

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS

First Regular Session

House Bill No. 3577

Introduced by **Hon. Rodolfo G. Biazon**

EXPLANATORY NOTE

Laguna de Bay is considered to be the largest brackish water lake in the Philippines having a total surface area of nine hundred (900) square kilometers. The Laguna de Bay Region encompasses 61 municipalities and cities within six (6) provinces including Metro Manila, of which 29 towns are lakeshore covering 187 barangays and 32 non-lakeshore towns. There are around 13.6 million people living in the Laguna de Bay Region that rely on it for food, irrigation, transportation, flood water reservoir, and industrial cooling. Laguna lake has been tapped to provide potable water to three (3) barangays in the City of Muntinlupa and that preparations are reportedly underway to widen the area that the lake could supply potable water.

Despite the importance of the said lake, it suffers from deteriorating water quality and that it could perish in the near future if no action is taken by the government. The Philippine Millennium Ecosystem Assessment Sub-Global assessment of the UN done on the Laguna Lake Basin found that the major sources of pollution of the 22 major river tributaries of the lake are domestic wastes, both solid and liquid effluents, food processing plant wastes, livestock wastes, chemical manufacturing spillage, various industrial effluents, fertilizers and pesticides from agricultural runoff, and eroded soils from the watersheds. The same study showed that by volume, the domestic sector contributes 68.5%; industry 19%; and agriculture, 11.5% and that the total coliform counts in all rivers are in excess of the allowable limits. It also disclosed that the lake waters are contaminated with toxic and hazardous substances coming from the industrial and agricultural sectors and lake sediments are likewise contaminated with heavy metals;

Land conversion due to industrialization and change in land cover as a result of deforestation have the effect of diminishing the Laguna de Bay's volume and may lead to soil erosion thereby impairing the hydrology of the basin. The presence of illegally constructed fishpens which cover more than half of the lake's surface area and the use of pellets containing chemical-based substance, further pollute the lake.

The structure, organization and powers and functions of the Laguna Lake Development Authority, the agency primarily tasked to take care of the lake and the Bay Region seem to be inadequate to ensure the sustainable development of Laguna Lake. This bill therefore seeks to strengthen the Laguna Lake Development Authority in order that it will be able to effectively and efficiently undertake the coordinated development and management of the lake's water, land and related resources. In this manner, we will hopefully ensure that Laguna Lake will still be there for future generations of Filipinos to enjoy.

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


RODOLFO G. BIAZON
Representative
Lone District, Muntinlupa City

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AN ACT
TO STRENGTHEN THE LAGUNA LAKE DEVELOPMENT AUTHORITY (LLDA),
THEREBY REPEALING REPUBLIC ACT NO. 4850, AS AMENDED, OTHERWISE
KNOWN AS THE LAGUNA LAKE DEVELOPMENT AUTHORITY ACT OF 1966,
AND FOR OTHER PURPOSES

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

SECTION 1. *Short Title.* – This Act shall be known as the “Laguna Lake Development Authority Act of 2009”.

SEC. 2. *Declaration of Policy.* – It is hereby declared the policy of the State to promote and develop Laguna Lake and the surrounding areas that comprise the Bay Region in a sustainable manner, with Laguna Lake as its focal point whose water resources must be systematically managed and protected for various uses.

Toward this end, the State shall adopt an integrated water resources management (IWRM) approach, using the lake’s watersheds as planning units to interconnect and integrate its various ecosystems pursuant to the constitutional mandate of protecting and advancing the right of the people to a balanced and healthful ecology in accord with the rhythm and harmony of nature.

In accordance with the IWRM approach, any development program in the region shall always consider sustainable environmental management and the prevention of any ecological harm, resource deterioration and pollution to allow the lake to realize its full potentials including, among other uses, its being a major national resource in fish production.

SEC. 3. *Definition of Terms.* – As used in this Act, the following terms shall mean:

(a) *Laguna Lake or Laguna de Bay* shall refer to that area covered by lake water when it is at the average annual maximum lake level of elevation twelve point fifty (12.50) meters, as referred to a datum ten (10.00) meters below mean lower low water (MLLW) of Manila de Bay. Lands located at and below such elevation are public lands which form part of the bed of said lake.

(b) *Integrated Water Resources Management (IWRM)* shall refer to the process that promotes the coordinated development and management of water, land and related resources in order to maximize the resultant economic and social welfare in an equitable manner without compromising the sustainability of vital ecosystems.

(c) *Watershed* shall refer to the geographic area of land that drains water to a shared destination or to an area of land that drains downslope to the lowest point. The water moves through a network of drainage pathways, both underground and on the surface. Other terms used interchangeably with watershed include drainage basin or catchment basin.

(d) *Environment* shall refer to the physical factors of the total surroundings of human beings including, but not limited to, the lakes and other bodies of water, land, air, atmosphere, climate, sound, odor, plants, insects, animals, its biological and physical factors, all its life support systems and all other surrounding matters that affect directly or indirectly the existence of human life and other life forms in a specific area.

(e) *Shoreland/lakeshore areas/buffer zone* shall refer to that part of Laguna Lake along the lakeshore lying at elevation twelve point fifty (12.50) meters and below and alternately submerged or exposed by the annual or seasonal rising and lowering of the lake levels. This is a linear strip of land of approximately fourteen thousand (14,000) hectares designed to separate the incompatible elements or uses or to control pollution/nuisance and for identifying and defining development areas or zones.

(f) *Groundwater* shall refer to the subsurface water that occurs beneath a water table in soils and rocks, or in geological formations.

(g) *Aquaculture* shall refer to fishery operations involving all forms of raising and culturing fish and other fishery species in fresh, brackish and marine water areas.

(h) *Aquastructure* refers to a fishpen which is a structure enclosing a particular area in the lake which makes use of poles surrounded by nets, fastened by a weight of sinkers embedded in the lake bed or fishcage which is an inverted mosquito net fastened to bamboos and such other structures used for culturing fishery/aquatic resources.

(i) *Effluent* shall refer to discharge from known sources which is passed into a body of water or land, or wastewater flowing out of a manufacturing plant, industrial plant including domestic, commercial and recreational facilities.

(j) *Pollution* shall refer to any alteration of the physical, chemical and biological properties of any water, air and land resources of the Laguna Lake Region or any discharge thereto of any liquid, gaseous or solid wastes which will render such water, air and land resources harmful, detrimental or injurious to public health, safety or welfare or which will adversely affect their utilization for domestic, commercial, industrial, agricultural, recreational or other legitimate purposes.

SEC. 4. Laguna Lake Region. – For purposes of this Act, the Laguna Lake Region shall comprise the provinces of Laguna and Rizal; the cities of Calamba, Sta. Rosa, San Pablo, Pasay, Caloocan, Quezon, Manila, Makati, Mandaluyong, San Juan, Pasig, Marikina, Muntinlupa, Antipolo, Tagaytay, Tanauan, Taguig, Lipa and Dasmariñas; the towns of Silang, Carmona and General Mariano Alvarez in Cavite Province; the towns of Mauban,

Real, Lucban and Sampaloc in Quezon Province; the towns of Sto. Tomas and Malvar in Batangas; and the town of Pateros in Metro Manila and all areas that drain into the Laguna Lake: *Provided*, That any city or town that may be subsequently created in the future out of the aforementioned municipalities and cities surrounding the Laguna Lake shall form part of the Laguna Lake Region.

SEC. 5. *Laguna Lake Development Authority (LLDA).* – The Laguna Lake Development Authority created under Republic Act No. 4850 and hereinafter referred to as the Authority, shall pursue the sustainable development of the lake and the Bay Region. It shall maintain its principal office at a convenient place within the region and such branch offices in other places within the Bay Region as are necessary for the proper conduct of its business.

SEC. 6. *Powers and Functions of the LLDA.* – The Authority shall have the following powers and functions:

- (a) Periodically conduct, monitor and update a comprehensive survey of the Bay Region, including its socio-economic conditions, water quantity and quality in the lake proper and all its major tributary rivers, irrigation, water supply, transport route, reservoir of floodwater, hydroelectric and other power potentials, scenic and tourist spots, state of its watersheds and other physical and natural resource potentials on the basis of which it shall prepare a sustainable regional development master plan. Such plans, projects and programs shall be drawn up in close coordination with other concerned government agencies and the private sector as well as other stakeholders. All concerned public and private agencies shall provide the Authority the necessary data for the purposes of the said survey;
- (b) Develop a long-term, sustainable and integrated program that shall be able to attract more private sector-driven investments into the Bay Region, in consonance with a regional master plan which shall be formulated in consultation with all stakeholders, concerned government agencies, local government units (LGUs) and civil society;
- (c) Review all plans, projects and programs, including expansions thereto, proposed and submitted by LGUs, public corporations and private persons or corporations that relate to the development of the Bay Region to ensure that they conform to the environmental standards prescribed by the Authority and other similar laws;
- (d) Collect reasonable fees and impose charges in the performance of its mandate;
- (e) Engage, whether by itself or in cooperation with private persons or entities, in agriculture, commerce or industry, which are in the nature of new ventures;
- (f) Implement infrastructure projects such as flood control, solid waste management, wastewater and sewerage, water supply, roads, ports, irrigation, housing, leisure parks and related works, within the context of its development master plan, including the readjustment, relocation or resettlement of population within the Bay Region that may be deemed necessary and beneficial in pursuit of its mandate. Should any of these projects be financed wholly or in part by the Authority, it shall have authority to collect reasonable fees and tolls from users or

beneficiaries to recover costs of construction, operation and maintenance of the projects. Infrastructure projects that are in the nature of social overhead capital projects shall be entitled to receive the corresponding financial assistance from the government;

- (g) Undertake massive information and education campaign among the stakeholders, in close coordination with the LGUs and other government agencies within the Laguna de Bay Region on the importance of environmental protection and conservation of the Laguna Lake and its watersheds;
- (h) Implement dredging and/or reclamation projects in close coordination with the Philippine Reclamation Authority (PRA) and LGUs concerned;
- (i) Determine new areas of fishery development, taking into account the overall development plans and programs for the lake and related bodies of water and promulgate rules and regulations governing fisheries development in the Bay Region;
- (j) Engage in experimental/pilot fish production such as the propagation of ornamental fish and similar aquaculture projects in the lake and other bodies of water within its jurisdiction, in collaboration with the Bureau of Fisheries and Aquatic Resources (BFAR). It shall improve present fishery techniques and practices to provide equitable access to its fishery resources for the socioeconomic amelioration of small fisher folk, improvement of their communal fishing grounds, sustainable aquaculture development and operation. In hiring laborers for fishery-related projects, there shall be preference for qualified shore land residents;
- (k) Regulate the use and occupancy of shore land areas by enjoining LGUs within the Bay Region to establish watershed management councils or wetlands whenever suitable and consistent with the Authority's policies;
- (l) Develop surface and groundwater supply sources for municipal, agricultural, commercial and industrial use, in close coordination with the National Water Resources Board (NWRB) or the Local Water Utilities Administration (LWUA), as the case may be, pursuant to existing laws, executive orders and other issuances which may be necessary to accomplish the aims and purposes of the Authority;
- (m) Enter into agreements with LGUs, governmental agencies and corporations and the private sector for the supply, treatment, distribution and marketing of such water;
- (n) Establish and enforce anti-pollution standards on municipal, agricultural, commercial and industrial wastewater and effluents being discharged into the lake in coordination with appropriate government agencies;
- (o) Conduct continuing research, development and extension programs in close coordination with the academe, the Department of Environment and Natural Resources (DENR) and the Department of Science and Technology (DOST) on lake water quantity and quality, integrated watershed management and enterprise

development and management with the end in view of promoting sustainable development in the region;

- (p) Adopt rules and regulations governing the approval of sewage works and industrial waste disposal systems and the issuance of clearance and/or permits in accordance with the provisions of this Act when necessary and inspect the construction and maintenance of sewage works and industrial waste disposal systems for compliance to clearance and/or permit conditions;
- (q) Require all projects or activities in or affecting the Bay Region to secure Environmental Compliance Certificates (ECCs) required under Presidential Decree No. 1586 and grant clearances and/or permits for projects or activities located within or affecting the Bay Region including, but not limited to, industrial and commercial activities, navigation, irrigation, power generation, housing, resettlement and other forms of land developments, construction and operation of aquastructures, aquaculture development, dredging/reclamation and similar or related activities and to impose necessary safeguards for lake water quantity and quality control and management and to collect necessary fees for said activities and projects;
- (r) Issue, renew or deny permits subject to reasonable guidelines for the discharge of sewage, industrial waste or for the installation or operation of sewage works and industrial disposal system or parts thereof for the prevention and abatement of pollution;
- (s) Require subdivisions, condominiums, clinical and medical establishments, mortuaries, public buildings and other similar human settlements in the Bay Region to construct appropriate central sewerage systems and sewage treatment works. The Authority may impose reasonable fees and other similar charges for the issuance or renewal of all permits herein required;
- (t) Issue orders or decisions to compel compliance with the provisions of this Act and its implementing rules and regulations only after proper notice and hearing;
- (u) Make, issue, alter or modify orders or decisions, after notice and hearing, requiring the discontinuance of pollution specifying the conditions and the time within which such discontinuance must be accomplished;
- (v) After due notice and hearing, revoke, suspend or modify any clearance and/or permit issued under this Act to prevent or abate pollution;
- (w) Deputize or request the assistance of appropriate government agencies or instrumentalities for the purpose of enforcing this Act and its implementing rules and regulations and the orders and decisions of the Authority;
- (x) To inspect and investigate at all reasonable times to enter any public and private property devoted to agricultural, commercial and industrial use on any matter relating to pollution and existing and/or imminent environmental danger; and

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

SEC. 7. Corporate Powers. – The Authority shall have the following corporate powers:

- (a) To succeed in its corporate name;
- (b) To sue and be sued in its corporate name;
- (c) To adopt, alter and use a corporate seal;
- (d) To adopt, amend or repeal its by-laws;
- (e) To enter into contracts 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 may deem necessary in the transaction of its business or in relation to carrying out its purposes under this Act and to lease, mortgage, sell, alienate or otherwise encumber, utilize, exploit or dispose any such personal and real property held by it, subject to individual or communal right of private parties or of the government or any agency or enterprise thereof;
- (g) To exercise the right of eminent domain whenever the Authority deems it necessary to achieve the objectives of this Act;
- (h) To borrow funds from any local or foreign sources independent of the bonds it may issue or may continue to issue to carry out the purposes of 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: *Provided*, That the LLDA shall not invest its funds in any high risk debt instruments issued without recourse to commercial banks or investment houses as well as in any highly speculative stocks;
- (j) To perform any and all acts which a corporation, co-partnership or juridical person is authorized to perform under existing laws or which may be enacted hereafter;
- (k) To provide incentives to encourage the private sector to fully subscribe its shares of stock; and
- (l) To issue such other rules and regulations as may be necessary from time to time to achieve the purposes of this Act, the same to take effect thirty (30) days after its publication in a newspaper of general circulation.

SEC. 8. Board of Directors. – The Authority shall be governed by a Board of Directors hereinafter referred to as the Board, whose members shall be appointed by the President of the Philippines and composed of the following:

- (a) Secretary of Environment and Natural Resources, Chairman;
- (b) General Manager, LLDA, Vice Chairman;
- (c) Governor, Province of Laguna;
- (d) Governor, Province of Rizal;
- (e) Secretary, Department of Agriculture;
- (f) Secretary, National Economic and Development Authority;
- (g) Secretary, Department of Public Works and Highways;
- (h) Chairman, Metro Manila Development Authority;
- (i) Representative of the Bay Region City and Municipal Mayors' Association to be constituted sixty (60) days from the passage of this Act from among the mayors of towns and cities that comprise the Bay Region, as defined in Section 3 of this Act;
- (j) Representative of fisherfolk in Laguna; and
- (k) Representative of fisherfolk in Rizal.

The representatives of fisherfolk from the Laguna and Rizal shall be appointed by the President of the Philippines to be chosen from among the nominees recommended by the coalition of Laguna and Rizal fisherfolk non-government and peoples organizations, respectively. The term of the appointive members shall be six (6) years without reappointment, or until their successors are duly appointed and qualified. Vacancy, other than through the expiration of the term, shall be filled for the unexpired term only.

Members of the Board who are cabinet secretaries may designate alternate representatives to the Board.

SEC. 9. Powers and Functions of the Board of Directors. – The Board of Directors shall exercise the following powers and functions:

- (a) Prescribe policies, rules and regulations to govern the conduct of business of the Authority including its procedures;
- (b) Upon the recommendation of the General Manager, approve the Authority's organizational and administrative structures and corresponding staffing pattern as may be deemed necessary; fix their reasonable compensation, allowances and other benefits in accordance with the Salary Standardization Law; prescribe their duties and establish such methods and procedures as may be necessary to insure the efficient, honest and economical administration of the provisions and purposes of this Act: *Provided, however,* That the personnel of the Authority below the rank of Assistant General Manager shall be appointed by the General Manager:

Provided, further, That the personnel appointed by the General Manager, except those below the rank of Department Heads, and others of comparable rank, shall be subject to the confirmation by the Board: *Provided, finally,* That the personnel of the Authority shall be selected only from those with civil service eligibility and be subject to civil service laws, rules and regulations;

- (c) Upon the recommendation of the General Manager, approve the annual and supplemental budgets of the Authority and authorize such operating and capital expenditures and disbursements as may be necessary or proper for the effective management, operation and administration of the Authority;
- (d) Create and organize a Technical Advisory Council composed of representatives from the government and other stakeholders to assist and advise the Board; and
- (e) Perform such other functions as may be necessary to carry out the provisions of this Act.

SEC. 10. Meetings of the Board. – The Board shall meet at least once a month.

SEC. 11. Per Diems. – Members of the Board shall receive a *per diem* of not more than five thousand pesos (P5,000.00) for every board meeting: *Provided, however,* That the *per diem* collected per month does not exceed the equivalent two (2) meetings: *Provided, further,* That the amount of *per diem* for every board meeting may be increased by the President but such amount shall not be increased within two (2) years after its last increase.

SEC. 12. Powers and Functions of the General Manager. – The General Manager shall be the Chief Executive Officer of the Authority and shall have the following powers and functions:

- (a) Submit for consideration of the Board policies and measures that are necessary to carry out the purposes and objectives of this Act;
- (b) Execute, administer and implement the policies, plans, programs and projects approved by the Board;
- (c) Manage and supervise the operation and administration of the Authority;
- (d) Appoint all officials and employees of the Authority below the rank of Assistant General Manager and remove, suspend or otherwise discipline the same for cause, in accordance with existing civil service laws, rules and regulations;
- (e) Submit quarterly reports to the Board on personnel selection, placement and training;
- (f) Render an annual report to the Board and various stakeholders regarding the operation of the Authority including its latest financial statements;
- (g) Represent the Authority in all dealings with offices, agencies and instrumentalities of the government and with all persons and other entities, public or private, domestic and foreign; and

- (h) Perform such other functions as may be provided in the by-laws and as may be vested in him/her by the Board.

SEC. 13. *Qualifications of the General Manager.* – No person shall be appointed General Manager unless he is a natural born citizen, resident of the Philippines, has unquestioned integrity and demonstrated executive competence and experience in any of the fields of public administration, economic planning, environmental and natural resource management, or in the establishment and management of large agricultural, commercial or industrial enterprises.

SEC. 14. *Tenure of Office of the General Manager.* – The General Manager shall be appointed by the President of the Philippines for a fixed term of six (6) years. In case of resignation, retirement, separation, transfer, reassignment, removal and other cause of cessation from office, the replacement shall serve only for the unexpired portion of the term.

SEC. 15. *Compensation.* – The General Manager shall receive compensation at rates in accordance with the Salary Standardization Law.

SEC. 16. *Management Structure.* – In carrying out the activities of the Authority, the General Manager shall be assisted by two (2) Assistant General Managers, one for Operations and another for Administration, who shall have such powers, duties and functions as the General Manager may prescribe and/or delegate and shall act as the 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.

The Authority shall have the following departments under the direct supervision and control of the General Manager:

- (a) Corporate Legal Affairs Department – which shall provide legal advice and support to all the corporate units on legal implications of the various undertakings of the Authority and divided into Litigation Division and Research and Documentation Division;
- (b) Administrative Department – which shall be responsible for providing services relating to human resource management, records management and general services;
- (c) Finance Department – which shall be responsible on revenue planning, generation and enhancement, assistance on budgetary and financial matters, and safekeeping of corporate assets;
- (d) Policy Planning and Management Services Department – which will undertake policy research and development, and advise the General Manager on policy positions and public advocacy measures for approval of the Board;
- (e) Integrated Water Resources Management Services Department – which will serve as the main technical arm of the Authority and shall integrate the functions of lake basin management and development. It shall oversee the management of the Laguna Lake and its river systems including the shore lands; and

- (f) Environmental Protection Department – which will manage all the environmental regulatory functions of the Authority.

The Board shall periodically review the appropriateness of the existing organizational structure and amend the same whenever it may deem necessary and beneficial to achieve the purposes of this Act. Any proposed change in the organizational structure of the Authority shall be subject to the approval of the President of the Philippines.

SEC. 17. *Creation of the LLDA Environmental Adjudication Panel (LEAP).* – For the purpose of effectively carrying out the quasi-judicial powers of the Authority within the Bay Region, the LLDA Environmental Adjudication Panel (LEAP) is hereby created which shall be composed of a Chairman and two (2) other members representing the Office of the General Manager, the Corporate Legal Affairs Department and the concerned department depending on the matter under controversy, to be designated by the General Manager. The LEAP is hereby mandated to take cognizance and adjudicate violations of this Act including all existing and relevant laws, policies, rules and regulations. Any decision, order or resolution shall be concurred into by the majority members of the panel and duly approved by the General Manager.

The Corporate Legal Affairs Department shall serve as the Secretariat of the LEAP.

SEC. 18. *Fines and Penalties.* – The Authority is hereby authorized to impose administrative fines and other penalties it may deem reasonable and appropriate as determined and approved by the Board for non-compliance with permit conditions and for undertaking development activities without clearance/permit from the Authority against any person, juridical or otherwise, within the Bay Region who may be found violating, or have in fact violated, any of its rules and regulations.

Likewise, the Authority is authorized to institute the necessary legal proceedings against those who shall commence to implement any development activities within the Bay Region without its prior approval or clearance.

SEC. 19. *Damages.* – Compensation for any damage to the shore land, water and aquatic resources of Laguna Lake and its tributaries resulting from failure to meet established water and effluent quality standards or from such other wrongful acts or omissions of a person, private or public, juridical or otherwise punishable under existing laws, shall be awarded to the Authority for water quantity/quality control and management projects.

SEC. 20. *Penal and Civil Liability Clause.* – Any person, natural or juridical, who shall violate any of the provisions of this Act and its implementing rules and regulations shall be liable to imprisonment not exceeding three (3) years or a fine not less than Fifty thousand Pesos (P50,000.00), or both, at the discretion of the court. This shall be without prejudice to the imposition of penalties as may be provided under existing and relevant laws, rules and regulations.

If the violator is a corporation, partnership or association, the officer/officers of the organization concerned shall be held liable.

The Authority is hereby authorized to initiate, file, prosecute and defend all suits, actions or to pursue separate civil actions for damages resulting from infractions of the

provisions of this Act, rules or regulations issued pursuant thereto and/or conditions embodied in the clearances or permits issued by the Authority.

SEC. 21. Annual Fees. – The Authority is hereby authorized to collect annual fees for the use of the lake waters, its tributaries and shore land areas for all beneficial purposes including, but not limited to, fisheries, aquaculture, municipal, agricultural, irrigation, commercial, industrial, hydroelectric generation and other power potential, transport and navigation, waste disposal purposes, recreation and dredging/reclamation from all private and public entities whether government or non government agencies, among others the water utilities sector. All the fees so collected shall be accordingly appropriated for the sustainable development of the lake and its watershed areas: *Provided*, That the fees collected for fisheries may be shared between the Authority and other government agencies and LGUs as follows: thirty-five percent (35%) of the fishpen fee shall go to shore land LGUs; five percent (5%) shall go to the Project Development Fund; and the remaining sixty percent (60%) shall be retained by the Authority.

SEC. 22. Sinking Fund. – A sinking fund shall be established in such manner that the total annual contribution thereto accrued at such rate of interests, as may be determined by the Board of Directors and 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.

SEC. 23. Capitalization and Financing. – The Authority shall have an authorized capital of Seven Hundred Million Pesos (P700,000,000.00). The authorized capital shall be divided into seven million (7,000,000) shares of stock with a par value of One hundred pesos (P100.00) per share. The national government shall subscribe to four million two hundred thousand (4,200,000) shares, the Province of Laguna to seven hundred thousand (700,000) shares, the Province of Rizal to seven hundred thousand (700,000) shares and the balance of one million four hundred thousand (1,400,000) shares shall be open for subscription to other government agencies or LGUs and private individuals or corporations within the Bay Region.

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

- (a) Four million nine hundred thousand (4,900,000) ordinary shares (voting); and
- (b) Two million one hundred thousand (2,100,000) preferred shares (non-voting).

SEC. 24. Funding. – The amount necessary to subscribe and pay for the remaining shares of the national government to the capital stock of the Authority shall be included in the annual General Appropriations Act. For LGUs, the subscriptions shall be taken from their internal revenue allotment and other local funds.

SEC. 25. Exemption from Taxes. – The Authority shall be exempt from all taxes, licenses, fees, imposts, charges, costs and duties except real property tax incidental to its operations and service/filing fees in any court or administrative proceedings in which it may

be a party, restrictions and duties to the Republic of the Philippines, its provinces, cities, municipalities and other government agencies and instrumentalities. Such exemption shall include any tax or fee imposed by the government on the sale, purchase or transfer of foreign exchange. All notes, bonds, debentures and other obligations issued by the Authority shall be exempt from all taxes, both as to principal and interest.

SEC. 26. Auditor. – The Chairman of the Commission on Audit (COA) shall be the *ex officio* Auditor of the Authority. For this purpose, he may appoint a representative who shall be the Auditor of the Authority and the necessary personnel to assist said representative in the performance of his/her duties.

The Chairman of the COA or his authorized representative shall submit to the Board after the close of each calendar year, an audited statement showing the financial condition and progress of the Authority for the calendar year just ended.

SEC. 27. Implementing Rules and Regulations. – The implementing rules and regulations to effectively carry out the provisions of this Act shall be promulgated and adopted by the Board of Directors of the Authority within ninety (90) days after the approval of this Act which shall be published in at least one (1) national newspaper of general circulation.

SEC. 28. Repealing Clause. – Republic Act No. 4850, as amended, Presidential Decree No. 813, Executive Order No. 927 and all laws, orders, issuances, rules and regulations inconsistent herewith are hereby repealed.

SEC. 29. Separability Clause. – If any provision of this Act is declared unconstitutional, the same shall not affect the validity and effectiveness of the other provisions hereof.

SEC. 30. Effectivity. – This Act shall take effect fifteen (15) days following its publication in at least two (2) national newspapers of general circulation.

Approved,