


12 JAN 16 5:31

SENATE

S.B. No. **3097**

BY: 

Introduced by Senator LOREN B. LEGARDA

EXPLANATORY NOTE

Lake Lanao and its watersheds are now in the middle of an ecological crisis. A 2006 study made by the Mindanao State University found that the Lake suffers from massive algae contamination brought about by indiscriminate logging, extensive land-use and farming. These findings further raise the alarm on the lake's situation following earlier reports that around 90 percent of its endemic freshwater species are already extinct due to the introduction of foreign species in the lake and the construction of hydro-electric power plants in the area, which disturbed the watershed's ecological balance. Widespread illegal logging in its watersheds has also affected the Lake's ability to supply water to the Agus River which serves as its only outlet and supports six hydroelectric powerplants. The National Grid Corporation of the Philippines estimated that low water levels in Lake Lanao and the Pulangi River back in 2010 cost the country PhP 62 billion in economic losses as the island suffered rotating brown outs that time.

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

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

del Norte and Lanao del Sur, and the mayor of Marawi City. Apart from the LLWPDC, other agencies also exercise administrative functions over the lake and its watersheds such as the NPC and the DENR. Further complicating matters is its location within the ARMM which naturally places it within the management of the regional government. And yet, due to its status as a Protected Watershed area, jurisdiction was transferred to the national government.

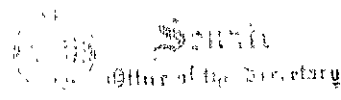
The bill seeks to establish an effective policy and regulatory administration over Lake Lanao thru the Lake Lanao Development Authority, thereby ensuring the promotion and development of Mindanao's important natural resource base in a sustainable manner. The salient provision of which are as follows:

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

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



LOREN B. LEGARDA



12 JAN 16 AM 1:31

SENATE

S. B. No. 3097

OFFICE OF THE SECRETARY:

Introduced by Senator Loren Legarda

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

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

1 **SECTION 1. Title.** - This Act shall be known as the "Lake Lanao Development
2 Authority of 2012".

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

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

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

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

1 (DENR), may include nearby rivers and watersheds, which are deemed critical for the
2 conservation of the Lake Lanao Watershed.

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

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

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

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

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

44 (d) Plan, program, finance and/or undertake infrastructure projects such as river,
45 flood and tide control works, waster water and sewerage works, water supply,

1 roads, pot works, irrigation, housing and related works when so required within
2 the context of its development plans and programs, including the readjustment;
3 relocation or restoration, or resettlement of population, as may be deemed
4 necessary and beneficial by the Authority: Provided, That, should any project be
5 financed wholly or in part by the Authority, it is hereby authorized to collect
6 reasonable fees and tolls as may be fixed by its Board of Directors from users
7 and/or beneficiaries thereof to recover costs of construction, operation and
8 maintenance of the projects: Provided, Further, That if the Authority should find
9 it necessary to undertake such infrastructure project as social overhead capital
10 projects, the Authority shall be authorized to receive financial assistance from the
11 government and foreign donors, subject to such terms and conditions that may
12 be imposed by the Government;

13 (e) Reclaim or cause to be reclaimed portions of Lake Lanao or undertake
14 reclamation projects and/or acquire such bodies of land from the Lake which
15 may be necessary to accomplish the aims and purposes of the Authority;
16 Provided, That, the land so reclaimed shall be the property of the Authority and
17 title thereto shall be vested in the Authority: Provided, further, That the resulting
18 lakeshore area shall continue to be owned by the National Government;

19 (f) Establish research centers to undertake studies on the marine and other natural
20 resources of Lake Lanao for policy or plan formulation and project
21 implementation;

22 (g) Exercise surface and groundwater rights within the Area;

23 (h) Exercise exclusive jurisdiction to issue, renew, or deny permits for the use of the
24 lake waters for any projects, including navigation, construction, operation of fish
25 pens, fish enclosures, fish corral and the like, and to impose necessary safeguard
26 for lake quality control and management and to collect necessary fees for said
27 activities and projects: Provided, That, the Authority's Board may determine new
28 areas of fishery development or activities, taking into account the over-all
29 development plans and programs for Lake Lanao: Provided, further, that the
30 Authority shall, subject to the approval of the President of the Philippines,
31 promulgate such rules and regulations which shall govern fisheries development
32 activities in Lake Lanao, including the advisability of placing the supervision of
33 said activities under the Bureau of Fisheries and Aquatic Resources of the local
34 government units in the Area;

35 (i) Issue orders or decisions, after notice and hearing, to insure compliance with the
36 provisions of this Act and its implementing rules and regulations;

37 (j) After due notice and hearing, revoke, suspend or modify any permit issued
38 under this Act whenever the same is necessary to prevent or abate pollution;

39 (k) Deputize in writing, or request assistance of, appropriate government agencies
40 or instrumentalities for the purpose of enforcing this Act and its implementing
41 rules and regulations and the orders and decisions of the Authority;

