



Manabat Sanagustin & Co., CPAs

AUDIT • TAX • ADVISORY

Newsletter

## Infrastructure, Government & Healthcare

January 25, 2010 – February 9, 2010



This industry update from Manabat Sanagustin & Co. CPAs is a biweekly collection of the latest news and developments from the country's Infrastructure, Government & Healthcare segment. We hope that you will find this service, which the Firm provides its clients for the different Lines Of Business (LOB), interesting and useful.

### **PLSA seeks PPA, DOTC intervention in North Harbor issue**

Barely two weeks before the scheduled takeover of the new operator of Manila North Harbor, a group of shipping lines using the port appealed to the government to review the terms, especially those referring on the use of third-party service providers such as the bunkering services. Philippine Liner Shipping Association (PLSA) is seeking government intervention on the planned 5-percent concession fee on ancillary services, which are mostly being carried out by third party Manila North Harbour Port Inc. (MNHPI), the new operator of the country's largest domestic terminal. "We estimate this concession fee to run up to hundreds of millions of pesos a year, which the service provider will pass on to the shipping lines," Daniel Lacson Jr., president and chairman of the board of PLSA, said in his letter sent to both the Department of Transportation and Communications and to the Philippine Ports Authority (PPA). Lacson said that when these fees go up, the shipping lines would also pass it on to their customers, or the shippers, which can also affect the prices of goods. PPA earlier promised to bring down the rates in the terminal by at least 10 percent when the port becomes privately operated. At the moment, third-party service providers only pay P2,000 to PPA annually for them to operate. Individually, the shipping lines have contracts to these third-party operators, some of which are also their subsidiaries. PLSA said the new operator is keen on terminating all the services of the third-party service providers in order for MNHPI to get those ancillary businesses as well, aside from fees coming from handling cargoes. He added that individual shipping lines should be given free hand to deal with their individual bunkering and other needs with their established service providers under their existing arrangements. MNHPI is 60 percent owned by Harbour Centre Port Terminals Inc. and 40 percent by Metro Pacific Investment Corp. PLSA earlier was able to convince PPA to stop the turnover of operations to MNHPI on January 15 after a lot of issues have remained unresolved from the credit terms to storage to the new process flow.

[http://www.businessmirror.com.ph/index.php?option=com\\_content&view=article&catid=33%3Aeconomy&id=21421%3Aplsaseeks-ppa-dotc-intervention-in-north-harbor-issue&Itemid=60](http://www.businessmirror.com.ph/index.php?option=com_content&view=article&catid=33%3Aeconomy&id=21421%3Aplsaseeks-ppa-dotc-intervention-in-north-harbor-issue&Itemid=60)

### **NEDA board approves P16-billion, 88.6-km. Tarlac-Pangasinan-La Union expressway**

The National Economic and Development Authority (NEDA) board has approved the P16.8 billion Tarlac-Pangasinan-La Union expressway (TPLEX) project. The TPLEX is an 88.58-kilometer toll road that will start from La Paz, Tarlac and end at Rosario, La Union. The project is seen to decongest the traffic at the MacArthur highway and support the increasing socio-economic activities between Regions I, III, Cordillera Administrative Region, and Metro Manila. About 78 percent of the P16.88 billion TPLEX project will be financed by the private sector and the 22 percent will be shouldered by the Department of Public Works and Highways. The TPLEX will

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P1-billion earmarked  
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Domestic  
passenger air  
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Senate row over  
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NIA to rehabilitate  
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#### KPMG LOB Contact

**Ryan R. Gabinete**  
Audit Services  
[rgabinete@kpmg.com](mailto:rgabinete@kpmg.com)

**Jude B. Ocampo**  
Tax & Corporate  
Services  
[jbocampo@kpmg.com](mailto:jbocampo@kpmg.com)

**Reginald C. Nery**  
Advisory Services  
[rcnery@kpmg.com](mailto:rcnery@kpmg.com)

**Vicente Sarza**  
Advisory Services  
[vsarza@kpmg.com](mailto:vsarza@kpmg.com)

Feedback

Please contact Ryan  
Gabinete (+632 885

be operated by the private sector right after completion.

