

CY 2012 TIEZA ACCOMPLISHMENTS

I. INFRASTRUCTURE

For the Calendar Year 2012, the TIEZA posted some three hundred nineteen (319) tourism infrastructure projects in various stages of development, 5.6% less than 2011's three hundred thirty eight (338) and 5.1% higher in cost at P2.86B. Some of the projects were carried-over from the previous years.

Completed projects totaled to twenty one (21) with a combined worth of P147.65M, ten (10) projects fewer than past year's same period and 54.9% lower in cost versus last year's P327.39M. Out of these, seven (7) projects were classified as Asset-Based or TIEZA's owned and operated income-generating projects, while the rest were under the Community-Based, or Local Government Units initiated/proposed tourism oriented/related projects requesting for financial and/or technical assistance, significant of which are:

Asset-Based:

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| • TEZ Sector Office Construction -Manila | P3.86M |
| • Rizal Park Redevelopment Plan/Pathways to Glory Garden/
Proposed Walk of Remembrance Memorial – Manila | P6.92M |
| • Banaue Hotel & Youth Hostel, Slope Protection, Riprapping &
Electrical Works - Ifugao | P7.62M |
| • Banaue Hotel Improvements, Relocation of existing
water main line, yard lighting system, etc. - Ifugao | P20.00M
P20.00M |
| • Wake Boarding Resort, Concreting of Access
Road (Phase II) – Clarkfield, Angeles City | P7.19M |
| • Balicasag Island Dive Resort Repair/Rehabilitation
of Cottages and Construction of Additional Facilities
- Panglao, Bohol | P19.33M |

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Community-Based Projects:

- Ermita Hill, Cultural Amphitheater Construction – Baler, Aurora P10.00M
- Sampalok Lake, Boardwalk Construction (Phase II) –
San Pablo City, Laguna P10.00M
- Apo Reef National Park, Facilities Rehabilitation/Improvement
(Phase II) – Sablayan, Oriental Mindoro P10.00M
- Panglao Multi-Purpose Building – Bohol P3.32M
- Sentimental Journey Marker & Vicinity Improvement –
- Guiuan, Eastern Samar P5.00M
- Magellan Landing Site, Concrete Galleon Monument
Construction – Homonhon, Guiuan, Eastern Samar P5.00M
- Palompon Tourism Projects – Leyte P7.43M
- Magallanes Road Concreting leading to Shrine (Phase II)
– Limasawa, Southern Leyte P5.00M
- Nature's Park, Comval Viewdeck Construction – Mawab,
Compostela Valley P4.98M
- General Santos City Airport, Waiting Shed & Covered Walks Construction
– South Cotabato P9.90M

Projects presently under construction numbered eighty three (83), ten (10) projects more than last year's seventy three (73) registering a collective cost of P541.22M or 56% over 2011's P347.03M. Eleven (11) of the 83 on-going projects are Asset- Based while seventy two (72) are Community-Based, major of these are:

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Asset-Based:

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| • Banaue Youth Hostel Reconstruction/Expansion – Ifugao | P27.11M |
| • Banaue Hotel Emergency Repair/Rehab works (Phase II) | P6.50M |
| • Boracay Environmental Infrastructure Project Drainage Improvement (Phase I) – Malay, Aklan | P83.50M |
| • Argao Airstrip Perimeter Fence – Cebu | P7.11M |
| • DGS Building (DOT-TIEZA Office) – Mandaue City, Cebu | P10.0M |
| • TIEZA Office Construction – Mandaue City | P29.80M |

Community-Based:

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|--|---------|
| • Baguio Centennial & Botanical Park Amphitheater – Baguio City | P5.00M |
| • Hundred Islands Development –Alaminos City, Pangasinan | P10.00M |
| • Sibang Cove Cottages Construction – Dadao, Calayan Island, Cagayan | P10.00M |
| • Morong Special Economic Zone Swimming Pool – Bataan | P10.00M |
| • Old Train Terminal Rehabilitation – San Fernando City, Pampanga | P5.46M |

