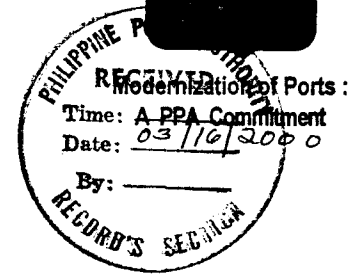




REPUBLIKA NG PILIPINAS  
PANGASIWAAN NG DAUNGAN NG PILIPINAS  
PHILIPPINE PORTS AUTHORITY

PPA



16 March 2000

**PPA ADMINISTRATIVE ORDER  
NO. 01 - 2000**

**T O** : District Managers, Port Managers, Cargo handling  
and Terminal Operators, Shipping Companies,  
and All Others Concerned

**SUBJECT** : **Guidelines for the Establishment and Operationalization  
of the Portworkers Social Amelioration Program**

**1. AUTHORITY**

- 1.1 Section 6 (a) (iii) of Presidential Decree No. 857, as amended.
- 1.2 Memorandum to the Authority from the President of the Philippines dated 01 May 1997.

**2. OBJECTIVE**

To improve the welfare of portworkers by providing additional benefits.

**3. PURPOSE**

To provide implementing guidelines for the establishment and operationalization of the Portworkers Social Amelioration Program.

**4. SCOPE**

- 4.1 This Order shall apply to all portworkers and employees of all cargo handlers, terminal operators or unified contractors authorized by the Authority to operate in government ports administered by PPA, whether permanent, probationary, temporary or casual, whose SSS premium contributions are paid and are included in the regular payroll of the cargo handling operators.

- 4.2 Portworkers and employees of cargo handlers or unified contractors of other port authorities or offices not covered under this Order may be included in the coverage of beneficiaries of the Program upon voluntary enrolment and adoption of the program by such port authorities and other agencies concerned.
- 4.3 Portworkers in good standing who transfer from one cargo handling company in a government port to another participating company of the PSAP shall be covered by the Program. These portworkers shall carry over their service credits to the new cargo handling company/unified contractor upon such transfer.

## 5. DEFINITION OF TERMS

- 5.1 **Authority** – refers to the Philippine Ports Authority (PPA) created by Presidential Decree No. 857, as amended.
- 5.2 **Fund** – refers to the aggregate sum of money or other resources for the purpose of carrying out the objectives of the PSAPI which is obtained from the contributions of enrolled cargo handlers or unified contractors from its cargo handling revenue (collected and receivables), donations and fund management income.
- 5.3 **Portworkers** - refers to workers and rank and file employees of companies or entities authorized by the Authority to engage in terminal operations, arrastre and stevedoring services. Such portworkers and employees must be duly registered by its cargo handling company employer with the Social Security System.
- 5.4 **Program** - refers to the Portworkers Social Amelioration Program (PSAP).
- 5.5 **Service Provider** - means any individual, partnership or corporation presently authorized by the Authority to provide port services to include, among others, cargo handling services in the port declared for modernization.
- 5.6 **Unified Contractor** - refers to a single corporate entity organized by all existing and/or qualified facility operators, service providers, and interested private port users which have been awarded a management contract to develop, manage and operate a port declared for modernization.

## **6. GUIDELINES**

### **6.1 The Portworkers Social Amelioration Program**

- 6.1.1 A Portworkers Social Amelioration Program is hereby established to implement a Program which will provide additional benefits to portworkers in all government ports, as herein provided.
- 6.1.2 The Program shall implement a rationalized and uniform benefit coverage for portworkers in government ports administered by the Authority adopting such schemes, lending rates, terms and requirements (whenever applicable) comparable to its government contemporaries.
- 6.1.3 To operationalize the Program, a Portworkers Social Amelioration Program, Inc. (PSAPI) shall be created, and upon approval of the Authority, be registered with the Securities and Exchange Commission (SEC). To protect the interest of government and the portworkers and ensure the judicious utilization of the Fund, the incorporators of PSAPI shall equally represent the cargo handling sector, shipping sector, labor sector whether unionized or not and the shippers/consignees. The essential features and the terms and conditions of this Administrative Order shall be contained in the Articles of Incorporation and By-Laws of the proposed PSAPI.

### **6.2 Benefit Coverage of the Program**

- 6.2.1 The Program shall provide major benefits to portworkers and other employees of authorized cargo handling operators which may include but not limited to death, disability (whether partial or total) and lay-off or involuntary separation.
- 6.2.2 The Program shall, likewise, provide additional benefits as may be determined by the PSAPI Board of Trustees and subject to availability of funds for such purpose.
- 6.2.3 The benefits under the Program should not be construed as compliance with existing labor benefit requirements of the law and existing CBAs providing such benefits.
- 6.2.4 Availment of the foregoing benefits of the Program shall be in accordance with approved policies, rules and regulations promulgated by the PSAPI Board of Trustees.

