

REPUBLICA NG PILIPINAS
PAMBANSANG PANGASIWAAN NG PATUBIG
NATIONAL IRRIGATION ADMINISTRATION
EDSA, DILIMAN, QUEZON CITY

MC # 29, S., 2002

TO : THE DEPUTY ADMINISTRATOR, ASSISTANT ADMINISTRATORS, DEPARTMENT MANAGERS, REGIONAL IRRIGATION MANAGERS, OPERATIONS MANAGERS, PROJECT MANAGERS, PROVINCIAL IRRIGATION OFFICERS, IRRIGATION SUPERINTENDENTS AND ALL OTHERS CONCERNED

SUBJECT : MAXIMIZING POTENTIAL INCOME OF NIA EQUIPMENT

Equipment Rental (ER) is the second highest source of income for the Agency. For the last five (5) years, total ER earned is almost P 1 B or approximately P 200 M per year. This represents 32% of the total NIA operating income as shown in the attached "ANNUAL EQUIPMENT RENTAL FOR THE LAST FIVE YEARS (1997-2001)" marked ANNEX A.

About 90-95% of the ER is internally generated from force account works and only 5-10% from external sources.

On the other hand, the average equipment actual utilization in the Regional Irrigation Offices (RIOs) for heavy equipment including stake trucks and dump trucks which are the main source of ER is only about 47% as shown in the attached "SUMMARY OF UTILIZATION OF EQUIPMENT IN THE REGIONAL IRRIGATION OFFICES (CY 2001)" marked ANNEX B.

Heavy equipment of the Regional Irrigation Offices (RIOs) which include cranes, dozers, excavators, loaders, graders and truck tractors with trailer have registered an average utilization of only 27% while stake trucks and dump trucks 76% for a weighted average of 47% compared to 81% maximum utilization attained per statistical data established for RIOs. Please refer to the attached "SUMMARY UTILIZATION OF SELECTED EQUIPMENT OF REGIONS" marked ANNEX C.

In this regard, increasing equipment utilization up to the maximum 81% that we have already attained in the previous years or possibly up to 100% of their potential will enable us to generate higher ER. One possible option that we can consider is the use of our underutilized/idle equipment in Local Minor Contracts by encouraging and/or requiring the contractors to source at least 30% of their equipment requirement from the NIA during contract implementation.

This scheme appears to be reasonable to all parties considering that on the average, NIA ER rate is about 27.7% lower than that of ACEL rate as shown in the attached "COMPARATIVE EQUIPMENT RENTAL RATES (Operated rate basis)" marked as ANNEX D.

All applicable provisions of MC#22, s.1997 (MANUAL ON LOCAL MINOR CONTRACT) shall be observed and applied.

Strict compliance is hereby enjoined.


JESUS EMMANUEL M. PARAS
Administrator

April 29, 2002

ANNUAL EQUIPMENT RENTAL FOR THE LAST FIVE YEARS

1997 - 2001

ANNEX A

YEAR	NUMBER OF EQUIPMENT	% OPERABLE	TOTAL RENTAL COLLECTED (P X 10 ⁶)	TOTAL NIA OPERATING INCOME (P X 10 ⁶)	% OF TOTAL EQUIPMENT RENTAL COLLECTED VS TOTAL NIA OPERATING INCOME
1997	10,658	83.50%	212.26	728.94	0.29
1998	10,664	82.00%	199.10	584.58	0.34
1999	10,622	82.00%	226.13	528.39	0.43
2000	10,597	85.50%	176.02	572.72	0.31
2001	10,420	86.68%	185.63	663.36	0.28
AVERAGE	10,592	83.94%	^{total} 999.13	^{total} 3,077.99	0.32

**SUMMARY OF UTILIZATION OF EQUIPMENT
IN THE REGIONAL IRRIGATION OFFICES
CY 2001**

ANNEX B

REGION	NO. OF UNITS (Heavy Eqpt., DT & ST)	% UTILIZATION
1	54	30%
2	122	42%
3	82	51%
4	60	17%
5	35	13%
6	79	31%
7&8	70	28%
9	27	66%
10	57	58%
11	140	38%
12	87	87%
13	118	44%
CAR	38	25%
UPRIIS	44	130%
MRIIS	65	68%
C.O.	-	0%
TOTAL	1,078	47%

