

Operation of Public Enterprises of the Municipality of Daet, Camarines Norte, Philippines

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Abstract- *The public enterprises of the Municipality of Daet such as market, slaughterhouse and terminal were evaluated with the end view of formulating recommendations to sustain and improve its operations. It focused on determining the status of operation of public enterprises along the areas of human resource management, physical resource management and financial resource management. It utilized the qualitative-descriptive-evaluative method of research, employing focus group discussion, key informant interviews and documentary analysis. The study disclosed along human resource management that there is a need for continuing manpower capability building trainings and conduct of monitoring activities in managing the operation of public enterprises. It further revealed that personnel movement only occurs on account of retirement, resignation, transfer and creation of new items. As to physical resource management, the municipality only conduct inspection for physical facilities, buildings and equipment when there is a report from the concerned offices of the public enterprises and most of the time not evidenced by inspection reports. However, on financial resource management, the targeted incomes of public enterprises were not totally realized. Most of the disbursements of the public enterprises had exceeded the appropriation or the budgeted amount or the expenditures for the year. Disbursements of the public enterprises of the municipality were totally supported by current income collections since the operational expenses were not more than the actual collections realized. The difference was being backed up through loan advance/subsidy from the general fund taken from other income source.*

Keywords: *Public enterprises, status, operation*

INTRODUCTION

In the Philippines, public enterprises system exists in an identifiable and separate segment of the government bureaucracy because of its distinguishing management characteristics such as entrepreneurship implying certain dynamics, creative and risk taking qualities. Mindful of such importance, RA 7160, otherwise known as the Local Government Code of 1991, which took effect on October 10, 1991, has empowered the local government units and has granted local autonomy to enable them to attain their fullest development as self-reliant communities and effective partners in the attainment of local and national goals and services. The code speaks up for local autonomy and self-reliance in all aspects of local governance and administration. It mandates the devolution and decentralization to local government units (LGUs) certain functions and responsibilities undertaken by the national government. The idea

being that these together with the other local responsibilities can best be carried out by the LGUs [1].

A major aspect of local administration that is expected to effectively attain autonomy and self-reliance is in the delivery of public services, utilities and economic enterprises. The LGUs are granted with the powers and authority to undertake necessary ways and means to carry out this mandate. Likewise, in the 1987 Constitution while establishing the primacy of private enterprises in the development of the economy, it also states that government must engage in activities like infrastructure, utilities and services in the name of development.

With the above-mentioned mandates to create public enterprises for both public service to the people and for viability of its operation, LGUs have the full power and authority to operate as real business establishments and generate revenues at a profit for

the operation of markets, slaughterhouses, bus terminals, water supply, post harvest facilities, electric distribution and the like. They are authorized to collect fees and charges to cover costs of administration and operation. They exercise such powers and discharge such other functions and responsibilities as are necessary, appropriate, or incidental to efficient and effective provision of the basic services and facilities.

Success stories have been reported by some of the local government units in relation to the operation of their public enterprises. One of the LGUs that had proven remarkable increase in their revenue was the Local Government Unit of Nawaan in Misamis, Oriental. LGU Dairy Goat Breeding Station contributes an average of P1,000 a day while sale of goat's milk also adds to the municipality's income. And though the trend for market collection registers fluctuations, it posted its highest revenues in 2004 at 356,996 [2].

With the above-cited facts, the LGUs are assured of the IRA fund release, in spite of that, they are still threatened with the predicament of having enormous functions to implement, inadequate budgetary resources and further constrained by the formula-based Internal Revenue Allotment share, thus, they have to be innovative in gazing for an alternative fund sources.

This is where the arena of economic enterprises is most relevant. Economic entrepreneurship offers a vast and rich field for productive cultivation. The Local Government Code of 1991 (RA 7160) has opened the gates for the local units' entrepreneurial vehicles to come and join the caravan ride towards economic sufficiency. Particularly, this is aligned with the Section 267 of RA 7160 which provides that twenty percent of the IRA of LGUs have to be set aside for developmental projects [3].

With this mandate, the municipality of Daet, just like other municipalities, also embraces the entrepreneurship mandate by operating its own economic enterprises with the objective of making the enterprise an alternative source of income of the local unit to sustain development projects and intensify local generation sources. The municipality is classified as first class municipality and the capital town among the twelve municipalities in the province of Camarines Norte with a total population of 91,106 as of CY 2007.

Three public enterprises such as the market, slaughterhouse and terminal are the focus of this

study. The public market was established in 2002 under loan at Land Bank of the Philippines in the amount of 51 Million. It has two (2) level structures with 566 stalls. The overall control and supervision of the market is handled by the Mayor. The Market Supervisor had the immediate and direct control and supervision of their market personnel including those whose duties concern the maintenance and keep the market premises in accordance with the Market Ordinance No. 125 [4].

The slaughterhouse of Daet was constructed through the funds sourced from Abattoir Development Program in year 2002 and this belonged to Class A classification. The operation and management of the slaughterhouse shall be under the supervision of the Office of the Mayor through the Municipal Veterinarian which commenced on May 20, 2002. It does not operate solely within the bounds of the mandate of the municipality, the National Meat Inspection Service (NMIS) which is under the umbrella of the Department of Agriculture (DA) has also jurisdiction over it where reports from the Municipal Inspection Offices (MIOs) are submitted to the said office for purposes of centralized monitoring and studying of possible policies which could be generated to improve the delivery of the services of the office. The operation of slaughterhouse is regulated by Resolutions No. 234 and 043 and Municipal Ordinances No. 12 and 69 [5].

The last is the Daet Integrated Bus Terminal which started in year 1999. Various resolutions and ordinances were enacted and amended to regulate the establishment, administration and operation of terminal for buses, jeepneys, vans and other similar public vehicles like Resolutions No. 279 and 248 and Municipal Ordinances No. 114 and 130. The Mayor has the direct supervision and control of the daily operation of the terminal. It is being managed by designated personnel who are under the supervision of the local chief executive [6].

These public enterprises have been in operation for more than five years but their performances are still undisclosed unlike in other parts of the country where surveys had already been conducted in forty-two (42) LGUs in Regions 10 and 12 which revealed that 97 percent of all public enterprises were either losing or heavily subsidized by the LGUs. Among the issues confronting public enterprises included in the survey were the lack/absence of professional management, highly politicized framework, and social service orientation with no regard for profit [7]. On

that note, a critical look into the operation of the public enterprises of the municipality of Daet is imperative as it shall provide information on the viability of its operation, if the enterprises are really generating income or not, self-sustaining and responding to the dual purpose of its existence. Thus, this study has been conceived as a continuous search for better ways and means for the local government unit to improve and sustain its operations.

OBJECTIVES OF THE STUDY

This research was conducted to determine the status of operation of public enterprises of the municipality along the areas of human resource management, physical resource management and financial resource management with the end of view of formulating recommendations to sustain and improve its operations.

METHODS

The study used the qualitative-descriptive-evaluative method of research, employing focus group discussion, key informant interviews and documentary analysis. For documentary analysis, it made use of the financial statements, annual budget reports, inventory reports, financial statements, list of plantilla positions, policies, accomplishment reports and other pertinent data relative to public enterprises of the Municipality of Daet. It utilized the said method to develop strategies that can improve and sustain the operation of the public enterprises.

The population comprised of nine head of offices, two local officials and the 50 personnel regardless of their status of appointment as long as they were employed and in-charge in the operation of the public enterprises of the municipality of Daet from year 2006 through complete enumeration. The municipal treasurer, municipal accountant, municipal planning officer, municipal engineer, budget officer, market administrator, terminal manager, municipal veterinarian, municipal administrator, local officials and other personnel who have direct involvement in the operation of these public enterprises will serve as key informants out of the total population of the local government employees.

The main sources of data mostly came from secondary data since it would be generated from the documentary and financial reports and existing records of Public Market, Slaughterhouse and Daet Terminal Offices and at the office of the respective heads of the local government where other necessary

data would be obtained from 2006-2008. The researcher used an analytical tool that would serve as basis in data generation.

