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NINETEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session)

RECEIVED BY: 

SENATE

S.B. No. 2307

Introduced by **SENATOR JOEL VILLANUEVA**

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

EXPLANATORY NOTE

The Philippine Coast Guard (PCG) was established through Republic Act (R.A.) No. 5173 as a major unit under the Philippine Navy in 1967, and subsequently transferred to the Office of the President after more than two (2) decades. In 1998, by virtue of Executive Order No. 477, it became an attached agency of the then Department of Transportation and Communications (DOTC) for policy and program coordination.¹

At present, it is governed by R.A. No. 9993, or the "Philippine Coast Guard Law of 2009." Its core functions are as follows:²

- a) Maritime safety, to help prevent or minimize unnecessary loss of lives and properties at sea;
- b) Maritime security, to contribute to good order at sea through regular patrol and surveillance for the safety of navigation of ships, to safeguard ships from illegal acts, and to promote freedom of navigation;

¹ Philippine Maritime Strategy. Available at <https://marina.gov.ph/wp-content/uploads/2021/01/Philippine-Maritime-Strategy-on-the-Implementation-and-Enforcement-of-Relevant-IMO-Instruments-2020-2024.pdf>.

² Philippine Coast Guard. Available at <https://coastguard.gov.ph/>.

- c) Maritime search and rescue, to render aid to persons and vessels in distress, and conduct operations in marine accidents within the Philippine maritime jurisdiction;
- d) Maritime law enforcement, to implement laws within the country's maritime jurisdiction, including laws on fisheries, immigration, tariff and customs, forestry, firearms and explosives, human trafficking, and dangerous drugs, and to battle transnational crimes; and
- e) Marine environmental protection, to implement and undertake measures as regards oil pollution, prevention, mitigation, and control through the conduct of monitoring and response operations.

With the Philippines having the fifth longest shoreline in the world with more than 36,000 kilometers of shoreline, the continuous claim to the country's exclusive sovereign rights over the West Philippine Sea and other maritime territories, and the need for a more rigorous enforcement of the rules on seaworthiness, safety requirements, and manning compliance of vessels, among others, the role of the PCG as guardians of the Philippine archipelago is undeniable. Thus, the PCG requires the full support of the government in order to strengthen our maritime presence, including through the acquisition of top-of-the-line assets and equipment and capacity-building of personnel.

Thus, the bill mandates the implementation of the PCG Modernization Program ("Program") over a period of fifteen (15) years covering the five (5) core mandates of the agency. The Program shall include components on organizational development of the PCG, human resources development, doctrine of development, infrastructure for operations and support, and equipment facilities acquisition.

In the implementation of the Program, preference shall be given to Filipino contractors and suppliers and secondarily, to foreign contractors or suppliers who will be willing and able to locate their production processes in the country, fully or partially. Likewise, technology transfer and capacity-building shall be key components in agreements or arrangements to be entered into under the Program.

Lastly, the PCG Modernization Trust Fund, to be administered by the Department of Transportation (DOTr), shall be established, to be used exclusively for the implementation of the Program, to supplement funds for all modernization projects to be undertaken by the PCG.

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


JOEL MILLANUEVA



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TRUST FUND, APPROPRIATING FUNDS THEREFOR, AND FOR
OTHER PURPOSES

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

1 **SECTION 1. Short Title.** – This Act shall be known as the “*Philippine Coast*
2 *Guard Modernization Act.*”
3

4 **SEC. 2. Declaration of Policy.** – It is hereby declared the policy of the State
5 to develop the Philippine Coast Guard (PCG) and ensure the continued protection and
6 defense of our maritime border, economy and environment. Toward this end, the
7 Modernization Program under this Act shall develop and enhance the capabilities of
8 the PCG to effectively perform under the following functional areas:
9

- 10 a) Maritime Safety;
- 11
- 12 b) Maritime Search and Rescue;
- 13
- 14 c) Maritime Security;
- 15
- 16 d) Maritime Law Enforcement; and
- 17
- 18 e) Maritime Environment Protection.
- 19

20 **SEC. 3. Philippine Coast Guard Modernization Program.** – The PCG shall
21 implement the Philippine Coast Guard Modernization Program, hereinafter referred to
22 as the Program, over a period of fifteen (15) years effective upon the date of approval
23 of this Act: *Provided, however,* That the payments for the amortization of outstanding

1 multi-year contracts and obligations incurred under the Program may extend beyond
2 this period.

3
4 The PCG shall continue to perform its powers and discharge its functions as
5 provided in Section 3 of Republic Act No. 9993, also known as the "Philippine Coast
6 Guard Law of 2009."

