

PORO POINT MANAGEMENT CORPORATION  
2016 Performance Scorecard Evaluation

Performance Measure						PPMC Submission		GCG Evaluation		Supporting Documents	GCG Remarks
Objectives / Measures	Formula	Weight	Rating Scale	Targets	Actual	Rating	Score	Rating			
SOCIAL IMPACT	SO 1	Increased Economic Activity Within the Poro Point Freeport Zone									
	SM 1	Number of new locators or projects signed meeting best use criteria	Actual number of Locators / Projects signed meeting best use criteria	12.5%	Actual / Target x Weight	8 5 Baywalk enterprises; 1 BPO locator; 1 Lighthouse project; 1 leasable area of San Fernando Airport	No Locators	0.00%	No Locators	0.00%	<ul style="list-style-type: none"> <li>Secretary's Certificate for Board Resolution (BR) No. 2016-11-426 approving the Revised Term Sheet for the Poro Point Baywalk Commercial Lots</li> <li>Copy of the Revised Term Sheet of Poro Point Baywalk Commercial Lots</li> <li>Secretary's Certificate for BR No. 2016-11-432 approving the Revised Terms of Reference for the Long-Term Lease and Development of the Poro Point Lighthouse</li> <li>Copy of the Revised Terms of Reference for the Long-</li> </ul>

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										Term Lease and Development of the Poro Point Lighthouse • Secretary's Certificate for BR No. 2016-12-446	may arise during the said period. As a good governance practice, mitigating risks inherent in the function and business of GOCCs has always been emphasized with the GOCCs. Hence, the request for the renegotiation of target is not accepted.	
SM 2	Actual investment in the Freeport Zone	Actual cumulative investment of all locators inside the PPFZ as of December 31, 2016 / Total target investment x 100 x Weight	10%	(Actual Increase / Target Increase) x Weight	₱2.2 Billion		₱2.46 Billion	10.00%	₱2.447 Billion	10.00%	• List of Locators with Investment Commitment - Summary of Investment per Locator per Year (as of December 31, 2016) • Locators' Report on the Summary of Investments (from 12 locators)	After verifying the submitted supporting documents of PPMC, the total cumulative investment of the locators within the PPFZ as of 31 December 2016 amounts to ₱2,446,577,901.64. The actual reported investment in the freeport zone is approximately ₱247 Million higher than the CY 2016 agreed upon target.

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SM 3	Percent of locators complied with employment commitment (includes existing)	Actual number of locators complied with the above 110% employment commitment / Total number of locators with employment commitment	5%	Actual / Target x Weight	100%	100%	5.00%	100%	5.00%	<ul style="list-style-type: none"> <li>List of Existing Locators with Employment Commitment for CY 2016</li> <li>Report on Employment Generated within the PPFZ as supported by reports from the locators</li> </ul>	Based on the data provided, PPMC was able to ensure that the four locators with employment commitment were able to comply with the above 110% employment commitment.	
	<b>Sub-total</b>			<b>27.5%</b>				<b>15.00%</b>		<b>15.00%</b>		
<b>SO 2 Increased Operating Profitability</b>												
FINANCIAL	SM 4	Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) Margin	Actual EBITDA (Management Fee + Misc. Income) minus (Personal Services + MOOE excluding interest, taxes, depreciation, amortization) over (Management Fee + Misc. Income) / Total Revenue	10%	Actual / Target x Weight	16.64%	26.64%	10.00%	26.64%	10.00%	<ul style="list-style-type: none"> <li>PPMC Computation of EBITDA Margin for the year ended December 31, 2016</li> <li>CY 2016 Commission on Audit Annual Audit Report</li> </ul>	Per the submission of PPMC, the EBITDA margin is at 26.64%. The GCG verified the supporting document presented by the PPMC with the Commission on Audit (COA) Annual Audit Report of PPMC for the CY 2016 and found that the submission is accurate. Thus, PPMC receives the full weight of 10% for the measure.
	SM 5	Actual Zone Revenue	Actual zone revenue for the year	5%	Actual / Target x Weight	₱93 Million	₱87 Million	4.68%	₱87 Million	4.68%	<ul style="list-style-type: none"> <li>Schedule of Actual Zone Revenues for CY 2016 as prepared by the Office of Finance</li> </ul>	The submitted schedule of actual zone revenues for CY 2016 provides the breakdown of the total earned revenues of BCDA from the PPFZ. Per validation with the COA Annual Audit

