

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. **4168**



.....
Introduced by HONORABLE LUIS RAYMUND "LRAY" F. VILLAFUERTE, JR.
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EXPLANATORY NOTE

Camarines Sur (CamSur) is a **first class province** in Southern Tagalog. It is the largest among the six provinces in the Bicol Region with a total land area of 5,481.6 square kilometers, roughly 39 percent of the region's land area and 1.83 percent of the Philippines. The province is subdivided into four congressional districts, one chartered city, one component city, 35 municipalities and 1,063 barangays and is home to over 1.9 million people.

CamSur is one of the best economic performing provinces today. The Philippine Chamber of Commerce and Industry (PCCI) awarded the Provincial Government of Camarines Sur as Most Business Friendly for three consecutive years or from 2004 to 2006. In 2007, the province moved from 39th poorest to 10th richest province in terms of income and equity¹ while in 2009, it earned a Presidential Citation for Best Practice for Creating a Business Enabling Environment, the only local government unit in the country to be given such recognition. The province is also proactive in developing policies supportive of inclusive development and job creation. In 2010, CamSur was the first local government unit to enact a Public-Private Partnership ordinance.

In terms of agriculture, CamSur **ranked first** in achieving the highest rice production growth in the country in 2010. According to the Bureau of Agricultural Statistics, the province became the 6th largest rice producer in 2011 from placing 12th in 2008. In 2016, it's ranking moved two notches up and became the 4th largest rice producer in the Philippines. Such agricultural success implies the presence of numerous favorable factors such as fertile land, good climate, abundant water supply, experienced labor force, and the application of key agriculture-related technologies.

¹ Commission on Audit report

In the field of tourism, CamSur is hailed as the sports and adventure capital tourism capital of the Philippines. In 2006, the province embarked on a mission to develop its tourism industry and in only four years, it emerged as the **number one province in tourist arrivals** in the country², surpassing Metro Manila and Cebu. In 2012, the province held its reign as the **number one tourist destination in the Philippines** according to the Philippine Statistics Authority. In 2015, CamSur remains the **most visited province in Bicol**³ with over 2.06 million tourist arrivals.

CamSur also leads in environmental awareness and protection policies. Its various climate change adaption measures earned national attention. In 2013, the province was recognized in the book, *Climate Change Adaptation: Best Practices in the Philippines*, for CamSur's efforts to save the environment through the *El Verde Movement* — a project aimed to rehabilitate denuded forests and plant 40M by year 2020. Moreover, CamSur is developing renewable energy generation projects, including a 60 MV wind power and 10 MW solar power facilities that can supplement the power requirements in the province.

This bill seeks to have the Municipalities of Pili and Milaor in Camarines Sur declared as Special Economic Zone or the CAMSUR SPECIAL ECOZONE.

CAMSUR SPECIAL ECOZONE overcomes all the difficulties faced by other areas that previously sought special economic zone declaration. Among its qualifications, it is worth mentioning that CamSur already has two operational and successful economic zones that created jobs, generated income, attracted investments and engendered technology transfer for the province. This gives CamSur a significant incremental advantage over other applicants as the proposed ecozone's profitability is already established. Moreover, CAMSUR SPECIAL ECOZONE strictly meets all the following requisites for the establishment of economic zones under Section 6 of Republic Act (RA) No. 7916 or the Philippine Economic Zone Authority (PEZA) Law, as amended by RA 8748 or the Special Economic Zone Act:

(1) Existing Economic Zones —

- a. **IT PARK.** The Camarines Sur Information Technology Park (CSTIP) is the first IT Park in the country that is owned and managed by the Local Government Unit (LGU), the province of Camarines Sur. It is the first IT Park in the Bicol Region to be declared by the Philippine Economic Zone Authority (PEZA) as a Special Economic Zone under Presidential Proclamation No. 850 issued on 27 May 2005. The proclamation resulted in a partnership with Sutherland Global Services Inc. — a

² Tourism Research and Statistics Division, Department of Tourism, 2010

³ Per Philippine Statistics Authority, 2015

technology and analytics enabled Business Process Outsourcing (BPO) enterprise delivering end-to-end integrated BPO solutions. As the 5th largest BPO in the country, Sutherland culled talents from CamSur. From an initial 300 seats, the facility has expanded to over 2,000 providing employment to CamSur workforce.

