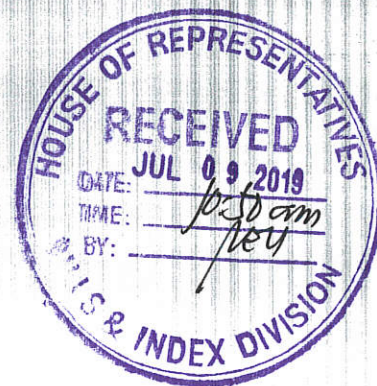


REPUBLIC OF THE PHILIPPINES
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
First Regular Session
1646

House Bill No. _____



Introduced by **MAGDALO Party-List Representative**
HON. MANUEL DG. CABOCHAN III

EXPLANATORY NOTE

Most nations have invested greatly in the safeguarding of their ports, waterways, and coastal security. These nations realized the immense responsibility in securing their territories, ports, and their economic interests. While other countries are investing heavily in their ports and improving their coastal security, the capability of our PCG to secure our vast coastline and waterways lags behind. With twelve (12) CG Districts, sixty-three (63) CG Stations and Two hundred thirty eight (238) CG Detachments strategically situated from Basco Batanes to Bongao, Tawi-Tawi, the PCG continue to perform with limited resources.

Obviously, there is a need for the State to modernize the PCG. This fact is emphasized even more at this time given the maritime aggression in our waters. Hence, we should capacitate the PCG in such a level that it can effectively and efficiently perform its different functions. The Modernization Program under this Act hopes to respond to these urgent needs of the PCG.

In view of the foregoing, immediate approval of this bill is earnestly requested.


HON. MANUEL DG. CABOCHAN III
Representative
Magdalo Party-List Para sa Pilipino

REPUBLIC OF THE PHILIPPINES
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EIGHTEENTH CONGRESS
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Introduced by **MAGDALO Party-List Representative**
HON. MANUEL DG. CABOCHAN III

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

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

1 **SECTION 1. Title.** This Act shall be known as the “PCG Modernization Act of
2 2016”.

3
4 **SEC. 2. Declaration of Policy.** – It is hereby declared the policy of the State to
5 develop the Philippine Coast Guard (PCG), ensure the continued protection and defense of
6 our maritime border, economy, and environment. Toward this end, the Modernization
7 Program under this Act shall develop and enhance the capabilities of the PCG in order to
8 effectively and efficiently perform under the following functional areas:

- 9 a) Maritime Safety,
10 b) Maritime Search and Rescue;
11 c) Maritime Security;
12 d) Maritime Law Environment; and,
13 e) Maritime Environmental Protection.

14
15 As such, the PCG shall be able to perform its powers and discharge its functions as
16 enumerated in Section 3 of Republic Act No. 9993 otherwise known as the “Philippine Coast
17 Guard Law of 2009”.

1 **SEC. 3. Objectives of the PCG Modernization Program.** – The PCG Modernization
2 Program shall be implemented in accordance with the following objectives:

- 3 a) To minimize if not totally eliminate accidents at sea;
- 4 b) To reduce the search effort and improve response times during search and rescue
5 operations;
- 6 c) To contribute substantially in securing maritime zones or areas from terrorism,
7 lawlessness, and other threats to national security and the national territory;
- 8 d) To effectively contribute in the enforcement of the Philippine criminal and other
9 special laws within the maritime zones/areas;
- 10 e) To minimize if not totally eliminate pollution on the maritime zones/areas and
11 limit response time to recover spilt pollutants to its minimum.

12
13 **SEC. 4.Components of the PCG Modernization Program.** – The PCG Modernization
14 Program shall consist of the following components.

15 a) **Organization Development-** shall pertain to the restricting and streamlining
16 of units and offices for economy and efficiency to avoid the overlapping of functions,
17 simplify procedures and improve response time;

18 b) **Human Resource** –shall pertain to the professionalization of its human
19 resource populated with educated, motivated, multi-tasking capable personnel and highly
20 skilled in their respective fields of specialization;

21 c) **Doctrine Development** –requires the rationalization of systems, standards and
22 procedures in the administration of PCG. Towards this end, the PCG shall be responsible for
23 the generation, evaluation, consolidation and formalization of doctrines, conduct of periodic
24 review and validation of doctrines through field application, testing and exercise, and the
25 dissemination of approved doctrines at all levels of command;

26 d) **Infrastructure Development** – shall refer to the basic system and support
27 systems required to ensure that service are rendered efficiently. The Modernization Program
28 shall include acquisition and upgrading of basic support facilities for administrative and
29 operational facilities. It shall also include, but not limited to, the acquisition and upgrading of
30 basic facilities such as aircraft command, control and communication platform which are
31 range and endurance capable to continuously monitor edge of the EEZ with night navigation
32 capability, including, but not limited to, remote controlled drones;

