



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

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 5485



Introduced by Representative FRANZ S. PUMAREN

EXPLANATORY NOTE

Pilotage services are not merely operational necessities – **they are public services deeply rooted in the public interest.** Their role in ensuring the safe and efficient movement of vessels through our seaports is indispensable to the delivery of goods, the protection of lives, and the overall wellbeing of the public. By safeguarding navigational safety and enabling the seamless flow of maritime traffic, pilotage services form a critical pillar of marine commerce, which in turn fuels economic growth.

At the heart of these services are harbor pilots, those who are highly skilled professionals whose expertise allows them to assume command of any vessel at a moment's notice. Unlike ordinary vessel captains who require time to familiarize themselves with a ship, harbor pilots possess intimate knowledge of local waters and port conditions, enabling them to guide vessels safely and efficiently. This unique capability gives them a distinct operational advantage and a direct influence on public welfare through the quality and integrity of their service.

However, this influence, when unchecked, can lead to unintended consequences. In some cases, harbor pilots or their associations have exercised disproportionate control. In effect, some issues arise such as excessive charges and conflicts of interest, particularly when pilots have stakes in tugboat companies. This also causes delays in service as well as refusal to render pilotage unless certain demands are met. These actions disrupt port operations, inflate the cost of doing business, and ultimately affect the prices of goods and services that reach the public.

Despite the Philippine Ports Authority's mandate to regulate pilotage within its jurisdiction, there remains a significant legislative gap: **no central regulatory body exists to oversee all harbor pilots nationwide.** This absence has allowed inconsistencies and abuses to persist, prompting growing concern within the maritime industry.

To address these challenges, **a comprehensive legislative framework is urgently needed.** Such legislation should establish a national oversight body that enforces ethical standards, ensures continuous professional development, and promotes transparency and accountability. It must also guarantee that pilotage services are delivered in a fair, non-discriminatory, and standardized manner—one that supports a competitive and efficient logistics chain worthy of public trust.

Ultimately, reforming pilotage services is not just about regulation. Rather, it is about reaffirming our commitment to public welfare, economic resilience, and the integrity of our maritime industry.

The proposed bill seeks to create a Pilotage Board that shall implement an open-pilotage policy, standardize the conduct and practice for harbor pilots, review certain acts and standard rates by port authorities and strictly impose disciplinary measures against conflicts of business interest. To support these policy goals, the proposed bill has the following key features:

- Harbor pilot organizations or associations known as Pilotage Organization are subject to the regulatory powers of the Pilotage Board.
- Pilotage Board may impose disciplinary action against individual harbor pilots or the Pilotage Organization.
- Pilotage Board shall approve pilotage tariffs and rates recommended by the port authorities.
- Collection and payment of tariffs and rates shall be made in a centralized and transparent manner as set by the Pilotage Board.
- Pilotage Board shall set professional and ethical standards for harbor pilots in the conduct of pilotage services.
- An individual harbor pilot or a Pilotage Organization shall apply for accreditation with a port authority. In accrediting a Pilotage Organization:
 1. all harbor pilot employees, partners or members of the Pilotage Organization must possess all the minimum requirements set by the port authorities;
 2. such Pilotage Organization must have a valid incorporation clearance issued by the Pilotage Board; and
 3. the Pilotage Organization shall undertake to submit its general information and annual audited financial statements every year to the Pilotage Board.
- The Pilotage Board may, upon its own instance or, upon verified statement, review the accreditation of a harbor pilot or Pilotage Board to ensure compliance with *minimum* standards. In the event a harbor pilot or Pilotage Organization fails to comply with the *minimum* standards set by the Pilotage Board, the Pilotage Board has the authority to revoke the accreditation issued by a port authority.
- Incorporation clearance from the Pilotage Board shall be required prior to approval by the Security Exchange Commission (SEC). Pilotage Organization shall be required to have at least five (5) licensed and qualified Harbor Pilots as its members, partners or employees.
- Disciplinary action shall be initiated before the Port Authority and reviewed by the Pilotage Board. The Pilotage Board shall indorse to MARINA the revocation of harbor pilot license in certain violations. The Pilotage Board shall revoke the incorporation clearance of a Pilotage Organization also in case of certain violations.
- Prohibited business interest applies to the individual harbor pilots, Pilotage Organization, its beneficial owners as defined by SEC. Conversely, the prohibition shall also cover beneficial owners, officers, or employees of towage/tugboat companies and officers, or employees of port authorities.
- Pilotage Board shall impose solidary penalty against harbor pilot and Pilotage Organization on unwarranted pilotage charging. A tugboat/towage operator knowingly violating prohibition against business interest may be recommended for administrative sanction to the Maritime Industry Authority (MARINA) by the Pilotage Board.
- Violations of this Act shall be meted with administrative, civil and/or criminal penalties.
- Grievance mechanism shall be established to protect the rights, and address the concerns of all stakeholders.

