

THIRTEENTH CONGRESS OF THE REPUBLIC }  
OF THE PHILIPPINES }  
Third Regular Session }

SECRETARY

7 FEB 7 11 27

SENATE

RECEIVED BY: 

COMMITTEE REPORT NO. 272

Submitted jointly by the Committees on Environment and Natural Resources, Public Services and Finance on FEB 07 2007.

Re : Senate Bill No. 2600

Recommending its approval in substitution of Senate Bill Nos. 47, 137, 737, 1267, 1932 and 2032 and House Bill No. 4363; taking into consideration Senate Bill Nos. 36, 736, 1056 and 1802; Proposed Senate Resolution Nos. 545, 548 and 552; and the Privilege Speech of Sen. Franklin M. Drilon, and the interpellations thereon, delivered on 23 August 2006, entitled: "*An Ecological Time Bomb.*"

Sponsors : Senators Cayetano, Arroyo and Drilon

MR. PRESIDENT:

The Committees on Environment and Natural Resources, Public Services and Finance, to which were referred Senate Bill No. 36, introduced by Senators Flavier and Angara, entitled:

**"AN ACT  
TO PREVENT AND CONTROL MARINE POLLUTION FROM SHIPS AND FIXED AND  
FLOATING DRILLING RIGS AND OTHER PLATFORMS, PROVIDE PENALTIES  
THEREFOR, AND FOR OTHER PURPOSES"**

Senate Bill No. 47, introduced by Senator Flavier, entitled:

**"AN ACT  
PROVIDING FOR THE IMPLEMENTATION OF THE PROVISIONS OF THE 1992  
INTERNATIONAL CONVENTION ON CIVIL LIABILITY FOR OIL POLLUTION DAMAGE  
AND THE 1992 INTERNATIONAL CONVENTION ON THE ESTABLISHMENT OF AN  
INTERNATIONAL FUND FOR COMPENSATION FOR OIL POLLUTION DAMAGE,  
PROVIDING PENALTIES FOR VIOLATIONS THEREOF, AND FOR OTHER  
PURPOSES,"**

Senate Bill No. 137, introduced by Senator L. Ejercito Estrada, entitled:

**“AN ACT  
CREATING THE OIL SPILL LIABILITY FUND,”**

Senate Bill No. 736, introduced by Senator Villar, entitled:

**AN ACT  
“TO PREVENT AND CONTROL MARINE POLLUTION FROM SHIPS AND FIXED AND  
FLOATING DRILLING RIGS AND OTHER PLATFORMS, PROVIDE PENALTIES  
THEREFOR, AND FOR OTHER PURPOSES,”**

Senate Bill No. 737, introduced by Senator Villar, entitled:

**“AN ACT  
PROVIDING FOR THE IMPLEMENTATION OF THE PROVISIONS OF THE 1992  
INTERNATIONAL CONVENTION ON CIVIL LIABILITY FOR OIL POLLUTION DAMAGE  
AND THE 1992 INTERNATIONAL CONVENTION ON THE ESTABLISHMENT OF AN  
INTERNATIONAL FUND FOR COMPENSATION FOR OIL POLLUTION DAMAGE,  
PROVIDING PENALTIES FOR VIOLATION THEREOF, AND FOR OTHER PURPOSES,”**

Senate Bill No. 1056, introduced by Senator Angara, entitled:

**“AN ACT  
AMENDING CERTAIN SECTIONS OF PRESIDENTIAL DECREE NUMBERED SIX  
HUNDRED, OTHERWISE KNOWN AS THE MARINE POLLUTION DECREE OF 1974,”**

Senate Bill No. 1267, introduced by Senator Santiago, entitled:

**“AN ACT  
CREATING THE OIL SPILL LIABILITY FUND,”**

Senate Bill No. 1802, introduced by Senator Cayetano, entitled:

**“AN ACT  
INCREASING THE PENALTY IMPOSED AGAINST POLLUTERS OF OUR NAVIGABLE  
WATERS BY AMENDING SECTION 7 OF PRESIDENTIAL DECREE NO. 979  
PROVIDING FOR THE REVISION OF PRESIDENTIAL DECREE NO. 600 GOVERNING  
MARINE POLLUTION,”**

Senate Bill No. 1932, introduced by Senator J. Ejercito Estrada, entitled:

**“AN ACT  
CREATING THE OIL SPILL LIABILITY FUND,”**

Senate Bill No. 2032, introduced by Senator Angara, entitled:

**“AN ACT  
ESTABLISHING AN INTERNATIONAL COMPENSATION FUND FOR OIL POLLUTION  
DAMAGE, PROVIDING PENALTIES THEREOF, AND FOR OTHER PURPOSES,”**

House Bill No. 4363, introduced by Reps. Roman, Golez, Jaworski, Chatto, Roquero, Remulla (G.), Baculio, Chungalao, Zubiri and Mercado, entitled:

**“AN ACT  
PROVIDING FOR THE IMPLEMENTATION OF THE PROVISIONS OF THE 1992 INTERNATIONAL CONVENTION ON CIVIL LIABILITY FOR OIL POLLUTION DAMAGE AND THE 1992 INTERNATIONAL CONVENTION ON THE ESTABLISHMENT OF AN INTERNATIONAL FUND FOR COMPENSATION FOR OIL POLLUTION DAMAGE, PROVIDING PENALTIES FOR VIOLATION THEREOF, AND FOR OTHER PURPOSES,”**

Proposed Senate Resolution No. 545, introduced by Senator Revilla, entitled:

**“RESOLUTION  
DIRECTING THE SENATE COMMITTEE ON ENVIRONMENT AND NATURAL RESOURCES TO INVESTIGATE, IN AID OF LEGISLATION, THE GUIMARAS OIL SPILL WITH THE END VIEW OF FORMULATING LEGISLATION TO PREVENT SIMILAR CALAMITIES FROM REOCCURRING,”**

Proposed Senate Resolution No. 548, introduced by Senator Villar, entitled:

**“RESOLUTION  
DIRECTING THE COMMITTEE ON ENVIRONMENT AND NATURAL RESOURCES TO CONDUCT AN INVESTIGATION, IN AID OF LEGISLATION, INTO GUIMARAS OIL SPILL WITH THE END VIEW OF DETERMINING THE CAUSE AND THE WAYS TO COMBAT THE NEGATIVE EFFECTS OF THE OIL SPILL AND RECOMMENDING POLICY MEASURES TO PREVENT SIMILAR INCIDENT IN THE FUTURE,”**

Proposed Senate Resolution No. 552, introduced by Senator Madrigal, entitled:

**“A RESOLUTION  
DIRECTING THE SENATE COMMITTEE ON PUBLIC SERVICES TO CONDUCT AN INVESTIGATION ON THE OIL SPILL IN THE COASTAL WATERS OF GUIMARAS ISLAND THAT ALLEGEDLY OCCURRED BECAUSE OF THE FAILURE OF THE CHARTERED SHIP OWNER - SUNSHINE MARITIME DEVELOPMENT CORPORATION AND THE CHARTERING PARTY – PETRON CORPORATION TO OBSERVE DUE DILIGENCE AND EXERCISE PRECAUTIONARY MEASURES TO PREVENT THIS ENVIRONMENTAL TRAGEDY, WITH THE END IN VIEW OF ENACTING APPROPRIATE REMEDIAL LEGISLATION,”**

and the Privilege Speech of Sen. Franklin M. Drilon, and the interpellations thereon, delivered on 23 August 2006, entitled:

**“AN ECOLOGICAL TIME BOMB”**


have considered the same and have the honor to report them back to the Senate with the recommendation that the attached bill, Senate Bill No. 2600, prepared by the Committees, entitled:

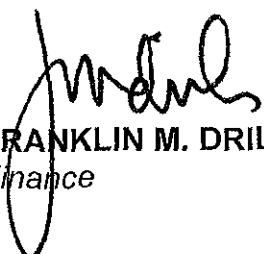
**“AN ACT  
PROVIDING FOR THE IMPLEMENTATION OF THE PROVISIONS OF THE 1992  
INTERNATIONAL CONVENTION ON CIVIL LIABILITY FOR OIL POLLUTION DAMAGE  
AND THE 1992 INTERNATIONAL CONVENTION ON THE ESTABLISHMENT OF AN  
INTERNATIONAL FUND FOR COMPENSATION FOR OIL POLLUTION DAMAGE,  
PROVIDING PENALTIES FOR VIOLATIONS THEREOF, AND FOR OTHER  
PURPOSES”**

be approved in substitution of Senate Bill Nos. 47, 137, 737, 1267, 1932 and 2032 and House Bill No. 4363; taking into consideration Senate Bill Nos. 36, 736, 1056 and 1802; Proposed Senate Resolution Nos. <sup>4</sup>545, 548 and 552; and the Privilege Speech of Sen. Franklin M. Drilon, and the interpellations thereon, delivered on 23 August 2006, entitled: “*An Ecological Time Bomb*,” with Senators Flavier, L. Ejercito Estrada, Villar, Angara, Santiago, Cayetano, J. Ejercito Estrada, Revilla, Madrigal, Drilon and Arroyo as authors thereof.

