

**Republic of the Philippines
HOUSE OF REPRESENTATIVES**
Quezon City, Metro Manila

Thirteenth Congress
First Regular Session

House Bill No. 1282



Introduced by Hon. Roilo Golez

EXPLANATORY NOTE

In December 9, 1974, Presidential Decree No. 601 was issued, revising the Coast Guard Law (R.A. No. 5173) with a view to enabling the Philippine Coast Guard (PCG) to discharge its functions more efficiently and effectively. In general, the PCG's mandate is to enforce maritime laws, protect the marine environment, promote the safety of life and property at sea, and exercise supervision over Philippine merchant ships.

Considering that the Philippine Archipelago, by definition, is composed of a group of islands connected by its internal waters and embraced by its territorial sea, the efficient performance by the PCG of its functions is crucial to our national security and development. In fact, our coastal regions account for about 60% of the total population, and at least 4,951 species of marine plants and animals are found in Philippine coastal and marine habitats. Sadly, the PCG has only enough equipment and manpower to secure less than half of the country's ports. Of the almost 1,000 ports in the country, only about 353 are secured by the Coast Guard. This is because our Coast Guard is sorely lacking in manpower and equipment.

As far as safety of life at sea is concerned, the Philippines is no stranger to catastrophic maritime accidents. We need an effective, well-trained coast guard with the most modern communications, navigation, and surveillance equipment at their disposal to ensure the quickest possible response to any accident at sea.

International terrorism has also emerged as a major threat to maritime assets. A modern coast guard is crucial in guarding our searoutes to make both domestic and foreign ships safe against possible terrorist attacks.

This Bill, patterned after the AFP Modernization Act, aims to give our coast guard a fighting chance at being the best it can be. It provides for the modernization of PCG equipment and training, and the allocation of the necessary funds for this purpose.

Passage of this Bill is earnestly requested.


ROILO GOLEZ

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AN ACT
PROVIDING FOR THE MODERNIZATION OF THE PHILIPPINE COAST GUARD AND
FOR OTHER PURPOSES

Sec. 1. *Short Title.* This Act shall be known as the "Coast Guard Modernization Act."

Sec. 2. *Declaration of Policy.* It is hereby declared the policy of the State to modernize the Philippine Coast Guard (PCG) to a level where it can effectively and fully perform its mandate to enforce maritime laws, combat international terrorism, protect the marine environment, and promote the safety of life and property at sea. Toward this end, the principal thrusts of the modernization program under this Act shall be:

- a. The acquisition and upgrading of appropriate technology and equipment;
- b. The undertaking of reform in the recruitment, training, employment and management of PCG personnel; and
- c. The development of a credible, self-reliant, and professional PCG.

Sec. 3. *Objectives of the PCG Modernization Program.* The PCG modernization program shall be implemented in accordance with the following objectives:

- a. To improve the PCG's capability to enforce or assist in the enforcement of all applicable laws upon the high seas and territorial waters of the Philippines including all ports, customs zones, waterways and other inland waters;
- b. To enhance its capability to enforce laws, promulgate and administer regulations for the promotion of safety of life and property within the maritime jurisdiction of the Philippines and in the high seas;

- c. To enhance its capability to combat international terrorism in the high seas and within the maritime jurisdiction of the Philippines;
- d. To develop its capability to maintain and operate with due regard to the requirements of national defense aids to maritime navigation for the promotion of safety on and over high seas and territorial waters of the Philippines;
- e. To strengthen its capability to enforce laws, promulgate and administer regulations for marine environmental protection of the territorial waters of the Philippines; and
- f. To strengthen its capability to prevent and suppress illegal entry, smuggling, other customs frauds, and violations of other maritime laws that may be committed within the waters subject to the jurisdiction of the Republic of the Philippines, and to conduct surveillance on vessels entering and/or leaving the Philippine territory;

Sec. 4. *Components of the PCG Modernization Program.* The PCG modernization program shall consist of the following components:

- a. *Force restructuring and organizational development.* The PCG modernization program shall develop the PCG into a modern, compact, and efficient quick-response force in pursuit of their duties under Presidential Decree No. 601, otherwise known as the Revised Coast Guard Law of 1974, and other pertinent laws;
- b. *Capability, material, and technology development.* The PCG modernization requires the use and development of modern communications and navigation equipment as well as modern floating and air assets: *Provided*, That the acquisition of equipment and material of such types and quantities shall be made in accordance with the need to develop PCG capabilities pursuant to its modernization objectives: *Provided, further*, That the acquisition of new equipment and weapons systems shall be synchronized with the phase-out of uneconomical and obsolete major equipment in the PCG inventory: *Provided, further*, That only offers from suppliers who are themselves the manufacturers shall be entertained: *Provided, finally*, That no supply contract shall be entered into unless such contract provides for, in clear and unambiguous terms, and after-sales services and the availability of spaceports;
- c. *Bases/support system development.* The PCG modernization program shall entail the development of permanent bases for air and sea forces especially suited to the efficient exercise of its functions and in conformity with the government's socioeconomic thrusts; provide a systematic relocation of PCG units to enhance their capability in the performance of their mandate; provide adequate support systems and housing facilities to PCG units and personnel;

and develop bases along standard criteria for space allocations, zoning and efficient correlation of land areas and structure.

The Secretary of the Department of Transportation and Communications shall formulate guidelines to implement this section in accordance with the objectives of the modernization program enumerated in the preceding section.

Sec. 5. *Period of Implementation.* The modernization program under this Act shall be implemented over a period of fifteen (10) years: *Provided*, That payment for amortization of outstanding multi-year contract obligations incurred under this Act may extend beyond this period.

