



## 2008 ANNUAL ACCOMPLISHMENT REPORT MARITIME INDUSTRY AUTHORITY

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### **VISION STATEMENT**

MARINA as a strong, dynamic, proactive, responsive, committed MARITIME ADMINISTRATION

### **MISSION STATEMENT**

In support of our shared **VISION** as the **MARITIME ADMINISTRATION, WE**, the officials and employees of the **MARINA**, are committed to:

- **LEAD** in the adoption and implementation of a practicable and coordinated Maritime Industry Development Program that will provide an effective supervisory and regulatory regime for an integrated Philippine maritime industry;
- **FORMULATE** and **IMPLEMENT** responsive policies that seek to promote and develop a competitive investment climate for the modernization and expansion of the Philippine merchant fleet and the shipbuilding/ship repair industry;
- **DEVELOP** a human resource program that will match the maritime industry requirements;
- **PROJECT** the country as a responsible member of the international maritime community and **FOSTER** support and confidence of our multilateral/bilateral partners; and
- **PROMOTE** good governance and **ADHERE** to the highest standard of integrity in the delivery of quality and timely service to its clientele through a dynamic organization complemented by a pool of competent, values-oriented and highly motivated civil servants.

### **1. Vital/Core Functions and Sectoral Coverages**

MARINA's functions have been categorized into two (2), namely:

#### • **Promotional & Developmental Functions**

- ✓ Formulates and adopts plans, programs, policies, rules and regulations for the promotion and development of the Philippine maritime industry;
- ✓ Promotes the competitiveness of the Philippine maritime industry in the local and global market;

- ✓ Promotes and facilitates investment opportunities in the maritime industry;
- ✓ Implements and enforces international conventions and national maritime laws, rules and regulations and standards on safety, security, training, service, among others;
- ✓ Provides effective, transparent and efficient delivery of public service that includes, but not limited to, further streamlining of application procedures and requirements, rationalized standard processing time, and formulation, adoption and implementation of an information technology strategy pursuant to the e-commerce law.

- **Supervisory/Regulatory Functions**

- ✓ Controls, regulates and supervises Philippine-registered overseas and domestic ships, maritime manpower, shipyards and other maritime entities through the evaluation/processing of applications covering the four (4) major maritime sectors, namely: (a) domestic shipping sector, including maritime safety, (b) overseas shipping sector, (c) maritime manpower sector and (d) shipbuilding and ship repair sector.

## **2. Organization**

The MARINA is governed by a Board known as the Maritime Industry Board, which is the policy making body of the Agency. It is composed of the following:

Chairman : Department of Transportation and Communications Secretary

Members :

Maritime Industry Authority (MARINA) Administrator

Office of the President (OP) Executive Secretary

Philippine Ports Authority (PPA) General Manager

Department of National Defense (DND) Secretary

Development Bank of the Philippines (DBP) General Manager

Department of Trade and Industry (DTI) Secretary

Observers :

