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SENATE

S.B. No. 680

RECEIVED BY: *Ju*

Introduced by Senator LOREN LEGARDA

EXPLANATORY NOTE

Lake Lanao and its watersheds are now in the middle of an ecological crisis. A 2006 study made by the Mindanao State University found that the Lake suffers from massive algae contamination brought about by indiscriminate logging, extensive land-use and farming. These findings further raise the alarm on the lake's situation following earlier reports that around 90 percent of its endemic freshwater species are already extinct due to the introduction of foreign species in the lake and the construction of hydro-electric power plants in the area, which disturbed the watershed's ecological balance. Widespread illegal logging in its watersheds has also affected the Lake's ability to supply water to the Agus River which serves as its only outlet and supports six hydroelectric powerplants.

The Lake's continued deterioration is most unfortunate given its historical, cultural, economic and ecological importance to the country. Known as one of the world's 17 ancient lakes and the country's largest freshwater lake, Lake Lanao is found in the province of Lanao del Sur which is part of the Autonomous Region in Muslim Mindanao (ARMM). Being the only ancient lake in the Philippines, Lake Lanao is considered of prime ecological importance which justified the establishment of the Lake Lanao Watershed way back in 1992 pursuant to Presidential Proclamation No. 871. Considered as part of their ancestral domain, Lake Lanao is also of significant historical and cultural importance to indigenous peoples, particularly the Maranao peoples who continue to live in areas surrounding the lake. More importantly, it plays an important role in securing Mindanao's energy needs as it supplies water for six of its existing hydroelectric powerplants, collectively responsible for 70 percent of the island's energy needs.

Though the poor state of the Lake is attributed to man-made activity, this was further compounded by the absence of a clear framework in managing its water and watershed resources. Following its declaration as a Watershed Area in 1992, Lake Lanao was first managed by the Department of Environment and Natural Resources. With the issuance of Memorandum Order (MO) No. 421-1992, further amended by MO No. 242-2007 however, management of the Lake Lanao Watershed was transferred to the Lake Lanao Watershed Protection and Development Council (LLWPDC) which was chaired by the Secretary of the Department of Environment and Natural Resources (DENR) and the President of the National Power Corporation (NPC) as Vice-Chair. Other council members include the regional governor of the ARMM, the provincial governors of Lanao del Norte and Lanao del Sur, and the mayor of Marawi City. Apart from the LLWPDC, other agencies also exercise administrative functions over the lake and

its watersheds such as the NPC and the DENR. Further complicating matters is its location within the ARMM which naturally places it within the management of the regional government. And yet, due to its status as a Protected Watershed area, jurisdiction was transferred to the national government.

The bill seeks to establish an effective policy and regulatory administration over Lake Lanao thru the Lake Lanao Development Authority, thereby ensuring the promotion and development of Mindanao's important natural resource base in a sustainable manner. The salient provisions are as follows:

- (a) Granting the Lake Lanao Development Authority the exclusive jurisdiction to issue Environmental Compliance Certificates (ECCs)/ Certificate of Non Coverage (CNCs) required under Presidential Decree No. 1586 and grant permits for any projects or activities in or affecting the Lake Lanao Area;
- (b) Adopting the integrated water resources management to promote sustainable development in the Area;
- (c) Creating the Public Hearing Committee to strengthen Lake Lanao Development Authority's ability to resolve disputes;
- (d) Mandating the National Police Commission to create the Lanao Lake Police exclusively for the Lake Lanao Area, trained especially for enforcement of fisheries and environmental laws and the rules and regulations duly promulgated by the Lake Lanao Development Authority.

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



LOREN LEGARDA
Senator



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SENATE

S. B. No. 680

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AN ACT

ESTABLISHING THE LAKE LANAO DEVELOPMENT AUTHORITY, DEFINING
ITS POWERS, FUNCTIONS AND DUTIES, APPROPRIATING FUNDS THEREFOR
AND FOR OTHER PURPOSES

*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 "Lake Lanao Development
2 Act of 2013".

