

PHILIPPINE
PORTS
AUTHORITY



FULL *AHEAD*

Advancing Mindanao's progress

PMO MISAMIS ORIENTAL/CAGAYAN DE ORO

ANNUAL REPORT

2017



OUR COVER

The Annual Report's cover design paints a picture of a vessel departing at full speed. Superimposed as graphic element is a ship's engine order telegraph positioned at Full Ahead, a derivation of Full Steam Ahead, which is a directional movement for ships given as a command by the Vessel Master to move forward at maximum speed. In idiomatic expression, it means maximum effort without reservations or delay.

The image vividly captures and portrays the pace of development of the Port of Cagayan de Oro in various facets alongside the robust economic growth in the region. As fine as the weather portrayed in the picture, the Port under the keen management of PMO MOC, sets a clear vision of the future and works its way towards achieving it. Over the years, the Port propelled the development of Mindanao by facilitating the flow of goods to/from the region to the rest of the country and the world. Notwithstanding challenges, the Port of Cagayan de Oro was able to help advance Mindanao's progress. The image further depicts the PMO's stern commitment to employ best practices, adopt international standards and continuing innovation through technology-backed systems and facilities.



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MISSION

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.

VISION

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

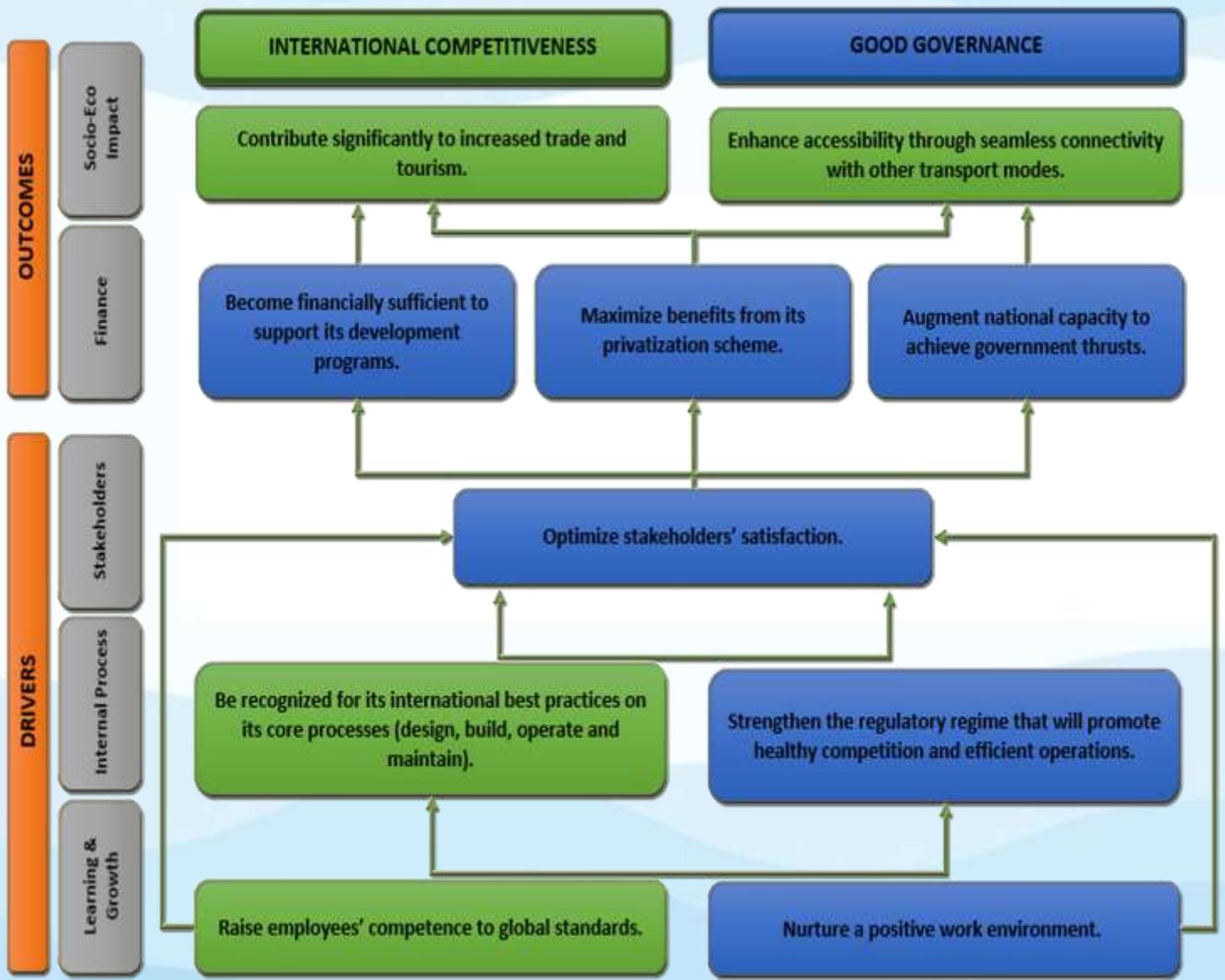
MANDATE

"To establish, develop, regulate, manage and operate a rationalized national port system in support of trade and national development."

CORE VALUES



PPA STRATEGY MAP



CORPORATE SOCIAL RESPONSIBILITY (CSR) STATEMENTS

As a leading GOCC, PPA continues to work towards upholding the highest standards of corporate governance by simply being a responsible corporate citizen. This entails (i) developing and operating ports that cater to the needs of local and/or global clients in accordance with best practices and state-of-the-art technologies, (ii) promoting the growth of communities by linking them to the mainstream of economic activities, (iii) establishing fair and equitable business relationships which are beneficial to both port stakeholders and the government, and (iv) uplifting the lives of its employees by giving them a work environment that is conducive and offers opportunities for career advancement.



✓ **445 PTOs Issued**

8 
R/M Projects

100%  **8,601**
Annual Port Users Pass

 **Collection Efficiency Ratio**



335,634,336
Total Revenue for the Year

267,486
Containers Handled in TEUs



 **Total Shipcalls**
17,007

9,498,407 MT
Total Cargo Throughput

Mangroves Planted
2,000 

Employees Promoted
14

 **5**
Employees Newly Hired

Rail-Mounted Gantry Cranes **4**

 **11**
Rubber-Tyred Gantry Cranes

Additional BERTH Length
84m

11,868 sq.m.
Additional Backup Area 

PMO 
PERFORMANCE
 *at a Glance*



*“Coming together is a beginning;
Keeping together is progress;
Working together is success.”*

- Henry Ford

THE **PORT MANAGER'S**

ENGR. ISIDRO V. BUTASLAG, JR., D.M. **MESSAGE**

2017. It certainly was a successful year for PMO Misamis Oriental/Cagayan de Oro as it went full steam ahead and set a new record with a positive showing in almost all indicators. The performance of the ports under PMO MOC, particularly the Port of Cagayan de Oro, mirrored the robust growth of the Philippine's vibrant economy which currently stands as the world's 10th fastest growing economy, and Asia's 3rd best performing economy, according to data from World Bank and NEDA, respectively.

The Port of Cagayan de Oro set a traffic record in 2017 by handling 9,498,407 metric tonnes of diversified cargo, a splendid ten percent (10%) increase from the previous year. It has managed to clinched an inch over the projected TEU-mark with 267,486 TEUs while setting a new record for containers handled. The increase was driven by significant upsurge in foreign importations which reached twenty percent (20%) and domestic shipment having a steady seven percent (7%) rise. Private Ports is flourishing at nine (9)% expansion in total cargo throughput compared to 2016 while Other government ports' cargo performance rose by fifty-seven percent (57%).

Moreover, PMO MOC improved its financial results and reached the highest revenue altitude at Php335,634,336 notwithstanding various economic, political and security impediments confronting the country --- the Mindanao region, in particular.

2017 was a year defined by success reaped as fruit of collaboration. The figures are indicative

results of the collective efforts of PPA and the different port stakeholders contributing notably towards fruition. Significant investments were made to improve Port of Cagayan de Oro's installations, facilitate the movement of cargo and ensure its ability to handle anticipated traffic growth. Last June 2017, Oroport Cargohandling Services Inc. acquired additional one (1) unit rail-mounted gantry (RMG) crane and three (3) units rubber-tired gantry (RTG) cranes to further beef up the container cargo handling capacity of the port and to enhance its productivity and operational efficiency. The PMO has closely worked with the local port and maritime community, through the Port and Maritime Management Advisory Council (PMMAC), to come up with practical solutions to confront prevailing operational challenges at the port. Via the PMMAC resolutions, the PMO defined allocation and utilization of berths at the Port of Cagayan de Oro according to type and operation of vessels to enhance berth efficiency and improve berth management. It also passed a resolution delineating berth windows for container vessels to prop the entry of additional container shipping lines, and established a load cut-off time to hasten the loading operations of vessels, and to promote faster vessel turnaround time and discourage waiting cargoes. Moreover, the PMO reconfigured the port layout of the Cagayan de Oro to accommodate and maximize productive use of these additional equipment.

The seed of cooperation implanted by the PMO amongst various port stakeholders and

government and private institutions had taken roots as proven during the height of Marawi crisis where the MOC ports manifested resilience against security threats. We made strides to fortify the security posture of our ports through regular conduct of security and emergency drills and exercises as part of our compliance with the ISPS Code, and through intensified intelligence cooperation with relevant law enforcement agencies.

Pleasingly, over the entire year, the Port of Cagayan de Oro has had its best safety results and everyone who worked for it deserves to be commended on this result. Accidents/incidents statistics shows a remarkable thirty percent (30%) reduction compared to the previous year. Notably, vehicular accidents dropped by fifty-two percent (52%) whereas injuries of all categories have reduced considerably. However, our goal remains zero accident; thus, it is our continuing commitment under the Port Safety, Health and Environmental Management System (PSHEMS) to imbue a culture of safety consciousness at the port. With the stirring support of PPA Management and warm reception by all port stakeholders of the PMO's safety, health and environmental programs, albeit limitations on manpower complement, the Port of Cagayan de Oro was able to maintain its Recognition Certificate after passing the first surveillance audit conducted by the Partnership in Environmental Management for the Seas of East Asia (PEMSEA) on October 2017 with zero non-conformity. The embodiment of the culture of excellence across the organization has once again manifested in high customer satisfaction rating of ninety-nine percent (99)% received by the PMO during the 2017 survey series for its Quality Management System on Vessel Entrance and Clearance (QMS-VEC) processes to which the PMO was recertified for its compliance with ISO 9001:2008 standards. The PMO is now undertaking steps towards transition to Integrated Management System in 2018.

Committed to integrating innovation and technology into PPA's business processes, PMO MOC adopted new systems and engineering solutions dedicated to enhancing customer

experience and improve port productivity. Thus, 2017 saw the launch of the Online Notice of Arrival and Application for Berth/Anchorage (Online NO-ABA) and the Electronic Payment System (EPS) to provide ease and convenience in port transactions. Before the year ended, the procurement process for the Construction of the Electronic Multi-Gate Cargo Complex has been completed and construction will begin in January 2018. We have also subtly transitioned to smart, green lighting of our office buildings and port premises. Similar technology will also be made available in the new 2-storey Passenger Terminal Building at Cagayan de Oro, which is now halfway to completion.

We have taken momentous leap to addressing port congestion with the completion of the 80-meter wharf extension and back-up area expansion at the Port of Cagayan de Oro last December, and the operationalization of the Port of Jasaan. Meantime, the port development of the Port of Opol was about thirty-five (35%) completed and will soon serve as alternate port to Cagayan de Oro serving the western part of Misamis Oriental. Development was not merely confined at the Baseport as our terminal ports will also see big ticket infrastructure projects in 2018 with the construction of new passenger terminal buildings in Balingoan and Camiguin.

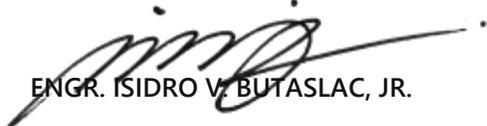
Beyond the corporate front, as a socially conscientious organization, we continue to demonstrate our support for the communities, and the places which host our terminal facilities. In the area of sustainable development, we continued to strive for excellence by multiplying our effective and concerted actions and initiatives in the environmental, social and economic fields through participation in planning and implementation of various multi-sector, inter-agency programs related to disaster resiliency/emergency preparedness, environmental protection, welfare of port

“It certainly was a successful year for PMO MOC as it went full steam ahead and set a new record with a positive showing in almost all indicators.”

and maritime workers, anti-drug abuse campaign, anti-human trafficking, traffic management, gender advocacy, among others.

