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SENATE

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Introduced by Senator Antonio "Sonny" F. Trillanes IV

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**EXPLANATORY NOTE**

History has shown that the wealth and destinies of the world's greatest nations have been determined and charted by the manner in which they conducted their maritime affairs. Our country is now at the crossroads of development and our maritime sector can rightfully claim that it has made a significant contribution towards achieving this feat. The Philippines is, after all, a maritime country. It is an archipelago of 7,108 islands with a territorial sea that is both a sea chest of vast marine wealth and natural highway for the carriage of trade and commerce.


With the coming into force of the United Nations Convention on the Law of the Sea in November 16, 1994, the Philippines has thereby gained an Exclusive Economic Zone totaling as much as 652,800 square nautical miles in area, with sovereign rights over the exploration and exploitation of all living and non-living resources found in the water column as well as in the seabed. Our fisheries sector, already the 11<sup>th</sup> biggest in the world, employs around one million Filipinos and contributes as much as 4.4% to GNP. Properly explored and exploited, our vast waters and continental shelf promise to provide even greater opportunities for livelihood for our people.

The Filipino people, scattered around these numerous islands, have since time immemorial depended on the sea for transportation. Even in this age of great progress in air and land transportation shipping remains the most economical, most efficient, and most important means of interisland.

Considering the relevance of a Department of Maritime Affairs to the development of the national patrimony and to the achievements of the country's long-term goal of self-reliance and economic self-sufficiency, the sponsor believes that the approval of this bill is of urgent priority.

  
**ANTONIO "SONNY" F. TRILLANES IV**  
Senator

SENATE

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AN ACT  
CREATING THE DEPARTMENT OF MARITIME AFFAIRS PROVIDING FUNDS  
THEREFOR AND FOR OTHER PURPOSES

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

**CHAPTER 1**

1  
2       **SECTION 1. *Title.*** - This Act shall be known as the "*Department of Maritime Affairs*  
3 *Act.*"

4  
5       **SEC. 2. *Declaration of Policy.*** - In keeping with Article XII, paragraph 2 of the  
6 Philippine Constitution which provides that, "the State shall protect the nation's marine wealth in  
7 its archipelagic waters, territorial sea, and exclusive economic zone and reserve its use and  
8 enjoyment exclusively for Filipino citizens," it is hereby declared to be the policy of the State to  
9 achieve a marine-based economy. It shall further be the policy of the State to promote, ensure,  
10 and coordinate the economic viability, protection, safety, and development of ports, shipping,  
11 shipbuilding, seafaring, and other industries or activities which revolve around the sea as a  
12 medium of transport.

13  
14       **CHAPTER II**

15       **SEC.3. *Creation of a Department of Maritime Affairs.*** - Pursuant to the above-  
16 mentioned national policy, there is hereby created a Department of Maritime Affairs, hereinafter

1 referred to as the Department, which shall, among others, recommend and implement the  
2 Government's policies, plans, and programs for the promotion of safety and development of  
3 ports, shipping, shipbuilding, seafaring, and other activities in the maritime industry.

4  
5 **SEC. 4. Powers and Functions.** - The Department shall perform the following powers  
6 and functions:

- 7 a) Encourage, promote, guide, and when necessary, regulate such business activities  
8 relative to the exploration, exploitation, development, management, trade and  
9 utilization of marine resources including marine transportation, port system and other  
10 related activities;
- 11 b) Assess, review and, in coordination with relevant government agencies, provide  
12 direction to research and development programs including identification of source of  
13 marine resources and determination of their commercial feasibility for development  
14 and utilization;
- 15 c) Give full and complete effect to all International Maritime Organization Conventions  
16 to which the Republic of the Philippines at present is, or in the future shall be a Party;
- 17 d) Conduct in-depth studies on all policy areas and options with respect to the  
18 country's implementation of IMO Conventions, the United Nations Convention on  
19 the Law of the Sea, and other pertinent international conventions and national laws;
- 20 e) Monitor foreign and domestic developments relative to the formulation and  
21 implementation of the country's strategy in implementing the provisions of the  
22 United Nations Convention on the Law of the Sea and other international conventions  
23 including the determination of the maritime area of the country and to protect the  
24 integrity of the said area;
- 25 f) Recommend measures to provide assistance to the private sector for the improvement  
26 and upgrading of maritime transportation and infrastructure like ports, lighthouse,

