

SIXTEENTH CONGRESS OF THE)
 REPUBLIC OF THE PHILIPPINES)
 First Regular Session)

HOUSE of REPRESENTATIVES
 House Bill No. **3189**



Introduced by: MA. THERESA B. BONOAN
 4th District, City of Manila

EXPLANATORY NOTE

The City of Manila has Manila de bay, a national wealth, in its territorial jurisdiction. The bay is considered to be one of the best natural harbours in Southeast Asia and one of the finest in the world. **Manila Bay** is a natural harbour which serves the Port of Manila (on Luzon), in the Philippines. It facilitated commerce and trade between the Philippines and its neighboring countries, becoming the gateway for socio-economic development even prior to Spanish occupation.

It is provided in the Constitution that the City of Manila shall be entitled to an equitable share in the proceeds of the national wealth as well as in the utilization and development of it. Manila was never given a share in the income from its own national wealth. After 40 years of taking away of its Constitutional right, Manila is in now fighting not only for its share on the income on the port harbors, Manila is now fighting for its very existence for it has been financially cash strapped hardly could pay the salaries of its employees and its obligations, affecting the quality of its public service.

This bill seeks to establish the Manila Ports and Special Economic Region (MP-SER) separating its ports and economic area from the Philippine Ports Authority (PPA) system. The Bill returns to Manila its Constitutional right and privilege in its share in the income from the port harbor and in the participation in the planning and development of it.

The Manila Ports and Special Economic Region shall be managed and operated by the Administration which shall be known as MP-SERA. It is an administration of multi-sectoral representation coming from the national government from PPA and Philippine Navy, local government unit, investors, private sector, and worker working in the port area. It is believed by the proponent that it is in involving the different stakeholders of the ports can we induce great and brilliant ideas to be able to develop Manila Ports into a world class port facility and create a special economic

area with a goal of providing sustained high annual economic growth through an efficient and graft free administration, delivering safe, efficient and effective port services, administering sympathetic concern for the problems of businesses, prescribing responsible environmental stewardship, and exerting exemplary public service.

The government can utilize this high economic growth in terms of its income in the implementation of its programs and projects in providing better social services with end objective of improving the lives of Manilaños and our Filipino brothers and sisters. This will also spawn economic activity in the area and generate jobs for the people, increase their productivity and individual incomes, and improve the level and quality of their living conditions.

In a timely pursuit in helping and supporting the National Government of its vision to give more programs and services to the Filipino people, the proposed measure ensures all taxes are paid in congruence with the rules and regulations of the Bangko Sentral ng Pilipinas (BSP), the Department of Finance (DOF), the Bureau of Customs (BOC) and Department of Trade and Industry (DTI), in accordance with the National Internal Revenue Code (NIRC) of 1997, as amended, and the Tariff and Customs Code of the Philippines. It also prescribes additional earnings for the National Government of more or less Two billion pesos (P2,000,000,000.00) per year from its 50% share based on the Net Income of MP-SERA's port revenues and from payment of Income Tax.

With the ultimate goal of having globally competitive ports and a special economic located along Manila Bay effectively and efficiently serving world markets and major multinational corporations to achieve the high rate of annual economic growth of our country and of the City of Manila, the early passage of this bill is earnestly requested.



HON. MA. THERESA B. BONOAN
4th District, City of Manila

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AN ACT ESTABLISHING THE MANILA PORTS AND SPECIAL ECONOMIC REGION (MPSER) CREATING FOR THE PURPOSE THE MANILA PORTS AND SPECIAL ECONOMIC REGION ADMINISTRATION (MPSERA), APPROPRIATING FUNDS THEREFOR AND FOR OTHER PURPOSES

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. SHORT TITLE. - THIS ACT SHALL BE KNOWN AS THE "*MANILA PORT AND SPECIAL ECONOMIC REGION ACT OF 2013*".

SECTION 2. DECLARATION OF POLICY. -

- A) Local Governments shall be entitled to an equitable share in the proceeds of the utilization and development of the national wealth within their respective areas, in the manner provided by law, including sharing the same with the inhabitants by way of direct benefits. (Sec. 7 Art. X of the Constitution)
- B) "The State recognizes the indispensable role of the private sector, encourages private enterprise, and provides incentives to needed investments." (Sec. 20, Art II)
- C) It is hereby declared the policy of the state shall promote a just and dynamic social order that will ensure the prosperity and independence of the nation and free the people from poverty through policies that provide adequate social services, promote full employment, a rising standard of living, and an improved quality of life for all. (Sec. 9 Art. 2 of the Constitution)

- D) "the State shall protect and advance the right of the people to a balanced and healthful ecology in accord with the rhythm and harmony of nature." (Article II, Section 16 of the Constitution)

SECTION 3. DEFINITIONS:

- **"ANCHORAGE"** means a place with sufficient depth of water where vessels anchor or may ride at anchor or may ride at anchor within the harbor.
- **"BASIN"** means a naturally or artificially enclosed or nearly enclosed body of water in free communication with the sea.
- **"DOCK"** includes locks, cuts, entrances, graving docks, inclined planes, slipways, quays, and other works and things appertaining to any dock.
- **DOCKAGE FEES** – Dockage or berthing fee is the amount assessed against a vessel engaged in international (foreign) trade for berthing. It is levied on 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.
- **"DRYDOCK"** means a dock from which the water can be temporarily excluded, in order to effect repairs to hulls and keels of ships or vessels.
- **"DUES"** includes harbor fees, tonnage and wharfage dues, berthing charges, and port dues and any other dues or fees imposed by virtue of existing law or PD 857.
- **"ENTRE PORT"** provider of services such as whole sailing, warehousing, sorting, processing, credit, currency exchange, risk management, ship repair, provisioning, business information, adjudication of commercial disputes.
- **"FUNCTIONS"** includes powers and duties.
- **"GOODS"** includes animals, carcasses, baggage, and any movable property of any kind.

- **LAY-UP FEES** – This pertains to the amount assessed against vessels engaged in coastal (domestic) trade that are authorized to temporarily lay-up and anchor at any port.
- **"LIGHTER"** means a flat-bottomed boat or barge used in loading or unloading cargo to or from vessels,
- **"NAVIGABLE WATERS"** means all navigable portions of the seas, estuaries, and inland waterways.
- **"NET EARNINGS"** shall mean income derived from whatever source, whether exempt or subject to tax, net of deductions allowed under Section 29 of the National Internal Revenue Code, as amended, and income tax and other taxes paid thereon, but in no case shall any reserve for whatever purpose be allowed as a deduction from net earnings.
- **"PIER"** means any structure built into the sea but not parallel to the coast line and includes any stage, stair, landing place, landing stage, jetty, floating barge or pontoon, and any bridge or other works connected therewith.
- **PILOTAGE** – 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.
- **"PORT"** means a place where ships may anchor or tie up for the purpose of shelter, repair, loading or discharge of cargo, or for other such activities connected with water-borne commerce, and including all the land and water areas and the structures, equipment and facilities related to these functions.
- **"PORT DISTRICT"** means the territorial jurisdiction under the control, supervision or ownership of the MP-SERA over an area (land or sea).
- **PORT DUES** – 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 gross revenue tonnage (GRT). It is a one-time charge assessed against vessels anytime that they call at the port.

- **PORT USAGE FEES** – 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 ton (GRT).
- **"RATES"** means any rates or charges including any toll or rent under existing law or imposed by the Authority by virtue of this Decree for facilities used or services rendered.
- **RETAINED EARNINGS** – This account represents the recorded cumulative net profit of the MP-SERA from the start of its operation, net of the net income tax.
- **SHARE IN ARRASTRE / STEVEDORING INCOME** – This account represents the MP-SERA 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 covers the discharging and loading of containers, loaded or empty, from vessel to the dock/apron and vice-versa, and the opening and closing of hatch covers, lids and supporting beams.

The account includes income from MICT, South Harbor and North Harbor operations and other port district.

- **STORAGE CHARGES** – 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.
- **"TERMINAL FACILITY"** includes the seaport and its facilities of wharves, piers, slips, docks, dry docks, bulkheads, basins, warehouses, cold storage, and loading or unloading equipment.

- **TERMINAL FEES** – The account consists of the amount charge on vehicles for the use of the port facilities and services which is collected by the PPA on a per sea-leg journey at the port of loading or embarkation.
- **"TRANSPORTATION FACILITY"** includes rails and railcars, highways, wheeled vehicles, bridges, tunnels, tramways, subways, passenger or cargo vessels, ferry-boats, lighters, tugs, barges, scows, ramps, and any kind of facility in use or for use of the transportation, movement, or carriage of goods or passengers.
- **"TRANSIT SHED"** means a building or shed which is situated at or near a quay, wharf or pier, and is used for the temporary or short-term storage of goods in transit, or to be shipped or discharge from a vessel.
- **"VESSEL"** includes any ship or boat, or any description of a vessel or boat
- **VESSEL TRAFFIC MANAGEMENT SERVICE FEES** – Deemed adopted by MP-SERA the PPA Administrative Order No. 03-2006 dated 16 June 2006 authorizing the collection of the Vessel Traffic Management Service (VTMS) Fee. It includes fees collected/assessed in all international and domestic vessels entering, departing, navigating, operating, and anchoring/mooring within the VTMS covered areas.
- **"WAREHOUSE"** means a building or shed used for the storage of cargo.
- **"WHARF"** means a continuous structure built parallel to along the margin of the sea or alongside riverbanks, canals or waterways where vessels may lie alongside to receive or discharge cargo, embark or disembark passengers, or lie at rest.
- **WHARFAGE DUES** – 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.

