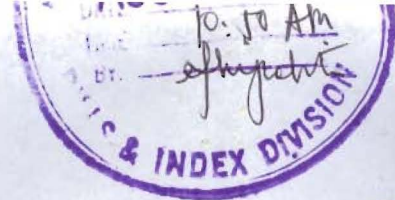


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

13th CONGRESS
First Regular Session

HOUSE BILL NO. 2569



Introduced By: Orlando A. Fua, Jr.

EXPLANATORY NOTE

Despite abundant water resources, the Philippines has been experiencing water crisis, both on the quality of available water. This is due to abusive use and inefficient management of these resources. The unsatisfactory performance of the irrigation subsector, which is the predominant water user, has been attributed largely to institutional weaknesses and technical inefficiency. These include, among others, the insufficient water control structures to ensure equitable and timely water deliveries and increased siltation of irrigation systems due to watershed degradation.

In the water supply subsector, the lack of or inefficiency of essential water infrastructure facilities failed to satisfy water demands because of water losses and low pressure in the water pipes. In Metro Manila, only 40%-50% of the water produced is delivered to the population due to deteriorating pipe network and illegal use of water. While the demand for water in Metro Manila is estimated to be 175 liters per capita per day, only 113 liters per capita per day has been supplied by the MWSS. Similarly in the provinces, water districts manage to provide only about Asian cities, potable water supply in major cities of the Philippines is inadequately provided.

Our river systems continue to be polluted and abused, posing a great risk to our potable supply of water. Industrial wastewater has contributed to the worsening pollution of river systems due to absence or inefficient wastewater treatment technologies adopted by industries.

Water tables continue to decline and aquifers destroyed. The inadequate sewage facilities throughout the country have allowed domestic wastewater pollution to contaminate underground water resources, thus worsening the water supply problem. The infrastructure for sewerage lags far behind the water supply only less than 7% of Metro Manila's population and less than 2% of other areas is served by sewerage facilities. Nonpoint pollution sources mostly coming from agricultural runoffs are also contributory to the degenerating water bodies.

The virtually unlicensed and uncontrolled drilling of private wells for domestic and commercial purposes, and of over-pumping of this resource, has, in turn, distorted the allocation of this resource and has caused salt-water intrusion. Although permits from the National Water Resources Board (NWRB) are required for groundwater abstraction, in most cases, abstraction occur without permits; only 6% of the wells of permit holders have been monitored for permit compliance; and withdrawals are estimated to be 20%-60% over the permitted levels.

Management of our water resources requires more creative and comprehensive solutions. Many of our watersheds are already in their critical state needing immediate rehabilitation and management. The increasing population and the growing demand for land have created pressure on the watersheds where farmers cleared and planted with little or no attention to soil and water conservation. Viable and healthy watersheds are vital to restore and maintain the physical, chemical and biological quality of our country's water to sustain aquatic life and other human uses, basically for domestic, industrial and agricultural uses.

Conflicts in water demand are constantly plaguing some areas of the country especially during the dry season, Such will continue to be expected over the next century if nothing could be done now.

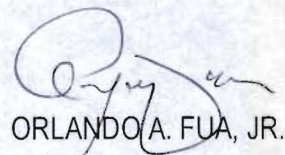
While broad national policies on water are embodied in the Philippine Water Code, there is lack of coherent and comprehensive strategy for the development, protection and management of our water resources at the national and more focused or subsector levels. Policies should be founded on strong framework of principles, correcting certain flaws and strengthening certain weaknesses in existing regulations.

There should be a recognition that water is a limited resource, hence should be utilized to the optimum. Water is a commodity that does not come for free. There should be a proper pricing mechanism to reflect the true cost of the resource. Through this, users would learn to value it more and be judicious of its use.

The current institutional set-up coupled with lack of resources and authority also contribution to the ineffectivity and inefficiency of water resources management. Fragmented responsibilities and lack of a comprehensive planning and control of water resources use and conservation need to be addressed immediately, lest we lost what has remained of our precious water resources.

Hopefully, with the sound policies to bring about an improved our water resource management, involvement and active participation of the private sector could also be triggered, thus facilitating a more sustainable use of the resource.

Immediate passage of this measure is therefore sought.



ORLANDO A. FUA, JR.

Republic of the Philippines
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Introduced by Hon. Orlando A. Fua, Jr.

AN ACT
PROVIDING FOR A COMPREHENSIVE WATER RESOURCES MANAGEMENT TO
ADDRESS THE NATIONAL WATER CRISIS, AND FOR OTHER PURPOSES

Chapter 1 General Provisions

1 Section 1. Short Title -- This Act shall be known as "The water resources Management Act
2 of 1998".

3 Section 2. Declaration of Policy – The State recognizes the existence of a national water
4 crisis. It is hereby declared the policy of the State to adopt urgent and effective measures to
5 address the national water crisis as well as measures for the long-term sustainable manage-
6 ment of scarce water resources. To achieve this purpose, the utilization and development
7 of water resources must be rationalized and optimized through an integrated approach to
8 planning, development and regulation of the water sector.

9 The management of water as a resource shall be done in a sustainable manner taking into
10 consideration the needs of the present and future generations. Sustainable management of
11 water resources shall take into consideration the following principles:

12 (a) Water is a limited and vulnerable resource not only indispensable the sustenance of life
13 but also of vital importance to all socio-economic sectors. The sustainable management
14 of water resources demands an integrated approach linking social and economic
15 development with protection of natural water sources and ecosystems.