Last year's accomplishments were a testimony to the cheerful dedication, commitment and hard work of PMO MOC officials and staff, in collaboration with its stakeholders in the public and private sectors. They had levitated above many challenges to service our customers well, working cohesively as a team onboard #MOC OneShip. My deepest gratitude to the PPA Management and Board of Directors. Their strong stewardship and keen insights had been instrumental in guiding our efforts on initiatives that will cement our future-readiness and inspire confidence among our port stakeholders. PMO MOC could not have gone full ahead without these collective and committed efforts that powered up PMO MOC to effectively navigate the tides of change as espoused by the PRRD Administration and remained resilient amidst challenges.

Sailing onwards in full steam, PMO MOC will continue to muster and work with the port and maritime industry around common goals and provide innovative and inspiring leadership. We want to broaden not only our horizons but also those of the entire logistics chain to continually advance Mindanao's progress and earn its place in international trade. To do so, we need to take this opportunity to do a strategic refresh across all aspects of our processes and operations, starting with a close look at what we do well, what we have achieved, where we could do better and how we can best respond to changes and opportunities. With the trust and support of PPA Management and the cooperation of all port stakeholders, I am confident the PMO MOC will stay right on course, prevail over challenges, sustain its growth, and become a reagent of trade and economic development.


ENGR. ISIDRO V. BUTASLAC, JR.





SHIPPING & TRADE

PERFORMANCE

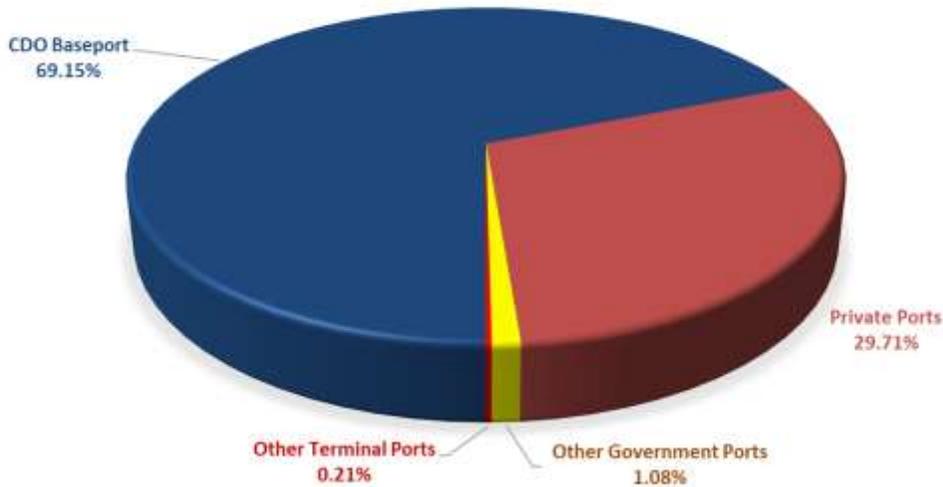


Trade Performance

The Baseport of Cagayan de Oro felt, first-hand, the positive effects of the ASEAN Integration in terms of strengthened intra-regional trade. This has been noticeable on the rise of foreign importations, particularly cement, steel billets, and soya grains in bulk which contributed much to the increase of around twenty percent (20%) of foreign importations as compared to last year.

Northern Mindanao's development framework centered on being the gateway and leading industrial and trade center in Mindanao, with Cagayan de Oro City as its hub, has gradually come to fruition where growth is evident even through the ordinary citizens' naked eyes. The city now starts to see high-rise buildings in its skyline and emerging massive infrastructure projects such as construction of bridges, coastal roads, road network development, preservation of national roads, and maintenance projects including flood management services. This is indicative of a high demand for primary construction materials such as cement and steel. On top of it, the rehabilitation efforts for Marawi City positively influenced the demand increase for these commodities, among others.

TOTAL CARGO THROUGHPUT (M.T.)



PMO MOC broke yet another record as it hit the **9 million** mark in *cargo volume (m.t.)* in 2017.

Manufacturing has also been very promising in Northern Mindanao. Enterprises are also thriving as well as science and technology. Bulk grains, such as soya - main ingredient in manufacturing feeds and other products, steadily increased. The influx of grains through Cagayan de Oro had the Port Management Office and the cargo handling operator seriously considering in putting up a breakbulk facility. In 2017, the Port of Cagayan de Oro have been frequented by potential investors probing on the port's viability and capability to handle their goods. One investor even signified interest in investing, developing and operating a modern automated dry bulk facility at the port.

Cargo

The total cargo throughput for the year increased by 10% as compared to 2016. The increase was driven by significant upsurge in foreign cargoes with twenty-two percent (22%) and domestic shipment with around seven percent (7%) growth, respectively. The bulk of importations were cement, steel billets and grains attributable to the aggressive upswing in infrastructure development and manufacturing in the region and nearby cities and municipalities. It is expected that the

Particulars	2017	2016	Increase/Decrease Variance	%
Shipcalls	17,458	16,558	900	5%
Domestic	17,186	16,298	888	5%
Foreign	272	260	12	5%
Cargo Throughput (m.t.)	9,498,406	8,619,701	878,705	10%
Domestic	7,239,042	6,770,360	468,682	7%
Inbound	3,240,645	3,147,244	93,401	3%
Outbound	3,998,397	3,623,116	375,281	10%
Foreign	2,259,365	1,849,342	410,023	22%
Import	2,010,473	1,679,697	330,775	20%
Export	248,892	169,644	79,248	47%
Passengers	2,660,320	2,840,594	-180,274	-6%
Domestic	2,660,219	2,840,472	-180,253	-6%
Foreign	101	122	-21	-17%
Container (in TEU)	267,486	264,451	3,036	1%
Domestic	267,486	264,451	3,036	1%
Inbound	136,346	134,270	2,077	2%
Outbound	131,140	130,181	959	1%

Note: Comparative data on shipcalls include tugboats.



demand for these commodities will continue to grow in the succeeding year.

Private ports operations also showed a modest performance. The total cargo throughput increased by a about nine percent (9%) as compared to last year. Meantime, other government ports shot up by fifty-seven percent (57%) while terminal ports slid down by about three percent (3%) vis-à-vis 2016.

Ship Calls

Comparing to last year's figure, ship calls at the Baseport increased by nine percent (9%). Players in the domestic shipping industry have established calls in the Baseport of Cagayan de Oro. In mid-2017, MCC transport started its domestic calls on a weekly basis while Victory Star Shipping – a new shipping company have expressed its intent in calling at the port. While foreign ship calls remain static, foreign cargo throughput significantly went up by thirty-three (33)%. This is due to the increasing trend of bigger foreign vessels calling in which have larger carrying capacity. At the Private Ports, with ship calls registered a rise in vessel statistics by about percent (7%)

while cargo throughput showed an gain of twelve percent (12%).

Passengers

Passenger traffic declined by about five percent (5%) at the Baseport and seven percent (7%) at Other Government Ports. Stiff competition in the air transport industry which continues to offer promo fares have likely caused the slight decrease. Moreover, the prevailing security crisis in Marawi City and the subsequent declaration of Martial in entire Mindanao had inevitably affected passenger traffic. However, this downtrend may change once the modern two-storey Passenger Terminal Building at the Baseport is completed and operational. The riding public will surely experience comfort and convenience with the new amenities and services that the modern passenger terminal facility in the country will offer.

PORT SERVICES



Clearance to Develop Private Ports/COR/PTO

There were no new applications for private port operations last year. However, the PMO through its Private Port Task Force had been persistent in monitoring compliance of private ports with the pertinent port rules and regulations. In July 2017, the PMO facilitated a Private Ports Conference to brief operators on the new policy concerning private port operations --- the Zone of Significant Port Interest (ZSPI), and to thresh out issues and concerns in the identification of their respective ZSPIs. All thirteen (13) private ports under PMO MOC have already submitted their ZSPI.

Cargo Handling Service Contract & Permits

PMO MOC has further strengthened its access control regulations and real estate management through stringent monitoring and implementation of efficient control mechanisms, both people and system. These translated into a stunning sixty-three (63%) rise in Permits to Operate (PTO) ancillary services which were processed through the Electronic Permit System (e-Permit). Meantime, a total of forty (40) Permits to Occupy (PTOC) were issued.

The Port of Cagayan de Oro has also beefed up its container cargo handling capacity with the arrival of additional top of the line cargo handling equipment to further boost its capability to handle containerized cargoes. On 15 June 2017, MV Yuan Jing arrived at the Port of Cagayan de Oro carrying onboard one (1) unit rail mounted gantry (RMG) crane and three (3) units rubber-tired gantry (RTG) cranes. The RMG has a capacity of 36 tons and a loading/discharging rate of 23/25 boxes per hour while the RTG has a capacity of 30.5 tons each and can move 15 boxes per hour. Each RTG has a maximum reach of 15 containers & hoisting height of 6 high. To date, the port has a total of four (4) RMGs and nine (9) RTGs.





It may be noted that PMO-MOC has also reconfigured the port layout to accommodate these additional facilities. Certain container yards have been dedicated for RTG operations to facilitate efficient movement of container cargoes.

Harbor Pilot Appointments

PPA Management has appointed one (1) harbor pilot, under probationary status, for the pilotage district of Cagayan de Oro in addition to the seven (7) harbor pilots now serving domestic and foreign vessels at the Ports of Cagayan de Oro and Camiguin, and the private ports in Misamis Oriental.

Systems Procedures Enhancement

“Ports play a critical role in the economy. Failure or unreliability of port services can significantly influence port customers—shipping lines and cargo owners—resulting to dissatisfaction.” (Yeo, G., et.al., 2015). Keeping

this in mind, PMO MOC continuously strives to improve its ports and services through implementation of technology and systems upgrade notwithstanding consistent adherence to international standards in port operations, environmental protection, safety and security.

As part of its service innovations, PPA Management decided to take initial steps in employing e-governance to further improve the quality of operations and services in the ports. In May 2017, a system for the online submission of Notice of Arrival/Application for Berth/Anchorage (Online NOA/ABA) developed by PPA ICTD was successfully launched in Cagayan de Oro. The Online NOA/ABA simplified the submission and processing of Notice of Arrival (NOA) and the Application for Berth/Anchorage (ABA) through the use of the internet. This innovation is expected to pave the way for a healthy exchange of information, smooth integration process, and ease of doing business between PPA and its clients.

“Ports play a critical role in the economy. Failure or unreliability of port services can significantly influence port customers—shipping lines and cargo owners—resulting to dissatisfaction.”

(Yeo, G., et.al., 2015)

Always keen on improving efficiency and enhancing customer experience, PMO MOC has closely worked with the port stakeholders to look for means and ways to further overall port management. Thus, in 2017, the Port and Maritime Management Advisory Council passed resolutions to ease up congestion and improve turnaround time of vessels at port. A load cut-off time has been implemented thru PMMAC Resolution No. 001-2017 “A Resolution Adopting a Load Cut-Off Time for Containerized Vessels at the Port of Cagayan de Oro” which hastened the loading operation of vessels for faster turnaround time while likewise discouraging and eliminating waiting cargoes.

To enhance berth management and improve berth efficiency, the PMO defined berth allocation and utilization through PMMAC

Resolution No. 002-2017 “A Resolution Declaring and Defining Berth Allocation and Utilization of Berths 01 to 13 at the Port of Cagayan de Oro” which defines berth assignments for vessels according to its type and cargo operations.

The Port Services Division, through the Terminal Section, has diligently conducted cargo and vessel pre-planning meetings on a daily basis where commitments as to labor, equipment and gears were agreed upon including port stay and service time of vessels are determined and calculated. Attended by various shipping lines representatives, agents, and cargohandling operator, the cargo pre-planning meeting also served as venue for discussion on cargo location, status of cargoes, and other matters affecting port and vessel operations.

A step up towards addressing berth congestion, the PMMAC further passed Resolution No. 006-2017 adopting and assigning Berths 8 and 9 at the Port of Cagayan de Oro as Berth Windows for container vessels. The move was a measure to ensure optimal utilization of berth spaces.

The increased number of ship calls and shipping companies establishing business at the Port of Cagayan de Oro is reflective of the shipping sector’s trust and confidence of the Port Management’s unwavering commitment of providing excellent services of international standards and the region’s robust economy.



PHYSICAL

INFRASTRUCTURE



DEVELOPMENT & MAINTENANCE

In line with PPA's mandate to develop and maintain the ports to support trade and national development, PMO Misamis Oriental/Cagayan de Oro remains incessant in implementing value-for-money infrastructure projects geared towards the capacity and productivity improvement of the ports under its jurisdiction.

