

## Compliance of Domestic Shipping Operators at Batangas Port to RA 9295

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**Abstract** - *The study determined the compliance of the domestic shipping operators at Batangas Port to Republic Act 9295 also known as Domestic Shipping Development Act of 2004. It described the profile of the respondents in terms of age, sex, designation, and department/office where the respondents work; determined how the domestic shipping operators at Batangas Port comply with Republic Act 9295; identified the problems encountered by the respondents in implementing Republic Act 9295. The researcher made use of descriptive correlational method. The study revealed that majority of the respondents fall on adult age, female and with considerable number of years working at a government agency overseeing the maritime industry. The domestic shipping operators of Batangas Port very much complied with the provisions of Republic Act 9295. The respondents disagreed that there were problems encountered in the law implementation. Such include shipping operators' failure to observe schedule of trips, aging manpower and personal limitations in doing fieldworks as well as implementation of the mandatory vessel retirement program, checking if the deputized agency conducts security inspection prior to ships' departures routes and failure of the operators to maintain its vessels in safe and serviceable condition, implementing of rules on over-tonnaging and schedule of trips reservation. The respondents' profile variables were not contributory to the compliance of domestic shipping operators at Batangas Port to Republic Act 9295.*

**Keywords** – Domestic Shipping Operators, Batangas Port, Philippines, RA 9295

### I. INTRODUCTION

The Philippines is an archipelago endowed with vast human resources, natural and man-made tourist attractions. The Philippine government takes cognizance of the enormity of a dynamic economy for the best interests of the Filipinos. As the biggest initiator of economic interplay, the government subsidizes the provision and modernization of the inter-modal transport systems. Accessibility and public mobility are among its primordial concerns. The provision of infrastructures for land, air and sea transport systems can spur economic activities and disperse the benefits of national development among its island provinces. As such, better resources management and equal growth opportunities are ensured. Maritime safety, efficient maritime transport and navigational system as well as safety of humans and the environment are among the prioritized concerns of those engaged in maritime industry such as the Philippine Port Authority-Port Management Office Batangas (Aguado & Javier, 2012).

The Aquino Administration with its Public-Private Partnership (PPP) aims to continuously improve the inter-modal transportation systems among its priority projects. The PPP Center identified 21 projects to be

funded by the government. These are Automatic Fare Collection System, Integrated Transport System (ITS) Project and Establishment of Cold Chain Systems Covering Strategic Areas in the Philippines to name a few. In this light, the government continuously encourages the active participation of private sectors to venture on the transportation industry thru the incentives provided by law.

The above-mentioned government efforts brought steady pace of progress on the aspects of maritime fleet inventory of the country, inter-connectivity of the economic hubs, route development, transport services improvement, outpouring investments and entrepreneurial activities. These make domestic shipping a major mode of transportation which supports the tourism, agro-fisheries modernization and food security programs of the government. The operation of roll-on roll-off vessels is the main driver of transport cost reduction with the efficiency of both upstream and downstream supply chain as it reduces the delivery lead time, product damages, warehousing cost, improves inventory management and eliminated the other auxiliary cost.

The Philippines is a maritime country included in the UNCTAD's list of 35 most important maritime

countries in the world based on the number of registered ships and their deadweight tonnage. Despite being a maritime country, the Philippines has no maritime code. Its maritime laws are scattered and not compiled. The laws can be found in statutes such as Republic Acts, Presidential Decrees, Batas Pambansa, Executive Orders, Letter Instructions and many issuances of the government maritime agencies (Oblepias 2005).

The domestic shipping operation in Batangas Port brings steady pace of progress, inter-connectivity of the economic hubs, route development, transport services improvement, outpouring investments and entrepreneurial activities.

When Republic Act 9295 otherwise known as the Domestic Shipping Development Act of 2004 was implemented by Batangas Maritime Regional Office (BMRO) in 2005, it stirred changes in the manner of franchising and the characteristics of the domestic shipping operation at Batangas Port. The distinctiveness and the business climate in Batangas Port were probably brought by the Republic Act 9295. It most likely influenced the operational decisions of the domestic shipping operators. To this date, Maritime Industry Authority (MARINA) has no official assessment of the efficiency of RA 9295. It stimulated the researcher to quantify the extent of the compliance of the shipping operators at Batangas Port to Republic Act 9295.

By virtue of Presidential Decree No. 474 created the Maritime Industry Authority (MARINA) on June 1, 1974. Its original mandate is to integrate the development, promotion and regulation of the maritime industry in the country. On July 23, 1979, Executive Order No. 546 attached MARINA to DOTC (from the Office of the President) for policy and program coordination. Executive Order 1011 abolished the board of Transportation and transferred the quasi-judicial functions pertaining to water transportation to the MARINA (MARINA-JICA Databook, 2005).

