

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
First Regular Session

House Bill No. **4359**



Introduced by AKBAYAN Representative Tomasito S. Villarín

EXPLANATORY NOTE

Laguna Lake Development Authority (LLDA) was established in 1966 as a quasigovernment agency that leads, promotes, and accelerates sustainable development in the Laguna de Bay Region of the Philippines. Regulatory and law-enforcement functions are carried out with provisions on environmental management, particularly on water quality monitoring, conservation of natural resources, and community-based natural resource management. Laguna de Bay is the largest inland water body in the Philippines covering about 900 square kilometers.

The Lake Region straddles the country's most highly urbanized areas including six provinces, twelve cities, and 49 municipalities of which 29 are lakeshore towns. The lake is considered a major lifeline for most of the countryside folks. Fisheries is still the lake's most dominant use with an estimated annual potential yield of 80,000 to 90,000 MT of both fishpens and open water fisheries. Croplands in the lakeshore towns, aside from providing food to the local population - contribute significantly to the food supply of Metropolitan Manila. Laguna de Bay provides resources and services such as food, power, domestic water supply, habitat for a variety of living organisms, and a means of mobility of the lakeshore dwellers. It is thus considered a major lifeline of many countryside people.

Laguna de Bay, however, is in a critical condition. It has been cited in the 2007 Laguna Lake Monitor that 70 percent of the pollution in the lake comes from uncontrolled solid and liquid wastes from domestic sources. Unlike industries which are point sources of wastes, domestic sources (also called non-point sources) are more difficult to regulate - much more control. There is, thus, a need for a shift in attitude and behavior among the lake stakeholders. Behavioral change among lake stakeholders can be best achieved through awareness raising and education by experiential learning.

What is clearly of the most urgent necessity is to have a body specially tasked to create and manage an overarching conservation policy. For this reason, this bill will be a decisive first step in a new direction of rational and people-centered conservation.

Early passage of this bill is earnestly sought.

A handwritten signature in black ink, appearing to be 'Tomasito S. Villarin', written in a cursive style.

TOMASITO S. VILLARIN

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AN ACT
CREATING THE LAGUNA LAKE CONSERVATION AUTHORITY (LLCA),
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 Congress assembled:

SEC. 1. Short Title. - This Act shall be known as the "**Laguna Lake Conservation Authority Act of 2016**".

SEC. 2. Declaration of Policy. - It is hereby declared the policy of the State to conserve and promote Laguna Lake in a sustainable manner along with the surrounding areas that comprise its region, hereinafter referred to as the Bay Region, with Laguna Lake and the systematic management and protection of its water resource as the focal point.

For this purpose, the State hereby adopts a participatory integrated water resources management (IWRM) approach to the interconnection and integration of its various ecosystems, using the Lake's watersheds as planning units, and involving the stakeholders in the planning and execution process,

In accordance with the IWRM approach, and to allow the lake to realize its various potentials including that of being a fish production resource of national importance, any development program in the region shall always consider the Precautionary Principle in protecting the health of the people, the sustainable management of the environment and the prevention of any ecological harm, resource deterioration or pollution.

SEC. 3. Definition o/Terms. - As used in this Act:

1) *Laguna Lake or Laguna de Bay* - that area covered by the lake water when it is at the average annual maximum lake level of elevation

12.50 meters, as referred to a datum 10.00 meters below mean lower low water (M.L.L.w.) of Manila de Bay. Lands located at and below such elevation are public lands which form part of the bed of said lake.

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

3) *Watershed* - the geographic area of land that drains water to a shared destination or to an area of land that drains down slope 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*.

4) *Environment* - 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 affects directly or indirectly the existence of human life and other life forms in a specific area.

5) *Shoreland / Lakeshore areas / Buffer Zone* - that part of the lake along the entire lakeshore lying at elevation 12.50 m. 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 14,000 hectares esigned to separate the incompatible elements or uses or to control pollution or nuisance and for identifying and defining development areas or zones and area for fisherfolk settlement.

6) *Groundwater* - sub-surface water that occurs beneath a water table in soils and rocks, or in geological formations.

7) *Aquaculture* - fishery operations involving all fonnns of raising and culturing fish and other fishery species in fresh, brackish and marine water areas. Areas for aquaculture in Laguna Lake shall not exceed 6000 hectares.

8) *Aquastructure* - also refers to a fish pen, which is a structure enclosing a particular area in the lake which makes use of bamboos or anahaw poles surrounded by nets, fastened by a weight of sinkers embedded in the lake bed; and fish cage, which is an inverted mosquito net fastened to bamboos or such other structures used for culturing fishery/aquatic resources.

9) *Effluent* - means 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.

10) *Municipal Fisherfolk* - persons who are directly or indirectly engaged in fishing and other fishery-related activities whose income from such activities do not exceed twenty thousand pesos (Php 20,000) a month.

11) *Pollution* - any alteration of the physical, chemical and biological properties of any water, air and resources of the Philippines, or any discharge thereto of any liquid, gaseous or solid wastes as are likely to render such water, air and land resources harmful, detrimental or injurious to the public health, safety or welfare, or which will adversely affect their utilization for domestic, commercial, industrial, agriculture, recreational or other legitimate purposes.

12) *Precautionary Principle* - the principle stating that lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation, where there are threats of serious or irreversible damage.

13) *Conservation* - an ethic of resource use, allocation, and protection which has as its primary focus the maintenance of the health and biological diversity of the natural world, such that management of the environment does not despoil, exhaust or extinguish.

SEC. 4 .Danger Zone/High Risk Areas. - Danger Zone/High Risk Areas are areas with high level of threat to the lives and well-being of people that cannot be addressed through scientific, physical and engineering methods, and thus not suitable for settlement and permanent structures. Areas can only be declared as *Danger Zone/High Risk Area* after conducting proper technical study and public consultations with affected families.

SEC. 5. Laguna Lake Region. - For the 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 and Lipa; the towns of Silang, Carmona, Dasmariñas 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 cities or towns that may be subsequently created in the future out of the aforementioned municipalities and cities surrounding Laguna Lake shall form part of the Laguna Lake Region.

SEC. 6. Users of Laguna Lake - All fishery related activities in Laguna Lake shall be utilized by municipal fisherfolk and their cooperatives/organizations who are listed as such in the Registry of Municipal Fisherfolk; *prOvided that* organized municipal fisherfolk shall have preferential rights in the utilization of Laguna Lake.

SEC. 7. Fisherfolks Settlement Site/Area. - The LLCA shall establish and create fisherfolk settlement areas in coordination with concerned agencies of the government, where certain areas of the public domain, specifically near the fishing grounds, shall be reserved for the settlement of the municipal fisherfolk. Nothing in this section shall be construed to vest ownership of any resettlement area to a municipal fisherfolk for whom said areas may have been reserved for or had been actually granted to. The LLCA in coordination with Department of Agrarian Reform (DAR), DILG and other agencies concerned, shall establish a fisherfolk settlement area that shall be seen in the context of an integrated, holistic and self-reliant community to include alternative source of income.

SEC. 8. Laguna Lake Conservation Authority. - The Laguna Lake Conservation Authority, hereinafter referred to as LLCA, is hereby created to replace the Laguna Lake Development Authority (LLDA). It shall pursue the conservation and management of the Bay Region and shall maintain its principal office at a convenient place within the Bay Region, and its branch offices in such places within the Bay Region as are necessary for the proper conduct of its business.

SEC. 9. Powers and Functions. - The LLCA shall have the following powers and functions:

- (a) Periodically conduct a comprehensive survey of the Bay Region, and monitor and update the same, on the basis of which it shall prepare a sustainable regional development master plan to be drawn up with accredited municipal fisherfolk organizations, other concerned government agencies, the private sector as well as other stakeholders.

Such survey includes but is not limited to a study of the Region's water supply, water quantity and quality in the Lake as well as in all its major tributary rivers, the state of its watersheds, irrigation, transport route, reservoir of floodwater, hydroelectric and other power potentials, scenic and tourist spots, and other physical and natural resource potentials, taking into account the socio-economic conditions prevailing in the area.

All concerned public and private agencies shall provide the LLCA the necessary data for the purposes of the said survey;

- (b) Develop a long-term conservation and management program of 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), private and civil society in the Bay Region;

- (c) Review all plans, projects and programs that relate to the development of the Bay Region that are proposed and submitted by LGUs, public corporations and private persons or corporations to ensure that they conform to the environmental standards prescribed by the LLCA and other environmental laws and standards;

The LLCA shall collect reasonable fees as may be determined by the Board for the processing of such plans, programs or *projects*. *Provided that any* future expansion of such plans, programs, or projects shall be subjected to review and to payment of additional fees as may be determined by the LLCA Board;

- (d) Implement infrastructure projects within the context of its conservation and management master plan, such as for flood control, irrigation, water supply, solid waste management, wastewater and sewerage, roads, housing, including the readjustment, relocation, or resettlement of the fisherfolk population within the 12.5-meter lakeshore area as may be deemed necessary and beneficial.

Should any of these projects be financed wholly or in part by the LLCA, it shall have the authority to collect reasonable fees and tolls from users or beneficiaries to recover the costs of construction, operation and maintenance of the projects. For infrastructure projects that are in the nature of social overhead capital projects, the LLCA shall be entitled to receive the corresponding financial assistance from the government to be appropriated out of the funds of the national treasury not otherwise appropriated;

- (e) Undertake massive information, education campaign among the stakeholders, in close coordination with the LGUs and other government agencies within the Laguna de Bay Region to better understand the importance of environmental protection and conservation of the Laguna Lake and its watersheds;
- (f) Determine new areas of fishery development, taking into account the overall development plans and programs for Laguna Lake and related bodies of water, and promulgate rules and regulations governing fisheries development in the Bay Region. Accordingly, it shall engage in experimental or pilot fish production in Laguna 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 the Lake's fishery resources for the

socio-economic amelioration of small fisherfolk, the improvement of their communal fishing grounds, and sustainable aquaculture development and operation. In hiring laborers for fishery-related projects, there shall be preference for qualified shore land residents;

(g) Regulate the use of shoreland areas by enjoining LGUs within the Bay Region to establish watershed management councils or wetlands whenever suitable and consistent with LLCA policies;

(h) Develop surface and groundwater supply sources for municipal, agricultural, commercial, and industrial use, in close coordination with the National Water Resources Board (NWRB) or 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 LLCA;

(i) Enter into agreements with LGUs, governmental agencies and corporations and the private sector for the supply, treatment, distribution and marketing of such water;

(j) 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;

(k) Conduct a continuing research, development and extension program, in close coordination with the academe, 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;

(l) Adopt rules and regulations governing the approval of sewage works and industrial waste disposal system and the issuance of clearance and/or permits in accordance with the provisions of this Act where necessary; and inspect the construction and maintenance of sewage works and industrial waste disposal systems for compliance with the conditions of the clearance and/or permit;

(m) Require all projects or activities in or affecting the Laguna de Bay Region to secure Environmental Compliance Certificates (ECCs) as required under Presidential Decree No. 1586, and grant clearance and/or permits for any 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 or reclamation and similar or related activities, and to impose necessary safeguards for lake water quantity and quality control and management and to collect the necessary fees for said activities and projects;

(n) 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; and require subdivisions, condominiums, clinical and medical establishments, mortuaries, public buildings, other similar human settlements, to construct appropriate central sewerage system and sewage treatment works. The LLCA may impose reasonable fees and other similar charges for the issuance or renewal of all permits herein required;

(o) 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;

(p) 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;

(q) Revoke, suspend or modify any clearance and/or permit issued under this Act, after due notice and hearing, whenever the same is necessary to prevent or abate pollution;

(r) 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 LLCA AND LGU's;

(s) Inspect, and investigate and monitor conditions relating to pollution and existing or imminent environmental dangers; and to authorize a representative to enter any public and private property devoted to agricultural, commercial and industrial use for this purpose;

(t) Extract janitor fish and other harmful and invasive species that pose a danger to productivity of the lake and to small fisherfolk's livelihood;

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

SEC. 10. Corporate Powers. - The Authority has the following corporate powers:

- a) Succeed in its corporate name;
- b) Sue and be sued in its corporate name;
- c) Adopt, alter and use a corporate seal;
- d) Adopt, amend, or repeal its by-laws;
- e) Enter into contracts to enable it to carry out its purposes and functions under this Act;
- f) 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) Exercise the right of eminent domain whenever the LLCA deems it necessary to achieve the objectives of this Act;
- h) 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) 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 LLCA 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) Perform any and all acts which a corporation, co-partnership or juridical person is authorized to perform under the existing laws or which may be enacted hereafter;
- k) Provide incentives to encourage the private sector to enforce conservation activities.
- l) 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. 11. Board of Directors. - The LLCA shall be governed by a Board of Directors who shall be appointed by the President of the Philippines and shall be composed of the following:

- 1) Secretary of Environment and Natnral Resources, Chairman
- 2) General Manager, LLCA, Vice-Chairman
- 3) Governor, Province of Laguna
- 4) Governor, Province of Rizal
- 5) Secretary, Department of Agriculture
- 6) Secretary, National Economic and Development Authority
- 7) Secretary, Department of Public Works and Highways
- 8) Chairman, Metro Manila Development Authority
- 9) 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
- 10) Two (2) representative of the Laguna Fisherfolk Federation
- 11) Representative of the Rizal Fisherfolk Federation
- 12) Representative of the NCR Fisherfolk Federation
- 13) Two (2) representative of women fisherfolk federation
- 14) Two (2) ~representatives of youth fisherfolk organization.

The representatives of the Laguna Fisherfolk, Rizal fisherfolk and NCR fishefolk shall be appointed by the President of the Philippines to be chosen from among the nominees recommended by the Laguna, Rizal, NCR Fisherfolk Coalition respectively, upon consultation with the concerned sector. 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. Ex-officio Cabinet members can designate alternate

representatives to the Board, given the demands of their Cabinet-level position.

SEC. 12. Powers and Functions. - 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 LLCA including the rules and procedures of the Authority;
- b. Upon the recommendation of the General Manager, to approve the LLCA's organizational and administrative structures and corresponding staffing pattern as may be deemed necessary: fix their reasonable compensation, allowances and other benefits; 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 LLCA below the rank of Assistant General Manager shall be appointed by the LLCA General Manager; *Provided, further,* That the personnel appointed by the LLCA 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, further,* That the personnel of the LLCA shall be selected only from civil service eligibles and be subject to Civil Service rules and regulations; *Provided, finally,* That the LLCA shall be exempt from Republic Act No. 6758, otherwise known as the Salary Standardization Law;
- c. Upon the recommendation of the General Manager, to approve the annual and supplemental budget of receipts and expenditures of the LLCA, and to authorize such operating and capital expenditures and disbursements of the LLCA as may be necessary or proper for the effective management, operation and administration of the LLCA;
- d. Create and organize a Technical Advisory Council composed of representatives from both the government and non-government sectors as the Board may determine to assist and advise the Board in the conduct of public consultations with all Bay Region stakeholders towards a better considered formulation of LLCA plans and policies.
- e. Perform such other functions as may be necessary to carry out the provisions of this Act.

SEC. 13. Board Meetings. - The Board shall meet at least once a month.

SEC. 14. Per Diems and Allowances. - The members of the Board shall receive a per diem for every meeting not exceeding the sum of Php 10,000.00 per month.

SEC. 15. General Manager; Powers and Functions. - The General Manager shall be the Chief Executive Officer of the LLCDA. As such, he/she shall have the following powers and functions:

- a. Submit for consideration of the Board policies and measures which he believes to be 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 LLCA;
- d. Appoint all officials and employees of LLCA below the rank of Assistant General Manager, remove, suspend or otherwise discipline them for cause, in accordance with existing Civil Service rules and regulations, and submit quarterly reports to the Board on personnel selection, placement and training;
- e. Render an annual report to the Board and various stakeholders regarding the operation of the LLCA including its latest financial statement;
- f. Represent the LLCA in all dealings with offices, agencies and instrumentalities of the government and with all persons and other entities, public or private, domestic and foreign;
- g. Perform such other functions as may be provided in the By-Laws and as may be vested in him/her by the Board.

SEC. 16. Qualifications of the General Manager. - The General Manager shall be a citizen and resident of the Philippines. He/She shall have demonstrated executive competence and experience in the field of public administration, economic planning, environmental and natural resource management, or in the establishment and management of large agricultural, commercial or industrial enterprises. No person shall be nominated as General Manager unless he/she be of unquestioned integrity and competence.