1 shipyards, fishports, refrigeration facilities, processing plants and other related  
2 facilities; and

- 3 g) Promote, develop and monitor the continuing education, training and qualification,  
4 availability and deployment of seafarers and other maritime manpower aboard local  
5 and foreign vessels consistent with international standards and conventions; and  
6 h) Generally exercise all powers and duties necessary to implement the national policy  
7 on maritime affairs pursuant to the objectives of this Act.

8  
9 **SEC. 5. *Organization.*** - The Department shall consist of the following offices and  
10 agencies:

- 11 a) Department Proper  
12 b) Maritime Industry Development Authority  
13 c) Philippine Ports Authority  
14 d) National Seafarers Administration  
15 e) Philippine Merchant Marine Academy  
16 f) National Maritime Polytechnic  
17 g) Maritime Research Institute  
18 h) Philippine Coast Guard

19  
20 **SEC. 6. *Department Proper.*** - The Department Proper shall consist of the following  
21 offices:

- 22 a) Office of the Secretary. - The Office of the Secretary shall consist of the Secretary  
23 and his immediate staff.  
24 b) Undersecretaries. - The Secretary shall be assisted by three (3) Undersecretaries,  
25 appointed by the President upon the recommendation of the Secretary. Each

1 Undersecretary shall have control and supervision over the respective offices and  
2 services assigned to him by the Secretary.

- 3 c) Assistant Secretaries. – The Secretary shall also be assisted by four (4) Assistant  
4 Secretaries, appointed by the President upon the recommendation of the Secretary.  
5 This will be one each for Merchant Marine Administration, Maritime Industry  
6 Development, Ports and Harbors, and the Coast Guard.

7  
8 **SEC. 7. *Head of the Department.*** - The head of the Department, hereinafter referred to  
9 as the Secretary, shall be appointed by the President subject to confirmation of the Commission  
10 on Appointments.

11  
12 **SEC. 8. *General Powers, Terms of Office ad Compensation of the Secretary.***- The  
13 authority and responsibility for the exercise of the Department's power and functions shall be  
14 vested in the Secretary, who shall hold office at the pleasure of the President and shall receive  
15 the compensation, allowances, and other emoluments to which heads of departments are entitled.

16  
17 **SEC. 9. *Specific Power and Functions of the Secretary.*** - The powers and functions of  
18 the Department shall be exercised by and through the Secretary, who shall:

- 19 a) exercise control and supervision over all offices and bureaus under the Department;  
20 b) coordinate all policies and programs relating to maritime and marine affairs as  
21 provided in this Act;  
22 c) undertake consultations with other member of the Cabinet and other members of  
23 Government officialdom relating to maritime and marine matters and recommend  
24 policies and programs to the President relative thereto;  
25 d) advise the President of the activities, programs, plans and all information necessary or  
26 relevant to maritime or marine affairs.

1           **SEC. 10. *Offices in the Department.*** - The Department shall have, under the supervision  
2 and control of the Secretary, an Administrative Service, a Financial and Management Service,  
3 and a Planning Service with the following functions:

- 4           a) The Administrative Service shall be responsible for providing the Department with  
5           services relating to personnel, legal assistance, information, records, supplies,  
6           equipment, and custodial work;
- 7           b) The Financial and Management Service shall be responsible for providing the  
8           Department with staff advise and assistance on budgetary, financial, and management  
9           improvement matters;
- 10          c) The Planning Services shall be responsible for providing the Department with  
11          services relating to planning, programming, project development, including  
12          development policies and programs and priorities as may be warranted by domestic  
13          and international development.