The five-hectare park is located within the Provincial Capitol Complex in Cadlan, Pili, Camarines Sur, Philippines. The CSITP's flagship enterprise is also the first LGU-run digital animation center — CamSur Animation Studio (CAS). Among the notable productions of CAS is the first full-length Filipino digital animation film, "*Dayo*," shown in 2008. It is currently doing international projects including Hollywood animation productions.

- b. **TOURISM ZONE.** On 29 October 2009, Presidential Proclamation No. 1932 designated several parcels of land of the public domain situated within the Capitol Complex in Cadlan, Pili and Maycatmon, Milaor, Camarines Sur, as Tourism Economic Zone pursuant to RA 7916 as amended. The tourism zone includes the CamSur Watersports Complex (CWC) considered the "best wakeboard park in the world", a 3,000 seat capacity convention center, 500 rooms and cabins that can accommodate 2,000 guests, a boat lake, lakeside massage facilities, among others.

(2) **Existing infrastructure.** The province is accessible by air, rail, land and has an advanced connectivity infrastructure.

- a. **Air.** The proposed area to be declared as Special Economic Zone (Provincial Capitol Complex of Camarines Sur) is a 5-minute ride from the Naga Airport. In 2015, the National Economic and Development Authority (NEDA) approved the development of the airport. The Naga Airport Development Project, a PhP3.533B-approved national project, involves the reorientation of the runway, and construction of new landslide and airside facilities.
- b. **Rail.** The proposed area to be declared as Special Economic Zone can also be reached via Philippine National Railway system. Currently, PNR trains are being upgraded and the national government lodged PhP2.3B for the PNR North-South projects — this development shall also serve as one of the main transportation systems for import and export of goods in CamSur.
- c. **Land.** The proposed area to be declared as Special Economic Zone is connected to network of good roads that crisscrosses the

CamSur countryside and interconnects the municipalities together. Several bus companies regularly ply the Naga-Manila route, and the city is the hub of transportation in the province as well as in the region.

Camarines Sur Expressway Project. In 2014, the Provincial Government of Camarines Sur initiated the CamSur Expressway Project and is now a priority PPP project with an estimated budget of PhP2.251B. The tollway has an approximate length of 15.20 kilometers that will provide an alternative route to motorists who travel as far as Mindanao in the South and vice versa, using and passing through existing national road in CamSur particularly in Naga City and Pili, the center of tourist activities in the proposed CamSur Special Economic Zone.

- d. **Information Highway.** The proposed CamSur Special EcoZone where the Camarines Sur Information Technology Park is located offers state-of-the-art connectivity infrastructure, with current capacity of STM1 (77xE1 or 155mbps, expandable to 10GB transport capacity. CamSur provides current and potential IT Park locators with free client specific training to suit their requirements. The different kinds of training offered in CSTIP include: (1) voice-related skills (telephone handling, accent training, et al); (2) medical and legal transcription; (3) accounting; (4) legal services; (5) English language proficiency; (6) Japanese language proficiency; and (7) animation (2D and 3D).

- (3) **Developed and vacant lands.** With the availability of over 355 hectares of land, the CamSur Special Economic Zone has the extent of developed and vacant lands available for industrial and commercial development and future expansion of the proposed ecozone as well as lands adjacent to the ecozone available for development of residential areas for the ecozone workers.

CamSur Capitol Complex. The CamSur Capitol Complex where the proposed CamSur Special EcoZone is proposed to be located shall be the region's center of development. As a mixed-use facility, it would accommodate a variety of business and operations. The complex will allot: (1) retail/commercial units – 13,019 sqm.; (2) hospital/medical services – 13,569 sqm; (3) community services – 1,500 sqm.; (4) multi-use theater – 5,102 sqm.; (5) university – 13,569 sqm.; (6) government offices – 10,418 sqm.; (7) BPO, IT and training centers – 31,064 sqm.; and (8) hotel – 7,000 sqm.

- (4) Available sources.** The CamSur Special EcoZone equally meets the power requirement and water resources to supply to the proposed ecozone. For electrical power, it has a direct feed from power station and an uninterruptible standby power within the proposed ecozone.

As previously mentioned, the proposed ecozone has an existing state-of-the-art fiber connectivity. It is already served by 3 internet service providers: (i) Philippine Long Distance Telecommunications (PLDT); (ii) Globe, and (iii) Bayan Telecommunications (BayanTel).

- (5) 24/7 Security.** CamSur provides for 24/7 security within the proposed ecozone which can easily curtail smuggling or any other illegal activities.