The significant reforms introduced by Republic Act 9295 are the following (1) grant investment incentives to domestic shipping operators (2) deregulation of the domestic shipping rates (3) grant of regulatory power of intervention to MARINA, when necessary (4) retention of power to inspect ships and all equipment onboard ships by the MARINA (5) expanded power/authority/jurisdiction of MARINA (6) compulsory insurance coverage for passenger and cargo (7) reiteration of the principle against lifting of the cabotage or the opening up of the domestic trade to foreign-flagged ships, except in specified instances (8) grant of shipbuilding and ship repair investment

incentives (9) restriction on vessel importation if proven that MARINA registered shipyards were capable of building ships below 500 gross tons (10) yearly evaluation of progressive capabilities of MARINA-registered shipyards (11) mandatory classification of ships in the domestic trade (12) mandatory retirement program for un-classed ships. (MARINA-JICA Databook 2005)

A liberalized and conducive environment was fostered by the government for vessel acquisitions and operations which simultaneously gave its serious attention to the improvement of maritime safety in domestic shipping operations, especially in the light of the numerous maritime accidents that have been occurring over the years. Government programs in this regard were essentially guided by the need to address the attendant concerns related to vessel seaworthiness, the need to insure crew competence, and the provision of essential aids-to-navigation (Lorenzo 2000).

Assessing the compliance of the domestic shipping operators at Batangas Port to Republic Act 9295 can be done by identifying the starting point from which it can be compared. The actual gauging of the compliance level was based on the perspective of the employees of BMRO. The researcher used the provisions of Republic Act 9295 as yardsticks to measure the compliance of the domestic shipping operators at Batangas Port to Republic Act 9295. The researcher also identified the problems encountered by the respondents on each specified provision of the Republic Act 9295. The extent of the problem as perceived by the implementing agency may define the suitability and applicability of the Republic Act 9295 in the domestic shipping operations at Batangas Port as well as the efficiency of the BMRO in the law implementation.

The data that can be generated from this research can be used to comprehensively describe the profile of the employees of BMRO who are the government's overseers for shipping industry. BMRO can measure their actual performance in the law implementation, promoting the shipping industry, monitoring and regulatory functions. The results can be matched up to the performance of other maritime regional offices. In addition, the data obtained from this study were indirect inputs of domestic shipping companies operating at Batangas Port outlining the suitability and applicability of the Republic Act 9295.

## II. OBJECTIVES OF THE STUDY

The study aimed to determine the compliance of the domestic shipping operators at Batangas Port to Republic Act 9295 also known as Domestic Shipping

Development Act of 2004. Specifically, it described the profile of the respondents in terms of age, sex, designation, and department/office where the respondents work; determined how the domestic shipping operators at Batangas Port comply with Republic Act 9295; identified the problems encountered by the respondents in implementing Republic Act 9295 and test significant relationship between the profile of the respondents and the compliance of domestic shipping operators at Batangas Port with Republic Act 9295.

**Ho:** The study tested the hypothesis that there is no significant relationship between the profile of the respondents and the compliance of domestic shipping operators at Batangas Port with Republic Act 9295.

### III. METHOD

#### Research Design

The researcher used the quantitative analysis in assessing the compliance of domestic shipping operators at Batangas Port to Republic Act 9295 otherwise known as the Domestic Shipping Development Act of 2004. The researcher made use of descriptive correlational method to determine the relationship between the profile of the respondents in terms of age, gender, designation, department and length of service and the compliance of domestic shipping operators at Batangas Port to Republic Act 9295. The information was obtained from the respondents by way of survey questionnaires in order to describe the profile of the employees of Batangas Maritime Regional Office, extent of their compliance of domestic shipping operators at Batangas Port to Domestic Shipping Development Law and level of hindrances encountered by the respondents affecting the implementation of Republic Act 9295.

#### Participants

The respondents of the study were the twenty two (22) employees of Batangas Maritime Regional Office or the 100 percent of the population covered by the study.

#### Instrument

The researcher utilized a self-made survey questionnaire. The research adviser was consulted for the improvement of the instrument and to ensure that each item is relevant and aligned to the variables needed to be tested.

The questionnaire was divided into three relevant parts such as: PART I - Identification of the profile of the respondents overseeing the domestic shipping operations at Batangas Port including age, gender, designation, department/office and length of service; PART II - Compliance of the domestic shipping operators to the provisions of Republic Act 9295. This is composed of 17 items; PART III- Identification of the problems encountered by the respondents in implementing the Republic Act 9295. This part has 30 items. The researcher identified problems for each item in Part III. From the abovementioned data the researcher will determine if there is significant relationship between profile of the respondents and the compliance of the domestic shipping operators with Republic Act 9295. For Part II, the researcher used the verbal description and scalar value as follows: Very Much Complied (4), Complied (3), Less Complied (2) and Not Complied (1). For items in Part III the researcher used the verbal description and scalar value as follows: Strongly Agree (5), Agree (4), Uncertain (3), Disagree (2) and Strongly Disagree (1).

The instrument used was tested on its reliability. It was pilot tested among the employees of Montenegro Shipping Lines Inc., to check the clarity and intelligibility of the instrument. The result of the Cronbach's Alpha is 0.781 which indicated that the instrument is reliable and all items on it are acceptable.

