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PPA ADMINISTRATIVE ORDER
NO. 02 - 2018

TO : All Port Managers
Cargo Handling/Terminal Operators
Shipping Lines Companies
Cargo Owners/Shippers/Consignees
Port Users and Stakeholders
Others Concerned

SUBJECT : Revised Methodology and Formula for Adjustment of Cargo Handling (CH) Tariff

1 AUTHORITY

- 1.1 Article IV, Section 6, b (iv), (ix) of P.D. No. 587
- 1.2 Article VII, Sections 19 and 20 of P.D. 857
- 1.3 Board Resolution No. 2675 dated January 29, 2018

2. SCOPE

This Administrative Order shall cover requests for adjustment in CH tariff

3. OBJECTIVES

- 3.1 To prescribe a standard and uniform formula as well as procedures in CH tariff adjustment
- 3.2 To adopt a real time assessment of the adjustment of CH tariff
- 3.3 To ensure integrity and accuracy in the application of adjustment of CH tariff
- 3.4 To define explicit roles of concerned parties in the evaluation of CH tariff adjustment
- 3.5 To establish time line in processing the petitions for CH tariff adjustment
- 3.6 To ensure transparency and comprehensive deliberation during the conduct of public hearings for adjustment in CH tariff

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

MISSION

- OPND 4218-CH/EB-01*
- 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

- 3 7 To encourage active participation of port users and other government agencies concerned during public hearings
- 3 8 To provide the PPA Board of Directors with complete report and appropriate recommendation on requests for adjustment in CH tariff

4. HEARING PANEL

A **Hearing panel** is hereby created which shall be composed of the **Technical Assistants of the Members of the PPA Board of Directors** representing **NEDA, DOTr, DTI, DOF, MARINA, DPWH, DENR, OGCC and the Private Sector**

5. PROCEDURE

- 5 1 The CH/Terminal Operator may opt to apply for a CH tariff adjustment provided that the CPI has increased by at least five percent (5%) within a three (3) year period
- 5 2 To be eligible for adjustment in CH tariff, the following shall have been fulfilled by the CH/Terminal Operator
 - 5 2 1 Full compliance of contractual commitments,
 - 5 2 2 No outstanding obligation due to the Authority,
 - 5 2 3 Full compliance of the CH Compliance Report, and
 - 5 2 4 Complete and timely submission of the engineering, operational and audited financial reports as required in the contract

The required audited financial reports shall cover only the subject port where adjustment in CH tariff is requested
- 5 3 The service provider who applies for adjustment in CH tariff shall file the petition to the Port Management Office (PMO) Each application must be supported with basis and justification
- 5 4 The PMO after validating the petition shall set the date for the conduct of the public hearing and convene the Hearing Panel
- 5 5 The PMO shall create the Secretariat who will
 - 5 5 1 Prepare the Notices of Invitation
 - 5 5 2 Record all deliberations of the hearings and prepare and certify the Minutes thereto

- 5 6 No public hearing for CH tariff adjustment shall be conducted without the proper **Notice** sent by the PMO Secretariat concerned at least **10 calendar days** prior to the scheduled hearing. The Notice shall be accompanied by an agenda covering the subject matter of said public hearing together with a copy of the Application for CH Tariff or Adjustment duly certified by the Port Manager concerned as complete.
- 5 7 The Notice of Invitation shall be served by the PMO Secretariat on all affected sectors, such as the shipper's council, port users, stakeholders, relevant industry sectors and association, passenger groups, local government units, non-governmental units, and other interested parties. The PMO may invite other affected sectors not mentioned herein.
- 5 8 Notices shall be delivered directly to all concerned who shall duly acknowledge receipt of the same.
- 5 9 The Port Manager of the port where the application for CH tariff adjustment has been filed shall act as the Moderator during the conduct of the public hearings. In the absence of the Port Manager, the Port Services Division Manager shall act as the Moderator.
- 5 10 When necessary, the participants shall be allowed to submit their position in writing **within 10 calendar days** to the proponent copy furnished the concerned PMO after the public hearing. Position papers received after the prescribed period shall not be included in the evaluation.
- 5 11 The proponent shall reply to the position of the concerned participant copy furnished the PMO **within three (3) calendar days** upon receipt of the position paper.
- 5 12 Upon request in writing, the participants may ask for copies of the Minutes of the Public Hearing(s).
- 5 13 All concerned PMOs shall submit the Minutes of public hearing(s), attendance sheet, and agreement by the stakeholders to the Hearing Panel thru OCBS **within five (5) calendar days**.
- 5 14 The Hearing Panel upon receipt of the documents, shall evaluate the request and submit a report to include its recommendation to the PPA Board of Directors thru the OCBS **within seven (7) calendar days**.
- 5 15 Approval on the adjustment of CH tariff is vested with the PPA Board of Directors.

6. CONDUCT OF PUBLIC HEARING

- 6 1 Where the application for CH tariff adjustment is limited to a particular port or area, the Public Hearing shall be conducted only at the port where the application for tariff adjustment is filed
- 6 2 There is quorum when there are five (5) members of the Hearing Panel present
- 6 3 The Moderator shall
 - 6 3 1 Acknowledge the presence of the participants and mention the company/association they represent
 - 6 3 2 Inform the body of the purpose of the public hearing
 - 6 3 3 Mention/present proof of Notice/Invitation to invitees
 - 6 3 4 Ask the proponent to present their request including justification, background on the business condition and causes of the cost increment
- 6 4 The attendees shall be allowed to freely express their opinions, comments and recommendations without prejudice to the submission of the written comments/position paper within the period prescribed herein

7. FORMULA ON CH TARIFF ADJUSTMENT

In the determination of appropriate adjustment in CH tariff, the formula to be used is the **Consumer Price Index (CPI) Adjustment Factor**, as follows

$$\text{New Approved Tariff} = \text{Existing Tariff} \times \frac{\text{CPI (All Items) Philippines NEW}}{\text{CPI (All Items) Philippines OLD}}$$

Where

CPI (All Items) Philippines NEW = the CPI of the immediately preceding year at the time the petition for adjustment of CH tariff is filed

CPI (All Items) Philippines OLD = the latest CPI considered in the grant of the last increase

8. DETERMINATION OF BASE YEAR

For purposes of setting a uniform base year on future application of the simplified formula under this Administrative Order, all affected CH rates will be adjusted based on CPI as of 2017

9. FREQUENCY OF CH TARIFF ADJUSTMENT

Adjustment of CH tariff shall be every three (3) years, provided, the requirements mentioned in Items 5 1 and 5 2 of this Administrative Order are complied with

10. COSTS OF PUBLIC HEARING

10 1 Any honoraria which may be authorized for the members of the Hearing Panel shall comply with the existing policies or regulations

10 2 Necessary and incidental expenses for public hearings conducted outside of Manila shall be shouldered by PPA subject to accounting rules and regulations

11. PUBLICATION

Approved CH tariff adjustment shall be published in a newspaper of local or general circulation where applicable and shall be effective 30 days after the publication

12. REPEALING CLAUSE

All conditions pertaining to rate adjustments mentioned in the existing contracts of the CH/Terminal Operators shall be amended by items 5 1 and 5 2 of this Administrative Order

Further, all PPA orders, rules and regulations, policies, guidelines or circulars which are inconsistent herewith are hereby deemed repealed or amended accordingly

13. EFFECTIVITY

This Administrative Order shall take effect 15 days after publication in a newspaper of general circulation


JAY DANIEL R. SANTIAGO
General Manager

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Published in the Philippine Star - February 21, 2018
Effectivity Date **March 8, 2018**