



Tourism Infrastructure and Enterprise Zone Authority

CY 2013 TIEZA ACCOMPLISHMENTS

I. INFRASTRUCTURE

For the period January to December 2013, TIEZA posted some one hundred eighty eight (188) tourism infrastructure projects in various stages of development, some of which were carried-over from past years.

Completed projects equaled to twenty-three (23) with a combined worth of P136.86M, two projects more than last year's twenty-one (21) but 7.31% lower in cost compared to previous year's P147.65M. Following is the list of major finished projects with their corresponding project costs, to wit:

- | | |
|---|---------|
| • DOT Bldg. Construction – Tuguegarao | P7.90M |
| • Morong Special Economic Zone Swimming Pool
Construction – Morong, Bataan | P10.0M |
| • Sibul Spring Resort Development – Abucay, Bataan | P 5.0M |
| • Dolores Tourist Roadwalk Lighting, Greening &
Beautification - San Fernando City, Pampanga | P9.97M |
| • Old Train Terminal Rehabilitation – San Fernando, Pampanga | P4.97M |
| • Water Supply Filtration Improvement – San Vicente, Palawan | P24.86M |
| • Tourism and Information Center Bldg. Construction – Odiongan,
Romblon | P4.95M |
| Kalayaan Park Improvement & Beautification – Gogon, Legaspi City | P9.76M |
| • Surfers Boardwalk and Surfing Viewdeck -
Puraran, Baras, Catanduanes | P5.00M |

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|---|--------|
| • Ibajay Eco-Tourism Project – Aklan | P8.99M |
| • Evelio B. Javier Freedom Park Rehabilitation –
San Jose, Antique | P4.93M |
| • Baybay People's Park Development – Roxas City, Capiz | P10.0M |
| • Plaza Libertad Paver Blocks – Iloilo City | P4.92M |

Projects currently undergoing construction totaled to sixty-four (64), nineteen (19) projects less compared to 2012's eighty-three (83) but 16.27% higher in cost at P629.29M versus last year's P541.22M. Six (6) of the 64 on-going projects are Asset-Based while the rest are classified as Community-Based, significant of which are:

Asset-Based:

- | | |
|---|---------|
| • Banaue Hotel Rehabilitation Works (Phase II) - Ifugao | P26.38M |
| • DOT Bldg. (Region II) Construction – Tuguegarao | P10.00M |
| • Boracay Island Drainage System (Phase I) – Aklan | P83.50M |
| • TIEZA Office Construction – Mandaue City | P29.80M |
| • Argao Airstrip Perimeter Fence – Cebu | P7.11M |

Community-Based:

- | | |
|---|---------|
| • Carlos Francisco Mural Restoration – Manila City Hall | P19.93M |
| • Moriones Street Rehabilitation – Tondo, Manila | P5.00M |

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• Baguio Centennial & Botanical Park – Baguio City	P12.74M
• Sagada Development – Mt. Province	P15.00M
• Sibang Cove Construction of Cottages – Cagayan	P9.99M
• Sports Tourism Complex Renovation – Cabarroguis, Quirino	P30.00M
• Sibul Spring Resort Development – Abucay, Bataan	P5.00M
• Old Train Terminal Rehabilitation - San Fernando, Pampanga	P4.97M
• Corregidor Lighthouse Rehabilitation – Cavite	P24.98M
• Nasugbu Mini-Convention Center (Phase I) – Batangas	P14.98M
• Town Plaza & Sukol River Baywalk Devt. – Oriental Mindoro	P4.99M
• Trancalan Falls Devt. – Bachawan, Romblon	P12.50M
• Calawagan Mt. Resort Rehabilitation – Occidental Mindoro	P5.00M
• Apo Reef National Park Improvement – Occidental Mindoro	P9.99M
• Penaranda Park Rehabilitation – Albay	P5.83M
• Cagsawa Ruins Renovation – Daraga, Albay	P4.98M
• Bulusan Lake Development – Sorsogon	P10.00M
• Dagsaan Eco-Park Development – Guimaras	P4.99M
• Barotac Nuevo Town Plaza Development – Iloilo	P5.00M

