

MALACAÑANG Manila

PRESIDENTIAL DECREE No. 564 October 2, 1974

**REVISING THE CHAPTER OF THE PHILIPPINE TOURISM
AUTHORITY CREATED UNDER PRESIDENTIAL DECREE NO. 189,
DATED MAY 11, 1973**

WHEREAS, it is the avowed aim of the government to promote Philippine tourism and work for its accelerated and balanced growth as well as for the economy and expediency in the development of the tourism plant of the country;

WHEREAS, in pursuit of this aim the Department of Tourism was created under the Presidential Decree No. 189 as the primary policy, planning, programming, coordinating and administrative entity of the government in the development of the tourism industry, with the Philippine Tourism Authority attached to it to plan and implement specific tourism developments projects; and

WHEREAS, there is urgent need to restructure and strengthen the Philippine Tourism Authority to place it in a better position to effectively unify and integrate related activities and services of both government and private entities pertaining to tourism development projects.

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby decree and order the following to be the Revised Charter of the Philippine Tourism Authority:

**CHAPTER I DECLARATION OF POLICY AND CREATION OF THE
PHILIPPINE TOURISM AUTHORITY**

Section 1. Declaration of Policy. It is hereby declared to be the policy of the State to promote, encourage, and develop Philippine tourism as an instrument in accelerating the development of the country, of strengthening the country's foreign exchange reserve position, and of protecting Philippine culture, history, traditions and natural beauty, internationally as well as domestically.

Section 2. Creation of Philippine Tourism Authority. To carry out the above policy, there is hereby created a corporate body to be known as the Philippine Tourism Authority, hereinafter called the Authority, which shall be attached to the Department of Tourism.

Section 3. Principal Office. The Authority shall maintain its principal office in the Metropolitan Manila area, but it may establish branches and agencies elsewhere within the Philippines as may be necessary for the proper conduct of its business.

CHAPTER II PURPOSES, FUNCTIONS AND POWER

Section 4. General Purposes. The Authority shall have the following general purposes:

(a) Implementing arm. As the implementing arm of the Department of Tourism, to implement policies and programs of the Department pertaining to the development, promotion and supervision of tourism projects in the Philippines;

(b) Develop tourist zones. To promote the development into integrated resort complexes of selected and well defined geographic areas with potential tourism value, known otherwise as "tourist zones", wherein optimum use of natural assets and attractions as well as existing facilities and concentration of efforts and limited resources of both government and private sector may be effected and realized in order to generate foreign exchange as well as other tourist receipts. Such tourist zones shall consist of substantially undeveloped areas the ownership of which may be partially or wholly acquired by the Authority or whose existing owners may choose to contribute their property into a consortium or in a new corporation in which the Authority shall participate, which in any case shall be under the control of the Authority as to the manner of development to be undertaken within the zone.

(c) Assist private enterprise. Whenever necessary, to extend all forms of assistance to private enterprise in undertaking tourism projects.

(d) Operate and maintain tourist facilities. To undertake for its own account or in joint venture with the private sector the operation and maintenance of essential tourist facilities which private enterprise alone is not prepared or willing to undertake;

(e) Assure land availability. To assure availability of land at reasonable prices or rental rates for private investors in hotels and other tourist facilities;

(g) Coordinate all tourist project plans and operations. To coordinate and assist implement tourism related plans or operations of local governments, governmental agencies, public corporations and, where

clearly necessary and feasible, those of private entities so as to make possible to accelerated and balanced growth and development of tourism in the Philippines which is responsive to the needs of targeted travel markets here and abroad.

Section 5. Specific Functions and Powers. In the furtherance of the aforestated purposes, the Authority shall be charged and vested with the following functions and powers:

A. PLANNING AND DEVELOPMENT OF TOURISM PROJECTS

1. Tourist Zones. To assist the Department of Tourism make a comprehensive survey of the physical and natural tourism resources and potentialities of the Philippines for purposes of identifying specific geographic areas with potential tourism value leading to the preparation of a national tourism development plan; to establish the order of priority for the development of said areas; to recommend to the President from time to time the proclamation of a tourist zone of any area so identified according to the established order of priority; and to define and fix the boundaries of the one so proclaimed.

2. Zone Development Plan. To formulate a development plan for each zone in coordination with the Department of Tourism and other government agencies and the local government(s) exercising political jurisdiction over the area: Provided, That in case the zone in question to be developed is not solely for tourism purposes, the development plan shall cover specifically those aspects pertaining to tourism; Provided, further, That the tourism development plan is fully coordinated and integrated with other sectoral plans for the area.

3. Submission of Plans for Tourism Projects. Upon confirmation of the Department of Tourism, to submit to the President through the National Economic and Development Authority for review and approval all aforementioned plans before the same are enforced and/or implemented.

