

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Constitution Hills, Quezon City

EIGHTEENTH CONGRESS
Second Regular Session



HOUSE BILL NO. 8305

**Introduced by REP. FAUSTINO 'INNO' A. DY V, REP. ED CHRISTOPHER S. GO,
REP. IAN PAUL L. DY, REP. ALYSSA SHEENA P. TAN, REP. FAUSTINO MICHAEL
CARLOS T. DY III and REP. ALLAN U. TY**

EXPLANATORY NOTE

Along the eastern coast of Luzon looms the Sierra Madre mountain range. Known for its biodiversity and natural resources, the range spans 500 kilometers; it covers three regions and ten provinces — Cagayan, Isabela, Nueva Vizcaya, Quirino, Nueva Ecija, Aurora, Rizal, Bulacan, Laguna and Quezon; and — as the *storm barrier* of Luzon — it helps protect the lives of more than 50 million Filipinos.¹

Four years ago, Super Typhoon Lawin—a signal no. 5 storm—was weakened to signal no. 3 after crashing into the Sierra Madre. And just two years ago, the storm barrier slowed typhoon Ompong's winds from 200 kilometers per hour to only 160 kilometers per hour.² The Sierra Madre also helped weaken Typhoon Ulysses, whose winds were slowed from 155 kilometers per hour to 130 kilometers per hour.

But continued deforestation will weaken our storm barrier, a danger that is only worsened by outdated forestry laws. Current laws cannot fully stop illegal logging and slash-and-burn practices in Sierra Madre. Moreover, its location across several LGUs pose a real challenge in the creation of a unified, long-term plan to conserve and develop the mountain range. These circumstances will endanger the lives of millions of Filipinos who live in the shadow of the Sierra Madre if the government will not take decisive action now.

¹"The Sierra Madre Is Luzon's Strongest Defense Against Typhoons, So Why Is It In Danger?"
<https://www.esquiremag.ph/long-reads/features/sierra-madre-typhoon-a00304-20201113>.

²"Sierra Madre stifles world's fiercest typhoon this year"
<https://businessmirror.com.ph/2018/10/01/sierra-madre-stifles-worlds-fiercest-typhoon-this-year/>.

Needless to say, there is an urgent need to enact measures that will address the unique challenges in conserving and protecting the Sierra Madre.

Hence, this Bill.

This Bill seeks to create the **Sierra Madre Conservation and Development Authority**. The Authority will take the lead in the formulation and implementation of a comprehensive long-term plan designed to conserve and protect the resources within the Sierra Madre region within the framework of sustainable development. As the lead agency for the Sierra Madre, the Authority will be uniting and coordinating the efforts of various LGUs and government agencies.

By creating the **Sierra Madre Conservation and Development Authority**, Congress helps the State comply with the Constitutional duty to ensure the right of Filipinos to a healthful and balanced ecology in accordance with the rhythm and harmony of nature. The aftermath of Typhoon Ulysses has shown us the importance of conserving the forest cover of the Sierra Madre and further strengthening the storm barrier of Luzon not only for the present times but also for the future generations.

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



REP. ED CHRISTOPHER S. GO
2nd District, Isabela



REP. IAN PAUL L. DY
3rd District, Isabela



REP. ALYSSA SHEENA P. TAN
4th District, Isabela



**REP. FAUSTINO MICHAEL CARLOS
T. DY III**
5th District, Isabela



REP. FAUSTINO 'INNO' A. DY V
6th District, Isabela



REP. ALLAN U. TY
LPG Marketers Association, Inc. Party List

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CARLOS T. DY III and REP. ALLAN U. TY**

**AN ACT TO ENHANCE THE PROTECTION AND DEVELOPMENT OF THE
SIERRA MADRE REGION, CREATING THE SIERRA MADRE CONSERVATION
AND DEVELOPMENT AUTHORITY FOR THE PURPOSE, DEFINING ITS
POWERS AND FUNCTIONS AND PROVIDING FUNDS THEREFORE, AND FOR
OTHER PURPOSES.**

CHAPTER 1
DECLARATION OF POLICY AND CREATION OF AUTHORITY

Section 1. Title. This Act shall be known as the **Sierra Madre Conservation and Development Act of 2020**.