<http://www.mb.com.ph/articles/242051/neda-board-approves-p16b-886km-tarlacpangasinanla-union-expressway>

### **P1-billion earmarked for repair of 2 major roads in Maguindanao**

The Department of Public Works and Highways in the Autonomous Region in Muslim Mindanao (DPWH-ARMM) is sourcing out some P1 billion to undertake the repair of two major road networks in the two towns of Maguindanao. DPWH-ARMM Secretary Titingalangit Sumagayan said the Pinaring-Simsiman Road in Sultan Kudarat town, and the Tamontaka-Tapián Road in Datu Odin Sinsuat, need to be rehabilitated to improve their road density and safety. The upgrading of the 18.4-kilometer section of the 20.1-kilometer Pinaring-Simsiman Road, and the 16.0-kilometer section of the 20.4-kilometer Tamontaka-Tapián Road have an estimated outlay of over P1-B – R555.32 million, and P473.62 million, respectively – Sumagayan said. Once completed, Sumagayan said the project will provide all-weather roads that would ensure effective transportation for the people, and agricultural inputs and outputs, significant for agricultural development, easy access to basic social and health facilities which are mostly located here and provide them an alternative route to the Cotabato City-Davao City Road.

<http://www.mb.com.ph/articles/242198/r1b-earmarked-repair-2-major-roads-maguindanao>

### **Domestic passenger air traffic up 25%**

Domestic passenger air traffic last year increased by 25 percent to 14.74 million compared with 11.76 million in 2008, aided by the airlines' aggressive pricing strategies, data from the Civil Aeronautics Board (CAB) showed. Philippine Airlines (PAL), Cebu Pacific, Air Philippines, Zest Airways and Seair transported a total of 14,746,438 passengers out of the possible 18,965,130 seats for domestic travel during the period. Of the total number, Cebu Pacific, the airline unit of conglomerate JG Summit, recorded 7,234,162 passengers compared with PAL's 6,047,045. Cebu Pacific recorded a load factor of 81 percent against PAL's 77 percent during the period out of a possible 8,941,840 seats for Cebu Pacific and 7,871,586 seats allocated by PAL. Air Philippines, the low-cost partner of PAL, recorded 408,863 passengers out of the possible 588,948 seats; Zest Airways, formerly Asian Spirit, reported 872,223 passengers and 1,309,002 allotted seats and Seair transported 184,145 passengers out of the possible 253,754 allocated seats. Air Philippines reported a load factor of 69 percent; Zest Air, 67 percent and Seair, 73 percent. Air Philippines is 99-percent owned by the Lucio Tan Group. PAL, however, is 95-percent owned by Tan. For cargo, a total of 148,065,939 kilograms were recorded in 2009, as against 136,369,643 kg reported in 2008. Of the number, Cebu Pacific transported 76,412,595 kg; PAL 66,893,326; Pacific East Asia Cargo Airlines 3,626,185; Air Phil 771,366; and Seair 362,467 kg. In 2008, PAL carried a total of 4,908,876 passengers; Air Phil 913,570; Cebu Pacific 5,350,795; Asian Spirit 374,145; and Seair 217,879.

[http://www.businessmirror.com.ph/index.php?option=com\\_content&view=article&catid=23%3Atopnews&id=21575%3Adomestic-passenger-air-traffic-up-25&Itemid=58](http://www.businessmirror.com.ph/index.php?option=com_content&view=article&catid=23%3Atopnews&id=21575%3Adomestic-passenger-air-traffic-up-25&Itemid=58)

### **Senate row over C-5 resumes May**

THE Senate has not settled the row over the controversial committee report recommending the censure of Sen. Manuel Villar for alleged conflict of interest in the public funding of the C-5 road project that is said to have benefited Villar's real properties in southern Metro Manila, Senate President Juan Ponce Enrile said on Thursday. Appearing at the weekly Kapihan sa Senado media forum, Enrile explained that the matter could be taken up again when the Senate reconvene sessions on May 31 before the chamber sits down with the House to canvass the votes cast in the presidential elections. "Actually, the report of the Senate Committee of the Whole [on the C-5 inquiry] is still an open issue. It has not been closed. It is not disposed of," Enrile said, as the Senate failed to vote on whether to adopt or reject the report owing to lack of quorum during Wednesday's final session before the Congress adjourned for a three-month recess. According to Enrile, the rules allow a committee report to be taken up "at any time" when the Senate is in session. "A Committee Report is in order at any time to be called," he said. He explained that the Senate will have to convene first before the senators join their counterparts in the House of Representatives in the National Canvassing Board.

