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20 December 2017

**MR. SILVESTRE C. AFABLE, JR.**

*Chairperson*

**MR. ALLAN R. GARCIA**

*President and CEO (PCEO)*

**JOHN HAY MANAGEMENT CORPORATION (JHMC)**

John Hay Special Economic Zone

Camp John Hay, Baguio City



**RE : VALIDATION RESULT OF CY 2016  
PERFORMANCE SCORECARD OF JHMC**

Dear Chairperson Afable and PCEO Garcia:

**John Hay Management Corporation**

a member of the BCDA Group



OPCEO-IN-2018-0027

This is to formally transmit the validation result of JHMC's CY 2016 Performance Scorecard. Based on the validation of documentary submissions and conduct of onsite validation last 09 to 10 May 2017, JHMC gained an over-all score of **73.75%** (See **Annex A**).

In relation to its application for the grant of CY 2016 PBB to eligible officers and employees, JHMC fails to satisfy the requirements of **GCG MEMORANDUM CIRCULAR (MC) No. 2017-01** and the *Checklist of Documents to be submitted by GOCCs to Qualify for the FY 2016 Performance-Based Bonus (PBB)*, particularly the achievement of a weighted-average score of at least 90% in its FY 2016 Performance Scorecard. In this regard, the Board is reminded that any unilateral action to release the PBB will be considered as a violation of the Board's fiduciary duty to protect the assets of the GOCC as provided under Section 19 of Republic Act No. 10149.<sup>1</sup>

Consequently, pursuant to GCG M.C. No. 2014-06, failure to qualify for the PBB means that the Appointive Members of the Governing Board of JHMC shall not be qualified to receive the Performance-Based Incentive (PBI).

**FOR YOUR INFORMATION AND GUIDANCE.**

Very truly yours,

**SAMUEL G. DASPIN, JR.**

*Chairman*

**MICHAEL P. CLORIBEL**

*Commissioner*

**MARITES CRUZ-DORAL**

*Commissioner*

cc: COA Resident Auditor - JHMC

<sup>1</sup> GOCC Governance Act of 2011.

Annex A

JOHN HAY MANAGEMENT CORPORATION  
2016 Performance Scorecard Evaluation

Performance Measure						JHMC Submission		GCG Evaluation		Supporting Documents	GCG Remarks	
Objectives / Measures	Formula	Weight	Rating Scale	Targets	Actual	Rating	Score	Rating				
SO 1 Develop Camp John Hay as a Premier Tourist and Investment Destination												
SOCIAL IMPACT	SM 1	Number of new locators or projects signed meeting best use criteria	Absolute number	7.50%	Actual / Target x Weight	2	3	7.50%	1	3.75%	<ul style="list-style-type: none"> <li>Lease Contracts with New Locators</li> <li>Secretary's Certificates JHMC Board Resolutions for New Locators</li> </ul>	From the supporting documents presented, JHMC was only able to sign one (1) new locator for 2016. The lease contracts with Inbound Pacific, Inc. were executed and signed on 15 December 2015 and notarized on 10 February 2016. As such, these contracts were not recognized as an accomplishment for 2016.
	SM 2	Number of jobs generated in the JHSEZ	Absolute number	7.50%	Actual / Target x Weight	5,050	5,523	7.50%	5,523	7.50%	<ul style="list-style-type: none"> <li>Special Economic Zone Administration Department (SEZAD) Annual Report on the employment of JHMC locators for December 2016</li> </ul>	Based on the representation of JHMC, there are 5,523 employees within JHSEZ as of December 2016 – 5,041 (91%) are from the BLISTT Area while 482 (9%) are not from the area.
	SM 3	Gross sales of business enterprises within the JHSEZ	Absolute number	5.00%	Actual / Target x Weight	₱550 Million	₱870.93 Million	5.00%	₱870.93 Million	5.00%	<ul style="list-style-type: none"> <li>Summary of the gross sales of locators for 2016</li> <li>Locators' Sales Report for CY 2016</li> </ul>	The actual gross sales of the locators within the JHSEZ in 2016 is 58.35% higher than the agreed upon target.