The proposed bill introduces a **thoughtful and balanced framework that empowers port authorities with the flexibility to administratively supervise harbor pilots within their respective jurisdictions**. It recognizes and respects existing issuances and measures already in place—provided they align with the legislative

intent of the bill—to ensure consistency and harmonization across the country’s pilotage system.

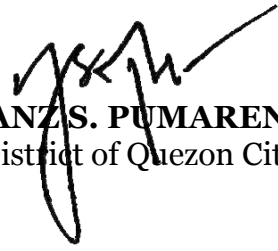
This approach allows port authorities to continue exercising their technical expertise and local knowledge, particularly in conducting port accreditation assessments and establishing port districts. By integrating their experience into the broader implementation of policies set by the Pilotage Board, the bill ensures that regulation is not only centralized but also responsive to local realities. This harmonized model strengthens the overall effectiveness of pilotage governance while preserving the operational integrity of each port.

Importantly, the bill **also clarifies the delineation of responsibilities between harbor pilots and vessel captains during pilotage navigation.** While the harbor pilot directs the vessel’s movement, the captain retains ultimate command and control. This creates a shared command relationship that, while necessary for safe navigation, can also be a source of conflict. The bill acknowledges this dynamic and provides a framework that supports existing jurisprudence, offering courts a clearer basis for adjudicating civil and criminal liabilities when disputes arise.

At its core, the bill is aligned with the 1987 Constitution’s mandate for the State to pursue trade policies that promote general welfare and equitable exchange. It also supports the broader legislative goal of delivering efficient, reliable, and affordable public services. The current landscape, which is marked by unjustified practices, excessive fees, and coercive behaviors by some harbor pilots and associations, clearly signals the need for legislative intervention.

These issues are not isolated. They directly affect the cost of doing business, the reliability of maritime logistics, and ultimately, the accessibility of goods and services to the Filipino public. The time has come for Congress to act decisively and fulfill its constitutional duty to regulate public services in a manner that protects the public interest.

For these reasons, the immediate passage of this bill is earnestly sought.



FRANZ S. PUMAREN
3rd District of Quezon City



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Introduced by Representative FRANZ S. PUMAREN

AN ACT
PROVIDING REGULATORY FRAMEWORK FOR OPEN HARBOR
PILOTAGE IN THE PHILIPPINES AND OTHER PURPOSES

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

Sec. 1. *Short Title.* - This Act shall be known as the "Open Harbor Pilotage Services Act."

Sec. 2. *Policy and Objectives.* The State recognizes that Pilotage Services and Harbor Pilots play a vital role in the efficient operation of ports in ensuring the smooth flow of maritime commerce and safe transport of passengers and cargoes to avoid maritime accidents, and in helping the marine environment. Pursuant thereto, the State shall adopt an open pilotage policy to regulate Pilotage Services that comply with international standards and supervise the professional conduct of Harbor Pilots by attaining the following objectives:

- (a) To establish a Pilotage Board that will assume oversight authority to ensure effective and efficient delivery of Pilotage Services, and set forth uniform minimum standards thereof;
- (b) To ensure navigational safety at all times and protect port facilities, vessels, passengers and cargoes, particularly the safety of life and property at sea;
- (c) To encourage a healthy competitive environment among Harbor Pilots and/or Pilotage Organizations, as defined herein, that shall redound to the benefit of the shipping industry and passenger's dependent on waterborne transport as well as cargo shippers and consignees without compromising maritime safety and the quality of service of Harbor Pilots, whose expertise and experience are essential to the achievement of transport efficiency and profitability;
- (d) To professionalize the Pilotage Services and ensure a uniform minimum national standard of qualifications, required skills, discipline and level of professionalism for Harbor Pilots who are accredited to conduct or provide Pilotage Services in any pilotage district or territorial jurisdiction by any Port Authority defined herein;

- (e) To avail of the latest developments in maritime technology with respect to vessel monitoring ship to shore or ship to ship communications, vessel traffic management system, among others, and upgrade Pilotage Services at par with global standards; and
- (f) To protect the marine environment within the harbor limits of the ports.

