



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

Sixteenth Congress
Second Regular Session

HOUSE BILL NO. **5112**



Introduced by **Honorable Eleandro Jesus F. Madrona**

EXPLANATORY NOTE

This bill seeks to modernize the Philippine Coast Guard (PCG), creating for the purpose the PCG Modernization Trust Fund and appropriating funds therefor.

Under Republic Act (RA) No. 9993, also known as the "*Philippine Coast Guard Law of 2009*," the PCG is tasked primarily to enforce applicable laws within Philippine waters, conduct maritime security operations, safeguard life and property at sea, and protect the marine environment and resources.

The PCG is attached to the Department of Transportation and Communications. Currently, it maintains a presence throughout the archipelago with twelve coast guard (CG) districts, fifty-four CG stations and over one hundred ninety CG detachments from Basco, Batanes to Bongao, Tawi-Tawi.

Unfortunately, the capability of PCG, compared to coast guards of our neighboring ASEAN countries, is below par. The current stand-off in Panatag (Scarborough) Shoal with China highlights the country's need to modernize its capabilities to guard its 36,000 kilometers coastlines. Aside from maintaining presence within our territorial waters, it is equally important for the country to be able to protect its fishing industry and people traversing the internal waters of the Philippines.

Admiringly, despite its inadequate capabilities, the PCG has continued to perform its mandates with intensity and enthusiasm. The dedication and commitment of PCG personnel as rescuers and law-enforcers could be further enhanced if technologically improved material capabilities are introduced and integrated into the coast guard organization and systems.

With twelve CG districts, sixty-three CG stations and two hundred thirty eight CG detachments, the PCG continues to discharge its functions with limited resources.

In order to address the concerns of PCG, there is a need for a modernization plan that would enhance its capabilities to guard effectively the entire Philippine archipelago, its territorial waters and coastlines. The modernization program will allow the PCG to perform its functions effectively and efficiently.

In view of the foregoing, the immediate passage of the bill is earnestly sought.



ELEANDRO JESUS F. MADRONA



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AN ACT

MODERNIZING THE PHILIPPINE COAST GUARD, CREATING FOR THE PURPOSE THE PHILIPPINE COAST GUARD MODERNIZATION TRUST FUND AND APPROPRIATING FUNDS THEREFOR

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. *Short Title.* – This Act shall be known as the “*Philippine Coast Guard Modernization Act.*”

SEC. 2. *Declaration of Policy.* – It is hereby declared the policy of the State to modernize the Philippine Coast Guard to a level where it can fully perform its mandates. Toward this end, the State shall develop and enhance the capabilities of the Philippine Coast Guard in order to effectively and efficiently perform under the following functional areas:

- a. Maritime safety
- b. Maritime search and rescue
- c. Maritime security
- d. Maritime law enforcement
- e. Marine environmental protection

SEC. 3. *Philippine Coast Guard Modernization Program.* – Within a period not exceeding fifteen (15) years after the effectivity of this Act, the

1 Philippine Coast Guard shall implement the PCG Modernization Program,
2 hereinafter referred to as the Program. The Philippine Coast Guard shall continue
3 to perform its powers and discharge its functions as provided in Section 3 of
4 Republic Act No. 9993, also known as the "*Philippine Coast Guard Law of 2009*."

5 Payments for the amortization of outstanding multi-year contract obligations
6 incurred under Section 7 of this Act may however extend beyond this period.

7 **SEC. 4. *Objectives of the Program.*** – The Program shall be implemented in
8 accordance with the following objectives:

- 9 a. To minimize, if not totally eliminate, accidents at sea;
- 10 b. To reduce the search effort and hasten response time during search
11 and rescue operations;
- 12 c. To contribute substantially in securing maritime zones or territorial
13 waters from terrorism, lawlessness, and other threats to national security and
14 territory;
- 15 d. To effectively contribute in the enforcement of the Philippine criminal
16 and other special laws within the maritime zones or territorial waters; and
- 17 e. To minimize, if not totally eliminate, pollution in the maritime zones
18 or areas and hasten response time to recover spilt pollutants.

19 **SEC. 5. *Components of the Program.*** – The Program shall have the
20 following components:

21 a. *Organization Development.* The restructuring and streamlining of
22 PCG units and offices for economy and efficiency to avoid the overlapping of
23 functions, simplify procedures and improve response time.

24 b. *Human Resources.* The professionalization of its human resource
25 with educated, motivated and highly-skilled personnel in their respective fields of

1 specialization.

