



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session



House Bill No. 4162

Introduced by CIBAC Party-List Representative
EDUARDO "BRO. EDDIE" C. VILLANUEVA

EXPLANATORY NOTE

It is a universal truth that water is life. Without it, life as we know it would be impossible. At a fundamental level, humans can go for up to one or two months without food, but we can only survive for a few days without water. The United Nations General Assembly explicitly recognized the right to safe and clean drinking water and sanitation as a human right that is essential for the full enjoyment of life and all other human rights.

Without water security, we risk endangering the health and lives of our people. In 2020, the UNICEF and the World Health Organization recorded that only 47.46% of the entire population in the Philippines had access to safely managed drinking water. 1 As of 2024, around 40 million Filipinos still lack access to formal water resources and are instead dependent on rainwater, rivers, or creeks for their daily needs, according to the Department of Environment and Natural Resources (DENR).² Water scarcity limits our access to safe drinking water and prevents us from practicing basic hygiene. It could lead to failures in the sewage systems and a surge in diseases.

The Philippines faces the recurring paradox of having too much water during the rainy season and too little during the dry months.³ Year after year, communities endure destructive floods that displace families and damage livelihoods, only to suffer water shortages and droughts in the months that follow. This cycle of crisis is made worse by the fragmented and outdated state of our water governance. Our current institutions lack the capacity, coherence, and coordination to manage water across its

1 Inquirer.net. WHO-Unicef report: Nearly half of Filipinos get safe drinking water. Published on 07 July 2021. Available at <https://newsinfo.inquirer.net/1456912/who-unicef-report-nearly-half-of-filipinos-get-safe-drinking-water> (Accessed on 26 June 2025).
2 Philippine News Agency. *Ensuring Water Access*. Published on 25 February 2025. Available at <https://www.pna.gov.ph/opinion/pieces/1018-ensuring-water-access> (Accessed on 25 June 2025).
3 Japan International Research Center for Agricultural Sciences (JIRCAS). *Soil, water and Climactic Resources of the Philippines: Constraints, Problems and Research Opportunities*. Available at https://www.jircas.go.jp/sites/default/files/publication/intlsymp/intlsymp-13_41-52.pdf (Accessed on 25 June 2025).

full cycle. As the effects of climate change intensify, the urgency to act grows even stronger.

This bill seeks to fundamentally reform the governance of the Philippine water sector. The proposed measure establishes a comprehensive and coherent institutional framework for water governance through the creation of two new agencies: the Department of Water Resources (DWR) and the Water Regulatory Commission (WRC). This proposed legislation aims to:

1. Centralize policy and planning under a dedicated Cabinet-level department that will oversee integrated water resource management (IWRM), including the development of a National Water Resources Management Plan;
2. Establish a unified and independent regulatory body, the Water Regulatory Commission, to oversee licensing, tariff-setting, and performance standards for all water supply, sanitation, and sewerage service providers;
3. Rationalize and harmonize overlapping mandates of existing agencies;
4. Enable long-term sector development through socialized credit, public-private partnerships, and capacity-building programs, especially for missionary areas and low-capacity water districts;
5. Ensure transparency, accountability, and citizen participation in planning, regulation, and service delivery, while protecting consumers' rights.

This proposed measure is not a mere exercise in administrative restructuring. It represents a long-overdue modernization of our national approach to water governance, shifting from a fragmented and reactive framework to one that recognizes water as a strategic and unifying policy priority. It calls for focused, science-based, and coordinated leadership, anchored in the principles of sustainability, equity, and accountability.

The era of piecemeal and ad hoc reforms must come to an end. The time has come to build a future-ready, climate-resilient, and inclusive water sector. One that upholds the right of every Filipino to safe, adequate, and affordable water.

In view of the foregoing, the immediate passage of this measure is earnestly sought.


EDUARDO "BRO. EDDIE" C. VILLANUEVA



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HOUSE BILL NO. 4162

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

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 Resources Management Act.*”

SEC. 2. Declaration of Policy. –

- a) The State recognizes that water is fundamental to individual life, health, and dignity, and that every person has a right to access safe and clean water for personal and domestic use;
- b) The State affirms that the right of all Filipinos to safe and clean drinking water and sanitation is essential to the full enjoyment of life and all human rights and hence, the attainment of a nationwide water supply, sanitation, and sewerage services at reasonable rates must be pursued in an orderly, rational, efficient, and dynamic manner;
- c) The State emphasizes that water is a public good subject to diverse use in economic, agricultural, and industrial activities, and is thus a scarce resource which must be carefully regulated to prevent resource depletion and to ensure its availability for future generations;

- 1 d) The State also maintains that water is indispensable to the existence and
2 sustainability of natural ecosystems, and as such its use must neither endanger
3 the balance and health of the environment nor compromise the rhythm and
4 harmony of nature;
5
6 e) The State further maintains that water resources are interconnected with climate,
7 soil condition, land use and land cover, forest cover, and other natural resources.
8 As such, the management of water will require inter-sectoral and inter-agency
9 collaboration as well as harmonization of laws, policies, institutions, and
10 stakeholders; and
11
12 f) Finally, while the State maintains that all water resources remain under its full
13 ownership, control, and supervision, it emphasizes that it may enter into
14 arrangements with the private sector, as well as with civil society and community-
15 based organizations, on the basis of beneficial use, to ensure the efficient and
16 affordable delivery of water supply, sanitation, and septage services to end-users.
17

18 In accordance with these precepts, it is hereby declared the policy of the State
19 to provide for the rational, evidence-based, and integrated management of all water
20 resources in the country to ensure universal access to safe, adequate, and affordable
21 water supply, sanitation, and septage services, through a policy and regulatory regime
22 that encourages innovation and responsible private sector participation, while
23 ensuring ecological preservation and environmental sustainability.
24

25 **SEC. 3. Definition of Terms.** – The following terms are hereby defined as
26 follows:
27

- 28 a) **Bulk water supplier** refers to any entity, natural or juridical, whether public or
29 private, supplying or intending to supply large quantities of raw or treated water
30 to buyers who will use it for own consumption, such as industrial companies, or
31 for retail distribution to consumers such as water service providers or real estate
32 developers managing their own distribution network;
33
34 b) **Environmental services** refer to qualitative functions of natural non-produced
35 assets of land, water, and air, including related ecosystems, and their biota, and
36 which may be categorized into three basic types: (i) disposal services which
37 reflect the functions of the natural environment as an absorptive sink for
38 residuals; (ii) productive services which reflect the economic functions of
39 providing natural resource inputs and space for production and consumption, and
40 (iii) consumer or consumption services which provide for physiological as well as
41 recreational and related needs of human beings;
42
43 c) **Flood Control** refers to methods, acts, and protocols to be observed in order to
44 prevent and reduce the detrimental and catastrophic effects of flood waters which
45 include sediment-laden or turbid flows, and hyper-concentrated flows or debris
46 flows;
47
48 d) **Flood Risk Management (FRM)** refers to such acts of defining and determining
49 the appropriate methods, acts and protocols aimed at preventing and reducing
50 the risk of incurring loss of both life and property due to flood waters. Flood risk

1 management consists of a cycle of prevention, mitigation, adaptation,
2 preparedness, and early warning, and, response and recovery. The elements of
3 FRM include: integrating land-use planning and coastal zone management into
4 water management; adopting a holistic approach so that FRM is part of wider
5 risk or multi-hazard management of earthquakes, landslides, and storm surges;
6 managing risk and uncertainty as a whole so it is not only hydrological
7 uncertainties but also social, economic, and political uncertainties on account of
8 human behavior and cultural dimensions of FRM;

- 9
- 10 e) **Infrastructure and public works** refer only to wholly or primarily water-related
11 projects and shall not incorporate projects that do not otherwise fall within the
12 purview of the objectives, powers, and duties of the Department of Water
13 Resources created under this Act;
- 14
- 15 f) **Integrated Water Resource Management (IWRM)** refers to a systematic,
16 collaborative and multi-stakeholder process which promotes the coordinated
17 development and management of water, land, and related resources within
18 geophysical boundaries in order to maximize the resultant economic and social
19 welfare in an equitable manner and without compromising the sustainability of
20 vital ecosystems;
- 21
- 22 g) **License** refers to the Water Supply or Sanitation Services Operating License
23 that the Water Regulatory Commission is authorized to grant and issue to Service
24 Providers;
- 25
- 26 h) **Licensee** refers to the Service Provider to whom a License is granted or issued
27 by the Water Regulatory Commission;
- 28
- 29 i) **Missionary Water** refers to water supply or services to areas that have no
30 existing safe water supply and services due to geographic limitation or absence
31 of economic and market viability;
- 32
- 33 j) **National Water Resources Management Plan (NWRMP)** refers to a policy
34 document that incorporates a framework to guide the development and
35 management of all water resources in the Philippines, the general strategies and
36 work to be pursued to ensure the sustainability of the resource and work towards
37 the water security; and provides top-level direction on the utilization of existing
38 water resources in line with national development plans, policies, and programs
39 in accordance with the IWRM framework. The NWRMP shall also include a water
40 infrastructure development program for all waters of the country as well as
41 provide general guidance on how this shall be supported within an integrated
42 financing framework that can draw on public, private and international
43 development funding sources;
- 44
- 45 k) **Regulatory Units** refer to the regulatory offices of the Water Regulatory
46 Commission established under this Act;
- 47
- 48 l) **River basin** refers to an area of land drained by a stream or body of fixed water
49 and its tributaries which have a common outlet for surface run-off;

- 1 m) **River Basin Organization (RBO)** refers to multi-stakeholder organizations
2 which plan, coordinate, and monitor activities within a river basin cluster;
3
- 4 n) **Sanitation** refers to the provision of facilities and services for the safe
5 management of septage and sewage, from the collection to containment, and
6 storage and treatment onsite or conveyance, treatment, and eventual safe end
7 use or disposal, and includes the safe management of solid waste and animal
8 waste;
9
- 10 o) **Septage** refers to the liquid and solid material pumped from a septic tank,
11 cesspool, or other primary treatment source;
12
- 13 p) **Septage Management** refers to the provision of proper collection, treatment, and
14 disposal of septage;
15
- 16 q) **Service Area** refers to the area covered by the water distribution system,
17 sewerage, and septage management services;
18
- 19 r) **Service Provider** – refers to any entity, natural or juridical, whether private or
20 public, providing or intending to provide water supply, including bulk water
21 suppliers, sewerage, septage treatment, and disposal services for domestic,
22 residential, institutional, industrial, or commercial use;
23
- 24 s) **Sewage** refers to water-borne human or animal wastes, excluding oil or oil waste,
25 removed from residences, buildings, institutions, and industrial and commercial
26 establishments together with such groundwater, surface water and storm water
27 as may be present including such waste from vessels, offshore structures, other
28 receptacles intended to receive or retain waste or other places or the combination
29 thereof;
30
- 31 t) **Sewerage** refers to any system or network of sanitary pipelines, ditches,
32 channels or conduits including pumping stations, lift stations and force mains,
33 service connections including other infrastructure, devices or appliances
34 appurtenant thereto, which includes the collection, transport, pumping and
35 treatment of sewage to a point of disposal;
36
- 37 u) **Sewers** refer to pipes or such other works or structures which are built and
38 constructed to carry, transport, and dispose sewage;
39
- 40 v) **Tariffs** refer to such amounts which may be charged by licensees for their water
41 supply, sewerage, or sanitation services based on principles, standards, and
42 guidelines established by the Water Regulatory Commission;
43
- 44 w) **Water Demand Management** refers to any method whether technical, economic,
45 administrative, financial, or social that will accomplish one or more of the
46 following:
47 (1) Reduce the quantity or quality of water required to accomplish a specific
48 task;
49 (2) Adjust the nature of the task or the way it is undertaken so that it can be
50 accomplished with less water or with lower quality water;

