

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

SEVENTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 1199

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Introduced by Reps. Cesar V. Sarmiento and Emmanuel F. Madrona

EXPLANATORY NOTE

This bill, filed by the veteran lawmaker, Eleandro Jesus F. Madrona, under the 16th Congress, seeks to modernize the Philippine Coast Guard (PCG), creating for the purpose the PCG Modernization Trust Fund and appropriating funds therefor.

Under Republic Act (RA) No. 9993, also known as the "*Philippine Coast Guard Law of 2009*," the PCG is tasked primarily to enforce applicable laws within Philippine waters, conduct maritime security operations, safeguard life and property at sea, and protect the marine environment and resources.

The PCG is attached to the Department of Transportation and Communications. Currently, it maintains a presence throughout the archipelago with twelve coast guard (CG) districts, fifty-four CG stations and over one hundred ninety CG detachments from Basco, Batanes to Bongao, Tawi-Tawi.

Unfortunately, the capability of PCG, compared to coast guards of our neighboring ASEAN countries, is below par. The current stand-off in Panatag (Scarborough) Shoal with China highlights the country's need to modernize its capabilities to guard its 36,000 kilometers coastlines. Aside from maintaining presence within our territorial waters, it is equally important for the country to be able to protect its fishing industry and people traversing the internal waters of the Philippines.

Admirably, despite its inadequate capabilities, the PCG has continued to perform its mandates with intensity and enthusiasm. The dedication and commitment of PCG personnel as rescuers and law-enforcers could be further enhanced if technologically improved material capabilities are introduced and integrated into the coast guard organization and systems.

With twelve CG districts, sixty-three CG stations and two hundred thirty eight CG detachments, the PCG continues to discharge its functions with limited resources.

In order to address the concerns of PCG, there is a need for a modernization plan that would enhance its capabilities to guard effectively the entire Philippine archipelago, its territorial waters and coastlines. The modernization program will

allow the PCG to perform its functions effectively and efficiently.

In view of the foregoing, the immediate passage of the bill is earnestly sought.



CESAR V. SARMIENTO



EMMANUEL F. MADRONA

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HOUSE BILL NO. **1199**

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**AN ACT MODERNIZING THE PHILIPPINE COAST GUARD, CREATING FOR THE
PURPOSE THE PHILIPPINE COAST GUARD MODERNIZATION TRUST FUND
AND APPROPRIATING FUNDS THEREFOR**

*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 "*Philippine Coast
Guard Modernization Act.*"

SEC. 2. **Declaration of Policy.** – It is hereby declared the policy of the State
to modernize the Philippine Coast Guard to a level where it can fully perform its
mandates. Toward this end, the State shall develop and enhance the capabilities of
the Philippine Coast Guard in order to effectively and efficiently perform under the
following functional areas:

- a. Maritime safety
- b. Maritime search and rescue
- c. Maritime security
- d. Maritime law enforcement
- e. Marine environmental protection

SEC. 3. **Philippine Coast Guard Modernization Program.** – Within a period
not exceeding fifteen (15) years after the effectivity of this Act, the Philippine Coast
Guard shall implement the PCG Modernization Program, hereinafter referred to as
the Program. The Philippine Coast Guard shall continue to perform its powers and
discharge its functions as provided in Section 3 of Republic Act No. 9993, also
known as the "*Philippine Coast Guard Law of 2009.*"

Payments for the amortization of outstanding multi-year contract obligations
incurred under Section 7 of this Act may however extend beyond this period.

SEC. 4. **Objectives of the Program.** – The Program shall be implemented in
accordance with the following objectives:

- a. To minimize, if not totally eliminate, accidents at sea;
- b. To reduce the search effort and hasten response time during search and rescue operations;
- c. To contribute substantially in securing maritime zones or territorial waters from terrorism, lawlessness, and other threats to national security and territory;
- d. To effectively contribute in the enforcement of the Philippine criminal and other special laws within the maritime zones or territorial waters; and
- e. To minimize, if not totally eliminate, pollution in the maritime zones or areas and hasten response time to recover spilt pollutants.