- (6) Knowledge and Innovation Industry.** The Camsur Special EcoZone encourages all things innovative, from technology, agriculture, to manufacturing. The proposed special economic zone envisions a startup-friendly economic zone. It shall provide the necessary support to talented entrepreneurs in terms of registration, incentives, technical assistance, accreditation and assessment.

- (7) Strategic location.** CALABARZON (provinces of CAVite, LAguna, BAtangas, Rizal, and QueZON), located in southern Luzon, is the second most densely populated region. It contributed 17.36 percent to the country's Gross Domestic Product. In 2013, GRDP increased by 6.13 percent. Agriculture, Hunting, Forestry and Fishing sector accounted for 6.14 percent of the regional economy. It recorded a 3.82 percent increment in 2013. Pursuant to this trend, economic growth is clearly developing outside Metro Manila. As CamSur sits at the southernmost tip of Luzon, the proposed special economic zone would logically be the next economic center of the country.

- (8) Available workforce.** Investment in CamSur provides access to its vibrant and skilled, semi-skilled and non-skilled trainable labor force. In 2015, the labor force is estimated at 1.2 million people. In the next few years, CamSur will experience a surge in its population of young workers. By 2020, the human resource base in the province is expected to rise by 120,700; the labor force is expected to expand by another 133,700 bringing the 2025 labor force to around 1.5 million.

In addition, CamSur provides immense savings on minimum wage that can impact investor's operational and capitalization costs. To illustrate, employees in non-agricultural sectors in CamSur are paid a minimum of PhP260/USD5.78 for every eight hour work day — 44.21% cheaper than the minimum wage in Metro Manila.

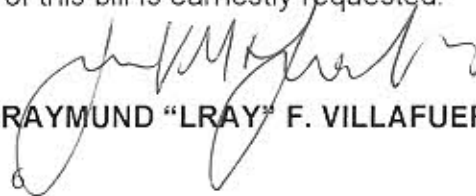
Pursuant to President Rodrigo Duterte's 10-point economic agenda, this bill shall promote the countryside as alternative areas for investments. **The CamSur Special Ecozone is conceptualized as a self-sustaining, industrial, commercial and investment center that will encourage economic growth, generate local employment, increase productivity and income, and uplift the welfare of the Bicolanos.** Consequently, the declaration of CamSur Special Ecozone as a special economic zone will help decongest Metro Manila by providing job opportunities in the Bicol Region.

CamSur is gaining a strong momentum in the economic front and it has a great potential of becoming a busy trade center in Asia once the special economic zone is developed to its fullest. CamSur Ecozone shall be operated as a separate customs territory ensuring free flow and movement of goods and commodities in the area. This bill shall provide tax-based incentives for businesses operating within its premises and shall also provide for non-tax benefits like exchange policies and grant of permanent resident status to investors.

The approval of this bill shall reinforce the precedent set by the Special Economic Zone established in Bataan — it was the first official economic zone in the Philippines through Republic Act No. 1969. The development of Bataan Economic Zone (BEZ), however, stagnated in the 1990s. To put a halt to the decline of the BEZ and allow the zone to fulfill its original mandate to become a catalyst for progress and development in the region as well as create employment and livelihood opportunities for the people, Congress passed the Freeport Area of Bataan Act (RA 9728), which was enacted into law in October 2009. This Act converted BEZ into the Freeport Area of Bataan (FAB), a special economic zone and Freeport with a dedicated authority, the Authority of the Freeport Area of Bataan (AFAB).

Since the AFAB took over operations from the Bataan Export Processing Zone, the number of locators has jumped nearly 236 percent — to 92 in 2014 from 39 in 2010. In 2012 and 2013, the FAB was recognized as the fastest growing freeport in the country by the National Statistical Coordination Board. RA 9728 also boosted Bataan investor interests and tourism capabilities. To illustrate, it generated nearly Php84 billion worth of investments in the first half of 2014. Amid continuous increase in local and foreign investments, the number of jobs generated by projects in the freeport has also risen to 18,543 in 2014 year from 12,777 in 2010.

Thus, it is the goal of Camarines Sur Special Economic Zone Act of 2016 to replicate and improve on the success of FAB and pave more way to the country's economic prosperity. The early approval of this bill is earnestly requested.


LUIS RAYMUND "L'RAY" F. VILLAFUERTE, JR.