16 (b) Water has an economic value in all its competing uses and shall be treated as an
17 economic good.

18 (c) Water resources management shall be decentralized, participatory and community –
19 based and conducted at the lowest appropriate level.

20 (d) Women play a central part in the provision, management and safeguarding of water
21 resources and shall be represented in decision-making processes with regard to water
22 resources management.

23 (e) Private sector participation shall be encouraged in all levels of water resources
24 management, utilization and development.

(f) Licensing shall be the mechanism to ensure that public interest is protected in the provision of drinking water, sanitation, irrigation or other water services by monopoly suppliers.

Section 3. The Water Resources Authority of the Philippines - To carry out the above-declared policy, there is hereby created the Water Resources Authority of the Philippines, hereinafter referred to as the Authority. The Authority shall be the catalyst for the formulation of a national framework for water resources management based on a decentralized, community-based and participatory approach. The Authority shall create an environment conducive to increased private sector participation in water resources development. The Authority shall facilitate the preparation, integration, coordination, and supervision of all plans, programs, projects, and activities of the Government relative to water exploration, utilization, distribution, and conservation based on community needs within the framework of national economic development.

The Authority shall be an attached agency of the Office of the President. The Authority shall, in addition to the powers and functions herein provided, exercise the powers and functions of the National Water Resources Board provided under Presidential Decree No. 424 and Presidential Decree No. 1067.

Section 4. Definition of Terms -

(a) Administrative charges - refers to charges collected by the Authority or its delegated agents to cover direct costs of administrative regulatory functions.

(b) Appropriation - refers to all acts of use of waters, including among others, the taking, abstracting or diverting of waters from a natural source for any purpose. Abstraction refers to all acts of taking, impounding, diverting or capturing of ground water resources from its natural source for whatever purpose. Diversion, on the other hand, refers to all acts of alteration, change or modification of the flow of surface waters. For purposes of this Act, diversion shall include the taking and impounding of surface water.

(c) Appropriator - refers to a person, natural or juridical, engaged in appropriation of water.

(d) Basin - an area where water drains and is defined by topographic divides. A divide may be derived by connecting the highest points in the terrain.

(e) BWSAs - refers to Barangay Waterworks and Sanitation Associations. These are non-stock, non-profit organizations operating a protected well or a developed spring with an outlet but without distribution system, generally adaptable for rural areas where the houses are thinly scattered serving an average of fifteen households.

(f) Ground Water - refers to that portion of the rainwater which has percolated into the earth to form underground deposits called aquifers.

- 1 (g) Hydrologic Survey – refers to data collection activities from surface waters such as rivers,
2 streams and lakes as well as ground water. It also includes a study of the water cycle in a
3 specific area.
- 4 (h) Inland Waters - refers to waters which are not coastal and marine waters.
- 5 (i) Irrigation License - refers to the privilege granted by the Authority to monopoly suppliers of
6 irrigation services to offer such services.
- 7 (j) LWUA - refers to the Local Water Utilities Administration, which is a specialized
8 government lending institution to promote and develop financially viable local water utilities
9 in those areas not covered by MWSS as provided in Presidential Decree No. 198.
- 10 (k) Monopoly Supply of Water and/or Sewerage Services - refers to the situation where an entity
11 operating a piped water network and/or piped sewerage services from any water source can
12 influence or dictate the price of water and exclude competition. This term shall include, but
13 shall not be limited to piped water network of service coming from surface water, ground
14 water, and desalinated water.
- 15 (l) Monopoly of Irrigation Services - refers to the situation where an entity operating irrigation
16 services from any water source can influence or dictate the price of water for irrigation and
17 exclude competition.
- 18 (m) MWSS – refers to the Metropolitan Waterworks and Sewerage System, a government-owned
19 water utility created under Republic Act No. 6234, as amended, mandated to provide water
20 supply and sewerage services to Metro Manila and some towns in the provinces of Rizal and
21 Cavite.
- 22 (n) Raw Water Fees - refers to such amounts charged and collected by the Authority or its
23 delegated agents for all kinds of use, abstraction, diversion or appropriation of inland waters,
24 taking into consideration the volume of water appropriated, the full environmental and
25 social costs of water use, and the promotion of water conservation.
- 26 (o) RWSAs – refers to Rural Waterworks and Sanitation Associations. These are non-stock, non-
27 profit organizations operating and managing a water system composed of a source, a
28 reservoir, and communal faucets.
- 29 (p) Sewage – means the water-carried human or animal wastes from residences, buildings,
30 industrial establishments, or other places, together with such water infiltration and surface
31 water as may be present. The admixture or sewage and industrial wastes or other wastes as
32 hereafter defined shall also be considered “sewage”.
- 33 (q) Sewerage System - refers to facilities that collect human waste and sullage from residences
34 and establishments usually piped and conveyed in structures (sewers, pump stations) for
35 eventual central treatment and safe disposal. Piped sewerage includes collection system

(street laterals), a conveyance system (trunk sewers and pump stations, and a treatment plant/disposal system.

(r) Surface Water – refers to the mixture of surface run-off and groundwater. Surface water sources include rivers, lakes, streams, ponds and impounding reservoirs.

(s) Tariffs - refers to such amounts which may be charged by holders of water and/or sewerage or irrigation licenses for their services based on principles established by the Authority reflecting the full cost of rendering the service, equitable concerns and enhanced system efficiency.