Respectfully submitted:

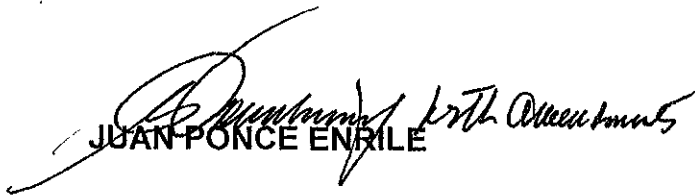
Committee Chairpersons:

  
“COMPAÑERA” PIA S. CAYETANO  
*Environment and Natural Resources*

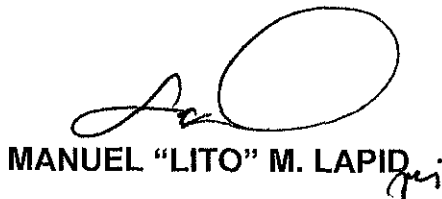
  
FRANKLIN M. DRILON  
*Finance*

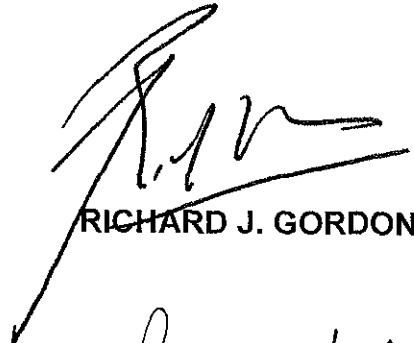
  
JOKER P. ARROYO  
*Public Services*

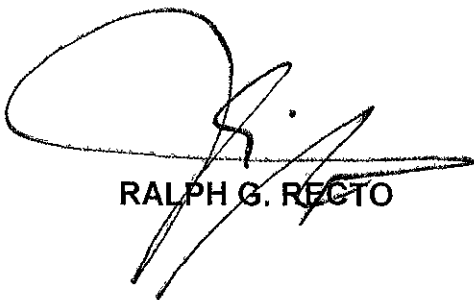
Members:

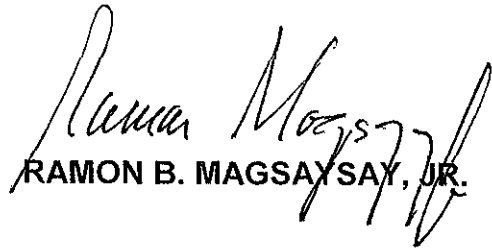
  
JUAN PONCE ENRILE

  
RODOLFO G. BIAZON

  
MANUEL "LITO" M. LAPID

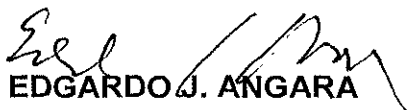
  
RICHARD J. GORDON

  
RALPH G. RECTO

  
RAMON B. MAGSAYSAY, JR.

  
MAR ROXAS

  
RAMON "BONG" REVILLA, JR.

  
EDGARDO J. ANGARA

  
MIRIAM DEFENSOR SANTIAGO

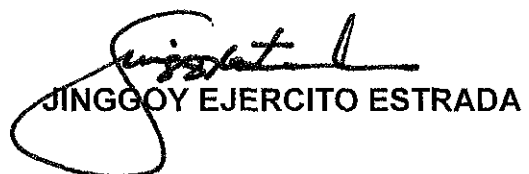
  
PANFILO M. LACSON

  
LUISA "LO" P. EJERCITO-ESTRADA

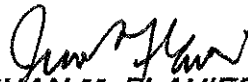
  
SERGIO OSMEÑA III

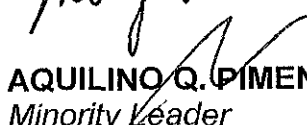
  
M.A. MADRIGAL

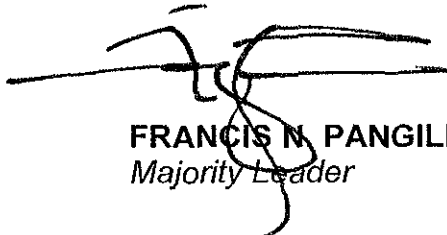
  
ALFREDO S. LIM

  
JINGGOY EJERCITO ESTRADA

Ex-Officio members:

  
**JUAN M. FLAVIER**  
*President Pro-tempore*

*May amend;*  
  
**AQUILINO Q. PIMENTEL, JR.**  
*Minority Leader*

  
**FRANCIS N. PANGILINAN**  
*Majority Leader*

**HON. MANNY VILLAR**  
*Senate President*  
Pasay City

1 THIRTEENTH CONGRESS OF THE REPUBLIC)  
2 OF THE PHILIPPINES )  
3 *Third Regular Session* )  
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6 S E N A T E

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7 S. No. 2600  
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9 (In substitution Senate Bill Nos. 47, 137, 737, 1267, 1932, and 2032 and House Bill No. 4363,  
10 taking into consideration Senate Bill Nos. 36, 736, 1056, and 1802, Proposed Senate Resolution  
11 Nos. 545, 548 and 552, and the Privilege Speech of Sen. Franklin M. Drilon, and the  
12 interpellations thereon, delivered on 23 August 2006, entitled: "*An Ecological Time Bomb*")

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13 Prepared jointly by the Committees on Environment and Natural Resources, Public Services, and Finance,  
14 with Senators Flavio E. Ejercito Estrada, Villar, Angara, Santiago, Cayetano, J. Ejercito Estrada, Revilla,  
15 Madrigal, Drilon and Arroyo as authors thereof

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16  
17 AN ACT

18 PROVIDING FOR THE IMPLEMENTATION OF THE PROVISIONS OF THE 1992  
19 INTERNATIONAL CONVENTION ON CIVIL LIABILITY FOR OIL POLLUTION DAMAGE  
20 AND THE 1992 INTERNATIONAL CONVENTION ON THE ESTABLISHMENT OF AN  
21 INTERNATIONAL FUND FOR COMPENSATION FOR OIL POLLUTION DAMAGE,  
22 PROVIDING PENALTIES FOR VIOLATIONS THEREOF, AND FOR OTHER PURPOSES  
23

24 Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:  
25

26 CHAPTER I  
27 GENERAL PROVISIONS

28 SEC. 1. *Short Title.* - This Act shall be known as the "Oil Pollution Compensation Act  
29 of 2006"

30 SEC. 2. *Declaration of Policy.* - The State, in the protection of its marine wealth in its  
31 archipelagic waters, territorial sea and exclusive economic zone, adopts internationally  
32 accepted measures which impose strict liability for Oil Pollution Damage and ensure  
33 prompt and adequate compensation for persons who suffer such damage. This Act adopts  
34 and implements the provisions of the 1992 International Convention on Civil Liability for Oil  
35 Pollution Damage and the 1992 International Convention on the Establishment of an  
36 International Fund for Compensation for Oil Pollution Damage.

37 SEC. 3. *Definition of Terms.* - For the purpose of this Act:

38 (a) "1992 Civil Liability Convention" means the 1992 International Convention on  
39 Civil Liability for Oil Pollution Damage;

40 (b) "1992 Fund Convention" means the 1992 International Convention on the  
41 Establishment of an International Fund for Compensation for Oil Pollution  
42 Damage;

43 (c) "MARINA" means Maritime Industry Authority;

44 (d) "PCG" means Philippine Coast Guard;

45 (e) "PPA" means Philippine Ports Authority;

