

# [ PRESIDENTIAL DECREE NO. 564, October 02, 1974 ]

## REVISING THE CHARTER 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 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 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 development 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 in me vested 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 projecting- Philippine culture, history, traditions and natural beauty, internationally as well as domestically.

**SEC. 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.

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

### Chapter II

#### PURPOSES, FUNCTIONS AND POWER

**SEC. 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 denned geographic areas with potential tourism value, known otherwise as "tourist zones", wherein optimum use of natural assests 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;
- f. *Coordinate all tourism project plans and operation.* — To coordinate and assist implement tourism related project 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 the accelerated and balanced growth and development of tourism in the Philippines which is responsive to the needs of targeted travel markets here and abroad.

**SEC. 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 zone 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 by 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 investments which the private sector shall be induced to make with 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 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 Plans 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 its 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, Section 8 to 13 inclusively, of this Decree shall apply.
3. *Disposition of Lands*. — For the purpose of providing land acquisition assistance to registered tourism enterprises, to sell, subdivide, resell, lease, subless, 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: *Provide*, 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 tourism 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 ZONE PURPOSES

1. *Interned 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 and facilities 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 hereby necessary to implement the purposes, functions and powers conferred or granted to it under this Decree, subject to the approval of the President for each: *Provided*, That such corporations may not 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