

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

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 3538



Introduced by REP. FAUSTINO 'BOJIE' G. DY III

EXPLANATORY NOTE

Along the eastern coast of Luzon emerges the Sierra Madre mountain range. It is home to 40 percent of the Philippines' forest cover and is abundant in natural resources and biodiversity.¹ The Sierra Madre stretches over 540 kilometers covering three regions and ten provinces – Cagayan, Isabela, Nueva Vizcaya, Quirino, Nueva Ecija, Aurora, Rizal, Bulacan, Laguna, and Quezon; and acts as the storm barrier of Luzon, saving the lives and protecting the livelihoods of more than 50 million Filipinos.²

As typhoons barrel in, the natural fortress reduces their intensity and strength before approaching inland. In 2016, Super Typhoon Lawin, categorized as a signal no. 5 storm, weakened to signal no. 3 after crashing into the Sierra Madre. In 2018, the mountain range slowed down Typhoon Ompong's winds from 200 kilometers per hour to only 160 kilometers per hour.³ It also helped weaken Typhoon Ulysses in 2020 from 155 kilometers per hour to 130 kilometers per hour.

But continued deforestation will destroy the Sierra Madre, a danger that is only worsened by outdated forestry laws. Current laws cannot fully stop illegal logging and slash-and-burn practices in the area. 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 <https://climate.gov.ph/news/934>

² "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>.

³ "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 mountain range.

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 future generations.

In view of the foregoing, the immediate passage of this measure in the 20th Congress is earnestly sought.


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AN ACT
ENHANCING THE PROTECTION AND DEVELOPMENT OF THE
SIERRA MADRE RANGE IN THE ISLAND OF LUZON, CREATING
FOR THE PURPOSE THE SIERRA MADRE CONSERVATION AND
DEVELOPMENT AUTHORITY, DEFINING ITS POWERS AND
FUNCTIONS, AND PROVIDING FUNDS THEREFOR

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

CHAPTER I

TITLE, DECLARATION OF POLICY, AND CREATION OF AUTHORITY

SECTION 1. Title. – This Act shall be known as the “Sierra Madre Conservation and Development Authority Act”.

SECTION 2. Declaration of Policy. – It is hereby declared to be the policy of the State to promote and accelerate the development and balanced growth of the Sierra Madre Mountain Range in the Island of Luzon and its surrounding areas, hereinafter referred to as the Sierra Madre Region, within the context of national and regional goals and policies for social and economic development, and 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.

It is likewise the declared policy of the State to enhance the benefits to be derived from the natural and indigenous resources in the Sierra Madre Region to promote the economic and social development of the area in particular and the country in general.

For the purpose of this Act, the Sierra Madre Region shall refer to the Sierra Madre Range and its surrounding areas, straddling the territorial jurisdiction of the provinces of Cagayan, Isabela, Nueva Vizcaya, Quirino, Nueva Ecija, Aurora, Bulacan, Rizal, Laguna, and Quezon.

SECTION 3. Creation of the Sierra Madre Conservation and Development Authority. - 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 under the Office of the President of the Philippines.

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. Purposes and Functions of the Authority. - The Authority shall have the following purposes and functions:

- (a) To establish the boundary and 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 its rapid social and economic development and, upon approval by The Department of Economy, Planning, and Development (DEPDev) of such plan, to implement the same including projects in line with said plan: Provided, That the implementation of all energy resources development programs shall require the prior consent of the Department of Energy (DOE) to ensure that such plans and programs are consistent with the National Energy Program and the Philippine Development Plan: Provided, further, That the management of protected areas defined under existing laws within the Sierra Madre Region shall be 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 Sierra Madre 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 the 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 or agencies within the region, public corporations, and private persons or enterprises where such plans, programs or projects are related to those of the Authority as envisioned in this Act. In

this connection, the Authority shall issue the necessary clearance for approved plans, programs, and projects within thirty (30) days from submission thereof unless the proposals are not in consonance with those of the Authority or shall cause deforestation or other adverse impacts in the Sierra Madre Region: Provided, That the Authority is hereby empowered to institute necessary legal proceedings against any person who shall commence to implement or continue the implementation of any project, plan, or program within the Sierra Madre Region without clearance from the Authority: Provided, further, That any local government unit, office, agency, public corporation, private person, or enterprise whose plans, projects, or programs have been disapproved by the Authority may appeal the decision of the Authority to DEPDev 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, or projects: Provided, furthermore, That expansion plans shall be considered as new plans subject to review of the Authority and to the payment of processing fees: Provided, finally, That the Authority and all national and local government offices, agencies, and public corporations shall coordinate their plans, programs, and projects, including licensing procedures, with respect to the Sierra Madre Region for the purpose of drawing up a Sierra Madre regional development plan which shall be binding upon all parties concerned upon approval of DEPDev;

- (e) To engage in agriculture, industrial, or other activities which may be necessary or contribute directly to the socio-economic development of the Sierra Madre Region, and for this purpose, whether by itself or in consideration 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 public 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, wastewater 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 the population within the Sierra Madre Region as may be deemed 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 the Authority's Board of Directors, subject to the approval of the DEPDev, from users or beneficiaries thereof to recover costs of construction, operation, and maintenance of such 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 DEPDev, 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 DEPDev: Provided, finally, That such amount 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 or act as surety or guarantor to worthwhile agricultural, industrial, and commercial enterprises;
- (h) To require the cities and municipalities embraced within the Sierra Madre 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) The provisions of existing laws to the contrary notwithstanding, to exercise water rights over public waters within the Sierra Madre Region whenever necessary to carry out the Authority's projects; and
- (j) Undertake studies on the conservation, improvement, exploration, development and maintenance of the Sierra Madre Region, subject to the approval of the DEPDev, 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 fees for the use of all resources for beneficial purposes including recreation, resource extraction, energy development, and disposal of all types of wastes. 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 repeal 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 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 the Authority under this Act;
- (i) To purchase, hold, alienate, mortgage, pledge, or otherwise dispose of, the shares of the capital stock or any bond, securities, or other evidence of indebtedness created by any other corporation, co-partnership, or government agencies or instrumentalities; and while being the owner of said stock, to exercise all the rights of 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) To carry 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; and
- (k) To issue such rules and regulations as may be necessary to effectively carry out the powers and purposes provided including the plans, programs, and projects of the Authority, subject to the approval of the DEPDev, 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 shall 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 DEPDev may recommend a higher amount.

SECTION 9. Tax Subsidy. – The Authority may avail of the tax expenditure subsidy administered by the Fiscal Incentives Review Board (FIRB), subject to the provisions of Title XIII (Tax Incentives) of the National Internal Revenue Code of 1997, as amended, Executive Order No. 93, as amended, and the General Appropriations Act.

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 Philippines 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 Revised Corporation Code of the Philippines and existing rules and regulations promulgated by the Securities and Exchange Commission (SEC), unless otherwise provided in this Act. In all cases, the Authority shall own initially fifty-one percent (51%) of the capital stock of a subsidiary. The Authority shall also initially have the majority seats in the Board of Directors of the subsidiaries, one (1) director of whom shall be the Chairperson of the Authority, and a second director shall be the General Manager of the Authority, or a designated representative. The officials and employees of such subsidiaries shall be deemed private sector workers whose rights and privileges are governed by the provisions of the Labor Code of the Philippines and other pertinent laws.

CHAPTER III BOARD OF DIRECTORS

SECTION 12. Board of Directors: Composition. – The corporate powers of the Authority shall be vested in and exercised by the Board of Directors, hereinafter referred to as the Board, which shall be composed of nine (9) members, to wit: the Executive Secretary, the Secretary of DEPDev, the Secretary of the Department of Environment and Natural Resources (DENR), the Secretary of the Department of Trade and Industry (DTI), the Secretary of the Department of Energy (DOE), the Chairperson of the National Commission on Indigenous Peoples (NCIP), 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 or municipal mayor representing the cities and municipalities comprising the Sierra Madre region, who shall be designated and elected by the respective mayors and 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 members shall serve as permanent alternate members, attend meetings of the Board in the absence of their principals, and receive the corresponding per diems.

SECTION 13. Board Meetings. – The Board shall meet at least once a month. The meeting shall be presided by the Chairperson or the Vice-Chairperson, as may be authorized by the former.

SECTION 14. Quorum; Effect of Vacancies. – The majority of the members of the Board shall constitute a quorum and the affirmative vote of the majority 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 exercise 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 shall the total amount received by each exceed fifty percent (50%) of their basic monthly pay.

SECTION 16. Power and Functions of the Board of Directors. – The Board shall exercise the following powers and functions:

- (a) To formulate, prescribe, amend, and repeal rules and regulations that govern the conduct of business of the Authority;
- (b) To appoint and fix the compensation of all officials of the Authority from division heads and above, and others of comparable rank including the Senior Deputy General Manager and six 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 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 Charter.

CHAPTER IV MANAGEMENT AND PERSONNEL

SECTION 17. Power and Functions of the General Manager. – The General Manager shall be the Chief Executive Officer of the Authority who shall have the following powers and duties:

- (a) Submit for consideration of the Board the policies and measures which are deemed 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 promulgated by 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 of the Philippines 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 or directed by the Board.

SECTION 18. Residence. – The General Manager shall establish residence within the Sierra Madre Region and shall not engage in any business or profession or calling other than those connected in the performance of 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 as may be delegated by the General Manager, and shall act as General Manager in the absence of or during the temporary incapacity of the latter 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) Administrative Department which shall be responsible for providing services relating to personnel, training, information, records, supplies, general services, equipment and security;
- (b) Legal Department, to be headed by the 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) Finance Department which shall be responsible for providing staff advice and assistance in budgetary and financial matters, and safekeeping of corporate assets;
- (d) Project Management Department which shall be responsible for the operation of approved projects, and conduct project evaluation and management improvement matters;
- (e) Planning and Project Development Department which shall be responsible for providing services relating to planning, programming, statistics and project development; and
- (f) Engineering and Technical Services Department, which shall be responsible for providing services relating to detailed engineering plans, technical advisory, 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 Manager.

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. Audit. – The Board of Directors shall provide and appoint an Internal Auditor who shall formulate an auditing system for the Authority. The auditor shall prepare semestral and annual reports covering the financial condition and operations of the Authority to the Board. These audit reports shall contain a statement of the resources and liabilities, including earnings and expenses, the amount of paid-up capital, surplus, reserves and profits, as well as losses, bad debts and such other data which, under auditing rules and regulations, are considered necessary to accurately describe the financial condition and operation of the Authority. The auditor shall report and be directly responsible to the Board.

The Commission on Audit (COA) shall appoint an officer who shall be the full-time auditor of the Authority, its subsidiaries. The COA may also assign such personnel as may be necessary to assist said representative in the performance of duties.

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

SECTION 22. Authority of the Governance Commission on GOCCs. – The Authority shall be under the general supervision of the Governance Commission on GOCCs (GCG).

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 the 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.

SECTION 25. Implementing Rules and Regulations. – Within ninety (90) days from the approval of this Act, the Board shall promulgate the necessary rules and regulations for the effective implementation of this Act. The implementing rules and regulations shall be published in the Official Gazette or in a newspaper of general circulation.

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. – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,