Chapter 7
Fiscal Strength

I. SITUATIONER

For over two decades, the Philippine government has been operating on a fiscal deficit, except in the period 1994-1997 when the country posted budget surpluses. These surpluses, however, can be attributed mainly to the privatization proceeds raised during this period. Since then, total expenditures have exceeded revenues, leading to a rising deficit, which peaked in 2002.

To arrest the fiscal problem, the government implemented a number of measures. As implementation of revenue administrative reforms gained steam, the government was able to reduce its deficit to PhP199.9 billion in 2003, or 4.6 percent of gross domestic product (GDP), lower by PhP2.1 billion against the projection of PhP202 billion for the year. This is a clear indication that the country is on the right track in meeting goals within the medium term.

However, more needs to be done. While the decline in revenue effort became a phenomenon among members of the Association of Southeast Asian Nations (ASEAN) after 1997, other ASEAN countries have recovered beginning 2001 while the Philippines' performance has yet to revert to the pre-1997 level.

Revenue effort, which has never gone higher than 20 percent of GDP in the past 18 years and has dropped to 14.6 percent of GDP in 2004, is the second lowest in Asia. We continue to lag behind our ASEAN neighbors. While Thailand has only 17.1 percent revenue effort, it enjoys a slight surplus of 0.4 percent.

Table 7-1 ASEAN Deficit-to-GDP and Revenue Effort, 2003 (in percent)

	Deficit-to-GDP	Revenue-to-GDP
Philippines	-4.6	14.6
Indonesia	-1.9	19.2
Malaysia	-5.5	24.3
Thailand	0.4	17.1

Source: 2003 Asian Development Outlook

The significant deterioration in tax collection effort arose from a confluence of factors, which include, among others, nonindexation of specific taxes, poor implementation of the value-added tax (VAT) which has led to excessive input VAT claims, tax underdeclaration or tax evasion, especially on professional income earned, and the proliferation of tax incentive laws. The nonharmonized incentives of the Philippine Economic Zone Authority (PEZA), Board of Investments (BOI), Subic Bay Metropolitan Authority (SBMA), and Clark Development Corporation (CDC) also resulted in extended incentives as firms shifted to various incentive-giving bodies. Notwithstanding effort to curb smuggling, revenues were lost due to underdeclaration or misdeclaration of imports.

Parallel to the deteriorating revenue collection is the increasing requirements for nondiscretionary portions of the budget like personal services, interest payments and block grants to local government units (LGUs). This put indiscriminate pressure on expenditures. From 1992 to 2004, interest payments have increasingly eaten up shares of the budget. Its share increased from 30 percent in 1992 to 32 percent in the 2004 program. Similarly, the mandated internal revenue allotment (IRA) share accruing to LGUs has more than doubled in terms of the percentage share of the budget from 8 percent in 1992 to 16 percent in 2004. The increased share of interest payments and IRA largely contributed to the contraction in capital spending and other productive expenditures. The Philippines' capital outlay performance vis-à-vis other Asian countries was lowest for 1998-2003, averaging a mere 3 percent of GDP. In view of this, fiscal flexibility is steadily being eroded as revenues shrink and mandated expenditures remain high. Thus, to avert further exacerbating effects of budget inflexibility, there is an urgent need to put in place expenditure measures over the medium term to correct these imbalances.[1]

With the widening fiscal deficit, the national government's debt now amounts to PhP3.355 trillion, accounting for 78 percent of its GDP and more than five times the government revenues if creditors were to call the debts in. The government accumulated debt at a rate of 20.3 percent between 1999 and 2000, mainly due to high interest rates and the sudden depreciation of the peso from PhP40.25 to a dollar in 1999 to PhP49.95 to a dollar in 2000. This sudden and sharp depreciation was attributed to loss of investor confidence and the perception of political instability. As a percentage of GDP, debt stock increased from 56.1 percent in 1998 to 78 percent in 2003 and is expected to reach 79.4 percent by end-2004.

