

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

Sixteenth Congress
Second Regular Session



House Bill No. **5564**

Introduced by AKBAYAN Representatives
Ibarra "Barry" M. Gutierrez III and Walden F. Bello

EXPLANATORY NOTE

In 1992, Republic Act No. 7227 otherwise known as the "*Bases Conversion and Development Act*" was enacted in order to respond to the urgent need to preserve, convert and put to productive use the facilities of former military bases of the United States in the Philippines, which were all threatened to be abandoned and put to waste because of the termination of the Philippine-US agreement on the establishment of such military bases in Philippine territory.

Two decades after the enactment of Republic Act No. 7227, the Subic Bay Freeport Zone has seen a successful conversion of its military facilities to commercial, industrial and tourism establishments—"full" conversion that would not only have opened the area for private investors but would have also opened employment opportunities to the people of Zambales, Bataan and Olongapo City.

Conversion should, above all, be responsive to the call for participatory, synergistic and inclusive development accommodating of the inputs from the surrounding cities and municipalities. Conversion should have the direct effect of opening employment opportunities and starting the cycle of sustainable living for the residents in Zambales, Bataan and Olongapo City. Conversion should meet global challenges based on inclusive and shared development.

This bill is the result of the shared vision for development of the people of Zambales, Bataan and Olongapo for the advancement and reform of the Subic Bay Freeport Zone. Undeniably, the desirable effects of conversion should not be limited to increased private investment in the Freeport Zone.

In view of the foregoing, immediate approval of this measure is earnestly sought.



IBARRA "BARRY" M. GUTIERREZ III



WALDEN F. BELLO

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AN ACT
FURTHER AMENDING REPUBLIC ACT NO. 7227
OTHERWISE KNOWN AS THE “BASES CONVERSION AND DEVELOPMENT
ACT OF 1992,” REMOVING THE SUBIC BAY FREEPORT FROM THE
SUPERVISION OF THE BASES CONVERSION AND DEVELOPMENT
AUTHORITY, INTRODUCING REFORMS, APPROPRIATING FUNDS
THREFOR, AND FOR OTHER PURPOSES

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

1 **SECTION 1. *Short title.***—This Act shall be known as the “*Subic Bay Economic Development Act of*
2 *2015.*”

3
4 **SECTION 2. *Declaration of policies.***—It is hereby declared a policy of the State to accelerate
5 the inclusive and synergistic development of the municipalities and cities within the Subic Bay
6 Economic Development Area in partnership with the Subic Bay Freeport Zone (“SBFZ”) and
7 the Subic Bay Economic Development Authority.

8
9 It is likewise declared the policy of the State to enhance and expand the development of the
10 Subic Bay Freeport Zone or Subic Special Economic Zone so that the benefits to be derived
11 from the SBFZ shall result to the promotion and social development of the Subic Bay Economic
12 Region.

1 **SECTION 3. *Amendatory provisions.***—

2
3 (a) Section 13 of Republic Act No. 7227 otherwise known as the “*Base Conversion and*
4 *Development Act of 1992*” is amended to read as follows:

5
6 “Section 13. *The Subic Bay Economic Development*
7 ~~*Metropolitan Authority.*~~—

8
9 “a. *Creation of the Subic Bay Economic Development*
10 ~~*Metropolitan Authority.*~~—The supervisory and
11 ~~management functions of A body corporate to be~~
12 ~~known as the Subic Bay Metropolitan Authority is~~
13 ~~hereby transferred to the Subic Bay Development~~
14 ~~Authority created as an operating and implementing~~
15 ~~arm of the Conversion Authority.~~

16
17 “The Office of the President shall effect the
18 reorganization of SBMA into the SBEDA within
19 thirty (30) days after approval of this Act.

20
21 “The SBEDA shall be a corporate body with a term
22 of fifty (50) years from its organization; Provided, that
23 Congress, by joint resolution, may extend or dissolve
24 the SBEDA whenever in its judgment the purpose for
25 its creation has been achieved or needs to be
26 extended.

27
28 “The SBEDA shall establish its principal office within
29 the Subic Bay Freeport Zone.

30
31 “b. *Powers and functions of the Subic Bay Economic*
32 ~~*Development Metropolitan Authority.*~~—The Subic Bay
33 ~~*Economic Development Metropolitan Authority,*~~
34 otherwise known as the Subic Authority, shall have
35 the following powers and functions:

36
37 “1. To ~~hold—operate, administer and manage and~~
38 ~~develop the ship repair and ship building facility,~~
39 ~~container port, oil storage and refueling facility and~~
40 ~~Subic Air Base within the Subic Special Economic~~
41 ~~and Free Port Zone as a free market in accordance~~
42 ~~with the policies set forth in Section 12 of this Act the~~
43 former military reservation of the United States Naval
44 Facility in Subic Bay also known as the Subic Bay
45 Freeport Zone, unless otherwise provided by other
46 specific laws;

47
48 “2. To draft, approve and regularly update a Subic
49 Freeport Economic Development Framework Plan

