

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

THIRTEENTH CONGRESS
First Regular Session

HB NO. 1365

Introduced by **Rep. Roseller L. Barinaga**

EXPLANATORY NOTE

The proposed measure envisions to strengthen the existing law that created the Philippine Economic Zone Authority (PEZA). Specifically, stiffer requirements (such as, but not limited to: academic degree obtained, the specific minimum years of solid experience in management and supervision, etc.) for those who will be nominated and appointed to manage the PEZA are put in place to safeguard, not only the integrity of the Authority among the foreign investors but also to ensure proper and professional management.

PEZA officials are also prohibited from participating in partisan political activities.

As part of its corporate responsibility, the proposed bill also ensures that appropriate and due compensation is to be given to those persons or organization or otherwise affected and/or displaced by the establishment or expansion programs of the PEZA.

It is important that Congress should review the PEZA Law so that its existence could be furthermore strengthened and the economic benefits it gives to our people could be shared and expanded to the greater number.

Approval of this bill is urgent and necessary.

ROSELLER L. BARINAGA
Representative
2nd District, Zamboanga del Norte

Congress of the Philippines)
Thirteenth Congress)
First Regular Session)

HOUSE OF REPRESENTATIVES

HB NO. 1365

Introduced by **Rep. Roseller L. Barinaga**

AN ACT
TO AMEND CERTAIN SECTIONS OF REPUBLIC ACT NUMBERED SEVEN THOUSAND NINE HUNDRED SIXTEEN, OTHERWISE KNOWN AS THE SPECIAL ECONOMIC ZONE ACT OF 1995, AND FOR OTHER PURPOSES

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

SECTION 1. Chapter I of Republic Act No. Seven Thousand Nine Hundred Sixteen is hereby amended by adding a new Section, to read as follows:

"SEC. 6-A. IF IN THE ESTABLISHMENT OF A PUBLIC-OWNED ECOZONE, ANY PERSON OR GROUP OF PERSONS WHO HAS BEEN CONTINUOUSLY OCCUPYING A PARCEL OF LAND FOR AT LEAST TEN (10) YEARS WITHIN THE ZONE HAS TO BE EVICTED, THE PEZA SHALL PROVIDE THE PERSON OR GROUP OF PERSONS CONCERNED WITH PROPER DISTURBANCE COMPENSATION."

SEC. 2. Chapter II, Section 11, Paragraph 3 of Republic Act No. Seven Thousand Nine Hundred Sixteen is hereby amended, to read as follows:

"CHAPTER II

"GOVERNING STRUCTURES

"SEC. 11. *The Philippine Economic Zone Authority (PEZA) Board.* - There is hereby created a body corporate to be known as the Philippine Economic Zone Authority (PEZA) attached to the Department of Trade and Industry. The Board shall have a director general with the rank of department undersecretary who shall be appointed by the President. The director general shall be at least forty (40) years of age, of proven probity and integrity, and [with] a degree-HOLDER in ANY OF THE FOLLOWING FIELDS: economics, business, public administration, law, management or THEIR [its] equivalent, AND WITH AT LEAST TEN (10) YEARS RELEVANT WORKING EXPERIENCE AND SOLID TRACK RECORD

PARTICULARLY IN THE FIELD OF PROFESSIONAL MANAGEMENT OR PUBLIC ADMINISTRATION.

"The director general shall be assisted by three (3) deputy director general each for policy and planning, administration and operations, who shall be appointed by the PEZA Board, upon the recommendation of the director general. The deputy directors general shall at least thirty-five (35) years old, with proven probity and integrity, and [with] a degree-HOLDER in ANY OF THE FOLLOWING FIELDS: economics, business, public administration, law, management or THEIR [its] equivalent. They must have APPROPRIATE career executive service eligibility.

"The Board shall be composed of [the director general as *ex officio* chairman with eight (8)] ELEVEN (11) members as follow: the SecretarY [ies] [or their representatives] of the Department of Trade and Industry AS CHAIRMAN, THE DIRECTOR GENERAL OF THE PHILIPPINE ECONOMIC ZONE AUTHORITY AS VICE-CHAIRMAN, THE UNDERSECRETARIES of the Department of Finance, the Department of Labor and Employment, the Department of Interior and Local Government, THE DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES, THE DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS, the DEPUTY DIRECTOR GENERAL OF THE National Economic and Development Authority [and the *Bangko Sentral ng Pilipinas*], one (1) representative from the labor sector TO BE RECOMMENDED BY THE DULY RECOGNIZED UNIONS OPERATING WITHIN THE VARIOUS ECOZONES, [and] one (1) representative from the investors/business sector in the Ecozone, AND THE PRESIDENT OF THE PHILIPPINE INDUSTRIAL ESTATES ASSOCIATION. IN CASE OF THE UNAVAILABILITY OF THE SECRETARY OF THE DEPARTMENT OF TRADE AND INDUSTRY TO ATTEND A PARTICULAR MEETING, THE DIRECTOR GENERAL OF PEZA SHALL PRESIDE OVER SAID MEETING AND SHALL EXERCISE THE FUNCTIONS OF THE CHAIRMAN AS MAY BE PRESCRIBED BY LAW.

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SEC. 3. Chapter II, Section 15 of Republic Act No. Seven Thousand Nine Hundred Sixteen is hereby amended, to read as follows:

"SEC. 15. *Administration of Each Ecozone*. - EXCEPT FOR PRIVATELY-OWNED, MANAGED OR OPERATED ECOZONES, each ecozone shall be organized, administered, managed and operated by the Ecozone executive committee composed of the following"

"(a) The administrator who shall be appointed by the PEZA Board upon recommendation of the director general; and

"(b) One (1) deputy administrator to be appointed by the Board upon recommendation of the director general.