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HOUSE BILL NO. **4168**

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Introduced by HONORABLE LUIS RAYMUND F. VILLAFUERTE, JR.
.....

AN ACT ESTABLISHING THE CAMARINES SUR SPECIAL ECONOMIC ZONE IN THE PROVINCE OF CAMARINES SUR, CREATING FOR SUCH PURPOSE THE CAMARINES SUR SPECIAL ECONOMIC ZONE AUTHORITY, APPROPRIATING FUNDS THEREFOR AND FOR OTHER PURPOSES

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

SECTION 1. *Short Title.* – This Act shall be known as the "Camarines Sur Special Economic Zone Act of 2016".

SECTION 2. *Declaration of Policy.* – It is hereby declared the policy of the State to actively encourage, promote, induce and accelerate the sound and balanced industrial, economic and social development of the country in order to provide jobs to people, especially those in rural areas, increase their productivity and their individual and family income, and thereby improve the level and quality of their living conditions through the establishment, among others, of special economic zones in suitable and strategic locations in the country and through measures that shall effectively attract legitimate and productive foreign investments.

SECTION 3. *Camarines Sur Special Economic Zone.* – In pursuit of the foregoing declared policy, a special economic zone in Camarines Sur to be known as Camarines Sur Special Economic Zone or CamSur Special Ecozone, is hereby established. The CamSur Ecozone shall cover the Municipalities of Pili and Milaor.

SECTION 4. *Governing Principles.* – CamSur Special Ecozone shall be managed and operated under the following principles:

- (a) Within the framework and limitations of the Constitution and applicable provisions of the Local Government Code, CamSur Special Ecozone shall be developed into a decentralized, self-reliant and self-sustaining industrial, commercial/trading, agro-industrial tourist/recreational, banking, financial, educational, knowledge-based innovation hub and investment center with the corresponding residential areas;
- (b) CamSur Special Ecozone shall continue to be provided with transportation, telecommunications and other facilities needed to attract legitimate and productive investments, generate linkage industries and employment opportunities for the people of Camarines Sur and its neighboring towns and cities;
- (c) CamSur Special Ecozone may establish mutually beneficial economic relations with other entities or enterprises within the country or, subject to the administrative guidance of the Department of Foreign Affairs (DFA), and the Department of Trade and Industry (DTI), with foreign entities or enterprises;
- (d) Foreign nationals and companies owned by non-Filipinos in whatever proportion may set up enterprises in the CamSur Special Ecozone, either by themselves or in joint venture with Filipinos in any sector of industry, international trade and commerce within the CamSur Special Ecozone;
- (e) CamSur Special Ecozone shall be managed and operated as a separate customs territory ensuring free flow or movement of goods and capital within, into and out of its territory;
- (f) CamSur Special Econzone may provide incentives such as tax and duty-free importations of raw materials, capital and equipment to registered enterprises located therein;
- (g) CamSur Special Ecozone shall be developed as a global business center designed to promote investment; it shall be the foremost economic hub in the region;
- (h) CamSur Special Ecozone shall attract, encourage, build medical centers with a view towards medical tourism and medical research and development;
- (i) The areas comprising the CamSur Special Ecozone may be expanded or reduced when necessary. For this purpose, the Camarines Sur Special Ecozone Authority, which will be created under this Act, in consultation with the

local government units (LGUs, shall have the power to acquire either by purchase, negotiation, or condemnation proceedings, any private land within or adjacent to the CamSur Special Ecozone for the following purposes: (i) consolidation of lands for CamSur Special Ecozone development; (ii) acquisition of right of way; and (iii) the protection of natural assets valuable to the prosperity of CamSur Special Ecozone;

- (j) CamSur Special Ecozone shall provide programs designed to reduce carbon emissions and other related policies. Parks and nature trails shall be developed to promote walking and the use of bicycles;
- (k) Forest areas within and around the CamSur Special Ecozone shall be proclaimed as a national park and will be covered by total log and mining ban;
- (l) CamSur Special Ecozone shall develop a rain-saving facility to reduce water consumption;
- (m) CamSur Special Ecozone shall develop a global educational environment, encourage the establishment of foreign language services and encourage universities and colleges to locate in the area, to create and sustain a talent pool;
- (n) Goods manufactured by the CamSur Special Ecozone shall be made available for immediate retail sale in the domestic market, subject to the payment of corresponding taxes on raw materials and other regulations that may be formulated by the Camarines Sur Special Economic Zone Authority, together with PEZA, the Bangko Sentral ng Pilipinas (BSP), the Department of Finance (DOF), the Bureau of Customs (BoC) and DTI in accordance with the National Internal Revenue Code (NIRC) of 1997, as amended, and the Tariff and Customs Code of the Philippines, as amended. However, in order to protect the domestic industries, a negative list of industries shall be drawn up and regularly updated by PEZA. Enterprises engaged in industries included in the negative list shall not be allowed to sell their products locally; and
- (o) The Defense of CamSur Ecozone and the security of its perimeter fence shall be the responsibility of the national government in coordination with the Camarines Sur Special Economic Zone Authority and LGUs.