Section 2. Declaration of Policy. It is hereby declared the policy of the State to protect, develop and conserve the natural resources of the Sierra Madre mountain range and the surrounding areas. Toward this end, it shall assist and support the implementation of plans, programs and projects formulated to preserve and enhance the Sierra Madre region, and at the same time pursue the socio-economic development goals of the region in particular and the country in general. The development of the Sierra Madre region shall be carried out with due regard for environmental management and protection, preservation of the quality of human life and ecological systems, and the prevention of undue ecological disturbances, deterioration and illegal activities.

Section 3. Creation of the Sierra Madre Conservation and Development Authority. For the purpose of carrying out and effecting the declared policy, as provided for in Section Two hereof, there is hereby created a government corporation to be known as the Sierra Madre

Conservation and Development Authority, hereinafter referred to as the Authority, which shall be organized within ninety (90) 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.

Section 4. Purpose and Functions of the Authority. The Authority shall have the following purpose and functions:

(a) To make a comprehensive survey of the physical and natural resources and potentialities of the Sierra Madre 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 Sierra Madre region to promote the region's rapid social and economic development and upon approval by the National Economic and Development Authority (NEDA) Board of such plan, to implement the same including projects in line with said plan: Provided, That implementation of all energy resources development programs shall require prior consensus of the Department of Energy to ensure that such plans and programs are consistent with the national energy programs and Philippine Development Plan, Provided further, That the areas declared as Protected Areas under existing laws are subject to the monitoring and supervision of the Authority.

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

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

(d) To pass upon and approve or disapprove all plans, programs, and projects proposed by local government offices/agencies within the region, public corporations, and private persons or enterprises where such plans, programs and/or projects are related to those of the Authority for the development of the region as envisioned in this Act. The Authority shall issue the necessary clearance for approved proposed plans, programs, and projects within thirty days from submission thereof unless the proposals are not in consonance with those of the Authority or that will cause deforestation and any adverse impacts in the region: Provided, further, That the Authority is hereby empowered to institute necessary legal proceedings against any person who shall commence to implement or continue implementation of any project, plan or program within the Sierra Madre 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 Sierra Madre region for the purpose of drawing up a Sierra Madre region 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 will directly contribute 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;

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

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

(h) To require the cities and municipalities embraced within the region to pass appropriate zoning ordinances and other regulatory measures necessary to carry out the objectives of the Authority and enforce the same with the assistance of the Authority.

(i) Subject to existing laws regulating waters, to exercise water rights over public waters within the Sierra Madre region whenever necessary to carry out the Authority's projects;

(j) Undertake studies on the conservation, improvement, exploration, development and maintenance of the region, 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 natural resources conservation, exploration and development.

Section 5. Regulatory Fees. The Authority is hereby empowered to collect annual fees as provided, for the use of all resources for all beneficial purposes including recreation, resource extraction, energy development and disposal of all types of wastes purposes. All the fees so collected shall be used for the management and development of the Sierra Madre Region, its forest covers 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.

CHAPTER II CORPORATE POWERS

Section 6. The Corporate Powers of the Authority. The Authority shall have the following powers and functions:

a) To succeed on its corporate name;

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

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

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

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

f) To acquire, buy, purchase, hold or lease, such personal and real property as it deems necessary or convenient in the transaction of its business and/or in relation with 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 prior or existing individual or communal right of private parties or of the government or any agency or enterprise thereof.

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

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

i) To purchase, hold, alienate, mortgage, pledge or otherwise dispose of the shares of the capital stock of, or any bond, securities, or other evidence of indebtedness created by any other corporation, co-partnership, or government agencies or instrumentalities; and while the owner of said stock to exercise all the rights or 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.

