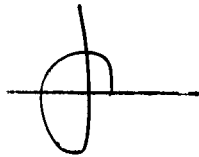




**NINETEENTH CONGRESS OF THE]
REPUBLIC OF THE PHILIPPINES]
Second Regular Session]**

23 DEC 13 P3:55

RECEIVED BY: 

SENATE

S.B. No. 2516

Introduced by SEN. WIN GATCHALIAN

AN ACT

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

EXPLANATORY NOTE

Being an archipelago with 7,641 islands and a shoreline of more than 36,000 kilometers, the Philippines hosts a vast array of waters containing diverse aquatic life and marine resources that serves as a source of livelihood for coastal communities and functions as a fundamental shipping route for trade and commerce.

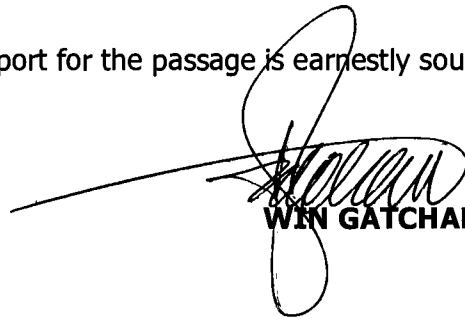
With the sheer size of the maritime domain of the country, it is imperative that our government provide the necessary support to have a responsive, well-equipped and well-manned Philippine Coast Guard with enhanced technical, operation and legal capabilities on maritime safety, maritime security, maritime search and rescue, maritime law enforcement and maritime environmental protection to ensure our maritime presence, to enforce applicable Philippine laws, to conduct maritime security operations and to safeguard life and property at sea.

It cannot be overemphasized that the Philippine Coast Guard plays a crucial role in the country's pursuit of ensuring maritime safety and security, environmental protection, and search, rescue and disaster response. With the advent of various

maritime issues currently faced by the country from maritime accidents and incidents, such as oil spills, ship collisions and grounding to ongoing harassment in the West Philippine Sea, there is a need to continuously modernize and enhance the capabilities of our Philippine Coast Guard to respond to all these incidents effectively.

Accordingly, this measure proposes a modernization program of the Philippine Coast Guard (PCG) that aims to enhance its assets and facilities, bolster its capabilities and strengthen the effective implementation of its mandate under Republic Act No. 9993, otherwise known as the Philippine Coast Guard Law, and is intended to be implemented every three years for a total period of twelve years. It also creates a PCG Modernization Trust Fund, which shall be used for its implementation and to be sourced from the General Appropriations Act, Oil Pollution Management Fund, grants, donations and endowments, sales of proceeds from sale, lease, or joint development of assets, unused or undisbursed funds, other than the unused appropriations for PCG personnel, among others, and to be administered by the Secretary of Transportation. It also sets aside One Hundred Billion Pesos for the first implementation period, which shall be renewed every implementation period.

With all these considerations, support for the passage is earnestly sought.



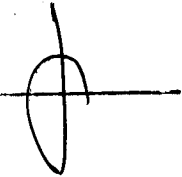
WIN GATCHALIAN

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

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

1 SECTION 1. *Short Title.* — This Act shall be known as the "PCG
2 Modernization Act."

3

4 SEC. 2. *Declaration of Policy.* — It is hereby declared the policy of the
5 State to modernize the Philippine Coast Guard (PCG) to a level where it can
6 effectively and fully perform its constitutional mandates to ensure the maritime
7 safety, maritime environmental protection, and maritime security of the
8 Republic of the Philippines. Toward this end, the principal thrusts of the
9 modernization program under this Act shall be:

10 (a) The development of a more mobile and visible coast guard force that
11 will establish its vision of a "world-class guardian of the sea" by 2035;

12 (b) The acquisition and upgrading of appropriate technology and
13 equipment; and

14 (c) The strategic improvement and construction of bases, installations,
15 and other PCG facilities.

16

1 SEC. 3. *Objectives.* — The PCG modernization program shall be
2 implemented in accordance with the following objectives:

3 (a) To develop its capability to uphold the sovereignty, territorial
4 integrity, and sovereign rights of the Republic of the Philippines and to maintain
5 security and safety of the maritime domain from all forms of maritime incidents
6 and transnational crimes;

7 (b) To develop its capability to support other government agencies in
8 the preservation of the national patrimony, including the country's living and
9 non-living marine, submarine, mineral, coastal forest, and other natural
10 resources located within its territory and its exclusive economic zone (EEZ);

