



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

HOUSE OF REPRESENTATIVES	
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SEVENTEENTH CONGRESS

First Regular Session

House Bill No. **1419**

Introduced by Representative Jose Enrique S. Garcia III

EXPLANATORY NOTE

As indicated in the 1987 Constitution, *"the State shall protect and advance the right of the people and healthful ecology in accord with the rhythm and harmony of nature."* Among the most challenged marine resources of the Philippines is the Manila Bay. Manila Bay remains an important thorough for commerce and industry, however, rapid urban growth and industrialization were causing the decline in water quality and deteriorating marine habitats. In fact, last September 27, 2011, the sea walls of Manila Bay were destroyed by the storm surge caused by Typhoon Pedring. Even the US Embassy, Museo Pambata and Sofitel Philippine Plaza were submerged into flooding. It was estimated that the damage would cost P30 million. On April 2012, the sea walls were once again opened to public and it was also designed to become stronger to withstand strong storm surges.

The Manila Bay is considered to be one of the best natural harbours in Southeast Asia and one of the finest in the world. Strategically located around the capital city of the Philippines, Manila Bay facilitated commerce and trade between the Philippines and its neighbouring countries, becoming the gateway for socio-economic development even prior to Spanish occupation.

Manila Bay's ecosystem which comprises coastal and marine habitats in the area include upland forests, mangrove, mudflats, sandy beaches, sea grass and coral reefs. However, successive changes in and around Manila Bay are largely due to the intertwining impacts of continued industrialization, unrelenting increase in population, and the incessant human activities catering to livelihood and habitation. These factors are directly degrading the overall environment of Manila Bay and those impacts are

manifested in the continued deterioration of the water quality within the bay. Several industries operate along the bay in the highly urbanized Metro Manila area, while there are shipyard facilities in Cavite and Bataan, several more heavy industries, refineries and power plant are present. Industrial waste discharges and discharges of untreated domestic wastes from drainage and sewer outlets have contributed to the severe decline in the quality of water and sediments in the bay as well as impacted on the existing marine habitats.

As such, it is high time for the Congress to enact a law that would genuinely protect and preserve Manila Bay. This bill seeks to create the Manila Bay Development Authority (MBDA) to carry out the national and regional plans and policies for social and economic development of the Manila Bay, development of environmental management and control, preservation of the quality of human life and ecological systems, and the prevention of undue ecological disturbances, deterioration and pollution.

Just like the Laguna Lake Development Authority (LLDA), the MBDA will have similar and analogous powers and functions and organizational structures with capital requirements.

The passage of this bill is earnestly sought.


JOSE ENRIQUE S. GARCIA III
Second District, Bataan



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**AN ACT CREATING THE MANILA BAY 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:*

1 **SECTION 1. Title.** – This Act shall be known as the “Manila Bay Development
2 Authority Act of 2014.”

3 **SEC. 2. Declaration of Policy.** - It is hereby declared to be the national policy to
4 promote, and accelerate the development and balanced growth of the Manila Bay
5 area and the surrounding provinces, cities and towns hereinafter referred to as the
6 region, within the context of the national and regional plans and policies for social
7 and economic development and to carry out the development of the Manila Bay
8 region with due regard and adequate provisions for environmental management and
9 control, preservation of the quality of human life and ecological systems, and the
10 prevention of undue ecological disturbances, deterioration and pollution.

11 **SEC. 3. Definition of Terms.** – As used in this Act:

12 1) *Act* - whenever used in this Act, shall refer to the enabling Act creating the Manila
13 Bay Development Authority;