The large deficits of government-owned and -controlled corporations (GOCCs) have also pushed up the consolidated public sector deficit (CPSD) to 5.5 percent in 2003. This is expected to rise to 6.7 percent of GDP by the end of 2004. With the overall unhealthy financial situation of some of these state enterprises, especially the National Power Corporation (NPC), public debt amounted to 137.5 percent of GDP, as of end-2003.

Before the National Government (NG) deficit becomes insurmountable, the government must take the necessary steps to reach a balanced budget position. This is why the administration is pushing for these expenditure and revenue reforms to be implemented as soon as practicable.

II. GOALS, STRATEGIES AND ACTION PLANS

The program of restoring fiscal strength is premised on the painful fact that the government could, very soon, no longer afford to subsist on borrowed funds. If the government persists in sustaining national growth through relentless borrowing from foreign and domestic creditors, the interest payments will eat up the share of the budget not earmarked for debt servicing and the delivery of public services and infrastructure will suffer.

The government is determined to put its fiscal house in order. By doing this, investors are assured of a more conducive investment environment. A positive investment climate would translate to increased foreign and domestic capital, infusion of new technologies, and generation of more jobs.

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[1] *Figures cited are on obligations basis.*

Immediate fiscal consolidation will also improve the country's credit ratings for sovereign issues. Any improvement in the credit rating would result in lower cost of borrowing that would enable the government to justify to its creditors a further lengthening of its debt maturities by a few more years.

The country has a six-year plan to balance the budget and deliver institutional reforms for a more financially viable and progressive Philippines.

The Medium-Term Fiscal Program has three policy objectives:

1. Balance the national government budget in six years;
2. Reduce the ratio of CPSD-to-GDP from 6.7 percent in 2004 to 1.0 percent of GDP in 2010; and
3. Reduce the ratio of public sector debt-to-GDP from 136 percent in 2004 to 90 percent by 2010.

Table 7-2 Fiscal Program, 2004-2010 (ratio to GDP) With Legislative and Administrative Measures

	2004	2005	2006	2007	2008	2009	2010
Revenues	14.6	16.2	16.6	16.7	17.5	17.8	18
Tax Revenues	12.8	14.6	15.2	15.5	16.4	16.9	17.2
Bureau of Internal Revenue	10.2	11.7	12.3	12.6	13.3	13.6	13.9
Bureau of Customs	2.4	2.8	2.8	2.8	3	3.1	3.1
Other Offices	0.2	0.2	0.1	0.1	0.1	0.1	0.1
Non-Tax Revenues	1.7	1.6	1.4	1.2	1	0.9	0.8
Disbursements	18.8	19.8	19.5	18.7	18.6	18	18
Current Operating Expenditures	16.2	15.9	15.5	14.8	14.6	13.7	13.2
Personal Services	6.2	5.6	5.5	5.2	5	4.6	4.4
MOOE	1.8	1.8	1.9	1.9	2	2	2
Subsidy	0.1	0.1	0.1	0.1	0.1	0	0
Allocation to LGUs	2.5	2.4	2.3	2.3	2.7	2.8	2.8
Interest Payments	5.7	5.9	5.8	5.4	4.8	4.3	3.9
Capital Outlay	2.4	3.2	3.1	3.1	3.3	3.5	4.2
Net Lending	0.2	0.1	0.2	0.2	0.2	0.1	0.1
NPC Requirement	-	0.6	0.6	0.6	0.5	0.6	0.6
National Government Balance	-4.2	-3.6	-2.9	-2	-1.1	-0.2	0
Consolidated Public Sector Deficit	6.7	6.0	5.3	4.6	3.9	3.0	1.0
NG Outstanding Debt (without NPC debt absorption)	79.4	77.3	73.2	68	61.8	56.9	51.2
NG Outstanding Debt (with P200 billion NPC debt absorption)	79.4	81.2	76.7	71.2	64.7	59.5	53.5
NG Outstanding Debt (with P500 billion NPC debt absorption)	79.4	87.1	82.0	76.0	69.0	63.4	57.0
Public Sector Debt	136	123	116	108	101	94	90

