

[PRESIDENTIAL DECREE NO. 505, July 11, 1974]

PROVIDING FOR THE REORGANIZATION OF PORT ADMINISTRATION AND OPERATION FUNCTIONS IN THE COUNTRY, CREATING THE PHILIPPINE PORT AUTHORITY, PAVING THE WAY FOR THE ESTABLISHMENT OF INDIVIDUAL, AUTONOMOUS PORT/INDUSTRIAL ZONE AUTHORITIES IN THE DIFFERENT PORT DISTRICTS, AND FOR OTHER PURPOSES.

WHEREAS, a port is not only a vital link in the total transportation and trade system, but a major factor in harnessing the human and natural resources of a region in the total context of National Development;

WHEREAS, harbors and the tributary areas have their own peculiar potentialities to be considered in port development;

WHEREAS, the concept of port administration has in this country been focused on the traditional functions of revenue collection, harbor maintenance and cargo handling, to the exclusion of the port's fuller utilization and development as a spur for regional growth;

WHEREAS, it is perceived that the broader role of ports goes beyond the function of serving as the hub of maritime trade but extends to the wider area of acting as a catalyst that may hasten the expansion of the economic development of an area;

WHEREAS, there is need to integrate and coordinate port development at the national level and at the same time promote the growth of autonomous regional port development bodies responsive to the needs of their individual localities;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers in me vested by the Constitution, in order to effect the desired changes and reforms in the social economic and political structure of our society, do hereby decree and order that the following be adopted and made part of the laws of the land;

SECTION 1. *Title.* — This Decree shall be known as the Philippine Port Authority Decree of 1974.

SEC. 2. *Declaration of Policies and Objectives.* — It is hereby declared to be the policy of the State to implement an integrated program of port development for the entire country in accordance with the following objectives: (a) to streamline and optimize the planning, development, construction; maintenance and operation of ports, port physical plants and facilities, (b) to ensure the smooth flow of waterborne commerce passing through the country's ports in the conduct of international and domestic trade, (c) to promote regional development through the dispersal of industries and commercial activity throughout the different regions, (d) to foster free enterprise and sustain the growth of export and other priority industries and, (e) to redirect port administration beyond its specific and traditional duties in harbor, cargo and revenue operations to the broader function of total port district development, including the full and fruitful utilization of the port's hinterland and tributary areas.

In order to attain these objectives, the Government through the Philippine Port Authority hereinafter created shall:

- a. Draw up and implement an integrated Philippine Port Development Program which shall embody the following: the review and reorganization of the present set-up of port administration, operations, physical plants and facilities; the classification of the different ports in the country according to size, importance, potential for growth and the nature and structure of surrounding areas; determination of the type and pattern of the local Port Industrial Zone Authorities to be established in the different ports; and the definition of the broad operational guidelines to be followed by these individual Authorities;
- b. Encourage and stimulate the establishment of individual autonomous Port Industrial Zone Authorities in the different port districts through: (i) the provision and/ or assistance in the provision of financial support from public and private financing sources, (ii) technical assistance, (iii) the granting of incentives particularly during the early years of operation; and (iv) in general, the maintenance of close cooperation and a smooth working relationship with the individual Port/Industrial Zone Authorities;
- c. Provide for the effective supervision, regulation and control of the organizational management, ownership and structure of individual Port/Industrial Zone Authorities in the given port districts; and (d) Exercise broad supervisory and regulatory powers over the actual operations of individual Port/Industrial Zone Authorities in keeping with their autonomous character.

A. THE PHILIPPINE PORT AUTHORITY

SEC. 3. *The Philippine Port Authority Creation and Organization.* — There is hereby created a Philippine Port Authority, hereinafter referred to as the "Authority". The corporate powers of the Authority shall be vested in a governing board of directors to be known as the Philippine Port Authority Council, hereinafter referred to as the "Council."

The Authority shall have general jurisdiction and control over all persons, corporations, firms or entities, existing, proposed or otherwise to be established within the different port districts in the Philippines and shall supervise, regulate and exercise its powers in accordance with the provisions of this Decree.

The principal office of the Authority shall be in the Greater Manila area but it may establish branches and agencies within the Philippines as may be deemed necessary by the Council.

SEC. 4. *Philippine Port Development Program.* — The Authority, in coordination with other national agencies of the Government, shall prepare and annually update a Ten-Year Philippine Port Development Program, hereinafter referred to as the "Program" which shall embody the integrated plan for the development of the country's ports and harbors. The Program shall be submitted for approval by the President of the Philippines.

Upon approval of the Program by the President, all government departments, bureaus, agencies and instrumentalities shall implement the same within their respective jurisdictions. The Authority shall ensure that the approved Program is being effectively implemented by the participating agencies. No government body or

instrumentality shall adopt any policy or take any course of action contrary to or inconsistent with the Program.