RESULTS AND DISCUSSION

Status of Operation of Public Enterprises. This part presents the status of operation of public enterprises in the Municipality of Daet along human, physical and financial resources management.

Human Resource Management. The aspects of recruitment and selection, training and development, compensation, promotion and monitoring and supervision were determined for the status of operation of public enterprises in terms of human resource management.

a. Recruitment and Selection. Recruitment and Selection or staffing is perhaps the most critical function of human resource management. If an enterprise fails to aggressively recruit the best available talent, it will lack the capacity to achieve mandated objectives and maintain credibility with the public. Thus, recruitment and selection is the primary concern of the enterprise.

The personnel requirement for market was thirty-two (32) personnel for year 2006, this was increased to thirty-three (33) personnel in year 2007 and decreased in 2008 to thirty-two (32). For slaughterhouse, there are thirteen (13) personnel involved in the operation of enterprise in 2006 and no additional increase in personnel from years 2007 to 2008. Similarly, for terminal operation there are only five (5) personnel in 2006 and no additional personnel was recruited and selected from years 2007 and 2008. The plantilla items of the personnel assigned in the terminal are under the Treasury, Engineering and Civil Registrar Offices.

The data imply that the municipality has appropriate number of personnel recruited to man the operations of market, slaughterhouse and terminal concurred by the personnel selection board in accordance with the provision stipulated under Article 165 for recruitment and selection that appointments to positions in LGUs, except those classified by law or competent authority as policy determining, primarily, confidential, or highly technical in nature, shall be made only according to merit and fitness to be determined, as far as practicable, by competitive examination [8]. The objective of employee selection is to hire the best qualified candidate or employee available of the position to be filled [9].

b. Training and Development. This part reveals the trainings attended and participated by the personnel in market, slaughterhouse and terminal that will enhance their skills. The personnel from slaughterhouse had the most number of trainings attended and conducted based on the records evaluated, which has a total of seven (7) trainings for years 2006-2008 followed by market with two (2) trainings for 2008 only and no training given and attended by the personnel in the terminal enterprise. The trainings attended by personnel of market and slaughterhouse were relevant in the operation and in the discharge of their duties and responsibilities.

Result indicates that employees of slaughterhouse are sent to trainings to keep updated on the latest information on emerging swine diseases and treatment and other related activities. The capability building trainings provided to them by the municipality are important in the discharge of their duties and responsibilities particularly in the delivery of quality output and services. Individual is the starting point in which an organization operates and that he or she should not be taken for granted. Each should be given all the opportunities to develop fully because the success of an organization, to a large extent is dependent upon the kind of individuals who comprise it [10].

c. Compensation. No personnel are receiving hours-worked and daily wages for market, slaughterhouse and terminal. This indicates that majority of the personnel are permanent since they are being paid on a monthly basis. The type of compensation received by the personnel is significant in sustaining their daily needs while attending to the operation of the public enterprises. The concept of compensation goes beyond payment for work done. The cost of compensating workers in terms of basic pay and benefits and the importance of compensation to the worker's quality of life makes compensation management a vital aspect of human resource management [11]. The compensation of local official and employees under Article 170 of the Local Government Code of 1991 shall be determined by the sanggunian concerned, subject to the budgetary limitations on personal services [12].

d. Promotion. No personnel were promoted for market, slaughterhouse and terminal in years 2006-2008. This means that there were no personnel movement during the last three years due to no retirement, resignation, transfer and creation of new items happened during that period as shown in the

records at the Office of the Human Resource Management Officer. Article 169 of the Local Government Code corroborated these findings that promotions in the local government career service shall be made in accordance with civil service laws and regulations and no promotion shall be made unless recommended by the personnel selection board [13].

