ODA Portfolio Review Report, unprogrammed appropriations played a “critical role” in addressing funding shortfalls for ODA project implementation.

Unprogrammed appropriations are those with no clear sources of funding, and will be financed only if government revenue exceeds targets.

In the proposed 2026 budget, the government is proposing a 26.08% reduction in flood-control funding to P274.9 billion, against the P346.6 billion allocation in the 2025 GAA. — **Aubrey Rose A. Inosante**

BIR could miss revenue goal if online gaming is banned

THE Bureau of Internal Revenue (BIR) may miss its collection target if the government bans online gambling.

“In case online gambling ceases, there should be a (target) adjustment. Definitely, the target will not be achieved,” BIR Commissioner Romeo D. Lumagui, Jr. told reporters on the sidelines of a *Financial Times* event on Tuesday.

The BIR collects a 5% franchising fee from gaming operators.

President Ferdinand R. Marcos, Jr. failed to mention his plans for the industry during his State of the Nation Address (SONA), after his previous SONA had encouraged speculation of another gambling-industry ban.

In his 2024 address, Mr. Marcos had ordered the shutdown of the Philippine Offshore Gaming Operators (POGO) industry, citing mounting social costs and crime.

Also putting the target at risk is the Capital Markets Efficiency Promotion Act, he said, due to reductions in taxes collected from issuing and trading securities.

The law cut the stock transaction tax to 0.1% from 0.6% and reduced the documentary stamp tax on the original issuance of shares of stock to 0.75% from 1% of par value.

BIR collections rose 11.72% to P1.36 trillion in the first

half, according to the Bureau of the Treasury. Its collection goal of P3.232 trillion this year remains unchanged.

He also said hitting collection targets in the second half will be a “challenge” but added that the 12% value-added tax on foreign digital service providers could provide a boost.

Mr. Lumagui said illicit tobacco manufacturers are using economic zones to dodge excise taxes.

“If it’s meant for export and not for local consumption, there’s no excise tax. It’s being manufactured here in the ecozones. That’s what they’re trying to show — that the license they’re getting is for exporting all these products,” Mr. Lumagui said.

“Sometimes, they go to great lengths to make it look like they’re exporting, but the products end up being returned,” he said, saying these practices deprive the government of revenue.

In the first half, excise tax collections increased 9.38% to P134.54 billion. Excise collections from tobacco products rose 34.16% to P58.97 billion during the period.

He pushed for the need to address such tax dodges via the digital track-and-trace system, which will affix Quick Response codes to tobacco products. — **Aubrey Rose A. Inosante**



Ilijan operator queried over gap in supplying WESM in June 2022

THE Energy Regulatory Commission (ERC) said it issued a show-cause order to South Premiere Power Corp. (SPPC), the operator of the Ilijan gas-fired power plant in Batangas, to explain the plant’s downtime in June 2022, in aid of a possible investigation into alleged anti-competitive behavior.

In an order dated July 24, the ERC said it evaluated the assessment report submitted by the Philippine Electricity Market Corp. (PEMC), which found that the 1,200-megawatt power plant was placed on “open breaker status” for 21 days in June 2022.

This means the facility was not supplying the Wholesale Electricity Spot Market (WESM), the trading floor for electricity.

The ERC noted that the incident coincided with a market price increase averaging 30% month on month and the issuance of multiple yellow and red alerts due to power supply deficiencies.

Under Section 45 of the Republic Act No. 9136 or the Electric Power Industry Reform Act (EPIRA) of 2001, anti-competitive behavior covers cross-subsidization, price manipulation, or other unfair trade practices detrimental to the encouragement and protection of contestable markets.

The ERC is tasked with monitoring and penalizing any abuse of market power or anti-

competitive or discriminatory behavior by any participant in the electric power industry.

The ERC also issued a notice to explain to the PEMC, the governance arm of the WESM, “for actions surrounding the Ilijan incident.”

The PEMC notified the ERC on Sept. 13, 2022 of a possible anti-competitive act committed by SPPC, but later recalled as the notice “pending finalization.” The ERC said that it was only in May last year that PEMC submitted its compliance with its written requests.

Following PEMC’s recommendation to endorse to the ERC a notice of possible anti-competitive behavior for the conduct of an investigation, the commission directed the plant operator to submit its verified explanation within 15 days from receipt on why it should not face administrative sanctions and penalties for potential violations under EPIRA.

The SPPC was then wholly owned by San Miguel Global Power Holdings Corp., the power generation arm of conglomerate San Miguel Corp. (SMC). It has since given up 67% to units of the Meralco and Aboitiz groups.

SMC was asked to comment but had yet to reply at the deadline. — **Sheldeneen Joy Talavera**

Ayala signs up for DENR reforestation program

THE Ayala Group and the Department of Environment and Natural Resources (DENR) have entered into a partnership involving the planting of at least five million trees in critical watersheds in Ilocos Norte, Bataan, Rizal, Leyte, Bukidnon, and Lanao del Norte over the next three years.

The Forests for Life: 5 Million Trees by 2028 program offers sustainability certification, potential tax incentives for the private partner, opportunities for employee engagement, and formal recognition in environmental reports and public platforms, the DENR said in a statement.

It said the memorandum of understanding generally tasks Ayala Group with implementing reforestation activities such as site preparation, seedling production, tree planting, and maintenance and protection of established plantations.

“If applicable, partners can use their own resources in other activities that support the program, including community and stakeholder mobilization, and information and education campaigns,” the DENR said.

The DENR, through the Forest Management Bureau and regional offices, will identify, assess, and designate suitable reforestation sites and provide assistance on technical matters, permitting, compliance and regulatory requirements.

