



**TOURISM INFRASTRUCTURE AND ENTERPRISE ZONE AUTHORITY
(TIEZA)**

2021 ANNUAL REPORT

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Introduction

The Tourism Infrastructure and Enterprise Zone Authority (TIEZA) was established for program and policy coordination with the Department of Tourism (DOT) and mandated to designate, regulate and supervise Tourism Enterprise Zones (TEZs) established under Republic Act 9593 otherwise known as the Tourism Act of 2009; to develop, manage and supervise tourism infrastructure projects in the country and to manage and operate existing assets. It is also responsible for the timely collection of the Philippine travel tax and shall continue to perform functions previously exercised by the Philippine Tourism Authority (PTA) under Presidential Decree 564, not otherwise inconsistent with its present charter.

TIEZA actively supports the President's 10-Point Socio-Economic Agenda, Ambisyon Natin 2040, Philippine Development Plan 2017-2022 and the National Tourism Development Plan 2016-2022 with its commitment towards contributing to the national priority thrusts of inclusive, responsible and sustainable tourism development through the efficient and effective implementation of its mandate.



Infrastructure Development

TIEZA through the Architectural and Engineering Services Sector is tasked to provide technical engineering services in the preparation of Detailed Architectural and Engineering Design and undertake the implementation of projects based on the approved plans and estimates.


Despite the challenges of 2021 due to COVID 19 pandemic, the Sector had completed eighteen (18) infrastructure projects with a total cost of PhP238,456,342.74. And adhering to its functions, the Sector had continuously implemented the pre-pandemic awarded projects that could contribute to the livelihood opportunities and economic development of the country.

In 2020, TIEZA remitted a significant amount of its funds in 2020 to the National Treasury in compliance to RA 11469 or the “Bayanihan to Heal as One Act” for the containment of the virus and to support the recovery and rehabilitation programs of the government. With the tourism sector heavily impacted by the pandemic, availability of funds for tourism infrastructure projects showed no definite timetable. This resulted to delay in the completion and halting in the implementation of TIEZA infrastructure projects. Also in the same year, projects were cancelled and suspended totaling to PhP 11.2 Billion.

ACCOMPLISHMENTS IN 2021

Republic Act 9593 prescribes that at least five percent (5%) from the travel tax collections shall be earmarked for the development of historic, cultural, religious, and heritage sites and prime destinations and another five percent (5%) for the development of ecotourism sites in depressed provinces with strong tourism potentials.

Although facing funding constraints, TIEZA was firm in recognizing the importance of ecotourism projects as mandated by the said Act. The promotion of sustainable tourism is



very vital as it highlights the country's history, culture and natural endowments, ensuring the protection of these resources.

Thus, the Sector embarked in 2021 on the (i) preparation of Criteria for the Selection of Ecotourism Sites in Depressed Provinces, (ii) identification of ecotourism sites categorized under Depressed Provinces with strong tourism potentials, and (iii) preparation of Project Proposals focusing on the construction of facilities with low impact to the environment.

The 2018 List of Depressed Provinces of the Philippine Statistics Authority was the initial guide in the identification of ecotourism sites combined with the conduct of technical site inspections and coordination with the DOT Regional Offices and Local Government Units concerned. The Criteria and four (4) Project Proposals were approved by the TIEZA Board in March and December 2021, respectively.