Prior to 2017, three (3) out of seven (7) priority projects dubbed as the 7 Pillars of Port

Development have already been accomplished, namely: the provision of efficient and cost-effective lighting system using solar powered LED lights, the improvement of back up area at portion of Area Q at Berth 12-13, and the conduct of topographic, hydrographic and PZD survey for the Port of Laguindingan. In 2017, the construction of the 2-storey Passenger Terminal Building in the Port of Cagayan de Oro was already halfway to completion while the



development of the Port of Opol was about 35% completed as of end of December. Meantime, the procurement process for the 6-lane Electronic Gate System was completed in December 2017 and construction will take off within 1st quarter of 2018.

Amidst challenges in project implementation due to shortage of manpower resources, the Engineering Services Division was able to defy the obstacles and was able to provide the needed infrastructure support to port operations. ESD innovated itself at its core to ensure effectiveness and efficiency in all aspects of project implementation, from planning to construction, including evaluation. In 2017, ESD established internal control mechanisms in its

processes and reorganized into three (3) sections, namely: Planning, Design & Estimation, Construction & Maintenance, and Administrative Sections.

Completed and Ongoing LFPs

There were no Locally-Funded Projects (LFPs) - Field Office approved and implemented for 2017. However, the Improvement of Back-Up Area (Phase 2) at the Port of Benoni, Camiguin Province with a total contract cost of P25,555,143.35 which started in 25 May 2016 was already completed in April 2017 and is now fully operational.





Two (2) Locally Funded Projects - Head Office were also implemented for the Baseport of Cagayan de Oro, namely: the construction of the 2-storey Passenger Terminal Building and the extension of wharf and expansion of backup area. As of December 2017, the status of construction works for the new PTB was already 49.412% completed. Meantime, the project Extension of Wharf and Expansion of Back-up Area was finished last December and will be operationalized early 2018.



Repair and Maintenance Program

Out of twenty-two (22) program of works (POWs) for engineering projects submitted by the PMO, sixteen (16) projects were approved and realized.

PPA allocated 6 million for its R&M program for CY 2017 to maintain its existing port facilities and restore to serviceable condition any facilities that have been damaged. This applies to related land improvements as well as buildings and structures thereon.



A total of eleven (11) repair projects were funded and implemented for the year in review with a total contract cost of Php208,085,518.00. At least eight (8) of these projects were completed in 2017, which were mostly repairs of pavement and backup areas that have deteriorated overtime. Moreover, a total of nine (9) projects involving maintenance of physical facilities with a total project cost of Php5,911,135.60 were implemented in 2017. Seven (7) out of nine (9) of these were completed as of yearend.

2017 LIST OF COMPLETED PROJECTS

PROJ. ID	PROJECT DESCRIPTION	CONTRACT AMOUNT	PROJECT DURATION	PHYSICAL STATUS		FINANCIAL STATUS	
				a. Date Started	b. Date Completed	FUNDS UTILIZED	% UTILIZATION
REPAIR AND MAINTENANCE - LAND IMPROVEMENTS							
A160133	Repair of Back-Up Area at Area Q, Berth 12-13, CDO	6,577,301.00	75 cd	a. 21 Dec 16		3,808,672.48	98%
				b. 12 Mar 17			
A170026	Repair of Pavement Back-Up Area Berth 12-13 Phase 2, Port of CDO	29,070,183.00	150 cd	a. 18 Apr 17		25,643,782.00	99%
				b. 19 Jun 17			
A170032	Repair of Damaged Concrete Pavement of Area D & Infront of TS2, Port of CDO	28,333,680.00	150 cd	a. 18 Apr 17		25,137,562.75	99%
				b. 10 Aug 17			
A170059	Repair of Damaged PCCP Along 3rd Avenue, Port of CDO	9,167,293.00	120 cd	a. 18 Jul 17		8,110,081.31	88%
				b. 15 Oct 17			
A170068	Repair of Damaged PCCP Fronting CFS, Port of CDO	14,017,375.00	120 cd	a. 18 Jul 17		12,340,002.76	98%
				b. 31 Aug 17			
A170069	Repair and Replacement of Steel Drainage Gratings and Declogging of Drainage Canal (Phase 1), Port of CDO	14,949,086.00	150 cd	a. 18 Jul 17		9,455,610.20	71%
				b. 4 Jan 18			
A170088	Repair of Damaged Concrete Pavement Portion of 6th Street, Port of CDO	11,322,616.00	120 cd	a. 14 Aug 17		10,028,363.35	99%
				b. 18 Oct 17			
A170125	Repair of Damaged Concrete at Portion of Area F, and 1st Street, Port of CDO	26,093,041.00	150 cd	a. 18 Aug 17		23,153,938.57	99%
				b. 26 Nov 17			
MAINTENANCE OF PHYSICAL FACILITIES							
1	Repair and Maintenance for various Projects for Baseport & Outports (by Admin)	6,000,000.00	360 cd	a. 1 Jan 17		6,000,000.00	100%
				b. 31 Dec 17			
2	Repair of Water Leaks at Area "N", Port of Cagayan de Oro	151,503.60		a. 3 Mar 17		151,503.60	100%
				b. 17 Apr 17			
3	Repair of Gantry Crane Rails Port of Cagayan de Oro	369,780.64		a. 18 Jul 17		369,780.64	100%
				b. 6 Nov 17			
4	Repair of X-ray Glass Enclosure and Electrical Wiring System at Gate 1B PTC, Port of CDO	274,826.08		a. 18 Jul 17		274,826.08	100%
				b. 30 Aug 17			
5	Repair/Rehabilitation of Radio Tower Antenna at PMO-Building 1, Port of CDO	29,954.00		a. 25 Aug 17		29,954.00	100%
				b. 8 Sep 17			
6	Repair of Entrance/Exit Gate at PMO Building 2, Port of Cagayan de Oro	421,409.84		a. 26 Aug 17		421,409.84	100%
				b. 19 Sep 17			
7	Repair of X-ray Glass Enclosure & Security Fence at Access Control Center, Port of Cagayan de Oro	198,472.96		a. 19 Aug 17		198,472.96	100%
				b. 20 Nov 17			
8	Repair and Maintenance of Navigational Buoys, Port of Benoni Mahinog, Camiguin	223,036.00		a. Notice of Award dated: 27-Dec-2017			
				b. Notice to Proceed dated: 05-Jan-2018			
9	Repair of Four (4) Units Guard House, Port of Benoni Mahinog, Camiguin	637,592.00		a. Notice of Award dated: 27-Dec-2017			
				b. Notice to Proceed dated: 05-Jan-2018			



SUSTAINABILITY

ENVIRONMENT & PEOPLE

PORT SAFETY, SECURITY, AND ENVIRONMENT PROTECTION

Implementation of International Ship & Port Facility Security (ISPS) Code

The ISPS Code has become a cornerstone in the implementation of PPA's general security policies aimed at ensuring safety and security of people and port facilities, documents, detecting security threats and undertaking preventive measures against security incidents that may affect the port, its surrounding waters and the community as well as trade and commerce.

PMO MOC has continuously adopted and updated its port rules and regulations to enhance the safe, secure and environmentally-

focused port operations at the ports and surrounding waters. In 2017, it has issued twenty-two (22) Port Security Advisories circularizing pertinent security related policies and directives. To boost its security posture, the PMO regularly updated its security plans, conducted security drills/exercises and audits, and strengthened implementation of access control procedures. For the year in review, there was a dramatic increase in the issued Permit-To-Operate (60%) from the previous year owing to the tight access control implemented. The Port Police Division has issued 8,601 annual port users passes (APUP) and 1,359 annual vehicle passes (AVP), which increased by 15% and 50%, respectively, over the previous year. The 2017 APUP featured a significant



enhancement (QR Coded) and the actual capturing of applicants' ID photo aimed at preventing proliferation of fake IDs which was very rampant during the previous year. In 2017, no single case of ID falsification was booked by the Port Police Division.

To further enhance the detection capability of the Port Police Division, the PMO has installed eight (8) sets of baggage x-ray machines and walk-through metal detectors. A total of four (4) sets of baggage x-ray machines were installed at the different entry points of Baseport Cagayan de Oro, including the new Access Control Center at Gate 4 which is now equipped with a set of the equipment inaugurated last 15 April 2017 in the occasion of the PMO's 42nd Anniversary celebration. The other four sets of the machines were installed at TMO Balingoan (1), TMO Benoni (2), and TMO Balbagon (1). Baseport Cagayan de Oro screened a total of 852,219 persons entering the port and monitored a total of 504,674 inbound passengers coming from Manila, Cebu and Tagbilaran and Jagna in Bohol. Further, the Port Police Division

detected a total of 338 firearms of various caliber transported by either PNP, AFP, other government agency personnel or private individuals who are holders of pertinent documents.

PMO MOC also extended its hands to advance the government's campaign against illegal drugs, human trafficking, illegal recruitment, anti-money laundering, marine environmental protection and eco-tourism, terrorism, intelligence coordination and law enforcement cooperation. Significant/Impact law enforcement achievements of the Port Police Division includes:

- Interception of suspected illegal drugs worth P500,000.00 from the possession of a suspected drug pusher at the Passenger Terminal Complex;
- Maritime interdiction of three (3) members of local terrorist group en route to Iloilo which passed thru the Port of Cagayan de Oro.
- Interception of four (4) minors believed to be victims of child trafficking;
- Interception of alleged fake gold bars



- concealed by a passenger inside a squash
- Interception of Php 32 million worth of cash placed in cardboard boxes.

Moreover, the PPD carried out the safety and health programs and policies of the port thru:

- Dog impounding operations;
- Implementation of no smoking policy;
- Wearing of PPE;
- Traffic enforcement within the port premises.

The PMO has maintained its ties with the maritime and law enforcement community thru the Port Security Advisory Committee, law enforcement agencies, and intelligence coordinating bodies. The relentless efforts of the PMO in broadening its intelligence network, its intensified intelligence gathering efforts and

emergency preparedness exercises came in convenient particularly at the height of the Marawi Crisis last May 2017 and in the continuing implementation of the Martial Law in Mindanao. Despite the volatile security environment, the Port of Cagayan de Oro and nearby government and private ports within its jurisdiction remained safe and secure, and no serious untoward incidents occurred in 2017.

Quality Management System (QMS)

2017 marked the sixth year of implementation of the Quality Management System on the Facilitation of Vessel Entrance and Clearance (QMS-VEC) Process at the Port of Cagayan de Oro. Since its certification to the ISO 9001:2008

Registry Number 01-100-127441, PMO MOC has continuously managed to establish and maintain an effective system complying with PPA policies and objectives, and satisfying the needs of its interested parties. This was affirmed through the award of the PMO's re-certification to ISO 9001:2008 with zero non-conformities during its surveillance audit last 02 May 2017.

Aside from regular systems audits, the QMS-VEC implementation of the PMO continuously adapts to new technology that enables its customers to transact their businesses electronically. Innovations like the online submission of the Notice of Arrival/Application for Berth Allocation (NOA/ABA) and the Electronic Payment System (EPS) or ePayment breaks down physical barriers between PPA and its customers, and allows seamless transactions anytime, anywhere. Online NOA/ABA greatly assists in the planning for berth allocation and positively changed the process of approving berth application of shipping agents/representatives for vessels calling at the ports under the jurisdiction of PMO MOC. Meantime, the Electronic Payment System (EPS) or ePayment promises ease and comfort in the processing payment of port transactions and assures accuracy of information for both internal users and customers.

As of yearend, PMO MOC has started its transition from ISO 9001:2008 to ISO 9001:2015 with the release of the generic QMS Manual and is moving full ahead towards the implementation of an Integrated Management System (IMS) come 2018.

Port Safety, Health and Environmental Management System (PSHEMS)

PMO MOC was able to keep its commitments in line with the PSHEM Code, which enabled it to assess and improve operational procedures consistent with relevant and applicable international and national regulations, standards and guidelines. The implementation of the PSHEMS resulted in the achievement of the objectives including continual improvement of containerized cargo handling activities in the port to ensure safety, health and environment protection, over time.

In 2017, accidents/incidents statistics shows a thirty percent (30%) reduction compared to the previous year. A noticeable observation is the fifty-two percent (52%) drop in vehicular accidents; an indication that the efforts to instill safety consciousness among truck drivers, which started through the Road Safety Program and safety orientation for erring drivers, has been successful. Moreover, the PMO sustained its Dog-free Zone Program, Solid Waste Management System, Earth Warrior Program, port greening, safety awareness campaign, water and air anti-pollution campaigns and emergency/disaster preparedness drills/exercises. With these programs, PMO MOC was able to maintain its PSHEMS Recognition Certificate after passing the first surveillance audit conducted by the Partnership in Environmental Management for the Seas of East Asia (PEMSEA) on 11-13 October 2017 with zero non-conformities.