3 **SEC. 2. Declaration of Policy** - It is hereby declared the policy of the State to
4 promote and develop Lake Lanao in a sustainable manner along with the surrounding
5 areas that comprise its region, hereinafter referred to as the Lake Lanao Area, with Lake
6 Lanao as its focal point whose water resources must be systematically managed and
7 protected for various uses.

8 For this purpose, the State adopts an integrated water resources management
9 approach, using the lake's watersheds/ sub-watersheds as planning units to
10 interconnect and integrate its various ecosystems pursuant to Art. II, Sec. 16 of the 1987
11 Constitution: "The State shall protect and advance the right of the people to a balanced
12 and healthful ecology in accord with the rhythm and harmony of nature."

13 In accordance with the integrated water resources management approach, any
14 development program in the region shall always be undertaken with due regard to
15 suitable environmental management and the prevention of undue ecological
16 disturbances, resource deterioration and pollution with the end in view of enabling the
17 lake to safeguard its historical, cultural, economic and spiritual importance among the
18 communities living in its environs, and to realize its full potentials, including among
19 other uses as a major resource in power generation.

20 **SEC. 3. Lake Lanao Area-** For purposes of this Act, the Lake Lanao Area,
21 hereinafter referred to as the Area, shall primarily comprise all the cities, towns or
22 municipalities within Lanao del Sur. Provided, that any new province, city, town or
23 municipality created in the future out of the aforementioned province, city, town or
24 municipality that are critical in ensuring effective conservation and management of
25 Lanao Lake shall form part of the Lake Lanao Area. Provided, further, that the Lanao
26 Lake Development Authority, upon consultation and approval, of the National Water
27 Resources Board (NWRB) and the Department of Environment and Natural Resources
28 (DENR), may include nearby rivers and watersheds which are deemed critical for the
29 conservation of the Lake Lanao Watershed.

1 **SEC. 4. Creation of the Lake Lanao Development Authority.** - To effectively
2 carry out the declared policy, there is hereby created under the Office of the President
3 of the Philippines, a body corporate to be known as the Lake Lanao Development
4 Authority hereinafter referred to as the Authority, which shall pursue environment
5 friendly development of the Area. It shall have exclusive jurisdiction to issue
6 Environmental Compliance Certificates (ECCs)/ Certificates of Non Coverage (CNCs)
7 required under Presidential Decree No. 1586 and grant permits for any projects or
8 activities in or affecting the Area including, but not limited to, industrial and
9 commercial activities, navigation, irrigation, power generation, housing, resettlement
10 and other forms of land developments, construction and operation of fishpens/
11 fishcages, aquaculture development, reclamation, and similar or related activities.

12 **SEC. 5. Powers and Functions.** - The Authority shall have the following
13 purposes and functions:

14 (a) Make a comprehensive survey of the Lake Lanao Area, including its socio-
15 economic conditions, lake water quality, irrigation, water supply, transport
16 route, reservoir of floodwater, hydroelectric power supply, scenic and tourist
17 spots, state of its watersheds, the tributary rivers and other physical and natural
18 resource potentials, and on the basis thereof, to craft a comprehensive and
19 detailed Lake Lanao Development Plan to promote its sustainable development;
20 Provided, that, the Authority shall prepare the plan in consultation with other
21 stakeholders of Lake Lanao including, but not limited to, representatives of
22 indigenous peoples, agricultural, commercial, industrial users, hydrology
23 experts, the academe, civil society organizations active in conservation of Lake
24 Lanao, and local government units; Provided, further, that, the implementation
25 of all plans and programs of the Authority shall require prior consultation with
26 the National Economic and Development Authority (NEDA), the Mindanao
27 Development Authority (MinDA), and the NWRB to ensure that such plans and
28 programs are consistent with national plans and programs;

29 (b) Pass upon and approve all plans, programs and projects proposed by local
30 government units, public corporations and private entities that are related to the
31 utilization of the resources and the development of Lake Lanao and the Area,
32 and monitor the proper implementation of said plans, programs and projects,
33 consistent with the objectives and purposes of this Act. With mandatory prior
34 consultation with the DENR, the Authority shall issue the necessary permit for
35 approved plans, programs and projects, Provided, That, any application for
36 permit that has been disapproved by the Authority may be appealed to the
37 Office of the President within fifteen (15) days from receipt of such disapproval,
38 whose decision shall be final;