4. Annual Report. To submit to the President an Annual Report based upon the Authority's continuing assessment and evaluation of the progress of its activities in the light of its approved plans, including those done in collaboration with the various government and private entities.

5. Tourism Priorities Plan. To assist the Department of Tourism determine from time to time the additional capacity requirements for various tourist facilities and services throughout the country, particularly

within tourist zones; to prepare a ten-year Tourism Priorities Plan enumerating specific investment which the private sector shall be induced to make various tax and other incentives as well as financial aids provided by law and identifying the specific infrastructure works and other activities that the government or its agencies must discharge and accomplish to support or complement the investments of the private sector; and to update annually said Tourism Priorities Plan.

6. Gather, collate and analyze statistical data and other pertinent information required for the effective implementation of this Decree.

B. ACQUISITION AND DISPOSITION OF LANDS AND OTHER ASSETS FOR TOURIST ZONE PURPOSES

1. Acquisition of Public Lands. To acquire possession and ownership of all lands transferred to it from other government corporations and institutions by virtue of this Decree, and any land having tourism potential and earmarked in the Tourism Priorities Plan for intensive development into a tourist zone or as a part thereof, subject to the approval of the President. The meaning of the word "land" or "lands" as used herein and elsewhere in this Decree shall be understood to include any interest in land, the bed of any lake or river, and such structure, things or properties attached to land or permanently fastened to anything attached to land.

2. Acquisition of Private Lands, Power of Eminent Domain. To acquire by purchase, by negotiation or by condemnation proceedings any private land within and without the tourist zones for any of the following reasons: (a) consolidation of lands for tourist zone development purposes, (b) prevention of land speculation in areas declared as tourist zones, (c) acquisition of right of way to the zones, (d) protection of water shed areas and natural assets with tourism value, and (e) for any other purpose expressly authorized under this Decree and accordingly, to exercise the power of eminent domain under his own name, which shall proceed in the manner prescribed by law and/or the Rules of Court on condemnation proceedings. The Authority may use any mode of payment which it may deem expedient and acceptable to the land owners: Provided, That in case bonds are used as payment, the conditions and restrictions set forth in Chapter III, Sections 8 to 13 inclusively, of this Decree shall apply.

3. Disposition of Lands. For the purpose of providing land acquisition assistance to registered tourism enterprise, to sell, subdivide, resell,

lease, sublease, rent out, or otherwise, including improvements thereon, if any, to said registered tourism enterprises under sufficiently soft terms for use specifically in the development of hotels, recreational facilities, and other tourist services: Provided, That the Authority shall reserve the right to repossess in accordance with the law any land so sold or leased in cases of insufficient use or misuse of land by said enterprise or their possible assignees.

4. Development and Sale of Subdivisions and Condominiums. To develop and/or subdivide any land in its name or undertake condominium projects thereon, and sell subdivided lots or condominium units to private persons for investment purposes: Provided, That such subdivision and/or condominium projects are undertaken within the tourist zones and in conjunction with the development thereof; Provided, further, That their use shall be within the guidelines set forth by the Authority.

5. Transfer of Foreshore Leases. To take over or transfer to a registered enterprise in accordance with law any lease on foreshore areas within a tourist zone or adjacent thereto, in cases wherein said areas are not being utilized in accordance with the Authority's approved zone development plan and wherein the lessee concerned does not agree to conform accordingly after due consultation with the local government having jurisdiction over the granting of said leases.

6. Reclamation of Land. To arrange for the reclamation of any land adjacent to or adjoining a tourist zone in coordination with appropriate government agencies.

C. INFRASTRUCTURE DEVELOPMENT FOR TOURIST PURPOSES

1. Internal Infrastructure. To contract, supervise and pay for infrastructure works and civil works within a tourist zone owned and operated by the Authority, or where necessary to construct, acquire, own, lease, operate and/or maintain within said zone such infrastructure facilities as dams, reservoirs, water distribution systems, electric power systems, sewerage systems, telecommunications, roads, transportation facilities or other services necessary or useful for the conduct of business of the hotels, shops, restaurants and other tourist facilities and services in the zone, in coordination with appropriate government agencies.

2. External Infrastructure. To coordinate with appropriate government agencies the development of infrastructure requirements supporting a

tourist zone, such as but not limited to, access roads to the zone, electric power brought to the property line of the zone, airports, harbors, and other support facilities.

3. Other Related Powers. In coordination with appropriate government agencies, to take water from any public stream, river, creek, lake, spring, or waterfall in the Philippines; and to alter, straighten, obstruct or increase the flow of water in streams or in water channels intersecting or connecting therewith or contiguous to its works or any part thereof, for purposes of enhancing the attractiveness of projects for tourism purposes.

