

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

Nineteenth Congress
First Regular Session

HOUSE BILL NO. 55



Introduced by **Representative JOEY SARTE SALCEDA**

**AN ACT
ESTABLISHING THE NATIONAL FRAMEWORK FOR WATER RESOURCE
MANAGEMENT AND CREATING THE DEPARTMENT OF WATER
RESOURCES AND THE WATER REGULATORY COMMISSION,
DEFINING THEIR MANDATES, POWERS AND FUNCTIONS,
AND APPROPRIATING FUNDS THEREFOR**

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 "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 an 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 were 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 master plans 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

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

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 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 in 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 are 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 in 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.

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

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-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”.

SEC. 2. *Declaration of Policy.* – Access to water is a basic human right. All water belongs to the State which shall govern its development and utilization for the people. 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 the 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 shall foster and prioritize the establishment of infrastructure and public works that adopt innovative solutions and international best practices to address the challenges of climate change. Further, all water and water treatment infrastructure projects are hereby declared as projects imbued with national interest.

SEC. 3. *Definition of Terms.* – As used in this Act:

(a) *Bulk water supplier* refers 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 these for their own consumption, such as industrial companies, or for retail distribution to consumers such as water service providers or real estate developers managing their own distribution network.

(b) Environmental services refer to qualitative functions of natural non-produced assets of land, water, and air, including related ecosystems, and their biota, and which may be categorized into three basic types: (a) disposal services which reflect the functions of the natural environment as an absorptive sink for residuals; (b) productive services which reflect the economic functions of providing natural resource inputs and space for production and consumption, and (c) consumer or consumption services which provide for physiological as well as recreational and related needs of human beings.

(c) *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, and hyper-concentrated flows or debris flows.

(d) *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 response and recovery. The elements of FRM include: integrating land-use planning and coastal zone management into water management; adopting a holistic approach so that FRM is part of wider risk or multi-hazard management of earthquakes, landslides, and storm surges; managing risk and uncertainty as a whole so it not only mitigates hydrological uncertainties but also social, economic and political uncertainties on account of human behavior and the cultural dimensions of FRM.

(e) *Gender Equality* refers to the principle asserting the equality of men and women and their right to enjoy equal conditions realizing their full human potential 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.

(f) *Infrastructure and public works* refer only to wholly or primarily water-related projects and does not include projects that do not fall within the purview of the objectives, power and duties of the Department of Water Resources created under this Act.

(g) *Integrated Water Resource Management (IWRM)* refers 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.

(h) *Levels of water supply* refer to communal sources of water described according to location and size of the recipient human settlement as follows:

- (1) Level I or the point source is a protected well or a developed spring with an outlet but without any distribution system, generally adaptable to rural and upland areas where houses are thinly scattered, and is a facility which usually serves an average of 15 households.

(2) Level II or the communal faucet system or stand posts is a system composed of a water source, a reservoir, a piped distribution network, and communal faucets where one faucet serves 4 to 6 households and is generally suitable for rural and urban fringe areas where houses are clustered densely to justify a simple piped system.

(3) Level III or the waterworks system or individual house connections is a system with a water source, a reservoir, a piped distribution network and household taps, suitable for densely populated urban areas.

(i) *License* refers to the Water Supply and/or Sanitation Services Operating License that the Water Regulatory Commission is authorized to grant and issue to service providers.

(j) *Licensee* refers to a service provider to whom a license is granted or issued by the Water Regulatory Commission.

(k) *Missionary Water Services* refer to water supply or services to areas that have no existing safe water supply and services due to geographic limitation or absence of economic and market viability.

(l) *National Water Resources Management Plan (NWRMP)* refers to a policy document that contains a framework to guide the development and management of all the water resources in the Philippines, the general strategies and work to be pursued to ensure the sustainability of the resource towards water security, and top-level direction on the utilization of existing water resources in line with national development plans, policies, and programs in accordance with the IWRM framework. The NWRMP shall also include a water infrastructure development program for all waters of the country as well as provide general guidance on how this shall be supported within an integrated financing framework that can draw from public, private, and international development funding sources.

(m) *Net Waste Load* refers to the difference of the initial waste load of the abstracted water and the waste load of the final effluent discharge of an industry.

(n) *Regulatory Units* refer to the offices established under Section 20 of this Act which issue licenses authorizing the operation of Water Supply and Sanitation Services, and provide, review, determine, fix, and approve water and sewerage tariffs, rates, and charges that licensees may impose.

(o) *River basin* refers to an area of land drained by a stream or body of fixed water and its tributaries which have a common outlet for surface run-off.

(p) *River Basin Organization (RBO)* refers to multi-stakeholder organizations which plan, coordinate, and monitor activities within a river basin cluster.

(q) *Sanitation* refers to the provision of facilities and services for the safe management of human excreta, from toilet to containment, and storage and treatment onsite or conveyance, treatment and eventual safe end use or disposal, and includes the safe management of solid waste and animal waste.

(r) *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.

(s) *Sustainable Development Goals (SDGs) also known as the 17 Global Goals* refer to the universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030 adopted by all United Nations Member States in 2015.

(t) *Septage* is the liquid and solid material pumped from a septic tank, cesspool, or other primary treatment source.

(u) *Septage Management* refers to the provision of proper collection, treatment, and disposal of septage.

(v) *Service Area* refers to the area covered by the water distribution system, sewerage, and/or septage management services.

(w) *Service Provider* refers 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, septage treatment, and disposal services for domestic, residential, industrial, or commercial use.

(x) *Sewage* refers to water borne human or animal wastes, excluding oil or oil waste, removed from residences, buildings, institutions, and industrial and commercial establishments together with such groundwater, surface water and storm waters as may be present including such waste from vessels, offshore structures, other receptacles intended to receive or retain waste or other places or the combination thereof.

(y) *Sewerage* refers to any system or network of pipelines, ditches, channels or conduits including pumping stations, lift stations and force mains, service connections including other infrastructure, devices, or appliances appurtenant thereto, which include the collection, transport, pumping and treatment of sewage to a point of disposal.

(z) *Sewers* refer to pipes or such other works or structures which are built and constructed to carry, transport, and dispose of sewage

(aa) *Social inclusion* refers to the process of improving the terms for disadvantaged individuals and groups to take part in society.

(bb) *Tariffs* refer to such amounts which may be charged by licensees for their water supply and sanitation services based on principles, standards, and guidelines established by the Department of Water Resources.

(cc) *Water Demand Management (WDM)* refers to any method, whether technical, economic, administrative, financial, or social that will accomplish one or more of the following:

- (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.

(dd) *Water Districts* 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 wastewater collection, treatment and disposal facilities within the boundaries of the district.

(ee) *Water pollution* refers to any alteration of the physical, chemical, biological, or radiological properties of a body of water resulting in the impairment of its purity or quality.

(ff) *Water Resource* refers to water under the ground or groundwater, water above the ground such as surface water, run-offs, floods, stormwater and urban drainage, treated wastewater, water in the atmosphere or rain water, and the waters of the sea within the territorial jurisdiction of the Philippines.

(gg) *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, whether or not they straddle different local government units, for administrative purposes under the Department of Water Resources.