It will also monitor and evaluate program implementation, track tree survival rates and carbon sequestration, provide guidelines in promoting the program, and ensure transparency by maintaining a public registry of partners.

The DENR said the Forests for Life program can lead to the generation of high-integrity carbon credits with satellite and drone monitoring, carbon sequestration tracking, and data-driven forest management strategies that “ensure accountability and measurable impact.” — **Kyle Aristophere T. Atienza**

Philippine wholesale price growth eases to 3% in June

PRICE GROWTH at the wholesale level eased to 3% in June, the weakest reading in four months, the Philippine Statistics Authority (PSA) reported, noting that price growth in the chemicals segment, including animal and vegetable oils and fats, slowed.

Citing preliminary data, the PSA said the general wholesale price index (GWPI) reading of 3% represented a pickup from the 2.6% posted a year earlier.

The June indicator was the weakest since the 2.9% reported in February.

In the first half, the national GWPI averaged 3.3%, against 2.7% a year earlier.

“The downtrend in the annual growth rate of the GWPI was mainly caused by the slower annual increase in the index of chemicals including animal and vegetable oils and fats at 12.7% in June 2025 from 14.5% in the previous month,” the PSA said in a report.

Chemicals, including animal and vegetable oils and fats, account for a tenth of the GWPI.

The PSA added that a slowdown were seen in the heavily weighted food segment, where price growth slowed to 1.9% in June from 2.2% in May.

Price growth in beverages and tobacco also eased to 2.6% from 4.3% the prior month. Slowdowns were also noted in crude materials, inedible except fuels (88.7% in June from 96.2% May), and manufactured goods classified chiefly by materials (0.8% from 0.9%).

Meanwhile, price growth accelerated in machinery and transport equipment (1.1% from 1%) and miscellaneous manufactured articles (0.3% from -0.1%).

The decline in the subindex for mineral fuels, lubricants and related materials moderated to 2.6% from 4.4%.

The GWPI for Luzon eased to 3.2% in June from 3.7% in May. Price growth exceeded the 2.4% posted a year earlier.

Price growth in Luzon was also driven by the food index, which slowed to 8.8% in June from 10.6% in May, the PSA said. — **Pierce Oel A. Montalvo**

SEC sees compliance with governance standards improving in Southeast Asia

THE Securities and Exchange Commission (SEC) said corporate governance is improving in Southeast Asia as transparency and sustainability standards became more rigorous.

SEC Chairman Francisco Ed. Lim made the remarks in a speech during the 2025 ASEAN Corporate Governance Conference and Awards (CGCA) on July 24 in Kuala Lumpur.

“When we introduced the ASEAN Asset Class recognition in 2019, only 135 publicly listed companies (PLCs) qualified. This year, that number has risen to 250. This remarkable increase reflects growing awareness of the value of strong governance and transparency,” Mr. Lim said.

“Despite heightened standards, ASEAN companies have

not only kept pace — they have exceeded expectations,” he added.

The CGCA had more than 400 participants, including regulators, PLCs, institutional investors, and corporate governance experts. The event is organized by the Minority Shareholders Watch Group with support from the ASEAN Capital Markets Forum and the Asian Development Bank.

The CGCA recognized top-performing PLCs based on the results of the 2024 ASEAN Corporate Governance Scorecard (ACGS) assessment.

The assessment is aligned with the 2023 G20/Organisation for Economic Co-operation and Development Principles of Corporate Governance which placed greater

emphasis on sustainability, board effectiveness, and stakeholder engagement.

Some 569 PLCs from Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Vietnam, were evaluated solely based on publicly available disclosures.

Six Philippine companies earned spots in the ASEAN Top 50 PLCs, while 35 received ASEAN Asset Class distinctions awarded to PLCs that scored at least 97.5 points, equivalent to 75% of the maximum attainable score of 130 under the ACGS.

The Philippines chairs and provides the secretariat for the ASEAN Capital Markets Forum Working Group on corporate governance. — **Revin Mikhael D. Ochave**

Food health, safety concerns starting to influence consumer purchasing behavior

FOOD HEALTH and safety are now major factors in Filipino consumers’ purchasing choices, signaling a new openness to healthier options in the market, PwC Philippines said, citing the results of a study.

The 2025 Voice of the Consumer Report indicated that about 60% of consumers now worry about the risks associated with ultra-processed foods and pesticides, outweighing concerns about cost.

“The survey results in terms of clamor for affordable food weren’t a surprise, but focus on health and food safety was something that was top of the list,” Mary Jade Roxas-Divina-gracia, deals and corporate finance managing partner at PwC Philippines, told reporters at a briefing on Tuesday.

“I think Filipinos are sort of leveling up in terms of what they want and where they want to put their money in. It’s not just about volume or getting more food, but buying better-quality food.”

At least 60% of consumers said they are most concerned about pesticides in their food, while 57% think about the health risks of ultra

processed foods and 56% consider food safety to be a major consideration.

However, PwC noted that increasing food prices and persistent cost-of-living challenges are making it more difficult for consumers to meet such goals.

In the Philippines, 45% of respondents said they opt for budget or value brands, while 56% purchase in bulk to maximize their funds.

The study also found that spending habits depend on whether consumers spend more time at home or outside.

“The more time they spend at home, the more they do what we call planned purchases, which means you go to a market, you know exactly what you want to buy, and you’re filling your pantry,” Rakesh Mani, Asia-Pacific consumer markets leader at PwC Southeast Asia said. “The more time spent outside the house, the more you see impulse purchases.”

PwC surveyed 21,075 consumers across 28 countries, including 501 from the Philippines. — **Katherine K. Chan**