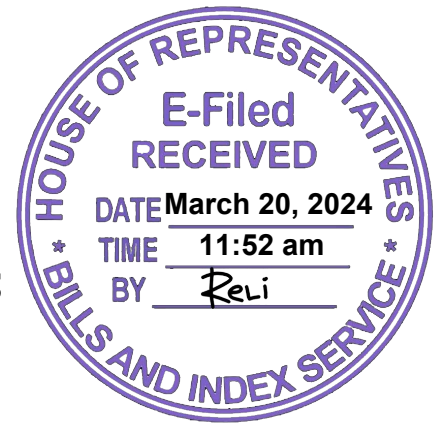




Republic of the Philippines
House of Representatives
Quezon City, Metro Manila



Nineteenth Congress
Second Regular Session

HOUSE BILL NO. **10195**

**Introduced by Representative FERDINAND MARTIN G. ROMUALDEZ,
MANUEL JOSE “MANNIX” M. DALIPE, FERDINAND ALEXANDER
A. MARCOS, YEDDA MARIE K. ROMUALDEZ, JUDE A. ACIDRE**

AN ACT
**PROVIDING FOR THE MODERNIZATION OF THE PHILIPPINE
COAST GUARD AND APPROPRIATING FUNDS THEREFOR**

EXPLANATORY NOTE

The Philippine Coast Guard (PCG) is an armed and uniformed service mandated and responsible to perform maritime search and rescue, maritime law enforcement, maritime safety, marine environmental protection, and maritime security. The PCG is tasked to implement and enforce all national and international maritime laws to ensure the maritime safety and security of the country.

As an archipelagic state with vast coastlines and over 7,500 islands, the Philippines relies heavily on maritime trade and transport for the development of its economy. Additionally, the Philippines is rich in marine resources and potential energy reserves. Ensuring maritime security and protection is crucial in safeguarding the nation's territorial integrity from external threats. The Philippine Coast Guard Law of 2009 was enacted to enhance the capabilities of the PCG in dealing with matters of maritime concern. However, over the recent years, the provisions of the PCG Law of 2009 have proven to be inadequate for the PCG to handle the complexities of maritime concerns it faces today.

There is therefore a need to modernize the PCG to improve patrol capabilities,

strengthen border protection, and increase operational effectiveness. This measure proposes the modernization of the PCH which aims to address PCG's inadequate capabilities and limited resources to secure our vast coastline and waterways by introducing technologically improved materials and integrating it into the PCG organization to meet the new challenges and increasing demands for marine resources, technological advancement, and climate change. Further, the proposed program will allow the PCG to perform its different functional areas efficiently and effectively.

The PCG is not merely a maritime law enforcement agency, its various functions cover maritime safety, security, environmental protection as well as search, rescue, and disaster response. These functions are vital to the Philippines as a developing country. Being at the forefront in ensuring the safety and protection of the Philippine maritime waters against any illegal activity and with the advent of the wide array of maritime issues currently faced by the country, the PCG's role in maintaining and protecting our maritime domain must be given priority and importance. Further, with all the calamities, natural disasters, the increasing demands for maritime resources, technological advancement, climate change and issues arising from the West Philippine Sea, the proposed modernization program will further strengthen PCG's organization and administration for a strong, better, more responsive, and reliable guardian of the sea.

In view of the foregoing, the immediate approval of the proposed Philippine Coast Guard Modernization Act is urgently sought.

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HOUSE BILL NO. 10195

AN ACT
PROVIDING FOR THE MODERNIZATION OF THE PHILIPPINE
COAST GUARD AND APPROPRIATING FUNDS THEREFOR

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

SEC. 2. ***Declaration of Policy.*** – In cognizance of the vital role of the PCG in ensuring the maritime safety and security of the country, it is the declared policy of the State to strengthen the capability of PCG in performing its mandates and enforcing the maritime laws of the State. Toward this end, the State shall pursue the modernization of the PCG and aim to achieve the following:

4

1 (b) The acquisition and upgrading of appropriate technology and
2 equipment for PCG; and

3 (c) The strategic improvement and construction of bases, installations,
4 and other PCG facilities.