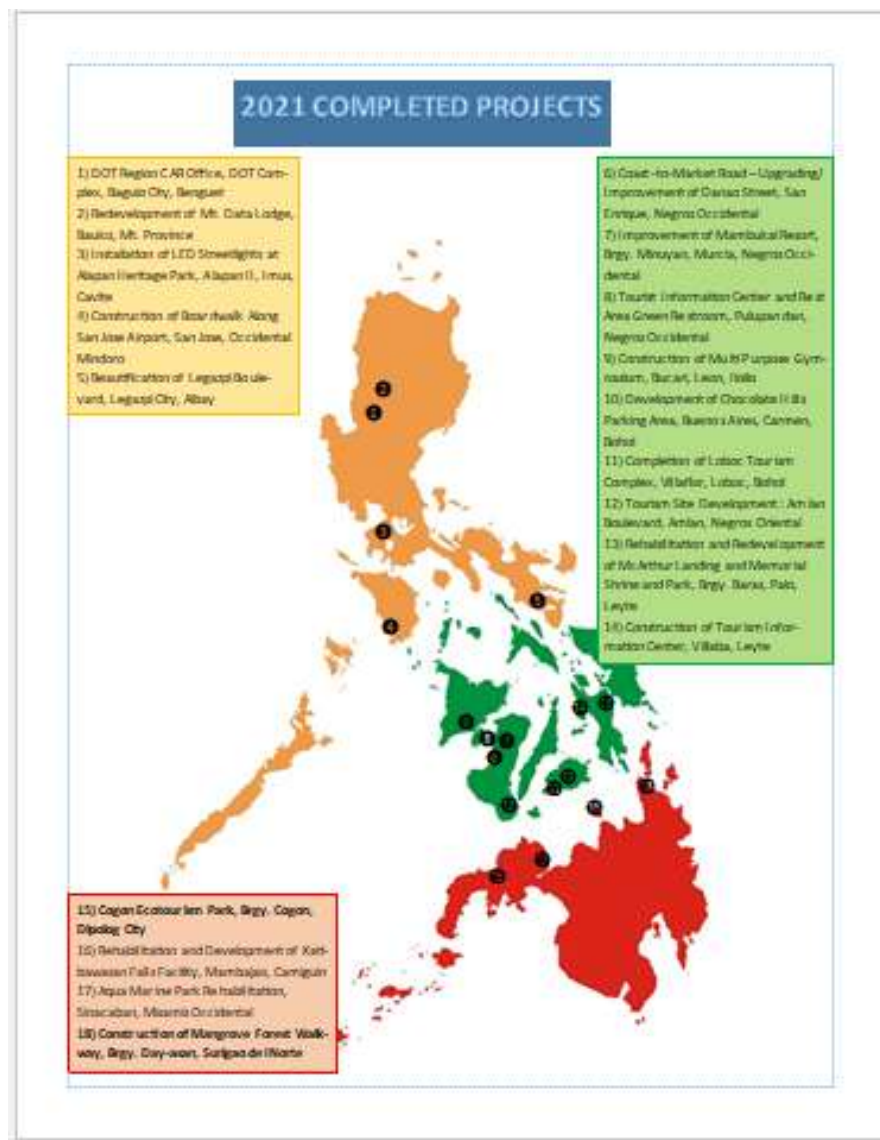


Figure 1.1 2021 Completed Projects Map

With TIEZA's commitment to set in place an efficient drainage system to resolve the recurring flooding in Boracay Island, the Sector started in 2018 the Boracay Water Drainage Program Phase II, Package 3,4,5& 1A. With 61.80 percent accomplishment in October 2021 and the unworkable areas beset with right-of-way issues, the TIEZA Board approved that the remaining funds be transferred to the Department of Public Works and Highways Region VI

for the completion of the project considering that the unfinished scope are all linked to the completed DPWH-funded drainage system project.

