

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

EIGHTEENTH CONGRESS
First Regular Session

House Bill No. **2725**



Introduced by **Hon. Jericho Jonas B. Nograles**

EXPLANATORY NOTE

The State is directly responsible for providing water security to all the citizens and inhabitants of its territory. Water nurtures and sustains life. Civil societies worldwide can neither endure nor survive without properly managing their water resources for the effective use of their people.

The Philippines is a water-rich country. According to the World Bank (2015), the annual available water volume per capita in the country is twice that of Asia and six times the global scarcity threshold. Yet, many of our people are deprived of efficient access to affordable, safe, and reliable potable water and to proper sanitation services. This is because the governance and maintenance of our water resources remains fragmented and uncoordinated. To date, there are over 30 government agencies at both the national and local levels implementing separate and disharmonized policies, plans, and programs to develop and operate water facilities and related infrastructure for various uses, and to regulate water use, monitor water-related financial and technical parameters, and set water tariffs.

To this end, this bill proposes to create the Department of Water to serve as the primary agency responsible for national policy-making, coordination, and management of all the water resources in the Philippines. Under this Department, all government agencies related to water shall be rationalized. Integrated Water Resources Management (IWRM) shall be adopted as the strategic framework for water management policy-making and planning in the country. IWRM promotes the coordinated development and management of water, land, and related resources in order to maximize economic and social welfare in an equitable manner without compromising the sustainability of vital ecosystems and the environment. This bill also proposes to create an independent Water Regulatory Commission to ensure the effective and adequate delivery of water and sanitation services throughout the country under a credible, transparent, and accountable regulatory framework. This Commission shall always protect the consumer welfare and reject abusive practices in the water industry. Finally, this bill seeks to create the National Water Corporation as the corporate arm of the Department of Water to institutionalize the collaboration between the government and the private sector for the provision of accessible, reliable, and affordable water supply, distribution, and sanitation services throughout

1 the country via established arrangements such as Joint Ventures and Public-Private
2 Partnerships (PPPs).
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4 In view of the foregoing, I therefore seek the urgent approval of this bill.
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10 JERICO JONAS E. NOGRALES
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15 **AN ACT**
16 **TO ENSURE WATER SECURITY BY ORDAINING INSTITUTIONAL AND REGULATORY**
17 **REFORMS IN WATER THROUGH THE CREATION OF THE DEPARTMENT OF WATER,**
18 **THE WATER REGULATORY COMMISSION, AND THE NATIONAL WATER**
19 **CORPORATION, AND FOR OTHER PURPOSES**
20

21 *Be it enacted by the Senate and House of Representatives of the Philippines in Congress*
22 *assembled:*
23

24 **CHAPTER I**
25 **TITLE AND POLICY**

26 **SECTION 1. *Short Title.*** – This Act shall be known as “The Water Security Act of
27 2019.”

28 **SEC. 2. *Declaration of Policy and Objectives.*** – It is hereby declared the policy of
29 the State to ensure the provision of safe, adequate, affordable, and sustainable water supply
30 and sanitation services, while maintaining the protection, preservation, and revival of the
31 quality of the country's water resources and attaining ecological balance through the
32 application of the Integrated Water Resources Management (IWRM) system.

33 In pursuit of this policy, this Act shall have the following objectives:

34 a) To ensure and accelerate the total access to water supply and sanitation
35 services in the entire country;

36 b) To ensure the quality, reliability, security, and affordability of water supply and
37 sanitation services;

38 c) To provide for an organized, efficient, and systematic process for discovering,
39 harnessing, conveying, distributing, treating and recycling water throughout the country;

40 d) To ensure transparent and reasonable prices of water supply and sanitation
41 services in a regime of free and fair competition and full public accountability to achieve
42 greater operational and economic efficiency and enhance the competitiveness of the
43 Philippines in the global market;

1 e) To prioritize and seek the immediate attainment of universal access to safe,
2 adequate, affordable, and sustainable water supply and sanitation services in the country,
3 and adopt all necessary measures directed towards the realization of the human right to
4 water;

5 f) To accelerate the expansion, improvement, and ultimately, efficient provision
6 of water supply systems and sanitation services for the entire country, in a manner
7 consistent with the protection, preservation, and revival of the quality of the country's water
8 resources and in accordance with IWRM;

9 g) To encourage and enable private sector participation in the continued growth
10 and development of water origination, conveyance, distribution, supply, treatment and
11 sanitation services;

12 h) To create a business and regulatory environment that is level, transparent,
13 and conducive for public and private domestic and foreign investments in water supply and
14 sanitation services;

15 i) To provide incentives and support to encourage investments, and take all
16 steps necessary for the provision of affordable access to water supply and sanitation
17 services in unserved and underserved areas;

18 j) To ensure fair, just, and reasonable tariffs, rates, and other charges for water
19 supply and sanitation services;

20 k) To protect the legal and other interests of consumers of water supply and
21 sanitation services rendered by licensees;

22 l) To establish an administrative process for economic regulation that is stable,
23 transparent, and fair, giving due emphasis to technical, legal, environmental, economic, and
24 financial considerations and with due regard to the observance of due process at all times;
25 and

26 m) To establish a strong and independent economic regulatory body to ensure
27 consumer protection, promote good business practices and competition among service
28 providers, and full public accountability to achieve greater operational and economic
29 efficiency.

30 **SEC. 3. Scope.** – This Act shall provide a framework to ensure water security in the
31 country through the creation of the Department of Water, the Water Regulatory Commission,
32 and the National Water Corporation.

33 **SEC. 4. Definition of Terms.** – The following terms as used in this Act are defined
34 as follows:

35 a) *Bulk water supplier* shall mean any entity, natural or juridical, whether public
36 or private, supplying or intending to supply large quantities of raw or treated water to buyers
37 who will use it for their own consumption, such as industrial companies, or for retail

1 distribution to consumers, such as a water district or a subdivision managing its own
2 distribution network.

3 b) *Captive market* shall mean end-users who do not have the choice of a
4 provider of water supply and sanitation services, as may be determined by the Commission
5 in accordance with this Act.

6 c) *Commission* shall mean the Water Regulatory Commission created under this
7 Act.

8 d) *Concession contract* shall mean the award by the government to a qualified
9 private entity of the responsibility for financing, operating, expanding, maintaining, and
10 managing specific government-owned assets.

11 e) *Department* shall mean the Department of Water created under this Act.

12 f) *Department of Environment and Natural Resources (DENR)* shall mean the
13 Department of Environment and Natural Resources under Executive Order No. 292 (1987)
14 or the Administrative Code of 1987, as amended.

15 g) *Department of Health (DOH)* shall mean the Department of Health under
16 Executive Order No. 292 (1987) or the Administrative Code of 1987, as amended.

17 h) *Department of Public Works and Highways (DPWH)* shall mean the
18 Department of Public Works and Highways under Executive Order No. 292 (1987) or the
19 Administrative Code of 1987, as amended.

20 i) *Distribution or sewerage utility* shall mean any entity, whether public or
21 private, which has an exclusive license to operate a water distribution or sewerage pipeline
22 system in accordance with this Act.

23 j) *End-user* shall mean any person, whether natural or juridical, requiring water
24 supply and sanitation services for its own use.

25 k) *Flood control* shall mean the methods, acts, and protocols to be observed in
26 order to prevent and reduce the detrimental and catastrophic effects of flood waters, which
27 include sediment-laden or turbid flows, and hyper-concentrated flows or debris flows.

28 l) *Flood and drought risk management* shall mean such acts of defining and
29 determining the appropriate methods, acts, and protocols aimed to prevent and reduce the
30 risk of incurring loss of both life and property due to flood waters and drought. Flood and
31 drought risk management consists of a cycle of prevention, mitigation, adaptation,
32 preparedness, early warning, and response and recovery. The elements include integrating
33 land-use planning, coastal zone management into water management, adopting a holistic
34 approach so that it is part of a wider risk or multi-hazard management (earthquake,
35 landslides, storm surge, etc.), managing risk and uncertainty as a whole to encompass not
36 only hydrological uncertainties but also social, economic, and political uncertainties in view
37 of human behavior and cultural dimensions.

1 m) *Franchise area* shall mean a geographical area exclusively assigned or
2 granted to a distribution or sewerage utility for water supply and sanitation services.

3 n) *Gender equality* shall mean the principle asserting the equality of men and
4 women and their right to enjoy equal conditions realizing their full human potentials to
5 contribute to and benefit from the results of development, and with the State recognizing that
6 all human beings are free and equal in dignity and rights.

7 o) *Infrastructure and public works* shall mean only wholly or primarily water-
8 related projects and shall not be considered to incorporate projects that would not otherwise
9 fall within the purview of this Act.

10 p) *Integrated Water Resources Management (IWRM)* shall mean a systematic,
11 collaborative, and multi-stakeholder process, which promotes the coordinated development
12 and management of water, land, and related resources within geophysical boundaries in
13 order to maximize the resultant economic and social welfare in an equitable manner and
14 without compromising the sustainability of vital ecosystems and the environment.

15 q) *Level of water supply service* shall mean as follows:

16 i. Level I (point source) – a protected well or a developed spring with an
17 outlet but without any distribution system. A Level 1 facility usually serves an average
18 of 15 households. This is generally adaptable for rural and upland areas where the
19 houses are thinly scattered.

20 ii. Level II (communal faucet system or stand posts) – a system
21 composed of a water source, a reservoir, a piped distribution network, and communal
22 faucets. Usually, one faucet serves four to six households in a Level II facility. This is
23 generally suitable for rural and urban fringe areas where houses are clustered
24 densely to justify a simple piped system.

25 iii. Level III (waterworks system or individual house connections) – a
26 system with a water source, a reservoir, a piped distribution network, and household
27 taps. This is generally suitable for densely populated urban areas.

28 r) *License* shall mean the water supply and sanitation services operating license
29 that the Commission is authorized to grant and issue to service providers under this Act.

30 s) *Licensee* shall mean the service provider to whom a license is granted or
31 issued by the Commission.

32 t) *Local Government Unit (LGU)* shall mean a territorial and political subdivision
33 of the Philippines, which may be a province, city, municipality, or barangay.

34 u) *Local Water Utilities Administration (LWUA)* shall mean the Local Water
35 Utilities Administration under Presidential Decree No. 198, as amended.

36 v) *Metropolitan Waterworks and Sewerage System (MWSS)* shall mean the
37 Metropolitan Waterworks and Sewerage System under Republic Act No. 6234, as amended.

1 w) *National Disaster Risk Reduction Management Council (NDRRMC)* shall
2 mean the National Disaster Risk Reduction Management Council under Republic Act No.
3 10121 or the Philippine Disaster Risk Reduction and Management Act of 2010.

4 x) *National Economic and Development Authority (NEDA)* shall mean the
5 National Economic Development Authority under Presidential Decree No. 107, as amended.

