

SENATE
S. No. 1627

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Introduced by **Senator Richard J. Gordon**

**AN ACT CREATING THE LAKE LANA O DEVELOPMENT AUTHORITY, DEFINING ITS
POWERS, FUNCTIONS, AND DUTIES, AND FOR OTHER PURPOSES**

EXPLANATORY NOTE

Lake Lanao is the largest freshwater lake in Mindanao, and the second largest freshwater lake in the Philippines. The rift lake is located in the Province of Lanao del Sur at 701.35 meters above sea level. Lake Lanao borders Marawi City and has an area of 354.60 square kilometers and an average depth of 60.3 meters, the deepest being 112 meters. The lake is fed by four rivers with only one outlet, the Agus River, which flows southwest into Iligan Bay via two channels, the Maria Cristina Falls and the Linamon Falls.

The lake is one of the seventeen ancient lakes of the world and used to be home to eighteen endemic fish species of freshwater fish and supports a large number of waterfowl. Lake Lanao's rich marine resources provide the fisherfolks in the surrounding cities and municipalities a major source of livelihood. A hydroelectric plant is also installed in Lanao Lake and Agus River which generates 70% of the electricity used in Mindanao.

It is imperative that the determined preservation, proper utilization, and sustainable development of Lake Lanao be ensured for the benefit of the people of Lanao and of the Philippines, as well. This bill seeks to create an agency which shall be known as the Lake Lanao Development Authority (Authority) that is tasked to administer and implement the over-all development of Lake Lanao and its surrounding areas.

The Authority shall craft and implement a comprehensive and detailed Master Plan which is designed to promote the rapid social and economic development of Lake Lanao especially for the faster socioeconomic recovery of Mindanao. The Authority shall be governed by a Board of Directors with the assistance of an Executive Director. Moreover, the Authority shall undertake research and policy studies on the marine and natural resources, among others, of the lake and its surrounding areas. The bill also exempts the Authority from the payment of taxes imposed by the National Government to allow it to maximize the use of its funds for the development of Lake Lanao and its surrounding areas.

Given the great potential of Lake Lanao, having similar topography features with well-known lakes such as the Lake Geneva in Switzerland, Lake Tahoe in Sierra Nevada, Lake George in New York which is the "Queen of American Lakes", and Lake Michigan in North America which is surrounded by countless houses, cabins, inns, hotels, recreation centers, and numerous infrastructures, thus, it is but apt that the Lake Lanao Development Authority be created so as to initiate and promote the economic growth of Mindanao by encouraging entrepreneurship and, thereby, creating various jobs and business opportunities to the people. Therefore, the urgent passage of the bill is earnestly sought.


RICHARD J. GORDON
Senator

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

1 SECTION 1. *Short Title.* – This Act shall be known as the “Lake Lanao Development
2 Authority Act of 2017.”

3 Sec. 2. *Policy.* – It is hereby declared the policy of the State to promote and accelerate
4 a balanced growth and progress of Lake Lanao and its surrounding cities and
5 municipalities, within the context of sustainable growth, for the development of Mindanao.
6 The State further encourages and fosters the promotion of entrepreneurship, investments,
7 infrastructures, tourism growth, and the creation of jobs and business opportunities for all.

8 In addition, due regard and adequate safeguards for the protection on the quality of
9 life, environmental management and control such as the preservation of ecological
10 systems, prevention of undue ecological disturbances and deterioration, among others
11 must be regarded.

12 Sec. 3. *Lake Lanao Development Authority.* – The Lake Lanao Development Authority
13 is hereby created under the Office of the President hereinafter referred to as the
14 “Authority”.

15 The Authority shall consist of a Board of Directors, hereinafter referred to as the
16 “Board”, which shall be composed of a Chairman and six (6) Members, to be appointed by
17 the President. *Provided that*, majority of the Members of the Board must be residents of
18 Lanao del Sur and Lanao del Norte. The term of office for the Board shall be for six (6)
19 years, unless sooner removed or incapacitated.