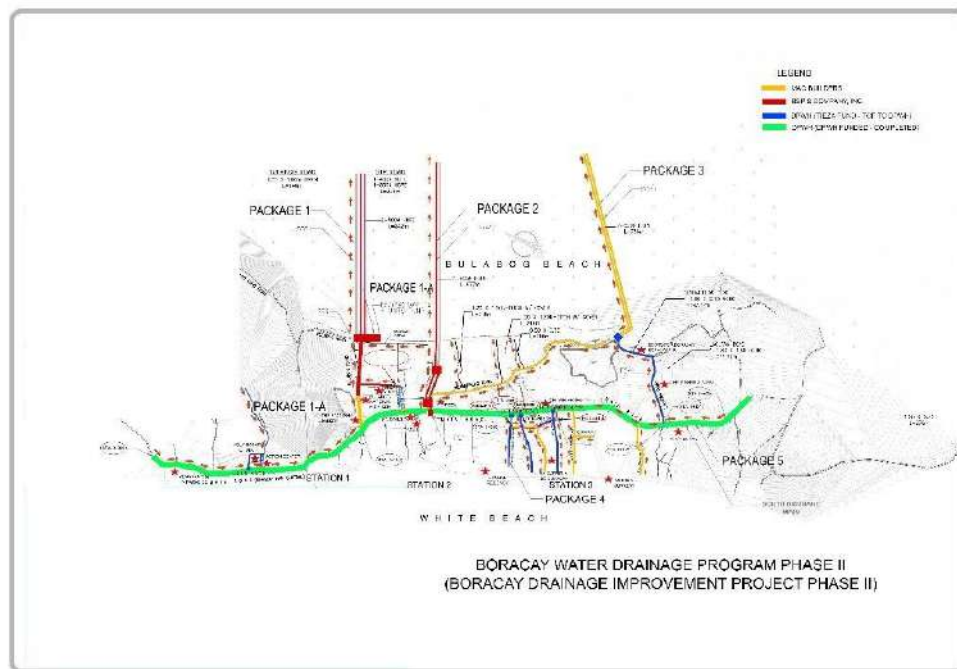


Figure 1.2 Boracay Water Drainage Program Map

Also an ongoing project in the Island is the Boracay Wetland No. 4 Redevelopment. Through a tripartite Memorandum of Agreement with DPWH Region VI and DENR, the TIEZA funded the development of a 1-hectare lagoon in Brgy. Balabag as part of the Island's restoration efforts to become a sustainable tourism destination in the amount of PhP 25 Million. Aimed at making the wetland a linear urban park, the scope of works includes building of cantilevered walkway at the northern part of the wetland and cantilevered plaza at the southern portion. The funds were transferred to DPWH Region VI as the project implementor to be turned over upon completion to DENR for management.



Assets Management

Around the globe, leaders gear up for the NEXT NORMAL directed towards an era of fast changing norms, behaviors, evolving demands and new growth patterns. Steps to re-invent businesses for re-opening are in focus anchored on responsible business practices and renewed brand purpose.

The Assets Management Sector bring into line the TIEZA Properties in this direction, determined to rebound from the pandemic downturn and move forward towards agile operations, financial health and sustainability.

Mt. Data Hotel

Year 2021 saw the transformation and rebirth of the Mt. Data Lodge to become the mountain paradise and a perfect highland get-away in Northern Philippines.

The property underwent rehabilitation to upgrade into a hotel category which started in the first quarter of 2020 and completed in 2021 July.

Existing facilities refurbished:

- 22 Rooms with private toilet and bath (hot and cold)
- 2 Dormitory Rooms
- Meeting Room
- Function Room
- Dining Hall
- Cocktail Lounge
- Bar
- Sun Terraces
- Fireplace
- Parking Area
- Helipad

- Picnic Area
- Eco-trail



COO Lapid with TIEZA & LGU Officials

The Coffee Shop is a new feature built to become an attraction of the Property. It features the decades-old boiler which was used for hot water source in earlier times.

In 1962, the steam engine boiler was brought to the Mt. Data Rest House, the original name of the Property, from Sawmill Km. 102.

The boiler is made of steel cast and has a capacity of 400 liters.

Providing technical support to TIEZA in the preparation of a Business Case for Mt. Data is the Public-Private Partnership Center (PPPC). The business case will provide a portfolio for the Project and gives justification for undertaking the project. The PPP Center has initially

provided its analysis and recommendations pointing on the inclusion for climate-resiliency components for inclusion and the social dimension taken into account.

Balicasag Island Dive Resort

Odette's wrath takes a toll on one of TIEZA's prime property.


December 16, 2021, Typhoon Odette ravaged the province of Bohol not sparing the enchanting Island of Balicasag. Both the natural milieu and the physical edifices were damaged with Balicasag Island Dive Resort taking on the hard impact rendering it inoperative.

Communication lines, water supply and electricity were cut, houses down to the ground. Balicasag Island Dive Resort was deadened with its' facilities and resort items unusable and the Property no longer fit for tourism.



Balicasag Island Dive Resort

The Assets Management Sector, though initially took it as a sad fate, was ignited to make Balicasag Island emerge from the rubbles it has become. Inspection Team from the



Architectural and Engineering Services Sector was requested to make an assessment on the extent of the damage and provide recommendations on the best appropriate action to be taken.

The Sector deemed it best to have a master plan for the island and set on a re-development of the Resort to become a first-rate tourism facility.

