

**Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City**

**NINETEENTH CONGRESS
First Regular Session**

House Bill No. 8028



**Introduced by Representative
LEODY "ODIE" F. TARRIELA**

EXPLANATORY NOTE

Being an archipelagic state located at the crossroads of Asia and the Pacific, the Philippines plays a crucial role in the global maritime trade network, with its sea lines of communication serving as vital routes for international and domestic shipping. In addition, the country's waters are abundant in valuable resources, including crude oil and natural gas sources, as well as diverse marine life. The Philippines' maritime responsibility covers 2,795,962 square kilometers, comprising the offshore Exclusive Economic Zone (EEZ) of 652,800 square kilometers and the coastal waters zone of 153,650 square kilometers. This vast area is nine times larger than the country's land area, spread across over 7,500 islands.

Over the past few decades, the world's economy has become increasingly interconnected and globalized, leading to increased maritime traffic in many regions worldwide, including the Philippines. This surge in activity has had significant economic and environmental implications for the country. It also created more opportunities for illegal activities such as piracy, smuggling, and human trafficking.

In addition, the rising demand for natural resources, such as fishing stocks, crude oil, and natural gas resources, and the strategic control of critical shipping lanes intensified maritime disputes between the Philippines and neighboring countries, including China. This also led to an increase in illegal, unreported, and unregulated fishing and further exploitation of marine resources, endangering the sustainability of the Philippines' fisheries and marine ecosystems.

All these conditions created new challenges for the Philippine Coast Guard (PCG) in fulfilling its maritime responsibilities, including ensuring maritime security, enforcing laws and regulations, protecting the marine environment, and promoting safe navigation and commerce. These challenges require the PCG to operate with the highest level of efficiency and effectiveness to safeguard the country's maritime interests and territorial integrity.

The current capabilities of the PCG, however, are insufficient to execute its mandates.

This bill, therefore, proposes a modernization program that aims to enhance the PCG's assets, bolster its capabilities, and guarantee the efficient and effective execution of its

legal tasks. The proposed legislation is consistent with the Philippine Development Plan 2023-2028, which emphasizes the need to acquire state-of-the-art air and floating assets and implement interoperable communication systems to safeguard the country's interests and ensure a safe and secure maritime domain.

In view of the given circumstances, the immediate enactment of this legislation is earnestly sought.



HON. LEODY "ODIE" F. TARRIELA
Representative

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LEODY "ODIE" F. TARRIELA

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

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 "PCG Modernization Act."

Section 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 constitutional mandates to ensure the maritime safety, maritime environmental protection, and maritime security of the Republic of the Philippines. Toward this end, the principal thrusts of the modernization program under this Act shall be:

- (a) The development of a more mobile and visible coast guard force that will establish its vision of a "world-class guardian of the sea" by 2035;
- (b) The acquisition and upgrading of appropriate technology and equipment; and
- (c) The strategic improvement and construction of bases, installations, and other PCG facilities.

Section 3. *Objectives*– The PCG modernization program shall be implemented in accordance with the following objectives:

- (a) To develop its capability to uphold the sovereignty, territorial integrity, and sovereign rights of the Republic and to maintain security and safety

of the maritime domain from all forms of maritime incidents and trans-national crimes;

- (b) To develop its capability to support other government agencies in the preservation of the national patrimony, including the country's living and non-living marine, submarine, mineral, coastal forest, and other natural resources located within its territory and its exclusive economic zone (EEZ);
- (c) To enhance its capability to fulfill its mandate to protect the Filipino people not only from armed threats at sea but from the ill effects of life-threatening and destructive consequences of disasters and calamities, including typhoons, earthquake, tsunami, volcanic eruptions, oil spills, major accidents in the far-flung or inaccessible areas at sea, and from all forms of ecological damage;
- (d) To improve capability and capacity in the enforcement of domestic and foreign policies as well as international accords against smuggling, piracy, armed-robbery, poaching, illegal fishing, smuggling, drug trafficking, hijacking of seacraft and vessels trade in human beings and other serious international crimes, drug-trafficking, and the transport of toxic and other ecologically-harmful substances taking place in or through Philippine territory;
- (e) To enhance its capability towards inter-agency coordination in terms of maritime law enforcement and maritime counter-terrorism;
- (f) To enhance its capability to fulfill the country's international commitments; and
- (g) To develop its capability to support national development.

Section 4. *Development of PCG Capabilities*—The PCG modernization program shall be geared towards the development of the following capabilities:

- (a) Development of floating assets—The enhanced fleet operations shall enable the PCG to:
 - I. Patrol the Philippine maritime jurisdiction to include the Exclusive Economic Zone (EEZ) for the enforcement of all applicable laws;

- II. Protect and preserve all coastal, near coastal and riparian living and nonliving marine resources;
- III. Provide transportation of personnel and material in times of natural disaster and rescue operations; and
- IV. Conduct search and rescue operations during maritime incidents such as fire at sea, collisions, groundings, oil spills, and flash floods, among others.

