

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

5 APR 26 P4 57

RECEIVED BY: _____

SENATE

S. No. 1983

Introduced by Senator Biazon

EXPLANATORY NOTE

For the Maranaws, Lake Lanao is their lifeblood. The lake's rich marine resources provide them with sustenance as well as a source of livelihood. Its waters make navigation and water transportation from one town to another possible. It also serves as a holy place where Muslim devotees perform their cleansing rituals or absolutions. More importantly, it is the source of hydroelectric power, which supplies the entire island of Mindanao with relatively cheaper electricity.

Because of Lake Lanao's multi-dimensional features, it is imperative that measures for its administration as well as its preservation be taken. This proposed legislation seeks to create and operate a *Lake Lanao Development Authority*, which shall be mandated to perform this vital role.

This body would be tasked with the coordination, planning and management of all government programs for the area, maximize the efficiency and ensure sustainable development of Lake Lanao and its surrounding environment. The body shall undertake policy studies and formulate the same to ensure the enhancement of all the inherent benefits derived from the lake.

For the foregoing reasons, the early passage of this bill is earnestly sought.



RODOLFO G. BIAZON
Senator

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AN ACT
CREATING THE LAKE LANAO DEVELOPMENT AUTHORITY, DEFINING ITS
POWERS, FUNCTIONS AND DUTIES, PROVIDING FUNDS THEREOF AND FOR
OTHER PURPOSES

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

CHAPTER I

DECLARATION OF POLICY AND CREATION OF AUTHORITY

SECTION 1. *Title.* – This Act shall be known as the “Lake Lanao Development Authority Act.”

SECTION 2. *Declaration of Policy.* – It is hereby declared the policy of the State to promote and accelerate the sustainable development and balanced growth of the Lake Lanao Area and the surrounding provinces, cities and municipalities, hereinafter referred to as the **Area**, within the context of the national and regional plans and policies for social and economic development and to carry out the development of the **Area** with due regard and adequate provisions for environmental management and control, preservation of the quality of human life and ecological systems, and the prevention of undue ecological disturbances, deterioration and pollution.

SECTION 3. *Creation of the Lake Lanao Development Authority.* – To effectively carry out the declared policy, there is hereby created a body corporate to be known as the Lake Lanao Development Authority hereinafter referred to as the Authority, which shall be organized within one hundred twenty (120) days after the effectivity of this Act.

The Authority shall exercise the powers and functions herein vested and conferred upon it in such a manner as will, in its judgment, aid to the fullest possible extent, in carrying out the purposes and objectives set forth below.

SECTION 4. *Principal Office.* – The Authority shall maintain its principal office in Marawi City and branch offices in such other places in the Area as are necessary for the proper conduct of its business.

SECTION 5. *Powers and Functions.* – The Authority shall exercise the following powers and functions:

(a) Make a comprehensive survey of the physical and natural resources and potentialities of the Lake Lanao Area particularly its social and economic conditions, hydrologic characteristics, power potentials, scenic and tourist spots and such other problems of the Area, and on the basis thereof, to draft a comprehensive and detailed plan designed to conserve and utilize optimally the resources within the Area particularly Lake Lanao, to promote the Area's rapid social and economic development and upon approval of the National Economic and Development Authority (NEDA) Board of such plan, to implement the same including projects in line with said plan: *Provided*, That the implementation of all fisheries plans and programs of the Authority shall require the coordination of the Bureau of Fisheries and Aquatic Resources to ensure that such plans and programs are consistent with the national fisheries plans and programs. For the purpose of said survey, the Department of Environment and Natural Resources (DENR) and other concerned public agencies shall submit, and private entities shall provide necessary data to expedite the creation of development plans within the Area;

(b) Identify areas designated as agricultural, industrial and commercial zones surrounding the Area in coordination with the Local Development Councils of the concerned cities and municipalities;

(c) Coordinate with national and local government units, agencies and public corporations to ensure that all plans, program and projects with respect to Lake Lanao Area to avoid overlapping and waste of scarce government resources;

(d) Harness and promote private participation in business ventures within the Area through the different schemes provided for in accordance with Republic Act no. 6957, as amended (the Build-Operate-and Transfer Law);

(e) Plan, program, finance and/or undertake infrastructure projects such as river, flood and tide control works, waste water and sewerage works, water supply, roads, pot works, irrigation, and related works when so required within the context of its development plans and programs: *Provided*, That should any project be financed wholly or in part by the Authority, it is hereby authorized to collect reasonable fees and tolls as may be fixed by its Board of Directors from users and/or beneficiaries thereof to recover costs of construction, operation and maintenance of the projects: *Provided, further*, That if the Authority should find it necessary to undertake such infrastructure projects which are classified as social overhead capital projects as determined by the NEDA, the Authority shall be authorized to receive financial assistance from the National Government in such amount as may be necessary to carry out the said projects subject to such terms and conditions that may be imposed by the National Government;