[http://www.businessmirror.com.ph/index.php?option=com\\_content&view=article&id=21494:senate-row-over-c-5-resumes-may&catid=23:topnews&Itemid=58](http://www.businessmirror.com.ph/index.php?option=com_content&view=article&id=21494:senate-row-over-c-5-resumes-may&catid=23:topnews&Itemid=58)

### **'Olongapo bridge closure will hurt business**

Members of the Metro-Olongapo Chamber of Commerce Inc. (MOCCI) have expressed fear that closing the Kalaklan Bridge leading to the Subic Bay Free Port will disrupt business activities in the city and cause losses among local business establishments. The Subic Bay Metropolitan Authority (SBMA) said earlier that it will close the span this month to construct a P200-million replacement. The project will also jump-start the agency's program to expand the physical boundaries of the Subic Bay free port and extend development to nearby communities, said SBMA Administrator Armand Arreza. However local traders rued that the impending closure "will definitely affect business" in the summer tourist season. They pointed out that most of the visitors in summer are day tourists who would lose much time going around the area due to the anticipated traffic gridlock during bridge construction. SBMA now wants to replace the US Navy-era span with a new two-lane concrete bridge with a covered walkway. Joselito Bakuteza, head of the SBMA Project Management Office, said about 2,500 light

ext. 292

[/rgabinete@kpmg.com](mailto:/rgabinete@kpmg.com)

Vicente J. Sarza (+63 885 7000 ext. 220

or [vsarza@kpmg.com](mailto:vsarza@kpmg.com)

Elizabeth R. Locsin (+63 885 7000 ext. 383

/ [/elocsin@kpmg.com](mailto:/elocsin@kpmg.com)

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please contact Karla

Ramil S. Olliquino (+63

885 7000

/ [/kolliquino@kpmg.com](mailto:/kolliquino@kpmg.com)

Elizabeth R. Locsin (+63

885 7000 ext. 383

/ [/elocsin@kpmg.com](mailto:/elocsin@kpmg.com)

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vehicles and some 300 pedestrians, mostly workers, pass through the Kalaklan Bridge each day. He said when the bridge is closed to all vehicles starting Feb. 15 and to pedestrians beginning March 1, the rerouting to Olongapo "will cause temporary heavy traffic in some main roads of the city as well as inside the free port, especially during rush hours." However, Bakuteza pointed out that the public may still use the free-port gates at Rizal Avenue and 14th Street to prevent buildup of traffic, as the bridge leading to Subic's main gate remains closed also due to a weakened structure.

[http://www.businessmirror.com.ph/index.php?option=com\\_content&view=article&catid=53%3Aagri-commodities&id=21539%3Aolongapo-bridge-closure-will-hurt-business&Itemid=1](http://www.businessmirror.com.ph/index.php?option=com_content&view=article&catid=53%3Aagri-commodities&id=21539%3Aolongapo-bridge-closure-will-hurt-business&Itemid=1)

#### **NIA to rehabilitate major Bataan dam**

In anticipation of the abnormal weather phenomenon El Niño, the National Irrigation Administration (NIA) will rehabilitate and restore Magsaysay Community Irrigation System, a vital and major dam here, with a budget of P30 million. NIA officials here said the project entails the repair of the diversion dam, continuation of the concreting of canal lines and repair of the Panikihan Dam, an auxiliary of the Magsaysay Dam. The rehabilitation and restoration of the Magsaysay Dam was made possible through the initiative of Bataan Second District Rep. Albert Garcia in response to the request of Pilar Mayor Charlie Pizarro to help farmers cope with the impending dry spell. El Niño is not yet felt in Bataan unlike in Bulacan, but the congressman and the mayor want to make sure that Pilar will be ready, considering that the town is the rice granary and food basket of the province, said NIA officials here.

Pizarro said the Magsaysay Dam services 1,051 hectares of rice lands tilled by more than 300 farmers. Construction work is set to begin next month, Pizarro said. The other two national irrigation systems supervised by NIA in Bataan are Colo and Layac-Balsik dams in Dinalupihan and the Tangilad Dam in the Samal-Orani area. The agency also helped in the building of 50 other communal dams in the province that were turned over to irrigators' associations here. NIA officials here said they service 10,530 hectares out of more than 15,000 hectares planted to rice in Bataan. There are more than 20,000 hectares of arable lands in the province composed of 11 towns and a city.