(t) Water and/or Sewerage Services Operating License – refers to the privilege granted by the Authority to a monopoly supplying water and/or sewerage services.

(u) Water Districts - refers to quasi-public corporations organized under Presidential Decree No. 198, as amended, created primarily to acquire, install, operate, maintain and improve water supply and distribution systems for domestic, industrial and municipal uses of residents within the boundaries of the district.

(v) Water Permit – refers to the approval issued by the Authority to an entity's right to use, abstract, divert, or appropriate water subject to conditions of beneficial use, adequate standards of design and construction and such other terms and conditions as may be imposed by the Authority.

(w) Water Right - the privilege granted by the government to appropriate water under the provisions of section 13 Presidential Decree No. 1067 and other relevant laws and regulations.

(x) Watershed - is a land area drained by a stream or fixed body of water and its tributaries having a common outlet for surface run-off.

(y) Well-Driller - refers to a person or entity which drills and constructs such works and systems to access groundwater for the purpose of abstraction.

Section 5. Powers and Functions - The Authority shall have the following powers and functions:

EDUCATION AND INFORMATION

(a) Conduct awareness building and educational activities at all levels of society to promote the sustainable development and use of water as a scarce natural resource and as an economic good, with particular attention to the need for water conservation and techniques for demand-side management;

WATER DATA COLLECTION

- (b) Formulate a framework for a water data and information system, promulgate basic criteria, methods and standards for data collection, and rationalize existing data collection activities undertaken by various public and private entities;

The Authority shall establish a national database for water and shall coordinate water resources assessment activities in both the public and private sectors. The Authority shall undertake data collection activities or designate other parties for data collection. The Authority shall establish institutional arrangements needed to ensure the efficient collection, processing, storage, retrieval and dissemination to users of information about water resources. Government agencies currently undertaking data collection activities on water resources shall conduct their tasks within the water data and information system framework developed by the Authority and under its oversight and approval. The Authority shall designate academic institutions and other private entities to collect data consistent with the framework developed by the Authority. The Authority shall be authorized to provide financial support to public and private entities conducting studies and researches on water resources and involved in data collection activities.

Data collection efforts and studies shall include, but shall not be limited to: (1) basin surveys, inventories and appraisals of water and related resources and development of comprehensive basin-wide storage and control measures within the framework for water data and information system to maximize the conservation and multiple use of water; (2) hydrologic surveys and the establishment, operation and maintenance of observation networks and a water resources data center necessary for the scientific survey and appraisal of surface and ground water potentials in the country; (3) identification of hydrologic boundaries of basins and existing water supply sources; (4) gathering other relevant data such as, but not limited to, meteorological, sociological, economic and related land use data; and (5) research on water resources development including weather modification, environmental quality, desalination, innovative technology and demand-side management.

The Authority shall consolidate all existing data on water resources which shall be used as a basis for the formulation of water management policies;

FORMATION OF BASIN AND WATERSHED AUTHORITIES

- (c) Form basin or watershed authorities or other similar bodies to manage water resources at the watershed or basin level within the national framework for water resources management. This Act shall be the source of authorization and power to form and maintain such bodies. The bodies created shall have the powers granted to existing basin authorities such as the Laguna Lake Development Authority under Republic Act No. 4850. The Authority shall promulgate rules and regulations for the formation of these bodies;

WATER RESOURCES MANAGEMENT PLANNING

- (d) Formulate national policies and strategies for integrated water resources development, management and planning. The Authority shall provide a national framework for planning which shall be participatory and community-based. It shall catalyze and provide technical support to watershed-based efforts to develop management plans incorporating local needs and using community-based decision-making processes.

The Authority shall undertake an integrated assessment of water and coordinate the formulation of a National Water Resources Management and Development Plan. The Water Resources Management Plan shall be based on the management plans of the different basins and watersheds, and of the different regions and communities, developed in a manner consistent with overall national management frameworks and strategies.

The Water Resources Management and Development Plan shall be periodically reviewed and modified to reflect changing social, economic and environmental conditions both nationally and at the watershed level. The Authority shall endorse the Water Resources Management and Development Plan to the National Economic and Development Authority for approval.

- (e) Promulgate guidelines, rules and regulations on the appropriation, preservation, conservation, rational utilization, and development of water resources consistent with the Water Resources Management and Development Plan, including the imposition on water abstractors, diverters, or appropriators of such fees and administrative charges as may be deemed necessary by the Authority;

- (f) Approve all water resources development plans, programs and projects affecting water and its appropriation, and the construction of hydraulic facilities such as irrigation, hydropower, flood control and other watershed/basin area projects, in the context of the Water Resources Management and Development Plan;

- (g) Monitor the quantity and quality of inland waters. The Authority shall conduct research and technical development work with respect to water quality including an analysis of present and future water quality and needs. The Authority may designate agents for this purpose;

REGULATORY POWERS

- (h) Formulate rules and regulations to ensure the sustainable development and use of water as a natural resource and economic good taking into consideration the following: (1) provision of adequate supply of water to all users in a manner which reflects national, regional and community priorities; (2) provision of water of appropriate quantity and quality; (3) efficient use of water through demand-side management and other programs; (4) expansion and improvement of water and sewerage systems throughout the country especially in low-

