



**HOUSE OF REPRESENTATIVES**

House Bill No. 0363

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**Introduced by Representative Victor A. Yap**

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**EXPLANATORY NOTE**

The Philippines exercises sovereign rights to explore and exploit, and to conserve and manage its natural resources. Article XII, Section 2, paragraph 2 of the 1987 Constitution states: The State shall protect the nation's marine wealth in its archipelagic waters, territorial sea, and exclusive economic zone, and reserve its use and enjoyment exclusively to Filipino citizens.


This principle is likewise embodied in Paragraph 1(a) of Article 56 of the United Nations Convention on the Law of the Sea (UNCLOS) which defines the rights of Coastal States over their Exclusive Economic Zones, providing sovereign rights for the purpose of exploring and exploiting, conserving and managing the natural resources, and with regard to other activities for the economic exploitation and exploration of the zone, such as energy production from water, currents and winds.

Under the July 2016 United Nations Permanent Court of Arbitration Ruling entitled In the Matter of The South China Sea Arbitration between The Republic of Philippines and The People's Republic of China, the Philippines' Exclusive Economic Zone in the West Philippine Sea pertains to the maritime areas within 200 nautical miles from the baselines on the western side of the Philippine archipelago, including the Luzon Sea as well as the waters around, within and adjacent to the Kalayaan Island Group and Bajo De Masinloc, also known as Scarborough Shoal. In light of this ruling, it is high time for our country to implement measures aimed at protecting the natural resources within our Exclusive Economic Zone in the West Philippine Sea.

The West Philippine Sea is said to have abundant aquatic and fishery resources, and natural gas fields. It has great potential to be one of the country's sources of natural gas and cheaper electricity, which could ultimately address energy security concerns of the Philippines. Moreover, the West Philippine Sea may be further developed for coastal and marine tourism.

This bill seeks to create the West Philippine Sea Development Authority which shall have primary jurisdiction over the development, management, conservation, protection, and utilization of all resources within the West Philippine Sea Exclusive Economic Zone of the Philippines. Through such Authority, our country would be able to develop and harness the revenue-generating potential of the area arising from the capture of fish and fishery products, processing and marketing of all fisheries and aquatic products, marine energy exploration and development, as well as coastal and marine tourism.

To protect and reserve the area for the exclusive use and enjoyment of Filipino citizens, the approval of this measure is earnestly sought.

  
**VICTOR A. YAP**  
Representative, 2<sup>nd</sup> District of Tarlac

HOUSE OF REPRESENTATIVES

House Bill No. 0363

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AN ACT  
CREATING THE WEST PHILIPPINE SEA AUTHORITY, PRESCRIBING ITS  
POWERS AND FUNCTIONS, AND APPROPRIATING FUNDS THEREFOR

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

**SECTION 1. Title** – This Act shall be known as the “West Philippine Sea Development  
Authority Act”.

**SECTION 2. Declaration of Policy** – It is hereby declared a national policy to protect  
the nation’s maritime wealth within its Exclusive Economic Zone, and reserve its use and  
enjoyment exclusively to Filipino citizens, particularly within the West Philippine Sea.

**SECTION 3. Creation** - In pursuance of said policy, there is hereby created a body  
corporate to be known as the West Philippine Sea Development Authority which shall be  
attached to the Office of the President.

The Authority shall be governed by the provisions of Republic Act No. 10149, otherwise  
known as the “GOCC Governance Act of 2011”, and be subject to the regulatory jurisdiction of  
the Governance Commission for GOCCs (GCG).

**SECTION 4. Jurisdiction** – The Authority shall have primary jurisdiction over the  
development, management, conservation, protection, and utilization of all resources within the  
West Philippine Sea Exclusive Economic Zone of the Philippines, as defined by Administrative  
Order No. 29, s. 2012, and as enunciated in the United Nations Permanent Court of Arbitration  
Ruling in PCA Case No. 2013-19 In the Matter of The South China Sea Arbitration between The  
Republic of Philippines and The People’s Republic of China dated 12 July 2016, except for  
municipal waters, which shall remain under the jurisdiction of Local Government Units (LGU).

1 For purposes of this Act, the Philippines' Exclusive Economic Zone in the West  
2 Philippine Sea pertains to the maritime areas within 200 nautical miles from the baselines on the  
3 western side of the Philippine archipelago, including the Luzon Sea as well as the waters around,  
4 within and adjacent to the Kalayaan Island Group and Bajo De Masinloc, also known as  
5 Scarborough Shoal.