(f) Reclaim or cause to be reclaimed portions of the lake or undertake reclamation projects and/or acquire such parcels of land from the lake, which may be necessary to accomplish the aims and purposes of the Authority: *Provided*, That the land so reclaimed shall be the property of the Authority and title thereto shall be vested in the Authority: *Provided, further*, That the resulting lakeshore area shall continue to be owned by the National Government;

(g) Establish research centers for the purpose of undertaking studies on the marine and other natural resources of Lake Lanao for policy or plan formation and project implementation;

(h) For the purpose of effectively regulating and monitoring activities in Lake Lanao, the Authority shall have exclusive jurisdiction to issue new permit for the use of lake waters for any project; including navigation, construction, operation of fish pens, fish enclosures, fish corral and the like, and to impose necessary safeguard for lake quality control and management and to collect necessary fees for said activities and projects: *Provided*, That the Authority's Board may determine new areas of fishery development or activities which it may place under the supervision of the Bureau of Fisheries and Aquatic Resources taking into account the overall development plans and programs for Lake Lanao: *Provided, further*, That the Authority shall, subject to the approval of the President of the Philippines, promulgate such rules and regulations which shall govern fisheries development activities in Lake Lanao which shall take into

consideration, among others, the following socio-economic amelioration of bona fide resident fishermen whether individually or collectively in the form of cooperatives, lakeshore town development, a master plan for fish pen construction and operation, communal fishing ground for lakeshore town residents, preference to lakeshore town residents hiring laborer for fishery projects;

(i) The provisions of existing laws to the contrary notwithstanding, exercise water rights over public water within the Area whenever necessary to carry out the Authority's projects;

(j) Promulgate and establish, in coordination with the DENR and other existing government agencies, water quality standards for industrial, agricultural and municipal waste discharges into the lake and to cooperate with said existing agencies of the Government in enforcing such standards; and

(k) Undertake studies on the improvement and maintenance of the desirable water quality of Lake Lanao, and in pursuance thereof, prepare a water quality management program on continuing basis, which the Authority shall carry out with the assistance and support of the National and Local Government Units involved in water quality management.

SECTION 6. *Compensation for damages.* - Compensation for damages to the water and aquatic resources of Lake Lanao and its tributaries resulting from failure to meet established water and effluent quality standards or from such other wrongful act or omission of a person, private or public, natural or juridical, punishable under the law shall be awarded to the Authority to be earmarked for water quality control and management.

CHAPTER II

CORPORATE POWERS

SECTION 7. *Corporate Powers of the Authority.* - The Authority shall have the following corporate powers and functions:

- (a) To succeed on its corporate name;
- (b) To sue and be sued in such corporate name;
- (c) To adopt, alter and use a corporate seal;
- (d) To adopt, amend, and repeal its by-laws;

- (e) To enter into contracts of any kind and description, to enable it to carry out its purposes and functions under this Act;
- (f) To acquire, buy, purchase, hold or lease, such personal and real property as it deems necessary or convenient in the transaction of its business and/or in relation with carrying out its purposes under this Act; and to lease, mortgage, sell, alienate, or otherwise encumber, utilize, exploit or dispose any such personal and real property held by it, subject to prior or existing individual or communal right of private parties or of the government or any agency or enterprise thereof;
- (g) To exercise the right of eminent domain whenever the Authority deems it necessary for the attainment of the objectives of the Authority under this Act;
- (h) To borrow funds from any local or foreign financial institutions independent of the bonds it may issue or may continue to issue, to carry out the purposes of the Authority under this Act;
- (i) For carrying on its business, or for the purpose of attaining or furthering any of its objectives, to perform any and all acts which a corporation, a co-partnership, or natural person is authorized to perform under the laws not existing or which may be enacted hereafter; and
- (j) To issue such rules and regulations as may be necessary to effectively carry out the powers and purposes herein provided including the plans, programs and projects of the Authority, subject to the approval of the NEDA.

SECTION 8. *Capitalization and Financing.* – The Authority shall have an authorized capital of One Hundred Million Pesos (P100,000,000.00) of which the amount of Fifty-One Million Pesos (P51,000,000.00) shall be subscribed by the National Government and Forty-Nine Million Pesos (P49,000,000.00) shall be subscribed by cities, provinces, municipalities, government corporations and private investors: *Provided*, That at least twenty-five percent (25%) of the National Government's subscription shall be fully paid: *Provided*, further, That the authorized capital stock may be increased upon the recommendation of NEDA.

The authorized capital stock of the One Hundred Million pesos (P100,000,000.00) shall be divided into One Million (1,000,000) Shares of stock with a par value of One Hundred Pesos (P100.00) per share.

