

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

Eighteenth Congress
First Regular Session

HOUSE BILL NO. 4944



Introduced by **Representative JOEY SARTE SALCEDA**

AN ACT
ESTABLISHING THE NATIONAL FRAMEWORK FOR WATER RESOUC
MANAGEMENT AND CREATING THE DEPARTMENT OF WATER RESOURCES
AND THE WATER REGULATORY COMMISSION, AND FOR OTHER PURPOSES

EXPLANATORY NOTE

I. Department of Water Resources

A 2015 World Resources Institute study warned that the Philippines will likely experience a "severe water shortage" in the year 2040. This is not surprising given the fact that in the World Bank's 2003 Philippine Environment Monitor, it was already reported that as of year 2000, compared to other countries in Southeast Asia, the Philippines already ranked 2nd to the lowest in terms on annual renewable water resources per capita.

Climate change hazards (rainfall variability, increasing temperatures, rising sea level and more extreme weather) which pose major risks to water resources and a growing population will further aggravate this situation. PAGASA's downscaled climate projections have shown that the country's water resources will be one of the most adversely affected by climate hazards. This highlights the urgent need to properly plan for and manage our finite water resources in order to meet the increasing demand of a growing population, continuing economic development amidst many competing users.

The outcome document of the Rio +20 Earth Summit, entitled "The Future that We Want" emphasized just how important water is by stating that that "Water is at the Core of Sustainable Development". It is acknowledged that there can be no development without water; there can be no life without water. Or to put it more succinctly, Water is Life!

Access to safe and potable drinking water as a basic right was recognized by the United Nations as one of its Millennium Development Goals (MDGs) In July 28,2010. 122 countries formally acknowledged this "right to water" in a UN General Assembly. Barely two months later, the ITN Human Rights Council adopted a binding resolution recognizing that the human right to water and sanitation is part of the right to adequate standard of living.

Yet, in the Philippines, as of 2015, more than 12 million people still get water from unsafe sources. More than four million people do not have access to sanitary toilets and thus, defecate openly. An additional two million are limited to unimproved sanitation facilities.

As pointed out by the Philippine Water Supply and Sanitation Master Plan (PWSSMP), it is imperative that these present problems are addressed considering the adverse impacts that unsafe water supply and polluted waters have on people's health, and the economy.

Based on the 5-year data from the National Epidemiology Center of the Department of Health, 31% of illnesses was water related.¹ It has been estimated that the economic impacts of poor sanitation to be in the order of US\$ 1.4 billion, equivalent to about 1.5% of GDP in 2005 with health impacts accounting for 72% at US\$1B. Episodes of red tides and fish kills in different parts of the country highlight the extent of the losses of livelihood of our fisherfolks from polluted waters. And the recent closure of Boracay due to severely polluted waters (mainly coming from sewage) also highlights the adverse impacts of dirty waters on the tourism industry, which is a major contributor to economic growth.

Unfortunately, the management of the country's water resources remains fragmented and uncoordinated with over 30 government units and agencies at national and local levels implementing separate and disharmonized policies, plans and programs to develop and operate water facilities and infrastructure for various uses, regulate water use and set tariffs, and monitor water-related parameters. This continued overlapping and fragmented management and regulation of water resources and services hinders the enactment and implementation of a comprehensive, integrated and doable long-term solution to address keener competition, imbalance resource utilization and conflict of interests among water users, especially in areas already identified as water-stressed. It puts at risk the attainment of the SDG target of universal access to safe water supply and improved sanitation by 2030.

There is an urgent need for an integrated and coordinated planning and implementation of programs and projects that promote synchronized, sustainable and science-based management of the country's water resources that would address the imbalance in water resource utilization, reduced water availability, declining water quality, recurrent flooding, and other water-related issues in many parts of the country. This cannot be achieved without addressing the fundamental governance and institutional issues of the sector.

Consistent with the various studies, plans, and initiatives conducted in the past two (2) decades which have supported the need for the establishment of a strong apex body for the water resources sector, the Philippine Development Plan (2017-2022) identified as a primary strategy for the water supply, sewerage and sanitation sub-sector the creation of an apex body for water resources management and the formulation of masterplans to address the fragmented structure and that foster coordinated efforts across the country. This actually holds true for the entire water sector.

An apex body for the water sector is critically needed in order to have a single entity that will be in charge of the overall planning, programming, policy formulation, and management for the sector. It will serve as the sector's champion and ensure that subsector policies and plans are aligned with the overall Sector Master Plan. It will coordinate, monitor and evaluate sector performance and take appropriate action as needed. It will conduct

¹ excluding Timor Leste and Brunei who were not included in the study

extensive and regular hydrological studies/analyses which are very vital for water planning and allocation purposes.

It is thus proposed that a Department of Water Resources be created to ensure that Filipinos benefit from this fundamental human right and that this finite resource will be sustained.

II. Water Regulatory Commission

Based on the 2015 Family Income and Expenditure Survey of the Philippine Statistics Office, 87.2% of the population has access to water from formal providers, but only 43.6% have piped connection, 11.2% use communal faucets and the remaining 45.2% rely on point sources. The remaining 12.8% of the population use various means of getting water including fetching water from rivers, digging shallow wells or buying vended water. On wastewater treatment services, coverage is dismal. Roughly 4% of the population is connected to sewerage systems. It is only in Metro Manila where the service providers, in this case private concessionaires, have a program for septage management services and future plans to put in place improved wastewater treatment collection and treatment services. The inadequate safe water and wastewater services result to significant economic losses, attributed to health costs, losses from tourism and fisheries industries. Diarrhea, the most significant waterborne disease, remains as one of the leading causes of morbidity and mortality in the Philippines, an easily preventable disease.

The problem is not in access alone; the water supply level of service (i.e., from point sources or communal faucets to piped connection) and quality of service (for example achieving 24/7 supply, adequate pressure and drinking water quality) must be improved considerably also.

While there are many facets to the problem, *poor economic regulation* has been identified as a critical structural weakness in the sector. Because of the lack of or poor enforcement of economic regulations, water utilities are not compelled to expand coverage or improve quality of service, tariffs are not set rationally, operations are not efficient, and few service providers are financially viable. The inability of the formal service providers to expand coverage encouraged “work-around” solutions that eventually aggravated the problem including spawning of many small-scale water service providers. Based on the nationwide registry of water service providers², there is an estimated 23,603 water service providers from 1,451 municipalities and cities in the Philippines, 90% of which have connections of less than 5,000. Hence, by and large there are no economies of scale resulting to inefficiencies and inherent limitations for growth.

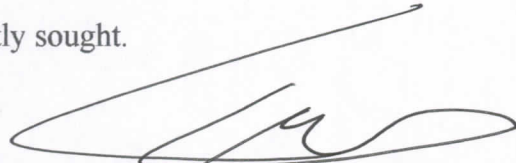
In the Philippine context poor economic regulation is a result of fragmentation; there are several agencies doing economic regulation, (e.g., LWUA, MWSS, LGUs, NWRB, TIEZA). Apart from NWRB, regulators have conflicts of interest in their dual role as financier, as in the case of LWUA or as direct service providers, as in the case of municipal or city governments thus effectively practicing self-regulation.

This bill also intends to address the issue of fragmentation through the rationalization of the economic and administrative regulation of water utilities through an independent, quasi-

² The “Listahang Tubig” managed and implemented by the National Water Regulatory Board

judicial body called the Water Regulatory Commission. Among its functions will be to enforce service coverage and quality of performance targets, toward the objective of providing every Filipino safe water supply and adequate wastewater services.

The immediate passage of this bill is earnestly sought.



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

CHAPTER I
GENERAL PROVISIONS

SECTION 1. *Short Title.* – This Act shall be known as the National Water Act of 2019.

SEC. 2. *Declaration of Policy.* – It is hereby declared the policy of the State to ensure the provision of safe, adequate, affordable and sustainable water supply and improved sanitation services, while maintaining the protection, preservation and revival of the quality of the country's water resources and ecological balance. In pursuit of this policy, this Act shall have a principal objective of ensuring and accelerating universal access to water supply and sanitation services, in a regulatory regime that encourages responsible private sector participation and involvement, and fosters and prioritizes infrastructure and public works which adopt innovative solutions and international best practices to address the challenges of climate change.

SEC. 3. *Definition of Terms.* – For purposes of this Act, the following terms are hereby defined:

- (a) *Bulk water suppliers* shall refer to any entity, natural or juridical, whether public or private, supplying or intending to supply large quantities of raw or treated water to buyers who will use it for own consumption, such as industrial companies, or for retail distribution to consumers, such as Water Districts or subdivisions managing their own distribution network
- (b) *Commission* shall mean the Water Regulatory Commission.
- (c) *Department* refers to the Department of Water Resources Management (DWRM).
- (d) *Flood Control* refers to methods, acts and protocols to be observed in order to prevent and reduce the detrimental and catastrophic effects of flood waters which include sediment-laden or turbid flows, hyper-concentrated flows or debris flows.
- (e) *Flood Risk Management (FRM)* refers to such acts of defining and determining the appropriate methods, acts and protocols aimed at preventing and reducing the risk of incurring loss of both life and property due to flood waters. Flood risk management consists of a cycle of prevention, mitigation, adaptation, preparedness and early warning, and, finally response and recovery. The elements of FRM include: integrating land-use planning, coastal zone management into water management; adopting a holistic approach so that FRM is part of wider risk or multi-hazard management (earthquake, landslides, storm surge, etc.); managing risk and uncertainty as a whole so it is not only hydrological uncertainties but also social, economic and political uncertainties in view of the human behavior and cultural dimensions of FRM.
- (f) *Gender Equality* refers to the principle asserting the equality of men and women and their right to enjoy equal conditions realizing their full human potentials to contribute to and benefit from the results of development, and with the State recognizing that all human beings are free and equal in dignity and rights. 5
- (g) *Infrastructure and public works* as used in this Act should be read to apply only to wholly or primarily water-related projects and shall not be read to incorporate projects which would not otherwise fall within the purview of the objectives, power and duties of the Department.
- (h) *IWRM* refers to the Integrated Water Resource Management or to a systematic, collaborative and multi-stakeholder process, which promotes the coordinated development and management of water, land and related resources within geophysical boundaries in order to maximize the resultant economic and social welfare in an equitable manner and without compromising the sustainability of vital ecosystems.
- (i) *Levels of water supply service* shall mean as follows:

1. Level I (*point source*) – a protected well or a developed spring with an outlet but without any distribution system, generally adaptable for rural and upland areas where the houses are thinly scattered. A Level 1 facility usually serves an average of 15 households.
 2. Level II (*communal faucet system or stand posts*) – a system composed of a water source, a reservoir, a piped distribution network, and communal faucets. Usually, one faucet serves 4 to 6 households. Generally suitable for rural and urban fringe areas where houses are clustered densely to justify a simple piped system.
 3. Level III (*waterworks system or individual house connections*) – a system with a water source, a reservoir, a piped distribution network and household taps. This is generally suited for densely populated urban areas.
- (j) *License* shall mean the Water Supply and/or Sanitation Services Operating License that the Commission is authorized to grant and issue to Service Providers.
 - (k) *Licensee* shall mean the Service Provider to whom a License is granted or issued by the Commission.
 - (l) *LWUA* shall mean the Local Water Utilities Administration created under Presidential Decree No. 198, as amended.
 - (m) *LGU* refers to Local Government Unit or to the territorial and political subdivisions of the Philippines as defined under the 1987 Constitution of the Philippines, which includes provinces, cities, municipalities and barangays.
 - (n) *NDRRMC* refers to the National Disaster Risk Reduction Management Council
 - (o) *PDP* refers to the country's medium-term development called the Philippine Development Plan.
 - (p) *Regulatory Units* shall refer to the regulatory offices established under Section 5 of this Act to issue Licenses authorizing the operation of Water Supply and Sanitation Services; provide, review, determine, fix, and approve water and sewerage tariffs, rates and charges that Licensees may impose; and exercise such other functions and powers as may be provided hereunder.
 - (q) *River basin* refers to an area of land drained by a stream or body of fixed water and its tributaries having a common outlet for surface run-off
 - (r) *RBO* refers to multi-stakeholder River Basin Organization or to organizations which plan, coordinate and monitor activities within a river basin cluster.
 - (s) *Sanitation* refers to sewage, sanitation and septage management.

- (t) *Sediment management* refers to control of sediment erosion and deposition in rivers, reservoirs and coastal zones through non-structural and structural measures and control works.
- (u) *SDG* refers to the United Nation's sustainable development goals.
- (v) *Septage* refers to sludge produced on individual onsite wastewater disposal systems, principally septic tanks and cesspools.
- (w) "*Septage Management*" shall refer to the provision of proper collection, treatment and disposal of septage.
- (x) "*Service Area*" shall refer to the area covered by the water distribution system, sewerage and septage management services.
- (y) "*Service Provider*" shall refer to any entity, natural or juridical, whether private or public, providing or intending to provide levels II & III water supply, including bulk water suppliers; sewerage; and/or septage treatment and disposal services for domestic/residential, industrial or commercial use.
- (z) *Sewage* refers to water-carried waste in solution or suspension including sanitary waste (waste products of normal living), commercial waste, industrial waste, agricultural waste and surface runoff conveyed by a sewerage system for treatment or disposal. For purpose of this Act, the definition of septage shall be included in the use of sewage.
- (aa) *Sewerage* refers to any system or network of sanitary pipelines, ditches, channels or conduits including pumping stations, lift stations and force mains, service connections including other constructions, devices or appliances appurtenant thereof, which includes the collection, sanitary piping transport, pumping and treatment of water-borne human or animal waste removed from residences, buildings, institutions and industrial and commercial establishments to point of sewage treatment plant disposal.
- (bb) *Sewers* refer to pipes or such other works or structures which are built and constructed to treat, carry, transport and dispose sewage.
- (cc) *Social inclusion* refers to the process of improving the terms for disadvantaged individuals and groups to take part in society.
- (dd) *Tariffs* refer to such amounts which may be charged by licensees of water supply and/or sanitation services for their services based on principles, standards and guidelines established by the Department.
- (ee) *Water Demand Management (WDM)* refers to any method – whether technical, economic, administrative, financial, or social – that will accomplish one (or more) of the following things:

1. reduce the quantity or quality of water required to accomplish a specific task;
 2. adjust the nature of the task or the way it is undertaken so that it can be accomplished with less water or with lower quality water;
 3. reduce the loss in quantity or quality of water as it flows from source through use to disposal;
 4. shift the timing of use from peak to off-peak periods; and
 5. increase the ability of the water system to continue to serve society during times when water is in short supply.
- (ff) “*Water District*” shall refer to government-owned and controlled 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 and to provide, maintain and operate waste water collection, treatment and disposal facilities within the boundaries of the district.
- (gg) *Water pollution* - means any alteration of the physical, chemical or biological or radiological properties of a water body resulting in the impairment of its purity or quality.
- (hh) *Water Resources* refers to water under the grounds (groundwater), water above the ground (surface water, run-offs, floods, stormwater and urban drainage, and treated wastewater), water in the atmosphere (rainwater) and the waters of the sea within the territorial jurisdiction of the Philippines.
- (ii) *Water Resources Regions* refer to the contiguous clusters of river basins which are grouped together according to the hydrological boundaries, physiographic features and homogeneity in climate for administrative purposes under the Department.
- (jj) *Water Resources Regional Offices (WRROs)* refer to the field office of the Department which are to be established in accordance with the identified water resources regions in the country.
- (kk) *Water Service Providers (WSPs)* refer to the water districts, any LGU-run water utility, BWSA, RWSA, cooperatives and private sector who provides water supply services to any given area.
- (ll) *Water supply service* refers to any activity comprising Levels I, II and III water supply including bulk suppliers, suppliers to subdivisions and other water service providers.

CHAPTER II

THE DEPARTMENT OF WATER RESOURCES MANAGEMENT

SEC. 4. *The Department of Water Resources Management.* – There is hereby created and established the Department of Water Resources Management, hereinafter referred to as the “Department,” which shall be organized within one hundred eighty (180) days after the effectivity of this Act. The Department shall have the organizational structure, powers and functions needed to perform its mandate as provided in this Chapter.

SEC. 5. *Mandate of the Department.* – The Department shall be primary agency responsible for the comprehensive and integrated planning, policy formulation and management of the ownership, appropriation, utilization, exploitation, development, conservation and protection of water resources in the Philippines to ensure the optimal use thereof for domestic and municipal water supply, sanitation, irrigation, hydropower, industry, navigation, flood management, recreation and fisheries/aquaculture.

The Department shall also be the primary agency responsible for the planning and policy formulation towards the attainment of universal access to safe, adequate, affordable, and sustainable water supply, and improved sanitation services for all Filipinos.

SEC. 6. *Guiding Principles.* – In the pursuit of its mandate, the Department shall be guided by the following key principles:

- (a) Good water governance for water security and sufficiency across all levels of governance (national, sub-national, local, river basin and even global), societal actors (national government, local government, non-government organizations, private organizations, individuals, etc), and various sectors (water supply, irrigation, fisheries, hydropower, navigation, ecosystem services, flood management, climate change, recreation, etc.) shall entail publicly transparent, socially accountable and multi-stakeholder participatory – water policy, planning, management and decision-making processes.
- (b) IWRM shall be adopted as the basic framework which is the coordinated development and management of water, land and related resources within hydrological boundaries, to optimize economic and social welfare, without compromising the sustainability of vital ecosystems. IWRM includes an enabling environment (utilizing proper policies and legal instruments), institutional framework (for effective implementation, participatory and collaborative water policy and management decisions), and

management instruments (for efficient use of updated and accurate data, science-based decision support system, proper IEC, assessment and allocations tools, regulatory functions, etc).

- (c) Recognizing that all river basins have their unique characteristics, (physical, socio cultural and others) water management should be done at river-basin level, involving all the stakeholders at that particular river basin.
- (d) Integrated and accurate data collection and analysis and the use of scientific decision support systems for water resources management including flood modeling and warning system are essential for an effective, efficient and sustainable water resources management system.
- (e) Development of water resources shall consider mitigation of water-related hazards and climate change adaptation strategies.
- (f) Access to safe water supply and improved sanitation is a human right that needs to be fulfilled and protected.

SEC 7. Objectives of the Department. –

- (a) Strengthen and coordinate integrated water resources management planning and policy making to ensure sustainable and fair allocation and efficient use of water resources among competing uses and users;
- (b) Ensure that integrated water resources management is strongly coordinated with land use/cover, coastal zone and multi-hazard planning and management;
- (c) Sustainably develop and manage water resources toward water security taking into consideration water, land, and related resources with the objective of increasing water dependability for different uses, optimizing economic benefits and social welfare without compromising the sustainability of vital environmental systems;
- (d) Strengthen and coordinate policy making and planning towards ensuring availability of water for food security and energy security, as well as towards protection of communities and environments from/against flood and other water induced hazards (includes sediment hazards);
- (e) Promote and adopt water demand management as a national policy to ensure that water is optimized, that water efficiency and conservation become a way of life, that the recycling and reuse of water and treated wastewater are widely practiced, that water is properly priced to encourage efficient use and conservation and that rainwater, flood waters, and run-offs are captured/harvested, stored and treated for future use; and

- (f) Prioritize and seek the immediate attainment of universal access to safe, adequate, affordable and sustainable water supply and improved sanitation services for all Filipinos in a manner consistent with the protection, preservation and revival of the quality of the country's water resources, and to adopt all needed measures to advance the right of the people to a balanced and healthful ecology in accord with the rhythm and harmony of nature.
- (g) Ensure water resources development and conservation is participatory, involving planners, policymakers and users including community members at all levels;
- (h) Develop a standardized pricing framework for water use that accounts for environmental externalities; and
- (i) To ensure that all sources of water, including surface water, groundwater, rainwater and floodwater, are monitored, conserved and managed for productive use and the resulting wastewater is managed properly and reused and, finally responsibly disposed of following approved environmental standards.

