

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



Senate
Office of the Secretary

23 MAR 16 A8:51

SENATE
S. No. 2016

RECEIVED BY. 

Introduced by Senator Jinggoy Ejercito Estrada

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

EXPLANATORY NOTE

The Philippines is one of the world's largest archipelagos composed of 7,641 islands with 36,289 kilometers of shoreline. We are blessed with expansive waters containing diverse aquatic life and marine resources that are sources of bountiful harvest and livelihood for coastal communities. It hosts vital seaways for trade and commerce, possesses rich oil and gas deposits and energy sources, and is endowed with pristine beaches and picturesque seascapes suitable for tourism development. Also, the country's exclusive economic zone (EEZ) is a maritime area larger than our total land area. It is therefore imperative for the government to have an effective Coast Guard organization that can protect and preserve the diverse resources found in our maritime territory and defend the same against intruders, lawless elements and destructive activities.

As enshrined in Republic Act No. 9993 or the "Philippine Coast Guard Law of 2009," the PCG was established as an armed and uniformed service attached to the Department of Transportation (DOTr). However, in times of war, as declared by Congress, it shall be attached to the Department of National Defense (DND). It is also considered as the oldest and only humanitarian armed service of the Philippines.

It is vested with powers aimed to perform five major functions of maritime safety, maritime security, maritime search and rescue, maritime law enforcement, and marine environmental protection. The PCG is given the colossal task of enforcing regulations in accordance with maritime international conventions and treaties and national laws for the promotion of safety of life and property at sea, and providing assistance in the enforcement of laws towards the prevention or suppression of terrorism at sea, as well as pertinent regulations on fisheries, immigration, tariff and customs, forestry, firearms and explosives, human trafficking, dangerous drugs and controlled chemicals, transnational crimes, protection of marine environment and resources from offshore sources of pollution, and other applicable laws within the maritime jurisdiction of the country.

In light of the ongoing disputes and documented cases of harassment in the West Philippine Sea, PCG recently admitted that its assets are not enough to patrol the area and to protect Filipino fishermen against foreign aggressors.

Commodore Jay Tarriela, PCG spokesperson for the WPS, said "It is about time that we need to acquire more offshore patrol vessels that could constantly patrol the Philippine exclusive economic zone (EEZ)." He also relayed that the PCG only has three offshore patrol vessels — one was bought from France and two from Japan – and that these are certainly not enough to secure the vast area¹.

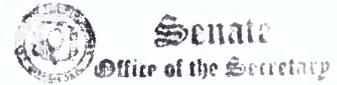
This bill proposes a modernization program of the Philippine Coast Guard that will allow it to significantly upgrade its assets, further expand its capabilities, and ensure the fulfilment of its mandate as provided under our laws.

In view of the foregoing considerations, the immediate passage of this legislation is fervently sought.


JINGGOY EJERCITO ESTRADA

¹ "PCG to lawmakers: It's time to modernize in wake of China harassment in WPS." Accessed on 04 March 2023 through <https://globalnation.inquirer.net/211162/pcg-to-lawmakers-its-time-to-modernize-in-wake-of-china-harassment-in-wps>

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

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

13 Sec. 3. *Philippine Coast Guard Modernization Program.* – Within a period not
14 exceeding fifteen (15) years after the effectivity of this Act, the PCG shall implement
15 the Philippine Coast Guard Modernization Program, hereinafter referred to as the
16 Program. The PCG shall continue to perform its powers and discharge its functions

1 as provided in Section 3 of Republic Act No. 9993, also known as the "Philippine
2 Coast Guard Law of 2009."

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

5 Sec. 4. *Objectives.* – The PCG Modernization Program shall be implemented in
6 accordance with the following objectives:

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

17 Sec. 5. *Components of the Modernization Program.* – The PCG Modernization
18 Program shall have the following components:

- 19 a) Organization Development – The restructuring and streamlining of the
20 PCG units and offices to avoid the overlapping of functions, simplify
21 procedures and improve response time.
- 22 b) Human Resources – The professionalization of its human resource with
23 educated, motivated, and highly skilled personnel in their respective fields
24 of specialization.
- 25 c) Doctrine of Development – The rationalization system, standards, and
26 procedures in the administration of the PCG include the generation,
27 evaluation, consolidation, and formalization of doctrines; the conduct of
28 the periodic review and validation of doctrines through field application,
29 testing and exercises; and the dissemination of approved doctrines at all
30 levels of command.
- 31 d) Infrastructure Development – The basic and support system required to
32 ensure that services are rendered efficiently includes the acquisition and

1 upgrade of basic and support facilities for administrative and operational
2 services, and the acquisition and upgrade of basic facilities such as aircraft
3 command, control, and communication platform which are range and
4 endurance-capable to continuously monitor edge of the exclusive
5 economic zone (EEZ) with night navigation capability, including remote-
6 controlled drones.