MAINTAINING CORPORATE STRUCTURE

Corporate Social Responsibility

In carrying out one of PPA's mission which is to "provide reliable and responsive services in ports, sustain development of communities and the environment, and be a model corporate agency of the government", PMO MOC undertook programs and activities that would further reinforce PPA's stance as a model government agency.

As part of its community support program, the PMO implemented through its GAD Focal Point some gender-related programs as part of its corporate social responsibility and in support of the government program on Gender and Development (GAD). Moreover, the PMO facilitated the following GAD seminars:

- R.A. 10627 - Anti-Bullying Act
- R.A. 8972 Solo Parents Welfare Act
- Positive Work Attitude
- R.A. 7277 & R.A. 9442 - Magna Carta for Disabled Persons
- Trafficking in Persons: Detection and Handling
- Seminar-Workshop on Fitness Enhancement & Basic Wellness & Nutrition

It has also continually sustained the drive against trafficking in persons and maintained linkages with agencies and actively participated in campaigns to address issues and concerns involving women and child sex tourism. In 2017, the PMO was able to intercept a case of suspected trafficking of minors and turned over it to PNP and DSWD for proper disposition and filing of criminal charges. It also upheld the rights and welfare of passengers especially to senior citizens and those who were stranded during inclement weather. The PMO assisted in at least 10 incidents requiring instantaneous medical assistance.



PMO MOC has acculturated the practice of giving back to the communities where it operates. It has sustained its previous community support programs including bloodletting, medical mission, mangrove planting, tree growing, coastal cleanup, gift-giving and feeding programs, and welfare of port and maritime workers. Acknowledging the value of education, the PMO sustained its Adopt-a Day-Care program thru donation of school supplies and educational toys. It also extended its hands to the victims of the Marawi Crisis.

The PMO required the compulsory drug test among its organic and outsourced employees in line with the government's steadfast campaign against illegal drugs. The tests reported negative results among all employees.

Human Resource Development Program

Throughout the year, the PMO facilitated a wide range of trainings and seminars for PMO

organic and outsourced personnel which aimed at improving professional competencies, increasing job knowledge, and increasing employee productivity and efficiency.

A total of fourteen (14) in-house trainings and sixteen (16) local seminars / trainings / workshops were conducted by the PMO last 2017. These trainings were on top of the trainings attended by PMO employees as part of PPA's nationwide human resource development programs.

The PMO likewise produced a top graduate of the United Nations Conference on Trade and Development (UNCTAD) TrainForTrade-Port Training Program (TFT-PTP) Modern Port Management Course (2nd Cycle) in the person of Ms. Ruby Maria O. Gumapon. Meanwhile, Engr. Claro Samuel P. Fontanilla completed the Cruise Terminal Design Course in Ireland.

Maintaining Global/Local Ties

In harmony with PPA's vowed commitment to maintain its cooperative ties with its global and local counterparts in various areas of concern in the maritime, shipping and port sectors, PMO MOC persistently participated in various inter-agency programs and coordination efforts which further expanded its links. In 2017, PMO MOC through PM Isidro V. Butaslac, Jr., represented the Philippine Government in the IMO World Maritime Day Parallel Event in Panama.

The PMO's inter-agency cooperation with the following coordinating bodies enabled information and resource sharing in the areas of port facility standards and benchmarking, anti-terrorism, anti-human trafficking, environmental protection, port security and safety, disaster preparedness and economic development. among others:

- Port and Maritime Management Advisory Council
- Port Security Advisory Committee
- Regional Development Council
- Joint Regional Nutrition Committee, Regional Nutrition Cluster and Regional Bantay-Asin Task Force
- Regional and City Inter-Agency Councils Against Trafficking
- Regional Committee for the Welfare of Children/Regional Child Protection Working Group
- Regional and City Disaster Risk Reduction and Management Councils
- Regional Law Enforcement Coordinating Committee
- Regional Intelligence Committee
- Regional Intelligence Fusion Center
- Regional Peace and Order Council
- Regional Anti-Terrorism Council Convergence Group



PMO MOC also maintains a productive partnership with the local government units in the locality of the ports under its administrative jurisdiction which resulted to the latter's support in boosting security at the ports and ensuring prompt response during emergencies. This cooperation has been frequently put into action during the Oplan Ligtas Biyahe operations at the peak of the passenger seasons.

Internal Audit Program

To sustain the implementation of its Management Systems and ensure compliance with international standards, the PMO underwent several internal audits for its QMS-VEC and PSHEMS. It also maintains a PMO Internal Audit Team to regularly monitor compliance and track system improvements. Apart from management systems, ports under the PMO MOC also undertook security and performance audits.

PPA Rationalization (RatPlan)

Further to its implementation of the PPA Rationalization Plan, the PMO has filled seventy-five percent (75%) of the approved positions for filling up as of 2017. A total of five (5) new entrants form part of the plantilla complementing the organic manpower complement of the PMO. Meanwhile, eight (8) employees advanced to higher positions.

As of yearend, the PMO's workforce comprised of seventy-one (71) regular employees, seventy (70) outsourced technical and administrative support personnel, thirty-eight (38) janitorial personnel and one hundred sixty-four (164) security personnel.





FINANCIAL



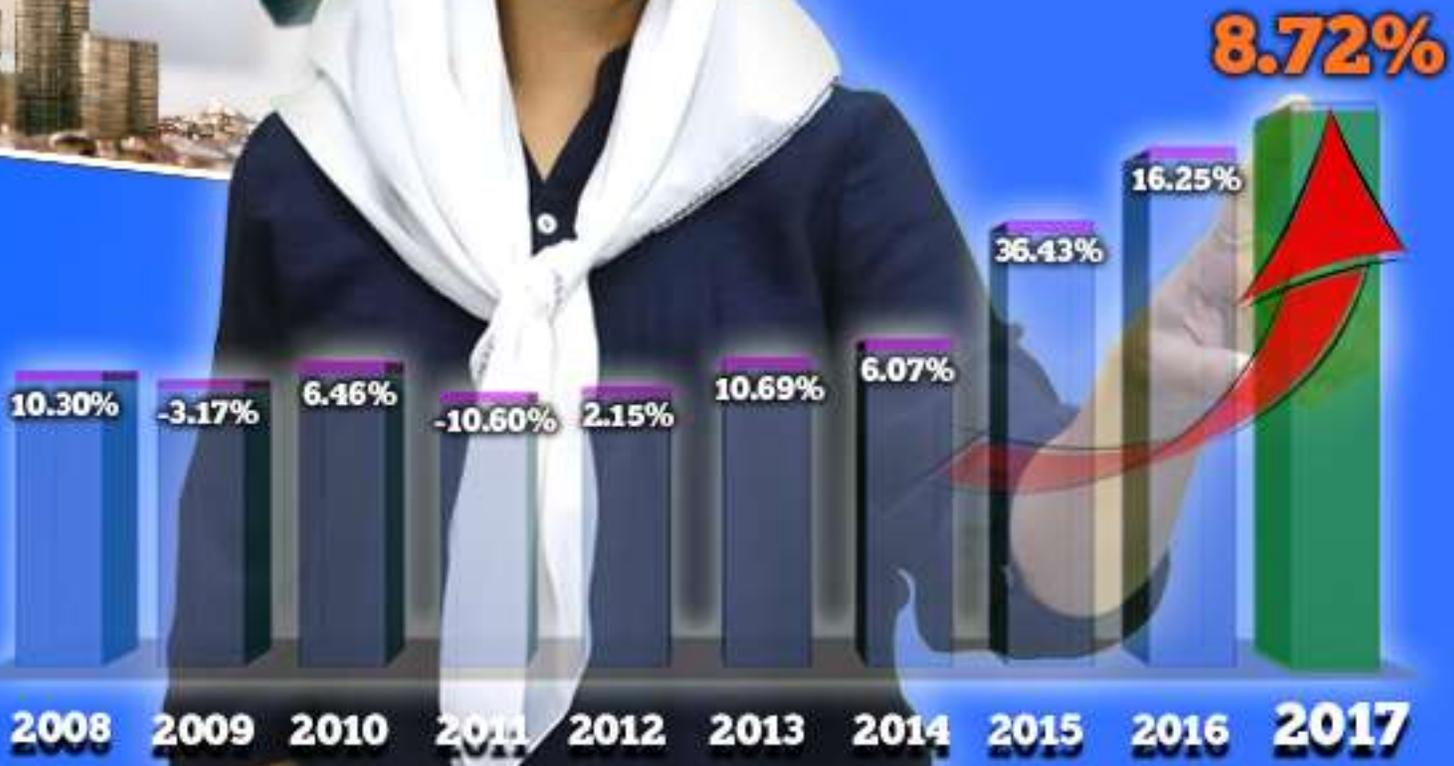
PERFORMANCE

Positive financial indicators continued in 2017 with improvements in key ratios over the year. Despite market volatility, financial performance stance a soaring margin. For the past 12 years, CY 2017 has reached the highest revenue altitude, notwithstanding various economic and political impediments brought about by the declaration of Martial Law and other security upheaval. This flaunted PMO's valiant efforts on revenue monitoring and sound fiscal management.

Revenue

The PMO gross revenue surged by Php26.9 million or 8.7% compared to the preceding year, as it ended the year with Php335,634,336.00 income from Php308,720,318.00 in 2016. This figure exceeds 4% over the projected revenue for the year 2017. This is an indicative figure showing PMO's indefatigable efforts while continuously providing efficient services, thereby contributing a larger chunk of the total government reserves that will fund national development.

The bulk of revenue collection was credited to the service income which has grown as much as Php31.8 million or 11.6 % which comprised income from vessel charges and cargo throughput. The prime portion of the PMO's revenue came from the Wharfage Dues which pegged at Php106,495,810 or 17% of the total revenue while shares from arrastre and stevedoring, and other cargo handling charges posed a total income amounting to Php81,484,935 close by 1.7% of the prior year. Notably, income from vessels charges flowed by 19.2% or Php10,463,252 which was attributed to the increase in number of ship calls and vessels gross





revenue tonnage calling at the Baseport of Cagayan de Oro, while pilotage income proportionately increased with that of the vessels charges. Permits and licenses boosted an impressive register of Php2,289,554 or 38.5% of the total revenue for the year, owing to the continued and rigorous implementation of port access and gate control processes which was initiated in 2016. Meanwhile, business and other income dropped by Php5,632,938 or 17.1% compared to last year; however, the said decrease did not cause an eminent effect of the total revenue performance of 2017.

Expense

A cost-efficient yet balanced expenditure was observed in 2017. Total spending lowered by Php125,858,738 or 26% over last year's outflow of Php483,834,957.

The implementation of Salary Standardization Law 4 (SSL 4) Tranche 2 which increased salary rates of employees, personnel advancement due to promotion, and recruitment of new employees to augment manpower complement, attributed to the increase of Personal Services (PS) of Php4,112,622.55 or 10% over last year's expense.

Conversely, Maintenance and Other Operating Expenses (MOOE), Repair and Maintenance for Land Improvement

reduced by half of the total expenditure of 2016 from Php278 million to Php139 million, mainly because the PMO has deferred the implementation of the demolition and relocation of informal settlers at TMO Balingoan, which was calendared for the year 2017. However, there is an equivalent increase on non-cash charges due to the recognition of depreciation expense for 2016 completed projects.