SEC. 5. **Components of the Program.** – The Program shall have the following components:

- a. *Organization Development.* The restructuring and streamlining of PCG units and offices for economy and efficiency to avoid the overlapping of functions, simplify procedures and improve response time.
- b. *Human Resources.* The professionalization of its human resource with educated, motivated and highly-skilled personnel in their respective fields of specialization.
- c. *Doctrine Development.* The rationalization of systems, standards and procedures in the administration of PCG which includes the generation, evaluation, consolidation and formalization of doctrines; the conduct of periodic review and validation of doctrines through field application, testing and exercises; and the dissemination of approved doctrines at all levels of command.
- d. *Infrastructure Development.* The basic and support systems required to ensure that services are rendered efficiently which includes acquisition and upgrade of basic and support facilities for administrative and operational services, and the acquisition and upgrade of basic facilities such as aircraft command, control and communication platform which are range and endurance-capable to continuously monitor edges of the exclusive economic zone (EEZ) with night navigation capability, including remote-controlled drones.
- e. *Equipment and Facilities Acquisition and Modernization.* The acquisition and upgrade of contemporary, modern and state-of-the-art equipment and system to enhance the capabilities of the PCG in the performance of its mandate which includes the following:
 - 1. Upgrade of vessels to mission-specific level with a high degree of flexibility to perform other functional area operations. The vessels must be well-maintained for full operational status at least three hundred (300) days a

year and must be interfaced with latest cutting edge technology for ease of operation;

2. Remotely operated submersibles for deep-sea search, retrieval and monitoring operations;

3. Weapons which are marine-environment resistant and designed primarily to disable hostile personnel and equipment;

4. K-9 Units which are capable of detecting bombs, drugs, toxic substances and search and rescue (SAR) operations, among others;

5. Uninterruptible PCG internal communications seamlessly interoperable with other agencies as well as communications with commercial vessels operating within the Philippine maritime zones or territorial waters;

6. Training equipment capable of simulating foreseeable emergency or hostile situations;

7. Aids to navigation which are consistent with International Association of Lighthouse Authorities standards;

8. Accurate and real time monitoring and detection systems; and

9. Laboratories with technologically current equipment.

SEC. 6. *Submission of the Program.* – Within ninety (90) days from the effectivity of this Act, the PCG Commandant shall, in coordination with the Secretaries of Transportation and Communications and Budget and Management, submit the PCG Modernization Program through the Congressional Oversight Committee created under Section 14 hereof for its consideration and approval through a joint resolution of the House of Representatives and the Senate.

The Program shall indicate the following:

a. The size and shape of the PCG in terms of personnel, equipment, and facilities during the various phases of the Program;

b. The modernization project under each phase including the major weapon and non-weapon equipment and technology acquisitions, infrastructure construction or improvement to be made and the particular objective(s) and component(s) under sections 4 and 5 respectively, of this Act to which such intended acquisition, construction or improvements belongs; and

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

In the event Congress approves the PCG Modernization Program, the joint resolution shall be the basis for subsequent executive and legislative actions to implement the Program until its completion and full realization.

SEC. 7. **Multi-year Contracts.** – The Secretary of Transportation and Communications may, pursuant to the Program, projects and appropriations approved by Congress and subject to the approval by the President, enter into multi-year contracts and other agreements or arrangements in accordance with the provisions of existing laws and regulations including those of the Commission on Audit and under such terms and conditions most favorable to the government.

The Congress shall, upon certification by the President, make the corresponding appropriation for the ensuing fiscal year in payment for multi-year contracts: *Provided*, That Congress shall appropriate only such funds as may be necessary to pay any unpaid amount when the appropriated funds mentioned in Section 13 of this Act are not sufficient or available to meet the payment, in full or in part.

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

SEC. 8. **Self-Reliance Program.** – In implementing the Program, the PCG shall, as far as practicable, give preference to Filipino contractors and suppliers and secondly to foreign contractors or suppliers, willing and able to locate a substantial portion of, if not the entire, production process of the terms involved within the Philippines.