14

15           **SEC. 11. *Transfer of Bureaus, Offices and Agencies.*** - The following bureaus, offices  
16 and agencies will be transferred from their respective departments (as shown in parenthesis) to  
17 the Department of Maritime Affairs.

- 18          a) Maritime Industry Authority (DOTC)
- 19          b) Philippine Ports Authority (DOTC)
- 20          c) Philippine Merchant Marine Academy (DOTC)
- 21          d) Philippine Coast Guard (DND)
- 22          e) Seafarers Section of the Philippine Overseas Employment Administration (DOLE)
- 23          f) Seafarers Section of the Overseas Workers Welfare Administration (DOLE)
- 24          g) National Maritime Polytechnic (DOLE)
- 25          h) Maritime Training Council (DOLE)

1 **CHAPTER III**

2 **THE MARITIME INDUSTRY DEVELOPMENT AUTHORITY**

3 **SEC. 12. *The Maritime Industry Development Authority.*** To carry out the policies and  
4 purposes of promoting the growth and developing the economic viability of the maritime  
5 industry, the Maritime Industry Authority together with its capital assets, equipment, and  
6 existing budget is hereby transferred from the Department of Transportation and  
7 Communications to the Department of Maritime Affairs and is hereby renamed the Maritime  
8 Industry Development Authority.

9  
10 **SEC. 13. *Composition and Organization.*** -- The Maritime Industry Development  
11 Authority is hereby created initially consisting of the existing officials and employees of the  
12 Maritime Industry Authority, headed by an Administrator.

13  
14 **SEC. 14. *Powers and Functions.*** -- The Maritime Industry Development Authority shall  
15 have the following powers and functions:

- 16 a) Develop and formulate plans, policies, programs, projects, standards, specifications  
17 and guidelines geared toward the promotion and development of the commercial and  
18 economic viability of the maritime industry, the growth and effective regulation of  
19 shipping enterprises;
- 20 b) Establish, prescribe and regulate routes, zones and/or rates pertinent to the operation  
21 of particular operators of public water services;
- 22 c) Issue Certificate of Public Convenience for the operation of domestic and overseas  
23 *water carriers*;
- 24 d) Determine fix and/or prescribe changes and/or rates pertinent to the operation of  
25 public water transport utilities, facilities and services except in cases where charges or  
26 rates are established by international bodies or associations of which the Philippines

1 is a participating member or by bodies or associations recognized by the Philippine  
2 Government as the proper arbiter of such charges or rates;

3 e) Accredite maritime enterprises engaged in shipbuilding, ship repair, ship breaking,  
4 domestic and overseas shipping, ship management and agency;

5 f) Establish and prescribe rules and regulations, standards and procedures for the  
6 efficient and effective discharge of the above functions, and

7 g) Perform such other functions as may now or hereafter be provided by law.

#### 8 9 **CHAPTER IV**

##### 10 **THE PHILIPPINE PORTS AUTHORITY**

11 **SEC. 15. *The Philippine Ports Authority.*** – To carry out the policies and purposes of  
12 integrating and coordinating port planning, development, control and operations at the national  
13 level, and at the same time promote the growth of regional port bodies responsive to the needs of  
14 their individual localities, the Philippine Ports Authority, including all its capital assets,  
15 equipment and existing budget, is hereby transferred from the Department of Transportation and  
16 Communications to the Department of Maritime Affairs.

17 **SEC. 16. *Composition and Organization.*** – The Philippine Ports Authority is hereby  
18 transferred consisting of its existing officials and employees, headed by the General Manager.