42 (l) Impose administrative fines of not less than PhP 50,000.00 and other penalties it
43 may deem reasonable and appropriate for non-compliance with permit
44 conditions and for undertaking development without clearance from the

1 Authority against any person juridical or otherwise within the Area who may be
2 found violating, or have in fact violated, any of its rules and regulations;

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

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

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

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

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

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

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

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

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

- 33 a. Sue and be sued in its corporate name;
34 b. Adopt and use a corporate seal with judicial notice;
35 c. Undertake the programs and projects specified in Section 4 hereof;
36 d. Engage in agricultural, industrial and commercial or other activities necessary
37 or directly contributory to the socio-economic development of the Area, and, for
38 this purpose, whether by itself or in cooperation with private entities, to
39 organize, finance, invest in, and operate subsidiary corporations: Provided, That,
40 the Authority shall engage only, unless public interest requires otherwise, in
41 those activities as are in the nature of new ventures or are clearly beyond the
42 scope, capacity or interest of private enterprises;

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

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

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

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

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

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

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

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

29 **Sec. 11. Quorum.** - The presence of six (6) members of the Board, including the
30 Chairman or Vice-chairman, shall constitute a quorum for the transaction of the
31 business of the Board.

32 **SEC. 12. Per Diems and Allowances.** - The members of the Board shall receive a
33 per diem of Php 2,500.00 for every meeting but in no case will the total amount received
34 exceed the sum of Php 5,000.00. Members of the Board shall be entitled to commutable
35 transportation and representation allowances in the performances of official functions
36 for the Authority the aggregate amount of Php 5,000.00 for any one month.

37 **SEC. 13. Prohibition against Conflict of Interest.** - No member of the Board
38 shall be financially interested, directly or indirectly, in any contract entered into by the
39 Authority or in any special privilege granted by the Authority during his term of office.
40 All contracts entered into in violation of the provision of this Section shall, by two thirds
41 (2/3) vote of the Board, automatically be disqualified from serving his unexpired term,
42 and he shall furthermore be perpetually disqualified for membership in the said Board;

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

- 1 (a) Submit, for the consideration of the Board, the policies and measures which he or
2 she believes to be necessary to carry out the purposes and provisions of this Act;
3 (b) Execute and administer the policies, plans, programs and projects approved by
4 the Board;
5 (c) *Direct and supervise the operation and internal administration of the Authority.*
6 *The General Manager may delegate some of his or her administrative*
7 *responsibilities to other officers of the Authority subject to the rules and*
8 *regulations of the Board;*
9 (d) Prepare the annual budget of the Authority for the consideration of the Board;
10 (e) Prepare the plantilla and appoint officials and employees below the rank of
11 division heads, to positions in the approved budget upon written
12 recommendations of the division head concerned, using as a guide the standard
13 set forth and such other reports as may be required;
14 (f) Exercise such other powers as may be vested in him by the Board.

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

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

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

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

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

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

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

8 The compensation plan shall be comparable with the prevailing compensation
9 plans in the Philippine Economic Zone Authority (PEZA), the Bases Conversion
10 Development Authority (BCDA), the Clark Development Corporation (CDC) and the
11 private sector and shall be subject to the periodic review by the Board of Directors every
12 two (2) years, without prejudice to yearly merit reviews or increases based on
13 productivity and profitability. The Authority shall be exempt from existing laws, rules
14 and regulations on compensation, position classification and qualification standard. It
15 shall however endeavor to make its systems conform as closely as possible with the
16 principles under the Compensation and Position Classification Act of 1989 (RA No.
17 6758, as amended).

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

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

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

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

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

42 **SEC. 23. Capitalization.** - The Authority shall have an authorized capital of Two
43 Billion Pesos (2,000,000,000 PhP) no par value shares, of which the amount of One
44 Billion Pesos (1,000,000,000 PhP) shall be subscribed by the province, cities, and

1 municipalities in the Area and at least twenty-five percent (25%) shall be subscribed by
2 the National Government.

3 **SEC. 24. Appropriations.** - The sum of Fifty Million Pesos (50,000,000 PhP)
4 necessary for the initial operating expenses of the Authority is hereby charged to the
5 appropriations authorized for the Regional Development Fund. Thereafter, the sum
6 necessary for the continued operation and maintenance of the Authority shall be
7 included in the annual budget of the Office of the President.

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

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

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

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

32 **SEC. 28. Penal and Civil Liability Clause.** - Any person, natural or juridical,
33 who shall violate any of the provisions of this Act or any rules and regulations
34 promulgated by the Authority pursuant thereto shall be liable to imprisonment of not
35 exceeding three (3) years or to a fine not exceeding Fifty Thousand Pesos (PhP
36 50,000.00) or both at the discretion of the court. This is without prejudice to the
37 imposition of penalties as may be provided under relevant and existing laws, rules, and
38 regulations; Provided, that, for every two (2) years, periodic adjustments as
39 recommended by the National Statistics Office (NSO), shall be implemented to maintain
40 the deterrent function of the fine.

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

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

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

7 Approved.