1 income areas by providing an environment conducive to the adequate financing of public
2 and private water services; (5) provision of an environment conducive to private sector
3 participation in the water sector through economic incentives, efficient and effective
4 regulatory mechanisms, and promotion of competition in the supply of water and sewerage
5 services; and (6) efficient delivery of water and sewerage services;

6 (i) Issue water permits for all water appropriation, or register, as adjudged by the Authority to
7 be appropriate to reduce the administrative burden. The Authority may deputize local
8 government units, local water districts or other appropriate public or private entities for this
9 purpose;

10 (j) Regulate the transfer of water rights. The Authority shall establish rules of procedure for the
11 trade, lease, sale, and transfer of water rights and shall deputize agents for this purpose;

12 (k) Adjudicate conflicts and disputes in water appropriation, abstraction, and diversion. The
13 Authority shall seek to resolve disputes over water use through consensus and community-
14 based mechanisms where possible. It shall establish rules of procedure for the adjudication of
15 conflicts over water appropriation, abstraction, or diversion, including administrative
16 allocation of water rights;

17 (l) Establish quality standards for water sources and sewage discharge in coordination with
18 concerned government agencies;

19 (m) Approve all privatization plans of the water sector, under the delegation and oversight of the
20 National Economic and Development Authority and other concerned agencies;

21 (n) Issue Water and/or Sewerage Services Operating License to qualified public or private
22 entities for the operation of monopoly water supply and/or sewerage services in a designated
23 area. Water supply and sewerage services shall be consolidated whenever possible;

24 (o) Issue Irrigation License to qualified monopoly suppliers of irrigation such as but not limited
25 to the National Irrigation Administration;

26 (p) Supervise and regulate the operation of all entities engaged in the monopoly supply of water
27 and/or sewerage services and irrigation services;

28 (q) Impose raw water fees for all kinds of abstractions, diversions, or appropriations of inland
29 water. The Authority shall establish principles for setting raw water fees taking into
30 consideration, among others, the following factors: (1) environmental and social costs of
31 water utilization; (2) charge per volume used; and (3) water conservation and sustainable
32 use. The Authority shall deputize agents for this purpose;

33 (r) Formulate principles for setting tariffs for water and/or sewerage services taking into
34 account, among others, the following: (1) the full cost of the service; (2) efficiency of the

1 service; (3) equity considerations; and (4) incentives for demand-side management. Water
2 and sewerage charges shall be consolidated whenever possible;

3 (s) Approve the tariffs set by monopoly suppliers of water and/or sewerage services, oversee the
4 application of the principles described in subsection (r) above and approve any variance
5 therefrom;

6 (t) Provide a system for complaints and appeals relating, but not limited to tariffs set by
7 monopoly suppliers of water and/or sewerage services, quality of service provided by said
8 suppliers, equitable distribution of water, and reliability of water supply;

9 (u) Formulate principles for setting irrigation tariffs taking into account, among others, the full
10 cost of the service, the volume of water used and incentives for demand-side management;

11 (v) Approve irrigation tariffs set by monopoly suppliers of irrigation services, oversee the
12 application of the principles described in subsection (u) and approve any variance therefrom;

13 (w) Provide a system for complaints and appeals relating, but not limited to tariffs set by
14 monopoly suppliers of irrigation services, quality of service provided, equitable distribution
15 of water, and reliability of water supply;

16 (x) Deputize agents, whether public or private entities, to perform any of the duties enumerated
17 in this Chapter. Activities so delegated may be financed by the Authority; and

18 (y) Exercise all powers of the National Water Resources Board under Presidential Decree No.
19 1067 and Presidential Decree No. 424 and other laws granting powers to the National Water
20 Resources Board.

21 Chapter II Structural Organization

22 Section 6. Structure - The Authority shall consist of the Office of the Director-General,
23 the staff offices, and the field offices.

24 Section 7. Office of the Director-General - The Office of the Director-General shall
25 consist of the Director-General and his immediate staff.

26 Section 8. The Director-General - The Authority shall be headed by the Director-General
27 who shall be appointed by the President. The Director-General shall carry the rank and have the
28 powers of a Secretary and shall be a member of the Cabinet.

29 The Director-General shall have the following powers and functions:

30 a) establish policies and standards for the effective and efficient operation of the
31 Authority;

32 b) execute and administer the policies, plans, programs and projects of the Authority;

33 c) establish the framework for a community-based national water resources
34 management planning effort;

- d) create sub-regional offices at the basin or watershed level and such other service units as may be necessary;
- e) coordinate and finance programs and initiatives of public and private entities and communities relating to water resources data collection, research and planning, as well as implementation of water development projects within the framework of the National Water Resources Management and Development Plan;
- f) exercise control and supervision over all officers, personnel and units of the Authority;
- g) reorganize the Authority as necessary for the efficient and effective implementation of this Act; and
- h) perform such other functions as may be necessary and proper to attain the objectives of this Act.

The Director-General shall be an ex officio member of the Board of the National Economic and Development Authority (NEDA). He shall also be a member of the NEDA's Committee on Infrastructure (INFRACOM) and the Investment Coordinating Council (ICC).

Section 9. Deputy Director-General – The Deputy Director-General shall:

- a) assist the Director-General in all matters relating to the operations of the Authority;
- b) temporarily discharge the duties of the Director-General in the latter's absence or inability for any cause or in case of vacancy of the said office; and
- c) perform such other functions as the Director-General may assign to him.