SECTION 4. CREATION OF THE MANILA PORTS AND SPECIAL ECONOMIC REGION. – a) There is hereby

established a **Manila Ports and Special Economic REGION**, a public-benefit corporation, in the City of Manila, the capital of the Philippines and center of trade and commerce of our country, hereinafter referred to as the “**MP-SER**”. The specific metes and bounds of the MP-SER shall be where Manila de Bay and the lands along said bay within the territorial boundary of Manila between Pasay and Navotas.

b) The Principal Office of the MP-SER shall be located inside the Manila Port and Special Economic Region.

SECTION 5. GOVERNING PRINCIPLES. - The MP-SER shall be managed and operated by the **Manila Ports and Special Economic Region Administration**, hereinafter referred to as the **MP-SERA**, under the following principles:

- a) Within the framework and limitations of the Constitution, the MP-SER shall be developed into and operated as a decentralized, self-reliant and self-sustaining port/economic area serving world markets and major multinational corporations into becoming one of the world’s busiest ports and successful economic region focused on high productivity projects in the following major sectors.
 - a) Regional entreport trade
 - b) Export oriented manufacturing of high-value added goods
 - c) Petroleum refining
 - d) shipping
 - e) Provision of specialized services for international market such as
 - Banking
 - Finance
 - Telecommunication
 - Tourism
 - I.T.
 - Logistic Services
 - Regional Warehouse
- b) The MP-SER shall be managed and operated by MP-SERA respecting all contracts and concessions legitimately entered into by the National government/PPA. It shall be operated in accordance to the rules and regulations of the Bangko Sentral ng Pilipinas (BSP), the Department of Finance (DOF), the Bureau of Customs (BOC) and Department of Trade and Industry (DTI), in accordance with the National Internal Revenue Code (NIRC) of 1997, as amended, and the Tariff and Customs Code of the Philippines.

- c) The MP-SER shall continue to be prioritized by the national government with transportation, infrastructure and facilities needed to help decongest traffic in Metro Manila and prevent traffic loss thru the construction of the port linkage infrastructures to the proposed Connector Road going to the North and South of Luzon as well the construction of the needed inland railway system originating from the ports going to the depot and vice-versa and other urban highway network development using Savings from the funds of DPWH or DOTC.
- d) The MP-SERA shall promote and provide support services to sustain the growth of export, as determined by the Board;
- e) The MP-SERA may establish mutually beneficial economic relations with other entities or enterprises within the country or with foreign entities or enterprises;
- f) Foreign citizens and companies owned by non-Filipinos in whatever proportion may set up enterprises in the MP-SER either by themselves or in joint venture with Filipinos in any sector of industry, international trade and commerce within the MP-SER.
- g) No real property located within MP-SER may be sold.
- h) To have an efficient and graft-free administration. MP-SERA shall ensure of compliance on Sec 338(Prohibition against advance payments), Sec. 339 (Cash Advances) , Sec. 343 (Prohibition against expenses for reception and entertainment) Of the 1991 Local Government Code.
- i) It shall adopt Sec 355- 383 Of the 1991 Local Government Code on the "Property and Supply Management".

SECTION. 6. FUNCTIONS AND POWERS EXCLUSIVELY VESTED IN MP-SERA.

A) THE ADMINISTRATION SHALL HAVE THE FOLLOWING FUNCTIONS AND POWERS ON THE SPECIAL ECONOMIC REGION:

- (a) Formulate, coordinate and/or execute policies on the implementation of all programs, projects and activities of the government affecting or relating to MP-SER;

- (b) To exercise control of or administer any foreshore rights or leases which may be vested in MP-SERA;
- (c) Enter into contracts with any private persons or entity or any government agency, either domestic or foreign, whenever necessary for the effective discharge of its functions and responsibilities under such terms and conditions as it may deem proper and reasonable;
- (d) Acquire through sale, expropriation or other means, hold real and personal property as it may deem necessary or convenient in the successful prosecution of its work, and mortgage, sell alienate, or otherwise dispose any of its personal property; No land or real property located within the MP-SER may be sold, alienated or otherwise disposed.
- (e) Receive, take and hold by bequest, device, donation, gift, purchase or lease, from foreign or domestic sources, either absolutely or in trust for any of its purposes, any asset, grant or property, real or personal, subject to such limitations as are provided in existing laws and regulations; to convey such assets, grant or property; invest and reinvest the same and deal with and expand its assets and income in such manner as will best promote its objectives;
- (f) Initiate, plan, undertake and supervise the restoration, upkeep and maintenance of the economic area of MP-SER;
- (g) Prepare, adopt, revise and enforce such rules and regulations, implementing guidelines and standards as are necessary for the effective regulation of the land use and development activities in MP-SER of both the government and private entities and for the implementation of the MP-SER Plan, including, but not limited to development rules and regulations pertaining to the following:
 1. Land use allocation, use of buildings, their height, dimensions, architectural style and designs and other specifications of the building construction to be undertaken therein;
 2. Traffic management, street usage and other related matters;
 3. Size and character of display signs, advertising billboards, and other external signs and advertisements in buildings, in open spaces lots or roads;