#### 19 20 **CHAPTER V**

##### 21 **THE NATIONAL SEAFARERS ADMINISTRATION**

22 **SEC. 17. *The National Seafarers Administration.*** – in order to carry out the policies and  
23 purposes of promoting, developing and monitoring the continuing education, training, welfare  
24 and deployment of Filipino seafarers and other maritime workers aboard local as well as foreign  
25 vessels, consistent with international practices, standards and conventions the National Seafarers  
26 Administration is hereby created. The officials and personnel of the Philippine Overseas



1 Employment Administration involved in the administration of Filipino seafarers are hereby  
2 transferred to the National Seafarers Administration. Likewise, all equipment, records and the  
3 existing budget appertaining to such functions and duties, will be transferred to the National  
4 Seafarers Administration.

5  
6 **SEC. 18. Powers and Functions.** – The National Seafarers Administration shall have the  
7 following powers and functions:

- 8 a) Develop and formulate plans, policies, programs and procedures for the education,  
9 training and qualification, welfare, employment and protection of the rights of  
10 Filipino seafarers;
- 11 b) Maintain and complete registry of Filipino seafarers;
- 12 c) Provide free placement services for seafarers;
- 13 d) Secure the best possible terms and conditions of employment for seafarers, and to  
14 ensure compliance thereof;
- 15 e) Regulate the activities of manning agents or representatives of shipowner in the hiring  
16 of seafarers for overseas employment;
- 17 f) Ensure that the requirements of pertinent international organizations and maritime  
18 conventions on the standards of training and qualifications of Filipino seafarers are  
19 fully complied with;
- 20 g) Accredite and certify maritime training centers to ensure proper compliance with the  
21 provisions enumerated in paragraph f) above;
- 22 h) Provide the necessary technical expertise on the supervision of nautical and marine  
23 engineering schools and colleges;
- 24 i) Have original and exclusive jurisdiction over all matters or cases, including money  
25 claims, involving employer-employee relations arising out of any law or employment

1 contracts involving Filipino seafarers for overseas employment. In such cases, the  
2 decision of the National Seafarers Administration shall be final and unappealable;

3 j) Establish a proper and legal forum for the disciplining of errant seafarers in order to  
4 protect the reputation and excellent image of the good Filipino seaman; and

5 k) Perform such other functions as may now or hereafter be provided by law.

## 6 7 **CHAPTER VI**

### 8 **THE PHILIPPINE MERCHANT MARINE ACADEMY**

9 **SEC. 19. *The Philippine Merchant Marine Academy.***- To serve as the primary source of  
10 highly-trained merchant marine officers, the Philippine Merchant Marine Academy (PMMA)  
11 including all its capital assets, equipment, and existing budget, is hereby transferred from the  
12 Commission on Higher Education to the Department of Maritime Affairs.

13  
14 **SEC. 20. *Composition and Organization.*** – The Philippine Merchant Marine Academy  
15 is hereby transferred consisting of its existing officials and employees, headed by the President  
16 and shall continue to perform all its powers, rights, and prerogatives as mandated by its charter.

## 17 18 **CHAPTER VII**

### 19 **THE NATIONAL MARITIME POLYTECHNIC**

20 **SEC. 21. *The National Maritime Polytechnic.***- To serve as the primary institution for  
21 the upgrading of skill of the merchant marine, the National Maritime Polytechnic (NMP)  
22 including all its capital assets, equipment, and existing budget, is hereby transferred from the  
23 Department of Labor and Employment to the Department of Maritime Affairs.

24  
25 **SEC. 22. *Composition and Organization.***- The National Maritime Polytechnic is hereby  
26 transferred consisting of its existing officials and employees, headed by the Executive Director

1 and shall continue to perform all its functions and retain all its powers, rights, and prerogatives as  
2 mandated by its charter. Provided, however, that the chair of the NMP Board of Trustees shall be  
3 transferred from the DOLE Secretary to the DMA Secretary.

## 4 5 **CHAPTER VIII**

### 6 **THE MARITIME RESEARCH INSTITUTE**

7 **SEC. 23. *The Maritime Research Institute.*** - The Maritime Research Institute is hereby  
8 created as an attached agency under the Department of Maritime Affairs.