7
8 **SEC. 4. Objectives.** – The Program shall be implemented in accordance with
9 the following objectives:

- 10
11 a) Minimize, if not totally eliminate, accidents at sea;
12
13 b) Reduce the search efforts and hasten response time during search and rescue
14 operations;
15
16 c) Contribute substantially to securing maritime zones and territorial waters from
17 terrorism, lawlessness and other threats to national security and territory;
18
19 d) Effectively contribute to the enforcement of Philippine criminal and other special
20 laws within the maritime zones and territorial waters; and
21
22 e) Minimize, if not totally eliminate, pollution in the maritime zones or areas and
23 hasten response time in cases of emergencies.

24
25 **SEC. 5. Components of the Program.** – The Program shall have the following
26 components:

- 27
28 a) Organization Development – The restructuring and streamlining of the PCG
29 units and offices to avoid the overlapping of functions, simplify procedures and
30 improve response time.
31
32 b) Human Resources – The professionalization of its human resource with
33 educated, motivated, and highly skilled personnel in their respective fields of
34 specialization.
35
36 c) Doctrine of Development – The rationalization system, standards, and
37 procedures in the administration of the PCG shall include the generation,
38 evaluation, consolidation, and formalization of doctrines; the conduct of
39 periodic review and validation of doctrines through field application, testing and
40 exercises; and the dissemination of approved doctrines at all levels of
41 command.
42
43 d) Infrastructure Development – The basic and support system required to ensure
44 that services are rendered efficiently shall include the acquisition and upgrade
45 of basic and support facilities for administrative and operational services, and
46 the acquisition and upgrade of basic facilities, such as aircraft command,
47 control, and communication platform which are range and endurance-capable
48 to continuously monitor edge of the exclusive economic zone (EEZ) with night
49 navigation capability, including remote-controlled drones.
50

1 e) Equipment and Facilities Acquisition and Modernization – The acquisition and
2 upgrade of contemporary, modern, and state-of-the-art equipment and system
3 to enhance the capabilities of the PCG in the performance of its mandate which
4 includes the following:
5

6 1) Upgrade the vessel to a mission-specific level with a high degree of
7 flexibility to perform other functional area operations. The vessel must be
8 well-maintained for full operational status at least three hundred (300) days
9 a year and must be interfaced with the latest cutting-edge technology for
10 ease of operation;
11

12 2) Remotely operated submersibles for deep-sea search, retrieval and
13 operations;
14

15 3) Weapons that are marine environment resistant and designed primarily to
16 disable hostile personnel and equipment;
17

18 4) K-9 units which are capable of detecting bombs, drugs, toxic substances,
19 and assisting in search and rescue (SAR) operations, among others;
20

21 5) Uninterruptible PCG internal communications that is seamlessly
22 interoperable with other agencies, as well as communications with
23 commercial vessels operating within the Philippine maritime zones and
24 territorial waters;
25

26 6) Training equipment capable of simulating foreseeable emergencies or
27 hostile situations;
28

29 7) Aids to navigation that are consistent with the standards of the International
30 Association of Lighthouse Authorities;
31

32 8) Accurate and real-time monitoring and detection systems; and
33

34 9) Laboratories with technologically current equipment.
35

36 **SEC. 6. Submission of the Program.** – Within one hundred eighty (180) days
37 from the effectivity of this Act, the PCG Commandant shall, in coordination with the
38 Secretaries of the Department of Transportation (DOTr), the Department of Budget
39 and Management (DBM), and the Department of Finance (DOF), submit the Program
40 to the Senate of the Philippines and to the House of Representatives for information.
41 The Program shall indicate the following:
42

43 a) Personnel and inventory of equipment and facilities during the various phase
44 of the Program;
45

46 b) Modernization projects and activities to be undertaken, with the corresponding
47 functional area, component, and phase, to which such projects relate to,
48 including the major weapon and non-weapon equipment and technology
49 acquisition, infrastructure construction or improvements to be made, and the
50 particular objectives and components under Sections 4 and 5 respectively, of

1 this Act to which such intended acquisition, construction or improvements
2 pertain to; and
3

4 c) Priorities, schedules, and phases of implementation of modernization projects
5 and activities; and
6

7 d) Estimated average cost for each modernization project to be undertaken.
8

9 **SEC. 7. Multi-year Contracts.** – The Secretary of the DOTr may enter into
10 multi-year contracts and other agreements or arrangements subject to the approval of
11 the President, and in accordance with laws, rules and regulations, under such terms
12 and conditions most favorable to the government.
13

14 The Congress shall, upon issuance of a multi-year obligational authority or
15 contractual authority by the DBM, make the corresponding appropriation for the
16 ensuing fiscal year in payment for multi-year contracts: *Provided*, That the PCG and
17 the DBM shall issue the implementing guidelines to ensure consistency with the
18 Program and guidelines on the contracting of multi-year projects.
19

20 The Secretary of the DOTr shall submit to Congress copies of the multi-year
21 contracts and other agreements or arrangements.
22