Performance Measure						JHMC Submission		GCG Evaluation		Supporting Documents	GCG Remarks
Objectives / Measures	Formula	Weight	Rating Scale	Targets	Actual	Rating	Score	Rating			
SM 4	Issuance of ISO 14001 Environmental Management System (EMS)	Based on milestones	10.00%	All or Nothing	Formulation of the Environmental Management Plan (EMP)	<p>a. Establishment of the Solid Waste Management and Hazardous Waste Management Manuals</p> <p>b. Assessment of the Environmental Impacts of JHMC Processes and Activities</p> <p>c. Updating of a Comprehensive Information for Direct Environmental and Indirect Environmental Impacts of Projects in the JHSEZ</p> <p>d. Regulatory and Permitting Review of Projects within the JHSEZ</p>	7.50%	No EMP	0.00%	<ul style="list-style-type: none"> <li>Memorandum for the JHMC President and CEO on the 2016 accomplishments of JHMC towards the establishment of Camp John Hay's environmental management system</li> </ul>	<p>In a letter dated 09 June 2017, JHMC detailed the reasons for its inability to attain the 2016 target of having a board-approved EMP. JHMC cited Department of Environment and Natural Resources (DENR) Administrative Order (A.O.) No. 2003-30 as the basis for the non-fulfillment of the target. JHMC assumed that the DENR A.O. requires an EMS be established before the EMP. However, upon coordination with the DENR and review of the DAO No. 2003-30, the GCG verified that the EMP is a prerequisite to the EMS.</p>

Performance Measure						JHMC Submission		GCG Evaluation		Supporting Documents	GCG Remarks	
Objectives / Measures	Formula	Weight	Rating Scale	Targets	Actual	Rating	Score	Rating				
SM 5	Compliance of JHMC to National Ambient Air Quality Standards on Particulate Matter 10 (PM10) within the JHSEZ	Number of tests which resulted in Good Air Quality (0-54 ug/ncm) / Total number of tests	5.00%	Actual / Target x Weight	100% (8/8) of the tests resulted in Good Quality	100% (8/8) samples in CY 2016 resulted to Good Air Quality Index	5.00%	100% (8/8) of the tests resulted in Good Quality	5.00%	<ul style="list-style-type: none"> <li>Memorandum for the JHMC President on the ambient air quality monitoring results for the 1<sup>st</sup> and 2<sup>nd</sup> quarter of 2016</li> <li>DENR-EMB 3<sup>rd</sup> and 4<sup>th</sup> quarter of 2016 report on the air quality sampling and monitoring results for BLISTT</li> </ul>	Acceptable. Results show that the air quality from the sampling stations were within the "Good" Air Quality Index range which is from 0 to 54 micrograms per normal cubic meter (ug/ncm).	
<b>Sub-total</b>			<b>35.00%</b>				<b>32.50%</b>		<b>21.25%</b>			
<b>SO 3 Enforce Efficient and Effective Regulation in the JHSEZ and JHRA</b>												
STAKEHOLDERS	SM 6	Stakeholders' Satisfaction Survey	Based on result of survey: 90%-100% = Excellent 85%-89% = Very Satisfactory 80%-84% = Satisfactory 75%-79% = Fair 74% and below = Poor	10.00%	Actual / Target x Weight	84%	90.90%	10.00%	90.88%	10.00%	<ul style="list-style-type: none"> <li>Copies of the Customer Satisfaction Feedback Forms for Frontline Services</li> <li>Copies of the Internal Services Feedback Form</li> <li>Summary of the Survey</li> </ul>	The stakeholders' satisfaction survey of JHMC is for frontline services and internal services.  Presented below is the summary of the ratings per quarter:
	<b>Sub-total</b>				<b>10.00%</b>				<b>10.00%</b>		<b>10.00%</b>	

