PROGRAM TITLE

MARKETING AND OPERATIONS

PROCESS TITLE

Lighterage Operations

1. SCOPE

This policies and procedures manual establishes policies, systems, procedures and controls on lighterage operations. All duties and responsibilities stated in this manual are not exclusive to the personnel’s designated responsibilities in this process title.

1. OBJECTIVES

* To clearly define the processes and flows and establish controls, proper documentation and monitoring over lighterage operations.
* To clearly define the duties and responsibilities of all personnel involved in this process title.

1. PERSONNEL INVOLVED
   1. Tugboat Master
      1. Prepares and issues the following:

* Trip Ticket (TT)
* Statement of Facts (SOF)
  + 1. Delivers tugboat to designated port as per instruction from Operations Department.
    2. Notifies relevant parties (e.g., operations department, shipper, consignee, charterer, *etc.*) upon arrival and departure to port.
    3. Responsible for maneuvering tugboats and towing of hatch barges.
    4. Checks and inspects chartered tugboats upon redelivery by the Charterer to the Company.
  1. Barge Patron
     1. Prepares and issues the following:
* Lighter Receipt (LR)
* Statement of Facts (SOF).
  + 1. Delivers barge to designated port as per instruction from Operations Department.
    2. Notifies relevant parties (e.g., operations department, shipper, consignee, charterer, *etc.*) upon arrival and departure to port.
    3. Ensures completeness and protection of cargoes loaded on barges.
    4. Obtains batch weight and supporting documents from shipper/consignee/charterer.
    5. Reconciles cargo outturn with shipper/consignee.
    6. Forwards duly accomplished documents to Operations Staff.
    7. Checks and inspects chartered barges upon redelivery by the Charterer to the Company.
  1. Operations Staff

Prepares Out-turn Summary upon receipt of duly accomplished documents such as:

* Lighter Receipt
* Trip Ticket
* Statement of Facts
* Shipper’s/Consignee’s/Charterer’s documents
  1. Operations Supervisor

Reviews and checks Out-turn Summary

* 1. Operations Manager
     1. Receives Service Order from Marketing Department.
     2. Notifies and instructs Tugboat Master and/or Barge Patron of Voyage Charter and Time Charter.
     3. Approves Out-turn Summary.

1. KEY TERMS
   1. *Tugboat* – a boat used for towing barges.
   2. *Barge* – a non-self propelled boat used for carrying cargoes.
   3. *Charterer* – pertains to entity who hires tugboats and/or barges from the Company for a specific period of time.

1. POLICIES
   1. **General**
      1. Lighterage operations shall mean the use of tugboats (or simply tugs) and/or barges primarily to transfer or carry cargoes from large-ocean-vessels to port terminals or facilities which cannot accommodate or accept such large-ocean-vessels. This also include transfer of cargoes from port to port terminals through the use of tugs and/or barges within the authority granted to it by the relevant regulatory bodies.
      2. Tugs and/or barges may be used either as a voyage charter or time charter. The salient features of these two services follow:

|  | **Voyage Charter** | **Time Charter** |
| --- | --- | --- |
| In General | A contract to deliver a specific cargo and estimated volume to a certain destination. | A contract to hire a particular tugboat and/or barges to a Charterer for a period of time. |
| Who shoulders the cost | All costs associated with the vessel and operations are paid by the Company such as crewing, maintenance, insurance, fuel, port charges, *etc.* | All costs associated with the vessel remains the responsibility of the Company. However, fuel, port charges and other operational costs as stated in the time charter contract shall be shouldered by the Charterer. |
| Duration | Contract ends upon completion of the transaction or operations. | Depends on the time charter period (i.e., no. of days tugs and/or barges are hired per contract). |
| Payment | Based on quantity or weight of cargo loaded. | Based on daily hiring rate per deadweight tonnage of barge or horsepower of the tugboat. |
| Vessel used | Tugboat *and* barges | Either tugboat, barges or both |
| Documentation | * Lighter Receipt * Statement of Facts | * Statement of Facts |

