

# MALASAKIT *at* SERBISYO



The PHILIPPINE PORTS AUTHORITY  
**2019 ANNUAL REPORT**





PHILIPPINE  
PORTS  
AUTHORITY

## 2019 ANNUAL REPORT

MALASAKIT *at* SERBISYO

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### About the Annual Report

The PPA 2019 Annual Report gives an overview of the Authority's work in living its theme for its 45th anniversary, "Malasakit at Serbisyo." As a service-oriented GOCC and the country's foremost port service provider, the PPA performs its duties for the Filipino. The front cover shows the focus of the PPA's care and services: people. The care that the PPA puts into its services is such that a mother traveling with her child knows that they will both be safe using the ports. Passengers and port users like them are the reason for the PPA's continuing efforts.

*Facing page* At the Port of San Pedro in Iloilo City, passengers cast shadows from the access ladder as they descend from a Ro-Ro ship past midnight before heading off to Zamboanga in Mindanao. *Bottom* Expansion works at the Port of Ormoc in Leyte.





**PHILIPPINE  
PORTS  
AUTHORITY**



### **VISION**

By 2020, PPA shall have provided port services of global standards.

### **MISSION**

- 1** Provide reliable and responsive services in ports, sustain development of communities and the environment, and be a model corporate agency of the government.
- 2** Establish a mutually beneficial, equitable, and fair relationship with partners and service providers.
- 3** Provide meaningful and gainful employment while creating a nurturing environment that promotes continuous learning and improvement.
- 4** Establish a world-class port operation that is globally competitive, adding value to the country's image and reputation.

### **MANDATE**

To establish, develop, regulate, manage, and operate a rationalized national port system in support of trade and national development.

### **CORE VALUES**

**Excellence.** Professionalism, Efficiency  
**Creativity.** Innovation, Adaptability  
**Customer Satisfaction.** Customer Focus  
**Responsible Citizenship.** Sustainability, Accountability, Risk Management  
**Ethics.** Integrity within moral bounds  
**Sincerity.** Commitment to fulfill mandate  
**Teamwork.** Synergy of working together.  
Esprit de corps.

Flag raising ceremonies such as this, taken at the Head Office in Manila, start the work week for all PPA employees across the archipelago.





## Message of the General Manager

# *Malasakit at Serbisyo* Providing Care Through Our Port Services

“A port is not only a vital link in the total transportation and trade system, but a major factor in harnessing the human and natural resources of a region in the total context of national development.”

So goes the first line of Presidential Decree No. 505, issued on July 11, 1974. P.D. 505 effectively established the Philippine Ports Authority (PPA) as a service provider to the port industry, assigning the planning, development, maintenance, and operation of ports and port facilities to the Authority.

Yet, it recognized the importance of ports in their role as catalysts that “may hasten the expansion of the economic develop-

ment of an area.” This is vital to the economic life of an archipelago. In doing so, it gave the PPA another function—that of “total port district development,” which goes beyond the traditional notion of port administration.

Forty-five years later, I am pleased to report that the PPA has taken its mandate to heart and has even expanded its scope and functions. Not only has the Authority been instrumental in making interisland connectivity a reality, it has also helped in developing the locality where our ports are.

### A BANNER YEAR FOR OUR PORT SERVICES

The rehabilitation of important ports and the construction of new passenger terminal buildings (PTBs) were completed in 2019. One of these was the Tubigon Port in Bohol, which was damaged in the 2013 earthquake. Now bigger and better than

ever, it can now accommodate 28 ships from its previous capacity of 10 ships, and around 4,000 passengers daily from 1,500 passengers. Repairs were completed in under nine months.

We also completed the PTB of the busiest port in Northern Mindanao, the Cagayan de Oro Port. Now at triple its former capacity of 1,000 passengers, it is projected to strengthen prospects for tourism and economic growth in the entire region.

Indeed, our hard work as a port service provider made 2019 a banner year for the PPA. We posted Php18.352 billion in total income—a 4.89% increase from 2018. We also had our largest remittance to the National Treasury thus far—Php5.055 billion in total cash dividends—beating the 2018 remittance of Php3.515 billion.

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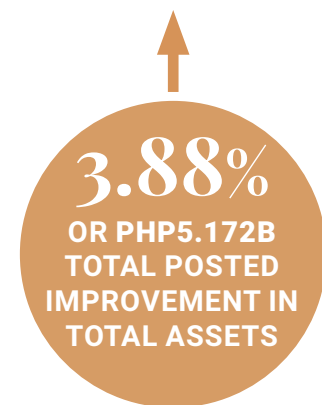
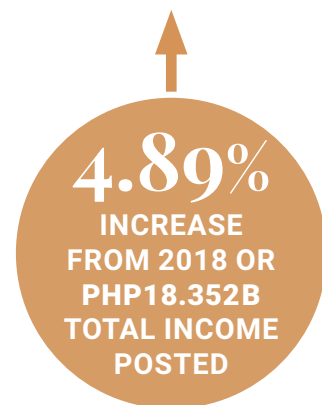


*Above* An old photo of Zamboanga Port.

*Right* The upgraded Port of Tagbilaran in Bohol, designed by Filipino engineers like all of PPA's ports, and one of many major regional gateways across the country in the government's *Build, Build, Build* program.







#### BETTER CARE FOR THE PEOPLE

We may have had our successes in 2019, but we are not resting on our laurels.

In celebrating the PPA's 45th year, we adopted "Malasakit at Serbisyo" as our theme and "mantra." This reflects our goal of improving our services to give better care (malasakit) to our fellow Filipinos through our port services (serbisyo).

To fulfill this goal, we are stepping up our corporate social responsibility (CSR). We set up Malasakit Help Desks in various port terminals to provide additional services to the seagoing public, especially to those who are stranded because of natural calamities and disasters. Terminal fees are now waived for senior citizens, differently-abled persons, students, uniformed personnel, and Medal of Valor awardees and their next of kin.

In addition to this, we are reducing the carbon footprint of our ports through the use of sustainable energy and equipment. We are also continuing our partnerships with the private sector to provide the highest level of port service, especially in the ports with high passenger and cargo traffic.

Efficient and effective service to port users, passengers, and community members alike—this is the guarantee of the PPA.

  
**JAY DANIEL R. SANTIAGO**  
General Manager



#### PPA Anniversary Highlights (July 2019)

*Top* PPA General Manager Daniel Jay Santiago, DOTr Sec. Arthur Tugade, and Cagayan de Oro Port Manager Engr. Isidro Butaslac, Jr. at the inauguration of the Cagayan de Oro Passenger Terminal Building (PTB). *Middle* The PPA GM and DOTr Sec. Tugade pose during the reopening of the Port of Tubigon in Bohol. *Bottom* PPA officials and representatives of the Philippine National Police and the Coast Guard survey an array of confiscated materials ahead of disposal activities.

## PERFORMANCE AT A GLANCE

#### FINANCIAL PERFORMANCE

		FROM 2018
Total Revenue	Php 18.352 BILLION	▲ 4.89%
Expenses	Php 8.007 BILLION	▼ (15.50%)
Net Income After Tax	Php 7.281 BILLION	▲ 31.09%

#### SHIPPING AND TRADE PERFORMANCE

		FROM 2018
Cargo Throughput	266.417 MMTs	▲ 2.09%
Container Traffic	7.866 MILLION TEUs	▲ 3.87%
Ship Traffic	503,098	▲ 7.40%
Passenger Traffic	83.721 MILLION	▲ 9.01%

#### PHYSICAL INFRASTRUCTURE DEVELOPMENT & MAINTENANCE

Budget allocated for Locally Funded Projects (LFPs)	Php5.836 BILLION
Completed LFPs	37
Ongoing LFPs	58
Budget for Repairs and Maintenance (R&M) Projects	Php 2.0 BILLION
Completed R&M Projects	148
Ongoing R&M Projects	89

#### DIVIDEND REMITTANCE

		FROM 2018
Cash Dividend Remitted to the National Government	Php 5.055 BILLION	▲ 43.81%

#### FINANCIAL INDICATORS

##### CURRENT RATIO

measures the ability of the Authority to meet current obligations. Resultant ratio must be >1.

**2.09:1 in 2019**  
versus  
**2.36:1 in 2018**

This year's ratio decreased to 2.09 from last year's 2.36; meaning PPA has Php2.09 current assets to cover every Php1.00 current obligation.

##### RETURN ON ASSETS

indicates the degree of profits realized in relation to the amounts invested in assets. Resultant percentage must be >7%

**25.68% in 2019**  
versus  
**22.96% in 2018**

This year's ROA went up to 25.68% from last year's 22.96% due to the increase in net operating income.

##### PORT OPERATING RATIO

measures the effectiveness of management in terms of keeping down costs in relation to revenue. Resultant ratio must be <70-75%

**42.98% in 2019**  
versus  
**51.63% in 2018**

This year's port operating ratio decreased to 42.98% from last year's 51.63%.

##### DEBT TO EQUITY

in compliance with PD 857, total indebtedness of the PPA in principal amount on local and foreign currency shall not at any time exceed the net worth of the PPA at the relevant time. Resultant ratio must be <1.

**0.084:1 in 2019**  
versus  
**0.087:1 in 2018**

This year's ratio of 0.084:1 is safely within the required limit.



# SHIPPING AND TRADE PERFORMANCE

The first half of 2019 had its share of external and internal challenges. Despite this, however, the Philippine economy was able to recover during the latter part of the year with a registered 6.4% growth.

The country's annual gross domestic product (GDP) posted a year-on-year growth of 5.9%, due in large part to the government's aggressive catch-up investment plan. This positively affected PPA operations, as can be seen in the following tables:

## Cargo Throughput

With foreign cargoes backing up the posted improvement in cargo volume and making up for the decline in the volume of locally traded commodities, total cargo throughput reached 266.42 million metric tons (MMTs) during the year. This is 2.09% or 5.46 MMTs higher than the recorded throughput for 2018.

The country's external trade in goods—i.e., the sum of export and import goods—remained strong, growing by 4.13% amidst the weaker-than-expected global economic conditions and challenging business environment. This increase was due to the registered gains in major export commodities; the 0.49% decrease in import goods, on the other hand, may be attributed to the decline in the importation of raw materials and intermediate goods due to the slowdown in government spending.

Domestic cargo traffic also registered a decrease of 0.91% during the year, which may have been caused by the delay in implementing the national government budget during the first semester, restraining investments particularly in big-ticket infrastructure projects. Moreover, the slowdown in economic growth since 2016 could have also effected the decline in both inbound and outbound domestic trade volume.

## Container (in TEUs)

The upbeat shipping and trade atmosphere continued to drive progression in the volume of containers handled at the ports nationwide, with the recorded volume of container traffic going up by 3.87% or 293,184 twenty-foot equivalent units (TEUs).

Both domestic and foreign container traffic were higher from last year by 2.56% (78,957 TEUs) and 4.78% (214,226 TEUs), respectively.

## Passenger

The ports saw an increase of more than 9% in the number of passengers, for a total of 83,721,395. The continuous reliance by the seagoing public on Ro-Ro vessels, fast crafts, and motorized bancas for domestic interisland travel coupled by the vigorous government promotions on leisure tour to island tourist destinations propelled the surge in passenger count.

On the other hand, the number of cruise ship passengers declined by more than 200,000 from last year,

due mainly to the recorded decrease in the volume of tourist passengers in Manila. The limit in the number of cruise ships and tourists in Boracay Island—a measure intended to protect the environment—heavily contributed to the downturn in tourist passenger volume.

## Shipcalls

Shipcalls or vessel calls totaled 503,098 during the year, a 7.40% (34,659) increase from 2018. The 7.61% (34,788) increase in domestic shipcalls counterweighed the 1.13% (129) decline in foreign shipcalls. ■

	CARGO THROUGHPUT		Inc/(Dec)	
	2019	2018	Volume	%
Cargo (in MT)	266,417,209	260,953,472	5,463,737	2.09
Domestic	104,428,354	105,390,180	(961,826)	(0.91)
Inbound	57,862,053	59,574,429	(1,712,376)	(2.87)
Outbound	46,566,300	45,815,751	750,549	1.64
Foreign	161,988,855	155,563,292	6,425,563	4.13
Import	100,298,176	100,793,335	(495,159)	(0.49)
Export	61,690,679	54,769,957	6,920,722	12.64

Note: Values may not add up due to rounding off.

	CONTAINER		Inc/(Dec)	
	2019	2018	Volume	%
Container (in TEUs)	7,865,906	7,572,722	293,184	3.87
Domestic	3,165,695	3,086,738	78,957	2.56
Inbound	1,578,786	1,543,684	35,102	2.27
Outbound	1,586,909	1,543,054	43,855	2.84
Foreign	4,700,211	4,485,985	214,226	4.78
Import	2,336,971	2,315,196	21,774	0.94
Export	2,363,240	2,170,788	192,452	8.87

Note: Values may not add up due to rounding off.

	PASSENGER		Inc/(Dec)	
	2019	2018	Volume	%
Passenger	83,721,395	76,798,175	6,923,220	9.01
Disembarked	42,308,684	39,297,414	3,011,270	7.66
Embarked	41,198,946	37,049,698	4,149,248	11.20
Cruise Ships	213,765	451,063	(237,298)	(52.61)

Note: Values may not add up due to rounding off.

	SHIPCALLS		Inc/(Dec)	
	2019	2018	Volume	%
Shipcalls	503,098	468,439	34,659	7.40
Domestic	491,836	457,048	34,788	7.61
Foreign	11,262	11,391	(129)	(1.13)

Note: Values may not add up due to rounding off.

↑  
TOTAL CARGO THROUGHPUT  
**266.42**  
MMTs in 2019 –  
2.09% or 5.46 MMTs  
HIGHER THAN  
2018

↑  
DOMESTIC TEUs  
**2.56%**  
or 78,957  
TOTAL

↑  
CONTAINER (IN TEUs)  
**3.87%**  
INCREASE or  
293,184  
TWENTY-FOOT  
EQUIVALENT  
UNITS

↑  
FOREIGN TEUs  
**4.78%**  
or 214,226  
TOTAL

↑  
PASSENGERS  
**9.01%**  
or 83,721,395  
DOMESTIC  
PASSENGER  
COUNT

↑  
DOMESTIC SHIPCALLS  
**7.61%**  
or 34,788

↑  
SHIPCALLS  
**7.40%**  
or 34,659  
HIGHER THAN  
IN 2018

↓  
FOREIGN SHIPCALLS  
**1.13%**  
or 129



# FINANCE

2019 TOTAL INCOME

4.89%  
or PHP18.352  
BILLION

TOTAL CASH DIVIDENDS

PHP  
5.055B  
REMITTED TO  
THE  
NATIONAL  
TREASURY

TOTAL ASSET BASE

3.88%  
IMPROVEMENT  
<0.08% IN  
LIABILITIES  
>4.22% EQUITY

## Financial Performance

Driven by the positive outturn in shipping and trade, revenue performance sustained its growth momentum, with the PPA ending 2019 with Php18.352 billion in total income—4.89% higher than the previous year.

Total corporate expenditures, on the other hand, decreased by 15.50% from 2018 due to the gradual disbursements on Repairs and Maintenance (R&M) and Dredging projects.

On the whole, bottom line figures for the year posted a 31.09% (Php1.727 billion) improvement from the 2018 figures of Php5.554 billion.

## Dividend Remittance

The PPA had a banner year in 2019, with Php5.055 billion in total remittances to the National Treasury—its largest so far. This amount is the combination of Php4.055 billion in cash dividends and Php1 billion in supplemental cash dividends, beating the Authority's previous record of Php3.515 billion.

In the past few years, the PPA has been consistently contributing billions of pesos in dividends to the national coffers. Since 2018, the PPA has been remitting more than 50% of its annual net earnings as cash dividends. This is in compliance with Republic Act No. 7656, which requires all GOCCs to remit to the National Treasury at least 50% of their annual net earnings as either cash, stock, or property dividends.

## Financial Position

The Authority's Financial Position as of the end of 2019 signified a healthy financial condition with indications of strong ability to service obligations and long-term financial security. The PPA's Total Asset Base improved by 3.88%, with Liabilities decreasing by 0.08%, and Equity progressing by 4.22%. ■

**Comparative Statement of Comprehensive Income for the Year 2019 and 2018**  
(In Million Pesos)

	2019	2018	Inc/(Dec) Amount	%
<b>Income</b>				
Service and Business Income	18,234.44	17,463.04	771.40	4.42
Gains	95.49	6.86	88.63	1,291.98
Other Non-Operating Income	22.30	26.08	(3.79)	(14.51)
<b>Total Income</b>	<b>18,352.23</b>	<b>17,495.98</b>	<b>856.24</b>	<b>4.89</b>
<b>Expenses</b>				
Personnel Services	1,694.09	1,512.57	181.52	12.00
Maintenance and Other Operating Expenses	3,466.01	4,560.08	(1,094.07)	(23.99)
Financial Expenses	119.43	176.14	(56.71)	(32.19)
Non-Cash Expenses	2,727.84	3,227.47	(499.63)	(15.48)
<b>Total Expenses</b>	<b>8,007.37</b>	<b>9,476.26</b>	<b>(1,468.89)</b>	<b>(15.50)</b>
<b>Profit Before Tax</b>	<b>10,344.86</b>	<b>8,019.73</b>	<b>2,325.13</b>	<b>28.99</b>
Income Tax Expenses	3,064.20	2,465.90	598.30	24.26
<b>Profit After Tax</b>	<b>7,280.66</b>	<b>5,553.83</b>	<b>1,726.83</b>	<b>31.09</b>
Net Assistance/Subsidy/(Financial Assistance Subsidy/Contribution)	—	—	—	—
<b>Net Income/(Loss)</b>	<b>7,280.66</b>	<b>5,553.83</b>	<b>1,726.83</b>	<b>31.09</b>
Other Comprehensive Income/(Loss) for the Period	—	—	—	—
<b>Comprehensive Income</b>	<b>7,280.66</b>	<b>5,553.83</b>	<b>1,726.83</b>	<b>31.09</b>





Port Operations and  
Business Development

## TAKING CARE OF OUR CORE BUSINESS

In 2019, the PPA delivered on its mandate by forging greater partnerships with the private sector and enhancing its own capability during the year.

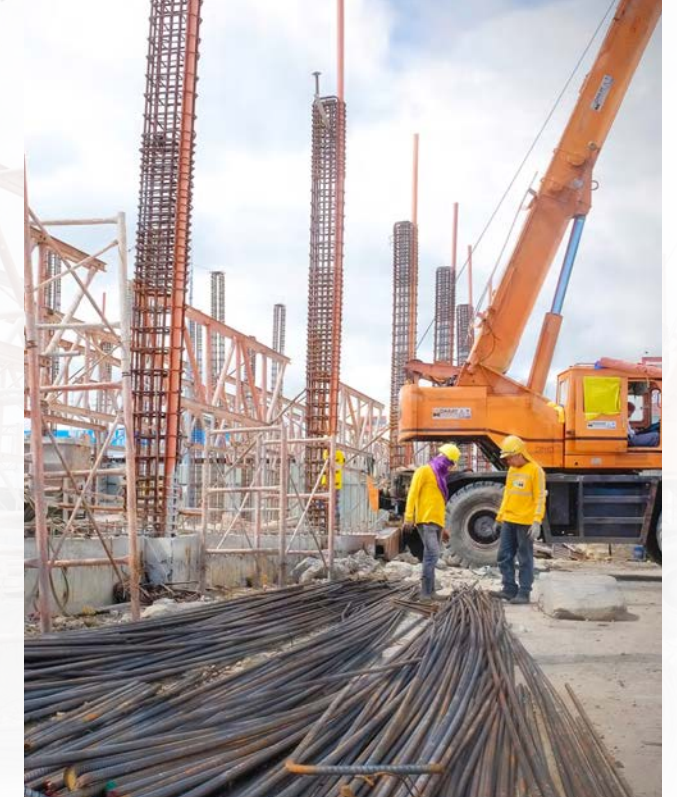
Manila North Port

## Keeping Our Ports in Top Form

The men and women of the Philippine Ports Authority go to work everyday with a mission branded onto their hearts: to help the nation in its unimpeded march to development through the work that they do.

They do this by providing reliable and responsive port services, ensuring transportation and economic links within our nation's islands and with the rest of the world. For 2019, every man and woman of the PPA can proudly stand and claim, heads held high: "Mission accomplished!"

PPA General Manager Jay Daniel R. Santiago said that the PPA is simply giving back to the people what they truly deserve. "It is really overwhelming that we are ending the year on the upside, far better than what we originally projected," Santiago said.



How the PPA turned things for the best results is the sum of several actions the agency's leadership took in the course of the year.

### Key Policies

For starters, the PPA made sure it has policies that allow for the best version of itself. The PPA crafted issuances meant to keep its operations and services at par with the best in the world. It encourages growth from its stakeholders by replicating international best practices.

*Continued on the following page*

### PPA 2019 HIGHLIGHTS 200 PORT PROJECTS COMPLETED

The PPA has completed more than 200 port projects since 2016, including the biggest, state-of-the-art PTB in Cagayan de Oro City, inaugurated in July 2019.

Within this same year, 105 more port projects were started.

These projects are the result of a combination of commercial and social reforms implemented hand in hand with the Department of Transportation.





Key Policies

TYPE/No.	SUBJECT	PURPOSE
Administrative Orders (AO)		
12-2019	Policy on the “Centralized Ticketing System (CTS)” Relative to an Online Application Integrating the Booking and Payment Processes for the use of Ship, and Passenger Terminal in a Single Platform	Provide a real-time system with “single window” concept, to process the booking, payment, and other related transactions needed by the government, shipping companies, port terminal operators, passenger terminal building operators, and the general/riding public in a single online portal, as well as provide ease of doing business and efficient delivery of ship/port service.
11-2019	Omnibus Rules of Procedure on Private Service Provider-Initiated Applications for New Tariff and/or Adjustment of Fees and Charges in Ports Under the Administrative Jurisdiction of PPA	Establish uniform procedures for application for new tariff and adjustment of fees and charges, and facilitate and ensure transparency especially during the conduct of public hearings.
10-2019	Uniform Port Tariffs for Tier 3 Ports Under the Port Terminal Management Regulatory Framework	Prescribe the uniform port tariffs for Tier 3 ports under PPA AO No. 03-2016 otherwise known as the Port Terminal Management Regulatory Framework (PTMRF).
09-2019	Guidelines on the Adoption of Uniform Procedure in the Determination of Minimum Concession Fee and Variable Fee for Contract Under the Port Terminal Management Regulatory Framework	Ensure proper and uniform procedure in determining minimum concession fee and variable fee for all Port Terminal Management Contract (PTMC).
06-2019	Guidelines on the Accreditation of Port Services Providers	Prescribe the requirements in the issuance of PPA accreditation of corporations, partnerships, single proprietorships, or entities who intend to provide port services at ports under the jurisdiction of PPA.
04-2019 as amended by 08-2019	Exemptions from Payment of Passenger Terminal Fees Amending PPA Memorandum Circular No. 007-2014	Grant exemption from payment of Passenger Terminal Fee (PTF) to students, elderly, persons with disability (PWD), and selected uniformed personnel.
03-2019	Guidelines on the Charges to be Imposed on Overstaying Import Cargoes Transferred from MICT and South Harbor to Designated Ports	Provide guidelines on the applicable rates, fees, and charges to be assessed and collected on overstaying import cargoes which are subject to transfer to designated ports pursuant to paragraph 9 of PPA AO No. 02-2019.
02-2019	Guidelines on the Immediate Release of Overstaying Import Cargoes from the Terminals to Designated Ports	Ensure the smooth flow of waterborne commerce passing through the MICT and South Harbor, whether public or private, in the conduct of international and domestic trade.
Memorandum Circular (MC)		
03-2019	Standardized Accreditation Fee of PPA AO No. 06-2019	Standardize accreditation fee in the issuance of accreditation certificates for port service providers.
Operations Memorandum Order (OMO)		
01-2019	Implementation of Automated Processing of Application for PPA Accreditation of Port Service Providers	Revised schedule for the implementation of the 8% upward adjustment on cargo handling (CH) tariff per PPA MC No. 02-2018.

PPA 2019 HIGHLIGHTS  
Malasakit at Serbisyo Initiatives



The PPA stayed true to the government’s thrust by implementing people-centered initiatives during the year.

The Free Passenger Terminal Fee program was extended to senior citizens, differently-abled persons, students, and uniformed personnel. The program had an expanded coverage that included Medal of Valor awardees and their next of kin. This initiative has brought close to Php20 million in benefits to intended recipients since the start of its implementation in July.

**Malasakit Help Desks (MHDs)** were established in all terminals controlled by the PPA to extend additional service to passengers and the public in general while they are on the premises. This assistance includes the provision of food and hygiene kits during inconveniences brought about by natural disasters.

Also through the MHDs, simple tokens are given to passengers during special celebrations such as Mothers’ Day in May, Fathers’ Day in June, and Grandparents’ Day in September.



Cargo Handling Operations

In 2019, the PPA continued to work with the private sector to encourage greater participation in providing cargo handling services. The PPA believes that working with partners in the private sector has fostered higher efficiency and productivity in port operations. With this in mind, the PPA is pursuing the development of guidelines with more consistent procedures and requirements for the awarding of port terminal management contracts.

In line with this, the bidding for cargo handling operators (CHOs) for 2019 has been deferred and existing CHOs are granted Hold-over Authority (HOA). This enables continuous operations and uninterrupted cargo handling services at the ports while the guidelines are being finalized.

Harbor Pilot Appointments

In 2019, PPA issued two regular appointments and three probationary appointments for harbor pilots at various pilotage districts. As of year-end, 114 of the 182 authorized harbor pilot positions were filled up, boosting the capability and efficiency of our ports.

Accreditation of Port Service Providers

Further to ensuring security and safety in our ports, the PPA issued a new accreditation policy specifying the services requiring accreditation and the fees for the issuance of a certificate. PPA AO 06-2019 repealed PPA AO 10-2018 and took effect on August 7, 2019.

The accreditation of port service providers aims to promote the interest and welfare of maritime and port communities, and along the way, secure the long term prosperity of ports. This measure ensures that port service providers have the legal, financial, and operational capacity to perform their services.

On the balance, the same policy will provide exemption to private non-commercial port operators and owners and their port service providers.



FAST FACTS



**HARBOR PILOTS** ensure the safe maneuvering of vessels in ports, thereby securing the protection of port users and passengers, as well as port facilities. For this reason, the PPA requires pilotage services in selected ports, and consequently, the efficient and orderly administration of the harbor.

On top of appointments, the PPA also exercises direct supervision and control over harbor pilots and their associations. This includes governance over pilotage services, conduct of pilots, and regulation of fees in the ports.

From previous page

Development and Operation of Private Ports

Because the PPA’s authority extends to private ports, it exercises regulatory oversight functions over their construction and operation. In 2019, the PPA approved 46 applications for Certificate of Registration and Permit to Operate (COR/PTO) private ports nationwide—including permits for commercial and non-commercial private ports.

Six Clearances to Develop private port facilities in Zambales, Batangas, Masbate, Albay, Negros Occidental, and Davao were also issued in 2019.

Real Estate Management

The PPA leases out identified available areas within the ports to interested private entities, optimizing the utilization of ports and generating additional revenue.

Continued on p 18

Total number of ports under the PPA’s jurisdiction: **114**, under which **89** are terminal ports and **25** are baseports.

Total number of Port Management Offices (PMOs): **25**

Top and bottom Port of Cagayan de Oro

ENHANCING PORT EFFICIENCY

MAKING OUR PORTS WORK FOR YOU

Recognizing the crucial role of ports in the national and global supply chain, the PPA works nonstop to ensure the unhampered movement of cargoes within, to, and from the ports. In 2019, three standout achievements serve as important milestones in the PPA’s quest for efficiency in our ports.

“I give my full commitment and full happiness in witnessing the manifesto... This is not for show. This is for real.”

DOTr Secretary Arthur Tugade

Manifesto of Support for the Efficient Utilization of Philippine Ports

A maximum 30-day stay at Manila ports for customs-cleared containers has been imposed. Non-complying containers will be transferred to inland container depots at the owner’s cost.

**Signed** March 15, 2019  
**Signatories** PPA, Bureau of Customs (BOC), Association of International Shipping Lines, and port operators Asian Terminals, Inc. (ATI) and International Container Terminal Services, Inc. (ICTSI)

Promoting Optimal Terminal Efficiency of Manila Ports

AO No. 02-2019 sets the rules on the transfer of overstaying shipments from Manila South Harbor and Manila International Container Terminal to ports outside of Manila. This was issued in support of the Manifesto and provides guidelines on the applicable rates, fees, and charges to be assessed and collected on cargoes staying at the ports beyond the allowed period.

“Today is a milestone as all stakeholders from the private sector and the government have come together to implement a sustainable solution to face the problems in our ports.”

PPA GM Jay Daniel Santiago

“We are committed to making sure that our ports remain efficient. Rest assured that the Bureau of Customs will continue to support undertakings such as this to boost revenue and to improve our position globally as a major player in the industry.”

BOC Commissioner Ray Leonardo Guerrero

Empty Loadout Shipping Agreement (ELSA)

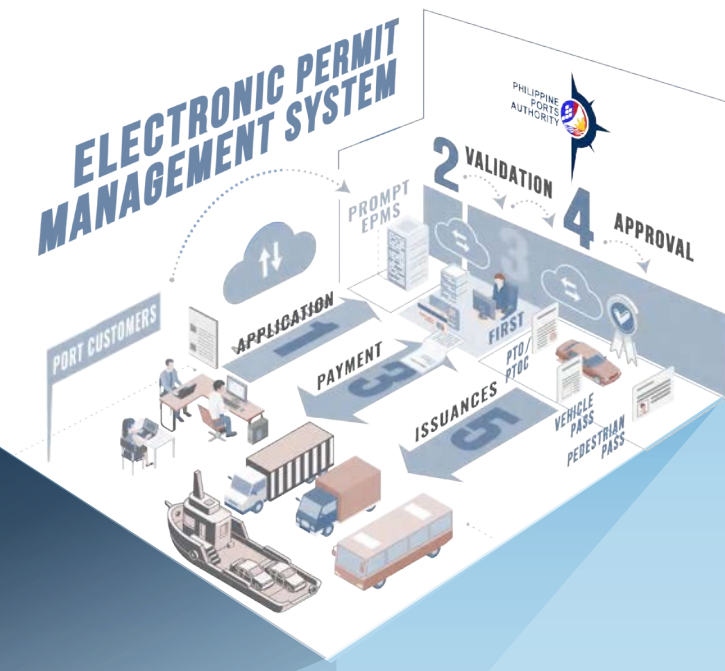
For every cargo discharged, vessels docked at the Manila South Harbor would load empty containers already available at the port, regardless of which shipping line owned them.

**Participating shipping lines**  
CMA CGM Group, T.S. Lines, Evergreen Line, Yang Ming Marine, Wan Hai Lines, Hyundai Merchant Marine, COSCO, SITC, and Sealand

Manila North Port



## TAKING CARE OF OUR CORE BUSINESS



## LEVERAGING ON INFORMATION TECHNOLOGY FUTURE-PROOFING THE PORT INDUSTRY

The PPA is bringing the port industry into the future by upgrading and migrating some of its major processes to digital technologies. On top of promoting ease of doing business in the ports, the PPA anticipates new opportunities with the move.

### PPA Information Systems Strategic Plan (ISSP)

In May 2019, the Department of Information and Communication Technology (DICT) approved the PPA's ISSP. The plan has incorporated DICT recommendations and other IT resources updates.