D. ZONE ADMINISTRATION AND CONTROL

1. Zoning Regulations. In coordination with the Department of Local Government and Community Development and other appropriate government agencies, to formulate and implement zoning regulations, including building codes, hotel standards, and such other restrictions as may be necessary within a tourist zone to control its orderly development, to preserve such historical, cultural and/or natural assets or relics giving the zone its tourism value and significance, and to assure adherence to approved zone development plans.

2. Determination and Regulation of Zone Enterprises. To determine and regulate the enterprises to be established within a tourist zone.

3. Ecological Preservation and Maintenance. To ensure, through the proper authorities concerned, the ecological preservation, maintenance and/or rehabilitation of the common and the public areas within a tourist zone and the environment thereof; and specifically, to control beach erosion and pollution to preserve all aspects giving the zone its tourism value.

4. Preservation and Restoration of Tourist Attractions. In coordination with appropriate government agencies: (a) to identify and recommend to the President the preservation and/or restoration of national monuments or preserves; (b) arrange for the preservation and/or restoration of the same with appropriate government agencies or with the private sector or with the owners themselves of said tourist attractions; and (c) identify and recommend to the appropriate authorities concerned the declaration of tourist areas and attractions as national monuments and preserves.

E. PROJECT AND INVESTMENT PROMOTIONS

1. Promotion of Own Projects. To identify, develop, invest in, own, manage and operate such projects as it may deem to be vital for recreation and rest but which are not sufficiently attractive economically for private investment.

2. Construction and Leasing of Tourist Facilities. To construct hotel buildings and other tourist facilities within a tourist zone and in turn lease such facilities to registered tourism enterprises for operation, management and maintenance.

3. Promotion of Wholly-Owned Subsidiary Corporations. To organize, finance, invest in, manage and operate wholly-owned subsidiary corporations when such arrangement is clearly necessary to implement the purposes, functions and powers conferred and granted to it under this Decree, subject to the approval of the President for each: Provided, That such corporations may declare dividends.

In the exercise of the above functions, the Authority shall avoid competing against or discouraging the private sector in undertaking similar projects and shall engage only in those activities as are in the nature of pioneering ventures or are demonstrably beyond the scope, capacity, or interest of purely private enterprises due to considerations of geography, technical or capital requirements, returns on investments and risks: Provided, That the Authority may choose to engage private parties to provide the direct operating management of these projects under terms and conditions beneficial to the Authority.

F. DIRECT ASSISTANCE TO REGISTERED ENTERPRISES

1. Administration of Incentives. To administer the tax and other incentives granted to registered enterprises under Presidential Decree No. 535 or under any law as may later be enacted: Provided, That the Authority shall prescribe the procedure and manner under which the incentives may be made available and the qualifications that may be required of the registered tourism enterprises availing of said incentives: Provided, further, That the Authority shall reserve the prerogative to determine and select which of the authorized incentives shall be granted to a particular type of registered enterprise, or conversely, which types of registered enterprise may avail of a particular incentive: Provided, finally, That the administration of the collection of internal revenue taxes and customs duties shall be left to the Bureau of Internal Revenue and the Bureau of Customs, respectively, as the case may be

2. Approval and Registration of Tourism Projects. To evaluate, approve

and register or reject any and all tourism projects or enterprises established within the tourist zones, applying for financial assistance, and/or availing of tax and other incentives provided by law.

3. Granting of Loans; Re-lending of Borrowed Funds. To grant medium and long-term loans and/or re-lend any funds borrowed for the purpose to duly qualified registered tourism enterprises for the development, establishment expansion, rehabilitation and/or encouragement of tourism projects owned, managed and/or encouragement of tourism projects owned, managed and/or operated by said enterprises, and/or for the acquisition or procurement of machinery, equipment and other implements needed in the operations of registered tourism enterprises.

4. Guarantee Loan and Foreign Currency Obligations of Registered Enterprises. Whenever deemed necessary for purposes of enabling registered enterprises to secure financing at preferred and competitive term to assure the viability and implementation of the registered projects, the Authority may guarantee local and foreign borrowings of registered enterprises under terms and conditions it shall promulgate.

5. Provide Equity Investments. In order to meet the necessary local counterpart funds for specific projects where the existing local equity is not adequate, the Authority may provide equity investment in the form of cash and/or land under terms and conditions it shall promulgate, and with the end in view that said equity investments will be eventually sold to the public to provide dispersal of ownership in the tourism industry.

6. Provide Technical, Management and Financial Assistance. In order to ensure the realization of projects deemed by it to be viable and deserving, the Authority shall extend technical, management and financial assistance to such tourism projects, subject to policies and guidelines which the Board shall formulate; and in this direction the Authority may prepare or contract for the preparation of feasibility and other pre-investment studies upon its own initiative: Provided, That any expenses so incurred by the Authority shall be reimbursed by the tourism enterprise/s benefiting therefrom within five years from their start of operations; and Provided, further, That the reimbursement by the benefiting enterprises of the Authority's expenses for such assistance shall be a condition for the grant of such assistance.