SECTION 9. *Powers of Municipal Corporations to Subscribe.* – For purposes of attaining the purposes of this Act, municipalities, cities and provinces are hereby authorized to subscribe, own, buy and hold shares of stock of the Authority.

SECTION 10. *Operating Expenses.* – For the operating expenses of the Authority, the sum of Five Million Pesos (P5,000,000.00) is hereby appropriated annually for five (5) years from the general fund of the National Government not otherwise appropriated from the date of approval of this Act.

The Board of Directors may appropriate out of the funds of the Authority such amounts as may be needed or necessary for its operating expenses.

SECTION 11. *Power to Incur Debts and to Issue Bonds.* – Whenever the Board of Directors may deem it necessary for the Authority to incur an indebtedness or to issue bonds to carry out the provisions of this Act, it shall, by resolution, so declare and state the purpose for which the proposed debt is to be incurred. The resolution shall be passed by the affirmative vote of at least four (4) members of the Board and approved by the President of the Philippines upon the recommendation of the Secretary of Finance in consultation with the NEDA.

SECTION 12. *Bond Limit.* – The bonds shall be issued in such amounts as will be needed at any one time, taking into account the rate at which said bonds may be absorbed by the buying public and the fund requirements of projects ready for execution, considering further a proper balanced productive and non-productive projects so that inflation shall be held to the minimum.

CHAPTER III

MANAGEMENT AND PERSONNEL

SECTION 13. *Incorporation.* – The members of the first Board of Directors shall be elected by the stockholders and the incorporation shall be held to have been effected from the date of the first meeting of such Board.

SECTION 14. *Governing Body.* – The corporate powers and functions of the Authority shall be vested in and exercised by a Board of Directors, hereinafter referred to as the Board, which shall be composed of a Chairman and six (6) members to be appointed by the President of the Philippines who shall serve for a term of four (4) years, unless sooner removed from or is incapacitated to perform the functions of the office:

Provided, That a majority of the members of the Board must have been residents of the Area for at least ten (10) years prior to their appointment.

In case of any vacancy in the Board, the same shall be filled by the President of the Philippines only for the unexpired term.

All members of the Board, including the General Manager, shall be natural-born citizens of the Philippines and at least thirty-five (35) years of age. They shall have demonstrated executive competence and experience in the field of public administration, economic planning, resource management, or in the establishment and management of agricultural, industrial or commercial enterprises and knowledgeable of the socio-economic conditions of Lake Lanao. The General Manager shall be appointed by the President of the Philippines, upon recommendation by the Board.

In case of vacancy in the position of Chairman, or in the absence of or temporary incapacity of the Chairman, the Vice-Chairman shall act as such until the Board duly elects a new Chairman.

SECTION 15. *Effect of vacancies; Quorum.* - Vacancies in the Board, as long as there shall be four members in office, shall not impair the power of the Board to execute the functions of the Authority. The affirmative vote of four (4) members of the Board shall be necessary at all times to pass or approve any act or resolution.

SECTION 16. *Prohibition against "Conflict of Interests".* - No member of the Board shall be financially interested, directly or indirectly, in any contract entered into by the Authority or in any special privileges granted by the Authority during his term of office. All contracts entered into in violation of this provision shall automatically be null and void. Any member of the Board found violating the provisions of this section, by two-thirds (2/3) vote of the Board shall automatically be disqualified from serving his unexpired term, and he shall furthermore be perpetually disqualified for membership in the said Board and any other government office or agency.

SECTION 17. *Removal, courtesy resignation.* - A member of the Board may be removed from office by a majority vote of all the members of the Board. No member of the Board shall be required to submit a courtesy resignation at any time during his term of office.

SECTION 18. *Meetings of the Board.* - The Board shall meet at its principal office at least once a month and as frequently as necessary to discharge its duties and responsibilities properly. The Board shall be convened by the Chairman or upon the written request by a majority of its members.

SECTION 19. *Powers and Functions of the Board.* - The Board of Directors shall have the following powers and functions:

- (a) To formulate, prescribe, amend, and repeal rules and regulations to govern the conduct of business of the Authority;
- (b) To appoint and fix the compensation of all officials from division heads and above, and others of comparable rank including the Assistant General Manager upon the recommendation of the General Manager;
- (c) By a majority vote of all members of the Board, to suspend, remove or otherwise discipline for just cause all officials appointed by the Board;
- (d) To approve the annual and/or supplemental budgets of the Authority; and
- (e) To do such other acts and perform such other functions as may be necessary to carry out the provisions of this Act.