Also, local government unit is subject to budgetary limitation on personnel services as stated in Sec. 325 of the Local Government Code of 1991. Under the code, personnel services for (1) fiscal year shall not exceed forty-five percent (45%) in the case of first to third class provinces, cities and municipalities, and fifty-five percent (55%) in the case of fourth class or lower, of the total annual income from regular sources realized in the next preceding fiscal year. The appropriations for salaries and wages, representation and transportation allowances of officials and employees of the public utilities and economic enterprises owned and operated, and maintained by the local government unit concerned shall not be included in the annual budget or in the computation of the maximum amount for personal services. The appropriation for the personal services of such economic enterprises shall be charged to their respective budgets [14].

e. Monitoring and Supervision. The monitoring activities are conducted by the management and the supervision provided by the personnel of each public enterprise. In terms of monitoring, the local government unit did not oversee or monitor the operation of enterprises from years 2006-2008. However, regular supervision activities were made by the respective personnel of the public enterprises. This implies that local government has to see the importance of monitoring the activities of the different public enterprises as these would be helpful in improving its operations. The close supervision and regular monitoring being provided by the personnel directly involved in the operation of public enterprises would really help and improve its operation, on the other hand, to check whether their performances are in accordance with the established objectives would be difficult. Project monitoring must be done because it tracks and reviews actual project accomplishments based on project plans. It also provides observation on the progress as the project proceeds, so that the project implementers can take corrective action early when project performance varies significantly from original plans [15].

Physical Resource Management

This part discusses the status of operation of public enterprises along the areas of inspection and repair and maintenance.

a. Inspection. In the operation of public enterprises, inspection of physical facilities, building and vehicles are always of paramount importance to verify the extent of condition of problems. This part discusses the inspection conducted by the municipality to each of the public enterprises.

For market, slaughterhouse and terminal from years 2006-2008, inspection was conducted for physical facilities, building and vehicles only when there are reports coming from the respective public enterprises on the condition of the building, equipment and facilities and this was not evidenced by inspection reports. The municipality only conduct inspection when there is a report from the concerned offices of the public enterprises. This stresses that the number and condition of the physical facilities, buildings and equipment are not properly monitored. The municipality has no basis to determine as to the recurring problems in buildings, facilities and equipment and if these structures need repair and maintenance that would serve as the basis in making appropriation for the said purpose.

b. Repair and Maintenance. Discloses in this portion the repair and maintenance activities conducted for the public enterprises of the municipality. It shows that in the operation of market enterprise, no repair and maintenance provided for year 2006; one repair and maintenance given in 2007 and two in year 2008. For slaughterhouse, there were four repair and maintenance activities undertaken in 2007 and none for years 2006 and 2008. For terminal, for three years no repair and maintenance activities was conducted.

This implies that the personnel of the public enterprises responsible for the properties, equipment and facilities entrusted to them are properly aware of the handling techniques and needed care to be given to the resources of the local government unit. The minimal number of repair and maintenance undertaken may further indicate that there is cooperation among the personnel to guard the condition of properties, equipment and facilities against loss and early damage in maintaining its usable condition.

As mentioned in the COA Trainer's Manual on Property and Supply Management (1996), the utilization and maintenance of property invariably

lengthens its life span, contributing immensely to efficiency in work performance and affecting economy in government expenditures. Government properties, supplies and equipment must be safeguarded from deterioration, decay and wastage through careful safekeeping [16].

Financial Resource Management

This part features the target income, actual income collection against targeted income, disbursement against budget and disbursement against actual income collection.

a. Target Income of Public Enterprises. Table 1 indicates the estimated income to be generated by the public enterprises from its one-year of operation. This estimate is called the target income which the public enterprise has to realize to support the expenses to be incurred for the year.

As observed, the target income for the year is the product of the deliberation of the Local Finance Committee of each LGU composed of the Municipal Accountant, Municipal Planning and Development Officer and the Municipal Budget Officer. Said target income is determined based on historical data on averages and involved looking into the recurring items and the non-recurring ones. It is only when the amount of target income is certified to be capable of realization that it is included in the annual budget.

The table shows that for market, it was in 2006 and 2007 where the municipality had estimated a huge income to be generated from its operation which amounted to PhP 16,850,000.00 and PhP12,250,000.00, respectively. These high amounts of income estimated or targeted for market in 2007-2008 were due to the expected release of loan application from banks of the local government unit.