(hh) *Water Service Provider (WSP)* refers to the water district, any Local Government Unit (LGU)-run water utility, Barangay Waterworks and Sanitation Association (BWSA), Rural Waterworks Sanitation Association (RWSA), cooperative and private sector entity that provides water supply services to any given area.

(ii) *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

SEC. 4. *The Department of Water Resources* – There is hereby created and established the Department of Water Resources, hereinafter referred to as the Department.

SEC. 5. *Mandate of the Department.* –The Department shall be the primary agency responsible for the comprehensive and integrated identification and mapping of all water resources, planning, policy formulation, and management of the ownership, appropriation, utilization, exploitation, development, 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, and recreation except fisheries or 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. The Department shall be the primary national agency to enforce Presidential Decree No. 1067 otherwise known as *The Water Code of the Philippines* and Republic Act No. 9275, otherwise known as the *Philippine Clean Water Act of 2004*.

The Department shall exercise the powers and functions of the defunct Pasig River Rehabilitation Commission created under Executive Order No. 54 Series of 1999 and abolished under Executive Order No. 93 Series of 2019, specifically the following roles that were transferred to the Manila Bay Task Force and DENR through the latter EO:

(a) Update and take the lead in the overall implementation of the Pasig River Rehabilitation Master Plan, which shall harness the Pasig River's potential for transportation, recreation and tourism purposes while undertaking the rehabilitation and restoration of its maritime life; and

(b) Ensure that the easements provided for in the Civil Code and other relevant laws are enforced, especially in all the esteros and waterways that drain into the Pasig River as well as abate the dumping of untreated industrial wastewater and sewage into the river, including all acts and omissions in violation of Presidential Decree (PD) No. 984, s. 1976, as amended entitled, *Providing For The Revision Of Republic Act No. 3931, Commonly Known As The Pollution Control Law, And For Other Purposes*, PD No. 274, s. 1973 entitled, *Pertaining To The Preservation, Beautification, Improvement And Gainful Utilization Of The Pasig River, Providing For The Regulation And Control Of Pollution Of The River And Its Banks In Order To Enhance Its Development, Thereby Maximizing Its Utilization For Socio-Economic Purposes*, and other related laws.

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

(a) The concept of good water governance for water security and sufficiency shall be adopted across all levels of governance by stakeholders such as the national government, local government, non-government organizations, private organizations, individuals, even global societal actors, and in various sectors such as water supply, irrigation, fisheries, hydropower, navigation, ecosystem services, flood management, climate change, and recreation. It shall entail publicly transparent, socially accountable, and multi-stakeholder participatory water policy planning, management, and decision-making processes.

(b) Access to safe water supply and improved sanitation is a human right that needs to be fulfilled and protected.

(c) Integrated Water Resource Management (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. The IWRM Framework shall include an enabling environment that utilizes proper policies, legal instruments, and institutional frameworks 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 systems, proper information, education, communication (IEC) programs, assessment and allocation tools, or regulatory functions. It shall observe the mutual accountability mechanism among stakeholders at the national, regional, and global

levels reinforcing multi-stakeholder decision-making following a framework with specific, measurable, attainable, relevant, and timely actions.

(d) Each river basin has its unique characteristics relating to the physical, socio-cultural, and other aspects, and water management shall be performed at river-basin level, involving all the stakeholders at that particular river basin.

(e) Integrated and accurate data collection and analysis and the use of scientific decision support systems shall be undertaken in water resources management including flood modeling and warning systems that are essential for an effective, efficient, and sustainable water resources management system.

(f) The development of water resources shall include strategies for the mitigation of water-related hazards and climate change adaptation.

(g) Water resources and services should be provided where they are intended and most needed so that water is fairly and sustainably managed.

(h) The proper operation and maintenance of waterworks systems resulting in the uninterrupted and adequate supply and distribution of potable water for domestic and other purposes, and the proper operation and maintenance of sewerage systems which are essential services to public health and safety, are to be ensured at all times. The State shall therefore supervise and control the establishment, operation, and maintenance of such systems.

SEC 7. Objectives of the Department. – The Department shall:

(a) 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 or harvested, stored and treated for future use;

(b) 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.

(c) 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;

(d) Ensure that integrated water resources management is strongly coordinated with land use and coastal and multi-hazard planning and management;

(e) Develop sustainably, and manage water sources and water resources toward water security, taking into consideration water, land, and related resources aimed at increasing water dependability for different uses, optimizing economic benefits and social welfare without compromising the sustainability of vital environmental systems;

(f) Strengthen and coordinate policy making and planning towards ensuring the availability of water for food security and energy security, as well as towards the protection of communities and environments against flood and other water induced hazards including sediment hazards;

(g) Ensure that the strategy for water resources development and conservation is participatory, and that planners, policymakers and users including community members are involved at all levels;

(h) Develop a standardized pricing framework for water use that accounts for environmental externalities; and

(i) Ensure that all sources of water, including surface water, groundwater, rainwater and floodwater are identified, mapped, monitored, conserved and managed for productive use and the resulting wastewater is managed properly, reused, and responsibly disposed of following approved environmental standards.

SEC.8. Powers and Functions of the Department. – The Department shall have the following powers and functions:

I. Policymaking and Planning

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

(b) 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 utilization, and urban drainage. Such policies shall, among other guidelines, integrate the issues of water and sanitation, food security, energy, environment and flood control, and climate change;

(c) Formulate and develop policies to promote universal access to safe, adequate, affordable, and sustainable water supply, and improved sanitation services for all Filipinos;

(d) Regularly update, every five years or as deemed necessary by the Department, and in consultation with other agencies and stakeholders, the NWRMP following the IWRM framework and integrate therein a national land use plan;

(e) 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;

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

(g) Strengthen and coordinate policy making and planning for flood management, integrated with stormwater or urban drainage and appropriate retention or retarding basins in order to harvest and reuse water, and to plan against, prevent, and minimize the detrimental and catastrophic effects of flooding;

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

(i) Review, approve, and provide oversight over all water-related development plans and programs of any agency within the context of the NWRMP, and overall national plans and programs;

(j) 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;

(k) Ensure that gender equality, social inclusion, environmental protection, climate resiliency, and disaster risk reduction are integrated into any water resource management planning, policy making, and the design and construction of water infrastructure;

(l) Ensure that the planning and design of water infrastructure considers the highest efficiency and most appropriate technology and quality, in accordance with national development objectives;

(m) Review existing guidelines appropriate for private sector participation in the water sector and submit recommendations to the Public-Private Partnership (PPP) Center of NEDA and other concerned agencies to promote and enable more PPPs in the sector;

(n) Build a central repository of water data and effect inter-sectoral, inter-agency, and inter-departmental coordination on all aspects of data gathering and management for water resources development planning and compel the submission of statistics and data on water utilization with the aim of operationalizing the integrated approach to water resources management;

(o) Ensure the effective implementation of all the provisions of Republic Act No. 9275, Presidential Decree No. 1067, and Sections 9, 10, 11, 12 & 13, Chapter II of Presidential Decree No. 856, otherwise known as the *Code on Sanitation of the Philippines*;

(p) Promote Philippine participation in information sharing and education on best practices in support of international efforts to achieve universal access to safe water and improved sanitation; and the integration of water, energy, environment and food security; and