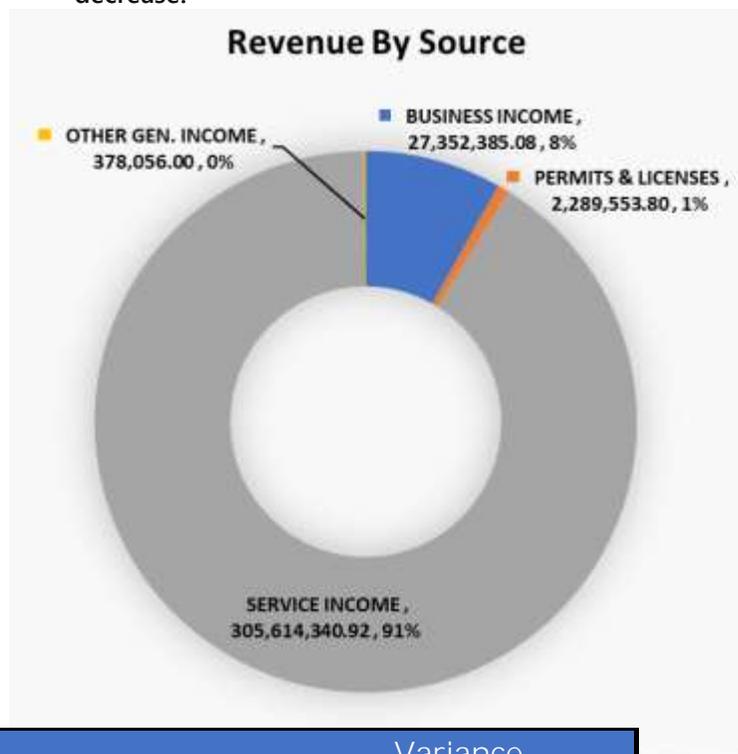
Moreover, to stave off stress of work grind, the PMO beefed up employees' morale by imploring various trainings and wellness program to imbibe positive energies resulting to an increase in training expenses to Php530,031 or 43% compared to last year's Php369,732. Similarly, communication and utility expenses soared as high as 25% and 20%, respectively, due to additional internet subscriptions, suggestive of the PMO's drive for improved services and technology advancement. As mandated by the national government, PMO MOC powered up all Passenger Terminal Buildings and customer lounge at the ABCU Office with wi-fi internet access to render connectivity among customers. Moreover, the transfer of the support services offices at PMO's Building 2 required additional line connections.

“Positive financial indicators continued in 2017 with improvements in key ratios over the year. Despite market volatility, financial performance stance a soaring margin.”

Collection Efficiency Ratio

As of December 2017, PMO’s Collection Efficiency Ratio posed at 100% for current year accounts while prior years account marked a 3.51% quotient only, short of 63% from the preceding year. Relative thereto, PMO exhausted maximum efforts in the retrieval and reconciliation of prior year accounts to effect necessary and corrective actions.

Meantime, Due from Officers and Employees displayed a little increase due to the additional grant of calamity loan brought about by the urban flooding last January 2017. Thus, loan repayments made by PMO employees from the Calamity Loan Assistance granted on February 2016 owed to the catastrophic blow of Typhoon Lando did not show significant decrease.



Income by Tariff Item	2016	2017	Variance	
			Amount	%
Permit and Licenses	1,652,787	2,289,554	636,767	38.5%
Service Income	273,743,412	305,614,341	31,870,929	11.6%
Vessel Charges	54,402,255	64,865,507	10,463,252	19.2%
Wharfage Dues	90,718,336	106,495,810	15,777,474	17.4%
Storage Charges	21,559,717	25,607,756	4,048,039	18.8%
Share on CH Services	80,093,751	81,484,935	1,391,184	1.7%
Share on Pilotage	864,152	1,087,012	222,860	25.8%
Terminal Fees	25,623,948	25,573,957	(49,991)	-0.2%
Fines and Penalties	481,253	499,364	18,111	3.8%
Business Income	32,965,137	27,352,385	(5,612,752)	-17.0%
Other General Income	358,982	378,056	19,074	5.3%
GROSS INCOME	308,720,318	335,634,336	26,914,018	8.7%

PORT STATISTICS

2017

PARTICULARS	Baseport	Other Terminal Ports	Other Government Ports	Private Ports	PMO TOTAL
A. SHIPPING					
1. Number of vessels	2,864	12,293	515	1,335	17,007
Domestic	2,760	12,292	514	1,169	16,735
Foreign	104	1	1	166	272
2. Gross Registered Tonnage/Gross Tonnage	12,392,962	2,174,999	243,449	3,267,353	18,078,763
Domestic	10,712,305	2,170,799	151,478	1,717,369	14,751,951
Foreign	1,680,658	4,200	91,971	1,549,984	3,326,812
Max. Gross Reg. Tonnage/Gross Tonnage	36,336	4,200	91,971	33,044	91,971
3. Net Registered Tonnage/Net Tonnage	6,601,392	1,098,981	143,381	1,703,232	9,546,986
Domestic	5,737,111	1,097,718	83,835	819,913	7,738,576
Foreign	864,282	1,263	59,546	883,319	1,808,410
Max. Net Reg. Tonnage/Net Tonnage	21,330	1,263	59,546	32,616	59,546
4. Deadweight Tonnage	11,543,121	3,173,088	430,804	4,459,119	19,606,133
Domestic	8,852,268	3,172,443	254,855	1,999,222	14,278,788
Foreign	2,690,853	645	175,949	2,459,897	5,327,344
Max. Deadweight Tonnage	65,941	3,000	175,949	56,968	175,949
5. Length of Vessel (m.)	262,699	373,511	20,996	99,347	756,553
Domestic	247,802	373,422	20,704	78,475	720,404
Foreign	14,896	89	292	20,872	36,149
Max. Length of Vessel (m.)	200	89	292	256	292
6. Beam of Vessel (m.)	45,320	112,081	5,291	17,557	180,249
Domestic	42,733	112,064	5,246	14,126	174,169
Foreign	2,587	17	45	3,431	6,080
Max. Beam of Vessel (m.)	77	17	45	65	77
7. Draft of Vessel (m.)	13,850	26,063	1,148	4,986	46,046
Domestic	13,167	26,059	1,147	4,009	44,381
Foreign	682	4	1	977	1,665
Max. Draft of Vessel (m.)	12	10	10	10	12
8. Down/Idle Time (hrs.)	13,716	35,754	3,482	0	52,951
Domestic	8,940	35,754	3,482	0	48,175
Foreign	4,776	0	0	0	4,776
9. Waiting Time (hrs.)	22,435	0	336	48,984	71,756
Domestic	15,570	0	336	48,569	64,475
Foreign	6,865	0	0	416	7,281
10. Service Time (hrs.)	86,072	66,091	20,894	192,294	365,351
Domestic	69,295	66,085	20,886	184,071	340,337
Foreign	16,777	6	9	8,222	25,014
11. Net Service Time (hrs.)	72,356	30,338	17,413	192,294	312,400
Domestic	60,355	30,332	17,404	184,071	292,162
Foreign	12,001	6	9	8,222	20,238
12. Total Dwell Time in Port (hrs.)	108,507	66,091	21,231	241,278	437,107
Domestic	84,865	66,085	21,222	232,640	404,812
Foreign	23,642	6	9	8,638	32,295

Note: Number of vessels does not include tugboats.

PORT STATISTICS

2017

PARTICULARS	Baseport	Other Terminal Ports	Other Government Ports	Private Ports	PMO TOTAL
B . CARGO AND PASSENGER					
1. Total Cargo Throughput (m.t.)	6,554,446	20,076	102,255	2,821,631	9,498,407
a. Domestic	5,361,049	20,076	102,255	1,755,663	7,239,042
Inbound	2,608,696	8,465	57,522	565,962	3,240,645
Breakbulk	535,196	8,464	30,615	96,082	670,357
Liquid Bulk	105,102	1	22,483	218,804	346,391
Dry Bulk	600	0	4,400	213,597	218,597
Containerized	1,967,797	0	25	37,479	2,005,301
Outbound	2,752,353	11,611	44,732	1,189,701	3,998,397
Breakbulk	587,689	10,353	235	730,942	1,329,219
Liquid Bulk	509,262	0	14,601	51,913	575,776
Dry Bulk	17,338	1,258	29,896	403,197	451,689
Containerized Cargo	1,638,064	0	0	3,649	1,641,713
b. Foreign	1,193,397	0	0	1,065,968	2,259,365
Import	1,090,796	0	0	919,677	2,010,473
Breakbulk	434,070	0	0	15,125	449,194
Liquid Bulk	372,670	0	0	187,477	560,147
Dry Bulk	284,056	0	0	717,075	1,001,131
Containerized Cargo	0	0	0	0	0
Export	102,601	0	0	146,291	248,892
Breakbulk	0	0	0	0	0
Liquid Bulk	35,800	0	0	129,771	165,571
Dry Bulk	66,801	0	0	16,520	83,321
Containerized Cargo	0	0	0	0	0
2. Total Passengers	1,153,766	1,451,873	54,883	101	2,660,320
Domestic	1,153,665	1,451,772	54,782	0	2,660,219
a. Disembarking	587,973	736,317	29,872	0	1,354,162
b. Embarking	565,692	715,455	24,910	0	1,306,057
Foreign	101	101	101	101	101
c. Cruise Ships	0	101	0	0	101
D. CONTAINER TRAFFIC					
1. Total Container (in TEU)	265,643	0	1	1,843	267,486
a. Domestic	265,643	0	1	1,843	267,486
Inbound	134,688	0	1	1,658	136,346
Empty	24,451	0	0	77	24,528
Loaded - FCL	110,237	0	1	1,581	111,818
Loaded - LCL	0	0	0	0	0
Outbound	130,955	0	0	185	131,140
Empty	34,868	0	0	25	34,893
Loaded - FCL	96,088	0	0	160	96,248
Loaded - LCL	0	0	0	0	0
2. Total Container (by Boxes)	272,614	0	1	1,861	274,476
a. Domestic	272,614	0	1	1,861	274,476
Inbound	138,558	0	1	1,631	140,190
Empty	26,257	0	0	68	26,325
Loaded - FCL	112,301	0	1	1,563	113,865
Outbound	134,056	0	0	230	134,286
Empty	34,264	0	0	19	34,283
Loaded - FCL	99,792	0	0	211	100,003
E. NO. OF VEHICLES CARRIED BY RORO VESSELS					
1. Domestic	17,520	168,018	2,266	0	187,804
Inbound	9,729	83,894	1,045	0	94,668
Outbound	7,791	84,124	1,221	0	93,136

*“PMO MOC attained an all-time high revenue record of over **Php 335 million**, up by **9%** from 2016 and around **4%** over the projected revenue for 2017.”*



STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of Philippine Ports Authority (the Authority) is responsible for the information and representations contained in its Financial Statements for the years ended December 31, 2017 and 2016. The Financial Statements have been prepared in conformity with applicable laws and regulations and generally accepted accounting principles applied on a consistent basis and reflect amounts that are based on the best estimates and informed judgment of Management with appropriate consideration for materiality.

The Authority maintains a system of accounting and reporting which provides for the necessary internal control to ensure that transactions are authorized and recorded, assets are safeguarded against unauthorized use or disposition, and liabilities are properly recognized.



SAERAH M. PASCASIO, CPA
Finance Division Manager



ENGR. ISIDRO V. BUTASLAC, JR.
Port Manager

STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 31 December 2017

(With Comparative Figures as of 31 Dec 2016)

(in Philippine Peso)

	<u>2017</u>	<u>2016</u>
Income		
Service Income	8,834,956	10,528,904
Business Income	326,446,834	297,853,070
Other Non-Operating Income	352,546	338,344
Total Income	<u>335,634,336</u>	<u>308,720,318</u>
Expenses		
Personnel Services		
Salaries and Wages-Regular	24,803,384	21,477,650
Other Compensation	13,831,556	13,521,542
Personnel Benefit Contributions	3,454,826	2,987,250
Other Personnel Benefits	2,606,759	2,597,462
Total Personnel Services	<u>44,696,525</u>	<u>40,583,903</u>
Maintenance and Other Operation		
Travelling Expenses	1,613,388	1,812,025
Training and Scholarship Expenses	530,041	369,732
Supplies and Materials Expenses	5,204,163	5,519,099
Utility Expenses	23,378,445	19,484,797
Communication Expenses	833,070	663,808
Demolition/Relocation and Desilting/Drilling/Dredging Expenses	-	26,486,267
Professional Services	11,866,219	18,491,837
General Services	38,328,775	32,589,703
Repairs and Maintenance	139,770,907	278,681,474
Taxes, Insurance Premiums and Other Fees	912,960	683,450
Other Maintenance and Operating Expenses	2,218,397	1,951,883
Total Maintenance and Other Operating Expenses	<u>224,656,365</u>	<u>386,734,075</u>
Total Financial Expenses	-	500
Non-Cash Expenses		
Depreciation	62,613,518	56,516,479
Impairment Loss	13,012	-
Losses	25,996,798	-
Total Non-Cash Expenses	<u>88,623,328</u>	<u>56,516,479</u>
Total Expenses	<u>357,976,218</u>	<u>483,834,957</u>
Profit/(Loss) Before Tax	<u>(22,341,883)</u>	<u>(175,114,639)</u>
Income Tax Expense/(Benefit)	-	-
Profit/(Loss) After Tax	<u>(22,341,883)</u>	<u>(175,114,639)</u>
Comprehensive Income/(Loss)	<u>(22,341,883)</u>	<u>(175,114,639)</u>

STATEMENT OF FINANCIAL POSITION

As of 31 December 2017

(With Comparative Figures as of 31 Dec 2016)

(in Philippine Peso)