**SUMMARY UTILIZATION OF SELECTED EQUIPMENT OF REGIONS
CY 2001**

ANNEX C

EQUIPMENT	FOR REGIONS			STATISTICAL DATA FOR REGIONAL OFFICES		
	UNITS	UTIL.	%UTILIZATION	UNITS	UTIL.	%UTILIZATION
CRANE CRAWLER	37	15,122	51%	34	13,736	51%
DOZER, CRAWLER	144	41,934	21%	130	72,800	40%
EXCAVATOR, CRAWLER	141	62,195	31%	54	43,362	57%
EXCAVATOR, WHEELED	12	4,651	28%	N/A		0%
LOADER, CRAWLER	3	520	12%	5	2,030	29%
LOADER W/ BACKHOE, CRAWLER	6	2,743	32%	17	8,704	36%
LOADER, WHEEL	52	22,000	30%	36	19,980	39%
LOADER W/ BACKHOE, WHEELED	138	53,255	27%	30	19,500	46%
MOTOR GRADER	73	17,414	17%	49	29,498	43%
TRUCK-TRACTOR W/ TRAILER	26	6,835	33%	17	12,242	90%
SUB-TOTAL	632	226,670	27%	372	221,852	45%
LIGHT/TRANSPORT EQUIPMENT						
DUMP TRUCK	302	2,788,510	77%	250	3,573,750	119%
STAKE TRUCK	144	1,301,739	75%	113	1,560,417	115%
SUB-TOTAL	446	4,090,250	76%	363	5,134,167	118%
TOTAL	1078		47%	1098		81%

COMPARATIVE EQUIPMENT RENTAL RATES

(Operated rate Basis)

ANNEX D

TYPE OF EQUIPMENT	*ACEL RATES	**NIA RATES	% DIFFERENCE
A. LIFTING EQUIPMENT	11,477.00	8,995.78	27.6
B. EXCAVATING EQUIPMENT	8,584.00	6,677.30	28.5
C. EARTHMOVING EQUIPMENT	23,131.00	18,834.90	22.8
D. COMPACTION EQUIPMENT	4,386.00	2,907.40	50.8
E. HAULING EQUIPMENT	5,557.00	4,293.50	29.4
F. CONCRETING EQUIPMENT	2,272.00	1,663.95	36.5
TOTAL	P 55,407.00	P 43,372.83	27.7

* ACEL Equipment Guidebook, Edition 21, November 1998

** MC # 28, s. 1998 - 1998 Revised Equipment Rental Rates
Sced. C Rates plus Operator and Fuel Charges per hour.

Note: ACEL Rates are, on the average, 27.7 percent higher
than NIA's Revised Rental Rates for 1998.

COMPARISON OF ACEL & NIA EQUIPMENT RENTAL RATES
(Operated Rates Basis)

EQUIPMENT TYPE/CAPACITY	MAKE & MODEL	ACEL RATES	NIA RATES	% DIFFERENCE
A. LIFTING EQUIPMENT				
CRANES				
Amphibious, 10-20 T	Hitachi MA 100 U	1,300.00	731.63	77.7
0.4 - 0.58 cu.m.	Hitachi MA 125 U			
Hydraulic, Truck-Mtd.	Unik K 130A			
11 - 15 Tons	Tadano TS-150 / TR - 151	904.00	743.95	21.5
15 - 20 Tons	Tadano TS - 200 EX	1,076.00	971.20	10.8
Truck - Mtd. Std. Mechanical				
15 - 20 Tons	P & H 220 - TC	938.00	895	4.8
21 - 30 Tons	Linkbelt HC - 77S	1,320.00	1,059.95	24.5
31 - 35 Tons	P & H 435 - TC	1,412.00	1,410.00	0.1
Crawler - Mtd.				
15 - 20 Tons	Linkbelt LS - 78	1,079.00	708.40	52.3
21 - 25 Tons	Linkbelt LS - 78 LS	1,258.00	801.40	57.0
	P & H 320H			
41 - 45 Tons	Linkbelt LS - 108 BJ	1,778.00	1,266.45	40.4
Forklift, 1 - 4 Tons	All Makes	412.00	407.10	1.2
TOTAL		P 11,477.00	P 8,995.08	27.6
B. EXCAVATING EQUIPMENT				
Backhoe, Hydr. Crawler - Mtd.				
0.10 - 0.30 cu.m.	Mitsubishi MS 04	381.00	292.45	30.3
0.35 - 0.55 cu.m.	Mitsubishi MS 110			
	Hitachi UH04, UH05	835.00	769.20	8.6
0.70 - 1.0 cu.m.	Hitachi EX - 200 -2	2,372.00	1,469.80	61.4
1.10 - 1.5 cu.m.	Samsung SE 280 LC - 2	2,247.00	2,388.20	(5.9)
Backhoe, Hydr. Wheel - Mtd.				
0.35 - 0.55 cu.m.	Hitachi WHO - 51	1,023.00	784.70	30.4
0.70 - 1.0 cu.m.	Hitachi EX 160 WD	1,726.00	972.95	77.4
TOTAL		P 8,584.00	P 6,677.30	28.6
C. EARTHMOVING EQUIPMENT				
Tractor Dozer, Crawler				
300 - 320 HP	Komatsu D155 - A	3,575.00	2,653.30	34.7
180 - 200 HP	Caterpillar D76 - ID7E	2,497.00	2,358.90	5.9
130 - 159 HP	Caterpillar D6DLGP	1,742.00	1,645.85	5.8
	Komatsu D63E -1	1,882.00	1,244.00	51.3
85 - 114 HP	Komatsu D50 - P	1,390.00	1,133.55	22.6
	Fiat - Allis 8B	1,059.00	782.50	35.3
55 - 84 HP	Caterpillar D4DLGP	866.00	603.10	10.4
Front End Loader, Wheeled				
1.15 - 1.45 cu.m.	Furukawa FL - 120 A	829.00	710.45	16.7
1.5 - 2.0 cu.m.	Komatsu W70 - 3	965.00	781.30	23.5
3.0 - 3.5 cu.m.	Furukawa FL - 320	1,707.00	1,422.30	20.0
Backhoe / Loader				
0.5 - 0.8 / 0.15 - 0.25 cu.m.	Case 580L / 580K	1,227.00	841.10	45.9
Front End Loader, Crawler				
1.15 - 1.5 cu.m.	Caterpillar 951C	1,132.00	846.25	33.8
1.6 - 2.0 cu.m.	Caterpillar 963	1,837.00	1,560.75	17.7
Motorized Grader				
60 - 75 HP	Mitsubishi MG 100	681.00	519.15	31.2
110 - 130 HP	Komatsu 6D500R - 2	843.00	804.90	4.7
135 - 165 HP	Champion D720 A	1,099.00	927.55	18.5
TOTAL		P 23,131.00	P 18,834.95	22.8