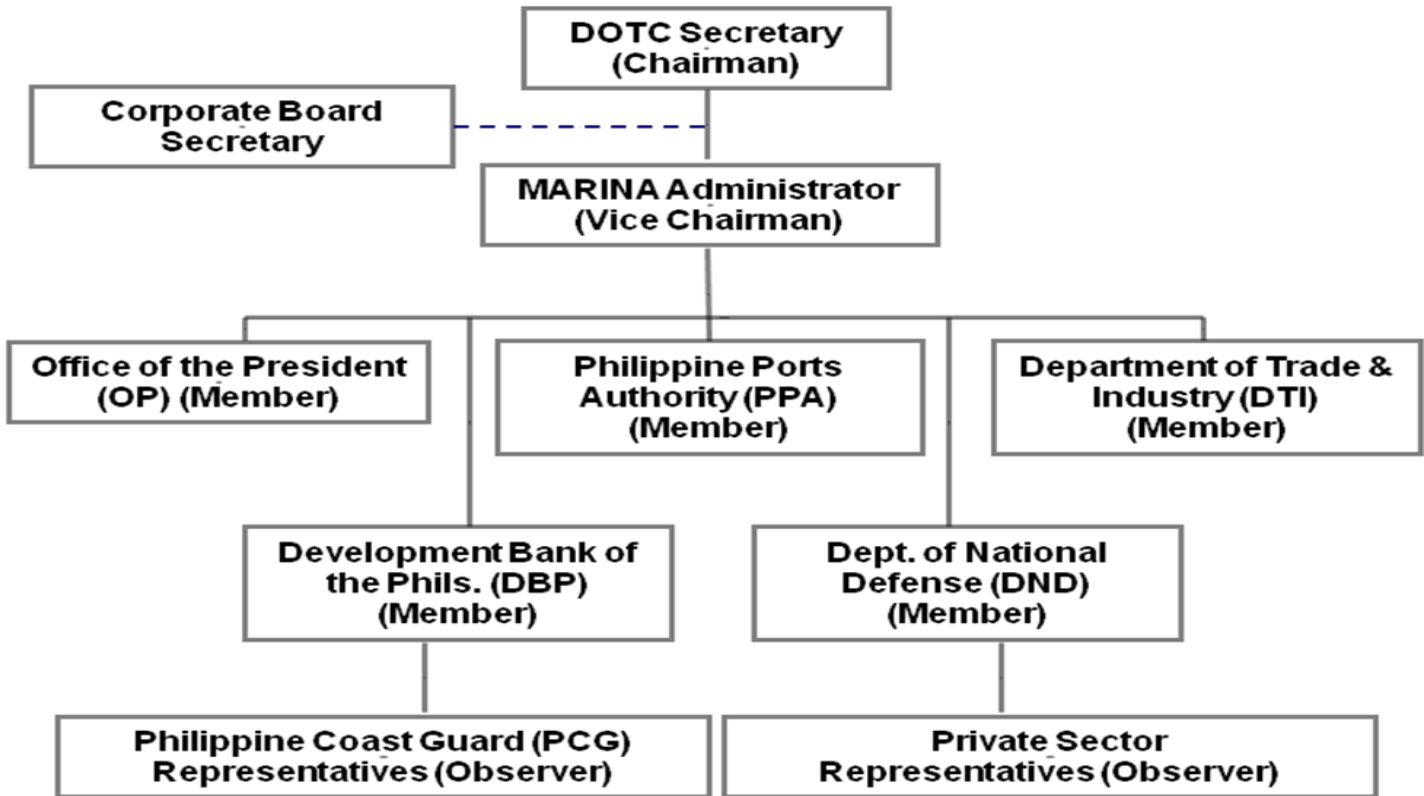
Philippine Coast Guard (PCG) Commandant

Private Sector Representatives

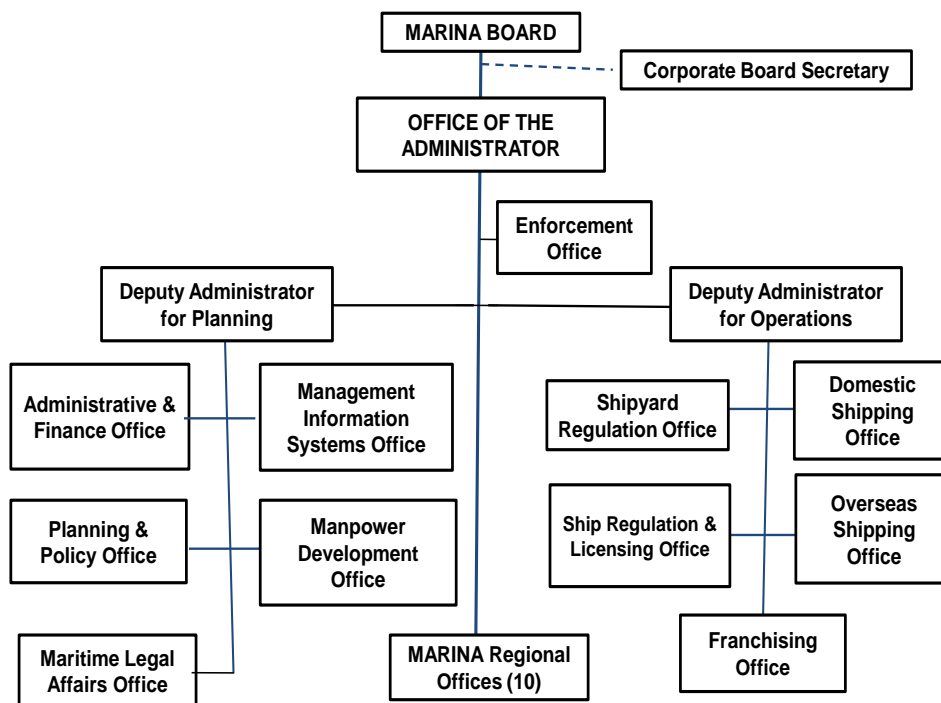
Corporate Board Secretary :

MARINA Maritime Legal Affairs Office (MLAO)

# MARINA Board



## MARINA Organizational Structure



The Management of the MARINA is vested with the Administrator, directly assisted by the Deputy Administrator for Planning and the Deputy Administrator for Operations. Under the two (2) Deputies direct control and supervision are the ten (10) line and staff offices in the Central Office (CO) and directly under the Administrator are the ten (10) MARINA Regional Offices (MROs) and the Enforcement Office (EO), all headed by Directors.

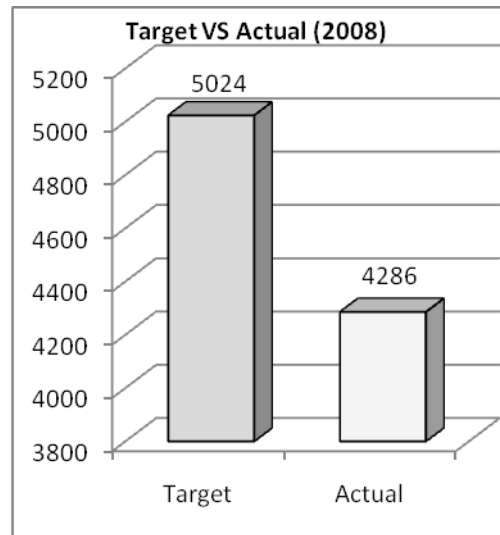
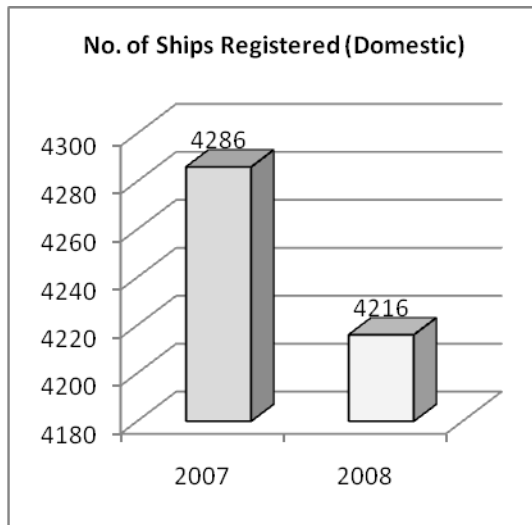
The 10 MARINA Regional Offices are as follows:

1. MARINA RO I & II - La Union Maritime Regional Office (LUMRO)
2. MARINA RO IV - Batangas Maritime Regional Office (BMRO)
3. MARINA RO V - Legazpi Maritime Regional Office (LMRO)
4. MARINA RO VI - Iloilo Maritime Regional Office (IMRO)
5. MARINA RO VII - Cebu Maritime Regional Office (CMRO)
6. MARINA RO VIII - Tacloban Maritime Regional Office (TMRO)
7. MARINA RO IX - Zamboanga Maritime Regional Office (ZMRO)
8. MARINA RO X - Cagayan de Oro Maritime Regional Office (CDOMRO)
9. MARINA RO XI - Davao Maritime Regional Office (DMRO)
10. MARINA RO XII(GENSAN) - Cotabato Maritime Regional Office (COTMRO)

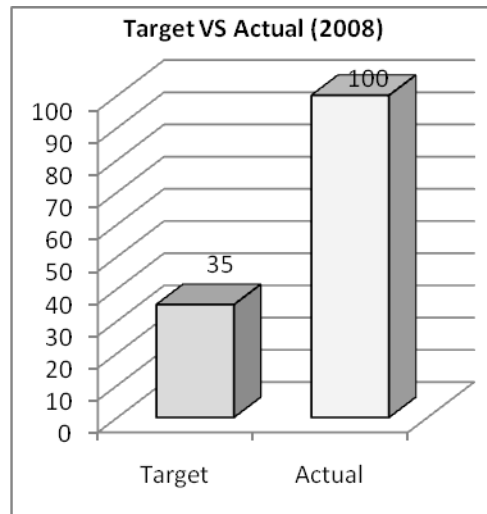
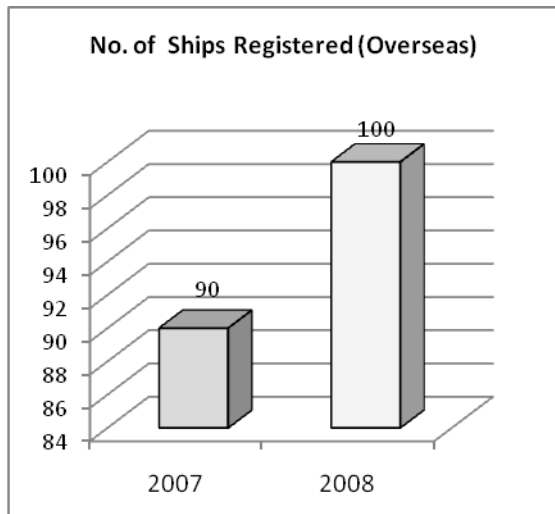
I. **OPERATIONAL HIGHLIGHTS**

The Philippine maritime industry’s will to survive amidst intensifying global economic storm and MARINA’s diligence in the performance of its regulatory and supervisory function become evident as one takes a glimpse of the Authority’s accomplishments as regards the five major performance indicators (PI) in the year 2008. To note, four (4) out of five (5) of these PIs exceeded the 2008 target, while the other one (number of ships registered) reached a not so low record of 86.7% accomplishment. Comparing 2008 accomplishments with that of 2007, all five (5) PIs recorded growths.