SEC. 8. *Powers and Duties of the Department.* – The Department shall have the following powers and duties:

I. Policymaking and Planning

- (a) Ensure that Integrated Water Resources Management is adopted as the strategic framework for water management policymaking and planning in the country and coordinate the implementation, promotion, revision and enhancement of IWRM plans;
- (b) Formulate policies, 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, stormwater, and urban drainage. Such policies shall, among other things, integrate the issues of water and sanitation, food security, energy, environment and flood control;
- (c) Develop and regularly update, in consultation with other agencies and stakeholders, the National Water Resources Management Framework Plan following the IWRM framework, including the review and integration of land use plan to this water resources plan;
- (d) Undertake river basin survey, inventory and appraisal of water and related resources and develop comprehensive basin-wide plans of storage, retardation and control to maximize conservation and multipurpose use of water in the basin;

- (e) Conduct continuing hydrologic and hydrometeorological surveys and studies of the country's renewable water supply, 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;
- (f) Strengthen and coordinate policy making and planning for flood management, integrated with stormwater/urban drainage and appropriate retention or retarding basins in order to plan against, prevent, and minimize the detrimental and catastrophic effects of flooding;
- (g) Assist and provide the National Economic and Development Authority (NEDA) 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;
- (h) Review, approve and provide oversight over all water-related development plans and programs of any agency within the context of the National Water Resource Management Framework Plan and overall national plans and program;
- (i) Develop and implement in coordination with other relevant agencies, effective codes, standards, benchmarks, and reasonable guidelines to ensure the safety of all public, and private water structures in the country and assure efficiency and proper quality in the construction of water, sanitation, irrigation, hydropower, flood control and drainage infrastructure;
- (j) Ensure that gender equality, social inclusion, climate resiliency and disaster risk reduction are integrated into any water resources management planning, policy making, and the design and construction of water infrastructure;
- (k) Ensure that the planning and design of water infrastructure considers the highest efficiency and most appropriate quality, in accordance with national development objectives;
- (l) Review existing guidelines appropriate for Private Sector Participation in the water sector and make needed recommendations to the PPP Center, NEDA and other concerned agencies to promote and enable more PPPs in the sector;
- (m) Effect inter-sectoral, inter-agency, and inter-departmental coordination on all aspects of data gathering for water resources development planning and compel submissions of

statistics and data on water management with the aim of operationalizing the integrated approach to water resources management;

- (n) Formulate and develop policies to promote universal access to safe, adequate, affordable, and sustainable water supply, and improved sanitation services for all Filipinos;
- (o) Shall be the lead agency and, consequently, ensure the effective implementation of all the provisions of R.A. 9275, known as the Clean Water Act of the Philippines;
- (p) Issue and promulgate rules, regulations and guidelines as may be necessary to implement and enforce its powers and functions under this Act; and
- (q) Promote State participation in information sharing and education around best practices in the international movement to achieve universal access to safe water and improved sanitation and the integration of water, energy, food security and environment.

II. Resource Regulation

- (a) Manage, protect, and preserve the country's water resources to ensure the optimal use thereof for domestic water supply, sanitation, irrigation, hydropower, navigation, flood control, and recreation, including the enhancement and maintenance of water quality, conservation of watershed, control of water pollution and environmental restoration, without compromising the natural ecosystem functions and services;
- (b) Regulate and control the utilization, abstraction, diversion and development of water resources, taking in consideration its equitable distribution among competing demands and determine the standards of beneficial and priority uses of water in times of crisis and national emergencies;
- (c) Ensure and oversee the implementation of Presidential Decree 1067 or the Water Code of the Philippines;
- (d) Determine, adjudicate, and grant water rights amending, for this purpose, Republic Act No. 2152, and other laws relating to the appropriation and utilization of surface and groundwater;
- (e) Formulate, promulgate and enforce rules and regulations for the development and optimum use of water resources and its administration and management, including coherent water protocols, operating rules of all existing and future water infrastructure; general criteria, methods and standards for basic data collection and project identification, formulation and planning, and appropriate sanctions to be imposed for non-compliance;

- (f) Regularly review regulations prescribed by any government agency pertaining to water use, exploitation, development, conservation or protection of waters, water resources, and watershed or basin areas;
- (g) Impose fees or charges, as may be deemed necessary for water resources conservation and protection, such as, but not limited to:
 - i. Polluter's Fee, which shall be based on the net waste load depending on the wastewater charge formula pursuant to R.A. 9275 or the Clean Water Act, and,
 - ii. Raw water price, which shall take into account, among others, the scarcity of water, and shall be determined by the Department;
- (h) Empower or authorize LGUs to impose the fees or charges within their respective jurisdiction;
- (i) Collect, regularly update, monitor and analyze water resources data including climatology, hydrologic and other water-related data;
- (j) Establish, operate and maintain observation station networks and a centralized water resources data center necessary for the scientific survey and appraisal of surface and groundwater potentials of the country and determine the annual renewable water available per water resources region;
- (k) Develop and continuously update a computerized decision support system that incorporates data management system (acquisition and database), model base (physical, design, planning and decision models), and user-friendly interface (graphical and visualization tools);
- (l) Conduct and/or promote special studies and researches on water economics and other water resources development and management issues and concerns (i.e. climate change, weather modification, flood monitoring and modeling, environmental quality, desalination, etc.); and
- (m) Initiate and maintain public awareness, information and build capacities for knowledgeable participation in water resources management at national and river-basin level.

III. Administration and Management

- (a) Develop guidelines including rules of partnership among the Department, field offices of national government agencies, LGUs and other stakeholders, and facilitate the establishment of multi-stakeholder river basin organizations (RBOs) per river basin and strengthen and support existing RBOs and monitor their activities;

- (b) Develop materials for capacity building and training on RBO development and conduct training and workshops for prospective river basins;
- (c) Authorize its representatives or any deputized agent to enter any property of public dominion or any private land, building or enclave, whether inhabited or not, for the purpose of conducting hydrologic surveys and investigations, including assessing and evaluating the conditions of water facilities installed and determining compliance with water laws and standards;
- (d) Provide technical assistance to water users including but not limited to farmers, communities, LGUs and other water service providers (WSP) whether directly or in coordination with other agencies on all aspects of integrated water resources management;
- (e) Respond to consumer complaint/s, and ensure the adequate promotion of consumer interests;
- (f) Deputize agents, whether from the public or private sector, to assist in the performance of any of the powers and functions of the Department;
- (g) Appoint, hire and maintain adequate staff and personnel, advisers and/or consultants with suitable qualifications and experience, as necessary.

IV. Coordination

- (a) Coordinate and integrate, on a sound and logical basis, water resources development activities of the country within the context of national plans and policies for social and economic development;
- (b) Coordinate with other government agencies, universities and private professional groups for all aspects of data gathering, the conduct of special studies and research on all related aspects of water resources management and development such as climate change, environmental quality, desalination, and the development of operating strategies, procedures, and protocols with accompanying computerized decision tools for major water facilities;
- (c) Coordinate with the concerned and relevant agencies engaged in flood control, flood risk management and drought risk management;
- (d) Proactively coordinate with Local Government Units to ensure the integration of water resources development plans into their comprehensive land use plans (CLUPs), Comprehensive Development Plans (CDPs) or Provincial Physical Framework and Development Plan (PPFDP).

- (e) Exercise such other powers and functions necessary or incidental to the effective administration and management of the country's water resources; and,
- (f) Carry out such other functions as the President may from time to time assign to the Department consistent with the aims and provisions of this Act.

SEC. 9. *Secretary of the Department of Water Resources Management.* – The authority and responsibility for the exercise of the mandate of the Department and for the discharge of its powers and functions shall be vested in the Secretary of the Department of Water Resources, hereinafter referred to as the Secretary, who shall:

- (a) Advise the President on the promulgation of executive or administrative orders, regulations, proclamations and other issuances relative to matters under the jurisdiction of the Department;
- (b) Establish the policies and standards for the operation of the Department pursuant to the President's guidelines;
- (c) Promulgate rules and regulations necessary to carry out Department objectives, policies and functions;
- (d) Exercise supervision and control over all Bureaus and Offices under the Department;
- (e) Supervise all attached agencies and corporations in accordance with law;
- (f) Represent the Department in contracts, awards, and the like;
- (g) As deemed appropriate by the Secretary, delegate authority for the performance of any power or function, as defined herein to officials and employees under his direction; and
- (h) Perform such other duties and responsibilities as may be provided by law.

No person shall be appointed Secretary unless he possesses extensive knowledge of public administration and has a minimum of ten (10) years' experience in the administration of water, sanitation, irrigation, flood control and drainage programs preferably in a public agency.

SEC. 10. *Office of the Secretary.* – The Office of the Secretary shall be composed of the Secretary and his immediate staff.

SEC. 11. *Undersecretaries.* – The Secretary shall be assisted by not more than five (5) Undersecretaries, who shall be appointed by the President upon the recommendation of the Secretary namely Undersecretary for Resource Regulation and Governance, Undersecretary

for Water for Agriculture and Fisheries, Undersecretary for Resource Development, Undersecretary for Planning and Policy and Undersecretary for Clean Water Act.

The Secretary is hereby authorized to delineate and assign the respective functional areas of responsibility of the Undersecretaries: *Provided*, that such responsibility shall be with respect to the mandate and objectives of the Department; and *Provided further*, that no Undersecretary shall be assigned primarily administrative responsibilities. Within his functional area of responsibility, an Undersecretary shall have the following functions:

- (a) Advise and assist the Secretary in the formulation and implementation of Department policies, plans, programs and projects;
- (b) Supervise all the operational activities of the assigned units for which the Undersecretary is responsible to the Secretary; and
- (c) Perform such other duties and responsibilities as may be assigned or delegated by the Secretary to promote efficiency and effectiveness in the delivery of public services or as may be required by law.

The Undersecretary for Planning and Policy should be a Career Officer and shall have primary responsibility, in coordination with the Planning and Policy Service, for advancing efforts in the pursuit of the ultimate goal of universal access to water supply and sanitation systems and sustainable management of water resources. The Undersecretary for Planning and Policy shall also have the primary responsibility for knowledge sharing and advancement of efforts around the integration of water, energy, environment and food security.

No person shall be appointed Undersecretary unless he possesses a working knowledge of public administration and has a minimum of seven (7) years' experience in the administration of water, sanitation, irrigation, flood control and stormwater drainage, preferably in a public agency or with legal, financial or financial knowledge of such programs; provided that only five (5) years' experience shall be required for the Undersecretary to be assigned for support services.