#### Procedure

The researcher sought the permission of the Administrative Officer, Ms. Elvie Irene Paz M. Serrano of Batangas Maritime Regional Office to allow the distribution of questionnaires. The Executive Assistant, Ms. Maria Victoria V. Magtibay-Clemino assisted the researcher in facilitating the survey. The questionnaires were distributed among the respondents. The researcher interviewed the respondents on the aspects of the domestic shipping operations under their jurisdiction, new policies, business climate and law implementation when the questionnaires were retrieved.

#### Data Analysis

Frequency Counts was used to calculate how often values occur within the range of values. Percentage was utilized in order to get the profile of the respondents when classified according to age, sex, designation, department/office and length of service. Weighted Mean was used to assess the compliance of the domestic shipping operators at Batangas Port to Republic Act 9295 of the Domestic Shipping Development Act of 2004. Standard Deviation was used

to measure how widely values are dispersed from the average value (the mean).

Pearson Chi-Square was utilized to determine the significant relationship between the profile variables and the compliance of the domestic shipping operators to Republic Act 9295 of the Domestic Shipping Development Act of 2004.

#### IV. RESULTS AND DISCUSSION

Most of the employees of Batangas Maritime Regional Office (BMRO) fall on the age bracket of 51 to 60 years old equivalent to 68.30 percent. Young employees with the age bracket of 30 years old and below follows with 4.50 percent. The respondents with age brackets of 31 to 40 years old and 41 to 50 years old both have 13.60 percent.

The above mentioned statistical data defines the diversity of the employees of Batangas Maritime Regional Office (BMRO). It has been observed that majority of the employees of BMRO will reach their mandatory retirement age few years from now. Respondents who belong to the age brackets of 31 to 40 years old and 41 to 50 years old can be considered middle-aged public servants. BMRO engaged the services of a young professional. By probing the group dynamics in terms of age, it is safe to say that BMRO employees are strong and capable to perform the tasks of governing the water transport industry of Region IV including the domestic shipping operators at Batangas Port.

It was also observed that 59.10 percent of the employees of BMRO were female. The rest of the respondents were 9 males or 40.90 percent of the population of the study. This result debunks the perception that shipping is a male dominated industry. It proves that at BMRO, there is an equal opportunity for men and women to participate in maritime governance. The organization is aware and compliant with the existing platform of the government for gender equality.

When the respondents were grouped according to designation, the results showed that most of the respondents are clerk or staff. The clerk or staff comprised the 59.10 percent of the population of the study. There were 18.30 percent designated as Maritime Specialist, 4.50 percent assigned as Supervisor, 13.60 percent acting as Section Head and 4.50 percent holding the position of an Officer.

It can be gleaned from the results the bureaucratic set up of BMRO. This represented the model of government agencies. The organizational components were exemplified tiers. The majority of government workers were clerks or staff which filled the bottom

tier. It is followed by the next category of employees like specialist and supervisors. The next tier belongs to the section or department head and the top position to the officer or director.

The Administrative Department of BMRO has the most number of employees. There were 5 employees equivalent to 22.70 percent of the respondents. It was followed by Maritime Safety Unit with 18.30 percent or 4 employees. There were three departments with the same number of workers namely Domestic Shipping Office, Franchising Office and Maritime Legal Affairs Office. These service units of BMRO got 13.60 percent while Manpower Development Office and Shipyard Regulation Office secured the least number of employees with 9.10 percent.

As to the length of service, the results of the study revealed that 63.70 percent or 14 respondents work for BMRO for 21-30 years. It was followed by 3 respondents or 13.60 percent whose length of service is 16-20 years and 13.60 percent or 3 respondents with 11-15 years tenure, 9.70 percent or 2 respondents with 6-10 years.

This study validated the findings of study of Ramirez in 2005 regarding the work performance of women in government service at Batangas City. Ramirez cited that the highest number of women respondents had been in the government service for 21 years and above. This can be explained by the fact that normally public administrators started in the lower positions for several years already before they are promoted to their current position.

The respondents of the study can be considered as public administrators, BMRO being a vital component of government agency MARINA. Though the respondents of the study of Ramirez were females only, both studies achieved the same result as to the length of service profile of government employees in Batangas City. It strengthened the perception that the government service is rewarding. The employees of BMRO may be considered reliable and competent workers. This can be attributed to several years of experience and training in their own specific line of profession.

On the other hand, there were 18 domestic shipping operators at Batangas Port that was listed in Appendix A at page 48. The said document shows the list of entities operating vessels in different routes originating from Batangas Port, name, number of vessels and type of vessels being operated. This information is important to define the business climate at Batangas Port, gauging the service capabilities of each ship operator because it may possibly affect their willingness to comply with the existing industry regulations.