11 (c) To enhance its capability to fulfill its mandate to protect the Filipino
12 people not only from armed threats at sea but from the ill effects of life
13 threatening and destructive consequences of disasters and calamities, including
14 typhoons, earthquake, tsunami, volcanic eruptions, oil spills, major accidents
15 in the far-flung or inaccessible areas at sea, and from all forms of ecological
16 damage;

17 (d) To improve capability and capacity in the enforcement of domestic
18 and foreign policies as well as international accords against smuggling, piracy,
19 armed-robbery, poaching, illegal fishing, smuggling, drug trafficking, hijacking
20 of sea craft and vessels trade in human beings and other serious international
21 crimes, drug-trafficking, and the transport of toxic and other ecologically-
22 harmful substances taking place in or through Philippine territory;

23 (e) To enhance its capability towards inter-agency coordination in
24 terms of maritime law enforcement and maritime counter-terrorism;

25 (f) To enhance its capability to fulfill the country's international
26 commitments; and

27 (g) To develop its capability to support national development.
28

29 SEC. 4. *Development of PCG Capabilities.* — The PCG modernization
30 program shall be geared towards the development of the following capabilities:

31 (a) Development of floating assets. — The enhanced fleet operations shall
32 enable the PCG to:

- 1 i. Patrol the Philippine maritime jurisdiction to include the Exclusive
- 2 Economic Zone (EEZ) for the enforcement of all applicable laws;
- 3 ii. Protect and preserve all coastal, near coastal and riparian living
- 4 and nonliving marine resources;
- 5 iii. Provide transportation of personnel and material in times of
- 6 natural disaster and rescue operations; and
- 7 iv. Conduct search and rescue operations during maritime incidents
- 8 such as fire at sea, collisions, groundings, oil spills, and flash floods,
- 9 among others.

10 (b) Development of air assets. — The enhanced air operations shall
11 enable the PCG to:

- 12 i. Patrol, detect, and challenge, if necessary, any vessel and aircraft
- 13 illegally intruding into or passing through the Philippines' EEZ
- 14 management, up to areas near or around the Philippine territorial limits;
- 15 ii. Conduct maritime air operations in support of PCG missions;
- 16 iii. Provide airlift, search and rescue, rapid deployment and related
- 17 support in disaster and other civilian relief operations; and
- 18 iv. Support the Philippine naval armed forces.

19 (c) Development of Maritime Domain Awareness (MDA) capabilities. —
20 The PCG shall acquire and upgrade contemporary, modern, and state-of-the
21 art equipment and systems to enhance its MDA capabilities in the performance
22 of its mandate;

23 (d) Development of fleet support and infrastructure. — The PCG shall
24 acquire, construct, develop, and upgrade its infrastructure and facilities for the
25 following:

- 26 i. Response bases for all operational units of the PCG;
- 27 ii. Coast Guard stations and substations; and
- 28 iii. Training, ship/aircraft repair and maintenance, and logistics for
- 29 PCG operating units;

30 (e) Development of national headquarters capabilities. — The
31 modernization of the PCG requires the renovation and development of the

1 national headquarters capabilities for command, control, communications, and
2 information systems network.

3
4 *SEC. 5. Components of the PCG Modernization Program.* — The
5 components of the PCG Modernization program shall be divided into four tiers
6 in line with its capabilities, as follows:

7 (a) First Tier: Development of PCG Response Bases and Enhancement
8 of Maritime Domain Awareness Capabilities.

9 i. Response Bases. — The PCG modernization program shall entail
10 the construction and development of permanent response bases to
11 house all PCG operational units, such as Marine Laboratories, Search and
12 Rescue Vessels (SARVs), Offshore Patrol Vessels (OPV), Maritime
13 Pollution Vessels (MARPOL vessels), and others to allow the PCG to
14 rapidly respond to maritime emergency calls in the most efficient and
15 effective manner;

16 ii. Maritime Domain Awareness (MDA) Capabilities. — The PCG
17 modernization program shall entail the acquisition and upgrade of
18 equipment and systems such as Radar Stations, Lighthouses, Unmanned
19 Aerial Vehicles, Unmanned Underwater Vehicles, and SARVs to enhance
20 MDA capabilities;

21 (b) Second Tier: Development of Infrastructure and Interdiction
22 Capabilities.

23 i. Interdiction Capabilities. — The PCG modernization program
24 entails the acquisition of state-of-the-art vessels and equipment to
25 enhance interdiction and law enforcement capabilities;

26 ii. Coast Guard Stations and Substations. — The PCG modernization
27 program entails the improvement and development of infrastructures
28 and facilities of Coast Guard stations and substations: Provided, that
29 each shoreline municipality shall have its own substations, be fully
30 equipped, and have constant or uniform stations: Provided further, that
31 substations will serve as its smaller unit;

1 iii. MARPOL (Maritime Pollution) Vessels. — The PCG modernization
2 program shall acquire MARPOL vessels to strengthen the marine
3 environment protection mandate of the PCG.