Section 10. Assistant Director-General – The Director-General shall also be assisted by three Assistant Directors-General for Operations. The Assistant Directors-General shall head the field offices.

Section 11. Field Offices – Subject to the power of the Director-General to reorganize, restructure, and redefine the functions of the offices and services for the effective discharge of the powers and functions of the Authority under this Act and the power to create basin, watershed, or other similar bodies as the need may arise, there shall be three field offices: one (1) for Luzon, one (1) for Visayas, and one (1) for Mindanao. Each Field Office shall be headed by an Assistant Director-General. The Field Offices shall have the following powers and functions:

- a) catalyze, coordinate and provide technical assistance to water resources planning undertaken by various public and private entities, support community-based planning at the basin or watershed level, and consolidate the different water resources plans at the field level;
- b) facilitate community-based and other local initiatives related to water and sanitation activities and provide technical and financial assistance to such activities;

- c) coordinate, rationalize, and implement data collection programs undertaken by the Authority and other public and private entities;
- d) monitor the quality of river basins and watersheds in coordination with appropriate public and private entities;
- e) issue water permits for all use, abstractions, diversions and appropriation of water and deputize agents for this purpose;
- f) collect the raw water fee and assign deputized agents for this purpose;
- g) issue Water and/or Sewerage Services Operating Licenses to qualified public or private entities;
- h) issue Irrigation Licenses to qualified suppliers of monopoly irrigation services;
- i) appoint water adjudication officers to exercise original jurisdiction over cases for which the Water Resources Adjudication Board has appellate jurisdiction;
- j) decide on complaints by affected parties on tariffs set by monopoly suppliers of water and/or sewerage services and irrigation services;
- k) implement all rules and policies of the Authority at the field level;
- l) monitor and ensure compliance with the Authority's regulatory requirements and designate other agencies and entities to assist in such function;
- m) recommend to the Director-General the creation of basin-level or watershed authorities or other similar structures;
- n) convene the Water Consultative Council, to help promote community-based decision-making, planning, and resource allocation, the composition and functions of which shall be defined by regulations to be issued by the Authority; and
- o) undertake such other functions assigned to the Office by the Director-General.

Section 12. Qualifications – No person shall be appointed Director-General, Deputy Director-General or Assistant Director-General unless he or she is a citizen and resident of the Philippines, of good moral character, and of proven competence in any of the following fields: (a) water or utility economics; (b) public administration; (c) physical or engineering services; (d) management; (e) hydrology and other related sciences; or (f) law. The Deputy Director-General and the Assistant Directors-General shall comply with the requirements for Career Executive Service Officers under the Civil Service Law and other related laws, rules and regulations.

Section 13. Offices and Services – Subject to the power of the Director-General to reorganize, restructure, and redefine the functions of the offices and services for the effective discharge of the powers and functions of the Authority under this Act, the Authority shall have the following Offices: the Water Regulatory Services Office; the Information Systems, Administration and Finance Office; and the Office for Legal Services.

1 Section 14. Water Regulatory Services Office –The Water Regulatory Office shall have the
2 following functions:

- 3 a) develop principles for the regulation of quantity and quality of water;
- 4 b) establish mechanisms for licensing all monopoly suppliers of water and/or
- 5 sewerage services and irrigation services;
- 6 c) formulate rules and regulations and establish monitoring mechanisms to ensure
- 7 service efficiency of all monopoly suppliers of water and/or sewerage services and
- 8 irrigation services;
- 9 d) develop principles for setting raw water fees;
- 10 e) develop principles for setting tariffs for the monopoly supply of water and/or
- 11 sewerage services and irrigation services;
- 12 f) promulgate rules of procedure for tariff approval, hearing, and appeal;
- 13 g) promulgate rules for dispute resolution;
- 14 h) act as Secretariat to the Water Resources Adjudication Board; and
- 15 i) such other functions assigned to the Office by the Director-General.

16 Section 15. Information Systems, Administration and Finance Office – The Information
17 Systems, Administration and Finance Office shall have the following functions:

- 18 a) coordinate and consolidate data collection and deputize agents for this purpose;
- 19 b) formulate principles and protocols for data collection;
- 20 c) integrate local water resources management plans into a national water resources
- 21 management planning effort;
- 22 d) supervise and coordinate all projects related to data collection and planning;
- 23 e) undertake or finance special studies on new technology for the sustainable and
- 24 efficient harnessing, development and conservation of water resources; and
- 25 f) such other functions assigned to the Office by the Director-General.

26 Section 16. Office for Legal Services – The Office for Legal Services shall be responsible
27 for providing legal advice and services on all policies, programs, and operational matters to the
28 Authority. It shall provide legal services in cases where the Authority is a party, handle
29 administrative cases against any personnel of the Authority, and submit recommendations
30 pertaining to such cases.

31 Chapter III Water Resources Adjudication Board

32 Section 17. Water Resources Adjudication Board - There is hereby created a Water
33 Resources Adjudication Board under the Office of the Director-General. The Board shall be
34 composed of the Director-General as Chairperson, and two other permanent and independent
35 members to be appointed by the Director-General. The Director-General may designate the Deputy

1 Director-General, the Director for Water Regulatory Services or the Director for Information
2 Systems, Administration and Finance Office as Acting Chairperson in case of the absence or
3 incapacity of the Director-General. The Director for Legal shall serve as counsel to the Board.

4 The Water Resources Adjudication Board shall have the following powers:

- 5 a) exercise appellate jurisdiction over decisions of the water adjudicatory officers in cases
6 involving the exercise of the Authority's regulatory functions, including, but not limited to
7 the following: (1) disputes on raw water fees; (2) disputes on tariffs collected by monopoly
8 suppliers of water and/or sewerage services and irrigation services; (3) disputes involving
9 water permits, administrative allocation of water resources and transfer of water rights; (4)
10 disputes relating to appropriation, utilization, exploitation, development, control,
11 conservation, and protection of waters; (5) enforcement of contracts for privatized
12 monopoly suppliers of water and/or sewerage services including contracts with the
13 concessionaires of the Metropolitan Water Works and Sewerage Systems; (6) disputes over
14 hydropower projects; (7) disputes involving monopoly suppliers of water and/or sewerage
15 services and irrigation services; (8) complaints regarding the quality of service of suppliers
16 of water and/or sewerage services and of irrigation services, and (9) such other cases
17 specified under Presidential Decree No. 424 and Presidential Decree No. 1067;
- 18 b) promulgate rules of procedure for complaints and appeals;
- 19 c) administer oaths and compel the attendance of witnesses by subpoena and subpoena duces
20 tecum;
- 21 d) declare a person in contempt for non-compliance or violation of its Orders and such
22 person shall be punished in the same manner as indirect contempt of a regional trial court
23 upon application by the aggrieved party herein; and
- 24 e) exercise such other powers as may be necessary to carry out its duties and responsibilities
25 under this law.

26 Section 18. Decisions - All decisions of the Water Resources Adjudication Board shall be
27 final and executory fifteen (15) days after notice of the decision. The decision of the Board with
28 regard to tariffs and irrigation fees shall be immediately executory and enforcement thereof may
29 be suspended only upon filing of a bond, in an amount fixed by the Board to answer for damages
30 occasioned by the suspension or stay of execution.

31 Section 19. Prohibition Against Injunction. No injunction may be issued by any court to
32 restrain any proceeding before the Water Resources Adjudication Board except on the basis of
33 question of law by the Supreme Court on certiorari.

34 Chapter IV Water Consultative Council

1 Section 20. Water Consultative Council – Every field office, and each river basin or
2 watershed authority or other similar structures created by virtue of this Act, shall have a Water
3 Consultative Council which shall include, but shall not be limited to representatives of the
4 following sectors: women, agriculture, energy/power, academe, business and industry, local
5 government units, people's organizations, non-government organizations, professional
6 associations, consumer groups, and indigenous peoples.

7 The Water Consultative Council shall be a permanent advisory body of the Field Office or
8 each basin or watershed authority or other similar structures created under this Act. The Council
9 may submit water resources management plans to the Authority for approval. The Council shall
10 also provide a venue for alternative dispute management for conflicts in the allocation of water
11 resources.

12 The Authority shall promulgate rules and regulations defining the nature, composition,
13 power, and functions of the Water Consultative Council, subject to the above provisions.

14 Chapter V Miscellaneous Provisions

15 Section 21. Water and/or Sewerage Services Operating License - All public and private
16 monopoly suppliers of water and/or sewerage services including, but not limited to local
17 government units and local water districts shall be required to procure a Water and/or Sewerage
18 Services Operating License. The license shall include, but shall not be limited to provisions on: (a)
19 exclusive right to supply water and/or sewerage services in the franchise area subject to the right
20 of other legal service providers already operating in the area; (b) standards on the quality of
21 drinking water, sewage discharge, and service efficiency; (c) the nature of services to be provided;
22 (d) duration of the license; (e) tariffs to be charged and the basis for variance of the tariffs; (f)
23 reporting requirements; and (g) sanctions for failure to comply with standards set. Water supply
24 shall as much as possible be integrated with sewerage services. Licensees must have technical,
25 financial, and managerial capability to provide the services.

26 All holders of the Operating License shall be subject to a periodic performance audit by the
27 Authority or its designated agents.

28 The Authority shall provide a period to allow existing holders of Certificates of Public
29 Convenience and Certificates of Conformance to convert their existing certificates into Water
30 and/or Sewerage Services Operating Licenses.

31 Section 22. Irrigation License – All public and private monopoly suppliers of irrigation
32 services including, but not limited to local government units and local water districts shall be
33 required to procure an Irrigation License. The license shall include, but shall not be limited to
34 provisions on: (a) the franchise area; (b) nature of the services to be provided; (c) duration of the
35 license; (d) tariffs to be charged and the basis for revision of the tariffs; (e) standards to be met on

1 service efficiency; and (f) reporting requirements. Licensees must have technical, financial, and
2 managerial capability to provide the services.

3 All local government units involved in the supply of irrigation services shall register with
4 the Authority. However, when any such activities or projects of the local government units are
5 privatized, they shall be required to procure license under this provision.

6 Section 23. Household Well Permit/ RWSA and BWSA Permit – All wells for domestic
7 use, as well as all RWSAs and BWSAs shall be registered with the Authority. For this purpose, the
8 Authority shall promulgate rules and regulations for the registration of all wells for domestic use
9 and all RWSAs and BWSAs.

10 Section 24. Registration of Other Water Supply Activities – All local government units,
11 associations, and other entities engaged in water supply and sanitation services, and irrigation
12 services not amounting to a monopoly shall register their operations with the Authority.