Sec. 3. Scope. This Act shall apply to all Harbor Pilots and Pilotage Organizations or persons rendering Pilotage Services licensed by the Maritime Industry Authority (MARINA) and accredited by the Port Authorities such as but not limited to the Philippine Ports Authority (PPA), as defined herein, to render such services in all ports, wharfs, or piers in the country, whether owned and managed by the government or private persons.

Sec. 4. Definition of Terms. As used in this Act:

- (a) *Accreditation*- refers to an official recognition, approval or permission granted by the Port Authorities, to a Harbor Pilot or Pilotage Organization to practice or provide Pilotage Services in a particular pilotage district for a prescribed period.
- (b) *Authority/ies*- refers to government offices, departments, entities, and government owned and controlled corporations (GOCCs) in general including but not limited to the Port Authorities as defined herein.
- (c) *Gross Income*- refers to the total revenues received by the respective port authorities from billings assessed against ship owners or agents for pilotage and related services rendered. whether collected or not.
- (d) *Harbor Pilot* -refers to a duly licensed master mariner accredited or appointed by the Authorities to practice his profession, who is not part of the regular complement of the vessel, taken on board at a particular place, and tasked to safely, efficiently and effectively perform Pilotage Service within a specific Pilotage District. A Harbor Pilot may or may not be a member or a Pilotage Organization.
- (e) *Pilotage Board*- refers to the governing body tasked to exercise policy direction, regulate, control and supervise Pilotage Service and the conduct of Harbor Pilots in all Pilotage Districts in the country, in accordance with Sections 5 and 6 hereof.¹
- (f) *Pilotage District*- refers to the area of navigable waters requiring Pilotage Services, as defined herein, to enable vessels to navigate safely therein as recommended by the Port Authority having jurisdiction of the particular port within its limits.
- (g) *Pilotage Exemption Certificate*- refers to the certificate or accreditation issued by the Authorities indicating an exemption granted to the Vessel Master to pilot his own vessel in a particular port or Pilotage District.
- (h) *Pilotage License*- refers to the license issued by the MARINA to a master mariner to exercise his profession as a Harbor Pilot.
- (i) *Pilotage Organization*- refers to the voluntary corporation, partnership

¹ PPA AO No. 01-2025 on Omnibus Guidelines Governing Harbor Pilots and Pilotage Services provides definition of terms including Harbor Pilots, Pilotage Services, and Pilotage District

or association of Harbor Pilots duly registered with the Securities and Exchange Commission (SEC) as cleared or authorized by the Pilotage Board.

- (j) *Pilotage Service/s*- refers to the act/s of conducting, navigating or maneuvering a vessel to/from berth or anchorage, along channels, basins, rivers and estuaries, including all related activities thereof, or those services required by the relevant Authorities. It is a seaport service provided by a Harbor Pilot with local knowledge and skills which enable him/her to conduct safety navigation and maneuvering of the vessel into and approaching the harbor.²
- (k) *Port Authority/ies*- refers to a body exercising regulatory and administrative supervision over particular ports which include the PPA, Subic Bay Metropolitan Authority (SBMA), Cagayan Economic Zone Authority (CEZA), PHIVIDEC Industrial Authority (PIA) and other government port bodies or entities created under special charter that manage or operate their own port or regulate private ports within their jurisdiction.
- (l) *Tug Assistance*- refers to the act of towing, pulling or pushing a vessel with the help of specialized watercraft/s with a single or combined capacity or at least 300 Brake Horsepower (BHP) to direct or control movement and enable the vessel to maneuver safely.
- (m) *Vessel Master* – Refers to the captain of the vessel or the officer tasked with the overall command of the vessel.

Sec. 5. Pilotage Board - A Pilotage Board is hereby created composed of government port authorities, bodies or entities with their own special charter mandated to administer or manage their own ports. The PPA, through its General Manager, shall serve as ex-officio Chairman of the Pilotage Board. The chief executive officers of the Cebu Port Authority (CPA), Authority of the Free Port Area of Bataan (AFAB), Bases Conversion Development Authority (BCDA), Subic Bay Metropolitan Authority (SBMA), Cagayan Economic Zone Authority (CEZA), PHIVIDEC Industrial Authority (PIA), and other government bodies or entities tasked to perform as port authority in their respective areas as part of their mandate shall sit as ex-officio members of the Pilotage Board.