- 1 (3) Reduce the loss in quantity or quality of water as it flows from source,
2 through use, to disposal;
- 3 (4) Shift the timing of use from peak to off-peak periods; and
- 4 (5) Increase the ability of the water system to continue to serve society during
5 times when water is in short supply.
6
- 7 x) **Water District** refers to government-owned and controlled corporations
8 organized under Presidential Decree No. 198, otherwise known as the
9 "Provincial Water Utilities Act of 1973", as amended, created primarily to acquire,
10 install, operate, maintain and improve water supply and distribution systems for
11 domestic, industrial, and municipal uses of residents and to provide, maintain,
12 and operate wastewater collection, treatment and disposal facilities within the
13 boundaries of the district;
14
- 15 y) **Water pollution** refers to any alteration of the physical, chemical, biological, or
16 radiological properties of a body of water resulting in the impairment of its purity
17 or quality;
18
- 19 z) **Water Resource** refers to water under the ground or groundwater; water above
20 the ground such as surface water, run-offs, floods, stormwater and urban
21 drainage; treated wastewater, water in the atmosphere or rain water; and the
22 waters of the sea within the territorial jurisdiction of the Philippines;
23
- 24 aa) **Water resource allocation** refers to the process of sharing the limited water
25 resources between competing users. This consists of determining water
26 availability and determining how the water should be shared among competing
27 users. For the purpose of this Act, resource allocation shall also mean water
28 resource allocation;
29
- 30 bb) **Water Resources Regions** refer to the contiguous clusters of river basins
31 created under this Act for administrative purposes under the Department of
32 Water Resources;
33
- 34 cc) **Water Resources Regional Offices (WRROs)** refer to the field offices of the
35 Department of Water Resources, as created under this Act, which are to be
36 established in accordance with the identified water resources regions in the
37 country;
38
- 39 dd) **Water service cooperative** refer to cooperatives organized primarily to own,
40 operate, and manage water systems for the provision and distribution of potable
41 water for the members and their households
42
- 43 ee) **Water Service Providers (WSPs)** refer to the water districts, any Local
44 Government Unit (LGU)-run water utility, Barangay Waterworks and Sanitation
45 Association, Rural Waterworks and Sanitation Association, water service
46 cooperatives, and private sector entities that provide water supply services to
47 any given area;
48
- 49 ff) **Water supply service** refers to any activity comprising developed water sources,
50 communal faucet system or stand posts, waterworks system or individual house

1 connections, which include bulk suppliers, suppliers to subdivisions, or other
2 similar water service providers.

3 4 **CHAPTER II**

5 **Department of Water Resources**

6 **SEC. 4. *Establishment of the Department of Water Resources.*** – There is
7 hereby established the Department of Water Resources, hereafter referred to as the
8 Department.

9
10 **SEC. 5. *Mandate and Objectives.*** – The Department shall be the primary policy,
11 planning, coordinating, implementing, monitoring, and administrative entity of the
12 Executive Branch of the government responsible for the comprehensive, sustainable,
13 climate-resilient, and integrated development and management of the water resources
14 of the Philippines, and their optimal allocation and use for domestic and municipal
15 water supply, sanitation, irrigation, hydropower, industry, navigation, flood
16 management, and recreation, and water utilization aspects of fisheries or aquaculture.

17
18 The Department shall also be the primary agency responsible for the planning
19 and policy formulation towards the attainment of universal access to safe, adequate,
20 affordable, and sustainable water supply, and improved sewerage and sanitation
21 services for all Filipinos.

22
23 **SEC. 6. *Powers and Functions.*** – The Department shall exercise the following
24 powers and functions:

25 **a) *Policy Making And Planning***

26 (1) Ensure that Integrated Water Resources Management (IWRM) is adopted
27 as the strategic framework for water management policymaking and
28 planning in the country and coordinate the implementation, promotion,
29 revision and enhancement of IWRM plans;

30
31 (2) Formulate policies, strategies, and targets in coordination with other
32 relevant agencies and stakeholders to meet the goals and objectives for
33 water resource sustainability and protection, water allocation and
34 management, water supply, sanitation, and sewerage, water quality,
35 irrigation, hydropower, flood control, stormwater utilization, and urban
36 drainage. Such policies shall, among other guidelines, integrate the
37 relevant issues of water, sewerage, sanitation, food security, energy,
38 environment, flood control, and climate change;

39
40 (3) Formulate long-term policies to balance the sustainability and optimal
41 multiple use of water resources, define the hydrologic boundaries of basins
42 of the existing water supply sources, and develop or update existing River
43 Basin Master or Comprehensive Plans which includes all aspects of water
44 management and development such as water supply, sewerage, and
45 sanitation, irrigation, flood control and storm water or urban drainage,
46 drought risk management, water resource development systems and other
47 public water works projects, including phasing of implementation;

- 1 (4) Harmonize all relevant national river basin policies and serve as the
2 national policy coordination office for LGUs and relevant stakeholders in the
3 development and sustainability of river and catchment basins;
4
- 5 (5) Identify, based on the river basin master plans, priority projects for water
6 infrastructure development per river basin, including water supply,
7 sanitation, irrigation, hydropower, flood control and storm water or urban
8 drainage, drought risk management, water resource development systems
9 and other public works projects;
10
- 11 (6) Evaluate and appraise all regional and inter-regional infrastructure water
12 development plans and programs as to their feasibility and consistency with
13 approved strategies and medium and long-term plans;
14
- 15 (7) Formulate and develop policies and strategies to promote universal access
16 to safe, adequate, affordable, and sustainable water supply, and improved
17 sanitation services for all Filipinos;
18
- 19 (8) Develop, in consultation with relevant agencies and stakeholders, the
20 National Water Resources Management Plan (NWRMP) and ensure its
21 integration into existing Comprehensive Land Use Plans and Provincial
22 Development and Physical Framework Plans, within the context of a
23 National Physical Framework Plan, to ensure the harmonization of planning
24 of water, land, subsurface, and air resources, submit the NWRMP to the
25 National Economic and Development Authority Board (NEDA) for approval
26 and eventual adoption, and regularly update the NWRMP, every five years
27 or as deemed necessary by the Department, in order to ensure its
28 relevance to the times;
29
- 30 (9) Prepare, formulate, implement, and update a five (5) year plan of action for
31 National and Regional Septage Management, which shall contain
32 measures for the construction of wastewater treatment facilities and
33 provision, installation, operation, maintenance and, where practicable, the
34 integration of sewerage, septage management, storm water management
35 and other sanitation facilities, in accordance with Republic Act No. 9275,
36 otherwise known as the "Philippine Clean Water Act of 2004". Compliance
37 with the mandate to implement septage management services and systems
38 by any WSP pursuant to Republic Act No. 9275 shall be reckoned within
39 five (5) years from the date of promulgation or publication of the septage
40 management plan formulated by the Department;
41
- 42 (10) Review and provide oversight over all water-related development plans and
43 programs of any agency or local government unit (LGU) within the context
44 of the NWRMP and overall national plans and programs;
45
- 46 (11) Assist and provide the NEDA with the required data and input from the
47 water sector in the formulation of the country's short-term and long-term
48 strategic development plans and actions, and recommend to the NEDA
49 Board the adoption of general policies and guidelines for water resources
50 development;

- 1 (12) Strengthen and coordinate with relevant agencies on policy making and
2 planning for flood management, integrated with stormwater or urban
3 drainage and appropriate retention or retarding basins in order to harvest
4 and reuse water, and to plan against, prevent, and minimize the detrimental
5 and catastrophic effects of flooding
6
- 7 (13) Develop and implement, in coordination with other relevant agencies and
8 stakeholders, effective codes, standards, benchmarks, and reasonable
9 guidelines to ensure the safety of all public and private water structures in
10 the country, and assure efficiency and proper quality in the construction of
11 water, sanitation, irrigation, hydropower, flood control and drainage
12 infrastructure; and ensure that the planning and design of water
13 infrastructure considers the highest efficiency and most appropriate
14 technology and quality;
15
- 16 (14) Ensure that gender equality, social inclusion, environmental protection,
17 climate resiliency and disaster risk reduction, and indigenous knowledge
18 systems and practices are integrated into any water resources
19 management planning, policy making, and the design and construction of
20 water infrastructure;
21
- 22 (15) Act as the lead agency in ensuring the effective implementation of all laws
23 and implementing rules and regulations on water resources;
24
- 25 (16) Review all water laws and implementing rules and regulations and propose
26 amendments thereof to Congress, and advise any agency on the
27 implications of government actions, policies, and programs to water supply,
28 sewerage, and sanitation;
29
- 30 (17) Authorize its representatives or any deputized agent to enter any property
31 of public dominion or any private land, building or enclave, whether
32 inhabited or not, or authorize a representative thereof, for the purpose of
33 conducting hydrological surveys and investigations, including assessing
34 and evaluating the conditions of water facilities installed, and determining
35 compliance with water laws and standards; and
36
- 37 (18) Issue and promote rules and regulations as may be necessary to implement
38 and enforce its powers and functions under this Act;
39

40 **b) Data Collection and Evidence Gathering**

- 41 (1) Establish, operate, and maintain a centralized water resources data center
42 necessary for the scientific survey and appraisal of surface and ground
43 water potentials of the country and determine the annual renewable water
44 available per available water resources region;
45
- 46 (2) Effect inter-sectoral, inter-agency and inter-departmental coordination on
47 all aspects of data gathering and data sharing for water resources
48 development planning and compel submissions of statistics and data on
49 water management with the aim of operationalizing the IWRM framework;
50

- 1 (3) Undertake river basin survey, inventory, and appraisal of water and related
2 resources, and develop comprehensive basin-wide plans of storage,
3 retardation, and control to maximize conservation and multipurpose use of
4 water in the basin in coordination with the river basin initiatives of relevant
5 government entities;
6
- 7 (4) Collect, regularly update, monitor, and analyze water resources data
8 including climatology, hydrologic, and other water-related data;
9
- 10 (5) Establish, in coordination with agencies that generate water-related data,
11 the guidelines, standards, methodologies, and protocols for data collection
12 that will be officially recognized by the Department, and institute
13 mechanisms for coordination with other agencies as regards their
14 submission and certification of submitted water-related data to the
15 Department;
16
- 17 (6) Conduct continuing hydrological and hydrometeorological surveys and
18 studies of the country's renewable water supply, and establish, operate,
19 and maintain observation station networks;
20
- 21 (7) Conduct and promote special studies and research on water economics
22 and other aspects of water resources development and management as
23 may be needed to support the policy and plan proposals of the Department,
24 such as, but not limited to, impacts of climate change, weather modification,
25 flood monitoring and modeling, environmental quality, and desalination;
26
- 27 (8) Establish, operate, and maintain observation station networks and a
28 centralized water resources data center for the scientific survey and
29 appraisal of surface and groundwater potentials of the country, and
30 determine the annual renewable water available per water resources
31 region;
32
- 33 (9) Develop and continuously update a computerized decision support system
34 that incorporates data management system relating to acquisition and
35 database, model base in terms of physical design, planning and decision
36 models, and user-friendly interface concerning graphical and visualization
37 tools; and
38
- 39 (10) Promote Philippine participation in information sharing and education on
40 best practices in support of international efforts to achieve universal access
41 to safe water and improved sanitation and the integration of water, energy,
42 food security and environment.
43