6 y) *National Water Corporation (NWC)* shall mean the *National Water*
7 *Corporation created under this Act.*

8 z) *National Water Resources Board (NWRB)* shall mean the National Water
9 Resources Board under Presidential Decree No. 424, as amended.

10 aa) *Philippine Atmospheric, Geophysical and Astronomical Services*
11 *Administration (PAGASA)* shall mean the Philippine Atmospheric, Geophysical and
12 Astronomical Services under the Department of Science and Technology (DOST) in
13 Executive Order No. 292 (1987) or the Administrative Code of 1987, as amended.

14 bb) *Philippine Competition Commission (PCC)* shall mean the Philippine
15 Competition Commission under Republic Act No. 10667 or the Philippine Competition Act.

16 cc) *Philippine Development Plan (PDP)* shall mean the country's medium-term
17 development plan published by NEDA.

18 dd) *Philippine Economic Zone Authority (PEZA)* shall mean the Philippine
19 Economic Zone Authority under Republic Act No. 7916 or the Special Economic Zone Act of
20 1995, as amended.

21 ee) *Public-Private Partnership (PPP)* shall mean Public-Private Partnership under
22 Republic Act No. 6957, as amended by Republic Act No. 7718.

23 ff) *Regulatory Unit (RU)* shall mean the regulatory office under the Commission
24 authorized to issue licenses for the operation of water supply and sanitation services;
25 provide, review, determine, fix, and approve water and sanitation tariffs, rates, and other
26 charges that licensees may impose; and exercise such other powers and functions under the
27 law.

28 gg) *River Basin Organization (RBO)* shall mean the multi-stakeholder
29 organization that plans, coordinates, and monitors activities within a river basin cluster.

30 hh) *Sanitation* shall mean sewage, sewerage, and septage management.

31 ii) *Sediment management* shall mean the control of sediment erosion and
32 deposition in rivers, reservoirs, and coastal zones through non-structural and structural
33 measures and control works.

34 jj) *Septage management* shall mean the provision of proper collection,
35 treatment, and disposal of septage.

36 kk) *Septage* shall mean sludge produced on individual onsite wastewater
37 disposal systems, principally septic tanks and cesspools.

1 ll) *Service area* shall mean the area covered by the water supply and sanitation
2 services license.

3 mm) *Service provider* shall mean any entity, natural or juridical, whether private or
4 public, providing or intending to provide water supply and sanitation services, including bulk
5 water supplier, sewerage, and septage treatment and disposal services for domestic or
6 residential, industrial, or commercial use, in any service area.

7 nn) *Sewage* shall mean water-carried waste in solution or suspension, including
8 domestic waste (waste products of normal living), commercial waste, industrial waste,
9 agricultural waste, and surface runoff conveyed by a sewerage system for treatment or
10 disposal. For purposes of this Act, the definition of septage shall be included in the use of
11 sewage.

12 oo) *Sewer* shall mean pipe or such other works or structures, which are built and
13 constructed to treat, carry, transport, and dispose sewage.

14 pp) *Sewerage* shall mean any system or network of sanitary pipelines, ditches,
15 channels or conduits, including pumping stations, lift stations and force mains, service
16 connections, including other constructions, devices, or appliances appurtenant thereof,
17 which includes the collection, sanitary piping transport, pumping, and treatment of water-
18 borne human or animal waste removed from residences, buildings, institutions, industrial and
19 commercial establishments to point of sewage treatment plant disposal.

20 qq) *Social inclusion* shall mean the process of improving the terms for
21 disadvantaged individuals and groups to take part in society.

22 rr) *Subic Bay Metropolitan Authority (SBMA)* shall mean the Subic Bay
23 Metropolitan Authority under Republic Act No. 7227 or the Bases Conversion and
24 Development Act of 1992, as amended.

25 ss) *Sustainable Development Goals (SDGs)* shall mean the United Nation's
26 Sustainable Development Goals Program.

27 tt) *Tariff* shall mean such amount that may be charged by licensees of water
28 supply and sanitation services for their services based on principles, standards, and
29 guidelines established by the Commission.

30 uu) *Tourism Infrastructure and Enterprise Zone Authority (TIEZA)* shall mean the
31 Tourism Infrastructure and Enterprise Zone Authority under Republic Act No. 9593 or the
32 Tourism Act of 2009.

33 vv) *Water demand management* shall mean any method – whether technical,
34 economic, administrative, financial, or social – that will accomplish one or more of the
35 following things: (i.) reduce the quantity or quality of water required to accomplish a specific
36 task, (ii.) adjust the nature of the task or the way it is undertaken so that it can be
37 accomplished with less water or with lower quality water, (iii.) reduce the loss in quantity or

1 quality of water as it flows from source through use to disposal, (iv.)*shift the timing of use
2 from peak to off-peak periods, and (v.) increase the ability of the water system to continue to
3 serve society during times when water is in short supply.

4 ww) *Water districts* shall mean the government-owned and controlled corporations
5 organized under Presidential Decree No. 198, as amended, created primarily to acquire,
6 install, operate, maintain, and improve water supply and distribution systems for domestic,
7 industrial, and municipal uses of residents; and provide, maintain, and operate waste water
8 collection, treatment, and disposal facilities within the boundaries of the district.

9 xx) *Water Resources Regional Office (WRRO)* shall mean the field office of the
10 Department to be established in accordance with the identified water resources regions in
11 the country.

12 yy) *Water supply and sanitation services* shall mean any activity comprising of
13 water supply, including bulk supplies, supplies to subdivisions, and other service providers,
14 or sewage, sewerage, and septage treatment and disposal services, or both.

15 zz) *Water Supply and Sanitation Services Code* shall mean a compilation of rules
16 and regulations governing water supply and sanitation services, which includes, among
17 others, the standards for service and performance.

20 CHAPTER II

21 ORGANIZATION OF THE WATER INDUSTRY

22 **SEC.5. Organization.** – To create a favorable environment for the attainment of
23 complete coverage of water supply and sanitation services for the whole country at
24 reasonable rates in an orderly, rational, efficient, and vigorous manner, the water industry
25 shall be organized into the following sectors:

- 26 a) Water source/generation;
- 27 b) Water and sewage treatment; and
- 28 c) Water distribution/sewerage pipeline (conveyance).

29 All three sectors of the water industry are public services and businesses affected
30 with public interest and shall therefore be supervised by the Government through the
31 Department of Water, the Water Regulatory Commission, and the National Water
32 Corporation (created hereunder), and therefore open to private sector participation under
33 well-defined guidelines; Provided, that all three sectors shall be considered as public utility
34 operations, and therefore all assets under these sectors shall be considered properties of
35 the State, to be utilized solely by Government or contracted to private parties either as
36 operations and maintenance concessions for a fixed term, subject to extension; or Joint
37 Venture Projects, or as Public-Private Partnerships.

1 The Department of Water shall have full authority over all three water industry
2 sectors to harness, store, convey/transport, distribute, supply, treat and recycle all water
3 resources in the Philippines.

4 **SEC.6. *Water Source/Generation Sector.*** –The water source/generation sector,
5 including bulk water supply for various uses, shall be competitive and open to stand-alone
6 Government development and operations or through Joint Venture Partnerships and Public-
7 Private Partnerships, through its corporate arm, the National Water Corporation.

8 Every water source/generation entity shall secure from the Commission a license
9 pursuant to this Act.

10 Sales of water by the water source/generation sector shall be value-added tax zero-
11 rated.

12 **SEC.7. *Water and Sewage Treatment Sector.*** – The water and sewage treatment
13 sector shall be competitive and open to stand-alone Government development and
14 operations or through Joint Venture arrangements and Public-Private Partnerships, through
15 the National Water Corporation.

16 Every water and/or sewage treatment plant shall secure from the Commission a
17 license pursuant to this Act.

18 Sales of treated water by the water and/or sewage treatment plant sector shall be
19 value-added tax zero-rated.

20 **SEC.8. *Water Distribution/Sewage Pipeline System Sector.*** – The distribution of
21 water to all users, including end-users, or the collection of sewage from all users through a
22 pipeline system shall be a regulated common water carrier requiring a franchise from the
23 Department and a license from the Commission pursuant to this Act. Distribution of water to
24 all users, including end-users, or collection of sewage from all users through a pipeline
25 system owned entirely by government but may be developed by the National Water
26 Corporation either as stand-alone projects or through concession contracts undertaken by
27 private distribution or sewerage utilities through Joint Venture Arrangements or through
28 Public-Private Partnerships.

29 **SEC.9. *Function of Distribution or Sewerage Utilities.*** – Under its Water
30 Supply/Waste Treatment contract, a distribution or sewerage utility shall have the obligation
31 to provide distribution or sewerage services and connections to its pipeline system for any
32 user within its franchise area consistent with the Water Supply and Sanitation Services
33 Code. Any entity engaged therein shall provide open and non-discriminatory access to its
34 distribution or sewerage system to all users.

35 Under its Water Supply/Treatment Contract, any distribution or sewerage utility shall
36 be entitled to impose and collect tariffs, rates, and other charges from such users as
37 approved and licensed by the Commission.

1 And finally, under its Water Supply/Waste Treatment Contract, a distribution or
2 sewerage utility shall have the obligation to supply water or collect sewage in the least cost
3 manner to its captive market. Distribution or sewerage utilities shall prepare and submit to
4 the Department, through their respective Water Resources Regional Offices (WRRO), their
5 annual distribution development plans. Failure to submit a feasible and credible plan and to
6 implement the same, shall serve as grounds for the imposition of appropriate sanctions,
7 fines, or penalties.

8 Distribution or sewerage utilities shall provide universal service within their franchise
9 area, over a reasonable time from the requirement thereof, including unviable areas, as part
10 of their social obligations, in a manner that shall sustain the economic viability of the utility.
11 To this end, distribution or sewerage utilities shall submit to the Department their plans for
12 serving such areas as part of their distribution or sewerage development plans. Franchised
13 areas which a distribution or sewerage utility cannot or does not find viable may be
14 transferred to another distribution or sewerage utility, if any is available, who will provide the
15 service. In case where franchise holders fail and refuse to service any area within their
16 franchise territory and allowed another utility to service the same, then the status quo shall
17 be respected.

18 **SEC.10. Tariffs, Rates, and Other Charges.** – Tariffs, rates, and other charges for
19 water supply and sanitation services shall be filed with and approved by the Commission.
20 Such rates charged by service providers shall be subject to regulation by the Commission
21 based on the principle of full recovery of prudent and reasonable economic costs incurred, or
22 such other principles that will promote efficiency as may be determined by the Commission.

23 **SEC. 11. Related Businesses.** – Service providers for water supply and sanitation
24 services may, directly or indirectly, engage in any related business undertaking which
25 maximizes the utilization of their assets; Provided, That a portion of the net income derived
26 from such undertaking utilizing assets which form part of the rate base shall be used to
27 reduce their tariffs, rates, and other charges as determined by the Commission; Provided,
28 Further, That such portion of net income used to reduce their tariffs, rates, and other charges
29 shall not exceed fifty percent (50%) of the net income derived from such undertaking;
30 Provided, Finally, That separate accounts are maintained for each business.