13 Section 25. Consolidation of Service Operations and Areas of Monopoly Suppliers of
14 Water and/or Sewerage Services and Irrigation Services – The Authority shall promote and
15 approve the consolidation of drinking water, sewerage, irrigation and other water utility services
16 to improve efficiency and cost of service, as well as to promote investments.

17 Section 26. Approval of Privatization Contracts – All privatization plans of all persons or
18 entities engaged in water supply and/or sewerage services and in irrigation services shall require
19 the approval of the Authority under the delegation and oversight of NEDA consistent with the
20 provisions of Republic Act No. 6957 as amended by Republic Act No. 7718. Privatization shall
21 include, but shall not be limited to the sale of publicly-owned water or sewerage assets, entry into
22 concession agreements for monopoly water and/or sewerage services, formulation of build-
23 operate-transfer schemes for bulk water supply facilities, and joint venture agreements for the
24 delivery of water and/or sewerage and irrigation services. All privatized water supply and/or
25 sewerage services and irrigation services shall be required to procure the license required in
26 Sections 21 and 22.

27 For this purpose, the Authority shall establish guidelines and procedures in the review and
28 approval of privatization agreements in coordination with the National Economic Development
29 Authority.

30 Section 27. Water Resources Conservation and Development Fund - There shall be
31 created a Water Resources Development Fund from the raw water fees, administrative fees, and
32 other revenue of the Authority. The Fund shall be administered by the Authority and shall be
33 allocated among the following:

- 34 (a) the share of the local government unit in the exploration of natural resources within its
35 territory in accordance with the Local Government Code;

- 1 (b) administrative costs of operation of the Authority and its deputized agents;
- 2 (c) awareness building for sustainable water resources utilization, development and
- 3 management;
- 4 (d) community-based water resources planning efforts;
- 5 (e) financial grants for data collection, water impoundment and development projects, water
- 6 source protection projects such as reforestation and watershed protection, research
- 7 activities for the development of technology which advances the sustainable utilization of
- 8 water resources;
- 9 (f) subsidies for water supply and sewerage projects to low-income communities;
- 10 (g) compensation for payment of water rights;
- 11 (h) capability building for community-based water resources management;
- 12 (i) other areas of priority as determined by the Director-General.

13 Section 28. Incentives for the Use of Clean and Water Saving Technology for Water
14 Development, Abstraction, Diversion, and Utilization – In order to encourage the sustainable
15 utilization of water resources, public and private entities shall be given incentives subject to the
16 conditions imposed by the Authority such as:

- 17 (a) exemption from custom tariff and duties for the importation of “clean and water-saving
- 18 technology” as defined by the Authority;
- 19 (b) tax rebate up to fifty percent of the actual cost of the “clean” equipment or technology to
- 20 be imported or purchased;
- 21 (c) subsidies from the Water Resources Development Fund for the import or purchase of
- 22 “clean” equipment or technology.

23 Section 29. Water Development Projects in Areas Occupied by Indigenous Peoples- All
24 water development projects and large-scale use, abstraction, diversion and appropriation of water
25 resources in areas occupied, possessed or utilized by indigenous peoples shall require the prior
26 informed consent of the concerned indigenous peoples.

27 Section 30. Environmental Impact Assessment – All water resources projects and all
28 large-scale water abstraction, diversion, and appropriation activities shall be considered as
29 environmentally critical projects and shall be covered by Presidential Decree No. 1586, its
30 implementing rules and other related laws, rules and regulations.

31 Section 31. Licensing of Well-Drillers – The Authority shall promulgate rules and
32 regulations for the licensing of well-drillers. The Authority shall require the submission of annual
33 reports containing such information as the Authority shall specify as a condition precedent of
34 renewal of their license.

1 Section 38. Transfer of Powers and Functions and Assets – The powers and functions of
2 the National Water Resources Board (NWRB) under Presidential Decree Nos. 424 and 1067 and
3 other laws, are hereby transferred to the Authority.

4 The current fees being charged by the NWRB shall continue to be in effect. The new raw
5 water fee and other administrative fees that the Authority shall impose shall take effect one year
6 after the effectivity of this Act.

7 The Authority shall regulate the operation of water supply, sewerage and irrigation services
8 of local government units, local water districts and all other public or private entities and absorb
9 the regulatory functions of the Metropolitan Waterworks and Sewerage System (MWSS) with
10 respect to its water concessionaires, consistent with the terms of the concession contracts. The
11 Authority shall provide a schedule for the transfer of such regulatory functions after consultation
12 with the affected government agencies and the MWSS concessionaires.

13 The transfer of powers and functions provided herein, shall include the transfer of all
14 funds and appropriation including, but not limited to the regulatory fees charged by MWSS to its
15 concessionaires, records, equipment, property, and personnel, including unexpended
16 appropriations and/or allocations. The same shall apply to government agencies which have not
17 been abolished but whose functions have been effectively transferred to the Authority. Officers and
18 employees of said offices, agencies and government units shall continue in a holdover capacity
19 until such time as the new officers and employees of the Authority shall have been duly appointed
20 pursuant to the provisions of this Act.

21 The Authority shall approve rates set by local water districts in coordination with the
22 LWUA and shall enforce water quality standards on local water districts. LWUA shall continue to
23 exercise with due diligence, its functions over local water districts to ensure that all loans granted
24 to local water districts are collected and paid.