1 that shall provide the vision of development, promote
2 and encourage investments with active participation
3 of Private-Public Partnerships in transforming the
4 Subic Bay Economic Development Area into a highly
5 productive economic zone that shall compete with
6 global economic markets and attract local experts and
7 overseas Filipino workers to provide their talents,
8 skills and expertise to industries and establishments
9 within the area, including the establishment and
10 supervision of satellite SBFZ eco-zones within
11 participating local government unit localities—accept
12 any local or foreign investment, business or
13 enterprise, subject only to such rules and regulations
14 to be promulgated by the Subic Authority in
15 conformity with the policies of the Conversion
16 Authority without prejudice to the nationalization
17 requirements provided for in the Constitution;
18

19 “3. To adopt and approve the budget for the Annual
20 Environment Management Plan that shall be
21 submitted by the Ecology Management Center to the
22 SBEDA through the Board Committee on
23 Environmental Management—undertake and regulate
24 the establishment, operation and maintenance of
25 utilities, other services and infrastructure in the Subic
26 Special Economic Zone including shipping and
27 related business, stevedoring and port terminal
28 services or concessions, incidental thereto and airport
29 operations in coordination with the Civil Aeronautics
30 Board, and to fix just and reasonable rates, fares,
31 charges and other prices therefore;
32

33 “4. To prepare, adopt and implement a comprehensive
34 investment priorities and incentives plan in
35 consultation with and cooperation of participating
36 local government units and consistent with ecological
37 and environmental standards, to promote the
38 economic, social and environmentally sustainable
39 development of the Subic Bay Economic
40 Development Area—construct, acquire, own, lease,
41 operate and maintain on its own or through contract,
42 franchise, license permits bulk purchase from the
43 private sector and build-operate-transfer scheme or
44 joint-venture the required utilities and infrastructure
45 in coordination with local government units and
46 appropriate government agencies concerned and in
47 conformity with existing applicable laws therefore;
48

49 “5. To serve as the regulatory body that shall promote
50 investment in the Subic Bay Freeport Zone and its
51 satellite eco-zones located within participating cities

1 and municipalities, and provide assistance, support
2 and incentives authorized under the laws to locators
3 and business enterprises within the said investment
4 sites adopt, alter and use a corporate seal, to contract,
5 lease, sell, dispose, acquire and own properties; to sue
6 and be sued in order to carry out its duties and
7 functions as provided for in this Act and to exercise
8 the power of eminent domain for public use and
9 public purpose;
10

11 "6. To develop, improve, maintain and provide real
12 estate sites, infrastructures, and related municipal
13 services for the purposes of encouraging efficiency,
14 productivity and providing necessary locators and
15 lessors within the Freeport areas under its
16 management, administration and control. Within the
17 limitation provided by law, to raise and/or borrow
18 the necessary funds from local and international
19 financial institutions and to issue bonds, promissory
20 notes and other securities for that purpose and to
21 secure the same by guarantee, pledge, mortgage, deed
22 of trust, or assignment of its properties held by the
23 Subic Authority for the purpose of financing its
24 projects and programs within the framework and
25 limitations of this Act;
26

27 "7. To promote the private commercial operations of
28 the ports and port related businesses under Private-
29 Public Partnerships or joint ventures, in order to
30 improve the marketability of its ports and related
31 services to shippers, shipping lines and other
32 maritime industry related entities, however, SBEDA
33 shall retain the authority to fix just and reasonable
34 rates, fares, charges and other prices therefore operate
35 directly or indirectly or license tourism-related
36 activities subject to priorities and standards set by the
37 Subic Authority including games and amusements,
38 except horse racing, dog racing and casino gambling
39 which shall continue to be licensed by the Philippine
40 Amusement and Gaming Corporation (PAGCOR)
41 upon recommendation of the Conversion Authority;
42 to maintain and preserve the forested areas as a
43 national park;
44

45 "8. To supervise the implementation or serve as the
46 implementing agent of laws and regulations otherwise
47 vested in other government departments, agencies or
48 local government units: *Provided, that implementing*
49 agreements are agreed upon with the concerned
50 agencies authorize the establishment of appropriate
51 educational and medical institutions;

1
2 “9. To promote the implementation of development
3 projects and investments including Public-Private
4 Partnerships needed for the sustainable development
5 of the SBED. For this purpose, the Subic Bay
6 Economic Development Area shall include the
7 municipalities of Subic, San Marcelino, Castillejos and
8 San Antonio in Zambales, the municipalities of
9 Morong, Dinalupihan and Hermosa in Bataan, and
10 the City of Olongapo protect, maintain and develop
11 the virgin forests within the baselands which will be
12 proclaimed as a national park and subject to a
13 permanent total log ban, and for this purpose, the
14 rules and regulations of the Department of
15 Environment and Natural Resources and other
16 government agencies directly involved in the above
17 functions shall be implemented by the Subic
18 Authority;
19

20 “10. To adopt a policy of industrial peace, harmony
21 and productivity within the SBFZ giving due
22 consideration to Article 211 of the *Labor Code of the*
23 *Philippines* in order to establish a business and
24 commercial atmosphere which simultaneously
25 encourages investments and promotes and enhances
26 the lives, rights, and dignity of all workers regardless
27 of gender and age and implement measures and
28 standards for environmental pollution control of all
29 areas within its territory, including, but not limited to
30 all bodies of water and to enforce the same. For
31 which purpose the Subic Authority shall create an
32 Ecology Center; and
33