For slaughterhouse, the target income for 2006 to 2007 were pegged to the amount of PhP 1,900,000.00 and had been increased only in 2008 to PhP 2,1000.00. In terminal, the estimated income remained constant for three years in the amount of PhP2, 000,000.00 for each year. Overall, the table shows that the average target income for market was PhP10,033,333.33; slaughterhouse averaged at PhP1,966,666.67 and terminal was PhP2,000,000.00.

The result indicates that public enterprise with the biggest target income reflected does not mean at all times that the realization of the target income will purely be obtained from its operations. Any amount received by public enterprises whether it is through loans or not may be treated and accounted as income.

Table 1. Target Income of Public Enterprises

Kind of Public Enterprise	Target Income			Average Target Income
	2006	2007	2008	
Market	1,000,000.00	16,850,000.00	12,250,000.00	10,033,333.33
Slaughterhouse	1,900,000.00	1,900,000.00	2,100,000.00	1,966,666.67
Terminal	2,000,000.00	2,000,000.00	2,000,000.00	2,000,000.00

Table 2. Actual Income Collections Against Target Income

Kind of Public Enterprise	Year	Target Income	Actual Income	Difference	Percentage of Difference
Market	2006	1,000,000.00	1,172,157.00	172,157.00	17
	2007	16,850,000.00	4,427,427.87	-12,422,572.13	-74
	2008	12,250,000.00	7,876,707.18	-7,876,445.18	-64
Slaughterhouse	2006	1,900,000.00	2,443,581.00	543,581.00	29
	2007	1,900,000.00	2,833,680.00	933,680.00	49
	2008	2,100,000.00	2,689,106.94	589,106.94	29
Terminal	2006	2,000,000.00	917,522.04	-1,082,477.96	-54
	2007	2,000,000.00	984,850.00	-1,015,150.00	-51
	2008	2,000,000.00	879,717.50	-1,120,282.50	-56

b. Actual Income Collection Against Target Income. Reflected in Table 2 the performance of the public enterprises in relation to the actual income collection as against the target income.

Table 2 presents a comparative figure on the actual income collections against the target income. On the operation of market, it could be traced from the table that only in year 2006 where the target income was able to attain as reflected by a positive difference of PhP172,157.00 or equivalent to 17 percent while their target income in years 2007 and 2008 were not able to fully realize as indicated by negative differences of PhP12,422,572.13 or 74 percent and PhP7,876,445.18 or 64 percent, respectively. Negative differences appeared for market not because the target income was not actually realized but maybe due to the manner of treatment of the account for the loans availed and received by the municipality. The loans received were accounted as different account instead of accounting it as part of the actual income which as a result, these were not reflected in the actual income.

For slaughterhouse, the target incomes for the covered three years were totally collected as reflected by positive differences of PhP543,581 or 29 percent, PhP933,680 or 49 percent and PhP589,106.94 or 29 percent, respectively. For the terminal, the constant target income of PhP2,000,000 for years 2006, 2007 and 2008 were not totally collected with negative differences of PhP1,082,477.96 or 54 percent, PhP1,015,150.00 or 51 percent and PhP1,120,282.50 or 56 percent, respectively.

These incomes generated of the public enterprises were utilized mostly in payment for salaries and wages of the personnel, maintenance and other operating costs and a little amount for capital outlay. Part of these incomes of public enterprises were being shared to other offices particularly for personal services since other personnel selected and appointed for public enterprises were reassigned to other offices. Whenever the generated incomes of public enterprises were more than the expenditures, these surpluses in income were transferred and subsidized to other governmental expenditures particularly when incomes from other sources were not realized and vice versa.

It could be inferred that under collection and over collection of income maybe due to too conservative or too ambitious estimates of income and/or, poor collection scheme, flaws in posting of accounts and poor monitoring. When the estimated or targeted income was not achieved for the year since their actual collections were below the estimates, the level of disbursement will be adjusted in order to be within the level of actual income as mandated by budgeting rules and regulations which require that disbursements have to be backed up by income actually realized. Since essential expenditures could not be avoided, additional cash transfer from the general fund taken from the realized and collected income from other governmental functions was transferred to the public enterprise as subsidy or financial assistance in order to back up the disbursements made. Most often, the

amount transferred or subsidized to public enterprises is taken from the Internal Revenue Allotment (IRA).