25 Section 39. Transfer of Rights and Liabilities – The Authority shall, by virtue of this Act,
26 be subrogated to all the rights and assume the liabilities of the NWRB, and other government
27 agencies and units whose functions and powers have been transferred to the Authority. All
28 contracts and liabilities of said government agencies are hereby transferred to and assumed by the
29 Authority and shall be acted upon in accordance with the rules and regulations of the Commission
30 on Audit and other pertinent laws, rules, and regulations.

31 Section 40. Staffing – The positions herein created shall be filled by regular appointments
32 in accordance with a staffing plan prepared by the Director-General. The personnel of the NWRB
33 shall be given preference in the positions herein created; Provided, however, that such personnel
34 shall comply anew with the qualification standards set by the Authority for the positions for which
35 they apply.

1 Section 41. Separation from Service – Employees separated from government service as a
2 result of this Act shall be entitled to the benefits which they may receive under existing laws, rules
3 and regulations. There shall be an early retirement incentive for employees who shall be separated
4 from service.

5 Section 42. Transitory Management Plan – The Authority shall formulate a transitory
6 management plan for the phase-in of its operations. The Authority shall be fully operational within
7 one year from the effectivity of this Act.

8 Chapter VII Appropriations

9 Section 43. Appropriations – Such sums as may be necessary for the implementation of
10 this Act shall be taken from the current fiscal year appropriation of the National Water Resources
11 Board and such amounts as the President of the Philippines may allocate from other sources in
12 accordance with law. The total amount shall not exceed () for the first fiscal year of
13 operation. Thereafter, the amount needed for the operation and maintenance of the Authority shall
14 be included in the annual General Appropriations Act.

15 Subject to existing rules and regulations, the funds and monies collected or which
16 otherwise come into the possession of the Authority and its Offices from fees, surcharges, fines, and
17 penalties which the Authority may impose and collect under this Act shall be disbursed for
18 expenses necessary for the effective discharge of the powers and functions of the Authority under
19 this Act.

20 Chapter VIII Penalties and Sanctions

21 Section 44. Penalties –

- 22 (a) Any person, natural or juridical, found violating the provisions of this Act, the Water Code, its
23 Implementing Rules and Regulations, and other prohibitory laws affecting the management of
24 water resources shall be liable to pay a fine not exceeding five million pesos (P5,000,000.00)
25 or imprisonment from six months to six years, or both. When the offender is a corporation, the
26 manager, president and the other officers of the corporation shall be held liable. The
27 corporation shall be subsidiarily liable for the liability of its officers;
- 28 (b) Any person or entity who shall refuse, obstruct, or hamper the entry of the duly authorized
29 representatives of the Authority into any property of the public domain or private property
30 pursuant to its visitorial powers, shall be liable to pay a fine not exceeding ten thousand pesos
31 (P10,000.00) or imprisonment not exceeding one (1) month, or both.

32 Section 45. Administrative Fines and Sanctions –

- 33 (a) The Authority shall promulgate rules and regulations for the imposition of administrative fines
34 and sanctions for failure to comply with any order, decision, rules or regulation of the
35 Authority.

1 (b) The licenses issued to monopoly suppliers of water and/or sewerage services and irrigation
2 services and the permits issued to other suppliers of water and sewerage services and
3 irrigation services shall be suspended after a finding that the said entity failed to meet the
4 standards set forth by the Authority. The Authority may withdraw or revoke any water permit
5 or license issued to any person or entity who shall violate any of the terms and conditions
6 therein set forth and/or any rules and regulations promulgated by the Authority.

7 (c) The Authority shall issue a cease and desist order against any person or entity found to be
8 violating any of the provisions of this Act, the Water Code, its implementing rules and
9 regulations or any order or decision of the Authority.

10 (d) The Authority shall declare a person in contempt for non-compliance with or violation of its
11 orders. He shall be punished in the same manner as indirect contempt of a Regional Trial
12 Court, motu proprio or upon application by any aggrieved party herein.

13 Section 46. Compensation for Damages – Compensation for damages to water sources,
14 due to pollution from identified sources, salt water intrusion of aquifers by reason of unauthorized
15 abstraction of underground water, and other damages resulting from violations of the Water Code,
16 its rules and regulations, and wrongful acts punishable by law committed by any person, natural
17 or juridical, which result in the deterioration of the quality of water supply sources, shall be
18 collected by the Authority.

19 Section 47. Repealing Clause – Section 4(b) of Presidential Decree No. 66, as amended,
20 Presidential Decree No. 424, Sections 45 (a), 62(a), 63, and 66 of Presidential Decree No. 198, as
21 amended, and NWRB Resolution No. 1444, Series of 1980, as amended are hereby repealed.
22 Republic Acts Nos. 3601, 4850, 6234, 7227, 7916, and 7922, Presidential Decrees Nos. 66, 198,
23 926, 1556, 1067 and 1586, and Executive Orders Nos. 124, 192, and 230 are hereby modified
24 accordingly. All laws, decrees, rules and regulations, and executive orders contrary to or
25 inconsistent with this Act are hereby repealed or modified accordingly.

26 Section 48. Separability Clause – In the event that any provision of this Act is declared
27 unconstitutional, the validity of the remainder shall not be affected thereby.

28 Section 49. Effectivity Clause – This Act shall take effect upon approval and publication
29 once a week for two consecutive weeks in at least two national newspapers of general circulation.

30 Approved.