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• Dolores Tourist Roadwalk Lighting, Greening & Beautification - San Fernando City, Pampanga	P9.97M
• Calawagan Mountain Resort Rehabilitation – Paluan, Occidental Mindoro	P5.00M
• Sabang Pier & Tourist Facilities Improvement – Puerto Princesa City , Palawan	P5.00M
• San Vicente Water Supply Filtration Improvement – Palawan	P24.86M
• Peñaranda Park Rehabilitation/Improvement – Old Albay District, Legaspi City, Albay	P5.94M
• Evelio B. Javier Freedom Park Rehabilitation – San Jose, Antique	P4.93M
• People’s Park Improvement & Beautification – Roxas City, Capiz	P10.00M
• Multi-Purpose Tourism Assistance Center – Loboc, Bohol	P4.77M
• Boho Rock Beach Resort – Camotes Island, Cebu	P6.91M
• Sohoton Cave three (3) Mini-Jetty Ports Construction – Basey, Western Samar	P5.00M
• Initao-Libertad Protected Landscape & Seascape (Phase I) - Misamis Oriental	P7.26M
• Alibuag Spring Development – Brgy. Tuka, Medina, Misamis Oriental	P4.92M
• Aplaya Baywalk Construction – Digos City, Davao del Sur	P5.00M
• Kinuskusan Convention Hall Construction – Bansalan, Davao del Sur	P5.00M

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| • Informative Sign leading to Tourist Spot – Agusan del Sur | P4.97M |
| • Balay Turista Renovation – Placer, Surigao del Norte | P4.35M |
| • Viewing Deck Platform Reconstruction & Improvement
– Cloud 9, Gen. Luna, Surigao del Norte | P3.14M |
| • Three Units Duplex Cottages & Shoreline Bleacher
Construction – Pilar, Surigao del Norte | P3.76M |
| • Enchanted River, Eco-Tourism Park Development (Phase II)
– Hinatuan, Surigao del Sur | P4.70M |

As of 2012 yearend, tourism infrastructure projects classified under the pre-construction phase registered at two hundred fifteen (215), or 8.1% lower than 2011's 234, having a cumulative cost of P2.17B, higher by 6.4% compared to 2011's P2.04B.

Thirty-one (31) Tourist Information Counters/Viewdecks with Restrooms are being put up at various strategic areas of the country with an approximate aggregate cost of P22.58M. These are Congressional initiative projects intended to assist both local and foreign sightseers and vacationers and provide them with safe, convenient and pleasurable trips to the countryside.

For the twelve month period of 2012, the TIEZA provided jobs to some 1,245 workforce through the execution of its tourism infrastructure development projects scattered nationwide, substantively contributing to the country's poverty alleviation and employment generation programs.

II. ADMINISTRATION

As of December 2012, TIEZA posted a minimal rise in its workforce at 1,178 compared to 2011's 1,153 of the same period, 46% of whom are job order hirees at 542. Slight decreases of 4% and 2% in the number of permanent and casual employees could be noted at 457 and 150 respectively. On the other hand, head count of coterminous, job orders, and consultants increased by 33%, 7%, and 8% respectively due to increase in manpower requirements by some offices like the Travel Tax Division and the Office of the Corporate Legal Counsel, to name a few. Hereunder is the comparative breakdown of Personnel for CYs 2012 and 2011, to wit:

Status	2012	2011	Inc./Dec.	% of Inc./Dec.
Permanent	457	477	(20)	(4%)
Coterminous	8	6	2	33%
Casual	150	153	(3)	(2%)
Temporary	1	0	1	-
Job Order	542	505	37	7%
Consultant	13	12	1	8%
Contractual	7	0	7	-
TOTAL	1,178	1,153	25	2%

In keeping with the agency thrust to achieve employee professionalism and work proficiency so as to deliver efficient public service, the TIEZA regularly conducted relevant and updated seminar/workshops in various specialized fields to update and enhance the technical skills and knowledge of employees and for their behavioral development. Hence, continuing implementation of training programs was done to include diverse areas of interests on strategic planning, supervisory development, essential management skills, harmonized gender development guidelines, livelihood seminars, solid waste management, public service ethics and accountability, public governance, managing work place attitude, planning and development of community - based rural tourism, laws and rules on government expenditures, administrative justice, career planning and development, among others.

A 25% decline in the beneficiary-participants in in-house seminars could be noted at 721 versus 2011's 963 employees. On the other hand, attendees in outside seminars increased by 16%. In view of organizational developments, a Career Management Program was initiated with the purpose of profiling employees' career and vocational interests. Tests were given to 141 employees, 64 of whom were male and 77 were female. On the other hand, 65 on-the-job trainees from different schools were accommodated as against 100 in the previous year.

