

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
First Regular Session

House Bill No. 2318

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INTRODUCED BY Hon. Maanyag "Jun" Papandayan, Jr.

EXPLANATORY NOTE

This bill proposes to establish the LAKE LANAO DEVELOPMENT AUTHORITY, a governmental entity that shall oversee and implement the development of the second largest freshwater lake in the Philippines, which is located in the second district of Lanao del Sur.

In Maranao folklore, there was no lake in Lanao. Lake Lanao was built by angels on the place where it is now situated, where there was once a mighty sultanate; which became a huge basin of deep, blue water; and an outlet now called Agus River was made, and thru the outlet, the water of Lake Lanao poured into the sea. It came to pass that there was a high cliff at the outlet and over the cliff the waters cascaded in majestic volume. Thus, arose the beautiful falls which, later, was named Maria Cristina, after a famous queen of Spain.

This is a beautiful legend about Lake Lanao, but in reality it is considered as one of the 15 ancient lakes in the world.

It is also a proclaimed watershed reserve by virtue of Proclamation No.871 issued on February 26, 1992. It has five watersheds with rivers and major tributaries totaling 431 km. It flows southwest into Iligan Bay via two channels; Maria Cristina Falls, the largest waterfall in the country and Linamon Falls. The total area of its inland water is 336 ha. Lake Lanao has a surface area of about 36,300 ha.

A hydroelectric plant installed along Lanao Lake and Agus River generates 70% of the electricity used by the people of Mindanao. Agus River supports seven (7) hydroelectric power plants of the National Power Corporation (NPC) with a combined capacity of 727 megawatts.

Lake Lanao is richly endowed with at least 18 endemic species of freshwater fish and supports a large number of waterfowl. Lake Lanao is also a major source of livelihood among fisherfolk in the surrounding cities and municipalities of the lake.

Among the issues and concerns in this river basin are: a) changes in climatological conditions as manifested by i) rainfall irregularity, intensity and erosivity; and ii) reduction in annual rainfall and rainy days; b) land degradation attributed to: i) slope and terrain of watershed; ii) dislocation of timberlands in flatlands and A & D lands in slopes above 18%; iii) deforestation; iv) agricultural activities encroachment into fragile ecosystems; and iv) sand and gravel quarrying that is encroaching critical zones; and c) water utilization as exhibited by: i) lake has lot of water for electric generation while most localities in the lake area do not have water for drinking or irrigation; ii) most agricultural areas are rainfed; iii) serious siltation of the littoral zones of Lake Lanao; iv) overdrawing of water from the lake; and v) un-utilized aquifer in Lumba-a Bayabo.

For these reasons, there is a need to ensure that Lake Lanao is properly utilized, preserved for future generations, and the use of its resources maximized thru sustainable development. This bill seeks to do that by creating a centralized governmental agency that shall be tasked to oversee and implement the over-all development of Lake Lanao and also its surrounding areas, which shall lead to more economic benefits to the people of Lanao, and the whole of Mindanao itself.

The importance of Lake Lanao to Mindanao cannot be overemphasized. Therefore, the Lake Lanao Development Authority shall institute and implement a comprehensive development plan designed to promote the rapid social and economic development of Lake Lanao. The Authority shall also be tasked to undertake studies on the marine and natural resources of the Lake for policy or plan formulation. Finally, the Authority shall be except from taxes imposed by the National Government to allow it to maximize the use of its funds for the development of Lake Lanao.

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



Hon. Mauyag "Jun" Papandayan, Jr.



Republic of the Philippines
House of Representatives
Quezon City, Metro Manila

Seventeenth Congress
First Regular Session

HOUSE BILL NO. 2318

Introduced by Honorable Mauyag "Jun" Papandayan, Jr.

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

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 "Lake Lanao Development Authority of 2007."

SEC 2. Declaration of Policy – It is hereby declared a policy of the State to promote and accelerate the development and balanced growth of Lake Lanao and its surrounding cities and municipalities, within the context of national plans and policies for sustainable development, with due regard and adequate provisions for environmental management and control, preservation of the quality of human life and ecological systems and the prevention of undue ecological disturbances, deterioration and pollution.

For purposes of this act, the Lake Lanao Development Authority created under Section 3 of this Act shall identify the surrounding cities and municipalities, which shall be known as the "Area".