Sec. 6. *Submission of the PCG Modernization Program.* (a) Within ninety (90) days from the effectivity of this Act, the President, upon the recommendation of the Secretaries of Transportation and Communications and Budget and Management, shall submit the PCG modernization program as provided in a joint resolution of the House Representatives and the Senate. The program shall indicate or show *inter alia*:

- a. The size and shape of the PCG in terms of personnel, equipment, and facilities during the phases of the modernization program;
- b. The modernization projects under already undertaken prior to this Act;
- c. The priorities, schedule as well as estimated average cost of each modernization project or upgrading to be undertaken.

In the event Congress approves the PCG modernization program, the joint resolution shall be the basis for subsequent executive and legislative actions to implement the PCG modernization program from year to year until its complete and full realization.

Sec. 7. *Appropriations for the PCG Modernization Program.* The annual appropriations for the PCG modernization program shall include the amount necessary to support the funding requirements for all modernization projects approved by the Congress under the preceding section.

The funds to be appropriated by Congress under this Act shall be treated as distinct and separate budget items from the regular appropriation for the Department of Transportation and Communications and shall be administered by the Secretary of said Department.

The proposed program shall be based on a ceiling, for the first five (5) years, of Ten Billion pesos (P10,000,000,000.00): *Provided*, That thereafter, this amount may be increased commensurate to the increase in the Gross National Product. (GNP).

Sec. 8. *Multi-year Contracts and Other Contractual Arrangements* (a) The Secretary of Transportation and Communications, pursuant to the PCG modernization program, projects and appropriations approved by Congress, may, subject to the approval by the President, provisions of existing laws and regulations, including those of the Commission on Audit, and under such terms and conditions most favorable to government, enter into multi-year contracts, lease and lease-purchase agreements.

b. For Multi-Year contracts, Congress shall, upon certification by the President, make the corresponding appropriation for the ensuing fiscal year: *Provided*, That Congress shall appropriate only such funds as may be necessary to pay any unpaid amount where such funds mentioned in Section 10 of this Act are not sufficient or available to meet such payment in full or in part.

c. The Secretary of Transportation and Communications shall submit to Congress, through the chairmen of the Senate Committees on National Defense and Security and Finance and the chairmen of the House Committees on National Defense and Appropriations, copies of these multi-year contracts and other agreements/arrangements to enable Congress to appropriate funds.

Sec. 9. *Preference to Filipino Contractors* (a) In implementing the modernization program the PCG shall, as far as practicable, give preference to Filipino contractors and suppliers or to foreign contractors or suppliers willing and able to locate a substantial portion of, if not the entire, production process of the item(s) involved, within the Philippines.

b. In order to reduce foreign exchange outflow, generate local employment opportunities and enhance technology transfer to the Philippines, the Secretary of Transportation and Communications shall, as far as feasible, incorporate in each contract/agreement special foreign exchange reduction schemes such as countertrade, in-country manufacture, co-production, or other innovative arrangements or combinations thereof.

c. The PCG shall likewise ensure that in negotiating all applicable contracts or arrangements, provisions are incorporated respecting the transfer to the PCG of the principal technology involved as well as the training of PCG personnel to operate and maintain such equipment or technology.

Sec. 10. *PCG Modernization Act Trust Fund*. There is hereby created a trust fund, to be known as the PCG Modernization Act Trust Fund. Said trust fund, which shall be used exclusively for the PCG modernization program, but not to include salaries and allowances, shall be funded out of the following:

- a. Appropriations for the PCG modernization program;
- b. The proceeds from the disposal of excess and/or uneconomically repairable equipment and other movable assets of the PCG;

- c. Funds from budget surplus, if any, as may be authorized by Congress subject to the provisions of Section 7 of this Act; and
- d. All interest income of the trust fund.

The trust fund shall be administered by the Secretary of Transportation and Communications in accordance with existing government auditing rules and regulations.

Sec. 11. *Austerity and Use of Savings.* Effective upon the approval of this Act, the Secretary of Transportation and Communications shall submit to Congress, within the first quarter of the succeeding year, a report on:

- a. The amount of all unused or undisbursed funds, other than unused appropriations for salaries and benefits of the PCG personnel, remaining from all previous DOTC and PCG appropriations; and
- b. The amount of savings from austerity measures, which are hereafter to be pursued by all services and units of the PCG, generated in the previous fiscal year.

The savings generated under this section are hereby authorized to be used to augment funds for the PCG modernization program.

Sec. 12. *PCG Procurement System.* The DOTC-PCG shall strengthen its systems and procedures for equipment acquisition, taking into account new requirements under the PCG modernization program.

Sec. 13. *Annual Reports.* Not later than the end of the first quarter of the succeeding year:

- a. The Secretary of Transportation and Communications shall submit to the President and Congress an annual report on the status of the PCG Modernization Act Trust Fund, as provided for in Section 10 of this Act;
- b. The Commandant, PCG, shall submit to the President and Congress, through the Secretary of Transportation and Communications, an annual report containing the progress of the implementation of the modernization program under this Act to include the PCG modernization activities implemented prior to the approval of this Act.

Sec. 14. *Separability Clause.* If any provision of this Act shall be held unconstitutional or invalid, the other provisions not otherwise affected shall remain in full force and effect.

Sec. 15. *Repealing Clause.* All laws, executive orders, rules and regulations inconsistent with or contrary to this Act, are hereby deemed accordingly repealed or amended.

Sec. 16. *Effectivity Clause.* This Act shall take effect after fifteen (15) days from its publication in at least two (2) newspapers of national circulation.

Approved,