The researcher observed that the deregulation policy of RA 9295 motivated the shipping companies to invest more on shipping industry by increasing its fleet, expanding its network coverage to attain optimal operation, improving the vessel amenities onboard and most especially charging lower freight rates as leverage to attract more commuters and commercial haulers. As to the motivation of the domestic shipping operators at Batangas Port to voluntarily and deliberately comply with RA 9295, the researcher infer that the amount of investment at stake contributes to willingness aside from the deterrent effect of the penal provisions embodied in the pertinent MARINA Memorandum Circulars.

As seen from Table 2 below, the over-all assessment of the respondents' on their compliance of domestic shipping operators at Batangas Port to Republic Act 9295 very much complied with a composite mean of 3.51. Among the items mentioned,

the shipping operators at Batangas Port very much complied with obtaining Certificate of Public Convenience (CPC) or authority to operate, obtaining Certificate of Berthing Space Availability for every port covered by the route/s, publication of notice of adjustment of rates in a newspaper before adoption thereof, obtaining class requirements for all vessels prior to its operation in the domestic trade. These four items has mean value of 4.00. Likewise, the domestic shipping operators at Batangas Port very much complied in submitting valid cargo Insurance, submitting valid passenger insurance, submitting of notice for adoption of upward/downward adjustment rates, observing reasonable time for embarkation/disembarkation of passengers/cargoes and observing the benchmark/standard of financial capability to provide shipping services with mean values of 3.77, 3.73 3.68, 3.55 and 3.50 respectively.

**Table 1. Compliance of Domestic Shipping Operators at Batangas Port on Republic Act 9295 (N = 22)**

<b>Compliance to Republic Act 9295</b>	<b>WM</b>	<b>VI</b>	<b>Rank</b>
1. Obtain Certificate of (CPC) or authority to Operate.	4.00	VMC	2.5
2. Obtain Certificate of Berthing Space Availability for every port covered by the route/s	4.00	VMC	2.5
3. Observe the benchmark/ standard of financial capability to provide shipping services	3.50	VMC	9
4. Observe reasonable time to allow security inspection	3.41	C	10
5. Observe reasonable time for embarkation/disembarkation of passengers/cargoes	3.55	VMC	8
6. Observe schedule of trips and maneuvering time at the port	3.27	C	11
7. Submit matrix of consolidated schedule of trips and list of vessels	3.00	C	16.5
8. Observe healthy competition among operators	3.18	C	14
9. Maintain seaworthy condition of the vessels	3.00	C	16.5
10. Maintain sanitary requirements onboard the ship/s	3.18	C	14
11. Ships are manned by duly licensed and competent crew	3.23	C	12
12. Submit of Notice for adoption of upward/ downward adjustment rates	3.68	VMC	7
13. Publication of notice of adjustment of rates in a newspaper before adoption thereof	4.00	VMC	2.5
14. Submit valid passenger insurance	3.73	VMC	6
15. Submit valid cargo Insurance	3.77	VMC	5
16. Obtain class requirements for all vessels prior to its operation in the domestic trade	4.00	VMC	2.5
17. Observe the mandatory vessel retirement program for all unclassified vessels	3.18	C	14
<b>Composite Mean</b>	<b>3.51</b>	<b>VMC</b>	

*Legend: 3.50 – 4.00 = Very Much Complied (VMC); 2.50 – 3.49 = Complied ©; 1.50 – 2.49 = Less Complied (LC); 1.00 – 1.49 = Not Complied (NC)*

It shows that the domestic shipping operators at Batangas Port have high regards to the value the legitimate vessel operations in domestic shipping industry. Owing to the proximity of Batangas Port to the Batangas Maritime Regional Office, inherent desire

of the shipping operators to abide the governing law and the cooperation of Philippine Ports Authority (PPA) and Philippine Coast Guard (PCG) in monitoring the daily shipping activities at the port, the compliance of the

vessel operators to the provisions of Republic Act 9295 was ensured.

It is important to note that regardless of type of vessels and the routes being served, the domestic shipping operators at Batangas Port very much complied with provisions of RA 9295 particularly in securing a Certificate of Public Convenience or authority to operate. The CPC is defined as the franchise granted by MARINA to a qualified ship owner/operator wishing to engage in domestic shipping venture.

The implementing Rules and Regulations of RA 9295 provides guidelines on the validity of CPC to be issued in favor of the applicant in accordance to the hull material of the vessel and years of operation. Rule IV Section 6. 6.1 stated that the validity of CPC of a company with more than 10 years of operation and has owned ships (s), whose hull is made of materials other than wood is 25 years. For the entity who has been operating more than 5 years up to 10 years, the validity of CPC is 15 years. For the entity that is in the domestic shipping business for the period of 5 years and below the validity of CPC is 10 years.

The results in Table 2 revealed that domestic shipping operators very much, complied with the submission of Certificate of Berthing Availability (CBA) for every port covered by the route/s. This document was usually requested from Philippine Ports Authority, Local Government Unit operating the port. The CBA is one of the requirements being asked by MARINA from the shipping operators before processing the issuance of a CPC. Likewise, the shipping operators were obliged to observe reasonable time for embarkation/disembarkation of passengers/cargoes for the best interest and convenience of the riding public. It is one of the many aspects being checked by the Franchising Office of BMRO prior to issuance of CPC pursuant to pertinent MARINA Memorandum Circular and Public Service Act.