Sec. 6. Powers, Duties and Functions of the Pilotage Board. The Pilotage Board shall have the following powers, duties and functions:

- (a) To promulgate and adopt, as administrative oversight, the minimum and standard rules and regulations necessary for the enforcement and administration of Pilotage Service of Harbor Pilots in all Pilotage Districts in the country, which shall include, among others, the establishment of a pilotage safety trust fund, and policy direction of applicable administrative sanctions against erring Harbor Pilots;
- (b) To promulgate a minimum uniform and nation-wide standard rules, regulations and procedures regarding qualifications, experience required, physical fitness and other documentary requirements for application of Harbor Pilots;
- (c) To create such committees or technical working groups to facilitate the development of plans or programs to improve the professionalization of Pilotage Services;

² 5.11, *Ibid*

- (d) To conduct related studies and research on the latest developments in maritime technology, maritime communications and vessel traffic systems, among others, for the continuing improvement of Pilotage Services and ship navigation within the harbor limits;
- (e) To establish a comprehensive training program in coordination with the MARINA and Philippine Coast Guard (PCG) for applicants or new Harbor Pilots as well as a continuing advance training program for incumbent Harbor Pilots;
- (f) To maintain a record of the history of the Pilotage Districts, its Harbor Pilots and records of maritime traffic and accidents, among others;
- (g) To recognize Pilotage Districts submitted by the Port Authority exercising regulatory supervision over the port involved in a manner consistent with the open pilotage policy under Section 7 of this Act;
- (h) To review prescribed adjustments on pilotage fees, rates and charges imposed by Port Authorities within their administrative jurisdiction;
- (i) To review accreditations of Harbor Pilots or Pilotage Organization by oversight authority;
- (j) To review investigations on maritime accidents involving Harbor Pilots in connection with the conduct of Pilotage Services, without prejudice to MARINA and PCG conducting their separate appropriate investigation within their jurisdictions;
- (k) To issue permits, approvals and such requirements it may deem necessary in the establishment, regulation, and operationalization of Pilotage Organization;
- (l) To impose disciplinary action against Harbor Pilots or Pilotage Organizations in accordance with this Act; and
- (m) To perform such other things as may be necessary, incidental, or conducive to the functions of the Pilotage Board.

The standards set by the Pilotage Board under Sections 6 (a) and (b) hereof shall not be reduced by the Port Authorities unless otherwise allowed by this Act. The Port Authorities may however increase such standards as applicable to their respective Pilotage District.

Sec.7. Open Pilotage Policy. - There shall be an open pilotage policy in every Pilotage District in the country. The Port Authority concerned shall implement this policy and ensure that shipping companies, vessel owners or ship agents shall be able to freely choose from at least two (2) accredited Pilotage Organizations or a pool of qualified Harbor Pilots in every Pilotage District.

Pilotage Service shall be provided directly by the Port Authority, or on a non-exclusive basis, through duly accredited Pilotage Organizations or a pool of duly accredited Harbor Pilots. Non-membership in a Pilotage Organization shall not be a bar for a duly accredited Harbor Pilot to render Pilotage Services in a Pilotage District. No Pilotage Organization shall be considered as the sole or official exclusive association of Harbor Pilots in a particular port, Pilotage District or geographical area.

A Harbor Pilot may provide Pilotage Service in more than one (1) pilotage district: *Provided*, That he is duly qualified or accredited to render services therein.

Sec. 8. Compulsory Pilotage: Optional Pilotage under Certain Conditions. - As a general rule, pilotage in all Pilotage Districts shall be compulsory for all vessels of five hundred (500) gross tonnage and above when entering or leaving any Philippine port, whether owned by government or a private entity provided that the Pilotage Board, in consultation with the relevant Port Authority, may modify the gross tonnage for compulsory pilotage based on the circumstances of the Pilotage Districts.

Pilotage for domestic vessels or liners below five hundred (500) gross tonnage, or such vessel weight as prescribed by the Pilotage Board, regularly plying Philippine ports may be optional, unless pilotage in the port concerned is otherwise declared or required by a Port Authority concerned or the Pilotage Board to be compulsory. Where a port has been declared or required by a Port Authority to be compulsory for domestic vessels, the Vessel Master of the same vessel may be allowed to pilot his own vessel if he has been plying or calling on the same port for at least sixty (60) times: *Provided*, That said Vessel Master has been issued a special accreditation or Pilotage Exemption Certificate (PEC) for the same vessel and for the specific port: *Provided, further*, That the concerned Port Authority may require additional qualifications peculiar to the prevailing conditions in the port or port district with respect to navigability of the channel or fairway, sea current, presence of derelicts and other related conditions. The Port Authority concerned may, if necessary, exempt any vessel or class of vessels navigating in the pilotage district from availing of Pilotage Services, subject to such conditions as it may deem appropriate. In such a situation, the Port Authority concerned shall take into consideration the physical and navigational peculiarities of the port including its channels and fairways, the size, type and maneuvering capability of the vessel, the existence or navigational aids, the volume of vessel traffic and such other factors which may affect vessel movement and the level of risk for such navigation.