SECTION 5. *Incentives.* – Investors and business enterprises within CamSur Ecozone shall be entitled to the following incentives:

(a) **Taxation.** Except for real property on land, no local and national taxes such as income tax, excise tax and franchise tax shall be imposed on business establishments operating within CamSur Ecozone. In lieu thereof, five percent (5%) of the gross income shall be paid as follows:

- (i) Two percent (2%) to the national government;
- (ii) One percent (1%) to the Province of Camarines Sur;
- (iii) One percent (1%) to the treasurer's office of the municipality or city where the enterprise is located;
- (iv) One percent (1%) to the Camarines Sur Special Economic Zone Authority.

All persons and service establishment in the CamSur Ecozone shall be subject to national and local taxes under the NIRC and Local Government Code of 1991.

(b) **Raw Materials Incentives.** Every registered export-oriented enterprise shall enjoy a tax credit equivalent to the internal revenue taxes and customs duties paid on the supplies, raw materials and semi-manufactured products; *Provided*, That the same are not sufficient in quantity, quality or are not competitively priced which are used in the manufacture, processing or production of its export products forming part thereof, exported directly and indirectly by the registered export-oriented enterprise, based on the actual taxes and duties paid for such materials/supplies/semi-manufactured products by the registered enterprise; *Provided*, further, that this incentive shall be waived if application for tax credit under this provision was not filed within one year from the date of expiration of the final product.

(c) **Fiscal incentives.** Business establishments within the CamSur Special Ecozone shall be entitled to the existing fiscal incentives as provided under Presidential Decree No. 66 or the law creating the Export Processing Zone Authority (EPZA), or those provided under Book IV of Executive Order No. 226 otherwise known as the Omnibus Investments Code of 1987, and Republic Act No. 7916, otherwise known as the Special Economic Zone Act 1995 as amended by Republic Act No. 8748 (An Act Amending Republic Act 7916, otherwise known as the "Special Economic Zone Act of 1995").

(d) **Resident status and visa.** Any foreign investor who establishes a business enterprise within CamSur Special Ecozone and who maintains a capital investment of not less than One Hundred Fifty Thousand US Dollars (\$150,000.00) shall be granted, along with his or her spouse, dependents and unmarried children below twenty-one (21) years of age, a permanent resident status within the Zone and freedom of ingress and egress to and from the CamSur Ecozone without any need of any special authorization from the Bureau of Immigration (BI); *Provided*, That this provision shall be without prejudice to any foreign national acquiring permanent residence status in the

Philippines in accordance with the applicable immigration, retirement and other related laws.

- (e) **Employment of foreign nationals.** Subject to the provisions of Section 29 of Commonwealth Act No. 613, as amended, a registered enterprise may employ foreign nationals in supervisory or technical positions for a period not exceeding ten (10) years from registration; *Provided*, That when the majority of the capital stock of a registered enterprise is owned by foreign investors, the position of president, treasurer and general manager or their equivalents may be retained by foreign nationals beyond the set period herein and such officer is the owner of stockholder owning at least 10 percent (10%) of the outstanding capital stock of the registered enterprise and remains the owner or maintains his/her stockholdings therein.

SECTION 6. *Creation of CamSur Special Ecozone Authority.* – A body corporate to be known as the Camarines Sur Special Economic Zone Authority, hereinafter referred to as the CamSur Special Ecozone Authority, is hereby created to manage and operate CamSur Special Ecozone, in accordance with the provisions of this Act. The corporate franchise shall expire in fifty (50) years, counted from the first day of the fifth (5th) calendar year after the effectivity of this Act, unless otherwise extended by Congress. It shall be organized within one hundred eighty (180) days after the effectivity of this Act.