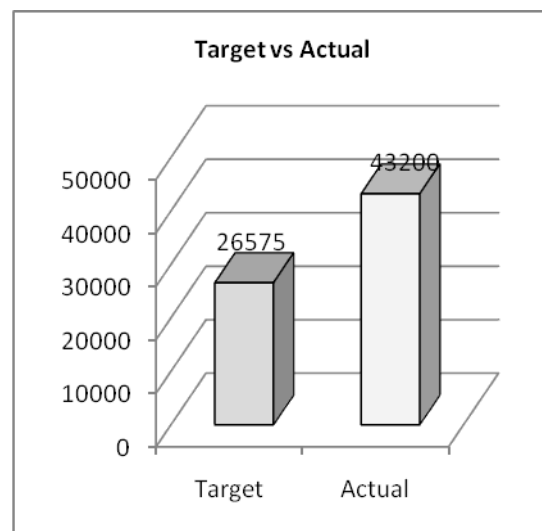
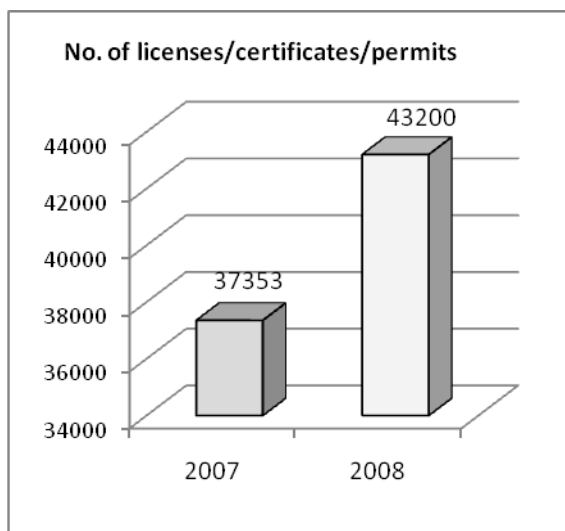
**Number of ships registered:** For the year 2008, this performance indicator which has been derived from the summation of the number of issued/reissued CVR/CN/PO, recorded 4,286 covering domestic ships. The figure is about 87% of the target but an increase of only about 2% from 2007 figure. Considering that the number of approved ship acquisitions is roughly 200, it can be inferred that the number of ships registered is composed mostly of re-issuances due to changes in the entries of said ship’s documents. These re-issuances may be regarded as a confirmation that a big portion of the number of ship registered in 2007 is still active/operating in 2008. The targeted figure was not quite achieved because the anticipated re-registration of ships which was considered in target setting did not push through.



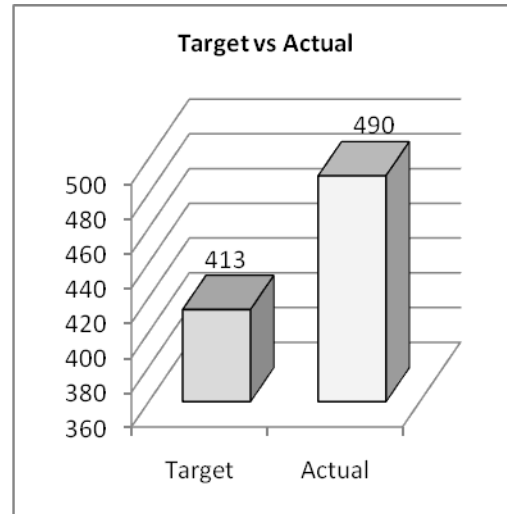
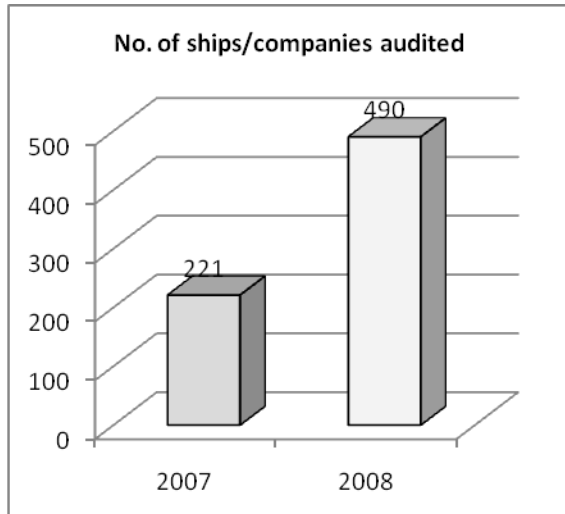
On the other hand, the number of registered ships plying overseas waters exceeded both target and 2007 figures by 286% and 11% respectively. This growth may be attributed to the positive image of Filipino ship managers in the international scene encouraging foreign ship owners to have their ships be registered and managed in the Philippines.



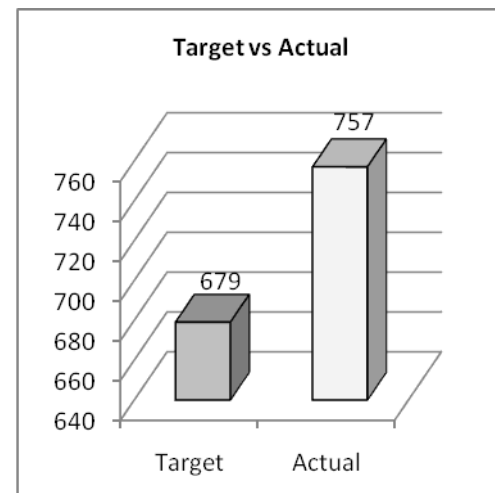
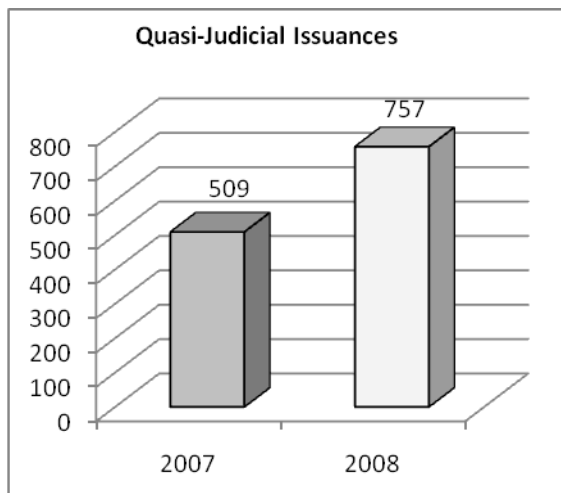
**Number of licenses/certificates/permits renewed:** This indicator increased by 16% from last year's figure of 37,353 and exceeded target by 62%. The Authority's stricter monitoring of expiring licenses may be contributory to these growths.



**Number of ships/shipping companies audited:** Audits conducted in 2008 exceeded the set target by about 19%. This scenario may likewise be attributed to MARINA's stricter enforcement of set rules and regulations coupled with the willingness of companies to comply with international standards.