The plan has the blueprint for upgrading the PPA's technological capacity and increasing efficiency of its operations over the period from 2018 to 2020.

### Internet-based Port Operations Receipting for Terminals System (iPORTS)

In 2019, the PPA rolled out iPORTS for terminals in 12 areas nationwide. The pilot rollout of iPORTS for baseports was also completed at the baseports of Bohol, Surigao, and General Santos. These are all part of PPA's continuing effort to streamline business processes in the ports and promote transparency and efficiency.

From p 16

In 2019, the Authority signed six contracts for the lease of land and/or building space in the ports under Port Management Offices (PMOs) NCR-South, Northern Luzon, and Lanao del Norte/Iligan. All of the contracts have five-year and 10-year lease periods.

### Port Tariff

Providing a win for its private sector partners and its stakeholders, the PPA issued in November the Omnibus Rules of Procedure on private service provider-initiated applications for new tariff and/or adjustment of fees and charges in ports. This measure will encourage the active participation of port users by ensuring transparency and uniform application of procedures.

The new measure covers applications for adjustments in cargo handling charges, line handling fees, passenger terminal fees, pilotage fees, portorage fees, waste reception fees, and charges imposed on the use of the weighbridge.

To cap the PPA's many efforts, GM Santiago says that they are putting extra effort into initiating, implementing, and most importantly, completing port projects nationwide. He added that the PPA aims "to achieve international standards toward achieving comfortable lives for all seagoing passengers." ■



Manila North Port

## Physical Infrastructure Development and Maintenance

# BUILDING BETTER PORTS

To celebrate its 45th year, PPA has vowed to double down on its duty of care by living its theme of *"Malasakit at Serbisyo"* in the development and maintenance of our ports as a way of providing globally competitive port service.

**95**  
LOCALLY FUNDED  
PROJECTS (LFPs)  
IN 2019

**PHP  
5.836B**  
BUDGET  
FOR LFPs

**148**  
REPAIR PROJECTS  
COMPLETED,  
89 ONGOING  
AS OF  
YEAR-END



Background, left PPA photo archive of a port development in the 1980s. Above, from left Constructing the new six-lane digital gate at the Port of Cagayan de Oro; overnight maintenance of a Ro-Ro ramp at the Lipata Terminal; and workers at the Port of SOCSARGEN.



Sound infrastructure is one of the many ways to render service and care to the public. ~Jay Daniel R. Santiago, PPA General Manager

The PPA always prioritizes facilities construction, harbor maintenance, and repairs and maintenance projects to ensure the uninterrupted operations and service delivery in all the country’s ports, as well as improve the capacity, service standards, and efficiency of the country’s maritime gateways.

All this is also in line with the government’s development agenda—Build, Build, Build—and strategic objectives, as well as with the PPA’s mandate.

Locally Funded Projects

Locally Funded Projects (LFPs) implemented throughout the year came to 95, which covered both new and carry-over projects nationwide. Of these, 40 were for Luzon ports, 18 for Visayas ports, and 37 for Mindanao ports. The table on the following page shows the status of LFP implementation. The total cost for these projects was Php4.596 billion.

Notable LFPs that have been completed and are expected to deliver better service and care for their users are in the ports of Balanacan (Marinduque), Calapan (Mindoro), Makar (General Santos), and Cagayan de Oro.

These are only some of the port projects completed in 2019. PPA General Manager Jay Daniel R. Santiago said, “[S]ound infrastructure is one

LOCALLY FUNDED PROJECTS

	Luzon			Visayas			Mindanao			
	HO	FO	TOTAL	HO	FO	TOTAL	HO	FO	TOTAL	TOTAL
COMPLETED	11	6	17	4	-	4	10	6	16	37
ONGOING	20	3	23	14	-	14	20	1	21	58
TOTAL	31	9	40	18	-	18	30	7	37	95

Note: HO – head office; FO – field office.

of the many ways to render service and care to the public. PPA is bent on further improving these infrastructure in the next couple of years.”

Improved Interisland Linkages and Greater Passenger Comfort

Infrastructure development projects carried out in 2019 were aimed at improving sea connectivity and enhancing the sea-travel experience of regular resident users and both local and foreign tourists who go through the ports.

To be sure, all ports are PPA targets for rehabilitation and modernization. Santiago, however, reiterated that the priority is still the country’s major gateways as the PPA continues to upgrade them to world standards and provide them with crane capabilities.

Harbor Maintenance

Harbor maintenance consists of periodic dredging to keep harbors and ports clear and safe. This

Continued on the following page

Port Developments and Improvements

NEW PASSENGER TERMINAL BUILDING, CAGAYAN DE ORO PORT



Completed in April and inaugurated in July 2019, in time for the PPA’s 45th anniversary celebration, this is the country’s biggest seaport Passenger Terminal Building (PTB) to date. It promises to boost prospects for economic growth and tourism not just in the city or in the province of Misamis Oriental, but in the entire Northern Mindanao.

“The [PTB] will greatly strengthen the region as the global gateway to Mindanao,” Santiago said.

The CDO Port PTB boasts amenities to ensure the safety and comfort of sea passengers—security checkpoints with X-ray

scanners for luggage, body scanners, security cameras, passenger boarding stations, assistance desks, designated green areas, play area for children, and a child care station.

Arthur P. Tugade, DOTr Secretary, commended the PPA for completing the substantial port project for the seagoing public in general, and the people of CDO in particular. “I am thankful to GM Jay Santiago, and to the men and women of PPA, for realizing the dream of building the biggest Passenger Terminal Building in the country. This is a huge step toward giving the people of Cagayan de Oro a comfortable life through enhanced connectivity, a legacy promised by President Rodrigo Duterte,” he said.

We are opening Cagayan de Oro to the nation and to the rest of the world as we pursue progress for our seaports.

~ Jay Daniel R. Santiago, PPA General Manager

FAST FACTS: THE CDO PORT PTB

- Two-storey building
- 5,597 square meters floor area
- Can accommodate 3,000 passengers daily
- Could accommodate only 1,000 passengers previously
- 1,176-passenger seating capacity on the ground floor
- 1,221-passenger seating capacity on the second floor



BUILDING BETTER PORTS

From page 21

maintains serviceable water depths, which is important to ensure the fast, safe, and efficient navigation of passenger liners and cargo vessels, given the increasing sizes of ships.

In 2019, a total of 1,093,400.11 cubic meters (m<sup>3</sup>) of silt were removed at the Ports of North Harbor (Entrance Channel), Ozamiz, Calatagan, Guiuan, Dapitan, Iligan, Cagayan de Oro, Surigao, Masao, San Jose de Buenavista, Culasi, Brookes Point, Cuyo, Balabac, Dumangas, Jordan, ICPC, Fort San Pedro, Ubay, Talibon, Poctoy, Ambulong, and Buyabod.

**Harbor Maintenance**  
**1,093,400.11 m<sup>3</sup> of silt from 23 ports**  
**COST Php539.57 million**



A maintenance dredging operation at the Port of Cagayan de Oro

Repairs and Maintenance

Over the last few years, the maritime sector has been busy rowing forward to the rhythm of the Duterte administration’s call to “Build, Build, Build.” For its part, the PPA said that some 200 port projects have been completed in the first three years under the Duterte administration, and that an additional 100 port projects are expected to be completed again at the end of the year.

Such projects include the routine and preventive maintenance of port facilities and structures. The PPA budgeted Php2 billion for new and carry-over repairs and maintenance (R&M) projects nationwide.

**R&M Projects**  
**148 REPAIR PROJECTS COMPLETED**  
**89 PROJECTS ONGOING AS OF YEAR-END**  
**COST Php1.148 billion**

“With the influx of bigger, high-capacity and sophisticated Ro-Ro vessels, we need a responsive port system to cater to these demands.” ~ PPA GM Santiago



Repair work, Port of SOCSARGEN

Port Developments and Improvements

MALALAG PORT



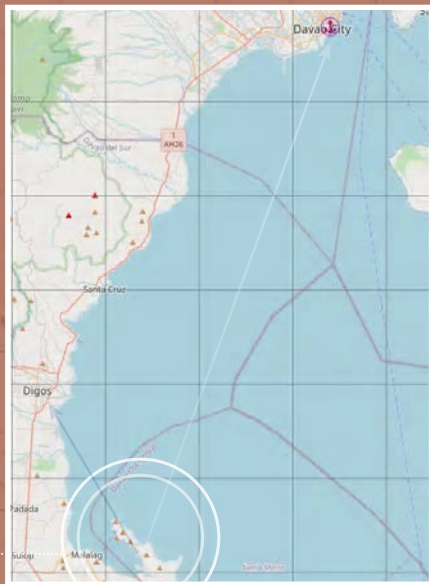
Completed in September 2019, the Malalag Port development project hopes to spur economic growth not just in Malalag but in the entire province of Davao del Sur. The project upgraded the cargo facility for the south of the Davao Region, which serves as a transshipment point for molasses, sugar, steel products, vehicles, and heavy equipment, as well as general cargo.

“It will [now] be easier for [local producers and traders] to move their goods,” said Arturo Milan, president of the Davao City Chamber of Commerce and Industry, Inc.

**FAST FACTS: MALALAG PORT**

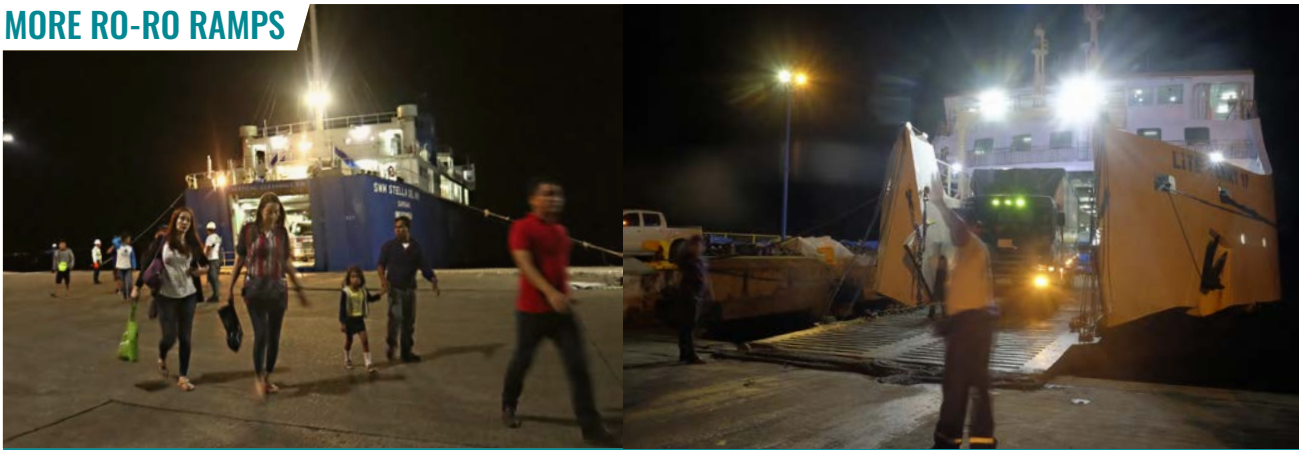
- 25 kilometers from Digos City, the capital of Davao del Sur
- 88 kilometers from Davao City
- Increased capacity and serviceability for 1,310 non-Ro-Ro ships
- **DATE OF COMPLETION** September 2019
- **COST** Php549.832 million

The upgrade included the construction of a new wharf, access trestle, backup area, upgrading of its existing backup area, and the installation of a lighting system.





MORE RO-RO RAMPS



Since its introduction in the early 2000s, the Ro-Ro Terminal System has helped bring down maritime transport costs for both goods and people, as it integrates land and sea routes through Ro-Ro ships. The system also deals with the major challenge of connecting an archipelago of more than 7,000 islands.

In support of the Maritime Industry Authority's (MARINA) announcement that it would open more Ro-Ro routes to

promote the nautical highway development under the 10-year Maritime Industry Development Plan, the PPA built nine Ro-Ro ramps in ports across the country.

The modernization and expansion of the operations of the Ro-Ro system is one of the top priorities identified by the Duterte administration to maintain and enhance interisland connectivity.

After-dinner Ro-Ro arrivals: (left) passengers at the Lipata Terminal; and (right) trucks at the San Pedro Port in Iloilo City

Port Developments and Improvements

MARINDUQUE / QUEZON PORTS

The PPA poured nearly Php205 million toward two port projects under the Port Management Office (PMO) of Marinduque/Quezon. These upgrades seek to improve the commuting experience and cargo operation for their users.

Booh Fermin, a vlogger followed by thousands, featured one of these ports in his YouTube channel (*Booh Explore*) in May 2019. He and his friends had taken the ferry from the Dalahican terminal in Lucena, Quezon, to Marinduque, where they landed at Port of Balanacan in Mogpog, Marinduque which, according to Fermin, had to be their “cleanest ferry port” yet.

(<https://www.youtube.com/watch?v=phnsXyo6F1A>)



Visitors and a berthed Ro-Ro vessel at the Port of Balanacan, an important entry point to the Island of Marinduque that links it to the main island of Luzon. (Joven Liles / mapio.net)

MORE  
LOCALLY  
FUNDED  
PROJECTS  
(LFPs)

**Ingenuity and Proficiency** Ports are vital to an archipelagic country such as the Philippines. They facilitate and spur economic activity in coastal areas. The higher the throughput of goods and passengers every year, the more infrastructure construction, expansion, and improvement—as well as allied services—are required. The PPA's engineers help make this crucial aspect of nation building possible.



ILOCOS NORTE PORT OF CURRIMAO  
Extension of RC Pier

<b>Project Cost</b>	Php 348.417 Million		
<b>Total Port Area</b>	18,737 m <sup>2</sup>		
<b>Status</b>	Completed, 17 August 2019		
<b>Others</b>	Berthing areas		
<b>Main Pier</b>	1 Extended Portions 186m x 18m + 54m x 18m		
<b>Existing</b>	215m x 15m	<b>R.C. Berth</b>	Pier 2
<b>Pier Area</b>	90m x 15m	<b>Ro-Ro Ramp</b>	15m x 15m



MISAMIS ORIENTAL PORT OF OPOL  
Port Expansion

<b>Project Cost</b>	Php 290.380 Million		
<b>Total Port Area</b>	26,212.68 m <sup>2</sup>		
<b>Status</b>	Completed, 13 April 2019		
<b>Others</b>	Port Zone Delineation area of 255,601.00 m <sup>2</sup>		
<b>Back-up Area</b>	10,828.83 m <sup>2</sup>		
<b>R.C. Wharf</b>	18.00 x 123.00 m		
<b>Flood light pole</b>	6 units 250w High-Pressure Sodium		
<b>Dock Fender</b>	14 units – V-Type Rubber		



AGUSAN DEL NORTE PORT OF MASAO  
Port Expansion

<b>Project Cost</b>	Php 236.700 Million		
<b>Total Port Area</b>	26,212.68 m <sup>2</sup>		
<b>Status</b>	Completed, 10 August 2019		
<b>Others</b>	Berthing areas		
<b>Berthing Area</b>	402.79 linear meter at average depth of 9.00 meters; 4 vessels at conventional berthing position		
<b>Ro-Ro Ramp</b>	1 Ramp: 13.00 linear meter at a depth of 8.50 meters; 1 vessel at Mediterranean position		



ZAMBOANGA CITY PORT OF ZAMBOANGA  
Expansion project

<b>Project Cost</b>	Php 225.505 Million		
<b>Total Port Area</b>	Approximately 176,974.44 m <sup>2</sup>		
<b>Status</b>	Completed, 26 April 2019		
<b>Others</b>	Berthing areas		
<b>Berths</b>	27, consisting of:		
<b>Quays</b>	8	<b>Pier</b>	6 (Seaside) 3 (Landside)
<b>Ro-Ro Bay</b>	4	<b>Ro-Ro Ramps</b>	2
<b>Marginal</b>	1	<b>Wharf</b>	3



## Port Developments and Improvements

### PPA 2019 HIGHLIGHTS: TUBIGON PORT



The PPA welcomed 2019 with the reopening in January of Tubigon Port in Bohol, which had been damaged in a magnitude 7.2 earthquake in 2013. The repair and renovation of the port was fast-tracked after an inspection by DOTr Secretary Tugade in 2018.

With repairs completed in under nine months, the port can now accommodate 28 ships, including larger vessels, from its previous capacity of 10 ships. It also has three Ro-Ro wharves for docking landing craft tanks (LCTs) and barges.

The port's air-conditioned PTB can now accommodate around 4,000 passengers daily from the previous 1,500. It also has a child care station and enhanced security facilities, including a baggage X-ray machine and a walk-through metal detector.

The rehabilitation project includes the establishment of a one-stop shop for a more convenient clearing and payment of port charges; the repair of the pedestrian covered walkway, lighting system, security fence, and gate; and improvements on the port access road.

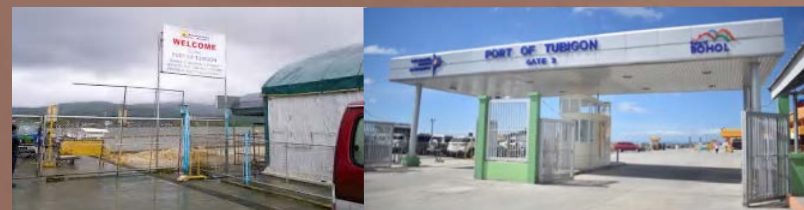
Tubigon Port serves as a primary dock to vessels plying the Tubigon-Cebu City route. It is also the best option for travelers from Bohol going to Cebu and vice versa because of the short travel time, several transport schedules, cheap fares, and the availability of public transport plying routes to any point in Bohol. ■



CAUSEWAY BEFORE AND AFTER THE QUAKE; DAMAGE TO ENTRANCE



CENTER ISLAND AFTER THE QUAKE; CENTER ISLAND AND CAUSEWAY IN 2019



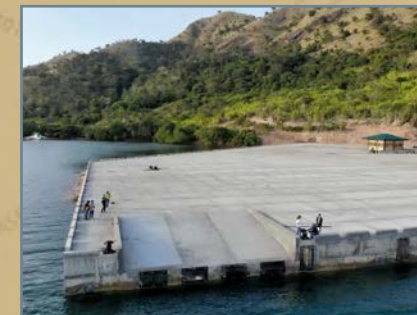
GATE 2 BEFORE THE QUAKE AND IN JANUARY 2019



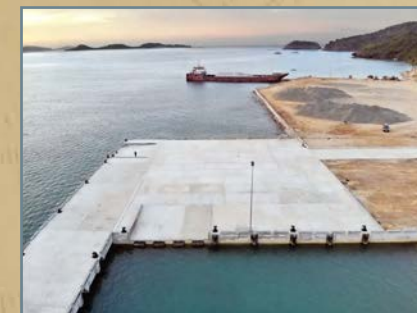
Above, left inset Vessels at berth in the 1990s; right inset The new PTB. The expanded, rehabilitated and much-improved Port of Tubigon.



ROXAS,  
ORIENTAL MINDORO



BORAC,  
PALAWAN



SAN FERNANDO,  
PALAWAN



ICPC,  
ILOILO CITY



OZAMIZ PORT,  
MISAMIS OCCIDENTAL



ILIGAN



MAASIN,  
SOUTHERN LEYTE

**9** Proudly Filipino  
designed and  
constructed  
**Ro-Ro  
Ramps  
in 7 Ports**  
\* NUMBER OF RAMPS  
**2019**





# SAFER, SMARTER, GREENER PORTS

As part of its objective to benchmark with international best practices, the PPA continuously upgrades its port safety and security programs.

**79**  
PORTS  
DECLARED BY  
THE OTS AS  
COMPLIANT WITH  
ISPS CODE

**18**  
PMOs  
ACQUIRED SRF  
SERVICE  
PROVIDERS

**3**  
INTERNATIONAL  
CONTAINER PORTS  
RECEIVED USCG  
STAMP OF  
APPROVAL



Safety and security measures implemented by the PPA in 2019 included the installation of security equipment such as X-ray baggage machines, walk-through detectors, and body scanners at port entrances.

For an extra layer of security, K9 dogs have been stationed in various ports nationwide. To keep pace with the latest port security requirements, various ports have been outfitted with multisite remote surveillance equipment and ancillary services, with a central monitoring system at the PPA Head Office.

## Promoting Port Safety and Security INTERNATIONAL SHIP AND PORT FACILITY SECURITY (ISPS) CODE

In compliance with the International Ship and Port Facility Security (ISPS) Code—which provides a standardized and consistent framework for evaluating risk—the PPA continues to undertake measures to enhance port security and safety policies. As proof of the Authority's accomplishments in this regard, the Office of Transport Security (OTS) declared 79 ports as compliant with ISPS Code requirements. In addition, the PPA submitted the compliance requirements for other ports to OTS for evaluation and subsequent certification.

In fact, the PPA has designed its general security policies around the ISPS Code. The objective is to establish an international framework involving governments, port authorities, and shipping and port industries to detect security threats and undertake preventive measures against security incidents affecting ships or port facilities used in international trade.

How the PPA turned things for the best results is the sum of several actions the agency's leadership took in the course of the year.

## PORT POLICE FORCE AUGMENTATION

In 2019, 80 newly appointed members of the port police force underwent rigorous physical, emotional, and intellectual training before they were deployed to different ports nationwide. The new officers will beef up the existing port police force and help ensure the safety, security, and comfort of the seagoing public.

*Continued on the following page*



Background Arrival and embarkment assisted by solar-powered lights at the Port of Lipata in Surigao del Sur. Above, from left Port of Ormoc administrators discuss real-time vessel tracking on its Automatic Identification System (AIS); Port Police monitor closed-circuit cameras; and a "scubasurero" collects underdeck garbage in Cagayan de Oro.



Top All passengers entering PTBs must walk through metal detectors and submit their baggage for scanning. Above PPA's Port Police train recruits in Manila before deployment.



Santiago said the hiring and deployment of more port police personnel is part of the PPA's continuing effort in ensuring strict implementation of local and international port security measures and protocols.

"Our port police play an important role in ensuring safety and security of passenger transport and cargo hauling in PPA-managed ports around the country as threats remain imminent nationwide," Santiago said. "Safety and security protocols are constantly evolving especially taking into consideration the global war on terror and we have to guarantee that our force is well equipped with necessary skills and knowledge in delivering their tasks."

He added that "with a stronger port police force, we expect to mitigate, if not eliminate, the threats surrounding our ports since these are vital transport installations."

Since the implementation of the ISPS Code in 2005, the PPA has been upholding high safety and security standards, including the maintenance of a highly qualified—and competent—port police force.



SEMINAR ON LAW ENFORCEMENT TECHNIQUES

In line with its continuing commitment to protect and ensure the safety of employees and port users as well as the port facilities, the PPA, in partnership with the United States Naval Criminal Investigative Service (NCIS), conducted the Law Enforcement Techniques Training Seminar for Port Police Officers on June 3–7, 2019 held at the PPA Head Office.

The seminar was attended by port police officers from the Head Office and select PMOs. It was designed to equip responding officers with the necessary techniques in dealing with various law enforcement situations.

The topics discussed in the seminar were observation and assessment field interviews, apprehension, unarmed individual self-defense skills, crime scene

CAPACITY BUILDING FOR PORT POLICE

The PPA is beefing up its security strategies by equipping all the officers of the PPA Port Police force with proper law enforcement techniques from notable institutions like the United States Naval Criminal Investigative Service (NCIS). The agency is also in the process of aligning its security processes to the constantly evolving local and international port security measures and protocols. Its localized version of the Port Safety, Health, and Environmental Management System (PSHEMS), a pet project of the PPA, has likewise called for a well-capacitated port police force to fully implement its provisions.

"We will never compromise the safety and security of our ports," Santiago said.

*Continued on page 32*



Trained K9 units in all ports are provided by the PPA and handled by the Coast Guard.



ON THE GO, AT THE READY

To boost safety and security imperatives in all ports, the PPA procured police cars in 2019 for each regional PMO. Until then, some port police units did not have their own vehicle and have had to borrow cars when the need arose. With security an increasingly important concern for ships, ports, and passengers, material support by way of patrol cars greatly helps port police maintain a free flow of trade and ensure a safe and secure environment that promotes uninterrupted port operations.



STAMP OF APPROVAL

In April 2019, the Manila International Container Terminal (MICT), along with the Subic Bay International Terminal Corporation (SBITC), and the Davao International Container Terminal (DICT), were cited for major improvements in the conduct of the International Port Security Program Country Assessment by the United States Coast Guard (USCG). DOTr Secretary Tugade welcomed the positive assessment, vowing more improvements on security protocols in container terminals and seaports nationwide.

SCAN AND DELIVER

Welcoming cargo and passengers at ports is often complicated by the risk of potentially illegal or dangerous items such as drugs, guns and deadly weapons, and even explosives. Thus, ports must be ready when it comes to such items that can compromise safety and security levels. Thanks to the PPA's full complement of body and baggage scanners in its major ports, these risky articles never made it past the gates.





From page 30

## Sustaining Eco-Friendly Ports

### SHORE RECEPTION FACILITIES (SRF)

Environment and climate initiatives have been front and center in the international port community as well as in various port cooperation organizations, promoting the institutionalization of green ports.

To be on a par with international port stakeholders, the PPA conforms with the MARPOL 73/78, the main international marine environmental convention covering the prevention of pollution from ships including, but not limited to, dumping, oil, and exhaust pollution or accidental causes, and Presidential Decree No. 1152 or the Philippine Environment Code. The PPA also issued AO 08-2018 or the "Interim Guidelines on the Issuance of Permit to Operate for Shore Reception Facility (SRF)/Waste Disposal Service-Provider."

In 2019, 18 PMOs have successfully acquired SRF service providers while four operated their own SRF in coordination with the local government unit. The other two PMOs are, in the meantime, implementing alternatives such as temporary storage area for recyclable wastes, in the case of PMO Northern Luzon, and a Materials Recovery Facility (MRF) for PMO Mindoro.



The Port of Batangas, a recipient of the 2017 Green Port Award System (GPAS) by the APEC Port Services Network, established a 2.37-hectare Tree Park to help with the absorption of CO<sub>2</sub> and other air pollutants within the port area.



The PPA also submits to the Supreme Court its Quarterly Monitoring and Progress Report on the activities undertaken relative to the Manila Bay clean-up pursuant to Sections 2 and 6c of EO 513, and the International Convention for the Prevention of Pollution from Ships.

### GREEN PORTS INITIATIVE

Individually and collectively, ports all over the world must ensure their readiness for a sustainable future. Countries have their respective port development roadmaps to help chart their course toward this end, with most efforts focused on modernization, increased asset utilization and capitalization, greater awareness of environmental safety and preservation, and transition to green energy.

The PPA has been promoting the use of renewable energy in all ports nationwide under its jurisdiction in an attempt to reduce carbon footprint in Philippine ports.

In April 2017, the PPA rolled out a 25-Year Port Development Roadmap at a stakeholders' summit, which was supposed to be submitted for approval by the President by yearend. The roadmap is part of PPA's commitment to the AmBisyon Natin 2040—the collective long-term vision and aspirations of the Filipino people for themselves and the country—

SRF facilities on stand by at the Port of Cagayan de Oro: (Above) An oil spill boom and (facing page, top) the Materials Recovery Facility (MRF). Background Old lighting fixtures are replaced with indoor LED lamps in one of the port's storage warehouses.



launched by the National Economic and Development Authority and adopted by the Duterte administration.

One of the banner programs under the roadmap is the "Green Port" project, which is geared toward the use of sustainable energy in all aspects of PPA operations to the extent possible. PPA Assistant General Manager for Operations Hector Miole said that in light of the commitment of the PPA's counterparts in the shipping sector to the reduction of carbon emissions to a certain percentage within the next ten years, the same efforts should be carried in Philippine ports.

For starters, all existing incandescent and fluorescent lamps and bulbs in PPA's Corporate Office Building have been replaced with LED lights. An inventory of all streetlights from the North Harbor and access



roads going to its Vessel Traffic Management System (VTMS) control tower, PPA's offices at the South, and the South Harbor Expanded Port Zone has also been conducted.

The PPA is also working on a Memorandum of Agreement with the Philippine National Oil Company-Renewable Corporation (PNOC-RC) for the efficient implementation of its green project.

The Permanent International Association of Navigational Congresses (PIANC), of which PPA is a member, and the Japan Overseas Port Cooperation Association have recommended that their member-countries adopt disaster-resilient ports, consider climate change, and create environment-friendly ports by using sustainable energy sources.

Besides the "Green Port" project, the PPA roadmap includes long-term infrastructure development, cruise ship plans, industrial ports and zoning management, supply chain development, and interconnectivity.

"The current administration is making sure to put extra efforts in initiating, implementing and, most importantly, completing port projects nationwide aiming to achieve international standards toward achieving comfortable lives for all seagoing passengers," said PPA GM Santiago. ■



Left The Port of Cagayan de Oro, also a GPAS awardee, allotted a portion of the port as its Carbon Sink area. Above Inside the Carbon Sink area.



# SRF Installations and Environmental Port Activities and Facilities



WATERING ROARDS



EMISSION TEST FOR GENERATOR SETS



SHORE-BASED POWER SUPPLY



DESLUDGING OPERATIONS



WATER QUALITY TEST, PORT OF CAGAYAN DE ORO



FLOOD BUFFER ZONE (above left) AND SOLAR LIGHTING SYSTEMS AT THE PORT OF BATANGAS (right), PORT OF CAGAYAN DE ORO (background photo), AND IN ALL PPA PORTS



Maintaining Corporate Stature

# DELIVERING AT THE HIGHEST LEVEL

1,718  
PERSONNEL  
BENEFITTED  
FROM  
IN-HOUSE  
TRAININGS

3,173  
WORKERS  
EMPLOYED  
UNDER DOLE'S  
CBEP

25  
QMS-COMPLIANT  
PMOs FOR  
CY 2019

The key to ensuring the PPA's continued performance at peak level is management that recognizes the crucial role of its key asset—a high-quality workforce—and putting in place ways to ensure they stay engaged.





## A Model GOCC

For the PPA management, success means being able to address the present requirements of stakeholders in the maritime and port sector, and being ready for future demands. To this end, the PPA continues to put considerable efforts in transforming itself into a model government corporate agency.

In 2019, the PPA initiated programs to modernize, strengthening its foundation in key areas, which in the long run are expected to improve efficiency in all aspects of business operations. Efforts to enhance the agency's transparency and compliance to international quality standards were also pursued.

## CORPORATE GOVERNANCE

The Authority—led by its nine-member Board of Directors, the PPA Management, and staff—has been faithful in its compliance with the Code of Corporate Governance for Government-Owned or –Controlled Corporations (GOCCs) and other relevant issuances by the Governance Commission for GOCCs (GCG).

Guided by the GCG's guidelines, the PPA has been crafting and implementing guidelines and procedures aligned with the Manual of Corporate Governance, Code of Conduct and Ethical Standards, Whistle Blowing Policy, No Gift Policy, Information and Communication Technology Security Policy, and the Freedom of Information (FOI) policy of the government.

## The PPA and Its Culture of Quality

The Port Users Annual Satisfaction Survey (PASS) ratings and the ISO certifications are two objective measures of how the PPA works to provide its stakeholders with the highest quality of service.

## 2019 FOI CHAMPION



The PPA garnered the top prize in the 2019 FOI Awards for GOCCs, after a runner-up finish the previous year.