Three (3) local scholarship grants were recorded for 2012 versus the two (2) in 2011 with 24 participants as compared to 17 in 2011. Incentive program awardees were 115, lesser than 2011's 141. There were 25 socio-cultural celebrations recorded which included activities that highlighted the National Arts Month, National Women's Month, Philippine Civil Service Anniversary, National Peace Month and Children's Month, among others.

Several Physical Fitness Programs were also participated in by a considerable number of employees. As in the past, there were more male players who joined in the various sporting events like golf, basketball, shooting, running, chess and billiards.

In response to the government's on-going austerity program, the TIEZA regularly implemented cost-cutting measures which substantively lessened its Maintenance and Other Operating Expenditures. Several office rules were implemented to reduce power and water consumptions, i.e. air-conditioning and water system operation was only from 8 a.m.– 5 p.m., lights were shut-off during lunch breaks, etc. Cost of vehicle repair was drastically reduced by 49% at P1.16M as compared to 2011's P2.27M as minor repairs were endorsed to auto repair shops to avail of warranties for spare parts and services. Likewise, cost of repair and maintenance of furniture and equipment also diminished by 47% from P0.49M in 2011 to P0.26M in 2012 as well as cost of building repairs by 62%, from P0.16M to P0.06M. TIEZA invested on equipment and materials to upgrade its entities and improve the agency's over-all operations which in the long-run will reduce cost of maintenance. Total purchases increased by 7% from P32.78M in 2011 to P35.14M in 2012.

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A continuing priority of management is the improvement of the organization's information/communications technology systems to achieve better operational efficiency. Along this line, the TIEZA geared to standardize its Information Technology Infrastructure and to optimize the use of its electronic inter-/intra-/extra-office communication system aside from educating its personnel through effective IT training programs. Substantive measures undertaken during the period in review included among others: configuration /deployment of newly acquired equipments for local area network; conduct of initial steps for the implementation of a travel tax network system with surveillance cameras at NAIA Terminals 1, 2 and 3 for safety and monitoring purposes; prototyping of travel tax on-line payment for faster and better service delivery, and subscription renewal for anti-virus applications to ensure network security.

III. ASSET MANAGEMENT / OPERATIONS

The noted increases in revenues of a majority of the entities could be attributed to the intensified sales calls and efforts for prospective clients and guests. So as to ignite a more vibrant operating performance, the TIEZA exerted extra efforts to constantly increase the marketability of the entities; such as the review/revision of existing promo packages, development of new and more fun activities and updating of project briefs/fact sheets of properties in the TIEZA website and brochures, active participation in both local and international travel and trade events and sponsorships; ad placements in newsprints and different publications; collaterals/give-aways/gift certificates for different events and memberships in various national tourism organizations/associations, among others.

In line with the national privatization program, the TIEZA consistently exercised prudence in duly disposing its properties/assets. For the period in review, no privatized property was recorded pending the finalization and Board approval of the Agency's new privatization plan. However, continual judicious measures/actions to implement the most suitable privatization plan for each of its numerous assets were taken into consideration, to wit:

- Facilitated the Titling and Updated the Payment of Real Property Taxes of the Properties, specifically those identified for privatization
- Furnished Investment Kits to potential investors and other requesting parties during seminars and trade exhibits
- An Online Investment Kit is being created for better accessibility to both local and foreign clients
- Hired a Consultancy Group to conduct a Highest and Best-Use Study and Master Planning on the thirteen (13) identified properties, to wit:

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1) For Sale / Lease or Operation & Management:

- Agoo Playa
- Argao Beach & Airstrip
- Hilaga / Paskuhan Village
- Kang-Irag Golf Course
- Matabungkay Properties
- Moalboal Properties
- Talisay Property
- Zamboanga Golf & Beach Park

2) For Operation & Management Only:

- Balicasag Island Dive Resort
- Banaue Hotel & Youth Hostel
- Club Intramuros
- Dalaguete Beach Park
- Gardens of Malasag

IV. FINANCE

Travel Tax Collections

Actual Travel Tax Collections (net of refund) for the period January to December 2012 amounted to P3.50B versus the P3.33B in 2011, or a 5.11% growth with peak season covering the months of March, April, May, July and October. The increase could be attributed to the country's relatively improved economy as well as in cheaper airfares and regular airlines promo by airline companies. The TIEZA's share of 50% amounted to P1.75B, which accounted to 81.40% of the Total Revenues earned for 2012.