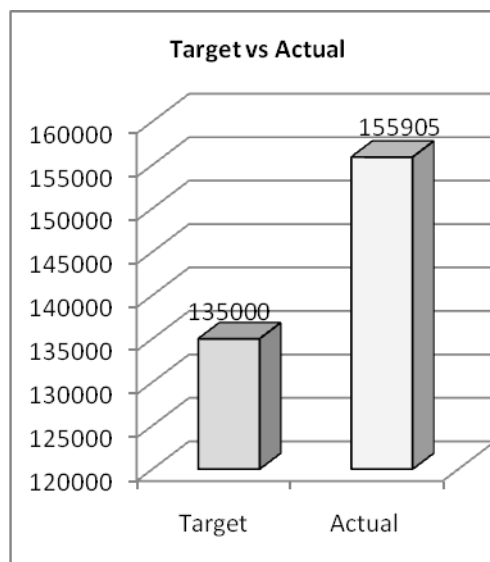
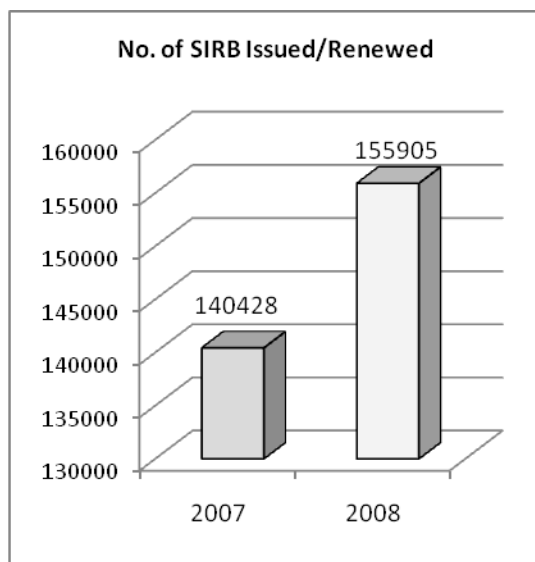


**Quasi-judicial issuances:** Composed of new CPC issuance, renewals, amendment and exemptions, this performance indicator increased by 49% from previous year's figure and likewise exceeded targeted figure for 2008 by 12%. Majority of these issuances however are amendments which may imply that ship operators are instituting measures to satisfy demand.



**Seafarer's Identification and Record Book (SIRBs) issued/renewed:** The number of SIRB issued/renewed in 2008 is 156,943 broken down to 108,126 from the CO and 48,817 from the MROs. The total figure showed an increased by 11% from the previous year's figure of 140,428 and exceeded target by 12%. It may be recalled that the MARINA assumed the issuance of the SIRB from the PCG in 1994 which resulted to a high turnout of SIRB applicants. As the issued SIRB has a validity of five (5) years, such high volume of SIRB renewals was observed again in

2008. Adding to this is the observed increase in the number of new issuances particularly in the MARINA Central Office (MCO). To note, new issuances at the MCO reached 27,294 in 2008 from 20,385 in 2007 (or 34% increase).



## II. PROMOTIONAL AND DEVELOPMENTAL ACTIVITIES

In support of the MTPDP 2004-2010, the Ten-Point Agenda of the Government and PGMA SONA Directives (2003/2006/2007) to implement the flagship program of a seamless multi-modal transport system known as the Strong Republic Nautical Highway, the MARINA Integrated Plan (RMIP) 2008-2010 has been formulated to prioritize activities toward the attainment of the above program thrust. In view thereof, highlighted hereunder are the following accomplishments of MARINA for CY 2008:

### A. **A well-developed merchant fleet providing logistic support for the movement of people and goods**

With the goal of modernizing the domestic merchant fleet, MARINA, pursuant to Rule XVIII, Sec. 3 of RA 9295, has drafted the MC on the Establishment of a Mandatory Vessel Retirement Program (MVRP) for Unclassed Ships. The draft MC is now being finalized based on the comment/s during the public consultation held in December 2007 and during the MANCOM EXECOM and TWG Meetings held in 2008. In line with this, MARINA is drafting the policy on the Classification of Ships in the Domestic Trade and Institutionalizing the Philippine Government (PG) Class to support the implementation of the Program.



To pursue the domestic shipping vessel expansion policy and to address its requirement of financial support through a sustainable ship modernization scheme, the MARINA is closely coordinating with the DBP - Maritime Leasing Corporation (DMLC) on the adoption of standard ship design for different types and sizes of ships for purposes of formulating ship financing schemes that would provide funding assistance for those shipowners/operators who would like to replace/modernize their fleet. For this purpose, standard ship designs for RORO ships of 200 and 400 GT, double-hull tanker and banca boats of wooden and FRP hull have already been developed. On 02 June 2008, MARINA and the DMLC entered into a Memorandum of Agreement (MOA) for the full implementation of the RRTS through the acquisition of modern RORO vessels to be leased to qualified operators under a lease finance arrangement. In this regard, the DMLC approved in CY 2008 the financing of three (3) RORO vessels to be built by local shipyards under the said lease financing scheme.

In support of the above modernization plan of the Domestic shipping sector RA 9295 likewise provided companies engaged in domestic shipping exemption from value added tax (VAT) on the importation and local purchase of ships including engine and spare parts, to be used by the registered ship owner in its transport operations. For 2008 alone, nine (9) domestic shipping companies have been endorsed to DOF for availment of VAT exemption on the importation of fourteen (14) vessels. The sector likewise has been continuously included in the list of priority areas under the BOI IPP.

Under Rule IV, Section 10 of the IRR of RA 9295, MARINA is mandated to identify and prescribe routes, zones or areas of operations to encourage, guide and advise shipowners/operators where shipping services are needed. MARINA on 30 May 2005 issued MARINA Advisory No. 2005-001 providing a list of 132 identified Missionary Routes. As of end 2008, there are already 197 identified missionary routes nationwide.

In line with the above mandate and to ensure sustained quality of shipping services, MARINA has adopted the (LTFRB) RMC formula to measure the capacity in terms of shipping services that can be provided by shipping companies/ships in a given route. In the 2<sup>nd</sup> Quarter of 2008, the RMC formula was pilot tested in selected ships plying the Manila-Cebu Route. To assess the applicability of the RMC formula in all domestic routes, MARINA has proposed to conduct Studies on "Route Rationalization and Route Measurement Capacity (RMC)" under the Japan International Cooperation Agency (JICA) Technical Assistance Program. The Studies shall aim to rationalize shipping services and prescribe route standards in the domestic trade. The draft Implementation Plan of the Studies was already prepared and submitted to JICA for comments.

Further, MARINA conducted regular audit to ensure compliance by shipping companies with the financial capability requirements under existing regulations. As of 30 June 2008, MARINA has assessed/evaluated the financial capability of 42 domestic ship owners/operators and prepared evaluation report prior to issuance of CPC.

To ensure compliance with safety standards, MARINA has conducted legalization of operation of colorum motorbancas in Binangonan, Rizal pursuant to MARINA Special Order No. 908-08 issued on 25 November 2008.

**B. A well-developed shipbuilding, ship repair and shipbreaking industry catering to national and international requirements;**

In compliance with EO 588 entitled, “Strengthening the Philippine Shipbuilding and Ship Repair Sector and Instituting Measures to Promote its Growth and Development” issued on 08 December 2006, MARINA, as the designated Lead Agency, drafted the Comprehensive Development Plan for the Philippine Shipbuilding and Ship Repair Industry aimed at strengthening the local shipbuilding capability and promoting the local shipbuilding and ship repair sector. This was completed by the Interagency Ad Hoc Committee and Technical Working Group (TWG) on 16 October 2007 and was endorsed to the Office of the President (OP) on 03 December 2007. MARINA still awaits for the approval of the SBSR Comprehensive Development Plan while continuing to pursue its goals under the RMIP 2008-2010 of strengthening the SBSR sector.

To foster more efficient operations and provide fiscal incentives to local shipyards, MARINA in coordination with PEZA, BOI and Shipyard Association has identified Subic, Bohol, Malita, Davao as priority areas where shipyards can be located and concentrated. Such areas maybe declared as ecozones wherein operations of the shipyard shall be registered with the BOI in order to reduce operating costs through incentives provided.