9  
10 **SEC. 24. *Organization.***- It shall be composed of:

- 11 a) Maritime Research Institute Board of Governors which shall serve as the governing  
12 board; and  
13 b) The “Administration” which, as the executive arm, shall run the Institute’s day-to-day  
14 activities and shall be headed by the executive director.

15  
16 **SEC. 25. *Functions.*** - The Maritime Research Institute shall have the following  
17 functions:

- 18 a) To spearhead and encourage the development of a maritime research program to aid  
19 the formulation of policies on all aspects of maritime affairs;  
20 b) To harness and propagate the latest development in maritime technology in the fields  
21 of shipbuilding, marine engineering, ship propulsion, cargo handling, sip  
22 management and other such developments and to utilize and adopt the latest in  
23 information technology to serve National Maritime Policy goals;  
24 c) Develop, propagate, and enhance national awareness of maritime issues through a  
25 comprehensive information program;

- 1 d) Publish information, books, monographs, and other literature in connection with the  
2 above functions; and  
3 e) Perform such other functions as may now or hereafter be provided by law.  
4

## 5 **CHAPTER IX**

### 6 **THE PHILIPPINE COAST GUARD**

7 **SEC. 26. *Establishment and Transfer.*** - The Philippine Coast Guard, hereinafter  
8 referred to as PCG, is hereby established as a major service separate and distinct from the  
9 Philippine Navy. It shall henceforth be transferred from the Department of National Defense to  
10 the Department of Maritime Affairs as a bureau thereof.  
11

12 **SEC. 27. *General Power and Functions of the PCG.*** - The PCG shall be the agency  
13 primarily responsible for safety of life and property at sea, the protection of the marine  
14 environment and, together with the Philippine Navy, the security of all marine resources found  
15 within the Exclusive Economic Zone and within all other waters and seabed's subject to the  
16 jurisdiction of the Republic of the Philippines. It shall likewise perform such other functions as it  
17 is authorized to perform at the time of the effectivity of this Act.  
18

19 **SEC. 28. *Specific Functions.*** - The Philippine Coast Guard shall perform the following  
20 specific functions:

- 21 a) Promulgate and enforce maritime rules and regulations for the promotion of safety of  
22 life and property at sea;  
23 b) Render aid to distressed persons and vessels on the high seas and waters subject to  
24 the jurisdiction of the Philippines, to furnish clothing food, lodging, medicines and  
25 necessary supplies and services to persons succored; and to take appropriate actions  
26 on remains of those who have perished;

- 1 c) Register all Philippine merchant vessels; to issue safety certificates of Philippine  
2 vessel; to approve plans for the construction, repair, or alternation of vessels; to  
3 administer load line requirements for the promotion of the safety of life and property  
4 at sea; conduct annual or periodic surveys and inspection of all Philippine-registered  
5 vessels and issue certificates prescribed in the regulations consistent with  
6 international standards; collect tonnage and other fees directly related to vessel safety  
7 inspection, documentation and compliance with international standards; to assist in  
8 the development of a single Philippine Classification Society;
- 9 d) Formulate, issue, administer, and enforce the Code of Maritime Regulations for the  
10 design, construction, equipment, manning, operation, repair, alteration, and  
11 maintenance of all Philippine-registered vessels and all off-shore facilities employed  
12 in the exploration and exploitation if marine and seabed resources within the waters  
13 subject to Philippine jurisdiction;
- 14 e) Conduct inquiries, visits, examination, and inspection on vessels in waters subject to  
15 the jurisdiction of the Philippines for the promotion of safety of life and property at  
16 sea and for the protection of the marine environment;
- 17 f) Promulgate and enforce rules and regulations in the construction, outfitting, manning,  
18 documentation and operation of motor boats, fishing vessels, and pleasure craft not  
19 required to be issued a Certificate of Philippine Registry;
- 20 g) Promulgate and enforce rules and regulations on maritime communications to  
21 promote safety of life and property at sea;
- 22 h) Regulate salvage operations and destroy or remove hazards to navigation in order to  
23 promote safety of life and property at sea and to preserve the marine environment;
- 24 i) Investigate marine accidents, including all marine protests relative to the  
25 responsibility and liability of ship owner and officers and to impose administrative  
26 sanctions appertaining thereto;