39 (c) Harness and promote private participation in business ventures in terms of
40 capital expenditures, land, expertise, financing and their facilities for the
41 development and growth of the Area;

42 (d) Plan, program, finance and/or undertake infrastructure projects such as river,
43 flood and tide control works, waster water and sewerage works, water supply,
44 roads, pot works, irrigation, housing and related works when so required within
45 the context of its development plans and programs, including the readjustment;
46 relocation or restoration, or resettlement of population, as may be deemed
47 necessary and beneficial by the Authority: Provided, That, should any project be

- 1 financed wholly or in part by the Authority, it is hereby authorized to collect
2 reasonable fees and tolls as may be fixed by its Board of Directors from users
3 and/or beneficiaries thereof to recover costs of construction, operation and
4 maintenance of the projects: Provided, Further, That if the Authority should find
5 it necessary to undertake such infrastructure project as social overhead capital
6 projects, the Authority shall be authorized to receive financial assistance from the
7 government and foreign donors, subject to such terms and conditions that may
8 be imposed by the Government;
- 9 (e) Reclaim or cause to be reclaimed portions of Lake Lanao or undertake
10 reclamation projects and/or acquire such bodies of land from the Lake which
11 may be necessary to accomplish the aims and purposes of the Authority;
12 Provided, That, the land so reclaimed shall be the property of the Authority and
13 title thereto shall be vested in the Authority: Provided, further, That the resulting
14 lakeshore area shall continue to be owned by the National Government;
- 15 (f) Establish research centers to undertake studies on the marine and other natural
16 resources of Lake Lanao for policy or plan formulation and project
17 implementation;
- 18 (g) Exercise surface and groundwater rights within the Area;
- 19 (h) Exercise exclusive jurisdiction to issue, renew, or deny permits for the use of the
20 lake waters for any projects, including navigation, construction, operation of fish
21 pens, fish enclosures, fish corral and the like, and to impose necessary safeguard
22 for lake quality control and management and to collect necessary fees for said
23 activities and projects: Provided, That, the Authority's Board may determine new
24 areas of fishery development or activities, taking into account the over-all
25 development plans and programs for Lake Lanao: Provided, further, that the
26 Authority shall, subject to the approval of the President of the Philippines,
27 promulgate such rules and regulations which shall govern fisheries development
28 activities in Lake Lanao, including the advisability of placing the supervision of
29 said activities under the Bureau of Fisheries and Aquatic Resources of the local
30 government units in the Area;
- 31 (i) Issue orders or decisions, after notice and hearing, to ensure compliance with the
32 provisions of this Act and its implementing rules and regulations;
- 33 (j) After due notice and hearing, revoke, suspend or modify any permit issued
34 under this Act whenever the same is necessary to prevent or abate pollution;
- 35 (k) Deputize in writing, or request assistance of, appropriate government agencies
36 or instrumentalities for the purpose of enforcing this Act and its implementing
37 rules and regulations and the orders and decisions of the Authority;
- 38 (l) Impose administrative fines of not less than Fifty Thousand Pesos (PhP 50,000.00)
39 and other penalties it may deem reasonable and appropriate for non-compliance
40 with permit conditions and for undertaking development without clearance from
41 the Authority against any person juridical or otherwise within the Area who may
42 be found violating, or have in fact violated, any of its rules and regulations;

1. The Authority is likewise hereby authorized to institute the necessary legal
2 proceedings against those who shall commence to implement any project, plan or
3 program within the Area not cleared and approved by the Authority;

4 (m) Require the cities and municipalities embraced within the area to pass
5 appropriate zoning ordinances and regulatory measures to carry out the
6 objectives of the Authority and to enforce the same with the assistance of the
7 Authority;

8 (n) Authorize its bonafide representatives at all reasonable times to enter any public
9 property and private property devoted to industrial, manufacturing, processing,
10 or commercial use for the purpose of inspecting and investigating conditions
11 related to pollution or possible or imminent pollution;

12 (o) Promulgate and establish, in coordination with the DENR and other existing
13 government agencies, water quality standards for industrial, agricultural and
14 municipal waste discharges into the Lake and to ensure the cooperation of said
15 existing agencies of the Government in enforcing such standards;