(b) Development of air assets—The enhanced air operations shall enable the PCG to:

- I. Patrol, detect, and challenge, if necessary, any vessel and aircraft illegally intruding into or passing through the Philippines' EEZ management, up to areas near or around the Philippine territorial limits;
- II. Conduct maritime air operations in support of PCG missions;
- III. Provide airlift, search and rescue, rapid deployment and related support in disaster and other civilian relief operations; and
- IV. Support the Philippine naval armed forces.

(c) Development of Maritime Domain Awareness (MDA) capabilities—The PCG shall acquire and upgrade contemporary, modern, and state-of-the-art equipment and systems to enhance its MDA capabilities in the performance of its mandate.

(d) Development of fleet support and infrastructure —The PCG shall acquire, construct, develop, and upgrade its infrastructure and facilities for the following:

- I. Response bases for all operational units of the PCG;
- II. Coast Guard stations and substations; and
- III. Training, ship/aircraft repair and maintenance, and logistics for PCG operating units;

- (e) Development of national headquarters capabilities—The modernization of the PCG requires the renovation and development of the national headquarters capabilities for command, control, communications, and information systems network.

Section 5. *Components of the PCG Modernization Program*—The PCG Modernization program shall be divided into four tiers in line with the capabilities and include the following:

(a) First Tier—Development of PCG Response Bases and Enhancement of Maritime Domain Awareness Capabilities

- I. Response Bases—The PCG modernization program shall entail the construction and development of permanent response bases to house all PCG operational units, such as Marine Laboratories, Search and Rescue Vessels (SARVs), Offshore Patrol Vessels (OPV), Maritime Pollution Vessels (MARPOL vessels), and others to allow the PCG to rapidly respond to maritime emergency calls in the most efficient and effective manner.
- II. Maritime Domain Awareness (MDA) Capabilities—The PCG modernization program shall entail the acquisition and upgrade of equipment and systems such as Radar Stations, Lighthouses, Unmanned Aerial Vehicles, Unmanned Underwater Vehicles, and SARVs to enhance MDA capabilities.

(b) Second Tier—Development of Infrastructure and Interdiction Capabilities

- I. Interdiction Capabilities—The PCG modernization program entails the acquisition of state-of-the-art vessels and equipment to enhance interdiction and law enforcement capabilities.
- II. Coast Guard Stations and Substations—The PCG modernization program entails the improvement and development of infrastructures and facilities of Coast Guard stations and substations. Pro-

vided that each shoreline municipality shall have its own substations, be fully equipped, and have constant or uniform stations. Provided, further, that substations will serve as its smaller unit.

III. MARPOL (Maritime Pollution) Vessels—The PCG modernization program shall acquire MARPOL vessels to strengthen the marine environment protection mandate of the PCG.

(c) Third Tier—Acquisition and Development of Patrol Vessels and Air Capabilities

I. Offshore Patrol Vessels—The PCG modernization program shall develop and acquire new OPVs to strengthen coastal defense and the management of the country's EEZ. The acquisition of OPVs shall enable the PCG to:

1. Patrol, detect, intercept, engage, and challenge, if necessary, any vessel illegally intruding into or passing through the Philippines' EEZ, up to areas near or around the Philippine territorial limits;
2. Provide transportation of personnel and material in times of natural disaster and rescue operations;
3. Conduct search and rescue operations during maritime incidents; and
4. Support the Philippine naval armed forces.

II. Aircrafts—The PCG modernization shall acquire and develop aircrafts to enable the PCG to:

1. Strengthen maritime and airspace security in different areas and stations;
2. Patrol, detect, and challenge, if necessary, any vessel and aircraft illegally intruding into or passing through the Philippines' EEZ management, up to areas near or around the Philippine territorial limits;
3. Support its operations as a law enforcement arm and a nautical services; and
4. Support the Philippine naval armed forces.

(d) Fourth Tier—Infrastructure and Facilities Development

- I. Development and Improvement of Training Facilities—The PCG modernization program shall entail the development and improvement of training facilities for study, training, professional progress, and exercise. This shall allow the PCG to obtain game-changing equipment and facilities that will assist and empower PCG personnel.
- II. Construction and Development of Shipyards—The PCG modernization program shall provide for the construction and development of shipyards that can contribute to regional industrial infrastructure and national security interests.
- III. Construction and Development of Hangars—The PCG modernization program shall entail the construction and expansion of hangars that serves as protection from the weather and direct sunlight, and for maintenance, repair, production, assembly, and storage of aircraft.

Section 6. *Period of implementation*—The modernization program under this Act shall be implemented every three (3) years, reflecting the four (4) tiers as stated under Section 5 of this Act, for a total period of twelve (12) years. *Provided*, however, that payments for the amortization of outstanding multi-year contract obligations incurred under this Act may extend beyond this period.