- 1 (f) "Affiliate Corporation" means a corporation that is owned or subject to common  
2 corporate control by another corporation and operated as part of the latter's  
3 business;
- 4 (g) "Contributing Oil" means crude Oil and fuel Oil as herein defined:
- 5 (1) "Crude Oil" means any liquid hydrocarbon mixture occurring naturally in the  
6 earth whether or not treated to render it suitable for transportation. It also  
7 includes crude Oils from which certain distillate fractions have been removed  
8 (which sometimes referred to as "topped crudes") or to which certain distillate  
9 fractions have been added (sometimes referred to as "spiked" or  
10 "reconstituted" crudes); and
- 11 (2) "Fuel Oil" means heavy distillates or residues from crude Oil or blends of such  
12 materials intended for use as fuel for the production of heat or power of a  
13 quality equivalent to the "American Society for Testing and Materials  
14 Specification for Number Four Fuel Oil (Designation D 396-69)" or heavier;
- 15 (h) "Incident" means any occurrence or series of occurrences having the same origin  
16 which causes Pollution Damage or creates a grave and imminent threat of  
17 causing such damage: *Provided*, That a series of occurrences shall be treated as  
18 having occurred on the date of the first such occurrence;
- 19 (i) "Oil" means any persistent hydrocarbon mineral Oil such as crude Oil, fuel Oil,  
20 heavy diesel Oil and lubricating Oil, whether carried on board a Ship as cargo or  
21 in bunkers of such a Ship;
- 22 (j) "Owner" means the Person registered as the Owner of the Ship or, in the  
23 absence of registration, the person or persons owning the Ship. However, in  
24 case of a Ship owned by a State and operated by a company which in that State  
25 is registered as the Ship's operator, "Owner" shall mean such company;
- 26 (k) "Person" means any individual or partnership or any public or private body,  
27 whether corporate or not, including a State or Government or its constituent  
28 subdivisions,
- 29 (l) "Pollution Damage" means:
- 30 (1) Loss or damage caused outside the Ship by contamination resulting from the  
31 escape or discharge of Oil from the Ship, wherever such escape or discharge  
32 may occur: *Provided*, That compensation for impairment of the environment  
33 other than loss of profit from such impairment shall be limited to costs of  
34 reasonable measures of reinstatement actually undertaken or to be  
35 undertaken; and
- 36 (2) The costs of preventive measures and further loss or damage caused by  
37 preventive measure;



1 (m) "Preventive Measures" means any reasonable measures taken by any person  
2 after an Incident has occurred to prevent or minimize Pollution Damage;

3 (n) "Ship" means any sea-going vessel and sea-home craft of any type whatsoever  
4 constructed or adapted for the carriage of Oil in bulk as cargo: *Provided*, That a  
5 Ship capable of carrying Oil and other cargoes shall be regarded as a Ship only  
6 when it is actually carrying Oil in bulk as cargo and during any voyage following  
7 such carriage unless it is proved that it has no residues of such carriage of Oil in  
8 bulk aboard;

9 (o) "State of the Ship's registry" means in relation to registered Ships, the State of  
10 registration of the Ship and in relation to unregistered Ships, the State whose flag  
11 the Ship is flying; and

12 (p) "Subsidiary Corporation" means a corporation in which control, in the form of  
13 ownership of majority shares, is in another corporation, called the parent  
14 corporation.

15 **SEC. 4. *Incorporation of the 1992 Civil Liability Convention and 1992 Fund***  
16 ***Convention.*** - Subject to the provisions of this Act, the 1992 Civil Liability Convention and  
17 ***1992 Fund Convention and their subsequent amendments shall form part of the law of the***  
18 ***Republic of the Philippines.***

19 **SEC. 5. *Scope of Application.*** - This law shall apply exclusively to Pollution Damage  
20 caused in Philippine territory, including its territorial sea and its exclusive economic zone,  
21 and to preventive measures, wherever taken, to prevent or minimize such damage.

## 22 **CHAPTER II**

### 23 **STRICT LIABILITY FOR OIL POLLUTION DAMAGE**

24 **SEC 6. *Liability on Pollution Damage.*** - The Owner of the Ship at the time of an  
25 Incident, or where the Incident consists of a series of occurrences, at the time of the first  
26 such occurrence, shall be liable for any Pollution Damage caused by the Ship as a result of  
27 the Incident. Such damages shall include, but not limited to:

28 (a) Reasonable expenses actually incurred in clean-up operations at sea or on  
29 shore;

30 (b) Reasonable expenses of Preventive Measures and further loss or damage  
31 caused by preventive measures;

32 (c) Consequential loss or loss of earnings suffered by Owners or users of property  
33 contaminated or damaged as a direct result of an Incident

34 ;

35 (d) Pure economic loss or loss of earnings sustained by persons although the  
36 property contaminated or damaged as a direct result of an Incident does not belong to  
37 them;

1 (e) Damage to human health or loss of life as a direct result of the Incident, including  
2 expenses for rehabilitation and recuperation, *Provided*, costs of studies or diagnoses to  
3 determine the long-term damage shall also be included; and

4 (f) Environmental damages and other reasonable measures of environmental  
5 restoration.

6 (g) Cost of studies to conduct research to determine the long-term damage on  
7 human health and the environment.