16 (p) Undertake studies on the improvement and maintenance of the desirable water
17 quality of Lake Lanao, and in pursuance thereof, prepare a water quality
18 management program on a continuing basis, which the Authority shall carry out
19 with the assistance and support of the national and local government units
20 involved in water quality management;

21 (q) Monitor water quality not only in the Lake proper but also in its major tributary
22 rivers;

23 (r) Conduct activities that promote the cultural, economic, environmental, and
24 historical importance of Lake Lanao in the overall development of the Area and
25 of Mindanao among the communities living within the Area, emphasizing a
26 multi-stakeholder approach in conserving the Lake; and

27 (s) Exercise such powers and perform such other functions as may be necessary to
28 carry out its duties and responsibilities under this Act.

29 **Sec. 6. Corporate Powers.** - The Authority shall exercise the following powers
30 and functions:

31 a. Sue and be sued in its corporate name;

32 b. Adopt and use a corporate seal with judicial notice;

33 c. Undertake the programs and projects specified in Section 4 hereof;

34 d. Engage in agricultural, industrial and commercial or other activities necessary
35 or directly contributory to the socio-economic development of the Area, and, for
36 this purpose, whether by itself or in cooperation with private entities, to
37 organize, finance, invest in, and operate subsidiary corporations: Provided, That,
38 the Authority shall engage only, unless public interest requires otherwise, in
39 those activities as are in the nature of new ventures or are clearly beyond the
40 scope, capacity or interest of private enterprises;

41 e. Invest in or otherwise acquire, own, hold, use, operate, sell, assign, transfer,
42 exchange, mortgage, pledge, lease, develop or otherwise deal in, real property of
43 every kind and description, including shares of stock, bonds, debentures, notes,
44 evidence of indebtedness, and other securities;

- 1 f. Exercise the right of eminent domain or acquire by purchase, privately owned
2 land within the area for purposes of implementing projects of the Authority;
3 g. Borrow funds from any local or foreign financial institutions independent of
4 the bonds it may issue to carry out the purposes of the authority;
5 h. Acquire, lease, or own such property or assets in whatever form and serve as
6 the custodian of such properties or assets, real or movable, and sell or otherwise
7 dispose of the same as the Authority may deem it necessary in the pursuit of its
8 aims, objectives and purposes;
9 i. Lend or facilitate the extension of financial assistance and/or act as surety or
10 guarantor to worthwhile agricultural, industrial and commercial enterprises;
11 j. Accept grants, donations, gifts, bequests, funds and/or properties in whatever
12 form and whatever source in coordination with the appropriate agency and
13 administer the same in accordance with the terms thereof, or in the absence of
14 any condition, in such manner consistent with the policy, aims and objectives of
15 the Authority provided for in this Act;
16 k. Enter into a contract of any kind and description to enable it to carry out its
17 purposes and objectives;
18 l. Issue such rules and regulations as may be necessary to effectively carry out
19 the powers and purposes herein provided, including plans, programs and
20 projects of the Authority, the same to take effect thirty (30) days after publication
21 thereof, in a newspaper of general circulation; and
22 m. For the purposes of attaining or in furtherance of any of its objectives, to
23 perform any and all acts which a corporation, co-partnership, or natural person
24 is authorized to perform under the laws existing or which may be enacted
25 hereafter.

26 **Sec. 7. Board of Directors.** - The corporate powers and functions of the
27 Authority shall be vested in and exercised by a Board of Directors, hereinafter referred
28 to as the Board, which shall be composed of the following:
29

- 30 (1) Secretary of Environment and Natural Resources, Chairman
31 (2) General Manager, Lanao Lake Development Authority, Vice- Chairman
32 (3) Secretary of Energy
33 (4) Regional Governor, Autonomous Region in Muslim Mindanao
34 (5) Governor, Lanao del Sur
35 (6) Governor, Lanao del Norte
36 (7) Mayor, Marawi City
37 (8) Representative, Hydroelectric powerplant owners
38 (9) Representative, Mindanao State University
39 (10) Representative, Indigenous Peoples
40 (11) Representative, Civil Society Organization