SEC 3. Creation of the Lake Lanao Development Authority. – To effectively carry out the declared policy, there is hereby created under the Office of the President of the Philippines, a body corporate to be known as the Lake Lanao Development Authority hereinafter referred to as the Authority.

SEC. 4. Powers and Functions of the Authority. – The Authority shall have the following purposes and functions:

- (a) To make a comprehensive survey of the physical and natural resources and potentialities of Lake Lanao and the Area, particularly its social and economic conditions, hydrologic characteristics, power potentials, scenic and tourist spots, conservation of water resources and such other areas of concerns, and on the basis thereof, to craft a comprehensive and detailed Lake Lanao Development Plan to promote its rapid social and economic development; *Provided, that*, the implementation of all fisheries plans and programs of the Authority shall require prior consultation with the Bureau of Aquatic Resources to ensure that such plans and programs are consistent with national fisheries plans and programs;
- (b) To pass upon and approve all plans, programs and projects proposed by local government units, public corporations and private entities that is related to the utilization of the resources and the development of Lake Lanao and the Area, and monitor the proper implementation of said plans, programs and projects, consistent with the objectives and purposes of this Act. With mandatory prior consultation with the Department of Environment and Natural Resources (DENR), the Authority shall issue the necessary permit for approved plans, programs and projects, *Provided, That*, any application for permit that has been disapproved by the Authority may be appealed to the Office of the President within fifteen (15) days from receipt of such disapproval, whose decision shall be final;
- (c) To harness and promote private participation in business ventures in terms of capital expenditures, land, expertise, financing and their facilities for the development and growth of the Area;
- (d) To plan, program, finance and/or undertake infrastructure projects such as river, flood and tide control works, waster water and sewerage works, water supply, roads, pot works, irrigation, housing and related works when so required within the context of its development plans and programs, including the readjustment, relocation or restoration, or resettlement of population, as may be deemed necessary and beneficial by the Authority: *Provided, That*, should any project be financed wholly or in part by the Authority, it is hereby authorized to collect reasonable fees and tolls as may be fixed by its Board of Directors from users and/or beneficiaries thereof to recover costs of construction, operation and maintenance of the projects:

Provided, Further, That if the Authority should find it necessary to undertake such infrastructure project as social overhead capital projects, the Authority shall be authorized to receive financial assistance from the government and foreign donors, subject to such terms and conditions that may be imposed by the Government;

- (e) To reclaim or cause to be reclaimed portions of Lake Lanao or undertake reclamation projects and/or acquire such bodies of land from the Lake which may be necessary to accomplish the aims and purposes of the Authority; *Provided, That,* the land so reclaimed shall be the property of the Authority and title thereto shall be vested in the Authority: *Provided, further,* That the resulting lakeshore area shall continue to be owned by the National Government;
- (f) To establish research centers to undertake studies on the marine and other natural resources of Lake Lanao for policy or plan formation and project implementation;
- (g) To exercise exclusive jurisdiction to issue new permit for the use of the lake waters for any projects, including navigation, construction, operation of fish pens, fish enclosures, fish corral and the like, and to impose necessary safeguard for lake quality control and management and to collect necessary fees for said activities and projects: *Provided, That,* the Authority's Board may determine new areas of fishery development or activities, taking into account the over-all development plans and programs for Lake Lanao: *Provided, further,* that the Authority shall, subject to the approval of the President of the Philippines, promulgate such rules and regulations which shall govern fisheries development activities in Lake Lanao, including the advisability of placing the supervision of said activities under the Bureau of Fisheries and Aquatic Resources of the local government units in the Area;
- (h) To require the cities and municipalities embraced within the area to pass appropriate zoning ordinances and regulatory measures to carry out the objectives of the Authority and to enforce the same with the assistance of the Authority;
- (i) The provisions of existing laws to the contrary notwithstanding, to exercise water rights over public water within the Lake Lanao area whenever necessary to carry out the Authority's projects;
- (j) To promulgate and establish, in coordination with the Department of Environment and Natural Resources and other existing government agencies, water quality standards for

industrial, agricultural and municipal waste discharges into the Lake and to ensure the cooperation of said existing agencies of the Government in enforcing such standards; and

- (k) To undertake studies on the improvement and maintenance of the desirable water quality of Lake Lanao, and in pursuance thereof, prepare a water quality management program on a continuing basis, which the Authority shall carry out with the assistance and support of the national and local government units involved in water quality management.