44 **c) *Water Resource Management and Allocation***

- 45 (1) Formulate, issue, and enforce rules and regulations on the following:
46 i. Abstraction, diversion, and development of the country's water
47 resources, taking into consideration their equitable distribution among
48 competing demands and determine the standards of beneficial and
49 priority uses of water in times of crises and national emergencies;

- 1 ii. Equitable and optimal allocation of the country’s water resources for
2 domestic and municipal water supply, irrigation, sanitation, irrigation,
3 hydropower, navigation, fisheries, livestock raising, industrial,
4 recreational, and other purposes;
5 iii. Determination and granting of water rights, including adjudication in
6 cases of conflicting uses, amending for this purpose, Act No. 2152,
7 otherwise known as “The Irrigation Act”, and other laws relating to the
8 appropriation and utilization of surface and groundwater: *Provided*,
9 That the grant and adjudication of conflicting water rights shall be
10 exercised by the Water Resources Adjudication Board;
11 iv. Such other coherent water protocols as may be necessary, including
12 the operating rules of all existing and future water infrastructure, legal
13 and technical mechanisms for intra-sectoral transfers;
14 v. Guidelines for the determination of costs and fees of all water rights,
15 tariffs, permits, and licenses through a science-based method which
16 will accurately reflect the current or future projected state of the water
17 resource to be allocated: *Provided*, That the actual methodology for
18 setting rates and tariffs shall be the exclusive power of the Water
19 Regulatory Commission;
20 vi. Methods and standards for basic data collection and project
21 identification, formulation and planning, and appropriate sanctions to
22 be imposed for non-compliance;
23 vii. Guidelines in the grant of areas for missionary water, such as, but not
24 limited to, corresponding non-tax incentives and possible sources of
25 funding and revenues;
26 viii. Treatment and utilization, in coordination with relevant agencies, of
27 flood control, rain-water run-off, stormwater, and urban drainage;
28
29 (2) Exercise original jurisdiction over all disputes relating to appropriation,
30 utilization, exploitation, development, control, conservation and protection
31 of all water resources, the adjudication of which shall be enforced by the
32 Water Resources Adjudication Board;
33
34 (3) Impose fees or charges, as may be deemed necessary for water resources
35 conservation and protection, in accordance with applicable rules and
36 regulations on the imposition and increase of fees or charges, such as, but
37 not limited to:
38 i. Raw water price, which shall take into account, among others, the
39 scarcity of water; and
40 ii. Appropriate structures for payment of environmental services;
41
42 (4) Raise public awareness through information, education, and
43 communications programs, and build capacities for informed participation
44 in water resources management at the national and river-basin level.
45

46 **d) *Administration and Management***

- 47 (1) Develop guidelines, including rules of partnership between and among the
48 Department, field offices of national government agencies, LGUs, and other
49 stakeholders, in water resource management, facilitate the establishment

1 of multi-stakeholder river basin organizations (RBOs) per river basin, and
2 strengthen and support existing RBOs and monitor their activities;

- 3
4 (2) Develop materials for capacity building and training on RBO development
5 and conduct training and workshops for prospective RBOs;
6
7 (3) Provide technical assistance to water users including farmers, communities,
8 and LGUs and other water service providers (WSP) whether directly or in
9 coordination with other agencies on all aspects of integrated water
10 resources management;
11
12 (4) Conduct a performance audit of all water-related agencies and institutions,
13 including but not limited to the water districts, MWSS, MWSS-RO and its
14 concessionaires, LGU-run utilities, Tourism Infrastructure and Enterprise
15 Zone Authority, Philippine Economic Zone Authority, Bases Conversion
16 and Development Authority, Subic Bay Metropolitan Authority, DILG, and
17 NIA;
18
19 (5) Respond to consumer complaints, and ensure the adequate promotion of
20 consumer interests;
21
22 (6) Deputize any official or agency of the government to assist in the
23 performance of any of the powers and functions of the Department;
24
25 (7) Appoint, hire, and maintain adequate staff and personnel, advisers or
26 consultants with suitable qualifications and experience, as necessary, in
27 accordance with relevant civil service laws, rules, and regulations.
28

29 **e) Coordination**

- 30 (1) Coordinate and rationalize the efforts of relevant government agencies and
31 instrumentalities to ensure a whole-of-government approach to attaining
32 water security;
33
34 (2) Coordinate and integrate water resources development activities of the
35 country within the context of national plans and policies for social and
36 economic development;
37
38 (3) Coordinate with other government agencies, universities, academe, and
39 private professional groups in all aspects of data gathering, the conduct of
40 special studies and research on all related aspects of water resources
41 management and development such as climate change, environmental
42 quality, desalination, and the development of operating strategies,
43 procedures, and protocols with accompanying computerized decision tools
44 for major water facilities;
45
46 (4) Coordinate with the concerned and relevant agencies engaged in flood
47 control, flood risk management, and drought risk management; and;
48
49 (5) Coordinate proactively with LGUs to ensure the integration of water
50 resources development plans into their comprehensive land use plans,

1 Comprehensive Development Plans, or Provincial Physical Framework and
2 Development Plan.

3
4 **f) Other Functions**

- 5 (1) Create, when necessary, water resource subsidiaries, instrumentalities,
6 and entities to engage in water transmission, water distribution, waste water
7 treatment and management, and sanitation in accordance with existing
8 relevant laws, without prejudice to private entities capable of and willing to
9 engage in the aforementioned activities through concession agreements,
10 joint venture agreements, bulk water agreements, or service agreements or
11 contracts. For this purpose, the Department shall ensure compliance with
12 existing frameworks, rules, regulations and guidelines for private sector
13 participation in water transmission, water distribution, waste water
14 treatment and management, storm water management, and sanitation;
15
16 (2) Enter into contracts, joint venture agreements, public-private partnerships,
17 and memorandum of agreements or understanding, either domestic or
18 foreign relating to investment and financing water-related projects, under
19 such terms and conditions as the Department may deem proper and
20 reasonable subject to existing laws;
21
22 (3) Review existing guidelines appropriate for private sector participation in the
23 water sector and submit recommendations to the Public-Private
24 Partnership (PPP) Center and other concerned agencies to promote and
25 enable more PPPs in the sector; and
26
27 (4) Exercise such other powers and functions necessary or incidental to the
28 effective administration and management of the country's water resources.
29

30 **SEC. 7. Offices, Functions, and Personnel to be Completely Absorbed by**
31 **the Department.** – The following offices are hereby abolished, and their respective
32 powers and functions, and the corresponding personnel, funds and appropriations,
33 records, equipment, and property shall be absorbed by the Department:
34

- 35 a) National Water Resources Board, whose mandate, powers, and functions are
36 provided in Presidential Decree No. 424 creating the National Water Resources
37 Council, now NWRB, as amended: *Provided*, That its water utility regulation units
38 and functions vested under Commonwealth Act No. 146, also known as the
39 "Public Service Act", as amended, shall be absorbed by the Water Regulatory
40 Commission created under this Act: *Provided, further*, That its resource
41 allocation or regulation units vested under Presidential Decree No. 1067 shall be
42 absorbed by the Department under the National Water Resources Adjudication
43 Board and the Resource Allocation Office, also created under this Act;
44
45 b) Local Water Utilities Administration (LWUA) with its services, departments and
46 divisions, whose mandate, powers and functions are provided for in Title III of
47 Presidential Decree No. 198, as amended, otherwise known as the "Local Water
48 Utilities Administration Law": *Provided*, That its economic regulatory functions
49 over local water districts shall be fully absorbed by the Water Regulatory
50 Commission created under this Act: *Provided, further*, That its function to provide

1 technical assistance to local water service providers shall be absorbed by the
2 Department under the Local Water Service Providers Bureau, also created under
3 this Act;

- 4
- 5 c) River Basin Control Office (RBCO) of the DENR whose mandate, powers and
6 functions are found in Executive Order No. 510, series of 2006, and Executive
7 Order No. 816, series of 2009, as amended: *Provided*, That the DENR shall
8 continue to have primary authority and responsibility for protecting the
9 environment and managing the country's watersheds and reforestation activities:
10 *Provided, further*, That the targeting of priority watershed areas shall be
11 coordinated with the Department;
- 12
- 13 d) Manila Bay Coordinating Office (MBCO) of the DENR which was strengthened
14 by virtue of DENR Administrative Order 2011-01, to coordinate the efforts of the
15 fourteen (14) national agencies covered by the Mandamus Order of the Supreme
16 Court to rehabilitate Manila Bay;
- 17
- 18 e) Water Supply and Sanitation Unit of the Department of the Interior and Local
19 Government; and
- 20
- 21 f) Water Resource Management Office of the DENR whose mandate, powers, and
22 functions are provided in Executive Order No. 22, series of 2023.