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

II. Resource Regulation

(a) Manage and conserve the country's water resources to ensure the optimal use thereof for domestic water supply, sanitation, irrigation, hydropower, navigation, flood control, and recreation purposes, and enhance and maintain water quality, conserve watersheds, control water pollution, and restore the environment, without compromising the natural ecosystem functions and services;

(b) Regulate and control the utilization, abstraction, diversion and development of water resources, taking in consideration their equitable distribution among competing demands and determine the standards of beneficial and priority uses of water in times of crisis and national emergencies;

(c) 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;

(d) Regularly review regulations prescribed by any government agency pertaining to water use, exploitation, development, and conservation or protection of waters, water resources, and watershed or basin areas with respect to this Act;

(e) Impose fees or charges, as may be deemed necessary for water resources conservation and protection, such as:

(1) Polluter's Fee, which shall be based on the net waste load depending on the wastewater charge formula pursuant to Republic Act No. 9275;

(2) Raw water price, which shall take into account, among others, the scarcity of water; and

(3) Appropriate payment structures for environmental services;

(f) Deputize LGUs to collect the national fees or charges for resource regulation within their respective jurisdictions;

(g) Collect, regularly update, monitor, and analyze water resources data including climatology, hydrological and other water-related data and ensure that such data is easily accessible by relevant and authorized users;

(h) Establish, operate, and maintain observation station networks and a centralized water resources data center 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;

(i) Maintain a database that will contain updated relevant information on water data which will be accessible by relevant and authorized users;

(j) Develop and continuously update a computerized decision support system that

incorporates data management systems relating to acquisition and database, model base in terms of physical design, planning and decision models, and user-friendly interface concerning graphical and visualization tools;

(k) Conduct and promote special studies and research on water economics and other water resources development and management issues and concerns such as climate change, weather modification, flood monitoring and modeling, environmental quality, and desalination; and

(l) Raise public awareness through information, education and communications programs, and build capacities for informed participation in water resources management at the national and river-basin level.

III. Institutional Arrangement with Public Water Organizations

(a) Develop guidelines including rules of partnership, between and among the Department, field offices of national government agencies, LGUs and other stakeholders in water resource management, 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 of prospective RBOs;

(c) Authorize its representatives or any deputized agent to enter any property of public dominion with or without prior notice and consent, 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 farmers, communities, and 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 complaints, 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 or consultants with suitable qualifications and experience, as necessary, subject to existing rules and regulations.

IV. Coordination

(a) Coordinate and integrate 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, academe and private professional groups in 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 and 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; and

(d) Coordinate proactively with LGUs 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).

V. Other Functions

(a) Create when necessary, water resource subsidiaries, instrumentalities, and entities to engage in water transmission, water distribution, waste water treatment and management, and sanitation in accordance with existing relevant laws.

(b) Enter into contracts, joint venture agreements or understanding, public-private partnerships, and memorandum of agreements or understanding, either domestic or foreign, relating to investment and financing water-related projects, under such terms and conditions as the Department may deem proper and reasonable subject to existing laws.

(c) Exercise such other powers and functions necessary or incidental to the effective administration and management of the country's water resources.

SEC. 9. *Secretary of the Department of Water Resources.* – 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, 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 the objectives, policies, and functions of the Department;

(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 other similar agreements;

(g) Delegate authority for the performance of any power or function, as defined herein to officials and employees under his direction as deemed appropriate;

(h) Act as the Chairperson of the governing board of the attached agencies of the Department;

(i) Designate and appoint officers and employees of the Department, excluding the Undersecretaries, Assistant Secretaries, and Regional and Assistant Regional Directors, in accordance with the civil service laws, rules and regulations; and

(j) Perform such other duties and responsibilities as may be provided by law.

SEC. 10. *Office of the Secretary.* – The Office of the Secretary shall be composed of the Secretary, Undersecretary, Assistant Secretary and the Secretary's 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 Inland Waters and Water for Agriculture, Undersecretary for Resource Development, Undersecretary for Planning and Policy and Undersecretary for Missionary Water, Indigenous People, and Special Concerns.

The Secretary is hereby authorized to delineate and assign the respective functional areas of responsibility of the Undersecretaries in accordance with the mandate and objectives of the Department: *Provided*, That no Undersecretary shall be assigned purely to administrative responsibilities. Within their respective functional areas of responsibility, the Undersecretaries shall:

(a) Advise and assist the Secretary in the formulation and implementation of the policies, plans, programs and projects of the Department;

(b) Supervise all the operational activities of the assigned units for which the Undersecretary is responsible to the Secretary; and

(c) Perform such other functions deemed necessary 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: *Provided*, That the Undersecretary for Planning and Policy shall, in coordination with the Planning and Policy Service, be primarily responsible for advancing current efforts in attaining the ultimate goal of universal access to water supply and sanitation systems, and sustainable management of water resources under the SDGs, and the integration of water, energy, environment and food security.

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

No person shall be appointed Secretary, Undersecretary and Assistant Secretary of the Department unless the person is a citizen and resident of the Philippines, of good moral character, of proven integrity, competence and expertise in water resource management: *Provided*, That at least one (1) of the Undersecretaries and at least two (2) of the Assistant

Secretaries shall be career officers.

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

(a) *Department Proper.* – The Department shall consist 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) *Attached agencies.* – The Department shall exercise administrative supervision over the following agencies for purposes of policy and program coordination, monitoring, and evaluation:

- (1) The Local Water Utilities Administration (LWUA), whose mandate, powers, and functions are defined in Presidential Decree No. 198, otherwise known as the *Public Water Utilities Act of 1973, as amended*, shall be transferred from the Department of Public Works and Highways and attached to the Department. It shall continue to primarily function as a specialized lending institution for the promotion, development, and financing of local water utilities. In the implementation of its functions, the LWUA 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, Presidential Decree No. 768.
- (2) The Metropolitan Waterworks and Sewerage System (MWSS), whose mandate, powers, and functions are defined under Republic Act No. 6234, as amended entitled, *An Act Creating The Metropolitan Waterworks And Sewerage System And Dissolving The National Waterworks And Sewerage Authority: And For Other Purposes*, shall be transferred from the DPWH and attached to the Department: *Provided*, That the MWSS shall continue to facilitate the exercise by the concessionaires of their responsibility; carry out accounting and notification functions; monitor, report, and administer loans; perform related functions in connection with existing projects; manage and dispose its retained assets; and manage and operate the Umiray-Angat Transbasin Project.
- (3) The National Irrigation Administration (NIA), whose mandate, powers, and functions are defined under Republic Act No. 3601 as amended by Presidential

Decree No. 552 and Presidential Decree No. 1702;

- (4) The Laguna Lake Development Authority (LLDA), whose mandate, powers and functions are defined under Republic Act No. 4850, as amended entitled, *An Act Creating The Laguna Lake Development Authority, Prescribing Its Powers, Functions And Duties, Providing Funds Therefor, And For Other Purposes* shall be transferred from the DENR and attached to the Department. The LLDA shall continue to serve as the lake management and development authority similar to a multi-stakeholder river basin organization and shall ensure the implementation of the Laguna Lake Master Plan which shall be updated by the Department to ensure alignment with the NWRMP.