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											<ul style="list-style-type: none"> <li>CY 2016 Commission on Audit Annual Audit Report</li> </ul>	<p>Report, the figures submitted are the same with the findings of COA.</p> <p>PPMC requested for the renegotiation of the target for this measure since the projected increase in revenue shall be derived from the new locators in PPFZ for 2016. However, PPMC was not able to sign new locators for 2016. Given that the aim of the performance scorecard is to motivate the GOCC to achieve breakthrough goals, the GCG finds that accepting the proposed renegotiated target is counterintuitive to the purpose for which the performance scorecard was created. In this regard, the GCG denies the request of PPMC to reduce the target to ₱87 Million.</p>

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SM 6	Zone Revenue Collection Efficiency	Actual collection / Total zone revenue for the year	7.5%	Actual / Target x Weight	98%	98.60%	98.60%	7.50%	7.50%	<p>Reports from PPMC Office of Finance on the following:</p> <ul style="list-style-type: none"> <li>• Revenue Collection Efficiency for CY 2016</li> <li>• Summary of CY 2016 Collections on: <ul style="list-style-type: none"> <li>- Lease Rentals;</li> <li>- Gaming Revenue;</li> <li>- Airport Fees and Charges;</li> <li>- Regulatory Fees; and</li> <li>- Miscellaneous Income</li> </ul> </li> </ul>	<p>Based on the on-site validation, the GCG found that the representations of the PPMC are accurate. Out of the ₱86,740,274.21 total revenues due for collection, the PPMC was able to collect ₱85,526,297.52, which results in a 98.60% revenue collection efficiency rate.</p> <p>The GCG notes that two locators, a sub-lessee under Thunderbird Pilipinas Hotels and Resorts, Inc. and COVA Construction and Consulting Services Philippines, Inc., remitted lower than the total lease rentals due for CY 2016. Likewise, PPMC was not able to collect in full the revenues from airport fees and charges and regulatory fees. Out of the total amount due for collection, only 74.44% of the airport fees and charges and 96.83% of the regulatory fees were collected.</p>
<b>Sub-total</b>			<b>22.5%</b>					<b>22.18%</b>	<b>22.18%</b>		

1

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	SO 3	Improved Business Environment										
STAKEHOLDERS	SM 7	Access to ICT infrastructure (telecom, internet); ... provide redundancy	Milestone achieved	5%	All or nothing	1 Additional Telecom Provider	None	0.00%	<p><b>Revised Strategic Measure and Target Adopted</b></p> <p>Measure: Provision of Required Road Infrastructures</p> <p>Accomplishment: Approval of the funding of the construction of a 2.7405 kilometers, 4-lane concrete pavement road with sidewalk, drainage and electrical duct with a total project cost of ₱100 Million</p>	5.00%	<ul style="list-style-type: none"> <li>Memorandum from the Department of Public Works and Highways (DPWH) approving the construction of the concrete road in PPFZ</li> </ul>	<p>Based on the representations of PPMC, the telecommunication providers will only invest in the necessary information and communications technology (IT) if a business process outsourcing (BPO) locator is signed. However, since the requested funding for the IT-BPO Building within the PPFZ was not approved by BCDA, PPMC was not able to sign BPO locators.</p> <p>PPMC requests for the strategic measure be replaced with "Provision of Required Road Infrastructures", with the target "approval of the funding of the construction of a 2.7405 kilometers, 4-lane concrete pavement road with sidewalk, drainage and electrical duct with a total project cost of ₱100 Million". Similar to the provision of another telecommunications provider, the road network project is also an infrastructure project</p>