The PPA bested all other GOCCs including repeat champions Philippine Charity Sweepstakes Office (PCSO) and the Authority of the Freeport of Bataan (AFAB) which finished first and second runners-up, respectively.

The award, received on behalf of the Authority by Atty. Jan Pearl F. Portugal of PPA's OCBS, was conferred by the Presidential Communications Operations Office (PCOO) on December 12, 2019.

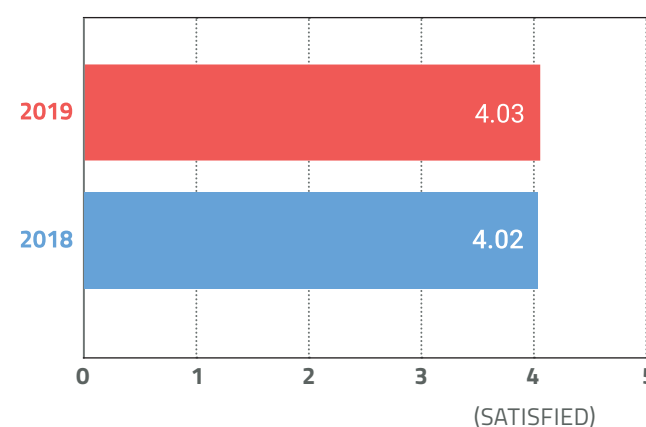
"This is a testament that the Authority is really keen on making the PPA accessible to the very public that it serves. The PPA's interactive and centralized FOI portal gives the public uninterrupted access to the agency, thus enhancing the Authority's integrity, transparency, and accountability," PPA General Manager Jay Daniel Santiago said.



## PORT USERS' ANNUAL SATISFACTION SURVEY

The GCG now requires government agencies with more than 250,000 customers per year to conduct a customer satisfaction survey twice a year. The Development Academy of the Philippines (DAP) conducted two rounds of surveys, with a total of 3,133 respondents giving the PPA an overall satisfaction rating of 4.03/5.00.

### CUSTOMER SATISFACTION RATING—OVERALL



## INTEGRATED MANAGEMENT SYSTEM (IMS)

The PPA adopted the ISO 9001:2015 Quality Management System (QMS) to improve performance and service delivery, and promote efficient port operations. On top of this, the PPA instituted the Integrated Management System (IMS) which combines multiple management system standards, namely:

- ISO 9001:2015 QMS;
- ISO 14001:2015 Environmental Management System (EMS); and
- ISO 18001 Occupational Health and Safety (OH&S).

These management system standards are developed, implemented, and maintained via one system with processes that cover the requirements of each standard.

## Taking Care of Our Most Valuable Assets

The PPA's commitment to efficient port operations and services is backed by initiatives to develop employees through

training and upskilling. The target is to raise employees' level of competence to global standards meeting the ever-changing needs and demands of the industry.

## COMPETENCY-BASED HUMAN RESOURCE SYSTEM

In 2019, the PPA rolled out its Competency Management and Succession Development Plan which spelled out competency standards required for each position in the agency. This hopes to establish a competency framework for the PPA, which includes the creation of a competency dictionary, identification of competency gaps and provision of interventions to close or minimize these, and establishment of a talent pool of qualified employees who will serve as reservoir of talent fit for key and critical positions.

In line with the plan, the PPA created a Technical Working Group (TWG) to develop a Competency-based Human Resource System. Selected officers completed the needed capacity-building sessions by January 2019 and as of year-end, the PPA completed profiling its key positions.

## CONTINUING CAPACITY DEVELOPMENT

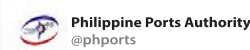
Going full investment mode on its people in 2019, the PPA employed several means to build up the capacity of its personnel.

*Continued on the following page*



Director Gilbert Lumantao of the DAP Center for Governance-Policy Research (*third from right*) presents the second survey and overall results of the Port Users' Satisfaction Survey 2019 to the PPA represented by Acting Division Manager Manolo R. Lumbao (*fourth from right*), PPA Acting Section Chiefs Edwina Rita P. Estilon and Neil G. Tuazon (*fourth and second from left, respectively*), and staff of the Corporate Planning Department at the PPA Head Office.





PPA's PMO Marinduque – Quezon has been awarded its Quality Management System (ISO 9001:2015) Certification, a milestone for one of @phports newest PMOs. The port joined 15 other PPA ports having the same certification. Indeed, port services of global standards is our brand.



9:03 AM • Mar 25, 2019 • Twitter for Android

QMS COMPLIANT PMOS FOR CY 2019

LUZON

- |                   |                      |
|-------------------|----------------------|
| 1. NCR North      | 6. Mindoro           |
| 2. NCR South      | 7. Bicol             |
| 3. Bataan/Aurora  | 8. Palawan           |
| 4. Northern Luzon | 9. Marinduque/Quezon |
| 5. Batangas       | 10. Masbate          |

VISAYAS

- |                                             |
|---------------------------------------------|
| 11. Negros Oriental/Siquijor                |
| 12. Panay/Guimaras                          |
| 13. Western Leyte/Biliran                   |
| 14. Negros Occidental/Bacolod/Banago/Bredco |
| 15. Eastern Leyte/Samar                     |
| 16. Bohol                                   |

MINDANAO

- |                                     |                         |
|-------------------------------------|-------------------------|
| 17. Misamis Oriental/Cagayan de Oro | 21. Surigao             |
| 18. Lanao del Norte/Iligan          | 22. Zamboanga del Norte |
| 19. Agusan                          | 23. Davao               |
| 20. Misamis Occidental/Ozamiz       | 24. SOCSARGEN           |
|                                     | 25. Zamboanga           |

IMS COMPLIANT PORTS

Ports of Puerto Princesa, Cagayan de Oro, General Santos, Davao, Legazpi, Batangas, Ozamiz, Iloilo, and Zamboanga

Top The PPA makes an announcement on its official Twitter account, one of the many ways the Authority engages with the public in real time.

From page 37

- 1,718 personnel benefited through in-house trainings.
- 888 personnel were trained in partnership with various local training institutions.
- 13 personnel were granted scholarships in Modern Port Management Course in partner schools.
- 19 employees were granted scholarship support by various international institutions, including a two-year Master of Engineering Degree through the Japan International Cooperation Center–Japanese Grant Aid (JICE JDS) Programme.

PORT WORKERS' TRAINING

The PPA Training Institute (PPATI) for non-organic personnel continued to conduct various training programs aimed at improving port efficiency, promoting environmental protection, and ensuring the welfare of port workers.

In 2019, a total of 2,006 non-organic employees benefitted from the training of the PPATI. Among the courses include occupational safety and health, environment, ease of doing business, accessibility law (Batas Pambansa Blg. 344), gender and development, and port operations.

The PPA further increased its accredited pool of trainers in 2019. The PPA now has a total of 149 accredited trainers and resource persons composed of 82 in-house trainers, 39 subject matter experts, 21 PPATI trainers, and 7 consultancy firms.



PMO Misamis Oriental/Cagayan De Oro was among five of the top 11 qualified government agencies selected by the Development Academy of the Philippines (DAP) on March 8, 2019 for Best Practices for its “Fostering a Green Culture for Port Operations and Management” initiative.



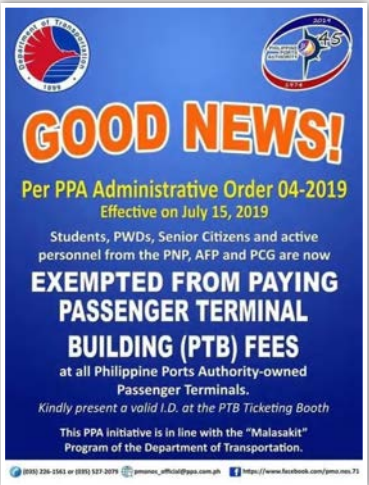
The first batch of PPA personnel finish a 2-day training on Good Governance and Phronetic Leadership by the Development Academy of the Philippines (DAP) in July 2019.

Delivering on Our Mandate, Serving the People

The PPA's quest for good business is not divorced from serving Filipinos everyday—it is, in fact, the same pursuit as these continuing initiatives show.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The PPA's commitment to making sure its frontlines are grounded on its clients' needs translates into convenience in every port and terminal:



- Establishment of Malasakit Help Desks in various port terminals;
- Implementation of Free Passenger Terminal Fee for Senior Citizens, Differently-abled persons, Students, Uniformed Personnel, expanded to include Medal of Valor awardees and their next of kin; and
- Adoption of “Gender-Neutral Restroom” facility in all ports nationwide to promote gender sensitivity and inclusivity. The facility, which can accommodate one person at a time, can be used by anyone, regardless of gender preference or expression.

BY OCTOBER 2019 THERE HAVE BEEN 280,000 beneficiaries of PPA's Free Passenger Terminal Fee Program, OR AN EQUIVALENT OF Php5 million in fees waived.



Above, from top A Malasakit Help Desk with PPA partner agencies; Malasakit merchandise provided to passengers during the Undas season and were also given out to passengers stranded by Typhoon Ursula at an impromptu Christmas Party hosted by the PMO MO/C at the CDO PTB.



DELIVERING AT THE HIGHEST LEVEL

COMMUNITY-BASED EMPLOYMENT PROGRAM (CBEP)

With its port infrastructure projects nationwide, the PPA was able to provide 3,173 workers with temporary or immediate employment in 2019.

This is part of the PPA’s continuing response to the Department of Labor and Employment’s (DOLE) Community-Based Employment Program (CBEP) or *Kabuhayan Program*. The program aims to provide employment to skilled, semi-skilled, and low-skilled workers in the community through government undertakings such as infrastructure development projects.



Maintaining QMS compliance for the PMOs of SOCSARGEN (clockwise from top right) and Batangas (top left) provides employment to local workers through various port development and improvement projects that keep the ports in order.



From the top The 2019 theme for Maritime Week; PMO Panay-Guimaras celebrates at a mall; and PMO Lanao del Norte/Iligan hosts a seminar.

THE 2019 PHILIPPINE MARITIME WEEK

The PPA spearheaded the country’s celebration of the World Maritime Week, an international event annually organized by the International Maritime Organization (IMO) and observed by maritime industries in the world.

As a signatory to the IMO Convention, the Philippines joined the worldwide celebration of the World Maritime Day, held on September 21 to 27, 2019. The theme, “Empowering Women in the Maritime Community,” highlights the important role of women and their contribution in the maritime industry.

Various activities—such as the annual coastal clean-up, gender and maritime-related symposia, simulation exercises, and a sports fest—topbilled the celebration.

GENDER AND DEVELOPMENT (GAD) PROGRAM

The PPA responded to various GAD-related issues and concerns identified through various workshops and planning activities among agencies in the maritime industry, with the following initiatives during the year:

- Inventory of gender-responsive amenities and facilities in PPA port premises;
- Incorporating gender-responsive and Persons with Special Needs (PWSN)-friendly features in the standard designs of Passenger Terminal Buildings (PTBs); and
- Provision of modules on:
  - gender-responsive help desk management;
  - gender-sensitivity training;
  - gender mainstreaming;
  - gender analysis;
  - GAD planning and budgeting;
  - gender audit;
  - violence against women and children (VAWC);
  - trafficking in persons (TIP) in ports; and
  - magna carta for women.



As a show of commitment, the PPA as an agency actively participated in various GAD celebrations such as the annual National Women’s Month Celebrations and World Aids Day, among others.

*Continued on the following page*

From top A GAD seminar hosted by PMO SOCSARGEN in September, and a training on Seaport Capacity Building for Anti-Human Trafficking by PMO MO/C in December 2019.

RESTROOMS FOR ALL

In August, the PPA announced that it is adopting gender neutral restrooms in all its ports nationwide in its bid to promote gender sensitivity and inclusivity. This also embodies its 45th anniversary theme of *Malasakit at Serbisyo*.

PPA General Manager Jay Daniel R. Santiago said the adoption of the unisex restroom had been under study for some time to enable them to come up with the best possible design solution. “The recommendation is to incorporate the gender-neutral restrooms to the existing facility dedicated to our differently abled persons,” Santiago explained. “The facility, which can accommodate one person at a time, can be used by anyone, regardless of gender preference.”

He added that the PPA recognizes individual needs and that the agency will continue to adopt policies that bring comfort to the seagoing public regardless of gender preference or expression.

Santiago clarified that differently abled persons and persons with special needs would enjoy priority in the use of such facilities.

For the past few years, the PPA has been gender-neutral ground as shown by its current organizational setup, in which competent and qualified female employees have



been promoted to key positions in the agency. A growing number of women are also at the helm of PMOs all over the country.

Members of the LGBTQ+ community have likewise been given a chance to compete in positions for which they are most qualified.

“The PPA is [committed to] developing an environment of sensitivity and inclusivity,” Santiago said. This goes whether on land or at sea.



## A GALLERY OF COMMUNITY ENGAGEMENTS AND CSR ACTIVITIES



**GETTING THEIR FEET WET** *from top* PMO Surigao treats a coastal community of Badjaos in Surigao City to free haircuts and a feeding program; coastal clean-ups, with the PCG and maritime students in El Salvador City and a barangay creek clean-up, and collected coastal garbage by PMOs MO/C and Panay-Guimaras; *bottom*, mangrove and tree planting initiatives in Cagayan de Oro and SOCSARGEN.

From page 41

### PORTS AND SHIPPING CONFERENCE

The PPA hosted the 10th Ports and Shipping Exhibition and Conference on February 20 and 21, 2019.



The two-day affair gathered speakers from various sectors of the maritime industry, who sought to address current issues facing shipping lines and cargo owners, as well as challenges in transportation and logistics within the Brunei-Indonesia-Malaysia-Philippines East ASEAN Growth Area (BIMP EAGA). The event also featured an exhibition of international shipping lines, logistics companies, IT companies, container ports, container terminal equipment and service providers, as well as event sponsors, including the PPA.

The Ports and Shipping Exhibition and Conference is the largest biennial Container Ports and Terminal Operators Exhibition and Conference business-to-business trade event in the BIMP EAGA region and one of the largest throughout the ASEAN region. ■



**GETTING PHYSICAL** A poster announcement for a Fun Run event and other physical activities organized by PANTALAN, the PPA employees union, and PMO Zamboanga del Norte held at the Port of Dapitan.

## LINKING UP WITH THE WORLD

The PPA is not just a provider of port services, it is a stakeholder of the maritime industry. As such, an important part of its role has been to establish international linkages and strengthen them by maintaining a presence in the port industry. In this way, the Authority can exchange valuable information with other players—enabling it to level up and offer services that are at par with international standards.





## STRENGTHENING GLOBAL PARTNERSHIPS

The Authority maintains its strong cooperative relations and international linkages by being an active member of a number of international maritime organizations such as the International Association of Ports and Harbors (IAPH), International Maritime Organization (IMO), Asia-Pacific Economic Cooperation (APEC), ASEAN Ports Association (APA), APEC Port Services Network (APSN), Permanent International Association of Navigation Congresses (PIANC), and the Brunei-Indonesia-Malaysia-Philippines East Asia Growth Association (BIMP EAGA).

As authorized representatives of the Authority, PPA officials participated in the following fora, technical meetings, and congresses held during the year:

1. 1st Silk Road Maritime International Cooperation Forum;
2. ASEAN Regional Forum (ARF) Workshop on Enacting UNCLOS and other International Instruments to Address Emerging Maritime Issues;
3. 37th Meeting of the ASEAN Maritime Transport Working Group (MTWG);
4. Workshop on Integrating the UN Sustainable Development Goals in the Business Strategies and Governance of Port Authorities;
5. Langkawi International Maritime and Aerospace Exhibition (LIMA) 2019;
6. 9th International Conference on the Straits of Malacca;
7. Capacity Building Workshop on Sustainable Port Development and Improving Port Productivity;
8. 47th Asia-Pacific Economic Cooperation (APEC) Transportation Working Group Meeting;
9. Oceans Meeting 2019;
10. Green Freight Logistics Development;
11. Permanent International Association of Navigation Congresses (PIANC) Annual General Assembly 2019;
12. Sustainable Port Development and Planning;
13. Maritime Port Security Program;
14. 93rd Meeting of the ASEAN Coordinating Committee on Services (CCS) and Related Meetings;
15. Vietnam Port Development Summit/Conference;
16. 40th ASEAN Ports Association (APA) Working Committee Meeting;
17. 38th Meeting of the ASEAN Maritime Transport Working Group (MTWG);
18. APEC Port Services Network (APSN) Forum on Digital Innovation and Port Connectivity;
19. East Asia and Pacific Border Security Consultation;
20. World Association for Waterborne Transport Infrastructure (PIANC) SMART Rivers Conference 2019;
21. Workshop on Designing Effective Policy to Strengthen Service;
22. JICA Knowledge Co-Creation Program Capacity Development for Port Facility Security; and
23. 45th ASEAN Ports Association (APA) Meeting.

Through these events, the PPA was able to collaborate, and exchange information and best practices with other port authorities and stakeholders in the maritime industry. ■



### The PPA Hosts the 40th APA Working Committee Meeting

The Philippines, through the PPA, hosted the 40th APA Working Committee Meeting held in Bohol on July 24-25, 2019. The meeting was attended by a total of 36 delegates from Brunei Darussalam, Cambodia, Indonesia, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam.

## MALASAKIT *at* SERBISYO

# Celebrating 45 YEARS of the PPA

“Malasakit at serbisyo.” This was the PPA’s mantra for its 45th year, with the end goal of providing care (malasakit) to the Filipino people through its port services (serbisyo).



### The PPA and DOTr are your partners toward a comfortable life.

~ Jay Daniel R. Santiago, PPA GENERAL MANAGER

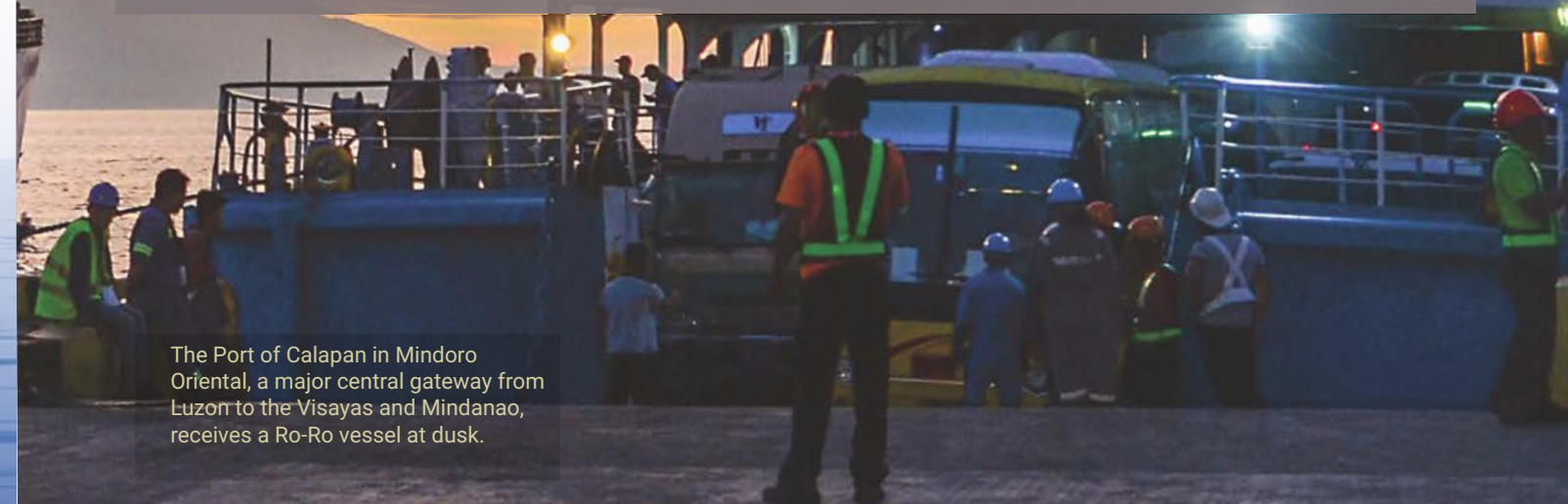
“For the past 45 years, the PPA has been known not only as the port planner and port service provider, but most especially a champion when it comes to extending care to the community,” said PPA General Manager Jay Daniel R. Santiago.

“In fact, we are even doubling our efforts through building better communities surrounding our ports,” he explained.

In doing so, the Authority also extends care to the environment, joining coastal clean-up projects nationwide. Beyond this, it is looking at reducing the carbon footprint of ports through the use of sustainable energy and equipment.

The focus on care through service is evident primarily in how the PPA carries out its mandate. In support of Build, Build, Build, they have completed some 200 port projects in the first three years of the Duterte administration. An additional 100 port projects are set to be completed by the end of 2019.

The PPA’s consistent performance can indeed be attributed to malasakit at serbisyo. As Santiago said, “These qualities have guided the agency for more than four decades and we have no reason to cease.”



The Port of Calapan in Mindoro Oriental, a major central gateway from Luzon to the Visayas and Mindanao, receives a Ro-Ro vessel at dusk.





# Through the Years

The existence of the Philippine Ports Authority is deeply rooted in fulfilling the needs of the seagoing public. Before it was established, however, all public ports—except the Port of San Fernando in Poro Point, which was then organized as a Port Authority—were all placed under the administrative and operational control of the Bureau of Customs. The Commissioner of Customs was then responsible for port management and operations, in addition to his principal responsibilities of revenue collection and the implementation of anti-smuggling laws.

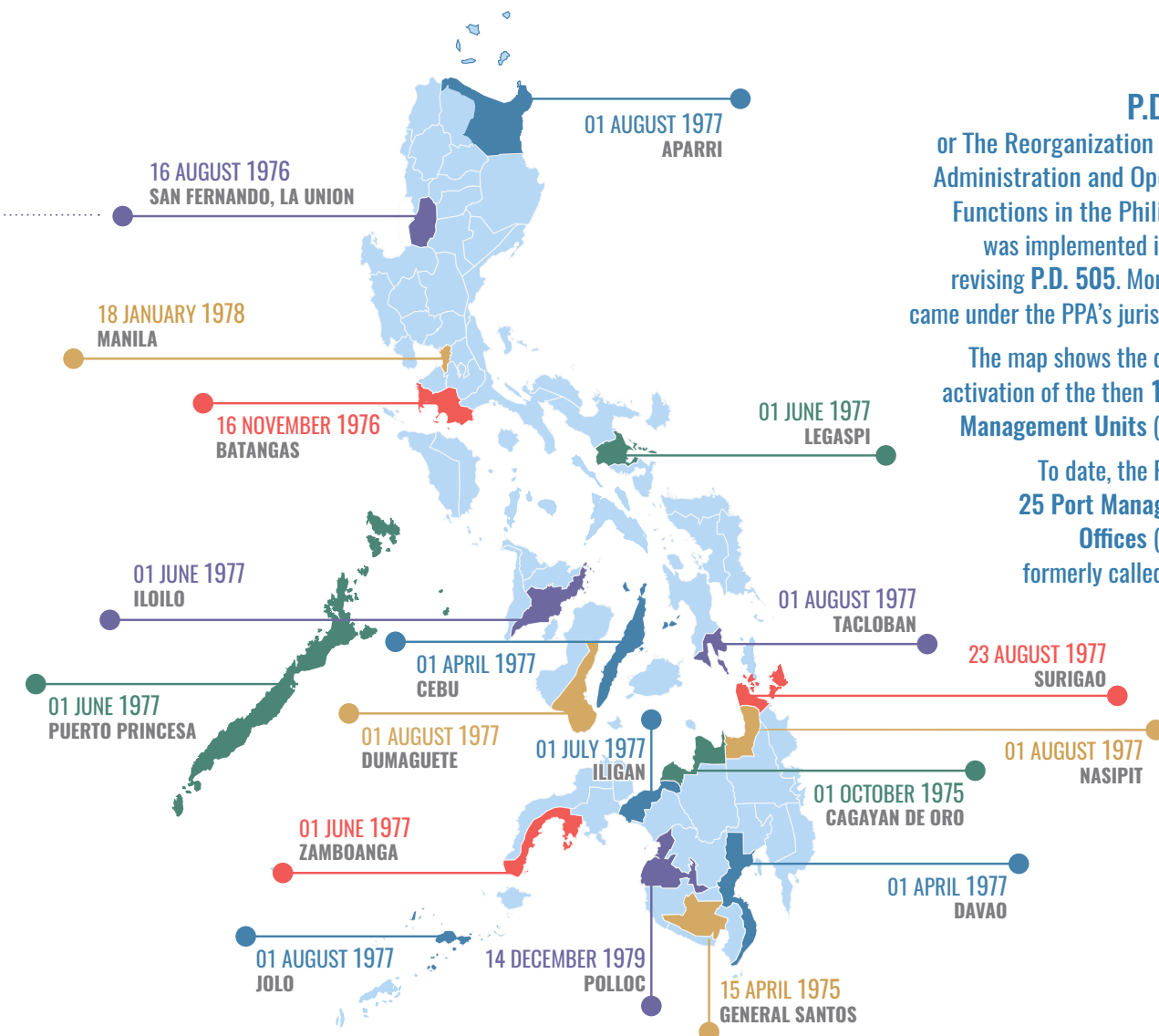


**DID YOU KNOW?** P.D. 505 is known as the Philippine Port Authority Decree of 1974

With the enactment in June 1965 of R.A. No. 4567—an Act creating the San Fernando Port Authority—the creation of a Port Authority started. It was only in 1968, however, that it was made operational. Moreover, while the Authority was responsible for the management and operation of the port, the development and maintenance of its facilities were still vested in the Bureau of Public Works.

As such, on July 11, 1974, Presidential Decree No. 505 was promulgated by then President Marcos, mandating the creation of the **Philippine Ports Authority (PPA)** under the Office of the President. Retired Navy Captain Mariano F. Nicanor was appointed as the first Acting General Manager of the PPA in August of the same year.

*Continued on page 48*



**P.D. 857** or The Reorganization of Port Administration and Operation Functions in the Philippines was implemented in 1975, revising P.D. 505. More ports came under the PPA's jurisdiction.

The map shows the dates of activation of the then **19 Port Management Units (PMUs)**.

To date, the PPA has **25 Port Management Offices (PMOs)**, formerly called PMUs.

The PPA was established in 1974 through Presidential Decree No. 505, to connect the islands of Luzon, Visayas, and Mindanao. Here are some highlights from our history.

The PPA is established through Presidential Decree No. 505 on July 11, 1974.

A total of 114 ports nationwide are transferred to the control of the PPA. These ports now comprise the entire PPA port system.

The PPA is recognized as the top performer among all GOCCs at that time, in terms of remittance to the national coffers.



In partnership with the Visayan Forum Foundation, the PPA starts to construct, establish, and operate halfway houses in strategic ports as a first defense against human trafficking at the ports. This earns the recognition of the World Bay Against Child Labor, putting the PPA on the world map.

The PPA partners with the Intellectual Property Office to curb counterfeit and pirated goods passing through Philippine ports.



1974

1977

1982

1987

1989

1996

2001

2007

2011

2013



The Philippines, through the PPA, starts to come up with long-range plans to improve the ports and maximize their use.



Through EO 159, the PPA is tasked to undertake all port construction projects, and is granted financial autonomy.



The government transfers the control of ports in the Pan Philippine Highway—the country's first ever Ro-Ro node, established during the Marcos administration—to the PPA.



The PPA moves to its new Corporate Office along Bonifacio Drive in Manila.



The PPA prioritizes port projects in the Visayas after the devastation brought about by a magnitude 7.1 earthquake in Bohol.



As the organization grew, the PNR Building (right), where they were holding office, could no longer accommodate the fully organized PPA. So, in 1977, the PPA moved its main office to the BF Condominium in Intramuros and turned over the PNR Building for the use of the Port Management Unit of the Port of Manila. In 1987, the PPA again moved its main office to the Marsman Building in Manila South Harbor.

A major revamp was introduced in 1988, with some PPA Head Office functions delegated to five newly organized Port District Offices. Among others, these provided jurisdiction over ports in Manila and parts of Bataan, Luzon, Visayas, and Northern and Southern Mindanao.

The PPA was also granted more fiscal autonomy that year, bringing about the faster development of ports and the adoption of a more competitive salary structure, among other changes. In addition, the PPA privatization program was aggressively pursued through the initial implementation of the privatization of the Manila International Container Port (MICP), now the Manila International Container



Terminal (MICT), and the subsequent awarding of the contract to operate the MICT for a period of 25 years to the International Container Terminal Services, Inc. (ICTSI).

Today, the PPA maintains 114 ports, 10 of which are considered major gateways and 15 considered hub ports. These ports handle majority of domestic and foreign passage traffic, and the country's foreign and local trade. The PPA remains in the top 10 of the "Billionaires' Club" of all GOCCs, averaging at least Php3 billion in dividends. These remittances are vital in carrying out the socioeconomic and healthcare programs of the government. •

Above right Unscathed by World War II, the Philippine National Railways (PNR) Building at the Manila South Harbor was home to the Manila Port Terminal after the war and, later, to the PPA. (From the PPA photo archives.)

Right Illuminating the night sky, gantry cranes run 'round the clock at the Manila International Container Terminal (MICT) operated by the International Container Terminal Services, Inc. (ICTSI).



**A CAUSE FOR CELEBRATION.**

PPA General Manager Santiago and members of the PPA family from different PMOs across the country come together at the PPA Head Office on its anniversary, and strike a congratulatory pose with the winners of the evening's competition.

**PORT  
STATISTICS  
AND FINANCIAL  
STATEMENTS**





COMPARATIVE SHIPCALLS AT PORTS NATIONWIDE BY PMO  
AT BERTH AND ANCHORAGE | 2019 vs 2018

SHIPCALLS	SHIPCALLS					
	2019			2018		
PMO	TOTAL	Domestic	Foreign	TOTAL	Domestic	Foreign
MANILA/NORTHERN LUZON	20,422	16,158	4,264	20,857	16,229	4,628
NCR North	7,308	6,970	338	7,541	7,172	369
NCR South	3,816	2,409	1,407	4,304	2,662	1,642
- M.I.C.T.	1,799	233	1,566	1,697	18	1,679
Bataan/Aurora	6,136	5,453	683	6,628	5,951	677
Northern Luzon	1,363	1,093	270	687	426	261
SOUTHERN LUZON	138,341	135,896	2,445	134,794	132,454	2,340
Batangas	47,427	45,512	1,915	48,231	46,403	1,828
Mindoro	35,383	35,382	1	33,569	33,567	2
Bicol	24,867	24,794	73	23,304	23,226	78
Palawan	10,207	9,861	346	10,783	10,449	334
Marinduque/Quezon	12,508	12,402	106	11,968	11,873	95
Masbate	7,949	7,945	4	6,939	6,936	3
VISAYAS	202,592	201,570	1,022	185,486	184,638	848
Negros Oriental / Siquijor	44,053	43,977	76	43,968	43,908	60
Panay / Guimaras	45,867	45,450	417	34,040	33,719	321
Western Leyte / Biliran	18,110	17,951	159	17,419	17,290	129
Negros Occidental / Bacolod /Banago / BREDCO	37,151	36,972	179	36,631	36,466	165
Eastern Leyte/Samar	20,677	20,560	117	20,739	20,635	104
Bohol	36,734	36,660	74	32,689	32,620	69
NORTHERN MINDANAO	71,949	70,814	1,135	70,333	69,234	1,099
Misamis Oriental / Cagayan de Oro	15,720	15,396	324	16,197	15,888	309
Lanao del Norte / Iligan	17,620	17,523	97	17,832	17,721	111
Agusan	1,311	1,256	55	1,386	1,330	56
Misamis Occidental / Ozamiz	17,954	17,914	40	17,845	17,794	51
Surigao	19,344	18,725	619	17,073	16,501	572
SOUTHERN MINDANAO	69,794	67,398	2,396	56,969	54,493	2,476
Zamboanga del Norte	5,372	5,313	59	4,688	4,651	37
Davao	43,365	41,499	1,866	32,944	31,006	1,938
SOCSARGEN	2,568	2,214	354	2,020	1,622	398
Zamboanga	18,489	18,372	117	17,317	17,214	103
TOTAL	503,098	491,836	11,262	468,439	457,048	11,391

Note:  
(1) Values may not add up due to rounding off.  
(2) In 2018, PMO Cotabato was downgraded to a TMO and is now under the jurisdiction of PMO SOCSARGEN (per PPA Memorandum Order No. 08-2018).

