

TWENTIETH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



HOUSE OF REPRESENTATIVES
HOUSE BILL No. 4497

Introduced by **REP. CLAUDINE DIANA D. BAUTISTA-LIM**

AN ACT
PROVIDING FOR FREE FREIGHT SERVICES IN THE TRANSPORTATION OF
RELIEF GOODS TO CALAMITY-STRICKEN AREAS

EXPLANATORY NOTE

The Philippines outranks 193 countries in terms of disaster risk exposure, vulnerability, susceptibility, as well as coping and adaptive capacities, according to World Risk Report 2024.¹ Its geographic location makes it highly predisposed to extreme natural events, experiencing an average of twenty (20) typhoons per year, a number of volcanic eruptions and earthquakes, among others. Due to the enduring presence of these environmental hazards, compounded by incidence of man-made threats, the government is always challenged to mitigate the effects of disaster risks.

Providing emergency relief to affected populations plays a critical role during these precarious situations. Effective logistics during relief operations is essential in ensuring that resources reach those who are in need in a timely and efficient manner.²

In a country like the Philippines that is often affected by natural calamities, further complicated by geographic and infrastructure challenges, delays in delivering relief can mean the difference between life and death. Free freight services for relief goods are therefore essential because they eliminate a major bottleneck in disaster response, such as cost and logistics of transporting aid to affected areas.

To accelerate the delivery of food, medicine, shelter materials and other basic goods to disaster zones, this measure aims to provide for free freight services in transporting relief goods. By removing freight charges, not only do we hasten the delivery of basic necessities to calamity-stricken areas, we also encourage small community groups and non-government organizations with limited budgets to send aid, making it easier to pool relief efforts. And by offering incentives to participating

¹ Bündnis Entwicklung Hilft / IFHV (2024): WordRiskReport 2024. Berlin: Bündnis Entwicklung Hilft.

² The Role of Logistics in Disaster Relief and Humanitarian Aid | ULN Media Center

freight companies by way of tax incentives, we offer a win-win setup for both humanitarian efforts and business operations.

When a disaster strikes, effective logistics is essential in order for vital resources to get to people in dire circumstances promptly.³ Robust and flexible distribution networks, including free freight services, are therefore imperative to increase the efficiency of relief distribution.⁴

In view of the foregoing, and having been already approved by the House of Representatives in the 18th and 19th Congresses, immediate approval of this measure is earnestly requested.


REP. CLAUDINE DIANA D. BAUTISTA-LIM
DUMPER PTDA Partylist

³ The Role of Logistics in Disaster Relief and Humanitarian Aid | ULN Media Center

⁴ Krista, R & Leocadio, Raye & Ebasan, Michelle & Dangkeo, Beberlie. (2024). Relief Operations among Selected Typhoon Disasters in the Philippines: A Workplan for Disaster Relief Management. 10.7176/JEES/13-7-04.

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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 “Free Transportation of Relief Goods Act.”

Sec. 2. *Declaration of Policy.* – It is the policy of the State to strengthen the existing quick response mechanisms to address the needs of the people during disasters and emergencies. To this end, the State shall encourage altruism among the citizens and engage the services of public and private common carriers, freight forwarders, freight companies, and other logistics companies to collect, sort, store, transport, and deliver relief goods donated by international and local donors to areas declared in a “state of calamity” in the most economical, reliable, speedy, and secure manner.

Sec. 3. *Definition of Terms.* – As used in this Act:

- (a) *Arrastre* refers to the fee for handling and hauling of cargo at the port. It covers the cost of unloading cargo from ships, moving it within the port area, and loading it onto trucks or other means of transportation for further delivery;
- (b) *Common carrier* refers to persons, corporations, firms, or associations engaged in the business of carrying or transporting passengers or goods, or both, by land, water or air, for compensation, offering their services to the public;
- (c) *Disaster* refers to a severe disruption of the functioning of a community or a society involving widespread human, material, economic, or environmental losses and impacts, which exceeds the ability of the affected community or society to cope using its own resources;

- (d) *Pilotage* refers to the services provided by the marine pilot, who is an experienced ship captain with in-depth knowledge of a specific port, harbor, or navigable waterway;
- (e) *Relief* refers to interventions to alleviate, ease, or mitigate a distressed or critical situation affecting persons, families, groups or communities;
- (f) *Relief goods* refer to food packs and non-food items such as clothing articles, mats, blankets, mosquito nets, kitchen wares, water containers, hygiene kits, and medical and health-related products to be given directly to the victims of a disaster or an emergency; and
- (g) *State of calamity* refers to a condition involving mass casualties of major damages to property and infrastructures such as roads, disruption of means of livelihood, and the normal way of life of people in the affected areas due to a natural or human-induced hazard.

