

MAY 29 2000

PPA MEMORANDUM CIRCULAR

NO 26 - 2000

T O ALL PORT DISTRICT MANAGERS
PORT MANAGERS
CARGO HANDLING OPERATORS
OTHERS CONCERNED

F R O M THE GENERAL MANAGER

S U B J E C T **PORT LABOR TRUST FUND**

PPA Memo Circular No 05-95, dated January 31, 1995, requires all cargo handling operators to put up a Port Labor Trust Fund. A number of cargo handling operators, however, have failed to comply with this requirement.

In order to ensure full compliance with the Port Labor Trust Fund (PLTF) requirement, and provide proper guidance to all cargo handling operators concerned, the following guidelines shall be observed:

1 Definition of Terms

The following terms shall be understood to mean as follows:

- 1.1 Port Labor Trust Fund (PLTF) – refers to the sum of money set aside by a cargo handling company and deposited in trust with a bank to finance the benefits of Portworkers who resign, retire or who have been terminated due to changes in cargo handling operators.
- 1.2 Port Workers – refers to workers and employees of companies or entities authorized by the Authority to engage in arrastre and stevedoring services. Said port workers and employees must be duly registered by its cargo handling company employer with the Social Security System.
- 1.3 Cargo Handling Company – refers to any individual, partnership or corporation presently authorized by the Authority to provide cargo handling services at government ports.

- 1 4 Authority – refers to the Philippine Ports Authority (PPA) created by Presidential Decree No 857, as amended

2 General Guidelines

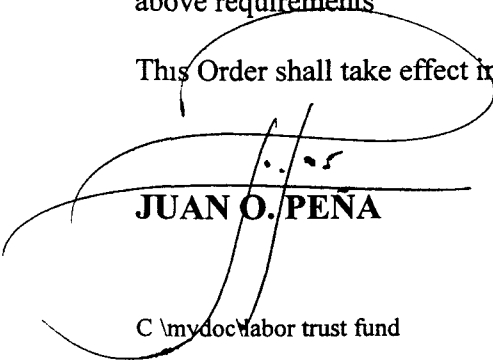
- 2 1 Every authorized cargo handling company operating in a government port under the jurisdiction of the Philippine Ports Authority shall put up the Port Labor Trust Fund as provided for in PPA Memorandum Circular No 05-95,
- 2 2 The amount of the PLTF to be put up shall be sufficient to cover at least the retirement and separation benefits of all portworkers to be computed on actuarial basis,
- 2 3 For the actuarial computation of the PLTF, the following shall be taken into account
- 2 3 1 Total number of workers
 - 2 3 2 Average age in years
 - 2 3 3 Average years of past service (to get the past service liability)
 - 2 3 4 Retirement benefit of 22 5 days per annum per worker or as provided for in the Collective Bargaining Agreement, if any, whichever is higher
- 2 4 After the actuarial amount of retirement benefits for past services has been computed, the necessary fund corresponding to said amount of retirement benefits shall be set aside and deposited in trust with a bank acceptable to the Authority Every year thereafter, the amount of retirement benefits for the preceding year shall also be computed and deposited in the said trustee bank
- For information and reference, the actuarial valuation of retirement benefits in Manila and Cebu for past and present services showed that the annual cost of retirement benefits represent 4 1% and 3 5% of the total annual payroll cost, respectively
- 2 5 The Trust Fund shall be used only to finance the benefits of laborers who resign, retire or have been retrenched or whose services have been terminated due to changes in cargo handling operators
- 2 6 For purposes of tax exemption, the cargo handling companies shall coordinate with their respective trustee banks for the registration of their Trust Funds with the Bureau of Internal Revenue

27 The essential features and the terms and conditions of this Memorandum Circular shall be contained in the trust agreement between the bank and the cargo handling company

All cargo handling operators shall be given up to December 31, 2000 to put up the Trust Fund. The Authority shall impose sanctions against cargo handling companies who fail to put up the said Trust Fund. These sanctions may include cancellation of contract or the takeover of the operations of said cargo handling companies, among others.

The Port District Managers, thru the Port Managers, shall be responsible for the close supervision, monitoring and strict compliance of this Order. They shall likewise submit to the AGM for Operations, a list of cargo handling companies who fail to fulfill the above requirements.

This Order shall take effect immediately.



JUAN O. PEÑA

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