

STATEMENT of FINANCE SEC. GARY TEVES
PressCon on NG 2009 Fiscal Performance
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The national government ended 2009 with a budget deficit of P298.5 billion, due largely to weak revenues amid the implementation of revenue-eroding measures and lower revenues from privatization.

Total revenues amounted to P1.1 trillion, lower than program by P115.9 billion. Of the total revenues, the Bureau of Internal Revenue (BIR) collected P750.3 billion, or P48.2 billion lower than its collection goal. The Bureau of Customs (BOC) collected P220.3 billion, lower than program by P53 billion due largely to sharper than expected drop in imports. The Bureau of Treasury (BTr) posted an income of P69.9 billion, higher than program by P9.8 billion. Other offices, which included proceeds from privatization, posted P82.7 billion in revenues, lower than program by P24.6 billion.

Total expenditures, on the other hand, amounted to P1.42 trillion, which is lower than program by P67.4 billion.

For the month of December, the budget deficit amounted to P26 billion, higher than the deficit of P1.4 billion posted during the same month the previous year.

Total revenues for the month amounted to P101.5 billion, down by 16.3% compared to December 2008. BIR revenues amounted to P68.4 billion last December, nearly 20% higher versus the previous year. BOC, on the other hand, collected P18.9 billion, a slight 0.4% increase compared to the previous year. BTr income reached P9.4 billion, almost 50% higher compared to the previous year while Other Offices generated P4.9 billion, a decline of 87.5%.

Total expenditures for the month of December reached P127.6 billion, 3.9% higher compared to the same month last year.

In summary, our budget deficit in 2009 was higher than our likely scenario of a budget gap of P290.2 billion announced earlier.

We were actually hoping to perform better than the likely scenario due to the improved tax collection performance in December. But the revenue gains were offset by increased spending for infrastructure towards the end of the year.

Still, we remained below the P300 billion deficit expected by the market. Also, our actual 2009 deficit, which is equivalent to 3.9% of GDP, is relatively better than most of our peers in the region.

However, we continue to be concerned that our fiscal gains from past reforms are being quickly eroded by various tax relief measures.

We hope to sustain our revenue performance through the vigorous implementation of the action plans of the BIR and the BOC and the attainment of our privatization program but we need the cooperation of Congress to protect our fiscal gains from further erosion.