The CamSur Special Ecozone Authority shall maintain its principal office in the Provincial Capitol Complex of Camarines Sur, but it may establish branches within the Philippines as may be necessary for the proper conduct of its business.

SECTION 7. *Powers and Functions of the CamSur Special Ecozone Authority.*
–The CamSur Ecozone Authority shall have the following powers and functions:

- (a) To operate, administer, manage CamSur Special Ecozone according to the principles and provisions of this Act;
- (b) To adopt, alter and use a corporate seal, to contract, lease, buy, sell, acquire, own and/or otherwise dispose of movable or immovable as well as personal or real property of whatever nature including but not limited to shares of stock or participation in private corporations or in limited partnerships, or in participation in private corporations or in limited partnerships, or in joint ventures with limited liability, bonds, precious metals in bullions, ingots and easily convertible foreign exchange;
- (c) To sue and be sued in order to carry out its duties, responsibilities, privileges, powers and functions as granted and provided for in this Act, and to exercise the power of eminent domain for public use and public purpose;

- (d) To raise or borrow adequate and necessary funds from local or foreign sources within the limitation provided by law, to finance its projects and programs under this Act, and for that purpose, to issue bonds, promissory notes, and other forms of securities, and to secure the same by guarantee, pledge, mortgage, deed of trust or and assignment of all part of its property or asset;
- (e) To recommend to the President the issuance of a proclamation to fix and delimit the site of CamSur Ecozone;
- (f) To issue certificates of origin for products manufactured or processed in CamSur Ecozone in accordance with prevailing rules of origin, and the pertinent regulations of DTI, and DOF;
- (g) To approve, accept, accredit, and allow any local or foreign business, enterprise or investment in CamSur Ecozone subject to such rules and regulations as CamSur Ecozone Authority may promulgate from time to time in conformity with the provisions of this Act and the limitations provided in the Constitution;
- (h) To regulate and undertake the establishment, operation and maintenance of utilities, services and infrastructure in CamSur Special Ecozone such as, but not limited to, heat, light, and power, water supply, telecommunications, transport, toll roads and bridges, and to fix just, reasonable, and competitive rates, fares, charges and prices thereof;
- (i) To enter into Public-Private Partnership agreements under Republic Act No. 6957, as amended, or through a local ordinance, with the private sector, on any or all utilities and infrastructure required or needed for the operation and development of the CamSur Special Ecozone;
- (j) To operate on its own, either directly or through a license to other tourism-related activities, including but not limited to games, amusements, nature parks, recreational and sports facilities, hotels, resorts, entertainment establishments, duty-free shops, casinos and golf courses;
- (k) To establish and operate training centers for highly-skilled workers and IT practitioners;
- (l) To protect, preserve and maintain and develop virgin forests beaches and coral reefs and maintain the ecological balance within CamSur Special Ecozone. For this purpose, the rules and regulations of the Department of Environment and Natural Resources (DENR) and other government agencies involved shall be implemented by the CamSur Special Ecozone Authority;
- (m) To provide security for the CamSur Special Ecozone in coordination with the national and local governments. For this purpose, the CamSur Special Ecozone Authority may establish and maintain its security forces and firefighting capability

or hire others to provide the same. In the event that an assistance of the military force is necessary, it shall not interfere in the internal affairs of the CamSur Special Ecozone Authority except to provide the necessary security and defense, and their expenses shall be borne by the national government;

- (n) To create, operate and/or contract to operate such functional units or offices of the CamSur Special Ecozone Authority as it may deem necessary;
- (o) To operate information and communications technology-related activities including but not limited to startups, customer relationship management services, software development, e-commerce platforms, mobile apps, and online gaming services;
- (p) To issue rules and regulations consistent with the provisions of this Act as may be necessary to accomplish and implement its objectives and policies herein; and
- (q) To exercise such powers as may be essential, necessary or incidental to the powers granted to it as well as those that shall enable it to carry out, implement, and accomplish the purposes, objectives and policies of this Act.

SECTION 8. *Board of Directors of the CamSur Ecozone Authority.* – The powers of the CamSur Ecozone Authority shall be vested in and exercised by a Board of Directors, hereinafter referred to as the Board, which shall be composed of the following;

- (a) The Chairman who shall also act as the administrator of the CamSur Ecozone Authority;
- (b) A Vice Chairman who shall come from among the members of the Board;
- (c) Members consisting of:
 - i. The Governor of the Province of Camarines Sur (*ex officio*);
 - ii. The Congressional Representatives of the district included in the CamSur Ecozone (*ex officio*);
 - iii. The Mayors of the municipalities included in the CamSur Ecozone (*ex officio*);
 - iv. One (1) representative from the local business sector;
 - v. One (1) representative from the foreign business sector; and
 - vi. Two (2) representatives of the workers/laborers in the CamSur Ecozone.