* 1. **Voyage Charter**
     1. The Tugboat Master and/or Barge Patron shall have the authority to stop or resume the operations anytime as necessary and shall document the reason in the Statement of Facts.
     2. Loading or unloading of cargoes shall be performed on time and within the date needed by the consignee. Delays should be avoided.
     3. Only good cargoes shall be accepted for delivery to the consignees. Damaged, infested or wet cargoes shall be properly identified, segregated and returned to the shipper. A report on damaged cargoes shall be prepared in writing indicating the type and quantity of cargoes returned. Any replacements made by the shipper against returned or damaged cargoes shall be properly accounted and documented.
     4. Cargoes to be loaded onboard should be within the safe working loads or capacity of the cargo-handling equipment. Moreover, the total volume to be loaded should be within the maximum load capacity of the barge.
     5. The Barge Patron must ensure that the barge and its cargo-handling components (i.e., stowage, hatch cover, crane, *etc*.), is in good working condition and that the barge is free from insects, pests and other elements/factors that could affect the cargo onboard. Raising or carrying animals and plants of any kind inside the vessel is strictly prohibited.
     6. The Barge Patron must also ensure that the loaded cargoes are intact in accordance with the shipper’s declared quantity, weight or volume. Loading or unloading of cargoes and sealing or unsealing of hatch cover must be properly conducted in the presence of the shipper’s/consignee’s representative and the Barge Patron, if required.
     7. The Barge Patron shall ensure that the total batch weight of the cargoes are objectively and reliably estimated by the shipper’s surveyor and that no material variance exist on weights declared from the port of loading up to the port of discharge. Moreover, basis and support of the estimated batch weight shall be obtained.
     8. Only authorized personnel shall be allowed to operate inside the tugboats and barges.
     9. All personnel involved must exercise the necessary diligence required when loading cargo onboard so as not to damage, contaminate, diminish or deteriorate the quality of the cargo being loaded.
     10. All personnel involved in operations must be physically fit and shall observed proper hygiene. Smoking and/or drinking inside the tugboat or barge and during operations is strictly prohibited. The Tugboat Master and/or Barge Patron shall properly report, in writing, to the Human Resource Department. Personnel found to be under the influence of intoxicating liquor, drugs, or gambling during operations, shall be subject for disciplinary action. A copy of such report shall be furnished to the Operations Department.
  2. **Time Charter**
     1. The Tugboat Master and/or Barge Patron shall properly document and follow all the instructions and directions of the Charterer unless otherwise he/she has reason to believe that the such instruction or direction are outside of the contract or authority granted by the relevant regulatory bodies, or otherwise will compromise the safety of the vessel and/or crews, or that the operations involves illegal activities including prohibited and dangerous cargoes. In such case, it shall be properly communicated to the Operations Department.
     2. The Tugboat Master and/or Barge Patron shall strictly observe the specific period and time agreed upon. Tugboats and/or barges shall be delivered to the Charterer on time before commencement of operations unless it is impossible to do so due to inevitable events beyond the Company’s control. In such case, the Tugboat Master and/or Barge Patron shall properly notify, in writing, the Operations Department.
     3. The Tugboat Master and/or Barge Patron shall regularly report to the Operations Department the daily trips and activities of the tugboats and barges which shall also be properly documented in the Statement of Facts.
     4. Prior to redelivery or return of the tugboat and/or barges by the Charterer to the Company at the end of the charter period, the Tugboat Master and/or Barge Patron shall ensure that the tugboats and/or barges are free from waste and other remains of cargoes loaded onboard. The Charterer shall not be freed from his obligation until the Company has satisfactorily checked and inspected the tugboats and/or barges returned by the Charterer.
     5. Prior to delivery and redelivery of the tugboat, a tank sounding on fuel, lube oil and other fuel supply including fresh water shall be conducted and documented through a Tank Sounding Report Form which must be properly reconciled and acknowledged by the Charterer and the Company. Refer to process title for *Vessel Repairs and Maintenance* for the tank sounding report form.
  3. **Towing Services**
     1. Towing services shall mean the use of tugboats solely for towing purposes.
     2. Daily trips and activities of the tugboats shall be properly documented through a Trip Ticket and Statement of Facts, respectively.
     3. For tugboats used as time charter, refer to policies on Time Charter.
     4. For tugboats used as voyage charter, refer to policies on Voyage Charter, if applicable.
  4. **Monitoring and Documentation**
     1. All forms shall be duly filled-out as to details, signed by the signatories and any alterations thereof shall be duly countersigned. Moreover, voyage and time charter shall be properly supported by duly signed contracts/agreements.
     2. The Barge Patron shall ensure that cargoes loaded onboard are properly reconciled and acknowledged by the shipper/consignee. A reconciliation/outturn report from the shipper/consignee must be obtained by the Barge Patron which shall be forwarded to the Operations Department.
     3. An Out-turn Summary shall be prepared by the Operations Department upon completion of the operations or end of transaction and receipt of duly accomplished documents. This summary shall be reviewed and checked by the Operations Supervisor and approved by the Operations Manager which shall then be forwarded to the Finance Department for billing.
     4. The Operations Department shall monitor and document the movements, locations, status and transaction history of each tugboats and barges. Proper assignment, dispatching and monitoring of tugboats and barges shall also be prepared and maintained by the Operations Department.