31 **SEC. 12. Missionary Services.** – The Department of Water, upon taking a complete
32 inventory of all possible sources of water nationwide, shall identify those local districts in the
33 country with little or no access to regular and systematic water supply and sanitation
34 services in the foreseeable future. Contiguous unserved districts/areas shall be bundled into
35 Special Water Incentivized Missionary (SWIM) Zones and auctioned off to qualified Parties
36 at special tariff rates and other incentives to be determined and established by the
37 Commission, as recommended by the National Water Corporation.

SEC. 13. *Structural and Operational Reforms.* - To achieve economies of scale in utility operations, distribution or sewerage utilities may, after due notice and public hearing, pursue structural and operational reforms, such as, but not limited to, joint actions between or among the distribution or sewerage utilities, subject to the guidelines issued pursuant to this Act. Such joint actions shall result in improved efficiencies, reliability of service, reduction of costs, and compliance to the performance standards pursuant to this Act.

Distribution or sewerage utilities shall submit to the Commission, through the National Water Corporation, a statement of their compliance with the technical specifications prescribed in the Water Supply and Sanitation Services Code and the performance standards prescribed by the Commission. Distribution or sewerage utilities which do not comply with any of the prescribed technical specifications and performance standards shall submit to the Commission, through the National Water Corporation, a plan to comply, within three years, with said prescribed technical specifications and performance standards. The Commission shall, within 60 days upon receipt of such plan, evaluate the same and notify the Proponent of its decision.

CHAPTER III

DEPARTMENT OF WATER

SEC. 14. *Department of Water.* – There is hereby created and established the Department of Water, hereinafter referred to as the Department. The Department shall have the organizational structure, powers, and functions needed to perform its mandate as provided in this Act.

SEC. 15. *Mandate of the Department.* - The Department shall be the primary agency responsible for the comprehensive application of the Integrated Water Resources Management system (IWRM) for the Philippines. It shall exercise such powers and functions needed to review, revise, harmonize, and integrate policies and regulations for the discovery and conservation of water resources nationwide and the effective management of water supply, sanitation, irrigation, hydropower, flood control and flood and drought risk management, and storm water and urban drainage. The Department shall be guided by the IWRM framework, take climate risks into account, and ensure sustainability of natural ecosystem functions and services. In managing water resources, the Department install water infrastructure to improve water conservation, increase system efficiencies, and optimize the use of all freshwater in the country, including groundwater, surface water, rainwater, run-offs, floods, storm water, urban drainage, and treated wastewater, to meet various needs.

Consistent with its mandate, the Department shall have the following objectives:

1 a) To prioritize and seek the immediate attainment of universal access to safe,
2 adequate, affordable, and sustainable water supply and improved sanitation services for all
3 inhabitants of the country in a manner consistent with the protection, preservation, and
4 revival of the quality of the country's water resources, and to adopt all needed measures to
5 advance the right of the people to a balanced and healthful ecology in accord with the
6 rhythm and harmony of nature;

7 b) To strengthen and coordinate IWRM planning and policy-making to ensure
8 sustainable and fair allocation and efficient use of water resources among competing uses
9 and users, including but not limited to domestic and municipal use, agriculture (irrigation,
10 farming, and fisheries), power generation, commercial, and industrial use;

11 c) To ensure that IWRM is strongly coordinated with land use and cover, coastal
12 zone and multi-hazard planning and management, including flood control and flood and
13 drought risk management;

14 d) To promote State participation in information sharing and education around
15 best practices in the international movement to achieve universal access to safe water and
16 improved sanitation and the integration of water, energy, food security and environment;

17 e) To strengthen and coordinate policy-making and planning for flood
18 management, integrated with storm water and urban drainage and appropriate retention or
19 retarding basins in order to plan against, prevent, and minimize the detrimental and
20 catastrophic effects of flooding;

21 f) To encourage and enable private sector participation in the continued growth
22 and development of the water sector, particularly in the origination, conveyance, distribution,
23 treatment and sanitation of water assets nationwide;

24 g) To promote and adopt water demand management as a national policy to
25 ensure that water is optimized, that water efficiency and conservation become a way of life,
26 that the recycling and reuse of water and treated wastewater are widely practiced, that water
27 is properly priced to encourage efficient use and conservation and that rainwater, flood
28 waters, and run-offs are captured and harvested, stored, and treated for future use;

29 h) To ensure that the planning and design of water infrastructure considers the
30 highest efficiency and most appropriate quality, in accordance with national development
31 objectives; and

32 i) To ensure that gender equality, social inclusion, climate resiliency and
33 disaster risk reduction are integrated into any IWRM planning, policy-making, and the design
34 and construction of water infrastructure;

35 j) To ensure and oversee the effective implementation of all water-related laws,
36 including Presidential Decree No. 1067 or the Water Code of the Philippines and Republic
37 Act No. 9275 or the Philippine Clean Water Act of 2004.

SEC. 16. Powers and Functions of the Department. – The Department shall have

the following powers and functions:

I. Policy-making and Planning

a) Ensure that IWRM is adopted as the strategic framework for water management policy-making and planning in the country and coordinate the implementation, promotion, revision, and enhancement of IWRM plans;

b) Provide policy direction, strategies, and targets in coordination with other relevant entities to meet the goals and objectives for water supply and sanitation, water quality, irrigation, hydropower, flood control and flood and drought risk management, and stormwater and urban drainage. Such policies shall, among other things, integrate the issues of water and sanitation, food security, energy, environment, and flood control consistent with IWRM;

c) Formulate and develop policies to promote universal access to safe, adequate, affordable, and sustainable water supply and sanitation services for all citizens and inhabitants of the Philippines;

d) Formulate and promulgate rules and regulations for the development and optimum utilization of water resources and its administration and management, including coherent water protocols and operating rules for all existing and future water infrastructure, and the imposition of fees or charges as may be deemed necessary by the Department for water resources development;

e) Develop, in consultation with other agencies and stakeholders, the National Water Resources Management Master Plan following the IWRM framework and building on the 1998 Master Plan Study on Water Resources Management, the Philippine Water Supply and Sanitation Master Plan, and existing plans of other agencies;

f) Conduct continuing hydrologic surveys and studies of the country's renewable water supply and establish, operate, and maintain observation station networks with a view towards formulating long-term policies to balance the sustainability and optimal multiple use of water resources defining the hydrologic boundaries of basins of the existing water supply sources and developing or updating and implementing countrywide comprehensive basin-wide master plans;

g) Establish, operate, and maintain a centralized water resources data center necessary for the scientific survey and appraisal of surface and ground water potentials of the country and determine the annual renewable water available per water resources region;

h) Assist and provide the NEDA secretariat with required data and input from and for the water sector in the formulation of the country's short-term and long-term strategic development plans and actions, and recommend the adoption of general policies and guidelines for water resources development to the NEDA secretariat;

1 i) Review and approve water resources development plans and programs of
2 any agency within the context of the National Water Resource Management Master Plan and
3 overall national plans and programs;

4 j) Regularly review regulations prescribed by any government agency pertaining
5 to water use, exploitation, development, conservation or protection of waters, water
6 resources, and watershed or basin areas;

7 k) Develop and implement in coordination with other relevant agencies, effective
8 codes, standards, benchmarks, and reasonable guidelines to ensure the safety of all public
9 and private water structures in the country and assure efficiency and proper quality in the
10 construction of water, sanitation, irrigation, hydropower, flood control, and drainage
11 infrastructure;

12 l) Review existing guidelines appropriate for private sector participation in water
13 and make needed recommendations to other agencies to promote and enable more PPPs in
14 water;

15 m) Institutionalize the collaboration between the Government and the Private
16 Sector, the National Water Corporation, in the generation of new water sources, in the
17 installation of nationwide water and sewage treatment facilities, and in the establishment of a
18 comprehensive water and sewage pipeline network to provide clean, adequate, reliable and
19 affordable water for all;

20 n) Effect inter-sectoral, inter-agency, and inter-departmental coordination on all
21 aspects of data gathering for water resources development planning and compel
22 submissions of statistics and data on water management with the aim of operationalizing the
23 integrated approach to water resources management or IWRM;

24 o) Issue and promulgate rules, regulations, and guidelines, as may be necessary
25 to implement and enforce its powers and functions under this Act.

26 II. Resource Regulation

27 p) Manage, protect, and preserve the country's water resources to ensure the
28 optimal use thereof for water supply uses, sanitation, irrigation, hydropower, navigation,
29 flood control, and recreation, including the enhancement and maintenance of water quality,
30 conservation of watersheds, control of water pollution, and environmental restoration,
31 without compromising the natural ecosystem functions and services consistent with IWRM;

32 q) Regulate and control the utilization, abstraction, diversion, and development
33 of water resources, taking into consideration its equitable distribution among competing
34 demands and determine the standards of beneficial and priority uses of water in times of
35 crisis and national emergencies;

36 r) Determine, adjudicate, and grant water rights to all qualified persons, whether
37 natural or juridical, in accordance with law;

1 s) Formulate and enforce rules and regulations for the development and
2 optimum use of water resources and its administration and management; implement rules,
3 regulations, and guidelines for the enforcement of water-related laws, including coherent
4 water protocols, operating rules of all existing and future water infrastructure; and impose
5 appropriate sanctions for non-compliance;

6 III. Administration and Management

7 t) Develop guidelines, including rules of partnership among the Department,
8 field offices of national government agencies, Local Government Units (LGUs) and other
9 stakeholders, and facilitate the establishment of multi-stakeholder River Basin Organizations
10 (RBOs) per river basin and strengthen and support existing RBOs and monitor their
11 activities;

12 u) Develop materials for capacity building and training on RBO development and
13 conduct training and workshops for prospective river basins;

14 v) Authorize its representatives or any deputized agent to enter any property of
15 public dominion or any private land, building or enclave, whether inhabited or not, for the
16 purpose of conducting hydrologic surveys and investigations, including assessing and
17 evaluating the conditions of water facilities installed and determining compliance with water
18 laws and standards, in accordance with law;

19 w) Provide technical assistance to water users, including but not limited to
20 farmers, communities, LGUs, and other water service providers, whether directly or in
21 coordination with other agencies on all aspects of IWRM;

22 x) Respond to consumer complaints and ensure the adequate promotion of
23 consumer interests;

24 y) Deputize agents, whether from the public or private sector, to assist in the
25 performance of any of the powers and functions of the Department;

26 z) Appoint, hire, and maintain adequate staff and personnel, advisers, and
27 consultants with suitable qualifications and experience, as necessary;

28 IV. Coordination

29 aa) Coordinate and integrate on a sound and logical basis water resources
30 development activities of the country within the context of national plans and policies for
31 social and economic development;

32 bb) Coordinate with other government agencies, universities, and private
33 professional groups all aspects of data gathering, the conduct of special studies and
34 research on all related aspects of water resources management and development, such as
35 climate change, environmental quality, desalination, and the development of operating
36 strategies, procedures, and protocols with accompanying computerized decision tools for
37 major water facilities;

1 cc) Coordinate with the concerned and relevant agencies engaged in flood
2 control, and flood and drought risk management;

3 dd) Proactively coordinate with LGUs to ensure the integration of water resources
4 development plans into their comprehensive land use plans, comprehensive development
5 plans, and provincial physical framework and development plan;

6 V. General or Others

7 ee) Exercise such other powers and functions necessary or incidental to the
8 effective administration and management of the country's water resources; and

9 ff) Carry out such other functions as the President may from time to time assign
10 to the Department consistent with the provisions of this Act.