- 1 2) *Authority* - whenever cited in this Act shall mean the Manila Bay Development
2 Authority;
- 3 3) *Board* - the word Board shall always refer to the Board of Directors of the Manila
4 Bay Development Authority;
- 5 4) *Region* - the word Region in this connection shall mean the Manila Bay area
6 proper comprising the provinces of Cavite, Bulacan, Pampanga, Bataan, and cities in
7 Metro Manila;
- 8 5) *Government instrumentalities or agencies or entities*. - Whenever used in this Act
9 shall mean instruments of the national or local governments vested with powers to
10 accomplish a definite government aim or purpose;
- 11 6) *Local Government*. - Whenever used in this Act shall mean one that is organized
12 for political purposes with political powers exercised for the good of the public,
13 subject to legislative control and with officers of the government as its members to
14 administer or discharge public duties;
- 15 7) *Government Corporation*. - Whenever used shall refer to corporations engaged in
16 performing functions impressed with public interest;
- 17 8) *Investor*. - With regards to this Act, investors shall include public and private
18 investors whether foreign or local;
- 19 9) *External Auditor*. - Shall mean a firm or a person hired outside the Authority or
20 agency to audit the books of accounts of another corporation or agency; examine
21 financial records, prepare audit reports on findings in the operation of the agency;
22 review the statement on the performance report of the Authority.
- 23 10) *Subsidiary Corporation*. - A corporation that is organized or a corporation already
24 in existence wherein at least fifty-one per cent (51%) of its shares of stock are

owned or controlled by the organizing or subscribing Authority, in this case, the Manila Bay Development Authority, to carry out or accomplish its purposes.

11) *Manila Bay or Bay.* - Whenever Manila Bay or bay is used in this Act, the same shall refer to Manila Bay which is that area covered by the bay water when it is at the average annual maximum sea level between .75 to 1.9 meter by 2100". Lands located at and below such elevation are public lands which form part of the bed of said lake.

SEC. 4. Creation of the Manila Bay Development Authority. - For the purpose of carrying out and effecting the declared policy, as provided for in Section 2 hereof, there is hereby created a body corporate to be known as the Manila Bay 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 judgment, aid to the fullest possible extent in carrying out the aims and purposes set forth below.

SEC. 5. Location of Principal Office. - The Authority shall maintain its principal office at a convenient place within Metro Manila, but it may have branch offices in such other places as are necessary for the proper conduct of its business.

SEC. 6. Special Powers and Functions. - The Authority shall exercise and perform the following powers and functions:

(a) To make a comprehensive survey of the physical and natural resources and potentialities of the Manila Bay region particularly its social and economic conditions, hydrologic characteristics, power potentials, scenic and tourist spots, regional problems, and on the basis thereof, to draft a comprehensive and detailed plan designed to conserve and utilize optimally the resources within the region particularly

1 Manila de Bay to promote the region's rapid social and economic development and
2 upon approval by the National Economic and Development Authority (NEDA) Board
3 of such plan, to implement the same including projects in line with said plan:
4 *Provided*, That implementation of all fisheries plans and programs of the authority
5 shall require prior consensus of the Bureau of Fisheries and Aquatic Resources
6 (BFAR) to ensure that such plans and programs are consistent with the national
7 fisheries plans and programs. For the purpose of said survey, public agencies shall
8 submit and private entities shall provide necessary data except such data which
9 under existing laws are deemed inviolable;

10 (b) To provide the machinery for extending the necessary planning, management
11 and technical assistance to prospective and existing investors in the region;

12 (c) To make recommendation to the proper agencies on the peso or dollar financing,
13 technical support, physical assistance and, generally, the level of priority to be
14 accorded agricultural, industrial and commercial projects, soliciting or requiring direct
15 help from or through the government or any of its instrumentalities;

16 (d) To pass upon and approve or disapprove all plans, programs, and projects
17 proposed by local government offices/agencies within the region, public
18 corporations, and private persons or enterprises where such plans, programs and/or
19 projects are related to those of the Authority for the development of the region as
20 envisioned in this Act. The Authority shall issue the necessary clearance for
21 approved proposed plans, programs, and projects within thirty (30) days from
22 submission thereof unless the proposals are not in consonance with those of the
23 Authority or that those will contribute to the unmanageable pollution of the Manila
24 Bay waters or will bring about the ecological imbalance of the region: *Provided*,
25 *further*, That the Authority is hereby empowered to institute necessary legal

proceeding against any person who shall commence to implement or continue implementation of any project, plan or program within the Manila de Bay region without previous clearance from the Authority: *Provided, furthermore,* That any local government office, agency, public corporation, private person, or enterprise whose plans, programs and/or projects have been disapproved by the Authority may appeal the decision of the Authority to the NEDA within fifteen (15) days from receipt of such disapproval whose decision on the matter shall be final. Reasonable processing fees as may be fixed by the Authority's Board of Directors shall be collected by the Authority for the processing of such plans, programs and/or projects: *Provided, finally,* The expansion plans shall be considered as new plans subject to review of the Authority and to payment of the processing fees.

The Authority and national and local government offices, agencies and public corporations shall coordinate their plans, programs, projects and licensing procedures with respect to the Manila Bay region for the purpose of drawing up a Laguna Lake development plan which shall be binding upon all parties concerned upon approval of the NEDA board.

(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 region, and, for this purposes, 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;

1 (f) To plan, program finance/or undertake infrastructure projects such as river, flood
2 and tidal control works, waste water and sewerage works, water supply, roads,
3 portworks, irrigation, housing and related works, when so required within the context
4 of its development plans and programs including the readjustment, relocation or
5 settlement of population within the region as may be necessary and beneficial by the
6 Authority: *Provided*, That should any project be financed wholly or in part by the
7 Authority, it is hereby authorized to collect reasonable fees and tolls as may be fixed
8 by its Board of Directors subject to the approval of the NEDA Board from users
9 and/or beneficiaries thereof to recover costs of construction, operation and
10 maintenance of the projects: *Provided, further*, That if the Authority should find it
11 necessary to undertake such infrastructure projects which are classified, as social
12 overhead capital projects as determined by the NEDA, the Authority shall be
13 authorized to receive financial assistance from the government in such amount as
14 may be necessary to carry out the said projects subject to such terms and condition
15 that may be imposed by the government, upon recommendation of the NEDA Board:
16 *Provided, finally*, That such amount as may be necessary for the purpose is hereby
17 authorized to be appropriated out of the funds of the National Treasury not otherwise
18 appropriated;

19 (g) To make an annual report to the stockholders regarding the operation of the
20 Authority more particularly a statement of its financial conditions, activities
21 undertaken, progress of projects and programs and plans of actions for the incoming
22 years: *Provided, however*, That a majority of the stockholders may require the
23 Authority to submit report or reports other than the annual report herein required,
24 which report must be submitted within a period of thirty (30) days from notice thereof;

1 (h) To lend or facilitate the extension of financial assistance and/or act as surety or
2 guarantor to worthwhile agricultural, industrial and commercial enterprises;

3 (i) To reclaim or cause to the reclaimed portions of the Manila Bay or undertake
4 reclamation projects and/or acquire such bodies of land from the Manila Bay which
5 may be necessary to accomplish the aims and purposes of the Authority subject to
6 the approval of the NEDA Board: *Provided*, That the land so reclaimed shall be the
7 property of the Authority and title thereto shall be vested in the Authority: *Provided*,
8 *further*, That the resulting bay shore shall continue to be owned by the national
9 government;

10 (j) The provisions of existing laws to the contrary notwithstanding, to engage in fish
11 production and other aqua-culture projects in Manila de Bay and other bodies of
12 water within its jurisdiction and in pursuance thereof to conduct studies and make
13 experiments, whenever necessary, with the collaboration and assistance of the
14 BFAR, with the end in view of improving present techniques and practice. *Provided*,
15 That until modified, altered or amended by the procedure provided in the following
16 sub-paragraph, the present laws, rules and permits or authorizations remain in force;

17 (k) For the purpose of effectively regulating and monitoring activities in Manila Bay,
18 the Authority shall have exclusive jurisdiction to issue new permit for the use of the
19 lake waters for any projects or activities in or affecting the said lake including
20 navigation, construction, and operation of fish pens, fish enclosures, fish corrals and
21 the like, and to impose necessary safeguards for lake quality control and
22 management and to collect necessary fees for said activities and projects: *Provided*,
23 That the fees collected for fisheries may be shared between the Authority and other
24 government agencies and political sub-divisions in such proportion as may be
25 determined by the President of the Philippine upon recommendation of the

1 Authority's Board: *Provided, further,* That the Authority's Board may determine new
2 areas of fisheries development or activities which it may place under the supervision
3 of the BFAR taking into account the overall development plans and programs for
4 Manila Bay and related bodies of water: *Provided, finally,* That the Authority shall
5 subject to the approval of the President of the Philippines promulgate such rules and
6 regulations which shall govern fisheries development activities in Manila Bay which
7 shall take into consideration among others the following: socioeconomic amelioration
8 of *bona fide* resident fisherman whether individually or collectively in the form of
9 cooperatives, lakeshore town development, a master plan for fish pen construction
10 and operation, communal fishing ground for bay shore town residents, and
11 preference to bay shore residents in hiring laborers for fishery projects;

12 (l) To require the cities and municipalities embraced within the region to pass
13 appropriate zoning ordinances and other regulatory measures necessary to carry out
14 the objectives of the Authority and enforce the same with the assistance of the
15 Authority;

16 (m) The provisions of existing laws to the contrary notwithstanding, to exercise water
17 rights over public waters within the Manila Bay region whenever necessary to carry
18 out the Authority's projects;

19 (n) To act in coordination with existing governmental agencies in establishing water
20 quality standards for industrial, agricultural and city waste discharges into the bay
21 and to cooperate with said existing agencies of the government of the Philippines in
22 enforcing such standards, or to separately pursue enforcement and penalty actions
23 as provided for in Section 4(d) and Section 39-A of this Act: *Provided,* That in case of
24 conflict on the appropriate water quality standard to be enforced such conflict shall
25 be resolved through the NEDA Board;

(o) To develop water supply from ground and/or bay water resources for municipal, agricultural and industrial usages, in coordination with the National Water Resources Council created by Presidential Decree No. 424 dated March 28, 1974 or its successors in interests, and to enter into agreements with cities, governmental agencies and corporations and the private sector to supply, distribute and market such water;

(p) Undertake studies on the improvement and maintenance of the desirable lake water quality of Manila Bay, and in pursuance thereof, prepare a water quality management program on a continuing basis, subject to the approval of the NEDA, which the Authority shall carry out with the assistance and support of all national and local government units involved in water quality management.

SEC. 7. *Compensation for Damages.* - Compensation for damages to the water and aquatic resources of Manila Bay and its tributaries resulting from failure to meet established water and effluent quality standards or from such other wrongful act or omission of a person, private or public, juridical or otherwise, punishable under the law shall be awarded to the Authority to be earmarked for water quality control and management.

SEC. 8. *Annual Fees.* - The Authority is hereby empowered to collect annual fees as provided for in Sec. 6(j) herein, for the use of the bay waters and its tributaries for all beneficial purposes including recreation, city, industrial, agricultural, fisheries, navigation and waste disposal purposes. All the fees so collected shall be used for the management and development of the bay and its watershed areas: *Provided*, That the rates of the fees to be collected shall be subject to the approval of the President of the Philippines.

1 **SEC. 9. Powers of the Authority.** - The Authority shall have the following powers
2 and functions:

3 a) To succeed on its corporate name;

4 b) To sue and be sued in such corporate name;

5 c) To adopt, alter and use a corporate seal;

6 d) To adopt, amend, and repeals its by-laws;

7 e) To enter into contracts of any kind and description, to enable it to carry out its
8 purposes and functions under this Act;

9 f) To acquire, buy, purchase, hold or lease, such personal and real property as it
10 deems necessary or convenient in the transaction of its business and/or in relation
11 with carrying out its purposes under this Act; and to lease, mortgage, sell, alienate,
12 or otherwise encumber, utilize, exploit or dispose any such personal and real
13 property held by it, subject to prior or existing individual or communal right of private
14 parties or of the government or any agency or enterprise thereof.

15 g) To exercise the right of eminent domain whenever the Authority deems it
16 necessary for the attainment of the objectives of the Authority under this Act;

17 h) To borrow funds from any local or foreign financial institutions independent of the
18 bonds it may issue or may continue to issue, to carry out the purposes of this
19 Authority under this Act;

20 i) To purchase, hold, alienate, mortgage, pledge or otherwise dispose of the shares
21 of the capital stock of, or any bond, securities, or other evidence of indebtedness
22 created by any other corporation, co-partnership, or government agencies or
23 instrumentalities; and while the owner of said stock to exercise all the rights or
24 ownership, including the right to vote thereon; *Provided*, That the Authority shall not

invest its funds in any highly risky debt instruments issued without recourse to commercial banks or investment houses as well as in any highly speculative stocks.

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 enacted hereafter.

k) To issue such rules and regulations as may be necessary to effectively carry out the powers and purposes herein provided including the plans, programs and projects of the Authority, subject to the approval of the NEDA, the same to take effect thirty (30) days after publication thereof, in a newspaper of general circulation.

SEC. 10. Capitalization and Financing. - The Authority shall have an authorized capital of Five Hundred Million Pesos (P500,000,000) of which the amount of Two Hundred Fifty-One Million Pesos (P251,000,000) shall be subscribed by the national government and Two Hundred Forty-Nine Million Pesos (P249,000,000) shall be subscribed by cities, provinces, municipalities, government corporations and private investors; *Provided*, That at least twenty-five percent (25%) of the national government's subscription shall be fully paid: *Provided, further*, That the authorized capital stock may be increased upon the recommendation of NEDA.

The authorized capital stock of Five Hundred Million pesos (P500M) shall be divided into One Million (1,000,000) Shares of stock with a par value of One Thousand Pesos (P1000) per share.

The shares of stock of the Authority shall be divided into (1) 700,000 common shares (voting) and (2) 300,000 preferred shares (non-voting) with such fixed rates of return as shall be determined by the Board. Of the common shares of 700,000 a minimum of 400,000 shares shall be subscribed by the national government and at least sixty

per cent (60%) of the balance shall be subscribed by the Government of Manila in such proportion as may be agreed upon in accordance with their respective capacities. The remaining balance of the common shares shall be open for subscription to cities, provinces, municipalities and private investors.

Of the preferred shares of stock of 300,000 a minimum of 110,000 shares shall be subscribed by the national government. The balance of the preferred shares shall be available for subscription to cities, provinces, municipalities, government corporations, and private investors; *Provided, however,* That preferred shares shall enjoy preference with respect to distribution of dividends and assets in case of dissolution.

SEC. 10. Powers of Municipal/City Corporations to Subscribe. - For purposes of attaining the purposes of this Authority, municipalities, cities and provinces are hereby authorized to subscribe, own, buy and hold shares of stock of this Authority.

SEC. 11. Operating Expenses. - For the operating expenses of the Authority, the sum of Ten Million Pesos (P10,000,000) is hereby appropriated annually for five (5) years from the general fund of the National Government not otherwise appropriated from the date of approval of this Decree.

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

SEC. 12. Power to Incur Debts and 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.

The Authority shall submit to the NEDA Board and the Monetary Board of the Bangko Sentral ng Pilipinas (BSP) for approval its proposal to incur indebtedness or to issue bonds. This shall be considered authorized upon approval of the President of the Philippines.

SEC. 13. 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 projects ready for execution, and considering further a proper balanced productive and non-productive projects so that inflation shall be held to the minimum.

SEC. 14. 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.

SEC. 15. Tax Provision. - The Authority shall be exempt from all national or local taxes, licenses, fees, and duties, incidental to its operations. This exemption shall extend to its subsidiary corporation: *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 taxes during the tenth year, after said establishment. Such examination 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, except estate and donor's taxes.

SEC. 16. *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 funds 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. 17. *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 the 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 Philippine shall succeed to all 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 a reasonable time.

SEC. 18. *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.

SEC. 19. *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 twelve (12) members, to wit: the Executive Secretary, the Secretary of Economic Planning, the Secretary of Environment and Natural Resources, the Secretary of Trade and Industry, the Secretary of Department of Public Works and Highway, a representative of Bataan Government, a representative of Bulacan Government, a representative of Cavite Government, a representative of Pampanga Government, the Chairman of the Metro Manila Development Authority, the General Manager of the Authority to be appointed by the President of the Philippines, and a representative of the private investors, likewise to be appointed by the President of the Philippines from among a list of recommendees to be submitted by the private investors: *Provided, That* the incumbent representative of the private investors: shall continue as member until the President appoints his successor. The Board of Directors shall elect annually from among their members a Chairman and a Vice Chairman. There shall be a Corporate Secretary who shall be appointed the Board.