7 e) Equipment and Facilities Acquisition and Modernization – The acquisition
8 and upgrade of contemporary, modern, and state-of-the-art equipment
9 and system to enhance the capabilities of the PCG in the performance of
10 its mandate which includes the following:

- 11 1) Upgrade the vessel to a mission-specific level with a high degree of
12 flexibility to perform other functional area operations. The vessel must
13 be well-maintained for full operational status at least three hundred
14 (300) days a year and must be interfaced with the latest cutting-edge
15 technology for ease of operation;
- 16 2) Remotely operated submersibles for deep-sea search, retrieval and
17 monitoring operations;
- 18 3) Weapons that are marine environment resistant and designed primarily
19 to disable hostile personnel and equipment;
- 20 4) K-9 units which are capable of detecting bombs, drugs, toxic
21 substances, and assisting in search and rescue (SAR) operations,
22 among others;
- 23 5) Uninterruptible PCG internal communications seamlessly interoperable
24 with other agencies as well as communications with commercial vessels
25 operating within the Philippine maritime zones and territorial waters;
- 26 6) Training equipment capable of simulating foreseeable emergencies or
27 hostile situations;
- 28 7) Aids to navigation that are consistent with International Association of
29 Lighthouse Authorities standards;
- 30 8) Accurate and real-time monitoring and detection systems; and
- 31 9) Laboratories with technologically current equipment.

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

7 The Program shall indicate the following:

- 8 a) The size and shape of the PCG in terms of personnel, equipment and
9 facilities during the various phase of the Program;
- 10 b) The modernization project under each phase including the major weapon
11 and non-weapon equipment and technology acquisition, infrastructure
12 construction or improvements to be made, and the particular objectives
13 and components under Section 4 and 5 respectively, of this Act to which
14 such intended acquisition, constructions or improvements belong; and
- 15 c) The priorities, schedules as well as the estimated average cost for each
16 modernization component project or upgrading to be undertaken.

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

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

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

1 The Secretary of the DOTr, through the Congressional Oversight Committee,
2 shall submit copies of these multi-year contracts and other agreement or
3 arrangement to enable Congress to appropriate funds.

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

9 In order to generate local employment opportunities, and enhance technology
10 transfer to the Philippines, the Secretary of the DOTr shall, as far as feasible,
11 incorporate in each contract or agreement special foreign exchange reduction
12 schemes such as countertrade, in-country manufacture, co-production, or other
13 innovative arrangements or combination thereof.

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

18 *Sec. 9. Philippine Coast Guard Modernization Trust Fund.* – There is hereby
19 created a trust fund, to be known as the Philippine Coast Guard Modernization Trust
20 Fund, to be administered by the Secretary of the DOTr in accordance with existing
21 rules and regulations. The trust fund shall be used exclusively for the PCG
22 Modernization Program, excluding salaries and allowances. The trust fund shall be
23 funded out of the following:

- 24 a) Appropriations for the Philippine Coast Guard Modernization Program;
- 25 b) The proceeds from the sale, lease, or joint development of coast guard
26 properties and lighthouse reservations, as may be authorized by Congress,
27 including such immovable and other facilities as may be found therein, not
28 covered by the Bases Conversion and Development Authority, as provided
29 for in Republic Act No. 7227, as amended, otherwise known as the Bases
30 Conversion and Development Act of 1992;

- 1 c) Shares of the PCG from the proceeds of the sale of the coast guard
- 2 properties provided for under the Bases Conversion and Development Act
- 3 of 1992;
- 4 d) The proceeds from the disposal of excess or uneconomically repairable
- 5 equipment and other moveable properties in the PCG arsenal;
- 6 e) Funds from budgetary surplus, if any, as may be authorized by Congress
- 7 subject to the provisions of Section 13 of this Act;
- 8 f) Dues, fines, and penalties collected by the PCG in the exercise of its
- 9 functions; and
- 10 g) All interest income of the trust fund.

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

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

20 Sec. 12. *Progress Report.* – The Secretary of the DOTr shall submit to the
21 President and Congress, through the Congressional Oversight Committee, an annual
22 report on the status of the Philippine Coast Guard Modernization Act Trust Fund, as
23 provided for in Section 9 of this Act, not later than the end of the first quarter of the
24 succeeding year.

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

31 Sec. 13. *Appropriations.* – The annual appropriation for the PCG
32 modernization program shall include the amounts necessary to support the funding

1 requirement for all modernization projects approved by Congress pursuant to this
2 Act.

3 The funds to be appropriated by Congress shall be treated as distinct and
4 separate budget item from the regular appropriation for the PCG and shall be
5 administered by the Secretary of the DOTr. The proposed program shall be based on
6 a ceiling of Fifty Billion Pesos (Php 50,000,000,000.00) for the first five (5) years.
7 Thereafter, this amount may be increased commensurate to the increase in the
8 gross national product (GNP).

9 *Sec. 14. Joint Congressional Oversight Committee.* – A joint Congressional
10 Oversight Committee is hereby created to monitor and oversee the implementation
11 of the provisions of this Act. The Joint Congressional Oversight Committee shall be
12 composed of six (6) Senators and six (6) Representatives to be appointed by the
13 Senate President and the Speaker of the House of Representatives, respectively. It
14 shall be co-chaired by the Chairperson of the Committee on Transportation of both
15 Houses. The minority parties of both houses shall have at least two (2)
16 representatives in the Joint Congressional Oversight Committee.

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

21 *Sec. 16. Separability Clause.* – If any provision of this Act is declared invalid
22 or unconstitutional, the remaining provision not affected thereby shall continue to be
23 in full force and effect.

24 *Sec. 17. Repealing Clause.* – All laws, decrees, orders or regulations or part
25 thereof inconsistent with this Act are hereby repealed or modified accordingly.

26 *Sec. 18 . Effectivity.* – This Act shall take effect fifteen (15) days following the
27 completion of its publication in the *Official Gazette* or in a national newspaper of
28 general circulation.

Approved,