Sec. 5. Corporate Powers – The Authority shall exercise the following powers and functions:

- a. To sue and be sued;
- b. To adopt and use a corporate seal with judicial notice;
- c. To undertake the programs and projects specified in Section 4 hereof;
- d. To engage in agricultural, industrial and commercial or other activities necessary or directly contributory to the socio-economic development of the Area, and, for this purpose, whether by itself or in cooperation with private entities, to organize, finance, invest in, and operate subsidiary corporations: *Provided, That*, the Authority shall engage only, unless public interest requires otherwise, in those activities as are in the nature of new ventures or are clearly beyond the scope, capacity or interest of private enterprises;
- e. To invest in or otherwise acquire, own, hold, use, operate, sell, assign, transfer, exchange, mortgage, pledge, lease, develop or otherwise deal in, real property of every kind and description, including shares of stock, bonds, debentures, notes, evidence of indebtedness, and other securities;
- f. To exercise the right of eminent domain or acquire by purchase, privately-owned land within the area for purposes of implementing projects of the Authority;
- g. To borrow funds from any local or foreign financial institutions independent of the bonds it may issue to carry out the purposes of the authority;
- h. To acquire, lease, or own such property or assets in whatever form and serve as the custodian of such properties or assets, real or movable, and sell or otherwise dispose of the same as the Authority may deem it necessary in the pursuit of its aims, objectives and purposes;
- i. To lend or facilitate the extension of financial assistance and/or act as surety or guarantor to worthwhile agricultural, industrial and commercial enterprises;

- j. To accept grants, donations, gifts, bequests, funds and/or properties in whatever form and whatever source in coordination with the appropriate agency and administer the same in accordance with the terms thereof, or in the absence of any condition, in such manner consistent with the policy, aims and objectives of the Authority provided for in this Act;
- k. To enter into a contract of any kind and description to enable it to carry out its purposes and objectives;
- l. To issue such rules and regulations as may be necessary to effectively carry out the powers and purposes herein provided, including plans, programs and projects of the Authority, the same to take effect thirty (30) days after publication thereof, in a newspaper of general circulation; and
- m. For the purposes of attaining or in furtherance of any of its objectives, to perform any and all acts which a corporation, co-partnership, or natural person is authorized to perform under the laws existing or which may be enacted hereafter.

Sec. 6. Capitalization - The Authority shall have an authorized capital of two billion pesos (2,000,000,000 Php) no par value shares, of which the amount of one billion pesos (1,000,000,000 Php) shall be subscribed by the provinces, cities, and municipalities in the Area and at least twenty-five percent (25%) shall be subscribed by the National Government.

Sec. 7. Power to Incur Debts and to Issue Bonds - Whenever the Board of Directors may deem it necessary for the Authority to incur an indebtedness or to issue bonds to carry out the provisions of this Act, it shall, by resolution, so declare and state the purposes for which the proposed debt is to be incurred. The resolution shall be passed by the affirmative vote of at least four (4) members of the Board and approved by the President of the Philippines upon the recommendation of the Secretary of Finance in consultation with the National Economic Development Authority (NEDA) and the Monetary Board.

Sec. 8. Tax Exemption - The Authority shall be exempt from payment of all taxes imposed by the National Government, its provinces, cities, municipalities and other government agencies and instrumentalities: *Provided, That*, its subsidiary corporations shall be subject to all said taxes five (5) years after their establishment under a graduated scale. Such exemption shall include any tax or fee imposed by the Government on the sale, purchase or transfer of foreign exchange and all notes, bonds, and debentures, and other obligations issued by the Authority, both as to the principal and interest.

Sec. 9. Governing Body - The corporate powers and functions of the Authority shall be vested in and exercised by a Board of Directors,

hereinafter referred to as the Board, which shall be composed of a Chairman and six (6) members, to be appointed by the President of the Philippines who shall serve for a term of six (6) years, unless sooner removed from or is incapacitated to perform functions of the office; *Provided, That*, a majority of the members of the Board must be residents of Lanao del Sur and Lanao del Norte.

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

No person shall be appointed as Chairman or member of the Board, or as General Manager, unless he is a natural-born citizen of the Philippines, at least thirty (30) years of age and of proven probity and integrity. In addition, the General Manager shall likewise have demonstrated executive competence and experience in the field of public administration or the management of agricultural, industrial or commercial enterprises and knowledgeable of the socio-economic conditions of Lake Lanao and its surrounding cities and municipalities.