Club Intramuros Golf Course

In the heart of Manila, within the Walled City is Club Intramuros Golf Course (CIGC), a most valued asset of TIEZA.

Year 2021, Covid19 cases were at its highest. Though golf was one leisure sport first to get a green light during the pandemic period, it was a tough year for CIGC with minimal operation.




Club Intramuros Golf Course

AMS took this period as an opportunity to carry on the makeover works for the golf course determined for an operations upturn and recovery.

Re-opening of the Golf Course was a high point as it saw business operation recommence in the direction for a more vibrant financial performance.

In line with this, supporting the promotion of a safe and healthy environment at CIGC, COVID19 antigen test was made a requirement for all service frontliners who will have direct and close contact with players.

Both the day and night golf ushered renewed vigor for the Property's operations. Promotional efforts were pushed to recapture clients and open up for new markets.



The night golf was particularly being pushed to become Club Intramuros' attraction apart from the rest. Pushing more to get a chunk of the women market, the Ladies Night Golf was offered to as much as 50% off on night golf green fees for the months of July – August, 2021 on Wednesday nights, extended to December 2021.

Mandanas Ruling

The Assets Management Sector take this as an opportunity for TIEZA to focus in the development of its Properties channeling its resources to build tourism facilities in TIEZA assets that will create revenue streams and as way of the Sector's support to the Agency's vision to become a globally recognized tourism development agency and catalyst for inclusive and sustainable socio-economic growth.

Tourism Enterprise Zone Management

Transforming Communities towards Resilient, Inclusive and Sustainable Tourism (TouRIST Program) and Sustainable Inclusive and Resilient Tourism Project (SIRT)

DOT launched the TouRIST program in 2019. The program aims to shift towards sustainable tourism development. The Philippines' SIRT supports the TouRIST. TIEZA, as the overall executing agency and lead implementing agency responsible for all aspects of project implementation, in consultation with DOT, defines the direction and policy for the project implementation. Baguio City, Siquijor Province, Siargao Island, Surigao del Norte were identified as key sites for the SIRT Project.

Sustainable Tourism and Development Project (STDP) Coron and El Nido, Palawan

This project aims to achieve better development and management of natural and cultural tourism assets. It also aims to develop enabling infrastructure and conditions for livable urban centers. Another objective is to establish ecosystem-based tourism site management. The STDP in Coron and El Nido involves three major components: urban services infrastructure; ecosystem-based tourism site management; and enterprise and skills development.

Designated one (1) TEZ

- Sky Blue New Clark City Golf Course and Resort - TEZ-General Leisure Zone,

Capas, Tarlac

Registered two (2) Tourism Enterprise

- Hotel Elizabeth Resorts and Villas – San, Vicente, Palawan
- Element Hotel – Business enterprise accommodation under CREATE Act



Travel Tax Administration

TIEZA's primary source of revenue is from the collection of travel taxes from the different travel tax provincial units and offices, satellites, airline remittances, Counter at NAIA Terminals, Central Office and Online Payment. In 2019, total collections of 7.217-B was the highest to be recorded not until it was disrupted by COVID pandemic in 2020.

In 2021, the COVID Pandemic is still around the corner but the situation continues to improve as the country tries to relax its quarantine classification and more travelers are enticing to travel both domestically and internationally. To adapt with the new normal is the best way to continue providing services to the general public. In Counters at NAIA Terminals, the mandatory wearing of Personal Protective Equipment, face mask and face shields aside from the plastic barriers that were installed in all its travel tax counters were strictly followed by all travel tax frontliners to ensure the health and safety of all personnel. The contactless processing was also implemented by the installation of web cameras to be used in capturing data from passenger's documents.

Travel Tax Collections

Total gross travel tax collections for the year 2021 is 359.740-M. This figure is significantly lower than the previous year's collection which was P1.236-B, a 70.90% drop. The decrease in collections was brought about by the impact of global lockdowns and travel restrictions. The travel tax collections were greatly affected from the moment that COVID pandemic started and is really struggling as it slowly recovers for the year 2021.