	<u>2017</u>	<u>2016</u>
ASSETS		
Current Assets		
Cash and Cash Equivalent	48,746,384	58,869,187
Receivables	13,428,800	17,507,293
Inventories	1,862,876	2,074,675
Other Current Assets	26,071,376	29,643,488
Total Current Assets	<u>90,109,436</u>	<u>108,094,642</u>
Non-Current Assets		
Property, Plant and Equipment	2,344,135,866	2,345,416,183
Total Non-Current Assets	<u>2,344,135,866</u>	<u>2,345,416,183</u>
Total Assets	<u><u>2,434,245,301</u></u>	<u><u>2,453,510,825</u></u>
LIABILITIES		
Current Liabilities		
Financial Liabilities	16,525,435	20,527,132
Inter-Agency Payables	2,875,766	6,662,773
Trust Liabilities	34,917,898	39,534,391
Deferred Credits/Unearned Income	15,585,878	12,040,795
Other Payable	20,670,097	16,111,708
Total Current Liabilities	<u>2,456,587,184</u>	<u>2,628,625,464</u>
Total Liabilities	<u>2,456,587,184</u>	<u>2,628,625,464</u>
EQUITY		
Retained Earnings/(Deficit))	<u>(22,341,883)</u>	<u>(175,114,639)</u>
Total Equity	<u>(22,341,883)</u>	<u>(175,114,639)</u>
Total Liabilities and Equity	<u><u>2,434,245,301</u></u>	<u><u>2,453,510,825</u></u>

STATEMENT OF CASH FLOWS

As of 31 December 2017

(With Comparative Figures as of 31 Dec 2016)
(in Philippine Peso)

	<u>CY 2017</u>	<u>CY 2016</u>
Cash Flow from Operating Activities		
Cash Inflows		
Collection of Port Revenues	249,475,540.33	219,747,543.40
Other Income*	14,182,478.84	18,485,663.87
Fund Management Income*	25,510.07	15,343.18
Receipt of Depository Liability	131,155,479.70	1,225,434,342.30
Receipt of Trust Liabilities	524,806,709.21	662,181,432.68
Receipt of Miscellaneous Liabilities Deferred Credits	23,077,593.19	20,255,585.75
Total Cash Inflows	<u>942,723,311.34</u>	<u>2,146,119,911.18</u>
Cash Outflows		
Cash Paid for Operating Expenses*	236,364,466.10	398,654,950.96
Refund of Depository Liability	129,788,237.07	1,225,862,067.05
Payment of Miscellaneous Liabilities & Deferred Credits	18,981,910.42	20,044,642.20
Remittance of Trust Liabilities	698,286,803.71	537,328,465.54
Payment of Guaranty Deposits	330,799.44	0.00
Total Cash Outflows	<u>1,083,752,216.74</u>	<u>2,181,890,125.75</u>
Total Cash Provided (Used) by Operating Activities	<u>-141,028,905.40</u>	<u>-35,770,214.57</u>
Cash Flow from Investing Activities		
Cash Inflows		
Proceeds from Maturing T-Bills/Bonds/ShortTerm Investments	0.00	0.00
Total Cash Inflows	<u>0.00</u>	<u>0.00</u>
Cash Outflows		
Investment in Securities	0.00	0.00
Net Payments for Construction in Progress*	-12,983,221.88	19,399,873.02
Net Acquisition, Construction of Fixed Assets*	184,885,031.83	5,360,543.32
Total Cash Outflows	<u>171,901,809.95</u>	<u>24,760,416.34</u>
Total Cash Provided (Used) by Investing Activities	<u>-171,901,809.95</u>	<u>-24,760,416.34</u>
Cash Flow from Financing Activities		
Cash Inflows		
Loan Availments	0.00	0.00
Corporate Notes	0.00	0.00
Total Cash Inflows	<u>0.00</u>	<u>0.00</u>
Cash Outflows		
Loan Repayments	0.00	0.00
Dividend Payments	0.00	0.00
Calamity Loans Granted*	118,501.26	1,664,842.23
Total Cash Outflows	<u>118,501.26</u>	<u>1,664,842.23</u>
Total Cash Provided (Used) by Financing Activities	<u>-118,501.26</u>	<u>-1,664,842.23</u>
Cash Provided by Operating, Investing and Financing Activities	-313,049,216.61	-62,195,473.14
Effect of Exchange Rate on Cash and Cash Equivalents*	0.00	0.00
Net Increase (Decrease) in Cash and Cash Equivalents	-313,049,216.61	-62,195,473.14
Add: Cash and Cash Equivalents - Beginning	58,869,186.63	38,909,731.61
Cash and Cash Equivalents - Ending	<u>48,746,383.64</u>	<u>58,869,186.63</u>

1. CORPORATE BACKGROUND

The Philippine Ports Authority (PPA) is a Government Owned and Controlled Corporation (GOCC) attached to the Department of Transportation and Communications and specially charged with the financing, management, and operations of public ports throughout the archipelago.

Its goal, as spelled out in its charter, Presidential Decree 857, as amended, is to implement an integrated port system that is aimed at accelerating maritime trade and commerce and carry forward the government objective of transforming the Philippines into a newly-industrialized country.

On October 1, 1975, PPA established its management unit in Cagayan de Oro and took over the port operations, maintenance, and related functions from the Bureau of Customs and from the Bureau of Public Works. In April 1976, PPA added to its function the collection of income and revenues from the use of PPA facilities and services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING AND FINANCIAL REPORTING POLICIES

Basis of Preparation

The accompanying financial statements were converted / mapped from the New Government Accounting System (NGAS) accounts per COA Circular No. 2004-02, as amended, to the Revised Chart of Accounts (RCA) for Government Corporations prescribed under COA Circular Nos. 2015-010 and 2016-006 dated December 01, 2015 and December 29, 2016 respectively. The financial statements have been prepared using the historical cost convention and accrual basis of accounting except for fixed assets that were revalued last 19 June 2011 and those assets for disposal that were adjusted to their net realizable value. Last June 2016, the services of Royal Asia Appraisal Corporation, an independent appraiser, was obtained to assess/appraise the PPA assets. Adjustments based on the Final Appraisal Report were effected in 2017.

The books and reports generated through the Accounting and Financial Management System (AFMS), a sub-system of the PPA Computerized

System were used as basis in the preparation of the financial report for submission to COA. The system uses the NGAS Chart of Account under COA Circular No. 2008-006. With the recall of the said circular, accounts were mapped to those prescribed in COA Circular No. 2004-002 to generate the required COA reports. In compliance with the recent issuance of COA Circular Nos. 2015010 and 2016-006, account codes were converted/mapped to the codes of the equivalent accounts in the RCA.

AFMS uses only a single book of accounts in recording the financial transactions of Operating Units (OU) composed of Head Office and Port Management Offices. Clearing accounts, default account, use of automated entries through the 'Due To / Due From' accounts and assignment of codes for each OU allow the generation of financial report for Head Office, for each PMO, consolidated PMOs report and consolidated PPA report.

Forms and reports as well as the schedules of the different accounts generated through the AFMS, developed using Oracle software were customized to be compliant with the requirements of the National Government Accounting System. The consolidated financial statements include the financial transactions of the HO and PMOs.

Statement of Compliance

The financial statements were prepared in conformity with applicable provisions of the following Philippine Accounting Standards (PAS) and Philippine Financial Reporting Standards (PFRS) consistent with previous years financial reports:

- PAS 1 Presentation of Financial Statements
- PAS 2 Inventories
- PAS 16 Property, Plant and Equipment
- PAS 18 Revenue
- PAS 36 Impairment of Assets

All other accounting standards, financial reporting standards and financial interpretations issued by the Philippine Interpretation Committee are deemed not applicable in accounting for the transactions of PPA PMO-MOC as a GOCC.

Presentation of Financial Statements

Assets

The major categories used were Current and Non-Current Assets.

Accounts Receivables

Receivables composed of trade and non-trade accounts are valued at face amounts less the corresponding allowances set up for doubtful accounts for any anticipated adjustments which, in the normal course of events, will reduce the amount of receivable from the debtor to estimated realizable values.

Anent to PPA Finance Memorandum Order No. 02-2009 dated April 22, 2009, provision for doubtful accounts shall be determined in the following threshold agreement:

Age (Days) of Account	Rate of Allowance To be Set Up
30 days	5%
31 - 90 days	10%
91 - 180 days	20%
181 - 365 days	40%
Over 365 days	60%
Dormant with Nil Chance	100%

Inventories

Supplies and materials purchased for inventory purposes are recorded and valued at cost, net of Value-Added Tax (VAT), using the perpetual inventory system.

Liabilities

Accounts are classified as Current or Non-Current Liabilities.

Recognition, Derecognition and Reclassification of Assets and Liabilities Inventories

Inventories

Supplies and materials for stock whether purchased and/or received as donations are recorded under the appropriate inventory accounts following the perpetual inventory method. In conformity with COA Circular 2016-006 dated December 29, 2016 and PPA Finance Memo Order

01-2016, semi-expendable items with estimated useful life of more than a year but below the capitalization threshold of Php15,000 shall be considered as part of the inventory upon acquisition.

Items issued/consumed during the year are treated as expense, charged to profit or loss for the period. The moving average costing method is used in computing amount to be recognized as expense for the period.

Property and Equipment

Property and equipment of the Authority are carried in the books at appraised values except for additions in between the periods of appraisal which are recorded at acquisition cost net of VAT.

Appraisal of PPA assets was conducted in 2016. Appraisal is conducted once every 5 years pursuant to COA Resolution No. 89-17. In the past, any increase or decrease in assets' values resulting from appraisal activities are recorded as direct adjustments to Revaluation Surplus account. Recognition of gain or loss as provided for in PAS 16 is not observed. When assets are dropped from the books, i.e. retirement, demolition, etc., recognized revaluation surplus are closed to Retained Earnings account.

The following provisions of PAS 16 shall then be applied on the result of asset appraisal conducted in 2016:

For initial Revaluation:

An increase in the value of Fixed Asset due to Appraisal shall be adjusted through Revaluation Capital account.

A decrease in value of Fixed Assets due to Appraisal shall be directly charged to the result of operations in the Profit and Loss (P & L) Statement.

For Subsequent Revaluation:

The increase shall be recognized as revaluation gain to the extent that it reverses a revaluation decrease of the same asset previously recognized in the P & L and any excess should be charged to Revaluation Capital.

A decrease shall be debited to the extent of existing balance of Revaluation Capital in respect of that same class of asset, any excess should be charged to revaluation loss in the P & L.

Upon retirement, disposal, demolition, or when appraised assets are permanently impaired, the assets' costs, appraisal increments, and their related accumulated depreciation are dropped from the books and any resulting gain or loss is recognized between the difference of the net proceeds and net realizable value for the period.

Depreciation starts when the asset is placed in service and ends when the asset is derecognized or disposed. Depreciation is computed based on the acquisition cost or appraised value of the property, net of ten percent (10%) residual value, using the straight-line method over the estimated useful lives of the assets in accordance with PPA Memorandum Circular No. 37-2005 issued in conformity with COA Circular No. 2004-003.

Infrastructure projects are valued following the Construction Period Theory. The costs of ongoing projects and accounts payable set up for ongoing projects are based on actual physical accomplishment reported by the Engineering Department.

All subsequent cost for the repairs and maintenance of different port facilities are recognized as expense or capitalized for the period whichever is appropriate.

Unserviceable assets and those identified for disposal are derecognized and reclassified to 'Other Non-Current Assets'. Difference between the net book value and residual value is recorded as loss for the period. Difference between actual amount received from the disposal/sale of the asset and the carrying value (residual value) shall be recognized as gain or loss on disposal for the period.

Impairment of Assets

For assets which have not yet been subjected to appraisal and whose recoverable amount is less than the assets' carrying value, the recorded cost is reduced to their recoverable value and the difference is charged to current period as impairment loss.

Liabilities

The obligation to pay is recognized only when goods were actually received and services were rendered or based on physical accomplishment for contracts covering delivery of services and infrastructure projects. PPA Finance Memorandum Order 01-2016 dated December 02, 2016 was issued amending the AFMS Manual to include accrual for the value of physically accomplished portion of infrastructure projects at the end of the year.

Recognition of Income and Expense

Revenue

The Authority uses the accrual method of accounting wherein income and expenses are recognized as they are earned or incurred. For those covered by contracts, revenues are recognized when they accrue as defined/specified in the terms of the contract.

In providing services to the public, PPA entered into various management contracts which conveys to an operator for a specified period the right to provide services that give the public access to ports, passenger terminal facilities, and various port facilities constructed by the government. In return, the operator remits fees to the Authority in accordance with the terms of the contracts.