23 **SEC. 8. Self-Reliance Program.** – In implementing the Program, the PCG
24 shall, as far as practicable, give preference to Filipino contractors and suppliers, and
25 secondly to foreign contractors or suppliers willing and able to locate a substantial
26 portion of, if not the entire, production process of the terms involved within the
27 Philippines.
28

29 In order to generate local employment opportunities and facilitate technology
30 transfer to the Philippines, the Secretary of the DOTr shall, as far as feasible,
31 incorporate in each contract or agreement special foreign exchange reduction
32 schemes such as countertrade, in-country manufacture, co-production, or other
33 innovative arrangements or combination thereof.
34

35 The PCG shall likewise ensure that in negotiating all applicable contracts or
36 agreements, provisions regarding the transfer to the PCG of the principal technology
37 involved as well as the training of the PCG personnel to operate and maintain such
38 equipment and technology are incorporated therein.
39

40 **SEC. 9. Philippine Coast Guard Modernization Trust Fund.** – There is
41 hereby created a trust fund, to be known as the “Philippine Coast Guard Modernization
42 Trust Fund,” to be administered by the Secretary of the DOTr in accordance with laws,
43 rules and regulations. The trust fund shall be used exclusively for the Program,
44 including all expenses necessary for the procurement of facilities, machineries,
45 equipment, and services, and excluding salaries and allowances. The trust fund shall
46 be funded out of the following:
47

48 a) Appropriations for the Program;
49

50 b) The proceeds from the sale, lease, or joint development of coast guard

1 properties and lighthouse reservations, as may be authorized by Congress,
2 including such immovable and other facilities as may be found therein, not
3 covered by the Bases Conversion and Development Authority (BCDA), as
4 provided under Republic Act No. 7227, as amended, otherwise known as the
5 Bases Conversion and Development Act of 1992;

- 6
7 c) Shares of the PCG from the proceeds of the sale of the coast guard properties
8 provided for under the Bases Conversion and Development Act of 1992;
9
10 d) The proceeds from the disposal of excess or uneconomically repairable
11 equipment and other moveable properties in the PCG arsenal;
12
13 e) Funds from budgetary surplus, if any, as may be authorized by Congress
14 subject to the provisions of Section 13 of this Act;
15
16 f) Loans, grants, bequests, or donations from local and foreign sources,
17 specifically earmarked to be used for the Program;
18
19 g) Dues, fines, and penalties collected by the PCG in the exercise of its functions;
20 and
21
22 h) All interest income that accrues to the trust fund.

23
24 **SEC. 10. *Equipment Acquisition Per Functional Area.*** – In order to further
25 specialize PCG capabilities, equipment acquisition shall be initiated within the
26 respective functional areas as mentioned in Section 2 of this Act but integrated into
27 the Program to allow inter-operability and ensure a greater degree of reliability.

28
29 **SEC. 11. *Contract Negotiation.*** – The procurement process shall be governed
30 by Republic Act No. 9184, otherwise known as the Government Procurement Reform
31 Act, and its revised implementing rules and regulations. The procurement process
32 shall be exercised by the PCG General Headquarters, unless delegated to the next
33 lower-level management by the PCG Commandant.

34
35 **SEC. 12. *Progress Report.*** – The Secretary of the DOTr shall submit to the
36 Office of the President and to Congress an annual report on the status of the Philippine
37 Coast Guard Modernization Act Trust Fund as provided for in Section 9 of this Act, as
38 well as the status of the implementation of the Program, not later than the end of the
39 first quarter of the succeeding year.

40
41 **SEC. 13. *Appropriations.*** – The amount necessary to implement the
42 provisions of this Act shall be sourced from the PCG Modernization Trust Fund as
43 provided under Section 9 of this Act.
44

45 In addition, the annual appropriations for the Program shall include the amounts
46 necessary to support the funding requirement for all modernization projects submitted
47 to Congress. The funds to be appropriated shall be included in the General
48 Appropriations Act under the DOTr.

49
50 **SEC. 14. *Implementing Rules and Regulations.*** – Within ninety (90) days

1 from the effectivity of this Act, the PCG and the DOTr shall, in coordination with
2 appropriate government agencies and other stakeholders, promulgate the rules and
3 regulations to effectively implement the provisions of this Act.

4
5 **SEC. 15. *Separability Clause.*** – If any portion or provision of this Act is
6 subsequently declared invalid or unconstitutional, other provisions hereof which are
7 not affected thereby shall remain to be in full force and effect.

8
9 **SEC. 16. *Repealing Clause.*** – All other laws, acts, presidential decrees,
10 executive orders, circulars, administrative orders, rules and regulations, and other
11 issuances which are contrary to or inconsistent with any of the provisions of this Act
12 are hereby repealed, amended, or modified accordingly.

13
14 **SEC. 17. *Effectivity.*** – This Act shall take effect fifteen (15) days following its
15 publication in the Official Gazette or in a national newspaper of general circulation.
16