Sec. 9. Power to Approve Prescribed Pilotage Tariff and Rates. -The Port Authorities shall have the power to prescribe pilotage rates and charges for every Pilotage Service rendered in their respective Pilotage District, including any special service, if any. Collection and payment of pilotage rates and charges shall be through a centralized and transparent procedure to be determined by the Pilotage Board. In no case shall the Harbor Pilots or Pilot Organization impose pilotage rates and charges for pilotage and special services without prior notice to the Port Authority concerned. Pilotage rates and charges for every Pilotage Service rendered in every Pilotage District, including any special service, must be published on the website of the Port Authorities, as well as in a conspicuous place to be determined by the Port Authorities in each port covered by a Pilotage District. Any pilotage rate or charge imposed beyond the prescribed rates of the Port Authority or beyond the published rate shall be void. The pilotage fees and charges applicable to vessels existing upon the effectivity of this Act shall continue to apply until such time as new rates and charges are prescribed and as may be necessary. The Pilotage Board shall review and approve the rates recommended by the Port Authorities within ten (10) days from receipt of such recommendation. Non-action by the Pilotage Board of such recommendation upon the expiration of the 10-day period shall be deemed an approval of the pilotage rates recommended.

Sec. 10. Government Share. Whether the Pilotage Service is performed by a Pilotage Organization or individual Harbor Pilot, the concerned Port Authority shall, in consideration of the grant or such privilege or authorities and for the use of the port facilities, be entitled to a government share of at least ten (10%) percent of the gross income derived from Pilotage Services whether billed/unbilled and collected/uncollected, be paid directly to the Port Authority where the Pilotage Service was rendered not later than the fifth day of the succeeding month when the Pilotage Service was rendered, exclusive of the Valued Added Tax (VAT) applicable:

Provided, That nothing in this Act shall limit the concerned Port Authority from adopting other modes or collection procedure

Sec. 11. *Accreditation Qualifications for a Harbor Pilot.* -To be accredited and authorized to render Pilotage Service in a specific Pilotage District or port, a Harbor Pilot must have the following minimum qualifications:

- (a) A Filipino citizen;
- (b) Not more than fifty-five (55) years old at time of application;
- (c) Of sound physical and mental condition as well as of good moral character;
- (d) Holder of a valid pilotage license issued by MARINA;
- (e) Holder of a valid Master Mariner license;
- (f) Sufficient knowledge of the relevant issuances of the Port Authority concerned; and
- (g) Such other relevant qualifications as may be prescribed by the Pilotage Board to ensure compliance with uniform national standards.

An application for Harbor Pilot accreditation must be filed with the Port Authority that has jurisdiction over the port or Pilotage District where the applicant desires to render Pilotage Services. The Port Authority may impose additional requirements for accreditation within its Port District. The following criteria shall be considered in the evaluation of the applicant, among others: education, relevant training, age, length of service or experience as Vessel Master of foreign or domestic vessels, length or service as a Harbor Pilot in other Pilotage Districts, and tonnage of vessels handled. The Port Authority shall ensure, that all Harbor Pilot applicants for accreditation must be able to communicate effectively in English with any Vessel Master.

An applicant for Harbor Pilot accreditation must have no direct or indirect personal interest in any business or activity, nor directly or indirectly derive income from any tugboat/towage operation service within the jurisdiction of the Port Authority where the application for accreditation is filed. Violation of this prohibition shall be a ground for denial by the Port Authority, or immediate cancelation of accreditation by the Pilotage Board if already issued.

In case an accreditation is applied for by a Pilotage Organization, (1) all Harbor Pilot employees, partners or members of the Pilotage Organization must possess all the minimum requirements under this Act and shall comply with all the requirements set by the accrediting Port Authority, (2) the Pilotage Organization must have a valid incorporation clearance issued by the Pilotage Board; and (3) the Pilotage Organization shall undertake to submit its general information and annual audited financial statements every year to the Pilotage Board.