B. PHILIPPINE PORT AUTHORITY COUNCIL

SEC. 5. *Powers and Functions of the Council.* — The Philippine Port Authority Council shall have the following powers, functions and duties, among others:

- a. To provide comprehensive policy guidance for the effective supervision and regulation of individual Port/Industrial Zone Authorities to be established in the different port districts;
- b. To formulate a comprehensive and practicable Ten-Year Philippine Port Development Program and renew and update the same annually in coordination with other¹ national agencies of the Government;
- c. To promulgate and prescribe a set of rules and regulations, standards, guidelines and procedures governing the establishment of individual Port/Industrial Zone Authorities;
- d. To issue specific standards to be met by individual local Port/Industrial Zone Authorities in the conduct of port operations, particularly on harbor conservation, maintenance and navigation and in the collection of port fees and charges; accordingly, these functions shall be exercised with the Bureau of Public Works and the Bureau of Customs and a practicable arrangement for the coordination of said functions shall be worked out with the appropriate agencies;
- e. To recommend to the President whenever the national interest demands it, that the State, through an agency the Authority may designate, take over the administration and operation of a specific port district or portion thereof;
- f. To approve specific applications of any person, firm or entity to operate, administer and establish an individual Port Industrial Zone Authority in a particular area;
- g. To exercise the right of eminent domain by expropriating the surrounding and tributary areas of a harbor or harbors which, in the opinion of the Authority, are vital to the total port district development;
- h. To approve the organizational structure, staffing pattern, and budget of the Authority upon the recommendation of the General Manager;
- i. To appoint, discipline and remove, and determine the composition of the technical staff of the Authority and other personnel: *Provided*, That all positions in the Authority which are confidential or highly technical in nature shall not be subject to the Civil Service Law and Rules: *Provided, further*. That appointments of personnel in the management below the rank of section chief shall be made by the General Manager, in accordance with the approved budget and staffing pattern and shall be noted by the Council: *Provided, furthermore*, That the Council or General Manager may engage on contractual basis or other arrangements for the temporary services, and fix the compensation of highly qualified professionals, experts, technical advisers or consulting firms;
- j. To adopt, alter and use a corporate seal which shall be juridically noticed; approve and make contracts, determine the exact location of its office and prescribe the rules and regulations to govern its proceedings;
- k. To recommend to the President, through the National Economic and Development Authority, the grant of necessary incentives to individual Port/Industrial Zone Authorities

- l. After 3 July 1974, to exercise over-all supervision over the port facilities of the large foreign petroleum companies in matters pertaining to safety, pollution and conservation in the harbors;
- m. To exercise regulatory and supervisory powers over the marine aspect of the administration and operation of port zones such as the Bataan Export Processing Zone, the proposed Jolo free port, Zamboanga, Parang in South Cotabato, and others;
- n. To plan and coordinate the establishment of Port/Industrial Zone Authorities in specific areas producing the country's main export products, such as bananas, logs, sugar, coconut products and mineral ores; and
- o. To perform such acts as may be deemed proper and necessary to carry out and implement the provisions of this Decree.

SEC. 6. *Composition and Organization.* — The Council shall be composed of eleven members as follows: The Secretary of Finance, the Secretary of Trade, the Secretary of Industry, the Executive Secretary, the Secretary of Public Works, Transportation and Communications, the Secretary of Public Highways, the Director General of the NEDA, the, Secretary of National Defense, the General Manager of the Philippine Port Authority and a representative from the private sector to be designated by the President. The Chairman of the Council shall be appointed by the President of the Philippines from among its members.

The officials next in rank to the regular members shall serve as permanent alternate members, except that, in the absence of the Chairman, the Council shall elect a temporary presiding officer. The alternate members shall attend meetings of the Council and Committees assigned to their principals and receive the corresponding per diems whenever their principal is absent or the said position is vacant.

The Council shall meet regularly once a month and at its discretion, hold special meetings to consider urgent matters upon call of the Chairman or any three members thereof. A majority shall constitute a quorum for the transaction of business.

Each member of the Council shall receive a monthly commutable allowance of five hundred pesos and per diem of one hundred for every meeting of the Council or Committee thereof actually attended: *Provided*, That the total allowable amount of per diems each month shall not exceed five hundred pesos.

C. MANAGEMENT

SEC. 7. *Management Head.* — The management of the Authority shall be vested in the General Manager who shall be directly assisted by two Assistant General Managers, one for Planning and the other for Operations.

SEC. 8. *Appointment, Tenure, Qualifications and Compensation.* — The General Manager and the two Assistant General Managers shall be appointed by the President for a term of six years: *Provided*, That upon the expiration of their respective terms, they shall continue to serve until their successor shall have been appointed and qualified: *Provided, further*, That no vacancy shall be filled except for the unexpired portion of the term: *Provided, finally*, That the President may remove the General Manager and the Assistant General Manager from office for cause upon recommendation of the Council.