"PRIVATELY-OWNED ECOZONES SHALL RETAIN AUTONOMY AND INDEPENDENCE BUT SHALL BE MONITORED BY THE PEZA FOR THE

IMPLEMENTATION OF INCENTIVES AND OPERATIONS FOR ADHERENCE TO THE LAW.

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SEC. 4. Chapter II, Section 16 of Republic Act No. Seven Thousand Nine Hundred Sixteen is likewise amended, to read as follows:

"SEC. 16. [*Salary and Other Emoluments*. - The salary of the director general shall be in accordance with the revised compensation and position classification system.] *PERSONNEL*. - THE PEZA BOARD OF DIRECTORS SHALL PROVIDE FOR AN ORGANIZATION AND STAFF OF OFFICERS AND EMPLOYEES OF THE PEZA, AND UPON RECOMMENDATION OF THE DIRECTOR GENERAL WITH THE APPROVAL OF THE SECRETARY OF THE DEPARTMENT OF TRADE AND INDUSTRY, APPOINT AND FIX THE REMUNERATIONS AND OTHER EMOLUMENTS: *PROVIDE*, THAT THE BOARD SHALL HAVE AN EXCLUSIVE AND FINAL AUTHORITY TO PROMOTE, TRANSFER ASSIGN OR REASSIGN OFFICERS OF THE PEZA, ANY PROVISION OF EXISTING LAW TO THE CONTRARY NOTWITHSTANDING: *PROVIDED, FURTHER*, THAT THE DIRECTOR GENERAL MAY CARRY OUT REMOVAL OF SUCH OFFICERS AND EMPLOYEES.

"ALL POSITIONS IN THE PEZA SHALL BE GOVERNED BY A COMPENSATION, POSITION CLASSIFICATION SYSTEM AND QUALIFICATION STANDARDS APPROVED BY THE DIRECTOR GENERAL WITH THE CONCURRENCE OF THE BOARD OF DIRECTORS BASED ON A COMPREHENSIVE JOB ANALYSIS AND AUDIT OF ACTUAL DUTIES AND RESPONSIBILITIES. THE COMPENSATION PLAN SHALL BE COMPARABLE WITH THE PREVAILING COMPENSATION PLANS IN THE SUBIC BAY METROPOLITAN AUTHORITY (SBMA), CLARK DEVELOPMENT CORPORATION (CDC), BASES CONVERSION AND DEVELOPMENT AUTHORITY (BCDA) AND THE PRIVATE SECTOR AND SHALL BE SUBJECT TO PERIODIC REVIEW BY THE BOARD NOT MORE THAN ONCE EVERY TWO (2) YEARS WITHOUT PREJUDICE TO YEARLY MERIT REVIEWS OR INCREASES BASED ON PRODUCTIVITY AND PROFITABILITY. THE PEZA SHALL THEREFORE BE EXEMPT FROM EXISTING LAWS, RULES AND REGULATIONS ON COMPENSATION, POSITION CLASSIFICATION AND QUALIFICATION STANDARDS. IT SHALL HOWEVER ENDEAVOR TO MAKE ITS SYSTEM CONFORM AS CLOSELY AS POSSIBLE WITH THE PRINCIPLES UNDER REPUBLIC ACT. NO. 6758.

"THE PEZA OFFICERS AND EMPLOYEES INCLUDING ALL MEMBERS OF THE BOARD SHALL NOT ENGAGE DIRECTLY OR INDIRECTLY IN PARTISAN ACTIVITIES OR TAKE PART IN ANYTHING RELATED TO POLITICAL ELECTIONS, EXCEPT TO VOTE.

"NO OFFICER OR EMPLOYEE OF THE PEZA SUBJECT TO CIVIL SERVICE LAWS AND REGULATIONS SHALL BE REMOVED OR

SUSPENDED EXCEPT FOR PROVEN CAUSE WHICH VIOLATES ANY PROVISION OF LAWS."

SEC. 5. Chapter III, Section 24 of Republic Act No. Seven Thousand Nine Hundred Sixteen is likewise amended, to read as follows:

"SEC. 24. *Exemptions from Taxes Under the National Internal Revenue Code*. - Any provision of existing laws, rules and regulations to the contrary notwithstanding, no taxes, local and national, shall be imposed on business establishments operating within the Ecozone. In lieu of paying taxes, five percent (5%) of the gross income earned by all businesses and enterprises within the Ecozone, shall be remitted to the national government. This five percent (5%) shall be shared and distributed as follows:

"(a) Three percent (3%) to the national government;

"(b) One percent (1%) to the local government units affected by the declaration of the Ecozone in proportion to their population, land area, and equal sharing factors: *PROVIDED*, HOWEVER, THAT THE ONE PERCENT (1%) ACCRUING TO THE LGUs SHALL BE REMITTED TO THEM DIRECTLY BY THE GOVERNMENT AGENCY COLLECTING THE SAID AMOUNT; and

"(c) One percent (1%) for the establishment of a development fund to be utilized for the development of municipalities outside and contiguous to each Ecozone: *Provided, however*, That the respective share of the affected local government units shall be determined on the basis of the following formula:

"(1) Population - fifty percent (50%)

"(2) Land area - twenty-five percent (25%); and

"(3) Equal sharing - twenty-five percent (25%)."

SEC. 6. All laws, orders, issuances, rules and regulations or part thereof inconsistent with the provisions of this Act are hereby repealed, amended, or modified accordingly.

SEC. 7. This Act shall take effect after fifteen (15) days following its publication in the Official Gazette or in two (2) newspapers of general circulation in the Philippines, whichever comes earlier.

Approved.