Section 7. Capitalization and Financing. The Authority shall have an authorized capital of One Billion Pesos (P1,000,000,000.00) which may be fully subscribed by the Republic of the Philippines; Provided, That an initial operating capital in the amount of One Hundred Million Pesos (P100,000,000.00) is hereby authorized to be appropriated out of any funds in the National Treasury not otherwise appropriated

Section 8. Operating Expenses. For the operating expenses of the Authority, the sum of One Hundred Million Pesos (P100,000,000.00) 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 Act, unless the NEDA may recommend a higher amount.

Section 9. Exemption from tax. The Authority shall be exempt from all taxes, licenses, fees, and duties, incidental to its operations. This exemption shall extend to its subsidiary 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 exemption shall include

any tax or fee imposed by the government on the sale, purchase or transfer of foreign exchange. All notes, bonds, debentures and other obligations issued by the Authority shall be exempt from all taxes both as to principal and interest, except inheritance and gift taxes.

Section 10. 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.

Section 11. Subsidiaries. The Authority shall have the power to form, establish, organize and maintain a subsidiary corporation or corporations. Such subsidiary or subsidiaries shall be formed in accordance with the Philippine Corporation Law and existing rules and regulations promulgated by the Securities and Exchange Commission, unless otherwise provided in this Act. In all cases, the Authority shall own initially at least fifty- one per centum (51%) of the capital stock of a subsidiary. The Authority shall also initially have the majority of the Board of Directors of the subsidiaries, of which at least one (1) director shall be the chairman of the Authority and a second director shall be the president of the Authority or his designated representative. Such subsidiaries shall be exempt from the coverage of the Civil Service Laws, rules and regulations.

CHAPTER III BOARD OF DIRECTORS

Section 12. 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 eleven (11) members, to wit: the Executive Secretary, the Director General of the National Economic and Development Authority, the Secretary of Environment and Natural Resources, the Secretary of Trade and Industry, the Secretary of Energy, the Chairperson of the National Commission on Indigenous Peoples, a Provincial Governor representing the provinces comprising the Sierra Madre Region, who shall be designated and elected by the ten (10) provincial Governors, a City/Municipal Mayor representing the cities/municipalities comprising the Sierra Madre Region, who shall be designated and elected by the mayors in the region; two (2) representatives from the private sector, to be appointed by the President upon recommendation of the Board, who are distinguished in a profession or field of interest relevant to conservation of the environment, forests, or wildlife; the General Manager of the Authority to be appointed by the President of the Philippines, Provided, That the Executive Secretary shall be appointed as the Chairperson and the designated Provincial Governor as Vice

Chairperson. There shall be a Corporate Secretary who shall be appointed by the Board of Directors. The officials next in rank to the above-mentioned government officials 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. The two private sector representatives shall serve for a term of six (6) years.

Section 13. Board Meetings. The Board shall meet at least once a month. The Board shall be presided by the Chairperson or in his/her absence, the Vice-Chairperson.

Section 14. Quorum, Effect of vacancies. The majority of the members shall constitute a quorum and the affirmative vote of the majority of the members of the Board present shall be necessary at all times to pass or approve any act or resolution. Vacancies in the Board as long as there shall be a quorum in attendance, shall not impair the powers of the Board to execute the functions of the Authority.

Section 15. Per Diems and Allowances. The members of the Board shall receive for every meeting attended a per diem to be determined by the Board: Provided, That in no case will the total amount received by each exceeds 50% of their basic monthly pay.

Section 16. Powers and Functions of the Board of Directors.

- a. To formulate, prescribe, amend and repeal rules and regulations to govern the conduct of business of the Authority;
- b. To appoint and fix the compensation of all officials from division heads and above, and others of comparable rank including the Senior Deputy General Manager and six (6) Deputy General Managers upon the recommendation of the General Manager;
- c. By a majority vote of all members of the Board, to suspend, remove or otherwise discipline for just cause all officials appointed by the Board;
- d. To approve the annual and/or supplemental budgets of the Authority; and
- e. To do such other acts and perform such other functions as may be necessary to carry out the provisions of this Act.

