



**Republic of the Philippines**  
Department of Environment and Natural Resources  
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## **MEMORANDUM**

**FOR/TO :** The Administrator  
National Mapping and Resource Information Authority

The General Manager  
Laguna Lake Development Authority

The Executive Director  
National Water Resources Board

The Chairman, President and CEO  
Philippine Mining Development Corporation

The Executive Director  
Palawan Council for Sustainable Development Staff

The Officer-in-Charge  
Natural Resources Development Corporation

The Director  
Administrative Service  
Biodiversity Management Bureau  
Environmental Management Bureau  
Ecosystems Research and Development Bureau  
Forest Management Bureau  
Land Management Bureau  
Mines and Geosciences Bureau

**FROM :** The Undersecretary for Policy, Planning and International Affairs  
and Chairperson, DENR Revision of Fees Committee

**SUBJECT:** **REQUEST OF THE DEPARTMENT OF FINANCE (DOF) FOR COMMENTS ON THE DRAFT PRESIDENTIAL ADMINISTRATIVE ORDER (AO) DIRECTING ALL HEADS OF DEPARTMENTS, COMMISSIONS, AGENCIES, OFFICES, AND INSTRUMENTALITIES OF THE NATIONAL GOVERNMENT, INCLUDING GOVERNMENT-OWNED AND/OR -CONTROLLED CORPORATIONS, TO RATIONALIZE THE RATES OF THEIR FEES AND CHARGES, AND FOR OTHER PURPOSES**

**DATE :** JUN 27 2023

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This refers to the letter from Undersecretary Cielo D. Magno of the Department of Finance (DOF) dated 08 June 2023, requesting the DENR's comments on the above-cited proposed Presidential Administrative Order (AO).

The draft AO provides that the rationalization of fees and charges shall be anchored on the principles of revenue adequacy, efficiency, equity, regulatory effectiveness, and administrative ease. The determination of these rates shall also

consider the direct costs, indirect costs, and incidental costs of the service or regulation.

Please note that Section 4, item 1 of the draft AO proposes that the fees and charges associated with the grant of rights to exploit renewable or non-renewable natural resources **“shall account for the benefit that accrue to entities utilizing the economic value of the natural resources and the cost to the environment and society resulting from the said activities.”** All concerned agencies are also required to coordinate with the National Economic and Development Authority (NEDA) regarding the determination of the appropriate rate and structure of fees and charges as regards the benefit and cost.

Moreover, Section 6 provides that the rationalization of fees and charges should consider the administrative burden to implementing bodies and the compliance cost to the subject entities of their imposition. Relatedly, all concerned agencies and GOCCs are mandated to coordinate with the Anti-Red Tape Authority (ARTA) in ensuring **“that the updated fees and charges will not place undue regulatory burden and cost to the agencies, and, when necessary as required by law, undergo regulatory impact assessment.”**

In this regard, may we request your comment/recommendation on the proposed AO on or before 03 July 2023. You may submit an advance copy to the Policy Studies Division (PSD) at [psddivision@gmail.com](mailto:psddivision@gmail.com) or [policy@denr.gov.ph](mailto:policy@denr.gov.ph).

We note that the NAMRIA, the Bureaus, and the Administrative Service - Records Management Division are currently updating their respective sector's rates of fees and charges, as agreed upon during the meeting with the Policy and Planning Service (PPS) on 27 April 2023. In this connection, these offices are hereby instructed to proceed with the review and updating thereof pursuant to AO No. 31, series of 2012, and to submit the revised draft policy to PPS by the end of June 2023.

For your preferential action, please.

  
ATTY. JONAS R. LEONES

Copy furnished:

The Director, Financial Management Service  
Secretariat, Revision of Fees Committee



DEPARTMENT OF FINANCE  
Republic of the Philippines



Republic of the Philippines  
**DEPARTMENT OF FINANCE**

Roxas Boulevard Corner Pablo Ocampo, Sr. Street  
Manila 1004

**HON. MARIA ANTONIA YULO LOYZAGA**

Secretary  
Department of Environment and Natural Resources  
DENR Building, Visayas Avenue  
Diliman, Quezon City

**SUBJECT: Proposed administrative order on fees and charges**

Dear Secretary Loyzaga:

This is to respectfully request the Department of Environment and Natural Resources (DENR)'s comments on the proposed administrative order directing national government agencies and government-owned or -controlled corporations to "review the rates and design of their existing fees and charges, and augment existing or adopt new impositions, restructure levy design, and adjust exorbitant and eliminate outdated fees and charges."