23
24 **SEC. 8. Powers and Functions to be Transferred to the Department.** – The
25 powers and functions of the following agencies, bureaus, and units and the
26 corresponding personnel, funds and appropriations, records, equipment, and property
27 are also hereby transferred to the Department:

- 28 a) The powers and functions of the DPWH with regard to the planning, programming,
29 administration, monitoring, and management of the National Sewerage and
30 Septage Management Program (NSSMP); and
- 31
- 32 b) The following functions of the dissolved Pasig River Rehabilitation Commission
33 and transferred to the Manila Bay Task Force per Executive Order No. 93, series
34 of 2019:
 - 35 (1) Updating and leading in the overall implementation of the Pasig River
36 Rehabilitation Master Plan; and
 - 37 (2) Ensuring that the easements provided for in the Civil Code and other
38 relevant laws are enforced, especially in all the esteros and waterways as
39 well as abating the dumping of untreated wastewater and sewage into water
40 systems, including all acts and omissions in violation of Presidential Decree
41 No. 984, as amended, and other related laws.
- 42

43 **SEC. 9. Attached Agencies.** – The Department shall exercise administrative
44 supervision over the following agencies for purposes of policy and program
45 coordination, monitoring, and evaluation:

- 46 a) The Metropolitan Waterworks and Sewerage System (MWSS), whose mandate,
47 powers, and functions are defined under Republic Act No. 6234, as amended
48 entitled, "An Act Creating the Metropolitan Waterworks and Sewerage System
49 and Dissolving the National Waterworks and Sewerage Authority, and For Other
50 Purposes," shall be transferred from the DENR and attached to the Department:

1 *Provided*, That the MWSS shall continue to facilitate the exercise by the
2 concessionaires of their responsibility; carry out accounting and notification
3 functions; monitor, report, and administer loans; perform related functions in
4 connection with existing projects; manage, operate, and dispose its retained
5 assets: *Provided, further*, That its regulatory arm, the MWSS–Regulatory Office,
6 shall be fully absorbed by the Water Regulatory Commission created under this
7 Act;

- 8
- 9 b) The Laguna Lake Development Authority (LLDA), whose mandate, powers and
10 functions are defined under Republic Act No. 4850 otherwise known as "An Act
11 Creating the Laguna Lake Development Authority, Prescribing Its Powers,
12 Functions and Duties, Providing Funds Therefor, and for Other Purposes", as
13 amended, shall be transferred from DENR and attached to the Department:
14 *Provided*, That the power to set rates and fees for the use of the lake waters and
15 its tributaries for all beneficial purposes under Section 4-B of Republic Act No.
16 4850, and the corresponding personnel, funds and appropriations, records,
17 equipment, and property thereof shall be transferred to the Water Regulatory
18 Commission: *Provided, further*: That the rates fees set by the WRC shall no
19 longer be subject to the approval of the President of the Philippines. The LLDA
20 shall continue to serve as the lake management and development authority
21 similar to a multi-stakeholder river basin organization and shall ensure the
22 implementation of the Laguna Lake Master Plan which shall be updated by the
23 Department to ensure alignment with the NWRMFP;
- 24
- 25 c) The National Irrigation Administration (NIA), whose mandates, powers and
26 functions are defined under Republic Act No. 3601, otherwise known as "An Act
27 Granting the National Irrigation Administration", as amended, is hereby
28 transferred to the Department; and
- 29
- 30 d) Any other agency performing water resources management, conservation, and
31 protection functions may be transferred to the Department as the President
32 deems necessary.

33

34 The Secretary shall be the ex-officio Chairperson of the Governing Boards of the
35 aforementioned government-owned and controlled corporations to be attached under
36 the Department. In case existing laws, rules and regulations provide for a specific
37 process in appointing the agency's Chairperson, the Secretary of Water Resources
38 shall serve as Co-Chairperson.

39

40 **SEC. 10. Organization.** – The Department shall be composed of the Office of
41 the Secretary, and the various bureaus and services, and regional offices. The Office
42 of the Secretary shall house the Office of the Department Secretary, the Office of the
43 Undersecretaries, the Office of the Assistant Secretaries, and their immediate support
44 staff.

45

46 **SEC. 11. Secretary of the Department of Water Resources.** – The authority
47 and responsibility for the exercise of the mandate of the Department and for the
48 discharge of its powers and functions shall be vested in the Secretary of the
49 Department, hereinafter referred to as the Secretary, who shall be appointed by the

1 President, subject to confirmation by the Commission on Appointments. The Secretary
2 shall:

- 3 a) Provide executive direction, supervision, and control over the entire operations
4 of the Department and exercise supervision over its attached agency for program
5 and policy coordination;
6
- 7 b) Advise the President on the promulgation of executive or administrative orders,
8 and other issuances and on the formulation of necessary regulatory or legislative
9 proposals on matters pertaining to the management of water resources, water
10 supply, sanitation, and septage services;
11
- 12 c) Establish the policies and standards for the effective, efficient, and economical
13 operation of the Department pursuant to the President's guidelines;
14
- 15 d) Advise the President on the status of water management and supply,
16 recommend to the President the declaration of a state calamity in areas affected
17 by water supply, and submit proposals to restore normalcy in the affected areas;
18
- 19 e) Promulgate rules and regulations necessary to carry out the objectives, policies
20 and functions of the Department;
21
- 22 f) Designate and appoint officers and employees of the Department, excluding the
23 Undersecretaries, Assistant Secretaries, and Regional and Assistant Regional
24 Directors, in accordance with the civil service laws, rules and regulations;
25
- 26 g) Exercise control, supervision, and disciplinary powers, in accordance with law,
27 over all officers and employees of the Department, including their investigation
28 and the designation of a committee or officer to conduct such investigation, in
29 accordance with the civil service laws, rules and regulations;
30
- 31 h) Create regional offices and such other service units, bureaus, and divisions as
32 may be necessary;
33
- 34 i) Call upon and deputize any official, agent, employee, agency, or instrumentality
35 of the national and local government for any assistance that it may deem
36 necessary to carry out the purposes of this Chapter, subject to existing laws;
37
- 38 j) Delegate authority for the performance of any power or function, as defined
39 herein to officials and employees under his direction as deemed appropriate, in
40 accordance with existing laws;
41
- 42 k) Act as the ex-officio Chairperson of the governing board of the agencies attached
43 to the Department; and
44
- 45 l) Perform such other duties and responsibilities as may be provided by law.
46

47 **SEC. 12. The Offices of the Secretary and Undersecretaries.** – The Office of
48 the Secretary shall be composed of the Secretary and immediate staff. The Secretary
49 shall be assisted by not more than three (3) Undersecretaries and three (3) Assistant

1 Secretaries, who shall all be appointed by the President upon the recommendation of
2 the Secretary.

3
4 The Secretary is hereby authorized to delineate and assign the respective
5 functional areas of responsibility of the Undersecretaries and Assistant Secretaries:
6 *Provided*, That such responsibility shall be with respect to the mandate and objectives
7 of the Department: *Provided, further*, That no Undersecretary shall be assigned
8 primarily to administrative responsibilities.

9
10 **SEC. 13. Qualifications of the Department Secretary, Undersecretaries, and**
11 **Assistant Secretaries. –**

- 12 a) No person shall be appointed Secretary, Undersecretary, or Assistant Secretary
13 unless he or she is of good moral character, of proven integrity and competence
14 in public administration, and has a minimum of seven (7) years of experience in
15 the administration of water, sewerage, sanitation, irrigation, flood control, or
16 drainage programs, preferably in a public agency;
17
18 b) At least one (1) of the Undersecretaries and at least one (1) of the Assistant
19 Secretaries shall be career officers;
20
21 c) No officer, external auditor, accountant, or legal counsel of any private company
22 or enterprises primarily engaged in the water industry shall be eligible for
23 appointment as Secretary within two (2) years from retirement, resignation, or
24 separation therefrom.

25
26 **SEC. 14. The Water Resources Adjudication Board. –** There is hereby created
27 a Water Resources Adjudication Board, hereafter referred to as the Board, under the
28 Office of the Secretary. The water resources allocation and regulation functions of the
29 National Water Resources Board are hereby transferred to the Board which shall
30 supervise the effective appropriation and regulation of the water resources in the
31 country in accordance with Presidential Decree No. 1067. The Board shall exercise
32 quasi-judicial powers granted to it under this Act.

33
34 **SEC. 15. Composition of the Board. –** The Board shall be composed of a
35 Department Undersecretary as Chairperson and three (3) representatives from
36 stakeholders as members, who shall all be designated by the Secretary.

37
38 There is hereby created a Resource Allocation Office, hereinafter referred to as
39 the Office, which shall serve as Secretariat to the Board and shall exercise the
40 following functions in order to provide technical support to the Board towards the
41 effective regulation of the country's water resources.

42
43 **SEC. 16. Functions of the Board. –** The Board shall perform the following
44 functions:

- 45 a) Promulgate rules and regulations for the exploitation and optimum utilization of
46 water resources, in accordance with Presidential Decree No. 1067 and other
47 existing laws, including the imposition on water appropriators of such fees or
48 charges by the Department;

- 1 b) Approve the guidelines and processes pertaining to water regulation, as
2 recommended by the Research Allocation Office;
3
- 4 c) Review and decide on requests for permits to extract or utilize the country's water
5 resources and grant the corresponding water rights, upon recommendation of
6 the Office in accordance with Presidential Decree No. 1067: *Provided*, That the
7 water rights are exercised within five (5) years of granting of such rights: *Provided*,
8 *further*, That applicants for water permits shall submit proof of land ownership of,
9 or right to use the property where the water source is located: *Provided, finally*,
10 That, if the applicant is currently using the water source being applied for
11 domestic or municipal purposes upon the effectivity of this Act, such applicant
12 may submit such proof of prior use of possession of said property in lieu of
13 ownership or right to use;
14
- 15 d) Exercise original jurisdiction over decisions in cases involving the following:
16 (1) All disputes relating to the appropriation, utilization, exploitation,
17 development, control, conservation, and protection of waters;
18 (2) Violations and disputes on raw water fees; and
19 (3) Violations and disputes involving water permits, administrative allocation of
20 water resources, and transfer of water rights;
21
- 22 e) Issue *subpoena duces tecum* and *subpoena ad testificandum*;
23
- 24 f) Cite any person or party in contempt for refusal to appear, testify or comply with
25 the lawful orders of the Board in relation to any matter subject to its investigation;
26
- 27 g) Hear, receive evidence, and decide on cases falling within its jurisdiction;
28
- 29 h) Impose the appropriate sanctions, including revocation of water permits, over
30 violations committed by appropriators after due notice and hearing in accordance
31 with Presidential Decree No. 1067 and other existing laws, rules and regulations
32 as well as future rules and regulations which the Board shall promulgate;
33
- 34 i) Review, update, and revise all fees, charges, and penalties imposed on all water
35 appropriators as stated under Chapter VII and VIII of Presidential Decree No.
36 1067, upon recommendation by the Secretariat, and based on scientific and
37 evidence-based studies;
38
- 39 j) Promulgate its own rules and procedures; and
40
- 41 k) Exercise such other powers as may be necessary to carry out its duties and
42 responsibilities under this law.
43

44 **SEC. 17. Resource Allocation Office.** – There is hereby created a Resource
45 Allocation Office, hereafter referred to as the Office, which shall perform the following
46 functions:

- 47 a) Advise the Board on all matters relating to resource allocation and regulations;
48
- 49 b) Formulate rules and regulation for the exploitation and optimum utilization of
50 surface water, groundwater, and seawater extraction and use, for the approval

1 of the Board, and for implementation by the Resource Allocation Office, including
2 the processes for the application of water permits, in accordance with
3 Presidential Decree No. 1067 and other existing laws;
4

- 5 c) Process applications of rights to utilize water resources for the appropriate,
6 optimal and sustainable use of surface and ground water, for the approval of the
7 Board or its Executive Director, as may be delegated by the Board;
8
- 9 d) Upon approval by the Board, issue water permits granted to water appropriators;
10
- 11 e) Monitor performance and conduct audits on water rights grantees including,
12 among others, review of compliance by grantees with the terms of the permits
13 granted;
14
- 15 f) Investigate, *motu proprio* or upon complaint, violations of the water rights and
16 Presidential Decree No. 1067;
17
- 18 g) In the case of violations and conflicts between and among users, file the
19 necessary cases for the decision of the Board;
20
- 21 h) Enforce the decisions promulgated by the Board, and as may be delegated by
22 the Board;
23
- 24 i) Coordinate with other relevant units of the Department regarding the generation,
25 updating, managing, and sharing of water data;
26
- 27 j) Respond to consumer complaints, and ensure the adequate promotion of
28 consumer interests; and
29
- 30 k) Perform such other related functions and activities which are necessary for the
31 effective regulation of water-related services.
32

33 The Office shall be headed by an Executive Director and shall be assisted by
34 one (1) Deputy Executive Director.
35

36 **SEC. 18. Orders and Decisions.** – Every order or decision rendered by the
37 Board shall be in writing and shall state clearly and distinctly the facts and the law on
38 which it is based. The Board shall decide each case or application within thirty (30)
39 days following its formal submission for resolution. All decisions and final orders in the
40 adjudication of contested cases or applications shall be published and made available
41 for public inspection.
42

43 **SEC. 19. Appeals Procedure and Prohibition Against Injunction.** –

- 44 a) The orders, rulings, and decisions of the Board shall become final and executory
45 after fifteen (15) days from receipt of such order, ruling, or decision, unless, prior
46 to the lapse of this period, an appeal was made with the Secretary of Water
47 Resources;
48

- 1 b) All decisions where the penalty imposed is a fine shall be immediately executory,
2 except upon the filing of a bond equivalent to the fine imposed or as may be fixed
3 by the Board;
4
- 5 c) Except for the Supreme Court, no temporary restraining order, preliminary
6 injunction, or preliminary mandatory injunction may be issued by any court to
7 restrain any proceeding before, or the implementation or execution of any order,
8 ruling, or decision of the Board.
9

10 **SEC. 20. Bureaus and Services.** – The Department shall establish, operate,
11 and maintain the Bureaus and Services under it such as, but not limited to:

- 12 a) The Local Water Service Providers Bureau shall provide technical assistance
13 and personnel training for the creation, application for the socialized credit
14 program, and operation of local water service providers, and shall effect system
15 integration, joint investment and operation, district annexation and de-annexation,
16 whenever economically warranted, in accordance with Section 50 of Presidential
17 Decree No. 198, as amended by Section 22 of Presidential Decree No. 768;
18
- 19 b) The Bureau of Flood Control and Drainage shall plan and design, in coordination
20 with the DPWH and other relevant government agencies, flood control and
21 drainage structures and facilities in accordance with technical standards,
22 guidelines and manuals, and provide technical assistance to other agencies,
23 LGUs, and other stakeholders;
24
- 25 c) The Planning and Policy Service shall formulate strategies and priorities for water
26 resources management and provide the Department with the capability to
27 undertake water infrastructure development planning and programming;
28
- 29 d) The Data Management Service shall develop, manage and maintain the
30 management information system and knowledge systems of the Department,
31 including the processing of water-related data;
32
- 33 e) The Administrative and Human Resource Service shall provide the Department
34 with services relating to human resources development, personnel, records,
35 facilities maintenance, medical and dental, security and property and
36 procurement services, in accordance with civil service laws, rules, and
37 regulations;
38
- 39 f) The Legal and Legislative Service shall provide the Department with services on
40 legal affairs such as, but not limited to, contract preparation and review, legal and
41 legislative research, complaints and investigation on employees, legal
42 counselling and other matters of law;
43
- 44 g) The Comptrollership and Financial Management Service shall provide the
45 Department with coordinated services relating to financial systems and
46 procedures, budget, cash, accounting and all financial housekeeping matters;
47
- 48 h) Internal Audit Service shall regularly conduct a comprehensive audit of various
49 Department activities;

- 1 i) The Public Affairs Service shall enhance government relations with all
2 stakeholders including the media and shall ensure that stakeholders and
3 marginalized sectors shall be consulted and can take active part in all aspects of
4 water resources development and management activities.
5

6 The Bureaus and Services of the Department shall be headed by a Director who
7 shall be responsible for efficiently and effectively carrying out the functions of the
8 Bureau concerned. Each Director shall be assisted by one (1) Assistant Director.
9

10 **SEC. 21. *The Water Resources Regional Offices.*** – Water Resources
11 Regional Offices, herein after referred to as the Regional Offices, shall be organized
12 per water resources region and shall be responsible for implementing the mandates,
13 powers, and duties of the Department at the field level, except for policymaking which
14 will be vested solely in the Department.
15

16 The Department shall establish the water resources regions which shall be
17 grouped together according to the hydrological boundaries, physiographic features,
18 and homogeneity in climate, whether or not they straddle different LGUs.
19

20 The Regional Offices shall have, within their respective water resources region,
21 the following functions:

- 22 a) Formulate or update and coordinate the river basin master plans for river basins
23 within its jurisdictions consistent with the NWRMP;
24
25 b) Advocate and strongly support the creation and functioning of multi-stakeholder
26 River Basin Organizations (RBOs) and serve as the secretariat of the said RBOs;
27
28 c) Undertake and evaluate the planning, design, and work supervision functions of
29 the Department for the water infrastructures within the region, and recommend
30 the necessary water infrastructures therein;
31
32 d) Ensure the implementation of laws, policies, programs, rules, and regulations
33 regarding the abovementioned infrastructure as well as public and private
34 physical structures;
35
36 e) Provide technical assistance related to the water-related functions of other
37 agencies within the region, especially the local government;
38
39 f) Coordinate with other departments, LGUs, agencies, institutions and
40 organizations within the region in the planning and implementation of the river
41 basin master plans;
42
43 g) Conduct continuing consultations with the local communities, take appropriate
44 measures to make the services of the Department responsive to the Central
45 Office, and recommend such appropriate actions as may be necessary; and
46
47 h) Perform such functions and activities, as may be mandated by law, which are
48 necessary for the effective performance of the abovementioned objectives.
49

1 Each regional office shall be headed by a Regional Director who shall be
2 responsible for efficiently and effectively carrying out the duties and responsibilities of
3 the office. The Regional Director shall be assisted by one (1) Assistant Regional
4 Director. The Regional Directors and Assistant Regional Directors shall be appointed
5 by the President.
6

7 The Department shall retain existing Project Management Offices as may be
8 required, which shall be under the supervision and control of the appropriate Regional
9 Director, unless otherwise determined by the Secretary for reasons of supra-regional
10 scope, magnitude, and multi-functional coverage.
11

12 **SEC. 22. Structure and Staffing Pattern.** – Subject to the approval of the
13 Department of Budget and Management (DBM), the Secretary shall determine the
14 organizational structure and create new divisions or units as may be necessary, and
15 appoint officers and employees of the Department in accordance with the civil service
16 laws, rules and regulations. The remuneration structure of the position in the staffing
17 pattern shall strictly conform to Republic Act No. 11466, otherwise known as the
18 "Salary Standardization Law of 2019", as amended.
19

20 CHAPTER III

21 Socialized Credit For Local Water Service Providers

22 **SEC. 23. Socialized Credit Program.** – Socialized credit shall be made
23 available, through the Land Bank of the Philippines (LBP), for capital expenditures
24 necessary for the maintenance, addition, expansion, or improvement of the services
25 of the water service providers, such as but not limited to, capital expenditure for water
26 distribution, water conservation, water treatment, water sanitation, water testing, and
27 other related activities and ancillary services: *Provided*, That the loans shall be
28 available to water service providers duly registered with the Department: *Provided*,
29 *further*, That no loan shall be granted for the purpose of funding operational costs or
30 expenses.
31

32 **SEC. 24. Committee on the Socialized Credit Program.** – The Committee on
33 the Socialized Credit Program (SCP), hereinafter referred to as the Committee, is
34 hereby created. The Committee shall be composed of a representative of LBP as
35 Chairperson and a representative of the Department as Vice-Chairperson, both of
36 which should hold at least a director position, and four (4) additional members which
37 shall be equally shared between the Department and LBP, who shall possess the
38 necessary training and experience necessary for the Committee. The Committee shall
39 directly report to the Secretary of the Department.
40

41 The Committee shall exercise the following functions:
42

- 43 a) Recommend the lending policies such as, but not limited to, the criteria of eligible
44 borrowers, eligible loan purpose, interest rate, fees and charges, collateral,
45 guarantee, insurance, and other forms of security, and other terms and
46 conditions of the credit facility;
- 47 b) Review the policies, and procedures, and formulate policies for the SCP;
- 48 c) Monitor the process and performance of the SCP;
- 49 d) Monitor the fund disbursements;
- 50 e) Act on issues or concerns relative to the implementation of SCP;

- 1 f) Conduct SCP performance evaluation; and
- 2 g) Exchange credit information with LBP, LWUA, and other relevant agencies.

3
4 The Committee shall prioritize the following target beneficiaries: Water Districts
5 and LGU-run utilities in the Missionary Water Area; Water Districts with low credit
6 rating; and other priority Water Districts or eligible projects of the Water District to be
7 identified by the Committee.

8
9 Generally, local water service providers with existing Public-Private Partnership
10 Projects including joint venture arrangements are not eligible to the SCP.

11
12 All recommendations of the Committee shall be jointly approved by the Secretary
13 and the Board of the LBP: *Provided*, That the existing rules, regulations, and policies
14 of LBP shall govern all implementation activities of the SCP, such as but not limited to,
15 credit and background investigation and loan documentation, evaluation, award,
16 negotiation, collection, and restructuring: *Provided, further*, That the LBP and the
17 Department shall exchange relevant information to assess the eligibility of the water
18 service providers to be a recipient of a grant or subsidy. Relevant information may
19 include, but is not limited to, credit standing, existing loan obligations, and compliance
20 with previous or existing loan covenants.

21
22 The IRR shall provide other functions of the Committee that are necessary for
23 the effective implementation of the SCP, including the creation of sub-committees,
24 their composition and delegated functions.

25
26 Other Government Financial Institutions, such as, but not limited to,
27 Development Bank of the Philippines, may provide a similar SCP for water service
28 providers: *Provided*, That these other GFIs shall submit monitoring reports to the
29 Department thru the Committee.

30
31 **SEC. 25. Support Program for Local Water Service Providers.** – The
32 Department, the Department of Finance (DOF), and the Department of Budget and
33 Management (DBM) shall issue guidelines in the disbursement of any grant, from any
34 sources, and subsidy from the National Government: *Provided*, That the Department
35 shall be the implementing agency for this purpose. *Provided, further*, That all income
36 derived from the lending activities shall be recorded as LBP's income.

37 38 **CHAPTER IV**

39 **The National Water Sector Policy Council**

40 **SEC. 26. Creation of the National Water Sector Policy Council.** – There is
41 hereby established a National Water Sector Policy Council (NWSPC), hereinafter
42 referred to as the Council, which shall exercise policymaking, coordination,
43 harmonization, integration, supervision, monitoring and evaluation functions with
44 regard to water, land, subsurface, air, and other natural resources. The Council shall
45 be composed of the following members:

- 46 a) Secretary of the Department of Water Resources as Chairperson;
- 47 b) Director-General of the National Economic and Development Authority as the
48 Vice-Chairperson;
- 49 c) Secretary of the Department of Health (DOH);
- 50 d) Secretary of the Department of the Interior and Local Government (DILG);

- 1 e) Secretary of the Department of Energy (DOE);
- 2 f) Secretary of the Department of Agriculture (DA),
- 3 g) Secretary of the Department of Social Welfare and Development (DSWD);
- 4 h) Secretary of the Department of Public Works and Highways (DPWH);
- 5 i) Secretary of the Department of Budget and Management (DBM);
- 6 j) Secretary of the Department of Environment and Natural Resources (DENR);
- 7 k) Representative from the Office of the President (OP); and
- 8 l) Chairperson of the National Commission on Indigenous Peoples (NCIP) as
- 9 members.