The Pilotage Board may, upon its own instance or, upon verified statement, review the accreditation of a Harbor Pilot or Pilotage Board to ensure compliance with *minimum* standards set by this Act. In the event a Harbor Pilot or Pilotage Organization fails to comply with the *minimum* standards, the Pilotage Board shall revoke the accreditation issued by the Port Authority.

Sec. 12. *Accreditation Term of a Harbor Pilot or Pilotage Organization.* The accreditation of a qualified Harbor Pilot shall have a term of five (5) years, which may be renewable for the same period, until they reach the mandatory retirement age; *Provided*, That they shall undergo a revalidation process to be conducted by the MARINA in

accordance with the International Convention on Standards or Training, Certification and Watchkeeping for Seafarers (STCW) every five (5) years thereafter.

The mandatory retirement age for all Harbor Pilots shall be sixty-five (65) years old. Harbor Pilots who are sixty-five (65) years old and above upon the effectivity of this Act shall be allowed to continue rendering Pilotage Services for a non-renewable period of five (5) years from the effectivity of this Act, to allow for a smooth transition and replacement.

Accreditation of a Pilotage Organization shall have the same period of five (5) years; *Provided*, That any renewal shall have the same requirement as any Pilotage Organization initially applying for accreditation.

Sec. 13. Duties, Responsibilities and Discipline of Harbor Pilots and Pilotage Organization. -The rules, regulations and procedures promulgated by the Pilotage Board shall cover the minimum standards of conduct, duties, and responsibilities of Harbor Pilots. The Port Authorities may impose additional duties and responsibilities of Harbor Pilots rendering Pilotage Services in their respective Port Districts as long as they are consistent with such rules, regulations and procedures promulgated by the Pilotage Board.

The Port Authority concerned shall impose initial disciplinary action after due investigation on the Harbor Pilots if the subject matter of a complaint or issue involves the Pilotage Services in the port of the Port Authority concerned, without prejudice to a review by the Pilotage Board, *Provided* that: the initial disciplinary action imposed by the Port Authority shall be in accordance with its rules and issuances. In all instances, the Port Authority shall submit its findings to the Pilotage Board.

If recommendation for cancellation of accreditation by the Port Authority is due to gross inexcusable negligence, or failure to comply with the minimum standards of practice or conduct set by the Pilotage Board pursuant to this Act, the Pilotage Board, after review confirming such finding, may formally recommend to MARINA the revocation of the Harbor Pilot's professional license. MARINA shall, upon receipt of the final decision of the Pilotage Board, proceed with the revocation of the license in accordance with its own administrative process. This shall be without prejudice to separate investigations by the PCG within its own jurisdiction, especially involving criminal offenses.

Sec. 14. Pilotage Organization. -The Harbor Pilots in a Pilotage District may organize themselves into a corporation, partnership or association otherwise known as Pilotage Organization and shall be duly registered with the Securities and Exchange Commission (SEC). For purposes hereof, all Pilotage Organizations shall be under the regulatory authority of the Pilotage Board. No corporation, partnership or association shall be registered with the SEC as Pilotage Organization unless there is in force an incorporation clearance or any other form of authorization issued by the Pilotage Board. The Pilotage Organization shall have as least five (5) licensed and qualified Harbor Pilots as its members, partners or employees. The Pilotage Board may impose additional incorporation clearance requirements prior to approval by the SEC of the Pilotage Organization's incorporation.

The Pilotage Organization shall also adopt its own rules or by-laws; *Provided*, That such rules or by-laws shall not contravene the rules and regulations promulgated by the Pilotage Board. In addition, such by-laws or rules shall be submitted to the Pilotage Board and Port Authority where such Pilotage Organization operates, together with copies of the relevant records, which shall contain, among others, the roster of its officers and members, details of the vessels serviced, marine accidents involved, marine protests filed and financial information on collection and expenditures.

Sec. 15. *Tug Assistance: Compulsory Tug Assistance, When Required.* – Tug assistance shall be compulsory under the following circumstances:

- (a) When the size or tonnage of the vessel, or the peculiar conditions in the port or channel, as may be determined by the Port Authority concerned or entity, requires tug assistance;
- (b) During prevailing conditions in the port such as strong current, wind factor or inclement weather or any condition or situation affecting safe navigation;
- (c) When the vessel is incapable or maneuvering itself;
- (d) When the vessel opts to avail of tug assistance, even if under normal conditions tug assistance is not necessary: and
- (e) Such other situations, as may be determined by the concerned Port Authorities.