h) Expropriate properties within MP-SER;

i) Prescribe reasonable amounts to be charged as lease or filing fees, inspection fees, permit fees, and other administrative or service fees necessary for the effective enforcement of its laws and regulatory measures, to be used and disbursed by it in the manner determined by it to promote its objectives;

j) Exercise all powers necessary or incidental to the attainment of the objectives of this Law.

B) FUNCTIONS AND POWERS OF MP-SERA ON THE PORTS:

- i. To formulate a comprehensive and practicable Port Development plan and to program its implementation, renew and update the same annually in coordination.
- ii. To supervise, control, regulate, construct, maintain, operate, and provide such facilities including buildings and installation or services as are necessary within or outside MP-SER and any of its port district as long as it will directly benefit said ports in MP-SER on its own or thru private sector.
- iii. To prescribe fees, dues and charges within the concept of due process of notice and hearing.
- iv. To prescribe rules and regulations, procedures, and guidelines governing the establishment, construction, maintenance, of all other port districts.
- v. To license, control, regulate, supervise any construction or structure within MP-SER controlled ports and its other port districts.
- vi. To investigate and provide services (whether on its own, by contract, or otherwise) within the MP-SER and its port districts and the approaches thereof, including but not limited to –
 - berthing, towing, mooring, moving, slipping, or docking any vessel;
 - loading or discharging any vessels;
 - sorting, weighing, measuring, storing, warehousing, or otherwise handling goods.

- vii. To coordinate with the Bureau of Lands or any other government agency or corporation, in the development of any foreshore area.
- viii. To control, regulate, and supervise pilotage and the conduct of pilots in any MP-SER controlled ports.
- ix. To provide or assist in the provision of training programs and training facilities for its staff or staff of port operators and users for the efficient discharge of its functions, duties, and responsibilities.
- x. To perform such acts or provide such services as may be deemed proper or necessary to carry out and implement the provisions of this Law.

SECTION. 7 THE CORPORATE POWERS OF MP-SERA SHALL BE AS FOLLOWS:

- i. To succeed in its corporate name.
- ii. To sue and be sued in such corporate name.
- iii. To adopt, alter, and use a corporate seal which shall be judicially noticed.
- iv. To adopt, amend, or repeal its by-laws.
- v. To create or alter its own organization or any Port Management Unit, and staff such an organization or Port Management Unit with appropriate and qualified personnel in accordance with what may be deemed proper or necessary to achieve the objectives of MP-SER.
- vi. To make or enter of any kind or nature to enable it to discharge its functions under this Law.
- vii. To acquire, purchase, own, or lease any land, port facility, wharf, quay, or property of any kind, whether movable or immovable. However, it cannot mortgage, sell, or otherwise dispose any land, port facility, wharf, quay or property of any kind within MP-SER.
- viii. To reclaim, excavate, enclose, or raise any part of the lands vested in the MP-SERA or any of its port district.
- ix. To dredge or provide dredging services.

- x. To protect the environment and prescribe ways to diminish if not eradicate pollution in Manila de Bay.
- xi. To acquire any undertaking affording or intending to afford facilities for the loading and discharging or warehousing of goods.
- xii. To supply water or bunkers for ships.
- xiii. To obtain insurance for or require the insurance of any property, movable or immovable, belonging to the MP-SERA and/or goods in the custody of the MP-SERA or any of its port district
- xiv. To do all such other things and to transfer all such business directly or indirectly necessary, incidental or conducive to the attainment of the purposes of the MP-SERA.
- xv. Generally, to exercise all the powers of a corporation under the Corporation Law insofar as they are not inconsistent with the provisions of this Law.

SECTION 8. AUTHORITY OF THE BUREAU OF CUSTOMS (BOC) TO EXAMINE THE ENTRY AND EXIT OF IMPORTED ARTICLES IN THE MP-SER. - The BOC, shall have the authority to examine the entry and exit of imported articles in the MP-SER or any of its port district.

SECTION 9. AUTHORITY OF PHILIPPINE PORT AUTHORITY (PPA) – A) The PPA shall have the authority to collect dues, fees and charges within the port MP-SER which shall be automatically remitted to MP-SERA, to wit:

- a) Wharfage dues
- b) Share in Arrastre / Stevedoring Income
- c) Dockage Fees
- d) Port Dues
- e) Storage Charges
- f) Port Usage Fees
- g) Terminal Fees
- h) Vessel Traffic Management Service Fees
- i) Pilotage
- j) Lay-up Fees
- k) Berthing Charges
- l) and other existing port dues, charges or fees in force and effect before the effectivity of this Law
- m) and others to be imposed by MP-SERA.

