

SEVENTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
First Regular Session)



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SENATE
S. No. 979

RECEIVED BY:

Introduced by Senator Ralph G. Recto

AN ACT
IMPOSING A SIX-YEAR MORATORIUM ON THE INCREASE OF ALL
GOVERNMENT FEES AND CHARGES

Explanatory Note

The provision of public services is a key task of government. These public services range from the delivery of basic needs such as education, healthcare and peace-keeping to more proprietary functions like the regulation of certain activities such as the issuance of various licenses and permits, regulation of the different professions and the issuance of passports, among others. The State undertakes both governmental and proprietary functions as well as ministerial and discretionary functions. The funding for these operations are taken from taxes that the government collects. However, since not all of these services can be funded by taxes especially those that are discretionary and proprietary, it is necessary to impose fees and charges for their use.

A fee is a payment to defray the cost of each recurring service undertaken by the government, primarily in the public interest, but conferring a measurable advantage to the payer.¹ User charges, on the other hand, are imposed for the privilege of using something. The fees and charges are not imposed for the sake of deriving profits but just to cover the cost of the services.

Efficiency is a ratio of an employee's actual time to perform each unit of service against the theoretical time needed to complete it. This unit of service analysis is most relevant to employees who perform jobs that are similar and repetitive. Unfortunately, there is a glaring inconsistency in efficiency among our government agencies as shown by the disparities in delivery time for similar services. Take for example the case of obtaining permits. The World Bank's 2016 Report on 'Ease of Doing Business' which pegged the Philippines at 103rd place out of 185 economies shows that it takes an average of 29 days to obtain the necessary permits to start a business. President Duterte, who is the former Mayor of Davao City, has always been proud of the fact that in Davao City it takes only 3 days to obtain permits from city hall.

The process for obtaining these permits and licenses are essentially the same, regardless of where you are getting them. The fees and charges imposed for the delivery of these services is for the cost of producing them. The salaries of the government employees who are tasked to perform them are already paid for by the taxes we pay. Thus, there should be no disparity in efficiency among our agencies. If other local government units can perform a service in only 3 days, there should be no reason why other local government units and other national agencies cannot do the same.

The government has been frequently under fire for various complaints with regard to the inefficient delivery of public services. There have been numerous reports on the delays in the processing of clearances and in the release of documents and licenses. In the light of these

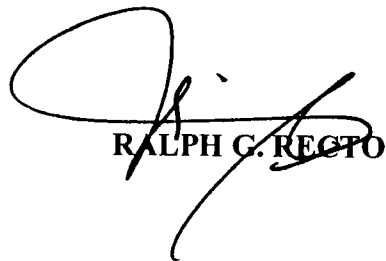
criticisms regarding inadequate government services and coupled with the escalating increases in the cost of living, increasing the current rates for these fees and charges is not justifiable.

Thus this bill seeks to impose a six-year moratorium on all increases in government fees and charges to provide relief for our countrymen who can barely afford to avail of these services, in the meantime that the government pursues systems and procedures improvement for better delivery of government services.

The National Government as reported by the Bureau of Treasury collected Php 36.406 billion in 2015 from fees and charges for services rendered.² The Bureau of Local Government Finance in its 2014 Annual Report released last October 2015 reported that local governments through the BLGF's Revenue Generation Program collected Php 17.36 billion in fees and charges for 2014, exceeding their targets and posting a collection efficiency of 104.20%. The efficiency of our government employees in the collection of these fees and charges is truly admirable. It is our sincerest hope that they also show the same level of zealous efficiency in the delivery of these services.

People put value on public services and expect their efficient delivery. Public services provide the most common interface between people and the state, their functioning shapes people's sense of trust in and expectations of government.³ The government has a natural monopoly over the delivery of these services but it does not mean that it will be excused if they are executed in a lackadaisical manner. The main economic rationale of user charges is thus not to generate revenue but to promote economic efficiency.⁴

In view of the foregoing, approval of this bill is earnestly sought.



RALPH G. RECTO

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² http://www.treasury.gov.ph/wp-content/uploads/2016/03/yr_feescharges.pdf

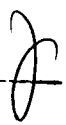
³ <http://www.opengovguide.com/topics/public-services/>

⁴ Bird, Richard M., User Charges in Local Government Finance, Worldbank.Org

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

1 **SECTION 1. Short Title.** This Act shall be known as the "Iwas Dagdag Singil at Bilis
2 Serbisyo Act".

3 **SECTION 2. Coverage.** The moratorium mandated by this Act shall cover all existing
4 user fees and charges for all services imposed by the national government agencies and local
5 government units.

6 **SECTION 3. Moratorium on the Increase of all Government Fees and Charges.** There
7 shall be a moratorium or suspension on all increases for fees and charges imposed by both the
8 national and local government for all services for a period of six (6) years from the effectivity of
9 this Act.

10 **SECTION 4. Implementing Rules and Regulations.** The National Economic and
11 Development Authority (NEDA) in consultation with the Department of Finance and the
12 Department of Interior and Local Government shall promulgate the necessary rules and
13 regulations for the effective implementation of this Act within sixty (60) days following its
14 effectivity.

15 **SECTION 5. Repealing Clause.** All laws, presidential decrees, executive orders and
16 issuances inconsistent with this Act are hereby amended, modified or repealed accordingly.

17 **SECTION 6. Effectivity Clause.** This Act shall take effect fifteen (15) days following its
18 publication in at least two (2) newspapers of general circulation or in the Official Gazette.

Approved,