

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

SIXTEENTH CONGRESS

Second Regular Session

House Bill No. **5236**



Introduced by Magdalo Party-List Representatives
Hon. Francisco Ashley L. Acedillo and Hon. Gary C. Alejano

EXPLANATORY NOTE

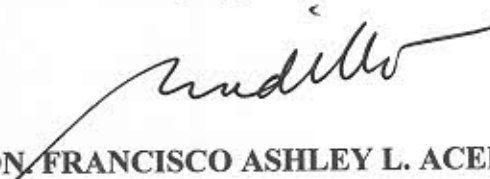
Most nations have invested greatly in the safeguarding of their ports, waterways, and coastal security. These nations realized the immense responsibility in securing their territories, ports, and their economic interests. Ports in Romania have been equipped with state-of-the-art infrared motion detection device which provides employees with immediate awareness of specific security breaches in their ports. The Port of Manzanillo in Mexico on the other hand employ the use of 20-foot high portable guard towers which provides a cost-effective way of enhancing security in port facility.

While other countries are investing heavily in their ports and improving their coastal security, the capability of our PCG to secure our vast coastline and waterways lags behind.

With twelve (12) CG Districts, sixty-three (63) CG Stations and Two hundred thirty eight (238) CG Detachments strategically situated from Basco Batanes to Bongao, Tawi-Tawi, the PCG continue to perform with limited resources.

In order to address PCG's concerns, there is a need for the State to modernize the PCG. The Modernization Program under this Act shall allow the PCG to perform under its different functional areas effectively and efficiently.

In view of the foregoing, immediate approval of this bill is earnestly requested.


HON. FRANCISCO ASHLEY L. ACEDILLO


HON. GARY C. ALEJANO

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

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

1 **SECTION 1. Title.** This Act shall be known as the “PCG Modernization Act of 2014”.
2

3 **SEC. 2. Declaration of Policy.** – It is hereby declared the policy of the State to develop
4 the Philippine Coast Guard (PCG), ensure the continued protection and defense of our maritime
5 border, economy, and environment. Toward this end, the Modernization Program under this Act
6 shall develop and enhance the capabilities of the PCG in order to effectively and efficiently
7 perform under the following functional areas:

- 8 a) Maritime Safety,
9 b) Maritime Search and Rescue;
10 c) Maritime Security;
11 d) Maritime Law Environment; and,
12 e) Maritime Environmental Protection.

13
14 As such, the PCG shall be able to perform its powers and discharge its functions as
15 enumerated in Section 3 of Republic Act No. 9993 otherwise known as the “Philippine Coast
16 Guard Law of 2009”.
17

18 **SEC. 3. Objectives of the PCG Modernization Program.** – The PCG Modernization
19 Program shall be implemented in accordance with the following objectives:

- 20 a) To minimize if not totally eliminate accidents at sea;
21 b) To reduce the search effort and improve response times during search and rescue
22 operations;
23 c) To contribute substantially in securing maritime zones or areas from terrorism,
24 lawlessness, and other threats to national security and the national territory;

- 1 d) To effectively contribute in the enforcement of the Philippine criminal and other
2 special laws within the maritime zones/areas;
3 e) To minimize if not totally eliminate pollution on the maritime zones/areas and limit
4 response time to recover spilt pollutants to its minimum.
5

6 **SEC. 4. Components of the PCG Modernization Program.** – The PCG Modernization
7 Program shall consist of the following components.

8 a) **Organization Development-** shall pertain to the restricting and streamlining of
9 units and offices for economy and efficiency to avoid the overlapping of functions, simplify
10 procedures and improve response time;

11 b) **Human Resource** –shall pertain to the professionalization of its human resource
12 populated with educated, motivated, multi-tasking capable personnel and highly skilled in their
13 respective fields of specialization;

14 c) **Doctrine Development** –requires the rationalization of systems, standards and
15 procedures in the administration of PCG. Towards this end, the PCG shall be responsible for the
16 generation, evaluation, consolidation and formalization of doctrines, conduct of periodic review
17 and validation of doctrines through field application, testing and exercise, and the dissemination
18 of approved doctrines at all levels of command;

19 d) **Infrastructure Development** – shall refer to the basic system and support
20 systems required to ensure that service are rendered efficiently. The Modernization Program
21 shall include acquisition and upgrading of basic support facilities for administrative and
22 operational facilities. It shall also include, but not limited to, the acquisition and upgrading of
23 basic facilities such as aircraft command, control and communication platform which are range
24 and endurance capable to continuously monitor edge of the EEZ with night navigation capability,
25 including, but not limited to, remote controlled drones;