The domestic shipping operators at Batangas Port very much complied with the submission of Notice for adoption of upward/downward adjustment rates. Chapter III Section 10.12 of RA 9295 stated that MARINA shall have the power and authority to adopt such rules and regulations which ensure the reasonable stability of passengers and freight rates and, if necessary, to intervene in order to protect public interest. The Notices for adoption of upward/downward adjustment rates were published in the newspaper of general circulation or in the MARINA website to inform the riding public that will be affected by the changes. The publication and hearing of the application

for adoption of adjusted of rates was part of the due process being observed by BMRO as they perform their quasi-judicial function.

The weighted mean of 3.77 and 3.73 for the submission of valid passenger insurance and cargo insurance respectively indicated the level of compliance of the domestic shipping operators to the documentary requirements for the CPC application and Chapter V of RA 9295. The shipping operators at Batangas Port acknowledged their financial liability to their passengers and cargo in cases of maritime accidents and in any forms of breach of contract of carriage to be determined by competent court of law. Failure to submit valid insurance policies for passengers and cargo annually entail detainable offense for the vessel, its master and ship owner/operator.

Based on the data in Table 1 the employees of BMRO perceived that the domestic shipping operators at Batangas Port very much complied with the class requirement. The ship operators tend to religiously comply with class requirement as stated in Chapter IX of RA 9295 because failure to do so would mean de-listing of the vessel from Philippine Registry. If a vessel of an operator is de-listed from Philippine Registry, means that the ship is no longer allowed to operate in any of the navigable waters of the country. The continuity of the business operation will be very much affected if this provision of RA 9295 will not be complied with.

As to financial capability requirement and the compliance of the domestic shipping operators pursuant to Chapter III Section 10.9 of RA 9295, it is incumbent upon the operators to ensure and maintain its capability to sustain its business operation without sacrificing the service efficiency being offered to the public. The instances when the financial capability of the shipping companies are checked are during the application or renewal of MARINA Accreditation Certificate with three-year validity, submission of MARINA Annual Report every time the shipping operators seeks to amend its CPC to effect the addition of ship/fleet or route/port/link. As such, the shipping operators cannot evade its obligation to open up its financial records subject to the scrutiny of BMRO's Administrative Office, thus it is very much complied with domestic shipping operators of Batangas Port.

It has been observed that MARINA has two different standards being used in evaluating the financial capability. According to Rule IV Section 9 of the IRR of RA 9295, for the existing steel hulled vessel operators there were three financial ratios that were measured. First is the liquidity/short term solvency

which determines the company's ability to generate cash flow and meet its current maturing obligations. It is also called current ratio. Its benchmark/ standard is 1:1. The second is debt management ratio which helps to analyze the degree an effect of company's use of borrowed funds to finance the operation. The benchmark/standard of debt to equity ratio is 3:1. The third is the profitability ratio that measures the ability of the firm to generate profit whose benchmark/standard should be above zero. For the motorbanca operators only profitability ratio is being measured.

However, there were provisions of the RA 9295 that in the perception of BMRO employees were complied only by the domestic shipping operators at Batangas Port. These are observing reasonable time to allow security inspection whose weighted mean is 3.41 percent; observing schedule of trips and maneuvering time at the port which has 3.27 percent mean value; submitting matrix of consolidated schedule of trips and list of vessels 3.00 percent; maintaining the seaworthy condition of the vessels 3.00 percent; maintaining the sanitary requirements onboard the ship/s whose weighted mean is 3.18 percent; ships are manned by duly licensed and competent crew with mean value of 3.23 percent; and observing the mandatory vessel retirement program for all unclassified vessels that has 3.18 percent mean value.

In the perception of employees of BMRO, the domestic shipping operators at Batangas Port observed reasonable time to allow security inspection. It is complied because of the following factors. First, BMRO's Franchising Office evaluates the vessel movement per route per vessel. It includes port time at berth, steaming time, length of loading/unloading and schedule for preventative maintenance day. Second, PCG being the deputized agency to conduct pre-departure inspection and issuing port clearance to the vessels are very visible at the vessel ramps of Batangas Port. They perform their functions very well. Third, PPA also issues port clearance prior to vessel departure at Batangas Port.

The compliance of domestic shipping operators to the schedule of trips and maneuvering time at the port and healthy competition among operators scored 3.27 percent and 3.18 percent respectively. These two items have a verbal description of complied. Due to stiff competition and vigilance of shipping operators to the manner of conducting business of each other, the compliance is guaranteed. Each shipping operator made sure that they adhere to this specific provision of RA 9295 which form part of the terms and conditions of CPC.

The Franchising Office of BMRO required the submission of consolidated schedule of trips matrix and list of vessels pursuant to Implementing Rules and Regulations of RA 9295. The rationale is to check if the fleet of an operator is sufficient to observe the authorized schedule of trips in the CPC. Every time the shipping operator files an amendment of CPC the trip matrix and list of vessels are submitted.