6  
7 The Authority shall exercise revenue-generating functions arising from, but not limited  
8 to, capture of fish and fishery products, processing and marketing of all fisheries and aquatic  
9 products, marine energy exploration and development, coastal and marine tourism within its  
10 jurisdiction.

11  
12 The Authority shall supervise and regulate the production and capture of fish and fishery  
13 products within its jurisdiction, as well as the processing and marketing of all fisheries and  
14 aquatic products within its jurisdiction.

15  
16 The Authority shall partake in rationalizing all ocean sector initiatives within its  
17 jurisdiction which impact fish and marine resources or their habitat, including, but not limited to  
18 marine energy exploration and development, coastal and marine tourism, designation of shipping  
19 lanes and protected areas.

20  
21 **SECTION 5. Capitalization and Funding.** — The Authority shall have an authorized  
22 capital stock of Two Billion Pesos (Php 2,000,000,000.00) divided into two billion  
23 (2,000,000,000) shares having a par value of One Peso (Php 1.00) each, to be fully subscribed  
24 and paid by the National Government.

25  
26 **SECTION 6. Powers and functions of the Authority** - The Authority shall have the  
27 following powers and functions:

- 28  
29 a) To act as central administrative and coordinating body, particularly of other national  
30 government agencies and local government units that are responsible for fisheries,  
31 ecological protection, marine life and species, energy and other environmental issues  
32 within its jurisdiction;  
33  
34 b) To administer, manage and develop the area covered by its jurisdiction;  
35  
36 c) To enhance economic development opportunities that will provide sustainable financial  
37 improvements benefiting the local environment and the economic quality of life for Local  
38 Government Units (LGUs) bordering the area;

- 1
- 2 d) To accept any local or foreign investment, business or enterprises and to raise revenues
- 3 from among, but not limited to the following:
- 4
- 5 1) fees, tolls, charges, rentals and the like for the use of the waters for all beneficial
- 6 purposes, including but not limited to, fishery, recreation, industrial, agricultural
- 7 navigation and irrigation, as well as for the use of Authority properties, facilities and
- 8 equipment;
- 9 2) fees, tolls, charges, rentals and the like arising from marine energy exploration and
- 10 development, coastal and marine tourism;
- 11 3) periodic license fees and/or applications;
- 12 4) proceeds from administrative fines and penalties which may be imposed pursuant to
- 13 rules and regulations to be promulgated by the Board;
- 14 5) donations, grants, assistance and contributions of all kinds from the National
- 15 Government, LGUs, and foreign governments and privately-owned entities and
- 16 utilize the same;
- 17
- 18 e) To adopt and implement measure and standards for environmental pollution control of all
- 19 areas with its territory and to enforce the same;
- 20
- 21 f) To protect marine life and species, improve water quality in the area by:
- 22
- 23 1) Permanently protecting marine life that are dependent on the area's ecosystem;
- 24 2) Restoring the long-term stable aquatic and shoreline habitat for marine life that
- 25 depend on the area;
- 26 3) Protecting water quality by minimizing pollutants and other sources of water quality
- 27 problems; and
- 28 4) Making, altering or modifying orders requiring the discontinuance of pollution,
- 29 specifying the conditions and the time within which such discontinuance must be
- 30 accomplished.
- 31
- 32 g) To undertake and regulate the establishment, operation and maintenance of utilities, other
- 33 services and infrastructure in the area;
- 34
- 35 h) To exercise exclusive jurisdiction to issue permits for the use of all surface water for any
- 36 projects or activities in or affecting the said area including navigation, construction, and
- 37 operation of fishpens, fish enclosures, fish corrals and the like;
- 38