For fiscal conservatism, the program assumes national government's absorption of NPC debts amounting to P500 billion. However, if the NG assumes only P200 billion, as provided in the EPIRA, interest payments for NPC requirements will go down to 0.3 percent of GDP over the medium term.
Sources: Department of Finance, Department of Budget and Management, and the Bureau of Treasury

A. Revenue Program

The fiscal consolidation program is anchored on steady increase of revenue stream in the next six years through a combination of administrative and legislative measures. Over the medium term, *excluding new legislative measures and given favorable economic conditions*, total revenues are expected to grow at an average rate of 11.6 percent, with tax receipts growing more vigorously at 13.2 percent through a more rigorous implementation of administrative measures.

With the proposed measures in Congress, revenue effort is estimated to climb steadily and reach as high as 18 percent of GDP in the medium term, with tax effort projected to reach 17.2 percent in 2010. The Bureau of Custom's (BOC) collection to GDP ratio will moderately improve to 3.1 percent by 2010, relying mainly on improved administrative efficiency.

The Action Plan for revenues consists of improving administrative efficiency and proposed legislative measures.

1. Administrative Measures

Improving administrative machinery shall be achieved through:

a. Periodic adjustment in fees and charges to ensure cost-recovery

Fees and charges will be periodically adjusted on an average rate of 10 percent every year to ensure cost recovery. The government will encourage agencies to improve their revenue collection by allowing receipts from business-type activities (sale of products) and income from board and lodging. These will be used as revolving fund by agencies for the maintenance of their operations.

b. Tariff rate adjustments

An Executive Order (EO) has already been signed, increasing duty on petroleum products from 3 percent to 5 percent. The positive effect of this EO on our revenue-generating program is contingent, however, on the price increases of crude oil.

c. Innovative sources of wealth creation

- Privatization of the NPC *(Chapter 11: Power Sector Reform)*
- Mobilization of investors for Mt. Diwalwal gold mine *(Chapter 3: Environment and Natural Resources)*
- Exploration and development of more oil and gas wells *(Chapter 10: Energy Independence)*
- Relaunching of massive reclamation projects *(Chapter 3: Environment and Natural Resources)*

- Major nationwide reforestation program *(Chapter 3: Environment and Natural Resources)*
- Creation of Hong Kong-type enclaves to capture long-term investors (*Chapter 6: Infrastructure)*

d. Improved enforcement mechanisms to increase efficiency

For the Bureau of Internal Revenue (BIR), voluntary tax compliance shall be encouraged and opportunities for tax evasion and graft removed through the conduct of raffles, industry benchmarking, electronic publication of company tax payment vis-à-vis companies in the industry, and use of third party information. Expanding the large taxpayer services in district offices and creating a tax fraud division will also strengthen tax audit and surveillance.

For the BOC, measures will be geared towards controlling smuggling through the use of container X-rays, computerized tracking of the filing and movement of cargo, and updating of the value reference data. Face-to-face interaction will be minimized and customs procedures simplified through electronic filing and single window processing at a BOC virtual window linked to all agencies.

2. Legislative Revenue Measures

The legislative revenue agenda consist of eight measures. These are fair and equitable and would most affect the sectors that could afford to pay more:

a. **Indexation of the excise tax on 'sin' products.** The indexation of excise tax on alcohol and tobacco restores the real value of the excise tax since 1997. It will provide an estimated PhP9.06 billion annually.

b. **General amnesty.** The government-proposed version requires individuals/ corporations to file a statement of assets and liabilities, which can be used as a verifiable benchmark for future tax assessment. It also grants tax amnesty at the rate of 3 percent for residents and 2 percent for nonresidents, based on net worth, with a corresponding declaration of the statement of assets and liabilities by the individual or entities concerned. It is estimated to yield about PhP25 billion.