Any other agency performing water resources management, conservation and protection functions may be transferred to the Department as the President deems necessary.

(c) *Offices, Functions and Personnel to be Completely Subsumed under the Department.* – The following offices with their powers, functions, personnel, applicable funds and appropriations, records, equipment and property shall be subsumed under the Department: The National Water Resources Board (NWRB) with all its divisions and sections, whose mandate, powers and functions are provided in Presidential Decree No. 424, as amended; The River Basin Control Office (RBCO) of the DENR whose mandate, powers and functions are provided in Executive Order No. 510 and Executive Order No. 816, as amended; The Manila Bay Coordinating Office (MBCO) of the DENR which was strengthened by virtue of DENR Administrative Order (DAO) 2011-01 to coordinate the efforts of the fourteen (14) national agencies covered by the Mandamus Order of the Supreme Court to rehabilitate Manila Bay; The Water Resources Management Division of the Bureau of Soils and Water Management of the Department of Agriculture (DA); The Water Supply and Sanitation Unit of the Department of the Interior and Local Government (DILG); and The Water Quality Management Section of the Environmental Management Bureau (EMB) of the DENR.

(d) *Functions to be Transferred to the Department.* – The following functions of the respective agencies, bureaus, and units shall be transferred to the Department:

- (1) The hydrological surveys and groundwater mapping function of the Mines and Geosciences Bureau (MGB) of the DENR;
- (2) The hydrological surveys monitoring of stream flow and water data collection function of the Bureau of Design and Bureau of Research and Standards of the DPWH;
- (3) The protection and conservation of natural wetlands such as lakes, marshes, swamps of the Biodiversity Management Bureau of the DENR; and
- (4) The planning, programming, administration, monitoring, management of the National Sewerage and Septage Management Program (NSSMP) by the DPWH.
- (5) The flood management planning and sediment management function of the Flood Control Management Cluster of the DPWH;

- (6) The Water Resource Management Division and the water research functions of the Soils and Water Research Division of the Bureau of Soils and Water Management under the DA. All soil-related functions shall be retained under the Bureau which shall be renamed as the Bureau of Soils.

(e) *Support Services* - The Department shall create the following support services:

- (1) The *Planning and Policy Service* shall provide the Department with the capability to undertake water infrastructure development planning and programming, and shall exercise the following functions:
 - (i) Advise the Secretary on all matters relating to water resources planning;
 - (ii) Assist the Undersecretary for Planning and Policy on all matters related to the specific functions of the position;
 - (iii) Formulate strategies and priorities for water resources management and development consistent with national development objectives, and initiate or undertake relevant surveys for development planning;
 - (iv) Develop and regularly update a comprehensive and integrated National Water Resources Management Plan and ensure its integration into existing land use plans;
 - (v) Coordinate river-basin planning following the integrated water resources management framework and the river-basin approach;
 - (vi) 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 or urban drainage, drought risk management, water resource development systems and other public water works projects, including phasing of implementation;
 - (vii) Identify, based on the river basin master plan, priority packages for water infrastructure development per river basin, including water supply, sanitation, irrigation, flood control and stormwater or 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;
 - (viii) Evaluate and appraise all regional and inter-regional infrastructure water development plans and programs as to their feasibility and consistency with approved strategies and medium and long -term plans;
 - (ix) Gather, analyze, and organize needed statistical data and information;

- (x) Provide technical assistance related to its functions to the other services, bureaus and the regional offices as needed;
 - (xi) Develop general criteria and standards on project investigation, formulation, planning;
 - (xii) 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;
 - (xiii) Coordinate closely with PAGASA for rainfall and other climate data which shall be considered in the planning for water resources development and management and for various water infrastructure; and
 - (xiv) Perform such functions and activities, as may be mandated by law, which are necessary for the effective attainment of the abovementioned objectives.
- (2) The *Decision Support System Service* shall provide the Department with water resource management tools and computerized decision support system that incorporates a data management system relating to acquisition and database and model base in terms of physical design, planning and decision models including services related to networking, data management, and information and knowledge or learning management systems for administrative and non-technical support. It shall provide the Secretary timely reports on the status of various Department projects and activities. For this purpose, it shall exercise the following functions:
- (i) Provide the Secretary the necessary data and processed information to aid in policy and management decisions under the mandate of the Department;
 - (ii) Publish available real-time raw water data as well as verified or validated water data in print or electronic form using latest internet technology;
 - (iii) Conduct and publish in print and/or electronic form, standard data analysis such as basic statistical analysis, trend analysis, analysis of runs, and cluster analysis;
 - (iv) Develop and continuously update water resource management, computerized decision support systems (DSS) that incorporate data management systems relating to acquisition and database, model base in terms of physical, design, planning and decision models, and user-friendly interface such as graphical and visualization tools. The DSS is composed of: 1) a measurement or data acquisition system; 2) information or database management system; 3) analytical and numerical models for design, planning, decision or evaluation purposes, and 4) a user-friendly interface which includes graphical interface or visualization tools.
 - (v) Develop and maintain specific models to include the following:

- a) long-term climatologic and weather forecasting model;
 - b) watershed models and river-floodplain models;
 - c) groundwater models and coupled to surface water models;
 - d) flood forecasting model for major rivers;
 - e) optimization-simulation management models for watershed conservation, conjunctive surface and groundwater use, irrigation scheduling, normal and emergency operations of multi-purpose reservoirs; and
 - f) water quality and ecological models.
- (vi) Develop and administer the management information system and knowledge systems of the Department to:
- a) Retrieve, process, and monitor information on all projects and activities in the web portal;
 - b) Conduct and apply systems and process engineering, software development, software configuration management;
 - c) Develop and manage its corporate database, unified database for water industry, data warehouse, other water information resources, library services and document management and archiving services;
 - d) Develop and manage its Information and Communications Technology (ICT) infrastructure and ICT related-services including computer networking and voice communications services and data exchange, and
 - e) Manage the literacy and training services of the Department on various ICT and Knowledge Management (KM) tools and applications, including information and knowledge management.
- (vii) Perform such other related functions and activities which are necessary for the effective administration of the management information and knowledge systems of the Department.
- (3) The *Administrative and Human Resource Service* shall provide the Department with services relating to human resources development, personnel, records, facilities maintenance, medical and dental, security, property and procurement services, and shall exercise the following functions:
- (i) Advise the Secretary on all matters relating to internal administration and human resources management;
 - (ii) Prepare and implement an integrated personnel development plan that shall include provisions for merit promotions, performance evaluation, job

rotation, incentive awards systems, and health and welfare services;