2 c. *Doctrine Development.* The rationalization of systems, standards and
3 procedures in the administration of PCG which includes the generation, evaluation,
4 consolidation and formalization of doctrines; the conduct of periodic review and
5 validation of doctrines through field application, testing and exercises; and the
6 dissemination of approved doctrines at all levels of command.

7 d. *Infrastructure Development.* The basic and support systems required
8 to ensure that services are rendered efficiently which includes acquisition and
9 upgrade of basic and support facilities for administrative and operational services,
10 and the acquisition and upgrade of basic facilities such as aircraft command,
11 control and communication platform which are range and endurance-capable to
12 continuously monitor edges of the exclusive economic zone (EEZ) with night
13 navigation capability, including remote-controlled drones.

14 e. *Equipment and Facilities Acquisition and Modernization.* The
15 acquisition and upgrade of contemporary, modern and state-of-the-art equipment
16 and system to enhance the capabilities of the PCG in the performance of its
17 mandate which includes the following:

18 1. Upgrade of vessels to mission-specific level with a high degree
19 of flexibility to perform other functional area operations. The vessels must
20 be well-maintained for full operational status at least three hundred (300)
21 days a year and must be interfaced with latest cutting edge technology for
22 ease of operation;

23 2. Remotely operated submersibles for deep-sea search, retrieval
24 and monitoring operations;

25 3. Weapons which are marine-environment resistant and designed

1 primarily to disable hostile personnel and equipment;

2 4. K-9 Units which are capable of detecting bombs, drugs, toxic
3 substances and search and rescue (SAR) operations, among others;

4 5. Uninterruptible PCG internal communications seamlessly
5 interoperable with other agencies as well as communications with
6 commercial vessels operating within the Philippine maritime zones or
7 territorial waters;

8 6. Training equipment capable of simulating foreseeable
9 emergency or hostile situations;

10 7. Aids to navigation which are consistent with International
11 Association of Lighthouse Authorities standards;

12 8. Accurate and real time monitoring and detection systems; and

13 9. Laboratories with technologically current equipment.

14 SEC. 6. ***Submission of the Program.*** – Within ninety (90) days from the
15 effectivity of this Act, the PCG Commandant shall, in coordination with the
16 Secretaries of Transportation and Communications and Budget and Management,
17 submit the PCG Modernization Program through the Congressional Oversight
18 Committee created under Section 14 hereof for its consideration and approval
19 through a joint resolution of the House of Representatives and the Senate.

20 The Program shall indicate the following:

21 a. The size and shape of the PCG in terms of personnel, equipment, and
22 facilities during the various phases of the Program;

23 b. The modernization project under each phase including the major
24 weapon and non-weapon equipment and technology acquisitions, infrastructure
25 construction or improvement to be made and the particular objective(s) and

1 component(s) under sections 4 and 5 respectively, of this Act to which such
2 intended acquisition, construction or improvements belongs; and

3 c. The priorities, schedules as well as estimated average cost for each
4 modernization component project or upgrading to be undertaken.

5 In the event Congress approves the PCG Modernization Program, the joint
6 resolution shall be the basis for subsequent executive and legislative actions to
7 implement the Program until its completion and full realization.

8 SEC. 7. ***Multi-year Contracts.*** – The Secretary of Transportation and
9 Communications may, pursuant to the Program, projects and appropriations
10 approved by Congress and subject to the approval by the President, enter into
11 multi-year contracts and other agreements or arrangements in accordance with the
12 provisions of existing laws and regulations including those of the Commission on
13 Audit and under such terms and conditions most favorable to the government.

14 The Congress shall, upon certification by the President, make the
15 corresponding appropriation for the ensuing fiscal year in payment for multi-year
16 contracts: *Provided*, That Congress shall appropriate only such funds as may be
17 necessary to pay any unpaid amount when the appropriated funds mentioned in
18 Section 13 of this Act are not sufficient or available to meet the payment, in full or
19 in part.

20 The Secretary of Transportation and Communications shall submit to
21 Congress, through the Congressional Oversight Committee, copies of these multi-
22 year contracts and other agreements or arrangements to enable Congress to
23 appropriate funds.

24 SEC. 8. ***Self-Reliance Program.*** – In implementing the Program, the PCG
25 shall, as far as practicable, give preference to Filipino contractors and suppliers and

1 secondly to foreign contractors or suppliers, willing and able to locate a substantial
2 portion of, if not the entire, production process of the terms involved within the
3 Philippines.