The officials next in rank to the above-mentioned member shall serve as permanent alternate members and shall attend meetings of the Board in the absence of their principals and receive the corresponding per diems.

SEC. 20. 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 is duly elected by the Board.

SEC. 21. Effect of vacancies; quorum. - Vacancies in the Board as long as there shall be four (4) 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.

SEC. 22. Qualifications of Directors. - All members of the Board shall be citizens and residents of the Philippines. They shall have demonstrated executive competence and experience in the field of public administration, economic planning, resource management, or in the establishment and management of large agricultural, industrial or commercial enterprises. No person shall be nominated as member of the Board unless such person is of unquestioned integrity and competence.

SEC. 23. Prohibition against "Conflict of Interest." - No person 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 provisions of this section by two-thirds (2/3) vote of the Board shall automatically be disqualified from serving the unexpired term, and shall furthermore be perpetually disqualified for membership in the said Board.

SEC. 24. 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

1 member of the Board shall be required to submit a courtesy resignation at any time
2 during his term of office.

3 **SEC. 25. Board Meetings.** - The Board shall meet at least once a month. The Board
4 shall be convoked by the Chairman or upon written request signed by a majority of
5 the members.

6 **SEC. 26. Per Diems and Allowances.** - The members of the Board shall receive for
7 every meeting attended a per *diem* to be determined by the Board: *Provided*, That in
8 no case will the total amount received by each exceed the sum of Five Thousand
9 Pesos (P5,000.00) for any one month. Members of the Board shall be entitled to
10 commutable transportation and representation allowances in the performance of
11 official functions for the Authority as authorized by the Board the aggregate amount
12 of which shall not exceed Three Thousand Pesos (P3,000.00) for any one month.

13 **SEC. 27. Powers and Functions of the Board of Directors.** – The Board of
14 Directors shall have the following powers and functions:

- 15 a. To formulate, prescribe, amend and repeal rules and regulations to govern the
16 conduct of business of the Authority;
- 17 b. To appoint and fix the compensation of all officials from division heads and above,
18 and others of comparable rank including the Assistant General Manager upon the
19 recommendation of the General Manager;
- 20 c. By a majority vote of all members of the Board, to suspend, remove or otherwise
21 discipline for just cause all officials appointed by the Board;
- 22 d. To approve the annual and/or supplemental budgets of the Authority; and
- 23 e. To do such other acts and perform such other functions as may be necessary to
24 carry out the provisions of this Charter.

SEC. 28. Powers and Functions of the General Manager. - The General Manager shall be the Chief Executive of the Authority. As such, the General Manager shall have the following powers and duties:

a. Submit for consideration of the Board the policies and measures which are necessary to carry out the purposes and provisions of this Act;

b. Execute and administer the policies, plans, programs and projects approved by the Board;

c. Direct and supervise the operation and internal administration of the Authority. The General Manager may delegate certain of administrative responsibilities to other officers of the Authority subject to the rules and regulations of the Board.

d. Appoint officials and employees below the rank of division heads to positions in the approved budget upon written recommendation of the division head concerned using as guide the standard set forth in the Authority's merit system;

e. Submit quarterly reports to the Board on personnel selection, placement and training;

f. Submit to the NEDA an annual report and such other reports as may be required, including the details of the annual and supplemental budgets of the Authority, and

g. Perform such other functions as may be provided by law.

SEC. 29. Compensation. - The General Manager shall receive a reasonable compensation which shall be charged against the annual appropriation of the Authority for operating expenses. The Board of Directors may provide per *diems* and allowances for the General Manager.

SEC. 30. Residence. - The General Manager shall be a resident within Metro Manila. 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.

SEC. 31. Activities of the Authority; Key Officials. - In carrying out the activities of the Authority, the General Manager shall be assisted by 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.