SECTION 20. *Powers and Functions of the General Manager.* - The General Manager shall be the executive of the Authority. As Such, he shall have the following powers and duties:

- (a) Submit, for consideration of the Board, the policies and measures which he believes to be necessary to carry out the purposes and provisions of this Act;
- (b) Execute and administer the policies, plans, programs and projects approved by the Board;
- (c) Direct and supervise the operation and internal administration of the Authority. The General Manager may delegate certain of his administrative responsibilities to other officers of the Authority subject to the rules and regulations of the Board;
- (d) Prepare the annual budget of the Authority for the consideration of the Board;
- (e) Appoint officials and employees below the rank of division heads to positions in the approved budget upon written recommendation

of the division head concerned using as guide the standard set forth in the Authority's merit system;

- (f) Submit quarterly reports to the Board on personnel selection, placement and training;
- (g) Submit to the NEDA an annual report and such other reports as may be required, including the details of the annual and supplemental budgets of the Authority; and
- (h) Perform such other functions as may be provided by law.

SECTION 21. *Compensation.* – The General Manager shall receive compensation in accordance with the Compensation and Position Classification Act of 1989. The members of the Board shall receive, for every meeting actually attended, a per diem of One thousand pesos (P1,000.00): Provided, That such per diem shall not exceed Three Thousand Pesos (P3,000.00) during any month for each member.

SECTION 22. *Residence.* – The General Manager shall establish his residence within the region. The General Manager shall not, during his term of office, engage in any business or profession or calling other than those connected in the performance of his official duties as General Manager of the Authority.

SECTION 23. *Activities of the Authority; Key Officials.* - In carrying out the activities of the Authority, the General Manager shall be assisted by an Assistant General Manager who shall have such powers, duties, and functions that may be delegated to him by the General Manager, and shall act as General Manager in the absence of or during the temporary incapacity of and/or until such time as a new General Manager is duly appointed.

SECTION 24. *Divisions.* - There shall be created the following divisions within the Authority: the Administrative, Legal, Operations, Financial and Management, Auditing, Planning and Programming, and such other divisions as may be necessary to effectively carry out the functions of the Authority. The head of each division shall be appointed by the Board upon the recommendation of the General Manager, and shall receive an annual compensation as may be fixed by the Board.

SECTION 25. *Merit and Compensation System.* - All officials, agents and employees of the Authority shall be selected and appointed on the basis of merit and fitness in accordance with a comprehensive and progressive merit system to be

established by the Authority. The recruitment, transfer, promotion and dismissal of all personnel of the Authority, including temporary workers, shall be governed by such merit system.

SECTION 26. *Supervision by the NEDA.* - The Authority shall be directly under the NEDA for policy and program integration.

SECTION 27. *Submission of Financial Statement to NEDA.* - The Authority shall submit its audited financial statements to NEDA within sixty (60) days after the close of the fiscal year, and it shall continue to operate on the basis of not more than the preceeding year's budget until the said financial statements shall have been submitted.

SECTION 28. *Management Audit by the NEDA.* - The NEDA, may, at its own instance, initiate a management audit of the Authority when there is a reasonable ground to believe the affairs of the Authority have been mismanaged. Should such audit indicate mismanagement, the NEDA shall take such appropriate measures as may be required by the circumstances.

SECTION 29. *Plans to be formulated within one year.* - Upon its organization, the Board of Directors shall formulate with the utmost expeditious manner, but in no case longer than one (1) year, its plans and recommendations for the accelerated and balanced development of the Area in accordance with the aims and purposes of this Act.

SECTION 30. *Auditing.* - The auditing department shall be headed by the duly appointed representative of the Commission on Audit whose salary shall be determined and paid according to law. All personnel of the auditing department shall be appointed, and their number and salaries fixed by the Commission on Audit.

SECTION 31. *Penal Clause.* - Any person, natural or juridical, who shall violate any of the provisions of this Act or any rules or regulation promulgated by the Authority pursuant thereto shall be liable to imprisonment of not less than one (1) year but not exceeding three (3) years or a fine of not less than Fifty Thousand Pesos (P50,000.00) nor more than One Hundred Pesos (P100,000.00) or both, at the discretion of the Court.

If the offender is a corporation, partnership or association, the officer or officers of the organization concerned shall be liable therefore.

The Authority is hereby authorized to pursue separate civil actions for damages resulting from infractions of the provisions of this Act, rules or regulations issued pursuant thereto and/or conditions embodied in the clearances or permits issued by the Authority.

SECTION 32. *Separability Clause.* - The provisions of this Act are hereby declared to be separable, and in the event that any one or more of such provisions are held unconstitutional, they shall not affect the validity of other provisions.

SECTION 33. *Repealing Clause.* - All laws, decrees, orders, rules and regulations or parts thereof inconsistent with the provisions of this Act are hereby repealed, amended accordingly.

SECTION 34. *Effectivity.* - This Act shall take effect fifteen days (15) days after its publication in the Official Gazette or in two (2) newspapers of general circulation, whichever comes first.

Approved.