- (iii) Provide services related to human resource training, education and development including manpower, career planning and forecasting, and development of indigenous training materials;
 - (iv) 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;
 - (v) Develop, establish, and maintain an efficient and effective security system covering, among others, personnel, physical installations, facilities, equipment, documents and materials including the conduct of security investigations;
 - (vi) Coordinate with the appropriate government agencies for a more efficient conduct of administrative processes;
 - (vii) Develop, establish, and maintain an efficient records system;
 - (viii) Provide assistance in its area of specialization to the Department Proper, bureaus and regional and water district offices and, when requested, to the government agencies and corporations attached to the Department; and
 - (ix) Perform such other related functions and activities which are necessary for the effective management of the resources of the Department, including its human resources.
- (4) The *Legal and Legislative Research Service* shall 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, and shall exercise the following functions:
- (i) Advise the Secretary on all matters relating to legal and legislative affairs;
 - (ii) Prepare Department contracts and legal instruments, review and interpret all contracts and agreements entered into by the Department and evaluate all legal proposals;
 - (iii) Conduct administrative investigation and the review of administrative charges against officers and employees of the Department;
 - (iv) Exercise functional jurisdiction over the legal staffs of Regional Offices;
 - (v) Provide legal assistance to the Department Proper, the bureaus and regional offices and when requested, the attached corporations;
 - (vi) Develop and prepare the Department's Legislative Agenda, recommend presidential certification of the urgency of priority water bills, and other

water-related legislation;

- (vii) Coordinate and maintain linkages between and among the various offices, bureaus, regional offices and attached agencies to the Department along with other government agencies on policy matters affecting the Department's mandate in relation to legislation;
 - (viii) Perform liaison and networking activities in relation to the enactment of related laws relating to water resources issues in legislative policymaking bodies such as the Senate of the Philippines, the House of Representatives, and the various Sanggunians;
 - (ix) Monitor the progress of the Department's priority or certified bills to ensure their passage; and
 - (x) Perform such functions and activities, as may be mandated by law, which are necessary for the effective performance of the abovementioned objectives.
- (5) The *Comptrollership and Financial Management Service* shall provide the Department with coordinated services relating to financial systems and procedures, budget, cash, accounting and all financial housekeeping matters, and shall exercise the following functions:
- (i) 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;
 - (ii) Prepare budget proposals and pursue formal budget authorizations, undertake budget execution, and prepare and submit all appropriate reports to the proper offices;
 - (iii) Develop and maintain accounting, financial and assets management systems, procedures and practices in the Department Proper, Bureaus and Regional Offices;
 - (iv) 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;
 - (v) 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
 - (vi) Perform such other related functions and activities which are necessary for the effective financial management of the Department.
- (6) The *Resource Regulation Service* shall provide the Department with services for the effective regulation of all water-related services and activities and shall

exercise the following functions:

- (i) Advise the Secretary on all matters relating to resource regulations;
 - (ii) Determine, grant and regulate water rights for the appropriate, optimal and sustainable use of surface and ground water;
 - (iii) Determine and evaluate waterworks and sewerage licenses, and submit evaluation results to the Water Regulatory Commission for the latter's consideration in granting of licenses;
 - (iv) 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 shall promulgate;
 - (v) Adjudicate water use conflicts; and
 - (vi) Perform such other related functions and activities which are necessary for the effective regulation of water-related services.
- (7) The *Internal Audit Service* shall regularly conduct a comprehensive audit of various Department activities and shall exercise the following functions:
- (i) Advise the Secretary on all matters relating to management control and operations audit;
 - (ii) Conduct a performance audit of the management and operations of the Department, its activities, the performance of all units, and determine the degree of compliance of all operating units with established objectives, policies, standards, methods and procedures, government regulations and contractual obligations of the Department;
 - (iii) 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;
 - (iv) Analyze and evaluate management deficiencies and recommend realistic courses of action; and
 - (v) Perform such functions and activities, as may be mandated by law, which are necessary for the effective performance of the above mentioned objectives.
- (8) The *Public Affairs Service* shall enhance relations with all stakeholders including the media, for the effective dissemination of information relating to water-related issues, including important announcements on policies and activities of the department that are of interest to the general public. It shall ensure that women, men, elderly, and people with disabilities shall be consulted.

organized and take active part in all aspects of water resources development and management activities. It shall also lead the planning and organizing of special events, and shall exercise the following functions:

(i) Public Awareness

- a) Advise the Secretary on matters pertaining to public affairs;
- b) Develop and supervise the implementation of comprehensible communications programs on relevant policies, programs and plans of the Department;
- c) Produce and supervise the dissemination of communication materials in line with the priorities of the Department and national government public information programs;
- d) Conduct public opinion and attitude surveys to identify the interests and concerns of the stakeholders of the Department;
- e) Establish policies on the presentation and publication of the content of the communication materials for dissemination to print and broadcast media;
- f) Establish and maintain linkages with the tri-media and a presence in social media;
- g) Coordinate the conduct of interviews and news conferences;
- h) Make public announcements on matters relating to the work and activities of the Department through the print and broadcast media, either through press releases or live interviews;
- 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 involved in public information affairs.

(ii) Promote 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 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 office for all water related events; and
- c) Perform such functions and activities, as may be mandated by law, which are necessary for the effective performance of the abovementioned objectives.

(f) *Bureaus.* – The Department shall create bureaus which shall each be headed by a Bureau Director. The Bureau Director shall be responsible for the efficient and effective discharge of the functions of the Bureau concerned. The Bureau Director shall be assisted by one (1) Assistant Director.

- (1) *Bureau of Flood Control and Drainage* shall 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:

- (i) 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 Director. The Bureau Director shall be responsible for the efficient and effective discharge of the functions of the Bureau concerned. The Bureau Director shall be assisted by one (1) Assistant Director. (1) *Bureau of Flood Control and Drainage* shall plan and design flood control and drainage Department shall harmonize and synthesize plans to enable the sharing of information between land-use planning and water management authorities. In this regard, a holistic approach shall be adopted by making the IFM a part of a wider risk or multi-hazard management system that includes earthquakes, landslides, fires, tsunami, and other calamities of the same gravity or nature;
- (ii) Integrate climate change and disaster risk reduction and management in policies and plans;
- (iii) Prepare master plans of flood management and drainage in river basins in coordination with the concerned water resources region and river basin organizations;
- (iv) Prepare master plans for urban drainage in cities and municipalities;
- (v) Prepare feasibility studies of recommended measures in the master plans;
- (vi) Plan and design structural measures for flood control and drainage;

- (vii) Implement and collaborate with concerned agencies on the formulation and adoption of non-structural measures for flood control and drainage;
 - (viii) Patrol and investigate rivers, and monitor stream flows;
 - (ix) Conduct post-disaster investigation and evaluation and damage assessment of flood infrastructures after extreme events;
 - (x) Conduct research and development on water and sediment-related disasters;
 - (xi) Develop design guidelines, criteria, and standards on flood control and drainage structures;
 - (xii) Provide technical assistance to other agencies, LGUs, and other stakeholders;
 - (xiii) Advise the Secretary on declaring flood control areas and recommended guidelines for floodplain management plans in these areas; and
 - (xiv) Perform such related activities which are necessary for the effective performance of its functions.
- (2) *Bureau of Water Quality Management* shall supervise and exercise 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, the Bureau shall exercise the following functions:
- (i) Establish water quality guidelines for freshwater and coastal or marine waters as basis for classifying water bodies in the country. Specifically, develop water quality indices or composite metrics to measure the quality status and health of natural water bodies in relation to ecological integrity and function;
 - (ii) Establish effluent standards for point discharges to receiving bodies of water;
 - (iii) Establish internationally accepted procedures for sampling and analysis;
 - (iv) Prepare an integrated water quality management framework;
 - (v) Prepare the ten-year water quality management plans for each water quality management area as part of the River Basin Master Plans and in support of the NWRMP;
 - (vi) Classify groundwater sources and prepare a national groundwater vulnerability map;
 - (vii) Classify or reclassify all water bodies according to their beneficial usages using the established water quality guidelines established;

