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February 4, 1988

PPA MEMORANDUM CIRCULAR  
NO. 07 - 88

T O : All Port District Office Managers  
All Port Management Office Managers  
Cargo Handling Operators  
Shippers/Consignees/Shipping Lines  
Others Concerned

SUBJECT : New Methodology in the Granting of Increases  
in Cargo Handling Rates

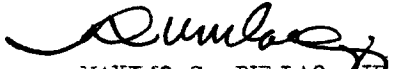
The Philippine Ports Authority (PPA) has embarked on a project to rationalize the cargo handling tariffs which is expected to be completed not later than the middle of 1989. In view of the desire of PPA to grant an interim increase in cargo handling rates pending the completion of the said rationalization project to alleviate the financial condition of cargo handling operators due to increases in operating costs and in order to facilitate the granting of said interim increase, hereunder are the procedures/guidelines for the implementation of the approved methodology:

1. The audited financial statements of the cargo handling operators for the year 1985 shall be used as bases for the grant of the increase;
2. The rate increase shall only be granted to contractors/operators:
  - a. who formally filed a request for increase in rates;
  - b. whose cargo handling tariffs are restructured;
  - c. who have no unpaid account on PFA share.
3. Only Wage Order No. 6 and the integration of COLA to the basic salaries/wages are considered in the determination of the increase in rates;


4. This will be the last interim increase in cargo handling rates that can be availed of until the completion of the rationalization project;
5. The PPA Head Office shall determine the amount of increase for each cargo handling operator who filed a request based on submitted documents. The basic criterion shall be an ROI of 18% with a maximum increase of 25% per commodity classification provided that the rate for each type, as adjusted, shall not exceed the existing highest rate as tabulated by PPA;
6. The Head Office, after it has determined the increase in rates for each operator, shall immediately forward the said request, the proposed new cargo handling tariff schedule and other pertinent documents to the Port Management Office through the Port District Office concerned to be presented in a dialogue to be conducted by the cargo handling operator and to be attended by the Port Management Office Manager as observer/mediator;
7. The dialogue to be conducted by the operator should be participated in by the different business sectors, chambers of industries, ship owners/agents, federations, and other port users both from the government and private sectors,
8. During the dialogue the operator shall present a written commitment on their productivity levels, their equipment acquisition program and their compliance with labor laws/CBA agreement, if any;
9. The cargo handling operator and the cargo owners/shipping sector/other port users, may, in the dialogue, agree on rates lower than the adjusted rates in the new cargo handling tariff.
10. The minutes of the dialogue, list of participants invited, list of attendees, written indorsement of the port users on the new rates and the commitments under No. 8 shall be submitted by the cargo handling operator to the Port Management Office Manager who shall in turn submit same to Head Office, through the Port District Office Manager, together with his comments/recommendations and certification that the operator has no back accounts with PPA.
11. Head Office shall take note of all the comments and agreements reached during the dialogue and shall make the necessary adjustments in rates, if any.
12. Head Office shall submit a report to the Board for the approval of the rate increase.

13. Head Office shall send the new approved cargo handling tariff to the Port Management Office through the Port District Office for publication;
14. The new cargo handling tariff shall be published at the expense of the operator and shall be made effective on the date fixed/announced by the Port Management Office concerned.
15. The Port Management Office shall notify the Port District Office and Head Office of the effectivity date of implementation.

For the information of all concerned.

  
MAXIMO S. DURLAO, JR.  
General Manager

By the General Manager:

  
CLEMENCIA M. TOTOC  
Manager, Administration Department