4 (c) Third Tier: Acquisition and Development of Patrol Vessels and Air
5 Capabilities.

6 i. Offshore Patrol Vessels. — The PCG modernization program shall
7 develop and acquire new OPVs to strengthen coastal defense and the
8 management of the country's EEZ. The acquisition of OPVs shall enable
9 the PCG to:

10 1. Patrol, detect, intercept, engage, and challenge, if
11 necessary, any vessel illegally intruding into or passing through
12 the Philippines' EEZ, up to areas near or around the Philippine
13 territorial limits;

14 2. Provide transportation of personnel and material in times
15 of natural disaster and rescue operations;

16 3. Conduct search and rescue operations during maritime
17 incidents; and

18 4. Support the Philippine naval armed forces.

19 ii. Aircrafts. — The PCG modernization shall acquire and develop
20 aircrafts to enable the PCG to:

21 1. Strengthen maritime and airspace security in different
22 areas and stations;

23 2. Patrol, detect, and challenge, if necessary, any vessel
24 and aircraft illegally intruding into or passing through the
25 Philippines' EEZ management, up to areas near or around the
26 Philippine territorial limits;

27 3. Support its operations as a law enforcement arm and a
28 nautical service; and

29 4. Support the Philippine naval armed forces.

30 (d) Fourth Tier: Infrastructure and Facilities Development.

1 i. Development and Improvement of Training Facilities. — The PCG
2 modernization program shall entail the development and improvement
3 of training facilities for study, training, professional progress, and
4 exercise. This shall allow the PCG to obtain game changing equipment
5 and facilities that will assist and empower PCG personnel;

6 ii. Construction and Development of Shipyards. — The PCG
7 modernization program shall provide for the construction and
8 development of shipyards that can contribute to regional industrial
9 infrastructure and national security interests; and

10 iii. Construction and Development of Hangars. — The PCG
11 modernization program shall entail the construction and expansion of
12 hangars that serves as protection from the weather and direct sunlight,
13 and for maintenance, repair, production, assembly, and storage of
14 aircraft.

15
16 SEC. 6. *Period of implementation.* — The modernization program under
17 this Act shall be implemented every three (3) years, reflecting the four (4) tiers
18 as stated under Section 5 of this Act, for a total period of twelve (12) years:
19 Provided, however, that payments for the amortization of outstanding multi-
20 year contract obligations incurred under this Act may extend beyond this
21 period.

22
23 SEC. 7. *Submission to Congress.* - Within ninety (90) days from the
24 effectivity of this Act, the President, upon the recommendation of the
25 Secretaries of the Department of Transportation, Department of Budget and
26 Management, and the Department of Finance, shall submit the PCG
27 Modernization Program to Congress. It shall contain the following:

28 i. Personnel strength and inventory of facilities and equipment
29 during the various phases of the modernization program;

30 ii. Modernization projects and activities to be undertaken, including
31 any major weapon and non-weapon equipment and technology
32 acquisitions, any major infrastructure construction or improvement to be

1 undertaken, and the particular objective(s) and component(s) under
2 Sections 3 and 4, respectively, of this Act to which such intended
3 acquisition, construction or improvements belongs; and

4 iii. Priorities, schedules, and phases of implementation of
5 modernization projects and activities; and

6 iv. Estimated average cost for each modernization project or activity
7 to be undertaken.

8 Thereafter, the PCG shall, through the DOTr Secretary, submit to the
9 Office of the President and Congress, an annual report containing the progress
10 and status of the implementation of the BFP Modernization Program.

11

12 SEC. 8. *Appropriations.* — The annual appropriations for the PCG
13 Modernization Program shall include the amounts necessary to support the
14 funding requirements for all the modernization components approved by
15 Congress under the preceding sections.

16 The appropriated funds under this Act shall be considered distinct and
17 separate from the regular appropriations for the Department of Transportation.
18 Such funds shall be facilitated by the Secretary of the Department of
19 Transportation for its proper implementation.

20 The amount of One Hundred Billion Pesos (PhP 100,000,000,000.00)
21 shall be appropriated for the implementation of this Act: Provided, that such
22 amount may be increased thereafter, subject to the requirements of the PCG
23 Modernization Program.