It can be gleaned from the result that the employees of BMRO perceived that the domestic shipping operators at Batangas Port maintain the seaworthy condition of the vessels and maintain sanitary requirements onboard the ship/s. It has the weighted mean of 3.00 percent and 3.18 percent respectively with verbal description of complied. It is attributable to the innate desire of the shipping operators to make a difference from its competitor in order to put its transport services to an advantageous position in the perception of the riding public. Secondly, the frequency of onboard inspection of BMRO personnel pushes the domestic shipping operators to comply with the seaworthiness requirement. Besides the set of requirement of the government accredited classification society is very rigid when it comes to safety aspects.

On April 10, 2006 a seminar on fire incidents/accidents management of the Philippine domestic ships was conducted by Maritime Safety Expert, Kazuaki Sakaguchi. He mentioned that MARINA presently conducts ship safety inspection as part of its Flag State supervision function. It involves requiring deficiencies found during the inspection be corrected as a basic requirement for the issuance of the ship safety certificate. Ship inspections are often viewed as a burden and a pressure by shipowners/operators considering the deficiencies from such inspections.

The merchant marine fleet operating at Batangas Port is manned by duly licensed and competent crew. The researcher found out that the percentage of compliance of domestic shipping operators at Batangas Port to this provision is 3.23 percent. It is attributable to the availability of maritime schools and training centers in Batangas City. It is natural that the graduates of maritime schools and training centers will be employed onboard the vessels home ported at Batangas. In addition, the requirements of the Philippine Regulation Commission (PRC) and MARINA in licensing the seafarers have been aligned to international conventions.

Lastly, the domestic shipping operators at Batangas Port observe the mandatory vessel retirement program for all unclassified vessels pursuant to the provisions of Chapter IX of RA 9295 according to the data generated

from the survey. In this item, the percentage of compliance of the domestic shipping operators at Batangas Port is 3.16 percent. Based on the interview of the researcher on the employees of Domestic Shipping Office of BMRO, all of the vessels operating at Batangas were duly classed by government accredited classification society.

According to the Implementing Rules and Regulations of RA 9295 the classification society refers to a non-profit organization recognized or accredited by MARINA, which has the capability and competence to

determine the fitness for continued service of a ship's hull structure, mechanical and electrical equipment, provide classification and construction design as well as periodic through-life compliance verifications required by the regulations of the authority and by the international conventions and codes of the International Maritime Organization (IMO), as well as provide such services comprising technical support, research and development on ship design and maintenance.

Table 2 presents the problems encountered by the respondents in implementing Republic Act 9295.

**Table 2. Problems Encountered in Implementing Republic Act 9295 (N = 22)**

<b>Problems Encountered</b>	<b>WM</b>	<b>VI</b>	<b>Rank</b>
1. CPC applications with incomplete requirements.	2.27	Disagree	20
2. Resolving highly contested CPC applications	2.14	Disagree	26.5
3. Political pressures on the issuances of CPCs/Special Permits	2.18	Disagree	23.5
4. Operation without valid CPC	2.36	Disagree	16.5
5. Overlapping and simultaneous schedule of trips at the port	2.50	Agree	12.5
6. Docking disputes among shipping operators	2.64	Agree	8
7. Enforcing increase of paid-up capital stock of the company who failed to meet financial capability	2.50	Agree	12.5
8. Enforcing decrease of the long term liability of the company who failed to meet financial capability	1.77	Disagree	30
9. Standardization of port time for each route	2.18	Disagree	23.5
10. Checking if the deputized agency conducts security inspection prior to ships' departures	2.86	Agree	4.5
11. Shipping operators' failure to observe schedule of trips	3.27	Agree	1
12. Routes and schedule of trips to reservation	2.73	Agree	7
13. Implementation of rules on over-tonnaging	2.77	Agree	6
14. Setting of bench mark for ruinous and cutthroat competition	2.36	Disagree	16.5
15. Failure of the operators to maintain its vessels in safe and serviceable condition	2.86	Agree	4.5
16. Limited manpower to inspect all vessels under its jurisdiction	2.18	Disagree	23.5
17. Aging manpower and personal limitations in doing fieldworks	3.00	Agree	2.5
18. Limited logistical support for vessel inspection trips	2.55	Agree	11
19. Shipping operators' failure to meet or maintain minimum safe manning for each vessel	2.09	Disagree	28
20. Limited pool of licensed and competent crew in the domestic trade	2.14	Disagree	26.7
21. Monitoring spurious fake licenses and training certificates of seafarers	2.32	Disagree	18
22. Price war among shipping operators	2.41	Disagree	15
23. Setting measures to stabilize the passengers and cargo rates	2.59	Agree	9.5
24. Prescribing routes And zones for Shipping operators	2.27	Disagree	20
25. Failure of the operators to notify BMRO of the adjustment of rates	2.45	Disagree	14
26. Failure to obtain adequate passenger insurance requirement	1.91	Disagree	29
27. Resolution of the issues in requiring cargo insurance	2.59	Agree	9.5
28. Limited number of MARINA accredited insurance companies	2.18	Disagree	23.5
29. Limited number of classification entities accessible and affordable for the operators	2.27	Disagree	21
30. Implementation of mandatory vessel retirement program	3.00	Agree	2.5
<b>Composite Mean</b>	<b>2.45</b>	<b>Disagree</b>	