11 **SEC. 17. *Composition.*** – The Department shall be headed by a Secretary. The
12 Department proper shall be composed of the Office of the Secretary, the Offices of the
13 Undersecretaries and the Assistant Secretaries, and the services, offices, and bureaus of
14 the Department.

15 **SEC. 18. *Secretary of Water.*** – The Secretary shall be appointed by the President,
16 subject to confirmation by the Commission on Appointments. The Secretary shall have the
17 following functions and responsibilities:

18 a) Advise the President on the promulgation of executive or administrative
19 orders, regulations, proclamations, and other issuances relative to matters under the
20 jurisdiction of the Department;

21 b) Establish the policies and standards for the operation of the Department
22 pursuant to the President's guidelines;

23 c) Promulgate rules and regulations necessary to carry out Department
24 objectives, powers and functions;

25 d) Exercise supervision and control over all offices under the Department;

26 e) Supervise all attached agencies of the Department in accordance with law;

27 f) Represent the Department in contracts, awards, and the like;

28 g) As deemed appropriate by the Secretary, delegate authority for the
29 performance of any power or function as defined herein to officials and employees under his
30 direction; and

31 h) Perform such other duties and responsibilities as may be provided by law.

32 **SEC. 19. *Undersecretaries.*** – The Secretary shall be assisted by not more than
33 three Undersecretaries, who shall be appointed by the President upon the recommendation
34 of the Secretary.

35 **SEC. 20. *Assistant Secretaries.*** – The Secretary shall be assisted by three
36 Assistant Secretaries, who shall be appointed by the President upon the recommendation of
37 the Secretary.

1 **SEC. 21. Qualifications.** – No person shall be appointed Secretary, Undersecretary,
2 or Assistant Secretary of the Department unless he or she is a citizen and resident of the
3 Philippines, of good moral character, of proven integrity and with at least seven years of
4 competence and legal, financial, engineering or technical expertise in any of the following:
5 water, sanitation, irrigation, flood control, and drainage programs, preferably in a public
6 agency.

7 **SEC. 22. Services, Offices, and Bureaus.** – Subject to the power of the Secretary,
8 with the approval of the President, to reorganize, restructure, and redefine the functions of
9 the services, offices, and bureaus for the effective discharge of the powers and functions of
10 the Department under this Act, the Department shall have the following services, offices, and
11 bureaus: Planning and Policy Service; Decision Support System Service; Administrative and
12 Human Resource Service; Legal and Legislative Service; Comptrollership and Financial
13 Management Service; Resource Regulation Service; Internal Audit Office; Public Affairs
14 Office; Bureau of Flood Control and Drainage; and Bureau of Water Quality Management.

15
16 The services, offices, and bureaus shall have the following powers and functions:

17
18 I. Planning and Policy Service –

- 19 a) Advise the Secretary on all matters relating to water resources planning;
20 b) Formulate strategies and priorities for water resources management and
21 development consistent with national development objectives and, initiate or undertake
22 relevant surveys for development planning;
23 c) Develop and regularly update a comprehensive and integrated National
24 Water Resources Management Master Plan and ensure its integration into existing land use
25 plans;
26 d) Coordinate river basin planning following the IWRM framework and the river
27 basin approach;
28 e) Formulate or update existing River Basin Master Plans which include all
29 aspects of water management and development such as water supply and sanitation,
30 irrigation, flood control, storm water and urban drainage, flood and drought risk
31 management, water resource development systems, and other infrastructure and public
32 works projects, including phasing of implementation;
33 f) Based on the river basin master plan, identify priority packages for water
34 infrastructure development per river basin, including water supply, sanitation, irrigation, flood
35 control, storm water and urban drainage, flood and drought risk management, water
36 resource development systems, and other infrastructure and public works projects, package
37 proposals for funding and prioritized project implementation and the allocation of funds and

1 other resources and undertake or supervise and evaluate the conduct of feasibility studies
2 and project preparation thereof;

3 g) Evaluate and appraise all regional and inter-regional water infrastructure
4 development plans and programs as to their feasibility and consistency with approved
5 strategies and long and medium-term plans;

6 h) Initiate regular Department-wide planning exercises and act as the secretariat
7 thereof;

8 i) Gather, analyze, and organize needed statistical data and information;

9 j) Provide technical assistance related to its functions to the other offices in the
10 Department, as needed;

11 k) Conduct hydrologic and hydraulic surveys and assessments of surface
12 waters;

13 l) Develop general criteria and standards on project investigation, formulation,
14 and planning;

15 m) Develop guidelines and standards on social inclusion in water resources
16 management and ensure policies, programs, and plans are compliant with the gender and
17 development framework of the government;

18 n) Closely coordinate with PAGASA for rainfall and other climate data that
19 should be considered in the planning for water resources development and management
20 and for various water infrastructure; and

21 o) Perform such other related duties and responsibilities as may be assigned or
22 delegated by the Secretary or as may be required by law.

23 24 II. Decision Support System Service

25 a) Provide the Secretary needed data and processed information to aid in policy
26 and management decisions under the mandate of the Department;

27 b) Publish available real-time raw water data as well as verified or validated
28 water data in tabular and graphical displays as time series and spatial data;

29 c) Conduct and publish standard data analysis such as basic statistical analysis,
30 trend analysis, analysis of runs, cluster analysis, etc.;

31 d) Develop and continuously update water resource management, computerized
32 decision support system (DSS) that incorporates data management system (acquisition and
33 database), model base (physical, design, planning and decision models), and user-friendly
34 interface (graphical and visualization tools). This DSS is composed of but not limited to a
35 measurement or data acquisition system, information or database management system,
36 analytical and numerical models for design and planning and decisions and evaluation
37 purposes, and a user-friendly interface that includes graphical interface or visualization tools;

1 e) The specific models to be developed and maintained should include but not
2 be limited to the following: long-term climatologic and weather forecasting models,
3 watershed models and river flood plain models, groundwater models and coupled to surface
4 water models, flood forecasting models for major rivers, optimization-simulation and
5 management models for watershed conservation, conjunctive surface and groundwater use,
6 irrigation scheduling, normal and emergency operations of multipurpose reservoirs, and
7 water quality and ecological models;

8 f) Develop and manage the management information system and knowledge
9 systems of the Department, including the retrieval and processing of monitoring information
10 on all projects and activities of concern to the Secretary and the web portal and conduct
11 systems and process engineering, software development, software configuration
12 management, develop and manage the Department's corporate database, unified database
13 for water industry, data warehouse, other water information resources, library services and
14 document management and archiving services, develop and manage the Department's ICT
15 infrastructure and provide ICT-related services to the Department, including computer
16 networking and voice communications services and data exchange, manage the literacy and
17 training services of the Department on various ICTs, KM tools and applications, including
18 information and knowledge management; and

19 g) Perform such other related duties and responsibilities as may be assigned or
20 delegated by the Secretary or as may be required by law.

21 III. Administrative and Human Resource Service

22 a) Advise the Secretary on all matters relating to internal administration and
23 human resources management;

24 b) Prepare and implement an integrated personnel development plan that shall
25 include provisions on merit promotions, performance evaluation, job rotation, suggestions
26 and incentive awards systems, and health and welfare services;

27 c) Provide services related to human resource training, education, and
28 development, including manpower, career planning and forecasting, and development of
29 indigenous training materials;

30 d) Prepare and implement gender equality plans in the Department;

31 e) Develop, establish, maintain an efficient and cost-effective property
32 procurement system and facilities, and coordinate or otherwise interface with relevant
33 agencies, whether government or private, for the purpose of developing or upgrading the
34 system;

35 f) Secure and maintain necessary Department facilities, and develop, establish,
36 and maintain an efficient and effective security system covering, among others, personnel,

1 physical installations, equipment, documents, and materials, including the conduct of
2 security investigations;

3 g) Coordinate with the appropriate government agencies for a more efficient
4 conduct of administrative processes;

5 h) Develop, establish, and maintain an efficient records system;

6 i) Provide assistance in its area of specialization to the Department proper,
7 Water Resources Regional Offices (WRROs), and, when requested, to the attached
8 agencies of the Department; and

9 j) Perform such other related duties and responsibilities as may be assigned or
10 delegated by the Secretary or as may be required by law.

11 IV. Legal and Legislative Service

12 a) Advise the Secretary on all matters relating to legal and legislative affairs;

13 b) Prepare Department contracts and legal instruments, review and interpret all
14 contracts and agreements entered into by the Department and evaluate all legal proposals;

15 c) Conduct administrative investigation as well as the review of administrative
16 charges against officers and employees of the Department;

17 d) Exercise functional jurisdiction over the legal staffs of WRROs;

18 e) Provide legal assistance to the offices in the Department, WRROs, and, when
19 requested, to the attached agencies of the Department;

20 f) Develop and prepare the Department's legislative agenda, recommend
21 Presidential certification of the urgency of priority water bills, and other water-related
22 legislations;

23 g) Coordinate and maintain linkages among the various offices, bureaus,
24 regional offices, and attached agencies to the Department, along with other government
25 agencies on policy matters affecting the Department's mandate in relation to legislation;

26 h) Maintain effective liaison with the House of Representatives and the Senate
27 regarding legislative inquiries and enactment of water bills or other laws that will affect water;

28 i) Monitor the progress of the Department's priority or certified bills to ensure
29 passage; and

30 j) Perform such other related duties and responsibilities as may be assigned or
31 delegated by the Secretary or as may be required by law.

32 V. Comptrollership and Financial Management Service

33 a) Advise the Secretary on all matters relating to the accounting of government
34 expenditures and receipts, budgeting and cash management, project finances, and financial
35 systems and procedures;
36

1 b) Prepare budget proposals and pursue formal budget authorizations,
2 undertake budget execution, and prepare and submit all appropriate reports to the proper
3 offices;

4 c) Develop and maintain accounting, financial, and assets management
5 systems, procedures, and practices in the Department proper and WRROs;

6 d) Review and apprise systems and procedures, organizational structure, assets
7 management practices, accounting, and other records, reports, and performance standards,
8 such as budgets and standard costs of the Department proper and WRROs;

9 e) Provide assistance in its area of specialization to any offices in the
10 Department proper, WRROs, and, when requested, to the attached agencies of the
11 Department; and

12 f) Perform such other related duties and responsibilities as may be assigned or
13 delegated by the Secretary or as may be required by law.

14 VI. Resource Regulatory Service

15 a) Advise the Secretary on all matters relating to resource regulations;

16 b) Determine, grant, and regulate water rights for the appropriate, optimal, and
17 sustainable use of surface and ground water;

18 c) Determine, evaluate, and grant waterworks and sewerage franchises;

19 d) Investigate violations of water rights, the Water Code of the Philippines, and
20 other related water laws, and impose the appropriate sanctions in accordance with law;

21 e) Adjudicate water use conflicts; and

22 f) Perform such other related duties and responsibilities as may be assigned or
23 delegated by the Secretary or as may be required by law.

24 VII. Internal Audit Office

25 a) Advise the Secretary on all matters relating to management control and
26 operations audit;

27 b) Conduct management and operations performance audit of Department
28 activities and units and determine as to the degree of compliance with established
29 objectives, policies, methods and procedures, government regulations, and contractual
30 obligations of the Department;

31 c) Review and appraise systems and procedures, organizational structure,
32 assets management practices, accounting, and other records and performance standards,
33 such as budgets and standard costs, of the Department proper and WRROs;

34 d) Analyze and evaluate management deficiencies and assist top management
35 to solve problems by recommending realistic courses of action; and

36 e) Perform such other related duties and responsibilities as may be assigned or
37 delegated by the Secretary or as may be required by law.

1
2 VIII. Public Affairs Office

3 A. Public Awareness

- 4 a) Advise the Secretary on matters pertaining to public affairs services;
- 5 b) Develop and supervise the implementation of communications programs to
6 have relevant policies, programs, and plans of the Department understood by the public;
- 7 c) Produce and supervise the dissemination of communication materials in line
8 with the priorities of the Department and the national government public information
9 programs;
- 10 d) Conduct public opinion and attitude surveys to identify the interests and
11 concerns of key groups served by the Department;
- 12 e) Establish editorial policies on print and broadcast media;
- 13 f) Establish and maintain linkages with the tri-media and presence in social
14 media;
- 15 g) Coordinate the conduct of interviews and news conferences;
- 16 h) Act as spokesperson for the Department;
- 17 i) Coordinate with various Department units, concerned government agencies,
18 tri-media and other stakeholders on matters related to the above-enumerated functions;
- 19 j) Coordinate with the appropriate national government agencies tasked with
20 public information affairs;

21 B. Promoting Participation

- 22 k) Conduct public consultations and discussions;
- 23 l) Develop and disseminate relevant and appropriate materials and programs
24 for public information and education, as well as advocacy campaign;
- 25 m) Conduct seminars and workshops involving the LGUs and the general public
26 on current water issues and problems;
- 27 n) Conduct capability building seminars of various stakeholders to promote
28 meaningful participation in the Department's policy-making, planning, development, and
29 implementation of various programs and projects.

30 C. Special Events

- 31 o) Coordinate the organization and promotion of special events and water
32 exhibits;
- 33 p) Act as the focal point for all water related events; and
- 34 q) Perform such other related duties and responsibilities as may be assigned or
35 delegated by the Secretary or as may be required by law.

36 IX. Bureau of Flood Control and Drainage and Drought

1 a) Formulate policy, strategies, and programs on flood and drought risk
2 management in the context of integrated flood and drought management, which integrates
3 water, land, coastal zone, and multi-hazard management consistent with IWRM. In
4 integrating land-use planning and water management, the Department should harmonize
5 and synthesize plans to enable the sharing of information between land-use planning and
6 water management authorities in accordance with IWRM. In integrating hazard
7 management, a holistic approach should be adopted so that integrated flood and drought
8 management should be part of a wider risk or multi-hazard management system (e.g.
9 earthquake, landslide, fire, tsunami, etc.);

10 b) Integrate climate change and disaster risk reduction and management in
11 policies and plans;

12 c) Prepare master plans of flood management and drainage and drought
13 management in river basins in coordination with the concerned WRROs and RBOs;

14 d) Prepare master plans of urban drainage in cities and municipalities;

15 e) Prepare feasibility studies of recommended measures in the master plans;

16 f) Plan and design structural measures for flood control and drainage and
17 drought;

18 g) Implement and collaborate with concerned agencies on the non-structural
19 measures;

20 h) Patrol and investigate rivers, including the monitoring of stream flows;

21 i) Conduct post-disaster investigations and evaluation and damage assessment
22 of flood infrastructures after extreme events;

23 j) Conduct research and development on water and sediment-related disasters;

24 k) Develop design guidelines, criteria, and standards on flood control and
25 drainage structures;

26 l) Provide technical assistance to other government agencies, including LGUs,
27 and other stakeholders;

28 m) Advise the Secretary on declaring flood control areas and recommend
29 guidelines for flood plain management plans in these areas in coordination with National
30 Disaster Risk Reduction Management Council (NDRRMC); and

31 n) Perform such other related duties and responsibilities as may be assigned or
32 delegated by the Secretary or as may be required by law.

33 34 X. Bureau of Water Quality Management

35 a) Establish water quality guidelines for freshwater and coastal and marine
36 waters as basis for classifying water bodies in the country; specifically, develop water quality

1 indices or composite metrics to measure the quality status and health of natural water bodies
2 in relation to ecological integrity and function;

3 b) Establish effluent standards for point sources of pollution;

4 c) Establish internationally accepted procedures for sampling and analysis;

5 d) Prepare an integrated water quality management framework;

6 e) Prepare 10-year water quality management plans for each water quality
7 management area as part of the River Basin Master Plans and in support of the National
8 Water Resources Management Master Plan;

9 f) Classify groundwater sources and prepare a national groundwater
10 vulnerability map;

11 g) Classify or reclassify all water bodies according to their beneficial usages
12 using the water quality guidelines established;

13 h) Issue permits, clearances, and similar instruments, pursuant to the Philippine
14 Clean Water Act of 2004;

15 i) Collect the wastewater discharge (EUF) fees for all permittees;

16 j) Monitor the compliance of water discharge permittees with the effluent
17 standards;

18 k) Regularly monitor the water quality of major water bodies in the country and
19 analyze the data to identify possible sources of pollution;

20 l) Issue notices of violation and cease and desist orders for those found in
21 violation;

22 m) Investigate cases against violators with the Water Pollution Adjudication
23 Board;

24 n) Serve as the secretariat of the Water Pollution Adjudication Board; and

25 o) Perform such other related duties and responsibilities as may be assigned or
26 delegated by the Secretary or as may be required by law.

27 **SEC. 23. Water Pollution Adjudication Board.** – There is hereby created a Water
28 Pollution Adjudication Board under the Office of the Secretary. The Board shall be
29 composed of the Secretary as Chairperson, two Undersecretaries as may be designated by
30 the Secretary, the head of the Water Quality Management Bureau, and three representatives
31 from other stakeholders to be designated by the Secretary as members. The Board shall
32 assume the powers and functions of the National Pollution Control Commission with respect
33 to the adjudication of water pollution cases. The Bureau of Water Quality Management shall
34 serve as the secretariat. These powers and functions may be delegated to the field officers
35 of the Department in accordance with rules and regulations to be promulgated by the Board.

36 **SEC. 24. Water Resources Regional Offices.** – The WRROs, organized per water
37 resources region as deemed necessary and appropriate by the Secretary, shall be

1 responsible for implementing the mandate, and powers and functions of the Department at
2 the field level, except for policy-making vested solely in the central office. For this purpose, it
3 shall have the following powers and functions:

4 a) Formulate or update and coordinate the river basin master plans for river
5 basins within its jurisdictions, ensuring consistency with the National Water Resources
6 Management Master Plan;

7 b) Advocate and strongly support the creation and functioning of multi-
8 stakeholder RBOs and serve as the secretariat of such RBOs;

9 c) Undertake and evaluate the planning, design, construction, and work
10 supervision functions of the Department for the infrastructure and public works within the
11 region;

12 d) Ensure the implementation of laws, policies, programs, rules, and regulations
13 regarding the abovementioned infrastructure as well as public and private physical
14 structures;

15 e) Provide technical assistance related to their functions to other agencies within
16 the region, especially LGUs;

17 f) Coordinate with other departments, agencies, institutions, and organizations,
18 especially LGUs, within the region, in the planning and implementation of river basin master
19 plans;

20 g) Conduct continuing consultations with the local communities, take appropriate
21 measures to make the services of the Department responsive to the needs of the general
22 public, compile and submit such information to the central office, and recommend such
23 appropriate actions as may be necessary; and

24 h) Perform such other related duties and responsibilities as may be assigned or
25 delegated by the Secretary or as may be required by law.

26 Each WRRO shall be headed by a Regional Director who shall be responsible for
27 efficiently and effectively carrying out the powers and functions of the WRRO. The Regional
28 Director shall be assisted by two Assistant Regional Directors who shall supervise the
29 planning, project design, and evaluation function; and the technical assistance function to
30 the RBOs in the region.

31 **SEC. 25. *Transfer of Agencies and Personnel.*** – Unless otherwise provided in this
32 Act, the following agencies are hereby abolished, and their powers and functions, applicable
33 funds and appropriations, records, equipment, property, and personnel transferred to the
34 Department:

35 a) The National Water Resources Board (NWRB);

36 b) The River Basin Control Office (RBCO) of the Department of Environment
37 and Natural Resources (DENR);

- 1 c) The Manila Bay Coordinating Office (MBCO) of the DENR;
- 2 d) The flood management planning and sediment management function of the
- 3 flood control management cluster of the Department of Public Works and Highways
- 4 (DPWH);
- 5 e) The Water Quality Management Section of the Environmental Management
- 6 Bureau (EMB) of the DENR;
- 7 f) The function of the Mines and Geosciences Bureau (MGB) of the DENR to
- 8 conduct hydrological surveys; and
- 9 g) The monitoring of stream flow and other water data collection function of the
- 10 Bureau of Design of the DPWH.

11 The following existing agencies are hereby attached to the Department for policy and

12 program coordination, and shall continue to operate and function in accordance with the

13 charters, laws, or orders creating them, insofar and they are not inconsistent with this Act:

- 14 a) The Local Water Utilities Administration (LWUA);
- 15 b) the Metropolitan Waterworks and Sewerage System (MWSS);
- 16 c) the National Irrigation Administration (NIA);
- 17 d) the Laguna Lake Development Authority (LLDA);
- 18 e) the Pasig River Rehabilitation Commission; and
- 19 f) any other agency exercising water resources management, conservation, and
- 20 protection functions, which may be ordered to be transferred to the Department.

21 The National Water Corporation, established by this Act, is hereby attached to the

22 Department of Water and shall function as its corporate arm. Its powers and functions are

23 defined in Chapter V of this Water Security Act.

24 The laws and rules on government reorganization as provided for in Republic Act No.

25 6656 or the Reorganization Law, shall govern the reorganization process of the Department.

26 **SEC. 26. Apex Council of Advisers on Water Affairs.** – An apex council of

27 advisers on water affairs consisting of five members, including at least one representative

28 from the private sector, may be called upon by the President to advise him or her on the

29 overall water program, especially on private sector initiatives and proposals.

30

31 CHAPTER IV

32 WATER REGULATORY COMMISSION

33 **SEC. 27. Water Regulatory Commission.** – There is hereby created and

34 established an independent, quasi-judicial regulatory body, the Water Regulatory

35 Commission, hereinafter referred to as the Commission. The Commission shall be an

36 attached agency of the Office of the President. The Commission shall have a Board of

37 Commissioners and shall be vested with powers and functions as defined in this Act.

1 **SEC. 28. *Regulatory Units.*** – The Regulatory Units of the Commission shall be
2 composed of the Provincial Regulatory Units and the Central Regulatory Unit.

3 The Provincial Regulatory Units shall be established by the Commission in
4 accordance with such rules, regulations, guidelines, and standards as the Commission shall
5 issue, and as provided hereunder.

6 Moreover, the pertinent regulatory divisions or units of the MWSS, NWRB, and
7 LWUA are hereby transferred to the Commission, and they shall collectively comprise its
8 Central Regulatory Unit for water supply and sanitation services that provide services to
9 Metro Manila, other metropolitan areas, or more than one province; or that are owned,
10 operated, and maintained by special economic zones.

11 **SEC. 29. *Powers and Functions of the Commission.*** – The overall authority and
12 powers of the Commission shall cover and apply to all service providers, whether private or
13 public, providing or intending to provide water supply and sanitation services, including
14 suppliers to subdivisions and other service providers, sewerage, and septage treatment and
15 disposal services for domestic or residential, industrial or commercial use.

16 The Commission shall have the following powers and functions:

17 a) Issue and promulgate rules, regulations, and guidelines as may be necessary
18 to implement and enforce its powers and functions under this Act;

19 b) Set and enforce just and reasonable technical standards, classifications, and
20 measurements of service;

21 c) Promulgate and enforce, in accordance with law, a Water Supply and
22 Sanitation Services Code;

23 d) Appoint central and provincial regulators;

24 e) Establish rules and regulations to monitor, avoid, and provide remedies for
25 any market power abuse or anti-competitive or discriminatory act or behavior by or against
26 any participant in the water supply and sanitation services in collaboration with the
27 Philippine Competition Commission (PCC). Upon finding that a market participant has
28 engaged in, or fell victim to such act or behavior, the Commission, in collaboration with the
29 PCC, shall act to stop and redress the same. Such remedies may, without limitation, include
30 the imposition of price controls, issuance of injunctions, requirement of divestment or
31 disgorgement of excess profits, invalidation of contracts, and imposition of fines and
32 penalties pursuant to law.

33 f) Adopt and require that books, records, and accounts be kept and maintained
34 in accordance with the prescribed uniform accounting system;

35 g) Fix and determine proper and adequate rates of depreciation of properties
36 and equipment used in water supply and sanitation services;

1 h) Impose and collect annual levies determined as a percentage of gross
2 revenue accruing in relation to the licensed activities, and reasonable fees and surcharges
3 as may be necessary for achieving the purposes, powers, and functions of the Commission;

4 i) Require the submission of reports of finances and operations, verified under
5 oath by the owner or president and secretary of the licensee;

6 j) Determine and require the monitoring and submission of such data, statistics,
7 and other information from the Regulatory Units and any or all licensees as may be
8 necessary for the effective and efficient exercise of its duties, functions, powers, and
9 responsibilities;

10 k) Investigate, *motu proprio* or upon complaint in writing, any matter concerning
11 the operation of the service and require that service be provided in a proper and suitable
12 manner;

13 l) Impose penalties and fines against any licensee or against its owners,
14 directors, officers, agents or representatives for any violation of this Act or of the license,
15 order, rule, regulation, or requirement issued by the Commission;

16 m) Require any licensee to pay the actual expenses incurred by the Commission
17 in any investigation if it shall be found that a licensee violated any provision of this Act or of
18 the license, order, rule, regulation, or requirement issued by the Commission;

19 n) Advise, apprise, and coordinate with other relevant agencies of the national or
20 local government on any matter relating to water supply and sanitation services;

21 o) Deputize agents, whether from the public or private sector, to assist in the
22 performance of any powers and functions of the Commission;

23 p) Upon appeal and after due hearing, appoint an interim or temporary
24 management committee to ensure continuity of service in case a licensee fails to meet the
25 conditions of its license and the concerned Regulatory Unit fails or refuses to appoint an
26 interim management committee as provided in the following section;

27 q) Appoint, hire, and maintain adequate staff and personnel, advisers, and/or
28 consultants, with suitable qualifications and experience, as necessary;

29 r) Exercise original and exclusive jurisdiction over all cases contesting rates,
30 fees, fines, and penalties imposed by the Regulatory Units in the exercise of their powers,
31 functions, and responsibilities as set forth herein, and over all cases involving disputes
32 between and among participants or stakeholders in water supply and sanitation services;
33 and

34 s) Exercise such other incidental powers and functions as may be necessary to
35 attain the objectives of this Act.

36 **SEC. 30. Powers and Functions of the Regulatory Units.** – The Regulatory Units
37 of the Commission shall have the following powers and functions:

1 a) Issue licenses authorizing the operation of water supply and sanitation
2 services in any specified area or areas within the Philippines;

3 b) Impose fines, charges, and other penalties upon any service provider and its
4 officers and directors who shall fail or refuse to register and obtain a license prior to
5 operation or commencement of business, as provided hereunder;

6 c) Consistent with rules, guidelines, procedures, and methodologies, which the
7 Commission shall provide, review, determine, fix, and approve proposed water and
8 sewerage tariffs, rates, and other charges that licensees may impose upon their customers
9 or consumers;

10 d) Appraise and value property and equipment used by licensees in providing
11 water supply and sanitation services;

12 e) Enforce financial, technical, and other performance standards set by the
13 Commission for licensees;

14 f) Respond to consumer complaints and ensure adequate protection of
15 consumer interests;

16 g) Investigate accidents directly or indirectly arising from or connected with the
17 maintenance or operation of the service, and make such order or recommendation as the
18 public interest may warrant;

19 h) Upon petition or *motu proprio*, where in its determination public interest so
20 dictates, require the review and approval of contracts or agreements that may impact on the
21 tariffs, rates, and other charges of service provision entered into by service providers;

22 i) Require the submission of reports, plans, and other documents that set out
23 the performance targets of licensees;

24 j) Impose and collect annual levies determined as a percentage of gross
25 revenue accruing in relation to the licensed activities, and reasonable fees and surcharges
26 as may be necessary for achieving the purposes, powers, and functions of the regulator;

27 k) Conduct benchmarking and monitor the performance of licensees under their
28 jurisdiction, and publish reports detailing the results thereof, as may be necessary or
29 required by the Commission;

30 l) Amend, modify, suspend, or revoke any license issued by them, after due
31 notice and hearing, on any of the following grounds:

32 i. When the facts and circumstances on which the license was issued
33 have been misinterpreted or has materially changed;

34 ii. Where the licensee has failed to meet or comply with terms,
35 conditions, and performance targets – including but not limited to service expansion –
36 that may have been set in the license;

1 iii. Where the licensee is found to be manifestly inefficient in the
2 operation of or provision of water supply and sanitation services in its area; or

3 iv. When the holder thereof has violated or willfully refused to comply with
4 any order, rule, or regulation of the Commission or any provision of this Act;

5 m) Appoint an interim management committee to ensure continuity of service in
6 case a licensee fails to meet the conditions of its license; and

7 n) Submit performance plans and reports as required by the Commission.

8 **SEC. 31. Composition.** – The Commission shall be a collegial body composed of
9 five full-time members composed of a Chairperson and four members, who shall be
10 appointed by the President. All members of the Commission must be citizens and residents
11 of the Philippines, at least 35 years of age, and of good moral character, recognized integrity
12 and competence in the field of law, business, commerce, finance, accounting, public
13 administration, economics, management, physical or engineering services, hydrology, and
14 other related services, with at least three years actual and distinguished experience in their
15 respective fields of expertise: Provided, That out of the four members of the Commission, at
16 least one shall be a member of the Philippine Bar with at least 10 years of experience in the
17 practice of law, and at least one shall be a public accountant with at least 10 years of active
18 practice.

19 The term of office of each member of the Commission shall be seven years;
20 Provided, However, That among the members first appointed, the Chairperson shall serve
21 for a period of seven years, two members shall serve for five years, and the other two
22 members shall serve for three years; Provided, Further, That any member whose term has
23 expired as specified herein shall serve as such until his successor shall have been duly
24 appointed and qualified; Provided, Moreover, That any appointment to fill a vacancy in the
25 Commission arising from death, removal, retirement, or resignation shall be made only for
26 the unexpired term of such vacancy; and Provided, Finally, That in no case shall any
27 member serve for more than seven years in the Commission.

28 The Commission shall meet as often as may be necessary on such day or days as
29 the Chairperson may fix. The presence of at least three members of the Commission shall
30 constitute a quorum, which shall be necessary for the transaction of any business. The
31 affirmative vote of a majority of the members of the Commission where a quorum is present
32 shall be necessary for the adoption of any order, resolution, decision, or other act of the
33 Commission in the exercise of its quasi-judicial functions: Provided, That in promulgating
34 rules, regulations, guidelines, and in the exercise of its quasi-legislative functions, the
35 affirmative vote of at least three members shall be required.

36 The Chairperson of the Commission shall exercise general executive control and
37 supervision of the Commission and its members, staff and personnel, and agents and

1 representatives. Within three months from the creation of the Commission and the
2 appointment of all members of the Commission, the Chairperson shall submit for the
3 approval by the President the new organizational structure and plantilla positions necessary
4 to carry out the powers and functions of the Commission, including those of the Central
5 Regulatory Unit and the Provincial Regulatory Units. The staff and personnel of the
6 Commission shall be filled by regular appointments in accordance with a staffing plan to be
7 prepared by the Commission.

8 Members of the Commission shall enjoy security of tenure and shall not be
9 suspended or removed from office, except for just cause as specified by law.

10 The Chairperson and members of the Commission or any of their relatives within the
11 fourth civil degree of consanguinity or affinity, legitimate or common law, shall be prohibited
12 from holding any interest whatsoever, either as investor, stockholder, officer, or director in
13 any company or entity engaged in water supply and sanitation services, and must, therefore,
14 divest through sale or legal disposition any and all such interests upon assumption of office.

15 **SEC. 32. Commission Secretariat.** – The Commission shall establish a secretariat
16 that shall provide the following technical and other support services:

17 a) Providing the necessary technical inputs and secretarial support to the
18 Commission to facilitate the conduct of its functions;

19 b) Coordinating with Regulatory Units to ensure proper implementation of the
20 rules, regulations, and guidelines promulgated by the Commission;

21 c) Monitoring and assessing activities of the Regulatory Units vis-à-vis their
22 respective annual performance plans and targets;

23 d) Maintaining a database on water supply and sanitation services; and

24 e) Coordinating with other relevant agencies of the national or local government
25 on any matter relating to water supply and sanitation services.