	FS	IS	A
1 <sup>st</sup>	95	92	94
2 <sup>nd</sup>	96	96	96
3 <sup>rd</sup>	83	97	90
4 <sup>th</sup>	84	84	84
<b>Average</b>	<b>90.88%</b>		

Legend:  
FS – Frontline Services  
IS – Internal Services  
A – Average



Performance Measure						JHMC Submission		GCG Evaluation		Supporting Documents	GCG Remarks									
Objectives / Measures	Formula	Weight	Rating Scale	Targets	Actual	Rating	Score	Rating												
<b>FINANCIAL</b>	SO 4	Increase JHMC Revenues to Attain Financial Viability																		
	SM 7	Revenue generated by JHSEZ	Actual amount in Million Pesos	7.50%	Actual / Target x Weight	₱72 Million	₱73.846 Million	7.50%	₱75.79 Million	7.50%	<ul style="list-style-type: none"> <li>Quarterly summary of the zone revenue collection efficiency prepared by JHMC's Financial Services Department</li> </ul>	<p>Per the Annual Audit Report prepared by the Commission on Audit (COA). Based from the COA report, the total revenue of JHMC is ₱75,789,190.59. The table below provides the breakdown of the amount.</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td>EMF</td> <td>₱50,657,930</td> </tr> <tr> <td>Rent</td> <td>₱19,142,371</td> </tr> <tr> <td>CUSA Fees</td> <td>₱5,470,012</td> </tr> <tr> <td>SEZAD Fees</td> <td>₱518,877</td> </tr> </table> <p>Legend: EMF - Estate Management Fee CUSA - Common Usage Service Area SEZA - Special Economic Zone Administration Department</p>	EMF	₱50,657,930	Rent	₱19,142,371	CUSA Fees	₱5,470,012	SEZAD Fees	₱518,877
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SM 8	Zone Revenue Collection Efficiency	Actual collection / Total zone revenue for the year	7.50%	Actual / Target x Weight	86%	101.37%	7.50%	101.37%	7.50%	<ul style="list-style-type: none"> <li>Quarterly summary of the zone revenues and receipts for 2016</li> </ul>	Acceptable.  GCG validated the actual performance of JHMC by learning the process of computation and conducting sampling on site.									
	<b>Sub-total</b>		<b>15.00%</b>				<b>15.00%</b>		<b>15.00%</b>											

Performance Measure						JHMC Submission		GCG Evaluation		Supporting Documents	GCG Remarks	
Objectives / Measures	Formula	Weight	Rating Scale	Targets	Actual	Rating	Score	Rating				
SO 5 Improve Efficiency and Effectiveness												
INTERNAL PROCESS	SM 9	Issuance of Permit to Operate (PTO) for business enterprises in the JHSEZ from the date of receipt of complete requirements	Average processing time for renewal	7.50%	Actual / Target x Weight	15 Minutes for Renewal	8.04 Minutes	7.50%	5.33 Minutes	7.50%	<ul style="list-style-type: none"> <li>• Log book for the locators renewing their permit to operate for 2016</li> <li>• Certification from Inbound Pacific, Inc stating that Hen Lin started subleasing in 2016</li> <li>• Certification from Baguio Resources Management Incorporated stating that Yumi Express Baguio Corporation started subleasing in 2016</li> </ul>	<p>For 2016, a total of 85 locators renewed their permits to operate. The processing time of the permits to operate of existing locators ranges from two (2) minutes to twenty (20) minutes and averages 5.33 minutes per locator.</p> <p>Moreover, based on the submitted supporting documents of JHMC, there were two new locators in the JHSEZ, namely, Yumi Express Baguio Corporation and Meal Hub Restaurant – Hen Lin. Yumi Express Baguio Corporation and Meal Hub Restaurant – Hen Lin took four (4) minutes and eight (8) minutes to process, respectively.</p> <p>The difference in the JHMC submitted actual and the GCG validated actual was brought by JHMC's error in the averaging of the total processing time.</p>
			Average processing time for start up	7.50%	Actual / Target x Weight	7 Calendar Days for Start Up	1 Calendar Day	7.50%	6.00 Minutes	7.50%		