5 SEC. 3. ***Objectives and Mandates.*** – Through the modernization
6 program, the PCG shall enhance its capabilities to perform the following
7 mandates:

8 (a) Uphold the sovereignty, territorial integrity, and sovereign rights of
9 the State and maintain the security and safety of the maritime territory from all
10 forms of maritime incidents and transnational crimes;

11 (b) Support other government agencies in the preservation of the
12 national patrimony, including the country's living and non-living marine
13 resources, submarine, mineral, coastal forest, and other natural resources located
14 within the Philippine territory and its exclusive economic zone (EEZ);

15 (c) Fulfill its mandate to protect the Filipino people not only from
16 armed threats at sea but also from the ill effects of life threatening and
17 destructive consequences of disasters and calamities, including typhoons,
18 earthquake, tsunami, volcanic eruptions, oil spills, major accidents in the far-
19 flung or inaccessible areas at sea, and from all forms of ecological damage;

20 (d) Enforce domestic and foreign policies as well as international
21 accords against smuggling, piracy, armed-robbery, poaching, illegal fishing,
22 smuggling, drug trafficking, hijacking of sea craft and vessels trade in human

1 beings and other serious international crimes, drug-trafficking, and the transport
2 of toxic and other ecologically-harmful substances taking place in or through
3 the Philippine territory; and

4 (e) Support the national development, fulfill international commitments,
5 and coordinate with other law enforcement agencies in enforcing maritime laws
6 and counter-terrorism.

7 SEC. 4. ***PCG Modernization Program.*** – The PCG Modernization
8 Program, hereinafter referred to as the “*Program*”, is established and consists
9 of the following components, divided into four (4) tiers:

10 (a) First Tier – Development of PCG Response Bases and Enhancement
11 of Maritime Domain Awareness Capabilities:

12 (1) *Response Bases.* – The Program entails the construction and
13 development of permanent response bases to house all PCG operational
14 units, including Marine Laboratories, Search and Rescue Vessels
15 (SARVs), Offshore Patrol Vessels (OPV), and Maritime Pollution
16 (MARPOL) Vessels, to allow the PCG to rapidly respond to maritime
17 emergency calls in the most efficient and effective manner.

18 (2) *Maritime Domain Awareness (MDA) Capabilities.* – The
19 Program entails the acquisition and upgrading of equipment and systems
20 such as Radar Stations, Lighthouses, Unmanned Aerial Vehicles,
21 Unmanned Underwater Vehicles, and SARVs to enhance MDA
22 capabilities.

1 (b) Second Tier – Development of Infrastructure and Interdiction
2 Capabilities:

3 (1) *Interdiction Capabilities.* – The Program entails the acquisition
4 of state-of-the-art vessels and equipment to enhance interdiction and law
5 enforcement capabilities.

6 (2) *Coast Guard Stations and Substations.* – The Program entails
7 the improvement and development of infrastructures and facilities of PCG
8 stations and substations: *Provided*, That each shoreline municipality shall
9 have its own constant, uniform and fully-equipped stations: *Provided*,
10 *further*, That substations must serve as its smaller unit.

11 (3) *MARPOL Vessels.* – The Program entails acquisition of
12 MARPOL vessels to strengthen the marine environment protection
13 mandate of the PCG.

14 (c) Third Tier – Acquisition and Development of Patrol Vessels and Air
15 Capabilities:

16 (1) *Offshore Patrol Vessels.* – The Program entails the
17 development and acquisition of new OPVs to strengthen the coastal
18 defense and management of the Philippine EEZ. The acquisition of
19 OPVs shall enable the PCG to:

20 (i) Patrol, detect, intercept, engage, and challenge, if necessary,
21 any vessel illegally intruding into or passing through the Philippine
22 territorial limits, up to the areas near or around the Philippine EEZ;

1 (ii) Provide transportation of personnel and resources in times
2 of natural disaster, calamities and rescue operations;

3 (iii) Conduct search and rescue operations during maritime
4 incidents; and

5 (iv) Support the Philippine naval armed forces.

6 (2) *Aircrafts*. – The Program entails the acquisition of aircrafts to
7 enable the PCG to:

8 (i) Strengthen maritime and airspace security in different areas
9 and stations;

10 (ii) Patrol, detect, and challenge, if necessary, any vessel and
11 aircraft illegally intruding into or passing through the Philippine
12 territorial limits, up to the areas near or around the Philippine EEZ;

13 (iii) Support its operations on law enforcement and nautical
14 services; and

15 (iv) Support the Philippine naval armed forces.