Sec. 4. *Free Freight Services.* – The National and Regional Logistics Cluster led by the Office of Civil Defense (OCD), in coordination with the Department of Transportation (DOTr) and in partnership with the Philippine Postal Corporation (PPC), freight companies, common carriers, freight forwarders, and other companies providing logistic services in the Philippines shall provide free freight services to duly registered relief organizations in the transportation of emergency relief goods and donated articles to areas declared to be in a state of calamity by the President of the Philippines or by a local government unit (LGU) through its Sanggunian. When the area of destination is not accessible, the relief goods shall be delivered and consigned to the local chief executive of the nearest LGU.

The areas where these entities operate shall be considered when availing of the free freight services of common carriers, private carriers, freight forwarders, and other logistics companies.

The shipping auxiliary cost, such as those for arrastre services, pilotage, and other port charges, as well as the airport charges, such as those for landing and takeoff fees, aircraft parking, navigation charges, and other related airport charges that are routinely passed on to customers, shall be waived by the concerned port and airport authorities: Provided, That container van costs, turnaround time, and volume of cargo being shipped free of charge shall be considered to minimize the loss of profits for the private sector. ‘

Sec. 5. *Vigilance over Relief Goods.* – The National and Regional Disaster Risk Reduction Management Councils, through their Response Clusters, shall facilitate the speedy movement of people, goods, and equipment to the affected population and responding agencies in coordination with local law enforcement agencies, port authorities, and organizations with similar mandates and responsibilities.

Sec. 6. Release of Relief Goods. – The release of relief goods and articles intended for distribution to areas under a state of calamity shall comply with existing rules and procedures of responsible government agencies such as the Department of Social Welfare and Development (DSWD), Bureau of Customs (BOC), Department of Education (DepEd), Department of Health (DOH), LGUs, and other government agencies authorized to distribute the relief goods and articles, and in consideration of prevailing policies of freight service and logistics companies and carriers.

Sec. 7. Tax Deduction. – Common carriers, private carriers, and other logistics companies mandated to provide free freight services for the transportation of relief goods under Section 4 of this Act shall be entitled to one hundred percent (100%) additional deduction from gross income of the amount of the cost incurred for the service provided, including the actual cost of salaries and allowances of personnel directly involved in transporting the relief goods, subject to the rules and limitations prescribed under the National Internal Revenue Code of 1997, as amended, existing laws, rules and regulations: Provided, That to avail of the additional deduction, common carriers, private carriers, and other logistics companies shall secure proper certification from the appropriate government agency that the expenses claimed as deduction relate specifically to the services for the transportation of relief goods as contemplated in this Act. This availment, however, is without prejudice to the conduct of post-audit by the Bureau of Internal Revenue.

The availment of the tax incentives shall bar the concerned common carriers and other logistics companies' availment of any similar incentives granted by other general or special laws, rules, or regulations for such freight services.

Sec. 8. Oversight Agencies. – The OCD and the DOTr, through the Civil Aeronautics Board (CAB), Maritime Industry Authority (MARINA), and Land Transportation Franchising and Regulatory Board (LTFRB), shall monitor and oversee the compliance of freight service companies, common and private carriers, and other logistics companies in providing free freight services as provided under Section 4 of this Act.

Sec. 9. Implementing Rules and Regulations. – Within sixty (60) days from the effectivity of this Act, the Administrator of OCD shall, in coordination with the heads of CAB, MARINA, LTFRB, BOC, PPC, DSWD, Philippine Ports Authority, Philippine Coast Guard, and the association or authorized representatives of freight service companies and freight forwarders, common and private carriers, and other companies offering logistics services in the country, issue the necessary rules and regulations for the effective implementation of this Act.

Sec. 10. Separability Clause. If any provision of this Act is held invalid, the other provisions not affected shall remain in full force and effect.

Sec. 11. *Repealing Clause.* – All laws, decrees, order, rules and regulations, or parts thereof, inconsistent with the provisions of this Act are hereby repealed, amended or modified accordingly.

Sec. 12. *Effectivity.* – This Act shall take effect fifteen (15) days after the completion of its publication in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved,