

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

THIRTEENTH CONGRESS

First Regular Session

HOUSE BILL NO. 2447



Introduced by HON. AMADO T. ESPINO, JR.

EXPLANATORY NOTE

This bill aims to propose the Lingayen Gulf Coastal Area Development Authority.

The Lingayen Gulf is one of the richest bodies of water in the country where more than 12,000 marginal fisherfolks depend on for livelihood. It has a total land area of 1,754.5 sq. kms., its marine waters cover 1,209 sq. kms. and its coastline stretches to 160 kms., covering two (2) provinces, Pangasinan and La Union, fifteen (15) municipalities and three (3) cities.

For many decades, the gulf and its resources have been subjected to illegal and destructive fishing activities, erosion and sedimentation from denuded watersheds, pollution from domestic wastes, agricultural run-offs, mine tailing and other environmental problems.

In order to avoid the eventual death of the gulf, the Lingayen Gulf Coastal Area Management Commission (LGCAMC) was created by then President Fidel V. Ramos in 1994 by virtue of Executive Order No. 171. The Commission serves as an advisory body to the President and it coordinates and monitors the implementation of programs and projects relative to the protection, conservation, development and management of the gulf.

The present nature and structure of the Commission is not responsive to the needs and concerns affecting the gulf. For one, there seems to be uncertainty as to the tenure of those serving in the Commission. Secondly, the Commission find difficulty in launching or completing its projects and programs due to lack of financial support or regular assistance from the government. Most importantly, the Commission does not have the authority to police the gulf and protect it from pernicious activities.

The conversion of the Commission into an Authority is timely. The protection and preservation Lingayen Gulf is much too precious to be ignored. Moreover, it is now imperative that a body that is self-sustaining and capable of income generation be in charge of the overall development plan for the Lingayen Gulf.

The approval of this measure is respectfully recommended.



AMADO T. ESPINO, JR.
2nd District, Pangasinan

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AN ACT
CREATING THE LINGAYEN GULF COASTAL AREA
DEVELOPMENT AUTHORITY, PRESCRIBING ITS
POWERS, FUNCTIONS AND DUTIES, PROVIDING
FUNDS THEREFOR, AND FOR OTHER PURPOSES.

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

CHAPTER I

Declaration of Policy and Creation of Authority

SECTION 1. *Declaration of policy.* – It is the policy of this Authority to lead, promote, and accelerate the development and balanced growth of the Lingayen Gulf Coastal Area Development Authority and the surrounding provinces, cities and towns within the context of the national plans and policies for social and economic development.

SECTION 2. *Creation.* – For the purpose of carrying out and effecting the declared policy, as provided for in Section one hereof, there is hereby created a corporate body to be known as the Lingayen Gulf Coastal Area Development Authority, hereinafter referred to as the Authority, which shall be organized within one hundred twenty (120) days after the approval of this Act. The Authority shall execute the powers and functions herein vested and conferred upon it in such a manner as will, in its judgement, aid to the fullest possible extent in carrying out the aims and purposes set forth below. This Act may be known as the “*Lingayen Gulf Coastal Area Development Authority Act of 2004*”.

SECTION 3. *Location of principal office.* – The Authority shall maintain its principal office in the Municipality of Lingayen, Province

of Pangasinan, but it may have branch offices in such other places as necessary for the proper conduct of its business.

CHAPTER II

SECTION 4. *Purposes.* – The Authority shall have the following purposes:

- a) To make a comprehensive survey of the physical and natural resources and potentialities of the area, more particularly the development of the Lingayen Gulf Coastal Area resources including its social conditions, hydrological studies, power potentials, development of scenic and tourist spots, conservation of water resources and such other related problems, and on the basis thereof, to draft a comprehensive and detailed plan designed to promote the region's rapid social and economic development and to implement such plan or plans;
- b) To provide the machinery for extending the necessary planning, management and technical assistance to prospective and existing investors in the area;
- c) To make recommendations to the proper agencies on the peso or dollar financing, technical support, physical assistance and, generally, the level of priority to be accorded agricultural, industrial and commercial projects, soliciting or requiring direct help from or through the government or any its instrumentalities;
- d) To pass over all plans, programs, project developments proposed by local governmental agencies within the area, public corporations, and private enterprises where such plans, programs, and/or project developments are related to the development of the area as envisioned in this Act. The Authority shall determine whether such plans, programs, and/or project developments need to be approved by the Authority under this provision and the decision of the Authority shall be final;
- e) To engage in agriculture, industry, commerce, or other activities within the region which may be necessary or directly contributory to the socio-economic development of the area, and, for this purpose, whether by itself or in cooperation with private persons or 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 due to consideration of geography, technical or capital requirements, returns on investment, and risk;

- f) To plan, program and /or undertake the readjustment, relocation, or resettlement of population within the area as may be deemed necessary, and beneficial by the Authority;
- g) To make an annual report to the stockholders regarding the operation of the Authority more particularly a statement of its financial conditions, activities undertaken, progress of projects and programs and plans of actions for the incoming years: *Provided, however,* That a majority of the stockholders may require the Authority to submit report or reports other than the annual report herein required, which report must be submitted within a period of thirty (30) days from notice thereof;
- h) To lend or facilitate the extension of financial assistance and/or act as surety or guarantor to worthwhile agricultural, industrial and commercial enterprises; and
- i) To reclaim or undertake reclamation projects and/or acquire such body of lands from the lake as may be necessary to accomplish the aims and purposes of the Authority.

CHAPTER III

Corporate Powers

SECTION. 5. *The Powers of the Authority.* – The Authority shall have the following powers and functions:

- a) To succeed on its corporate name;
- b) To sue and be sued in such corporate name;
- c) To adopt, alter and use a corporate seal;
- d) To adopt, amend, and repeal its by-laws;
- e) To enter into contracts of any kind and description, to enable it to carry out its purposes and functions under this Act;
- f) To acquire, buy, purchase, hold or lease, such personal and real property as it deems necessary or convenient in the transaction of its business and/or in relation with the carrying out of its purpose under this Act; and to lease,

- mortgage, sell, alienate, or otherwise encumber or dispose any such personal and real property held by it;
- g) To exercise the right of eminent domain whenever the Authority deems it necessary for the attainment of the objectives of the Authority under this Act;
 - h) To borrow funds from any local or foreign financial institutions independent of the bonds it may issue or may continue to issue, to carry out the purposes of this Authority under this Act;
 - i) To purchase, hold, alienate, mortgage, pledge or otherwise dispose of the shares of the capital stock of, or any bond, securities, or other evidence of indebtedness created by any other corporation, co-partnership, or government agencies or instrumentalities; and while the owner of said stock, to exercise all the rights of ownership, including the right to vote thereon;
 - j) For carrying on its business, or for the purpose of attaining or furthering 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 now existing or which may be entered hereafter.

CHAPTER IV

SECTION. 6. *Capitalization and Financing.* – The Authority shall have an authorized capital of ONE HUNDRED MILLION (₱ 100,000,000.00) PESOS of which the amount of TWENTY MILLION (₱ 20,000,000.00) PESOS shall be subscribed by the stockholders. Of the subscribed capital, the amount of FIVE MILLION (₱ 5,000,000.00) PESOS shall be fully paid up.

The authorized capital stock of ONE HUNDRED MILLION (₱ 100,000,000.00) PESOS, shall be divided into one (1) million shares of stock with a par value of ONE HUNDRED (₱100.00) PESOS per share.

The shares of stock of the Authority shall be divided into:

- 1) 700,000 common shares (voting)
- 2) 300,000 preferred shares (non-voting)

Of the subscribed common shares of 200,000 at least 60% shall be subscribe by the provinces of Pangasinan and La Union equally, of which subscription, 25% shall be fully paid. The remaining common shares shall be open for subscription to cities, municipalities, provinces and private investors.

The preferred shares of stock of 300,000 shall be available for subscription to cities, municipalities, provinces, government corporations and to private investors: *Provided, however,* That private

investors who will subscribe and/or purchase one (1) preferred share of every common share held by them.

SECTION 7. *Powers of Municipal Corporations to Subscribe.* – For purposes of attaining the purposes of this Authority, municipalities, cities and provinces are hereby authorized to subscribe, own, buy or hold shares of stock of this Authority.

SECTION 8. *Operating expenses.* – For the operating expenses of the Authority, the sum of FIVE HUNDRED THOUSAND (P 500,000.00) PESOS is hereby authorize to be appropriated annually for two (2) years from the general fund of the National Government not otherwise appropriated.

Thereafter the Board of Directors may appropriate out the funds of the Authority such sums as may be needed or necessary for its operating expenses.

SECTION 9. *Power 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 purpose for which the proposed debt is to be incurred. The resolution shall be confirmed by the affirmative vote of the stockholders representing a majority of the subscribed capital stock outstanding and entitled to vote.

SECTION 10. *Bond Limit.* – The bonds shall be issued in such amounts as will be needed at any one time, taking into account the rate at which said bonds may be absorbed by the buying public and the fund requirements of the projects ready for execution, and considering further a proper balanced productive and non-productive projects so that inflation shall be held to the minimum.

SECTION 11. *Form, rates of interest, etc. of bonds.* – The Board of Directors, shall prescribe the form, the rates of interest, the denominations, maturities, negotiability, convertibility, call and redemption features, and all other terms and conditions of issuance, placement, sale, servicing, redemption, and payment of all bonds issued by the Authority under this Act.

The bonds issued by virtue of this Act may be made payable both as to principal and interest in Philippine currency or any readily convertible foreign currency. Said bonds shall be receivable as security in any transaction with the government in which such security is required.

SECTION 12. *Exemption from tax.* – The Authority shall be exempt from all taxes, licenses, fees, and duties, incidental to its

operations. This exemption shall extend to its subsidiary corporations: *Provided*, That its subsidiary corporations shall be subject to all said taxes, licenses, fees, and duties five (5) years after their establishment under a graduated scale as follows: twenty (20) per centum of all said taxes during the sixth year, forty (40) per centum of all said taxes during the seventh year, sixty (60) per centum of all said taxes during the eighth year, eighty (80) per centum of all said taxes during the ninth year, and one hundred (100) per centum of all said taxes during the tenth year, after said establishment. Such exemption shall include any tax or fee imposed by the government on the sale, purchase or transfer of foreign exchange. All bonds, debentures and other obligations issued by the Authority shall be exempt from all taxes both as to principal and interest, except inheritance and gift taxes.

SECTION 13. *Sinking fund.* – A sinking fund shall be established in such manner that the total annual contribution thereto accrued at such rate of interest as may be determined by the Board of Directors as confirmed by the stockholders representing a majority of the subscribed capital stock outstanding and entitled to vote, shall be sufficient to redeem at maturity the bonds issued under this Act.

Such fund shall be under the custody of the treasurer of the Authority who shall invest the same in such manner as the Board of Directors may direct; charge all expenses of investment to said sinking fund, and credit the same with the interest on investment and other income belonging to it.

SECTION 14. *Guarantee by the government.* – The Republic of the Philippines hereby guarantees the payment by the Authority of both the principal and the interest of the bonds, debentures, collaterals, notes or such other obligations issued by the Authority by virtue of this Act, and shall pay such principal and interest in the event that the Authority fails to do so. In case the Authority shall be unable to pay said principal and interest, the Secretary of Finance shall pay the amount thereof which is hereby appropriated out of any funds in the National Treasury not otherwise appropriated, and thereupon, to the extent of the amounts so paid, the Government of the Republic of the Philippines shall succeed to all the rights of the holders of such bonds, debentures, collaterals, notes or other obligations, unless the sum so paid by the Republic of the Philippines shall be refunded by the Authority within reasonable time.

CHAPTER V

Management and Personnel

SECTION 15. *Incorporation.* – The members of the first Board of Directors shall be elected by the stockholders and the incorporation shall be held to have been effected from the date of the first meeting of such Board. The Directors shall be elected in accordance with the provisions of Section thirty-one of Act Numbered One thousand four hundred fifty-nine as amended, otherwise known as the Corporation Law.

SECTION 16. *Board of Directors; composition.* – The corporate powers shall be vested in and exercised by a Board of Directors, hereinafter referred to as the Board, which shall be composed of seven (7) members. The Board of Directors shall elect annually from among their members a Chairman and a Vice-Chairman, and a Secretary who may not be a member of the Board.

SECTION 17. *Acting Chairman.* – In case of vacancy in the position of Chairman, or in the absence of or temporary incapacity of the Chairman, the Vice-Chairman shall act as such until a new Chairman shall have been duly elected by the Board.

SECTION 18. *Election and tenure.* – The first members of the Board shall be elected in accordance with the provisions of Section fifteen of this Act, whose terms of office shall be as follows: two at the end of the first year; two at the end of second year; two at the end of the third year; one at the end of the fourth year. Thereafter, the succeeding members of the Board of directors shall serve the term of four (4) years from the date of their election.

SECTION 19. *Vacancy before expiration of terms.* – Any member elected to fill any vacancy in the Board occurring prior to the expiration of the term for which his predecessor was elected shall serve only for the unexpired period.

SECTION 20. *Effect of vacancies; quorum.* – Vacancies in the Board as long as there shall be four members in office, shall not impair the powers of the Board to execute the functions of the Authority. The affirmative vote of four (4) members of the Board shall be necessary at all times to pass or approve any act or resolution.

SECTION 21. *Qualification of Directors.* – All members of the Board shall be natural born citizens of the Philippines. No person shall be elected as a member of the Board unless he is of unquestioned integrity and competence.

Management experts and technical personnel employed in government agencies shall not be barred from serving as members of the Board and receiving per diems therefore: Provided, That the

appointment of government personnel is made with the consent of their respective chiefs of office.

SECTION 22. *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 privileges granted by the Authority during his term of office. All contracts entered into in violation of this provision shall automatically be null and void. Any member of the Board found violating the provision of this section by two-thirds (2/3) vote of the Board shall automatically be disqualified from serving his unexpired term, and he shall furthermore be perpetually disqualified for membership in the said Board.

SECTION 23. *Removal, courtesy resignation.* – A member of the Board may be removed from office by a vote of the stockholders holding or representing three-fourths (3/4) of the subscribed capital stock outstanding and entitled to vote. No member of the Board shall be required to submit a courtesy resignation at any time during his term of office.

SECTION 24. *Board meetings.* – the Board shall meet at least once a month, but in no case shall it meet more than once a week. The Board shall be convoked by the Chairman or upon written request signed by a majority of the members.

SECTION 25. *Per diems.* – The members of the Board shall receive for every meeting attended a per diem of one hundred pesos (P 100.00): Provided, That in no case will the total amount received by each exceed the sum of one thousand (P 1,000.00) for any one month. Members of the Board shall be reimbursed by the Authority for actual expenses including travel and subsistence expenses including traveling and subsistence expenses incurred by them in the performance of their duties for the Authority as authorized by the Board.

SECTION 26. *Powers of General Manager.* – The General Manager shall be the chief executive of the Authority. As such, he shall have the following powers and duties:

- a) To prepare the agenda for the meeting of the Board and to submit for consideration thereof the policies and measures which he believes to be necessary to carry out the purposes and provisions of this Act;
- b) To execute and administer the policies and measures approved by the Board.

- c) To direct and supervise the operation and internal administration of the Authority. The General Manager may delegate certain of his administrative responsibilities to other officers of the Authority subject to the rules and regulations of the Board; and
- d) To exercise such other powers as may be vested in him by the Board.

SECTION 27. *Appointment and qualification of General Manager.*

– In addition to the qualifications for Director set forth in Section twenty-one of this Act, no person shall be appointed General Manager unless he be of demonstrated executive competence and experienced in the field of public administration or the management of agricultural, industrial, or commercial enterprises: *Provided*, however, That the General Manager appointed shall be an ex-officio member of the Board without, however, any right to vote.