41 All representatives, to be appointed by the President of the Republic of the Philippines,
42 shall serve for a term of three (3) years, unless sooner removed from or is incapacitated
43 to perform functions of the office; Provided, further, that, representatives have widely
44 known expertise and/or track record in the sector they appointed to represent in the
45 Board.
46

47 **SEC. 8. Powers and Functions of the Board.** - The Board of Directors shall
48 exercise the following powers and functions:

- 49 (a) Prescribe rules and regulations to govern the conduct of business of the
50 Authority;

- 1 (b) Approve the Authority's organizational structure and corresponding staffing
2 pattern;
- 3 (c) Fix the compensation of all officials from department heads, and others of
4 comparable rank including two (2) Assistant General Managers upon the
5 recommendation of the General Manager;
- 6 (d) By a majority vote of all members of the Board, suspend, remove or otherwise
7 discipline for just cause all officials appointed by the Board;
- 8 (e) Approve the annual working program and budget of the Authority;
- 9 (f) Perform such other acts and functions as may be necessary to carry out the
10 provisions of this Act;

11 **SEC. 9. Power to Incur Debts and to Issue Bonds.** - Whenever the Board of
12 Directors may deem it necessary for the Authority to incur an indebtedness or to issue
13 bonds to carry out the provisions of this Act, it shall, by resolution, so declare and state
14 the purposes for which the proposed debt is to be incurred. The resolution shall be
15 passed by the affirmative vote of at least six (6) members of the Board and approved by
16 the President of the Philippines upon the recommendation of the Secretary of Finance in
17 consultation with the National Economic Development Authority (NEDA) and the
18 Monetary Board.

19 **SEC. 10. Board Meetings.** - The Board shall meet preferably at its principal office
20 at least once a month and as frequently as necessary to discharge its duties and
21 responsibilities properly. The Board shall be convened by the Chairman or upon the
22 written request of a majority of its members. Except when otherwise provided for in
23 this Act, the vote of a majority of the members constituting a quorum shall be sufficient
24 for the adoption of any rule, resolution, decision or any act of the Board.

25 **SEC. 11. Quorum.** - The presence of six (6) members of the Board, including the
26 Chairman or Vice-chairman, shall constitute a quorum for the transaction of the
27 business of the Board.

28 **SEC. 12. Per Diems and Allowances.** - The members of the Board shall receive a
29 per diem of Two Thousand Five Hundred Pesos (PhP 2,500.00) for every meeting but in
30 no case will the total amount received exceed the sum of Five Thousand Pesos (PhP
31 5,000.00). Members of the Board shall be entitled to commutable transportation and
32 representation allowances in the performances of official functions for the Authority the
33 aggregate amount of Five Thousand Pesos (PhP 5,000.00) for any one month.

34 **SEC. 13. Prohibition against Conflict of Interest.** - No member of the Board
35 shall be financially interested, directly or indirectly, in any contract entered into by the
36 Authority or in any special privilege granted by the Authority during his term of office.
37 All contracts entered into in violation of the provision of this Section shall, by two thirds
38 (2/3) vote of the Board, automatically be disqualified from serving his unexpired term,
39 and he shall furthermore be perpetually disqualified for membership in the said Board;

40 **SEC. 14. General Manager, Powers and Functions.** - The General Manager
41 shall be the chief executive of the Authority, as such, he or she shall have the following
42 powers and functions:

- 43 (a) Submit, for the consideration of the Board, the policies and measures which he or
44 she believes to be necessary to carry out the purposes and provisions of this Act;
- 45 (b) Execute and administer the policies, plans, programs and projects approved by
46 the Board;

- 1 (c) Direct and supervise the operation and internal administration of the Authority.
2 The General Manager may delegate some of his or her administrative
3 responsibilities to other officers of the Authority subject to the rules and
4 regulations of the Board;
- 5 (d) Prepare the annual budget of the Authority for the consideration of the Board;
- 6 (e) Prepare the plantilla and appoint officials and employees below the rank of
7 division heads, to positions in the approved budget upon written
8 recommendations of the division head concerned, using as a guide the standard
9 set forth and such other reports as may be required;
- 10 (f) Exercise such other powers as may be vested in him by the Board.