EQUIPMENT TYPE/CAPACITY	MAKE & MODEL	ACEL RATES	NIA RATES	% DIFFERENCE
D. COMPACTION EQUIPMENT				
Compactor, Spreader 16 Tons	Caterpillar 815	1,583.00	728.00	117.4
Roller, Static 2 & 3 drums 5 - 10 Tons	Watanabe WT 62	515.00	452.15	13.9
11 - 28 Tons	Watanabe WN 102	614.00	517.25	18.7
Roller, Vibratory, S.P. 1.0 - 3.0 Tons	Sakai SV 25/ SV 40	545.00	353.85	54.0
4.0 - 8.0 Tons	IGRI WR - 20			
Compactor, Plate Vibratory 7.0 HP	Dynapac CA 151	943.00	759.80	24.1
	All Makes / Models	186.00	96.15	93.4
	TOTAL	P 4,386.00	P 2,907.20	50.9
E. HAULING EQUIPMENT				
Truck - Tractor w/ Trailer, 25 T (4 - hrs. minimum)	Kenworth T - 450	1,500.00	1,380.25	10.3
Truck Dump 2.5 - 4.0 cu.m.	All Makes	619.00	522.25	18.5
4.5 - 6.5 cu.m.	All Makes	807.00	557.75	44.7
7.0 - 9.0 cu.m.	All Makes	1,004.00	729.15	37.7
Truck, Stake / Cargo 6.0 - 7.0 Tons	All Makes	709.00	506.50	40.0
8.0 - 10.0 Tons	All Makes	918.00	617.60	48.6
	TOTAL	P 5,557.00	P 4,293.50	29.4
F. CONCRETING EQUIPMENT				
Mixer, Transit 3.0 - 3.5 cu.m.	Hino ZM 200	877.00	691.00	26.9
4.0 - 5.0 cu.m.	Hino ZM 202	1,068.00	843.10	28.4
Mixer, Concrete (Tilting / Non-Tilting Drum) 0.16 cu.m. (1-bagger)	All Makes	156.00	57.35	172.0
0.30 cu.m. (2-bagger)	All Makes	173.00	72.50	138.6
	TOTAL	P 2,272.00	P 1,663.95	36.5



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MEMORANDUM TO : MR. ISIDRO R. DIGAL
MR. ANTONIO GALVEZ
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MR. ROLANDO BONROSTRO
MR. ROMEO CARBONELL
MR. GREGORIO DUMANDAN

FROM : JESUS EMMANUEL M. PARAS

SUBJECT : PREPARATION OF GUIDELINES FOR THE OPTIMUM
UTILIZATION OF NIA EQUIPMENT IN
IMPLEMENTING NIA PROJECTS

DATE : 25 JANUARY 2002

In my 10 January memorandum to you, I asked you to constitute yourselves into a group that will carry out my instruction to include in our projects undertaken not just be force account but also by contract the utilization of NIA equipment. I also asked you to submit your output and the necessary implementing order to my office not later than 21 January 2002.

It is already the 5th day since due date. Please make sure that your output is received by my Office not later than 3:00 p.m. of 28 January 2002.


JESUS EMMANUEL M. PARAS