SEC. 17. 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, re-assignment, removal and other cause of cessation from office, the replacement shall serve only for the unexpired portion of the term.

SEC. 18. Compensation. - The General Manager shall receive such compensation as may be determined by the Board with the approval of the President of the Philippines which shall be chargeable against the annual appropriation of the LLCA.

SEC. 19. Management Structure. - In carrying out the activities of the LLCA, the General Manager shall be assisted by two 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 conservation. It shall oversee the management of the Laguna Lake and its river systems including the shorelands.
- f) *Environmental Protection Department* which will manage all the environmental regulatory functions of the Authority like clearance/permits and licensing, monitoring and surveillance, enforcement and adjudication and environmental quality compliance.

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 and to be able to respond efficiently to LLCA's mandate as herein provided.

SEC.20. Annual Fees. - The LLCA is hereby authorized to collect annual fees for the use of the lake waters, its tributaries and shoreland 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 (35) percent of the fish pen fee goes to shore land LGUs, five (5) percent goes to the Project Development Fund and the remaining sixty (60) percent shall be retained by LLDA; *ProVided, however*, that the share of LLDA shall form part of its corporate funds and shall not be remitted to the National Treasury as an exception to the provisions of Presidential Decree No. 1234.

SEC. 21. Capitalization and Financing. - The LLCA shall have an authorized capital of ONE BILLION PESOS. The authorized capital stock of One Billion Pesos (PI, 000,000,000.00) shall be divided into Ten Million Pesos (PIO, 000,000.00) shares of stock with a par value of One Hundred Pesos (100) per share. The National Government shall subscribe to Six Million Shares, the province of Laguna to One Million shares, the province of Rizal to One Million shares and the balance of Two Million Shares shall be open for subscription of other government agencies or LGUs and other private individuals or corporations within the Bay Region.

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

- 1) 7,000,000.00 common shares (voting); and
- 2) 3,000,000.00 preferred shares (non-voting) with such fixed rates of return as shall be determined by the Board. *Provided, however*, That preferred shares shall enjoy preference with respect to distribution of dividends and assets in case of dissolution.

SEC. 22. Appropriations. - The amount of Three Hundred Million Pesos (Php300,000,000.00) is hereby appropriated to carry out the provisions of this Act which shall be included in the General Appropriations Act of the year following its enactment. The additional amount of Three Hundred Million Pesos (Php300,000,000.00) shall be divided to shares of stock in accordance with the proportion provided in the preceding paragraph.

SEC. 23. Domestic and Foreign Borrowing Authority. - The Administration shall have the authority to borrow money from all domestic and foreign loan sources whether government or private: *Provided*, that its

loan outstanding both from domestic and foreign sources shall not exceed an aggregate ceiling of Nine Hundred Million U.S. Dollars (US\$900, 000, 000.00): Provided, that all domestic and foreign borrowings of LLCA shall be approved by the Department of Finance (DOF), Bangko Sentral ng Pilipinas (BSP) and other entities as required by pertinent laws and regulations.

SEC. 24 Authority to Contract Foreign Loan. - The Administration is hereby authorized to contract loans, credits, in any convertible foreign currency or capital goods, and to incur indebtedness from time to time with foreign governments, or any international financial institutions or fund sources, including supplier's credits or deferred payment arrangements, the total outstanding amount of which, excluding interests, shall not exceed its aggregate domestic and foreign borrowing authority of Nine Hundred Million US Dollars (US\$900, 000, 000.00) or the equivalent thereof in other currencies, on terms and conditions promulgated by the Secretary of Finance and the Monetary Board for the accomplishment of its objectives; and to enter into and execute contracts and other documents specifying such terms and conditions.

"The President of the Philippines, his or her duly authorized representative, is hereby authorized to negotiate and contract with foreign governments or any international financial institution or fund sources in the name and on behalf of the administration, one or several loans, for the purpose of implementing the Administration's program for the promotion and development of local water utilities through the Administration's financing or lending operations. "The President of the Philippines, his or her duly authorized representative, is hereby further authorized to guarantee, absolutely and unconditionally, as primary obligor and not as mere surety, in the name and on behalf of the Republic of the Philippines, the payments of the loans, credits and indebtedness up to the amount herein authorized, over and above the amounts which the President of the Philippines pursuant to loan agreements entered into with foreign governments or any international financing institution or fund sources.