CHAPTER IV MANAGEMENT AND PERSONNEL

Section 17. Powers and Functions of the General Manager. The General Manager shall be the chief executive of the Authority. As such, he/she shall have the following powers and duties:

- a. Submit for consideration of the Board the policies and measures which he believes to be 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 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 Deputy General Managers to positions in the approved budget upon written recommendation of the Deputy General Managers concerned in accordance with Civil Service Rules;
- e. Submit quarterly reports to the Board on personnel selection, placement and training;
- f. Submit to the Office of the President 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.

Section 18. Residence. The General Manager shall establish his residence within the region. The General Manager shall not, during his term of office, engage in any business or profession or calling other than those connected in the performance of his official duties as General Manager of the Authority.

Section 19. Activities of the Authority: Key Officials. In carrying out the activities of the Authority, the General Manager shall be assisted by a Senior Deputy 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 departments under the direct supervision and control of the General Manager:

- a. An Administrative Department which shall be responsible for providing services relating to personnel, training, information, records, supplies general services, equipment and security;
- b. A Legal Department, to be headed by a General Counsel who shall represent the Authority in legal matters and proceedings. This department shall be responsible for providing legal advice and assistance on legal matters;

- c. A Finance Department which shall be responsible for providing staff advice and assistance on budgetary and financial matters, and safekeeping of corporate assets;
- d. A Project Management Department which shall be responsible for the operation of approved projects, project evaluation and management improvement matters;
- e. A Planning and Project Development Department which shall be responsible for providing services relating to planning, programming, statistics and project development; and
- f. An Engineering and Technical Department which shall be responsible for providing services relating to detailed engineering plans, technical advisory, the construction operations, and maintenance of project facilities.

The business and activities of each of these departments shall be directed by an officer to be known as Deputy General Managers.

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

Section 20. Auditing. The Board of Directors shall provide and appoint an Internal Auditor who shall formulate an auditing system for the Authority. The auditor shall make a semestral and/or annual report covering the financial conditions and operation of the Authority to the Board. These auditing reports shall contain a statement of the resources and liabilities, including earnings and expenses, the amount of paid-up capital stock, surplus, reserves, and profits, as well as losses, bad debts and such other facts which, under auditing rules and regulations, are considered necessary to accurately described the financial conditions and operation of the Authority. The auditor shall report and be directly responsible to the Board.

The Commission on Audit shall also appoint a representative who shall be the full time auditor of the Authority, its subsidiaries and such personnel as may be necessary to assist said representative in the performance of his duties.

Section 21. Compensation. All personnel benefits and compensation shall be subject to the rules of the Civil Service Commission.

Section 22. Authority of the Governance Commission on GOCC. The Authority shall be under the general supervision of the Governance Commission on GOCC.

Section 23. Legal/ Counsel. Without prejudice to the hiring of an outside counsel, the Government Corporate Counsel shall be the ex-officio legal counsel of Authority.

CHAPTER V
MISCELLANEOUS PROVISIONS

Section 24. Supervision. The Authority shall be under the direct control and supervision of the President of the Republic of the Philippines for purposes of policy direction and coordination.

Section 25. Implementing Rules and Regulations. The Office of the President shall promulgate the Implementing Rules and Regulation within ninety (90) days from the effectivity of this Act.

Section 26. Separability Clause. If any provision of this Act shall be held unconstitutional or invalid, the other provisions not otherwise affected shall remain in full force and effect.

Section 27. Repealing Clause. All laws, executive issuances or parts thereof which are inconsistent herewith are hereby repealed or amended accordingly.

Section 28. Effectivity Clause. This Act shall take effect upon its publication in the Official Gazette or at least two (2) newspapers of general circulation.

Approved.