Summary of Travel Tax Collections

CY 2019 - 2021

TRAVEL TAX UNITS	2019	2020	2021
Airlines Remittances	3,223,851,870	675,037,890	132,397,770
Online Payment	24,736,860	9,111,420	10,367,460
Central Office	11,178,630	771,480	189,240
Counter at NAIA T1	714,543,510	117,234,720	75,353,310
Counter at NAIA T2	443,195,130	49,669,020	13,865,250
Counter at NAIA T3	2,020,906,290	290,602,890	98,715,420
Satellite Offices	43,253,700	4,506,120	342,270
Provincial Offices	20,146,140	2,099,250	629,880
Counters at Provincial Airports	694,831,920	84,931,800	27,281,460
One Stop Service Center for OFW	20,403,750	2,175,810	598,620
Total	7,217,047,800	1,236,140,400	359,740,680

Table 1.1 Travel Tax collection 2019 – 2021 (Per Counter)

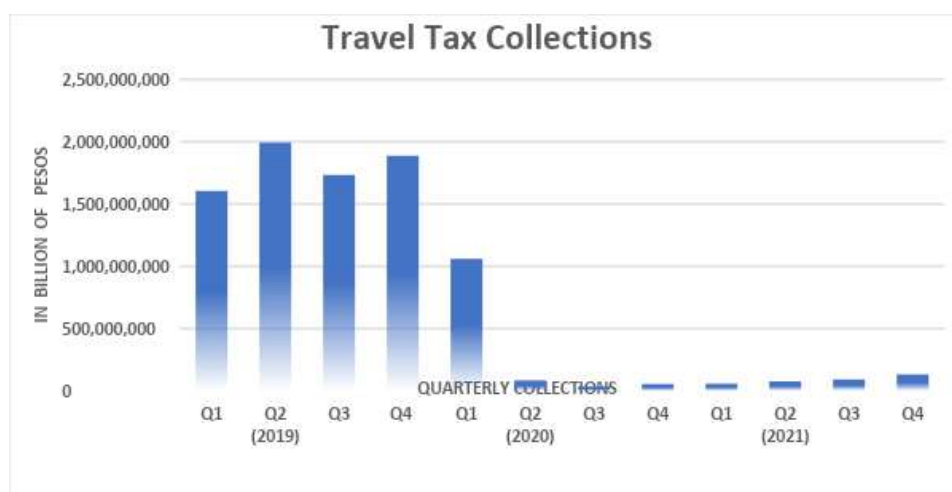


Figure 2.1 Travel Tax Collections 2019-2021

As shown in the graph, the sudden drop of the travel tax collections was evidently seen during the first quarter of 2020, wherein the COVID pandemic has already affected the travel industry as it posed a threat not only to human health but also to the economy. As the situation got

worse, the Travel Tax Counters were temporarily closed during nationwide lockdown in the second quarter. Travel Tax Operations resumed its operation in June, 2020 to continue providing travel tax services. The carpool and shuttle services provided by TIEZA to travel tax personnel especially in NAIA Terminals is a great effort and help considering the availability of public transportation.