The rationalization of fees and charges shall be grounded on **principles of revenue adequacy, efficiency, equity, regulatory effectiveness, and administrative ease**. Specifically, we propose that the fees and charges associated with the grant of rights to utilize natural resources "shall account for the benefit that accrue to entities utilizing the economic value of the natural resources and the cost to the environment and society resulting from the said activities."

We have attached a copy of the draft administrative order for review. We would highly appreciate receiving your comments or concurrence on the draft administrative order **on or before June 13, 2023** before we formally endorse the same to the Office of the President.

Should you require further information or clarification on any aspect of the draft order, please contact **Mr. Anton Ragos** at **+63 917 671 8616** or through email at **dfg@dof.gov.ph**.

Thank you.

Very truly yours,

  
**CIELO D. MAGNO, Ph.D.**

Undersecretary, Fiscal Policy and Monitoring Group

08 JUN 2023

**ADMINISTRATIVE ORDER NO. \_\_\_\_\_**

**DIRECTING ALL HEADS OF DEPARTMENTS, COMMISSIONS, AGENCIES, OFFICES, AND INSTRUMENTALITIES OF THE NATIONAL GOVERNMENT, INCLUDING GOVERNMENT-OWNED AND/OR -CONTROLLED CORPORATIONS, TO RATIONALIZE THE RATES OF THEIR FEES AND CHARGES, AND FOR OTHER PURPOSES**

**WHEREAS**, Batas Pambansa Blg. 325 delegated to the agency and department heads the power to regulate and administer the imposition, collection, and revision of fees and charges;

**WHEREAS**, the Executive Order (EO) No. 292, s. 1987, otherwise known as the Administrative Code of 1987, provides that heads of bureaus, offices and agencies, upon approval of the Secretary, have the authority to charge and collect the cost of the service, as required by law, or other rate in excess of cost;

**WHEREAS**, fees and charges are instrumental to support the financial sustainability of government programs;

**WHEREAS**, efficient management of public sector resources require the alignment of benefits from government service and regulation with the costs assigned to direct users and beneficiaries;

**WHEREAS**, Administrative Order (AO) No. 31, s. 2012, which reiterated the importance of rationalizing fees and charges of all departments, bureaus, commissions, agencies, offices, and instrumentalities of the National Government, including government-owned and/or -controlled corporations (GOCCs), resulted in limited compliance;

**NOW, THEREFORE, I, FERDINAND R. MARCOS, JR.**, President of the Philippines, by virtue of the powers vested in me by the Constitution and existing laws, do hereby order:

**SECTION 1. RATIONALIZATION OF FEES AND CHARGES.** The heads of all departments, bureaus, commissions, agencies, offices, and instrumentalities of the National Government, including GOCCs when allowed by their Charters, are directed and authorized to review the rates and design of their existing fees and charges and, as deemed consistent with guiding principles and other considerations set out in this Administrative Order, augment existing or adopt new impositions, restructure levy design, and adjust exorbitant and eliminate outdated fees and charges.

**SECTION 2. GUIDING PRINCIPLES.** The rationalization of fees and charges shall adhere to principles of revenue adequacy, efficiency, equity, regulatory effectiveness, and administrative ease:

- a. Revenue adequacy: Fees and charges must cover the government outlays associated with the service or regulation;
- b. Efficiency: Beyond cost recovery, fees and charges must facilitate optimal use of scarce resources;
- c. Equity: Assignment of cost through fees and charges must consider the burden across the transacting and paying public;
- d. Regulatory effectiveness: Impositions must align with the program purpose and regulatory objectives of the government; and
- e. Administrative ease. Fees and charges must not add undue burden to implementing agencies or complying users or beneficiaries.

**SECTION 3. COST RECOVERY.** The heads of all departments, bureaus, commissions, agencies, offices and instrumentalities of the National Government, including GOCCs, shall review their schedule of fees and charges, and adjust existing and impose new fees and charges, as deemed necessary, to appropriately cover the cost of the associated government service or regulation. In the determination of appropriate fees and charges, all concerned agencies shall consider the direct costs, indirect costs, and incidental costs of the service or regulation. To ensure sustainability of government programs, the concerned agencies shall update their schedule of fees and charges at least once every three (3) years to minimize the undue burden to subject users and beneficiaries of abrupt and substantial adjustments.