1. PROCEDURES

| Voyage Charter (*Loading and Unloading of Barge*) | | | |
| --- | --- | --- | --- |
| Step No. | Activity | Personnel  Involved | Business  Forms |
| 1 | Receives “Service Order” from Marketing Department. | Operations Manager | Duly approved Service Order |
| 2 | Notifies and instructs Operations Department, Tugboat Master and Barge Patron of Voyage Charter. | Operations Manager |  |
| 3 | Sends tugboat and hatch barge to designated port and notifies Shipper upon arrival.  The Tugboat Master shall then update the logbook. | Tugboat Master and Barge Patron | Duly filled-out Trip Ticket |
| 4 | Checks and inspects hatch barge upon arrival. | Shipper |  |
| 5 | Load hatch barge.  The Barge Patron shall then prepare an update from time to time the activities conducted during loading operations in the Statement of Facts (SOF). | Shipper/  Barge Patron |  |
| 6 | Upon completion of loading of cargoes, obtain batch weight and shippers document. | Barge Patron |  |
| 7 | Seal hatch cover.  Sealing must be done in the presence of the shipper’s representative, if required. | Barge Patron |  |
| 8 | Prepare Lighter Receipt (LR). | Barge Patron | Duly filled-out LR |
| 9 | Acknowledge LR and SOF. | Shipper | Duly filled-out and acknowledged LR |
| 10 | Deliver cargoes to destination.  The Tugboat Master shall be responsible for maneuvering the tugboat by towing the barge to the port of discharge. | Tugboat Master |  |
| 11 | Update Tugboat’s Logbook. | Tugboat Master | Duly filled-out Trip Ticket |
| 12 | Notify Consignee upon arrival. | Barge Patron |  |
| 13 | Unseal hatch cover and checks and inspect cargoes loaded onboard and.  Unsealing must be done in the presence of the consignee’s representative, if required. | Consignee |  |
| 14 | Unload cargoes.  The Barge Patron shall update from time to time the activities conducted during unloading operations in the Statement of Facts (SOF). | Consignee | Duly filled-out SOF |
| 15 | Upon completion of unloading of cargoes, obtain batch weight and consignee’s documents. | Barge Patron |  |
| 16 | Update LR. | Barge Patron | Duly filled-out LR |
| 17 | Acknowledge LR and SOF. | Consignee | Duly filled-out and acknowledge LR |
| 18 | Return tugboat and hatch barge to original port. | Tugboat Master and Barge Patron |  |
| 19 | Forward duly accomplished documents to Operations Staff, as follows:   * Lighter Receipt * Trip Ticket * Statement of Facts | Barge Patron | Duly accomplished documents |
| 20 | To Outturn Summary Preparation. Refer to process title on *Cargo Operations*. | Operations Staff |  |

