

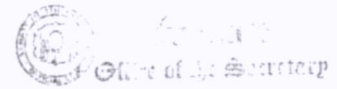
SEVENTEENTH CONGRESS OF THE ]

REPUBLIC OF THE PHILIPPINES ]

*Second Regular Session* ]

SENATE

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Introduced by SEN. WIN GATCHALIAN

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**A RESOLUTION**

**DIRECTING THE SENATE COMMITTEE ON ECONOMIC AFFAIRS TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE INFLATIONARY EFFECTS OF THE TAX REFORM FOR ACCELERATION AND INCLUSION (TRAIN) LAW, THE STATUS OF IMPLEMENTATION AND THE EFFECTIVITY OF THE SOCIAL MITIGATING MEASURES THEREUNDER, AND THE OTHER COUNTER-INFLATIONARY MEASURES OF THE GOVERNMENT**

**WHEREAS**, on February 26, 2018, the Senate Committee on Economic Affairs conducted a preliminary inquiry, in aid of legislation and in the form of an economic briefing, to discuss the macroeconomic fundamentals of the country in the preceding and current years, and the prospects and challenges to its short-term and medium-term growth, with a focus on containing inflation;

**WHEREAS**, the preliminary inquiry focused, among others, on the inflationary pressure induced by Republic Act No. 10963, otherwise known as the Tax Reform for Acceleration and Inclusion (TRAIN) Law, as well as other potential causes of inflation including rising oil prices, rising consumer demand, and weakening peso;

**WHEREAS**, using the following table on year-on-year January inflation rates from 2012 to 2018, the inquiry looked into the potential strategies of curbing inflation and the immediate implementation of the social mitigating measures under the TRAIN Law to combat the impact of rising commodities prices on the impoverished and working-class Filipinos;

**JANUARY YEAR-ON-YEAR INFLATION RATES 2012 TO 2018**

<b>CATEGORY</b>	<b>2012 to 2013</b>	<b>2013 to 2014</b>	<b>2014 to 2015</b>	<b>2015 to 2016</b>	<b>2016 to 2017</b>	<b>2017 to 2018</b>
ALL ITEMS	3.12%	4.24%	2.40 %	1.35 %	2.73 %	3.95%
Food and Non-Alcoholic Beverages	2.38%	5.50%	5.35 %	1.65 %	3.44 %	4.47%
Alcoholic Beverages and Tobacco	17.35 %	17.64 %	4.05 %	4.73 %	5.63 %	12.27 %
Clothing and Footwear	4.89%	3.40%	3.21 %	2.07 %	2.76 %	1.84%
Housing, Water, Electricity, Gas, and Other Fuels	3.67%	3.38%	- 2.13 %	- 0.47 %	1.80 %	3.68%
Furnishing, House Maintenance	4.92%	2.58%	2.36 %	1.54 %	2.35 %	2.00%
Health	3.65%	3.22%	2.75 %	1.81 %	2.56 %	2.56%
Transport	1.12%	1.19%	- 1.33 %	1.51 %	2.43 %	3.21%
Communication	0.54%	0.00%	0.00 %	0.00 %	0.11 %	0.43%
Recreation and Culture	2.03%	2.53%	1.24 %	1.05 %	1.90 %	1.44%
Education	4.36%	4.69%	5.10 %	3.60 %	1.83 %	2.24%
Restaurants, Miscellaneous Goods and Services	2.80%	2.17%	1.65 %	1.39 %	2.21 %	3.73%

• Source: BSP, PSA

**WHEREAS**, based on the findings and recommendations of the resource persons during the economic briefing, the conduct of a subsequent inquiry is necessary to ensure that the government crafts a fast, responsive and comprehensive counter-inflation agenda;

**WHEREAS**, this inquiry will look into the status of implementation and the effectivity of the social mitigating measures under the TRAIN Law which include, among others, an unconditional cash transfer program of PhP200

per month for the first year – noting that the sufficiency of such amount to fully protect the poorest Filipinos has been raised in the previous briefing;

**WHEREAS**, as also raised during the briefing, when the Department of Finance computed the PhP200 monthly cash transfer for the first year, it only targeted the inflation caused by the excise tax on oil and the pass through in the different prices, and not the entire 5% inflation;

**WHEREAS**, with a baseline forecast for inflation in 2018 pegged at 4.3%, and an estimate of about 4.4% in May, 4.7% in June and July, and 4.5% in August,<sup>1</sup> it is important to look into the potential strategies to help curb inflation, such as the policy tools of the Bangko Sentral ng Pilipinas (BSP);

**WHEREAS**, with the full impact of the TRAIN Law being expected to be absorbed by the economy from the months of May to August, there is a need to accelerate the implementation of the law's social mitigating measures and social welfare and benefits programs under **Sec. 82 (F) 2 (b) and (c)** thereof to the intended beneficiaries to avoid, if not minimize, leakages:

- (a) x x x
- (b) Social mitigating measures and investments in: (i) education, (ii) health, targeted nutrition, and anti-hunger programs for mothers, infants, and young children, (iii) social protection, (iv) employment, and (v) housing that prioritize and directly benefit both the poor and near-poor households;
- (c) A social welfare and benefits program where qualified beneficiaries shall be provided with a social benefits card to avail of the following social benefits:
  - (i) Unconditional cash transfer to households Household Targeting System for Poverty Reduction (NHTS-PJR), Pantawid Pamilyang Filipino Program, and the social pension program for a period of three (3) years from the effectivity of this Act: Provided, That the unconditional cash transfer shall be Two hundred pesos (P200.00) per month for the first year

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<sup>1</sup> Dr. Alvin P. Ang (Ateneo Research Center), TRANSCRIPT of the February 26, 2018 Public Hearing.

and Three hundred pesos (P300.00) per month for the second year and third year, to be implemented by the Department of Social Welfare and Development (DSWD);

- (ii) Fuel vouchers to qualified franchise holders of Public Utility Jeepneys (PUJs);
- (iii) For minimum wage earners, unemployed, and the poorest fifty percent (50%) of the population: (1) Fare discount from all public utility vehicles (except trucks for hire and school transport service) in the amount equivalent to ten percent (10%) of the authorized fare; (2) Discounted purchase of National Food Authority (NFA) rice from accredited retail stores in the amount equivalent to ten percent (10%) of the net retail prices, up to a maximum of twenty (20) kilos per month; and (3) Free skills training under a program implemented by the Technical Skills and Development Authority (TESDA). Provided, That benefits or grants contained in this Subsection shall not be availed in addition to any other discounts.
- (iv) Other social benefits programs to be developed and implemented by the government.

**WHEREAS**, it is imperative that in this inquiry, factors related to the effective implementation of the above social mitigating measures and social welfare and benefits programs shall be ventilated, including but not limited to, the challenges and opportunities under the operationalization of the National ID System, as well as managing the inflationary impact on the opening of school operations in 2018;

**NOW THEREFORE, BE IT RESOLVED BY THE SENATE OF THE PHILIPPINES** to direct the Committee on Economic Affairs to conduct an inquiry, in aid of legislation, on the inflationary effects of the Tax Reform for Acceleration and Inclusion (TRAIN) Law, the status of implementation and the effectivity of the social mitigating measures thereunder, and the other counter-inflationary measures of the government.

**Adopted,**



**WIN GATCHALIAN**