16 (d) Fourth Tier – Infrastructure and Facilities Development:

17 (1) *Development and Improvement of Training Facilities*. – The
18 Program entails the development and improvement of training facilities
19 for study, training, professional progress, and exercise to empower PCG
20 personnel.

21 (2) *Construction and Development of Shipyards*. – The Program
22 entails the construction and development of shipyards that may contribute

1 to regional industrial infrastructure and national security interests.

2 (3) *Construction and Development of Hangars.* – The Program
3 entails the construction and expansion of hangars for the maintenance,
4 repair, production, assembly, and storage of aircrafts.

5 SEC. 5. *Development of PCG Capabilities.* – The Program is geared
6 towards the development of the following capabilities:

7 (a) *Development of Floating Assets.* – The enhanced fleet operations
8 shall enable the PCG to:

9 (1) Patrol the Philippine maritime jurisdiction, including the EEZ,
10 for the enforcement of all applicable laws;

11 (2) Protect and preserve all coastal, near coastal and riparian living
12 and non-living marine resources;

13 (3) Provide transportation of personnel and resources in times of
14 natural disaster, calamities and rescue operations; and

15 (4) Conduct search and rescue operations during maritime
16 incidents such as fire at sea, collisions, groundings, oil spills, and flash
17 floods.

18 (b) *Development of Air Assets.* – The enhanced air operations shall
19 enable the PCG to:

20 (1) Patrol, detect, and challenge, if necessary, any vessel and
21 aircraft illegally intruding into or passing through the Philippine territorial
22 limits, up to the areas near or around the Philippine EEZ;

1 (2) Conduct maritime air operations in support of PCG missions;

2 (3) Provide airlift, search and rescue, rapid deployment and related
3 support in disaster and other civilian relief operations; and

4 (4) Support the Philippine naval armed forces.

5 (c) *Development of Maritime Domain Awareness (MDA) Capabilities.* –

6 The PCG shall acquire and upgrade contemporary, modern, and state-of-the-art
7 equipment and systems to enhance its MDA capabilities.

8 (d) *Development of Fleet Support and Infrastructure.* – The PCG shall
9 acquire, construct, develop, and upgrade its infrastructure and facilities for the
10 following:

11 (1) Response bases for all operational units of the PCG;

12 (2) PCG stations and substations; and

13 (3) Training, ship or aircraft repair and maintenance, and logistics
14 for PCG operating units;

15 (e) *Development of National Headquarters' Capabilities.* – The PCG
16 shall renovate and develop the national headquarters' capabilities for command,
17 control, communications, and information systems network.

18 SEC. 6. ***Period of implementation.*** – Each of the four (4) tiers of the
19 Program provided under Section 4 of this Act shall be implemented every three
20 (3) years for a total period of twelve (12) years: *Provided, however,* That the
21 payments for the outstanding multi-year contract obligations previously
22 incurred may extend beyond the period of implementation.

1 SEC. 7. ***Submission of the Program.*** –

2 (a) Within ninety (90) days from the effectivity of this Act, the
3 President of the Philippines shall, upon the recommendation of the Secretaries
4 of Transportation and Budget and Management, submit the Program to
5 Congress for its consideration and approval in a joint resolution of the House of
6 Representatives and the Senate. The Program includes the following:

7 (1) The personnel, equipment, and facilities of the PCG during the
8 phases of the Program;

9 (2) The modernization projects, including the major weapon and
10 non-weapon equipment and technology acquisitions, and any major
11 infrastructure construction or improvement that particularly address the
12 objectives of this Act and the capabilities the projects intend to develop;
13 and

14 (3) The priorities, schedule and the estimated average cost for each
15 modernization project or upgrading to be undertaken.

16 (b) In the event Congress approves the Program, the joint resolution
17 shall be the basis for subsequent executive and legislative actions to implement
18 the Program until its completion.