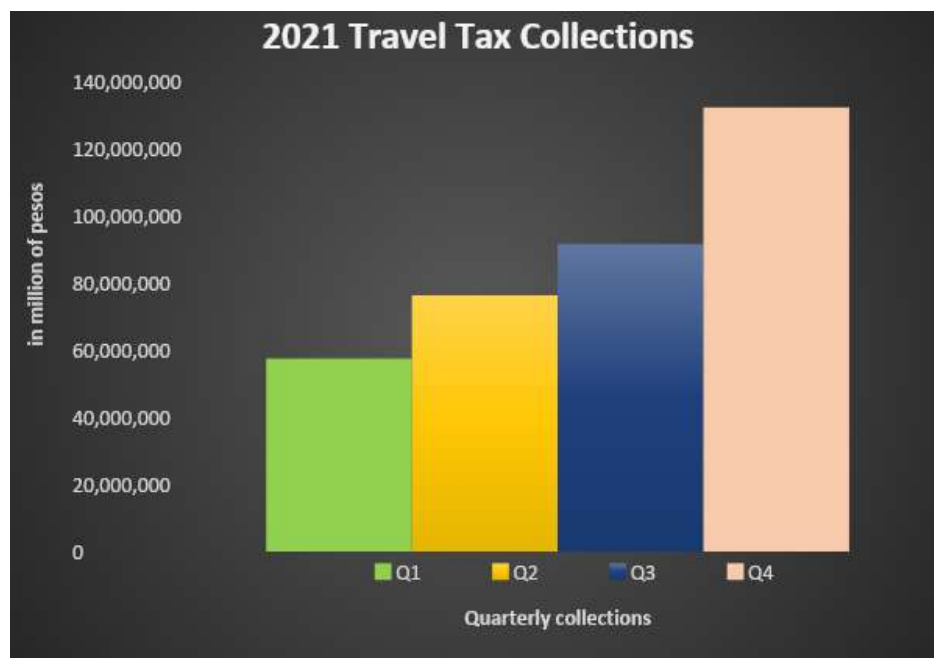


Figure 2.2 Quarterly Travel Tax Collections in 2021

In 2021, the travel tax collections continue to climb as a result of more transactions compared to the previous year. The opening of foreign borders and ease of travel restrictions poised a big factor for international travelers to travel again. Consumer confidence is rising as Covid vaccination rates also increase.

Travel Tax Innovation and Service Improvements

Online processing of Travel Tax Exemption Certificate (TEC) applications was launched in 2020 via the TIEZA website subsequently, the online processing of Reduced Travel Tax Certificate RTT applications was also introduced in June of 2021. The Travel Tax Department initiated the concept of building an online system for processing its services. The transition to online and contactless processes of travel tax services reduced contact between passengers and personnel, which is essential during a pandemic. It achieved a great deal of success with the help of our MISD (Management Information System Department).

ACHIEVEMENT REPORT
FOR ONLINE TRANSACTIONS FOR TRAVEL TAX CERTIFICATES
CY 2020 - 2021

	2020	2021	
MONTH	TEC	TEC	RTT
JANUARY		35	
FEBRUARY		29	
MARCH		88	
APRIL		66	
MAY		86	
JUNE	2	106	3
JULY	20	91	13
AUGUST	26	157	18
SEPTEMBER	29	109	15
OCTOBER	67	70	12
NOVEMBER	33	89	13
DECEMBER	24	44	9
TOTAL	201	970	83

In order to assess the effectiveness and efficiency of the online processing system of travel tax exemption certificates and reduced travel tax certificates, a zoom meeting interview was conducted last February 23, 2022 with one of the department's regular client, Ms. Stephanie Opena of Marsman Drysdale Travel Inc., a travel consultant that is currently assigned in the US Embassy to handle official travels. Positive feedback was recorded that accordingly the google form is user friendly as to the utilization of the online process of travel tax exemption certificates. The online processing system for certificates is more convenient and favorable to clients during pandemic periods.

One Drive Innovation Service

The Travel Tax Department took advantage of online tools such as Microsoft OneDrive to facilitate a digitalized system to improve the current internal work processes. It created an Excel database for travel tax refunds where information regarding refund applications is recorded. The database is shared with all Travel Tax Units and Offices around the Philippines to provide updated and real-time data easily accessible for viewing via the internet through the Microsoft OneDrive tool. This allows our satellite and provincial units to relay accurate information to passengers and address their inquiries more quickly and efficiently.

