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PHILIPPINE PORTS AUTHORITY  
RECORDS SECTION

09 June 1989

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PPA MEMORANDUM CIRCULAR  
NO. 22 -89

HEAD OFFICE  
RECORDS SECTION

TO : All Cargo Handling Operators, Shipping Lines  
Shipping Agents, Shippers, Consignees, and  
Others Concerned

SUBJECT : Interim Increase in Cargo Handling Rates

1. This circular is issued to prescribe guidelines in granting cargo handling rates increase in order to cushion the impact of the new minimum wage law to the cargo handling operators.
2. The formula to be used in granting cargo handling rates increase shall be as follows:

$$R_1 = \frac{LC}{TC} \times \frac{(NW-OW)}{OW} \times 100\%$$

Where: R<sub>1</sub> = rates adjustment expressed in percentage  
LC = Labor Cost  
TC = Total operating and overhead costs  
NW = New minimum wage  
OW = Minimum wage as of May 1, 1989

## 2.1 Methodology

- 2.1.1 Cargo handling operators who will apply for rates increase shall submit their 1988 Income Statements, Balance Sheets, SSS Remittances (employer's share), schedule showing salaries and benefits paid to corporate officers and certifications as to their compliance with R.A. 6640 to the Commercial Services Department for evaluation.
- 2.1.2 The amount of rates increase shall be determined using the financial documents submitted by the operators, subject to verification as to their accuracy.

- 2.1.3 Labor cost shall include wages, salaries, and benefits spent by the operators for their workers excluding those given to their officers.
  - 2.1.4 The share of labor cost to be considered in the evaluation of each operator's request for rates increase shall not exceed 65% of the total cost.
  - 2.1.5 The total cost shall include all operating and overhead costs.
3. Cargo handling operators with pending requests for increase but not yet approved, or those with approved increase but which have not yet been implemented due to compliance with certain requirements, may also be granted rates increase under this circular.
  4. Final approval of all requests for rates increase shall be made by the General Manager.
  5. This circular supersedes PPA Memorandum Circular No. 07 88 dated 04 February 1988 and all other guidelines inconsistent hereof.
  6. This shall take effect immediately.

  
ROGELIO A. DAYAN  
General Manager