20 In case of any vacancy in the Board, the same shall be filled by the President for the
21 unexpired term. No person shall be appointed as Chairman or Member of the Board, unless
22 he or she is a natural-born citizen, at least thirty (30) years of age, and of proven
23 competence, probity, and integrity.

24 For purposes of this act, the Authority created under this Section shall identify the
25 surrounding cities and municipalities within its jurisdiction which shall be known as the
26 “Area”.

1 Sec. 4. *Powers and Functions of the Board.* – The Authority through the Board shall
2 have the following powers and functions:

- 3 a) To make a comprehensive survey of the physical and natural resources and
4 potentialities of Lake Lanao and the Area, particularly its social, cultural,
5 historical, and economic conditions, hydrologic characteristics, power potentials,
6 scenic and tourist spots, conservation of water resources and such other areas of
7 concerns, and thereafter, craft a comprehensive and detailed Master Plan, as
8 provided in Section 10 of this Act, to promote its rapid social and economic
9 development; *Provided that*, the implementation of all fisheries plans, projects,
10 and programs of the Authority shall require prior consultation with the Bureau
11 of Aquatic Resources to ensure that such plans, programs, and projects are
12 consistent with the national fisheries plans and programs;
- 13 b) To undertake other plans, programs, and projects to further the socioeconomic
14 development of the Area and of the Philippines thereafter;
- 15 c) To promote or engage in agricultural, industrial, tourism, commercial, or other
16 activities necessary or directly contributory to the socioeconomic development
17 of the Area, and, for this purpose, whether by itself or in cooperation with
18 private entities, may organize, finance, invest in, and operate subsidiary
19 corporations;
- 20 d) To study and approve all plans, programs, and projects proposed by the local
21 government units, public corporations, and private entities which is related to
22 the utilization of the resources and the development of Lake Lanao and the
23 surrounding Area, and monitor the proper implementation of said plans,
24 programs, and projects, consistent with the objectives and purposes of this Act,
25 in coordination and mandatory prior consultation with the Department of
26 Environment and Natural Resources (DENR);
- 27 e) To plan, program, finance, and/or undertake infrastructure projects such as
28 flood control, sewerage, water supply, roads, pot works, irrigation, housing and
29 other related works, as may be deemed necessary, when so required within the
30 context of its plans and programs, including the readjustment, relocation,
31 restoration, or resettlement of concerned residents, as may be deemed
32 necessary in the best interest of the public: *Provided that*, should any project be
33 financed wholly or in part by the Authority, it is hereby authorized to collect
34 reasonable fees and tolls as may be fixed by its Board from users and/or
35 beneficiaries thereof to recover costs of construction, operation, and
36 maintenance thereof;

- 1 f) To undertake reclamation projects which may be necessary to accomplish the
2 approved plans and projects of the Authority. *Provided that*, the land so
3 reclaimed shall be the property of the Authority and title thereto shall be vested
4 solely to the Authority: *Provided further that*, the resulting lakeshore area shall
5 continue to be owned by the National Government as provided in Section 4 (d) of
6 this Act;
- 7 g) To establish research centers to undertake studies on the marine and other
8 natural resources of Lake Lanao for policy and plan formation;
- 9 h) To preserve and enrich the history and culture of the people in Mindanao by
10 establishing museums, historical sites, among others;
- 11 i) To implement projects and undertake studies on the improvement and
12 maintenance of the desirable water quality of Lake Lanao, and in pursuance
13 thereof, prepare a water quality management program on a continuing basis,
14 which the Authority shall carry out with the assistance and support of the
15 national and local government units involved in water quality management;
- 16 j) To invest in or otherwise acquire, own, hold, use, operate, sell, assign, transfer,
17 exchange, mortgage, pledge, lease, develop, or otherwise deal in, real or
18 personal, including shares of stock, bonds, debentures, notes, evidence of
19 indebtedness, and other securities. *Provided that*, no land within the shore area
20 may be sold to any person, natural or juridical, such land shall only be available
21 for lease for a renewable period of five (5) years, unless sooner terminated by
22 the government for just causes;
- 23 k) To exercise the right of eminent domain or acquire by purchase, privately-
24 owned land within the area for purposes of implementing plans and projects of
25 the Authority;
- 26 l) To require the local government units embraced within the Area to pass
27 appropriate zoning ordinances and regulatory measures and to enforce the same
28 with the assistance of the Authority;
- 29 m) To provide, establish, and accredit security and firefighting forces;
- 30 n) To formulate and implement public safety measures to ensure preservation of
31 peace and order within the Area by establishing Peace and Order Rangers having
32 concurrent jurisdiction with the law enforcement authorities within the Area;
- 33 o) To borrow funds from any local or foreign financial institution to carry out the
34 plans and projects of the Authority;
- 35 p) To accept grants, donations, gifts, bequests, funds, and/or properties in
36 whatever form and whatever source in coordination with the appropriate
37 agency and administer the same in accordance with the terms thereof, or in the