19 SEC. 8. ***PCG Modernization Act Trust Fund.*** – There is hereby created
20 a trust fund to be known as the “*PCG Modernization Act Trust Fund*,”
21 hereinafter referred to as the “*Fund*”, which shall be used exclusively for the
22 implementation of this Act and shall be funded through the following:

1 (a) Appropriations in the annual General Appropriations Act for the
2 Program;

3 (b) Forty percent (40%) of the annual collections from the contributions
4 of owners and tankers and fines constituting the Oil Pollution Management
5 Fund created under Republic Act (RA) No. 9483, otherwise known as the “*Oil*
6 *Pollution Compensation Act of 2007*”;

7 (c) Proceeds from the sale, lease or joint development of assets, and
8 disposal of excess or uneconomically repairable equipment and other movable
9 assets of the PCG;

10 (d) Dues, fines, and penalties collected by the PCG in the exercise of its
11 functions;

12 (e) Grants, donations and endowments from various domestic and
13 foreign sources;

14 (f) Unused or undisbursed funds, other than unused appropriations for
15 salaries and benefits of the PCG personnel, including the savings from the
16 austerity measures by the PCG generated in the previous fiscal year; and

17 (g) All interest income of the Fund.

18 The Secretary of Transportation shall administer the Fund in accordance
19 with the existing accounting and auditing rules and regulations. Likewise, the
20 Secretary of Transportation shall facilitate the closure and reversion of the
21 balance of the Fund to the general fund of the government after the completion
22 of the Program.

1 SEC. 9. ***Multi-year Program Contracts and other Contractual***
2 ***Arrangements.*** – Subject to the approval by the President of the Philippines,
3 and under such terms and conditions most favorable to the government, the
4 Secretary of Transportation may enter into multi-year contracts, lease and lease-
5 purchase agreements to implement the Program.

6 The Secretary of Transportation shall, through the Congressional
7 Oversight Committee, submit to Congress copies of the multi-year contracts and
8 other agreements or arrangements entered into to enable Congress to
9 appropriate funds.

10 Prior to entering into contracts for multi-year programs, activities or
11 projects, the Secretary of Transportation shall request the Department of Budget
12 and Management for the issuance of a Multi-Year Contractual Authority.

13 SEC. 10. ***PCG Procurement System.*** – The Department of
14 Transportation and PCG shall strengthen its systems and procedures for
15 equipment acquisition, taking into account the new requirements under the
16 Program. Contract negotiations, and equipment, vessel and facilities acquisition
17 must be treated as two sequential but separate steps, each requiring the separate
18 decision of the Secretary of Transportation. Both the decision-making and
19 contract negotiation processes shall start at the PCG level and shall be submitted
20 to the Secretary of Transportation for approval.

21 In its systems and procedures for equipment acquisition, the provisions of
22 RA 9184, otherwise known as the “*Government Procurement Reform Act,*” and

1 other applicable laws shall apply.

2 SEC. 11. ***Guidance for the President.*** – To meet the unforeseen national
3 security emergencies, the President of the Philippines, upon the
4 recommendation of the Secretary of Transportation, may modify the program
5 through substitution or revision of a component project: *Provided, however,*
6 That the President shall report such action to Congress within thirty (30) days
7 from the finality of revision.

8 SEC. 12. ***Annual Reports.*** – Not later than the end of the first quarter of
9 every year:

10 (a) The Secretary of Transportation shall submit to the President of the
11 Philippines and Congress an annual report on the status of the Fund; and

12 (b) The Commandant of the PCG shall submit to the President of the
13 Philippines and Congress, through the Secretary of Transportation, an annual
14 report containing the progress of the implementation of the Program, including
15 the PCG modernization activities implemented prior to the approval of this Act.

16 SEC. 13. ***Appropriations.*** – The amount of One hundred billion pesos
17 (P100,000,000,000.00) for the initial implementation of the Program shall be
18 charged against the current appropriations of the Contingency Fund. Thereafter,
19 such amounts as may be necessary to fully implement the Program shall be
20 included in the General Appropriations Act, taking into consideration the
21 balance of the Fund.

22 SEC. 14. ***Joint Congressional Oversight Committee.*** – A Joint

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

9 SEC. 15. ***Separability Clause.*** – If any part or provisions of this Act is
10 declared unconstitutional or invalid, the parts or provisions not affected shall
11 remain in full force and effect.

12 SEC. 16. ***Repealing Clause.*** – All laws, decrees, orders, ordinances,
13 executive orders, and rules and regulations or parts thereof inconsistent with the
14 provisions of this Act are repealed or amended accordingly.

15 SEC. 17. ***Effectivity.*** – This Act shall take effect fifteen (15) days after
16 its publication in the *Official Gazette* or in a newspaper of general circulation.

17 Approved,