26 e) **Equipment and Facilities Acquisition and Modernization** – refers to the
27 acquisition and upgrading of contemporary, modern and state-of-the-art equipment and system to
28 enhance the capabilities of the PCG in the performance of its mandate; which shall include, but
29 not be limited to the following:

- 30 i. Upgrading of vessels to mission-specific level with a high degree of flexibility to
31 perform other functional area operations. They must be well maintained for full
32 operational status at least 300 days/year. The vessels should be interfaced with
33 latest cutting edge technology for ease of operation;
34 ii. Submersibles shall be remotely operated, for deep-sea search, retrieval and
35 monitoring operations;
36 iii. Weapons shall be of kind which are marine-environment resistant and designed
37 primarily to disable hostile personnel and equipment;

- iv. K-9 units shall be capable of detecting bombs, drugs, toxic substance and limited SAR, among others;
- v. Uninterruptible PCG internal communications seamlessly interoperable with other agencies as well as communications with commercial vessels operating within the Philippine maritime zones;
- vi. Training Equipment capable of stimulating foreseeable emergency or hostile situations;
- vii. Aids to navigation which are consistent with International Association of Lighthouse Authorities Standards;
- viii. Accurate and real time monitoring and detection systems; and
- ix. Laboratories shall be updated with technologically current equipment.

SEC. 5. *Period of Implementation.* – The Modernization Program under this Act shall be implemented over a period not exceeding fifteen (15) years after its effectivity: Provided, however, that payments 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.* – Within ninety (90) days from the effectivity of this Act, the Commandant of the PCG in coordination within the Secretaries of Department of Transportation and Communications (DOTC) and Department of Budget and Management (DBM), shall submitted the PCG Modernization Program as provided for in this Act to Congress, through the Congressional Oversight Committee created under Section 16 hereof, for its consideration and approval thru a joint resolution of the House of 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 various phases of the modernization program;
- b) The modernization project under each phase including the major weapon and non-weapon equipment and technology acquisitions, infrastructure construction or improvement to which such intended acquisition, construction, or improvements belongs; and
- c) The priorities, schedules as well as estimated average cost 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 until its completion and full realization.

1 **SEC. 7. Appropriations of the PCG Modernization Program.** – The annual
2 appropriations for the PCG modernization program shall include the amounts necessary to
3 support the funding requirements for all modernization projects approved by Congress under the
4 preceding section.

5
6 The funds to be appropriated by the Congress under this Act shall be treated as a distinct
7 and separate budget item for the regular appropriation for the PCG and shall be administered by
8 the Secretary of DOTC. The proposed program shall be based on a ceiling, for the first five (5)
9 years, of fifty billion pesos (50,000,000,000.00): Provided, that hereafter, this amount may be
10 increased commensurate to the increase in the Gross National Product (GNP).

11
12 **SEC. 8. Multi-year Contracts.**– The Secretary of the DOTC, pursuant to the PCG
13 Modernization Program, projects and appropriations approved by Congress, may subject to the
14 approval by the president, the provisions of existing laws and regulations including those of the
15 Commission on Audit and under such terms and conditions most favorable to the government,
16 enter into multi-year contract, lease and lease-purchase agreements.

17
18 For multi-year contracts, Congress shall, upon certification by the President, make the
19 corresponding appropriation for ensuring fiscal year: Provided that Congress shall appropriate
20 only such funds as may be necessary to pay any unpaid amount where such funds mentioned in
21 Section 7 of this Act are not sufficient or available to meet such payment in full or in part.

22
23 The Secretary of DOTC shall submit to Congress, through the Congressional Oversight
24 Committee, copies of these multi-year contracts and other agreements or arrangement to enable
25 Congress to appropriate funds.

26
27 **SEC. 9. Self-Reliance Program.** – In implementing the Modernization Program, the PCG
28 shall, as far as practicable, give preferences to Filipino and suppliers and secondly to foreign
29 contractors or suppliers, willing and able to locate a substantial portion of, if not the entire,
30 production process of the term(s) involved, within the Philippines.

31
32 In order to reduce foreign exchange outflow, generate local employment opportunities
33 and enhance national productivity, provisions shall be incorporated in each contract/ agreement
34 on special foreign exchange reduction schemes such as counter trade, in country manufacture,
35 co-production, or other innovative arrangements or combinations thereof.

36
37 The PCG ensure that in negotiating all applicable contracts or agreements, provisions are
38 incorporated transferring to the PCG of the principal technology involved as well as the training

1 of PCG personnel who shall operate and maintain such equipment and technology, including
2 upgrades and modification.