SEC. 12. *Assistant Secretaries.* – The Secretary shall be assisted six (6) Assistant Secretaries appointed by the President of the Philippines upon the recommendation of the Secretary: one to be responsible for Planning and Policy Service; one for Decision Support System Service; one for the Regulatory Service; one for the Comptrollership and Financial Management Service; one for the Legal and Legislative Service; and one for the Administrative and Human Resources Management Service.

No person shall be appointed Assistant Secretary unless he possesses a working knowledge of public administration and has a minimum of five (5) years' experience in the administration of water, sanitation, irrigation, flood control and stormwater drainage or other water resources management programs.

SEC. 13. *Organizational Structure.* – The Department shall be composed of the following organizational units:

- (a) Department Proper consisting of the Office of the Secretary, the Offices of the Undersecretaries and Assistant Secretaries, the Internal Audit Office, the Public Affairs Office, the Water Pollution Adjudication Board, the Planning and Policy Service, Decision Support System Service, Administrative and Human Resources Service, Legal and Legislative Service, Comptrollership and Financial Management Service, Resource Regulation Service, and the Water Resources Regional Offices.
- (b) The Attached Agencies, namely:
 - 1) The Local Water Utilities Administration, whose mandate, powers and functions are defined in Presidential Decree No. 198, as amended and which will be transferred from DPWH and attached to the Department. It shall continue to be primarily a specialized lending institution for the promotion, development and financing of local water utilities. In the implementation of its functions, the Administration shall:
 - i. prescribe minimum standards and regulations in order to assure acceptable standards of construction materials and supplies, maintenance, operation, personnel training, accounting and fiscal practices for local water utilities;
 - ii. furnish technical assistance and personnel training programs for local water utilities;
 - iii. monitor and evaluate local water standards; and
 - iv. effect system integration, joint investment and operation, district annexation and de-annexation whenever economically warranted. (as amended by Sec. 22, PD 768)
 - 2) The Metropolitan Waterworks and Sewerage System (MWSS), whose mandates, powers and functions are defined by Republic Act No. 6324, as amended, and which will be transferred from the DPWH and attached to the Department. It will continue to facilitate the exercise by the concessionaires of its agency powers, carry out accounting and notification functions, monitor, report, and administer loans and

- perform related functions in connections with existing projects, manage and dispose its retained assets and manage and operate the Umiray-Angat Transbasin Project.
- 3) The Laguna Lake Development Authority, whose mandate, powers and functions are laid out in Republic Act No. 4850, as amended which will be transferred from DENR and attached to the Department. It will continue to serve as the lake management and development authority similar to a multi-stakeholder river basin organization and will ensure the implementation of the Laguna Lake Master Plan which will be updated by the Department to ensure alignment with the National Water Resources Management Framework Plan. Its regulatory powers will however be taken over by the Department.
 - 4) The Pasig River Rehabilitation Commission, which was created by Executive Order No. 54, series of 1999, as amended which will be transferred from the Office of the President and attached to the Department. It will update the existing master plan to ensure consistency with the National Water Resources Management Master Plan, regulate easement, integrate and coordinate development programs, abate industrial wastewater and sewerage dumping and enforce environmental laws, relocate formal and informal settlers, undertake civil works such as dredging, clearing of structures, cleaning of the river and its tributaries/esteros, prepare regular Status Report to the President, coordinate with other national and local government agencies/units and formulate its own implementing rules and regulations.
 - 5) Any other agency exercising water resources management, conservation and protection functions which the President may order to be transferred to the Department;

SEC. 14. *Offices, Functions and Personnel to be Completely Subsumed by the Department.* – The following offices with their powers, functions, personnel, applicable funds and appropriations, records, equipment and property are to be subsumed by the Department:

- (a) The National Water Resources Board (NWRB) with all its divisions and sections, whose mandate, powers and functions are found in Presidential Decree No. 424, as amended, with the exception of its water utility regulation units and functions under Presidential Decree No. 1206;
- (b) The River Basin Control Office (RBCO) of the DENR whose mandate, powers and functions are found in Executive Order No. 510 and Executive Order No. 816, as amended;

- (c) The Manila Bay Coordinating Office (MBCO) of the DENR which was created by virtue of DENR Special Order 2011-01 to coordinate the efforts of the 14 national agencies covered by the Mandamus Order of the Supreme Court to rehabilitate Manila Bay;
- (d) The flood management planning and sediment management function of the Flood Control Management Cluster of the DPWH;
- (e) The Water Supply and Sanitation Unit of the DILG; and
- (f) The Water Quality Management Section of the EMB of the DENR.

SEC. 15. *Functions to be Transferred to the Department.* – The functions of the following agencies/bureaus/units shall be transferred to Department of Water Resources Management:

- (a) The function of the Mines and Geosciences Bureau (MGB) of the DENR to conduct hydrological surveys and groundwater mapping;
- (b) The conduct of hydrological surveys monitoring of stream flow and other water data collection function of the Bureau of Design and Bureau of Research and Standards of the DPWH;
- (c) The irrigation development planning and secondary water availability investigation function of the National Irrigation Administration (NIA) and Bureau of Soils and Water Management of the Department of Agriculture (DA);
- (d) The formulation of plans for the proper management, development and utilization of aquatic resources of the Bureau of Fisheries and Aquatic Resources of DA
- (e) The protection and conservation of natural wetlands such as lakes, marshes, swamps of the Biodiversity Management Bureau of the DENR; and
- (f) Planning, programming, administration, monitoring, management of the NSSMP by the DPWH.

SEC. 16. *Planning and Policy Service.* – The Planning and Policy Service is hereby created to provide the Department with the capability to undertake water infrastructure development planning and programming. For this purpose, it shall have the following functions:

- (a) Advise the Secretary on all matters relating to water resources planning;
- (b) Assist the Undersecretary for Planning and Policy on all matters related to the specific functions of the position;

- (c) Formulate strategies and priorities for water resources management and development consistent with national development objectives and initiate or undertake relevant surveys for development planning;
- (d) Develop and regularly update a comprehensive and integrated National Water Resources Management Framework Plan and ensure its integration into existing land use plans;
- (e) Coordinate river-basin planning following the integrated water resources management framework and the river-basin approach;
- (f) Formulate or update existing River Basin Master (or comprehensive) Plans which includes all aspects of water management and development such as water supply and sanitation, irrigation, flood control and stormwater/urban drainage, drought risk management, water resource development systems and other public water works projects, including phasing of implementation;
- (g) Based on the river basin master plan, identify priority packages for water infrastructure development per river basin including water supply, sanitation, irrigation, flood control and stormwater/urban drainage, drought risk management, water resource development systems and other public works projects; package project proposals for funding and prioritize project implementation and the allocation of funds and other resources and undertake or supervise and evaluate the conduct of feasibility studies and project preparation thereof;
- (h) Evaluate and appraise all regional and inter-regional infrastructure water development plans and programs as to their feasibility and consistency with approved strategies and long and medium-term plans;
- (i) Initiate regular Department-wide planning exercises and act as the secretariat thereof;
- (j) Gather, analyze and organize needed statistical data and information;
- (k) Provide technical assistance related to its functions to the other Services, Bureaus and the Regional Offices as needed;
- (l) Conduct of hydrologic and hydraulic surveys and assessments of surface waters;
- (m) Develop general criteria and standards on project investigation, formulation, planning;
- (n) Develop guidelines and standards on social inclusion in water resources management and ensure policies, programs and plans are compliant with the gender and development framework of the government;

- (o) Closely coordinate with PAGASA for rainfall and other climate data which should be considered in the planning for water resources development and management and for various water infrastructure; and
- (p) Perform such other related duties and responsibilities as may be assigned or delegated by the Secretary or as may be required by law.

SEC. 17. *Decision Support System Service.* – The Decision Support System Service is hereby created to provide the Department with water resource management tools and computerized decision support system that incorporates data management system (acquisition and database) and model base (physical, design, planning and decision models). Additionally, the services include services related to networking, data management, and information and knowledge/learning management systems for administrative and non-technical support for the department. The Service is also responsible for providing the Secretary timely reports on the status of various Department projects and activities. For this purpose, it shall have the following functions:

- (a) Provide the Secretary needed data and processed information to aid in policy and management decisions under the mandate of the Department;
- (b) Publish available real-time raw water data (through internet) as well as verified or validated water data (in print and/or electronic form through internet) in tabular and graphical displays as time series and/or spatial data;
- (c) Conduct standard data analysis such as basic statistical analysis, trend analysis, analysis of runs, cluster analysis, etc. and also publish in print and/or electronic form;
- (d) Develop and continuously update water resource management, computerized decision support system (DSS) that incorporates data management system (acquisition and database), model base (physical, design, planning and decision models), and user-friendly interface (graphical and visualization tools). This DSS is composed but not limited to:
 - 1) a measurement or data acquisition system;
 - 2) information or database management system;
 - 3) analytical and numerical models for design/planning and decision/evaluation purposes; and finally
 - 4) a user-friendly interface which includes graphical interface or visualization tools.
- (e) The specific models to be developed and maintained should include but not limited to the following:

- 1) long-term climatologic and weather forecasting model;
 - 2) watershed models and river-floodplain models;
 - 3) groundwater models and coupled to surface water models;
 - 4) flood forecasting model for major rivers;
 - 5) optimization-simulation and/or management models for watershed conservation, conjunctive surface and groundwater use, irrigation scheduling, normal and emergency operations of multipurpose reservoirs; and
 - 6) water quality and ecological models.
- (f) Develop and manage the management information system and knowledge systems of the Department including the retrieval and processing of monitoring information on all projects and activities of concern to the Secretary and the web portal and conduct systems and process engineering, software development, software configuration management; develop and manage the Department's corporate database, unified database for water industry, data warehouse, other water information resources, library services and document management and archiving services; develop and manage the Department's ICT infrastructure and provide ICT related- services to the Department including computer networking and voice communications services and data exchange; manage the literacy and training services of the Department on various ICTs, KM tools and applications including information and knowledge management.
- (g) Perform such other related duties and responsibilities as may be assigned or delegated by the Secretary or as may be required by law.