33 e) **Equipment and Facilities Acquisition and Modernization** – refers to the
34 acquisition and upgrading of contemporary, modern and state-of-the-art equipment and

1 system to enhance the capabilities of the PCG in the performance of its mandate; which shall
2 include, but not be limited to the following:

- 3 i. Upgrading of vessels to mission-specific level with a high degree of flexibility
4 to perform other functional area operations. They must be well maintained for
5 full operational status at least 300 days/year. The vessels should be interfaced
6 with latest cutting edge technology for ease of operation;
- 7 ii. Submersibles shall be remotely operated, for deep-sea search, retrieval and
8 monitoring operations;
- 9 iii. Weapons shall be of kind which are marine-environment resistant and
10 designed primarily to disable hostile personnel and equipment;
- 11 iv. K-9 units shall be capable of detecting bombs, drugs, toxic substance and
12 limited SAR, among others;
- 13 v. Uninterruptible PCG internal communications seamlessly interoperable with
14 other agencies as well as communications with commercial vessels operating
15 within the Philippine maritime zones;
- 16 vi. Training Equipment capable of stimulating foreseeable emergency or hostile
17 situations;
- 18 vii. Aids to navigation which are consistent with International Association of
19 Lighthouse Authorities Standards;
- 20 viii. Accurate and real time monitoring and detection systems; and
- 21 ix. Laboratories shall be updated with technologically current equipment.

22
23 **SEC. 5. *Period of Implementation.*** – The Modernization Program under this Act shall
24 be implemented over a period not exceeding fifteen (15) years after its effectivity: Provided,
25 however, that payments for amortization of outstanding multi-year contract obligations
26 incurred under this Act may extend beyond this period.

27
28 **SEC. 6. *Submission of the PCG Modernization Program.*** – Within ninety (90) days
29 from the effectivity of this Act, the Commandant of the PCG in coordination within the
30 Secretaries of Department of Transportation and Communications (DOTC) and Department
31 of Budget and Management (DBM), shall submitted the PCG Modernization Program as
32 provided for in this Act to Congress, through the Congressional Oversight Committee created
33 under Section 16 hereof, for its consideration and approval thru a joint resolution of the
34 House of Representatives and the Senate. The program shall indicate or show inter alia:

- a) The size and shape of the PCG in terms of personnel, equipment, and facilities during the various phases of the modernization program;
- b) The modernization project under each phase including the major weapon and non-weapon equipment and technology acquisitions, infrastructure construction or improvement to which such intended acquisition, construction, or improvements belongs; and
- c) The priorities, schedules as well as estimated average cost each modernization 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 PCG modernization program until its completion and full realization.

SEC. 7. Appropriations of the PCG Modernization Program. – 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 under the preceding section.

The funds to be appropriated by the Congress under this Act shall be treated as a distinct and separate budget item for the regular appropriation for the PCG and shall be administered by the Secretary of DOTC. The proposed program shall be based on a ceiling, for the first five (5) years, of fifty billion pesos (50,000,000,000.00): Provided, that hereafter, this amount may be increased commensurate to the increase in the Gross National Product (GNP).

SEC. 8. Multi-year Contracts. - The Secretary of the DOTC, pursuant to the PCG Modernization Program, projects and appropriations approved by Congress, may subject to the approval by the president, 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, enter into multi-year contract, lease and lease-purchase agreements.

For multi-year contracts, Congress shall, upon certification by the President, make the corresponding appropriation for ensuring fiscal year: Provided that Congress shall appropriate only such funds as may be necessary to pay any unpaid amount where such funds

1 mentioned in Section 7 of this Act are not sufficient or available to meet such payment in full
2 or in part.

3
4 The Secretary of DOTC shall submit to Congress, through the Congressional
5 Oversight Committee, copies of these multi-year contracts and other agreements or
6 arrangement to enable Congress to appropriate funds.

7
8 **SEC. 9. *Self-Reliance Program.*** – In implementing the Modernization Program, the
9 PCG shall, as far as practicable, give preferences to Filipino and suppliers and secondly to
10 foreign contractors or suppliers, willing and able to locate a substantial portion of, if not the
11 entire, production process of the term(s) involved, within the Philippines.

12
13 In order to reduce foreign exchange outflow, generate local employment opportunities
14 and enhance national productivity, provisions shall be incorporated in each contract/
15 agreement on special foreign exchange reduction schemes such as counter trade, in country
16 manufacture, co-production, or other innovative arrangements or combinations thereof.

17
18 The PCG ensure that in negotiating all applicable contracts or agreements, provisions
19 are incorporated transferring to the PCG of the principal technology involved as well as the
20 training of PCG personnel who shall operate and maintain such equipment and technology,
21 including upgrades and modification.