COMPARATIVE CARGO THROUGHPUT AT PORTS NATIONWIDE BY PMO  
AT BERTH AND ANCHORAGE | 2019 vs 2018

CARGO THROUGHPUT	CARGO THROUGHPUT – in metric tons (m.t.)					
	2019			2018		
PMO	TOTAL	Domestic	Foreign	TOTAL	Domestic	Foreign
MANILA/NORTHERN LUZON	104,674,569	40,107,377	64,567,192	107,602,864	40,531,134	67,071,730
NCR North	37,480,211	32,464,616	5,015,595	38,194,538	32,391,580	5,802,958
NCR South	7,700,840	1,068,556	6,632,284	9,500,078	1,401,418	8,098,660
- M.I.C.T.	25,917,063	107,766	25,809,297	25,915,134	9,251	25,905,883
Bataan/Aurora	24,304,240	5,973,535	18,330,704	26,162,242	6,260,297	19,901,944
Northern Luzon	9,272,216	492,904	8,779,312	7,830,871	468,587	7,362,284
SOUTHERN LUZON	43,683,213	16,256,719	27,426,494	43,451,316	16,416,693	27,034,623
Batangas	25,788,883	9,506,193	16,282,690	26,677,294	10,555,471	16,121,823
Mindoro	899,464	897,479	1,985	627,809	619,209	8,600
Bicol	2,928,573	2,392,623	535,950	2,608,862	2,033,413	575,450
Palawan	7,210,594	2,544,100	4,666,493	7,334,950	2,342,490	4,992,460
Marinduque/Quezon	6,173,745	249,017	5,924,728	5,607,758	276,035	5,331,723
Masbate	681,953	667,307	14,647	594,642	590,075	4,568
VISAYAS	40,659,144	22,148,058	18,511,086	34,932,842	22,581,127	12,351,715
Negros Oriental / Siquijor	2,518,398	1,845,169	673,230	2,153,348	1,645,296	508,052
Panay / Guimaras	18,760,916	5,565,422	13,195,494	12,791,746	5,205,058	7,586,688
Western Leyte / Biliran	4,901,326	3,111,679	1,789,647	4,429,692	3,090,065	1,339,628
Negros Occidental / Bacolod / Banago / BREDCO	6,867,487	5,763,575	1,103,912	7,517,319	6,505,089	1,012,229
Eastern Leyte/Samar	2,421,392	2,025,878	395,513	2,327,454	1,959,467	367,987
Bohol	5,189,625	3,836,335	1,353,290	5,713,283	4,176,152	1,537,131
NORTHERN MINDANAO	49,332,699	13,600,934	35,731,765	46,968,389	14,082,889	32,885,500
Misamis Oriental / Cagayan de Oro	10,610,131	7,600,464	3,009,667	10,855,205	7,918,817	2,936,387
Lanao del Norte / Iligan	3,217,460	1,198,169	2,019,291	2,934,117	1,387,763	1,546,354
Agusan	4,635,788	1,843,569	2,792,219	4,590,556	1,699,489	2,891,067
Misamis Occidental / Ozamiz	1,338,606	1,191,478	147,128	1,505,533	1,300,960	204,573
Surigao	29,530,715	1,767,255	27,763,460	27,082,978	1,775,859	25,307,119
SOUTHERN MINDANAO	28,067,583	12,315,266	15,752,318	27,998,061	11,778,337	16,219,724
Zamboanga del Norte	1,613,183	1,025,713	587,470	1,142,683	870,205	272,478
Davao	17,766,785	5,664,583	12,102,202	18,488,488	5,641,077	12,847,411
SOCSARGEN	5,078,157	2,383,266	2,694,891	4,865,698	2,256,646	2,609,052
Zamboanga	3,609,458	3,241,704	367,754	3,501,192	3,010,409	490,783
TOTAL	266,417,209	104,428,354	161,988,855	260,953,472	105,390,180	155,563,292

Note:  
(1) Values may not add up due to rounding off.  
(2) In 2018, PMO Cotabato was downgraded to a TMO and is now under the jurisdiction of PMO SOCSARGEN (per PPA Memorandum Order No. 08-2018).



COMPARATIVE PASSENGER TRAFFIC AT PORTS NATIONWIDE BY PMO  
AT BERTH AND ANCHORAGE | 2019 vs 2018

PASSENGER TRAFFIC	PASSENGER TRAFFIC							
	2019				2018			
PMO	TOTAL	DISEMBARKED	EMBARKED	CRUISE SHIP	TOTAL	DISEMBARKED	EMBARKED	CRUISE SHIP
MANILA / NORTHERN LUZON	1,454,607	666,594	632,958	155,055	1,494,212	586,187	569,981	338,044
NCR North	1,132,875	582,717	550,158	0	1,053,093	535,087	518,006	0
NCR South	164,836	9,372	7,452	148,012	325,210	0	0	325,210
- M.I.C.T.	0	0	0	0	0	0	0	0
Bataan / Aurora	107,421	53,288	54,133	0	63,965	31,545	32,420	0
Northern Luzon	49,475	21,217	21,215	7,043	51,944	19,555	19,555	12,834
SOUTHERN LUZON	26,676,508	13,587,349	13,045,288	43,871	24,627,101	12,781,612	11,816,358	29,131
Batangas	8,514,615	4,442,349	4,070,554	1,712	7,811,400	4,231,285	3,576,873	3,242
Mindoro	8,499,261	4,411,530	4,087,731	0	7,836,878	4,116,369	3,720,509	0
Bicol	5,388,058	2,563,335	2,824,723	0	4,884,397	2,366,705	2,517,446	246
Palawan	952,958	465,104	445,695	42,159	924,855	459,271	439,941	25,643
Marinduque/Quezon	1,813,479	910,962	902,517	0	1,935,946	964,378	971,568	0
Masbate	1,508,137	794,069	714,068	0	1,233,625	643,604	590,021	0
VISAYAS	32,261,447	16,383,130	15,863,478	14,839	29,413,791	15,023,820	14,306,639	83,332
Negros Oriental / Siquijor	6,207,386	3,273,726	2,933,660	0	5,784,630	3,029,627	2,755,003	0
Panay / Guimaras	5,814,891	2,834,547	2,966,607	13,737	4,657,523	2,248,381	2,326,370	82,772
Western Leyte / Biliran	3,357,393	1,712,631	1,644,762	0	3,190,460	1,620,971	1,569,489	0
Negros Occidental / Bacolod / Banago / BREDCO	5,659,372	2,938,164	2,721,208	0	5,495,705	2,868,815	2,626,890	0
Eastern Leyte/Samar	4,221,266	2,220,667	2,000,599	0	3,627,912	2,023,566	1,604,190	156
Bohol	7,001,139	3,403,395	3,596,642	1,102	6,657,561	3,232,460	3,424,697	404
NORTHERN MINDANAO	13,152,757	6,586,368	6,566,389	0	12,772,109	6,572,010	6,199,543	556
Misamis Oriental / Cagayan de Oro	2,844,640	1,411,513	1,433,127	0	2,913,497	1,469,540	1,443,801	156
Lanao del Norte / Iligan	2,844,650	1,529,902	1,314,748	0	3,097,920	1,641,858	1,456,062	0
Agusan	415,845	200,643	215,202	0	372,178	180,981	191,197	0
Misamis Occidental / Ozamiz	3,668,833	1,676,407	1,992,426	0	3,574,027	1,811,090	1,762,937	0
Surigao	3,378,789	1,767,903	1,610,886	0	2,814,487	1,468,541	1,345,546	400
SOUTHERN MINDANAO	10,176,076	5,085,243	5,090,833	0	8,490,962	4,333,785	4,157,177	0
Zamboanga del Norte	1,262,248	660,533	601,715	0	1,168,049	640,769	527,280	0
Davao	3,697,884	1,843,914	1,853,970	0	2,129,454	1,067,285	1,062,169	0
SOCSARGEN	66,797	32,548	34,249	0	37,492	19,199	18,293	0
Zamboanga	5,149,147	2,548,248	2,600,899	0	5,155,967	2,606,532	2,549,435	0
TOTAL	83,721,395	42,308,684	41,198,946	213,765	76,798,175	39,297,414	37,049,698	451,063

Note:  
(1) Values may not add up due to rounding off.  
(2) In 2018, PMO Cotabato was downgraded to a TMO and is now under the jurisdiction of PMO SOCSARGEN (per PPA Memorandum Order No. 08-2018).

COMPARATIVE CONTAINER THROUGHPUT AT PORTS NATIONWIDE BY PMO  
AT BERTH AND ANCHORAGE | 2019 vs 2018

CONTAINER TRAFFIC	CONTAINER TRAFFIC– in TEUs					
	2019			2018		
PMO	TOTAL	Domestic	Foreign	TOTAL	Domestic	Foreign
MANILA / NORTHERN LUZON	5,315,558	1,567,540	3,748,018	5,085,139	1,507,252	3,577,887
NCR North	1,549,787	1,549,787	0	1,505,085	1,505,085	0
NCR South	1,300,668	0	1,300,668	1,204,426	0	1,204,426
- M.I.C.T.	2,463,290	15,941	2,447,349	2,374,290	829	2,373,461
Bataan/Aurora	1,662	1,660	2	1,070	1,070	0
Northern Luzon	152	152	0	268	268	0
SOUTHERN LUZON	478,633	166,844	311,789	417,333	168,697	248,637
Batangas	374,355	62,566	311,789	323,135	74,498	248,637
Mindoro	0	0	0	156	156	0
Bicol	9,850	9,850	0	8,626	8,626	0
Palawan	87,264	87,264	0	80,051	80,051	0
Marinduque/Quezon	0	0	0	0	0	0
Masbate	7,165	7,165	0	5,366	5,366	0
VISAYAS	506,768	506,768	0	484,792	484,792	0
Negros Oriental / Siquijor	43,089	43,089	0	42,857	42,857	0
Panay / Guimaras	189,944	189,944	0	183,877	183,877	0
Western Leyte / Biliran	6,914	6,914	0	6,495	6,495	0
Negros Occidental / Bacolod / Banago / BREDCO	161,485	161,485	0	158,446	158,446	0
Eastern Leyte/Samar	66,331	66,331	0	54,943	54,943	0
Bohol	39,006	39,006	0	38,174	38,174	0
NORTHERN MINDANAO	398,307	398,291	16	403,095	402,300	795
Misamis Oriental / Cagayan de Oro	279,342	279,342	0	285,563	285,563	0
Lanao del Norte / Iligan	9,416	9,400	16	13,509	12,714	795
Agusan	56,123	56,123	0	54,568	54,568	0
Misamis Occidental / Ozamiz	47,367	47,367	0	43,994	43,994	0
Surigao	6,060	6,060	0	5,462	5,462	0
SOUTHERN MINDANAO	1,166,640	526,252	640,388	1,182,364	523,698	658,666
Zamboanga del Norte	13,394	13,394	0	15,360	15,360	0
Davao	808,937	279,011	529,925	839,027	287,176	551,851
SOCSARGEN	231,873	122,423	109,450	224,784	117,968	106,815
Zamboanga	112,437	111,424	1,013	103,195	103,195	0
TOTAL	7,865,906	3,165,695	4,700,211	7,572,722	3,086,738	4,485,985

Note:  
(1) Values may not add up due to rounding off.  
(2) Transshipment is included in foreign container traffic (in TEUs).  
(3) In 2018, PMO Cotabato was downgraded to a TMO and is now under the jurisdiction of PMO SOCSARGEN (per PPA Memorandum Order No. 08-2018).





Republic of the Philippines  
**COMMISSION ON AUDIT**  
Commonwealth Avenue, Quezon City, Philippines  
Corporate Government Sector  
Cluster 3 – Public Utilities

September 28, 2020

**The BOARD OF DIRECTORS**

Philippine Ports Authority  
Bonifacio Drive, Port Area, Manila

**Gentlemen:**

Pursuant to Section 2, Article IX-D of the Philippine Constitution and Section 43 of Presidential Decree No. 1445, otherwise known as the Government Auditing Code of the Philippines, we transmit herewith our report on the results of the audit of the accounts and transactions of the Philippine Ports Authority (PPA) for the years ended December 31, 2019 and 2018.

The report consists of three Parts: I – the Independent Auditor's Report and the Audited Financial Statements, II – the Observations and Recommendations, and III – the Status of Implementation of Prior Year's Audit Recommendations.

The Auditor rendered a qualified opinion on the fairness of presentation of the financial statements of the PPA due to the following:

1. The Property, Plant and Equipment (PPE) account with an aggregate amount of P122.071 billion cannot be relied upon contrary to Philippine Accounting Standard (PAS) 1 due to the material effects of: (a) non-capitalization of major repairs amounting to P430.150 million which understated the PPE account and overstated the related expense account; (b) variance of P492.866 million between Physical Inventory Report (PIR) of PPE and the General Ledger (GL) balance; (c) delayed reclassification of completed projects amounting to P33.368 million from construction in progress (CIP) account to specific PPE account, understating the specific PPE accounts and its related depreciation expense; (d) non-derecognition of demolished/replaced and disposed assets or major parts of the assets amounting to P42.087 million which resulted to the overstatement of PPE account; (e) absence of documentation for various additions and deductions to PPE account amounting to P290.444 million and P47.941 million, respectively; (f) incorrect recording of various transactions resulting to the understatement of P0.433 million and overstatement of P0.876 million of the respective PPE accounts; and (g) the non-submission of complete PPA Consolidated Report on Physical Count of PPE (RPCPPE).
2. Accounts receivable which are past due for over one year to three years amounting to P218.980 million and P327.033 million as at December 31, 2019 and 2018, respectively, were presented as current assets and were not adequately disclose in the Notes to Financial Statements as to the amount expected to be recovered or settled after more than twelve months, contrary to PAS 1.

3. The correctness of the balance of Accounts Payable - Current account in the amount of P3.362 bilhon is doubtful due to the inclusion of accounts aged two to five years in the amount of P180.007 million in which payment could not be determined to be settled within twelve months after the reporting period contrary to PAS 1, and existence of dormant accounts in the amount of P410.850 million contrary to Section 98 of Presidential Decree (PD) No. 1445 and Executive Order (EO) No. 87, s. 2019.

For the abovementioned observations which caused the issuance of a qualified opinion, we recommended that Management:

1. a) Capitalize all major repairs that extend the life or use of the assets and all costs directly attributable in bringing the assets to the location and condition necessary for it to operate in the manner intended by the Management in accordance with PAS 16.  
b) Promptly reclassify completed projects from CIP to proper asset accounts and recognize the corresponding accumulated depreciation and depreciation expenses.  
c) Prepare necessary journal entries to derecognize demolished/disposed assets to correct the balance of PPE, Accumulated Depreciation, Depreciation Expense, Other Asset account and other affected accounts.  
d) Support with documents all journal vouchers to record additions/transfers/ retirements of assets as well as repairs and maintenance that are capitalizable with proper documentations.  
e) Adjust all expenses that do not qualify to be capitalized to their proper expense accounts and reclassify to their correct asset account those that were misclassified.  
f) Submit on time complete PPA Consolidated Report on RPCPPE duly reconciled with the General Ledgers.
2. a) Monitor, verify and regularly validate the receivables to ensure collections when they become due to eliminate existence of past due accounts  
b) Reclassify past due Accounts Receivables to Non-Current Asset, if the collection of which is not probable or to be realized within 12 months from the reporting period, and disclose the amount expected to be recovered or settled beyond 12 months as required under Paragraph 66 of PAS 1.  
c) Reconcile the difference between the Aging Schedule of Accounts Receivable and what is presented in Note No. 8 on the Notes to Financial Statements as well as the corresponding Allowance for Impairment – Accounts Receivables.
3. a) Review all recorded payable accounts and properly classify the current and non-current portion in the Financial Statements in accordance with PAS 1.  
b) Analyze the dormant accounts and revert back the accrued payables aged for more than two years to retained earnings as prescribed under Section 98 of PD No 1445 and EO No. 87, s. 2019.



The other significant observations and recommendations that need immediate actions are as follows:

1. PPA's application of 12 percent Value Added Tax (VAT) on the computation of Approved Budget for the Contract (ABC) instead of five percent as prescribed under Item B.5 of Department of Public Works and Highways Department Order No. 197, series of 2016 dated October 7, 2016 for 20 infrastructure projects resulted to higher contract cost by P105.730 million.

*Recommendation:*

Observe the five percent for the VAT component on the computation of the ABC for all infrastructure projects.

2. The implementation by PPA of the Department of Transportation (DOTr) Tourism and Social Reform Related Projects (the Project) showed the following deficiencies:

- a) Projects were behind schedules with eight suspended, three not completed and 29 not yet implemented or started resulting in the non-utilization of the funds allotted for the port projects and deferment on the intended use of the project;
- b) Unutilized or unexpended funds for completed port projects amounting to P113.695 million and interest income amounting to P0.546 million remained unremitted to DOTr as at year-end contrary to COA Circular No. 94-013 and Section 4 of the Memorandum of Agreement (MOA);
- c) A difference amounting to P26.791 million was noted from the Report of Disbursement on DOTr for CYs 2015, 2016–2017 and CY 2018;
- d) Overtime expenses in the amount of P21,760 were charged to DOTr funds even after project completion, thus considered unnecessary under COA Circular No. 2012-003; and
- e) Inspection on the Implementation of the Construction of DOTr CY 2015 Project in PMO Panay/Guimaras with a contract cost amounting to P46.524 million disclosed projects were not carefully selected; damaged and incomplete accessories resulting to waste in government money.

*Recommendations:*

- a) Evaluate the viability of any proposed DOTr social related port project which includes securing of necessary environmental permits, before proceeding to detailed planning;
- b) Conduct judicious planning of programmed projects to mitigate and avoid project suspension;
- c) Monitor the implementation of the project from conceptualization to completion to ensure its completion within the target dates;
- d) Remit to DOTr (formerly DOTC) the unexpended cash balance of the completed project ports and the interest income earned pursuant to COA Circular No 94-013 and the MOA;

- e) Require the concerned PMOs to liquidate immediately the DOTC funds for all completed projects as listed in Part II;

- f) Require the Controllershship Department to reconcile the variance noted between the cash balance per books and per report of disbursement;

- g) Require the Accountant to deduct the overtime payments from the concerned various personnel and restore the same to the DOTr funds;

- h) Ensure that infrastructure projects are completed in accordance with the scope of work and within schedule before acceptance;

- i) Ensure that all warranties and representations by the contractors/suppliers are enforced; and

- j) Conduct evaluation on the utilization of all completed projects to determine if the social reforms projects of the DOTr serve their purpose.

3. Cash Advances to some Contractors in the amount of P101.210 million from projects that were already completed and suspended/terminated were not yet completely recouped from the contractors. Moreover, cash advances totaling P122.774 million for on-going projects which should be gradually recouped for every progress billing made was not reduced since 2018.

*Recommendations:*

- a) Recoup portion of the Advances to Contractors on every progress billing, until fully recovered.

- b) Demand for the immediate refund of the un-recouped advances to contractors with terminated and suspended contracts, and completed projects;

- c) Make the necessary arrangements with the contractors, who has unsettled/outstanding balances for years, for the collection and immediate refund of the advances, and

- d) Reclassify to Other Receivables the balance forwarded and carried over since 2004, if the necessary documents cannot be located despite efforts exerted.

4. Purchase of 17 vehicles thru inclusion in Approved Budget for Contract (ABC) as reimbursable items in Infrastructure Projects is inconsistent with the provisions of RA No. 9184, Administrative Order (AO) No. 6, s. 2017, AO No. 14, s. 2018 and Budget Circular (BC) No. 2019-2 which requires authority from the Department under which PPA is attached. Inclusion of reimbursable items to the cost of infrastructure projects increased the cost by P34.805 million.

*Recommendations:*

- a) Discontinue acquisition of vehicles through reimbursable items in infrastructure projects, observe RA 9184 and obtain necessary authority and approval for future procurement of motor vehicles that are essential to the operations of the agency as required under AO No. 14 and DBM BC No. 2019-2; and

- b) Include procurement for vehicles in the Annual Procurement Plan and subject to regular procurement process.





5. The PPA approved rationalization plan was not fully implemented with 996 positions still vacant or 31.61 percent of the total approved plantilla positions contrary to the conditions and guidelines set forth under Governance Commission for Government Owned or Controlled Corporations Memorandum Order No. 2014-10, thus, resorting to hiring of outsourced personnel.

*Recommendation:*

Prioritize the filling-up of vacant plantilla positions instead of hiring outsourced personnel.

The other audit observations, together with the recommended courses of action which were discussed by the Audit Team with concerned Management officials and staff during the exit conference conducted on August 19, 2020, are discussed in detail in Parts II and III of the report.

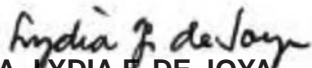
In a letter of even date, we requested the Authority's General Manager to implement the recommendations contained in the report and to inform this Office of the actions taken thereon within 60 days from the date of receipt.

We acknowledge the support and cooperation that the Management extended to the Audit Team, thus facilitating the completion of the report.

Very truly yours,

**COMMISSION ON AUDIT**

By:

  
**MA. LYDIA F. DE JOYA**  
 Director III  
 Officer-in-Charge


Copy furnished:

The President of the Republic of the Philippines  
 The Vice President  
 The President of the Senate  
 The Speaker of the House of Representative  
 The Chairperson - Senate Finance Committee  
 The Chairperson - Appropriations Committee  
 The Secretary of the Department of Budget and Management  
 The Governance Commission of the Government-Owned or Controlled Corporations  
 The Presidential Management Staff, Office of the President  
 The UP Law Center  
 The National Library

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY  
 FOR FINANCIAL STATEMENTS**


The management of Philippine Ports Authority is responsible for the preparation of the financial statements as at December 31, 2019, including the additional components attached thereto in accordance with the prescribed financial reporting framework indicated therein. The responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements before such statements are issued to the regulators, creditors and other users.

  
 Secretary **ARTHUR P. TUGADE**  
 Department of Transportation  
 Chairman, PPA Board of Directors



Date Signed

  
**JAY DANIEL R. SANTIAGO**  
 PPA General Manager



**PHILIPPINE PORTS AUTHORITY**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2019 AND 2018**

		NOTE	2019	2018
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and Cash Equivalents		6	9,822,045,247	6,862,603,650
Investments		7	2,220,806,051	5,314,866,003
Receivables		8	2,093,056,810	2,589,555,421
Inventories		9	82,604,313	75,443,941
Other Current Assets		10	1,785,028,796	2,060,337,703
<b>Total Current Assets</b>			<b>16,003,541,217</b>	<b>16,902,806,718</b>
<b>Non-Current Assets</b>				
Property, Plant and Equipment		11	122,070,854,741	116,005,815,822
Intangible Assets		12	4,848,401	1,309,018
Other Non-Current Assets		13	454,883,883	452,047,141
<b>Total Non-Current Assets</b>			<b>122,530,587,025</b>	<b>116,459,171,981</b>
<b>Total Assets</b>			<b>138,534,128,242</b>	<b>133,361,978,699</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Financial Liabilities		14	3,885,980,585	4,122,573,377
Inter-Agency Payables		15	946,616,531	634,287,557
Trust Liabilities		16	1,750,287,189	1,318,378,426
Deferred Credits/Unearned Income		17	804,436,279	797,866,129
Provisions		18	208,336,173	226,979,566
Other Payables		19	66,011,858	57,363,456
<b>Total Current Liabilities</b>			<b>7,661,668,615</b>	<b>7,157,448,511</b>
<b>Non-Current Liabilities</b>				
Financial Liabilities		14	2,813,515,921	3,350,370,518
Deferred Credits/Unearned Income		17	4,507,405	7,129,455
Provisions		18	198,162,753	169,949,281
Deferred Tax Liabilities		20	5,046,162	6,650,302
<b>Total Non-Current Liabilities</b>			<b>3,021,232,241</b>	<b>3,534,099,556</b>
<b>Total Liabilities</b>			<b>10,682,900,856</b>	<b>10,691,548,067</b>
<b>EQUITY</b>				
Government Equity		21	6,475,273,147	6,461,024,285
Revaluation Surplus		22	81,626,102,684	78,776,529,529
Retained Earnings/(Deficit)		23	39,749,851,555	37,432,876,818
<b>Total Equity</b>			<b>127,851,227,386</b>	<b>122,670,430,632</b>
<b>Total Liabilities and Equity</b>			<b>138,534,128,242</b>	<b>133,361,978,699</b>

**PHILIPPINE PORTS AUTHORITY**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS DECEMBER 31, 2019 AND 2018**

	NOTE	2019	2018
<b>Income</b>			
Service and Business Income	24	18,234,437,412	17,463,041,194
Gains	25	95,490,683	6,860,058
Other Non-Operating Income	26	22,298,313	26,083,450
<b>Total Income</b>		<b>18,352,226,408</b>	<b>17,495,984,702</b>
<b>Expenses</b>			
Personnel Services	27	1,694,088,365	1,512,572,338
Maintenance and Other Operating Expenses	28	3,466,006,274	4,560,077,731
Financial Expenses	29	119,431,590	176,138,688
Non-Cash Expenses	30	2,727,838,953	3,227,467,059
<b>Total Expenses</b>		<b>8,007,365,182</b>	<b>9,476,255,816</b>
<b>Profit Before Tax</b>		<b>10,344,861,226</b>	<b>8,019,728,886</b>
<b>Income Tax Expenses</b>	31	<b>3,064,202,119</b>	<b>2,465,897,729</b>
<b>Profit After Tax</b>		<b>7,280,659,107</b>	<b>5,553,831,157</b>
<b>Net Income</b>		<b>7,280,659,107</b>	<b>5,553,831,157</b>
<b>Comprehensive Income</b>		<b>7,280,659,107</b>	<b>5,553,831,157</b>



**PHILIPPINE PORTS AUTHORITY**  
**STATEMENTS OF CHANGES IN EQUITY**  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	Revaluation Surplus	Retained Earnings/ (Deficit)	Government Equity	TOTAL
<b>BALANCE AT JANUARY 1, 2018</b>	<b>78,786,879,445</b>	<b>35,855,327,087</b>	<b>6,446,573,670</b>	<b>121,088,780,202</b>
<b>RESTATED BALANCE AT JANUARY 1, 2018</b>	<b>78,786,879,445</b>	<b>35,855,327,087</b>	<b>6,446,573,670</b>	<b>121,088,780,202</b>
<b>CHANGES IN EQUITY FOR 2018</b> Add/(Deduct):				
Comprehensive Income for the year		5,553,831,157		5,553,831,157
Dividends		(3,103,323,128)		(3,103,323,128)
Other Adjustments	(10,349,916)	(872,958,298)	14,450,615	(868,857,599)
<b>BALANCE AT DECEMBER 31, 2018</b>	<b>78,776,529,529</b>	<b>37,432,876,818</b>	<b>6,461,024,285</b>	<b>122,670,430,632</b>
<b>CHANGES IN EQUITY FOR 2019</b> Add/(Deduct):				
Comprehensive Income for the quarter		7,280,659,107		7,280,659,107
Dividends		(3,515,132,904)		(3,515,132,904)
Other Adjustments	2,849,573,155	(1,448,551,466)	14,248,862	1,415,270,551
<b>BALANCE AT DECEMBER 31, 2019</b>	<b>81,626,102,684</b>	<b>39,749,851,555</b>	<b>6,475,273,147</b>	<b>127,851,227,386</b>

**PHILIPPINE PORTS AUTHORITY**  
**STATEMENTS OF CASH FLOWS**  
FOR THE YEARS DECEMBER 31, 2019 AND 2018

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Cash Inflows</b>		
Collection of Income/Revenue	18,959,800,418	16,893,483,609
Collection of Receivables	27,349,763	60,445,463
Trust Receipts	3,882,226,302	3,401,677,922
Other Receipts	3,162,666,834	2,832,829,272
<b>Total Cash Inflows</b>	<b>26,032,043,317</b>	<b>23,188,436,266</b>
<b>Cash Outflows</b>		
Payment of Expenses	(8,323,726,380)	(8,305,836,767)
Grant of Cash Advances	(1,870,934)	(413,391)
Prepayments	(3,249,664,112)	(2,897,851,570)
Refund of Deposits	(1,583,152)	(4,399,304)
Mandatory Deductions	(444,563,736)	(405,892,052)
Release of Inter-Agency Fund Transfers	(623,274)	(1,513,893)
Release of Intra-Agency Fund Transfers	(784,218,098)	(611,447,996)
Other Disbursements	(1,771,800,141)	(1,652,940,421)
<b>Total Cash Outflows</b>	<b>(14,578,049,827)</b>	<b>(13,880,295,394)</b>
<b>Net Cash Provided by Operating Activities</b>	<b>11,453,993,490</b>	<b>9,308,140,872</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>Cash Inflows</b>		
Proceeds from Matured Investments/Redemption of		
Long-Term Investments/Return on Investments	5,371,485,538	3,712,067,907
<b>Total Cash Inflows</b>	<b>5,371,485,538</b>	<b>3,712,067,907</b>
<b>Cash Outflows</b>		
Purchase/Construction of Property, Plant and Equip't	(7,910,874,200)	(6,056,839,285)
Purchase of Investments	(2,063,361,095)	(2,855,488,776)
<b>Total Cash Outflows</b>	<b>(9,974,235,295)</b>	<b>(8,912,328,061)</b>
<b>Net Cash Used in Investing Activities</b>	<b>(4,602,749,757)</b>	<b>(5,200,260,154)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>Cash Outflows</b>		
Payment of Long-Term Liabilities	(462,702,741)	(433,244,792)
Payment of Cash Dividends	(3,515,132,904)	(3,103,323,128)
<b>Total Cash Outflows</b>	<b>(3,977,835,645)</b>	<b>(3,536,567,920)</b>
<b>Net Cash Used in Financing Activities</b>	<b>(3,977,835,645)</b>	<b>(3,536,567,920)</b>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>2,873,408,088</b>	<b>571,312,798</b>
<b>Effects of Exchange Rate Changes on Cash and Cash</b>		
Equivalents	86,033,509	490,342
<b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>	<b>6,862,603,650</b>	<b>6,290,800,510</b>
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<b>9,822,045,247</b>	<b>6,862,603,650</b>



PHILIPPINE PORTS AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

1. CORPORATE INFORMATION

The Philippine Ports Authority (PPA) is a government-owned and controlled corporation originally created under Presidential Decree (PD) No. 505 dated July 11, 1974 which was revised by substitution on December 23, 1975 by PD 857. Its functions are to coordinate, streamline, improve and optimize the planning, development, financing, construction, maintenance and operations of ports or port system for the entire country.