3
4 **SEC. 10. *Minimize FOREX outflow in case of foreign supply.*** – In order to reduce
5 foreign exchange outflow, generate local employment opportunities and enhance incorporate in
6 each contract/ agreement special foreign exchange reduction schemes such as counter trade, in
7 country manufacture, co-production, or other innovative arrangements or combination thereof.

8
9 **SEC. 11. *Ensure technology transfer in case of foreign supply.*** – The PCG likewise
10 ensure that in negotiating all applicable contracts or agreements, provisions are incorporated
11 respecting the transfer of the PCG of the principal technology involved as well as the training of
12 PCG personnel who shall operate and maintain such equipment and technology.

13
14 **SEC. 12. *PCG Modernization Act Trust Fund.*** – There is hereby created a trust fund, to
15 be known as the PCG Modernization Act Trust Fund. Said trust fund, which shall be used
16 exclusively for the PCG Modernization program, but not shall include salaries and allowances,
17 shall be funded out of the following:

- 18 a) Appropriation for the PCG modernization program;
19 b) The proceeds from the sale. Lease or joint development of CG reservation, as may
20 beauthorized by the Congress, including such immovable and other facilities as may
21 befound therein, not covered by the Bases Conversion Development Authority, as
22 provided for in Republic Act No. 7227;
23 c) Shares of the PCG from the proceeds of the sale of CG properties provided for under
24 Republic Act No. 7227;
25 d) The proceeds from the disposal of excess and/ or uneconomically repairable equipment
26 and other movable of the PCG and government arsenal;
27 e) Funds from budgetary surplus, if any, as maybe authorized by Congress subject to the
28 provisions of Section 8 of this Act;
29 f) All interest income of the trust fund; and,
30 g) Light dues, fines, and penalties.

31
32 The trust fund shall be administered by the Secretary of National Defense in accordance
33 with existing government auditing rules and regulation;

34
35 **SEC. 13. *Equipment Acquisition per functional area.*** – In order to further specialize
36 PCG capabilities, equipment acquisition shall be initiated within respective functional areas as
37 enumerated in Section 2 of this Act provided that it be integrated into the Modernization Plan to
38 allow inter-operability and redundancy ensuring a greater degree of reliability.

1 **SEC. 14. *Contract Negotiation at HPCG Level.*** – The procurement process in
2 accordance with RA 9184 otherwise known as the “Government Procurement Reform Act” and
3 its later version or amendments shall govern and to be exercised at Headquarters Philippine
4 Coast Guard (HPCG) unless delegated to the next lower level management by Commandant
5 Philippine Coast Guard (CPCG).
6

7 **SEC. 15. *Use of Savings Annual Reports.*** – Not later than the end of the first quarter of
8 the succeeding year:

9 a) The Secretary of Transportation and Communications shall submit to the
10 President and Congress, through the Congressional Oversight Committee an annual report on the
11 status of the PCG Modernization Act Trust Fund, as provided for in Section 11 of this Act;

12 b) The Commandant, PCG shall submit to the President and Congress, through the
13 Congressional Oversight Committee and the Secretary of Transportation and Communications,
14 an annual status report containing the process of the implementation of the modernization
15 program under this Act to include the PCG modernization activities implemented prior to the
16 approval of this Act.
17

18 **SEC. 16. *Congressional Oversight Committee.*** – There is hereby created a Congressional
19 Oversight Committee to monitor and oversee the implementation of the provisions of this Act.
20 The Committee shall be composed of six (6) members from the House of Representatives with
21 the Chairperson of the National Defense and Security and Transportation of both Houses as Joint
22 Chairpersons, respectively. The five (5) other members from each Chamber shall be designated
23 by the Senate President and the Speaker of the House of Representatives respectively. The
24 Minority shall have at least two (2) representatives from both Chambers.
25

26 **SEC. 17. *Sunset Review.*** – As the need arises or within five (5) years after its effectivity,
27 the Congressional Oversight Committee shall conduct a sunset review of this Act. The term
28 “Sunset Review” shall mean a systematic evaluation of the accomplishments and impact of this
29 Act as well as the performance and organizational structures of the implementing agencies, for
30 purpose of determining remedial legislation.
31

32 **SEC. 18. *Separability Clause.*** – If any provisions of this Act shall be held
33 unconstitutional or invalid, the other provisions not otherwise affected shall remain in full force
34 and effect.
35

36 **SEC. 19. *Repealing Clause.*** – All laws, executive orders, rules and regulation
37 inconsistent with or contrary to this Act, are hereby deemed accordingly repealed or amended.

1 **SEC. 20.***Effectivity Clause.* - This act shall take effect after fifteen (15) days from its
2 publication in at least two (2) newspaper of national circulation.

Approved,