The Authority shall have the following divisions under the direct supervision and control of the General Manager;

(a) An Administrative Division which shall be responsible for providing services relating to personnel, training, information, records, supplies general services, equipment and security;

(b) A Legal Division, to be headed by a Legal Counsel who shall represent the Authority in legal actions and proceedings. This division shall be responsible for providing staff advice and assistance on legal matters;

(c) A Finance Division which shall be responsible for providing staff advice and assistance on budgetary and financial matters, and safekeeping of corporate assets;

(d) A Project Management Division which shall be responsible for the operation of approved projects, project evaluation and management improvement matters;

(e) A Planning and Project development Division which shall be responsible for providing services relating to planning, programming, statistics and project development; and

(f) An Engineering and Construction Division which shall be responsible for providing services relating to detailed engineering plans and the construction and maintenance of project facilities.

The business and activities of each of these divisions shall be directed by an officer to be known as its division head.

The Board may create such other divisions and positions as may be deemed necessary for the efficient, economical and effective conduct of the activities of the Authority.

SEC. 32. Merit and Compensation 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. The recruitment, transfer, promotion and dismissal of all personnel of the authority, including temporary workers, shall be governed by such merit system: *Provided*, That the regular professional and technical personnel of the Authority shall be exempt from the coverage of the classification and compensation plans of the Wage and Position Classification Office (WAPCO) and Civil Service rules and regulations: *Provided, however*, That such personnel shall be permanent instates and shall be entitled to the benefits and privileges normally accorded to government employees, such as retirement, GSIS insurance, leave and similar matters: *Provided, further*, That the Director General of the NEDA shall review and recommend the approval of the staffing pattern for professional and technical personnel of the Authority including modifications thereof as may be necessary for five (5) years from the date of approval of this Act.

SEC. 33. Supervision by the NEDA. - The Authority shall be directly under the NEDA for policy and program integration.

1 The Authority shall submit audited financial statements to NEDA within sixty (60)
2 days after the close of the fiscal year, and it shall continue to operate on the basis of
3 not more than the preceding year's budget until the said financial statements shall
4 have been submitted.

5 The NEDA, may, at its own instance, initiate a management audit of the Authority
6 when there is a reasonable ground to believe that the affairs of the Authority have
7 been mismanaged. Should such audit indicate mismanagement, the NEDA shall
8 take such appropriate measures as may be required by circumstances.

9 **SEC. 34. *Minimum Wage.*** - All contracts entered into by the Authority which
10 requires the employment of persons shall contain provision that not less than the
11 minimum wage fixed by law shall be paid to such persons so employed.

12 **SEC. 35. *Plans to be Formulated within One (1) Year.*** - Upon its organization, the
13 Board of Directors shall formulate and report to the stockholders with the utmost
14 expeditious manner, but in no case longer than one (1) year, its plans and
15 recommendations for the accelerated and balanced development of the region in
16 accordance with the aims and purposes of this Act.

17 **SEC. 36. *Supplies and Services Other Than Personnel.*** - All purchases of
18 supplies or contracts for services, except for personnel services, entered into by the
19 Authority shall be done in accordance with the Procurement Law.

20 **SEC. 37. *Auditing.*** - The Board of Directors shall provide and appoint an auditor
21 who shall formulate an auditing system for the Authority. The auditor shall make a
22 semestral and/or annual report covering the financial conditions and operation of the
23 Authority to the Board. These auditing reports shall contain a statement of the
24 resources and liabilities, including earnings and expenses, the amount of paid-up
25 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 conditions and operation of the Authority. The auditor shall report and directly responsible to the Board.

SEC. 38. Penal and Civil Liability Clause. - Any person, natural or juridical, who shall violate any of the provisions of this Act or any rules or regulation promulgated by the Authority pursuant thereto shall be liable to imprisonment of not exceeding six (6) years and one (1) day or a fine not exceeding Fifty Thousand Pesos (P50,000.00) or both at the discretion of the Court.

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

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

SEC. 40. Repealing Clause. - 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.

SEC. 43. Effectivity. - This Act shall take effect upon its approval.

Approved,