Subsequent amendments under Executive Order (EO) No. 513 dated November 16, 1978, EO No. 546 dated July 23, 1979 and Letter of Instruction (LOI) No. 1005-A dated April 11, 1980 further enhanced PPA's corporate powers to be more responsive in attaining optimum port utilization, development and operation. In EO No. 159 dated April 13, 1987, the corporate autonomy was reverted to the PPA to insure the rapid development of port or the port system directly under it and authority was granted to execute port projects under its port program.

The corporate powers of PPA are vested in the Board of Directors chaired by the Secretary of the Department of Transportation. The other eight members are (i) PPA General Manager as Vice-Chairperson; and (ii) Department of Public Works and Highways (DPWH), Department of Trade and Industry (DTI), Department of Finance (DOF), and Department of Environment and Natural Resources (DENR) Secretaries, National Economic and Development Authority (NEDA) Director-General, Maritime Industry Authority (MARINA) Administrator and one private sector representative as members.

With the passage of RA 101491, GOCC Governance Act of 2011, PPA was included among the corporations whose performances are monitored and evaluated by the Governance Commission for GOCC (GCG). Based on its assets and revenues for the past three years, GCG classified PPA as Category "A" GOCC on November 3, 2015.

In conformity with the Revised PPA Manual of Good Governance approved by GCG, the PPA Board, aside from the Executive Committee is further assisted by the following committees: (1) Audit Committee and Risk Management Committee, (2) Governance Committee, (3) Nomination and Remunerations Committee, and (4) Finance Committee. The Information Technology Committee, Project/Technical Committee, and Legal Committee were dissolved per Board Resolution No. 2747.

The PPA Rationalization Plan (RP) approved by GCG under GCG Memorandum Order No. 2014-10 provided for the same composition of top management headed by a General Manager and three Assistant General Managers, namely: AGM for Engineering Services, AGM for Operations, and AGM for Finance, Legal and Administrative Services. Under the executive offices are 16 departments, 25 Port Management Offices (PMOs) and 83 Terminal Management Offices (TMOs). Twenty-three PMOs follow a uniform organizational structure unlike PMOs NCR South and NCR North that are streamlined to reflect their privatized set up.

2. HIGHLIGHTS OF CY 2019 ACCOMPLISHMENTS

2.1. PORT DEVELOPMENT AND MAINTENANCE

2.1.1. Locally Funded Projects (LFP)

A total of 102 LFP comprising of carry-over and new projects are implemented nationwide. As of year-end,

43 projects are for Luzon ports, 21 for Visayas ports, and 38 for Mindanao ports; broken down as:

	Luzon			Visayas			Mindanao			Total
	Head Office	Field Office	Total	Head Office	Field Office	Total	Head Office	Field Office	Total	
Completed	11	7	18	4	0	4	9	6	15	37
Ongoing	20	3	23	14	0	14	20	1	21	58
Terminated	0	1	1	0	0	0	1	0	1	2
Suspended	1	0	1	2	1	2	1	0	1	5
Total	32	11	43	20	1	21	31	7	38	102

2.1.2. Dredging Operations

For CY 2019, PPA programmed the removal of 1.0 million cubic meters of silts at various piers and harbors to ensure that the serviceable water depths are maintained for the safe navigation of large vessels calling at the ports.

As of December 31, 2019, a total of 989,908.80 cubic meters of silts were removed at the following ports and harbors:

- Port of North Harbor (Entrance Channel);
- Port of Ozamiz;
- Port of Calatagan;
- Port of Guian;
- Port of Dapitan;
- Port of Iligan;
- Port of Cagayan de Oro;
- Port of Surigao;
- Port of Masao;
- Port of San Jose de Buenavista;
- Port of Culasi;
- Port of Brookes Point;
- Port of Cuyo;
- Port of Balacbac;
- Port of Dumangas;
- Port of Jordan;
- Port of ICPC;
- Port of Fort San Pedro;
- Port of Ubay; and
- Port of Talibon

Total budget utilized is P539.57 million or 54.61 percent of the P988.00 million budgeted for carry-over and new dredging projects.

2.1.3. Repair and Maintenance Program

Total approved budget for the year amounts to P2.0 billion.

As of December 31, 2019, a total of 148 projects have already been completed and 89 are ongoing. Budget utilized as of December is P1.147 billion which is 57.35 percent of the total P2.0 billion earmarked for CY 2019 Repairs & Maintenance programs.

2.2. OTHER ACCOMPLISHMENTS IN 2019

2.2.1. PPA Wins Freedom of Information (FOI) Award

PPA was officially recognized as the FOI Champion by the Presidential Communications Operations Office in the 2019 Freedom of information (FOI) Awards for Government-Owned and Controlled Corporations (GOCCs) held on December 12, 2019.

The Authority bested other GOCCs led by two-time FOI Champion for GOCCs—Philippine Charity Sweepstakes Office (PCSO), and the Authority of the Freeport of Bataan (AFAB).

2.2.2. Augmentation of Port Police Force

The Authority augmented its port police personnel to strengthen its existing port police force to man 114 PPA managed ports. The 80 new members of the PPA port police have undergone rigorous physical, emotional and intellectual preparations prior their actual deployment to their assigned port.

The hiring and deployment of more port police personnel are part of the Authority's continuing effort in ensuring the safety and security of passenger transport and cargo hauling as well as in implementing local and international port security measures and protocols. With the implementation of the International Ships and Port Facility Security (ISPS) Code in 2005, Philippine ports have been maintaining high safety and security standards including the maintenance of highly qualified and competent port police force.

2.2.3. Free Passenger Terminal Fee

On June 28, 2019, the PPA issued Administration Order (AO) No. 004-2019 exempting Senior Citizens, PWDs, Students and selected uniformed personnel from the payment of Passenger Terminal Fee. The AO took effect on July 15, 2019.

Forty-five (45) days from its effectivity date, 95,513 students, 156,972 senior citizens, 9,683 PWDs and 16,405 uniformed personnel have benefited from the Terminal Fee waiver. Moreover, the scope of the terminal fee waiver was expanded to include Medal of Valor awardees and their first degree kin starting October 18, 2019 pursuant to AO No. 08-2019.

2.2.4. "Gender-Neutral" Restrooms

The PPA adopted a "Gender-Neutral" Restroom facility in all its ports nationwide to promote gender sensitivity and inclusivity. The facility, which can accommodate one person at a time, can be used by anyone, regardless of gender preference or expression.

2.3. ONGOING PROJECTS AND OTHER INITIATIVES

2.3.1. Establishment of the Country's First-ever Government-Owned Shipbuilding and Ship Repair Facility

This Project, will reduce the country's dependence on second-hand imported ships as this facility will manufacture tailor-fit ship design for interisland transportation as well as offer affordable financing schemes for vessel owners and operators.

2.3.2. Implementation of a Centralized Ticketing System

This initiative, which is expected to take shape within the first quarter of 2020, will improve maritime safety as it will eliminate ticket scalping and overbooking of vessels.

2.3.3. Uniform Port Tariffs for Tier 3 Ports under the Port Terminal Management Regulatory Framework (PTMRF)

To prescribe the uniform port tariff for Tier 3 ports under the PTMRF, PPA issued on October 23, 2019 Administration Order (AO) No. 010-2019. The Order specified that the uniform port tariffs shall be applicable upon implementation of the Terminal Management Policy and a Contract entered into with the winning bidder/concessionaire. The AO likewise provided for the formula on port tariff rate adjustment, the frequency of tariff adjustment (i.e., every three years), and the procedures that must be followed in order that the request for tariff adjustment will be approved.

2.3.4. Privatization of Ports

Initially, the PPA is evaluating the unsolicited proposals to develop the Iloilo Commercial Port Complex (International Container Terminal Services, Inc.), Port of General Santos (Kudos Trucking Corporation), and Davao's Sasa Wharf (Chelsea Logistics and Infrastructure Holdings).

2.4. HUMAN RESOURCE

The GCG approved RAT-Plan provided for 3,151 plantilla positions, composed of 647 positions for Head Office and 2,504 for the Field Offices.

As of year-end, personnel count stood at 2,155. Of this number, 432 personnel are assigned at the Head Office while the remaining 1,723 are at the Field Offices. Outsourced personnel of PPA for technical and administrative positions as of December 2019 totaled 1,410 where 340 are assigned at the Head Office while 1,070 are designated at Field Offices.

The Authority is still completing the filling up of vacant positions nationwide based on the GCG approved Rationalization Plan.

3. MAJOR CONTRACTS / SERVICE CONCESSION ARRANGEMENTS

The following highlights of the terms and conditions of major contracts entered into by PPA are reiterated as part of yearly disclosures in accordance with the provision of Standard Interpretation Committee (SIC) 29, Service Concession Arrangements. The terms and conditions of major contracts remained the same. Information on accomplishments for 2019 pertaining to their development commitment, if any, are updated:

3.1. PORT OF MANILA

3.1.1. Contract for the Development, Management, Operation and Maintenance of Manila North Harbor

The exclusive development, management, operation and maintenance of North Harbor comprising Pier 2 up to Slipway, including Isla Puting Bato was awarded to Manila North Harbour Port, Incorporated (MNHPI) under a 25-year contract on November 18, 2009.



Highlights of the terms of the contract and accomplishments:

- a. MNHPI as the contractor shall provide and undertake the domestic terminal services at North Harbor which shall include cargo handling services, passenger terminal management, parking services, berth management, storage management, water distribution, security services and ancillary services.

PPA-PMO NCR North, on the other hand, continues to collect charges such as Port Dues, Dockage Fees, Usage Fees, Wharfage Dues, Vessel Traffic Management System (VTMS) Fees and management fees which are recognized as PPA revenues.

- b. PPA shall be paid the following financial considerations:
- Fixed Fee of P6.819 billion to be remitted in accordance with the set schedule for a period of 25 years starting in 2010 up to 2034, payable in advance not later than the 5th day of the 1st month of every quarter without need of demand.
  - Reimbursement of past service benefits advanced by PPA in the amount of P20.60 million per year for a period of five years or a total of P103 million. The last payment of P20.60 million has been remitted by MNHPI on April 2018.
  - Reimbursement of past service benefits advanced by PPA in the amount of P20.60 million per year for a period of five years or a total of P103 million. The last payment of P20.60 million has been remitted by MNHPI on April 2018.
- c. Assets constructed by the operator shall be turned over to the PPA at the end of the contract.

The PPA Board of Directors approved, in its Board Resolution No. 2254 dated June 2, 2011 the MNHPI development plan, “Manila North Harbor Modernization Project” (MNHMP). Its estimated project cost is P14.80 billion to be implemented during the contract period from 2010 to 2034.

Based on the MNPHI Modernization Project Quarterly Report of the Manila North Harbor it has invested, a total of P11.461 billion as of December 31, 2019 for various development initiatives since 2010 broken down as follows:

PLAN/PROJECT DESCRIPTION	Total Investment as of December 31, 2019
1. Infrastructure and Port Development	5,860,535,007
2. Cargo Handling Equipment	5,324,176,396
3. Safety and Security	70,846,867
4. Information and Technology	205,545,009
<b>Total</b>	<b>11,461,103,279</b>

Net book value of PPA constructed assets turned over for use and management by MNHPI under the 3.1.2. contract is P30.131 million as of December 31, 2019.

**3.1.2. Contract for the Management and Operation of South Harbor, Port of Manila**

The latest contract entered into with Asian Terminals, Inc. (ATI) for the management and operation of South Harbor was the Third Supplemental Contract executed on October 19, 2007 which extended the contract term up to May 18, 2038. The 3rd Supplement covers areas/ services under the (i) Lease Agreement of January 15, 1997 covering certain areas of South Harbor intended for use as international and domestic storage areas; and (ii) the Second Supplement which expanded the scope of services of the contractor to include the management of domestic terminal facilities.

In consideration of the “Extended Term”, ATI remitted to the PPA on May 19, 2013 a lump sum fee of P282.0 million. In addition, the following financial considerations shall also be remitted to PPA:

- a. From international containerized cargo handling operations, Fixed Fee of USD 9 million and Variable Fee of 20 percent of gross revenue.

Fixed fees are payable quarterly in advance not later than the 5th day of the first month of every quarter. Variable fees, on the other hand, are payable quarterly in arrears not later than the 5th day of the first month of every quarter (on or before January 5, April 5, July 5, and October 5 of every year).

The contract provides that US dollar-denominated fees shall be paid in Philippine pesos using the Philippine Dealing System USD = Php closing rate of the last trading day prior to payment date.

- b. From international and domestic cargo storage operation, Fixed fee of P55 million; Variable Fee of 30 percent of annual gross storage revenues from international cargo storage operation in excess of P273 million whether collected or uncollected; and Variable fee of 10 percent of the annual gross storage revenues from domestic cargo storage operations, whether collected or uncollected.
- c. From domestic cargo handling operations, government share of 10 percent of gross revenues.
- d. Adjunct Fee in case actual international container volume throughput exceeds 1,900,000 Twenty Equivalent Units (TEUs). The fee is payable on or before January 31 of the year following the calendar year in which the required cargo throughput has been exceeded.
- e. From international non-containerized cargo operations, government share of 14 percent of gross stevedoring revenues and government share of 20 percent of gross arrastre revenues.

Likewise, the contract provides for investment commitment from ATI. Among its highlights are:

- a. ATI shall implement the projects for rehabilitation, development and expansion of the South Harbor facilities in accordance with the Investment Plan, as may, from time to time be revised or updated pursuant to the Third Supplement. Summary of Investments to be implemented from the Year

2009 to 2038 are as follows:

Source of Revenue	Infrastructure	Equipment	IT	Total
	In Million US Dollar (\$)			
International Containers	126.685	123.075	8.987	258.747
International Gen. Cargo	6.473	1.930	0.362	8.765
Domestic Cargo	17.061	15.180	0.706	32.947
<b>Total</b>	<b>150.219</b>	<b>140.185</b>	<b>10.055</b>	<b>300.459</b>

- b. Investment of P120 million for additional works and other costs related to the construction of the PPA Head Office building.

As of December 2019, actual value of investments or costs of implemented projects by ATI in aggregate amounts is USD164.744 million, composed of infrastructure projects of USD76.818 million; Information Technology of USD15.326 million; and acquisition of port equipment of USD72.600 million.

The net book value of PPA constructed assets as of December 31, 2019 at South Harbor turned over for the management and operation by ATI is P50.164 million.

**3.1.3. Contract for the Management, Operation and Development of Manila International Container Terminal (MICT)**

In 1988, the PPA entered into an agreement with the International Container Terminal Services, Inc. (ICTSI) for the management, operation and development of the MICT at the Port of Manila, subject to the direct control and supervision of the PPA. It provides for the remittance of Fixed Fee and Variable Fee from its gross income which shall include all income generated by the Contractor from the MICT from every source and on every account except interest income, whether collected or not, to include but not limited to Harbor Dues, Berthing Fees, Wharfage, Cargo Handling Revenues, Cranage Fees, Stripping/ Stuffing Charges and all other revenues from Ancillary Services.

A renewal of the agreement was made on April 20, 2005 which provides for an extension of the contract period for another 25 years reckoned from May 19, 2013 up to the expiration of ‘Extended Term’ on May 18, 2038.

Part of the financial consideration was the lump sum fee of P670 million remitted to PPA on May 20, 2013. Additional investment of not less than USD125 million for the construction and development of new port facilities was also provided in the contract.

Aside from the abovementioned financial consideration, the contract provides for the following fees under the ‘Extended Term’:

- a. Fixed Fee of USD600 million payable in 100 quarterly installments, to be paid in advance not later than the 5th day of the first month of every quarter without need of demand;
- b. Variable fee of 20 percent of the gross revenue earned at the MICT;

- c. Variable fee for unattained transshipment volume payable within the 1st month of the succeeding year. The committed transshipment volume is pegged at 260,000 TEUs;

- d. Adjunct Fee in excess of 2.55 million TEUs; and

- e. Remittance of 10 percent of its gross income derived from domestic operation, billed/unbilled or collected/uncollected, due not later than the 5th day of every month (for prior month income). This is based on the 2007 Supplemental Contract executed, relative to the contract signed on May 19, 1988 and renewed in April 2005, granting the contractor the authority to provide arrastre, stevedoring and other related cargo handling services to domestic vessels and cargoes at MICT.

On June 23, 2010, a Supplemental Contract to the May 19, 1988 contract was signed and was confirmed in Board Resolution No. 2213. It amended Annex C of the 2005 MICT Renewal Agreement which provided for USD126.823 million as additional Port Development Program Civil Works and Equipment from the Year 2005 to 2012. From the above estimated cost of investment commitment from ICTSI, the actual value of completed port development is USD216.23 million.

For the 2013 to 2037 Port Development Commitment provided in Annex C and E of the contract with the total estimated amount of USD273.198 million, the actual cost of investment as of December 31, 2019 was recorded at USD210.549 million from the total estimated amount of USD146.38 million for Annex C and USD146.507 million for Ann ex E. The construction of Berth 7 which started in CY 2018 and estimated to be completed by October 2020 is progressing well with a 62 percent completion as of 4th quarter of CY 2019.

As of December 31, 2019, net book value of PPA constructed assets turned over for use under the original management contract with ICTSI is P18.245 billion which includes the value of land and various port development projects and equipment turned-over to PPA in 2013.

**3.2. PORT OF BATANGAS**

**3.2.1. Long-Term Contract for the Operations of Cargo Handling Services and Fastcraft Passenger Terminal Phase I**

The contract was awarded to ATI on October 20, 2005 effective for a period of ten years. It authorized the contractor to manage, operate, and provide cargo handling services at the Port of Batangas, Phase I including the newly constructed General Cargo Berth and passenger services at the Fastcraft Terminal Building (PTB 3).

A contract extension and renewal was executed with material conditions that the contractor commits to develop, finance and construct the required development within the specified timelines. The contract extension became effective and commenced on October 1, 2015 to expire on September 30, 2025. The period of extension was revised per PPA Board Resolution No. 2744 that provided for the revised expiration date to October 1, 2035.

Following are the financial obligations of the contractor under the new contract:



- a. Annual Fixed Fee in the total amount of P1.252 billion payable for a period of ten years and summarized as follows:

Contract Year	% Escalation	Fixed Fee Amount
Year 1	none	112,700,000
2	none	112,700,000
3	none	112,700,000
4	5%	118,335,000
5	4%	123,068,400
6	3%	126,760,452
7	3%	130,563,266
8	3%	134,480,164
9	3%	138,514,568
10	3%	142,670,005
<b>Total</b>		<b>1,252,491,855</b>

On October 2019, there is an increase of four percent on payment of fixed fee made by ATI Batangas for Phase I as stated in the contract.

- b. Annual Volume-Triggered Government Share in the amount equivalent to:

- Ten percent (10%) of the Gross Income for handling and servicing all types of domestic cargoes and those derived from passenger terminal fees, in excess of the Defined Threshold Volume; and
- Twenty percent (20%) of the Gross Income for handling and servicing all types of foreign cargoes, in excess of the Defined Threshold Volume.
- The Defined Threshold Volumes of the various types of cargoes and services shall be as follows:

Cargo Type / Port Traffic	Annual Volume Threshold
1. Non-Containerized Cargo (MT) Domestic Foreign	400,000 100,000
2. RORO Cargoes Units Domestic (RRTS) Foreign (CBUs) Domestic (CBUs)	240,000 115,000 4,000
3. Domestic Containerized Cargo (TEUs)	35,000
4. Passengers (Outbound)	3,000,000

The Annual Fixed Fees and Volume Triggered Government share are exclusive of Value-Added Tax (VAT).

**3.2.2. Management, Operation, Maintenance, Development and Promotion of Container Terminal “A-1”, Phase II**

The contract for the management, operation, maintenance, development and operation of Container Terminal “A-1”, Phase II was awarded to ATI on March 25, 2010 for a period of 25

years. In addition, PPA Board Resolution No. 2745 provides that the contract may be extended for an additional term from 2036 to 2045.

In consideration, the following shall be remitted by ATI exclusive of VAT:

- Annual Fixed Fee in US dollars totaling USD125.46 million for 25 years.
- Annual Variable Fee equivalent to the yearly percentage share multiplied by the projected gross income in Philippine peso or the committed yearly percentage share multiplied by the contractor’s actual gross income in Philippine peso, whichever is higher.

The Annual Fixed and Variable Fees shall be remitted in Philippine Peso using the closing reference rate of Bangko Sentral ng Pilipinas on the last trading day prior to payment date.

Rental rate of ATI-Batangas Container Terminal increases from P28.14/sq.m. to P96.71/sq.m. effective November 2019.

The net book value of assets constructed by PPA which is under the operation and management of ATI at Port of Batangas is P1.477 billion as of December 31, 2019.

**3.3. PORT OF DAVAO**

**3.3.1. Construction, Management and Operation of Reefer Rack**

Davao Integrated Port and Stevedoring Services Corporation (DIPSSCOR) was awarded the contract to construct, manage and operate the additional reefer rack structure/facility with at least 144 reefer outlets at the Sasa Wharf, Port of Davao on April 23, 2010. The contract was effective for a period of ten years renewable for another ten years.

The contract provided for the remittance of government share exclusive of VAT equivalent to ten percent of the gross income on the operation of the reefer facilities, whether billed/unbilled and collected/uncollected not later than the 5th day of every month for prior month’s income.

The reefer facilities constructed by PPA which was turned over to DIPSSCOR under the contract has a net book value of P5.978 million as of December 31, 2019.

**4. DEPARTMENT OF TRANSPORTATION (DOTR) TOURISM AND SOCIAL REFORM RELATED PROJECTS IMPLEMENTED BY PPA**

With regards to the Memorandum of Agreement for the Bidding and Implementation of the Construction of DOTr CY 2015 Tourism and Social Reform-Related Ports, PPA successfully bid out forty-one (41) port projects mainly to promote the Tourism and Economic Development Agenda of the Government. Of the total 41 port projects for implementation by PPA, 33 projects were successfully completed, two projects are still on-going, four projects are suspended, and the remaining two projects were just recently funded by DOTr. As of December 31, 2019, the total amount transferred by DOTr to PPA amounted to P1.028.96 million, total expenditure is accounted at P795.96 million, with a remaining balance of P233.00 million.

On September 15, 2017, another Memorandum of Agreement was signed between DOTr and PPA which provides for the Bidding and Implementation of the Construction of DOTr CY 2016-2017 Tourism and Social Reform-Related Ports. As of December 31, 2019, the total amount transferred by

DOTr to PPA amounted to P529.79 million; total expenditure is accounted at P56.56 million, with a remaining balance of P473.23 million successfully completed, two projects are still on-going, five projects are suspended and the remaining nine projects were just recently funded by DOTr.

In 2018, two Supplemental Agreements to the Memorandum of Agreement Executed on September 15, 2017 were issued. Both supplemental agreements cover the Procurement and Implementation of the Construction of DOTr CY 2018 Tourism and Social Reform-Related Ports. As of December 2019, the total amount transferred by DOTr to PPA amounted to P76.30 million, total expenditure is accounted at P0.18 million, with a remaining balance of P76.12 million for the year. Of the total 18 port projects for implementation by PPA, 16 projects have not yet been started and the remaining two projects were just recently funded by DOTr.

**5. SUMMARY OF SIGNIFICANT ACCOUNTING AND FINANCIAL REPORTING POLICIES**

COA Circular 2015-003 classified Government Corporations into Government Business Enterprise (GBE) and Non-GBE for the purpose of determining the applicable Financial Reporting Framework and the prescribed guidelines in the preparation of their Financial Statements. It prescribed the mandatory adoption of the Philippine Financial Reporting Standard (PFRSs) by all GBEs. PPA was classified as a GBE.

**5.1. BASIS OF PREPARATION**

The accompanying financial statements were prepared using the historical cost convention and accrual basis of accounting except for fixed assets that were revalued in 2016 and those assets for disposal that were adjusted to their net realizable value.

The books and reports generated thru the Accounting and Financial Management System (AFMS), a sub-system of the PPA Computerized System were used as basis in the preparation of the financial report. AFMS uses only a single book of accounts in recording the financial transactions of Operating Units (OUs) consisting of Head Office and Port Management Offices (PMOs). Clearing accounts, default accounts, use of automated entries through the “Due To/Due From” accounts and assignment of codes for each OU allow the generation of financial reports for Head Office, for each PMO, consolidated report on PMOs and consolidated PPA report.

Forms and reports as well as the schedules of the different accounts generated thru the AFMS were developed using Oracle software and were customized to be compliant with the requirements of the National Government Accounting System (NGAS). The Consolidated Financial Statements include the financial transactions of the Head Office and PMOs.

The system-generated Trial Balance which is already compliant with the Revised Chart of Accounts (RCA) prescribed in COA Circular Nos. 2015-010 and 2016-006 dated December 1, 2015 and December 29, 2016, respectively, was used in the preparation of financial statements. The formats prescribed in COA Circular No. 2017-004 were also observed in the preparation of the required financial statements for GOCC classified as GBE. Each PMO was provided with the template for the purpose of converting AFMS generated reports to COA prescribed reports.

**5.2. STATEMENT OF COMPLIANCE**

The financial statements were prepared in conformity with applicable provisions of the following Philippine Accounting Standards (PAS) and Philippine Financial Reporting Standards (PFRSs):

PAS 1	Presentation of Financial Statements
PAS 2	Inventories
PAS 7	Statement of Cash Flows
PAS 10	Events After the Balance Sheet Date
PAS 16	Property, Plant and Equipment
PAS 19	Employee Benefits
PAS 21	Effects of Changes in Foreign Exchange Rates
PAS 36	Impairment of Assets
PAS 37	Provisions, Contingent Liabilities & Contingent Assets
PAS 38	Intangible Assets
PFRS 1	First Time Adoption of PFRS
PFRS 9	Financial Instruments
PFRS 15	Revenue
SIC 29	Service Concession Arrangements

Transactions or business arrangements not falling under any of the existing PAS and PFRS were disclosed in the Notes to Financial Statements. All other accounting standards, financial reporting standards and financial interpretations issued by the Philippine Interpretation Committee were deemed not applicable in accounting for the transactions of the PPA as a GOCC.

There are no transactions or cases in 2019 that would warrant the application of PAS 8 on Accounting Policies, Changes in Accounting Estimates and Errors; and PAS 20, Accounting for Government Grants and Disclosure of Government Assistance.

**5.3. PRESENTATION OF FINANCIAL STATEMENT**

The complete set financial statements composed of (i) Statement of Financial Position, (ii) Statement of Comprehensive Income, (iii) Statement of Cash Flows, (iv) Statement of Changes in Equity, and (v) Notes to Financial Statements required in PAS 1, Presentation of Financial Statements and in the recently issued COA Circular No. 2017-004 were prepared to fairly present PPA’s financial transactions as a going concern entity (corporation).

The accounts required to be presented in the face of the Statement of Financial Position and Statement of Comprehensive Income conforms to the applicable provisions of the PFRS 1 – First Time Adoption of PFRS. The financial statements were prepared using the accrual principle except for the Statement of Cash Flow. Comparative information and aggregation of each material class of items are presented separately consistent with prior years’ presentation. Each material class of similar items is presented separately in the financial statements while dissimilar items whose amounts are considered immaterial were aggregated. Offsetting is permitted to those allowed under PFRS.

The reporting period covers the one-year operation of the agency from January to December 2019 consistent with prior years’ period. Additional disclosures are presented/ provided, when necessary.

**Assets**

The major categories used were Current and Noncurrent Assets. “Restricted Cash” is presented under Non-Current Assets as in the prior years.