10 The Staff of the Department shall serve as Secretariat to the Council.

11
12 **SEC. 27. Powers and Functions of the Council.** – The powers and functions
13 of the Council shall be as follows:

- 14
- 15 a) Ensure harmonization of all policies involving water, land, subsurface, air and
- 16 other resources which are connected to the water sector;
- 17
- 18 b) Ensure a multi-stakeholder participation in the development, updating, and
- 19 sharing of information system as policy, planning and decision-making tools; and
- 20
- 21 c) Recommend the integration of harmonized policies and priority programs in the
- 22 National Water Resources Management Plan and the National and Regional
- 23 Septage Management Plan.
- 24

25 **CHAPTER V**
26 **Interdepartmental Relations**
27 **and Institutional Arrangements of the DWR**

28 **SEC. 28. Interface And Institutional Arrangements With Other Agencies.** –

- 29 a) The Department of Environment and Natural Resources (DENR) shall continue
- 30 to have primary authority and responsibility for protecting the environment and
- 31 managing the country's watersheds. The Pollution Adjudication Board shall
- 32 remain to have jurisdiction with respect to adjudication of pollution cases based
- 33 on exceedance of the DENR Effluent Standards and other acts defined as
- 34 prohibited under Section 27 of R.A. No. 9275: *Provided*, That the Department
- 35 shall coordinate with the DENR regarding the establishment of protocols for
- 36 management of all water-related data being collected by the DENR;
- 37
- 38 b) The Department of Health (DOH) shall continue to have primary authority and
- 39 responsibility for setting and enforcing drinking water quality standards: *Provided*,
- 40 That the Department and the Water Regulatory Commission shall coordinate
- 41 with the DOH in this aspect, and shall ensure consistency of standards and
- 42 targets, as well as the compliance of licensees with mandated standards;
- 43
- 44 c) The Department of Energy (DOE) and the National Power Corporation (NPC)
- 45 shall continue to have primary authority and responsibility for setting up and
- 46 running hydropower plants: *Provided*, That all hydropower plant development
- 47 plans shall be consistent with the NWRMP;
- 48
- 49 d) The Department shall coordinate with the Department of Agriculture (DA) to
- 50 promote agricultural development that reduces sources of long-term pollution for

1 surface water and groundwater, and agricultural and industrial economic
2 development that employs water efficiency, water recycling or reuse and the
3 appropriate treatment of wastewater: *Provided*, That the Department shall
4 coordinate with the DA and its Bureau of Soils and Water Management (BSWM)
5 regarding the establishment of protocols for management of all water-related
6 data being collected by the DA, as well as the outputs of research and studies
7 by BSWM which may serve as input to policy formulation by the Department;
8

9 e) The Department shall coordinate with the Department of Public Works and
10 Highways (DPWH) in setting the policies and preparing the master plans for bulk
11 water transmission, pipe networks, and related water delivery infrastructures as
12 well as flood control and drainage management, and other related projects under
13 the DPWH: *Provided*, That the DPWH shall continue to have primary
14 responsibility in the construction and implementation of water delivery
15 infrastructures and flood control projects: *Provided, further*, That flood
16 management plans are aligned with the NWRMP and flood waters be considered
17 and harnessed as potential water source: *Provided, finally*, That the Department
18 shall coordinate with the DPWH regarding the establishment of protocols for
19 management of all water-related data being collected by the DPWH and its
20 Bureaus;
21

22 f) The Department shall coordinate with the National Disaster Risk Reduction
23 Management Council (NDRRMC) to ensure that its plans and designs for flood
24 control, flood risk management and drought risk management are aligned with
25 the objectives and plans of the Department;
26

27 g) The Department shall coordinate with Philippine Atmospheric, Geophysical, and
28 Astronomical Services Administration (PAGASA), Climate Change Commission
29 (CCC), and National Mapping and Resource Information Authority (NAMRIA) on
30 scientific studies, integrated surveys, mapping, charting and decision support
31 systems;
32

33 h) The Department shall coordinate with the Department of Tourism (DOT) on
34 recreational use of water resources;
35

36 i) The Department shall coordinate with the Tourism Infrastructure and Enterprise
37 Zone Authority (TIEZA), Philippine Reclamation Authority (PRA), and economic
38 zone authorities on water resources development and water requirements within
39 tourist zones, reclamation areas and economic zones, respectively;
40

41 j) The Department shall coordinate with the Bangsamoro Autonomous Region in
42 Muslim Mindanao (BARMM), specifically its Economic and Development Council,
43 Disaster Risk Reduction and Management Council, and Ministry of Environment,
44 Natural Resources and Energy, regarding the preparation of master plans of river
45 basins that overlap with the inland waters within the BARMM's jurisdiction, and
46 ensure the alignment of these plans with the NWRMP, Bangsamoro
47 Development Plan, and other related regional plans of BARMM;
48

49 k) The Department shall coordinate with the Department of Human Settlements and
50 Urban Development in planning, monitoring and enforcing integrated land use

1 and water resources management in the Comprehensive Land Use
2 Development Plans and Zoning Ordinances of the LGUs to ensure, among
3 others, the protection of water sources and that water availability is factored in
4 proposed land use development plans and projects; and
5

- 6 l) The Department shall coordinate with relevant government agencies, including
7 LGUs, with respect to development projects and to ensure cross-cutting
8 collaboration between and among all water subsectors and facilitate inter-agency
9 subsector coordination, strategic development, planning, monitoring and
10 provision of technical, institutional and financial capacity building support to their
11 different stakeholders at the water subsector level.
12

13 **CHAPTER VI**
14 **Water Regulatory Commission**

15 **SEC. 29. Establishment.** – There is hereby created and established an
16 independent, quasi-judicial regulatory body to be known as the Water Regulatory
17 Commission, hereinafter referred to as the Commission. The Commission shall have
18 a Board of Commissioners, and shall be vested with powers and functions, as
19 conferred and set forth hereunder.
20

21 **SEC. 30. The Central and Regulatory Units.** – The Regulatory Units of the
22 Commission shall be composed of the Regional Regulatory Units and the Central
23 Regulatory Unit.
24

25 The economic regulatory units and functions of the MWSS, NWRB, and LWUA
26 are hereby transferred to the Commission, and shall collectively comprise its Central
27 Regulatory Unit for Water Supply, Sanitation and Sewerage Services that: (a) provide
28 services to more than one province; and (b) are owned, operated, or maintained by
29 Metro Manila concessionaires.
30

31 The Regional Regulatory Units shall be established by the Commission in
32 accordance with the rules, regulations, guidelines, and standards that the Commission
33 shall issue, and as provided in this Act.
34

35 **SEC. 31. Powers and Functions of the Commission.** – The overall authority
36 and powers of the Commission shall cover and apply to all service providers, whether
37 private or public, providing or intending to provide water supply, including suppliers to
38 subdivisions, bulk water suppliers, and other providers for sewerage, and septage
39 treatment and disposal services for domestic, residential, institutional, industrial or
40 commercial use.

41 The Commission shall exercise the following powers and functions:

- 42 a) Issue and promulgate rules, regulations and guidelines as may be necessary to
43 implement and enforce its powers and functions under this Act;
44
45 b) Issue licenses authorizing the operation of water supply, sanitation, and
46 sewerage services in any specified area or areas within the Philippines;
47
48 c) Issue rules and regulations on terms and conditions prescribing minimum and
49 mandatory terms for concession agreements, joint venture agreements,
50 management agreements, service contracts or other contractual arrangements

1 that may be entered into by government entities including local water utilities,
2 LGUs, private sector entities, or other water service providers for the provision of
3 water, sanitation, or sewerage services, such as, but not limited to the (i) the term,
4 scope and total cost of the activity, which may be subdivided into phases; (ii)
5 committed contributions and corresponding performance security requirements
6 in accordance with any agreed phased implementation of the activity; and (iii)
7 cost recovery schemes and percentage of the parties' share in the profits and
8 losses, among others;

- 9
- 10 d) Require the review or approval of contracts or agreements that may impact on
11 the tariff and rates of service provision entered into by service providers upon
12 petition or *motu proprio* when public interest so dictates;
- 13
- 14 e) Set, regulate, review, and monitor the tariffs, rates, charges, and fees for the use
15 of water resources in the Philippines, including irrigation service fees, bulk water
16 rates, and septage rates, which may be delegated to the Regulatory Units;
- 17
- 18 f) Amend, modify, suspend, or revoke any license issued by them, after due notice
19 and hearing, on any of the following grounds:
- 20
- 21 (1) When the facts and circumstances on the strength of which the license was
22 issued have been materially misrepresented or have materially changed;
- 23 (2) Where the licensee has failed to meet or comply with terms, conditions, and
24 performance targets, including but not limited to service expansion, that
25 may have targets, including but not limited to service expansions, that may
26 have been set in the license;
- 27 (3) Where the licensee is found to be manifestly inefficient in the operation of
28 or provision of water supply, sanitation, and sewerage services in its area;
29 or
- 30 (4) When the licensee thereof has violated or willfully refused to comply with
31 any order, rule or regulation of the Commission or any provision of this Act;
- 32
- 33 g) Promulgate and enforce just and reasonable technical standards, classifications
34 and measurements of service;
- 35
- 36 h) Enforce technical, financial, and other performance standards set by the
37 Commission for licensees or utilities;
- 38
- 39 i) Conduct benchmarking and monitor the performance of licensees or utilities
40 under their jurisdiction, and publish reports detailing the results thereof;
- 41
- 42 j) Coordinate with the Philippine Competition Commission (PCC) by providing
43 technical support in the PCC's exercise of authority and jurisdiction to establish
44 rules and enforce regulations to monitor, investigate, provide remedies for, and
45 deliberate on cases involving any market power abuse or anti-competitive or
46 discriminatory act or behavior by or against any participant in the water supply,
47 sanitation, and sewerage sector. Without prejudice to the actions that the
48 Philippine Competition Commission, pursuant to Republic Act No. 10667, may
49 undertake on its own, the Water Regulatory Commission may be directed by the
50 Philippine Competition Commission, upon finding that a market participant has

1 engaged in, or fell victim to such act or behavior, to stop or redress the same
2 within the functions and powers granted to the Water Regulatory Commission
3 under this Act;

