EXPLANATORY NOTE

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

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

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

In view of the foregoing, I therefore seek the urgent approval of this bill.

[Signature]

JERICHO JONAS E. NOGRALES
Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

EIGHTEENTH CONGRESS
First Regular Session

House Bill No. 2725

Introduced by Hon. Jericho Jonas B. Nograles

AN ACT
TO ENSURE WATER SECURITY BY ORDAINING INSTITUTIONAL AND REGULATORY
REFORMS IN WATER THROUGH THE CREATION OF THE DEPARTMENT OF WATER,
THE WATER REGULATORY COMMISSION, AND THE NATIONAL WATER
CORPORATION, AND FOR OTHER PURPOSES

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

CHAPTER I
TITLE AND POLICY

SECTION 1. Short Title. — This Act shall be known as "The Water Security Act of
2019."

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

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

   a) To ensure and accelerate the total access to water supply and sanitation
      services in the entire country;
   b) To ensure the quality, reliability, security, and affordability of water supply and
      sanitation services;
   c) To provide for an organized, efficient, and systematic process for discovering,
      harnessing, conveying, distributing, treating and recycling water throughout the country;
   d) To ensure transparent and reasonable prices of water supply and sanitation
      services in a regime of free and fair competition and full public accountability to achieve
      greater operational and economic efficiency and enhance the competitiveness of the
      Philippines in the global market;
e) To prioritize and seek the immediate attainment of universal access to safe, adequate, affordable, and sustainable water supply and sanitation services in the country, and adopt all necessary measures directed towards the realization of the human right to water;

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

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

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

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

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

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

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

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

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

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

a) **Bulk water supplier** shall mean any entity, natural or juridical, whether public or private, supplying or intending to supply large quantities of raw or treated water to buyers who will use it for their own consumption, such as industrial companies, or for retail
distribution to consumers, such as a water district or a subdivision managing its own
distribution network.

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

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

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

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

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

g) *Department of Health (DOH)* shall mean the Department of Health under

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

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

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

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

l) *Flood and drought risk management* shall mean such acts of defining and
determining the appropriate methods, acts, and protocols aimed to prevent and reduce the
risk of incurring loss of both life and property due to flood waters and drought. Flood and
drought risk management consists of a cycle of prevention, mitigation, adaptation,
preparedness, early warning, and response and recovery. The elements include integrating
land-use planning, coastal zone management into water management, adopting a holistic
approach so that it is part of a wider risk or multi-hazard management (earthquake,
landslides, storm surge, etc.), managing risk and uncertainty as a whole to encompass not
only hydrological uncertainties but also social, economic, and political uncertainties in view
of human behavior and cultural dimensions.
m) **Franchise area** shall mean a geographical area exclusively assigned or granted to a distribution or sewerage utility for water supply and sanitation services.

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

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

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

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

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

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

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

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

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

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

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

v) **Metropolitan Waterworks and Sewerage System (MWSS)** shall mean the Metropolitan Waterworks and Sewerage System under Republic Act No. 6234, as amended.
w) National Disaster Risk Reduction Management Council (NDRRMC) shall mean the National Disaster Risk Reduction Management Council under Republic Act No. 10121 or the Philippine Disaster Risk Reduction and Management Act of 2010.

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

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

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

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

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

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

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

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

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

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

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

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

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

kk) Septage shall mean sludge produced on individual onsite wastewater disposal systems, principally septic tanks and cesspools.
ll) Service area shall mean the area covered by the water supply and sanitation services license.

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

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

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

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

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

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

ss) Sustainable Development Goals (SDGs) shall mean the United Nation’s Sustainable Development Goals Program.

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

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

vv) Water demand management shall mean any method – whether technical, economic, administrative, financial, or social – that will accomplish one or more of the following things: (i.) reduce the quantity or quality of water required to accomplish a specific task, (ii.) adjust the nature of the task or the way it is undertaken so that it can be accomplished with less water or with lower quality water, (iii.) reduce the loss in quantity or
quality of water as it flows from source through use to disposal, (iv.) shift the timing of use
from peak to off-peak periods, and (v.) increase the ability of the water system to continue to
serve society during times when water is in short supply.

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

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

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

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

CHAPTER II
ORGANIZATION OF THE WATER INDUSTRY

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

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

All three sectors of the water industry are public services and businesses affected
with public interest and shall therefore be supervised by the Government through the
Department of Water, the Water Regulatory Commission, and the National Water
Corporation (created hereunder), and therefore open to private sector participation under
well-defined guidelines; Provided, that all three sectors shall be considered as public utility
operations, and therefore all assets under these sectors shall be considered properties of
the State, to be utilized solely by Government or contracted to private parties either as
operations and maintenance concessions for a fixed term, subject to extension; or Joint
Venture Projects, or as Public-Private Partnerships.
The Department of Water shall have full authority over all three water industry sectors to harness, store, convey/transport, distribute, supply, treat and recycle all water resources in the Philippines.

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

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

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

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

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

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

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

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

Under its Water Supply/Treatment Contract, any distribution or sewerage utility shall be entitled to impose and collect tariffs, rates, and other charges from such users as approved and licensed by the Commission.
And finally, under its Water Supply/Waste Treatment Contract, a distribution or sewerage utility shall have the obligation to supply water or collect sewage in the least cost manner to its captive market. Distribution or sewerage utilities shall prepare and submit to the Department, through their respective Water Resources Regional Offices (WRRO), their annual distribution development plans. Failure to submit a feasible and credible plan and to implement the same, shall serve as grounds for the imposition of appropriate sanctions, fines, or penalties.