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• Mambucal Resort Improvement – Murica, Negros Occidental	P4.99M
• Boho Rock Beach Resort Development – Cebu	P6.91M
• Albuquerque Cluster Sanitary Landfill Facilities (Phase II) – Bohol	P93.98M
• Baybay Boulevard & Seawall Extension – Borongan, Eastern Samar	P4.99M
• Eco-Tourism Pavilion Construction – Calbiga, Western Samar	P7.40M
• Tourism Projects in the 4 th District of Leyte – Ormoc City	P6.85M
• Cogon Eco-Tourism Park (Phase I), Dipolog City – Zamboanga del Norte	P7.99M
• Albuag Spring Development – Medina, Misamis Oriental	P4.92M
• Initao-Libertad Protected Landscape & Seascape Devt. (Phase I) – Misamis Oriental	P7.26M
• Bagobo-Tagabawa Village Construction – Davao del Sur	P10.26M
• Lake Sebu Development – South Cotabato	P12.49M
• Klaja Karsis Park Development – Gen San, Polomolok & Malungon, South Cotabato	P20.41M

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- 2Km Mangrove Boardwalk, Convention Center Construction & Tourist Receiving Area Completion –

Del Carmen, Surigao del Norte

P10.27M

- Enchanted River Eco-Tourism Park (Phase 2) Devt. –

Hinatuan, Surigao del Sur

P4.70M

As of December 2013, ten (10) Tourist Information Counters/Viewdecks with Restrooms are being constructed in different strategic parts of the country with an estimated cost of P22.3M. These are projects initiated by Congressmen with the purpose of assisting vacationing local and foreign travelers for their safety, convenience and enjoyment.

Number of tourism infrastructures classified as non-moving though not necessarily pending summed up to one hundred one (101) bearing a combined cost of P789.57M. Registered figures are comparatively lower in count and in cost by 53.02% and 63.61% respectively at 215 and P2.17B in year 2012.

For the twelve-month period of 2013, the TIEZA provided jobs to some ----- people through the execution of its tourism infrastructure development projects spread in the different regions, essentially contributing to the national anti-poverty and employment generation programs.

II. ADMINISTRATION

As of December 2013, TIEZA's manpower complement posted at 986, a considerable slump of 16.23% from 2012's 1,177 count. Such could be traced to the employees' availment of the Authority's Reorganization Separation Incentive Package which drastically reduced the count of Permanent and Casual Employees by 31.22% and 46% at 315 and 81 respectively as compared to the 458 and 150 tallied in 2012. Likewise, personnel with Coterminous and Contractual status lessened by 22.22% and 14.28% at 7 and 6 respectively. In contrast, number of Job Order and Consultants posted corresponding increases of 2.96% and 75% at 556 and 21 versus 2012's 540 and 12. Herein is the comparative rundown of TIEZA Workforce for CYs 2013 & 2012, to wit:

Status	2013	2012	Inc./Dec.	% Inc./Dec.
Permanent	315	458	(143)	(31.22%)
Coterminous	7	9	(2)	(22.22%)
Casual	81	150	(69)	(46%)
Temporary	0	1	(1)	(0%)
Job Order	556	540	16	2.96%
Consultant	21	12	9	75%
Contractual	6	7	(1)	(14.28%)
TOTAL	986	1,177	(191)	(16.23%)

In support of the national agenda of providing better quality public service delivery, the Authority continuously implement programs/projects aimed at realizing this objective. Since manpower development is considered as one of management's priority concerns, the regular conduct of the following activities are being done, to wit:

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a) participation in both in-house and outside training seminars/workshops to update/upgrade employees' technical skills and knowledge; b).granting of local and foreign scholarships for employees' self-advancement; c) participation in socio-cultural activities to promote employee camaraderie; d) providing merit and incentive awards in appreciation of employee's services; e) participation in sport tourneys to include conduct of various physical fitness activities to promote employees' health and wellness; and; f) conduct of career management assessment to evaluate employee's training needs. In addition, the Authority yearly accepts student trainees who render office practicum in compliance of their academic requirements.