- B) It shall also have the authority to conduct hearing on Tariff Adjustment Petition and to arbitrate, and decide on issue limited only as to the reasonability of the increase or decrease of charges, fees, and dues.
- C) To set aside 10% of its budget provided in the General Appropriation Act (GAA) for port development to protect the environment and to diminish if not eradicate pollution in Manila de Bay.

SECTION 10. AUTOMATIC RELEASE OF SHARES:

All collections by PPA within MP-SER and the latter's port districts shall be remitted, without need of any further action, directly to MP-SERA, on a daily basis, and which shall not be subject to any lien or holdback that may be imposed by the National Government for whatever purpose.

SECTION 11. POWER TO MAKE PORT REGULATIONS. –

a) The MP-SERA may make rules or regulations for the planning, development, construction, maintenance, control, supervision and management of MP-SER or Port owned by MP-SER and the services to the provided therein, and for the maintenance of good order therein, and generally for carrying out the purposes of this Law.

b) MP-SERA may provide separate regulations for each category of its port and port districts.

SECTION 12. DANGEROUS CARGO. – a) The MP-SERA may make regulations for the conveyance, loading, discharging and storage of dangerous goods within any port, port district, and the approaches to the port.

b) The MP-SERA may provide separate regulations for each category of ports or port district.

SECTION 13. POWERS OF HARBOR MASTER. – Further to the provisions of any regulation under the Power to Make Port Regulation & Dangerous Cargo of this Decree, the MP-SERA thru the Harbor Master Port or Port owned and controlled by MP-SER may:

- a) Direct where any vessels shall be berthed, moored, or anchored, and the method of anchoring within the port and the approaches to the port;
- b) Direct the removal of any vessel from any berth or anchorage to another berth or anchorage and the time within such removal is to be effected; and
- c) Regulate the mooring of vessels within the port and the approaches to the port.

**SECTION 14. LOCATIONAL CLEARANCE,
CONSTRUCTION AND OTHER PERMITS.**

All locational clearances and construction permits for the development of lands, introduction of improvements, and the use, change of use, construction, repair, alteration or re-construction of buildings within MP-SER and other forms of permits shall be issued by the MP-SERA on the basis of the approved MP-SER Development Plan and other implementing rules and regulations. The Administration may seek the assistance of Department of Public Works and Highways insofar as the minimum standards of safety of buildings, electrical, plumbing and drainage requirements are concerned.

The provisions of P.D. No. 1096, otherwise known as the National Building Code and other related laws which are not inconsistent with this Law and the rules and regulations promulgated by the MP-SERA shall have a suppletory effect to this law and to the development control regulations promulgated by the MP-SERA."

SECTION 15. REALTY TAXES – The MP-SERA shall not be exempted from the payment of real property taxes imposed by the Republic of the Philippines, its agencies, instrumentalities or political subdivisions; provided that investments in fixed assets shall be deductible for income taxes purposes. Provided, finally, that the investor who made an investment in reclaiming the land shall be exempted from real property tax up to the amount invested for said reclamation within the number of years of concession given to said investor.

SECTION 16. BANKING RULES AND REGULATIONS. - Existing banking laws and rules and regulations of the BSP (Banko Sentral ng Pilipinas) shall apply to banks and financial institutions to be established in the MP-SER, such as those governing foreign exchange and other current account transactions (trade and non-trade), local and foreign borrowings, foreign investments, establishment and operation of local and foreign banks, foreign currency deposit units, offshore banking units and other financial institutions under the supervision of the BSP.

SECTION 17. BOARD OF DIRECTORS OF THE MP-SERA. - The powers of the MP-SERA shall be vested in and exercised by a Board of Directors, hereinafter referred to as the Board, which shall be composed of the following:

- (a) The chairman who shall, at the same time, be the administrator of the MPSER
- (b) A vice chairman who shall come from among the members of the Board;
- (c) Members consisting of:
 1. One (1) representative from the highest official of PPA;
 2. One (1) representative from the highest official of Philippine Navy;
 3. One (1) representative from the Mayor's Office;
 4. One (1) representative from the Vice Mayor's Office;
 5. One (1) representative from the investors in the ports of MP-SER;
 6. One (1) representative from the ship owners or shipping operators in the ports of MP-SER;
 7. One (1) representative from any association providing services related to import and export representing either the customs brokers, or port users or truckers or any recognized group transacting business within MP-SER;
 8. One (1) representative from the workers working in MP-SER.