**SECTION 4. AUGMENTED FEES AND CHARGES.** Pursuant to Section 2 of this Administrative Order, the rates of fees and charges associated with the grant of rights to utilize scarce public sector resources shall account for the following considerations:

1. **Right to utilize natural resources.** Fees and charges associated with the grant of rights to exploit renewable or non-renewable natural resources – including but not limited to rights to use water resources, extract mineral resource, and other similar activities – shall account for the benefit that accrue to entities utilizing the economic value of the natural resources and the cost to the environment and society resulting from the said activities. All concerned agencies are directed to coordinate with the National Economic and Development Authority (NEDA) in the determination of the appropriate rate and structure of fees and charges in consideration of the said benefit and cost.
2. **Right to access regulated markets.** Fees and charges associated with grant of rights to enter and operate in markets requiring the management of scarce resources – including spectrum assignment, and other similar assignments – shall account for the benefits gained by entities that can make extraordinary returns due to the restricted competition enforced by regulations. Further, such fees and charges shall promote the efficient use of resources, incentivize wider private sector deployment of services particularly

**DRAFT FOR DISCUSSION. SUBJECT TO CHANGE.**

in unserved and underserved areas, and ensure maximum benefit to the public. All concerned agencies are directed to coordinate with the Philippine Competition Commission (PCC) in the determination of appropriate rate and structure of fees and charges in consideration of the said benefit and cost.

In the determination of rates and imposition of new fees and charges, all concerned agencies shall seek balance between the need to recover cost or augment impositions and the equitable and other welfare impact of the adjustment.

**SECTION 5. REGULATORY IMPACT.** All concerned agencies shall assess the design structure of their impositions to determine if the design of the fees and charges are aligned with their program objectives and regulatory functions and, as deemed necessary, revise the structure of their impositions in accordance with the program objectives and regulatory functions of their respective agencies.

**SECTION 6. ADMINISTRATIVE EASE.** In rationalizing their fees and charges, all concerned agencies shall consider the administrative burden to implementing bodies and the compliance cost to the subject entities of their imposition and, when applicable, adopt available and emerging technologies on modern payment solutions and modalities consistent with Republic Act No. 11032, also known as the "Ease of Doing Business and Efficient Government Service Delivery Act of 2018". All concerned National Government Agencies (NGAs) and GOCCs are directed to coordinate with the Anti-Red Tape Authority (ARTA) to ensure that the updated fees and charges will not place undue regulatory burden and cost to the agencies and, when necessary as required by law, undergo regulatory impact assessment.

**SECTION 7. TASK FORCE ON FEES AND CHARGES.** The Task Force on Fees and Charges created under AO 255, s. 1996, and as reactivated by EO 218, s. 2000, shall have the following functions:

- a. Oversee and monitor the compliance of all NGAs and GOCCs on the revision of fees and charges;
- b. Ensure the attainment of objectives of this Administrative Order and recommend measures to address gaps in implementation; and
- c. Prepare annual reports on the status of compliance of all NGAs and GOCCs.

**SECTION 8. IMPLEMENTATION.** The heads of all departments, bureaus, commissions, agencies, offices, and instrumentalities of the National Government, including GOCCs, shall be held responsible for the implementation of this Administrative Order. The Task Force on Fees and Charges shall coordinate with all NGAs and GOCCs in the revision of their fees and charges. All NGAs and GOCCs are required to submit a report to the Task Force on their revision or imposition of new fees and charges, without notice. Based on the submitted reports, the Task Force may direct the concerned NGA or GOCC to explain, clarify, or further justify its new or revised rates. A list of non-compliant NGAs and GOCCs shall be prepared by the Task Force to be submitted to the Office of the President within 30 days after the end of each calendar year.

**SECTION 9. RULES AND REGULATIONS.** The Department of Finance (DOF) and the Department of Budget and Management (DBM), in coordination with NEDA, PCC, and ARTA, shall jointly promulgate the rules and regulations to implement and monitor compliance with this Administrative Order.

**SECTION 10. PENALTY.** All heads of concerned agencies who shall fail to comply with the provisions of this Administrative Order shall be subject to disciplinary actions and penalties in accordance with Book V, Chapter 7, Section 46 of Executive Order (EO) No. 292, s. 1987, otherwise known as the "Administrative Code of 1987".

**SECTION 11. REPEAL.** All presidential issuances, administrative rules and regulations or parts thereof, which are inconsistent with this Administrative Order are hereby repealed or modified accordingly.

**SECTION 12. SEPARABILITY.** If any provision of this Administrative Order is declared invalid or unconstitutional, the other provisions unaffected shall remain valid and subsisting.

**SECTION 13. EFFECTIVITY.** This Administrative Order shall take effect immediately.

**DONE,** in the City of Manila, this \_\_\_\_ day of \_\_\_\_\_, in the year of Our Lord, Two Thousand and Twenty-Three.