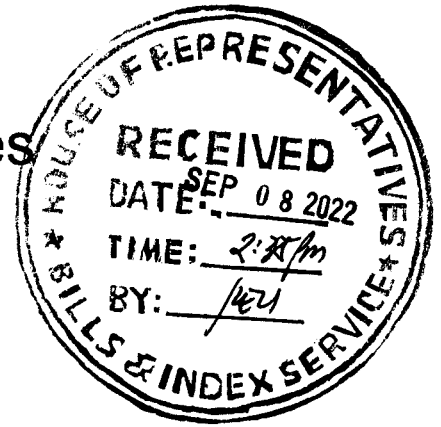




Republic of the Philippines
House of Representatives
Quezon City, Metro Manila

Nineteenth Congress
First Regular Session

HOUSE BILL NO. 4596



Introduced by Representative Khymer Adan T. Olaso

EXPLANATORY NOTE

In order to achieve an efficient, safe, economical and coordinated system of movement of goods and persons in the entire Zamboanga Peninsula and its neighboring areas, including Cebu and Davao, this bill seeks to create the Zamboanga City Port Authority in Zamboanga City.

Currently, the power to supervise, control, regulate, construct, maintain, operate, and provide facilities or services that are necessary in the ports throughout the country is vested in the Philippine Ports Authority, except in the Province of Cebu, including the City of Cebu, as provided in Presidential Decree No. 505, as amended. The ports in the Province of Cebu, including the Cebu City are under the Cebu Ports Authority as provided under Republic Act No. 7621, or the "*Charter of the Cebu Port Authority*".

Zamboanga City is strategically located at the southernmost tip of the Zamboanga Peninsula. It is approximately 505 nautical miles south of Manila, 270 nautical miles from Cebu and 320 nautical miles from Davao City. Because of its strategic location, it became the commercial and industrial center for its principal exports which include fish and fish products, processed fruit, coconut-based products, shell and rubber manufactures, and wooden furniture. Its large wharf accommodates interisland and ocean-going vessels.

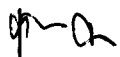
The port of Zamboanga is a center for sardine exports to the United States, Europe, the Middle East, and the Far East. There are 25 shipping lines that operate through the port, serviced by 4 shipyards operating within the port in Zamboanga City. The port has a land area of 15.6 hectares. The seaport of Zamboanga has 19 docks, 12 of which are privately owned. The largest dock

has a capacity for up to 20 vessels, and is operated by the Philippine Ports Authority.

In the 2010 Super Efficient Ports in Asia study, the port of Zamboanga ranked second in Asia. In 2015, Zamboanga City ranked 3rd in infrastructure, 15th in government efficiency, 26th in economic dynamism, and for an overall ranking of 15th in national competitiveness.

As the shipping hub of Western Mindanao, the creation of the Zamboanga City Port Authority will optimize the efficiency of the port operations. On February 23, 1995, Republic Act No. 7903 was enacted creating the Zamboanga City Special Economic Zone or the ZAMBOECOZONE. It promotes the attainment of decentralized, self-reliant and self-sustaining agro-industrial, commercial, financial, investment and tourist center and free port in Zamboanga City. This proposed measure will further strengthen the city's economic relations with other entities inside and outside of the country, and contribute more to the development and progress of the country.

In view of the foregoing, approval of this bill is earnestly sought.


KHYMER ADAN T. OLASO
Representative
1st District, Zamboanga City



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HOUSE BILL NO. 4596

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AN ACT

**CREATING THE ZAMBOANGA CITY PORT AUTHORITY,
DEFINING ITS POWERS AND FUNCTIONS, AND APPROPRIATING
FUNDS THEREFOR**

*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 "*Zamboanga
City Port Authority Act.*"

SEC. 2. *Declaration of Policy.* – It is the declared policy of the State to
promote the establishment and growth of autonomous provincial port bodies to
produce an efficient, safe, economical and coordinated system of movement of
goods and persons through the port, consistent with the constitutional mandate
to give all provinces of the country optimum opportunity to develop.

SEC. 3. *Zamboanga City Port Authority.* – There is hereby created a
public-benefit corporation to be known as the Zamboanga City Ports Authority,
hereinafter referred to as the Authority. This Authority shall be under the

1 supervision of the Department of Transportation for purposes of policy
2 coordination.

3 SEC. 4. ***Definition of Terms.*** – As used in this Act:

4 (a) *Bulkhead* refers to any structure serving to divide land and water
5 areas;

6 (b) *Dock* refers to locks, cuts, entrances, graving docks, inclined
7 planes, slipways, quays and other works relative thereto;

8 (c) *Pier* refers to any stage, stair, landing stage, jetty, floating barge or
9 pontoon, and any bridge or other works connected therewith;

10 (d) *Port Facility* refers to wharves, piers, slips, docks, bulkheads,
11 basins, warehouses, cold storage, loading and unloading equipment, and
12 passenger terminals and accessories;

13 (e) *Vessels* refer to any ship, boat or any waterborne craft used in the
14 conveyance or carrying of person's animals or goods; and

15 (f) *Warehouse* refers to any building for storage or shed for cargo.

16 SEC. 5. ***Purposes and Objectives.*** – The Authority shall have the
17 following purposes and objectives:

18 (a) Integrate and coordinate the planning, development, construction
19 and operations of ports and port facilities within its territorial jurisdiction,
20 consistent with the needs and requirements of the province;

21 (b) Enhance the flow of international and domestic commerce passing
22 through or utilizing the provincial ports; and

(c) Promote provincial development by providing support services to sustain the growth of export and other priority industries in Zamboanga City and the provinces of Zamboanga Del Norte, Zamboanga Del Sur, and Zamboanga Sibugay.

SEC. 6. ***Territorial Jurisdiction.*** – The territorial jurisdiction of the Authority shall include all seas, lakes, rivers and all other navigable inland waterways within the Zamboanga Peninsula, including waterways within the provinces of Zamboanga Del Norte, Zamboanga Del Sur, and Zamboanga Sibugay and all other cities existing and which may hereafter be created therein.

SEC. 7. ***Powers.*** – The Authority shall have the following powers and responsibilities:

(a) Have perpetual succession under its corporate name until otherwise provided by law;

(b) Prescribe its bylaws and such rules and regulations as may be found necessary to promote or enhance the business of the Authority;

(c) Adopt and use a seal;

(d) Sue and be sued in any court;

(e) Enter into contracts, transactions, and undertakings of whatever nature, which are necessary or incidental to its functions and objectives, with any natural or juridical persons or with any government institutions, domestic or foreign;

(f) Acquire, own, hire, use, operate and dispose of personal property and to acquire, own, use, lease, operate and dispose of real property and interests thereon and to make improvements on such real property, including the reclamation of foreshore and submerged lands for port purposes within its territorial jurisdiction, which reclaimed land shall *ipso facto* be deemed transferred in ownership to the Authority; and to enter into contracts with any public or private entity for such reclamation under such terms and conditions as it may deem to be for the public interest;

(g) Purchase, hold, alienate, mortgage, pledge or otherwise dispose of the shares of the capital stock of, or any bond, security or any other evidence of indebtedness created by any other corporation or co-partnership of this or any other country, and while the owner of said stock, to exercise all the rights of ownership, including the right to vote thereon;

(h) Exercise the right of eminent domain;

(i) Exercise all other powers necessary or incidental to carry its authorized purposes or to the exercise of any of the foregoing powers, except the power to levy taxes, assessments and, in general, to exercise the power of dominion over all properties within its control;

(j) Levy dues and impose rates and charges for the use of the premises, works, appliances, facilities or for services provided by or belonging to the Authority, or any other organization concerned with port operations;

(k) Make expenditures in foreign countries to pay commissions and hire or contract experts and consultants, both foreign and local;

(l) Make expenditures for promotion of the business affairs of the Authority; and

(m) Exercise all the power of a corporation under the Revised Corporation Code of the Philippines insofar as they are not inconsistent with any provision of this Act.

SEC. 8. *Governing Body.* – The powers and functions of the Authority shall be vested in and exercised by a Zamboanga City Port Commission, herein referred to as Commission, composed of a chairperson, a vice chairperson, who both shall be sitting in their *ex-officio* capacities and five (5) other commissioners. The chairperson shall be the Secretary of Transportation or the duly designated undersecretary and the vice chairperson shall be the Zamboanga City Port general manager, who shall be appointed by the President of the Philippines.

The commissioners shall be appointed by the President of the Philippines and shall represent the following sectors:

(a) Two (2) representatives from the shipowners and shipping operators;

(b) One (1) representative from the cargo-handling labor sector;

(c) One (1) representative from the business sector; and

(d) One (1) representative from the Confederation of Truckers Association of the Philippines (CTAP).

1 **SEC. 9. *Powers and Functions of the Commission.*** – The Zamboanga

2 City Port Commission shall have the following powers and functions:

3 (a) Manage, administer, operate, maintain, improve and develop,
4 coordinate and otherwise govern the activities of all the ports within its
5 territorial jurisdiction;

6 (b) Investigate, prepare, adopt, implement, and execute a comprehensive
7 and orderly plan for the overall development of all ports within its territorial
8 jurisdiction, and to update such plans, as may be warranted from time to time;

9 (c) Raise revenues for the Authority through fees, tolls, charges, rentals
10 and the like for the use of any property, equipment or facility owned or
11 controlled by it;

12 (d) Raise and administer, together with such revenues as may by law
13 accrue to the Authority, capital outlays by means of loans from any local or
14 foreign financial institution to finance its projects;

15 (e) Determine by survey and establish by engineering design the exact
16 location, system and character of any and all port facilities which it may own,
17 construct, establish, effectuate, operate, or control;

18 (f) Provide and maintain port facilities including accessory buildings and
19 installations within its territorial jurisdiction on its own or through the private
20 sector;

21 (g) Prescribe and enforce rules and regulations on the use of wharves,
22 piers and anchorages by ships and other watercrafts;

(h) Determine the organizational structure of the Authority and create such functional units therein as it may deem necessary in the proper and efficient implementation of the functions and purposes of the Authority, including the appointment of officials and employees, it being understood that the security of tenure of these workers shall be respected consistent with existing laws;

(i) Define the duties and fix the compensation and benefits of the general manager, deputy general manager, port managers, and other officers of the Authority, in accordance with the rules and regulations of the Civil Service Commission and the Department of Budget and Management;

(j) Approve the annual budget of the Authority and such supplemental budgets thereof as may be submitted by the general manager from time to time; and

(k) Perform such other duties as may be necessary and convenient for the attainment of the objectives of the Authority.

SEC. 10. *Term of Office.* – The members of the Zamboanga City Port Commission shall be appointed for a term of three (3) years: *Provided, That* any person appointed to fill a vacancy shall hold office only for the unexpired term of the commissioner who caused the vacancy.

SEC. 11. *Quorum, Per Diems and Allowances.* – Four (4) members of the Commission shall constitute a quorum for the transaction of business. Unless otherwise fixed by the Commission, the chairperson and all the

members shall each receive a per diem of Five thousand pesos (P5,000), exclusive of traveling expenses, for each day of meeting of the Commission, which shall not exceed four (4) meetings a month.

SEC. 12. **General Manager.** – The management of the day-to-day business and operations of the Authority shall be under the direction and control of the general manager, who shall have the following powers and duties;

(a) Manage, direct and supervise the operations and internal administration of the Authority, subject to the control and supervision of the Commission;

(b) Prepare all memoranda pertaining to each and every item in the agenda for the meetings of the Commission and to submit for the consideration of such proposals or recommendations that are necessary to carry out effectively and beneficially the business of the Authority;

(c) Implement the policies and administer the measures approved by the Commission;

(d) Devise the executive organization pattern of the Authority, submit from time to time to the Commission the corresponding organizational and functional charts, and enforce the executive elements thereof;

(e) Appoint and employ the services of subordinate officials and employees subject to the confirmation of the Commission;

1 (f) Prepare and submit to the Commission budget proposals of all kinds;

2 and

3 (g) Perform such other duties and exercise such other powers as may be
4 directed or authorized specifically by the Commission.

5 SEC. 13. ***Prohibition against Conflict of Interest.*** – No member of the
6 Commission shall be financially interested, directly or indirectly, in any
7 contract entered into by the Authority or in any special privilege granted by it.
8 Violation of this prohibition shall constitute a ground for dismissal.

9 SEC. 14. ***Application of Civil Service Laws.*** – All officers and
10 employees of the Authority shall be subject to the rules and regulations of the
11 Civil Service Commission and the Department of Budget and Management,
12 except those whose positions may, upon recommendation of the Port
13 Commission, be declared by the President of the Philippines as policy
14 determining, primarily confidential or highly technical in nature.

15 SEC. 15. ***Supplies and Services Other Than Personal.*** – All purchases
16 or contracts for services, except for personal services, entered into by the
17 Authority shall be done only after public bidding thereof is held: *Provided,*
18 That such bidding may not be required when an emergency, as explained and
19 certified to by the general manager, requires immediate delivery of the supplies
20 or performance of the services and the unit cost or price of such emergency
21 procurement do not exceed the latest cost or price paid by the Authority for the
22 same or similar goods or services: *Provided, further,* That the general manager

1 shall report under oath to the Commission the details of any such emergency
2 procurement within two (2) weeks after its consummation, including a
3 statement of assurance that the transaction constitutes the best arrangement
4 possible under the circumstances.

5 SEC. 16. ***Capitalization.*** – The Authority shall have an authorized
6 capital stock equal to and consisting of:

7 (a) The value of fixed assets, including port facilities and equipment
8 administered by or belonging to the Port of Zamboanga and such other
9 properties, movable and immovable, within the territorial jurisdiction of the
10 Authority as defined in Section 6 hereof, valued on the date of the effectivity of
11 this Act; and

12 (b) Government contribution in such amount as may be deemed an
13 appropriate initial balance. Such initial amount, as approved by the President of
14 the Philippines, shall be more or less equivalent to six (6) months working
15 capital requirement of the Authority.

16 SEC. 17. ***Auditor and Personnel.*** – The Commission on Audit shall
17 appoint a representative who shall be the auditor of the Authority and the
18 necessary personnel to assist said representative in the performance of duties.
19 The operating expenses of the auditing office and the salaries of both officials
20 and employees shall be paid by the Authority.

