



SIXTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
THIRD REGULAR SESSION)

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SENATE

RECEIVED BY: *J.*

P.S. RESOLUTION NO. 1625

Introduced by Senator Sergio Osmeña III

RESOLUTION

DIRECTING THE COMMITTEE ON PUBLIC SERVICES AND OTHER APPROPRIATE SENATE COMMITTEES TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE ALLEGED IRREGULARITIES INVOLVED IN THE ₱18.99-B DAVAO SASA PORT MODERNIZATION PROJECT UNDER THE GOVERNMENT'S PUBLIC-PRIVATE PARTNERSHIP (PPP) PROGRAM

WHEREAS, the Department of Transportation and Communication (DOTC) and the Philippine Ports Authority (PPA) issued on 10 April 2015 an "Invitation to Pre-Qualify and Bid" to finance, design, redevelop, operate and maintain the Davao Sasa Port Modernization Project (the "Project").

WHEREAS, the Project consists of (1) the modernization of the existing port and the establishment of dedicated container handling facilities with an initial design capacity of one thousand nine hundred (1,900) container ground slots to a minimum of two thousand seven hundred (2,700) container ground slots, comprising of, among others, the construction of a new apron, development of a linear quay, expansion of the back-up area, provision of container yards, warehouses, and the installation of appropriate container handling equipment throughout a thirty-year concession period; and, (2) the operation and maintenance ("O&M") of the Port within a thirty-year concession period.

WHEREAS, the Project seeks to increase the port's annual capacity from 550,000 twenty-foot equivalent units (TEU) to 1.2 million TEU and develop the existing port into a modern, international-standard container terminal that will support the region's growing agro-industrial sector.

WHEREAS, the project cost of ₱18.99-B is more than four times (4x) the earlier projected cost of ₱4-B based on a study by the PPA in 2013. This is significantly higher than the ₱5.7-B Hijo International Port in Tagum City, Davao Del Norte, operated by International Container Terminal Services, Inc. (ICTSI) with a similar annual capacity of 1.2 million TEU.

WHEREAS, Hijo International Port in Tagum City is just one of two new ports being developed in the region, the other port being the ₱2.7-B Davao International Container Terminal (DICT), with a 400,000 TEU annual capacity, of the Florendo-owned Anflocor Group of Companies in Panabo City, Davao del Norte. Hijo and DICT are two seaport terminals of international standards that are more accessible to exporters of bananas – comprising eighty percent (80%) of the exports in the region – coming from the northern portion of Davao. Hence, banana exporters are unlikely to choose Sasa Port over Hijo or DICT since it is farther and more costly for their operation.

WHEREAS, the ₱18.99-B price tag of the Project will translate to increased cost of doing business in the region that will be felt by the shippers to be passed on to the consumers by reason of the increased cost of shipping.

WHEREAS, there is a need to study and assess the government's policies and guidelines in the implementation of projects under the Public-Private Partnership (PPP) Program as well as the effectiveness and transparency of the relevant provisions of the Republic Act No. 7718 or the Philippine BOT Law.

RESOLVED, AS IT IS HEREBY RESOLVED, that the Senate of the Philippines directs the Committee on Public Services and other appropriate Senate committees to conduct an inquiry, in aid of legislation, on the alleged irregularities involved in the ₱18.99-B Davao Sasa Port Modernization Project under the Government's Public-Private Partnership (PPP) Program.

Adopted,



SERGIO OSMEÑA III

Senator