"The loan credits and indebtedness contracted under this section shall be in accord with the provisions of Republic Act No. 4860, or the Foreign Borrowing Act as amended. The provisions of Section 123 of Republic Act No. 7653, otherwise known as the New Central Bank Act; The provisions of Section 23 of Central Bank Circular No. 1389, as amended; Section 20, Article VII and Section 21, Article XII of the 1987 Constitution and other pertinent laws and regulations".

SEC. 25. Creation of LLCA Environmental Adjudication Panel. - For the purpose of effectively carrying out the quasi-judicial powers of the Authority within the Bay Region, the LLCA Environmental Adjudication Panel (LEAP) is hereby created 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, LLCA policies, rules and regulations. Any decision, order or resolution must be concurred by the majority member of the panel and duly approved by the General Manager.

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

SEC. 26. Creation of a Lake Police Force. The National Police Commission shall constitute and assign a special police force, to be known as the Laguna Lake Police, exclusively for the Bay Region, trained especially for enforcement of laws on fisheries and environmental laws and the rules and regulations duly promulgated by the LLCA.

The extent of operational supervision and control by the LLCA General Manager over the Laguna Lake Police shall be the same as that of local chief executives over police force of LGUs as defined in the Department of Interior and Local Government Act of 1990 (R.A. 6975), in relation to Sec. 73 of the Local Government Code of 1991 (R.A. 7160). The LLCA Board, the local government units (LGUs) and the leadership of the Philippine National Police shall within sixty (60) days from the passage of this Act constitute a technical working group that will further delineate and define the nature and character of this unit in order to avoid any overlap and potential conflict with the LGU police units within the Bay Region.

SEC. 27. Exemption/rom Tax. - The LLCA shall be exempt from:

- a) all taxes, licenses, fees, imposts, charges costs, duties, 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; and
- b) all income taxes, franchise taxes and realty taxes to be paid to the National Government, its provinces, cities, municipalities and other government agencies and instrumentalities.

SEC. 28. Fines and Penalties. - The LLCA is 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/petroit from the LLCA 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 LLDA is authorized to institute the necessary legal proceedings against those who shall commence to implement any development activities within the Bay Region not cleared nor approved by the LLCA.

SEC. 29. Damages. - Compensation for any damage to the shoreland, 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 act or omission of a person, private or public, juridical or otherwise, punishable under the law shall be awarded to the LLDA for water quantity/quality control and management projects.

SEC. 30. Penal and Civil Liability Clause. - Any person, natural or juridical, who shall violate any of the provisions of this Act or any rules and regulations promulgated by the Authority pursuant thereto shall be liable to imprisonment of not exceeding three (3) years or to a fine not less than Fifty Thousand Pesos (Php50, 000.00) or both at the discretion of the court. This is without prejudice to the imposition of penalties as may be provided under existing and relevant laws, rules and regulations.

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

The LLCA 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. 31. Auditor. - The Chairman of the Commission on Audit shall be the ex officio Auditor of the LLCA. For this purpose, he may appoint a representative who shall be the Auditor of the LLCA, and the necessary personnel to assist said representative in the performance of his duties. The Chairman of the Commission on Audit or his authorized representative shall submit to the Board soon after the close of each calendar year, an audited statement showing the financial condition and progress of the LLCA for the calendar year just ended.

SEC. 32. Implementing Rules and Regulations. - The LLCA in coordination with the proper standing Committees of both the Senate and the House of Representatives and other concerned agencies and fisherfolk federation shall promulgate the implementing rules and regulations (IRR) for this Act, within one (1) year after its enactment: Provided. That the rules and regulations issued by other government agencies and instrumentalities for the prevention and/or abatement of water pollution not inconsistent with this Act shall supplement the rules and regulations issued by the LLCA pursuant to the provisions of this Act.

SEC. 33. Repealing Clause. - Republic Act No. 4850 as amended, Presidential Decree No. 813 and Executive Order No. 927 and all laws, orders, issuance, rules and regulations inconsistent herewith are hereby repealed.

SEC. 34. 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. 35. Effectivity. - This Act shall take effect fifteen (15) days following its publication in at least two (2) national newspapers of general circulation.

Approved.