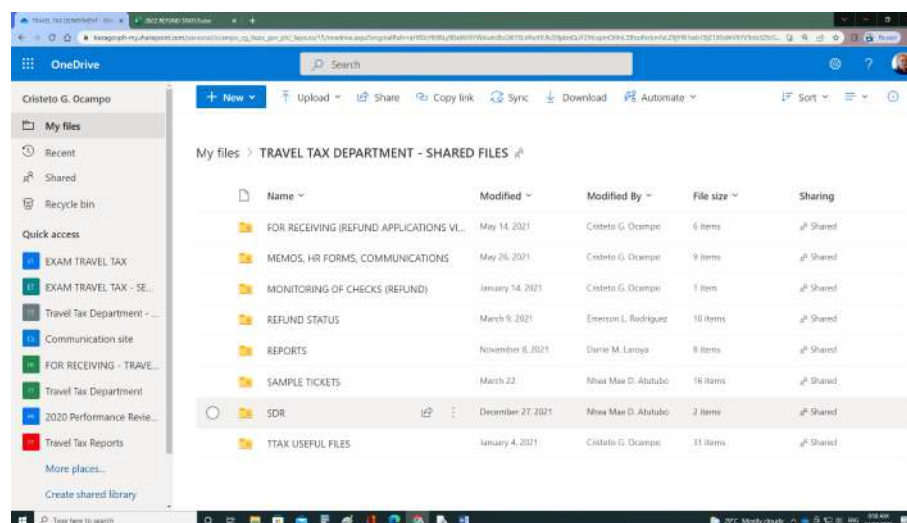


Fig. 2.3 Travel Tax One Drive Screenshot



Financial Statements

TOURISM INFRASTRUCTURE AND ENTERPRISE ZONE AUTHORITY
CONDENSED STATEMENTS OF FINANCIAL POSITION
December 31, 2021 and 2020
(In Philippine Peso)

	Note	2021	2020
ASSETS			
Current Assets			
Cash and Cash Equivalents	4	1,085,957,933	1,314,375,497
Investment in Time Deposits	5	-	400,440,000
Financial Assets - Held to Maturity	5	350,000,000	475,000,000
Receivables, net	6	62,180,963	48,159,495
Inventories	7	17,653,721	14,165,420
Other Current Assets	8	115,579,520	132,653,261
		1,631,372,137	2,384,793,673
Non-Current Assets			
Financial Assets - Held to Maturity	5	412,278,005	762,278,005
Investment in Associate	9	207,628,805	207,628,805
Receivables, net	6	620,146,151	462,595,656
Investment Property, net	10	313,332,011	320,800,023
Property and Equipment, net	11	5,797,224,572	5,728,375,143
Service Concession Assets, net	12	1,687,735,506	1,802,048,062
Other Non-Current Assets	8	143,958,895	135,348,860
		9,182,303,945	9,419,074,554
TOTAL ASSETS		10,813,676,082	11,803,868,227
LIABILITIES			
Current Liabilities			
Financial Liabilities	13	225,717,685	231,765,436
Inter-Agency Payables	14	196,502,463	163,364,005
Deferred Credits/Unearned Income	15	101,979,695	103,303,771
Provisions	16	100,460,711	96,755,097
Other Payables	17	25,894,600	28,513,085
		650,555,154	623,701,394
Non-Current Liabilities			
Financial Liabilities	13	87,612,613	122,729,870
Trust Liabilities	18	131,196,430	125,512,309
Deferred Credits/Unearned Income	15	1,275,956,168	1,373,240,685
Other Payables	17	37,796,678	47,268,499
		1,532,561,889	1,668,751,363
TOTAL LIABILITIES		2,183,117,043	2,292,452,757
Net Assets (Total Assets Less Total Liabilities)		8,630,559,039	9,511,415,470
NET ASSETS/EQUITY			
Share Capital	30	10,850,215	10,850,215
Accumulated Surplus	30	8,619,708,824	9,500,565,255
TOTAL NET ASSETS/EQUITY		8,630,559,039	9,511,415,470

The notes on pages 11 to 78 form part of these financial statements.

TOURISM INFRASTRUCTURE AND ENTERPRISE ZONE AUTHORITY
CONDENSED STATEMENTS OF FINANCIAL PERFORMANCE
For the Years Ended December 31, 2021 and 2020
(In Philippine Peso)

	Note	2021	2020
Revenue			
Tax Revenue	19	166,199,545	467,934,245
Service and Business Income	20	276,548,544	377,303,188
		442,748,089	845,237,433
Current Operating Expenses			
Personnel Services	21	416,647,613	398,051,448
Maintenance and Other Operating Expenses	22	437,741,873	508,211,727
Financial Expenses	23	4,537,863	6,023,059
Direct Costs	24	4,530,841	5,540,916
Non-Cash Expenses	25	283,558,484	245,680,194
		1,147,016,674	1,163,507,344
(Loss)/Surplus from Operations		(704,268,585) -	318,269,911
Non-Operating Income (Loss)	26		
Gain on Foreign Exchange		8,639,799	3,125,673
Gain on Sale of Assets		-	17,573
Miscellaneous Income		613,308	640,261
Losses		(2,303,109)	(27,020,088)
(Loss)/Surplus Before Tax		(697,318,586) -	341,506,492
Income Tax Expense			247,653
(Loss)/Surplus After Tax		(697,318,586) -	341,754,145
Net Assistance/Subsidy/ (Financial Assistance/Subsidy/Contribution)	27	(189,520,869)	(118,281,906)
Net (Loss)/Surplus for the Period		(886,839,455) -	460,036,051

The notes on pages 11 to 78 form part of these financial statements.

