| 13th CONGRESS OF THE | • |
|-----------------------------|---|
| | |
| REPUBLIC OF THE PHILIPPINES | |
| | |
| First Regular Session | • |
| FITSI NEZULUT SESSIOTI | |

. L -6 MO:26

SENATE

S. BILL NO. 1333

- Company of the State of Stat

Introduced by SENATOR RALPH G. RECTO

EXPLANATORY NOTE

Historically, our fiscal managers have never met the original program targets set forth in the national budget. Every year, they propose to Congress a formula on how they would finance the proposed expenditure program for the incoming year. But at the end of the year, the actual revenue collections fall short of the numbers in the Budget of Expenditures and Sources of Financing (BESF).

The country's total outstanding debt is increasing because Government has not kept the commitment to meet revenue targets and manage our fiscal deficit. With government's seemingly relentless borrowing binge, it is no wonder that the country's outstanding debt stock is growing by almost a million every minute.

This proposed measure puts a cap on the borrowings by the national government by mandating the Chief Executive to go back to Congress and seek authority to borrow more in the event the national government fiscal deficit target submitted by the President is breached before the end of the fiscal year. It is essential that Congress should be guided by a borrowing program developed by the President to restore fiscal discipline before the country falls into another debt trap. As such, this bill will compel our fiscal and budget managers to be more accurate and prudent in their fiscal targets and programs.

It is hoped that this piece of legislation will be seriously considered for immediate approval.

RAIPH & RECTO

e control i stantiani

| 13th CONGRESS OF THE |) | |
|-----------------------------|---|--|
| REPUBLIC OF THE PHILIPPINES |) | |
| First Regular Session |) | |
| | | |

104 JUL -6 MG:26

HECEIVED BY:

SENATE

S. BILL NO. _____ 1333

Introduced by SENATOR RALPH G. RECTO

AN ACT

TO LIMIT THE BORROWINGS OF THE REPUBLIC OF THE PHILIPPINES TO THE PROGRAMMED NET FINANCING SUBMITTED BY THE PRESIDENT OF THE REPUBLIC OF THE PHILIPPINES TO CONGRESS EVERY FISCAL YEAR

Be it enacted by the Senate and the House of Representatives of the Philippines in Congress assembled:

- SECTION 1. This Act shall be known as the "Government Borrowings Cap Act of 2004".
- 3 SEC. 2. The Government of the Philippines shall in no case borrow from
- 4 foreign and/or domestic sources in the event the national government fiscal
- 5 deficit target submitted by the President of the Republic of the Philippines to
- 6 Congress, pursuant to Section 22, Article VII of the 1987 Constitution, is
- 7 breached, without the prior approval of the House of Representatives and
- 8 concurrence by the Senate.
- 9 SEC. 3. The borrowings cap provided for in this Act shall not preclude the adoption of another debt policy option or a combination of debt options that will reduce the country's outstanding debt stock.
- SEC. 4. The Secretary of Finance shall, within ten days from the end of every month of the calendar year, submit to Congress a complete report on the country's fiscal position and the modes of financing the government has undertaken during the period.
- SEC. 5. All laws, decrees and orders or parts thereof inconsistent with the provisions of this Act are hereby repealed or modified accordingly.
- 18 SEC. 6. This act shall take effect fifteen (15) days after its publication in 19 two (2) newspapers of national circulation.
- 20 Approved,