<p><b>Investments</b></p> <p>These are Financial Assets-Held to Maturity such as Investments in the form of Treasury Bonds, Treasury Bills and Land Bank of the Philippines (LBP)–issued bonds are valued at cost including withholding taxes. HTM investments are financial assets with fixed or determinable payments and fixed maturities for which the Management has the positive intention and ability to hold to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.</p> <p><b>Accounts Receivables</b></p> <p>Receivables composed of trade and non-trade accounts are valued at face amount less the corresponding allowances set up for impairment arising from non-collection or any anticipated adjustments which, in the normal course of events, will reduce the amount of receivable from the debtor to estimated realizable values.</p> <p><b>Inventories</b></p> <p>Inventories, except spare parts for PPA dredgers, are valued at cost, net of Value-Added Tax (VAT), using the moving average method of costing.</p> <p>Value of PPA Dredger Spare Parts, already reclassified in 2011 to Non-Current Assets, is presented at their net realizable value based on the appraisal report of an independent appraiser.</p> <p><b>Intangible Assets</b></p> <p>Cost includes acquisition cost/purchase price. With the continuing changes in information technology, the asset is accounted as a finite asset with a life of five years.</p> <p><b>Liability</b></p> <p>Accounts are classified as Current or Non-Current Liabilities. The portion of long-term loans payable due for settlement within the next 12 months after the financial reporting date is presented as Current Liability.</p> <p><b>Foreign Currency</b></p> <p>The financial statements are presented in Philippine currency. Foreign-currency denominated depository accounts and loan balances have been revalued and translated into Philippine currency based on exchange rate as of reporting date, December 31, 2019.</p>	<p>Items issued/consumed during the year are treated as expense, charged to profit or loss for the period. The moving average costing method is used in computing amounts to be recognized as expense for the period.</p> <p>There is no change in the recognized net realizable value of dredger spare parts. Consistent with the provision of PAS 2 on Inventories, the value of spare parts for dredgers was already written down to their net realizable value in CY 2011. As provided for in the standard, the practice of writing down inventories below cost to their net realizable value is consistent with the view that assets should not be carried in excess of amounts expected to be realized from its sale or use. Further, the criteria on the recognition as an expense of the amount written down on inventories to net realizable value and losses in the period of the write-down or loss was also applied. With Management’s intention to dispose of the asset, the value of spare parts inventory was reclassified to ‘Other Assets’ at net realizable value.</p> <p>The practice of recognizing as expense for the period when accountable forms are issued/released to PMOs was already discontinued in 2012. The physical transfer of the accountable forms from Head Office to receiving PMO is recognized as transfer of the value of the inventory from the HO Inventory account to PMO Inventory account. Expense is recognized upon issuance of the accountable forms to collecting officers and cashiers.</p> <p><b>Property and Equipment</b></p> <p>Property and equipment of the PPA are carried in the books at appraised value except for additions in between the periods of appraisal which are recorded at acquisition cost, net of VAT.</p> <p>Appraisal is conducted once every five years pursuant to COA Resolution No. 89-17. In the past, any increase or decrease in value of the asset resulting from appraisal activities is recorded as direct adjustments to Revaluation Surplus account. Recognition of gain or loss as provided for in PAS 16 was not observed. When assets are dropped from the books such as retirement, disposal, demolition, etc., the recognized revaluation surplus is closed to Retained Earnings account.</p> <p>In 2013, the Revaluation Capital account was analyzed as an initial step towards complying with COA recommendations agreed during the exit conference. An adjustment on the revaluation account was made to include only the corresponding revaluation surplus for all remaining assets as reflected in the 2011 appraisal report. In the absence of any recognized gain or loss from prior years’ appraisals, the adjustments to the Revaluation Capital were closed to Retained Earnings.</p> <p>The latest appraisal activity of PPA assets was conducted in 2016. The following provisions of PAS 16 were applied in recording the result of the asset appraisal:</p> <ul style="list-style-type: none"> <li>For Initial Revaluation <p>An increase in the value of Fixed Asset due to Appraisal shall be adjusted through the Revaluation Surplus account.</p> <p>A decrease in value of Fixed Assets due to Appraisal shall be directly charged to the result of operations in the Profit and Loss (P &amp; L) Statement.</p> </li> </ul>	<ul style="list-style-type: none"> <li>For Subsequent Revaluation <p>The increase shall be recognized as revaluation gain to the extent that it reverses a revaluation decrease of the same asset previously recognized in the P &amp; L and any excess should be charged to Revaluation Surplus.</p> <p>A decrease shall be debited to the extent of existing balance of Revaluation Surplus in respect of that same class of asset, any excess should be charged to revaluation loss in the P &amp; L.</p> </li> </ul> <p>Upon retirement, disposal, demolition, or when the appraised asset is permanently impaired, the cost of the asset, appraisal increments and related accumulated depreciation are dropped from the books and any resulting gain or loss is recognized on the difference of the net proceeds and net realizable value for the period.</p> <p>Depreciation starts when the asset is placed in service and ends when the asset is derecognized or disposed of. Depreciation is computed based on the acquisition cost or appraised value of the property, net of ten percent residual value, using the straight-line method over the estimated useful lives of the assets in accordance with PPA Memorandum Circular No. 37-2005 issued in conformity with COA Circular No. 2004-003.</p> <p>The costs of on-going projects, Locally-Funded Projects, are based on actual physical accomplishment reported by the Engineering Office. Upon completion of the project, the administrative and engineering expenses (miscellaneous overhead) are prorated to the different completed assets based on the percentage of each asset’s actual cost over the total project cost.</p> <p>All subsequent costs for the repairs and maintenance of different port facilities are recognized as expense or for major repairs that extends the economic life of the assets, capitalized for the period, whichever is appropriate.</p> <p>Buildings/structures constructed and equipment acquired by operators/contractors under approved development or investment plans as provided for in the management contracts are not included as assets of the Authority. Such properties shall only be recognized in the books of the Authority when these assets are turned over to PPA at the expiration of the contract on an “as is” basis.</p> <p>Unserviceable assets and those identified for disposal are derecognized and reclassified to “Other Non-Current Assets”. The difference between the net book value and the residual value is recorded as loss for the period. The difference between the actual amount received from the disposal/sale of the asset, and the carrying value (residual value) shall be recognized as gain or loss on disposal for the period.</p> <p><b>Impairment of Assets</b></p> <p>For an asset which have not yet been subject to appraisal and whose recoverable amount is less than the asset’s carrying value, the recorded cost is reduced to their recoverable value and the difference is charged to current period as impairment loss in the year in which it arises.</p> <p><b>Intangible Assets</b></p> <p>Intangible assets are initially recorded at cost. Provision for amortization is recognized on a straight-line basis for a period of five years.</p>	<p><b>Liability</b></p> <p>The obligation to pay is recognized only when goods were actually received and services rendered or based on physical accomplishment for contracts covering delivery of services and infrastructure projects. PPA Finance Memorandum Order 01-2016 dated December 2, 2016 was issued amending the AFMS Manual to include an accrual for the value of physically accomplished portion of infrastructure projects at the end of the year.</p> <p><b>5.5. RECOGNITION OF INCOME AND EXPENSE</b></p> <p><b>Revenue</b></p> <p>The PPA uses the accrual method of accounting wherein income and expenses are recognized as they are earned or incurred regardless of when cash is received or paid. This is also applied for those covered by contracts.</p> <p>In providing services to the public, PPA entered into various management contracts which convey to an operator for a specified period the right to provide services that give the public access to ports, passenger terminal facilities and various port facilities constructed by the government. In return, the operator remits fees to the PPA in accordance with the terms of the contracts.</p> <p><b>Foreign Exchange Transactions</b></p> <p>Transactions in foreign denominated tariff rates are receipted and recorded using the exchange rate in effect at the date of the transaction. PPA Administrative Order No. 05-2017 dated May 12, 2017 amended Memorandum Circular No. 16 dated October 6, 2006 which now adopted the use of daily Foreign Currency Exchange Rate (FCER) prescribed by the Bangko Sentral ng Pilipinas (BSP) in determining the peso value of the dollar-denominated port charges due to PPA instead of the 15-day average BSP guiding rates prevailing at the time of issuance of the invoice.</p> <p>For fees/financial considerations defined in contracts with cargo handling operators that are in foreign currency, the specified bases in the conversion of the foreign currency into peso as provided for in the agreements are followed.</p> <p>PPA Finance Memorandum Circular No. 01-2003 provides that the monetary asset or depository account and liabilities denominated in foreign currencies should be restated using the BSP guiding rate of exchange as of reporting date. Foreign exchange differences are treated as follows:</p> <ul style="list-style-type: none"> <li>For loans identified with completed projects, and those used to acquire invoiced assets, the gain or loss is recognized in current year’s income/loss.</li> <li>For loans related to assets still under construction, the foreign exchange difference is capitalized and included in the carrying amount of the Fixed Asset-In Process account.</li> <li>For 2019, all infrastructure projects were financed out of the corporate fund. Hence, there are no transactions requiring application of these provisions.</li> <li>For other foreign currency transactions, i.e. deposits in foreign currency, the gain or loss in foreign exchange fluctuation is recognized in the income or loss for the current period similar to item a) above.</li> </ul>
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### Income Tax

Consistent with last year's tax return, depreciation expense was claimed as deduction in the computation of corporate income tax. The option to apply investment in fixed assets or capital expenditures as a special deduction or tax credit allowed under PD 857 was stopped starting 2017 in accordance with BIR ruling on the matter.

Pursuant to Section 27(A) of the 1997 National Internal Revenue Code, that effective January 1, 2009, the rate of Corporate Income Tax applicable to PPA shall be 30 percent.

**Provision for Impairment Loss**

Receivables are valued at face amounts less allowances set up for impairment loss for any anticipated adjustments which, in the normal course of events, will reduce the amount of receivable from the debtor to estimated realizable values.

PPA Finance Memorandum Order No. 02-2009 dated 22 April 2009 prescribes the rates on provisions for impairment loss, as follows:

Age (Days) of A/R Trade	1 to 30	31 to 90	91 to 180	181 to 365	Over 365	Dormant with Nil Chance of Collection
Rate of Allowance	5%	10%	20%	40%	60%	100%

### 5.6. OTHER DISCLOSURES

#### Contingent Assets

In compliance with the provisions of PAS 37 – *Provisions, Contingent Liabilities and Contingent Assets*, Contingent Assets and its contra account Contingent Surplus were excluded in the preparation of the financial statements. The account, however, is maintained in the books during the year as a means to monitor the accounts.

#### Events after Balance Sheet Date

- Non-adjusting event after the reporting date requiring disclosure is the payment of dividend to the national government equivalent to 50 percent of PPA's net income after tax plus/minus authorized additions/ deductibles based on the corporate income tax returns duly filed with the Bureau of Internal Revenue (BIR) or authorized agent banks. The Revised Implementing Rules and Regulations on GOCC Dividend Law issued by Department of Finance was applied in the computation of dividend.

### 6. CASH AND CASH EQUIVALENTS

The breakdown of this account is as follows:

Particulars	2019	2018
Cash in bank		
Land Bank of the Philippines	4,542,717,914	2,925,089,430
Philippine Veterans Bank	3,843,152,897	3,153,234,762
Development Bank of the Philippines	740,859,763	631,668,369
Philippine National Bank	106,027,910	58,995,307
Total Cash in Bank	<b>9,232,758,484</b>	<b>6,768,987,868</b>
Cash Equivalents	502,181,764	0
Cash with Collecting Officers	86,536,119	93,045,621
Petty Cash	568,880	570,161
<b>Total</b>	<b>9,822,045,247</b>	<b>6,862,603,650</b>

*Cash and Cash equivalents* comprise cash on hand and in bank, deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

The balance of Cash equivalents pertains to Treasury Bills placed with the Land Bank of the Philippines with a holding period of 75 days and interest rate of 3.175 percent which will mature on January 8, 2020.

### 7. INVESTMENTS

Investments comprise the following:

Particulars	2019	2018
Financial Assets Held to Maturity		
Treasury Bills	0	1,270,970,626
Treasury Bonds	0	100,008,202
Sub-total	<b>0</b>	<b>1,370,978,828</b>
Investments in Time Deposits – Local Currency		
Philippine Veterans Bank	846,179,543	736,072,625
Land Bank of the Philippines	1,374,476,508	3,207,664,550
Sub-total	2,220,656,051	3,943,737,175
Other Investments	150,000	150,000
<b>Total</b>	<b>2,220,806,051</b>	<b>5,314,866,003</b>

- Financial Assets Held to Maturity* represents investments in treasury bills with maturity dates of 91 days and above.
- Investment in Time Deposits* represents investments in time deposits with various maturity dates of more than 180 days with the Land Bank of the Philippines and Philippine Veterans Bank. These funds are earmarked to finance various infrastructure projects and for the value of accrued leave credits and retirement benefits of PPA personnel.
- Other Investments* represent the realizable value of investment made by PPA in Orchard Golf and Country Club.

### 8. RECEIVABLES

This account includes the following:

Particulars	2019	2018
Receivables Accounts		
Accounts Receivable	2,086,091,905	2,601,748,932
Less: Allowance for Impairment	(133,775,196)	(198,165,245)
Net Value-Accounts Receivable	1,952,316,709	2,403,583,687
Interests Receivables	27,432,568	35,453,267
Notes Receivable	4,398,165	7,515,151
Intra-Agency Receivables	39,903,119	46,602,422
Inter-Agency Receivables	36,045,209	36,045,209
	<b>2,060,095,770</b>	<b>2,529,199,736</b>
Other Receivables		
Due from officers and employees	13,149,857	40,609,616
Receivables – Disallowances/Charges	4,861,853	4,902,108
Other Receivables	104,432,892	120,173,684
Total Other Receivables	122,444,602	165,685,408
Less: Allowance for Impairment	(89,483,562)	(105,329,723)
Other Receivables, Net	<b>32,961,040</b>	<b>60,355,685</b>
Total	<b>2,093,056,810</b>	<b>2,589,555,421</b>

Computation of Allowance for Bad Debts for Receivables – Trade is in accordance with PPA Finance Memorandum Order No. 02-2009 dated April 22, 2009. The breakdown is as follows:

No. of Days Past Due	Rate	Accounts Receivable	Provision
Not Yet Due	0%	1,852,629,233	0
1-30 days	5%	2,721,307	136,065
31-90 days	10%	3,545,283	354,528
91-180 days	20%	3,542,804	708,561
181-365 days	40%	8,079,626	3,231,850
Over 365 days	60%	215,573,652	129,344,192
		2,086,091,905	133,775,196

#### 8.1. ACCOUNTS RECEIVABLE

*Accounts Receivable* refers to the amount due from port users/customers arising from trading or business transactions that are expected to be collected within the allowable credit period.

#### 8.2. INTERESTS RECEIVABLES

*Interests Receivable* comprises the accrued interest receivable earned from Investments in Time Deposits (Special Savings Deposit/Premium/High Yield from the Philippine Veterans Bank and Land Bank of the Philippines) and Treasury Bills and Treasury Bonds issued by the Bureau of the Treasury.

#### 8.3. NOTES RECEIVABLE

*Notes Receivable* represents the realizable value of

promissory notes issued by port users to cover the assessments of their restructured accounts, payable within specified repayment period. Decrease in this account is due to payments received by PMO Agusan on the restructured accounts of Carlos A. Gothong Lines, Inc.

### 8.4. INTRA-AGENCY RECEIVABLES

*Intra-Agency Receivables* cover the net income of Special Take-Over Units (STUs) recorded under Due from Operating Units that are due for remittance to the PMOs of the PPA. The balance of this account in the Southern Mindanao Cluster is attributable to the creation of PPA–Sindangan Port Services whose management, supervision and control is under PMO Zamboanga del Norte.

### 8.5. INTER-AGENCY RECEIVABLES

*Inter-Agency Receivables* covers the amounts due from various departments, bureaus, government owned-controlled corporations and local government units. The following comprises this account:

- For Manila/Northern Luzon Cluster (PMO NCR North) – remaining balance of advance payment made by the PPA thru to the National Housing Authority (NHA) amounting to P34.82 million from the original amount of P123.11 million for the relocation and resettlement of Informal Settler Families (ISFs) affected by the development of North Harbor's Project Area.

### 8.6. OTHER RECEIVABLES

*Other Receivables includes:*

#### 8.6.1. Due from Officers & Employees

Due from officers and employees includes the balance of calamity, hospit alization and medical loans granted to PPA officers and employees, and other amounts outstanding and due from PPA officers and employees. The significant decrease in the balance of this account is due to payments received from the calamity loan assistance given to PPA employees. The granting of which has been discontinued since 2018.

#### 8.6.2. Receivables – Disallowance/Charges

*Receivables – Disallowance/Charges* covers the amount of disallowance/ charges in audit due from PPA officers and employees and private individuals/entities which have become final and executory

#### 8.6.3. Other Receivables

*Other Receivables* includes the amount of P87.48 million which represents long outstanding accounts receivable of PMO NCR North from various clients and lessees pertaining to port charges, rentals, water and electricity consumptions. Further, the balance of P14.27 million of Other Receivables of PMO Davao was reclassified to Other Asset with reference to COA AOM No. 2019-03 dated January 22, 2019.

### 9. INVENTORIES

This account consists of the following:



Particulars	2019	2018
Accountable Forms, Plates and Stickers Inventory	46,731,527	45,398,140
Office Supplies Inventory	20,227,967	16,971,972
Other Supplies and Materials Inventory	9,025,141	8,481,466
Construction Materials Inventory	3,778,013	2,168,167
Semi-Expendable Machinery and Equipment	2,160,263	972,864
Semi-Expendable Furniture, Fixtures and Books	681,402	1,451,332
Total	<b>82,604,313</b>	<b>75,443,941</b>

10. OTHER CURRENT ASSETS

This account includes advances made to officers and employees, prepayments and deposits.

Particulars	2019	2018
Prepayments		
Input Tax	642,292,871	471,872,572
Advances to Contractors	512,754,575	1,064,947,392
Withholding Tax at Source	361,663,193	249,496,467
Creditable Input Tax	243,078,534	241,855,595
Prepaid Insurance	2,610,915	3,547,128
Prepaid rent	28,262	348,262
Other Prepayments	499,780	475,180
Total Prepayments	<b>1,762,928,130</b>	<b>2,032,542,596</b>
Deposits		
Guaranty Deposits	11,869,530	10,737,290
Other Deposits	4,749,712	13,447,327
Total Deposits	<b>16,619,242</b>	<b>24,184,617</b>
Advances		
Advances to Special Disbursing Officer	3,028,036	2,561,775
Advances to Officers and Employees	1,353,388	548,715
Advances for Operating Expenses	1,100,000	500,000
Total Advances	<b>5,481,424</b>	<b>3,610,490</b>
Total	<b>1,785,028,796</b>	<b>2,060,337,703</b>

*Input Tax* represents the amount of input value-added tax paid by the PPA for goods and services purchased from VAT registered entities.

*Advances to Contractors* not exceeding 15 percent of the total contract price are granted pursuant to Republic Act 9184. The advances, which are repaid through deductions from progress payments to Contractors, are secured with irrevocable letters of credit of equivalent values from commercial banks, bank guarantees or surety bonds.

*Withholding Tax at Source* consists of the amounts of expanded or creditable withholding taxes deducted by port users from wharfage and rental of real property and other port facilities. Section 76 of the National Internal Revenue Code allows cash refund of the amount withheld or the use of the covering tax credit certificates against future tax liabilities.

*Creditable Input Tax* pertains to net output VAT payment for the 4th quarter of 2019 to be offset as tax credit upon remittance of VAT payable to BIR on January 21, 2020. *Prepaid Insurance* includes payment of insurance premiums for insurable government properties and fidelity bond premiums.

*Prepaid Rent* is the amount advanced/deposited for lease/rentals of property, plant and equipment used in government operations.

*Other prepayments* pertain to feasibility studies, NSFD grants and other prepaid expenses.

*Guaranty Deposits* it consolidates the amount deposited made to contractors/suppliers to guarantee compliance with terms of an agreement such as deposit on containers, service enterprise guaranty deposits and other guaranty deposits. *Other Deposits advance* payments made for expenses which remained unconsumed/ unutilized at the end of the accounting period. The balance of this account mainly pertains to the purchase of goods and service through the Procurement Service of DBM.

*Advances to Special Disbursing Officers* represent the amount granted to the PPA's accountable officers and employees for special purpose/ time-bound undertakings to be liquidated within a specified period.

*Advances to Officer and Employees* covers the amount advanced to officers and employees for official foreign and local travel.

*Advances for Operating Expenses* pertains to the amount granted to an accountable officer for the initial working capital fund of Special Take-Over Unit (STU) based on Special Order issued for the purpose.

11. PROPERTY, PLANT AND EQUIPMENT

This account is composed of the fixed assets presented in the Schedule (in thousands).

The balance of Construction in Progress account corresponds to the physical value of accomplishment of on-going projects based on percentage of completion as reported by the Engineering Office as of December 31, 2019.

Part of this account are various fixed assets recorded in the books of PMOs NCR South, NCR North, Batangas, and Davao that are currently being managed by private operators/contractors under existing management contracts with PPA.

AS AT DECEMBER 31, 2019

	Land & Land Improvements	Infrastructure Assets & Building & Other Structures	Machinery & Equipment	Transporting Equipment	Furniture, Fixtures & Book	Service Concession Asset	Construction in Process	TOTAL
Carrying Amount, January 1, 2019	61,513,578	27,197,852	1,207,025	196,355	49,816	20,961,068	4,880,122	116,005,816
Additions	87,048	1,900,964	747,079	1,102	16,259	0	5,791,367	8,543,819
Completed/Transferred	(91,106)	594,681	(1,110,303)	(9,755)	(5,185)	(271,115)	(22,739)	(915,522)
Total	61,509,520	29,693,497	843,801	187,702	60,890	20,689,953	10,648,750	123,634,113
Disposed/ Retired/Adjustment	1,569,526	3,793,636	25,489	54,277	18	0	(5,452,321)	(9,375)
Depreciation	(7,832)	(1,822,962)	(211,596)	(37,862)	(6,331)	(602,518)	0	(2,689,101)
Adjustment on Depreciation	8,501	(55,396)	964,413	14,373	2,968	200,359	0	1,135,218
Carrying Amount, December 31, 2019 (As per Statement of Financial Position)	63,079,715	31,608,775	1,622,107	218,490	57,545	20,287,794	5,196,429	122,070,855

Gross Cost (Asset Account Balance per Statement of Financial Position)	63,099,178	55,116,731	3,311,032	385,035	105,529	35,098,504	5,196,429	162,312,438
Accumulated Depreciation	(19,463)	(23,507,956)	(1,688,925)	(166,545)	(47,984)	(14,810,710)	0	(40,241,583)
Carrying Amount, December 31, 2019 (As per Statement of Financial Position)	63,079,715	31,608,775	1,622,107	218,490	57,545	20,287,794	5,196,429	122,070,855

AS AT DECEMBER 31, 2018

	Land & Land Improvements	Infrastructure Assets & Building & Other Structures	Machinery & Equipment	Transporting Equipment	Furniture, Fixtures & Book	Service Concession Asset	Construction in Process	TOTAL
Carrying Amount, January 1, 2018	60,749,755	24,426,981	1,106,386	200,299	53,008	21,615,269	4,837,302	112,989,000
Additions	1,640	2,697	377,287	3,058	9,801	0	4,288,031	4,682,514
Completed/Transferred	617,764	3,314,468	7,670	20,029	20	0	(3,960,500)	(549)
Total	61,369,159	27,744,146	1,491,343	223,386	62,829	21,615,269	5,164,833	117,670,965
Disposed/ Retired/Adjustment	56,208	1,992,002	(99,667)	6,178	(14,414)	39,943	(284,711)	1,695,540
Depreciation	(13,363)	(1,801,037)	(300,005)	(35,243)	(5,641)	(657,360)	0	(2,812,649)
Adjustment on Depreciation	101,574	(737,259)	115,354	2,034	7,042	(36,785)	0	(548,040)
Carrying Amount, December 31, 2019 (As per Statement of Financial Position)	61,513,578	27,197,852	1,207,025	196,355	49,816	20,961,067	4,880,122	116,005,816

Gross Cost (Asset Account Balance per Statement of Financial Position)	61,533,710	48,827,450	3,648,767	339,412	94,436	35,369,618	4,880,122	154,693,515
Accumulated Depreciation	(20,132)	(21,629,598)	(2,441,742)	(143,057)	(44,620)	(14,408,550)	0	(38,687,699)
Carrying Amount, December 31, 2018 (As per Statement of Financial Position)	61,513,578	27,197,852	1,207,025	196,355	49,816	20,961,068	4,880,122	116,005,816



## 12. INTANGIBLE ASSETS

Recorded under Computer Software, the balance of this account pertains to the cost of Hydrographic Survey Software and AutoCAD Software used in dredging operations. Also included in this account is the E-Library system which is being managed by the PPA Training Institute in order to establish a systematic management of information, accessibility, and easy retrieval of all library collections.

## 13. OTHER NON-CURRENT ASSETS

The breakdown of this account is as follows:

Particulars	2019	2018
Restricted Fund	20,976,755	20,790,560
Other Assets		
Non-Operating Assets	548,408,093	531,812,220
Deposits with the BTr	18,748,154	18,748,154
Receivable from the PNR	18,000,000	18,000,000
Total Other Assets	585,156,247	568,560,374
Less: Allowance for Impairment	(151,249,120)	(137,303,793)
Net Other Assets	433,907,127	431,256,581
Total	<b>454,883,883</b>	<b>452,047,141</b>

*Restricted Fund* pertains to the funds held in escrow either at the Land Bank of the Philippines, Development Bank of the Philippines and Philippine Veterans Bank. Part of the funds was earmarked for the settlement of claims for NLRC SCREB Case No. VI-05-50142-06.

Particulars	2019	2018
LBP Time Deposit – NLRC case	18,157,980	17,978,198
DBP Savings – Reclassified Account per AOM No. 2007-013 dated March 16,2007	1,627,202	1,625,631
DBP Savings – Real Estate Case vs. City of Iloilo	521,312	516,272
PVB Time Deposit – Bond for Civil Case No. 3917 at MTCC Br. San Fernando City	411,208	406,621
DBP Current – Reclassified Account per AOM No. 2007-013 dated March 16, 2007	259,053	263,838
Total	<b>20,976,755</b>	<b>20,790,560</b>

*Non-Operating Assets* is composed of:

- P120.38 million* – costs of projects implemented by the Department of Public Works and Highways (DPWH) through the issuance of cash advances to its accountable officers amounting to P109.58 million and another P10.80 million issued in 1977 which have remained unsettled to date. The accounts are subject of numerous communications between PPA, DPWH and Commission on Audit (COA) and of previous requests to the COA for closure/derecognition in the books with pertinent documents resubmitted in August 2010.

- P371.68 million* – carrying values of serviceable assets which are no longer used in port operations and unserviceable assets awaiting disposal.

- P36.71 million* – net realizable value of dredging spare parts inventory based on the appraisal report of an independent appraiser.

- P18.85 million* – various receivables which have remained dormant despite the effort to collect. Also included are receivables which pertain to protested accounts. Some were already requested for write-off.

- P0.79 million* – old/unused terminal fee tickets and official receipts returned to Head Office from PMO Ozamiz

*Deposits with the BTr account* pertains to the balance of the Special Account kept with the BTr in pursuant to the requirements of PD 1234. Collections remitted, as well as reimbursements of PPA advances for project expenditures financed by foreign loans, are deposited to this account through the then Central Bank of the Philippines. The account is similarly covered with request for write off in the PPA books since it is inactive for several years and is no longer found in the books of the BTr. The use of this account was discontinued with the issuance of Executive Order No.159.

*Receivable from the PNR account* pertains to the balance of a P20 million loan that was granted to the Philippine National Railways (PNR) for the rehabilitation of existing railways from the Manila International Container Terminal (MICT) in Port Area, Manila to the Food Terminal, Inc. (FTI) in Taguig, Metro Manila. The outstanding balance of P18 million remained unsettled despite a series of negotiations with the PNR. Thus, officials of the PPA-Legal Services Department and the Office of the Government Corporate Counsel (OGCC) decided to submit the case for arbitration before the OGCC/DOJ. The account is provided with a 100 percent allowance as provision of un-collectability.

## 14. FINANCIAL LIABILITIES

This account consists of the PPA's short-term obligations incurred for procurement of goods and services from private suppliers and employees arising from the conduct of business or operation, broken down as follows:

Particulars	2019	2018
Payables	3,433,928,226	3,658,480,261
Bills/Bonds/Loans Payable	450,821,087	462,702,741
Tax Refunds Payable	1,231,272	1,390,375
Total	<b>3,885,980,585</b>	<b>4,122,573,377</b>

## 14.1 PAYABLES

This account is composed of the following:

Particulars	2019	2018
Accounts Payables	3,362,356,661	3,577,904,347
Due to Officers and Employees	53,761,665	60,311,003
Interest Payable	17,809,900	20,260,371
Insurance Premium Payable	0	4,540
Total	<b>3,433,928,226</b>	<b>3,658,480,261</b>

*Accounts Payables* are obligations incurred in the procurement of goods and services from private suppliers and entities arising from the conduct of business operations. Part of this account are recorded liabilities arising from the decision of the Supreme Court on PPA vs. Acosta, et al Civil Case No. 5447, expropriation case of property for Batangas Port Development Project Phase II, corresponding to the additional cost of lots and interest due from 2001 to 2011. *Due to Officers and Employees* consists of liabilities set-up for the payment of services rendered by employees i.e., salaries, overtime, bonuses and incentives, allowances, reimbursement of official expenses, and other claims due to PPA personnel.

Interest Payable pertains to the amount of interests due for payment on loans acquired from various creditors.

Insurance Premium Payable amount of premium due to insurance companies.

## 14.2 BILLS/BONDS/LOANS PAYABLE

The amount of P450.82 million represents maturing obligations on long-term debts or the principal amortization on foreign loans due for repayment on the following year whereas the amount of P2.813 million refers to the long-term portion of outstanding foreign loans of the PPA as presented on the table below:

Loan Amount	Interest Rate %	No. of Years & Maturity Date	Loan Amount	Outstanding Balance		
				In Foreign Currency	In Philippine Peso	
					2019	2018
JBIC-PH-P122	2.70	20.5 June 2021	5,497,049,624	402,219,000	186,187,175	318,490,412
JBIC-PH-P172	2.30	0.5 Mar. 2027	502,889,141	183,960,000	85,155,084	99,052,649
JBIC-PH-P187	2.20	20.0 Sept. 2028	13,529,000,000	5,829,894,000	2,698,657,933	3,077,536,266
JBIC-PH-P187A	2.20	31.0 Sept. 2038	Y1,026,000,000	Y635,854,000	294,336,817	317,993,932
TOTAL FOREIGN LOANS OUTSTANDING *					3,264,337,008*	3,813,073,258
Less: Current Portion reported under Current Liability					(450,821,087)	(462,702,741)
Long-Term Portion/Non-Current Liability					<b>2,813,515,921</b>	<b>3,350,370,518</b>

\*Equivalent to USD64.330 million @ P50.744 per USD1.00

## 14.3. TAX REFUNDS PAYABLE

This account represents the amount refundable to officers and employees for excess amount of income tax paid/ withheld.

## 15. INTER-AGENCY PAYABLES

This account consists of inter-agency payables involving the mandatory deductions withheld from salaries of personnel that are due for remittance in payment of taxes, employees' insurance premium contributions, and loan amortizations. Also included are liabilities for advances made to other government agencies for specific purposes.

*Income Tax Payable* account represents an additional income tax due for CY 2019 amounting to P755.23 million (refer to Note 32).

Particulars	2019	2018
Income Tax Payable	755,225,594	501,893,925
Due to BIR	184,408,951	128,188,073
Due to GSIS	3,194,820	776,964
Due to other Government Corporations	2, ,683,858	2, ,683,858
Due to Pag-IBIG	503,867	232,022
Due to PhilHealth	242,631	55,502
Due to LGUs	179,157	279,560
Due to NGAs	177,653	1 77,653
Total	<b>946,616,531</b>	<b>634,287,557</b>

## 16. TRUST LIABILITIES

This account represents deposits to PPA by various contractors and suppliers, and retention fees withheld from suppliers and contractors to guarantee the performance and delivery of contracted goods and services, refundable taxes to PPA personnel and deductions



on salaries of personnel for employee associations and Employees' Cooperative.

Particulars	2019	2018
Trust Liability – DOTr	858,557,235	680,755,318
Guaranty/Security Deposit Payables	501,407,268	321,590,623
Customers’ Deposits Payable	329,783,845	285,776,893
Trust Liabilities – Others	60,538,841	30,255,592
Total	<b>1,750,287,189</b>	<b>1,318,378,426</b>

*Trust Liability* – DOTr pertains to the fund transferred by DOTr to PPA for the implementation of Tourism and Social Related Port projects.

*Guaranty/Security Deposit Payable* consist mainly of retention fees withheld from suppliers and contractors to guarantee the performance and delivery of contracted goods and services.

*Customers’ Deposit Payables* are deposits other than those required to guarantee the performance of contracts. These are payments received in advance to be applied for future port or rental charges to be incurred.

*Trust Liabilities* – Others represent deductions on salaries of personnel for remittance to Pantalan, Employees’ Cooperatives/Associations and other funds.

17. DEFERRED CREDITS/UNEARNED INCOME

This account includes the amount of income received before it is earned or realized such as Output VAT on income earned that is due for remittance to the Bureau of Internal Revenue, and amounts received in advance on leased property.

Particulars	2019	2018
Output VAT	759,396,462	753,833,628
Other Deferred Credits	49,547,223	51,161,956
Total	<b>808,943,685</b>	804,995,584
Current Portion	804,436,279	797,866,129
Non-Current Portion	<b>4,507,406</b>	<b>7,129,455</b>

18. PROVISIONS

This account represents the amount earmarked to cover the present money value of retirement gratuity of PPA personnel qualified to retire under Republic Act (RA) 1616, wherein the Agency is mandated to pay lump sum amount to the retirees, including the present money value of accumulated leave credits of personnel based on their basic salaries as of reporting date.

Particulars	2019	2018
Balance as of January 1	396,928,848	402,268,424
Add: Accumulated Leave Credits	129,996,299	87,248,468
Less: Payment of Retirement Gratuity and Terminal Leave Benefit during the year	(90,362,239)	(82,124,458)
Retirement Gratuity	(30,063,982)	(10,463,587)
Total Retirement Payable, December 31	<b>406,498,926</b>	<b>396,928,847</b>
Less: Current portion	(208,336,173)	(226,979,566)
Retirement Payable – Non-Current Portion	<b>198,162,753</b>	<b>169,949,281</b>

19. OTHER PAYABLES

This account covers all payable due for payment/remittance not falling under any of the specific liability accounts.

20. DEFERRED TAX LIABILITIES

This account pertains to deferred tax liability account for the final tax from interest income earned or realized by the Authority from its investments/placements.

21. GOVERNMENT EQUITY

Executive Order No. 513, amending PD 857, increased the authorized capital of the Authority from P3 billion to P5 billion.

Government Contribution to the Authority as initial paid up capital consisted of:

- a. The value of assets (including port facilities, quays, wharves, and equipment) and such other property, movable and immovable, contributed or transferred by the Government and its agencies valued at the date of contribution or transfer after deducting the loans and other liabilities of the Authority.
- b. The initial cash appropriation of P2.0 million out of the funds of the National Treasury and further sums, including working capital contributed by the National Government.