In support for the modernization of shipyard facilities, upgrading of shipyard capabilities and increase their competitiveness, MARINA under RA 9295, has provided incentives such as VAT exemption on the importation of capital equipment, machinery, spare parts, life-saving equipment, steel plates and other metal plates for the construction, repair, renovation or alteration of any merchant marine vessel operated or to be operated in the domestic trade. For 2008, seven (7) shipbuilding/ship repair companies have been endorsed to the DOF for availment of these incentives. In addition to this, the sector has been continuously included in the list of priority areas under the BOI IPP and has been enjoying tax and duties exemptions on the importation of materials and capital equipment for SBSR.

In order to promote joint venture/tie-ups and/or investment from modern shipyards in other countries with Philippine shipyards, MARINA conducted briefings/held meetings with prospective foreign investors such as., Mitsui Engineering of Japan, Consortium of Australia, American and Filipino Investors, Mitsubishi Engineering of Japan and Samsung Engineering of South Korea. It has also coordinated with officials of the Cooperative Association of Japan Shipbuilders (CAIS) and JETRO, Singapore and hosted the “Japan-Philippines Shipbuilding Forum” held at the Manila Peninsula Hotel on 28 January 2008.

Aggressive marketing of Philippine shipyards as an investment destination for SBSR business has been pursued through the provision of information materials to DTI and DFA in a joint effort to promote the sector.

To enable local shipyards to gain insights, knowledge and exposure on the global trends, developments and best practices in the SBSR industry, MARINA has conducted the Seminar on Modern Shipyard Operations and Best Practices on 26 September 2008.

### **C. Internationally-Respected Flag Registry and Maritime Administration**

To enhance the image of the country as a strong Maritime Administration and a responsible member of the International Maritime Community, MARINA has prepared an Action Plan in January 2008 to ready itself for an IMO Voluntary Member State Audit.

Pursuant to the BIMP-EAGA initiatives and agreements to implement measures towards promoting an efficient and integrated sea transportation system in BIMP-EAGA, a Memorandum of Understanding was forged on 02 November 2007 between the Governments of Brunei Darussalam, Indonesia, Malaysia and the Philippines. MARINA, on its part has prepared an action plan covering the areas of ship security, ISM for ships in the growth area and capacity building for MARINA personnel. In 2008, MARINA has implemented ISM for ships in the BIMP-EAGA and institutionalized a capacity-building program for MARINA personnel through the conduct of planning workshop/ seminars/ trainings on CIQS on 29 January and 9-11 July 2008.

With the continuous decline in the number of Philippine registered overseas fleet, MARINA is set to formulate new policy measures which will promote and expand the registry of ships in the Philippines and provide a framework that will enable its overseas shipping companies to compete globally. In this regard, MARINA, in coordination with relevant government agencies/entities and private sector associations, drafted an Executive Order on the "Promotion and Expansion of the Philippine Ship Registry". The proposed EO is designed to open the Philippine flag registry to foreign players in the global shipping industry and is expected to increase the number of Philippine registered ships engaged in international shipping. Foreign owned ships can be registered under the Philippine Flag provided that such ships are engaged only in foreign trade and managed by a ship management company duly incorporated under the Philippine Law. The draft Executive Order (EO) was re-transmitted to the DOTC on 24 January 2008 incorporating therein the minor revisions proposed by the DOTC-Legal Services.

On the enhancement of the competitiveness of Philippine flag vessels, Further in CY 2008, status of Merchant Shipping Agreements being negotiated/pursued by this Authority are as follows:

- RP - Netherlands – on 28 May 2008 MARINA hosted the 9<sup>th</sup> RP- Netherlands JCMA Meeting in Manila. Draft Addendum No. 3 to the MOU which concerns the issuance of Seafarers Identification and Record Book duly issued by the Philippines to Filipino seafarers on board Netherlands ships shall be recognized by the Ministry of Transport of the Kingdom of Netherlands without the need of issuing Netherlands issued seamans book.
- RP - Germany – Ongoing negotiation with the Federal Republic of Germany which may lead to possible agreement between the Parties.
- RP - Panama – The Philippine proposal for the RP-Panama Merchant Shipping Agreement was drafted and transmitted to the DFA-Office of American Affairs (OAA) for comments and possible negotiation. A meeting of the NEDA-TRM Sub-Committee on Shipping was scheduled in 2008.
- RP - Saudi Arabia – The proposed RP-Saudi Arabia Merchant Shipping Agreement is still being reviewed to ensure that necessary changes which may be beneficial to both Parties are duly incorporated in the proposed Agreement.
- RP - Iran – Conducted a Meeting of the NEDA-TRM Sub-Committee on Shipping on 22 April 2008 to review the counter proposal relative to the draft Merchant Shipping Agreement between the Islamic Republic of Iran and the Philippines.
- RP - Vietnam – Prepared Aide Memoire on the RP-Vietnam Agreement on Maritime Merchant Shipping on 11 February 2008. Conducted a meeting of the RP-Vietnam Joint Commission for Bilateral Cooperation (JCBC) NEDA-TRM Interagency on 12 and 21 February 2008.

In line with Philippine Government's international commitment and pursuant to the DOTC-DO No. 2007-42 issued on 05 November 2007, MARINA was designated as the lead on Maritime Sub-Committee and Program Sub-Committee in the hosting of the 30<sup>th</sup> APEC Transportation Working Group (TPT-WG) Meeting held in Manila on 14-18 April 2008. Special Order No. 064-08 on the Constitution of Membership and Terms of Reference of the said Committees was issued for this purpose. In this regard MARINA was tasked to provide administrative and technical staff support to this undertaking and until the duration of the Lead Shepherdship of the Philippines.

#### **D. Prime employer/supplier of qualified seafarers**

To sustain the image of the country as the premier supplier of globally competitive seafarers, MARINA, thru the coordinative efforts of maritime schools and shipping companies worked to improve the Shipboard Service Training Program to ensure a reservoir of trained and competent maritime manpower to address the growing requirements of marine and deck officers in both the domestic and international shipping industry. In this regard a Memorandum of Understanding was drafted and presented on 14 March 2007 to concerned shipping companies and PAMI incorporating the provision for shipping companies to take in cadets for on board training. To implement this, MC 3 on "Apprenticeship Training of Graduates of Philippine Nautical Schools and Marine Engineering Institutions", requiring domestic shipping companies to accommodate at least 2 cadets [one (1) deck and one (1) engine] per ship is being revised. The draft MC was deliberated upon during the MARINA Board meeting on 11 June 2008 and was recommended for further revision and public consultation prior to resubmission to the Board.

On the development of training programs to qualify seafarers/maritime personnel as ship managers/officers, MARINA has conducted the Pilot testing of the Basic Training on the Carriage of Dangerous Hazardous and Harmful Materials in Packaged Form in the Domestic Trade at the NYK-Fil Maritime Training Center, Casa Marinero in January 2008 which was participated by MARINA personnel and private sector representatives.

To develop and maintain a pool of qualified MARINA Trainors and Assessors, MARINA conducted on 4-11 June 2008 IMO Model Course 3.12 (Assessor's Course) in Bacolod which was attended by MARINA personnel from the CO and the MROs.