SEC. 18. *Administrative and Human Resource Service.* – The Administrative and Human Resource Service is hereby created to provide the Department with services relating to human resources development, personnel, records, facilities maintenance, medical and dental, security and property and procurement services. For such purposes, it shall have the following functions:

- (a) Advise the Secretary on all matters relating to internal administration and human resources management;
- (b) Prepare and implement an integrated personnel development plan that shall include provisions for merit promotions, performance evaluation, job rotation, suggestions and incentive awards systems, and health and welfare services;

- (c) Provide services related to human resources training, education and development including manpower, career planning and forecasting, and development of indigenous training materials;
- (d) Develop, establish and maintain an efficient and cost-effective property procurement system and facilities and coordinate or otherwise interface with relevant agencies, whether government or private, for the purpose of developing or upgrading the system;
- (e) Secure and maintain necessary Department facilities, and develop, establish and maintain an efficient and effective security system covering, among others, personnel, physical installations, equipment, documents and materials including the conduct of security investigations;
- (f) Coordinate with the appropriate government agencies for a more efficient conduct of administrative processes;
- (g) Develop, establish and maintain an efficient records system;
- (h) Provide assistance in its area of specialization to the Department Proper, Bureaus and Regional and District Offices and, when requested, the government agencies and corporations attached to the Department; and
- (i) Perform such other related duties and responsibilities as may be assigned or delegated by the Secretary or as may be required by law.

SEC. 19. *Legal and Legislative Service.* – The Legal and Legislative Service is hereby created to provide the Department with services on such legal affairs as contract letting and litigation, legal and legislative research, complaints and investigation, legal counselling and other matters of law. For such purposes, it shall have the following functions:

- (a) Advise the Secretary on all matters relating to legal and legislative affairs;
- (b) Prepare Department contracts and legal instruments, review and interpret all contracts and agreements entered into by the Department and evaluate all legal proposals;
- (c) Conduct administrative investigation as well as the review of administrative charges against officers and employees of the Department;
- (d) Exercise functional jurisdiction over the legal staffs of Regional Offices;
- (e) Provide legal assistance to the Department Proper, the Bureaus and Regional Offices and when requested, the attached corporations;
- (f) Develop and prepare the Department's Legislative Agenda, recommend presidential certification of the urgency of priority water bills, and other water-related legislations;

- (g) Coordinate and maintain linkages among the various offices, bureaus, regional offices and attached agencies to the DWR along with other government agencies on policy matters affecting the Department's mandate in relation to legislation;
- (h) Maintain effective liaison with the Congress and the Senate regarding legislative inquiries and enactment of water bills or other laws that will affect water into law;
- (i) Monitor the progress of the Department's priority/certified bills to ensure their passage; and
- (j) Perform such other related duties and responsibilities as may be assigned or delegated by the Secretary or as may be required by law.

SEC. 20. *Comptrollership and Financial Management Service.* – The Comptrollership and Financial Management Service is hereby created to provide the Department with coordinated services relating to financial systems and procedures, budget, cash, accounting and all financial housekeeping matters. For such purposes, it shall have the following functions:

- (a) Advise the Secretary on all matters relating to the accounting of government expenditures and receipts, budgeting and cash management, project finances and financial systems and procedures;
- (b) Prepare budget proposals and pursue formal budget authorizations, undertake budget execution, and prepare and submit all appropriate reports to the proper offices;
- (c) Develop and maintain accounting, financial and assets management systems, procedures and practices in the Department Proper, Bureaus and Regional Offices;
- (d) Review and appraise systems and procedures, organizational structure, assets management practices, accounting, and other records, reports, and performance standards such as budgets and standard costs of the Department, bureaus, and regional offices;
- (e) Provide assistance in its area of specialization to any unit of the Department and, when requested, to government corporations and councils attached to the Department; and
- (f) Perform such other related duties and responsibilities as may be assigned or delegated by the Secretary or as may be required by law.

SEC. 21. *Resource Regulation Service.* – The Resource Regulatory Service is hereby created to provide the Department with services on resource regulation of all water-related services and activities. For such purposes, it shall have the following functions:

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

- (b) Determine, grant and regulate water rights for the appropriate, optimal and sustainable use of surface and ground water;
- (c) Determine, evaluate and grant waterworks and sewerage franchises;
- (d) Investigate violations of the water rights and the Water Code and impose the appropriate sanctions in accordance with existing laws, rules and regulations as well as future rules and regulations which the Department will promulgate;
- (e) Adjudicate water use conflicts; and
- (f) Perform such other related duties and responsibilities as may be assigned or delegated by the Secretary or as may be required by the law.

SEC. 22. *Internal Audit Office.* – The Internal Audit Office is hereby created for the purpose of conducting comprehensive audit of various Department activities and will report directly to the Secretary. Specifically, it shall have the following functions:

- (a) Advise the Secretary on all matters relating to management control and operations audit;
- (b) Conduct management and operations performance audit of Department activities and units and determine as to the degree of compliance with established objectives, policies, standards, methods and procedures, government regulations and contractual obligations of the Department;
- (c) Review and appraise systems and procedures, organizational structure, assets management practices, accounting and other records, and performance standards (such as budgets and standard costs) of the Department Proper, Bureaus and Regional Offices;
- (d) Analyze and evaluate management deficiencies and assist top management to solve problems by recommending realistic courses of action; and
- (e) Perform such other related duties and responsibilities as may be assigned or delegated by the Secretary or as may be required by law.

SEC. 23. *Public Affairs Office.* – The Public Affairs Office is hereby created for the purpose of enhancing government relations with all stakeholders including the media. It shall ensure that women, men, older people and people with disabilities will be consulted, organized and can take active part in all aspects of water resources development and management activities. The office will also lead the planning and organizing of the special events of the Department. For such purposes, it shall have the following functions:

I. Public Awareness

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

II. Promoting Participation

- (a) Conduct public consultations and discussions;
- (b) Develop and disseminate relevant and appropriate materials and programs for public information and education, as well as advocacy campaign;
- (c) Conduct seminars and workshops involving the LGUs and the general public on current water issues and problems; and
- (d) Conduct capability building seminars of various stakeholders to promote meaningful participation in the Department's policy making, planning, development and implementation of various programs and projects.

III. Special Events

- (a) Coordinate the organization and promotion of special events and water exhibits;
- (b) Act as the focal point for all water related events; and
- (c) Perform such other related duties and responsibilities as may be assigned or delegated by the Secretary or as may be required by law.

SEC. 24. *Water Pollution Adjudication Board.* – There is hereby created a Water Pollution Adjudication Board under the Office of the Secretary. The Board shall be composed of the Secretary as Chairman, two (2) Undersecretaries as may be designated by the Secretary, the Director of Water Quality Management Bureau and three (3) other representatives from other stakeholders to be designated by the Secretary as members. The Board shall assume the powers and functions of the Commission/Commissioners of the National Pollution Control Commission with respect to the adjudication of water pollution cases under Republic Act No. 3931, Presidential Decree 984, particularly with respect to Section 6 letters e, f, g, j, k and p of the P.D. 984 and RA 9275. The Bureau of Water Quality Management shall serve as the Secretariat of the Board. These powers and functions may be delegated to the field officers of the Department in accordance with rules and regulations to be promulgated by the Board.

SEC. 25. *Bureaus.* – Each Bureau shall be headed by a Bureau Director who shall be responsible for efficiently and effectively carrying out the functions of the Bureau concerned. The Bureau Director shall be assisted by one (1) Assistant Director.

SEC. 26. *Bureau of Flood Control and Drainage.* – The Bureau of Flood Control and Drainage is hereby created to plan and design flood control and drainage structures and facilities in accordance with technical standards, guidelines and manuals. For this purpose, it shall have the following duties and responsibilities:

- (a) Formulate policy, strategies and programs on flood risk management in the context of integrated flood management (IFM) which integrates water, land, coastal zone and multi-hazard management. In integrating land-use planning and water management, the Department should harmonize and synthesize plans to enable the sharing of information between land-use planning and water management authorities. In integrating hazard management, a holistic approach should be adopted so that IFM should be part of a wider risk or multi-hazard management system (e.g., earthquake, landslides, fire, tsunami, etc.);
- (b) Integrate climate change and disaster risk reduction and management in policies and plans;
- (c) Prepare master plans of flood management and drainage in river basins in coordination with the concerned water resources region and river basin organizations;
- (d) Prepare master plans of urban drainage in cities/municipalities;
- (e) Prepare feasibility studies of recommended measures in the master plans;

- (f) Plan and design structural measures for flood control and drainage;
- (g) Implement and/or collaborate with concerned agencies on the non-structural measures;
- (h) Patrol and investigate rivers including the monitoring of stream flows;
- (i) Conduct post-disaster investigation and evaluation and damage assessment of flood infrastructures after extreme events;
- (j) Conduct research and development on water and sediment-related disasters;
- (k) Develop design guidelines, criteria and standards on flood control and drainage structures;
- (l) Provide technical assistance to other agencies, LGUs and other stakeholders;
- (m) Advise the Secretary on declaring flood control areas and recommend guidelines for flood plain management plans in these areas; and
- (n) Perform such other related duties and responsibilities as may be assigned or delegated by the Secretary or as may be required by law.

SEC. 27. *Bureau of Water Quality Management.* – The Bureau of Water Quality Management is hereby created to supervise and control over all aspects of water quality management to ensure the sustainability of the country's water resources and the protection of the environment. It should take into account proper and integrated treatment of freshwater and wastewater within the whole process. For this purpose, it shall have the following duties and responsibilities:

- (a) Establish water quality guidelines for freshwater and coastal/marine waters as basis for classifying water bodies in the country. Specifically, develop water quality indices or composite metrics to measure of the quality status and health of natural water bodies in relation to ecological integrity and function;
- (b) Establish effluent standards for point sources of pollution;
- (c) Establish internationally accepted procedures for sampling and analysis;
- (d) Prepare an integrated water quality management framework;
- (e) Prepare 10-year water quality management plans for each water quality management area as part of the River Basin Master Plans and in support of the National Water Resources Management Framework Plan;
- (f) Classify groundwater sources and prepare a national groundwater vulnerability map;
- (g) Classify or reclassify all water bodies according to their beneficial usages using the established water quality guidelines established;

- (h) Issue permits, clearances and similar instruments pursuant to the Clean Water Act of 2004;
- (i) Collect the wastewater discharge (EUF) fees for all permittees;
- (j) Monitor the compliance of water discharge permittees with the effluent standards;
- (k) Regularly monitor the water quality of major water bodies in the country and analyze the data to identify possible sources of pollution;
- (l) Issue notices of violations and/or cease and desist orders for those found in violation;
- (m) File the needed cases against violators with the Water Pollution Adjudication Board;
- (n) Serve as secretariat of the PAB; and
- (o) Perform such other related duties and responsibilities as may be assigned or delegated by the Secretary or as may be required by law.