c. **Rationalization of fiscal incentives.** The fiscal incentives system will be streamlined to make it an efficient and effective tool for investment promotion. Harmonizing incentives among incentive-giving bodies, namely the BOI, PEZA, SBMA, and CDC, will do this. This will lead to the adoption of a single fiscal incentives law and phasing out of incentives that are inconsistent with World Trade Organization (WTO) rules (e.g., tax credits). The government will also repeal numerous special incentives laws and certain exemptions from VAT such as medical and legal profession. The proposed fiscal incentives rationalization bill is estimated to generate at least PhP5 billion for the government.

d. **Review of the VAT system.** The government shall increase the VAT rate by two percentage points for two consecutive years (2006 and 2007) only if the VAT-to-GDP ratio does not reach 4 percent in 2005 and 5 percent in 2006. It will push taxpayers to fully comply with their VAT payments, or face a higher VAT rate. For its part, the BIR will be compelled to meet its corresponding VAT targets or face possible attrition. The estimated yield of this legislative measure is PhP30 billion.

e. **Tax on telecommunication.** The measure reimposes the franchise tax on telecommunication companies. Additional revenues, estimated at PhP9.1 billion, can be used on important social services such as health and education.

f. **Excise tax on petroleum products.** The measure increases the specific excise tax rates on petroleum products, except kerosene, by PhP0.50 to PhP2.45. Since 1997, the ratio of excise taxes vis-à-vis prices of petroleum has significantly decreased by almost 50 percent. The ratio further deteriorated at current prices. Given the deterioration, there is a need to adjust the excise taxes back to their previous levels to maintain their real value. The move will yield PhP28 billion in excise taxes.

g. **Institutionalization of an attrition system.** The measure institutionalizes a system of lateral attrition and a special reward-incentive system for exemplary performance among revenue-generating agencies of government. It allocates an appropriate amount as incentive for exceeding performance standards.

h. **Adoption of Gross Income Taxation (GIT).** The measure replaces the current net income taxation with GIT of corporations and self-employed individuasl at a rate of 10 or 15 percent. It simplifies the income tax structure because taxpayers compute only their gross income. It also eases tax administration and allows a reduction of the tax rate due to a broadening of the tax base. This simple structure will encourage tax compliance. The government will generate some PhP16.76 billion in the process.

B. Disciplined, Efficient Public Spending

Hand-in-hand with the push for revenue reforms is the need to maintain fiscal discipline in government spending. That expenditures have been squeezed tight in the past three years is a matter of record.

The expenditure reform measures in the medium term will focus on (a) rationalizing the scope and function of government agencies through voluntary separation and reengineering; (b) improving budget allocation to focus expenditures towards those areas with the greatest impact and benefit to the greatest number; (c) reversing the decline in public investments to strengthen the economic capital and strictly prioritize capital expenditures for infrastructure to those with the greatest economic returns for the country, as a whole, in terms of ensuring transport and communication linkages, providing base power and water supply, and promoting agribusiness; (d) rationalizing NG spending for devolved services; (e) reducing debt service through debt management; and (f) reducing GOCC deficits.

The specific expenditure rationalization measures shall include both administrative and legislative measures.

1. *Administrative Measures*

a. **Austerity programs.** Administrative Order (AO) 103[2] was issued on August 31, 2004, directing the continued adoption of austerity measures in government. All government departments shall conduct a strategic review of their operations to identify the functions, activities, programs and projects that need to be scaled down, phased out, or abolished and indicate the areas where resources have to be channeled.

b. **Rationalization of Personal Services** (Chapter 2: Bureaucratic Reforms). Savings from the rationalization program will be used to fund salary adjustments and the 10-point agenda. After the rationalization program has been completed, hiring of new employees will be minimized except for frontline and core services and population-based positions (e.g., teachers, police and defense personnel).

c. **Operationalization of the Medium-Term Public Investment Program (MTPIP).** The MTPIP, 2005-2010 shall contain the priority programs, activities, and projects (PAPs) to be implemented by the NG in support of the MTPDP. It is an instrument to monitor NG targets, commitments and resources, in terms of public investments, over the medium term. It serves as a critical input to the annual NG budget formulation, guided by the Medium-Term Expenditure Framework (MTEF) as facilitated through the Development Budget Coordination Committee (DBCC). The MTPIP also sets the tone in resource programming by the Investment Coordination Committee (ICC).