7. Promote Joint Ventures. The Authority shall identify, contact and assist in negotiations suitable partners for both local and foreign investors interested in investment or participation in the tourism industry.

8. Provide Facilitation Services to Investors. The Authority shall assist registered enterprises and prospective investors to have their papers processed with dispatch by all government offices, agencies, instrumentalities and financial institutions.

G. OTHER POWERS AND FUNCTIONS

1. Services of Consultants. To engage or retain and pay for the services of financial, management, legal, technical and/or project consultants from the private or government sector. Said consultants shall exempt from the requirement set forth in Section 37 hereof.

2. Succession. To have the power to succeed by its corporate name.

3. Corporate Seal. To adopt, alter, and use a corporate seal which shall be judicially noticed.

4. Sue and Be Sued. To sue and be sued under its corporate name.

5. Contracts. To enter into contracts of any kind and description to enable it to discharge its functions and powers under this Decree.

6. Ownership or Possession of Personal and/or Real Property. To acquire, lease, own or possess such personal and/or real property as it deems necessary or convenient in the transaction of its business and/or in relation with the carrying out of its purposes, functions and objectives under this Decree; and to lease, mortgage, sell, alienate, or otherwise incumber or dispose of any such personal and real property held by it.

7. Rules and Regulations. To make, adopt, promulgate, and enforce such rules and regulations as are necessary to execute the powers, duties and functions vested in it by this Decree and by Presidential Decree No. 535, or to implement the policies and programs of the Department of Tourism, subject to the programs, policies and guidelines prescribed by the Department of Tourism. The rules and regulations issued by the Authority shall take effect immediately following their publication in two (2) national newspapers of general circulation in the Philippines: Provided, That in case of conflict between the Rules and Regulations promulgated by the Authority and the policies, guidelines or rules and regulations promulgated by the Department of Tourism, the latter shall prevail.

8. Purchase, Hold, Alienate Stocks or Bonds. To purchase, hold, alienate, mortgage, pledge or otherwise dispose of, the shares of the

capital stock of, or any bond, security, or other evidence of indebtedness created by any other corporation or co-partnership of this or any other country, and while the owner of said stock, to exercise all the rights of ownership, including the right to vote thereon: Provided, That such stock or indebtedness arise from projects or activities related to the promotion and development of tourism unless such holdings were made purely for temporary investment of unutilized funds.

9. Collection of Fees, Charges, etc. To collect such fees and charges as may be imposed and assigned to it under this Decree or other laws: Provided, That all taxes accruing to the Philippine Tourism Authority under this Decree and other laws, which will be collected by the Bureau of Internal Revenue and the Bureau of Customs, shall be remitted to the Authority quarterly.

10. Borrowing Power. When essential to the proper administration of its corporate affairs or when necessary for the transaction of its business or for carrying out the purpose of this Decree, to contract indebtedness and issue bonds, subject to the conditions set forth in Section 8 to 13, inclusively, of Chapter III hereof.

11. Fixing and Collection of Rentals, Fees and Other Charges. To fix and collect rentals for the lease, use or occupancy of lands, buildings, structures, facilities and other properties owned or administered by the Authority; to fix and collect fees for services of utility systems owned or operated by it; and to fix and collect fees and charges for the processing of registration application, issuance of permits, and rendering of services not enumerated herein, the provisions of any law, decree or rule to the contrary notwithstanding.

12. Reservation of Power Necessary to Carry Out the Authority's Purposes, Functions and Objectives. To do any and all acts and things necessary, convenient and expedient to be done to carry out the purposes for which the Authority is created and organized and not repugnant to law, it being hereby expressly provided that the enumeration herein of specific purposes, objects, business, powers, rights, and privileges shall not be construed as limiting or restricting in any way the general purposes, powers, rights, and privileges to be possessed and exercised by the Authority.

CHAPTER II CAPITALIZATION AND FINANCING

Section 6. Capitalization. The Authority shall have an authorized capital of Five Hundred Million Pesos (P500,000,000.00) which shall be fully

subscribed by the Republic of the Philippines and other government institutions, corporations, instrumentalities and agencies whether national or local within the framework of their respective charter, and shall be paid out as follows:

(a) The sum of one hundred million pesos (P100,000,000), which is hereby appropriated out of any general fund in the National Treasury not otherwise appropriated, and from proceeds of bond issues, loans and from any other sources of income of the National Government, upon approval of this Act;

(b) The balance, from the same sources mentioned in paragraph (a) hereof, upon approval of the President. The authorized capital of five hundred million pesos shall constitute a revolving fund for the purpose of financing the Authority's business transactions.