In-House and Outside Seminar Programs were aimed at updating and enhancing employees' technical proficiency in specific areas of: financial and operations auditing and control, personnel management, managerial and supervisory skills, effective marketing and sales management, information technology, infrastructure technology and management, ecotourism management, purchase and supply management, clientele relation/service, communication skills, livelihood training, gender and development programs, strategic planning programs, anti-red tape act programs, and the more recent ones, quality management system and career planning and development, among the more important ones.

The number of outside training programs conducted in 2013 was fewer by 38.77% from 49 in 2012 to 30 in 2013 owing to the actual implementation of the agency's reorganization which took effect during the last quarter of the year as well as the transfer of the TIEZA Office from Ermita, Manila to Amorsolo, Makati. Subsequently, seminar participant-beneficiaries decreased by 46.50% from 2012's 157 versus 84 in 2013. On the other hand, there were more in-house programs conducted during 2013, up by 121.43% at 31 compared to the 14 programs registered in 2012. Consequently, beneficiaries from these programs rose by 90.15% at 1371 participants in 2013 versus 2012's 721.

For 2013, thirteen (13) personnel benefited from the local scholarship granted by the agency as compared to twenty-four (24) beneficiaries in three (3) local grants in 2012, or 45.83% and 66.66% decreases in the number of recipients and programs respectively. Three (3) Incentive Programs were processed during the years 2013 and 2012 although the number of recipients declined by 14.02% from 107 awardees in 2012 to 92 in 2013. During the period in review, eleven (11) socio-cultural activities were implemented compared to the ten (10) in 2012. The Authority took part in 4 GCAA sports competitions participated in by 93 employees. One hundred twenty seven (127) on-the-job student trainees were accommodated by the Authority, two (2) students more than the one hundred twenty five (125) posted in 2012.

In response to the government's on-going austerity program, the TIEZA regularly implemented cost-cutting measures which substantively reduced its maintenance and operating expenditures, e.g. cost of vehicle repair drastically reduced by 51% at P1.082M versus the P2.200M registered in the 12-month period of 2012. Cost of repair and maintenance of furniture and equipment also dropped by 51% from P0.486M in 2012 to P0.240M due to the impending transfer of TIEZA building.

A big slice of management's priorities is the improvement of the organization's information/communication technology systems to achieve better operational efficiency. Along this line, the TIEZA geared to standardize its Information Technology Infrastructure 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 were undertaken during the period in review that included among others: the acquisition of new and additional information technology equipments (computers, printers, uninterrupted power supply servers) and other attendant peripherals (switches/cables) to replace obsolete ones; the installation of CCTV Cameras and Biometric Devices at NAIA Terminals 2 & 3 for added safety and monitoring purposes; the reconstruction of the TIEZA Web Site; the delivery, inspection and deployment of workstations and peripherals in the various TIEZA Main and Field Offices; the renewal of subscription for anti-virus applications; the acquisition of Online/Onsite Travel Tax System for faster and better service delivery; the implementation of the various Management Information Systems to include the following: Payroll, Official Receipt, Voucher & Check Issuance, Assessment, Tracking of Document for OCOO, Human Resource Information, Electronic New Government Accounting, Window-Based Travel Tax and Withholding Tax; the modification of the Infrastructure Project Monitoring System; the revision of the Cashiering System and finally the data consolidation for the drafting of the Medium-Term Information Systems Planning for 2014-2017.

III. ASSET MANAGEMENT / OPERATIONS

For the period January to December 2013, consolidated income derived from the TIEZA's seven (7) operating properties totaled to P92.86M, or 11.01% lower than past year's P103.87M. The downfall could be attributed to the continuing global recession as well as to the recent natural calamities that hit the country, adversely affecting the economy and the tourism sector. Top income grossers were Banuae Hotel, Club Intramuros and Balicasag Dive Resort at P32.17M, P30.64M and P9.82M respectively. Combined revenues of the three properties accounted to 78.21% of the total revenues generated by the operated properties.

With the generally lackluster performance of the managed entities, several measures were instigated by the Authority to perk up their marketability, to wit: conduct of researches and site inspections of the TIEZA properties for updates on their facilities/amenities; market rates/trends and possible new fun activities and destinations; preparation of new tour packages and promo rates; drafting of the 2013 Marketing Plan and the Proposed 2014-2015 Room Rates of all TIEZA Operating Properties; updating of the Project Briefs/Fact Sheets of TIEZA Properties; participation in both local and international travel trade fairs and events; sponsorships in big tourism events; placements of advertisements in various tourism/business magazines and broadsheets; and distribution of collaterals (streamers, banners and billboards) and give-away items / gift certificates to travel and tourism associations and corporate agencies, among others.

A review of the various properties' daily operational processes is annually being done by the main office to dissect inconsistencies in recorded transactions resulting in data disparities of the various accounts. Accordingly, suggestions and proper remedies were done by the audit teams to avoid repetitions of committed errors.

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In accord with the government's current privatization thrust, the Authority continuously exerted judicious efforts to attain the most suitable means of divesting /privatizing its properties/assets. Although no property was privatized during the period in review, the following activities were constantly being undertaken to ensure the smooth fast-tracking of the privatization process, to wit:

- Initiated the Titling of its various assets/properties and Updated the Real Property Tax Payments of properties pinpointed for privatization
- Identified specific TIEZA assets for appraisal by the Development Bank of the Phils., namely: Agoo Property (La Union), Hilaga (Pampanga), Pagsanjan (Laguna), Argao Beach Club and Kang-Irag Golf Course (both in Cebu).
- Evaluated Unsolicited Proposals by Interested Investors particularly those properties prioritized for privatization like Argao Beach Club, Club Intramuros Golf Course and Zamboanga Golf Course.
- Monitored Existing Management Lease Contracts of the following TIEZA assets specifically those with revenue-sharing clause, to wit: Batanes Youth Hostel, Baguio Field Office, Iloilo Museum, Luneta Boardwalk (Manila Ocean Park), Mt. Data Hotel (Ifugao), Intramuros Lot (Manila) and San Fabian PTA Beach Resort (Pangasinan).

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LIST OF EXISTING TIEZA OPERATING PROPERTIES:

- Club Intramuros and Golf Course (Manila)
- Light & Sound Museum (Intramuros, Manila)
- Banaue Hotel and Youth Hostel (Ifugao)
- HILAGA/Paskuhan Village (Pampanga)
- Balicasag Island Dive Resort (Bohol)
- Gardens of Malasag & Eco-Tourism Village (Cagayan de Oro City)
- Zamboanga Golf Complex & Beach Park (Calarian, Zamboanga del Norte)

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IV. FINANCE

Travel Tax Collections

Travel Tax Collections for the period January to December 2013 amounted to P1.69B as compared to P1.60B in 2012's same period or a 5.32% increment. Processing Fees also increased by 1.79% from P116.22M in CY 2012 to P118.34M in CY 2013. Travel Tax Collection which is the Authority's main source of income covered 88.02% of the TIEZA's Total Revenues.

Financial Statements

As of December 2013, Total Assets of the Authority climbed by 10.35% at P12.37B in CY 2013 versus CY's 2012's same period of P11.09B while Total Liabilities slid by 1.72% at P1.04B compared to P1.06B in 2012 of the same period. Total Equity increased by 11.47% at P11.43B from 2012's P10.03B.

The Authority's Gross Profit rose by 2.60% at P1.92B during the 12-month period of 2013 as against CY 2012's P1.87B. This could be traced to the increase in Travel Tax Collections by 5.32% from P1.60B in 2012 to P1.69B in 2013 and the decrease in Cost of Sales by 8.31% from P11.91M in 2012 to P10.92M in 2013.

Total Expenses posted a slight upsurge of 2.72% at P797.34M as opposed to the P775.62M in 2012. Income from Operations likewise grew by 2.65% from P1.10B in 2012 to P1.13B in 2013. The bottomline figure or TIEZA's Net Income for the 12-month period of 2013 registered at P1.23B as compared to 2012's P1.18B, or a 4.23% growth.

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**Summary of TIEZA's Comparative Consolidated Income & Expenses (Interim)
For the Years Ended December 30, 2013 & December 30, 2012**

	2013	2012	Inc./ (Dec.)	% Inc./ (Dec.)
INCOME				
Travel Taxes	1,687,015,736	1,600,710,240	86,305,496	5.32
Service Income				
Processing Fees	118,345,920	116,220,430	2,125,490	1.79
Registration Fees	2,507,643	2,242,152	265,491	10.76
Other Permits & Licenses	367,857	367,857	-	-
Business Income				
Rent Income	22,411,610	22,709,881	(298,271)	(1.34)
Other Business Income	85,815,591	94,717,386	(8,901,795)	(10.37)
Other Income	<u>19,605,795</u>	<u>49,842,536</u>	(30,236,741)	(154.16)
TOTAL REVENUES	1,936,070,152	1,886,810,482	49,259,670	2.61
COST OF SALES	<u>10,921,860</u>	<u>11,911,069</u>	<u>(989,209)</u>	(9.06)
GROSS PROFIT	<u>1,925,148,292</u>	<u>1,874,899,413</u>	<u>50,248,879</u>	2.16
EXPENSES				
Personal Services	295,241,063	290,505,583	4,735,480	1.60
Maintenance & Other				
Operating Expenses	492,361,450	472,941,128	19,420,322	3.94
Financial Expenses	<u>9,737,080</u>	<u>12,173,717</u>	<u>(2,436,637)</u>	24.95
TOTAL EXPENSES	<u>797,339,593</u>	<u>775,620,428</u>	<u>21,719,165</u>	2.72
INCOME FROM OPERATIONS	1,127,808,699	1,099,278,985	28,529,714	2.53
OTHER INCOME FROM OPERATIONS				
Interest Income	103,575,758	79,600,928	23,974,830	23.14
Gain/Loss on Foreign				
Exchange	24,119	66,329	(42,210)	(1.75)
Gain/Loss on Sale of				
Disposed Assets	<u>(876,210)</u>	<u>(989,905)</u>	<u>113,695</u>	12.97
NET INCOME	<u>1,230,532,366</u>	<u>1,177,956,337</u>	<u>52,576,029</u>	4.27

**Summary of TIEZA's Comparative Consolidated
Balance Sheet (Interim)
For the Years Ended December 30, 2013 & December 30, 2012**