The chairman and the members of the Board, except representatives from the office of the mayor and vice-mayor, shall be appointed by the President of the Philippines. All shall serve for six (6) years, unless sooner separated from service due to death, voluntary resignation or removal for cause or expiration of the term of the appointing officer. In case of death, resignation or removal for cause or expiration of the term of the appointing officer, the replacement shall serve only the unused portion of the term. However, they may observe hold-over in their respective position until properly installed by the appointing officer.

All members of the Board must be equipped with the following qualifications:

- must be a Filipino citizen, except for the representative of the business sector,
- must be of good moral character, of probity and integrity, and

- must be a degree holder in any of the following fields: economics, urban planning, business, law, management or their equivalent or with at least five (5) years relevant working experience in port operations.

In addition to the above qualifications, the chairman/administrator, must have acquired experience in development planning of ports or any related field for at least five (5) years.

The members of the Board shall each receive per diem at rates to be determined by the Department of Budget and Management (DBM) in accordance with the existing rules and regulations. Provided, however, that the total per diem collected each month shall not exceed the equivalent of four (4) meetings.

SECTION 18. POWERS AND DUTIES OF THE CHAIRPERSON. - The chairperson shall have the following powers and duties:

- (a) Direct, manage and supervise the operation and internal administrative affairs of the MP-SERA subject to the control and supervision of the Board;
- (b) Establish the internal organization of the MP-SERA under such conditions that the Board may prescribe;
- (c) Submit an annual budget and necessary supplemental budget to the Board for its approval;
- (d) Submit within thirty (30) days after the close of each fiscal year an annual report to the Board and such other reports as may be required;
- (e) To prepare all memoranda pertaining to each and every item in the agenda for every meeting of the Board and to submit for the consideration thereof such proposals or recommendations which are necessary to carry out effectively and beneficially the business of MP-SERA.
- (f) Create a mechanism in coordination with relevant agencies for the promotion of industrial peace, the protection of the environment and the advancement of the quality of life of the Manilenos; and

- (g) To implement the policies and administer the measures approved by the Board and perform such other duties as may be assigned to him/her or which are necessary or incidental to his/her office.

SECTION 19. ORGANIZATION AND PERSONNEL. - The Board of the MP-SERA shall provide for an organization and staff of its officers and employees from the current employees and officers of PPA handling legal, port operations, administration and management in Manila. Although the Chairman may hire or contract new staff, experts and consultants under such conditions that the Board may prescribe and subject to the confirmation of the latter;

Upon the recommendation of the chairperson, the Board shall appoint and fix the remuneration and other emoluments of its officers and employees in accordance with existing laws on compensation and position classification. Bonuses and incentives more than one month salary may be given provided it is with the approval of DBM and COA. Provided, That the Board shall have exclusive and final authority to promote, transfer, assign or re-assign officers of the MP-SERA: Provided, further, No officer or employee of the MP-SERA shall be removed or suspended except for causes provided by the Labor Code.

The officers and employees of the MP-SERA, including all members of the Board, shall not engage directly or indirectly in partisan activities nor take part in any election, except to vote.

SECTION 20. CAPITALIZATION. - The MP-SERA shall have an authorized capital stock of Five Billion Pesos (Php5,000,000,000.00) with option to increase capitalization upon the discretion of the MP-SERA, divided by into Ten Thousand Pesos (Php10,000.00) no par shares fully subscribed and paid by the Republic of the Philippines from the Retained Earnings of PPA.

- b) Yearly cash contribution by the Government shall be thirty percent (30%) of the amount appropriated in the General Appropriation Act for ports pursuant to PD 857.

- c) And the amount of Five Hundred Million Pesos (Php500,000,000.00) a year is hereby appropriated out of any fund in the National Treasury not otherwise appropriated.

SECTION. 21. SHARING OF NET PROFIT FROM PORT REVENUES COLLECTED BY PPA WITHIN MP-SER.

- 50% goes to National Government
- 40% goes to City of Manila. (as prescribed in Sec 290 of the LGC)

- 10% goes to MP-SERA

The share of City of Manila and MP-SERA shall be exclusively utilized for programs and projects that will directly or indirectly redound to the improvement and development of its port operations or port facilities or special economic area.

However, income out of the improvement and development of MP-SERA in MP-SER and other future ports of MP-SER using the share of the City of Manila, such income upon resolution coming from the City Council of Manila be appropriated as a special fund for local development, livelihood projects, health, and scholarship programs and other social services of the City.

Provided, further, income out of the improvement and development of MP-SER and other future ports of MP-SER using the share of MP-SERA shall be exclusively used for the improvement port operation or facilities.

SECTION. 22. SHARING OF NET PROFIT FROM THE SPECIAL ECONOMIC REGION

- 50% goes to City of Manila.
- 50% goes to MPSERA

Collection of lease income, and any other payment, dues, fees and charges from the Special Economic Region shall be exclusively within the mandate of MP-SERA.