Section 7. Operating Expenses. The operating expenses of the Authority shall be funded from:

(a) The proceeds of taxes imposed under Republic Act No. 1478 and Republic Act No. 6141;

(b) Proceeds from all fees and other charges, as well as rentals and other incomes which the Authority is authorized to impose, collect and/or earn under this Decree, and other existing or future laws or decrees;

(c) Drawings upon the capital of the Authority if necessary.

Section 8. Procedure in Incurring Indebtedness. Whenever the Board of Directors may deem it advisable and necessary for the Authority to contract foreign and/or domestic loans, credits and other indebtedness, or to issue bonds, notes, debentures, securities and other instruments of indebtedness for the development and/or operation of the tourist zones or to carry out effectively the objectives of this Decree in the promotion and development of Philippine tourism, it shall so declare by resolution stating the purpose for which the proposed debt is to be incurred and citing the project study devised for the purpose. In order for such resolution to be valid, it shall be passed by the affirmative vote of at least (3) members of the Board and approved by the President, upon the recommendation of the Secretary of Finance in consultation with the National Economic and Development Authority and Monetary Board.

Section 9. Limits on Indebtedness. The total principal domestic indebtedness of the Authority payable in Philippine currency shall not at

any one time exceed two hundred million pesos (P200,000,000), while the total principal foreign indebtedness of the Authority payable in foreign currencies qualified to form part of the international reserves of the Central Bank shall not at any time exceed two hundred million United States dollars (US\$200,000,000) or the equivalent thereof in other foreign currencies qualified to form part of the international reserves of the Central Bank.

Section 10. Instruments of Indebtedness Made Securities. The instruments of indebtedness issued by the Authority under and by virtue of this Decree are hereby made securities in which all public offices, all political subdivisions, all commercial banks, all insurance companies and associations, savings bank and saving institutions, including savings and loan associations, executors, administrators, guardians, trustees and all fiduciaries in the Philippines may properly and legally invest their own funds or the funds within their control, and the same shall be receivable as security in any transaction with the government, its agencies and instrumentalities, including government-owned or controlled corporations and government banking and financial institutions in which such security is required. Said instruments may be made payable both as to principal and interest in Philippine currency or any readily convertible currency.

Section 11. Instruments of Indebtedness Exempt from Taxes. The bonds and other instruments of indebtedness which the Authority is authorized to issue under this Decree and any income derived therefrom, including those contracted with private international banking and financial institutions, may be exempt from the payment of all taxes of whatever kind and nature, including withholding taxes imposed by the Republic of the Philippines, its agencies, instrumentalities or political subdivisions, upon the recommendation of the Secretary of Finance and subject to the provisions of Republic Act. No. 1000.

Section 12. Guarantee by the Government. Any or all loans or instruments of indebtedness which the Authority is authorized to contract or issue under this Decree may be guaranteed, both as to principal and interest, by the Government of the Republic of the Philippines whenever the President of the Philippines, by himself or through his duly authorized representatives, may deem such guarantee by the Government of the Philippines to be advisable and necessary, in which case, the President of the Philippines or his duly authorized representative is hereby authorized to execute and deliver such guarantee of the Government of the Republic of the Philippines.

Section 13. Sinking Fund; Means of Payment of Indebtedness. The Authority is hereby authorized to pay out of its capital, operating income, proceeds from its borrowing or issuance of bonds, and other instruments of indebtedness, and from all other sources of funds, the amount necessary to meet its maturing obligations on the loans, credits or indebtedness contracted by the Authority or on the bonds, notes or other instruments of indebtedness issued by it. For this purpose, a sinking fund may be established out of said sources of funds of the Authority, in the Central Bank of the Philippines in such manner that the total thereof at each due date of the bonds and other instruments of indebtedness and the loans, credits or indebtedness contracted by the Authority shall be equal to the aggregate maturing obligations or amortizations as of that date. Such funds shall be under the custody of the Central Bank of the Philippines under the special account, which shall invest the same in such manner as the Monetary Board may approve, charging all expenses of such investments to the said sinking fund and crediting the same with interest on investments and other income belonging to it. A standing appropriation is hereby made out of any general fund in the National Treasury not otherwise appropriated, of such sum as may be necessary to meet all obligations of the Government of the Republic of the Philippines under all guarantees which may be sufficient to fully pay the indebtedness of the Authority guaranteed by the Government of the Republic of the Philippines or in case the Authority fails to fully pay the same by some other means.