*Legend: 3.50 – 4.00 = Strongly Agree; 2.50 – 3.49 = Agree; 1.50 – 2.49 = Disagree; 1.00 – 1.49 = Strongly Disagree*



In this part of the assessment, the respondents disagree that there are problems in the law implementation. Their collective response has a composite mean of 2.45 percent which fall under the bracket of 1.50 – 2.49 with verbal description of disagree.

The results revealed that the shipping operators' failure to observe schedule of trips is the top problem of the respondents with weighted mean of 3.27 percent. The respondents agreed that the aging manpower and personal limitations in doing fieldworks and implementation of the mandatory vessel retirement program were problems of the respondents in implementing RA 9295. Both falls at rank 2 with 3.00 percent weighted mean. The problems of checking if the deputized agency conducts security inspection prior to ships' departures and failure of the operators to maintain its vessels in safe and serviceable condition were tied at rank 3. Both problems have the weighted mean of 2.8 percent. Ranked fourth is the problem of implementing of rules on over-tonnaging with mean value of 2.77 percent while route and schedule reservation takes the fifth rank with the value of 2.73 percent.

The prevalence of the problem on domestic shipping operators' failure to observe schedule of trips can be verified in the number of Show Cause Orders issued by BMRO's Maritime Legal Affairs Office against the erring domestic shipping operators. The quasi-judicial process was based on the written complaints received by BMRO and the forwarded Maritime Violation Receipts from PCG. From the above mentioned finding, it can be gleaned that despite the efforts of BMRO to ensure compliance of the domestic shipping operators on the provisions of RA 9295 this aspect needs further improvement.

The respondents agreed that aging manpower and personal limitations in doing fieldworks was one of the most uncontrolled variables in the conduct of public service and law implementation. Though the respondents in the technical section of BMRO are competent and properly trained, there are personal limitations attributed to aging that somehow impedes their effectiveness. Based on the interview, the technical employees find it difficult to ride on the motorbanca for the conduct of afloat inspection at the anchorage area, health constraint or consideration for frequent long travels to conduct vessel inspections, monitoring and investigation among others.

Indeed, MARINA is on its feet to combat the problem of domestic shipping operator's failure to maintain its vessels in safe and serviceable condition.

According to Jumamil (2010), despite the critical importance of the industry in mass transportation, innumerable losses and tragedies continually transpire. The current state of the domestic maritime safety regime undermines the critical role of the industry in the sphere of mass transportation, and degrades the nature of the industry alone imbued with public interest. In particular, various issues concerning ship management persistently plague the regime and significantly contribute to the savage deterioration of domestic maritime safety. These issues reveal a regulatory and enforcement framework marked by tolerance and condones an environment of "absolute minimum maintenance" amongst ship owners. Notwithstanding the international movement towards a safety culture through enhanced ship management systems, the Maritime Industry Authority has implemented inadequate regulatory measures to comply with the Philippines' international obligations under the Convention for the Safety of Life at Sea 1974, particularly Chapter IX thereof on the International Safety Management (ISM) Code. The rules and regulations implementing the ISM Code and the enforcement thereof have proven to be deficient and ineffective. As a result, the marked improvements in international maritime safety have not been translated to the domestic safety records. There is a need to re-align the regime with the international standards and best practices embodied in the ISM Code in order to cultivate a safety culture that will ensure the long-term safety and protection of Filipino lives at sea.

This study strongly supports the recommendation of Castor et. al (2010) that MARINA may strictly implement rules and regulations regarding safety procedures, equipment and facilities of all vessels routing in Batangas Bay such as Aboitiz, Montenegro, RSExpress and Starlite.

Another notable problem of the respondents is implementing of rules on over tonnage. It runs in contrast with the deregulation policy of the RA 9295. As the government invites more investors to venture on the water transportation business, the problem in route saturation and over tonnage arises. On February 18, 2010 a study conducted by JICA expert Masahiro Uesono in several domestic routes in the Philippines he used the BREAK EVEN ANALYSIS.

Uesono (2010) found out that in the route Batangas City – Calapan City the actual operation of 3 companies with the total ships of 11 has 25 round trips per day. The average specification of ship is 40meters in length x 10 meters in breadth, 574gross registered tonnage and a passenger capacity of 365. The estimated utilization

ratio for passenger is 25 percent and 50 percent for cargo. The profit margin is almost break-even point which is equivalent to 2.5 percent. In order to reach the optimal operation and to increase the profit margin by 12 percent, the load factor or capacity utilization for passenger should be 30 percent and the cargo load factor should be 55 percent. The number of ships for the route should be 8 whose passenger capacity is 300 person and vehicle capacity of 35 units. The collective number of trips per day should be 44 trips per day or almost 10 round trips per day for each shipping company.