- (viii) Issue permits, clearances, and similar instruments pursuant to the Clean Water Act of 2004;
 - (ix) Collect the wastewater discharge fees for all permittees;
 - (x) Monitor the compliance of water discharge permittees with the effluent standards;
 - (xi) Regularly monitor the water quality of major water bodies in the country and analyze the data to identify possible sources of pollution;
 - (xii) Issue notices of violations and/or cease and desist orders for those found in violation;
 - (xiii) File the needed cases against violators with the Water Pollution Adjudication Board (WPAB);
 - (xiv) Serve as secretariat of the WPAB; and
 - (xv) Perform such functions and activities, as may be mandated by law, which are necessary for the effective performance of the above mentioned objectives.
- (3) *A Water Resources Regional Office (WRRO)* shall be organized per water resources region and 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 in the Department. The formulation of the master plan for the nearby river basins such as the Pasig-Marikina-Laguna Lake-Cavite, shall be the responsibility of the Department. Each WRRO shall perform the following duties and responsibilities:
- (i) 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;
 - (ii) Advocate and strongly support the creation and functioning of multi-stakeholder river basin organizations (RBOs) and serve as the secretariat of the said RBOs;
 - (iii) Undertake and evaluate the planning, design, and work supervision functions of the Department for the water infrastructures within the region;
 - (iv) Ensure the implementation of laws, policies, programs, rules and regulations regarding the above mentioned infrastructure as well as public and private physical structures;
 - (v) Provide technical assistance related to the water-related functions of other agencies within the region especially the local government;

- (vi) 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;
- (vii) Conduct consultations with the local communities, take appropriate measures to ensure that the services of the Department are responsive, and recommend such appropriate actions as may be necessary; and
- (viii) Perform such functions and activities, as may be mandated by law, which are necessary for the effective performance of the above mentioned objectives. The Department shall retain existing Project Management Offices as may be required, which shall be under the supervision and control of the appropriate Water Resources Regional Office unless otherwise determined by the Secretary for reasons of supra- regional scope, magnitude and multi-functional coverage.

Each Water Resources Regional Office 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 exercise functional and administrative supervision over all units within the region and is authorized to commit resources and assign 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 over (1) the planning, project design and evaluation function and (2) technical assistance to the River Basin Organizations within the water resources region.

SEC. 14. *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 Chairperson, 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 National Pollution Control Commission with respect to the adjudication of water pollution cases under Republic Act No. 3931 entitled, *An Act Creating The National Water And Air Pollution Control Commission*, Presidential Decree 984 entitled *Providing For The Revision Of Republic Act No. 3931, Commonly Known as the Pollution Control Law, And For Other Purposes*, particularly with respect to Section 6 letters e, f, g, j, k and Republic Act No. 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.

CHAPTER III INTERDEPARTMENTAL RELATIONS AND INSTITUTIONAL ARRANGEMENTS OF THE DEPARTMENT

SEC. 15. *Interface and Institutional Arrangements 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 aspect, and shall ensure consistency of standards and targets, as well as the compliance of permittees with 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 establishing and operating hydropower plants, but shall ensure that hydropower plant development plans are consistent with the National Water Development and Management Plan;

(d) The Department shall coordinate with the DA to ensure agricultural development that reduces long-term pollution for surface water and groundwater, and agricultural and industrial economic development that employs water efficiency, water recycling or 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 Department;

(f) The Department shall coordinate with Climate Change Commission (CCC), Philippine Atmospheric, Geophysical and Astronomical Services Administration (PAGASA), and National Mapping and Resource Information Authority (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), with respect to development projects and shall 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. 16. *National Water Sector Policy Board.* – The National Water Sector Policy Board (NWSPB) shall be created and shall be headed by the Secretary of the Department of Water Resources with the Secretary of the National Economic and Development Authority as the Vice-Chairperson, and the Secretaries of the DOH, DILG, DOE, DA, Department of Social Welfare and Development; DPWH; Department of Budget and Management (DBM); Office of the President, and DENR, and National Commission on Indigenous Peoples as members. The Department shall provide personnel to serve as Secretariat to the Board.

SEC. 17. *Powers and Functions of the National Water Sector Policy Board* – The NWSPB shall perform policymaking, coordination, integration, supervision, monitoring and evaluation functions, and shall have the following responsibilities:

(a) Approve the NWRMP which shall serve as a principal guide to water management efforts in the country and shall be reviewed every five (5)-years 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 requiring 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) Ensure a multi-stakeholder participation in the development, updating, and sharing of information systems as policy, planning and decision-making tools consistent with IWRM.

SEC. 18. *Transfer of Rights and Obligations*. – The Department shall, by virtue of this Act, be subrogated to all the rights and assume all the obligations of the government agencies and units whose powers and functions have been subsumed, absorbed, transferred or attached to the Department in accordance with the rules and regulations of the Commission on Audit, and the Civil Service Commission, and other applicable laws. The transfer of powers and functions as herein provided shall take effect within six (6) months of the effectivity of this Act. As such, all affected agencies, offices, units shall continue to function under their present mandates.

CHAPTER IV WATER REGULATORY COMMISSION

SEC. 19. *Water Regulatory Commission*. – There is hereby created and established as an independent, quasi-judicial regulatory body to be known as 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 as an attached agency. The Commission shall have a Board of Commissioners, and shall be vested with powers and functions, as conferred and set forth hereunder.

SEC. 20. *The Regulatory Units*. – The regulatory units of the Commission shall be composed of the central regulatory unit and the regional regulatory units. The economic regulatory units and functions of the MWSS, NWRB, LWUA, SBMA, PEZA, and TIEZA are hereby transferred to the Commission, and 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. The regional regulatory units shall be established by the Commission in accordance with this Act and the rules, regulations, guidelines, and standards that the Commission shall issue.

SEC. 21. *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 ~~for~~ other service providers, sewerage, and/or septage treatment and disposal services for domestic, residential, institutional, industrial or commercial use.

The Commission shall exercise 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) Promulgate and enforce just and reasonable technical standards, classifications and measurements of service;

(c) 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 has fallen victim to such act or behavior, the Commission shall act to stop 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.

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

(e) Fix and determine proper and adequate rates of depreciation of properties and equipment used in water supply and sanitation services;

(f) 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;

(g) Require the submission reports of finances and operations, verified under oaths by the owner or president and secretary of the board of the licensee;

(h) 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.

(i) Investigate, *motu proprio* or upon a written complaint, any matter concerning the operation of the service and issues on price manipulation and anti-competitive behavior;

(j) 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;

(k) 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;

(l) Advise, apprise and coordinate with other relevant agencies of the national or local

government on any matter relating to water supply and sanitation services;

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

(n) Appoint an interim or temporary management committee upon appeal and after due hearing, to ensure continuity of service in case 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.

(o) Appoint, hire and maintain adequate staff and personnel, advisers, or consultants, with suitable qualifications and experience, as necessary;

(p) Exercise 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 provided under this Act, and over all cases involving disputes between and among participants or stakeholders in the water supply and sanitation services; and

(q) Such other incidental powers and functions as may be necessary to attain the objectives of this Act.

