

**Republic of the Philippines**  
**HOUSE OF REPRESENTATIVES**  
**Quezon City, Metro Manila**  
**NINETEENTH CONGRESS**  
**FIRST REGULAR SESSION**

**HOUSE BILL NO. 7079**



---

**Introduced by Representative ERIC M. MARTINEZ**

---

**EXPLANATORY NOTE**

The Philippine Archipelago, which composes of more than 7,100 islands and 18,000 kilometers of shoreline, is considered a maritime nation. The Philippine coastal areas served as the lifeblood of different communities over the years. The Philippine economy can continue to benefit from these coastal areas if it will be managed and protected accordingly.

Under Republic Act (RA) No. 9993, also known as the “Philippine Coast Guard Law of 2009,” the Philippine Coast Guard (PCG) has the primary task to enforce applicable laws within the Philippine waters, conducting maritime security operations, safeguarding life and property at sea, and protecting the marine environment and resources.

The PCG is an attached agency to the Department of Transportation (DOTr) and the only one humanitarian armed service in the Philippines. In case of declaration of war, the PCG shall also serve as an attached service of the Department of National Defense (DND). Currently, it maintains a presence throughout the archipelago with fifteen (15) coast guard districts, ninety-two (92) coast guard stations, and over one hundred ninety (190) coast guard detachments from Basco, Batanes to Bongao, Tawi-tawi.

Despite its inadequate capabilities and limited resources, the PCG continues to discharge their functions and commitment to perform their duties. The capability of our PCG to secure our vast coastline and waterways could be further enhanced if technologically improved materials are introduced and integrated into the coast guard organization.

In order to address PCG’s concerns, there is a need for the State to modernize the same. The modernization program, through the creation of the Philippine Coast Guard Modernization Trust Fund under this act, shall allow the PCG to perform its different functional areas efficiently and effectively.

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

  
**ERIC M. MARTINEZ**

**Republic of the Philippines**  
**HOUSE OF REPRESENTATIVES**  
**Quezon City**

**NINETEENTH CONGRESS**  
**FIRST REGULAR SESSION**

**HOUSE BILL NO. 7079**

---

**Introduced by Representative ERIC M. MARTINEZ**

---

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

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

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

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

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

16       **SECTION 3.** Philippine Coast Guard Modernization Program- Within a period  
17 not exceeding fifteen (15) years after the effectivity of this Act, the PCG shall  
18 implement the Philippine Coast Guard Modernization Program, hereinafter referred to  
19 as the Program. The PCG shall continue to perform its powers and discharge its  
20 functions as provided in Section 3 of Republic Act No. (RA) 9993, also known as  
21 “*Philippine Coast Guard Law of 2009.*”  
22

23       Payments for the amortization of outstanding multi-year contract obligations  
24 incurred under Section 7 of this Act may however extend beyond this period.  
25

26       **SECTION 4.** Objectives of the Modernization Program- The PCG  
27 Modernization Program shall be implemented in accordance with the following  
28 objectives:  
29

- a. To minimize, if not totally eliminate accidents at sea;
- b. To reduce the search efforts and hasten response time during search and rescue operations;
- c. To contribute substantially to securing maritime zones or territorial waters from terrorism, lawlessness, and other threats to national security and territory;
- d. To effectively contribute to the enforcement of the Philippine criminal and other special laws within the maritime zone or territorial waters; and
- e. To minimize, if not totally eliminate, pollution in the maritime zones or areas and hasten response time to recover split pollutants.

**SECTION 5.** Components of the Modernization Program- The PCG Modernization Program shall have the following components:

- a. **Organization Development.** The restructuring and streamlining of the PCG units and offices to avoid the overlapping of functions, simplify procedures and improve response time.
- b. **Human Resources.** The professionalization of its human resource with educated, motivated, and highly skilled personnel in their respective fields of specialization.
- c. **Doctrine of Development.** The rationalization system, standards, and procedures in the administration of the PCG include the generation, evaluation, consolidation, and formalization of doctrines; the conduct of the periodic review and validation of doctrines through field application, testing, and exercises; and the dissemination of approved doctrines at all levels of command.
- d. **Infrastructure Development.** The basic and support system required to ensure that services are rendered efficiently includes the acquisition and upgrade of basic and support facilities for administrative and operational services, and the acquisition and upgrade of basic facilities such as aircraft command, control, and communication platform which are range and endurance-capable to continuously monitor edge of the exclusive economic zone (EEZ) with night navigation capability, including remote-controlled drones.
- e. **Equipment and Facilities Acquisition and Modernization.** The acquisition and upgrade of contemporary, modern, and state-of-the-art equipment and system to enhance the capabilities of the PCG in the performance of its mandate which includes the following:
  - 1. Upgrade the vessel to a mission-specific level with a high degree of flexibility to perform other functional area operations. The vessel must be well-maintained for full operational status at least three hundred (300) days a year and must be interfaced with the latest cutting-edge technology for ease of operation.
  - 2. Remotely operated submersibles for deep-sea search, retrieval, and monitoring operations.
  - 3. Weapons that are marine-environment resistant and designed primarily to disable hostile personnel and equipment.

4. K-9 units which are capable of detecting bombs, drugs, toxic substances, and search and rescue (SAR) operations, among others;
5. Uninterruptible PCG internal communications seamlessly interoperable with other agencies as well as communications with commercial vessels operating within the Philippine maritime zones or territorial waters;
6. Training equipment capable of simulating foreseeable emergencies or hostile situations;
7. Aids to navigation that are consistent with International Association of Lighthouse Authorities standards;
8. Accurate and real-time monitoring and detection systems; and
9. Laboratories with technologically current equipment.