Nonetheless, the respective Port Authority shall determine when a vessel must be assisted by a tugboat or set of tugboats to ensure its safe navigation or maneuvering towards its desired berth or destination. The Vessel Master, vessel owner, or agent shall exercise its own discretion in choosing the tugboat operator, provided that the required minimum towing or pushing capacity is met.

Sec. 16. *Prohibited Interests.*– With pilotage and towage services having public convenience as paramount consideration, Harbor Pilots with existing accreditation by a particular Port Authority, or members, employees and officers of accredited Pilotage Organizations, including their relatives by consanguinity within the fourth civil degree, are prohibited: (1) from being beneficial owners, stockholders, owners, officers, or employees of a towage/tugboat company, or (2) from holding any other interest in a towage/tugboat company or any entities engaged in such operation, or (3) from receiving any form of remuneration, directly or indirectly, from towage companies or entities rendering tug boat services. For purposes of this Act, a beneficial owner refers to any natural person/s who: (1) ultimately own/s or control/s or; (2) exercise/s effective control over the towage/tugboat company or any entity engaged in such operation. ³

The Pilotage Organization shall not allow any towage/tugboat company, the owners, officers, or employees of such towage/tugboat company from having business and/or beneficial interest in its pilotage services or operations. The same rule applies when it comes to business and/or beneficial interest of officers or employees of Port Authorities.

Any violation of this prohibition shall be a ground for the immediate cancellation/suspension of the Pilotage Organization's incorporation clearance, and cancellation/suspension of accreditation with Port Authority of the involved Harbor Pilot, as the case may be, after final resolution by the Port Authority. The Port Authority shall, upon receiving a sworn statement with *prima facie* evidence, conduct an investigation within fifteen (15) days and, if warranted, recommend to the Pilotage Board the immediate suspension of the erring Pilotage Organization or Harbor Pilot's accreditation pending final resolution.

However, Harbor Pilots having business and/or beneficial interest on towage/tugboat company prior to the effectivity of this Act shall be given a period of two (2) years from such effectivity to divest themselves of such business and/or beneficial interest. The same period applies to any towage/tugboat company, the owners,

³ See Section 2.1 of SEC Memorandum Circular No. 17, Series of 2018

officers, or employees of such towage/tugboat company, and officers or employees of Port Authorities.

Sec. 17. *Liability for Damages.*

17.1 In general, the Vessel Master retains overall command and the ultimate responsibility for the safety of the vessel, crew, passengers and cargoes. However, the individual Harbor Pilot or, in case of pool of accredited Harbor Pilots, the Pilotage Organization providing Pilotage Service to a vessel, shall be responsible/liable for the damage caused to said vessel or to life or property due to his negligence, fault or failure in performing his duties as a Harbor Pilot, where such duties include but are not limited to being in charge of vessel navigation in terms of speed, course, observance of pilotage rules and regulations.

17.2 The individual Harbor Pilot/Pilotage Organization concerned can only be absolved from liability if the accident is caused by negligence, fault or failure of the Vessel Master in performing his duties under the circumstances such as but not limited to providing suitable equipment and sufficient personnel, timely intervening when the Harbor Pilot is obviously incapacitated or incompetent, or by force majeure or natural calamities: Provided that extra diligence was exercised to prevent or minimize the damage.

17.3 In cases when the Vessel Master of the vessel under pilotage has countermanded or overruled the command of the Harbor Pilot on board, any damage caused to the vessel or to life or property by reason of the *fault or negligence* of such Vessel Master shall be the responsibility of the owner of the vessel concerned without prejudice to his recourse against the Vessel Master.

17.4 The Harbor Pilot and the Vessel Master shall be solidarily liable for damage caused to the vessel or to life or property by reason of their concurrent *fault or negligence or non-performance of duties: Provided*, That in case the owner of the vessel be made responsible, the same shall be without prejudice to lawful recourse against the Vessel Master, the Harbor Pilot or Pilotage Organization, as the case may be.

17.5 Nothing in this Section 17 shall prevent the injured party from pursuing civil or criminal actions against the erring party before the appropriate courts or quasi-judicial bodies in accordance with law.