3. CASH

	2017	2016
Cash – Collecting Officers	12,129,564	2,706,000
Petty Cash Fund (PCF)	95,000	5,000
Cash – LBP CA	5,659,124	3,381,986
Cash – PNB CA	14,675,415	24,829,935
Cash – PVB CA	12,503,189	21,225,607
Cash – LBP SA	185,942	4,220,879
Cash – PNB SA	3,498,150	2,499,779
Total Amount	48,746,384	58,869,187

This account represents deposits with authorized depository banks.

The balance of Cash - Collecting Officers represents collections at year-end which were deposited the next banking day, i.e. January 3, 2018. Significant increase in this account pertains to deposits in transit at year end 2017.

In prior years, the PCF is liquidated/closed at year-end and any unused cash balance is refunded through issuance of Official Receipts (OR). In 2017, however, only utilized portion of PCF duly supported by OR & other supporting documents is processed for replenishment.

PPA stopped utilizing funds from its Cash in PNB because the latter is no longer an authorized government depository bank per DOF Department Order No. 27-05. This explains the decreased balance in PNB Current Account.

Decreased in PVB account is due to fund releases from HO supposedly for 2017 were received only in January 2018.

Decrease in LBP savings account is due to the auto-transfer of collections to HO which is scheduled every week in 2017.

4. RECEIVABLES

	2017	2016
Accounts Receivable	891,904	920,343
Less: Allowance for Doubtful Accounts	802,156*	821,220*
Accounts Receivable – Net	89,748	99,124
Due from Officers & Employees	7,722,689	7,580,890
Due from LGUs	-	4,198,841
Due from Operating Units	1,732,752	1,723,752
Other Receivables	3,892,610	3,904,686
Total Amount	13,428,800	17,507,293

Accounts receivable refers to the amount due from port users/customers arising from trading or business transactions that are expected to be collected within the allowable credit period.

Allowance for Doubtful Accounts which amounted to PhP530,288 and PhP549,352 in 2017 and 2016, respectively, are determined as follows:

2017

Age (Days) of Account	Accounts Receivable	Rate	Allowance for doubtful accounts
30 days	8,826	5%	441
31 - 90 days	-	10%	-
91 - 180 days	-	20%	-
181 - 365 days	-	40%	-
Over 365 days	883,078	60%	529,847
Dormant with Nil Chance	-	100%	-
Total Amount	891,904		530,288

2016

Age (Days) of Account	Ac- counts Receiva- ble	Rate	Allowance for doubt- ful ac- counts
30 days	5,189	5%	259
31 - 90 days	-	10%	-
91 - 180 days	-	20%	-
181 - 365 days	-	40%	-
Over 365 days	915,154	60%	549,093
Dormant with Nil Chance	-	100%	-
Total Amount	920,343		549,352

**Inclusive of the Allowance for Doubtful Accounts – non-trade amounting to 271,868 both in 2017 and 2016.*

5. INVENTORIES

	2017	2016
Office Supplies In-ventory	944,176	796,702
Accountable Forms Inventory	918,699	1,186,620
Semi-Expendable Office Equipment	-	54,321
Semi-Expendable Furniture & Fixtures	-	37,032
Total Amount	1,862,876	2,074,675

This account includes inventory balances of office supplies, accountable forms, spare parts, construction material, other supplies and materials and semi-expendable items.

The increase in Inventories is a result of increase in office supplies and other materials on hand at year-end. This is to ensure that supplies are readily available to all RCs particularly in the implementation of PSHEMS and QMS-VEC.

The decrease in Accountable Forms Inventory and Semi-Expendable Office Equipment, Furniture, and Fixtures is due to issuances to end-users and accountable users at year-end.

6. OTHER CURRENT ASSETS

	2017	2016
Advances	180	-
Prepayments	23,128,542	27,584,062
Deposits	960,738	527,854
Other Assets	1,981,917	1,531,572
Total Amount	26,071,376	29,643,488

Prepayments consist of:

	2017	2016
Advances to Contractors	10,251,684	5,020,927
Input Tax	7,377,860	17,828,384
Creditable Input Tax	1,610,826	1,607,558
Withholding Tax at Source	3,888,172	3,127,192
Total Amount	23,128,542	27,584,062

The significant increase in Advances to Contractors is attributable to the increase in contract amounts for Repairs & Maintenance Projects which remain unfinished at the end of 2017.

The decrease in Input Tax is due to the minimal number of accounts payable transactions at year-end.

Deposits consist of:

	2017	2016
Guaranty Deposits	620,021	289,221
Other Deposits	340,717	238,633
Total Amount	960,738	527,854

Increase in Guaranty Deposits is attributable to the issuance of manager's check to Stronghold Insurance Co. as guaranty of surety bond.

Increase in other deposits pertain to payments made for 2 months advance and 1-month deposit for the lease of TMO Opol Office and a deposit for the electric power service connection for the PPA shore-based power at lagoon.

Increase in other assets is attributable to the increase in assets classified as "unserviceable".

7. PROPERTY, PLANT AND EQUIPMENT

	2017	2016
Land and Land Improvements	PhP 1,162,841,138	PhP1,185,626,552
Infrastructure Assets	2,155,979,916	1,995,643,037
Less: Accumulated. Depreciation	1,082,732,982	916,476,386
Infrastructure Assets, net	1,073,246,934	1,079,166,651
Buildings and Other Structures	65,109,000	31,805,142
Less: Accumulated. Depreciation	35,995,663	26,257,190
Buildings and Other Structures, net	29,113,337	5,547,952
Machinery and Equipment	89,503,115	74,144,141
Less: Accumulated. Depreciation	48,476,953	49,692,690
Machinery and Equipment, net	41,026,162	24,451,451
Transporting Equipment	7,156,929	8,942,579
Less: Accumulated. Depreciation	3,382,374	4,975,547
Transporting Equipment, net	3,774,555	3,967,031
Furniture, Fixtures, and Books	5,569,132	5,112,747
Less: Accumulated. Depreciation	3,663,869	3,667,901
Furniture, Fixtures, and Books, net	1,905,262	1,444,846
Construction in Progress – Agency Assets	32,228,477	45,211,699
Total Amount	PhP 2,344,135,866	PhP 2,345,416,183

In 2016, an appraisal of Infrastructure Assets, Buildings, Machinery, and Transporting Equipment was conducted by Royal Asia Appraisal Corp. The said adjustments for the appraisal were taken up in PPA's books in 2017.

The increase in Furniture, Fixtures & Equipment is mainly due to the procurement of various FFE in 2017.

The balance of Construction in Progress account corresponds to the physical value of accomplishments of each project based on percentage of completion as reported by the Engineering Department as of 31 December 2016.

Significant decrease in Construction in Progress is due to the completion of locally-funded projects.

8. FINANCIAL LIABILITIES

	2017	2016
Payables	16,503,359	20,506,099
Tax Refunds Payable	22,075	21,032
Total Amount	16,525,434	20,527,131

The Payables account consists of short-term obligations incurred for procurement of goods and services from private suppliers and employees arising from the conduct of business or operation. The decrease in Payables account is due to the minimal number of transactions at year end.

9. INTER-AGENCY PAYABLES

	2017	2016
Due to BIR	1,538,520	5,906,026
Due to GSIS	434,001	16,541
Due to Pag-IBIG	164,998	25,334
Due to PhilHealth	27,472	4,097
Due to Government Corporations	710,774	710,774
Total Amount	2,875,765	6,662,772

This account comprised of inter-agency payables involving the mandatory deductions withheld from salaries of personnel that are due for remittance in payment of taxes, employees' insurance premium contributions, and loan amortizations. Also included are liabilities for advances made by other government agencies for specific purposes.

Decrease in accounts payable transactions correspondingly results to the decrease in withholding tax liabilities to BIR.

Increase in due to GSIS, Pag-IBIG, and PhilHealth accounts pertain to December 2017 deductions which were remitted in January 2018.

10. INTRA-AGENCY PAYABLES

This represents the total accountability of the PMO to HO as a result of the transactions between the former and the latter such as Bank Transfers and Intra-Office charges.

11. TRUST LIABILITIES

	2017	2016
Trust Liabilities	322,580	785,285
Bail Bonds Payable	65,878	65,878
Guaranty/Security Deposits Payable	714,132	6,235,162
Customers' Deposits Payable	33,815,308	32,448,065
Total Amount	34,917,898	39,534,390

This account represents deposits to PPA by various contractors and suppliers and retention fees withheld to guaranty the performance and delivery of contracted services and goods. Also, includes the amount of refundable taxes to PPA personnel, and amounts collected for the account of employee associations, cooperatives, etc.

The decrease in Trust Liabilities is due to paid loan deduction remittances for December.

The decrease in Guaranty/Security Deposits Payable account is attributable to the release of retention fee to contractors.

12. DEFERRED CREDITS

	2017	2016
Deferred Credits to Income	7,956	7,956
Output VAT	15,577,921	12,032,839
Total Amount	15,585,877	12,040,795

The increase in Output VAT account is directly attributable to the increase in revenue for 2017.

13. OTHER PAYABLES

Increase in this account pertains to RoRo Service Providers' share on RRTF which were not yet billed from PPA at year-end.

14. SERVICE AND BUSINESS INCOME

Service Income comprises of Permits Fees and other Service Income derived from port users which is broken down as follows:

	2017	2016
Permit Fees	2,405,476	1,772,190
Registration Plates, Tags and Stickers Fees	800	1,200
Fines and Penalties-Service Income	383,442	361,851
Other Service Income	6,045,238	8,393,663
Total Amount	8,834,956	10,528,904

Business income comprises of revenue derived from Seaport System Fees which include Wharfage Dues, Share in Arrastre/Stevedoring Income, Dockage Fees, Port Dues, Storage Charges, Port Usage Fees, and Pilotage.

Business income also includes Rent/Lease Income Transportation System Fees/Terminal Fees, and other Business Income broken down as follows:

	2017	2016
Rent/Lease Income	12,976,134	14,011,730
Transportation System Fees	26,853,256	27,156,461
Seaport System Fees	279,178,665	247,260,689
Other business income	7,438,778	9,424,190
Total Amount	326,446,834	297,853,070

Seaport System Fees for 2017 and 2016 consists of:

	2017	2016
Wharfage Dues (a)	106,495,810	90,718,336
Share in Arrastre/Stevedoring Income (b)	81,122,580	79,716,230
Dockage Fees (c)	29,884,916	23,650,262
Storage Charges (d)	25,607,756	21,559,717
Port Usage (e)	21,066,891	19,442,768
Port Dues (f)	13,913,700	11,309,225
Pilotage (g)	1,087,012	864,151
Total Amount	279,178,665	247,260,689

- This refers to the charges levied on loaded/unloaded cargoes whether imports, exports, inbound, outbound, or transshipments. The computation is based on metric ton for non-containerized cargoes and per box for containerized cargoes.
- This account represents the government share on the receipts or earnings of cargo handlers from arrastre and stevedoring service. Arrastre refers to the set of shore-based cargo handling activities that includes, but is not limited to, the receiving or loading of cargoes to/from ship's tackle with the use of dock gang and cargo handling equipment. On the other hand,

stevedoring service cover the discharging and loading of containers, loaded or empty, from the vessel to the dock/apron and vice-versa, and the opening and closing of hatch covers, lids and supporting beams.

- Dockage or berthing fee is the amount assessed against a vessel engaged in international (foreign) trade for berthing. It is levied on the cargo vessels based on the number of days of stay for the purpose of discharging and/or loading cargo; and on non-cargo vessels for the purpose of loading and/or taking passengers or for taking fresh water supply or receiving bunker fuel.
- Storage fees are charges on cargoes that remain in the cargo sheds, warehouses or in the open storage area of any government-owned port beyond the "free storage period" allowed. Increase or decrease in storage revenue can be attributed to the growth or decline in the number of shippers /port users availing of storage services.
- Vessels engaged in coastal domestic trade that berth or temporarily lay up or drop anchor at any government port are charged a port usage fee based on gross revenue tonnage (GRT).
- Vessels engaged in foreign trade, including those engaged in barter trade, that enter any port, whether private or government-owned, for loading and discharging cargoes, embarking/disembarking passengers, bunkering or taking provisions or repairs and changing members of the crew are charged with port dues based on the vessel GRT. It is a one-time charge assessed against vessels anytime that they call at the port
- This represents the government share on the service rendered or required to be performed by the harbor pilots to maneuver vessels to/from the ports as required or as deemed necessary in each pilotage district.

Revenue as of December 2017 and 2016 exceeded projected revenues of PhP324,253,537 and PhP236,886,280, respectively, by 3.51% and 30.32%.