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

The Program shall indicate the following:

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

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

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

The Congress shall, upon certification by the President, make the corresponding appropriation for the ensuing fiscal year in payment for multi-year contracts: Provided, that Congress shall appropriate only such funds as may be necessary to pay any unpaid

amount when the appropriated funds mentioned in Section 13 of this Act are not sufficient or available to meet the payment, in full or in part.

The Secretary of the DOTr, through the Congressional Oversight Committee, shall submit copies of these multi-year contracts and other agreements or arrangements to enable Congress to appropriate funds.

**SECTION 8. Self-reliance Program-** In implementing the Program, the PCG shall, as far as practicable, give preference to Filipino contractors and suppliers and secondly to foreign contractors or suppliers, willing and able to locate a substantial portion of, if not the entire, production process of the terms involve within the Philippines.

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

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

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

- a. Appropriation for the Philippine Coast Guard Modernization Program
- b. The proceeds from the sale, lease, or joint development of coast guard properties and lighthouse reservations, as may be authorized by the Congress, including such immovable and other facilities as may be found therein, not covered by the Bases Conversion Development Authority, as provided for in Republic Act No. (RA) 7227, otherwise known as the Bases Conversion and Development Act of 1992;
- c. Shares of the PCG from the proceeds of the sale of the coast guard properties provided for under the Bases Conversion and Development Act of 1992;
- d. The proceeds from the disposal of excess or uneconomically repairable equipment and other movable properties in the PCG arsenal;
- e. Funds from budgetary surplus, if any, as may be authorized by Congress subject to the provisions of Section 13 of this Act;
- f. Dues, fines, and penalties collected by the PCG in the exercise of its functions; and
- g. All interest income of the trust fund.

170  
171 **SECTION 10.** Equipment Acquisition Per Function Area- In order to further  
172 specialize PCG capabilities, equipment acquisition shall be initiated within the  
173 respective functional areas as mentioned in Section 2 of this Act but integrated into the  
174 Program to allow inter-operability and ensure a greater degree of reliability.

175  
176 **SECTION 11.** Contract Negotiation- The procurement process shall be governed in  
177 accordance with Republic Act No. (RA) 9184, otherwise known as the “Government  
178 Procurement Reform Act”, and its revised implementing rules and regulations. The  
179 procurement process shall be exercised by the PCG General Headquarters unless  
180 delegated to the next lower-level management by the PCG Commandant.

181  
182 **SECTION 12.** Progress Report- The Secretary of the DOTr shall submit to the  
183 President and Congress, through the Congressional Oversight Committee, an annual  
184 report on the status of the Philippine Coast Guard Modernization Act Trust Fund, as  
185 provided for in Section 9 of this Act, not later than the end of the first quarter of the  
186 succeeding year.

187  
188 The Commandant of the PCG shall also submit to the President and Congress,  
189 through the Congressional Oversight Committee and the Secretary of the DOTr, an  
190 annual status report containing the process of the implementation of the modernization  
191 program under this Act including the PCG modernization activities implemented prior  
192 to the approval of this Act not later than the end of the first quarter of the succeeding  
193 year.

194  
195 **SECTION 13.** Appropriations- The annual appropriation for the PCG  
196 modernization program shall include the amounts necessary to support the funding  
197 requirements for all modernization projects approved by Congress pursuant to this Act.

198  
199 The funds to be appropriated by Congress shall be treated as a distinct and  
200 separate budget item from the regular appropriation for the PCG and shall be  
201 administered by the Secretary of the DOTr. The proposed program shall be based on a  
202 ceiling of Fifty Billion Pesos (Php50,000,000,000.00) for the first five (5) years.  
203 Thereafter, this amount may be increased commensurate to the increase in the gross  
204 national product (GNP).

205  
206 **SECTION 14.** Joint Congressional Oversight Committee- A joint Congressional  
207 Oversight Committee is hereby created to monitor and oversee the implementation of  
208 the provisions of this Act. The Joint Congressional Oversight Committee shall be  
209 composed of six (6) Senators and six (6) Representatives to be appointed by the Senate  
210 President and the Speaker of the House of Representatives, respectively. It shall be co-  
211 chaired by the Chairperson of the Committee on Transportation of both Houses. The  
212 minority parties of both houses shall have at least two (2) representatives in the Joint  
213 Congressional Oversight Committee.

214  
215 **SECTION 15.** Sunset Review- Five (5) years after the effectivity of this Act,  
216 the Joint Congressional Oversight Committee shall conduct a systematic evaluation of

217 the accomplishments and impact of this Act as well as the performance and  
218 organizational structures of the PCG.

219  
220 **SECTION 16.** Separability Clause- If any provision of this Act is declared  
221 unconstitutional or invalid, the remainder of this Act or any provisions not affected  
222 thereby shall remain in full force and effect.

223  
224 **SECTION 17.** Repealing Clause- All laws, executive orders, rules, and  
225 regulations inconsistent with or contrary to this Act, are hereby repealed or amended  
226 accordingly.

227  
228 **SECTION 18.** Effectivity- This Act shall take effect fifteen (15) days after its  
229 publication in the Official Gazette or a newspaper of general circulation.

230  
231 *Approved,*