8 SEC. 7. *Exempting Circumstances* - No liability as stated in the immediately  
9 preceding section shall attach to the Owner or his insurer if he proves that the damage:

10 (a) Resulted from an act of war, hostilities, civil war, insurrection or a natural  
11 phenomenon of an exceptional, inevitable and irresistible character;

12 (b) Was wholly caused by an act or omission done with intent to cause damage by  
13 third party; and

14 (c) Was wholly caused by the negligence or other wrongful act of the government or  
15 other enforcement agencies responsible for the maintenance of lights or other navigational  
16 aids in the exercise of that function. If the Owner proves that the Pollution Damage resulted  
17 wholly or partially either from an act or omission done with intent to cause damage by the  
18 person who suffered the damage or from the negligence of that person, the Owner may be  
19 exonerated wholly or partially from his liability to such person.

20 SEC. 8. *Persons Exempted from Claims for Compensation for Pollution Damage.* -  
21 No claim for compensation for Pollution Damage under this Act may be made against:

22 (a) The servants or agents of the Owner or the members of the crew;

23 (b) The pilot or any other person who, without being a member of the crew, performs  
24 services for the Ship;

25 (c) Any charterer, howsoever described, including a bareboat charterer, manager or  
26 operator of the Ship;

27 (d) Any person performing salvage operations with the consent of the Owner or on  
28 the instructions of a competent public authority;

29 (e) Any person taking Preventive Measures; and

30 (f) All servants or agents of persons mentioned in paragraphs (c), (d) and (e) hereof,  
31 unless the damage resulted from their personal act or omission, committed with the intent  
32 to cause such damage, or committed recklessly and with knowledge that such damage  
33 would probably result: *Provided*, That nothing in this Act shall prejudice any right of  
34 recourse of the Owner against third parties.

35 SEC. 9. *Joint and Several Liability.* - When an Incident involving two or more Ships  
36 occurs and Pollution Damage results therefrom, the Owners of all the Ships concerned,  
37 unless exonerated under Section 7 hereof, shall be jointly and severally liable for all such

1 damage which is not reasonably separable, without prejudice, however, to the right of  
2 recourse of any of such Owners to proceed against each other or third parties.

### 3 CHAPTER III

#### 4 SYSTEM OF LIMITATION OF LIABILITY

5 SEC. 10. *Limitation of Liability* – The Owner shall be entitled to limit his liability under  
6 this Act with respect to a particular Incident to a total amount calculated as follows:

7 (a) Three million (3,000,000) units of account for a Ship not exceeding five thousand  
8 (5,000) units of tonnage;

9 (b) For a Ship with a tonnage in excess thereof, for each unit of tonnage, four  
10 hundred twenty (420) units of account for each unit in addition to the amount mentioned in  
11 paragraph (a): *Provided, however,* That this aggregate amount shall not, in any event,  
12 exceeds 59.7 million units of account: *Provided, further,* That the limit of liability of the  
13 Owner as aforementioned shall be subject to adjustment according to subsequent  
14 amendments to the 1992 Civil Liability Convention.

15 The limited liability under this Section may not be availed of by the Owner if it has  
16 been established that such Pollution Damage resulted from his personal act or omission,  
17 committed with intent to cause such damage, or committed recklessly and with knowledge  
18 that such damage would probably result.

19 The “unit of account” referred to in this Section is the Special Drawing Right (SDR)  
20 as defined by the International Monetary Fund as set forth in the 1992 Civil Liability  
21 Convention. The said amount shall be converted into national currency on the basis of the  
22 value of the currency by reference to the SDR on the date that the fund is constituted under  
23 Section 11 of this Act.

24 The SDR is an international reserve asset, created by the IMF in 1969 to  
25 supplement the existing official reserves of member countries. SDRs are allocated to  
26 member countries in proportion to their IMF quotas. The SDR also serves as the unit of  
27 account of the IMF and some other international organizations. Its value is based on a  
28 basket of key international currencies.

29 SEC. 11. *Constitution of a Fund.* - For the purpose of availing himself of the benefit  
30 of limitation provided for under Section 10 of this Act following the occurrence of a  
31 particular Incident, the Owner shall be required to constitute a fund for the total sum  
32 representing the limit of his liability with the Maritime Industry Authority (MARINA) to cover  
33 Incidents causing Pollution Damage, Provided, that any claim for compensation from  
34 Pollution Damage shall be brought directly to the Regional Trial Courts (RTC).

35 The fund can be constituted by depositing the sum or by producing a bank  
36 guarantee or other financial guarantee acceptable under existing laws and considered to be  
37 adequate by the Department of Transportation and Communications (DOTC).