- 4
- 5 k) Adopt and require that books, records, and accounts be kept and maintained in
6 accordance with the prescribed uniform accounting system;
7
- 8 l) Require the submission of plans, reports on finances and operations,
9 performance targets, and accomplishments verified under oaths by the owner or
10 president and secretary of the licensee;
11
- 12 m) Determine and require the monitoring and submission of such data, statistics,
13 and other information from any or all licensees as may be necessary for the
14 effective and efficient exercise of its duties, functions, powers and
15 responsibilities: *Provided*, That such data, statistics, and other information shall
16 also be submitted to the Department for integration in the centralized database
17 on water resources;
18
- 19 n) Fix and determine proper and adequate rates of depreciation of properties and
20 equipment used in water supply, sanitation, and sewerage services;
21
- 22 o) Impose and collect annual levies and reasonable fees and surcharges as may
23 be necessary for achieving the purposes, powers, and functions of the
24 Commission: *Provided*, That the rate of annual levies and fees shall be
25 determined strictly on a cost recovery basis for the reasonable and actual cost of
26 regulation in accordance with applicable rules and regulations on the imposition
27 and increase of charges;
28
- 29 p) Investigate, *motu proprio* or upon complaint in writing, any matter concerning the
30 operation of the service and violations of this Act;
31
- 32 q) Respond to consumer complaints and ensure the adequate promotion of
33 consumer interests and investigate *motu proprio* violations;
34
- 35 r) Investigate accidents directly or indirectly arising from or connected with the
36 maintenance or operation of the service, and make such order or
37 recommendation as the public interest may warrant;
38
- 39 s) Impose penalties and fines, which may include, but is not limited to, rebates,
40 refunds, and credits to affected consumers, against any licensee or against its
41 owners, directors, officers, agents or representatives for any violation of this Act
42 or of the license, order, rule regulation or requirement issued by the Commission;
43
- 44 t) Require any licensee to pay the actual expenses incurred by the Commission in
45 any investigation if it shall be found that a licensee violated any provision of this
46 Act or of the license, order, rule regulation or requirement issued by the
47 Commission;
48

- 1 u) Appoint an interim or temporary management committee upon appeal and after
2 due hearing, to ensure continuity of service in cases a licensee fails to meet
3 conditions of the license;
4
- 5 v) Advise, apprise, and coordinate with the Department, the National Water Sector
6 Policy Council, and other relevant agencies of the national or local government
7 on any matter relating to water supply, sanitation, and sewerage services;
8
- 9 w) Deputize any official or agency of the government to assist in the performance of
10 any of the powers and functions of the Commission;
11
- 12 x) Appoint, hire, and maintain the Central and Regional Regulators, adequate staff
13 and personnel, advisers, and consultants, with suitable qualifications and
14 experience, as necessary, subject to existing civil service laws, rules, and
15 regulations;
16
- 17 y) Exercise original and exclusive jurisdiction over all cases contesting rates, fees,
18 fines and penalties imposed by the Regulatory Units in the exercise of their
19 powers, functions and responsibilities, as provided under this Act, and over all
20 cases involving disputes between and among participants or stakeholders in the
21 water supply, sanitation, and sewerage services; and
22
- 23 z) Such other incidental powers and functions as may be necessary to attain the
24 objectives of this Act.
25

26 **SEC. 32. Composition of the Water Regulatory Commission.** – The
27 Commission shall be a collegial body composed of five (5) full-time members
28 consisting of a Chairperson and four (4) members, who shall all be appointed by the
29 President of the Philippines. All members of the Commission must be citizens and
30 residents of the Philippines, at least thirty five (35) years of age, and of good moral
31 character, recognized integrity and competence in the field of law, business,
32 commerce, finance, accounting or public administration, water or utility economics,
33 management, physical or engineering services, hydrology and other related services,
34 with at least three (3) years of actual and distinguished experience in their respective
35 fields of expertise: *Provided*, That out of the four members of the Commission, at least
36 one (1) shall be a member of the Philippine Bar with at least ten (10) years of
37 experience in the active practice of law, at least one (1) shall be a certified public
38 accountant with at least ten (10) years of experience in active practice; and at least
39 one (1) shall be a licensed engineer with at least ten (10) years of experience in the
40 water supply, sewerage, or septage management sector.
41

42 The term of office of each member of the Commission shall be seven (7) years:
43 *Provided*, That among the members first appointed, the Chairperson shall serve for a
44 period of seven (7) years, two (2) members shall serve for five (5) years and the other
45 two (2) members shall serve for three (3) years: *Provided, further*, That any member
46 whose term has expired as specified herein shall serve as such until his successor
47 shall have been appointed and qualified: *Provided, furthermore*, That any appointment
48 to fill a vacancy in the Commission arising from death, removal, retirement or
49 resignation shall be made only for the unexpired term: *Provided, finally*, That in no
50 case shall any member serve for more than seven (7) years in the Commission.

1
2 The Commission shall meet as often as may be necessary on such day or days
3 as the Chairperson may fix. The presence of at least three (3) members of the
4 Commission shall constitute a quorum, which shall be necessary for the transaction of
5 any business. The affirmative vote of majority of the members of the Commission
6 where a quorum is present shall be necessary for the adoption of any order, resolution,
7 decisions, or other act of the Commission in the exercise of its quasi-judicial functions:
8 *Provided*, That in promulgating rules, regulations, guidelines and in the exercise of its
9 quasi-legislative functions, an affirmative vote of three (3) members shall be required.

10
11 The Chairperson of the Commission shall exercise general executive control and
12 supervision of the Commission and its members, staff and personnel, agents, and
13 representatives. Within three (3) months from the creation of the Commission and the
14 appointment of all members of the Commission, the Chairperson shall submit for the
15 approval by the President of the Philippines the new organizational structure and
16 personnel positions necessary to carry out the powers and functions of the
17 Commission, subject to the review and approval of the DBM. The personnel positions
18 of the Commission shall be filled by regular appointments in accordance with civil
19 service laws, rules, and regulations.

20
21 Members of the Commission shall enjoy security of tenure and shall not be
22 suspended or removed from office except for just cause as specified by law.

23
24 The Chairperson and members of the Commission or any of their relatives within
25 the fourth civil degree of consanguinity or affinity, legitimate or common law, shall be
26 prohibited from holding any interest whatsoever, either as investor, stockholder, officer
27 or director, in any company or entity engaged in provision of water supply and
28 distribution, septage management and sewerage services and must, therefore, divest
29 through sale or legal disposition of any and all interests in the water sector upon
30 assumption to office

31
32 **SEC. 33. Secretariat of the Commission.** – The Commission shall establish a
33 Secretariat which shall provide the Commission with technical and support services
34 such as, but not limited to the following:

- 35 a) Provide the necessary technical inputs and secretariat support to the
36 Commission to facilitate the conduct of its functions;
37 b) Coordinate with, monitor, and assess the activities of the Regulatory Units to
38 ensure proper implementation of the rules, regulations, and guidelines
39 promulgated by the Commission;
40 c) Maintain a database on the water supply, sanitation, and sewerage subsector;
41 and
42 d) Coordinate with other relevant agencies of the national or local government on
43 any matter relating to water supply, sanitation, and sewerage.

44
45 **SEC. 34. The Commission Secretariat.** – The Executive Director shall head the
46 Commission Secretariat, keep and maintain the official records, and report of the
47 proceedings of the Commission, and administer oaths in all matters falling within the
48 jurisdiction of the Commission.

1 The Commission shall appoint, fix the compensation, and determine the status,
2 qualifications, and duties of the Executive Director and the Secretariat staff subject to
3 civil service laws, rules, and regulations. The Executive Director shall have at least ten
4 (10) years of experience in the field of law, business, commerce, finance, accounting
5 or public administration, water or utility economics, management, physical or
6 engineering services, hydrology and other related services. The members of the
7 technical staff, except those performing purely clerical functions, shall possess at least
8 a Bachelor's Degree in any of the following lines of specialization: law, public
9 administration, economics, finance, engineering, accounting, or management.

10
11 The Executive Director shall be responsible for the effective implementation of
12 the policies, plans, programs, rules, regulations, and directives of the Commission;
13 coordinate and supervise the activities of the different operating units under the
14 Commission; and perform such functions as may be assigned by the Chairperson and
15 other members of the Commission.

16
17 **SEC. 35. *Enhancement of Technical Competence.*** – The Commission shall
18 establish rigorous training programs for its staff for the purpose of enhancing the
19 technical competence of the Commission in the following areas: evaluation of technical
20 performance and monitoring compliance with service and performance standards,
21 performance-based rate-setting reform, environmental standards, and such other
22 areas as will enable the Commission to adequately perform its duties and functions.

23
24 **SEC. 36. *Compensation and Other Emoluments.*** – The compensation of the
25 members of the Commission and its staff shall be exempted from the coverage of
26 Republic Act. No. 11466, otherwise known as the "Salary Standardization Law of
27 2019", as amended. For this purpose, the schedule of compensation of the
28 Commission shall be submitted for approval of the President of the Philippines. The
29 compensation schedule of the Commission shall be implemented within six (6) months
30 from the effectivity of this Act and maybe upgraded by the President of the Philippines
31 as the need arises: *Provided*, That in no case shall the compensation of the
32 Commission and its staff be upgraded more than once a year: *Provided, further*, That
33 pertinent civil service laws, rules, and regulations shall be applicable to the
34 Commission.

35
36 The Chairperson and members of the Commission shall initially be entitled to
37 the same salaries, allowances and benefits as those of the Presiding Justice and
38 Associate Justices of the Court of Appeals, respectively.

39 CHAPTER VII

40 Registration and Licensing

41
42 **SEC. 37. *Registration and Licensing of All Water Supply, Sanitation, and***
43 ***Sewerage Services.*** – All water supply, sanitation, and sewerage service providers,
44 including bulk water suppliers and those providing services to subdivisions and other
45 service providers, shall register with the Commission and, subject to its rules,
46 guidelines, procedures and other issuances of the Commission, obtain a license to
47 operate from the appropriate regulatory units: *Provided*, That the Commission shall
48 act on the application for the issuance or the conversion of such licenses and renewals
49 thereof within the maximum period of one (1) year as provided under this Act or by

1 Republic Act No. 11032, otherwise known as the "Ease of Doing Business and
2 Efficient Government Service Delivery Act of 2018".
3

4 The Commission shall also ensure that the grant and revocation of licenses are
5 carried out fairly, transparently, and without discrimination. Issuances of the
6 Commission shall specify, among others, the qualifications, requirements and
7 procedure for the grant and revocation of licenses including the standards and
8 performance targets that shall continuously be complied with to keep the licenses valid.
9

10 The Commission shall specify the requirements and procedure for existing
11 holders of a Certificate of Public Convenience (CPC), Certificates of Public
12 Convenience and Necessity (CPCN) issued by NWRB, or Certificate of Conformance
13 (CoC) issued by LWUA, to convert their existing certificates into licenses to operate.
14

15 All local water utilities, existing water service providers, or holders of CPCN or
16 CoC shall be duly prioritized in the issuance of the licenses to operate over the areas
17 where they currently operate or as may be covered by their franchises. The
18 submission of the CPC, CPCN, provisional authority, or the CoC shall be sufficient
19 basis for the issuance of the new and converted or updated licenses to operate
20 required and contemplated under this Act. To ensure continuity of service, the
21 Commission shall complete the issuance of such converted or updated licenses not
22 later than six (6) months from the effectivity of the implementing rules and regulations
23 issued by the Commission pursuant to this Act.
24

25 Unless otherwise provided in this Act or by the Commission, no public water
26 supply, sanitation, and sewerage service provider shall commence or conduct the
27 business of providing water supply, sewerage, and sanitation services without first
28 obtaining a license.
29

30 Concession agreements and other contracts for water supply provision and water
31 sanitation and treatment services currently existing shall remain valid and enforceable
32 unless otherwise terminated, after due notice and hearing for reasons provided in the
33 existing terms and conditions under the concession or service agreement or contract,
34 or invalidated by the Commission, after due notice and hearing, where national
35 security, national emergency, or public interest so dictates.
36

37 **SEC. 38. Conditions of License.** – The Commission may impose such
38 conditions in the issued license, as it may deem necessary, such as, but not limited
39 to:

- 40 a) Tariffs, rates, and charges that may be imposed from its customers or
41 consumers;
- 42 b) Term fixing the duration of the privilege;
- 43 c) Grounds for modification, suspension, or cancellation of the license;
- 44 d) Minimum technical performance and service level standards, such as but not
45 limited to: (i) water pressure; (ii) minimum flow rates; (iii) connections; (iv)
46 sewerage discharge, billing, and metering requirements, and (v) sanctions for
47 failure to comply with the standards set;
- 48 e) Expansion targets and service level improvements over time;
- 49 f) Restrictions or conditions for transferability of the business or controlling interest
50 in the business;

- 1 g) Reportorial requirements and obligations of the grantee; and
- 2 h) Submission to annual performance audit by the Commission or its duly
- 3 authorized representative.