The data also imply that the indicated huge amount of target income can also be attributed on the manner the account was treated by the local finance team of the municipality particularly if they avail of loans from other financing institutions. The non-realization of the target income is aligned with the idea expressed by Sheahan [17] that management of public enterprise is normally less subject to pressure to seek profit, rather, is more attentive to other non-monetary objectives.

b. Disbursements Against Budget. Table 3 presents the disbursements of the public enterprises against appropriations. Appropriations or Budget refer to the budgeted amount for the operational requirements of the public enterprises for its one-year operation in terms of personal services, maintenance and other operating expenditures and capital outlay. The budget is the reflection of what the organization is doing. This involves the details of the activities to be undertaken as well as its corresponding costs.

The appropriation for the public market three years amounted to PhP21,272,006.63 while disbursements totaled to PhP23,356,998.29 for a difference of negative PhP-2,084,991.66 representing -10 percent. For slaughterhouse, the difference is -PhP93,770.34 or equivalent to a percentage of difference of -1 percent. For terminal, the difference is PhP-772,987.97 or a percentage of difference of zero percent.

Result shows that the disbursement pattern of the public enterprises is not in accordance with their budgetary allocation. The reflected negative

differences indicate that the municipality subsidized the disbursements of each of the public enterprises since disbursements could only be made when there are appropriations for the purpose.

As provided in Section 305, of the Local Government Code of 1991 that no money shall be paid out of the treasury except in pursuance of an appropriation or law. There is said to be an appropriation when same has been authorized by the local sanggunian and approved by the local chief executive [18].

Disbursements of public enterprises were made mostly for personal services, maintenance and other operating expenses and capital outlay. No expansions had been made so far relative to the operation of the public enterprises since whenever there were surpluses in incomes; the municipality transferred and utilized these to fund other governmental expenditures.

d. Disbursement Against Actual Income Collections.

Table 4 displays the performance of the public enterprises in terms of disbursement against actual income collections.

The data in the table reveal the disbursements made for the public enterprises against actual collection. For market, negative differences of -PhP8,255,791.78 or a percentage difference of -704 percent and -PhP1,884,428.24 or a percentage difference of -43 percent could be noted in year 2006 and 2007, respectively. While in 2008, a difference of PhP259,513.78 or percentage difference of 3 percent. Overall, there is a negative difference of -PhP9,880,706.24 or equivalent to negative percentage difference of -73.

Table 3. Disbursements Against Budget (Appropriations)

Kind of Public Enterprise	Year	Budget (PhP)	Disbursement (PhP)	Difference (PhP)	Percentage Difference (%)
Market	2006	10,573,545.82	9,427,948.78	1,145,597.04	11
	2007	4,869,192.81	6,311,856.11	-1,442,663.30	-30
	2008	5,829,268.00	7,617,193.40	-1,787,925.40	-31
Total		21,272,006.63	23,356,998.29	-2,084,991.66	-10
Slaughterhouse	2006	1,991,643.24	2,004,802.40	-13,159.16	-7
	2007	2,106,569.31	2,207,165.75	-100,596.44	-5
	2008	2,472,384.00	2,452,398.74	19,985.26	.8
Total		6,570,596.55	6,664,366.89	-93,770.34	-1
Terminal	2006		73,135.36	-73,135.36	0
	2007		325,336.44	-325,336.44	0
	2008		374,516.17	-374,516.17	0
Total			772,987.97	-772,987.97	0
			1,545,975.90	-1,545,975.90	0