At present, more vessels with bigger passenger and cargo capacity ply the route Batangas City-Calapan and vice versa which means that the route is very much saturated. However, the presumption of public need, convenience and interest remains the primordial consideration of MARINA in order to achieve the market driven rates in each route pursuant to the policy declaration of RA 9295. In view of the foregoing trend, the investments of the domestic shipping operators in Batangas Port were adversely affected. The domestic shipping operators are of losing position. In the long run, it is detrimental to the entire domestic shipping operations. Thus, BMRO should reconcile the policy issues and actual state of domestic shipping operations at Batangas Port and establish effective regulatory measures to protect the investments and the entire industry as a whole.

The respondents also agreed that there was a problem in routes and schedule of trips reservation. It is a condition where a domestic shipping operator applies to operate in the route and schedule of trips in excess of the service capacity of its fleet. This is an operational and marketing strategy of domestic shipping operators to block and reserve the time slots so that other operators will be barred from applying on the same time slots. Its end result is failure to observe schedule of trips. This problem is widespread up to this date. It originated during the first two years after implementing RA 9295 because of the liberalized interpretation of its provisions.

The quasi-judicial issuances such as CPC and its amendments cannot be revoked unless with probable cause. Thus, BMRO are now on its feet to persuade domestic shipping operators to reduce or delete its unserved sailing schedules and routes by amending its CPC. They are now strict in requiring the submission of consolidated matrix of trips and list of ships.

On the other hand, the respondents disagreed that enforcing the decrease of the long term liability of the company who failed to meet the financial capability

ranked as the least among the problems encountered by the respondents in implementing RA 9295. It has the weighted mean of 1.77 percent. The failure to obtain adequate passenger insurance requirement was at the 29<sup>th</sup> spot with 1.91% mean value while shipping operators' failure to meet or maintain minimum safe manning for each vessel occupied the 28<sup>th</sup> rank with mean value of 2.09 percent. On the 27<sup>th</sup> rank was the problem on limited pool of licensed and competent crew in the domestic trade with 2.14 percent mean value. The problem on resolving highly contested CPC applications was in the 26<sup>th</sup> rank. It has a weighted mean of 2.14 percent.

This means that BMRO has been effective in explaining the importance of healthy financial condition of a domestic shipping operator at all times in order to sustain its business operations. Likewise, BMRO has been effective in screening the statutory vessel documents of the merchant marine fleet operating at Batangas Port such as valid passenger insurance, minimum safe manning certificate and crew list indicating the licenses of the crew and its validity during vessel safety inspection. The domestic shipping operators of Batangas Port adhere to the advice of BMRO whenever there is a need for emergency sealift and need for vessel deployment in developmental routes. Most importantly, the respondents were not influenced by political pressures. They are always steadfast and firm in their quasi-judicial decision in the interest of public service and development of maritime industry.

**Table 3. Relationship Between the Profile of the Respondents and their Compliance Batangas Port with Republic Act 9295**

Profile Variables	Eta	p-value	I
Age	0.158	0.926	NS
Gender	0.360	0.100	NS
Designation	0.374	0.607	NS
Department	0.493	0.583	NS
Length of Service	0.204	0.853	NS

*Legend: Significant at p-value < 0.05; HS = Highly Significant; S = Significant; NS = Not Significant*

Based from the Table 3 above, all computed eta values indicates moderate positive association. However, the resulted p-values are all greater than 0.05 level of significance. Thus, the null hypothesis of no significant relationship between the profile of the respondents and their compliance to RA 9295 is accepted. This means that there is no significant relationship exists. It implies that the respondents' compliance is not affected by their profile

## V. CONCLUSIONS

Majority of the respondents fall under the adult age, female with considerable number of years working at a government agency who are assigned to oversee the maritime industry. The domestic shipping operators of Batangas Port very much complied with the provisions of Republic act 9295. The respondents disagree that there were problems encountered in the law implementation. The identified problems were (1) shipping operators' failure to observe schedule of trips (2) aging manpower and personal limitations in doing fieldworks as well as implementation of the mandatory vessel retirement program (3) checking if the deputized agency conducts security inspection prior to ships' departures routes and failure of the operators to maintain its vessels in safe and serviceable condition (4) implementing of rules on over-tonnaging and (5) schedule of trips reservation. The respondents' profile variables were not contributory to the compliance of domestic shipping operators at Batangas Port to Republic Act 9295.

## VI. RECOMMENDATIONS

The Director of Batangas Maritime Regional Office may consider instituting training and development program for the young and middle age employees. Domestic shipping operators at Batangas Port may continuously adhere to the Republic Act 9295. The identified problems may be rectified to enhance the operation of the domestic shipping operators at Batangas Port. For the future researchers, similar study may be conducted on the other agencies governing the maritime industry to evaluate their effectiveness in

delivering services in their respective areas of jurisdiction.

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