In order to reduce foreign exchange outflow, generate local employment opportunities and enhance technology transfer to the Philippines, the Secretary of Transportation and Communications shall, as far as feasible, incorporate in each contract or agreement special foreign exchange reduction schemes such as countertrade, in-country manufacture, co-production, or other innovative arrangements or combinations thereof.

The PCG shall likewise ensure that in negotiating all applicable contracts or agreements, provisions are incorporated respecting the transfer to the PCG of the principal technology involved as well as the training of PCG personnel to operate and maintain such equipment and technology.

SEC. 9. **PCG Modernization Trust Fund.** – There is hereby created a trust fund, to be known as the PCG Modernization Trust Fund to be administered by the Secretary of Transportation and Communications in accordance with existing rules and regulations. The trust fund shall be used exclusively for the PCG Modernization Program excluding salaries and allowances. The trust fund shall be funded out of the following:

- a) Appropriation for the PCG Modernization Program;
- b) The proceeds from the sale, lease or joint development of coast guard properties and lighthouse reservations, as may be authorized by the Congress, including such immovable and other facilities as may be found therein, not covered

by the Bases Conversion Development Authority, as provided for in Republic Act No. 7227, otherwise known as the Bases Conversion and Development Act of 1992;

c) Shares of the PCG from the proceeds of the sale of coast guard properties provided for under the Bases Conversion and Development Act of 1992;

d) The proceeds from the disposal of excess or uneconomically repairable equipment and other movable properties in the PCG arsenal;

e) Funds from budgetary surplus, if any, as may be authorized by Congress subject to the provisions of Section 13 of this Act;

f) Dues, fines, and penalties collected by PCG in the exercise of its functions; and

g) All interest income of the trust fund.

SEC. 10. *Equipment Acquisition Per Functional Area.* – In order to further specialize PCG capabilities, equipment acquisition shall be initiated within the respective functional areas as mentioned in Section 2 of this Act but integrated into the Program to allow inter-operability and ensure greater degree of reliability.

SEC. 11. *Contract Negotiation.* – The procurement process shall be governed in accordance with Republic Act No. 9184, otherwise known as the "Government Procurement Reform Act," and its revised implementing rules and regulations. The procurement process shall be exercised by the PCG General Headquarters unless delegated to the next lower level management by the PCG Commandant.

SEC. 12. *Use of Savings Annual Reports.* – The Secretary of Transportation and Communications shall submit to the President and Congress, through the Congressional Oversight Committee, an annual report on the status of the PCG Modernization Act Trust Fund, as provided for in Section 9 of this Act not later than the end of the first quarter of the succeeding year.

The Commandant of the PCG shall also submit to the President and Congress, through the Congressional Oversight Committee and the Secretary of Transportation and Communications, an annual status report containing the process of the implementation of the modernization program under this Act including the PCG modernization activities implemented prior to the approval of this Act not later than the end of the first quarter of the succeeding year.

SEC. 13. *Appropriations.* – The annual appropriations for the PCG modernization program shall include the amounts necessary to support the funding requirements for all modernization projects approved by Congress pursuant to this Act.

The funds to be appropriated by the Congress shall be treated as a distinct and separate budget item from the regular appropriation for the PCG and shall be administered by the Secretary of Transportation and Communications. The

proposed program shall be based on a ceiling of Fifty billion pesos (P50,000,000,000.00) for the first five (5) years. Thereafter, this amount may be increased commensurate to the increase in the gross national product (GNP).

SEC. 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.

SEC. 15. **Sunset Review.** – Five (5) years after the effectivity of this Act, the Joint Congressional Oversight Committee shall conduct a systematic evaluation of the accomplishments and impact of this Act as well as the performance and organizational structures of PCG.

SEC. 16. **Separability Clause.** – If any provision of this Act is declared unconstitutional or invalid, the remainder of this Act or any provisions not affected thereby shall remain in full force and effect.

SEC. 17. **Repealing Clause.** – All laws, executive orders, rules and regulations inconsistent with or contrary to this Act, are hereby repealed or amended accordingly.

SEC. 18. **Effectivity.** – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,