The governor, congressional representatives and the mayors shall serve as *ex officio* members of the Board, whose term corresponds to their terms as elected officials.

The Chairman and the members of the Board, except the *ex officio* members, shall be appointed by the President of the Philippines to serve for a term of six (6) years, unless sooner separated from service due to death, voluntary resignation or removal for cause. In case of death, resignation or removal for cause, the replacement

shall serve only the unexpired portion of the term. The Vice Chairman shall be elected from among the members of the Board.

Except for the representatives of the business and labor sectors, no person shall be appointed by the President of the Philippines as a member of the Board unless he is a Filipino citizen, of good moral character, of proven probity and integrity, and a degree-holder in any of the following fields: economics, business, public administration, law, management or their equivalent, and with at least ten (10) years relevant working experience preferably in the field of management or public administration.

For purposes of determining a quorum during the meeting of the Board, a quorum shall be present despite the non-attendance of the appointed member of the Board whenever the latter's duly authorized representative is present thereat, and attends such meeting on the member's behalf.

The members of the Board, except the Chairman whose compensation shall be determined by the Board, shall each receive per diem at a rate to be determined by the Department of Budget and Management in accordance with existing rules and regulations: Provided, however, That the total per diem collected each month shall not exceed the equivalent per diem for four (4) meetings. Unless and until the President of the Philippines has fixed a higher per diem for the members of the Board, such per diem shall not be more than Ten Thousand Pesos (PhP10,000.00) for every Board meeting.

SECTION 9. Powers and Duties of the Chairman. – The Chairman shall have the following powers and duties:

- (a) To direct and manage the affairs of the CamSur Special Ecozone Authority in accordance with the policies of the Board;
- (b) To establish the internal organization of the CamSur Special Ecozone Authority under such conditions that the Board may prescribe;
- (c) To submit an annual budget and necessary supplemental budget to the Board for its approval;
- (d) To submit within thirty (30) days after the close of each fiscal year an annual report to the Board and such other reports as may be required;
- (e) To submit to the Board for its approval policies, systems, procedures, rules and regulations that are essential to the operation of the CamSur Special Ecozone Authority;
- (f) To create a mechanism in coordination with relevant agencies for the promotion of industrial peace, the protection of the environment, and the advancement of the quality of life in the CamSur Special Ecozone Authority; and
- (g) To perform such other duties as may be assigned to him by the Board or which are necessary or incidental to his office.

SECTION 10. Organization and Personnel. –The Board shall provide for an organization and staff of its officers and employees. Upon recommendation of the Chairman, the Board shall appoint and fix the remuneration and other emoluments of its

officers and employees in accordance with existing laws on compensation and position classification: *Provided*, That the Board shall have exclusive and final authority to promote, transfer, assign or reassign officers of the CamSur Special Ecozone Authority, any provision of existing law to the contrary notwithstanding: *Provided*, further, That the Chairman may carry out removal of such officers and employees.

The officers and employees of CamSur Special Ecozone Authority, including all members of the Board, shall not engage directly or indirectly in partisan activities nor take part in any election, except to vote.

No officer or employee of CamSur Special Ecozone Authority, subject to civil service laws and regulations, shall be removed or suspended except for cause, as provided by law.

SECTION 11. *Resolution of labor disputes.* – The right of labor to form unions or associations shall be observed. Labor disputes shall be resolved through mediation, conciliation and such other modes of dispute resolution authorized by law.

SECTION 12. *Exemptions.* – The CamSur Special Ecozone Authority is hereby exempted from the payment of all taxes, fees, imposts, charges, costs, and service fees in any court of administrative proceedings in which it may be a party.

The foregoing exemptions may, however, be wholly or partially lifted by the President of the Philippines upon the recommendation of the Secretary of Finance, not later than five (5) years from the effectivity of this Act, upon reasonable assessment that the CamSur Ecozone Authority is financially stable to pay such taxes, customs duties, fees and other charges after satisfying debt service requirements of the CamSur Ecozone Authority and of its projected capital and operating expenditures.