SEC. 28. Water Resources Regional Offices. – The Water Resources Regional Offices, organized per water resources region shall be responsible for implementing the mandates, powers and duties of the Department at the field level, except for policymaking which will be vested solely with the Central Office. The master planning for the nearby river basins (e.g. Pasig-Marikina-Laguna Lake-Cavite) will likewise be the responsibility of the Central Office. For this purpose, the duties and responsibilities of the WRRO shall be as follows:

- (a) Formulate or update and coordinate the river basin master plans for river basins within its jurisdictions ensuring consistency with the National Water Resources Management Framework Plan;
- (b) Advocate and strongly support the creation and functioning of multi-stakeholder River Basin Organizations (RBOs) and serve as the secretariat of the said RBOs;
- (c) Undertake and evaluate the planning, design, and work supervision functions of the Department for the water infrastructures within the region;
- (d) Ensure the implementation of laws, policies, programs, rules and regulations regarding the abovementioned infrastructure as well as public and private physical structures;
- (e) Provide technical assistance related to the water-related functions of other agencies within the region especially the local government;
- (f) Coordinate with other departments, agencies, institutions and organizations, especially local government units within the region in the planning and implementation of the river basin master plans;

- (g) Conduct continuing consultations with the local communities, take appropriate measures to make the services of the Department responsive to the Central Office and recommend such appropriate actions as may be necessary; and
- (h) Perform such other related duties and responsibilities as may be assigned or delegated by the Secretary or as may be required by law.

The Department shall retain and have such Project Management Offices as may be required, which shall be under the supervision and control of the appropriate Water Resources Regional Office Director, unless otherwise determined by the Secretary for reasons of supra-regional scope, magnitude and multi-functional coverage.

SEC. 29. Water Resources Regional Director. – The Water Resources Regional Offices shall be headed by a Water Resources Regional Director who shall be responsible for efficiently and effectively carrying out the duties and responsibilities of the Office. Towards this end, the Water Resources Regional Director shall, within his/her defined powers exercise functional and administrative supervision over all units within the region including the authority to commit their resources and personnel to integrated regional water resources management, water supply and sanitation management, and flood control and flood risk management initiatives. The Water Resources Regional Director shall also perform such other related duties and responsibilities as may be assigned or delegated by the Secretary or as may be required by law.

The Water Resources Regional Director shall be assisted by two (2) Assistant Water Resources Regional Office Directors who shall exercise supervision respectively over (1) the planning, project design and evaluation function and (2) technical assistance to River Basin Organizations within the water resources region.

CHAPTER III

INTERDEPARTMENTAL RELATIONS OF THE DWRM

SEC. 30. Interface with Other Agencies. –

- (a) The Department of Health (DOH) shall continue to have primary authority and responsibility for setting and enforcing drinking water quality standards. The Department shall coordinate with the DOH in this regard and shall ensure consistency of standards and targets which it will set for compliance of permittees with the DOH's mandated standards;

- (b) The Department of Environment and Natural Resources (DENR) shall continue to have primary authority and responsibility for protecting the environment and managing the country's watersheds;
- (c) The Department of Energy (DOE) and the National Power Corporation (NPC) shall continue to have primary authority and responsibility for setting up and running hydropower plants but will ensure that any hydropower plant development plans are consistent with the National Water Development and Management Plan;
- (d) The Department shall coordinate with the Department of Agriculture (DA) and the National Irrigation Administration (NIA) to ensure agricultural development that reduces sources of long-term pollution for surface water and groundwater, and agricultural and industrial economic development that employs water efficiency, water recycling/reuse and the appropriate treatment of wastewater;
- (e) The Department shall coordinate with the National Disaster Risk Reduction Management Council (NDRRMC) to ensure that its plans and designs for flood control, flood risk management and drought risk management are aligned with the objectives and plans of the said Department;
- (f) The Department shall coordinate with Climate Change Commission (CCC), PAGASA, and NAMRIA for scientific studies, integrated surveys, mapping, charting and decision support systems
- (g) The Department shall coordinate with the Department of Tourism (DOT) on recreational use of water resources;
- (h) The Department shall coordinate with the Philippine Reclamation Authority and economic zone authorities on water resources development and water requirements within reclamation areas and economic zones, respectively; and
- (i) The Department shall coordinate with relevant government agencies, including Local Government Units (LGUs) for development projects and to ensure cross-cutting collaboration between and among all water subsectors and facilitate inter-agency subsector coordination, strategic development, planning, monitoring and provision of technical, institutional and financial capacity building support to their different stakeholders at the water subsector level.

SEC. 31. *National Water Sector Policy Board.* – The National Water Sector Policy Board shall hereby be created to be headed by the Secretary of the Department of Water Resources Management consisting of representatives from the which the National Economic

and Development Authority shall serve as the Vice-Chairman, Department of Health (DOH), Department of the Interior and Local Government (DILG), Department of Energy (DOE), Department of Agriculture (DA), Department of Social Welfare and Development (DSWD) Department of Public Works and Highways; Department of Budget and Management (DBM); Office of the President (OP), and Department of Environment and Natural Resources (DENR), as members. The Staff of the DWRM shall serve as Secretariat to the Board.

SEC. 32. *Powers and Functions of the National Water Sector Policy Board (NWSPB).*

– The NWSPB, being empowered with policymaking, coordination, integration, supervision, monitoring and evaluation functions, shall have the following responsibilities:

- (a) Approve the National Water Resources Management Framework Plan which shall serve as a principal guide to water management efforts in the country and shall be reviewed on a five (5)-year interval, or as may be deemed necessary, in order to ensure its relevance to the times;
- (b) Provide overall policy direction and recommend policies on water resources that will require Presidential decision
- (c) Advise the President on the status of water management and supply, recommend to the President the declaration of a state calamity in areas affected by water supply, and submit proposals to restore normalcy in the affected areas;
- (d) Consistent with IWRM, ensure a multi-stakeholder participation in the development, updating, and sharing of information system as policy, planning and decision-making tools;

SEC. 33. *Transfer of Rights and Obligations.* – The Department shall, by virtue of this Act, be surrogated to all the rights and assume all the obligations of the government agencies and units whose powers and functions have been absorbed, transferred or attached to the Department provided these are in accordance with the rules and regulations of the Commission on Audit. The transfer of powers and functions as herein provided shall take effect within 6 months of the effectivity of this Act. As such, all affected agencies/offices/units shall continue to function under their present mandates until the transition is fully in effect.

SEC. 34. *Funding.* – The sum of Two Billion pesos (P2,000,000,000.00) shall be set aside from available funds of the National Treasury and is hereby appropriated and authorized to be released for the organization of the Department and its initial operations. Thereafter, the

Department shall submit its annual budget to fully carry out its powers and functions and achieve its objectives to the Office of the President, for approval, provided it shall not be less than the amount provided for in its initial implementation.

SEC. 35. *Water Trust Fund.* – There is hereby created a Water Trust Fund in the Bureau of Treasury. All non-tax revenues, including permit fees, registration fees, supervision and regulation enforcement fees, filing fees, testing fees, and other service income from the use of water resources shall be remitted to the Water Trust Fund. Said trust fund shall be accounted separately from government's general revenues and shall be automatically appropriated to the Department of Water Management. Proceeds from the trust fund shall be exclusively utilized for water development and water sustainability programs and projects authorized under this Act.

SEC. 36. *Implementing Rules and Regulations.* – Within one hundred eighty (180) days from the effectivity of this Act, the Department, in consultation with the concerned government agencies, shall promulgate the necessary implementing rules and regulations for the implementation of this Act; Provided, That such revised implementing rules and regulations shall only take effect fifteen (15) days following its publication in two (2) newspapers of general circulation.

CHAPTER IV WATER REGULATORY COMMISSION

SEC. 37. *The Water Regulatory Commission.* – There is hereby created and established an independent, quasi-judicial regulatory body to be named the Water Regulatory Commission, hereinafter referred to as the "Commission", which shall be organized within one hundred twenty (120) days after the effectivity of this Act.

The Commission shall be placed under the administrative supervision of the Department of Environment and Natural Resources (DENR).

The Commission shall have a Board of Commissioners, and shall be vested with powers and functions, as conferred and set forth hereunder.

SEC. 38. *The Regulatory Units.* – The Regulatory Units of the Commission shall be composed of the Provincial Regulatory Units and the Central Regulatory Unit.

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

Moreover, the pertinent regulatory divisions or units of MWSS, NWRB, LWUA, LLDA, SBMA, PEZA, and TIEZA are hereby transferred to the Commission, and they shall collectively comprise its Central Regulatory Unit for Water Supply and Sanitation Services that: (a) provide services to more than one province; and (b) are owned, operated and/or maintained by special economic zones and Metro Manila concessionaires.

SEC. 39. *Powers and Functions of the Commission.* – The overall authority and powers of the Commission shall cover and apply to all Service Providers, whether private or public, providing or intending to provide levels II & III water supply, including suppliers to subdivisions and/or other Service Providers; sewerage; and/or septage treatment and disposal services for domestic/residential, industrial or commercial use.

