THIRTEENTH CONGRESS OF TO THE PHILIPPINES First Regular Session	THE REPUBLIC)))	.04 SEb -e	P4:08
	SENATE 76 P.S. Resolution No	HECEIVED BY:	AND THE PROPERTY OF THE PROPER
Introduced by Senator Manuel B. Villar, Jr			

RESOLUTION DIRECTING THE COMMITTEE ON FINANCE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION INTO THE NATIONAL GOVERNMENT AND ALL PUBLIC SECTOR DEBTS AND EXPENDITURES, INCLUDING LOANS ACQUIRED, ASSUMED AND CONTINGENT LIABILITIES, AND THE PAYMENTS MADE THEREON

WHEREAS, the Philippines needs to come to grips with the fiscal deficit and the debt problem. The deficit remains unmanageable while the public debt is now calculated to be 80 percent of the GNP;

WHEREAS, the national government's accumulated deficit from January to July 2004 amounts to P99.412 billion, already equivalent to more than fifty (50) percent of its target deficit ceiling for the year. For July alone, government's budget deficit went up to P19.292 billion from P15.819 billion last year and P2.8 billion last month.

WHEREAS, total consolidated Public Sector debt has already reached astounding levels exceeding the country's Gross Domestic Product (GDP). For 2001, consolidated Public Sector debt amounted to P4.41 trillion or 120% of GDP. In 2002, it became 128% of GDP at 5.16 trillion;

WHEREAS, the national government continues to absorb liabilities from government owned and controlled corporations, local government units, and even private companies, which further increases the debt stock;

WHEREAS, the national government started assuming liabilities from government operated and controlled corporations (GOCCs), local government units, and other government agencies, as well as liabilities of private companies per contract arrangements with the national government and the said agencies, starting 1986;

WHEREAS, the assumed liabilities become part of the total outstanding debt of the national government. In 1986, assumed liabilities amounted to P185.64 billion. For 2004, the contingent liabilities which may later be assumed by the national government stands at P723 billion;

WHEREAS, the assumed liabilities are accounted for and reflected in the total outstanding debt balance, the root of the matter before the assumption of any of the said liabilities takes the form of Contingent liabilities. Contingent liabilities are obligations arising from government agencies and contract undertakings, which becomes due and real in the event that one of the party defaults;

WHEREAS, the national government has provided explicit and implicit guarantees as part of its privatization program in recent years, however, exposes the national government to considerable risk since guarantees are not reflected in government accounts;

WHEREAS, the annual increase in interest and principal payments in the last five years average 21 percent, outpacing the growth of any other sectoral allocation in the national government budget;

WHEREAS, Debt service has consistently taken the lion's share of the national government budget, thereby reducing resources for much needed economic and social services and programs;

WHEREAS, as of end 2003, total amortization and interest payments ate up more than eighty-seven percent (87%) of precious tax revenues for the same year;

WHEREAS, the debt issue does not solely affect the fiscal status of government, but impacts significantly as well on other spheres of the economy such as the country's money supply, the rate of inflation and interest, international reserves, the exchange rate, and should therefore concern, not only the country's economic managers, but also every Filipino.

NOW, THEREFORE RESOLVED, BE IT RESOLVED, as it is hereby resolved, to direct the Senate Committee on Finance to conduct an inquiry, in aid of legislation, into the National Government and all Public Sector debts and expenditures, including loans acquired, assumed and contingent liabilities, and the payments made thereon.

Adopted,

MANUEL B. VILLAR, JR.

Senator