1 considered transacting or doing business in the Philippines and shall be subject to the  
2 jurisdiction of the regular judicial courts of the country.

3 Such action shall be filed within three years of the date on which the damage  
4 occurred, but not later than six years of the date of the Incident.

5 The PCG shall investigate, *motu proprio* or through written undertaking of a  
6 complainant, any Incident, claim for compensation or violation of this Act, and shall  
7 forthwith file appropriate action with the RTC.

8 It shall likewise provide the complainant necessary technical evidence or any  
9 assistance, whether or not testimonial or documentary, insofar as the claim for  
10 compensation or violation of this Act is concerned.

11 Filing of the action under this section shall only require payment of filing fees  
12 equivalent to ten per centum (10%) of the regular rates established therefore by the  
13 Supreme Court of the Philippines. However, indigent plaintiffs shall be exempt from  
14 payment of docket and other lawful fees, and of transcripts of stenographic notes which the  
15 court may order to be furnished him. The amount of the docket and other lawful fees which  
16 the indigent was exempted from paying shall be a lien on any judgment rendered in the  
17 case favorable to the indigent, unless the court otherwise provides.

18 SEC. 18. *Adjudication or Settlement of Claims.* - The RTC shall decide claims for  
19 compensation or certify the compromise agreement by the parties within a reasonable  
20 period.

21 Where compensation was not obtained or satisfied under the 1992 Civil Liability  
22 Convention, the claimant may seek compensation under the 1992 Fund Convention. The  
23 RTC shall furnish the IOPC Fund with its certified decision, together with pertinent  
24 documents, on a claim for Pollution Damages.

25 Where the fund under the 1992 Civil Liability Convention is insufficient to satisfy the  
26 claims of those who are entitled to compensation, the amount of compensation of each  
27 claimant shall be distributed *pro rata*.

28 SEC. 19. *Intervention by the IOPC Fund.* - The IOPC Fund may intervene as a party  
29 to any legal proceedings instituted against the Owner of a Ship or his guarantor under  
30 Article IX of the 1992 Civil Liability Convention.

## 31 CHAPTER VII

### 32 PENALTY PROVISIONS

33 SEC. 20. *Violation of the Act.* - The following acts shall be considered violations of  
34 the Act and the persons responsible shall suffer the corresponding fines:

35 (a) Any person who fails to institute or maintain insurance or other financial  
36 security required under Section 12 of this Act;

1 (1) Ships of 500 gross tons (GRT) and below - not less than One  
2 hundred thousand pesos (P100,000.00) but not more than Two hundred  
3 fifty thousand pesos (P250,000.00);

4 (2) Ships of above 500 to 1,000 GRT - not less than Two hundred fifty  
5 thousand pesos (P250,000.00) but not more than Five hundred thousand  
6 pesos (P500,000.00);

7 (3) Ships of above 1,000 to 5,000 GRT - not less than Five hundred  
8 thousand pesos (P500,000.00) but not more than One million pesos  
9 (P1,000,000.00);

10 (4) Ships of above 5,000 to 10,000 GRT - not less than One million  
11 pesos (P1,000,000.00) but not more than Five million pesos  
12 (P5,000,000.00);

13 (5) Ships of above 10,000 to 20,000 GRT - not less than Five million  
14 pesos (P5,000,000.00) but not more than Ten million pesos  
15 (P10,000,000.00); and

16 (6) Ships of above 20,000 GRT - not less than Ten million pesos  
17 (P10,000,000.00) but not more than Fifteen million pesos  
18 (P15,000,000.00).

19 (b) The Owner and the master of a Ship who operate a Ship without maintaining on  
20 board a certificate of insurance required under Section 13 of this Act:

21 (1) First violation – Five hundred thousand pesos (P500,000.00);

22 (2) Second violation - One million pesos (P1,000,000.00); and

23 (3) Third violation – One million five hundred thousand pesos  
24 (P1,500,000.00).

25 (c) Any person required under Section 15 of this Act to contribute to the IOPC Fund  
26 but nevertheless fails to comply therewith after due notice by the MARINA:

27 (1) First violation - Three million pesos (P3,000,000.00);

28 (2) Second violation - Four million pesos (P4,000,000.00); and

29 (3) Third violation -Five million pesos (P5,000,000.00).