24

25 SEC. 9. *PCG Modernization Trust Fund.* — There is hereby created a trust
26 fund, to be known as the PCG Modernization Trust Fund, which shall be used
27 exclusively for the implementation of this Act and shall be funded out through
28 the following:

29 (a) Appropriations for the PCG Modernization Program pursuant to
30 the provisions of this Act;

- 1 (b) Sale of proceeds from the sale, lease or joint development of
- 2 assets, and disposal of excess and/or uneconomically repairable
- 3 equipment and other movable assets of the PCG;
- 4 (c) Dues, fines, and penalties collected by the PCG in the exercise of
- 5 its functions;
- 6 (d) Grants, donations and endowments from various domestic and
- 7 foreign sources;
- 8 (e) Unused or undisbursed funds, other than unused appropriations for
- 9 salaries and benefits of the PCG personnel, remaining from all previous
- 10 appropriations;
- 11 (f) Savings from austerity measures by the PCG, generated in the
- 12 previous fiscal year; and
- 13 (g) All interest income of the Trust Fund.

14 The trust fund shall be administered by the Secretary of Transportation,
15 in accordance with existing government auditing rules and regulations.

16

17 *SEC. 10. Multi-year Contracts and Other Contractual Arrangements. -*

18 (a) The Secretary of Transportation, pursuant to the PCG
19 modernization program, projects and appropriations approved by Congress,
20 may, subject to the approval by the President, the provisions of existing laws
21 and regulations including those of the Commission on Audit and under such
22 terms and conditions most favorable to the government, enter into multiyear
23 contracts, lease and lease-purchase agreements;

24 (b) For multi-year contracts, Congress shall, upon certification by the
25 President, make the corresponding appropriation for the ensuing fiscal year:
26 Provided, that Congress shall appropriate only such funds as may be necessary
27 to pay any unpaid amount where such funds mentioned in Section 8 and 9 of
28 this are not sufficient or available to meet such payment in full or in part; and

29 (c) The Secretary of Transportation shall submit to Congress, through
30 the Congressional Oversight Committee, copies of these multi-year contracts
31 and other agreements/arrangements to enable Congress to appropriate funds.

32

1 SEC. 11. *PCG Procurement System.* — The Department of Transportation
2 and the PCG shall strengthen its systems and procedures for equipment
3 acquisition, taking into account the new requirements under the PCG
4 Modernization Program. Contract negotiations, and equipment, vessel and
5 facilities acquisition shall be treated as two sequential but separate steps, each
6 requiring the separate decision of the Secretary of Transportation. Both the
7 decision-making and contract negotiation processes for its acquisition shall start
8 at the PCG level and be submitted to the Secretary of the Department of
9 Transportation.

10 In its systems and procedures for equipment acquisition, the provisions
11 of RA 9184, as amended, and other applicable laws shall apply.

12

13 SEC. 12. *Guidance for the President.* — To meet unforeseen national
14 security emergencies, the President, upon the recommendation of the
15 Secretary of Transportation, may modify the program through substitution or
16 revision of a component project therein: Provided, however, that he shall report
17 such action to Congress within thirty (30) days from the commencement of
18 such emergency.

19

20 SEC. 13. *Annual Reports.* — Not later than the end of the first quarter of
21 the succeeding year:

22 (a) The Secretary of Transportation shall submit to the President and
23 Congress an annual report on the status of the PCG Modernization Trust
24 Fund, as provided for in Section 9 of this Act;

25 (b) The Commandant of the PCG shall submit to the President and
26 Congress, through the Secretary of Transportation, an annual report containing
27 the progress of the implementation of the modernization program under this
28 Act to include the PCG modernization activities implemented prior to the
29 approval of this Act.

30

31 SEC. 14. *Joint Congressional Oversight Committee.* — There is hereby
32 created a Joint Congressional Oversight Committee on PCG Modernization to

1 monitor and oversee the implementation of the provisions of this Act. The Joint
2 Congressional Oversight Committee shall be jointly chaired by the Chairpersons
3 of the Senate Committee on Public Services and the House of Representatives
4 Committee on Transportation. It shall be composed of six (6) members from
5 the Senate and six (6) members from the House of Representatives, to be
6 appointed by the Senate President and the Speaker of the House of
7 Representatives, respectively.

8

9 SEC. 15. *Separability Clause.* - If any provision or part of this Act be
10 declared invalid or unconstitutional, the other provisions or parts not affected
11 thereby shall remain valid and in full force and effect.

12

13 SEC. 16. *Repealing Clause.* – All laws, decrees, orders, resolutions and
14 other issuances, or portions thereof, which are inconsistent with the provisions
15 of this Act, are hereby repealed, amended or modified accordingly.

16

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

Approved,