SEC. 22. 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 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 or obtain a license prior to operation or commencement of business, as provided hereunder.

(c) Review, determine, fix, and approve, consistent with the rules, guidelines, procedures and methodologies which the Commission shall provide, proposed water and sewerage and septage management tariffs, rates and charges that licensees may impose upon their consumers;

(d) Appraise and value property and equipment used by licensees in providing water supply and sanitation services.

(e) Enforce technical, financial, and other performance standards set by the Commission for licensees or utilities;

(f) Respond to consumer complaints and ensure the adequate promotion of consumer interests and investigate *motu proprio* price manipulation and anti-competitive behavior;

(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) 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 upon petition or *motu proprio* where in its determination public interest so dictates;

(i) Require the submission of reports, plans, and other documents that define the performance targets of the licensees or 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 or 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: (1) when the facts and circumstances on the strength of which the license was issued have been materially misrepresented or have materially changed; (2) 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; (3) 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 (4) when the licensee 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 the conditions of the license; and

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

SEC. 23. *Composition of the Water Regulatory Commission.* –

(a) The Commission shall be a collegial body composed of five (5) full-time members consisting 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, of 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 of actual and distinguished experience in their respective fields of expertise: *Provided*, That out of the four (4) members of the Commission, at least one (1) shall be a member of the Philippine Bar with at least ten (10) years of experience in the active practice of law, and at least one (1) shall be a certified public accountant with at least ten (10) years of experience in active practice.

(b) The term of office of each member of the Commission shall be seven (7) years: *Provided*, 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 a successor shall have been appointed and qualified: *Provided furthermore*, 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: *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 days 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 exercising its quasi-legislative functions, an affirmative vote of three (3) members shall be required.

(d) The Chairperson of the Commission shall exercise general executive control and supervision over 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 Chairperson shall determine and establish the 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 subject to the review and approval of the DBM. The *plantilla* positions of the Commission shall be filled by regular appointments in accordance with Civil Service laws, rules, and regulations. 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.

(e) The Chairperson 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 to office.

SEC. 24. Secretariat of the Commission. – The Commission shall establish a Secretariat which shall provide the Commission with technical and support services including the following:

(a) Provide the necessary technical inputs and secretariat support to the Commission to facilitate the conduct of its functions;

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

(c) Monitor and assess activities of the Regulatory Units vis-à-vis their respective annual performance plans and targets;

(d) Maintain a database on the water supply and sanitation subsector; and

(e) Coordinate with other relevant agencies of the national or local government on any matter relating to water supply and sanitation.

SEC. 25. Executive Director. – The Commission shall appoint an Executive Director who shall head the Commission Secretariat, keep and maintain the official records of the

Commission, render a report on the proceedings of the Commission, and 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. 26. *Compensation and Other Emoluments.* – The compensation of the members of the Commission and its staff shall conform to provisions of Republic Act No. 6758 as amended, otherwise known as the Compensation and Position Classification Act of 1989.

CHAPTER V REGISTRATION AND LICENSING

SEC. 27. *Registration and Licensing of All Water Supply and Sanitation Services.* – All water supply and sanitation service providers, including bulk water suppliers and those providing services to subdivisions and other service providers, shall register with the Commission and, subject to such rules, guidelines, procedures and other issuances of the Commission, obtain a license to operate from the appropriate regulatory units.

The Commission shall ensure that the grant and revocation of licenses are carried out fairly, transparently, and without discrimination. Issuances of the Commission shall specify, among others, the qualifications, requirements, and procedure for the grant and revocation of licenses including the standards and performance targets that shall continuously be complied with to keep the licenses valid.

Unless otherwise provided in this Act or by the Commission, no public water supply and 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 and water sanitation and treatment services currently existing shall remain valid and enforceable unless otherwise terminated, after due notice and hearing for reasons provided in the existing terms and conditions under the concession or service agreement or contract, or when invalidated by the Commission, after due notice and hearing, where national security, national emergency or public interest so dictates.

SEC 28. *Conditions of License.* – The Commission or the concerned regulatory unit, may impose such conditions on the licensee as it may deem necessary, such as:

- (a) Tariffs, rates and charges that may be imposed from its customers or consumers.
- (b) Term fixing the duration of the privilege.
- (c) Grounds for modification, suspension or cancellation of the License.
- (d) Minimum technical performance and service level standards.
- (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 a Certificate of Public Convenience (CPC), Certificates of Public Convenience and Necessity (CPCN) issued by NWRB, or Certificate of Conformance (CoC) issued by LWUA, to convert their existing certificates into licenses to operate in accordance with Sec. 27 herein. All existing providers of water supply and 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. 29. *Rights and Duties of Licensees.* –

(a) Any person granted a license under this Act shall have the obligation to ensure that licensed activities are conducted to further public interest and, in particular:

- (1) Foster the maintenance and development of efficient, coordinated, and viable operation of their licensed activities;
- (2) Ensure that their water supply and sanitation services are provided in a diligent, conscientious and workmanlike manner, in accordance with applicable laws rules and regulations issued by the Commission and the generally accepted standards and practices of the water supply and sanitation industry; and
- (3) Comply with drinking water quality requirements and standards that may be established 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, lay or repair water or sanitation main lines and other relevant facilities in public ways to fulfill the terms and conditions under the license.

(c) Subject to any condition or limitation laid down in the license, a licensee may discontinue water supply and sanitation services to a customer if such customer defaults in the payment of fees due to the licensee for the 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:

- (1) Publish the Tariff and other charges approved by and the terms and conditions imposed by the Commission for the provision of water supply and sanitation services.
- (2) 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;

- (3) Maintain financial accounts in accordance with the manner and procedure specified in the license and as may be required by the Commission; and
- (4) 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. 30. *Setting Tariffs, Rates, and Other Charges.* – Regulatory units shall establish tariffs, rates and other charges which are fair and reasonable, and ensure economic viability and a fair return on investments. 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.31. *Direct Access.* – Fifty-one (51) percent of the registered water consumers in a municipality, city or province may petition for direct access to water from any water service provider subject to concurrence by the service provider and approval by the Commission. The Commission shall promulgate rules and procedures for this mode of service.

SEC. 32. *Innovative Schemes to Improve Efficiency and Management of Systems.* – The Commission shall promote innovative schemes such as the consolidation or integration of water supply and sanitation services, or providers in the same service area, where it shall result in improved efficiency, service expansion and lower 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) define the fines and penalties that shall be imposed for failure to meet such standards and targets.

CHAPTER VI QUASI-JUDICIAL FUNCTIONS OF THE COMMISSION

SEC. 33. *Proceedings Before the Commission.* – For the purpose of any investigation, inquiry or proceeding, the Commission shall:

- (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. 34. *Orders and Decisions of the Commission.* – Any order, resolution, or decisions of the Commission shall be promulgated promptly, expeditiously, reasonably, and 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. 35. *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) Any act or decision of the Commission shall not be invalidated 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 COMMISSION

SEC. 36. *Interface with Other Sector Regulators.* –

(a) The DENR shall continue to exercise primary jurisdiction over programs aimed at protecting the environment and the quality of water sources from waste and pollution, and shall promulgate rules, regulations, and standards in this regard. The Department of Health (DOH) shall continue to exercise primary jurisdiction over the determination and enforcement of standards for quality drinking water and sanitation.