The Commission shall have the following powers and functions:

- a) Issue and promulgate rules, regulations and guidelines as may be necessary to implement and enforce its powers and functions under this Act;
- b) Set and enforce just and reasonable technical standards, classifications and measurements of service;
- c) Appoint the central and provincial regulators;
- d) Establish rules and regulations to monitor, avoid and provide remedies for any market power abuse or anti-competitive or discriminatory act or behavior by or against any participant in the water supply and sanitation sector. Upon finding that a market participant has engaged in, or fell victim to such act or behavior, the Commission shall act to stop and/or redress the same. Such remedies may, without limitation, include the imposition of price controls, issuance of injunctions, requirement of divestment or disgorgement of excess profits, invalidation of contracts and imposition of fines and penalties pursuant to this Act.
- e) Adopt and require that books, records and accounts be kept and maintained in accordance with the prescribed uniform accounting system;
- f) Fix and determine proper and adequate rates of depreciation of properties and equipment used in Water Supply and Sanitation Service/s;
- g) Impose and collect annual levies determined as a percentage of gross revenue accruing in relation to the licensed activities, and reasonable fees and surcharges as may be

- necessary for achieving the purposes, powers and functions of the Commission;
- h) Require the submission reports of finances and operations, verified under oaths by the owner or president and secretary of the Licensee;
 - i) Determine and require the monitoring and submission of such data, statistics and other information from the Regulatory Units and any or all licensees as may be necessary for the effective and efficient exercise of its duties, functions, powers and responsibilities.
 - j) Investigate, *motu proprio* or upon complaint in writing, any matter concerning the operation of the service and require that service be provided in proper and suitable manner;
 - k) Impose penalties and fines against any Licensee or against its owners, directors, officers, agents or representatives for any violation of this Act or of the license, order, rule regulation or requirement issued by the Commission;
 - l) Require any Licensee to pay the actual expenses incurred by the Commission in any investigation if it shall be found that a Licensee violated any provision of this Act or of the license, order, rule regulation or requirement issued by the Commission;
 - m) Advise, apprise and coordinate with other relevant agencies of the national or local government on any matter relating to Water Supply and/or Sanitation Services;
 - n) Deputize agents, whether from the public or private sector, to assist in the performance of any of the powers and functions of the Commission;
 - o) Upon appeal and after due hearing, appoint an interim or temporary management committee to ensure continuity of service in cases a Licensee fails to meet conditions of the license and the concerned Regulatory Unit fails or refuses to appoint an interim management committee as provided in the following section.
 - p) Appoint, hire and maintain adequate staff and personnel, advisers, and/or consultants, with suitable qualifications and experience, as necessary;
 - q) Original and exclusive jurisdiction over all cases contesting rates, fees, fines and penalties imposed by the Regulatory Units in the exercise of their powers, functions and responsibilities, as set forth herein, and over all cases involving disputes between and among participants or stakeholders in the Water Supply and/or Sanitation Services; and
 - r) Such other incidental powers and functions as may be necessary to attain the objectives of this Act.

SEC. 40. *Powers and Functions of the Regulatory Units.* – The Regulatory Units of the Commission shall have the following powers and functions:

- a) Issue Licenses authorizing the operation of Water Supply and/or Sanitation Services in any specified area or areas within the Philippines.
- b) Impose fines, charges and other penalties upon any Provider and/or its officers and stockholders who shall fail or refuse to register and/or obtain a License prior to operation or commencement of business, as provided hereunder.
- c) Consistent with rules, guidelines, procedures and methodologies which the Commission shall provide, review, determine, fix, and approve proposed water and sewerage tariffs, rates and charges that Licensees may impose upon their customers/consumers;
- d) Appraise and value property and equipment used by Licensees in providing water supply and sanitation service/s.
- e) Enforce technical, financial and other performance standards set by the Commission for licensees/utilities;
- f) Respond to consumer complaints and ensure the adequate promotion of consumer interests;
- g) Investigate accidents directly or indirectly arising from or connected with the maintenance or operation of the service, and make such order or recommendation as the public interest may warrant;
- h) Upon petition or *motu proprio* where in its determination public interest so dictates, require the review and/or approval of contracts or agreements that may impact on the tariff and rates of service provision entered into by Service Providers;
- i) Require the submission of reports, plans and other documents that set out the performance targets of the licensees/utilities, and regular accomplishment reports;
- j) Impose and collect annual levies determined as a percentage of gross revenue accruing in relation to the licensed activities, and reasonable fees and surcharges as may be necessary for achieving the purposes, powers and functions of the regulator;
- k) Conduct benchmarking and monitor the performance of licensees/utilities under their jurisdiction, and publish reports detailing the results thereof, as may be necessary or required by the Commission;
- l) Amend, modify, suspend or revoke any License issued by them, after due notice and hearing, on any of the following grounds:
 - i. when the facts and circumstances on the strength of which the license was issued

- have been materially misrepresented or has materially changed;
- ii. where the Licensee has failed to meet or comply with terms, conditions and performance targets - including but not limited to service expansion - that may have been set in the license;
- iii. where the Licensee is found to be manifestly inefficient in the operation of or provision of Water Supply and Sanitation services in its area; or
- iv. when the holder thereof has violated or willfully refused to comply with any order, rule or regulation of the Commission or any provision of this Act;
- m) Appoint an interim management committee to ensure continuity of service in case a licensee fails to meet conditions of the license; and
- n) Submit performance plans and reports as required by the Commission.

SEC. 41. *Composition.* –

- a) The Commission shall be a collegial body composed of five (5) full-time members composed of a Chairperson and four (4) members, who shall all be appointed by the President of the Philippines. All members of the Commission must be citizens and residents of the Philippines, at least thirty five (35) years of age, and of good moral character, recognized integrity and competence in the field of law, business, commerce, finance, accounting or public administration, water or utility economics, management, physical or engineering services, hydrology and other related services, with at least three (3) years actual and distinguished experience in their respective fields of expertise; *Provided* that out of the four members of the Commission, at least one (1) shall be a member of the Philippine Bar with at least ten years of experience in the active practice of law, and at least one (1) shall be a certified public accountant with at least ten years of experience in active practice.
- b) The term of office of each member of the Commission shall be seven (7) years; *Provided*, however, that among the members first appointed, the Chairperson shall serve for a period of seven (7) years, two (2) members shall serve for five (5) years and the other two (2) members shall serve for three (3) years; *Provided*, further, that any member whose term has expired as specified herein shall serve as such until his successor shall have been appointed and qualified; *Provided*, moreover, that any appointment to fill a vacancy in the Commission arising from death, removal, retirement or resignation shall be made only for the unexpired term; and *Provided*,

finally, that in no case shall any member serve for more than seven (7) years in the Commission.

- c) The Commission shall meet as often as may be necessary on such day or days as the Chairperson may fix. The presence of at least three (3) members of the Commission shall constitute a quorum, which shall be necessary for the transaction of any business. The affirmative vote of majority of the members of the Commission where a quorum is present shall be necessary for the adoption of any order, resolution, decisions, or other act of the Commission in the exercise of its quasi-judicial functions; Provided that in promulgating rules, regulations, guidelines and in the exercise of its quasi-legislative functions, an affirmative vote of three (3) members shall be required.

- d) The Chairman of the Commission shall exercise general executive control and supervision of the Commission and its members, staff and personnel, agents and representatives.

Within three (3) months from the creation of the Commission and the appointment of all Members of the Commission, the Chairman shall submit for the approval by the President of the Philippines the new organizational structure and plantilla positions necessary to carry out the powers and functions of the Commission, including those of the Central and Provincial Regulatory Units.

The staff and personnel positions of the Commission shall be filled by regular appointments in accordance with a staffing plan to be prepared by the Commission.

- e) Members of the Commission shall enjoy security of tenure and shall not be suspended or removed from office except for just cause as specified by law.
- f) The Chairman and members of the Commission or any of their relatives within the fourth civil degree of consanguinity or affinity, legitimate or common law, shall be prohibited from holding any interest whatsoever, either as investor, stockholder, officer or director, in any company or entity engaged in provision of water supply and distribution, septage management and sewerage services and must, therefore, divest through sale or legal disposition of any and all interests in the water sector upon assumption of office.

SEC. 42. *Commission Secretariat.* – The Commission shall establish a Secretariat which shall provide the Commission with technical and other support including, *among others*:

- a) Providing the necessary technical inputs and secretariat support to the Commission to facilitate the conduct of its functions;
- b) Coordinating with Regulatory Units to ensure proper implementation of the rules, regulations and guidelines promulgated by the Commission;
- c) Monitoring and assessing activities of the Regulatory Units vis-à-vis their respective annual performance plans and targets;
- d) Maintaining a database on the water supply and sanitation subsector; and
- e) Coordinating with other relevant agencies of the national or local government on any matter relating to water supply and sanitation.

SEC. 43. *Executive Director.* – The Commission shall also appoint an Executive Director who shall head the Commission Secretariat, keep and maintain the official record and report of the proceedings of the Commission, and have the authority to administer oaths in all matters falling within the jurisdiction of the Commission.

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

SEC. 44. *Compensation and Other Emoluments.* – The compensation of the members of the Commission and its staff shall be exempt from the coverage of Republic Act. No. 6758, otherwise known as the “Salary Standardization Act.” Provided, that the salaries of the Commission and its staff shall conform as closely as possible to the principles of R.A. 6758.

For this purpose, the schedule of compensation of the Commission and its Regulatory Units and staff shall be submitted for approval of the President of the Philippines. The compensation schedule of the Commission and its Regulatory Units and staff shall be implemented within six (6) months from the effectivity of this Act and maybe upgraded by the President of the Philippines 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 Chairman and members of the Commission shall initially be entitled to the same salaries, allowances and benefits as those of the Presiding Justice and Associate Justices of the Supreme Court, respectively.

CHAPTER V REGISTRATION AND LICENSING

SEC. 45. Registration and Licensing of All Water Supply and/or Sanitation Services.

– All Water Supply and/or Sanitation Service Providers, including Bulk Water Suppliers and those providing services to subdivisions and/or 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 procedure 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 public Water Supply and/or Sanitation Service provider 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 46. Conditions of License. – The Commission and/or 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 charges that may be imposed from its customers/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.
- e) Expansion targets and service level improvements over time.
- f) Restrictions or conditions for transferability of the business or controlling interest in the business.
- g) Reportorial requirements and obligations of the grantee.

- h) Submission to annual performance audit by the Commission or its duly authorized representative(s).

The Commission shall specify the requirements and procedure for existing holders of Certificate of Public Convenience/Certificates of Public Convenience and Necessity issued by NWRB, and/or Conformance issued by LWUA, to convert their existing certificates into Licenses issued by the Commission.

All existing providers of Water Supply and/or Sanitation Services without a legal and valid Certificate of Public Convenience/Certificate of Public Convenience and Necessity or Certificate of Conformance shall register with the Commission and apply for a License within six (6) months from the effectivity of this Act.