Financial Statements

As of December 31, 2012, TIEZA's Total Assets stood at P11.32B, Total Liabilities at P1.18B and Equity, P10.13B. Total Assets increased by 13% at P11.32B from 2011's P10.06B. Total Liabilities dipped from P1.22B in CY 2011 to P1.18B in 2012 while Total Equity climbed by 15% from P8.84B in 2011 to P10.13B in 2012.

Total Revenues for CY 2012 rose by 10% from P1.95B in 2011 to P2.15B in 2012 which can be traced to the increase of TIEZA share from travel tax collections in 2012 amounting to P1.75B as against P1.67B in 2011. Moreover, Service Income which comprised of Processing Fees and Other Fees increased by 4% from P123.42M in 2011 to P128.27M in 2012.

Gross Profit of the Authority escalated at P2.14B in 2012, or a 10% increase from 2011's P1.94B. Total Expenses decreased by 8.07% at P0.98B in 2012 as against P1.06B in 2011. Income from Operations increased by 33% at P1.16B in 2012 from 2011's P874.24M. The bottomline figure or TIEZA's Net Income registered at P1.28B in 2012 versus P981.42M in 2011, or a 30% increment.

TOURISM INFRASTRUCTURE AND ENTERPRISE ZONE AUTHORITY
Statement of Income and Expenses
For the Years Ended December 31, 2012 and December 31, 2011

	<u>2012</u>	<u>2011</u>	<u>Inc. (Dec.)</u>	<u>%</u>
INCOME				
Travel Taxes	1,748,201,065	1,666,408,730	81,792,335	5%
Service Income	128,271,689	123,416,000	4,855,689	4%
Sales Revenue	87,158,526	81,604,237	5,554,289	7%
Other Business Income	11,391,496	11,425,474	(33,978)	0%
Rent Income	23,459,099	24,535,517	(1,076,418)	-4%
(Loss) Gain on Foreign Exchange	78,820,536	(26,184,168)	105,004,704	- 401%
(Loss) Gain on Sale of Disposed Assets	(989,905)	(1,152,994)	163,089	-14%
Other Income	78,333,800	72,141,369	6,192,431	9%
TOTAL REVENUES	2,154,646,306	1,952,194,165	202,452,141	10%
COST OF SALES	13,487,384	13,084,585	402,799	3%
GROSS PROFIT	2,135,099,379	1,939,109,580	195,989,799	10%
EXPENSES				
Personal Services	335,619,465	346,080,230	(10,460,765)	-3%
Maintenance & Other				
Operating Expenses	624,728,255	699,911,313	(75,183,058)	-11%
Financial Expenses	16,148,232	18,882,055	(2,733,823)	-14%
TOTAL EXPENSES	976,495,952	1,064,873,598	(88,377,646)	-8%
INCOME FROM OPERATIONS	1,158,603,427	874,235,982	284,367,445	32%
OTHER INCOME FROM OPERATIONS				
Interest Income	118,524,896	107,189,769	11,335,127	11%
NET INCOME	1,277,128,323	981,425,751	295,702,572	30%