- 1 i) To exercise exclusive jurisdiction to issue permits and licenses for use in marine energy  
2 exploration and development, as well as coastal and marine tourism;  
3
- 4 j) To issue licenses for the operation of commercial fishing vessels and permits for the  
5 conduct of fishery activities subject to the specific carrying capacities of the resource as  
6 determined by studies or other reliable evidence, with preference being given to the local  
7 communities living within bordering municipalities;  
8
- 9 k) To adopt, prescribe, and promulgate rules and regulations governing the procedures of  
10 the Authority with the respect to the issuance of permits, procedures and guidelines  
11 concerning the classification, establishment, construction, maintenance and operation of  
12 all fishing ports and the operation of businesses therein, except those which are owned  
13 and operated by LGUs;  
14
- 15 l) To issue, renew, or deny permits, under such conditions as it may determine to be  
16 reasonable for the prevention and abatement of pollution;  
17
- 18 m) To collect fees, tolls, charges, rentals and the like for the use of the waters for all  
19 beneficial purposes, including but not limited to, fishery, recreation, industrial,  
20 agricultural navigation and irrigation, as well as for the use of Authority properties,  
21 facilities and equipment. Provided, that the rates of the fees to be collected, and the  
22 sharing with other government agencies and LGUs bordering the area;  
23
- 24 n) To adopt, alter and use a corporate seal; make contracts, leases, own, or otherwise  
25 dispose of personal or real property; sue and be sued; to form, establish, organize and  
26 maintain a subsidiary corporation; and, otherwise, carry out its functions and duties as  
27 provided for in this Act; and  
28
- 29 o) To exercise such other powers and functions as may necessary and proper for the  
30 effective implementation of this Act.  
31

## 32 **SECTION 7. Power to Issue Bonds**

33

- 34 a) The Authority may be authorized to issue bonds and other securities and enter into any  
35 form of indebtedness to finance its projects and programs: *Provided*, That only so much  
36 of such bonds and securities as the annual project implementation would require shall be  
37 issued and sold: *Provided, further*, That no bonds and securities shall be issued unless  
38 eighty percent (80%) of those already issued have been sold: *Provided, furthermore*, That

1 the total amount of the bonds or securities and long-term debts issued shall in no case  
2 exceed twenty (20) times the paid-up capital and surplus of the Authority: *Provided,*  
3 *finally,* That in no instance shall the sovereign guarantee of the Republic of the  
4 Philippines be required or allowed.

5  
6 b) The Authority, in consultation with the Secretary of Finance and the Monetary Board,  
7 shall prescribe the form, the rate of interest and denomination, maturities, negotiabilities,  
8 call or redemption features and all other terms and conditions for the bonds and securities  
9 to be issued.

10  
11 c) The bonds and securities issued under this Act, including the income thereof shall be  
12 exempted from all kinds of local taxes and from attachment, execution and seizure which  
13 facts shall be stated on the face thereof.

#### 14 15 **SECTION 8. Board of Directors**

16  
17 a) The Authority shall be governed and its activities be directed, controlled and managed by  
18 a Board of Directors composed of seven (7) full-time Members, headed by a Chairman,  
19 who shall be appointed by the President of the Philippines from a shortlist submitted by  
20 the GCG and in accordance with the Fit and Proper Rule as determined by the GCG in  
21 accordance with the provisions of Republic Act No. 10149.

22  
23 b) The Chairman shall have a term of five (5) years but may be renewed for a non-  
24 extendible period of one (1) year: *Provided,* that the term of the initial appointees shall be  
25 staggered such that the Chairman shall hold office for a term of five (5) years; the next  
26 three (3) members for three (3) years and the other three (3) members for two (2) years.

27  
28 c) Upon the expiration of their respective terms, they shall continue to serve until their  
29 successor shall have been appointed and qualified. In case a member fails to complete his  
30 term, his successor shall only serve the unexpired portion of the term of his predecessor.

31  
32 d) A member may be removed from office by the President for cause in accordance with the  
33 Civil Service rules and regulations.

34  
35 e) The members of the board may receive *per diems*, allowances, and incentives in  
36 accordance with the guidelines promulgated by the GCG.

- 1 f) The Board shall meet regularly at least once a month, but special meetings may be called  
2 either by the Chairperson or by four (4) members of the Board, when necessary. Four (4)  
3 members of the Board shall constitute a quorum and any approval of business shall  
4 require the concurrence of at least four (4) members.