4
5 **SEC. 39. Rights and Duties of Licensees. –**

- 6 a) Any person granted a license under this Act or with existing rights under
- 7 concession agreements and related agreements shall have the obligation to
- 8 ensure that licensed activities are conducted to further public interest and, in
- 9 particular:
 - 10 (1) Foster the maintenance and development of efficient, coordinated, and
 - 11 viable operation of their licensed activities;
 - 12 (2) Ensure that their water supply, sanitation, and sewerage services are
 - 13 provided in a diligent, conscientious and workman like manner, in
 - 14 accordance with applicable laws rules and regulations issued by the
 - 15 Commission and the generally accepted standards and practices in the
 - 16 water supply, sanitation, and sewerage industry;
 - 17 (3) Comply with drinking water quality requirements and standards that may be
 - 18 established by the Commission, Department, and DOH; and
 - 19 (4) Ensure that provision of services shall not be discontinued without notice
 - 20 to, and approval by, the Commission.
- 21
- 22 b) Any person granted a license under this Act shall, to the extent allowed by law
- 23 and specified in the license, has the right to acquire or lease land, lay or repair
- 24 water or sanitation mains, and other relevant facilities in public ways to fulfill the
- 25 terms and conditions under the license;
- 26
- 27 c) Subject to any condition or limitation laid down in the license, a licensee may
- 28 discontinue water supply, sanitation, and sewerage services to a customer if
- 29 such customer defaults in the payment of fees due to the licensee for the water
- 30 supplied or sanitation services provided, or for acts of pilferage pursuant to
- 31 Sections 8, 9, 10, and 11 of Republic Act No. 8041, otherwise known as the
- 32 "Water Crisis Act of 1995";
- 33
- 34 d) Any license issued under this Act shall contain provisions designed to ensure
- 35 that licensees:
 - 36 (1) Publish the Tariff and other charges approved by and the terms and
 - 37 conditions imposed by the Commission for the provision of water supply,
 - 38 sanitation, and sewerage services;
 - 39 (2) Prepare, within three (3) months from the issuance of a license, in
 - 40 consultation with its customers, a customer service code specifying the
 - 41 manner and procedure for:
 - 42 i. Metering, billing, and collection of the licensee's approved tariff and
 - 43 other charges;
 - 44 ii. Disconnection or suspension of service in case of non-payment of
 - 45 tariffs and other charges, or acts of pilferage; and
 - 46 iii. Recommendation and recovery of arrears in tariffs and other charges.
 - 47 (3) Maintain financial accounts in accordance with the manner and procedure
 - 48 specified in the license and as may be required by the Commission; and

- 1 (4) Maintain and, upon request by anyone during regular office hours, promptly
2 make available for scrutiny and inspection such data, statistics and other
3 information, as may be required by the Commission.
4

5 **SEC. 40. Setting Tariffs, Rates and Other Charges.** – The Commission shall
6 establish tariffs, rates and other charges which are fair and reasonable, and ensure
7 environmental sustainability, economic viability, and a fair return on investments.
8

9 Service providers may apply for the setting of tariffs, rates, and charges based
10 on and consistent with a scientific and evidence-based rate-setting methodology that
11 the Commission shall, after due consultation, define and publish, taking into account
12 the following, among others:

- 13 a) Reasonable and prudent capital and recurrent costs of providing the service
14 including a reasonable rate of return on capital;
15 b) Efficiency of the service;
16 c) Incentives for enhancement of efficiency;
17 d) Capacity to pay of consumers;
18 e) Equity considerations;
19 f) Environmental sustainability;
20 g) Administrative simplicity;
21 h) In cases involving valid and subsisting concession agreements prior to the
22 enactment of this Act, the methodology provided under the concession
23 agreement; and
24 i) To the fullest extent practicable, the terms and conditions of the tariffs, rates or
25 other price-setting mechanisms set forth in any concession agreement, joint
26 venture agreement or other similar agreement for the provision of water or
27 sanitation services by an existing service provider.
28

29 Tariffs, rates, and charges set by the Regulatory Units shall be presumed valid
30 and reasonable unless invalidated by the Commission, after due notice and hearing,
31 acting on a protest or contest duly filed with the Commission to ensure continuity of
32 service, application for setting of tariffs, rates and other charges shall be decided within
33 a non-extendible period of ninety (90) days from the date of filing thereof, and the
34 failure of the Commission to act on any such applications shall result in a provisional
35 approval: *Provided*, That in no case shall proceedings on any applications for the
36 setting of tariffs, rates and other charges exceed to a total period of one hundred
37 twenty (120) days reckoned from the date of filing of the application.
38

39 **SEC. 41. Direct Access.** – Fifty-one percent (51%) of the registered water
40 consumers in a service area, municipality, city or province may petition for direct
41 access to water from any water service provider subject to concurrence by and
42 reasonable compensation to the service provider and approval by the Commission. If
43 the petition for direct access from any water service provider is approved by the
44 Commission, the new water service provider shall reimburse the existing service
45 provider for, as applicable, either the book value or the market value as determined
46 by an independent appraiser accredited by the Commission, whichever is higher, of
47 the water source, water supply, or water distribution or transmission facilities, pipelines
48 and other equipment which shall be transferred to or utilized by the new water service
49 provider. The Commission shall promulgate the implementing rules and procedures

1 for this mode of service, which shall include, among others, financial and technical
2 capability of the new service provider.

3
4 **SEC. 42. Innovative Schemes to Improve Efficiency and Management of**
5 **Systems.** – The Commission shall promote innovative schemes such as the
6 consolidation or integration of water supply, sanitation, and sewerage services, or
7 providers in the same service area, where it shall result in improved efficiency, service
8 expansion and lower costs.

9
10 To this end, the Commission shall establish and issue such rules and guidelines
11 as may be necessary to (a) create performance-based and time-bound incentives to
12 encourage efficiency and service expansion; (b) establish the standards and targets
13 that service providers are required to meet; and (c) define the fines and penalties that
14 shall be imposed for failure to meet such standards and targets.

15 16 **CHAPTER VIII**

17 **Proceedings Before the Commission**

18 **SEC. 43. Proceedings Before the Commission.** – For the purpose of any
19 investigation, inquiry, or proceeding, the Commission shall:

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

26
27 **SEC. 44. Orders and Decisions of the Commission.** – Any order, resolution,
28 or decision of the Commission shall be promulgated promptly, expeditiously,
29 reasonably, and in writing, and shall state clearly and distinctly the facts and law on
30 which it is based. The Commission shall publish and make available for public
31 inspection, all decisions and final orders in the adjudication of contested cases or
32 applications.

33
34 **SEC. 45. Appeals Procedure.** – The orders, rulings, and decisions of the
35 Commission are final and executory unless appealed to the Court of Appeals within
36 fifteen (15) days from receipt of notice of such order, ruling or decision: *Provided*, That
37 orders, rulings, and decisions of the Commission approving tariffs, shall be
38 immediately executory and may be suspended only upon appeal and filing of a bond,
39 in an amount to be fixed by the Commission, to answer for damages occasioned by
40 the suspension or stay of execution of such orders, rulings, and decisions.

41
42 **SEC. 46. Prohibition Against Injunctions.** – Except for the Supreme Court, no
43 temporary restraining order, preliminary injunction, or preliminary mandatory injunction
44 may be issued by any court to restrain any proceeding before, or the implementation
45 or execution of any order, ruling, or decision of the Commission.

46 47 **CHAPTER IX** 48 **Transitory Provisions**

1
2 **SEC. 51. *Implementing Rules and Regulations.*** – Upon the effectivity of this
3 Act, the Department and the Commission, as may be applicable, as well as NEDA,
4 DBM, DENR, CSC, and the National Commission on Indigenous Peoples in
5 consultation with concerned government agencies shall promulgate the implementing
6 rules and regulations (IRR) of the Department and the Commission necessary for the
7 effective implementation of this Act within one hundred eighty (180) days after its
8 effectivity.
9

10 **SEC. 52. *Separability Clause.*** – If any reason, portion, or provision of this Act
11 is declared unconstitutional, the remainder hereof or any provisions not affected
12 thereby shall remain in force and effect.
13

14 **SEC. 53. *Repealing Clause.*** – The following provisions and issuances are
15 hereby repealed:

- 16 a) Section 3 (h) and Section 12 on the fixing of water rates and sanitation service
17 fees, Section 3 (n) on regulation of waterworks and deep wells, and Section 3 (p)
18 on the regulation of waterworks and sanitation systems in privately owned
19 subdivisions of Republic Act No. 6234 which created the Metropolitan
20 Waterworks and Sewerage System;
21 b) Section 62 on regulation and Section 63 on rate review of Presidential Decree
22 No. 198 otherwise known as the “Provincial Water Utilities Act of 1973”, as
23 amended by Letter of Instruction No. 700 – “Providing Measures To Control And
24 Regulate Increase In Water Rates”, Letter of Instruction No. 744 – “Relative To
25 Reliable Water Supply At Reasonable Rates In The Countryside”, Executive
26 Order No. 124-A, series of 1987 - “Reorganization Act of the Ministry of Public
27 Works and Highways”, and Executive Order No. 123, 30 January 1987 -
28 “Reorganization Act of Ministry of Social Services and Development”;
29 c) Executive Order No. 22, series of 2023, creating the Water Resources
30 Management Office of the DENR; and
31 d) Section 154, Article V, Chapter I, Title One, Book II of Republic Act No. 7160
32 otherwise known as the “Local Government Code of 1991”, as amended, and its
33 implementing rules and regulations on the power of the LGUs to fix the rates of
34 water utilities owned, operated and maintained by them within their jurisdiction.
35

36 Any other law, presidential decree or issuance, executive order, letter of
37 instruction, rule, or regulation inconsistent with the provisions of this Act is hereby
38 repealed or modified accordingly.
39

40 **SEC. 54. *Effectivity.*** – This Act shall take effect fifteen (15) days after its
41 publication in the Official Gazette or in a newspaper of general circulation.
42

43 *Approved,*