26 **SEC. 33. Executive Director.** – The Commission shall appoint an Executive
27 Director who shall head the Commission Secretariat, keep and maintain the official record
28 and report of the proceedings of the Commission, and have the authority to administer oaths
29 in all matters falling within the jurisdiction of the Commission.

30 The Executive Director shall be responsible for the effective implementation of the
31 policies, plans, programs, rules, regulations, and directives of the Commission; coordinate
32 and supervise the activities of the different operating units under the Commission; and
33 performs such functions as may be assigned by the Chairperson and other members of the
34 Commission.

35 **SEC. 34. Compensation and Other Emoluments.** – The compensation of the
36 members of the Commission and its staff shall be exempt from the coverage of Republic Act

No. 6758 or the Salary Standardization Act: Provided, That the salaries of the Commission and its staff shall conform as closely as possible to the principles thereof.

For this purpose, the schedule of compensation of the Commission and its Regulatory Units and staff shall be submitted for approval of the President. The compensation schedule of the Commission and its Regulatory Units and staff shall be implemented within six months from the effectivity of this Act and may be upgraded by the President as the need arises: Provided, Further, That in no case shall the compensation of the Commission and its staff be upgraded more than once a year.

Pertinent civil service laws, rules, and regulations of the Philippines shall be applicable to the Commission.

The Chairperson and members of the Commission shall initially be entitled to the same salaries, allowances, and benefits as those of the Chief Justice and Associate Justices of the Supreme Court, respectively.

SEC.35. *Registration and Licensing of Water Supply and Sanitation Services.* –

All water supply and sanitation service providers, including bulk water suppliers and those providing services to subdivisions and other service providers, shall register with the Commission and, subject to such rules, guidelines, procedures, and other issuances as the Commission may issue, obtain a license to operate from the appropriate Regulatory Units.

The Commission shall also ensure that the granting and revocation of licenses are carried out fairly, transparently, and without discrimination. Its issuances shall therefore specify, among others, the qualifications, requirements, and procedures for the granting and revocation of licenses, as well as the standards and performance targets that must continuously be complied with in order to keep such licenses valid.

Unless otherwise provided herein or by the Commission, no service provider of water supply and sanitation services shall commence or conduct the business of providing water supply and sanitation services without first obtaining a license.

Concession agreements and other contracts for water supply provision currently existing shall remain valid and in force, unless otherwise invalidated by the Commission where public interest so dictates, after due notice and hearing.

SEC. 36. *Conditions of License.* – The Commission and the concerned Regulatory Unit may impose such conditions in the issued license as it may deem necessary, such as but not limited to:

- a) Tariffs, rates, and other charges that may be imposed on its customers or consumers;
- b) Term fixing the duration of the privilege;
- c) Grounds for modification, suspension, or cancellation of the license;
- d) Minimum technical performance and service level standards;

- 1 e) Expansion targets and service level improvements over time;
- 2 f) Restrictions or conditions for transferability of the business or controlling
3 interest in the business;
- 4 g) Reportorial requirements and obligations of the grantee; and
- 5 h) Submission to annual performance audit by the Commission or its duly
6 authorized representatives.

7 The Commission shall specify the requirements and procedures for existing holders
8 of Certificates of Public Convenience and Certificate of Public Convenience and Necessity
9 issued by NWRB, and Certificate of Conformance issued by LWUA, to convert their existing
10 certificates into licenses issued by the Commission.

11 All existing providers of water supply and sanitation services without any legal and
12 valid Certificates of Public Convenience, Certificate of Public Convenience and Necessity,
13 and Certificate of Conformance shall register with the Commission and apply for a license
14 within six months from the effectivity of this Act. Existing providers of water supply and
15 sanitation services who fail to register with the Commission and apply for a license within six
16 months from the effectivity of this Act shall subject such provider to penalties as provided in
17 this Act.

18 **SEC. 37. *Rights and Duties of Licensees.*** – Any person granted a license under
19 this Act shall have the obligation to ensure that its licensed activities are conducted so as to
20 further the public interest and in particular, that they:

- 21 a) Foster the maintenance and development of efficient, coordinated and viable
22 operation of their license activities;
- 23 b) Ensure that their water supply and sanitation services are provided in a
24 diligent, conscientious, and workmanlike manner, in accordance with applicable laws and
25 standards and practices set by the Commission and generally accepted in the water supply
26 and sanitation services industry;
- 27 c) Comply with drinking water quality requirements and other requirements and
28 standards that may be set by the Commission; and
- 29 d) Not abandon its service without prior notice to and approval by the
30 Commission.

31 Any person granted a license under this Act shall, to the extent allowed by law and
32 specified in the license, have the rights to acquire or lease land and lay or repair water and
33 sanitation mains and other relevant facilities in public ways, when required to fulfill their
34 obligations.

35 Subject to any condition or any limitation laid down in the license, a license may
36 disconnect the supply of water supply and sanitation services to a customer if such customer

defaults in the payment of such amounts due to that licensee in respect of water supplied or sanitation services provided, or for acts of pilferage pursuant to law.

Any license issued under this Act shall contain provisions designed to ensure that licensees:

a) Publish the tariffs, rates, and other charges approved by the Commission, and other terms and conditions imposed by the Commission for the provision of water supply and sanitation services;

b) Prepare within three months from the issuance of a license, in consultation with its customers, a customer service code specifying the manner and procedure for: metering, billing, and collection of the licensee's approved tariffs, rates, and other charges; disconnection or suspension of service in case of non-payment of tariffs, rates, and other charges, or acts of pilferage; and recommendation and recovery of arrears in tariffs, rates, and other charges;

c) Maintain financial accounts in accordance with the manner and procedure specified in the license and as may be amended from time to time by the Commission; and

d) Maintain and, upon request by anyone during regular office hours, promptly make available for scrutiny and inspection such data, statistics, and other information, as may be required by the Commission.

SEC. 38. Setting Tariffs, Rates, and Other Charges. – Regulatory Units shall establish tariffs, rates, and other charges, which are fair and reasonable, and which provide for the economic viability of the service and a fair return on investment considering the prevailing cost of capital in the domestic and international market. Such tariffs, rates, and other charges shall be based on and consistent with a rate-setting methodology that the Commission shall, after due consultation, define and publish, considering the following, among others:

a) Reasonable and prudent capital and recurrent costs of providing the service including a reasonable rate of return of the capital;

b) Efficiency of the service;

c) Incentives for enhancement of efficiency;

d) Willingness to pay of customers or consumers;

e) Equity considerations; and

f) Administrative simplicity.

The Commission may adopt alternative forms of internationally accepted rate-setting methodology as it may deem appropriate and will promote efficiency. The rate-setting methodology so adopted and applied must ensure a reasonable price of the service and shall be non-discriminatory. Tariffs, rates, and other charges set by the Regulatory Units

1 shall be presumed valid and reasonable unless a protest or contest is filed with the
2 Commission.

3 **SEC. 39. *Enhancement of Technical Competence.*** – The Commission shall
4 establish rigorous training programs for its staff for the purpose of enhancing the technical
5 competence of the Commission in the following areas: evaluation of technical performance
6 and monitoring of compliance with service and performance standards, performance-based
7 rate-setting reform, environmental standards, and such other areas as will enable the
8 Commission to adequately perform its duties and functions.

9 **SEC. 40. *Promotion of Consumer Interests.*** – The Commission shall handle
10 consumer complaints and ensure the adequate promotion of consumer interests.

11 **SEC. 41. *Promotion of Innovative Schemes to Improve Efficiency and***
12 ***Management of Systems.*** – The Commission shall promote innovative schemes, including
13 but not limited to the consolidation and integration of water supply and sanitation services
14 and service providers in the same service area, where it will result in improved efficiency,
15 services expansion, and lowering of costs. to this end, the Commission shall establish and
16 issue such rules and guidelines as may be necessary to create incentives to encourage
17 efficiency and service expansion, establish the standards and targets that service providers
18 are required to meet, and set the fines and penalties that would be imposed for failure to
19 meet such standards and targets.

20 **SEC. 42. *Proceedings before the Commission.*** – For the purpose of any
21 investigation, inquiry, or proceeding, the Commission shall have the requisite power to:

- 22 a) Issue *subpoena duces tecum* and *subpoena ad testificandum*;
23 b) Appoint hearing officers to hear and receive evidence on behalf of the
24 Commission;
25 c) Cite any person or party in contempt for refusal to appear, testify, or comply
26 with an order of the Commission on any matter that is the subject of investigation, inquiry, or
27 proceeding before the Commission.

28 **SEC. 43. *Orders and Decisions of the Commission.*** – The orders, resolutions,
29 and decisions of the Commission, which must be reached as promptly and expeditiously as
30 reasonably and fairly possible, shall be in writing and shall state clearly and distinctly the
31 facts and the law on which it is based. The Commission shall publish and make available for
32 public inspection all decisions and final orders in the adjudication of contested cases or
33 applications.

34 **SEC. 44. *Appeals Procedure and Prohibition Against Injunction.*** – The orders,
35 rulings, and decisions of the Commission are final and executory unless appealed to the
36 Court of Appeals within 15 days from receipt of notice of such order, ruling, or decision;
37 Provided, That orders, rulings, and decisions of the Commission approving tariffs shall be

1 immediately executory and may be suspended only upon appeal and filing of a bond, in an
2 amount to be fixed by the Commission, to answer for damages occasioned by the
3 suspension or stay of execution of such orders, rulings, and decisions.

4 No injunction may be issued by any court or administrative agency to restrain any
5 proceeding before, or the implementation or execution of any order, ruling, or decision of the
6 Commission, except on the basis of a question of law brought before the Court of Appeals
7 on certiorari. An act or decision of the Commission shall not be invalid merely because of the
8 defect or irregularity in, or in connection with, the appointment or vacancy in the Office of the
9 Chairperson or any other member of the Commission.

10 **SEC. 45. Fines and Penalties.** – The fines and penalties that shall be imposed by
11 the Commission for any violation of or non-compliance with this Act or its implementing rules
12 and regulations shall be *prision correccional* or a fine ranging from Five Thousand Pesos
13 (5,000.00) to Five Million Pesos (P5,000,000.00), or both, at the discretion of the
14 Commission.

16 CHAPTER V

17 NATIONAL WATER CORPORATION

18 **SEC. 46. Creation of the National Water Corporation.** – There is hereby created a
19 National Water Corporation (NWC), hereinafter referred to as the NWC, which shall be the
20 corporate arm of the Department of Water. The NWC, as a full-fledged government owned
21 and controlled corporation, shall be responsible for the establishment of all new facilities and
22 infrastructure required to ensure and enhance Water Security for the entire country and its
23 inhabitants, with the full collaboration of the Private Sector and other related agencies of
24 Government.