Share of the City of Manila from the special economic region of MP-SER is directly released to Manila and shall be appropriated as special funds for infrastructure projects, health, and scholarship programs and other social services of the City of Manila.

However, share of MP-SERA on the Special Economic Region shall be exclusively used for the development, improvement, operation and administrative expenditure on the special economic region of MP-SER or of the Manila Ports or any of its port districts.

SECTION. 23 ASSURANCE OF NET INCOME - All Operating Expenses must not exceed Fifty percent (50%) of its projected revenues of the year. However, all of its retained earnings and reserves shall not be computed as part of its revenue.

Retained Earnings and reserves must be used for the development and improvement of port facility and/or special economic region in MP-SER or that of its port districts.

SECTION. 24 NON-CURRENT ASSETS - Besides the authorized capital stocks taken from the income of PPA, all non-current assets of PPA within the jurisdiction of Manila shall be transferred to MP-SERA, to wit:

- Property and Equipment
- Investment and Securities
- And other Non-current Assets

However, all unliquidated accounts shall be properly liquidated by PPA to be taken from its Retained Earnings.

SECTION. 25 NON-OPERATING INCOME - All non-operating income incurred within the jurisdiction of Manila shall be under the control and supervision of MPSERA.

SECTION 26. CREATION OF RESERVES. - The balance of any revenue or income of the MPSERA remaining at the end of each year shall be applied to the creation of a general reserve or such other reserves as the MPSERA may deem appropriate for the development and improvement of MP-SER and its port districts.

SECTION 27. INVESTMENT OF FUNDS. - The MPSERA may, from time to time, invest any of its funds not immediately required to be expended in meeting its obligations or in the discharge of the functions of the MPSERA in such government securities approved by the Board.

SECTION 28. BORROWING POWERS. - a) The MPSERA may after consultation with the Central Bank and the Department of Finance, and with the approval of the President of the Philippines, raise funds, either from local or international sources, by way of loans, credits or indebtedness or issue bonds, notes, debentures, securities, and other borrowing instruments, including the power to create pledges, mortgages, and other voluntary liens or encumbrances on any of its assets or properties.

b) All loans contracted by the MPSERA under this Section together with all interests and other sums payable in respect thereof, shall constitute a charge upon all the revenues and assets of the MPSERA and shall rank *pari passu* with one another, but shall have priority over any other claim or charge on the revenue and assets of MP-SERA; Provided, That this provision shall not be construed as a prohibition or restriction on the power of the MP-SERA to create pledges, mortgages and other voluntary liens or encumbrances on any property of the MP-SERA.

c) Except as expressly authorized by the President of the Philippines, the total outstanding indebtedness of the MP-SERA in the principal amount in local and foreign currency shall not at any time exceed fifty percent (50%) of the networth of MP-SERA at the duly relevant time.

d) The President of the Philippines, by himself or through his duly authorized representative, is further hereby authorized to guarantee in the name and on behalf of the Republic of the Philippines, the payments of the loans or other indebtedness of the MP-SERA up to the amount herein authorized.

e) All interests paid or payable by the MP-SERA on its loans or other forms of indebtedness shall be exempt from taxes of whatsoever nature.

SECTION 29. TRANSFER OF PROPERTIES

A) TRANSFER OF EXISTING AND COMPLETED PHYSICAL PORT FACILITIES. – In accordance with the transitory provisions of this Law, there shall be transferred to the MP-SERA all existing and completed public port facilities, quays, wharves, docks, lands, buildings and other property, movable or immovable, belonging to PPA within the territorial jurisdiction of Manila.

B) TRANSFER OF ADMINISTRATION AND PROPERTIES

The ownership of the properties of national government agencies located within MP-SER shall, upon agreement with the agencies concerned, be transferred to the MP-SERA. The properties of government corporations, on the other hand, shall, subject to mutually acceptable terms and conditions, be sold to the MP-SERA. In the case of government financial institutions sale to the MP-SERA of their properties shall also include acquired assets located within MP-SER.

All proposed transactions affecting private properties within MP-SER shall be registered with the MP-SERA. The MP-SERA shall, in the case of sale, have the right of first refusal.

Registered voters in the barangays within MP-SER listed in the 2013 National Elections shall be given housing settlement in an on-site development in a high rise condominium, unless agreed otherwise by the registered voters in said barangays in an election process. Barangay budget must be used in the physical and structural maintenance of said building. In case of deficit, MP-SERA shall help finance it.

SECTION 30. TRANSFER OF INTANGIBLE ASSETS. – In accordance with the transitory provisions of this Law, there shall be transferred to the Administration all intangible assets, powers, rights, foreshore rights, interests and privileges belonging to the Philippine Ports Authority (PPA) relating to port works or port operations within MP-SER, subject to terms to arranged by and between the MP-SERA and agencies concerned. Any disagreement relating to such transfer shall be elevated to the President of decision.