(b) The Commission shall coordinate with the:

- (1) DOH to ensure that the standards and targets for quality drinking water and sanitation are consistently complied with;
- (2) LGUs for development projects relating to water supply and sanitation; and
- (3) Department of Public Works and Highways for flood control and harnessing and impounding of water.

SEC. 37. *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 to the Department of the concerned agencies as herein provided for, shall be deemed completed within six (6) months after the effectivity of this Act. The 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.

All agencies transferred, subsumed and attached to the Department, shall continue to function under their present mandates until the six-month transition period mandated under this Act shall have lapsed. The heads of the affected agencies shall continue to serve until replaced. All rights and obligations of the affected 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. 38. *Absorption or Separation from Service of Employees of the Subrogated Agencies.* – The current employees 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 shall enjoy security of tenure, and shall be absorbed by the Department, in accordance with their staffing pattern and the selection process as prescribed under Republic Act No. 6656 or the Government Reorganization Law. Employees opting to be separated from the service as a consequence of the consolidation, and reconstitution under the provisions of this Act shall, within one (1) month from their separation or phase out from the service, receive separation benefits in accordance with existing laws, and those who are qualified to retire shall be allowed to retire and be entitled to all benefits under existing retirement laws.

SEC. 39. *Water Trust Fund.* – There is hereby created a Water Trust Fund in the Bureau of Treasury. All non-tax revenues, including raw water pricing, 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. The trust fund shall be accounted separately from the government's general revenues and shall be automatically appropriated to the Department. Proceeds from the trust fund shall be utilized for water development, water sanitation and waste water treatment and management, and water sustainability programs and projects authorized under this Act: *Provided, That* a maximum of ten percent (10%) of the total income generated from raw water extraction shall be given as share of the concerned local government unit or indigenous peoples (IP) community who own the specific areas or land where the raw water was sourced.

CHAPTER VIII FINAL PROVISIONS.

Sec. 40. *Applicability of Ease of Doing Business Law.* – The prescribed processing time provided under Section 9.b of Republic Act No. 11032, otherwise known as the *Ease of Doing Business and Efficient Government Service Delivery Act of 2018*, shall be applicable to all agencies and LGUs covered under this Act particularly on accessing government services.

Sec. 41. *Transitory Provisions.* – Performance audit of all water-related agencies and institutions, including LWUA and water districts, MWSS, MWSS-RO and its concessionaires, LGU-run utilities, Tourism Infrastructure and Enterprise Zone Authority, Philippine Economic Zone Authority, Bases Conversion and Development Authority, Subic Bay Metropolitan Authority, DILG, and NIA, shall be conducted by the Department.

SEC. 42. *Appropriations* – The amount necessary to cover the initial implementation of this Act shall be charged against the current year's appropriations of the agencies and offices transferred and subsumed by the Department and the Commission in the General Appropriations Act. Thereafter, such sums as may be necessary for the continued implementation of the Act shall be included in the annual GAA.

SEC. 43. *Implementing Rules and Regulations.* – Within one hundred eighty (180) days from the effectivity of this Act, the Department, NEDA, DBM, DENR, CSC, in consultation with concerned government agencies, the Presidential Legislative Liaison Office shall promulgate rules and regulations for the effective implementation of this Act.

SEC. 44. *Separability Clause.* – If for any reason, any portion or provision of this Act shall be held unconstitutional or invalid, the remaining provisions not affected thereby shall continue to be in full force and effect.

SEC. 45. *Repealing Clause.* –

(a) The following provisions are hereby repealed:

- (1) Section 3 (h) and Section 12 on the provision with respect to fixing of water rates and sanitation service fees, Section 3 (n) on the provision with respect to regulation of waterworks and deep wells, and Section 3 (p) on the provision with respect to regulation of waterworks and sanitation systems in privately owned subdivisions of Republic Act 6234 entitled, *An Act Creating The Metropolitan Waterworks And Sewerage System And Dissolving The National Waterworks And Sewerage Authority, And For Other Purposes*, as amended.
- (2) Title III on Local Water Utilities Administration Law of Presidential Decree No. 198 otherwise known as the *Provincial Water Utilities Act of 1973*, as amended by Letter of Instruction No. 700 - *Providing Measures To Control And Regulate Increase In Water Rates*, Letter of Instruction No. 744 - *Relative To Reliable Water Supply At Reasonable Rates In The Countryside* on the, Executive Order No. 124, 30 January 1987 - *Reorganization Act of the Ministry of Public Works and Highways*, Executive Order No. 123, 30 January 1987 - *Reorganization Act*

of Ministry of Social Services and Development.

- (3) Republic Act No. 3601 as amended by Presidential Decree No. 552 and Presidential Decree No. 1702 pertaining to the creation of the National Irrigation Administration;
- (4) Section 1 of Executive Order No. 124-A S. 1987 Amending Executive Order No. 124, dated 30 January 1987, *Reorganizing the Department of Public Works and Highways, Redefining Its Powers and Functions, and For Other Purposes* on renaming and reorganizing the National Water Resources Council into the National Water Resources Board.

(b) The following provisions are hereby amended accordingly:

- (1) Section 3 paragraph 3 Commonwealth Act No. 146, as amended, otherwise known as the Public Service Act pertaining to all cases involving the fixing of rates;
- (2) Section 154, Article V, Chapter I, Title One, Book II of Republic Act No. 7160, as amended, otherwise known as the "*Local Government Code of 1991*", and its implementing rules and regulations on the power of the 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.
- (3) Section 13 (b) on the regulation of enterprises within the Economic Zone under Republic Act No. 7916 as amended, otherwise known as "The Special Economic Zone Act of 1995";
- (4) Section 69 of Republic Act No. 9593 otherwise known as "The Tourism Act of 2009" and its implementing rules and regulations which mandate 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;
- (5) Sections 7 and 8 on the adjudication of water pollution cases under Republic Act No. 3931 entitled, *An Act Creating The National Water And Air Pollution Control Commission*, particularly with respect to Section 6 letters e, f, g, j, k Presidential Decree 984 entitled, *Providing for the Revision of Republic Act No. 3931, Commonly Known as the Pollution Control Law, and For Other Purposes*;
- (6) Sections 4(1) and 7 of Republic Act No. 9275, otherwise known as the "Philippine Clean Water Act of 2004";
- (7) Articles 3(d) and 79 of Presidential Decree No. 1067, otherwise known as The Water Code of the Philippines;
- (8) Sections 9, 10, 11, 12 and 13, Chapter II of Presidential Decree No. 856, otherwise known as the "Code on Sanitation of the Philippines"; and

- (9) Section 3.2 (b) of Executive Order No. 149 Series of 1993 transferring the Laguna Lake Development Authority from the Office of the President to the Department of Environment and Natural Resources. All other laws, presidential decrees, executive orders, presidential proclamations, rules and regulations, or parts thereof which are inconsistent with the provisions of this Act are hereby repealed or amended accordingly.

SEC. 46. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,