SEC. 47. Rights and Duties of Licensees. –

- a) Any person granted a License under this Act shall have the obligation to ensure that its licensed activities are conducted so as to further the public interest and, in particular, that they:
- i. foster the maintenance and development of efficient, coordinated, and viable operation of their licensed activities;
 - ii. ensure that their Water Supply and/or Sanitation Services are provided in a diligent, conscientious and workmanlike manner, in accordance with applicable laws and the standards and practices set by the Commission and generally accepted in the water supply and sanitation industry;
 - iii. comply with drinking water quality requirements and other requirements and standards that may be set by the Commission; and
 - iv. not abandon its service without notice to and approval by the Commission.
- b) Any person granted a License under this Act shall, to the extent allowed by law and specified in the License, have the right to acquire or lease land and lay or repair water or sanitation mains and other relevant facilities in public ways, when required to fulfill their obligations.
- c) Subject to any condition or limitation laid down in the License, a Licensee may disconnect the supply of Water Supply and/or Sanitation services to a customer if such customer defaults in the payment of amount(s) due to that Licensee in respect of water supplied or sanitation services provided, or for acts of pilferage pursuant to Sections 8, 9, 10, and 11 of Republic Act No. 8041, otherwise known as the "Water Crisis Act of 1995."

d) Any License issued under this Act shall contain provisions designed to ensure that Licensees:

- i. Publish the Tariff and other charges approved by the Commission, and other terms and conditions imposed by the Commission for the provision of Water Supply and/or Sanitation Services.
- ii. Prepare, within three (3) months from the issuance of a License, in consultation with its customers, a customer service code specifying the manner and procedure for: (a) metering, billing, and collection of the Licensee's approved tariff and other charges, (b) disconnection or suspension of service in case of non-payment of tariffs and/or other charges, or acts of pilferage, and (c) recommendation and recovery of arrears in tariffs and other charges; and
- iii. Maintain financial accounts in accordance with the manner and procedure specified in the License and as may be required by the Commission.
- iv. 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. 48. *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 their investments considering the prevailing cost of capital in the domestic and international markets.

Such tariffs, rates and charges shall be based on and consistent with a rate-setting methodology that the Commission shall, after due consultation, define and publish, taking into account the following, *among others*:

- a) reasonable and prudent capital and recurrent costs of providing the service including a reasonable rate of return on capital;
- b) efficiency of the service;
- c) incentives for enhancement of efficiency;
- d) willingness to pay of the customers/consumers;
- e) equity considerations; and
- f) administrative simplicity.

Tariffs, rates and charges set by the Regulatory Units shall be presumed valid and reasonable unless a protest or contest is filed with the Commission.

SEC. 49. *Promotion of Innovative Schemes to Improve Efficiency and Management of Systems.* – The Commission shall promote innovative schemes, including but not limited to the consolidation and/or integration of Water Supply and/or Sanitation Services and/or Providers in the same Service Area, where it will result in improved efficiency, services expansion and/or lowering of costs.

To this end, the Commission shall establish and issue such rules and guidelines as may be necessary to (a) create incentives to encourage efficiency and service expansion; (b) establish the standards and targets that service providers are required to meet; and (c) set the fines and penalties that would be imposed for failure to meet such standards and targets.

CHAPTER VI QUASI-JUDICIAL FUNCTIONS OF THE COMMISSION

SEC. 50. *Proceedings Before the Commission.* – For the purpose of any investigation, inquiry or proceeding, the Commission shall have the requisite power to:

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

SEC. 51. *Orders and Decisions of the Commission.* – The orders, resolutions and decisions of the Commission, which must be reached as promptly and expeditiously as reasonably and fairly possible, shall be in writing and shall state clearly and distinctly the facts and law on which it is based.

The Commission shall publish and make available for public inspection all decisions and final orders in the adjudication of contested cases or applications.

SEC. 52. *Appeals Procedure and Prohibition Against Injunction.* –

- a) The orders, rulings, and decisions of the Commission are final and executory unless appealed to the Court of Appeals within fifteen (15) days from receipt of notice of such order, ruling or decision; *Provided* that orders, rulings, and decisions of the Commission approving tariffs shall be immediately executory and may be suspended only upon appeal and filing of a bond, in an amount to be fixed by the Commission,

to answer for damages occasioned by the suspension or stay of execution of such orders, rulings, and decisions.

- b) No injunction may be issued by any court or administrative agency to restrain any proceeding before, or the implementation or execution of any order, ruling, or decision of the Commission, except on the basis of a question of law brought before the Supreme Court on certiorari.
- c) Subject to Sec. 7, paragraph 3 of this Act, an act or decision of the Commission shall not be invalid merely because of a defect or irregularity in, or in connection with, the appointment or vacancy in the Office of the Chairperson or any other member of the Commission.

CHAPTER VII

INTERDEPARTMENTAL RELATIONS OF THE WRC

SEC. 53. Interface with Other Sector Regulators. –

- a) The DENR shall continue to have the primary authority and responsibility for protecting the environment and the quality water sources from waste and pollution and shall promulgate rules, regulations, and standards in this regard.
- b) The Department of Health (DOH) shall have primary authority and responsibility for determining and enforcing drinking water quality and sanitation standards. The Commission shall coordinate with the DOH in this regard and shall ensure the consistency of the standards and targets that it will set for compliance by licensees with the DOH's mandated standards.
- c) The Commission shall coordinate with the NWRB for water allocation and data collection, the local government units for development projects relating to water supply and sanitation, and the Department of Public Works and Highways for flood control and the harnessing and impounding of water.

SEC. 54. Transfer of Rights and Obligations. – The Commission shall, by virtue of this Act, be subrogated to all the rights, and assume all the obligations, of the Water Utilities Division of the NWRB, the Regulatory Offices of MWSS and LWUA, the Regulatory Units of all special economic zones, and all other government agencies and units whose powers and functions have been transferred to the Commission.

The transfer of powers and functions in the Department and agencies attached thereto, as herein provided for, shall take effect within six (6) months after the effectivity of this Act.

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The foregoing transfer of powers and functions shall include all applicable funds, personnel, records, property and equipment, as may be necessary. The same shall apply to agencies which have been attached to the Department by virtue of this Act.

As such, all offices under the Department and all attached agencies affected by the provisions of this Act shall continue to function under their present mandates until transition is effected as provided for under this Act.

The heads of the agencies shall continue to serve until replaced as provided for under this Act.

All rights and obligations of the said government agencies are hereby transferred to and assumed by the Commission and shall be acted upon in accordance with the rules and regulations of the Commission on Audit and other pertinent laws, rules, and regulations.

SEC. 55. Separation from Service. – Employees separated from government service as a result of this Act shall be entitled to the benefits which they may receive under existing laws, rules and regulations.

SEC. 56. Funding. – The sum of Three Hundred Million (P 300,000,000.00) pesos shall be set aside from any available funds of the National Treasury, and is hereby appropriated and authorized to be released, for the organization of the Commission and its initial operations.

Thereafter, funds sufficient to fully carry out the objectives, powers, and functions of the Commission and its Regulatory Units shall be appropriated every fiscal year in the General Appropriations Act, in an amount that shall not be less than the amount appropriated for it the previous year.

The Commission shall submit its annual budget, which shall include, among others, detailed information on the compensation and benefits received by their employees, to the DENR for approval.

Moreover, subject to existing rules and regulations of the Department of Budget and Management (DBM), all funds and monies collected by the Commission from fees, charges, surcharges and penalties, which the Commission may impose and collect under this Act, shall accrue directly and automatically to the Commission and shall be utilized solely for its operations. The guidelines for the collection and disbursement of these proceeds shall be defined in the implementing rules and regulations of this Act.

A proportion of the abovementioned amounts shall be used for training and capacity building purposes, including the upgrade and procurement of equipment and software as may

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be necessary for the efficient and effective exercise of its powers. Such upgrades and procurements shall comply with the requirements of existing laws on procurement, accounting and auditing rules and regulations.

The amount of funds and monies collected, and the costs and purposes for which such were expended shall be made publicly available upon request, as well as on an official website that the Commission shall establish.

Sec. 57. Transitory Provisions. – Performance audit of all water-related agencies and institutions, including but not limited to LWUA and water districts, MWSS, MWSS-RO and its concessionaires, LGU-run utilities, TIEZA, PEZA, BCDA, SBMA, DILG, and NIA, shall be conducted by the Department.

SEC. 58. Repealing Clause. – All laws, decrees, executive orders and proclamations, rules and regulations or parts thereof inconsistent with this Act, are hereby repealed, or amended or modified accordingly.

The provision with respect to fixing of water rates and sanitation service fees of Section 3 (h) and Section 12, and regulation of waterworks and deep wells of Section 3 (n), regulation of waterworks and sanitation systems in privately owned subdivisions of Section 3 (p) of Republic Act 6234, as amended, is hereby repealed or modified accordingly.

Section 62 on regulation and Section 63 on rate review of Presidential Decree 198, as amended by LOI 700 (1978), LOI 744 (1978), EO 124 (1987), EO 123 (2002), is hereby repealed or modified accordingly.

The provisions of the Local Government Code and its Implementing Rules and Regulations of Republic Act No. 7160 which allow local government units to fix the rates of water utilities owned, operated and maintained by them within their jurisdiction is hereby repealed or modified accordingly.

Section 13 (b) on regulation of enterprises in ECOZONE of Republic Act No. 7916 as amended, also known as the Special Economic Zone Act of 1995, is hereby repealed or modified accordingly.

“Provisions under Section 69 of Republic Act No. 9593 or the Tourism Act of 2009 and its Implementing Rules and Regulations which mandates the Tourism Infrastructure and Enterprise Zone Authority to grant franchises, supervise the operation of public utilities, and register, monitor and regulate enterprises within Tourism Enterprise Zones, are hereby repealed or modified accordingly.”

Commonwealth Act No. 146, as amended, otherwise known as the “Public Service Act,” and all laws, decrees, rules and regulations, or portion thereof, inconsistent with this Act are hereby repealed or modified accordingly.

SEC. 59. *Separability Clause.* – If any provision of this Act is held invalid or unconstitutional, the remaining parts or provisions not affected shall remain in full force and effect.

SEC. 60. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,