Relative to the effective implementation of the STCW Convention, an Executive Order was drafted on "Institutionalizing the Maritime Industry Authority (MARINA) as the Maritime Administration, Abolishing the Maritime Training Council (MTC), repealing letter of Instructions No. 1404 dated 01 May 1984 and other Executive Order for this Purpose". A Stakeholders Meeting was convened by the PMS last 10 April 2008 and attended by concerned government entities and the private sector to include seafarers, ship owners, ship managers, manning agents and maritime institution representatives which expressed their concerns on the effective implementation of the STCW Convention. However, on the same date, a Memorandum by the Acting Secretary Bunye of the Office of the President was issued maintaining the status quo of the Maritime Training Council (MTC).

## **E. Excellent maritime safety records**

To complement the ongoing effort of MARINA to strictly monitor compliance and enforcement of maritime safety rules and regulations, a Committee was created pursuant to Special Order No. 177-08 issued on 06 March 2008 that will institutionalize a reporting system and analysis of maritime accidents/incidents in the country. The Committee had drafted the guidelines and procedures relative to the conduct of analysis of maritime accidents/incidents. Likewise some 20 MARINA technical staff in the Central Office attended an ISM Auditors Training Course which was conducted by the American Bureau of Shipping (ABS) on 26-30 November 2008 at the Bayview Park Hotel, Manila.

On the other hand, the Revised 1997 PMMRR is currently being reviewed for further revision and once finalized shall be subjected to public consultation.

The Office of Insurance Commission (OIC) approved a Standard Insurance Policy (all risks, no fault) that complies with the explicit requirements on Compulsory Passenger Insurance Coverage under RA 9295 and its IRR. This Standard Insurance Policy/Contract was initiated to address the difficulty of victims of maritime accidents in claiming benefits due them as manifested by previous maritime accidents, e.g., Doña Paz, wherein not all the victims were already paid. Luckily, the insurance company of the ill-fated MV Princess of the Stars has been accredited and the victims were benefited under this new Standard Insurance Policy. To date, there are 20 insurance companies accredited by the OIC to implement this new Insurance Contract.

## **F. Efficient and effective delivery of services**

To efficiently and effectively deliver its frontline services to the public and other stakeholders, MARINA continued to implement programs for the development of its manpower resources. Pursuant to CSC Resolution No 070733 dated 11 April 2007 and CSC MC No.7 dated 18 April 2007 relative to the Installation of the Performance Management System (PMS) in the Civil Service, Administrative Order No. 06-08 was issued by MARINA on 08 February 2008 on the Guidelines on the Implementation of the Performance Management System (PMS) in the MARINA which aims to objectively link the employee's performance with the agency's vision, mission and strategic goals as a way to create a culture of individual and collective efficiency, productivity, accountability and performance-based security of tenure in government. One of the components of this is the Office Performance Evaluation System (OPES) which is a means of measuring the performance of an office through a Point System. To date, MARINA has prepared its OPES Table for possible adoption and implementation.

Under MFO 1:

### On the Information Systems Implemented

- In August 2008, MARINA has acquired software for the servers in the implementation of the enhanced SIRBAS, the system in the issuance of Seafarers Identification Record Book (SIRB).

## On the Policies, Rules and Regulations Issued

- A total of eight (8) policies were issued for CY 2008 which are as follows:

### **MARINA CIRCULARS**

Out of the 13 targeted policy issuances for CY 2008, only 8 or 62% were officially issued while the rest were approved by the MARINA Board but still subject for further revisions. Aside from MARINA Circulars issued, there are also 21 MARINA Advisories issued in the same year. A MARINA Advisory provides pertinent information on the implementation of a future policy.

Below is a summary table showing the number of policies, rules and regulations issued for the year.

MFO 1: Number of policies, rules and regulations issued for the following sectors:

Sector	Target	Actual
1. Domestic Shipping	2	2
2. Overseas Shipping	-	-
3. Maritime Manpower	2	1
4. Shipbuilding and Shiprepair	4	-
5. Maritime Safety	5	4
6. General		1
Total	13	8

### Domestic Shipping Sector

1. MARINA Circular No. 2008-05 – Rules on the Collection of Annual Tonnage Fees. (Issued on 06 September 2008)

This MARINA Circular applies to all Philippine registered ships in the domestic trade except fishing vessels three (3) gross tons and below where the registration of the same is devolved to the Local Government Units (LGU's) as provided under Executive Order No. 305 and its implementing Rules and Regulations. This Circular adopts and prescribes the rules on the collection of Annual Tonnage Fee to enable the Authority to effectively and efficiently administer, supervise and regulate domestic shipping for the promotion and development of the country's maritime industry.

2. MARINA Circular No. 2008-07 – Revised Rules on the Collection of Annual Tonnage Fees. (Issued on 27 November 2008). This Circular amends MARINA Circular No. 2008-05.

Approved by the MARINA Board in its Meeting held on 28 April 2008 but still subject for further revision

- Draft MARINA Circular on the Amendment of the IRR of RA No. 9295. The Board approved all the new proposed revisions of the IRR, except the new formula on financial capability and on the proposed exemptions of tugs and barges from CPC issuance. The Board required that the issuance of Special Permit to foreign-registered ships to operate in the domestic trade should be approved by them. It is further required that MARINA shall have an omnibus submission of all amendments to the IRR.

### Maritime Safety Sector

1. MARINA Circular No. 2008-01 – Rules Governing the Carriage of Dangerous and/or Hazardous Cargoes or Goods in Packaged Form for Ships Plying the Domestic Trade (Issued on 18 January 2008). This MARINA Circular, which applies to all Philippine-registered domestic ships, except those specifically classified/designed to carry in bulk a particular class/type of dangerous and/or hazardous cargoes or goods, provides rules for the carriage of dangerous and/or hazardous goods in packaged form by ships in the domestic trade. (Implementation of this MC was deferred pursuant to MARINA Advisory No. 2008-04)
2. MARINA Circular No. 2008-02 – Rules to Implement the Master's Oath of Safe Voyage (Issued on 18 January 2008). This MARINA Circular applies to all Masters of Philippine-registered ships engaged in the domestic trade, pursuant to the provisions of SOLAS '74, as amended, whereby the Master has the overriding authority and responsibility over the safe operation of a ship. The Circular provides the rules to implement the Master's Oath of Safe Voyage (MOSV) in the domestic trade, providing the Administration and the Company a tool to ensure the maintenance of seaworthiness of Philippine-registered ships engaged in the domestic trade at all times. (Implementation of this MC was deferred pursuant to MARINA Advisory No. 2008-04)
3. MARINA Circular No. 2008-03 – Rules and Regulations to Implement the Code of Safe Practice for Cargo Stowage and Securing in Domestic Shipping (Issued on 18 January 2008). This MARINA Circular applies to all domestic ships carrying cargo units other than solid and liquid bulk cargoes and timber stowed on deck except open-decked wooden-hulled ships with outrigger and below 35 GT. This Circular provides rules and regulations to implement the Code of Safe Practice for Cargo Stowage and Securing in the Domestic Trade, and institutionalizes the Cargo Securing Manual as part of the safety requirement for these ships. (Implementation of this MC was deferred pursuant to MARINA Advisory No. 2008-04)
4. MARINA Circular No. 2008-08 – Rules to Implement Safety Measures for Passenger Ships with Open Decks (Issued on 12 December 2008)

Approved by the MARINA Board in its Meeting held on 14 November 2008 but still subject for further revision based on the result of the public consultations held on 18-20 November 2008 in the MARINA Central Office and MARINA Regional Offices:

- Draft MARINA Circular on the Capacity Markings with MARINA Hotline (20 GT and below). (Amendment of MC 175)
- Draft MARINA Circular on the Rules Reiterating Safety Measures and Imposing a Penalty of P 100,000 per Passenger in Excess of its Maximum Authorized Passenger Capacity

#### Maritime Manpower Sector

1. MARINA Circular No. 2008-04 - Revised Guidelines on the Issuance of Enhanced Seafarers Identification and Record Book (SIRB) (Issued on 09 February 2008). This MARINA Circular amending MC No. 163 applies to every seafarer who is engaged in any capacity onboard any foreign-flagged ship, as well as Philippine-registered ships of 35 GT and above. The amendatory Circular aims to enhance the security features of the existing system for the efficient and effective provision of identification document for Filipino seafarers.