1 absence of any condition, in such manner consistent with the policy and powers
2 of the Authority provided for in this Act;

3 q) To enter into contract/s to carry out its purposes and objectives;

4 r) To sue and be sued;

5 s) To issue rules and regulations as may be necessary to effectively carry out the
6 powers herein provided, including the plans, programs, and projects of the
7 Authority. Such rules and regulations shall take effect fifteen (15) days after
8 publication thereof, in a newspaper of general circulation; and

9 t) To perform any other act/s as may be deemed necessary by the Board, upon
10 majority vote, to undertake the plans, programs, and projects of the Authority.

11 *Sec. 5. Executive Director.* – In addition to the Board, an Executive Director shall be
12 appointed by the President to who shall come from the private sector and shall have
13 demonstrated executive competence and experience for at least ten (10) years in the
14 management of agricultural, industrial, tourism, or commercial enterprises and
15 knowledgeable of the socio-economic conditions of Lake Lanao and its surrounding cities
16 and municipalities. Further, no person may be appointed as an Executive Director unless he
17 or she is a natural-born citizen, at least forty (40) years of age, and of proven competence,
18 probity, and integrity.

19 *Sec. 6. Powers and Functions of the Executive Director.* The Executive Director shall
20 have the following powers and functions:

21 (a) To assist in the administration and management of the Authority;

22 (b) To assist in the development and improvement of the Master Plan;

23 (c) To promote trade, tourism, and agriculture enterprises within the Area so as
24 to encourage more investments;

25 (d) To ensure that Rules and Regulations established by the Authority are
26 enforced and implemented; and

27 (e) To guarantee that safety and security measures are properly implemented
28 within the areas covered by the Authority.

29 *Sec. 7. Prohibition against Conflict of Interest.* - The Board and the Executive
30 Director shall not be allowed to have any financial interest, directly or indirectly, in any
31 contract entered into by the Authority or in any special privilege granted by the Authority
32 during his or her term of office. All contracts entered into by any member of the Board, the
33 Chairman, or the Executive Director, in violation of this Section shall be immediately voted
34 upon by the Board, no more than five (5) days after its discovery, and by two-thirds (2/3)
35 vote thereof, the contract may be voided. Further, the member of the Board, the Chairman,
36 or the Executive Director who violated this Section shall be disqualified from serving his or
37 her unexpired term and shall be perpetually disqualified in any position in the Authority.

1 Sec. 8. *Quorum.* – The presence of four (4) Members of the Board, including the
2 Chairman, shall constitute a quorum for the transaction of business.

3 Sec. 9. *Meetings of the Board.* – The Board shall meet preferably at its principal office
4 at least twice a month and as frequently as necessary to discharge its duties and
5 responsibilities properly. The Board shall be convened by the Chairman or upon a written
6 request by a majority of its Members. Except when otherwise provided for in this Act, the
7 vote of a majority of the Members constituting a quorum shall be sufficient for the adoption
8 of any rule, resolution, decision or any act of the Board.