[http://www.businessmirror.com.ph/index.php?option=com\\_content&view=article&catid=45%3Aregions&id=21363%3Ania-to-rehabilitate-major-bataan-dam&Itemid=71](http://www.businessmirror.com.ph/index.php?option=com_content&view=article&catid=45%3Aregions&id=21363%3Ania-to-rehabilitate-major-bataan-dam&Itemid=71)

#### **Philippine Stock Exchange Weekly Top Gainers**

**February 1 - 5, 2010**

Last Trade Price, Comparative Price Change & Total Value

Rank	Stock	Last Traded Price (in P)	Comparative Price Change (%)		Total Value (in P'000)
			1 Week	4 Weeks	
1	Oriental Peninsula Resources Group, Inc.	1.5	100	66.67	152,685
2	Cityland Development Corporation	1.34	48.89	-12.99	13
3	Active Alliance, Inc.	9.9	23.75	4.21	179
4	IPVG Corporation	1.94	22.78	22.78	57,570
5	Abacus Consolidated Resources and Holdings, Inc.	1	19.05	16.28	23,049
6	Anglo Philippine Holdings Corporation	1.2	13.21		24
7	Seafront Resources Corporation	0.91	10.98	-9	9
8	Primex Corporation	3.05	10.91	-3.17	433
9	Unioil Resources & Holdings Company, Inc.	0.11	10	-8.33	11
10	PetroEnergy Resources Corporation	7.9	9.72	-1.25	1,294

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**February 1 - 5, 2010**

PER, EPS & BPV

Rank	Stock	PER	EPS	BPV
1	Oriental Peninsula Resources Group, Inc.	-39.03	-0.04	1.29
2	Cityland Development Corporation	5.16	0.26	0.72
3	Active Alliance, Inc.	503	0.02	10.09

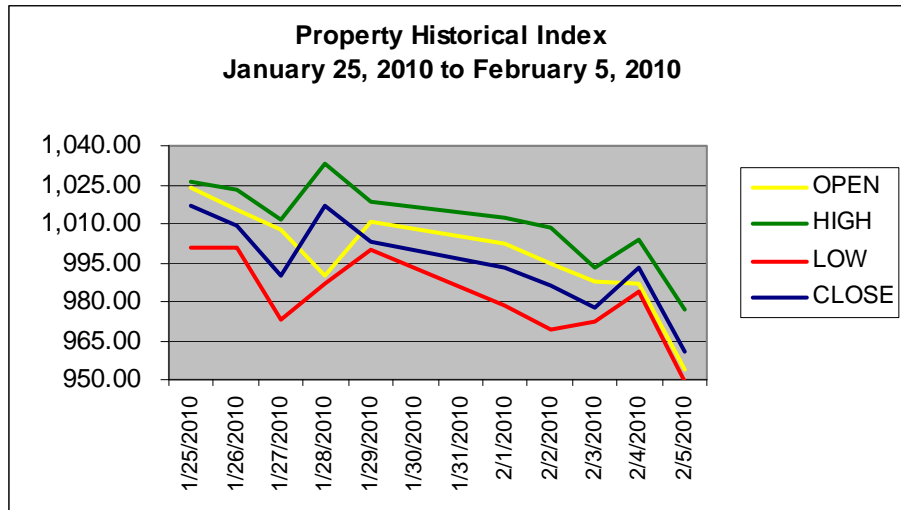
4	IPVG Corporation	-3.96	-0.49	1.59
5	Abacus Consolidated Resources and Holdings, Inc.	1.1	0.91	0.6
6	Anglo Philippine Holdings Corporation	-11.92	-0.1	1.21
7	Seafront Resources Corporation	101.45	0.01	0.98
8	Primex Corporation	251.19	0.01	2.28
9	Unioil Resources & Holdings Company, Inc.	-274.47	-0.0004	-0.32
10	PetroEnergy Resources Corporation	13.16	0.6	1.08

Source: Philippine Stock Exchange, Weekly Market Watch,

### Philippine Stock Exchange Index Composition for Property As of February 5, 2010

SECURITY NAME	PRICE	OUTSTANDING SHARES	FREE FLOAT LEVEL	FREE FLOAT - ADJUSTED MARKET CAPITALIZATION	% WT
AYALA LAND, INC.	10.25	12,963,002,441	46.0 %	61,120,556,509.32	45.96
A BROWN COMPANY, INC.	3.50	1,309,926,933	19.0 %	871,101,410.44	0.66
FILINVEST LAND, INC.	0.76	24,249,759,506	45.0 %	8,293,417,751.05	6.24
MEGAWORLD CORPORATION	1.08	25,637,783,626	40.0 %	11,075,522,526.43	8.33
ROBINSONS LAND CORPORATION	11.25	2,736,349,257	40.0 %	12,313,571,656.50	9.26
SM PRIME HOLDINGS, INC	9.20	13,329,334,369	28.0 %	34,336,365,334.54	25.82
VISTA LAND & LIFESCAPES, INC.	1.82	8,538,740,614	32.0 %	4,972,962,533.59	3.74

Source: Philippine Stock Exchange, PSE Composite and Sectoral Indices



Source: Philippine Stock Exchange, PSE Composite and Sectoral Indices

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