- 1 j) Qualify and issue licenses to harbor pilots and bay and river patrons through proper  
2 examinations;
- 3 k) Conduct proper examinations and carry out such other tasks of the Board of Marine  
4 Examiners for the issuance and up grading of Merchant Marine officers licenses;
- 5 l) Develop, establish, operate, and maintain aids to navigation facilities and collect aids  
6 to navigation dues for this purpose from users thereof;
- 7 m) Develop, establish, operate, and maintain marine environmental protection facilities;
- 8 n) Enforce laws and to promulgate and enforce rules and regulations for the prevention  
9 of marine pollution within the territorial waters and Exclusive Economic Zone of the  
10 Philippines and determine and impose penalties for violations thereof;
- 11 o) Impose administrative penalties of maritime violations and offenses incurred by  
12 vessels within the territorial waters of the Philippines as well as violations by  
13 Philippine-registered vessels in foreign and international waters without prejudice to  
14 the civil liabilities of the offender in accordance with existing laws;
- 15 p) Conduct port State control inspections on foreign-flagged vessels calling at Philippine  
16 ports in accordance with national laws and regional and international agreements;
- 17 q) Detain ships found to be with deficiencies that may pose a grave threat to the safety  
18 of the passengers and crew and to the vessel and its cargo, or to the marine  
19 environment until such time that the deficiencies are rectified in accordance with  
20 established rules and regulations;
- 21 r) Promulgate, administer, and enforce rules and regulations giving effect to the  
22 provisions of International Treaties, Conventions, Protocols and Municipal Laws for  
23 the safety of life and property at sea;
- 24 s) Represent the Philippine government in international and regional for a concerning  
25 IMO and other maritime matters;

- 1 t) Collect international tonnage fees for Philippine-registered vessels in the international  
2 trade to take care of Philippine obligation with the International Maritime  
3 Organization'
- 4 u) Assist other governmental agencies in the performances of their law enforcement  
5 functions against seajacking, piracy, illegal entry, illegal fishing, illegal gathering of  
6 corals and other marine products, smuggling and other frauds and violations that may  
7 be committed within the waters of the Philippines. For this purpose, surveillance  
8 boarding and inspections by the Philippine Coast Guard may be made on vessels  
9 entering or leaving Philippine waters. In the performance of these functions, members  
10 of the Philippine Coast Guard shall act as a law enforcement officers of such  
11 agencies;
- 12 v) Organize, train, and supervise the Philippine Coast Guard Auxiliary for the purpose  
13 of assisting in conducting search and rescue, marine environmental protection,  
14 maintaining aids to navigation and such other activities that enhance civil relations to  
15 include civic action, youth development, and related activities;
- 16 w) Maintain and operate all government vessels above 50 gross tons not otherwise  
17 assigned to the Philippine Navy, except tug boats and dredges used by the Philippine  
18 Ports Authority, in such case, the operations shall solely be for the mission of the  
19 agency concerned except the PCG may utilize the vessels for search and rescue  
20 purposes when not on actual mission; and
- 21 x) Perform such other functions as may now hereafter be provided by law.
- 22

23 **SEC. 29. National Emergencies.** - In time of war or national emergency, the President  
24 may direct the PCG to operate under the Armed Forces of the Philippines. Such authority shall  
25 continue until the President revokes the same.