21 SEC. 18. ***Power to Issue Bonds.*** – The authority to incur indebtedness
22 or to issue bonds to carry out approved capital investment projects shall be

1 approved by the affirmative vote of at least four (4) of all members of the
2 Commission in a special meeting called for the purpose and approved by the
3 President of the Philippines upon the recommendation of the Secretary of
4 Finance and the *Bangko Sentral ng Pilipinas*.

5 SEC. 19. ***Bond Limits.*** – The bonds that may be issued by the Authority
6 shall in no case exceed the total amount of One billion pesos
7 (P1,000,000,000.00): *Provided*, That no single issue shall be made if at least
8 seventy percent (70%) of the immediately preceding issue is not yet sold.

9 The bonds shall be issued only in such amounts as will be needed at only
10 one (1) integral operation not exceeding one (1) year duration, taking into
11 account the state at which said bonds may be absorbed by the buying public
12 and the fund requirements of the project ready for execution, and considering
13 further a proper balance between productive and non-productive projects so
14 that inflation shall be held to a minimum.

15 SEC. 20. ***Form, Rate of Interest, etc. of Bonds.*** – The Secretary of
16 Finance, in consultation with the Monetary Board, shall prescribe the form, the
17 rate of interest, the denominations, maturities, negotiability, convertibility, call
18 and redemptions features, and all other terms and conditions of issuances,
19 placement, sale, servicing, redemption and payment of all bonds issued under
20 the provisions of this Act.

1 The bonds issued by virtue of this Act shall be made payable both as to
2 principal and interest in Philippine currency and shall be acceptable as security
3 in any transaction with the Government in which such security is required.

4 **SEC. 21. *Transfer of Existing Facilities and Intangible Assets.*** – All
5 existing facilities including wharves, piers, ships, docks, bulkheads, cargo
6 terminals, warehouses, cold storage, loading and unloading equipment, and
7 passenger terminals and accessories, within the territorial jurisdiction of the
8 Authority; other lands, buildings and other properties, movable or immovable,
9 located in Zamboanga City belonging to or presently administered by the
10 Philippine Ports Authority; and all assets, powers, rights, interests and
11 privileges relating to port works or operations, including all equipment, are
12 hereby transferred to the Authority.

13 **SEC. 22. *Projects in Progress.*** – All ongoing projects relating to the
14 rehabilitation or construction of port facilities and supply of equipment shall be
15 administered and undertaken by the Authority.

16 **SEC. 23. *Transfer of Liabilities and Debts.*** – Upon the transfer to and
17 acceptance by the Authority of the existing physical facilities, intangible assets
18 and completed projects referred to in the preceding sections, all debts, liabilities
19 and obligations of the Philippine Ports Authority in respect of such physical
20 facilities, tangible assets and completed projects within the ports shall likewise
21 be assumed by the Authority.

1 SEC. 24. ***Abolition of the Port Management Office of Zamboanga as a***
2 ***Port Management Unit of the Philippine Ports Authority.*** – The Port
3 Management Office of Zamboanga is hereby abolished. The general manager
4 of the Authority shall ensure the smooth transfer of responsibility from the
5 abolished entity to the Authority as well as the determination of personnel to be
6 retained: *Provided*, That all officials and employees whose services are
7 terminated shall, if not eligible for retirement, be given gratuities equivalent to
8 one (1) month salary for every year of continuous satisfactory service on the
9 basis of the highest salary received in addition to other benefits accorded to
10 them by existing laws.

11 SEC. 25. ***Annual Report.*** – An annual report of the Authority shall be
12 submitted to the President of the Philippines within sixty (60) days after the
13 close of each fiscal year.

14 The original of the annual report shall be submitted to the President of
15 the Philippines and copies thereof to the House of Representatives and the
16 Senate of the Philippines and the Department of Transportation. The annual
17 report shall include a financial statement duly certified by the auditor of the
18 Authority.

19 SEC. 26. ***Appropriations.*** – The amount necessary for the effective
20 implementation of this Act shall be included in the General Appropriations Act
21 of the year following its enactment into law and thereafter.

1 SEC. 27. ***Separability Clause.*** – If any provision of this Act shall be
2 declared invalid or unconstitutional, the remaining parts or provisions not
3 otherwise affected shall remain in force.

4 SEC. 28. ***Repealing Clause.*** – All laws, decrees, executive orders, and
5 rules and regulations contrary to or inconsistent with the provisions of this Act
6 are hereby amended, repealed or modified accordingly.

7 SEC. 29. ***Effectivity Clause.*** – This Act shall take effect fifteen (15)
8 days after its publication in the Official Gazette or in a newspaper of general
9 circulation.

10 Approved,