Sec. 10. Prohibition against Conflict of Interest – No member of the Board shall be financially interested, directly or indirectly, in any contract entered into by the Authority or in any special privilege granted by the Authority during his term of office. All contracts entered into in violation of the provision of this Section shall, by two-thirds (2/3) vote of the Board, automatically be disqualified from serving his unexpired term, and he shall furthermore be perpetually disqualified for membership in the said Board.

Sec. 11. Compensation – The General Manager shall receive compensation in accordance with the Compensation and Position Classification Act of 1998 and shall not engage in any business, calling or profession during his term of office other than those connected with the performance of his official functions and duties.

The members of the Board shall receive, for every meeting actually attended, a per diem of two thousand pesos (2,000 Php): *Provided, that*, such per diem shall not exceed six thousand pesos (6,000 Php) during any month for each member. Members of the Board shall be reimbursed by the Authority for actual expenses (including traveling and subsistence expenses) incurred by them in the performance of their duties for the Authority as may be specifically authorized by the Board.

Sec. 12. Quorum – The presence of four (4) members of the Board, including the Chairman or Vice-Chairman, shall constitute a quorum for the transaction of the business of the Board.

Sec. 13. Meetings of the Board – The Board shall meet preferably at its principal office at least once a month and as frequently as necessary to discharge its duties and responsibilities properly. The Board shall be convened by the Chairman or upon the written request of a majority of its members. Except when otherwise provided for in this Act, the vote of a majority of the members constituting a quorum shall be sufficient for the adoption of any rule, resolution, decision or any act of the Board.

Sec. 14. Powers and Functions of the Board – The Board shall have the following powers and functions:

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

Sec. 15. Powers and Functions of the General Manager – The General Manager shall be the chief executive of the Authority, as such, he or she shall have the following powers and functions:

- a. To submit, for the consideration of the Board, the policies and measures which he or she believes to be necessary to carry out the purposes and provisions of this Act;
- b. Execute and administer the policies, plans, programs and projects approved by the Board;
- c. Direct and supervise the operation and internal administration of the Authority. The General Manager may delegate some of his or her administrative responsibilities to other officers of the Authority subject to the rules and regulations of the Board;
- d. Prepare the annual budget of the Authority for the consideration of the Board;
- e. Prepare the plantilla and appoint officials and employees below the rank of division heads, to positions in the approved budget upon written recommendations of the division head concerned, using as a guide the standard set forth and such other reports as may be required;

- f. Exercise such other powers as may be vested in him by the Board.

Sec. 16. Representation of the Authority - The General Manager shall be the principal representative of the Authority. He shall be empowered, in such capacity and in accordance with the instructions of the Board:

- a. To represent the Authority in all dealings with other offices, agencies, and instrumentalities of the Government and with all other persons and entities, whether public or private domestic, foreign or international;
- b. To sign contracts concluded by the Authority, annual reports, balance sheets, profit and loss statements, correspondences and other documents of the Authority; and
- c. To represent the Authority, either personally or through counsel, in any legal proceedings or actions.

Sec. 17. Departments - There shall be created the following departments within the authority: the Administrative, Legal, Operations, Financial and Management, Auditing, Planning and Programming, and such other department as may be necessary to effectively carry out the functions of the Authority. The head of each Department shall be appointed by the Board upon recommendation of the General Manager, and shall receive an annual compensation as may be fixed by the Board.

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

Sec. 19. Appropriations - The sum of fifty million pesos (50,000,000 Php) necessary for the initial operating expenses of the Authority is hereby charged to the appropriations authorized for the Regional Development Fund. Thereafter, the sum necessary for the continued operation and maintenance of the Authority shall be included in the annual budget of the Office of the President.

SEC. 20. Repealing Clause.- All republic acts, executive orders, rules and regulations, and other issuances, or parts thereof, that are inconsistent with the provisions of this Republic Act are hereby repealed or modified accordingly.

SEC. 21. Separability Clause.- If for any reason or reasons, any part or provision of this Act shall be declared or held to be

unconstitutional or invalid other parts or provisions hereof, which are not affected thereby shall continue to be in full force and effect.

SEC. 22. Effectivity Clause.- This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in at least two (2) national newspapers of general circulation.

Approved,