| Time Charter | | | |
| --- | --- | --- | --- |
| Step No. | Activity | Personnel  Involved | Business  Forms |
| 1 | Receives “Service Order” from Marketing Department. | Operations Manager | Duly approved Service Order |
| 2 | Notifies and instructs Operations Department, Tugboat Master and/or Barge Patron of Time Charter. | Operations Manager |  |
| 3 | Delivers tugboat and/or hatch barge to designated port and notifies Charterer upon arrival. | Tugboat Master/Barge Patron |  |
| 4 | Checks and inspects tugboat and/or hatch barge delivered. | Charterer |  |
| 5 | Commence operations.  The Tugboat Master and/or Barge Patron shall follow the operational instructions of the Charterer and shall communicate its daily activities to the Operations Department. | Charterer/  Tugboat Master/  Barge Patron |  |
| 6 | Upon completion of the time charter period, obtain Charterer’s documents. | Tugboat Master/Barge Patron |  |
| 7 | Redeliver/return hired tugboats and/or barges. | Charterer |  |
| 8 | Checks and inspects tugboats and/or barges returned. | Tugboat Master/Barge Patron |  |
| 9 | Issues SOF. | Tugboat Master/Barge Patron | Duly filled-out SOF |
| 10 | Acknowledge SOF. | Charterer | Duly filled-out and acknowledged SOF |
| 10 | Forward duly accomplished documents to Operations Staff. | Tugboat Master/Barge Patron | Duly filled-out documents |
| 11 | To Outturn Summary Preparation. Refer to process title on *Cargo Operations*. | Operations Staff |  |

1. FLOWCHARTS
   1. Voyage Charter (*Loading of Barge*)



* 1. Voyage Charter (*Unloading of Barge*)



* 1. Time Charter



1. BUSINESS FORMS
   1. Lighter Receipt



No. of copies - 3

Explanation - This is to document the total quantity or volume loaded and unloaded onboard.

Prepared by - Barge Patron

Acknowledged by - Charterer/Shipper/Consignee

Distribution - Copy 1 – Barge Copy

Copy 2 – Charterer/Shipper/Consignee

Copy 3 – Operations Department

* 1. Trip Ticket



No. of copies - 3

Explanation - This is to document the trips and destinations of tugboats particularly for towing services.

Prepared by - Tugboat Master

Acknowledged by - Charterer/Shipper/Consignee

Distribution - Copy 1 – Tugboat

Copy 2 – Charterer/Shipper/Consignee

Copy 3 – Operations Department

* 1. Statement of Facts (Tugs and Barges)



No. of copies - 3

Explanation - This is to document the activities of the tugboat and/or barges during operations.

Prepared by - Barge Patron

Acknowledged by - Shipper/Consignee/Surveyor’s Representatives

Distribution - Copy 1 – Tugboat/Barge

Copy 2 – Charterer/Shipper/Consignee

Copy 3 – Operations Department

* 1. Out-turn Summary (Tugs and Barges)



No. of copies - 3

Explanation - This summarizes the details and supporting documentations of voyage charter and time charter and serves as a basis for SOA preparation.

Prepared by - Operations Staff

Checked and verified by - Operations Supervisor

Noted by - Operations Manager

Distribution - Copy 1 – Operations Department

Copy 2 – Finance Department

Copy 3 – Accounting Department

1. EFFECTIVITY

This Policies and Procedures Manual shall take effect upon approval and shall supersede any memorandum/SOP inconsistent with this Policies and Procedures Manual. Any changes to the manual shall comply with the policies and procedures indicated in the process title *“Amendment of Manual”*.