34 “11. To promote best practices of family-oriented
35 tourism and prohibit businesses promoting
36 prostitution as defined under Republic Act Nos. 9208,
37 as amended, and 9262 exercise such powers as may be
38 essential, necessary or incidental to the powers
39 granted to it hereunder as well as to carry out the
40 policies and objectives of this Act.
41

42 “c. *Board of Directors.*—The powers of the Subic
43 Authority—Subic Bay Economic Development
44 Authority shall be vested in and exercised by a Board
45 of Directors, hereinafter referred to as the Board,
46 which shall be composed of ~~fifteen (15)~~seventeen (17)
47 members, to wit:
48

49 “1. Representatives of each of the following eight (8)
50 local government units that concur to join the Subic
51 Special Economic Zone—namely: Subic, San

1 Marcelino, Castillejos, San Antonio of Zambales,
2 Morong, Dinalupihan, and Hermosa of Bataan, and
3 the City of Olongapo that form and consist the Subic
4 Bay Economic Development Area;

5
6 “2. ~~Two (2)~~Four (4) representatives from the National
7 Government namely: the Secretary of the Department
8 of Trade and Industry, who shall sit as Chairperson,
9 and designated undersecretaries of the Department of
10 Tourism, Department of Transportation and
11 Communication, and Department of Environment
12 and Natural Resources;

13
14 “3. Five (5) representatives, one each from the
15 following private sectors, namely: coming from the
16 present naval stations, public works center, ship repair
17 facility, naval supply depot and naval air station SBFZ
18 domestic investors or locators, SBFZ foreign
19 investors or locators, Ayta indigenous peoples from
20 the SBEDA and federated organized residents or
21 homeowners inside the SBFZ; and

22
23 “4. ~~The remaining balance to complete~~ Administrator
24 of SBEDA shall sit as a non-voting member of the
25 Board of Directors shall be composed of
26 representatives from the business and investment
27 sectors.

28
29 “~~The chairman and the~~ Except for *ex-officio* members
30 from national government departments who shall
31 serve for the duration of their official terms or
32 otherwise designated by the President or respective
33 Secretaries, the representatives of the local
34 government units and all other members of the Board
35 shall be appointed by the President to serve for a
36 term of six (6) ~~three (3)~~ years, unless sooner removed
37 for cause except for the representatives of the local
38 government units who shall serve for a term of three
39 (3) years otherwise extended by election or
40 reappointment by their respective local government
41 units. the replacement shall serve only the unexpired
42 portion of the term. In case of removal for cause, the
43 replacement shall serve only the unexpired portion of
44 the term.

45
46 “~~Except for the representative of the foreign locators,~~
47 no person shall be appointed as a member of the
48 Board unless he is a Filipino citizen, of good moral
49 character, and of recognized competence in relevant
50 fields including, but not limited to economics,
51 management, international relations, law or

1 engineering or their equivalent with at least ten (10)
2 years relevant working experience in the field of
3 management and public administration. The
4 representatives from the locators, workers and
5 residents shall be determined via an equitable
6 selection process formulated by the concerned
7 stakeholders and approved by the SBEDA Board.
8 The Ayta representative shall be selected among all
9 legitimate Ayta people coming from the indigenous
10 peoples within the Subic Bay Economic
11 Development Area, and following procedures
12 approved by the National Commission for
13 Indigenous Peoples. Preference in the appointment of
14 the members of the Board shall be given to residents
15 those who regularly reside in the Subic Bay Economic
16 Development Area within the Subic Special
17 Economic Zone.

18
19 “The Board of Directors shall be the policy-making
20 body of the Subic Authority and shall perform the
21 following functions:

22
23 (a) Determine the organizational structure of the
24 Subic Bay Economic Development Authority, define
25 the duties and responsibilities of all officials and
26 employees and adopt a compensation benefit scheme
27 consistent with the provisions of the laws on GOCCs;

28
29 (b) Appoint the Administrator or Chief Executive
30 Officer, the Treasurer, and the Secretary of the Board,
31 as well as all officials down to the third level and
32 authorize the Administrator of the Subic Authority to
33 appoint all other employees authorized under the
34 approved organizational structure; Provided, that all
35 appointments shall be on the basis of merit and
36 fitness and all personnel action shall be in pursuance
37 of Civil Service Laws, rules and regulations, except
38 those whose employment are co-terminus with the
39 members of the Board;

40
41 (c) Approve the annual and supplemental budgets of
42 the Subic Authority submitted by the Administrator;

43
44 (d) Submit an annual report of the operation of the
45 Subic Authority to the President of the Philippines,
46 President of the Senate and Speaker of the House of
47 Representatives; and,

48
49 (e) Carry out the purposes of the Subic Bay
50 Economic Development Authority.
51

1 All procedural matters in the conduct of the Board
2 meetings shall be prescribed in its internal rules.

3
4 “Members of the Board shall receive a per diem in
5 accordance with the prevailing guidelines
6 promulgated by the Governance Commission for
7 GOCCs: of not more than five thousand pesos
8 (P5,000.00) for every board meeting: Provided,
9 however, that the per diem collected per month does
10 not exceed the equivalent of four (4) meetings:
11 provided, further, that the amount of per diem for
12 every board meeting may be increased by the
13 President: provided finally, that the amount of per
14 diem shall not be increased within two (2) years after
15 its last increase.

16
17 “d. Chairperson/Chairman/Administrator of the Board.—
18 The Chairperson of the Board of SBEDA shall be the
19 Secretary of the Department of Trade and Industry or
20 a designated Undersecretary whose term as such shall
21 be co-terminus with the incumbent Secretary. The
22 Chairperson shall preside over the meetings and
23 affairs of the Board of Directors in accordance with
24 the principles and practices of good corporate
25 management. President shall appoint a professional
26 manager as administrator of the Subie Authority with
27 a compensation to be determined by the Board
28 subject to the approval of the Secretary of Budget,
29 who shall be the ex-officio chairman of the Board and
30 who shall serve as the chief executive officer of the
31 Subie Authority: provided, however, that for the first
32 year of its operations from the effectivity of this Act,
33 the mayor of the City of Olongapo shall be appointed
34 as the chairman and chief executive officer of the
35 Subie Authority.

36
37 “e. Administrator and Chief Executive Officer.—The
38 SBEDA Board shall appoint an Administrator with
39 the rank of department undersecretary. The
40 Administrator, who shall be the Chief Executive
41 Officer of the SBEDA, shall be at least forty (40)
42 years of age, of proven probity and integrity, and a
43 degree holder in any of the following fields:
44 economics, business, public administration, law,
45 management or their equivalent, and with at least ten
46 (10) years relevant working experience preferably in
47 the field of management or public administration.
48 Unless otherwise removed for cause, the
49 Administrator shall have a secure tenure of six (6)
50 years, renewable for the same secure tenure as many
51 times as the SBEDA Board may so decide.

1
2 The Administrator shall implement and be the overall
3 coordinator of the policies, plans and programs of the
4 SBEDA. As such, he shall provide overall supervision
5 over, and general direction to, the development and
6 operations of the SBEDA and SBFZ. He shall
7 determine the structure, the staffing pattern and
8 personnel complement of the SBEDA and SBFZ,
9 subject to the approval of the SBEDA Board. In
10 addition, he shall have the following specific powers
11 and responsibilities:

12
13 (1) To safeguard all the lands, buildings, records,
14 monies, credits and other properties and rights of the
15 SBEDA and SBFZ;

16
17 (2) To ensure that all revenues of the SBEDA and
18 SBFZ are collected and applied in accordance with its
19 SBEDA Board approved budget;

20
21 (3) To ensure that all employees and officers of the
22 SBEDA properly discharge their duties in accordance
23 with principles and regulations of good governance
24 and the best practices of thoughtful and courteous
25 public service;

26
27 (4) To provide information and recommend such
28 measures to the Board, as he shall deem advantageous
29 to the SBEDA and the environmentally sustainable
30 development of the SBFZ and the Subic Bay
31 Economic Development Area;

32
33 (5) To submit to the Board, the ongoing and
34 proposed projects, work and financial program,
35 annual budget of receipts, and expenditures of the
36 SBEDA;

37
38 (6) To represent the SBEDA in all its business
39 matters and sign in its behalf after approval of the
40 Board, all its bonds, borrowings, contracts,
41 agreements and obligations made in accordance with
42 this Act.

43
44 (7) To acquire jurisdiction, as the Administrator may
45 deem proper, over the protests, and claims of
46 residents, locators or enterprises in the SBFZ
47 concerning administrative matters;

48
49 (8) To implement, discharge or administer the grant,
50 approval, refusal, amendment or termination of
51 franchises, licenses, permits, contracts, and

1 agreements in accordance with the policies set by the
2 SBEDA Board;

3
4 (9) To take such emergency measures as may be
5 necessary to avoid fires, floods and mitigate the
6 effects of storms and other natural or public
7 calamities;

8
9 (10) To prepare and draft plans for the physical and
10 economic development of the SBFZ, including
11 zoning and land subdivision, and draft such rules and
12 regulations which shall be submitted to the Board for
13 its approval; and

14
15 (11) To perform such other duties and exercise such
16 other powers as may be prescribed by the Board, and
17 to implement, discharge or administer the policies,
18 rules and regulations set by the SBEDA.

19
20 “The SBEDA officers and employees shall not
21 engage directly or indirectly in partisan activities or
22 take part in any election, except to vote. In the event
23 that an officer or employee opts to run for public
24 office, the employment of such officer or employee
25 of the SBEDA shall be considered terminated upon
26 the filing of the official candidacy.

27
28 “Every member of the Board of the SBEDA, the
29 Administrator and other senior officers, shall upon
30 assumption of office, make full disclosure of their
31 financial and business interests.

32
33 “f. e.—Capitalization.—The Subic Bay Economic
34 Development Authority shall have an authorized
35 capital stock of twenty billion Philippine pesos
36 divided into twenty thousand no-par shares fully
37 subscribed and paid up One Hundred Billion
38 Philippine Pesos (PhP 100,000,000,000.00) which
39 shall be subscribed by the Republic of the Philippines
40 and the provinces of Zambales and Bataan and the
41 City of Olongapo. An initial supplementary
42 development capital in the amount of One Billion
43 Philippine Pesos (PhP 1,000,000,000.00) is hereby
44 authorized to be appropriated out of any funds in the
45 National Treasury and credited as fully paid shares
46 owned by the national government.”

47
48 “1. All lands embraced, covered and defined in
49 Section 12 hereof, as well as permanent
50 improvements and fixtures upon proper inventory

1 not otherwise alienated, conveyed, or transferred to
2 another government agency;

3
4 ~~"2. All other assets which the President may transfer~~
5 ~~to the Subic Authority as part of the equity~~
6 ~~contribution of the Government; and~~

7
8 ~~"3. Cash contribution by the Government in the~~
9 ~~amount of Three hundred million pesos~~
10 ~~(P300,000,000) a year for the next three (3) years;~~
11 ~~which is hereby appropriated out of any fund in the~~
12 ~~National Treasury not otherwise appropriated."~~
13

14 (b) A new provision after Section 13, denominated as "*Section 13-A*" is hereby added:

15
16 "Section 13-A. Corporate powers of the Subic Bay Economic
17 Development Authority.—To carry out its objectives
18 under this Act, the Subic Authority is hereby vested
19 with the following corporate powers:

20
21 "(a) To succeed in its corporate name, to sue and be
22 sued in such corporate name and to adopt, alter and
23 use a corporate seal which shall be judicially noticed;

24
25 "(b) To adopt, amend and repeal its by-laws upon the
26 recommendation of the SBEDA Board of Directors
27 and subject to the approval of the President of the
28 Philippines;

29
30 "(c) To enter into, make, perform and carry out
31 contracts of every class, kind and description which
32 are necessary or incidental to the realization of its
33 purposes with any person, firm or corporation,
34 private or public, and with foreign government
35 entities;

36
37 "(d) To contract loans, indebtedness, credit and issue
38 commercial papers and bonds, in any local or
39 convertible foreign currency from any international
40 financial institutions, foreign government entities, and
41 local or foreign private commercial banks or similar
42 institutions under terms and conditions prescribed by
43 law, rules and regulations;

44
45 "(e) To execute any deed of guarantee, mortgage,
46 pledge, trust or assignment of any property for the
47 purpose of financing the programs and projects
48 deemed vital for the early attainment of its goals and
49 objectives, subject to the provisions of Article VII,

Section 20, and Article XII, Section 2, paragraphs (4) and (5) of the *1987 Philippine Constitution*;

“(f) To administer by contract, franchise or other agreement with qualified investors or professional enterprises the operation, management and development of the Subic Bay International Airport, the container port, sea port, oil storage and refuelling facilities within the Subic Bay Freeport Zone as a free market in accordance with the policies set forth by laws or by guidance of the President of the Philippines;

“(g) To promote the establishment, operation and maintenance of efficient public utilities for power, water and telecommunication services that shall operate low-cost and environmentally sustainable and appropriate technologies, preferably under Private-Public Partnerships or other agreements that would best serve the interest of the industrial, commercial and tourism enterprises located within the Subic Bay Freeport Zone, and to regulate the operation and fees and charges of such public utilities;

“(h) To develop, modernize and regulate maritime operations, systems, services and infrastructures in the Subic Bay Freeport Zone including shipping and related business, stevedoring and port terminal services or concessions, incidental thereto;

“(i) To promote and regulate the development, operation and maintenance of the required utilities and infrastructure through contracts, franchises, license permits, bulk purchase agreements in coordination with local government units and appropriate government agencies concerned and in conformity with existing applicable laws therefor;

“(j) To authorize, accredit, or license tourism-related activities including games and amusements subject to priorities and standards, except horse racing, dog racing, cockfighting, and casino gambling subject to license by the Philippine Amusement and Gaming Corporation (PAGCOR);

“(k) To authorize the establishment and development of environmentally improved residential areas, and institutional sites and services for government services, education and medical facilities, as well as recreational public parks, and for this purpose prepare, update and implement an environmentally

1 sound zoning plan in consultation with concerned
2 stakeholders;

3
4 “(l) To protect, maintain and develop the proclaimed
5 national park and protected forests within the Subic
6 Bay Economic Development Area, and for this
7 purpose, coordinate and cooperate with the
8 Department of Environmental and Natural
9 Resources, the National Museum of the Philippines,
10 the National Commission on Indigenous Peoples,
11 National Commission on Culture and the Arts, and
12 other government agencies for the proper
13 implementation of the rules and regulations for the
14 conservation of natural resources, cultural, historical,
15 and heritage sites and materials.

16
17 “(m) To adopt and implement measures and
18 standards for environmental conservation and
19 pollution control of all areas within SBFZ, including
20 but not limited to all forests, grasslands, watersheds,
21 wetlands, rivers and Bay waters. For this purpose, the
22 Board of the Subic Bay Economic Development
23 Authority shall support the independent operation of
24 the Ecology Management Center in accordance with
25 the Programmatic Environmental Compliance
26 Certificate, which shall be validated by the Subic Bay
27 Unified Multi-partite Monitoring Team;

28
29 “(n) To reclaim, undertake or authorize reclamation
30 projects as it may deem necessary in areas adjacent or
31 contiguous to the Conversion Authority's lands
32 described in Section 7 of Republic Act No. 7227
33 either by itself or as part of Board-approved Public-
34 Private Partnership infrastructure projects or other
35 projects provided that appropriate social acceptability
36 and environmental permits are obtained;

37
38 “(o) To authorize the establishment of appropriate
39 educational and medical institutions that shall be
40 recognized as special social enterprises different from
41 ordinary business, and shall be provided with
42 accessible locations conducive to learning and health;

43
44 “(p) To receive donations, grants, bequests and
45 assistance of all kinds from local and foreign
46 governments and private sectors and utilize the same;

47
48 “(q) To invest its funds and other assets within the
49 SBFZ and its satellite eco-zones as described in
50 Republic Act No. 7227;

1 “(r) To promulgate and implement all necessary rules
2 and regulations; and,

3
4 “(s) To perform such other powers as may be
5 necessary and proper to carry out the purposes of this
6 Act.”
7

8 (c) Section 14 of Republic Act No. 7227 is hereby amended to read as follows:
9

10 *~~“Section 14. Agreement with other agencies-Relationship with~~*
11 *~~Conversion Authority and local government units.—~~*
12

13 “SBEDA shall enter into agreements of cooperation
14 with the Department of National Defense, the
15 Department of Interior and Local Governments, the
16 Philippine National Police, the Department of
17 Environment and Natural Resources, the Department
18 of Labor and Employment, the Department of
19 Tourism, the Department of Finance, the National
20 Museum of the Philippines, the National Commission
21 for Culture and the Arts, the National Commission
22 on Indigenous People, and other national government
23 agencies as necessary for the proper and efficient
24 implementation of programs and rules.
25

26 ~~“(a) The provisions of existing laws, rules and~~
27 ~~regulations to the contrary notwithstanding, the Subic~~
28 ~~Authority shall exercise administrative powers, rule-~~
29 ~~making and disbursement of funds over the Subic~~
30 ~~Special Economic Zone in conformity with the~~
31 ~~oversight function of the Conversion Authority.~~
32

33 ~~“(b) In case of conflict between the Subic Authority~~
34 ~~and the local government units concerned on matters~~
35 ~~affecting the Subic Special Economic Zone other~~
36 ~~than defense and security, the decision of the Subic~~
37 ~~Authority shall prevail.”~~
38

39 (d) Eight new provisions after Section 14 denominated as “Section 14-A,” “Section 14-B,” “Section
40 14-C,” “Section 14-D,” “Section 14-E,” “Section 14-F,” “Section 14-G,” and “Section 14-H” are
41 hereby added:
42

43 “Section 14-A. Supervision.—The SBEDA or Subic
44 Authority shall be under the direct control and
45 supervision of the Office of the President for
46 purposes of policy direction and coordination.”
47

1 "Section 14-B. Transfer of liabilities.—The President shall
2 transfer forthwith the properties and assets under the
3 name of the Subic Bay Metropolitan Authority to the
4 Subic Bay Economic Development Authority. The
5 financial liabilities incurred by the SBMA from
6 international funding agencies for the improvement
7 of facilities shall be transferred to the national
8 government."
9

10 "Section 14-C. Funding scheme.—The capital of the Subic
11 Authority may come from securitization or other
12 means of fund raising guaranteed with unencumbered
13 land or assets and/or existing leasehold contracts, but
14 not including those lands that are covered by
15 Certificates of Ancestral Domain Titles (CADTs)
16 issued in favor of Ayta communities."
17

18 "Section 14-D. Incentives in Subic Bay Freeport Zone and
19 Subic Bay Economic Development Area.—The Subic
20 Special Economic Zone referred to in Section 12 of
21 RA 7227 is herein called the Subic Bay Freeport Zone
22 consisting of the territory of the former US Naval
23 Base whose meets and bounds are defined by
24 Proclamation 532, s.1995 of the Office of the
25 President.
26

27 The Subic Bay Economic Development Area is
28 hereby defined to consist of the City of Olongapo,
29 the municipalities of Subic, San Marcelino, Castillejos
30 and San Antonio of the Province of Zambales and
31 the municipalities of Morong, Hermosa and
32 Dinalupihan of the Province of Bataan. Satellite Eco-
33 zones are clearly defined extension sites of SBFZ
34 located within SBEDA territory. The Subic Bay
35 Economic Region shall include all the territories of
36 the provinces of Zambales and Bataan and the City of
37 Olongapo.
38

39 The above mentioned Subic Bay Freeport Zone or
40 SBFZ shall be subject to the following policies:
41

42 (a) Within the framework of the Constitution, the
43 SBFZ shall be developed into an environmentally
44 sustainable industrial, commercial, financial and
45 tourism Freeport that shall attract, promote, and
46 encourage the location of productive foreign
47 investments and export-oriented business projects,
48 especially those that have potential for synergistic
49 business partnerships with local enterprises located
50 within the Subic Bay Economic Development Area
51 and generate employment opportunities for local

1 skilled workers including returning Overseas Filipino
2 Workers;

3
4 (b) The Subic Bay Freeport Zone shall be operated
5 and managed as a separate customs territory ensuring
6 free flow or movement of goods and capital within,
7 into and exported out of the Subic Bay Freeport
8 Zone, as well as provide incentives such as tax and
9 duty-free importations of raw materials, capital and
10 equipment.

11
12 However, exportation or removal of goods from the
13 territory of the Subic Bay Freeport Zone, or its
14 satellite eco-zones, to the other parts of the Philippine
15 territory shall be subject to applicable customs duties
16 and taxes under the Tariff and Customs Code of the
17 Philippines as amended, the National Internal
18 Revenue Code of 1997 as amended, and other
19 relevant tax laws of the Philippines;

20
21 (c) The provision of existing laws, rules and
22 regulations to the contrary notwithstanding, no
23 national and local taxes, and other regulatory
24 fees/charges that is levied based on percentage of
25 sales, per head/unit, per day, land area or land
26 assessed value, shall be imposed on business
27 enterprises within the Subic Bay Freeport Zone.
28 SBEDA shall not impose on locators, enterprises or
29 residents any revenue generating fees and assessments
30 under the guise of regulation, administrative or
31 municipal service charge. In lieu of said taxes, a five
32 percent (5%) tax on gross income earned shall be paid
33 by all business enterprises within the Subic Special
34 Economic Zone and shall be remitted as follows: one
35 percent (1%) to the national government, and four
36 percent (4%) to the Subic Bay Economic
37 Development Authority (SBEDA) distributed as
38 follows:

- 39
40 (1) One percent (1%) for SBEDA general fund,
41 (2) One half percent (0.5%) for Subic Bay
42 Environmental Conservation Fund,
43 (3) One half percent (0.5%) for Subic Bay
44 Infrastructure Development Fund and,
45 (4) Two percent (2%) for distribution to the local
46 government units consisting the SBEDA, namely:
47 the City of Olongapo and the municipalities of
48 Subic, San Antonio, San Marcelino and Castillejos
49 of the Province of Zambales; and the
50 municipalities of Morong, Hermosa and
51 Dinalupihan of the Province of Bataan, on the

basis of population 950%), land area (25%), and equal sharing (25%).

In case of conflict between national and local laws with respect to tax exemption privileges in the Subic Bay Freeport Zone, the same shall be resolved in favor of the latter;

(d) No exchange control policy shall be applied and free markets for foreign exchange, gold, securities and futures shall be allowed and maintained in the Subic Bay Freeport Zone;

(e) The Central bank, through the Monetary Board, shall supervise and regulate the operations of banks and other financial institutions within the Subic Bay Freeport Zone;

(f) Banking and finance shall be liberalized with the establishment of foreign currency depository units of local commercial banks and offshore banking units of foreign banks with minimum Central Bank regulation;

(g) Any investor within the Subic Bay Freeport Zone whose continuing investment shall not be less than one hundred fifty thousand dollars (\$150,000), and his/her spouse and dependent children under twenty-one (21) years of age, shall be granted a Special Subic Investor Visa (SSIV) and permanent resident status within the Subic Bay Freeport Zone. They shall have freedom of ingress and egress to and from the SBFZ without any need of special authorization from the Bureau of Immigration and Deportation. The Subic Bay Economic Development Authority referred to in Section 3 of this Act may also issue a Special Subic Working Visa (SSWV) valid for two years to foreign workers with highly technical skills that no qualified Filipino worker within the Subic Bay Freeport Zone possesses. The SSWV may be renewed every two (2) years provided that the foreign worker continues to be employed by the same company. In the event that a Filipino skilled worker with equal or better qualifications applies for the same job, preferential employment opportunity should be given to the Filipino worker, unless the position is declared by the management to be confidential or a matter of trust. The names of aliens granted permanent residence status, SSIV or SSWV by the Subic Bay Economic Development Authority shall be reported to the Bureau of Immigration and Deportation within thirty (3) days after issuance thereof.

1
2 (h) Upon the request of, and agreement with any local
3 government unit that is part of the Subic Bay
4 Economic Development Area, the Subic Bay
5 Economic Development Authority may establish
6 SBFZ satellite eco-zones or sites which shall entitle
7 business locators in these satellite eco-zones special
8 privileges as follows:
9

10 Except for real property taxes on land owned by
11 private developers, no taxes, local and national, shall
12 be imposed on business establishments operating
13 within the satellite eco-zone authorized by SBEDA.
14 In lieu thereof, five percent (5%) of the gross income
15 earned by all business enterprises within the satellite
16 eco-zone shall be paid and remitted as follows:
17

- 18 (1) Two percent (2%) to the National
19 Government;
- 20 (2) One percent (1%) to the SBEDA
- 21 (3) Two percent (2%) shall be directly
22 remitted by the business establishments to
23 the treasurer's office of the municipality
24 or city where the enterprise is located.
25

26 (i) The defense of the territorial waters of the Subic
27 Bay shall be the responsibility of the Philippine Coast
28 Guard. Police function shall remain to be under the
29 control and authority of the Philippine National
30 Police.
31

32 (j) The SBEDA shall build and construct a secure
33 perimeter fence surrounding the Freeport. The
34 SBEDA and the LGU concerned shall cooperate to
35 maintain and secure the said perimeter fences. The
36 SBEDA shall provide and establish its own internal
37 civilian security and firefighting forces following the
38 guidelines of the Department of Interior and Local
39 Governments. The SBEDA Board shall establish a
40 system of public accountability of SBEDA internal
41 security personnel.
42

43 (k) Taking cognizance of the SBFZ as investors' and
44 tourists' haven, the SBEDA shall establish and
45 develop a central site and facilities within the SBFZ
46 for a government center where agencies and
47 government services shall be located for the
48 convenience of the SBFZ locators, business
49 operators, workers and residents.
50

1 (f) Except as herein provided, the local government
2 units with political boundaries that are partly included
3 within the boundaries of the Subic Bay Freeport
4 Zone shall retain their basic autonomy and identity.
5 The cities shall be governed by their respective
6 charters and the municipalities shall operate and
7 function in accordance with republic Act No. 7160,
8 otherwise known as the Local Government Code of
9 1991. However, the territories included within the
10 boundaries of the Subic Bay Freeport Zone shall be
11 managed by the SBEDA and provided with
12 appropriate municipal services and modern public
13 infrastructures and utilities as needed.”
14

15 “Section 14-E. SBFZ Offices.—The SBEDA shall
16 review and reorganize the organizational structure of
17 SBMA to include the following offices in such a way
18 to improve its services to the locators and publics of
19 SBEDA and SBFZ:
20

21 (a) Reorganization of the Ecology Center.
22

23 The Ecology Center is hereby reorganized as the
24 Ecology Management Center, which shall be an
25 independent body that shall implement or cause the
26 strict observance of national environmental laws and
27 local environmental programs. It shall be headed by a
28 professional Executive Director with adequate
29 training and at least 10 years experience in
30 environmental management. The EMC is tasked to
31 organize the Subic Bay Unified Multipartite
32 Monitoring Team which shall be responsive to the
33 needs of the Freeport based on the environmental
34 management zoning plan.
35

36 The operations and performance of the EMC shall be
37 audited annually by a non-governmental volunteer
38 Subic Bay Environmental Management Council that
39 shall be organized by the DENR. The SBEMC shall
40 be composed of 15 multi-sectoral stakeholders from
41 LGUs, locators, tourism, fishery and agricultural
42 sectors, and environmental NGOs.
43

44 (b) Indigenous Peoples Affairs Office. In consultation
45 with the National Commission for Indigenous
46 Peoples, the SBEDA shall create and support the
47 Indigenous Peoples Affairs Office that shall carry out
48 plans and programs for the benefits and welfare of all
49 IPs from Zambales, Bataan and Olongapo.
50

1 (c) Education and Skills Development Program. In
2 cooperation with TESDA, chambers of commerce,
3 and member LGUs, the SBEDA shall establish a
4 Skills Development Program that shall design and
5 conduct various technical skills training projects to
6 help provide supply high quality technical skills in
7 demand of SBFZ-based industrial, commercial and
8 tourism enterprises.

9
10 (d) SBFZ Information Desk. Public service is a public
11 trust, and public documents should be accessible to
12 the people. Freedom of Information shall be
13 espoused by SBEDA. Towards this, an SBFZ
14 Information Desk shall be organized to serve as the
15 computerized central library of information and/or
16 soft files of resolutions, agreements, contracts and
17 other public documents of the SBEDA. The Desk
18 shall store, organize, mine, codify, publish or
19 otherwise provide information and public documents
20 to the general public by electronic means or other
21 modern convenience.”

22
23 “Section 14-F. Ombudsman.—The Office of the
24 Ombudsman shall appoint a Resident Ombudsman
25 located in the SBFZ government center.”

26
27 “Section 14-G. Legal counsel.—Without prejudice to the
28 hiring of an outside counsel, the Government
29 Corporate Counsel shall be the ex officio legal
30 counsel of the Subic Authority, and for this purpose
31 the GCG may designate a full time representative
32 whose compensation shall be approved by the
33 Board.”

34
35 “Section 14-H. Auditor.—The Commission on Audit
36 shall appoint a representative who shall be the full
37 time auditor of the Subic Authority. The Auditor shall
38 be assisted by such personnel as may be necessary in
39 the performance of duties.”
40

41 **SECTION 3. *Implementing rules and regulations.*—**The SBEDA, in coordination with the
42 Office of the President, shall promulgate and publish the necessary rules and regulations for the
43 effective implementation of this Act within two months from the date of the effectivity of this
44 Act.
45

1 No policies that would violate the provision of existing contracts, grants, exemptions and
2 incentives extended by the previous SBMA administration, shall be passed by the SBEDA to
3 affect existing contracts and agreements.

4
5 The Civil Service Commission shall within sixty (60) days from the implementation of this Act
6 assist the SBEDA in streamlining its staffing pattern and providing for appropriate separation
7 from service of those found not to be qualified or redundant.

8
9 **SECTION 4. *Separability clause.***—If, for any reason, any part, section or provision of this
10 Act is held invalid or unconstitutional, the remaining provisions not affected thereby shall
11 continue to be in full force and effect.

12
13 **SECTION 5. *Repealing clause.***—The *Bases Conversion and Development Act of 1992* (R.A. No.
14 7227) is hereby amended accordingly.

15
16 All laws, decrees, executive orders, proclamations, rules and regulations, and other issuances, or
17 part or parts thereof, including parts of Republic No. 7917, Republic Act No. 9399, Republic Act
18 No. 9400, and Republic Act No. 7916 which are inconsistent with the provisions of this Act are
19 hereby repealed, amended or modified accordingly.

20
21 **SECTION 6. *Effectivity clause.***—This Act shall take effect fifteen (15) days after the
22 completion of its publication in the Official Gazette or in at least two (2) newspapers of general
23 circulation.

Approved,