9 Sec. 10. *Lake Lanao Development Authority Master Plan-* Immediately upon the
10 creation of the Authority, coordination shall be made by the Board with the local
11 government units, through active participation, to develop the Lake Lanao Development
12 Authority Master Plan.

13 The Master Plan shall be detailed and comprehensive which shall contain long-term
14 strategy and commitment to implement the same. The Master Plan shall not be subject to
15 frequent policy changes unless essential when public safety and interest so requires.

16 Sec. 11. *Establishment of Tourism Enterprise Zones.* – The Authority may allow the
17 establishment of Tourism Enterprise Zones (TEZs) in complete coordination and assistance
18 with the Tourism Infrastructure and Enterprise Zone Authority (TIEZA), as authorized by
19 the Department of Tourism (DOT), and under the supervision of the President.

20 An entity may apply to qualify as an operator of a TEZ, as designated by the TIEZA,
21 within the jurisdiction of the Authority under R.A. No. 9593 or otherwise known as the
22 “Tourism Act of 2009.”

23 Competitive incentives extended to TEZs may be provided, upon qualification, in
24 accordance with the abovementioned law.

25 Sec. 12. *Exemption from Tax.* - The Authority shall be exempt from payment of all
26 taxes imposed by the National Government, its provinces, cities, municipalities, and other
27 government agencies and instrumentalities. *Provided that*, subsidiary corporations, which
28 may be created, shall be subject to all said taxes five (5) years after its establishment.

29 Such exemption shall include any tax or fee imposed by the National Government on
30 the sale, purchase, or transfer of foreign exchange and all notes, bonds, and debentures,
31 and other obligations issued by the Authority, both as to the, principal and interest.

32 Sec. 13. *Representation of the Authority.* - The Executive Director shall be the
33 principal representative of the Authority. He or she shall be empowered, in such capacity,
34 and in accordance and approval of the Board, by two-thirds (2/3) vote, on the following:

35 a) To represent the Authority in all dealings with other offices, agencies, and
36 instrumentalities of the Government and with all other persons and entities, whether
37 public or private, domestic or foreign;

1 b) To sign contracts concluded by the Authority, annual reports, balance sheets,
2 profit and loss statements, correspondences and other documents of the Authority; and

3 c) To represent the Authority, either personally or through counsel, in any legal
4 proceedings or actions.

5 Sec. 14. *Capitalization.* - The Authority shall have an authorized capital of Two
6 Billion Pesos (P 2,000,000,000.00) no par value shares, of which the amount of One Billion
7 Pesos (P 1,000,000,000.00) shall be subscribed by the provinces, cities, and municipalities
8 in the Area wherein twenty-five percent thereof (25%) shall be subscribed by the National
9 Government.

10 Sec. 15. *Departments.* - The following departments shall be created within the
11 Authority: Administrative, Legal, Operations, Financial and Management, Auditing,
12 Planning and Programming, and such other departments as may be necessary to effectively
13 carry out the functions of the Authority. The Head of each Department shall be appointed
14 by the Board, upon recommendation by the Executive Director.

15 Sec. 16. *Appropriations.* - The sum of two hundred million pesos
16 (PhP200,000,000.00) necessary for the initial operating expenses of the Authority is
17 hereby charged to the appropriations authorized for the Regional Development Fund.
18 Thereafter, the sum necessary for the continued operation and maintenance of the
19 Authority shall be included in the annual budget under the Office of the President.

20 Sec. 17. *Repealing Clause.* - All laws, decrees, orders, rules and regulations or other
21 issuances or parts thereof inconsistent with the provisions of this Act are hereby repealed
22 or modified accordingly.

23 Sec. 18. *Separability Clause.* - If any portion or provision of this Act is declared
24 unconstitutional, the remainder of this Act or any provision not affected thereby shall
25 remain in force and effect.

26 Sec. 19. *Effectivity.* - This Act shall take effect after fifteen (15) days following the
27 completion of its publication either in the Official Gazette or in a newspaper of general
28 circulation in the Philippines.

29 Approved,