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											that is a requirement of existing and prospective locators.  The GCG acknowledges that the difficulties in attaining the target is beyond the control of PPMC and accepts the proposed measure and target.
SM 8	Percent of locators with access to alternative sources of water aside from deepwells	Actual number of locators with access to alternative sources of water aside from deepwells / Total number of locators	5%	Actual / Target x Weight	50.00% (7/14)	7.14% (1/14)	0.71%	0.00% (0/14)	0.00%	<ul style="list-style-type: none"> <li>Secretary's Certificate for Board Resolution No. 2016-11-426 on the approval of the new policy direction which is the Comprehensive Development Program of PPFZ</li> </ul>	<p>PPMC requested the renegotiation of the strategic measure due to the change in the policy direction of the new Board of Directors. Upon the representation of PPMC, the project will be deferred pending the approval of the Comprehensive Development Program (CDP) of PPFZ which will be the basis in coming up with a more comprehensive and economical solution to the water requirements of the ecozone.</p> <p>GCG finds the abovementioned justifications acceptable.</p>

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SO 4	Achieved Stakeholders Satisfaction										
SM 9	Stakeholders Satisfaction Rating based on a survey conducted by a third party	Average of the ratings of all stakeholders respondents	10%	Actual / Target x Weight	3.5 on a 5-point scale	3.5 on a 5-point scale	10.00%	4 on a 5-point scale	10.00%	<ul style="list-style-type: none"> <li>Copy of the 2016 Stakeholder Satisfaction Survey conducted by Saint Louis College</li> </ul>	<p>The overall satisfaction rating of the stakeholders of PPMC (BCDA, local government units, locators, aviation schools, and other government agencies) is 4 on a 5-point scale. Based on the following criteria: timeliness, ease of access, staff, quality, and outcomes, the respondents are highly satisfied of the service of PPMC. Out of the 39 respondents, 24 respondents gave an overall rating of 4 (Highly Satisfied) and 6 respondents gave an overall rating of 5 (Very Highly Satisfied). These respondents represent 77% of the total survey population.</p> <p>Upon validation, it does not match with the accomplishment provided by PPMC which is a rating of 3.5 on a 5-point scale. Further, the basis for PPMC's accomplishment cannot be established and may be considered as an error on the part of</p>





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										the PCEO on the Application of LEASCOR as PPFZ Registered Enterprise dated February 12, 2016 and March 7, 2016 • PPMC's Letter to LEASCOR dated February 17, 2016 requesting for the submission of additional requirements	
	Average processing time of locators renewed within the applicable period	5%	Actual / Target x Weight	Renewal of Registration Certificates: 3 Days	8/8 Applications for Renewal of Registration Certificates Processed within the Applicable Time	5.00%	Beyond 3 Days (6.29 days)	0.00%	• Certification on the Turn-Around Time on the renewal of Certificate of Registration from PPMC's Office for Regulatory Services - Enterprise Regulations • Locator's Applications for Renewal of Registration Certificate • Certificates of Registration issued to Locators • Memorandum for the PPMC	Per the submission of PPMC, there were eight (8) enterprises that applied for the renewal of certificate of registration.  The submitted documents showed that the renewed certificate of registration of Poro Point Marine Enterprises Corporation was issued prior to the submission of complete documentary requirements and approval of the release of the certificate of registration by PCEO. With such issue, the TAT of the Poro Point Marine Enterprises Corporation is excluded from the	

**PPMC | 11 of 14**  
**Validated Performance Scorecard CY 2016 (Annex A)**

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											President on the Renewal of Registration Certificates	<p>computation. Given the seven (7) other enterprises, the average TAT from submission of complete documentary requirements and the issuance of the certificate of registration is 6.29 days.</p> <p>Given the average, the previously approved rating scale is invalid. To properly compute for the weight, the rating scale used is:</p> $1 - \frac{[(\text{Actual} - \text{Target}) / \text{Target}] \times \text{Weight}}$ <p>wherein substituting the values to the equation yields a negative value since the actual TAT is longer than the applicable period. Thus, the measure is given a rating of zero.</p>

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	Average processing time of locators renewed within the applicable period	5%	Actual / Target x Weight	Renewal of Permit to Operate: 1 Day	39/39 Applications for Renewal of Permit to Operate Processed within the Applicable Time	5.00%	Within 1 Day (14 minutes and 30 seconds)	5.00%	<ul style="list-style-type: none"> <li>• Certification on the Turn-Around Time on the Granting of New and Renewal of Certificate of Accreditation or Permit to Operate from the Office for Regulatory Services of PPMC</li> <li>• Certificates of Accreditation of the Locators</li> </ul>	<p>Based on the submitted documents, the granting of new and renewed certificates of accreditation or permits to operate to each of the forty-five (45) enterprises were completed within the applicable time of one day. Moreover, based on the computation of the GCG, the average processing time is 14 minutes and 30 seconds.</p> <p>While it is clear that PPMC exceeded the target, it should be noted that the appropriate rating scale is:</p> <p><math>1 - [(Actual - Target) / Target] \times Weight</math>.</p> <p>Substituting the values to the equation yields a 9.95% rating since the actual TAT is way shorter than the applicable period. However, only the maximum rating of 5% can be given to this measure.</p>	
<b>Sub-total</b>		<b>15%</b>				<b>15.00%</b>		<b>5.00%</b>			

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<b>SO 6 Institutionalize a Quality Management System (9001:2008)</b>											
SM 11	ISO Certification from a Certifying Body	Notice from third party Certifying Body that PPMC passed the surveillance audit	5%	All or nothing	Passed Re-Surveillance Audit	Passed Re-Surveillance Audit	5.00%	Passed Re-Surveillance Audit	5.00%	<ul style="list-style-type: none"> <li>ISO 9001:2008 Certificate from TUV Rheinland Cert GmbH</li> <li>Copy of the Second Follow-Up Audit Report as per TRCert – ISO 9001 of TUV Rheinland</li> </ul>	With an audit scope covering the entire management and administration of the PPFZ, PPMC is ISO 9001 certified from 2015 to 2018. The second follow up audit report of the TUV Rheinland shows that there are four (4) positive findings and five (5) opportunities for improvement.
<b>SO 7 Develop a Professional Competent, and Motivated Workforce</b>											
SM 12	Implementation of the competency-based framework	Based on result of assessment	5%	All or nothing	+0.5 Improvement from the Baseline	+0.5 Improvement from Baseline	5.00%	+0.5 Improvement from Baseline	5.00%	<ul style="list-style-type: none"> <li>Summary of the Results of Job and Competency Analysis prepared by PPMC's Human Resources Division</li> <li>Copy of the Job and Competency Analysis</li> </ul>	The baseline data of overall competency level is at an average rating of 3.40 for 56 employees. In 2016, PPMC was able to improve the competency levels of its employees to 3.90 – a 0.5 improvement from the baseline.

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SO 9	Institutionalize the Quality Management System										
SM 13	Creation of IT-based system for key processes	The automated accounting system is established and in place	5%	All or nothing	Automation of Accounting System	Automation of Disbursement System	5.00%	Automated Disbursement System rolled out prior to 2016	0.00%	<ul style="list-style-type: none"> <li>Copy of PPMC's Cash Disbursement System Manual</li> </ul>	<p>The automation of the accounting system or the Enterprise Resource Planning (ERP) System is an initiative of BCDA. However, BCDA has yet to complete the bidding process for the system. In lieu of the agreed upon target, PPMC is requesting to renegotiate the target to the automation of disbursement system.</p> <p>During the on-site validation, it was found that the disbursement system was rolled out prior to 2016 and only the updating of the Manual was accomplished in 2016. As such, PPMC is not given merit for the automated process previously rolled out.</p>
	<b>Sub-total</b>		<b>15%</b>				<b>15.00%</b>		<b>10.00%</b>		
	<b>TOTAL</b>		<b>100%</b>				<b>77.89%</b> out of 100%		<b>67.18%</b> out of 90%		
	<b>VALIDATED RATING</b>								<b>74.61%</b>		