CHAPTER IV MANAGEMENT AND PERSONNEL

Section 14. Board of Directors Composition. The corporate powers and functions of the Authority shall be vested in and exercised by a Board of Directors, hereinafter referred to as the Board, which shall be composed of: (a) the Secretary of Tourism as Chairman; (b) the General Manager of the Authority as Vice Chairman; and (c) three (3) part-time members who shall be appointed by the President of the Philippines. The Chairman of the Board may at the same time be appointed by the President as General Manager of the Authority.

Section 15. Term of Office. The term of office of the part-time members of the Board shall be six years. Of the part-time members first appointed, one shall hold office for six years, one for four years, and the last one for two years. A successor to a member whose term has expired shall be appointed for the full term of six years from the date of expiration of the term for which his predecessor was appointed.

Section 16. Vacancy Before Expiration of Term. Any member appointed to fill a vacancy in the Board occurring prior to the expiration of the term for which his predecessor was appointed shall serve only for the unexpired portion of the term of his predecessor.

Section 17. Per Diems. Unless otherwise fixed by the President of the Philippines, the members of the Board shall receive for every meeting attended as per diem of not to exceed two hundred pesos (P200); Provided, That such per diems shall not exceed one thousand pesos (P1,000) during any month for each member. Members of the Board shall be reimbursed by the Authority for actual expenses (including traveling and subsistence expenses) incurred by them in the performance of their duties for the Authority as may be specifically authorized by the Board.

Section 18. Quorum; Effect of Vacancies. The presence of three members of the Board, including the Chairman or the Vice Chairman, shall constitute a quorum for the transactions of the business of the Board.

Vacancies in the Board, as long as there shall be three members in the office, shall not impair the powers of the Board to execute the functions of the Authority.

Section 19. Withdrawal from the Meeting of a Member Having Prohibited Interest. Whenever a member of the Board has a personal interest of any sort on a matter before the Board, or any of his business associates, or any of his relatives within the fourth civil degree or consanguinity or second degree of affinity has such interest, he shall not participate in the discussion or resolution of the matter and must retire from the meeting during the deliberations thereon. After the Board has resolved the matter, the fact that the member concerned or any of his business associates, or his relatives within the prohibited degrees has a personal interest in it, is to be made available to the public and the minutes of the meeting shall note the withdrawal of the member concerned.

Section 20. Removal or Suspension for Cause. A member of the Board may be suspended or removed by the President for cause, such as: mismanagement, grave abuse of discretion, infidelity in the conduct of fiduciary relations, gross negligence in the performance of duties, dishonesty, corruption, or any act involving moral turpitude.

Section 21. Meetings of the Board. The Board shall meet as frequently

as necessary to discharge its duties and responsibilities properly, but shall meet regularly at least once a month. The Board shall be convoked by the Chairman or upon the written request of a majority of its members. Except when otherwise provided for in this Decree, the vote of a majority of the members constituting a quorum shall be sufficient for the adoption of any rule, resolution, decision or any act of the Board.

Section 22. Powers and Duties of the Board. The powers and duties of the Board shall be as follows:

(a) Promulgate and enforce such rules and regulations as may be necessary to implement the intent and provisions of this Decree, Presidential Decree No. 535, or any law or Decree that may be passed pertaining to the Authority, which rules and regulations shall take effect immediately following their publication in two (2) national newspapers of general circulation in the Philippines.

(b) Appoint the annual budget and implemental budgets of the Authority.

(c) Appoint, discipline and remove, fix the compensation of, and define the duties of the Authority's key personnel subject to the provisions of Section 28 to 30 thereof.

(d) Authorize any contract or agreement as may be necessary for the proper, efficient and stable administration of the Authority and for the attainment of the purposes and objectives of this Decree;

(e) Render annual reports to the President and such special reports as may be requested; Decree and of Presidential Decree No. 535.

Section 23. General Manager; Powers and Duties. The General Manager of the Authority shall be the chief executive of the Authority. As such, he shall have the following powers and duties:

(a) To execute and or administer the policies and measures approved by the Board;

(b) To direct, manage and supervise the day to day operations and internal administration of the Authority, in accordance with the policies laid down by the Board. The General Manager may delegate any of his administrative responsibilities to other officials or employees of the Authority, subject to the rules and regulations of the Board;

(c) To sign all acts, memorials and resolutions of the Board;

(d) To establish the internal organization of the Authority under such conditions that the Board may prescribe: Provided, That any major reorganization shall be subject to the approval of the Board;

(e) To prepare the agenda for the meetings of the Board and to submit for the consideration of the Board, the policies and measures which he believes to be necessary to carry out the purposes and provisions of this Decree and of Presidential Decree No. 535;

(f) To submit within thirty (30) days after the close of each fiscal year an annual report to the Board and such other reports as may be required;

(g) To submit an annual budget and necessary supplemental budgets to the Board for its approval; and

(h) To exercise such powers and perform such other duties as may be vested in or assigned to him by the Board.

