

# Committee Daily Bulletin



17<sup>th</sup> Congress  
Third Regular Session

A publication of the Committee Affairs Department

Vol. III No. 7  
August 2, 2018

BUDGET BRIEFINGS		
COMMITTEE	SUBJECT MATTER	DISCUSSIONS
Appropriations	<p>Briefing on the proposed FY 2019 budget, plans and programs of the following government agencies:</p> <ul style="list-style-type: none"> <li>Department of Agriculture (DA)</li> </ul>	<p>The Committee, chaired by Rep. Karlo Alexei Nograles (1<sup>st</sup> District, Davao City), listened to the presentation on the proposed FY 2019 budget, plans and programs, and major accomplishments of the Department of Agriculture (DA) and its attached agencies, and the Department of Agrarian Reform (DAR).</p> <p>Committee Vice Chair, Rep. Magnolia Antonino (4<sup>th</sup> District, Nueva Ecija), sat as the presiding officer during the deliberation on the proposed budget of the DA.</p> <p>Under the FY 2019 National Expenditure Program (NEP), the DA and its attached agencies and corporations will get a total of P55.99 billion, which is 10.39% lower than their current year's appropriation of P62.49 billion.</p> <p>Agriculture Secretary Emmanuel Piñol discussed the DA's key accomplishments and the gains in the agriculture sector for FY 2017. According to Piñol, the year 2017 registered the highest growth rate in the agri-fisheries sector for the past 10 years. Having exceeded its 2017 targets, the sector was able to bounce back from a negative 1.4% in 2016 to a 4% growth rate in 2017.</p> <p>Among the agency's key accomplishments were the implementation of various affordable loan programs, which recorded a high repayment rate of 96%; and the improvement in DA's budget utilization rate from 86% in 2016 to almost 95% in 2017, which translates into an increased spending in agriculture. Also in 2017, Piñol added, the Philippines chaired for the first time the 40<sup>th</sup> session of the United Nations Food and Agriculture Organization (UN FAO) Conference held in Rome. UN FAO is the world's highest policy-making body on food security.</p> <p>Asked to explain DA's strategic shift from the provision of farm subsidies to easy-access credit for farmers and fisherfolk, Piñol said that it is intended to avoid bureaucratic red tape since it will be the private sector which will have a primary role in the extension of credit and to allow farmers the flexibility to choose which crops to plant and equipment to use in their farm. Several Committee Members, however, said that scrapping government subsidies to farmers would result in higher production costs to the detriment of the Filipino farmers and the agriculture sector.</p> <p>Piñol was also asked by the Committee Members what the DA is doing to address the rising prices of food products in the country. He explained that the increase in the price of rice and other agricultural products was due to inflation and other factors that are beyond the DA's control. Instead of focusing on directly lowering the cost of food products, Piñol stated that the DA looks for ways to improve crop production by providing better seeds, irrigation system, and farm machinery and equipment.</p>

<p>Continuation... Appropriations</p>	<ul style="list-style-type: none"> <li>• Department of Agrarian Reform (DAR)</li> </ul>	<p>Meanwhile, BAYAN MUNA Party-List Rep. Carlos Isagani Zarate brought to the attention of the Committee the effects on the contractual employees of the DA and other government agencies of the issuance of Joint Circular No. 1 series of 2017 by the Department of Management (DBM), Civil Service Commission (CSC), and Commission on Audit (COA). The joint circular, among other provisions, provides that the renewal of contracts of government workers with existing Contract of Service (CS) or Job Order (JO) will only be until December 31, 2018. Thereafter, the hiring of workers under CS or JO will be subject to certain limitations set forth in the joint circular.</p> <p>Rep. Zarate said that the DA, which currently has 10, 975 contractual employees, a lot of whom are scientists under the Bureau of Fisheries and Aquatic Resources (BFAR), cannot possibly regularize its affected employees in time for the deadline. Piñol disclosed that his office had been requesting DBM for additional plantilla positions to accommodate the employees, but to no avail.</p> <p>Due to lack of time, the National Food Authority (NFA), National Irrigation Administration (NIA), Philippine Coconut Authority (PCA) and Fertilizer and Pesticide Authority (FPA) were instead requested to just submit their respective briefing materials to the Committee Secretariat. The DA was also instructed to submit a detailed report of its programs for 2019 and the corresponding appropriations, allocations and beneficiaries or recipients.</p> <p>Committee Vice Chair, Rep. Michael John "Jack" Duavit (1<sup>st</sup> District, Rizal), sat as the presiding officer during the budget briefing of the DAR.</p> <p>Under the FY 2019 NEP, the Department is set to receive P8.20 billion, which is 20% lower than its current budget of P10.28 billion. By expense class, DAR's 2019 proposed budget will be distributed as follows: personnel services (PS), P4.51 billion; maintenance and other operating expenses (MOOE), P3.55 billion; and capital outlay (CO), P147.96 million.</p> <p>When asked by Rep. Tom Villarin (Party-List, AKBAYAN) on the reason for the reduction in the DAR's budget, DAR Secretary John Castriciones explained that it was mainly due to the completion of most of its foreign-assisted projects. Just the same, the DAR Secretary said that the budget cut will affect the department's operations and delivery of support services.</p> <p>Most of the House Members pushed for an increase in the budget of the DAR to continue its activities under the Comprehensive Agrarian Reform Program (CARP), including the issuance of the notice of coverage (NOC) for land acquisition and distribution (LAD), as well as the profiling and inventory of the agrarian reform beneficiaries (ARBs).</p> <p>Reps. Villarin and France Castro (Party-List, ACT TEACHERS) asked about the policy of DAR with regard to the continued issuance of NOC. Castriciones said the department has prepared and submitted a draft bill to the Office of the President for the latter's review, before it is submitted to Congress through any or some of its members as authors. The proposed bill, according to Castriciones, seeks to continue the issuance of NOC to lands covered by CARP, particularly government-owned lands, which will be distributed to farmers for free.</p> <p>Rep. Ariel "Ka Ayik" Casilao (Party-List, ANAKPAWIS) asked if the DAR could possibly distribute 400,000 hectares of land by 2019, recalling the former DAR secretary's pronouncement during his term that it could be done. Castriciones replied that it could not be</p>
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Continuation... Appropriations		<p>achieved, explaining that the average land distribution per year is only 50,000 hectares. Nevertheless, he said he suggested to the President that DAR should be empowered to issue a notice of land segregation and transfer to immediately acquire parcels of lands under Executive Order (EO) 407, as amended by EO 448.</p> <p>EO 407 issued in 1990 provides for accelerating the acquisition and distribution to ARBs of agricultural lands, pasture lands, fishponds, agro-forest land and other lands of the public domain suitable for agriculture.</p> <p>Replying to the query of Rep. Teodoro Montoro (Party-List, AASENSO), Castriciones said that the DAR has not released any certificate of land ownership award (CLOA) to the natives of Boracay Island. He said that since the President placed Boracay under the coverage of the agrarian reform program, the Department will take the necessary steps to implement the program in the island.</p> <p>Rep. Amihilda Sangcopan (Party-List, AMIN) asked about the role of the DAR in the government's Marawi Recovery and Rehabilitation Program. Castriciones said that the DAR, which is a member of the Task Force Bangon Marawi, will conduct a re-survey of agricultural lands in Marawi because of overlapping claims on certain lands in the aftermath of the fighting between government forces and some terrorist groups.</p> <p>Rep. Duavit requested DAR to provide the Committee an inventory of the ARBs and its timeline for accomplishing its projects.</p>
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COMMITTEE MEETING				
COMMITTEE	MEASURES		SUBJECT MATTER	ACTION TAKEN/DISCUSSION
	NO.	PRINCIPAL AUTHOR		
Ways and Means	HBs 7214 & 7458	Reps. Suansing (H.) and Cua	Amending certain sections under Chapters I, II, III, IV, V, and VI of the National Internal Revenue Code of 1997, as amended (by lowering the corporate income tax rate, reforming the corporate income tax system, and broadening the tax base)	<p>The Committee, chaired by Quirino Rep. Dakila Carlo Cua, approved in principle the proposed package 2 of the Comprehensive Tax Reform Program or the Tax Reform for Acceleration and Inclusion (CTRP/TRAIN 2). It likewise agreed to create a technical working group (TWG) to come up with a substitute bill consolidating similar measures and incorporating therein inputs from the resource persons.</p> <p>Reps. Evelina Escudero (1<sup>st</sup> District, Sorsogon) and Manuel Zubiri (3<sup>rd</sup> District, Bukidnon) expressed concern about the implementation of the TRAIN 2 given that the first tax reform package had already been roundly perceived by the public as having increased basic commodity prices and inflation rates.</p> <p>However, Department of Finance (DOF) Undersecretary Karl Kendrick Chua had reiterated that the TRAIN law had little effect on the increase in prices of certain commodities. Citing the fuel price increase as an example, Chua claimed that of the P15 average increase in fuel prices since January this year, only P2.80 could be attributed to the excise tax adjustment under the TRAIN law.</p>
	HBs 231, 3359 & 7364	Reps. Singson and Garin	Rationalizing the grant and administration of fiscal incentives	
	HBs 36, 1537, 1658, 2379, 3835 & 5384	Reps. Yap (A.), Herrera-Dy, Angara-Castillo, Quimbo, Zubiri, and Villafuerte	Reducing the corporate income tax rate, amending Sections 27 and 28 of the NIRC, as amended	
	HB 6037	Rep. Benitez	Providing for fiscal incentives for corporations with business enterprises duly established and located in the Island of Mindanao	

<p>Continuation... Ways and Means</p>				<p>The main reason was the oil price adjustments in the world market and the peso currency devaluation against the US dollar, Chua stressed.</p> <p>On the issue of government losing as much as P301 billion in foregone revenues in 2015 due to tax exemptions and other fiscal incentives granted to businesses, Chua averred that the TRAIN 2 will specifically target 57% of the 2,844 registered business entities (RBEs) whose tax incentives have either lapsed for more than 10 years already or have been deemed unnecessary.</p> <p>In response to the query of Rep. Antonio Tinio (Party-List, ACT TEACHERS) on the available remedies for affected RBEs once the tax incentives they enjoy are terminated in 2019 as targeted by the proposed law, Chua said that they may reapply for the same incentives, but which will be processed in accordance with the Strategic Investment Priorities Plan (SIPP) formulated by the Board of Investments (BOI) of the Department of Trade and Industry (DTI).</p> <p>Meanwhile, DTI Assistant Secretary Rafaelita Aldaba presented the features of the SIPP which include the framework for discovering new industries and top industry priorities for both domestic and export markets. Right now, the top industries that are investment priorities include the following: electrical and electronics, e-commerce, agri-business, transport, logistics, construction, automotive and auto parts, shipbuilding, and social services.</p>
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