TOURISM INFRASTRUCTURE AND ENTERPRISE ZONE AUTHORITY
STATEMENTS OF CHANGES IN NET ASSETS/EQUITY
For the Years Ended December 31, 2021 and 2020
(In Philippine Peso)

	Note	Accumulated Surplus	Share Capital	Total
BALANCE AT JANUARY 1, 2020		21,730,006,195	10,850,215	21,740,856,410
CHANGES IN NET ASSETS/EQUITY FOR CY 2020				
Surplus for the Year		(460,036,051)		(460,036,051)
Other Adjustments	30	(11,769,404,889)		(11,769,404,889)
BALANCE AT DECEMBER 31, 2020		9,500,565,255	10,850,215	9,511,415,470
CHANGES IN NET ASSETS/EQUITY FOR CY 2021				
Loss for the Year		(886,839,456)		(886,839,456)
Other Adjustments	30	5,983,025		5,983,025
BALANCE AT DECEMBER 31, 2021		8,619,708,824	10,850,215	8,630,559,039

The notes on pages 11 to 78 form part of these financial statements.

TOURISM INFRASTRUCTURE AND ENTERPRISE ZONE AUTHORITY
CONDENSED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2021 and 2020
(In Philippine Peso)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Inflows		
Collection of Income/Revenue	495,885,680	1,785,862,713
Collection of Receivables	18,198,912	24,889,114
Receipt of Inter-Agency Fund Transfers	27,318,403	61,749,917
Receipt of Intra-Agency Fund Transfers	69,415,706	115,133,841
Trust Receipts	87,149,155	38,796,297
Other Receipts	1,342,505	15,968,706
Total Cash Inflows	699,310,361	2,042,400,588
Cash Outflows		
Payment of Expenses	577,244,874	624,591,611
Purchase of Inventories	18,429,553	15,871,288
Grant of Cash Advances	4,797,237	3,954,004
Prepayments	767,355	437,882
Refund of Deposits	2,749,456	28,026,939
Payments of Accounts Payable	92,810,958	1,082,569,493
Remittance of Share on Travel Tax Collections	85,843,025	1,203,210,810
Remittance of Personnel Benefit Contributions and Mandatory Deductions	233,181,064	225,349,778
Grant of Financial Assistance/Subsidy/Contribution	445,000	0
Release of Inter-Agency Fund Transfers	397,632,585	12,432,701,128
Release of Intra-Agency Fund Transfers	77,148,694	117,636,726
Other Disbursements	28,856,802	33,659,321
Total Cash Outflows	1,519,906,603	15,768,008,980
Net Cash (Used)/Provided by Operating Activities	(820,596,242)	(13,725,608,392)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash Inflows		
Proceeds from Matured Investments/Redemption of Long-term Investments/Return on Investments	2,129,878,806	18,491,529,601
Total Cash Inflows	2,129,878,806	18,491,529,601
Cash Outflows		
Purchase/Construction of Property and Equipment	246,615,428	322,626,856
Purchase of Investments	1,259,471,821	4,247,355,472
Total Cash Outflows	1,506,087,249	4,569,982,328
Net Cash Provided/(Used) In Investing Activities	623,791,557	13,921,547,273
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash Outflows		
Payment of Long-Term Liabilities	31,613,873	31,026,654
Total Cash Outflows	31,613,873	31,026,654
Net Cash Used In Financing Activities	(31,613,873)	(31,026,654)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(228,418,558)	164,912,227
Effects of Exchange Rate Changes on Cash and Cash Equivalents	994	(11,218)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	1,314,375,497	1,149,474,488
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	1,085,957,933	1,314,375,497

The notes on pages 11 to 78 form part of these financial statements.