11 **SEC. 15. Representation of the Authority.** - The General Manager shall be the
12 principal representative of the Authority. He shall be empowered, in such capacity and
13 in accordance with the instructions of the Board:

- 14 (a) Represent the Authority in all dealings with other offices, agencies, and
15 instrumentalities of the Government and with all other persons and entities,
16 whether public or private domestic, foreign or international;
- 17 (b) Sign contracts concluded by the Authority, annual reports, balance sheets, profit
18 and loss statements, correspondences and other documents of the Authority; and
- 19 (c) Represent the Authority, either personally or through counsel, in any legal
20 proceedings or actions.

21 **SEC. 16. Tenure of Office of the General Manager.** - The General Manager shall
22 be appointed by the President of the Philippines for a fixed term of six (6) years, unless
23 otherwise earlier removed from office for cause. In case of resignation, retirement,
24 separation, transfer, re-assignment, removal and other cause of cessation from office,
25 the replacement shall serve only for the unexpired portion of the term.

26 **SEC. 17. Compensation.** - The General Manager shall receive compensation
27 subject to the determination by the Board chargeable against the annual appropriation
28 of the Authority. The Board may provide him/her reasonable per diems and allowances
29 to supplement his basic salary.

30 **SEC. 18. Departments.** - There shall be created the following departments within
31 the authority: the Administrative, Corporate Legal Affairs, Finance, Policy Planning and
32 Management Services, Environmental Protection, Integrated Water Resources
33 Management Services, The head of each Department shall be appointed by the Board
34 upon recommendation of the General Manager, and shall receive an annual
35 compensation as may be fixed by the Board.

36 The Board shall periodically review the appropriateness of the existing
37 organizational structure and amend the same whenever it may deem necessary and
38 beneficial to achieve the purposes of this Act and to be able to respond efficiently and
39 effectively to the Authority's mandate as herein provided;

40 **SEC. 19. Personnel.** - The Board of Directors shall provide for an organization
41 and staff of officers and employees of Lake Lanao Development Authority and upon
42 recommendation of the General Manager, fix their remunerations and other
43 emoluments; All positions in the Authority shall be governed by the compensation,
44 position classification system and qualification standards approved by the General
45 Manager with the concurrence of the Board of Directors based on a comprehensive job
46 analysis of actual duties and responsibilities.

1 The compensation plan shall be comparable with the prevailing compensation
2 plans in the Philippine Economic Zone Authority (PEZA), the Bases Conversion
3 Development Authority (BCDA), the Clark Development Corporation (CDC) and the
4 private sector and shall be subject to the periodic review by the Board of Directors every
5 two (2) years, without prejudice to yearly merit reviews or increases based on
6 productivity and profitability. The Authority shall be exempt from existing laws, rules
7 and regulations on compensation, position classification and qualification standard. It
8 shall however endeavor to make its systems conform as closely as possible with the
9 principles under the Compensation and Position Classification Act of 1989 (RA No.
10 6758, as amended).

11 Employees and officers of the Authority including the appointed Members of the
12 Board shall not engage directly or indirectly in partisan activities or take part in any
13 election, except to vote.

14 No officer or employee of the Authority subject to civil service laws and
15 regulations shall be removed or suspended except for a cause, as provided by law.

16 **SEC. 20. Auditing.** - The auditing department shall be headed by the duly
17 appointed representative of the Commission on Audit whose salary shall be determined
18 and paid according to law. All personnel of the auditing department shall be appointed,
19 and their number and salaries fixed by the Commission on Audit.

20 **SEC. 21. Damages.** - Compensation for any damage to the water and aquatic
21 resources of Lake Lanao and its tributaries resulting from failure to meet established
22 water and effluent quality standards or from such other wrongful act or omission of a
23 person, private or public, juridical or otherwise, punishable under the law shall be
24 awarded to the Authority for water quality control and watershed management
25 projects.