25 Immediately upon the effectivity of this Act, the NWC, vested with full authority and
26 responsibility, shall fully mobilize and engage in development activities in the three major
27 sectors of the water industry, namely, the 1) Water Source/Generation; 2) Water and Waste
28 Treatment; and 3) Water and Sewage Pipeline (conveyance), sectors.

29 Since water, by its very nature, is a universal public good which cannot be owned by
30 an individual, a group, nor a corporate entity, all water assets, including support
31 infrastructure, therefore belong to the State. Thus, all contracts entered into by the National
32 Water Corporation, whether on a stand-alone basis, a Joint Venture Arrangement, or a
33 Public-Private Partnership, are in the nature of concession agreements, with a fixed term,
34 subject to a negotiated extension when necessary, and under the overall supervision of the
35 Department of Water.

36 **SEC. 47. Purpose and Objective.** - The main purpose of the National Water
37 Corporation is to accelerate the implementation of vital water supply, distribution, treatment

1 and sanitation projects throughout the country, either alone, or with the cooperation of the
2 private sector, through Joint Venture Arrangements or Public-Private Partnerships. Its
3 principal objective, therefore, is to institutionalize this collaboration between the Government
4 and the Private Sector in order to design, build, and operate as quickly and as efficiently as
5 possible, the critical infrastructure and governance mechanisms that will ensure Water
6 Security for all.

7 **SEC. 48. Corporate Powers of the NWC.** - As a corporate entity, the NWC shall
8 have the following corporate powers:

- 9 a) To have continuous succession under its corporate name until otherwise
10 provided by law;
- 11 b) To adopt and use a corporate seal and to change, alter or modify the same, if
12 necessary;
- 13 c) To sue and be sued;
- 14 d) To enter into a contract and execute any instrument necessary or convenient for
15 the purpose for which it is created;
- 16 e) To borrow funds from any source, whether private or public, foreign or domestic,
17 and issue bonds and other evidence of indebtedness: *Provided That* in the case
18 of bond issues, it shall be subject to the approval of the President of the
19 Philippines upon recommendation of the Secretary of Finance: *Provide, further,*
20 That foreign loans shall be obtained in accordance with existing laws, rules and
21 regulations of the Bangko Sentral ng Pilipinas;
- 22 f) To maintain a Provident Fund which consists of contributions made by both the
23 NWC and its officials and employees and their earnings for the payment of
24 benefits to such officials and employees or their heirs under such terms and
25 conditions as it may prescribe;
- 26 g) To do any act necessary or proper to carry out their purpose for which it is
27 created, or which, from time to time, may be declared by the NWC Board as
28 necessary, useful, incidental or auxiliary to accomplish its purposes and
29 objectives; and
- 30 h) Generally, to exercise all the powers of a corporation under the corporation law
31 insofar as they are not inconsistent with this Act.

32
33 The Department of Water, through the National Water Corporation, may exercise the
34 power of eminent domain subject to the requirements of the Constitution and existing laws.
35 Except as provided herein, no person, corporation or entity other than the NWC shall own
36 any assets involved under its contractual obligations. Such power of eminent domain shall

1 be exercised solely for the attainment of Water Security for all, through the provision of
2 clean, accessible, reliable and affordable water.

3 **SEC. 49. NWC Board of Directors.** All the powers of the NWC shall be vested and
4 exercised by the Board of Directors. The Board shall be composed of a Chairman and six (6)
5 members. The Secretary of the Department of Water (DoW) shall be the *ex officio* Chairman
6 of the Board. The other members of the NWC Board shall include Secretary of the
7 Department of Agriculture (DA), the Secretary of the Department of Environment and Natural
8 Resources, Department of Interior and Local Governments (DILG), and two members from
9 the Private Sector, one representing Industry, and the other representing Agriculture.

10 The members of the Board shall be appointed by the President of the Philippines and
11 shall serve a term of six (6) years, except that any person appointed to fill a vacancy shall
12 serve only the unexpired term of his/her predecessor in office. All members of the Board
13 shall be professionals of recognized competence and expertise in the fields of engineering,
14 finance, economics, law, or business management. No member of the Board or any of his
15 relatives within the fourth civil degree of consanguinity or affinity shall have any interest,
16 either as investor, officer or director, in any water generation, distribution or
17 treatment/sanitation company, or other entity engaged in water sourcing, conveying, treating,
18 or waste sanitizing as defined by the Water Regulatory Commission.

19 **SEC. 50. Powers and Duties of the Board.** The following are the powers and
20 duties of the NWC Board:

- 21 a) To provide strategic direction by formulating medium and long-term strategies
22 pursuant to the vision, mission, and objectives of the NWC;
- 23 b) To establish the organizational structure and staffing patterns of NWC and to
24 approve the compensation, allowances and benefits of its rank and file;
- 25 c) To fix the compensation of the President of NWC and to appoint and fix the
26 compensation of the other officers;
- 27 d) For cause, to suspend or remove any corporate officer appointed by the Board;
- 28 e) To develop and adopt policies and measures for the efficient and effective
29 management of NWC.

30 **SEC. 51. Board Meetings, Per Diems and Allowances.** – The Board shall meet as
31 often as may be necessary upon the call of the Chairman of the Board or by a
32 majority of the Board members. The members of the Board shall receive per diem for
33 each regular or special meeting of the Board actually attended by them, and, upon
34 the approval of the Secretary of the Department of Water, such other allowances as
35 the Board may prescribe.

36 The presence of at least four (4) members of the Board shall constitute a
37 quorum, which shall be necessary for the transaction of any business. The affirmative

1 vote of a majority of three (3) of the members present at a meeting where is a
2 quorum shall be the decision of the Board of Directors.

3 **SEC. 52. Powers of the President of the National Water Corporation.** The

4 President of NWC shall be appointed by the President of the Philippines. In the absence of
5 the Chairman, the President shall preside over Board meetings. The President of NWC shall
6 be the Chief Executive Officer of the Corporation and shall have the following powers and
7 responsibilities:

- 8 a) To execute and administer the policies and measures approved by the Board,
9 and take responsibility for the efficient discharge of management functions;
- 10 b) To vigorously pursue the attainment of Water Security by developing and
11 executing project plans and projects within an accelerated schedule in order to
12 preempt any future water shortage in any part of the country;
- 13 c) To establish close collaboration with other government agencies and with the
14 private sector by participating in the nationwide inventory of water resources,
15 identifying critical shortage areas, and packaging, financing and executing these
16 projects in the critical areas expeditiously;
- 17 d) To oversee the preparation of the budget of NWC;
- 18 e) To direct and supervise the operation and internal administration of NWC;
- 19 f) Subject to the guidelines and policies set up by the Board, to appoint and the
20 number and compensation of subordinate officials and employees of NWC; and
21 for cause, to remove, suspend, or otherwise discipline any subordinate employee
22 of NWC;
- 23 g) To submit an annual report to the Board on the activities and achievements of
24 NWC at the close of each fiscal year and upon approval thereof, submit a copy to
25 the President of the Philippines and to such other agencies as may be required
26 by law;
- 27 h) To represent NWC in all dealings and transactions with other offices, agencies,
28 and instrumentalities of the government and with all persons and other entities,
29 public or private, domestic or foreign; and
- 30 i) To exercise such other powers and duties as may be vested in him by the Board
31 from time to time.

32 **SEC. 53. Exemption from the Salary Standardization Law.-** The salaries and
33 benefits of employees of NWC shall be exempt from R.A. N0. 6758 and shall be fixed
34 by the Board.
35

36 **CHAPTER VI**

37 **TRANSITORY AND FINAL PROVISIONS**

1 **SEC. 54. *Interface with Other Agencies.*** – The Department of Health (DOH) shall
2 continue to have the primary authority and responsibility for determining and enforcing
3 drinking water quality and sanitation standards. The Department and the Commission shall
4 coordinate with DOH and other appropriate agencies in this regard and shall ensure the
5 consistency of the standards and targets that it will set for compliance with the DOH's
6 mandated standards.

7 The Department of Environment and Natural Resources (DENR) shall continue to
8 have primary authority and responsibility for protecting the environment and managing the
9 country's watersheds.

10 The Department of Energy (DOE) and the National Power Corporation (NPC) shall
11 continue to have the primary authority and responsibility for setting up and running
12 hydropower plants but will ensure that any hydropower plant development plans are
13 consistent with the National Water Development and Management Plan.

14 The Commission shall coordinate with the Department and other concerned agencies
15 for water allocation and data collection, development projects relating to water supply and
16 sanitation, and flood control and harnessing and impounding of water.

17 The Department shall coordinate with the Department of Agriculture to ensure
18 agricultural development that reduces sources of long-term pollution for surface water and
19 groundwater, and agricultural and industrial and economic development that employs water
20 efficiency, water recycling or reuse, and the appropriate treatment of wastewater.

21 The Department shall coordinate with the National Disaster Risk Reduction
22 Management Council (NDRRMC) to ensure that its plans and designs for flood control, and
23 flood and drought risk management are aligned with the objectives and plans of the said
24 Department; and

25 The Department shall coordinate with relevant government agencies, including
26 LGUs, for development projects and to ensure cross-cutting collaboration between and
27 among all water subsectors and facilitate inter-agency subsector coordination, strategic
28 development, planning, monitoring, and provision of technical, institutional, and financial
29 capacity building support to their different stakeholders at the water sector level.

30 **SEC. 55. *Transfer of Rights and Obligations.*** – The Department and the
31 Commission shall, by virtue of this Act, be subrogated to all the rights and assume all the
32 obligations of the government agencies whose powers and functions have been absorbed,
33 transferred, or attached to the Department and the Commission; Provided, That these are in
34 accordance with the rules and regulations of the Commission on Audit. All affected agencies
35 shall continue to function under their present mandates until the transition is fully in effect.

36 **SEC.56. *Appropriation.*** – The sum of Two Billion Three Hundred Million in
37 Philippine Pesos (Php2, 500,000,000) shall be set aside from available funds of the National

1 Treasury and is hereby appropriated and authorized to be released for the organization of
2 the Department and the Commission to fund their initial operations. Thereafter, the
3 Department and the Commission shall submit their annual budget to fully carry out their
4 powers and functions and achieve the objectives of this Act to the Office of the President for
5 approval.

6 **SEC. 57. *Implementing Rules and Regulations.*** – The Department and the
7 Commission shall promulgate rules and regulations to implement the provisions of this Act
8 within 180 days from the effectivity of this Act.

9 **SEC. 58. *Repealing Clause.*** – All laws, decrees, orders, rules and regulations, or
10 other issuances or parts thereof inconsistent with the provisions of this Act are hereby
11 repealed or modified accordingly. [Provide a more detailed repealing clause?]

12 **SEC. 59. *Separability Clause.*** – If any portion or provision of this Act is declared
13 unconstitutional, the remainder of this Act or any provision not affected thereby shall remain
14 in force and effect.

15 **SEC. 60. *Effectivity Clause.*** – This Act shall take effect 15 days following the
16 completion of its publication either in the Official Gazette or in a newspaper of general
17 circulation in the Philippines.

18 Approved,