Performance Measure						JHMC Submission		GCG Evaluation		Supporting Documents	GCG Remarks	
Objectives / Measures	Formula	Weight	Rating Scale	Targets	Actual	Rating	Score	Rating				
SM 10	Asset Disposition Manual	Milestone achieved	7.50%	All or Nothing	Board Approved Manual for the Asset Disposition	Board Approved Manual for the Asset Disposition	7.50%	Board Approved Manual for the Asset Disposition	7.50%	<ul style="list-style-type: none"> <li>Secretary's Certificate stating the approval of the JHMC Board of Directors of the Asset Disposition Manual of JHMC thru Board Resolution No. 2016-1024-161 dated 14 December 2016</li> <li>Copy of the Asset Disposition Manual</li> </ul>	Acceptable.	
<b>Sub-total</b>			<b>22.50%</b>				<b>22.50%</b>		<b>22.50%</b>			
<b>SO 6</b>	<b>Establish Quality Management System</b>											
LEARNING AND GROWTH	SM 11	ISO Certification for all processes	Based on milestones	5.00%	All or Nothing	Passed Surveillance Audit	Recommended by the Certifying Body for Continuing Certification	5.00%	Passed Audit for JHMC's Core Processes	5.00%	<ul style="list-style-type: none"> <li>ISO 9001 Quality Management System Audit Report of JHMC as conducted by AJA Registrars Inc.</li> </ul>	Based on the audit report, the third party found two (2) minor non-conformities: 1. Core processes partly meets customer and applicable statutory and regulatory requirements; and 2. Internal audit was partly complete, effective, appropriate and in compliance with ISO 9001.

Performance Measure						JHMC Submission		GCG Evaluation		Supporting Documents	GCG Remarks
Objectives / Measures	Formula	Weight	Rating Scale	Targets	Actual	Rating	Score	Rating			
<b>SO 7</b>	<b>Improve Technology and Infrastructure Support</b>										
SM 12	Number of processes automated	Based on milestones	7.50%	All or Nothing	SEZAD Information System (Phase 2)	Award of Contract for the SEZAD Information System	7.50%	SEZAD Information System (Phase 2) was not implemented	0.00%	<ul style="list-style-type: none"> <li>• Notice of Award for DANALEX Corporation for the procurement of consultancy services for the SEZAD information system design and development</li> <li>• JHMC Board Resolution No. 2016-1221-194 recommending the award to DANALEX Corporation</li> <li>• Notice to Proceed received by DANALEX Corporation</li> </ul>	During the onsite inspection of members of GCG, JHMC showed that the system was listed in JHMC's annual procurement plan for CY 2016. Moreover, documents showed that the start of the public bidding process for the system started in October 2016. Given that the contract was only signed by the parties on 27 December 2016, the system was not rolled out.
<b>SO 8</b>	<b>Improve Knowledge and Skills, Professionalism and Career Development</b>										
SM 13	Establishment of a Competency Model	Based on milestones	5.00%	All or Nothing	Board-Approved Competency Model	No Board-Approved Competency Model	0.00%	No Competency Model	0.00%	<ul style="list-style-type: none"> <li>• No supporting document was presented</li> </ul>	JHMC procured a consultant to assist in the development of the competency model. By the end of 2016, JHMC is still developing its competency model.
	<b>Sub-total</b>		<b>17.50%</b>				<b>12.50%</b>		<b>5.00%</b>		
	<b>TOTAL</b>		<b>100%</b>				<b>92.50%</b>		<b>73.75%</b>		