SECTION 28. *Tenure of Office of the General Manager.* – The General Manager shall serve for a fixed term of six (6) years, unless earlier removed from office by vote of the stockholders holding or representing two-thirds (2/3) of the subscribed capital stock outstanding and entitled to vote.

SECTION 29. *Compensation.* – The compensation of the General Manager shall be charged against the annual appropriation of the Authority for operating expenses. The Board of Directors shall provide per diems and allowances for the General Manager.

SECTION 30. *Residence.* – The General Manager shall establish his residence within the region. The General Manager shall not, during his term of office, engage in any business or profession or calling other than those connected in the performance of his official duties as General Manager of the Authority.

SECTION 31. *Activities of the Authority: Key Officials* – The activities of the Authority shall be carried out under the supervision of the General Manager through the following administrative officials who will be responsible directly to him:

- a) An *Assistant General Manager* who shall have such powers, duties, and functions that may be delegated to him by the General Manager, and shall act as General Manager in the absence of or during the temporary incapacity of and/or until such time as a new General Manager is duly appointed;
- b) A *division chief* who shall head a division for operations;

- c) A *division chief* who shall head a division for planning, programming and research;
- d) A *corporate counsel* with the rank of division head to advise and represent the Authority on legal matters, procedures and actions;
- e) A *corporate treasurer*, with a rank of division head, who shall have custody of the funds and properties of the Authority;
- f) Such other officials as the Board of Directors may consider necessary for the efficient conduct of the activities of the Authority.

SECTION 32. *Merit System.* – All officials, agents, and employees of the Authority shall be selected and appointed on the basis of merit and fitness in accordance with a comprehensive and progressive merit system to be established by the Authority. Personnel, including temporary workers, shall be governed by such merit system.

SECTION 33. *Appointment by Board.* – The Assistant General Manager and the division chiefs, shall be appointed by the Board upon recommendation of the General Manager.

SECTION 34. *Appointment by General Manager.* – Officials and employees below the rank of division chiefs shall be appointed to positions in the approved budget by the General Manager upon written recommendation of the head of the division concerned using as guide the standards set forth in the Authority's merit system: Provided, That the General Manager shall submit a quarterly report to the Board regarding personnel selection, placement and training.

SECTION 35. *Minimum Wage.* – All contracts entered into by the Authority which require the employment of persons shall contain provision that not less than the minimum wage fixed by law shall be paid to such persons so employed.

SECTION 36. *Plans to be formulated within one year.* – Upon its organization, the Board of Directors shall formulate and report to the stockholders with the utmost expeditious manner, but in no case longer than one year, its plans and recommendations for the accelerated and balanced development of the region in accordance with the aims and purposes of this Act.

SEC. 37. *Auditing.* – The Board of Directors shall provide and appoint an auditor who shall formulate an auditing system for the Authority. The auditor shall make a semestral and/or annual report

shall contain a statement of the resources and liabilities, including earnings and expenses, the amount of paid-up capital stock, surplus, reserve, and profits, as well as losses, bad debts and such other facts which, under auditing rules and regulations, are considered necessary to accurately describe the financial conditions and operation of the Authority. The auditor shall report and be directly responsible to the Board.

SECTION 38. *External Auditor.* – The Board of Directors shall retain and engage the services of a reputable auditing firm, which shall act as the external auditor of the organization. As such, it shall render reports concerning the financial conditions of the Authority which shall include a statement of the resources and liabilities, including earnings and expenses, the amount of paid-up capital stock, surplus, reserves, and profits, as well as losses, bad debts and such other facts which under auditing rules and regulations, are considered necessary to accurately describe the financial condition of the Authority.

SECTION 39. *Separability Clause.* – The provisions of this Act are hereby declared to be separable, and in the event any one or more of such provisions are held unconstitutional, they shall not affect the validity of other provisions.

SECTION 40. *Laws repealed.* – All Acts, charters, executive orders, administrative orders, proclamations, rules and regulations, or parts thereof in conflict with this Act are hereby repealed or modified accordingly.

SECTION 41. *Effectivity.* – This Act shall take effect upon its approval.

Approved,