


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

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SENATE
P.S. Res. No. ~~444~~

RECEIVED BY: 

Introduced by Senator Loren Legarda

RESOLUTION

DIRECTING THE SENATE COMMITTEE ON ECONOMIC AFFAIRS TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, INTO THE EFFICIENCY OF FERTILIZER, FUEL AND ELECTRICITY SUBSIDIES WITH THE END IN VIEW OF INTRODUCING REMEDIAL MEASURES TO PROVIDE IMMEDIATE, EFFECTIVE, SUSTAINABLE AND LASTING RELIEF TO FILIPINO CONSUMERS, ESPECIALLY THE POOR, IN THE FACE OF THE CONTINUING RISING COSTS OF BASIC COMMODITIES

WHEREAS, food and energy prices continued to climb up in May at 10.5 percent, pushing inflation to its highest level since January 1999;

WHEREAS, the government is introducing fertilizer, fuel and electricity subsidy programs to the poor to soften the impact of the rising cost of living;

WHEREAS, the Department of Agriculture will provide each farmer a fertilizer subsidy amounting to P1,500, to be funded by the local government units and the national government;

WHEREAS, the fertilizer subsidy is intended to assist farmers who will need to buy five to six bags of fertilizers, thus, helping them boost their rice production;

WHEREAS, the government also plans to spend P3 billion every quarter, in form of an additional P2 per liter discount on fuel purchases by public utility vehicle drivers, to keep fuel prices down and prevent new transport fare hikes;

WHEREAS, the proposed fuel subsidy will be funded by VAT collections on oil;

WHEREAS, President Gloria Macapagal-Arroyo launched the cash transfer program "Katas ng VAT, Pantawid ng Kuryente", which will provide P2-billion subsidy to small electricity consumers nationwide;

WHEREAS, the program is said to benefit four million "lifeline users" or those who consume not more than 100 kilowatt-hours of electricity a month, who will receive a one-time handout of P500 for their next electricity bill;

WHEREAS, according to Social Welfare Secretary Esperanza Cabral, Metro Manila beneficiaries will get their cash subsidy through the branches of the Land Bank

of the Philippines, while those in the provinces will have to go to their local electric cooperatives;

WHEREAS, the P2-billion power subsidy is part of the P4 billion revenues so far from the VAT on electricity. The Department of Finance said the government could collect P18.6 billion in additional VAT collection this year because of the soaring energy prices;

WHEREAS, Budget Secretary Rolando Andaya, Jr. said that the other P2 billion will be allotted for loans and scholarships for poor students and conversion of fleets to run on alternative fuels;

WHEREAS, while the fertilizer, fuel and electricity subsidies aim to cushion the impact of spiralling prices of basic commodities on poor consumers, there is a need for the government to ensure that these subsidies reach their targeted beneficiaries;

WHEREAS, the government should review the efficiency of its piecemeal approach in providing relief to low-income earners;

WHEREAS, it is likewise necessary to study the viability of lowering, if not removing, the VAT on oil and power, as this will provide greater and more stable relief to Filipino consumers, especially to poor households;

WHEREAS, it is incumbent upon the Congress to identify, prioritize and institute corrective measures that will provide immediate, effective, sustainable and lasting relief of the Filipino consumers amid the continuing spiralling food, fuel and power costs;

NOW BE IT RESOLVED, AS IT IS HEREBY RESOLVED, That the Senate directs the Senate Committee on Economic Affairs to conduct an inquiry, in aid of legislation, into the efficiency of fertilizer, fuel and electricity subsidies with the end in view of introducing remedial measures to provide immediate, effective, sustainable and lasting relief to Filipino consumers, especially the poor, in the face of the continuing rising costs of basic commodities.

Adopted,



LOREN LEGARDA

Senator