PMO MOC

OFFICERS



AND STAFF



FINANCE DIVISION

Headed by MS. SAERAH M. PASCASIO

- Recommends improvement of policies, rules and regulations on financial matters on accounting, budgeting, billing and credit analysis and cashiering, among others.
- Prepares and implements PMO financial plan, annual and/or specific budgets and insurance claims , among others.
- Implements financial policies, guidelines, procedures, rules and regulations.
- Assesses and collects all the required charges on cargoes and vessels as well as the PPA share on operator's income and rentals.
- Ensures the proper accounting and reporting of all financial transactions of the PMO and compliance to fiscal policies of the government.
- Ensures adequate insurance coverage for all fixed assets and administers recovery claims for damage.
- Conducts special studies pertaining to financial matters.
- Prepares financial reportorial requirements and submits to Head Office & other external agencies.
- Performs other related functions.

PORT SERVICES DIVISION

Headed by Ms. RUBY MARIA O. GUMAPON

- Recommends and implements port rules and regulations, standards, systems and procedures in the efficient operations and safe delivery of marine related services, such as among others vessel operations, pilotage, ancillary services; and terminal services, such as among others, cargo handling operations, cargo storage management, cargo entry/withdrawal.
- Implements terminal and marine operations policies, guidelines, procedures, rules and regulations.
- Enforces appropriate port rules and regulations promulgated by the Authority.
- Analyzes, studies and recommends action on documents involving cargoes and vessels and on application for licenses/permits to operate cargo handling and other port ancillary services.
- Monitors the operations of private ports under the jurisdiction of the PMO regarding compliance with Certificate of Registration (COR) and PTOs and decides on appropriate actions to be undertaken.
- Consolidates port statistical data.
- Establishes safety standards in the movement of vessels, cargoes, passengers and pedestrians in the port directly manage by PPA.
- Establishes environmental standards/rules relative to terminal and marine operations.
- Provides technical assistance to port users and other agencies relative to the implementation of port operations policies, regulations, systems and procedures.
- Undertakes periodic inspection and inventory of the port facilities/services to ensure the cleanliness of the premises.
- Assists in the conduct of performance evaluation of cargo handling operators.
- Supervises directly the day-to-day terminal and marine operations.
- Prepares port operations reportorial requirements and submits to Head Office and other external agencies.
- Performs other related functions.





PORT POLICE DIVISION

Headed by PP/Supt. BERNARDO A. GARTALIA

- Recommends improvement of policies, rules and regulations on port safety and security policy and regulations.
- Implements port safety and security policies, guidelines, procedures, rules and regulations.
- Implements security measures on passengers, cargoes, vessels and port facilities.
- Supervises private security agencies within the port premises.
- Controls and regulates the flow of vehicles and people within the terminal phases.
- Arrests, investigates and files appropriate charges before the judicial and quasi judicial bodies for violations of port rules and regulations, the Revised Penal Code and other special laws.
- Establishes linkages and coordination on police and security matters with other government law enforcement and intelligence agencies.
- Submits and updates port facility security assessment and port facility security plans of the baseport and terminals in accordance with the International Ship and Port Facility Security (ISPS) Code and National Security Programs for Sea Transport and maritime Infrastructure.
- Maintains peace and order within the port premises.
- Prepares port safety and security reportorial requirements and submits to Head Office & other external agencies
- Performs other related functions

ENGINEERING SERVICES DIVISION

Headed by ENGR. CLARO SAMUEL P. FONTANILLA

- Recommends improvement of policies, rules and regulations on engineering matters
- Implements engineering policies, guidelines, procedures, rules and regulations.
- Implements repairs and maintenance works
- Prepares/conducts prefeasibility of port development projects, program of work of repair and maintenance projects.
- Undertakes and controls effective execution of rehabilitation and/or maintenance works including minor construction works.
- Prepares designs, plans specifications, estimates and related documents of engineering projects for approval of the Head Office.
- Reviews/evaluates/implements Program of Works (POW), variation orders, time extension, and related documents of all engineering projects for approval of the Head Office.
- Assists in the processing of maintenance contracts and ensures compliance with the provisions of the contract and other bidding documents.
- Prepares tender and bid documents of engineering projects.
- Conducts ocular inspection and prepares cost estimates of damages inflicted by port users on port facilities and plants.
- Prepares and updates port master development plans in short, medium and long range as required by Head Office.
- Supervises PMO implemented projects.
- Inspects and monitors engineering projects implemented by the PMOs.
- Prepares engineering reportorial requirements and submits to Head Office & other external agencies.
- Performs other related functions.





ADMINISTRATIVE DIVISION

Headed by MR. GUILBERT ANTHONY D. GIMENO

- Recommends improvement of policies, rules and regulations on human resource management and administrative matters for the efficient operations of the PMO and its terminal offices.
- Implements administrative matters involving records management, property & supply management, procurement & general services and human resource policies, systems and guidelines.
- Implements all functions related to human resource management and administrative services.
- Monitors compliance of office rules and regulations, among others.
- Conducts administrative investigation and recommends disciplinary action against employee.
- Directs the procurement, storage, issuance, and inventory of supplies and other office materials.
- Directs the general services functions like building maintenance, janitorial services, property utilization, repair and maintenance and transportation services.
- Directs the implementation of an efficient and effective communications flow and records management system.
- Studies and recommends training needs and development interventions of the PMO employees.
- Prepares human resources and administrative reportorial requirements and submits to Head Office and other external agencies.
- Performs other related functions.

TERMINAL MANAGEMENT OFFICES

Headed by MS. PRISCILLA B. CURILAN (TMO Camiguin)

MS. JESSICA D. ANGELES (TMO Opol)

MR. EDMER N. ZABALLERO (TMO Balingoan)

- Oversees the administration and port related operations of a frontline unit of the PMO.
- Undertakes directly the day to day functions and operations of a port facility like handling of vessels and cargo as well as processing of documents for billing and collection and for cargo/vessel clearances.
- Enforces appropriate port rules and regulations promulgated by the Authority.
- Monitors the operations of private ports under the coverage of the TMO regarding compliance with Certificate of Registration (COR) and PTOs and decides on appropriate actions to be undertaken.
- Prepares TMO port statistical data and submits the same to the PMO for consolidation.
- Undertakes periodic inspection and inventory of the port facilities/services to ensure the cleanliness of the premises.
- Assists in the conduct of performance evaluation of cargo handling operators at the terminal ports.
- Implements port safety and security policies, guidelines, procedures, rules and regulations at the terminal ports and/or ports under its coverage.
- Implements security measures on passengers, cargoes, vessels and port facilities at the terminal ports and/or ports under its coverage.
- Supervises private security agencies within the port premises.
- Assesses and collects all the required charges on cargoes and vessels as well as the PPA share on operator's income and rentals.
- Implements and monitors compliance of office rules and regulations, among others at the fields offices.
- Prepares port operations, financial, and administrative reportorial requirements and submits to the PMO and other external agencies.
- Performs other related functions.





OFFICE OF THE PORT MANAGER

Headed by Port Manager ISIDRO V. BUTASLAC, JR.

- Ensures compliance and proper implementation of policies, guidelines, systems, and procedures in port operations, finance, human resource and administrative services, safety and environmental, port security, business development & real estate management, among others.
- Recommends improvement of policies, guidelines, systems, standards and procedures among others.
- Provides safety and security of people, cargoes and facilities.
- Ensures that all fees, dues and charges due the PPA are duly billed, collected and accounted for.
- Reviews, evaluates, approves and signs required legal papers and submits recommendation to the Head Office.
- Reviews contracts, assigned including resolutions and other pertinent legal documents required; cargo handling and lease contracts as well as permits.
- Renders opinions, observations, comments, and/or decisions/rulings on port operations, human resources, administrative & legal matters affecting the PMO, among others
- Attends to criminal, civil and administrative cases.
- Enhances port viability, marketability and productivity.
- Supervises the day to day operations of the port.
- Performs other related functions.

BUSINESS ADDRESSES

Port Management Office of Misamis Oriental / Cagayan de Oro

PMO Building 2, Gate 5, Agora, Lapanan,
Cagayan de Oro City 9000
Tel. No. (088) 856-1264 Fax No. (088) 856-4667
Email address : ppapmocdo@ppa.com.ph

Terminal Management Office of Balingoan

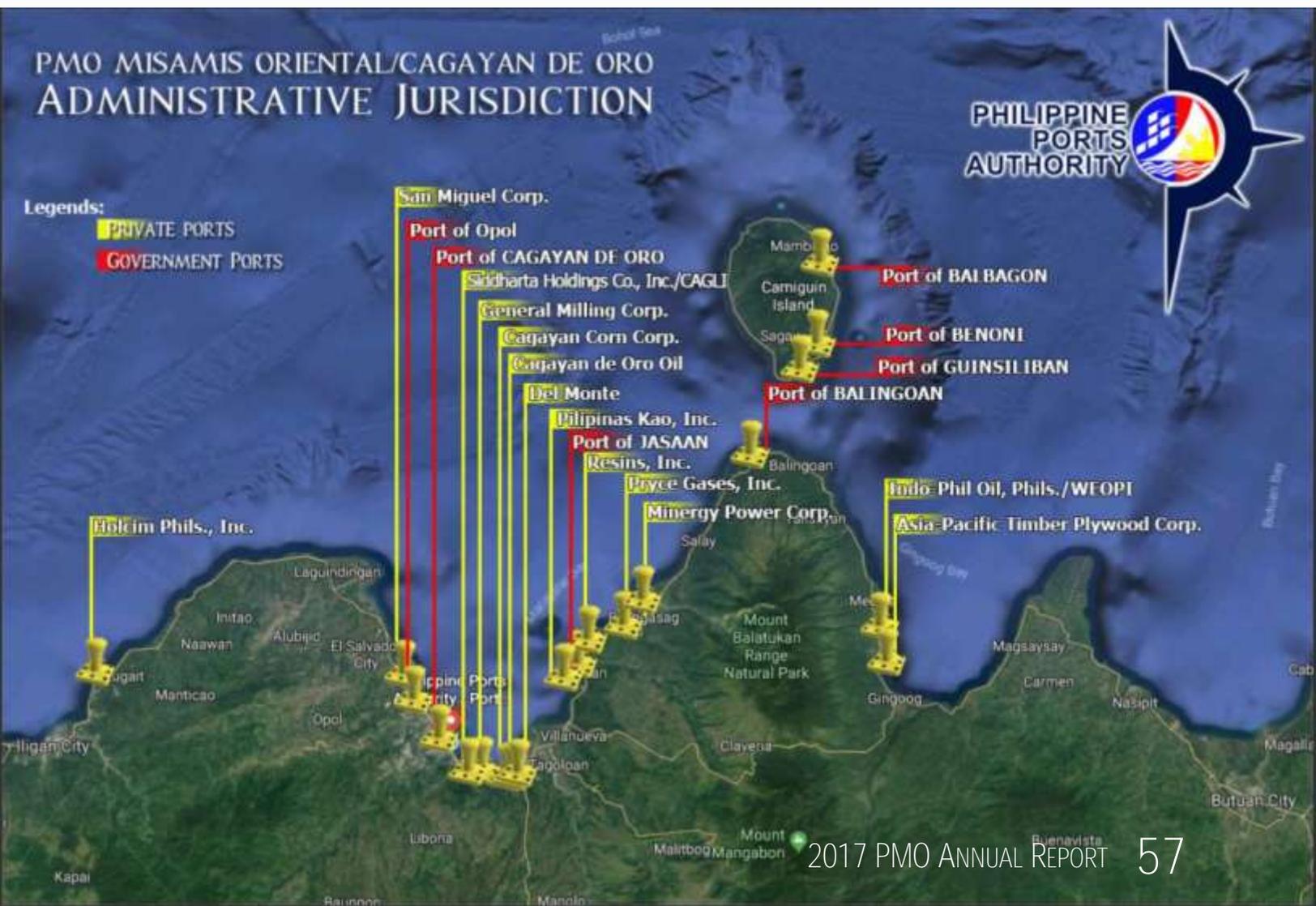
Brgy. Bauk-bauk, Balingoan
Misamis Oriental 9011
Email address : moc_balingoan@ppa.com.ph

Terminal Management Office of Opol

Purok Salimbal, Poblacion, Lugait
Misamis Oriental 9025
Email address : moc_opol@ppa.com.ph

Terminal Management Office of Camiguin

Brgy. Benoni, Mahinog
Camiguin 9101
Email address : moc_camiguin@ppa.com.ph





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PMO Building 2, Gate 5, Port Area, Agora, Lapanan, Cagayan de Oro City
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Email Address: ppa@pcdo.com.ph

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