Operationally, the MTPIP will be a three-year rolling list of priority PAPs, ongoing or proposed, regardless of financing source. The MTPIP currently being prepared shall contain the PAPs for implementation in 2005-2007 and shall be updated annually to roll out over the succeeding years until the end of the medium term. The MTPIP shall also be consistent with the fiscal program, for which the PAPs shall be prioritized through the Efficiency and Effectiveness Review Criteria approved by the planning committees.

The Organizational Performance Indicator Framework (OPIF) is being implemented as a mechanism to shift budget allocation from one based on inputs to one focused more on the consideration of outputs and outcomes. The measurement and reporting of the output and outcome indicators of PAPs will greatly enhance the transparency and accountability for public spending. For the medium term, a three-year budget and an OPIF-based budget will be introduced to Congress. Initially, the 2005 budgets of the 11-piloted departments with harmonized major final outputs (MFOs), for which performance indicators have

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[2] *The salient features of this order are the following: (a) suspension of all foreign travels, except for ministerial meetings and scholarship training that do not entail any cost to the government; (b) suspension of purchase of motor vehicles, except ambulances and patrol cars; (c) reduction of at least 10% in consumption of utilities; (d) suspension of all expenditure subsidies to GOCCs, OGCEs, and LGUs except those approved by FIRB; (e) conduct of training, seminars, and workshops, except if funded by grants or if the cost may be recovered through exaction of fees; (f) expansion of organizational units and/or creation of positions, except those following 'scrap and build' policy; (g) conduct of celebrations and cultural and sports activities.*

been developed, will be submitted to Congress. Formulation of MFOs and public investment programs (PIPs) for the rest of the departments/agencies will be done prospectively up to 2007.

d. **Strengthen the ICC process of the National Economic and Development Authority (NEDA) Board.** Specifically, this entails:

- *Timeliness of ICC review and approval process.* The eight to ten weeks processing period shall be strictly observed, if not reduced. Measures to ensure due diligence in project preparation by the proponent/ implementing agencies will also be instituted. The ICC Secretariat evaluation period of four to six weeks shall be closely monitored;

- *Responsiveness to the MTPDP of public investments for ICC action.* The ICC will be proactive in defining the PAPs it will process rather than wait for submissions and process them on a first come-first served basis. Its calendar of activities or schedule of PAPs for processing will be guided by what is provided in the MTPDP and the MTPIP. Beyond validation of economic and financial viability, PAP evaluation shall include recommendations or options that are cost-effective and/or are drawn out of value engineering; and

- *Greater transparency of ICC actions.* The ICC calendar of activities and action documents will be available electronically through the NEDA website. The government shall vigorously pursue the digitization and archiving of ICC documents to support the electronic posting of ICC documents and facilitate public access to information.

e. **Moratorium on the establishment of GOCCs.** There shall be a moratorium on the establishment of GOCCs and their subsidiaries, except for the Philippine Infrastructure Corporation (PIC). The PIC will operate like an infrastructure fund to jump-start the strategic infrastructure projects crucial to our development program.

f. **LGU autonomy.** The devolution provision of the Local Government Code (LGC) will be fully implemented. It is proposed that the IRA be treated as an automatic appropriation to provide predictability in resources to LGUs. The latter shall be encouraged to build their own infrastructure and provide for basic services rather than depend on the national government agencies (NGAs).