Approved by the MARINA Board in its Meeting held on 11 June 2008 but still subject for further revision and public consultation:

- Revised MC 3 on Apprenticeship Training of Graduates of Philippine Nautical Schools and Marine Engineering Institutions

Approved by the MARINA Board in its Meeting held on 14 November 2008 but still subject for further revision based on the result of the public consultations held on 18-20 November 2008 in the MARINA Central Office and MARINA Regional Offices:

- Draft MARINA Circular on the Issuance of SIRB for seafarers onboard domestic ships below 35 GT
- Draft MARINA Circular on the Revised Rules in the Issuance of Qualification Document Certificate (QDC) for Domestic Seafarers, now referred to as D-Certificate of Competency (D-COC)

#### General

1. MARINA Circular No. 2008-06 – New and Rationalized Fees and Charges. (Issued on 06 September 2008) – This MARINA Circular applies to all shipping companies, ship owners, ship operators, ship building and/or ship repair yards owners and/or operators, seafarers, manning agents and other maritime entities and other concerned. The Circular provides the new and rationalized fees and charges pursuant to RA 9295, PD 474, EO 125 (as amended) and EO 197.



## **MARINA ADVISORIES**

1. MARINA Advisory No. 2008-01 - Coverage of MARINA Circular No. 2007-01 on the Rules to Implement Double Hull Requirement Under MARPOL 73/78, Annex I, As Amended, On Oil Tankers Operating in Philippine Domestic Waters (Issued on 11 January 2008).
2. MARINA Advisory No. 2008-02 –on the Continued Implementation of the MARINA-PCG MOA of 2005 on the Agreement that the provisions of the MOA dated 14 September 05 will still be implemented by the concerned parties (Issued on 18 January 2008).
3. MARINA Advisory No. 2008-03 – on the Implementation of recently approved MARINA Circulars 2008-01, 2008-02 and 2008-03 (Issued on 22 January 2008)
4. MARINA Advisory No. 2008-04 - Deferment of the Implementation of MARINA Circulars 2008-01, 2008-02 and 2008-03 (Issued on 15 February 2008).
5. MARINA Advisory No. 2008-05 - Implementation of the Revised Guidelines on the Issuance of Enhanced Seafarers Identification and Record Book (SIRB) (Issued on 26 February 2008)
6. MARINA Advisory No. 2008-06 - Implementation of IMO Resolution A.955(23) – Amendments to the Principles of Safe Manning Resolution A.890(21) (Issued on 14 March 2008).
7. MARINA Advisory No. 2008-07 - Extension of Operation for Some Single Hull Tankers/Barges, and Penalty for Non-compliance with MC 2007-01 (Issued on 23 April 2008)
8. MARINA Advisory No. 2008-08 - Amendment of MARINA State Advisory No. 2008-05. The Advisory is issued for the purpose of lifting the temporary deferment/suspension of the provision on revalidation of SIRB under MARINA Circular 2008-04 (Issued on 26 May 2008).
9. MARINA Advisory No. 2008-09 – Adoption of the New Ship Security Officer (SSO) Certificate Format and Administrative Guidelines (Issued on 18 July 2008).
10. MARINA Advisory No. 2008-10 – Temporary Suspension of Practicum Trainings On-Board the Passenger Vessels of Sulpicion Lines Inc. (Issued on 11 July 2008).
11. MARINA Advisory No. 2008-11 – Report on Marine Casualties and Incidents (Issued on 05 August 2008).
12. MARINA Advisory No. 2008-12 – Compliance of All Philippine Registered ships Operating in International Waters to Observe the Rule in Flying the National Colors (Issued on 26 July 2008).
13. MARINA Advisory No. 2008-13 – Adoption of Long Range Identification and Tracking System (LRIT) (Issued on 15 August 2008)
14. MARINA Advisory No. 2008-14 – Implementation of Fees and Charges prescribed under MARINA MC No. 2008-04 which provides the “Revised Rules on the Issuance of Enhanced Seafarers Identification and Record Book” (Issued on 21 August 2008)

15. MARINA Advisory No. 2008-15 – Authentication of Certificates/Documents by MARINA (Issued on 01 November 2008)
16. MARINA Advisory No. 2008-16 – Coming into Force of the Bunkers Convention (Issued on 08 November 2008).
17. MARINA Advisory No. 2008-17 – Implementation/Operationalization of the MARINA Central Receiving Unit (Issued on 14 November 2008).
18. MARINA Advisory No. 2008-18 – Coverage of MC No. 2007-01 on the Double-Hull Requirements for Tankers carrying Heavy Grade Oil and Other Persistent Oils (Issued on 26 November 2008).
19. MARINA Advisory No. 2008-19 – Reiteration of Cash Bond Requirement under FSAA 2008-07 for Temporary Carriage of Heavy Grade Oil by Single-Hulled Tankers (Issued on 26 November 2008).
20. MARINA Advisory No. 2008-20 – RP Preparation for Compliance with Long Range Identification Tracking (LRIT) on Ships (Issued on 05 December 2008).
21. MARINA Advisory No. 2008-21 – New Requirements for Liaison Officers in Processing Onboard Applications for the Issuance of SIRB (Issued on 05 December 2008)

In support of the thrust and programs of the government, MARINA actively participated in the following undertakings:

1. Pursuant to DOTC Special Order No. 2007-111, MARINA has completed the draft Implementing Rules and Regulations of RA 9483 known as “An Act Providing for the Implementation of the Provision of the 1992 International Convention on Civil Liability for Oil Pollution damage and the 1992 International Convention on the Establishment of an International Fund for Oil Pollution Damage, providing violations thereof, and for Other Purposes”. The draft IRR was submitted to DOTC in the 4<sup>th</sup> quarter of 2007. Presently, an appeal was submitted by the tanker operators to the DOTC Secretary and Senator Pia Cayetano for their consideration to stop the implementation of the Act.
2. Pursuant to OP-Memorandum Order No. 244, MARINA actively participates in the crafting of the Philippine Merchant Shipping Bill in coordination with the DOTC and the NMD Team. The draft Bill covering all maritime sectors aims to resolve and determine the needed legislative measures that will enhance the development of the Philippine maritime sector.
3. Pursuant to OP Administrative Order No. 123 and OP EOs 170A/170B on the Strong Republic Nautical Highway (SRNH)/Road-Roll-on/Roll-off (RORO) Project, MARINA actively participates in interagency meetings and encouraged shipping operators/investors in the provision of shipping services in the Eastern, Western and Central Nautical Highway. These routes are connected by a network of roads leading to RORO ports and serviced by a fleet of specialized RORO vessels. As of end 2008, there are 60 identified RORO routes nationwide. Out of this 60 RORO routes, 16 were identified as SRNH routes of which 10 are with existing services and 23 were identified as lateral routes of which 8 are with existing services. In line with this, MARINA had also assisted, participated and coordinated in the

preparation of activities as well as in the actual conduct of the Caravan in the Central Nautical Highway on 26-30 April 2008.

