

**Column for Manila Bulletin**  
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## **Of Trees and Forest**

### **Refinements To Higher Fees, Charges – Conclusion**

MANILA, Philippines — The Department of Finance said giving executive departments the authority to raise fees and charges without seeking approval from the National Economic and Development Authority (NEDA) would enable these departments to run their operations more efficiently.

Not only this, I think it would also improve the government's revenue collections because fees and charges are treated as revenues. For instance, the government reported a fiscal surplus of Php 31.02 billion for the month of April, 2012, the highest monthly surplus recorded since November, 2007, when the fiscal surplus amounted to R54.1 billion.

I believe fees and charges collected by executive departments and their attached agencies contributed to the surplus. In April, 2012, revenues from state agencies totaled Php 7.79 billion, up 24.6 percent from Php 6.26 billion for the same month last year.

However, the government must also consider adopting incentives to encourage agencies to improve their collections, as well as the benefits that will redound to the people.

Right now, the best incentive for agencies to improve collections or raise fees and charges is to allow them to use their collections to provide better services or expand operations, instead of turning the funds to the Treasury under the current system. To be blunt about it, there is no incentive for agencies to improve collections or adjust rates.

Allow me to cite my favorite example at the moment, the Food and Drug Administration (FDA), because of my advocacy to make medicines affordable and improve the monitoring of medical products.

If the FDA increases fees and is allowed to use the funds to expand and improve operations, then the government will be able to solve the FDA's problem of lack of funding and, at the same time, address serious health concerns like the inadequate implementation of the Cheaper Medicines Law.

Republic Act 9711, the Food and Drugs Administration Act of 2009, which reorganized the Bureau of Food and Drugs, also gave the new FDA expanded authority and increased regulatory capacity. The new law, which complements the Universally Accessible Cheaper and Quality Medicines Act of 2008, Republic Act 9052, is aimed at making it easier for the government to make medicines affordable and accessible to the public and guarantee their efficacy, high quality and safety.

Under RA 9711, the FDA would also have fiscal independence, and could retain income to hire new personnel, upgrade laboratory facilities, and purchase necessary testing equipment. All of these actions would not require government approval.

Unfortunately, the FDA has not been able to exercise fiscal independence because it is not able to use its collections unless it goes through the NEDA's review and approval process. In other words, the strings attached to the FDA's funds prevent it from fulfilling its mandate of improving the people's access to cheap medicines.

I mentioned last week the need to make refinements on the finance department's proposal to authorize the heads of executive departments to increase fees and charges. Allowing the fee-collecting agencies to use their revenues to improve their operations should be among the refinements. Other refinements, and even techniques, may be considered to make fees and charges a better tool for development.

Take tourism, for example. The government has given priority to the tourism industry to drive economic growth and generate employment. Foreign tourists spend money to come to the Philippines and see and enjoy our unique destinations. Local and national agencies involved in tourism collect fees from visitors, primarily to finance the maintenance, beautification, or even expansion of the tourist spots and facilities.

At present, foreign visitors to the Puerto Princesa Underground River, which was recently named one of the New Seven Wonders of Nature, pay Php 250 each for a tour of the underground river; locals pay Php 175 each.

I think the rate for local visitors can stay, but the rate for foreign tourists, which at present is equivalent to less than \$6, can be adjusted to as high as \$100. If they can spend thousands of dollars for air fare and accommodations to visit the Philippines, it is fair to assume they can shell out \$100 to enjoy one of the world's prime attractions. But, of course, I leave it to our planners to look at the economics and do the math.

My point is that the finance department's proposal, as I said earlier, is a good idea, which could be refined to make it better.

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