	<u>2013</u>	<u>2012</u>	<u>Inc./ (Dec.)</u>	<u>% Inc./ (Dec.)</u>
ASSETS				
Current Assets				
Cash & Cash Equivalents	5,323,019,210	4,526,984,948	796,034,262	14.95
Receivables – Net	556,214,451	511,676,667	44,537,784	8.00
Inventories	19,017,780	13,920,306	5,097,474	26.81
Prepayments	207,712,228	168,074,260	39,637,968	19.08
Other Current Assets	<u>52,304,183</u>	<u>7,154,651</u>	<u>45,149,532</u>	86.32
Total Current Assets	<u>6,158,267,852</u>	<u>5,227,810,832</u>	<u>930,457,020</u>	15.11
Non-Current Assets				
Investments	590,036,405	250,036,405	340,000,000	57.62
Property, Plant & Equipment	5,615,708,905	5,614,897,059	811,846	144.24
Other Assets	6,595,062	941,871	5,653,191	85.75
Total Non-Current Assets	<u>6,212,340,372</u>	<u>5,865,875,335</u>	<u>346,465,037</u>	5.58
TOTAL ASSETS	<u>12,370,608,224</u>	<u>11,093,686,167</u>	<u>1,276,922,057</u>	10.32
LIABILITIES & EQUITY				
Current Liabilities				
Payables	67,079,262	61,988,907	5,090,355	7.59
Inter-Agency Payables	409,977,807	346,694,950	63,282,857	15.44
Intra-Agency Payables	69,976,585	50,253,183	19,723,402	28.19
Other Payables	<u>65,099,622</u>	<u>49,590,977</u>	<u>15,508,645</u>	23.82
Total Current Liabilities	<u>612,133,276</u>	<u>508,528,017</u>	<u>103,605,259</u>	16.92
Non-Current Liabilities				
Loans Payable – Foreign	375,303,940	483,963,103	(108,659,163)	(28.95)
Deferred Credits	<u>54,589,652</u>	<u>67,461,371</u>	<u>(12,871,719)</u>	(23.57)
Total Non-Current Liabilities	<u>429,893,592</u>	<u>551,424,474</u>	<u>(121,530,882)</u>	(28.27)
TOTAL LIABILITIES	<u>1,042,026,868</u>	<u>1,059,952,491</u>	<u>(17,925,623)</u>	(1.72)
TOTAL EQUITY	<u>11,328,581,356</u>	<u>10,033,733,676</u>	<u>1,294,847,680</u>	11.43
TOTAL LIABILITIES & EQUITY	<u>12,370,608,224</u>	<u>11,093,686,167</u>	<u>1,276,922,057</u>	10.32

V. TOURISM ENTERPRISE ZONE (TEZ)

Due to the Bureau of Internal Revenue's (BIR) refusal to issue Revenue Regulations vis-à-vis Fiscal Incentives Availment for TEZs and Registered Tourism Enterprises (RTEs), the TIEZA Board directed the suspension of all applications for TEZs and RTEs which is still in effect since January 2012. Hence, no new applications were received generating no added income for the TIEZA and no additional investments for the tourism industry. The BIR alleged that RA 9593 and its Implementing Rules and Regulations apparently lack safeguards in the availment of incentives. Thus, majority of TEZ activities was focused on Flagship Projects rather than on Regular TEZ Projects. Further, the Department of Finance has yet to issue exemption for TEZs/ RTEs to obtain the Certificate of Eligibility to avail of fiscal incentives, while the Bureau of Customs has not completely recognized the tax and duty-free importation by TEZs and RTEs requiring TEZs /RTEs to post surety bond in order to release their imported materials with incentives. Meanwhile, the Memo of Agreement between TIEZA and the DENR concerning the expeditious processing of the Certificates of Environment Compliance and PAMB is being finalized.

On its Flagship Projects, the following sites were recommended to the TIEZA Board for possible designation as Flagship TEZs namely: San Vicente in Palawan, Panglao in Bohol, and Moalboal in Cebu. The Bataan Technological Park, Inc. was also considered for identification as a Flagship TEZ site. Likewise, Rizal Park Complex and Intramuros both in Manila were also recommended in the selection process. Finally, after several consultations/meetings with the DOT and various concerned offices, the Master Planning of San Vicente and Rizal Park Complex was approved by the TIEZA Board. With the execution of the necessary Memorandums of Agreement, the standard operating procedures were observed (submission of eligibility requirements/bidding documents, issuance of terms of reference, evaluation of bids, etc.). Notices of Contract Awards and consequently the Notice to Proceed were issued to the winning bidders, Palafox Associates and Berkman International, Inc. to undertake the consultancy services for the master planning of San Vicente and Rizal Park Complex respectively.