### **6.3 Source and Amount of Fund**

**6.3.1** The Program shall be funded by the cargo handling or terminal operators, as the case maybe, in the amount of P1.50 per revenue or metric ton for general or breakbulk cargoes. The amount for containerized cargoes shall be based on an average of 16 tons per TEU, while for rolling cargoes, the amount shall be based on the per unit of measure as stated in the cargo handling tariff.

This fund shall be remitted directly by the cargo handling or terminal operators to the Program (PSAP) on a per vessel basis.

**6.3.2** To provide sufficient fund for the development of the Program, the duration of collection for such fund including receivables shall be ten (10) years effective upon implementation by the Authority that the PSAPI is fully organized or operational, or as soon as the collection of ONE BILLION PESOS (P1.0-B) has been reached, which ever comes first.

### **6.4 The PSAPI Board of Trustees**

**6.4.1** A Board of Trustees shall act as the policy making body and have supervision over the management of the funds of the Program in accordance with the Articles of Incorporation and By-Laws.

**6.4.2** The members of the Board, who by reason of their knowledge and experience are fit and proper persons to be the Board of Trustees, shall be organized consisting of the following members:

- a) Labor group - maximum of four (4) members
- b) Cargo handling group - maximum of four (4) members
- c) Shipping group - maximum of three (3) members
- d) Cargo shippers/consignees - maximum of four (4) members
- e) Government sector - one (1) ex-officio member each from the Authority, Department of Trade and Industry (DTI), Department of Labor and Employment (DOLE) and other concerned government agencies that may join or adopt the Program.

- 6.4.3** The Authority shall designate the interim members of the Board for a period of three (3) years from among those nominated by the cargo handling sector, shipping sector, labor sector, shippers/consignees and the government represented by the Authority, DTI and DOLE who shall sit as an ex-officio member. The interim trustees of the Board shall be selected based on a selection criteria prescribed for this purpose in Attachment "A".
- 6.4.4** Thereafter, the trustees of the Board shall be nominated by the sectors concerned and the chairmanship shall be elected from among the members. The interim and regular trustees shall be selected based on their integrity, experience and familiarity in the port industry.
- 6.4.5** The members of the regular Board of Trustees shall be for a term of three (3) years. They shall be allowed to elect their chairman which shall be rotated successively every year among the cargo handling, shipping, labor and the shipper/consignee sectors. In case the members fail to elect their chairman within a period of one (1) month from the schedule of election, the Authority shall nominate such chairmanship from among the regular members.
- 6.4.6** The Board of Trustees shall, among others have the following functions:
- a) Approve appropriate mechanisms and detailed administrative procedures to implement and operationalize the PSAP within sixty (60) days after approval of this Order, to include among others, manner of collection and remittance/deposit in trustee banks, documentation of claims, and other necessary procedures.
  - b) Approve policy guidelines to implement the Program as may be required in accordance with existing laws.
  - c) Determine the compensable contingencies and benefits and the appropriate amounts for the claimant-portworkers and/or immediate member(s) of their family.
  - d) Determine and establish a criteria for the selection of depository trustee banks who shall assist the Board of Trustees in the investment and management of the Fund and how these banks shall invest the Fund.

- e) Submit to the Authority and to the general membership of the Fund annual audited financial report to include, among others, the collection and utilization of the Fund.
- f) Approve a lean administrative structure and staffing pattern of a Management Group to manage and operationalize the Program and PSAPI with appropriate compensation package consistent with pertinent laws, rules and regulations, including establishment of regional or district offices of the PSAPI in major ports.
- g) Prepare the first 5-year program of PSAP for review by the Authority not later than six (6) months from the issuance of this Order.

## **6.5 The Management Group of PSAPI**

- 6.5.1** The Board shall create a Management Group to be headed by a President to assist in the management, operations and administration of the PSAP. Such management group shall be appointed by the Board of Trustees based on their experience and expertise as required by their functions.
- 6.5.2** The Board shall ensure that the annual operating expenses to include administrative and operational expenses, such as salaries and wages, supplies and materials, depreciation, and the maintenance of offices of the Management Group shall be based on nine (9%) percent of contributions from cargo handling contractors and three (3%) percent of fund management earnings for the first three (3) years of its operations. Starting on the fourth (4<sup>th</sup>) year of operations, the annual operating budget shall be increased by seven (7%) percent based on actual operating expenditures of the previous year.
- 6.5.3** During the first year of the Program, a lump sum amount shall be appropriated as initial working capital and start-up expenditures to operate the Program. Such amount shall be treated as cash advance from contributions to be replenished from fund management earnings.
- 6.5.4** The foregoing utilization of authorized percentage of the contributions and fund management earnings shall be subject to the following conditions:

- a) The computation of three (3%) percent of fund management earnings shall be exclusive of earnings from loans or benefits granted to members and beneficiaries.
- b) The seven (7%) percent annual operating budget beginning on the fourth year and onwards shall be exclusive of mandatory wage adjustments.
- c) The operating expenses, including depreciation, shall be paid out of the current fund management earnings.
- d) The initial working capital shall be P6,057,500, broken down into P3,200,000 for capital expenditures and P2,857,500 for current operating expenses.
- e) The capital expenditures shall be based on the recommended list of office equipment and furniture/fixtures and shall be depreciated over the assets' useful life.
- f) The current operating expenses shall be treated as cash advance of the Management Group from the fund to be reimbursed from fund management earnings within one (1) year.

**6.5.5** The Management Group shall, among others, have the following functions:

- a) Ensure that all funds due to the Program are accurately collected and remitted and properly accounted for.
- b) Review, document and pay with haste all rightful and legal claims of the portworkers or their immediate families and those obligations of the Program.
- c) Keep and maintain accurate reports of all transactions involving funds of the Program, including a regularly updated inventory of all legitimate portworkers of cargo handling operators in government ports.
- d) Prepare and submit monthly reports to the PSAPI Board of Trustees every tenth (10<sup>th</sup>) day of the following month, to contain, among others, the collections, remittances and disbursements of the Fund, copy furnished the Authority.

- e) Promulgate and implement, subject to the approval and directions of the PSAPI Board of Trustees, additional rules and regulations necessary for the efficient management of the Fund, copy furnished to the Authority.

## **6.6 Responsibility for Remittance to the Fund**

- 6.6.1 The cargo handling operators and the unified contractors shall remit every month the amount due for the Fund to authorized trustee banks.
- 6.6.2 All amounts for the Fund shall be deposited in authorized trustee banks by the cargo handling operators and/or unified contractors in accordance with the regulation/s prescribed by the PSAPI Board.
- 6.6.3 All participating cargo handling operators and/or unified contractors shall submit a monthly report of remittances to the Regional District Offices of PSAPI and the Authority.

## **6.7 Administration, Management and Supervision of the Fund**

- 6.7.1 The administration, management and supervision of the Fund shall be the primary responsibility of the trustee banks. The delivery of the services (e.g. payment of claims) shall be the primary responsibility of the Management Group.
- 6.7.2 The President of the Management Group shall require the immediate deposit of all the funds directly to the authorized trustee banks in the name of PSAPI.
- 6.7.3 All disbursements and withdrawals from the Fund shall be subject to the approval of the President or his authorized representatives in accordance with existing rules and regulations.
- 6.7.4 The Authority shall exercise its visitorial powers over the program only insofar as ensuring the judicious utilization and management of the fund is concerned.
- 6.7.5 For purposes of transparency and accountability and to ensure that the Fund is properly managed and utilized, the Board of Trustees shall engage the services of recognized external auditors.



**7 SEPARABILITY CLAUSE**

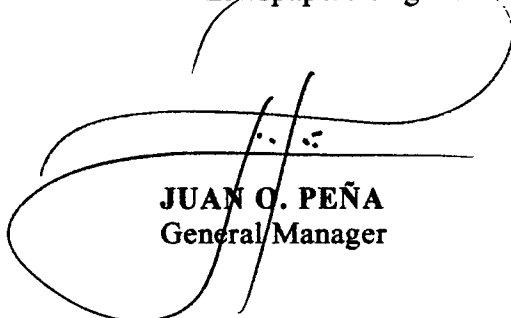
If any part of this Order is declared invalid, unconstitutional or contrary to law by any court of competent jurisdiction, the same shall not affect the other provisions hereof not declared as such.

**8 PENALTY CLAUSE**

Failure to remit the shares to the Fund and non-compliance of pertinent provisions of this Order by the cargo handling and/or unified contractors shall be subject to the penalties and sanctions provided for in pertinent provisions of PD 857 and existing PPA regulations prescribed therefor

**9 EFFECTIVITY**

This Order shall take effect 15 days after its publication in at least two (2) newspapers of general circulation.



**JUAN O. PEÑA**  
General Manager

Approved per PPA Board Resolution No. 1807 dated 01 December 1999.

DPB/ PSAP  
14 Jan 2000

Published in the following newspapers:

1. Philippine Star) March 17, 2000
2. Manila Standard)

Effectivity Date - April 1, 2000

*Attachment "A"*