SECTION 31. NOTES ON SINKING FUND – shall be retained in the control and supervision of PPA for payment of their future Notes obligation.

SECTION 32. PROJECTS IN PROGRESS. – In accordance with the transitory provisions of this Law, all ongoing projects relating to the construction of ports and port facilities shall be continued by the agency or agencies involved until completion. After completion, such projects shall be transferred to the MP-SERA in accordance with the agreement among agencies concerned. Any disagreement relating to such transfer be elevated to the President for decision.

SECTION 33. TRANSFER OF LIABILITIES AND DEBTS. – Upon the transfer and acceptance by the MP-SERA of the existing physical facilities, intangible assets, and completed projects referred to in the Sections immediately preceding, all debts, liabilities, and obligations of the PPA concerned in respect such physical facilities, intangible assets and completed projects within the MP-SER shall likewise be transferred to or deemed incurred by MP-SER except for the liabilities that are “incurred beyond Manila jurisdiction” as well as liabilities not properly accounted for as per the reports coming from the Commission on Audit which shall be retained and paid by PPA. Notes on Sinking Fund shall be also paid by PPA.

SECTION 34. ANNUAL BUDGET – a) The Board shall every year cause to be prepared and shall adopt annual estimates of income and expenditures and estimates of capital expenditure of the Authority for the ensuing year.

b) Supplementary estimates may be adopted at any of the meetings of the Board.

SECTION 35. ANNUAL ACCOUNTS – a) The Board shall cause proper accounts and other records of the Authority in relation thereto to be kept. An annual statement of account shall be rendered in respect to each year. MP-SERA shall maintain such accounts and other records under a commercial system of accounting.

b) The accounts of the MP-SERA shall be kept and made up to 31 December in each year.

c) The annual statement of accounts of the MP-SERA shall present a true and fair value of the financial position of the MP-SERA and of the results of the operations of the MP-SERA for the year to which it relates.

SECTION 36. AUDITOR – a) In consonance with existing laws and regulations, the Commission on Audit shall be appointed to audit the accounts of the MP-SERA. In the fulfillment of international contractual

commitments of the MP-SERA, however, the Board may engage the services of any person or firm duly authorized by law for the audit of accounts, to audit the accounts of the MP-SERA.

b) The Auditor shall be paid out of the revenue of the MP-SERA such remuneration, compensation or expenses as the Board may determine.

SECTION 37. AUDITOR'S REPORT. – The Auditor shall as soon as practicable, but not later than three months after the accounts have been submitted for audit, send an annual report to the Board. The Auditor may also submit such periodical or special reports to the Board as may to him appear necessary.

SECTION 38. ANNUAL REPORT. – The Board shall submit to the President of the Philippines together with the Auditor's Report on the relevant accounts, an annual report generally dealing with the activities and operations of the MP-SERA during the preceding year and containing such information relating to the proceedings and policies of the MP-SERA.

SECTION 39. SUPERVISION AND COORDINATION OF DEVELOPMENT PLANS. - For purposes of policy direction and coordination, the MP-SERA shall be under the direct control and supervision of the Secretary of Department of Transportation and Communications.

SECTION 40. RELATIONSHIP WITH NATIONAL ECONOMIC DEVELOPMENT ADMINISTRATION (NEDA). - The MP-SERA shall determine the development goals for the MP-SERA within the framework of national development plans, policies and goals. The administrator shall, upon approval by the Board, submit the MP-SERA plans, programs and projects to NEDA for inclusion and inputs to the overall regional development plan.

SECTION 41. LEGAL COUNSEL. - When the exigencies of its businesses and operations demand it, the MP-SERA may engage the services of a counsel either on a case to case or on a fixed retainer basis.

SECTION 42. INTERPRETATION/CONSTRUCTION. – The powers, authorities and functions that are vested in the MP-SERA are intended to decentralize governmental functions and authority and promote an efficient and effective working relationship with the national government and the City of Manila. However, in case of conflict, the interpretation that is most advantageous for the development and success of MP-SERA shall prevail.

SECTION 43. AUDITING. - The Commission on Audit shall appoint a representative who shall be a full-time auditor of the MP-SERA and assign such number of personnel as may be necessary to assist said representative in the performance of his/her duties. The salaries and emoluments of the assigned auditor and personnel shall be in accordance with pertinent laws, rules and regulations.

SECTION 44. SEPARABILITY CLAUSE. - If any provision of this Act shall be held unconstitutional or invalid, the other provisions not otherwise affected shall remain in full force and effect.

SECTION 45. REPEALING CLAUSE. - All laws, executive orders or issuances or any part thereof which are inconsistent herewith are hereby repealed or amended accordingly.

SECTION 46. EFFECTIVITY CLAUSE. - This Act shall take effect fifteen (15) days after its publication in at least two (2) national newspapers of general circulation.

Approved.