Sec. 18. *Penalties.* - Any violation of the provisions of this Act, including the charging of fees beyond the rates to be published pursuant to Section 9 hereof or the prohibition against conflict of interest under Section 16 hereof, shall, after due notice and hearing by the concerned Port Authority, be penalized as follows:

1. For the imposition of unauthorized charges or fees, including unwarranted tug assistance fees and channeling fees, the Harbor Pilot and the Pilotage Organization shall be solidarily fined of not less than Five Hundred Thousand Pesos (PhP500,000.00) and suspension of accreditation for a minimum of six (6) months for the first offense, and permanent cancellation of accreditation for the second offense for the Harbor Pilot and Pilotage Organization.
2. For the violation of the prohibition against conflict of interest as stipulated in Section 16, a permanent and immediate cancellation of accreditation upon a final finding of guilt by the Pilotage Board. A tugboat/towage operator knowingly violating Section 16 of this Act shall, after due notice and hearing by the MARINA, be administratively penalized by suspension of the certificate or public convenience or

pertinent permit for not less than three (3) months but not more than twelve (12) months, or the cancellation thereof. Penalties shall be without prejudice to fines or penalties that may be imposed by the concerned Port Authority.

3. In addition to the foregoing, for violation of any provisions of this Act and the pertinent rules and regulations on pilotage set by the Pilotage Board:
 - a. Any harbor pilot and/or responsible individual, such as the beneficial owner, shareholder, director or officer of the entity, who violates this Act may be held criminally liable under the 2014 Philippine Competition Act or such other relevant laws, rules and regulations; and/or
 - b. A fine of not less than Three Hundred Thousand Pesos (PhP300,000.00) but not to exceed Five Million Pesos (PhP5,000,000.00) may be imposed. Solidary penalty against the erring Harbor Pilot and Pilotage Organization may apply as the case may be.

The Pilotage Board may also recommend to MARINA for the revocation of the license of a Harbor Pilot who violates any provisions of this Act.

Sec. 18. Decisions and Resolutions of the Pilotage Board - Decisions and Resolutions of the Pilotage Board, as may be set in the Implementing Rules, shall be final and may only be reviewed by the Court of Appeals under Rule 42 of the Revised Rules of Court.

Sec. 19. Grievance Mechanism – The Pilotage Board shall establish a grievance platform and procedure to ensure that all stakeholders shall be able to raise their complaints and concerns in relation to the compliance with this Act.

Sec. 20 Transitory Provisions. - Harbor Pilots duly authorized to render Pilotage Services prior to the effectivity and implementation of this Act shall continue to exercise their profession until they reach the mandatory retirement age, subject to revalidation requirement under Section 12 or this Act. They shall be given preference over new applicants as long as they have substantially complied with the requirements promulgated pursuant to this Act. All Pilotage Organization at the time of the effectivity of this Act shall have two (2) years from the effectivity of the Implementing Rules and Regulations to comply with this Act.

All rules, regulations, administrative orders, circulars and related issuances on Pilotage Services promulgated by the different Port Authorities and consistent herewith shall continue to apply until otherwise expressly updated, repealed or modified by the Pilotage Board.

Sec.21. Pilotage Board Secretariat. - A Pilotage Board Secretariat (Secretariat) is hereby created to assist, facilitate and coordinate all the administrative, custodial and organizational duties of the Pilotage Board. The Secretariat shall be composed of representative teams from the component offices or agencies comprising the Pilotage Board to maximize nationwide scope. The PPA shall provide technical and legal support to the Pilotage Board.

Sec. 22. Funding Requirements. - For purposes of this Act, the initial amount of Fifty Million pesos (Php 50,000,000.00) is hereby authorized to be appropriated from the funds of the National Treasury not otherwise appropriated, and to be administered by the PPA subject to pertinent budgeting, accounting, and auditing laws, rules, and regulations. Thereafter, the funding requirements for succeeding years shall be included in the annual General Appropriations Act, subject to the usual budget preparation process.

Sec. 23. *Implementing Rules and Regulations.* Following the effectivity of this Act, the Pilotage Board shall immediately convene and promulgate the necessary implementing rules and regulations of this Act within a period of ninety (90) days from its effectivity taking into consideration, and adopting as may be applicable, the existing issuances, rules and regulations of Port Authorities, including the PPA, insofar as consistent with this Act.

Sec. 24. *Separability Clause.* - If any part or provision of this Act is declared as unconstitutional or invalid by a court of competent authority, the remaining provisions which are not affected thereby shall continue to be in full force and effect.

Sec. 25. *Repealing Clause.* - Executive Order No. 1088 dated February 3, 1986, is hereby repealed. Other laws, decrees, issuances, rules and regulations, or any part thereof: which are inconsistent with or contrary to the provisions of this Act, are hereby repealed or modified accordingly.

Sec. 26. *Effectivity.* This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,