26 **SEC. 22. Annual Fees.** - The Lake Lanao Development Authority is hereby
27 authorized to collect annual fees for the use of the lake waters and its tributaries for all
28 beneficial purposes including fisheries, aquaculture, municipal, industrial, agricultural
29 including irrigation, hydroelectric power generation, transport and navigation, waste
30 disposal purposes, and recreation among others. All the fees collected shall be
31 accordingly appropriated for the sustainable development of the lake and its watershed
32 areas. The Authority's collection of fees shall form part of its corporate funds and shall
33 not be remitted to the National Treasury as an exemption to the provisions of
34 Presidential Decree No. 1234.

35 **SEC. 23. Capitalization.** - The Authority shall have an authorized capital of Two
36 Billion Pesos (PhP2,000,000,000) no par value shares, of which the amount of One
37 Billion Pesos (PhP1,000,000,000) shall be subscribed by the province, cities, and
38 municipalities in the Area and at least twenty-five percent (25%) shall be subscribed by
39 the National Government.

40 **SEC. 24. Appropriations.** - The sum of Fifty Million Pesos (PhP50,000,000)
41 necessary for the initial operating expenses of the Authority is hereby charged to the
42 appropriations authorized for the Regional Development Fund. Thereafter, the sum
43 necessary for the continued operation and maintenance of the Authority shall be
44 included in the annual budget of the Office of the President.

1 **SEC. 25. Creation of a Public Hearing Committee.** - For the purpose of
2 effectively carrying out the quasi-judicial powers of the Authority within the Lake
3 Lanao Watershed Area, a Public Hearing Committee is hereby created composed of a
4 Chairman and two (2) other members to be designated by the General Manager. Any
5 decision, order or resolution must be concurred by the majority member of the
6 Committee and duly approved by the General Manager.

7 **SEC. 26. Creation of Lake Police Force.** - The National Police Commission shall
8 constitute and assign a special police force, to be known as the Lake Lanao Police,
9 exclusively for the Lake Lanao Area, trained especially for enforcement of
10 environmental and fisheries laws and the rules and regulations promulgated by the
11 Lake Lanao Development Authority.

12 The extent of operational supervision and control by the General Manager over
13 the Lake Lanao Police shall be the same as that of local chief executives over police force
14 of local government units (LGUs) as defined in the Department of Interior and Local
15 Government (DILG) Act of 1990 (RA 6975), in relation to Sec. 73 of the Local
16 Government Code of 1991 (RA 7160).

17 **SEC. 27. Exemption from Tax.** - The Authority shall be exempt from payment of
18 all taxes imposed by the National Government, its provinces, cities, municipalities and
19 other government agencies and instrumentalities: Provided, That, its subsidiary
20 corporations shall be subject to all said taxes five (5) years after their establishment
21 under a graduated scale. Such exemption shall include any tax or fee imposed by the
22 Government on the sale, purchase or transfer of foreign exchange and all notes, bonds,
23 and debentures, and other obligations issued by the Authority, both as to the principal
24 and interest.

25 **SEC. 28. Penal and Civil Liability Clause.** - Any person, natural or juridical,
26 who shall violate any of the provisions of this Act or any rules and regulations
27 promulgated by the Authority pursuant thereto shall be liable to imprisonment of not
28 exceeding three (3) years or to a fine not exceeding Fifty Thousand Pesos (PhP
29 50,000.00) or both at the discretion of the court. This is without prejudice to the
30 imposition of penalties as may be provided under relevant and existing laws, rules, and
31 regulations; Provided, that, for every two (2) years, periodic adjustments as
32 recommended by the National Statistics Office (NSO), shall be implemented to maintain
33 the deterrent function of the fine.

34 **SEC. 29. Repealing Clause.** - All republic acts, executive orders, rules and
35 regulations, and other issuances, or parts thereof, that are inconsistent with the
36 provisions of this Republic Act are hereby repealed or modified accordingly.

37 **SEC. 30. Separability Clause.** - If for any reason or reasons, any part or provision
38 of this Act shall be declared or held to be unconstitutional or invalid other parts or
39 provisions hereof, which are not affected thereby shall continue to be in full force and
40 effect.

41 **SEC. 31. Effectivity.** - This Act shall take effect fifteen (15) days following its
42 publication in at least two (2) national newspapers of general circulation.

43 Approved.
44