22. REVALUATION SURPLUS

This account corresponds to the cumulative amounts of appraisal increments determined by independent appraisers hired by the Authority in the conduct of appraisal of its Fixed Assets, once every five years. The latest appraisal was conducted in June of 2016 and adjustments were affected in 2017 to 2019.

Particulars	2019	2018
Beginning Balance	78,776,529,529	78,786,879,445
Other Adjustments	2,849,573,155	(10,349,916)
Total	<b>81,626,102,684</b>	<b>78,776,529,529</b>

23. RETAINED EARNINGS/(DEFICIT)

This account represents the recorded cumulative net profit/loss of the PPA from the start of its operation, dividends paid to the BTr, prior period adjustments, effect of change in accounting policy and other capital adjustments.

Pursuant to Section 5 of Republic Act 7656 dated November 9, 1993, the Authority declares and remits fifty percent (50%) of its annual earnings as dividends to the National Government (NG). Dividend payment is a post year-end event that only requires disclosure. The Authority's dividends due to the NG for CY 2019 is tentatively computed at P4,054.90 million based on unaudited financial figures.

The remaining income after dividend and tax payments are closed to this account and automatically appropriated to port development projects pursuant to the provisions of EO 159.

24. SERVICE AND BUSINESS INCOME

The Authority derives its revenues from seaport system fees under various tariff items, service concession revenue and other income from ancillary services provided by PPA.

Particulars	2019	2018
Service Income	598,518,735	541,558,543
Business Income		
Seaport System Fees		
Share in Arrastre/ Stevedoring Income	8,224,763,791	8,019,667,558
Wharfage Dues	3,684,924,200	3,663,168,909
Storage Charges	1,485,030,009	1,562,359,600
Dockage Fee	1,362,555,455	1,469,740,167
Port Dues	907,541,210	880,273,195
Port Usage Fees	509,554,821	475,079,845
Pilotage	75,191,516	71,735,137
Vessel Traffic Management Service Fee	20,882,248	20,398,037
Lay-Up Fees	2,862,941	1,266,604
Total Seaport System Fees	<b>16,273,306,191</b>	<b>16,163,689,052</b>
Rent/Lease Income	374,239,678	312,911,432
Interest Income	113,552,731	130,295,826
Other Business Income	874,820,077	314,586,341
Total Business Income	<b>17,635,918,677</b>	<b>16,921,482,651</b>
Total Service and Business Income	<b>18,234,437,412</b>	<b>17,463,041,194</b>

24.1 SERVICE INCOME

This account includes income collected from permits and licenses fees, fines and penalties and sale of gate pass/ stickers and other related service income. Also included in this account are charges collected on parking/terminal fee, passenger terminal fee, RoRo terminal fees and terminal vehicle pass for the use of roads, bridges, piers, waterways, ferry and other facilities.

24.2 BUSINESS INCOME

This account comprises revenue collected from cargoes and vessel charges, which includes the following revenues:

24.2.1 Seaport System Fees

SHARE IN ARRASTRE/STEVEDORING INCOME

This account represents the government share on the receipts or earnings of cargo handlers from arrastre and stevedoring services. Arrastre refers to the set of shore-based cargo handling activities that includes, but is not limited to, the receiving or loading of cargoes to/ from ship’s tackle with the use of dock gang and cargo handling equipment. On the other hand, stevedoring service cover the discharging and loading of containers, loaded or empty, from the vessel to the dock/apron and vice-versa, and the opening and closing of hatch covers, lids and supporting beams.

WHARFAGE DUES

This refers to the charges levied on loaded/unloaded cargoes whether imports, exports, inbound, outbound, or transshipments. The computation is based on metric ton for non-containerized cargoes and per box for containerized cargoes.

The account includes income from ICTSI for MICT operations; from ATI for NCR South and Batangas operation; and MNHPI for NCR North.

STORAGE CHARGES

Storage fees are charges on cargoes that remain in the cargo sheds, warehouses or in the open storage area of any government-owned port beyond the “free storage period” allowed. Increase or decrease in storage revenue can be attributed to the growth or decline in the number of shippers/port users availing of storage services.

DOCKAGE FEES

Dockage or berthing fee is the amount assessed against a vessel engaged in international (foreign) trade for berthing. It is levied on the cargo vessels based on the number of days of stay for the purpose of discharging and/or loading cargo; and on non-cargo vessels for the purpose of loading and/or taking passengers or for taking fresh water supply or receiving bunker fuel.

PORT DUES

Vessels engaged in foreign trade, including those engaged in barter trade, that enter any port, whether private or government-owned, for loading and discharging cargoes, embarking/disembarking passengers, bunkering or taking provisions or repairs and changing members of the crew are charged with port dues based on the vessel gross revenue tonnage (GRT). It is a one-time charge assessed against vessels anytime that they call at the port.

PORT USAGE FEES

Vessels engaged in coastal domestic trade that berth or temporarily lay up or drop anchor at any government port are charged a port usage fee based on GRT.

PILOTAGE

This represents the government share on the service rendered or required to be performed by the harbor pilots to maneuver vessels to/from the ports as required or as deemed necessary in each pilotage district.

VESSEL TRAFFIC MANAGEMENT SERVICE (VTMS)



FEES

The PPA issued Administrative Order No. 03-2006 dated June 16, 2006 authorizing the collection of the VTMS Fee. It includes fees collected/ assessed on all international and domestic vessels entering, departing, navigating, operating, and anchoring/mooring within the VTMS covered areas.

LAY-UP FEES

This pertains to the amount assessed against vessels engaged in domestic coastal trade that are authorized to temporarily lay-up and anchor at any port.

24.2.2. RENT/LEASE INCOME

This account includes income earned from use of government properties/ port facilities like rentals of spaces, cargo handling equipment etc.

24.2.3 INTEREST INCOME

This account pertains to income earned from deposits, placements and investments with banks.

24.2.4. OTHER BUSINESS INCOME

PPA also derives income from non-traditional sources broken down as shown in the following table:

Particulars	2019	2018
<i>Other Business Income</i>		
Concession Income	665,235,219	64,479,167
Government Share from TABS	66,686,847	117,009,827
Net Income from STU	41,257,839	37,159,013
Reefer Services	36,492,428	37,590,462
Sale of Power	32,113,787	31,725,714
Sale of Water	11,237,818	12,839,598
Printing and Publication		
Income	2,754,475	3,101,748
Seminar Fees	2,553,840	129,464
Lodging Fees	1,303,493	1,678,667
Truck Scale	923,236	1,025,962
Lashing/Unlashing	4,519	10,141
Others	14,256,576	7,836,578
Total	874,820,077	314,586,341

Increase in Other Business Income is mainly due to payment made by ATI Batangas, Inc. which pertains to the lump-sum fees as mentioned in Section 2.07 and 3.02 – Contract for the Management Operation Maintenance, Development of Phase 1, Port of Batangas.

25. GAINS

This account is broken down from the following sources:

Particulars	2019	2018
Gain on Revaluation	86,033,509	490,342
Gain on Sale of Assets	5,007,802	6,226,182
Gain on Foreign Exchange	2,648,297	143,534
Other Gains	1,801,075	0
Total	95,490,683	6,860,058

26. OTHER NON-OPERATING INCOME

This account pertains to miscellaneous income earned which is not classified under the specific income accounts which includes amount collected for violation of laws, rules and regulations, collection of fees for bid documents, proceeds from insurance indemnities, sale of scrap materials, etc.

27. PERSONNEL SERVICES

The breakdown of expenses incurred for PPA employees are shown below:

Particulars	2019	2018
Salaries and Wages	912,389,104	804,539,385
<i>Other Compensation</i>		
Overtime and Night Pay	78,205,310	78,745,244
Year End Bonus	76,985,083	67,442,742
Personal Economic Relief Allowance (PERA)	47,360,078	44,643,905
Representation Allowance (RA)	18,442,001	19,287,878
Transportation Allowance (TA)	14,150,705	14,541,271
Clothing/Uniform Allowance	11,752,500	11,101,700
Cash Gift	10,074,250	9,358,500
Honoraria	7,043,147	8,733,538
Longevity Pay	1,358,106	1,687,912
Hazard Pay	263,946	301,086
Laundry Allowance	5,427	5,400
Total Other Compensation	265,640,553	255,849,176
<i>Other Bonuses and Allowances</i>		
Rice Allowance	66,317,581	62,322,952
Collective Negotiation Agreement – Civilian		
Medical, Dental and Hospitalization Allowance	49,542,750	46,399,500
Meal Allowance	4,930,038	4,631,040
Children's Allowance	1,613,211	1,522,717
Other Bonuses and Allowances	704,793	688,021
Total Other Bonuses and Allowances	140,161,480	139,458,530
Total Other Bonuses and Allowances	263,269,853	255,022,760
<i>Personnel Benefits Contribution</i>		
Retirement and Life Insurance Premium	107,986,696	96,260,588
PhilHealth Contributions	9,911,739	9,149,143
Pag-IBIG Contributions	2,355,398	2,273,268
Employees Compensation Insurance Premiums	2,351,191	2,229,550
Total Personnel Benefits Contribution	122,605,024	109,912,549
<i>Other Personnel Benefits</i>		
Terminal Leave Benefits	130,183,831	87,248,468
Total	1,694,088,365	1,512,572,338

Cultural and Athletic Expenses is presented as part of MOOE consistent with the DBM approved Corporate Operating Budget.

28. MAINTENANCE AND OTHER OPERATING EXPENSES

The account consists of:

Particulars	2019	2018
<i>Maintenance and Other Operating Expenses</i>		
Repairs and Maintenance	1,199,773,028	2,440,926,578
Desilting, Drilling and Dredging Expenses	539,569,956	577,940,125
Security Services	394,440,140	361,558,519
Utility Expenses	204,343,014	204,858,841
Other Professional Services	270,284,644	248,136,933
Consultancy Services	147,027,868	96,942,228
Supplies and Materials Expenses	142,018,765	125,617,014
Taxes, Insurance Premiums and Other Fees	104,086,518	82,855,865
Janitorial Services	92,788,325	88,184,691
Training and Scholarship Expenses	64,111,985	49,938,630
Traveling Expenses	60,957,675	43,999,162
Auditing Services	53,228,636	54,869,434
Other General Services	50,981,136	33,671,939
Communications Expenses	45,394,508	45,594,300
Survey Expenses	9,822,003	6,174,509
Confidential, Intelligence and Extraordinary Expense	7,750,000	8,030,000
Legal Services	1,218,500	1,482,000
Demolition and Relocation Expenses	870,357	19,880,605
Award/Rewards, Prizes and Indemnities Expenses	230,000	285,000
Total Maintenance and Other Operating Expenses	3,388,897,058	4,490,946,373
<i>Other Maintenance and Operating Expenses</i>		
Representation Expenses	27,137,953	22,602,168
Cultural and Athletic Expenses	19,274,518	21,496,255
Rent/Lease Expenses	13,099,211	6,161,482
Printing and Publication Expenses	8,001,702	6,997,838
Advertising, Promotional and Marketing Expenses	2,593,975	2,352,075
Major Events and Conventions Expenses	2,371,509	2,170,591
Membership Dues and Contributions to Organizations	2,046,568	2,509,313
Directors and Committee Members' Fees	2,014,822	3,501,100
Subscription Expenses	568,958	1,326,130
Detainees' Expenses	0	14,406
Total Other Maintenance and Operating Expenses	77,109,216	69,131,358
Total	3,466,006,274	4,560,077,731

Repairs and Maintenance are expenses for the ordinary repairs and maintenance of PPA structures, facilities and equipment to keep or restore the assets into their normal operating condition, details shown below:

Particulars	2019	2018
Infrastructure Assets	1,147,563,490	2,363,255,919
Machinery and Equipment	29,085,203	56,762,541
Transportation Equipment	14,077,145	13,421,011
Buildings and Other Structures	7,303,743	6,756,176
Furniture and Fixtures	1,655,677	730,931
Semi-Expendable Machinery and Equipment	59,057	0
Semi-Expendable Furniture, Fixtures and Books	28,713	0
Total	1,199,773,028	2,440,926,578

Desilting, Drilling and Dredging Expenses represent cost incurred in dredging the harbors to the required depth through removal of silts. It also includes expenses in the maintenance of basins and navigational channels, cost of minor repairs of dredging equipment, spare parts, salaries and wages of casual and contractual employees, incidental traveling expenses and other related costs.

Utility Expenses cover the costs of water, electricity, and gas for illumination consumed at office buildings, grounds and other port facilities in connection with PPA operations.

Supplies and Materials Expenses include costs of expendable commodities acquired and issued to end-users in connection with PPA operations.

Taxes, Insurance Premiums and Other Fees pertain to the expenses incurred for taxes, duties, licenses including vehicle registration fees, and payments on fidelity bond premiums of accountable officers, and insurance premiums for motor vehicle and other property.

Training and Scholarship Expenses include expenses for participation/ attendance in and conduct of training, conventions, seminars/ workshops and expenses for scholarships granted to officers and employees in the pursuit of further learning.

Traveling Expenses cover the costs incurred by any officers and employees while on official travel that includes transportation, per diems, ferriage and other related expenses.

Communication Expenses include costs incurred for telephone (landline and mobile), internet and other forms of telegraphic messenger services.

Survey Expenses represents the cost incurred in the conduct of cadastral, structural, topographical, statistical and other types of surveys conducted by PPA which includes salaries and wages of casual and contractual employees, incidental travelling expenses and other related costs.

Confidential, Intelligence and Extraordinary Expenses pertain to expenses incurred for highly sensitive activities. Pursuant to Joint Circular No. 2015-01 of COA, DBM, DILG, GCG and DND dated January 8, 2015 on the Guidelines on the Entitlement, Release, Use, Reporting and Audit of Confidential and/or Intelligence Funds, the liquidation documents on the utilization of the fund shall be directly submitted to the COA Central Office thru ICFAU for audit.

Demolition and Relocation Expenses represent cost incurred in demolition of structures and relocation of affected port development projects.

Awards, Rewards, Prizes and Indemnities pertains to amounts given in recognition of any civic or professional achievement and rewards to authorized recipients, amount awarded by courts or administrative bodies to persons affected by the destruction of property/death/ injury,



as well as the monetary service/loyalty awards given to officials and employees for attaining several years of service to the PPA.

29. FINANCIAL EXPENSES

This account is composed of financial charges as follows:

Particulars	2019	2018
Interest expense – Loans/ Borrowings	76,884,238	89,598,370
Guarantee Fees	33,676,075	48,376,782
Bank charges	1,520,641	384,409
Other Financial Charges		
Loss on Foreign Exchange (FOREX)	7,349,935	36,356,788
Fees and other Commission Expenses	0	1,421,839
Other Finance Charges – Foreign Loans	701	500
Total	119,431,590	176,138,688

*Interest Expense* pertains to interest payments on various foreign loans of the PPA.

*Guarantee Fees* includes payments to the BTr for guarantee fees on the foreign loans guaranteed by the Republic of the Philippines.

*Bank Charges* is used to recognize the charges imposed by the bank for various services rendered excluding interest charges.

*Other Financial Charges* consist mainly of Loss on Foreign Exchange which represents the amount recognized as actual gain/loss from foreign currency transactions. This consists of (a) the difference between the actual amount billed and settled at the time of debt servicing of the foreign loan and its recorded book value and (b) the difference between the peso equivalents of the amount of withdrawal from dollar bank deposits at actual rates prevailing at the time of withdrawal as against its carrying value using the adopted booking rate.

30. NON-CASH EXPENSES

Details of this account are shown below:

Particulars	2019	2018
Depreciation Expense	2,689,101,089	2,812,648,958
Losses	29,422,686	268,375,799
Impairment Loss	8,245,759	4,985,418
Amortization	814,261	141,144,686
Discounts and Rebates	255,158	312,198
Total	2,727,838,953	3,227,467,059

*Depreciation Expense* is computed using the straight-line method over the estimated useful lives of the assets net of ten percent residual value, in accordance with PPA Memorandum Circular No. 37-2005 and COA Circular No. 2004-003.

Losses account consists of the following:

Particulars	2019	2018
Loss of Assets	9,125,894	0
Loss on Foreign Exchange (Loss on Revaluation)	884,275	263,247,322
Loss on Sale of Assets	0	534,070
Other Losses	19,412,517	4,594,407
Total	29,422,686	268,375,799

*Loss of Assets* is recognized due to accidents, theft, robbery, negligence, manmade conflict, fire, typhoon, and other calamities.

*Loss on Foreign Exchange* (Loss on Revaluation) – in accordance with the Philippine Accounting Standards (PAS) 21, represents balances of foreign currency-denominated accounts (i.e., foreign loans and dollar deposits) which are revalued at year end to reflect the actual exchange rate at balance sheet date. The difference is recognized as gain/loss on revaluation.

*Loss on Sale of Assets* represents the excess of net book value over the selling price of the asset.

*Other Losses* represent the difference between the carrying value and the ten percent residual value of fixed asset reclassified as unserviceable asset upon retirement from proper fixed asset account. Also, this includes the decrease in value of fixed assets undergone initial appraisal. Impairment Loss – Loans and Receivables is based on the prescribed provision for bad debts under existing PPA guidelines.

*Amortization* refers to the periodic allocation of the cost of intangible assets for the development of the completed PPA Computerized System.

*Discount and Rebates* refers to the discount given to Senior Citizens, Person with Disability (PWD) and students availing of the port services.

31. INCOME TAX EXPENSE

The Statement of Comprehensive Income for CY 2019 reflects a Net Profit amounting to P7,280.66 million. For this year, the Authority is subject to payment of Income Tax based on the 30 percent Regular Tax Rate as this is higher than the Minimum Corporate Income Tax (MCIT) computed at two percent of Gross Income. As of the third quarter of 2019, PPA already remitted to the Bureau of Internal Revenue (BIR) P2,308.98 million of income tax. The income tax expense for the year is reported at P3,064.20 million, which will be settled using the application of prepaid income tax made during the last three quarters of the year and the balance of P755.23 million will be recorded as tax liability for the year.

32. CONTINGENT ACCOUNTS

In compliance with the provisions of PAS 37 – Provisions, Contingent Liabilities and Contingent Assets, Contingent Assets and its contra account Contingent Surplus were excluded from the accounts presented in the Statement of Financial Position. Depending on the outcome of events, income or surplus that may be realized on contingent assets amounts to P833.80 million and P842.74 million in 2019 and 2018, respectively.

The contingent accounts are mainly contested accounts receivable with expected income from increased rates on lease of land and other PPA port facilities. It is the policy of the PPA and as embodied in the lease agreements that rental rates are automatically adjusted based on the appraised value of the property. This adjusted rate on lease serves as the basis of computation and issuance of invoice to the lessee.

33. SUPPLEMENTARY INFORMATION REQUIRED BY BIR UNDER RR NO. 15-2010

On November 25, 2010, the BIR issued Revenue Regulations (RR) No.15-2010 prescribing additional procedural and/or documentary requirements in connection with the preparation and submission of Financial Statements accompanying the Tax Returns. Under the said RR, it is required that, in addition to the disclosures mandated under the Philippine Financial Reporting Standards, and such other standards and/or conventions as may be adopted, the Notes to Financial Statements shall include information on taxes, duties and license fees paid or accrued during the taxable year.

In compliance with the requirements set forth by RR 15-2010 hereunder are the information on taxes, duties and license fees paid or accrued during the taxable year:

1. VAT Output Tax

Philippine Ports Authority is a VAT-registered company with VAT output tax declaration of **P1,930,960,276.69** for CY 2019 based on the amount reflected in the Sales Account of **P16,091,478,613.02**.

The company has zero-rated sales amounting to **P2,545,698,710.55** and exempt sales of **P635,603.88** pursuant to the provision of RA 7716 as amended by RA 8241, RA 8424 and RA 9337 and RR 16-2005 Section 4.108-5(b)(4) law/regulations.

2. VAT Input Tax

The amount of VAT Input Taxes claimed is broken down as follows:

2.1. Beginning of the year:	
2.1.1. Excess Input Tax carried over	133,495,236.36
2.1.2. Input Tax Deferred on Capital Goods	64,099,082.15
	<b>197,594,318.51</b>
2.2. Current year's domestic purchases/ payments for:	
2.2.1. Goods other than for resale or manufacture	34,809,997.87
2.2.2. Capital goods subject to amortization	63,029,144.02
2.2.3. Capital goods not subject to amortization	94,817.46
2.2.4. Services lodged under other accounts	1,091,694,728.01
	<b>1,189,628,687.36</b>
2.3. Claims for tax credit/refund and other adjustments	1,285,322,064.36
Add/Deduct Adjustments:	
Input Tax on Sales to Government closed to expense/ (income)	(11,420.95)
Input Tax Allocable to Exempt Sales	39,257.19
	<b>1,285,349,900.60</b>
2.4. Balance at the end of the year	<b>101,873,105.27</b>

3. Other Taxes and Licenses

3.1. Local	
Business Tax/Mayor's Permit/Others	18,826,766.02
Other taxes and licenses	80,182.58
3.2. National	
Department of Environment and Natural Resources	379,293.27
Bureau of the Treasury (Bond Premiums)	242,494.15
National Telecommunications Commission (Radios Licenses)	123,236.00
Bureau of Internal Revenue (Annual Registration Fee)	83,780.00
Environmental Management Bureau	21,840.00
Energy Regulatory Commission	15,000.00
Bureau of Fire Protection	3,846.00
Land Transportation Office (Vehicle Registration)	2,548.12
	<b>19,778,986.14</b>

4. Withholding Taxes

The amount of withholding taxes paid/accrued for the year amounted to:

4.1. Final (VAT) Withholding Tax/es	499,525,195.86
4.2. Expanded Withholding Tax/es	168,132,251.00
4.3. Tax on compensation and benefits	119,324,079.11
	<b>786,981,525.97</b>

5. Basic Taxes Paid per Final Assessment Notices:

TY 2016	
Income Tax (50% of Basic Tax)	449,659,656.93
VAT	19,824,000.00
Withholding Tax Compensation	12,138,171.74
Withholding Tax EWT	13,933,540.47
Final VAT and Other Percentage Tax	10,074,127.66
<b>Total Basic Taxes paid in CY 2019</b>	<b>505,629,496.80</b>

The Philippine Ports Authority has a pending request filed with the Office of the BIR Commissioner on the abatement of interest and compromise penalties for all tax types.



PHILIPPINE PORTS AUTHORITY  
SCHEDULE OF WITHHOLDING TAXES  
CY 2019

Month	Creditable Withholding Taxes (1600)			DATE FILED
	Amount	BIR Filing Reference No.	LBP's Confirmation No.	
January	22,269,714.77	171900029073709	00020920191522490090	2/09/19
February	10,040,102.53	171900029515373	00030920190824074070	3/09/19
March	40,908,382.15	171900029870759	00040820191617442240	4/08/19
April	34,640,219.39	171900030339691	00050820191628282780	5/08/19
May	55,399,256.09	171900030822152	00060720191836102050	6/07/19
June	26,568,607.45	171900031224960	00070920191442570240	7/09/19
July	42,129,902.66	171900031630687	00080820191029289200	8/08/19
August	41,543,363.30	171900032148683	00090920191333449670	9/9/19
September	34,207,475.33	171900032526919	00100920191239557320	10/09/19
October	32,160,712.31	171900033012268	00110820191917496400	11/08/19
November	36,078,473.31	171900033465448	00120920191112568840	12/09/19
December	123,578,986.57	172000033868792	00010820201914132360	1/08/20
<b>TOTAL</b>	<b>499,525,195.86</b>			

Month	Expanded Withholding Tax (1601E)			DATE FILED
	Amount	BIR Filing Reference No.	LBP's Confirmation No.	
January	7,724,708.77	431900029084722	00021020191029592020	2/10/19
February	3,949,759.20	431900029517677	00030920190938594150	3/09/19
March	16,150,143.76	401900029928771	00041020191600393210	4/10/19
April	11,169,801.61	431900030353851	00050920190901299000	5/09/19
May	21,556,991.11	431900030884418	00061020191649598400	6/10/19
June	9,649,286.71	401900031367712	00071920191716397780	7/19/19
July	13,959,192.35	431900031631760	00080720191438525340	8/07/19
August	14,135,692.59	431900032167600	00090920191532046240	9/09/19
September	12,829,357.20	401900032611441	00101120191539427040	10/11/19
October	10,169,312.79	431900033029721	00110920191012327810	11/09/19
November	12,250,360.39	431900033539754	00121020191510581000	12/10/19
December	34,587,644.52	402000034075597	00011720201428519600	1/17/20
<b>TOTAL</b>	<b>168,132,251.00</b>			

Month	Withholding Tax on Compensation (1601C)			DATE FILED	TOTAL
	Amount	BIR Filing Reference No.	LBP's Confirmation No.		
January	7,985,964.92	11900029086227	00021020191333505690	2/10/19	37,980,388.46
February	7,949,857.39	11900029531580	Check #72776	3/09/19	21,939,719.12
March	9,046,401.18	11900029884041	00040920190853066740	4/09/19	66,104,927.09
April	8,402,987.20	11900030341345	00050820191650155150	5/08/19	54,213,008.20
May	10,488,671.20	11900030886344	00061020191646406760	6/10/19	87,444,918.40
June	8,454,461.94	11900031267297	00071020191634098070	7/10/19	44,672,356.10
July	7,947,980.35	11900031660232	00080820191428429680	8/08/19	64,037,075.36
August	8,845,741.51	11900032168462	00090920191600022520	9/09/19	64,524,797.40
September	12,683,075.81	11900032580024	00101020191457502860	10/10/19	59,719,908.34
October	8,943,463.73	11900033025112	00110920191020010470	11/09/19	51,273,488.83
November	14,403,073.22	11900033554062	00121020190850398480	12/10/19	62,731,906.92
December	14,172,400.66	12000034105564	00012020201551239440	1/20/20	172,339,031.75
<b>TOTAL</b>	<b>119,324,079.11</b>				<b>786,981,525.97</b>

34. STATUS OF LAWSUITS

The Authority is involved as a party litigant in several lawsuits still pending for resolution that could materially affect its financial position. Among these lawsuits are the following:

A. List of Decided Cases

No.	Case Title	Case No. / Court	Description	Status
1	Amalgamated Motors (Phils.), Inc. VS. PPA	CA GR SP No. 146071 RTC-Manila Branch 21  Civil Case No. 14-131974	Petition for Consignation	In a Decision dated May 8, 2014, the Metropolitan Trial Court (MeTC) dismissed the Petition for Consignation filed by Amalgamated Motors (Phils.) Inc. which was then elevated to Regional Trial Court (RTC) which affirmed the Decision of MeTC in a Decision dated December 27, 2015. Thereafter, the case was further elevated to the Court of Appeals (CA) through a Petition for Review which was also Denied in a Decision rendered by the CA dated October 25, 2016.  On February 15, 2017, a Resolution was issued entering the Decision rendered in this case with Finality.  Awaiting the transmittal of records from the Supreme Court of RTC. For filing of Motion to Withdraw consigned rentals.
2	Culasi Port Services, Inc. (CPSI) VS. PPA	Civil Case No. 13-129380	Declaration of Nullity of Termination of Contract and Damages with Prayer for Preliminary Injunction and TRO and Damages in the amount of P150,000.000 every month that plaintiff is deprived of its cargo handling operations, P100,000 Attorney's fees and P100,000 for litigation expenses.	Decision was rendered based on the Compromise Agreement.  Under the Compromise Agreement, the parties agreed that CPSI shall waive and forego in favor of PPA the award of P10,000,000.00 in temperate damages and P100,00.00 attorney's fees while PPA shall immediately return cargo handling operations in the Port of Culasi to CPSI for a period of the 2009 Contract, which shall not go beyond December 31, 2022
3	PPA VS. Heirs of Paulina Acosta, (Represented by Aniceto Tolentino, et al.); Heirs of Marciano Gabia Manalo and Lucia Gabia (Represented by Romeo Manalo, et al.)	Civil Case No. 5447 RTC-Batangas City Branch 84	Expropriation	This covers the Batangas Port Development Project, Phase II. On June 22, 2009, the Supreme Court issued a Resolution declaring the just compensation at P425 per square meter and with a directive to pay 12% interest per annum from the date of PPA's entry to lots on Sept. 11, 2001 until fully paid less initial payments made to lot owners and deductible taxes.  Payments to the landowners are currently being undertaken subject to the presentation of appropriate documents. Remaining balance for Just Compensation as of December 31, 2017 is P5,964,447.01

B. Status of Pending Cases

No.	Case Title	Case No. / Court	Description	Status
1	Application for Original Registration of Title, SPS. Eduardo Rentuza and Amy G. Rentuza	LRC Case No. N-029 RTC-Sogod, Southern Leyte Branch 39	Application of Sps. Eduardo Rentuza and Amy G. Rentuza for confirmation and registration of title over Lot No. 1576 and Lot No. 1581, both located in the Municipality of Liloan, Province of Southern Leyte	The scheduled initial presentation of Petitioners' evidence set on December 2, 2019 was cancelled due to non-availability of the judge. Awaiting for Order setting the next hearing.
2	APL C. PTE Ltd., VS. Oceanic Container Lines Inc., Filipinas Port Services Inc. and Philippine Ports Authority	Civil Case No. 14132592 RTC-Manila Branch 20	Damages in the amount of P1,315,191.36 US Dollar 49,834.36 for plaintiff's off-hire and fuel consumption expenses, P209,086.15 for pilotage, docking/ undocking fees and port charges and P100,000.00 for attorney's fees.	For presentation of defendants' evidence. PPA filed with the Court a Demurrer of Evidence seeking the dismissal of the case for failure of the plaintiff to substantiate its claims. Pending resolution of Demurrer.