5  
6 **SECTION 9. Powers, Functions and Duties of the Board of Directors.** – The Board  
7 shall have the following powers, functions and duties:

- 8  
9 a) To direct the management, operations, and administration of the Authority;  
10  
11 b) To approve the organizational structure of the Authority, define the duties and  
12 responsibilities of all officials and employees and approve a compensation and benefit  
13 scheme;  
14  
15 c) To formulate, revise or adjust periodically all policies, and to promulgate the necessary  
16 rules and regulations and manuals of procedures for the effective implementation of this  
17 Act;  
18  
19 d) To approve the annual and/or supplemental budgets of the Authority and authorize such  
20 expenditures by the Authority as are in the interest of its effective administration and  
21 operations;  
22  
23 e) To submit an annual report of the operation of the Authority to the President of the  
24 Philippines, President of the Senate and Speaker of the House of Representatives; and  
25  
26 f) To exercise such other powers as may be necessary and proper for the effective enforcement  
27 of this Act and to accomplish the purposes for which the Authority was organized; and to  
28 do and to perform any and all acts and incidental to the attainment of all the purposes of  
29 the Authority.

30  
31 **SECTION 10. The Executive Director –**  
32

- 33 a) The Authority shall have an Executive Director who shall be appointed by the Chairman.  
34  
35 b) No person shall be appointed Executive Director unless he is at least thirty five (35) years  
36 of age at the time of his appointment, and who has at least ten (10) years experience in  
37 the field of administration, management, and area development prior to the date of his

1 appointment. He must not have been a candidate for any elective position in the elections  
2 immediately preceding his appointment.  
3

4 **SECTION 11. Powers, Functions and Duties of the Executive Director** - The  
5 Executive Director shall have the following powers, duties and responsibilities:  
6

- 7 a) To submit to the Board for consideration policies, plans and programs which, in his  
8 judgment, are necessary to carry out the purposes and provisions of this Act:  
9
- 10 b) To prepare the budget of the Authority for approval of the Board;  
11
- 12 c) To execute, administer and implement the policies and measures approved by the Board;  
13
- 14 d) To direct and supervise the operations and internal administration of the Authority. He  
15 may delegate certain administrative responsibilities to other officers of the Authority  
16 subject to the rules and regulations of the Board:  
17
- 18 e) To appoint all employees of the Authority except the heads of the departments and  
19 divisions whose appointments shall be made by the Board of Directors upon his  
20 recommendation:  
21
- 22 f) Recommend the number and salaries of, appoint the subordinate officers and personnel of  
23 the Authority, and remove or otherwise discipline for cause any officer or  
24 employee: *Provided*, That in all cases the Authority shall be covered by Republic Act No.  
25 6758, as amended by Joint Resolution Nos. 1, series of 1994, and 4, series of 2009, the  
26 Compensation and Position Classification System for GOCCs under Republic Act No.  
27 10149, as approved by the President of the Philippines: *Provided, further*, That prior  
28 approval from the GCG shall be obtained therefor:  
29
- 30 g) To represent the Authority in all dealings with other offices, agencies and  
31 instrumentalities of the Government and with all persons and entities, public or private;  
32 and  
33
- 34 h) To exercise such other powers as may be vested in him by the Board.  
35

36 **SECTION 12. Organizational Structure of the Authority**  
37



1 a) The Executive Director shall prepare the organizational structure of the Authority that  
2 would best carry out its powers and functions, and attain the objectives of this Act and  
3 shall present the same to the Board for its approval.

4  
5 b) Subject to approval of the Board, the Executive Director shall likewise determine the  
6 rates of allowances, *honoraria* and other additional compensation, which the Authority is  
7 hereby authorized to grant its officers, technical staff, consultants and personnel detailed  
8 to it.

9  
10 **SECTION 13. Applicability of the Corporation Law.** — The provisions of the  
11 Corporation Law, as amended, insofar as they are not inconsistent with this Act shall be  
12 applicable to the operations of the Authority.

13  
14 **SECTION 14. By Laws and Rules and Regulations.** — The Board of Directors shall  
15 adopt its By-Laws promulgate the rules and regulations to implement the provisions of this Act  
16 which shall take effect upon approval by the President of the Philippines.

17  
18 **SECTION 15. Separability Clause.** — If, for any reason, any provisions of this Act is  
19 declared invalid or unconstitutional, the other part or parts thereof which are not affected thereby  
20 shall continue to be in full force and effect.

21  
22 **SECTION 16. Repealing Clause.** — All laws, decrees, executive orders, issuances, or  
23 rules and regulations, or portions thereof, that are inconsistent with this Act or any provision or  
24 provisions, thereof, are repealed or modified accordingly.

25  
26 **SECTION 17. Effectivity.** — This Act shall take effect fifteen (15) days after its  
27 publication in two (2) newspapers of general circulation.

28  
29  
30 Approved