22
23 **SEC. 10. *Minimize FOREX outflow in case of foreign supply.*** – In order to reduce
24 foreign exchange outflow, generate local employment opportunities and enhance incorporate
25 in each contract/ agreement special foreign exchange reduction schemes such as counter
26 trade, in country manufacture, co-production, or other innovative arrangements or
27 combination thereof.

28
29 **SEC. 11. *Ensure technology transfer in case of foreign supply.*** – The PCG likewise
30 ensure that in negotiating all applicable contracts or agreements, provisions are incorporated
31 respecting the transfer of the PCG of the principal technology involved as well as the training
32 of PCG personnel who shall operate and maintain such equipment and technology.

1 **SEC.12.PCG Modernization Act Trust Fund.** – There is hereby created a trust fund,
2 to be known as the PCG Modernization Act Trust Fund. Said trust fund, which shall be used
3 exclusively for the PCG Modernization program, but not shall include salaries and
4 allowances, shall be funded out of the following:

- 5 a) Appropriation for the PCG modernization program;
- 6 b) The proceeds from the sale. Lease or joint development of CG reservation, as may be
7 authorized by the Congress, including such immovable and other facilities as may be
8 found therein, not covered by the Bases Conversion Development Authority, as
9 provided for in Republic Act No. 7227;
- 10 c) Shares of the PCG from the proceeds of the sale of CG properties provided for under
11 Republic Act No. 7227;
- 12 d) The proceeds from the disposal of excess and/ or uneconomically repairable
13 equipment and other movable of the PCG and government arsenal;
- 14 e) Funds from budgetary surplus, if any, as maybe authorized by Congress subject to the
15 provisions of Section 8 of this Act;
- 16 f) All interest income of the trust fund; and,
- 17 g) Light dues, fines, and penalties.

18
19 The trust fund shall be administered by the Secretary of National Defense in
20 accordance with existing government auditing rules and regulation;

21
22 **SEC. 13. Equipment Acquisition per functional area.** – In order to further specialize
23 PCG capabilities, equipment acquisition shall be initiated within respective functional areas
24 as enumerated in Section 2 of this Act provided that it be integrated into the Modernization
25 Plan to allow inter-operability and redundancy ensuring a greater degree of reliability.

26 **SEC. 14. Contract Negotiation at HPCG Level.** – The procurement process in
27 accordance with RA 9184 otherwise known as the “Government Procurement Reform Act”
28 and its later version or amendments shall govern and to be exercised at Headquarters
29 Philippine Coast Guard (HPCG) unless delegated to the next lower level management by
30 Commandant Philippine Coast Guard (CPCG).

31
32 **SEC. 15. Use of Savings Annual Reports.** – Not later than the end of the first quarter
33 of the succeeding year:

1 a) The Secretary of Transportation and Communications shall submit to the
2 President and Congress, through the Congressional Oversight Committee an annual report on
3 the status of the PCG Modernization Act Trust Fund, as provided for in Section 11 of this
4 Act;

5 b) The Commandant, PCG shall submit to the President and Congress, through
6 the Congressional Oversight Committee and the Secretary of Transportation and
7 Communications, an annual status report containing the process of the implementation of the
8 modernization program under this Act to include the PCG modernization activities
9 implemented prior to the approval of this Act.

10
11 **SEC.16. *Congressional Oversight Committee.*** – There is hereby created a
12 Congressional Oversight Committee to monitor and oversee the implementation of the
13 provisions of this Act. The Committee shall be composed of six (6) members from the House
14 of Representatives with the Chairperson of the National Defense and Security and
15 Transportation of both Houses as Joint Chairpersons, respectively. The five (5) other
16 members from each Chamber shall be designated by the Senate President and the Speaker of
17 the House of Representatives respectively. The Minority shall have at least two (2)
18 representatives from both Chambers.

19
20 **SEC. 17. *Sunset Review.*** –As the need arises or within five (5) years after its
21 effectivity, the Congressional Oversight Committee shall conduct a sunset review of this Act.
22 The term “Sunset Review” shall mean a systematic evaluation of the accomplishments and
23 impact of this Act as well as the performance and organizational structures of the
24 implementing agencies, for purpose of determining remedial legislation.

25
26 **SEC. 18. *Separability Clause.*** – If any provisions of this Act shall be held
27 unconstitutional or invalid, the other provisions not otherwise affected shall remain in full
28 force and effect.

29
30 **SEC. 19. *Repealing Clause.*** – All laws, executive orders, rules and regulation
31 inconsistent with or contrary to this Act, are hereby deemed accordingly repealed or
32 amended.

1 **SEC. 20. *Effectivity Clause.*** - This act shall take effect after fifteen (15) days from its
2 publication in at least two (2) newspaper of national circulation.

Approved,