No.	Case Title	Case No. / Court	Description	Status
3	Barangay 650, Zone 68 et al. VS PPA et al.	Civil Case No. 00-98093 RTC-Manila Branch 42  CA GR CV No. 111289	Prohibition with Application for Preliminary Injunction and with Prayer for the Issuance of a TRO, Damages and Relocation	<p>On September 2019, RTC rendered Decision dated September 16, 2019 which dismissed the Petition for Prohibition with Application for Preliminary Injunction and/or Temporary Restraining Order (TRO) filed by the residents of Barangay 650, and ruled that:</p> <ol style="list-style-type: none"> <li>The petitioners are not entitled to a prohibitory writ since Barangay 650 is within the South Harbor Expanded Port Zone (SHEPZ), which is not meant to accommodate informal residential dwellings and/or structures built by the petitioners;</li> <li>The property subject of the case has not been utilized to facilitate port – related services and industries in the South Harbor because the same have been occupied by informal settlers;</li> <li>The area subject of the case is exempt from the coverage of RA 7279, which provides that “lands used, reserved, or otherwise set aside for government offices, facilities and other installations, whether owned by the National government, its agencies and instrumentalities, including government- owned or controlled corporations, or by the local government units”; and</li> <li>The petitioners “failed to establish that the intended clearing or demolition of the disputed area is attended with grave abuse of discretion on the part of respondents”.</li> </ol> <p>Shortly thereafter, petitioners filed a Petition for Review before the Court of Appeals, docketed as CA-GR CV No. 111289.</p> <p>For filing of Memorandum of the parties.</p>
4	Barangay 651, Zone 68 et al VS. PPA et al.	Civil Case No. 00-97859 RTC-Manila Branch 8	Prohibition with Application for Preliminary Injunction and With Prayer for the Issuance of TRO, Damages and Relocation.	<p>Continuation of Petitioner’s presentation of evidence on February 22, 2019.</p> <p>The parties have agreed for the archiving of the case.</p>
5	DMCI Mining Corporation VS. PPA	R-MNL-18-09143-SC RTC Manila Branch 16	Petition for mandamus with application for a Writ of Preliminary Mandatory Injunction	<p>The Court issued an Order dated December 19, 2018 denying PPA’s Motion for Reconsideration and Lifting of Resolution dated September 27, 2018, ordering to PPA to issue a Certificate of Registration/ Permit to Operate in favor of DMCI Mining Corporation for a non-commercial private port-beaching facility in Barangay Bolitoc, Sta. Cruz, Zambales.</p> <p>On December 21, 2018, the Court issued a Writ of Preliminary Mandatory Injunction and commanded PPA to comply with the Resolution of the Court dated September 27, 2018 and December 19, 2018.</p>
6	Harbour Link Transport, Inc. VS. Negros Navigation Inc. and PPA	Civil Case No. 09121693 RTC-Manila, Branch 30	Declaration of Nullity of Lease Contract, Specific Performance and Damages in the amount of P500,000 for exemplary damages, P1,000,000.00 for moral damages and P500,000 for attorney’s fees.	<p>On February 18,2019, Harbour-Link Transport, Inc. (HLTI) filed a Motion for Issuance of Writ of Execution, to cause the enforcement of the Decision promulgated on March 25, 2018 which directed Negros Navigation Company, Inc. to pay HLTI the sum of P16,400 as actual damages. P500,000 as attorney’s fees, and costs of suit.</p> <p>On June 19, 2019, 2GO Group, Inc. (formerly Negros Navigation Company, Inc.) filed a Motion for Reconsideration on the RTC Order, praying for the giving of due course to, and allow their Notice of Appeal, and for the denial of the Motion for Issuance of Writ of Execution filed by HLTI.</p> <p>On August 6, 2019, the RTC issued an Order requiring HLTI to pay up deficiency docket fees.</p> <p>On August 27, 2019, HLTI filed a Compliance manifesting its payment of deficiency docket fees.</p>

No.	Case Title	Case No. / Court	Description	Status
7	In the matter for Petition for rehabilitation of the Philippine Journalist Inc. Almega Management Investment Corporation	SP 14-132862 RTC-Manila Branch 46	Involuntary Rehabilitation	The case was set for hearing for election and appointment of liquidator, however, due to Almega Management and Investment Corporation’s Motion to reset, the hearing was rescheduled on January 28, 2020.
8	Lepanto Consolidated Mining Co. VS. PPA	Civil Case No. 3920 MTTC San Fernando, La Union Branch 2          Civil Case No. 9198 RTC La Union Branch 29  CA-G.R. 145223	<p>Unlawful Detainer, With Prayer for PPA to Vacate the Premises and for Reasonable Compensation For The Actual Occupancy Of The Property.</p> <p>Payment of Rental Fees amounting to P7,325,121.90 as referred to with the proposed rental rates provided by Lepanto Consolidated Mining Co., dated March 28, 2012.</p>	<p>On January 5, 2015, MTCC of San Fernando La Union rendered a Decision, the dispositive portion of which, reads:</p> <p>“Wherefore, all the foregoing premises considered, judgment is hereby rendered in favor of LCMC –</p> <ol style="list-style-type: none"> <li>Ordering PPA to vacate the 2,231.50 square meter portion of land covered by TCT No. T-4244 and surrender possession of the same to LCMC;</li> <li>Directing LCMC to reimburse to PPA the amount of P2,678,681.30 as cost of constructing the PMO administration building (this amount may be deducted from the accrued rental;</li> <li>Ordering PPA to pay LCMC accrued rent for the use of the 2,231.50 square meters occupied by PPA for the period August 2003 up to December 2014 in the total amount of P9,848,502.10; and to pay a monthly rental in the amount of P78,102.50 thereafter until possession is surrendered to LCMC.”</li> </ol> <p>On December 28, 2015, RTC rendered a Decision affirming MTCC’s Decision with modification. The award of reimbursement under paragraph 3 of the judgment was deleted.</p> <p>Petition for Review was filed before the Court of Appeals, which was resolved in favor of LCMC.</p> <p>On November 20, 2019, PPA, through the OGCC, filed a Petition for Review assailing the Resolution of the Court of Appeals before the Supreme Court.</p> <p>On November 2019, Lepanto Consolidated Mining Corporation filed a Motion for Execution before the RTC.</p> <p>On November 27, 2019, LSD lawyers attended the hearing set for the Motion for Execution filed by the petitioner.</p> <p>The Court informed the parties that an Order will be issued to direct PPA to file its Comment to the Motion for Execution.</p>
9	Macquarie Green Properties, Inc. VS. PPA and All Persons Claiming Rights Under It	Civil Case Nos. 10086, 10087, 10089 and 10099 RTC Batangas Branch 4	<p>Accion Publiciana, Damages and Attorney’s Fees.</p> <p>Rental Fees for a total amount of P500,000 monthly rental fee for the properties and attorney’s fee in the amount of P150,000 acceptance fee and P5,000 for every court appearance.</p>	The Court set the next hearing on January 24, 2020.



No.	Case Title	Case No. / Court	Description	Status
10	Manila International Ports Terminal, Inc. (MIPTI) VS. PPA	Civil Case No. 86-37673 RTC-Manila Branch 15  C.A No.80775  SC GR. No. 196252 196199	Damages arising from the takeover by PPA of the Manila International Container Terminal (MICT) just after the EDSA revolution.  CA modified RTC decision as follows: PPA ordered to pay MIPTI P19 million at interest rate of 6 percent; P250,000 per month for unrealized profits.  Petitions for Review on Certiorari of CA Decision were both filed by PPA and MIPTI on May 11, 2011 and May 9, 2011, respectively.  On August 14, 2013, the court issued an Order noting the respective Replies filed by OSG and MIPTI on the separate comments on the petitions in G.R. No. 196252 and G.R. No. 196199.  Both are pending with SC.	RTC declared EO 30 unconstitutional and ordered PPA to return and restore all equipment and properties taken during take over or to pay P180 million; P1.5 million per month for actual damages for loss of income; P1.5 million per month as rental for use of equipment; P200,000 exemplary damages; and P500,000 attorney's fees.
11	Manuel Serbito Lenogon, et al., VS. PPA, et al.	NLRC-NCR-12-1549-16 National Labor Relations Commission Quezon City  CA-GR No. SP No. 155870	Complaint for Non-payment of Separation Pay.	The case is pending with the Court of Appeals.
12	Nautical Ports Management and Services, Inc. (NPMSI) represented by its President Manager, Carlos Oliver V. Talens, VS. PPA	Special Civil Action No. 17-24 RTC-Roxas Branch 43	Petition for Certiorari (Under Rule 65, Revised Rules of Civil Procedure in relation to Sec. 58, Art XVII, RA 9184 and Sec. 58, Rule XVII, Revised IRR-RA 9184), Prohibition and Mandamus with prayer for Issuance of a Writ of Mandatory Injunction and Damages.	Submitted for Decision.
13	Nautical Ports Management and Services, Inc. (NPMSI) represented by its President Manager, Carlos Oliver V. Talens, VS. PPA	Civil Case No. CV-17-7087 RTC-Calapan Branch 40	Petition for Certiorari (Under Rule 65, Revised Rules of Civil Procedure in relation to Sec. 58, Art XVII, RA 9184 and Sec. 58, Rule XVII, Revised IRR-RA 9184), Prohibition and Mandamus with prayer for Issuance of a Writ of Mandatory Injunction and Damages.	In an Order dated December 9, 2019 the Court set the Pre-Trial Conference on January 16, 2020.
14	United Harbor Pilot's Association of the Philippines (UHPAP) VS. PPA et al.	Civil Case No. 02-104716 RTC Manila Branch 55 Re-raffled to Branch 22 Civil Case No. 88-4726 CA-G.R. 93775  G.R. No. 212561	Declaratory Relief, Injunction with Preliminary Injunction or Temporary Restraining Order and Damages; To order PPA to reimburse collected amount equivalent to 10 percent government share.  PPA filed an appeal with CA and in a Decision dated July 26, 2013, the latter quashed the writ of injunction issued by RTC and set aside the RTC decision and declared PPA AO 03-85 as valid and constitutional.  The Court rendered its Decision last July 26, 2013 granting PPA's Appeal.  UHPAP filed a Petition for Review on June 6, 2014. PPA filed its Comment last November 11, 2014.  The latest Resolution received from the SC is taking note of UHPAP's Reply. Pilots are now appealing to the Board to increase their rate.	RTC denied prayer for injunction and declared illegal and unconstitutional the provisions of PPA AO 03-85 and all subsequent issuances imposing 10 percent government share.

No.	Case Title	Case No. / Court	Description	Status
15	PPA VS. Pambansang Tinig at Lakas ng PANTALAN	Special Civil Action No. 08118633  CA-G.R. SP No. 107730  SC G.R. No. 192836	Mandamus with Prayer for Issuance of a Writ of Preliminary Mandatory Injunction; To direct PPA to actually integrate COLA and AA.	RTC granted the prayer and ordered PPA to actually integrate COLA and AA to the employees' basic salaries and to pay differentials and attorney's fees.  CA Decision dated Janu 29, 2010 affirming RTC Decision.  An Appeal was filed before the SC on September 2, 2010. Awaiting Resolution.
16	PPA represented by Glenn G. Cabanez Port Manager, PMO-PPA Cagayan de Oro City VS. Bernardo Dayao, Emeverto Dayao, and Sergio Alcibar	Civil Case No. 798 RTC-Mambajao, Camiguin Branch 28	Eminent Domain and Writ of Possession and Other Reliefs.	On May 23, 2017, PPA received a copy of Decision dated May 8, 2017 of the Honorable Court fixing the amount of just compensation to P225,491.39 for the 631 m. Property of Bernardo Dayao and P442,009.98 for the improvements thereon with legal interest of 12 percent per annum from April 30, 2013.  On December 4, 2017, PPA filed a Notice of Appeal that it is appealing to the Court of Appeals the Decision dated May 8, 2017 and Order dated October 26, 2017 which are not in accordance with law and evidence.  On March 13, 2018, PPA filed its Compliance to the court's directive in the Notice to File Brief dated February 20, 2018  PPA filed its Brief for the Petitioner-Appellee thru OSG dated October 8, 2018.  Set for status hearing on January 16, 2020 at 8:30 am.
17	PPA VS. Hon. Agerico A. Avila, in his capacity as the Presiding Judge of the RTC Branch 8 at Tacloban City, Philippine Phosphate Fertilizer Corporation, and Atty. Aris Gulapa, in his capacity as Rehabilitation Receiver	SPEC. Pro Case, R-TAC-17-00328-SP (Case R-ORM-15-00072SP) RTC-Tacloban Branch 8	Petition for Voluntary Rehabilitation of Philippine Phosphate Fertilizer Corporation	PPA filed a Petition for Certiorari before the Court of Appeals which denied the application of receiver and confirmed PPA's claim for One Hundred Seventy Four Million (P174,000,000.00). The rehabilitation plan prepared by the receiver was declined by the creditors and Philphos' joint venture pulled out. Philphos then filed a new rehabilitation plan to pay only half of the amount recognized by the receiver. PPA has filed a Motion for Reconsideration on the new rehabilitation plan.
18	Pier 8 and Arrastre and Stevedoring Services, Inc. VS. PPA, Juan C. Sta. Ana, Oscar Sevilla and MNHPI	CA-G.R. SP No.145455  Civil Case No. 11-125680 RTC-Manila Branch 33	Damages, Actual, Moral and Exemplary Damages of at least P2 million, and Injunction.	PPA filed its comment dated December 21, 2017, praying for the denial of Petitioner's Motion for Reconsideration on the Courts Order dated October 13, 2017, dismissing the Petition for Certiorari and reinstating the Orders of the Regional Trial Court of Manila, Branch 8, dated October 3, 2017 and February 23, 2016.  Petition for Certiorari filed by Petitioner dated September 14, 2018.  In Civil Case No 11-125680, the RTC of Manila issued an Order on December 9, 2019, resetting the hearing to February 12, 2020.
19	Pier 8 and Arrastre and Stevedoring Services, Inc. VS. PPA	Civil Case No. 00-97157 RTC-Manila Branch 19  Court of Appeals CA-G.R. 100359	Injunction with Damages (With Prayer for Temporary Restraining Order and Writ of Preliminary Injunction).	RTC issued a Decision dated December 28, 2012 dismissing the case. Despite the Court dismissal, the Court ordered PPA to pay rentals for the equipment of PASSI in the amount of P4,800,838.00  CA issued an Order dated February 20, 2013, discharging PPA of its liability as adjudged in the Decision dated December 28, 2012.  PASSI filed an Appeal before the CA.  PPA, through counsel OGCC filed a motion to reset the hearing on December 11, 2019 due to conflict of schedule considering the reason mentioned. The hearing was reset to February 12, 2020.
20	Samuel Reyes Garcia, et al., VS. DBP Service Corp., Titleist Services, Inc., PPA, Rodolfo C. Manaligod, Marilyn Garcia, Dinnan Serran and Everjoy S. Guerrero	NLRC-NCR Civil Case No. 17676-17	Illegal Dismissal, Actual Non-payment of salary/ wages, Non-payment of 13th month pay, non-payment of separation pay, Moral and Exemplary Damages and Attorney's Fees.	PPA attended the hearing last January 10, 2017 and parties were directed to submit their respective Position Paper on February 1, 2018 .  On February 19, 2018, the parties filed their respective replies. The case is now deemed submitted for Decision.



No.	Case Title	Case No. / Court	Description	Status
21	Shipside Inc. VS. PPA	CA-G.R. 141321 Court of Appeals  Civil Case No. 3917 MTCC Branch 2 San Fernando La Union  Civil Case No. 9121 RTC-La Union Branch 26	Unlawful Detainer, With Prayer For Reasonable Compensation For The Actual Occupancy of The Property located in San Fernando.	The CA dismissed the petition in its December 27, 2017 Decision. SI filed its January 15, 2018 Motion for Reconsideration. A February 7, 2017 Notice to Comment within 10 days was received by the OGCC on March 20, 2018.  PPA filed its Comment/ Opposition dated March 2018.
22	Tacoma Integrated Port Services, Inc. VS. PPA	Civil Case No. 08-119077 RTC Manila Branch 4          CA-GR CV No. 95349  GR No. 209123	Unlawful Detainer	On March 10, 2010, the RTC issued a Decision granting the petition for Declaratory relief, the dispositive portion of which, reads:  "Wherefore, premises considered, the petition is hereby GRANTED and the Court rules: (1) PPA Board Resolution No. 736 and Memorandum Order No. 68-2009 is declared null and void; (2) TIPSI's account with PPA is not delinquent; and (3) TIPSI not being delinquent, PPA must refund the former of its overpayment of P 28,619,690.44, including the subsequent payments made from October 2008, to the present; and (4) the 03 October 1911 Lease Contracts 1 and 2 and the rental adjustments under Commonwealth Act 141 are still in force and effect and TIPSI can continue paying the rates stated therein."  Tacoma Integrated Port Services Inc. filed a Petition for Review on Certiorari dated November 4, 2013 with the Supreme Court.  On March 31, 2014, PPA thru OGCC filed its Comment on TACOMA's Petition and we are now awaiting Decision/Resolution on said Petition.
23	United Dumangas Port Development Corp. (UDPDC) and Wilhelm Divinagracia VS. Juan Sta. Ana et. al	G.R. No. 192943 G.R. No. 06519 C.A.G.GR 05903 SP Civil Case No. 05-024 RTC-Dumangas Branch 68  CA-G.R. SP 03293 Court of Appeals Civil Case No. 11-30890	For Indirect Contempt, with Prayer for Damages of P50,000 per day from Feb. 18, 2011, P330,000 as attorney's fees, P250,000 litigation expenses, P1,000,000 for moral and other damages.	Petition GR 19294 – On August 12, 2015, the Supreme Court issued a Decision partly granting UDPDC's Petition. OGCC filed its Partial Motion for Reconsideration on October 2015. Awaiting Resolution thereof.  Petition for Certiorari CA GR CEB SP 05903 - Filed Motion for Reconsideration dated June 22, 2015 of the May 12, 2015 Decision which was denied. However, in view of the SC Decision dated August 12, 2015 in the principal case, this injunction petition had already become moot and PPA will no longer appeal the CA Decision.  Records of the case are remanded to the RTC, Dumangas, Br. 68 for proper determination of the value of equipment and improvements introduced by UDPDC on the Port of Dumangas.  A Motion for Issuance of a Writ of Execution was filed by Intervenor Municipality dated March 23, 2018 before the RTC praying for the issuance of a Writ of Execution to enforce the Decision of the court dated May 18, 2007 as reinstated by its August 12, 2015 Decision.  During the hearing of the Motion held on Apri 2, 2018, the OGCC was directed to file comment on the motion within 15 days from receipt of the order.  The Board of Commissioners was already constituted and is currently deliberating on the value of UDPDC's investment in the Port of Dumangas.

No.	Case Title	Case No. / Court	Description	Status
24	PPA VS. Melca Ejera, et al.	RO10-WMO- CV-2017-02- 0104-G  OS-LS-0021- 0129-2018  CA-GR SP No. 09308- MIN  CA-GR SP No. 160468	Petition for Review (SOLE Ruling on Non-payment of Salaries and Night Shift Premium of Outsourced Employees	In December 2016, PMO Misamis Oriental received a Notice of Conference from the DOLE Regional Office X requiring the appearance of its Port Manager to appear as an observer in relation to the complaint of twenty-five (25) workers outsourced from Workers' Vision Manpower Services, Inc. (WVMSI) for violating labor standards laws alleged to have been committed at the said PMO.  On February 1, 2017, the DOLE Regional Office conducted a workplace inspection. Thereafter, the parties were made to submit their respective Position Papers.  On November 7, 2017, PPA received from the DOLE Regional Office an Order directing PPA and WVMSI to pay jointly and severally the affected workers the amount of P330,749.44 for the non-payment of salaries and night shift premium.  On November 17, 2017, PPA filed its Notice of Appeal and Memorandum of Appeal before the SOLE assailing the said Order.  On July 30, 2018, the DOLE rendered a Resolution dismissing the appeal.  After PPA's Motion for Reconsideration was denied by the SOLE in a Resolution dated March 29, 2019, PPA filed the Petition in the CA on April 22, 2019.  In a Resolution dated September 11, 2019, the CA suspended appellate proceedings and referred the case to the Philippine Mediation Center (PMC) – CA unit for mediation, and ordered the parties to pay mediation fees.  In the proceedings at the DOLE Regional Office, a Pre- Execution Conference (PEC) was held on October 15, 2019. During the PEC, all parties have expressed their unwillingness to the possibility of a settlement.  The respective counsels for respondents WVMSI and PPA have manifested the pendency of appellate actions filed before the Court of Appeals. Counsels for both respondents requested that the execution be deferred as a matter of judicial courtesy. It was also requested that the complainants post a bond in light of the appeals filed at the CA, which was objected by the counsel for complainants.  The Med-Arbiter informed the parties that the requests of the counsels for the respondents would be relayed to the regional Director for appropriate action. Likewise, considering no payment was made and no TRO was issued by the CA, the judgment monetary award will be collected by virtue of a writ of execution in accordance to the DOLE Sheriff's Manual and applicable laws.  On December 2, 2019, the CA issued a Resolution directing PPA to Comment on the Manifestation of the Ejera group to transfer the mediation proceedings from Manila to Cagayan de Oro on the basis of the distance and financial incapacity of the respondents to attend the proceedings in Manila.  On December 19, 2019, PPA filed its Comment/ Opposition to the Ejera group's Manifestation, averring that the respondents can merely authorize their counsel to attend the proceedings in Manila in their behalf.



35. OTHER DISCLOSURES WITH POSSIBLE FUTURE FINANCIAL IMPACT

Land located north of the mouth of Pasig River off Pier 2 in the North Harbor with a book value of P10,921.32 million which is currently being utilized by ICTSI and recorded by PPA as service concession land is the subject of OGCC Arbitration Case No. 2012-01 with the following related information:

- Records show that PD No. 802 directing the registration of the subject property in the name of GSIS was issued on September 18, 1975.
- On December 23, 1975, PD No. 857 was issued expressly transferring to PPA all powers and rights in all properties and appropriations of any government authority, agency and instrumentality pertaining to every matter concerning port facilities, port works or port operations.
- Express repeal of PD No. 802 by PD No. 1284 which was issued on July 16, 1978, affirming the power and responsibility of PPA to undertake any study or work for the development, construction and supervision of all port works, facilities and dredging in the International Port Complex and its vicinity.
- Government Service Insurance System is claiming that the land is part of their assets as they possess the Original Certificate of Title (OCT) 10722 which was subsequently subdivided into TCT No. 272971 and TCT No. 272972. In the March 21, 2018 issue of the Philippine Star, GSIS published an article announcing the auction of the port area property on May 3, 2018.

The Board of Directors

OUR LEADERS





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Maritime Industry Authority

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Office of the Government  
Corporate Counsel



Executive Officers



(From left)

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and concurrent Asst. to the General Manager for Special  
Concerns

**CONSTANTE T. FARIÑAS, JR.**  
Asst. General Manager for Engineering

**HECTOR E. MIOLE**  
Asst. General Manager for Operations

**JAY DANIEL R. SANTIAGO**  
General Manager

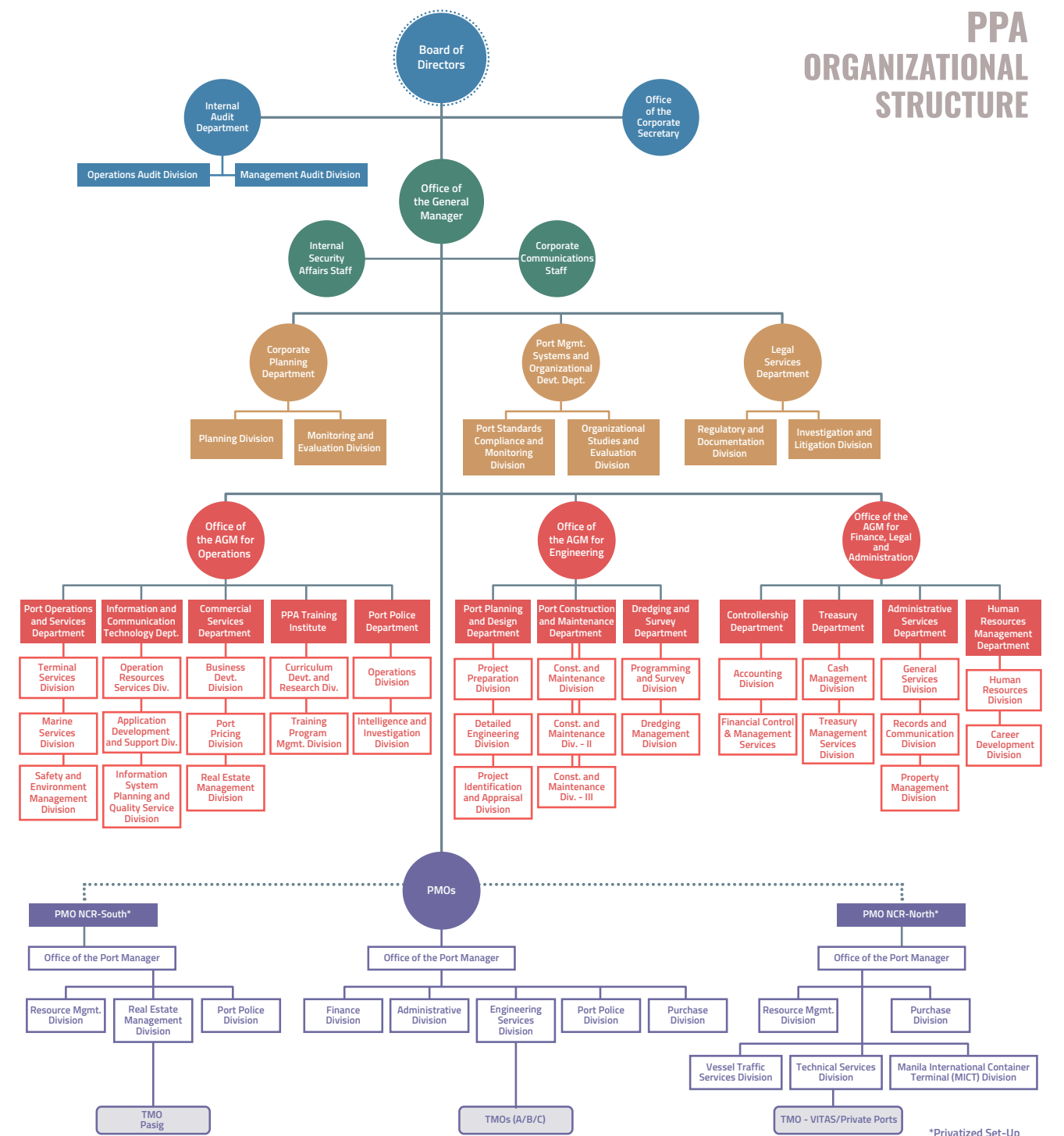
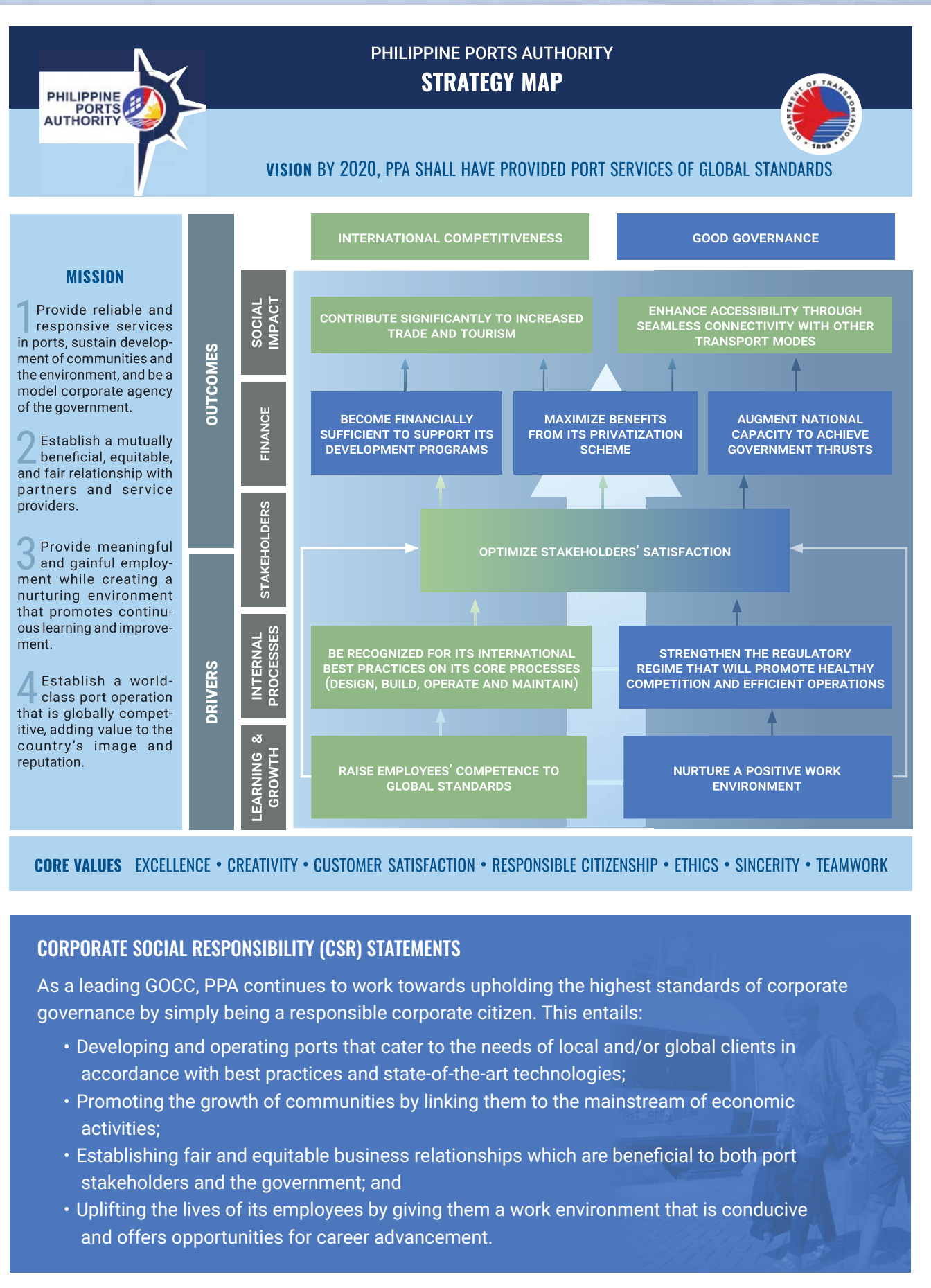
Department Managers

<b>OFFICE OF THE GENERAL MANAGER</b>	
Special Assistant to the Corporate Head	Primo Elvin L. Siosana (Acting)
Internal Audit	Venicius V. Villaseñor
Legal Services	Ma. Asuncion Hiyasmin H. De Los Santos (until 04 December 2019)
	Rigel L. Caabay (Acting)
Port Management Systems and Organization Development	Elaine L. Paredes (until 16 October 2019)
	Cordelia C. Sidon (Acting)
Corporate Planning	Angelina A. Llose
<b>OPERATIONS OFFICE</b>	
Port Operations and Services	Lilian T. Javier (until 04 December 2019)
	Ma. Asuncion Hiyasmin H. De Los Santos
Commercial Services	Leila L. Martinez (Acting)
PPA Training Institute	Marygene F. Montenegro (Acting)
Port Police	Genaro P. Mancio, Jr. (Acting)
Information and Communications Technology	Gervacio Alfredo N. Balatbat (Acting)
<b>ENGINEERING OFFICE</b>	
Port Construction and Maintenance	Carlito M. Castillo
Dredging and Survey	Rolando K. Perez
Port Planning and Design	Reynand C. Parafina
<b>FINANCE AND ADMINISTRATION OFFICE</b>	
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	Primo Elvin L. Siosana
Treasury	Emerina R. Billones (Acting)
Human Resource Management	Mark Jon S. Palomar
Administrative Services	Joselito O. Sinocruz (until 16 October 2019)
	Eric E. Dimaculangan (Acting)

Port Management Office (PMO) Managers

<b>MANILA/NORTHERN LUZON PMOS</b>	
PMO NCR South	Eligio P. Fortajada (Acting)
PMO NCR North	Rosenda G. Sumagaysay (until 31 January 2019)
	Annie Lee F. Manese
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PMO Bataan/Aurora	Loven S. Serran (Acting)
<b>SOUTHERN LUZON PMOS</b>	
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PMO Agusan	Mildred J. Padilla
PMO Surigao	Froilan U. Caturla (Acting)
PMO Misamis Occidental/Ozamiz	Subanrio I. Lim (Acting)
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PMO Davao	Analee G. Aguila
PMO SOCSARGEN	Cesar M. Dataya
PMO Zamboanga Del Norte	Arcidi S. Jumaani
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Cargo handling operators and ship crew work side by side at the Makar Wharf, Port of General Santos.  
*Back cover* Ships at bay—the view from the PPA Head Office.

Service with a smile. Jolly porters at the Iloilo Ferry Terminal.





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