TOURISM INFRASTRUCTURE AND ENTERPRISE ZONE AUTHORITY

Balance Sheet

As of December 31, 2012 and December 31, 2011

	<u>2012</u>	<u>2011</u>	<u>Inc/(Dec)</u>	<u>%</u>
ASSETS				
Current Assets				
Cash & Cash Equivalents	4,725,948,890	3,633,890,947	1,092,057,943	30%
Receivables – Net	534,326,240	480,809,900	53,516,340	11%
Inventories	12,767,618	11,747,285	1,020,333	9%
Prepayments	166,992,298	149,928,558	17,063,740	11%
Other Current Assets	7,208,689	7,174,651	34,038	0%
Total Current Assets	5,447,243,735	4,283,551,341	1,163,692,394	27%
Non-Current Assets				
Investments	250,036,405	70,036,405	180,000,000	257%
Property, Plant & Equipment	5,620,072,534	5,705,353,311	(85,280,777)	-1%
Other Assets	1,298,983	528,676	770,307	146%
Total Non-Current Assets	5,871,407,922	5,775,918,392	95,489,530	2%
TOTAL ASSETS	11,318,651,657	10,059,469,733	1,259,181,924	12%
LIABILITIES & EQUITY				
Current Liabilities				
Payables	122,873,393	89,681,602	33,191,791	37%
Inter-Agency Payables	499,636,033	462,895,717	36,740,316	8%
Intra Agency Payables	50,445,968	30,299,492	20,146,476	66%
Other Payables	51,394,024	47,790,125	3,603,899	8%
Total Current Liabilities	724,349,418	630,666,936	93,682,482	15%
Non-Current Liabilities				
Loans Payable – Foreign	405,144,862	520,786,669	(115,641,807)	-22%
Deferred Credits	55,576,912	67,726,377	(12,149,465)	-18%
Total Non-Current Liabilities	460,721,774	588,513,046	(127,791,272)	-22%
TOTAL LIABILITIES	1,185,071,192	1,219,179,982	(34,108,790)	- 3%
EQUITY	10,133,580,465	8,840,289,751	1,293,290,714	15%
TOTAL LIABILITIES & EQUITY	11,318,651,657	10,059,469,733	1,259,181,924	12%

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V. Tourism Enterprise Zone Management

During the year in review, the TIEZA designated three (3) Tourism Enterprise Zones (TEZs) namely : Resorts World Manila (RWM) in Pasay City, Ciudad de Victoria in Bulacan and Queen's Castle in Cebu and registered one (1) Tourism Enterprise which is the Philippine Arena and New Era University Sports Complex within the Ciudad de Victoria TEZ.

Pending applications for the Board's consideration are the following:

a). for TEZ designation

- Hijo Resources Corporation in Tagum, Davao del Norte
- EDSA Shangrila Manila, Ortigas
- Shangrila at the Fort, Taguig
- Bravo Golf Resort, Negros Oriental

b). for registration for the Grant of Incentives

- Angeles Central Hotel, Angeles City
- Mana Gift Shop inside Resorts World Manila, Pasay City
- Bravo Golf Resort, Negros Oriental

Revenues generated from applications totaled to P3.38M while estimated Total Investments summed up to P114.24 B.

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Tourism Enterprise Zone Management Sector
Table of Generated Revenue and Investment from Applications

	Application for TEZ/RTE	Application Fee (Php)	Publication Fee (Php)	Amount of Investment (Php)
APPROVED				
Resorts World Manila	TEZ	P200,000.00	P100,000.00	P30,100,000,000.00
Queen's Castle	TEZ	P200,000.00		P1,460,000,000.00
Ciudad de Victoria (Investment already includes)	TEZ	P200,000.00		P15,600,000,000.00
Phil. Arena & NEU Sports Complex	RTE	P200,000.00		
PENDING				
Hijo Resources Corporation	TEZ	P200,000.00	P100,000.00	P2,400,000,000.00
EDSA Shangri-la Manila	RTE	P70,224.00		P1,095,768,691.00
Shangri-la Fort	TEZ	P200,000.00		P18,100,000,000.00
Angeles Central Hotel	RTE	P10,000.00		P280,450,000.00
Manna Gift Shop	RTE	P500.00		P500,000.00
Bravo Golf Resort	TEZ	P200,000.00		P256,987,000.00
Federated Realty Corp.	TEZ	P200,000.00		P250,000,000.00
Mactan-Cebu Shangri-la	TEZ	P200,000.00		P1,183,000,000.00
Manila Ocean Park	TEZ	P200,000.00	P100,000.00	P3,70,000,000.00
Embarcadero de Legasp	TEZ	P200,000.00		P1,755,000,000.00
Araneta Center	TEZ	P200,000.00		P28,000,000,000.00
Amorita Resort	TEZ	P200,000.00		P250,000,000.00
Marriott Convention Center	RTE	P200,000.00		P7,283,456,000.00
Marriott II	RTE	P200,000.00		P2,250,000,000.00
Sub-Total		P3,080,724.00	P300,000.00	
TOTAL				P114,235,161,691.00