Table 4. Disbursements Against Actual Income Collections

Kind of Public Enterprise	Year	Actual Income Collected	Disbursement	Difference	Percentage Difference (%)
Market	2006	1, 172, 157.00	9,427,948.78	-8,255,791.78	-704
	2007	4, 427, 427.87	6,311,856.11	-1,884,428.24	-43
	2008	7, 876, 707.18	7,617,193.40	259,513.78	3
Total		13,476,292.05	23,356,998.29	-9,880,706.24	-73
Slaughterhouse	2006	2,443, 581.00	2,004,802.40	438,778.60	18
	2007	2,833,680.00	2,207,165.75	626, 514.25	22
	2008	2,689,106.94	2,452,398.74	416,708.20	14
Total		7,966,367.94	6,664,366.89	1,482,001.50	19
Terminal	2006	917,522.04	73,135.36	844,386.68	92
	2007	984,850.00	325,336.44	659,513.56	67
	2008	879,717.50	374,516.17	505,201.33	57
Total		2,782,089.54	447,651.53	2,334,438.01	84

The negative differences or percentage of differences that had been registered in years 2006 and 2007 were the results of the disbursement made for loan repayments in the construction of market. The amount that had been transferred from general fund of the municipality to the account of public enterprises was not treated as part of the actual income collection in years 2006 and 2007 rather booked into different account.

For slaughterhouse, positive difference for years 2006, 2007 and 2008 could be observed as indicated by the amount of PhP 438,778.60, PhP626, 514.25 and PhP416,708.20, respectively. In total, a positive difference of PhP1,482,001.50 or a percentage difference of 19 percent was disclosed in this enterprise.

For terminal, it could be gleaned from the table that in years 2006, 2007 and 2008, positive differences were shown as supported by the amount of PhP 844,386.68, PhP 659,513.56, and PhP505,201.33, respectively. All in all, positive difference of PhP2,334,438.01 or equivalent to percentage difference of 84 percent.

The positive difference tells that actual income collections were more than the disbursements incurred and that disbursements were fully supported by the income collections which state further that the enterprises in generating income from its operation. A negative difference demonstrates that disbursements were more than the collected income which further reveals that actual income collections were not able to fully support the disbursement made. Thus, disbursements incurred were not within the income realized which implies that no income had been generated.

As mandated, disbursements shall only be made when backed up by income actually realized, thus, no disbursements would be allowed if not supported by cash outlay. When income of public enterprise cannot support disbursements to be made, the municipality resorted to having fund transfers thru loans from the general fund to pad the shortage in income. This scheme is allowed by the Local Government Code of 1991 (RA 7160) since LGUs are authorized to contract loans, credits and other forms of indebtedness to finance programs and projects. LGUs are indeed given meaningful fiscal autonomy with latitude of financial options in order to sustain their economic undertakings. They can even enter into build-operate and transfer agreement.

CONCLUSION AND RECOMMENDATION

The current human, physical and financial resources management of the public enterprises described its status of operation. Along human resource management, trainings for manpower capability building and monitoring and supervision activities that will substantially improve the operation of the public enterprises are needed. For physical resource management, the conduct of inspection and preparation of inspection reports will update the management regarding the number and condition of the extent of the problems in terms of physical resources. On financial resource management, careful estimation of targeted income and proper coordination among the Local Finance Officers would not resort to advances/subsidies, loans and fund transfer to cover the shorfalls due to the reduction in the levels of budget, expenditures and disbursements when the targeted income was not actually realized. The

weaknesses identified in the study would serve as basis in introducing changes in the management of market, slaughterhouse and terminal enterprises towards sustained operations.

The municipality has to intensify its collection efficiency through regular conduct of tax mapping activities, strict enforcement and implementation of the relevant laws and ordinances and provision of attractive package of incentive for early payment to further increase the revenue of the public enterprises and sustain its operation so as to continuously provide employment to the people. In ensuring the sustainability of operation, a call for investigation on the financial practices of the local finance officers must be given consideration as well as the entrepreneurial skills of managers of public enterprises.

Other areas of public enterprises operation should be looked into for a more improved delivery of services and self-liquidating venture. Further studies are encouraged among future researchers in relation to the operation of public enterprises with focus on detaching these from the mainstream of bureaucracy and also on partnership between private firms and local government units in the operation of public enterprises.

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