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

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

14 **SEC. 9. *PCG Modernization Trust Fund.*** – There is hereby created a trust
15 fund, to be known as the PCG Modernization Trust Fund to be administered by the
16 Secretary of Transportation and Communications in accordance with existing rules
17 and regulations. The trust fund shall be used exclusively for the PCG
18 Modernization Program excluding salaries and allowances. The trust fund shall be
19 funded out of the following:

- 20 a) Appropriation for the PCG Modernization Program;
- 21 b) The proceeds from the sale, lease or joint development of coast guard
22 properties and lighthouse reservations, as may be authorized by the Congress,
23 including such immovable and other facilities as may be found therein, not
24 covered by the Bases Conversion Development Authority, as provided for in
25 Republic Act No. 7227, otherwise known as the Bases Conversion and

1 Development Act of 1992;

2 c) Shares of the PCG from the proceeds of the sale of coast guard
3 properties provided for under the Bases Conversion and Development Act of 1992;

4 d) The proceeds from the disposal of excess or uneconomically
5 repairable equipment and other movable properties in the PCG arsenal;

6 e) Funds from budgetary surplus, if any, as may be authorized by
7 Congress subject to the provisions of Section 13 of this Act;

8 f) Dues, fines, and penalties collected by PCG in the exercise of its
9 functions; and

10 g) All interest income of the trust fund.

11 SEC. 10. *Equipment Acquisition Per Functional Area.* – In order to further
12 specialize PCG capabilities, equipment acquisition shall be initiated within the
13 respective functional areas as mentioned in Section 2 of this Act but integrated into
14 the Program to allow inter-operability and ensure greater degree of reliability.

15 SEC. 11. *Contract Negotiation.* – The procurement process shall be
16 governed in accordance with Republic Act No. 9184, otherwise known as the
17 “Government Procurement Reform Act,” and its revised implementing rules and
18 regulations. The procurement process shall be exercised by the PCG General
19 Headquarters unless delegated to the next lower level management by the PCG
20 Commandant.

21 SEC. 12. *Use of Savings Annual Reports.* – The Secretary of
22 Transportation and Communications shall submit to the President and Congress,
23 through the Congressional Oversight Committee, an annual report on the status of
24 the PCG Modernization Act Trust Fund, as provided for in Section 9 of this Act not
25 later than the end of the first quarter of the succeeding year.

1 The Commandant of the PCG shall also submit to the President and
2 Congress, through the Congressional Oversight Committee and the Secretary of
3 Transportation and Communications, an annual status report containing the process
4 of the implementation of the modernization program under this Act including the
5 PCG modernization activities implemented prior to the approval of this Act not
6 later than the end of the first quarter of the succeeding year.

7 SEC. 13. *Appropriations.* – The annual appropriations for the PCG
8 modernization program shall include the amounts necessary to support the funding
9 requirements for all modernization projects approved by Congress pursuant to this
10 Act.

11 The funds to be appropriated by the Congress shall be treated as a distinct and
12 separate budget item from the regular appropriation for the PCG and shall be
13 administered by the Secretary of Transportation and Communications. The
14 proposed program shall be based on a ceiling of Fifty billion pesos
15 (P50,000,000,000.00) for the first five (5) years. Thereafter, this amount may be
16 increased commensurate to the increase in the gross national product (GNP).

17 SEC. 14. *Joint Congressional Oversight Committee.* – A Joint
18 Congressional Oversight Committee is hereby created to monitor and oversee the
19 implementation of the provisions of this Act. The Joint Congressional Oversight
20 Committee shall be composed of six (6) Senators and six (6) Representatives to be
21 appointed by the Senate President and the Speaker of the House of
22 Representatives, respectively. It shall be co-chaired by the Chairperson of the
23 Committee on Transportation of both Houses. The minority parties of both Houses
24 shall have at least two (2) representatives in the Joint Congressional Oversight
25 Committee.

1 SEC. 15. ***Sunset Review.*** – Five (5) years after the effectivity of this Act,
2 the Joint Congressional Oversight Committee shall conduct a systematic
3 evaluation of the accomplishments and impact of this Act as well as the
4 performance and organizational structures of PCG.

5 SEC. 16. ***Separability Clause.*** – If any provision of this Act is declared
6 unconstitutional or invalid, the remainder of this Act or any provisions not affected
7 thereby shall remain in full force and effect.

8 SEC. 17. ***Repealing Clause.*** – All laws, executive orders, rules and
9 regulations inconsistent with or contrary to this Act, are hereby repealed or
10 amended accordingly.

11 SEC. 18. ***Effectivity.*** – This Act shall take effect fifteen (15) days after its
12 publication in the Official Gazette or in a newspaper of general circulation.

13 Approved,