SECTION 13. *Banking rules and regulations.* – Existing banking laws and rules/regulations of the BSP shall apply to banks and financial institutions to be established in the CamSur Special Ecozone.

SECTION 14. *Remittances.* – In case of foreign investments, a registered enterprise in CamSur Special Ecozone shall have the right to remit earnings from the investment in the currency in which the investment was originally made and at the exchange prevailing at the time of remittance, subject to the provisions of Section 74 of Republic Act No. 265, as amended.

SECTION 15. *Ipsa Facto Clause.* – Sections 30 to 41 of Republic Act No. 7916, shall ipso facto apply to the CamSur Special Ecozone.

SECTION 16. *Capitalization.* – The CamSur Special Ecozone Authority shall have an authorized capital stock of one billion (1,000,000,000) no par shares with a minimum issue of Ten Pesos (P10.00) each, the majority shares of which shall be subscribed and paid for by the National Government and the local government units

(LGUs) embracing the CamSur Special Ecozone. The board of directors of CamSur Special Ecozone Authority may, with the written concurrence of the Secretary of Finance, sell shares, representing not more than forty per centum (40%) of the capital stock of CamSur Special Ecozone Authority to the general public under such policy as the Board and the Secretary of Finance may determine. The National Government and the LGUs shall, in no case, own less than sixty per centum (60%) of the total issued and outstanding capital of the CamSur Special Ecozone Authority.

The amount necessary to subscribe and pay for the shares of the national government to the capital stock of CamSur Special Ecozone Authority shall be included in the annual General Appropriations Act. For LGUs, the funds shall be taken from their internal revenue allotment and other local funds.

SECTION 17. *Supervision.* – CamSur Special Ecozone shall be under the direct control and supervision of the Philippine Economic Zone Authority (PEZA) for purposes of policy direction and coordination.

SECTION 18. *Relationship with the Regional Development Council.* – The CamSur Special Ecozone Authority shall determine the development goals for CamSur Special Ecozone within the framework of national development plans, policies and goals. The Chairman shall, upon approval by the Board, submit the CamSur Special Ecozone plans, programs and projects to the Regional Development Council for inclusion and inputs to the overall regional development plan.

SECTION 19. *Relationship with Local Government Units.* – Except as herein provided, LGUs comprising CamSur Special Ecozone shall retain their basic autonomy and identity. The Municipalities of Pili and Milaor shall operate and function in accordance with the Local Government Code of 1991. In case of any conflict between the CamSur Special Ecozone Authority and the Province of Camarines Sur on matters affecting the CamSur Special Ecozone other than defense and security matters, the decision of CamSur Special Ecozone Authority shall prevail.

SECTION 20. *Injunctions, restraining Orders and other interlocutory orders.* The development of the CamSur Special Ecozone is a national government priority, and therefore, no injunctions, restraining orders and other interlocutory orders, which seek to stop or interrupt the contract entered into or project undertaken by the CamSur Special Ecozone Authority may be issued by any court of law or quasi-judicial body except the Supreme Court of the Philippines.

SECTION 21. *Interpretation/Construction.* – The powers, authorities and functions that are vested in CamSur Special Ecozone Authority are intended to decentralize governmental functions and authority and promote an efficient and effective working relationship between the CamSur Special Ecozone, the national government, and LGUs.

SECTION 22. *Auditing.* – The Commission on Audit shall appoint a representative who shall be a full time auditor of the CamSur Special Ecozone Authority and assign such number of personnel as may be necessary to assist said representative in the performance of his/her duties. The salaries and emoluments of the assigned auditor and personnel shall be in accordance with pertinent laws, rules and regulations.

SECTION 23. *Implementing Rules and Regulations.* –DTI, DOF, BIR, BI, DBM and the Department of Interior and Local Government (DILG) shall formulate the implementing rules and regulations of this Act not later than thirty (30) days upon the effectivity of this Act the necessary rules and regulations for its effective implementation.

SECTION 24. *Separability Clause.* – If any section or part of this Act is held unconstitutional or invalid, the other sections or provisions not otherwise affected shall remain in full force and effect.

SECTION 25. *Repealing Clause.* – All laws, decrees, executive orders, rules and regulations, issuances or any part thereof inconsistent with the provisions of this Act, are hereby repealed, amended or modified accordingly.

SECTION 26. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication either in the Official Gazette or in at least two (2) national newspapers of general circulation.

Approved,