26

1           **SEC. 30. *Organization.*** - The PCG shall be headed by a Flag Officer equivalent in rank  
2 to the Flag-Officer-in-Command, Philippine Navy. It shall consist of uniformed and non-  
3 uniformed personnel with defined Coast Guard Table of Organization specialties, ranks and  
4 ratings. It shall also have an independent administrative and logistics system. The Commandant,  
5 Philippine Coast Guard may modify its present organizational structure effectively and efficiently  
6 carry out PCG-defined functions.

7

8           **SEC. 31. *Personnel.*** - PCG personnel shall be governed by the following rules:

- 9           a) All personnel assigned to the Philippine Coast Guard shall be transferred out of the  
10           Philippine Navy (PN) upon effectivity of this Act provided that the transfer may be  
11           allowed in and out of the Navy and the AFP within the transition period provided  
12           herein; and
- 13           b) The PCG shall continue to source its commissioned officers from the same fields as  
14           that of the PN; it also shall, until such time that a Philippine Coast Guard Academy  
15           shall have been organized, be authorized to recruit graduates from the Philippine  
16           Merchant Marine Academy under terms and conditions to be determined by the  
17           Secretary of Maritime Affairs; Provided that the PCG may accept graduates with  
18           baccalaureate degrees to be commissioned in the PCG service from other merchant  
19           marine institutions and other schools recognized by the Government.

20

21           **SEC. 32. *Relations with Other Agencies.***-

- 22           a) The Philippine National Police shall primarily perform law enforcement activities in  
23           *the maritime environment in pursuance of the provisions of the Revised Penal Code,*  
24           provided, that nothing in this Act shall prevent the appropriate PNP unit from being  
25           deputized by the appropriate agency to perform the respective maritime law  
26           *enforcement function in coastal areas; and*



1           b) Consistent with the objectives of the National Defense Act, in the pursuit of reserve  
2           training, and in the interest of keeping abreast of current developments in maritime  
3           transportation, the Commandant, Philippine Coast Guard may allow the periodic  
4           service of duty qualified and licensed Philippine Coast Guard personnel on board  
5           Philippine-registered merchant vessels under such rules and regulations as the  
6           Commandant may prescribe.

7  
8           **SEC. 33. *Transitory Provisions.*** - The PCG shall be governed by the following  
9           provisions:

10          a) Officers in the grade of PN Flag and Captain who have had considerable tours of duty  
11          with PCG may opt to join the PCG and likewise those already with the PCG may opt  
12          to leave within the initial year upon the effectivity of this Act after which they shall  
13          no longer be allowed to transfer;

14          b) Other Philippine navy and AFP personnel below the grade of Captain PN or  
15          equivalent who have qualified for Coast Guard eligibility may also join the PCG  
16          subject to the vacancies of the prescribed organizational rank structure within the  
17          transition period of one (1) year.

18  
19          **SEC. 34. *PCG Funds and Expenditures.*** - The accrued income of the PCG from its  
20          operation and exercise of various regulatory functions shall be declared as PCG Trust Receipts  
21          and shall be made available to the PCG for the improvement and maintenance of basic services  
22          in the same manner prescribed in Executive Order No. 1002. These funds shall be utilized only  
23          for the following expenditures in an appropriate budget as prescribed in Executive Order No.  
24          1002, subject to approval of the Secretary of Maritime Affairs:

25          a) Printing of forms and certificates directly related to the services for which they were  
26          collected:



1 operate using all funds already appropriated to them for the rest of the fiscal year in which this  
2 Act was approved.

3  
4 **SEC. 38. *Repealing and Modifying Clause.***- PD 857, RA 3680, RA 5173, PD 601, LOI  
5 1404, EO 493, PD 474, EO 125, EO 125-A, and all other laws, executive orders, rules and  
6 regulations inconsistent herewith are hereby repealed, amended, or modified accordingly.

7  
8 **SEC. 39. *Effectivity.*** - This Act shall take effect fifteen (15) days after its publication in  
9 a newspaper of general circulation

Approved,