Section 7. *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 the Departments of Transportation and Budget and Management, shall submit the PCG modernization program as provided for in this Act to Congress for its consideration and approval in a joint resolution of the House of Representatives and the Senate. The program shall indicate or show inter alia:
 - I. The PCG in terms of personnel, equipment, and facilities during the various phases of the modernization program;

II. The modernization projects under it, including the major weapon and non-weapon equipment and technology acquisitions, any major infrastructure construction or improvement to be made, and the particular objective(s) and component(s) under Sections 3 and 4, respectively, of this Act to which such intended acquisition, construction or improvements belongs; and

III. The priorities, schedules as well as the estimated average cost for each modernization project or upgrading to be undertaken.

(b) 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 complete and full realization.

Section 8. *Appropriations*—The annual appropriations for the PCG Modernization Program shall include the amounts necessary to support the funding requirements for all the modernization components approved by Congress under the preceding sections.

The appropriated funds under this Act shall be considered distinct and separate from the regular appropriations for the Department of Transportation. Such funds shall be facilitated by the Secretary of the Department of Transportation for its proper implementation.

The amount of One Hundred Billion Pesos (PhP 100,000,000,000.00) for the first implementation period shall be appropriated, and which shall be renewed every implementation period, as stated in this Act. Provided, that such amount may be increased thereafter.

Section 9. *PCG Modernization Act Trust Fund*—There is hereby created a trust fund, to be known as the PCG Modernization Act Trust Fund, which shall be used exclusively for the PCG Modernization Act, shall be funded out through the following:

(a) Appropriations for the PCG Modernization Program pursuant to the provisions of this Act;

- (b) Percentage (40%) of the annual proceeds of the Oil Pollution Management Fund provided for under RA 9483;
- (c) Sale of proceeds from the sale, lease or joint development of assets, and disposal of excess and/or uneconomically repairable equipment and other movable assets of the PCG;
- (d) Dues, fines, and penalties collected by the PCG in the exercise of its functions;
- (e) Grants, donations and endowments from various domestic and foreign sources;
- (f) Unused or undisbursed funds, other than unused appropriations for salaries and benefits of the PCG personnel, remaining from all previous appropriations;
- (g) Savings from austerity measures by the PCG, generated in the previous fiscal year; and
- (h) All interest income of the Trust Fund.

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

Section 10. Multi-year Contracts and Other Contractual Arrangements

- (a) The Secretary of Transportation, 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 the 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 8 and 9 of this Act are not sufficient or available to meet such payment in full or in part.

- (c) The Secretary of Transportation shall submit to Congress, through the Congressional Oversight Committee, copies of these multi-year contracts and other agreements/arrangements to enable Congress to appropriate funds.

Section 11. PCG Procurement System—The Department of Transportation and the PCG shall strengthen its systems and procedures for equipment acquisition, taking into account new requirements under the PCG Modernization Program. Contract negotiations, and equipment, vessel and facilities acquisition shall be treated as two sequential but separate steps, each requiring the separate decision of the Secretary of Transportation. Both the decision-making and contract negotiation processes for its acquisition shall start at the PCG level and be submitted to the Secretary of the Department of Transportation.

In its systems and procedures for equipment acquisition, the provisions of RA 9184, as amended, and other applicable laws shall apply.

Section 12. Guidance for the President—To meet unforeseen national security emergencies, the President, upon the recommendation of the Secretary of Transportation, may modify the program through substitution or revision of a component project therein: Provided, however, that he shall report such action to Congress within thirty (30) days.

Section 13. Annual Reports—Not later than the end of the first quarter of the succeeding year:

- (a) The Secretary of Transportation 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 9 of this Act;
- (b) The Commandant of the PCG shall submit to the President and Congress, through the Secretary of Transportation, 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.

Section 14. Joint Congressional Oversight Committee—A Joint Congressional Oversight Committee is hereby created to monitor and oversee the implementation of the provisions of this Act. The Joint Congressional Oversight Committee shall be composed of six (6) Senators and six (6) Representatives to be appointed by the Senate President and the Speaker of the House of Representatives, respectively. It shall be co-chaired by the Chairperson of the Committee on Transportation of both Houses. The minority parties of both houses shall have at least two (2) representatives in the Joint Congressional Oversight Committee.

Section 15. Separability Clause—If any of the sections or provisions of this Act is held invalid, all the other provisions not affected thereby shall remain in full force and effect.

Section 16. Repealing Clause—All laws, executive orders, rules and regulations inconsistent with or contrary to this Act, are hereby deemed repealed or amended accordingly.

Section 17. Effectivity Clause—This Act shall take effect after fifteen (15) days from its publication in at least two (2) newspapers of general circulation in the Philippines.

APPROVED,