Section 24. Representation of the Authority. The General Manager shall be the principal representative of the Authority, and in such capacity and in accordance with the instructions of the Board, he shall be empowered:

(a) To represent the Authority in all dealings with other offices, agencies, and instrumentalities of the government and with all other persons and entities, whether public or private, domestic, foreign or international;

(b) To authorize, with his signature, contracts concluded by the Authority, notes and securities issued by the Authority and the annual reports, balance sheets, profit and loss statements, correspondence and other documents and of the Authority. The signature of the General Manager may be in facsimile whenever appropriate;

(c) To represent the Authority, either personally or through counsel, in any legal proceedings or actions; and

(d) To delegate his power to represent the Authority as provided for in Subsections (a), (b), and (c) of this section, to other offices of the Authority upon his own responsibility.

Section 25. Authority of the General Manager in Emergencies. In the event of extraordinary emergencies which require immediate action and which there is insufficient time to call a meeting of the Board, the General Manager, with the concurrence of the Chairman of the Board, or in his absence, with the concurrence of any other two members of the

Board, may decide any matter or take any action within the authority of the Board itself and may suspend any resolution or decision of the Board to meet such emergencies.

In such cases, the General Manager shall request that the meeting of the Board be held immediately, and for him to explain his action and the reasons for departing from the normal procedures. The Board may then confirm, revoke or modify such action as the circumstances may warrant.

Section 26. Renumeration of the General Manager. The salary of the General Manager shall be fixed by the Board and approved by the President of the Philippines.

Section 27. Departments of the Authority. The Authority shall establish and maintain such departments as it may deem necessary for the proper and efficient transaction and/or operation of its business. The powers and duties of the departments shall be determined by the Board, within the authority granted to the Board and the Authority under this Decree.

The office of the Corporate Legal Counsel of the Authority, which shall be separate and distinct from and independent of the Office of the Government Corporate Counsel, shall advise and represent the Authority on any legal matters, procedures and actions.

Section 28. Merit System. Upon its organization, the Authority shall establish a comprehensive and progressive merit system in accordance with the Civil SERVICE Rules and Regulations. The recruitment, transfer, promotion, and dismissal of all Authority personnel, including temporary workers, shall be governed by such merit system.

Section 29. Applicability of the Civil Service Law, Rules and Regulations. All officials and employees of the Authority are subject to the Civil Service Law, Rules and Regulations.

Section 30. Exemption from Coverage of Wage and Position Classification Office. The regular professional and technical personnel of the Authority shall be exempted from WAPCO rules and regulations.

Section 31. Training of Technical and/or Professional Personnel. The Authority shall establish, promote and sponsor training programs for its professional and/or technical personnel that would allow maximum flexibilities, specially with respect to qualifications, transfer, duties, assignments and promotions. Towards this end, the Authority is hereby

authorized to defray the costs of study, at home or abroad, of employees or officials of the Authority or any other qualified persons which shall be determined, as far as practicable, by proper competitive examination.

Section 32. Auditing. The Authority shall have its auditing department which shall be headed by the duly-appointed representative of the Commission on Audit whose salary shall be determined and paid according to law. All personnel of the auditing department shall be appointed, and their number and salaries fixed, by the Commission on Audit. The personnel expenses and operating costs of the auditing department shall be determined and paid by the Authority. Such salaries and number of auditing personnel may only thereafter be increased, diminished or altered by the Commission on Audit, subject to the approval of the Authority, and said representative and his subordinate personnel may receive such allowances and privileges as may be authorized and approved by the Authority upon recommendation of the Commission on Audit.

Section 33. Tourism Advisory Board. The Chairman of the Board of Directors of the Authority shall establish for purposes of consultations with the private sector a Tourism Advisory Board, hereinafter referred to as Advisory Board, which shall be composed of representatives from trade organizations for hotels, restaurants, air carriers, land transportation operators, travel agencies, tour operators, resort operators, cottage industry producers and/or distributors, sea carriers, foreign currency changers, bankers associations, and representatives from other trade organizations as may be designated by the Chairman of the Board of the Authority.

The members of the Advisory Board shall be exempt from the conflict-of-interest provisions of the Anti-Graft and Corrupt Practices Act.

CHAPTER V GENERAL PROVISIONS

Section 34. Investigations, Inquiries or Hearings. To facilitate the determination of the economic practicability or feasibility of any step in any of its plans, supplements or amendments thereto, or of any other fact or matter which the Authority is authorized and empowered to decide or determine, the Authority may conduct investigations, inquiries or hearings at such place or places and at such times as it shall appoint. Such investigation, inquiries or hearings may be held by or before the Board or by or before any person or persons duly designated by the Board as the Authority's representative.