4. In line with the Ten-Point Agenda of the Government under the MTPDP 2004-2010 on the development of the Roll-On Roll-Off/Multimodal Transport Systems and Logistics Services, MARINA continued to provide support to the DOTC project proposal under JICA entitled "A Master Study on the Development of an Integrated Transport & Logistic system in RP". As of 1<sup>st</sup> semester 2008, MARINA attended various meetings relative to the above program.
5. Pursuant to DOLE Administrative Order No. 56, MARINA actively participated as member of the TWG on the Tripartite Consultations on the extent of compliance of Philippine laws and regulations to the requirements of ILO-Maritime Labor Convention (MLC) 2006 such as: DOLE TWG Meeting on 17 & 21 April 2008 and ILO Tripartite Meeting with Ms. Cleopatra Henry of ILO on 23-25 April 2008. The result of the Consultations will be presented for further study and recommendations of the ILO High Level Tripartite Mission (HLTM). This will serve as basis to help the Philippines move towards ratification of the Convention. The Maritime Labor Convention is targeted for submission to the DFA for ratification in May 2009. Special Order No. 558-08 was issued on 17 June 2008 on the Constitution of an Ad Hoc Committee to prepare an Action plan for the ratification and implementation of the MLC 2006 by the Philippines.

### **III. INSTITUTIONAL DEVELOPMENTS**

#### **A. Manpower Complement**

The total work force of the MARINA as of end 2008 is 437, out of which 55% or 240 employees belong to the Central Office Units while 45% or 197 employees are with the MROs. This includes 40 TELOF personnel which were detailed in MARINA due to the streamlining/rationalization of their Agency's organizational structure. The 40 TELOF personnel were distributed among the MARINA Central Office and Regional Offices with 27 or 68% assigned at the CO and 13 or 32% with the MROs. In addition, 10 personnel were hired on a job contract basis to complement the increase in MARINA's manpower requirement.

#### **B. Continuing Human Resource Capability Development**

As of 2008 a total of nineteen (19) international seminars/conferences/meetings such as in IMO, STW, BIMP-EAGA, ASEAN, UNESCAP, Asian Shipbuilding Experts Forum, among others, were attended by some twenty two (22) MARINA officials and employees.

Two (2) MARINA employees were granted scholarship to pursue Post-Graduate Programs in Maritime Affairs in WMU, Sweden and in Public Administration in Japan.

On the other hand, a total of fifty five (55) local trainings, seminars, conferences and workshops were attended by MARINA officials and employees for the same period.

### C. MARINA Proposed Rationalization Plan

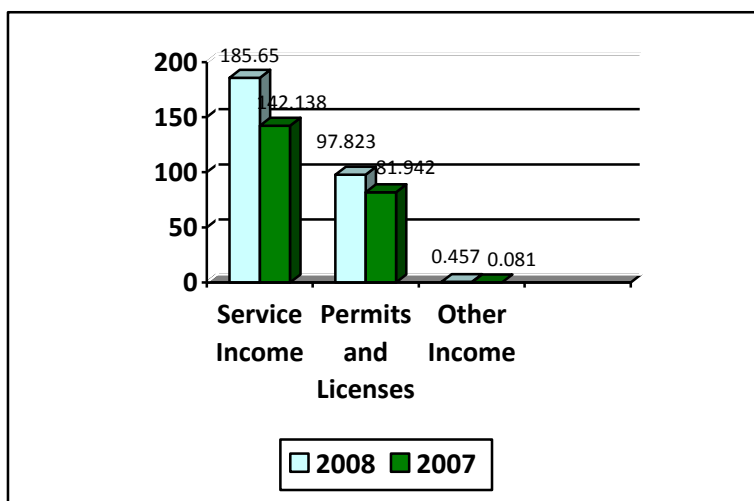
Under EO No. 366 on the Rationalization Program of the government which calls for a strategic review of government agencies operations and functions for the purpose of enhancing its efficiency and effectiveness, further revisions of the MARINA Rationalization Plan was undertaken during the year and a nationwide consultation with its employees were held prior to its finalization. Among the significant changes proposed in the MARINA Organizational Structure are as follows:

- Reduction in the number of Offices in the CO from eleven (11) to eight (8) as a result of the merger/consolidation of offices with similar/related functions;
- Establishment of a Training Institute under the Office of the Administrator;
- Strengthening and expansion of the Enforcement Office to cover areas in Luzon, Visayas and Mindanao;
- Strengthening and expansion of Ten (10) MARINA Regional Offices; and
- Establishment / regularization of eight (8) MARINA Extension Offices.

### D. Financial Performance

The MARINA has been authorized under the CY 2008 General Appropriations Act with a total appropriations of Php 306.262 million This is higher by 21% as compared to the 2007 appropriated budget. Out of the total budget of MARINA, 40% was allocated for Personal Services (PS), 47% for Maintenance and Other Operating Expenses (MOOE) and 12% for Capital Outlay (CO). Total obligations incurred by MARINA for its operations during the year amounted to Php 294.269 million.

In the same year MARINA posted a total revenue of Php 283.930 million or 26.7% higher than the Php 224.161 million generated in 2007. This comprised of Php 97.823 million from permits and licenses, Php 185.650 million from service income and Php .457 million from other income. It is notable to point that other income increased by 464% from Php .081 million as well as service income by 31% from Php 142.138 million in 2007.



Under Permits and Licenses, the bulk of income comes from permit and registration fees which comprised 34% and 27% respectively. This may be attributable to the increase in the number of registered ships for overseas trade and permits renewed which exceeded the 2008 target. On the other hand the source of Service Income comes mostly from processing fees which comprised 58%. This may be credited to an increase in the number of SIRB issuances particularly in the MARINA Central Office (MCO) by 34% or 27,294 in 2008 from 20,385 in 2007.

**Classification / Sources of Income**  
As of December 2008

Sources of Income	Consolidated Income (Php)	Percentage
<b><i>Permits &amp; Licenses</i></b>		
Franchising & Licensing Fees	16,121,732.07	17 %
Permit Fees	33,482,162.95	34 %
Registration Fees	26,255,974.82	27 %
Other Permits & Licenses	10,839,789.62	11 %
Fines & Penalties	11,123,148.93	11 %
	<b>97,822,806.39</b>	<b>100 %</b>
<b><i>Service Income</i></b>		
Seminar / Training Fees	225.00	0
Examination Fees	239,100.00	0
Clearance & Certification Fees	5,627,985.11	3 %
Inspection Fees	34,700,302.41	19 %
Processing Fees	107,646,220.5	58 %
Other Service Income	34,502,597.96	18 %
Fines & Penalties	2,933,455.28	2 %
	<b>185,649,886.26</b>	<b>100 %</b>
<b><i>Other Income</i></b>		
Miscellaneous Income	<b>456,939.35</b>	<b>100 %</b>
<b>Total Income</b>	<b>283,929,632.00</b>	

Source: MARINA-AFO