Projects directly assisting LGUs shall be transferred to the Municipal Finance Corporation (MFC), which will be established to serve as a primary conduit of funds for LGUs. This excludes certain projects like the Countryside Bridge program, agriculture and agrarian reform projects, and the *Kapit-Bisig Laban sa Kahirapan-* Comprehensive and Integrated Delivery of Social Services (KALAHI-CIDSS), which shall continue to be administered by their respective implementing agencies.

The MFC, replacing the Municipal Development Fund, will undertake project implementation at the city, province or municipal level. The idea is for foreign-assisted projects undertaken by NGAs, which directly benefit LGUs, and which constitute assistance in the form of subsidies and relending by the NG, to be transferred to the newly created MFC. Thus, existing loans and grants, or similar assistance to LGUs, shall be transferred or assigned to the MFC.

With local autonomy comes the challenge for LGUs to maximize resources and manage expenditures prudently. LGUs will thus be encouraged to devote 20 percent of their development funds to investment projects and not to consumption-based expenditures.

g. **Transfer to the General Fund of all Dormant Accounts.** All dormant accounts (except those earmarked for specific projects) of government agencies in servicing banks of the government shall be transferred to the General Fund.

2. Legislative Measures

A separate legislative program will be pursued to regulate and reduce expenditures:

a. **Fiscal Responsibility Bill.** The bill aims to reduce public debt to a more manageable and sustainable level through the imposition of debt cap and the more transparent management and monitoring of public sector debt. The bill involves the policy of no new expenditures without new revenue measures. If enacted, this will impose discipline in the legislation of new expenditure policies and prevent the proliferation of unfunded laws.

b. **Rationalization/Reorganization program** (Chapter 2: Bureaucratic Reforms). The legislation of the omnibus reengineering law will be pursued to rationalize the structure of the government machinery and review and refocus the mandate of the departments to support the 10-point agenda. Pending the passage of this proposal, the scope and functions of government agencies shall be rationalized through administrative means to focus the resources of government on vital/core functions, minimize overlaps and duplications, and improve delivery and support systems.

c. **Rationalization of Retirement and Pension Benefits.** The retirement and pension schemes will be revisited to ensure their sustainability and rein in their claims on the budget. This includes the review of RA 1616, which allows retiring government employees to avail of retirement gratuity paid by the NG.

d. **Improvement of government corporate performance.** GOCCs with negative retained earnings shall be rationalized and shall be limited. GOCCs shall perform their mandates in the most efficient, effective, and economical manner.

Legislative measures limiting GOCCs' capacity to enter into debts shall reduce the losses they incur. Pending the passage of this law, administrative measures have been passed phasing out redundant and nonperforming GOCCs to cut down on their losses.

To reduce GOCC deficits, four major measures will be pursued:

- Improve collection efficiency and reduce system losses through:

  - ❖ Construction of power substations and rehabilitation of distribution lines in support of National Electrification Administration's system loss reduction program;
  - ❖ Increase of National Home Mortgage and Finance Corporation's (NHMFC) cash collection, improvement of quality of portfolio, design and development of updating/restructuring schemes to increase borrower affordability and undertake selective foreclosure of accounts;
  - ❖ Rationalization of licensing and registration fees of National Housing Authority (NHA) by increasing rates of licensing fees to levels adequate to defray the cost to sustain the program;
  - ❖ Implementation of a Unified Ticketing System for Light Rail Transportation Authority (LRTA); and
  - ❖ Resumption of the implementation of approved domestic vessel and cargo tariff increase and review of port investment expenditures to provide basis for setting cost-based tariff structure;

- Dispose nonperforming loans and real and other properties owned or acquired through:

  - ❖ Divestment of shareholdings and dissolution of NDC companies as well as improvement of lease terms; and
  - ❖ Increase of HGC's disposition of retail and developmental accounts by 50 percent and 10 percent, respectively;

- Enhance other revenue generating efforts through:

  - ❖ Securitization of low and moderately delinquent loans accounts of NHMFC;
  - ❖ Maximization of interest and dividend incomes of NDC from fund investment and sourcing; and
  - ❖ Implementation of LRTA's business property and other nonrail development programs; and

- Rationalize GOCC expenditures through:

  - ❖ Implementation of streamlining program among GOCCs;
  - ❖ Reduction in the maintenance and operating expenditures of Metropolitan Waterworks and Sewerage System (MWSS), Philippine National Oil Company (PNOC), Philippine Ports Authority (PPA); and
  - ❖ Limiting of investment outlay of PNOC to BatMan 1 and NRES projects and no provision for its land and land improvement for 2006-2010 and additional/ replacement of vehicles.

C. Debt Management

The Action Plan for Debt Management entails the implementation of a debt reduction plan through: (a) bond exchange to lengthen debt maturity and to manage refinancing risk; (b) maximizing the use of official development assistance (ODA); (c) limiting guarantees for GOCCs; and (e) limiting borrowings to high priority projects. The development of a risk management system within the DOF will support these initiatives to identify, quantify, monitor, and manage NG's exposure to contingent liabilities.

ODA is the preferred source for financing large infrastructure projects that require huge funds, as it is relatively soft with its lower interest rates and longer maturity period. However, unless it is a grant, ODA is usually a loan and increases the budget deficit as other loans do, only with better terms of payment. The government has therefore carefully chosen its ODA-funded projects in the past three years. But to minimize borrowing and lower the deficit in these times of fiscal constraints, the government must be even more selective of the projects to be funded by ODA. The programs prioritized for ODA funding are those that will directly contribute to the 10-point development agenda and the MTPDP 2004-2010.

Table 7-3 Fiscal Program, 2004-2010 (in Billion Pesos) With Legislative and Administrative Measures

	2004	2005	2006	2007	2008	2009	2010
Total Revenues	676.41	830.83	941.31	1,043.36	1,215.15	1,373.28	1,550.58
Tax Revenues	596.41	750.06	862.09	969.35	1,142.30	1,303.36	1,478.75
BIR	476.31	600.56	697.11	786.81	926.45	1,053.90	1,199.62
BOC	112.58	141.38	156.52	173.71	206.61	239.77	268.96
Others	7.52	8.12	8.46	8.83	9.24	9.68	10.17
Non-Tax Revenues	80	80.77	79.22	74.01	72.85	69.92	71.83
Total Disbursements	874.23	1,015.35	1,103.08	1,170.36	1,294.18	1,387.64	1,550.58
Current Operating Expenditures	754.21	812.16	879.03	929.13	1,014.65	1,062.03	1,131.72
Personal Services	286.34	289.2	308.32	324.07	350	355	376.26
MOOE	83.99	94.59	107.47	118.99	139.02	154.57	172.03
Subsidy	3.85	4.5	4.41	4.1	3.83	3.59	3.38
Allocation to LGUs	114.19	122.19	130.52	146.66	185.23	215.88	244.35
Interest Payments	265.85	301.69	328.31	335.31	336.57	332.98	335.7
Capital Outlays	111.02	164.81	177.99	194.22	231.08	271.62	360.31
Infra and Other Capital Outlays	75.41	125.89	136.33	147.89	177.09	214.1	295.22
Equity	1.14	0.19	0.17	0.15	0.14	0.13	0.11
Capital Transfers to LGUs	30.19	34.31	34.82	39.35	49.14	57.4	64.98
CARP	4.28	4.42	6.67	6.82	4.71	--	--
Net Lending	8.99	7.6	10.18	10.68	10.44	10.45	10.32
NPC Requirement	--	30.78	35.88	36.33	38.02	43.54	48.23
Fiscal Deficit(-)/Surplus(+)	-197.82	-184.53	-161.77	-127	-79.03	-14.36	0

Memo Items:
Sources: Department of Finance, Sept. 30, 2004
Department of Budget and Management, Oct. 4, 2004
Bureau of Treasury, Oct. 1, 2004