Section 35. Abolition of Existing Tourism Agencies or Authorities. To integrate all the functions and activities of the government, as well as minimize duplication of work and thus achieve economy, efficiency and effectiveness of operation in the conservation and development of tourist attractions, the following agencies or authorities are hereby abolished and their powers, functions, assets and liabilities, together with applicable appropriations, records, equipment, obligations and contracts, rights, choses in action, etc., are hereby transferred to and shall continue to be vested in and assumed by the Authority;

(a) Hundred Islands Conservation and Development Authority;

(b) San Juanico Strait Tourist Development Authority. Provided, That the Board shall determine what personnel of the abolished agencies shall be absorbed by the Authority: Provided, further, That the Authority shall maintain contact and consult with the private operators in each area affected.

Section 36. Properties Transferred to the Authority. The Looc Estate is hereby transferred to the Authority for development, management, administration or disposition; other properties with tourism potential such as, but not limited to, hotels, resorts, islands, real estate that have been foreclosed by the GSIS, DBP, SSS and other financial institutions shall be transferred to the Authority under such terms and conditions which may be mutually agreed upon between the Authority and the financial institutions concerned.

Section 37. Equipment, Supplies and Services Other than Personnel. All purchases of equipment and supplies or contracts for services, except of personal services, entered into by the Authority, shall be done through competitive public bidding: Provided, That bidding shall not be required when (1) an emergency, as certified by the General Manager, requires immediate delivery of the supplies or performance of the services, and (2) the aggregate amount involved in any one purchase of supplies or procurement of services does not exceed fifty thousand pesos (P50,000), in which case, such purchase or procurement may be made in the usual course of business: Provided, further, That the Authority's emergency purchase of supplies and services shall not exceed the amount of five hundred thousand pesos (P500,000) for any one month: Provided, finally, That in comparing bids and in making awards, the Authority shall consider such factors as the cost and relative quality and adaptability of supplies or services; the bidder's financial responsibility, skill, experience, integrity, and ability to furnish repairs

and maintenance services; the time of delivery or performance offered; and the bidder's compliance with the specifications desired.

CHAPTER VI MISCELLANEOUS PROVISIONS

Section 38. Definition of Terms. Whenever used or cited in this Decree:

(a) Authority shall mean the Philippine Tourism Authority;

(b) President shall mean the President of the Philippines and upon the transition from the presidential to the parliamentary system of government, shall mean the Prime Minister;

(c) Registered Tourism Enterprise shall mean a person, corporation, partnership or other entity organized and existing under the Philippine Constitution registered with the Authority in accordance with and as defined by Presidential Decree No. 535, and engaged in or proposing to engage in rendering services to foreign tourists and travelers covered by the Tourism Priorities Plan and subject to the guidelines prepared by the Department of Tourism;

(d) Tourist Zone shall mean a geographic area with well-defined boundaries proclaimed as such by the President, upon the recommendation of the Authority, and placed under the administration and control of the Authority;

(e) Wholly-Owned Subsidiary Corporation shall mean a corporation that is organized or a corporation already in existence wherein one hundred per cent (100%) of its shares of stock are owned or controlled by the organizing or subscribing Authority, in this case, the Philippine Tourism Authority, to carry out or accomplish its purpose.

Section 39. Penalties. Any person violating or causing another to violate any provision of this Decree or the rules and regulations of the Authority pursuant to this Decree shall, upon conviction by a Court of competent jurisdiction, suffer the penalty of imprisonment of not less than two (2) years nor more than five (5) years or a fine of not less than two thousand pesos nor more than twenty thousand pesos, or both, at the discretion of the Court. In addition, thereto, such violation shall constitute a valid ground for the revocation of all privileges, permits and authorization granted to such person or entity under this Decree by the Philippine Tourism Authority: Provided, however, That if the offender is a corporation, firm, partnership, or association, the penalty shall be imposed upon the guilty officers or officers, as the case may be, of the

corporation, firm or association, and if such guilty officer or officers is an alien, in addition to the penalties herein prescribed, he or they shall be deported without further proceedings on the part of the Commission on Immigration and Deportation.

Section 40. Separability Clause. The provisions of this Decree are hereby declared to be separable, and in the event any one or more of such provisions are held unconstitutional, they shall not effect the validity of other provisions.

Section 41. Repealing Clause. Sections 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 27, and such other provisions of Presidential Decree No. 189 dated May 11, 1973, pertaining to the Philippine Tourism Authority, which are inconsistent with the provisions of this Decree, are hereby superseded, amended or modified accordingly. All other acts, statutes, decrees, orders, instructions, rules and regulations or parts thereof that are inconsistent with the provisions of this Decree are hereby either repealed or modified accordingly.

Section 42. Effectivity. This Decree shall take effect immediately.

DONE in the City of Manila, this 2nd day of October, in the year of Our Lord, nineteen hundred and seventy-four.