30 (d) Failure to Submit Report of Contributing Oil. - Any person required under Section  
31 16 of this Act to submit report of contributing Oil and notwithstanding 10-day notice thereto,  
32 fails to comply therewith:

33 (1) First violation - Five hundred thousand pesos (P500,000.00);

34 (2) Second violation - One million pesos (P1,000,000.00); and

35 (3) Third violation - One million and five hundred thousand pesos  
36 (P1,500,000.00).

37 (d) Any person who shall refuse, obstruct, or hamper the entry of the duly authorized  
38 representatives of the Department or any person authorized under this Act aboard any Ship

1 or establishment pursuant to this Act shall be liable to pay a fine not exceeding One  
2 hundred thousand pesos (P100,000.00);

3 (e) Any Ship apprehended for violation of this Act may be subjected to detention.

4 The fines prescribed in this Section and other sections of this Chapter shall be  
5 increased by at least ten percent (10%) every three years to compensate for inflation and to  
6 maintain the deterrent function of such fines.

7 SEC. 21. *Institutional Mechanism.* - The DOTC shall be the lead implementing  
8 agency unless otherwise provided in this Act.

## 9 CHAPTER VIII

### 10 FINAL PROVISIONS

11 SEC. 22. *Oil Pollution Management Fund.* - An Oil Pollution Management Fund  
12 (OPMF) to be administered by the MARINA is hereby established. Said Fund shall be  
13 constituted from:

14 (a) Contributions of Owners and operators of tankers and barges hauling Oil and/or  
15 petroleum products in Philippine waterways and coast wise shipping routes. During  
16 its first year of existence, the Fund shall be constituted by an impost of ten centavos  
17 (10c) per liter for every delivery or transshipment of Oil made by tanker barges and  
18 tanker haulers. For the succeeding fiscal years, the amount of contribution shall be  
19 jointly determined by Marina, other concerned government agencies, and  
20 representatives from the Owners of tankers barges, tankers haulers, and Ship  
21 hauling Oil and/or petroleum products. In determining the amount of contribution, the  
22 purposes for which the fund was set up shall always be considered; and

23 (b) Fines imposed pursuant to this Act, grants, donations, endowment from various  
24 sources, domestic or foreign, and amounts specifically appropriated for OPMF under  
25 the annual General Appropriations Act.

26 The Fund shall be used to finance the following activities:

27 (a) Immediate containment, removal and clean-up operations of the PCG in all Oil  
28 pollution cases, whether covered by this Act or not; and

29 (b) Research, enforcement and monitoring activities of relevant agencies such as  
30 the PCG, MARINA and PPA, and other ports authority of the DOTC, Environmental  
31 Management Bureau of the DENR, and the DOE: *Provided*, That ninety percent (90%) of  
32 the Fund shall be maintained annually for the activities set forth under item (a) of this  
33 paragraph: *Provided, further*, That any amounts specifically appropriated for said Fund  
34 under the General Appropriations Act shall be used exclusively for the activities set forth  
35 under item (a) of this paragraph.

36 In no case, however, shall the Fund be used for personal services expenditures  
37 except for the compensation of those involved in clean-up operations.



1            Provided, that amounts advanced to a responding entity or claimant shall be  
2 considered as advances in case of final adjudication/award by the RTC under section 18  
3 and shall be reimbursed to the Fund.

4            SEC. 23. *Appropriations.* - The Secretary of the DOTC shall include in the  
5 Department's program the implementation of this Act, the funding of which shall be included  
6 in the annual General Appropriations Act.

7            SEC. 24. *Implementing Rules and Regulations.* - The DOTC, in coordination with  
8 other concerned agencies and sectors, shall, within three months after the effectivity of this  
9 Act, promulgate rules and regulations for the effective implementation of this Act. A manual  
10 providing for the procedures concerning the enforcement of claims under this Act shall,  
11 likewise, be developed within the said period.

12           The said rules and regulations and manual shall be published in a newspaper of  
13 general circulation also within the said period.

14           SEC. 25. *Separability Clause.* - In the event that any provision of this Act is declared  
15 unconstitutional, the validity of the remainder shall not be affected thereby.

16           SEC. 26. *Repealing Clause.* - All laws, decrees, rules and regulations and executive  
17 orders contrary to or inconsistent with this Act are hereby repealed or modified accordingly.

18           SEC. 27. *Effectivity Clause.* - This Act shall take effect after the completion of its  
19 publication made once a week for three consecutive weeks in at least two newspapers of  
20 general circulation.

21           Approved,  
22