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

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

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

SEC. 12. Missionary Services. – The Department of Water, upon taking a complete inventory of all possible sources of water nationwide, shall identify those local districts in the country with little or no access to regular and systematic water supply and sanitation services in the foreseeable future. Contiguous unserved districts/areas shall be bundled into Special Water Incentivized Missionary (SWIM) Zones and auctioned off to qualified Parties at special tariff rates and other incentives to be determined and established by the Commission, as recommended by the National Water Corporation.
SEC. 13. Structural and Operational Reforms. - To achieve economies of scale in utility operations, distribution or sewerage utilities may, after due notice and public hearing, pursue structural and operational reforms, such as, but not limited to, joint actions between or among the distribution or sewerage utilities, subject to the guidelines issued pursuant to this Act. Such joint actions shall result in improved efficiencies, reliability of service, reduction of costs, and compliance to the performance standards pursuant to this Act.

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

CHAPTER III
DEPARTMENT OF WATER

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

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

Consistent with its mandate, the Department shall have the following objectives:
a) To prioritize and seek the immediate attainment of universal access to safe, adequate, affordable, and sustainable water supply and improved sanitation services for all inhabitants of the country in a manner consistent with the protection, preservation, and revival of the quality of the country's water resources, and to adopt all needed measures to advance the right of the people to a balanced and healthful ecology in accord with the rhythm and harmony of nature;

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

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

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

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

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

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

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

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

j) To ensure and oversee the effective implementation of all water-related laws, including Presidential Decree No. 1067 or the Water Code of the Philippines and Republic Act No. 9275 or the Philippine Clean Water Act of 2004.
SEC. 16. Powers and Functions of the Department. — The Department shall have
the following powers and functions:

I. Policy-making and Planning

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

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

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

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

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

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

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

h) Assist and provide the NEDA secretariat with required data and input from
and for the water sector in the formulation of the country’s short-term and long-term strategic
development plans and actions, and recommend the adoption of general policies and
guidelines for water resources development to the NEDA secretariat;
i) Review and approve water resources development plans and programs of any agency within the context of the National Water Resource Management Master Plan and overall national plans and programs;

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

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

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

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

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

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

II. Resource Regulation

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

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

r) Determine, adjudicate, and grant water rights to all qualified persons, whether natural or juridical, in accordance with law;
s) Formulate and enforce rules and regulations for the development and optimum use of water resources and its administration and management; implement rules, regulations, and guidelines for the enforcement of water-related laws, including coherent water protocols, operating rules of all existing and future water infrastructure; and impose appropriate sanctions for non-compliance;

III. Administration and Management

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

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

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

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

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

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

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

IV. Coordination

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

  bb) Coordinate with other government agencies, universities, and private professional groups all aspects of data gathering, the conduct of special studies and research on all related aspects of water resources management and development, such as climate change, environmental quality, desalination, and the development of operating strategies, procedures, and protocols with accompanying computerized decision tools for major water facilities;
cc) Coordinate with the concerned and relevant agencies engaged in flood control, and flood and drought risk management;

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

V. General or Others

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

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

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

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

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

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

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

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

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

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

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

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

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

SEC. 20. Assistant Secretaries. – The Secretary shall be assisted by three Assistant Secretaries, who shall be appointed by the President upon the recommendation of the Secretary.
SEC. 21. Qualifications. – No person shall be appointed Secretary, Undersecretary, or Assistant Secretary of the Department unless he or she is a citizen and resident of the Philippines, of good moral character, of proven integrity and with at least seven years of competence and legal, financial, engineering or technical expertise in any of the following: water, sanitation, irrigation, flood control, and drainage programs, preferably in a public agency.

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

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

1. Planning and Policy Service –
   a) Advise the Secretary on all matters relating to water resources planning;
   b) Formulate strategies and priorities for water resources management and development consistent with national development objectives and initiate or undertake relevant surveys for development planning;
   c) Develop and regularly update a comprehensive and integrated National Water Resources Management Master Plan and ensure its integration into existing land use plans;
   d) Coordinate river basin planning following the IWRM framework and the river basin approach;
   e) Formulate or update existing River Basin Master Plans which include all aspects of water management and development such as water supply and sanitation, irrigation, flood control, storm water and urban drainage, flood and drought risk management, water resource development systems, and other infrastructure and public works projects, including phasing of implementation;
   f) Based on the river basin master plan, identify priority packages for water infrastructure development per river basin, including water supply, sanitation, irrigation, flood control, storm water and urban drainage, flood and drought risk management, water resource development systems, and other infrastructure and public works projects, package proposals for funding and prioritized project implementation and the allocation of funds and
other resources and undertake or supervise and evaluate the conduct of feasibility studies and project preparation thereof;

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

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

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

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

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

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

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

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

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

II. Decision Support System Service

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

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

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

d) Develop and continuously update water resource management, computerized decision support system (DSS) that incorporates data management system (acquisition and database), model base (physical, design, planning and decision models), and user-friendly interface (graphical and visualization tools). This DSS is composed of but not limited to a measurement or data acquisition system, information or database management system, analytical and numerical models for design and planning and decisions and evaluation purposes, and a user-friendly interface that includes graphical interface or visualization tools;
e) The specific models to be developed and maintained should include but not be limited to the following: long-term climatologic and weather forecasting models, watershed models and river flood plain models, groundwater models and coupled to surface water models, flood forecasting models for major rivers, optimization-simulation and management models for watershed conservation, conjunctive surface and groundwater use, irrigation scheduling, normal and emergency operations of multipurpose reservoirs, and water quality and ecological models;

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

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

III. Administrative and Human Resource Service

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

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

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

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

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

f) Secure and maintain necessary Department facilities, and develop, establish, and maintain an efficient and effective security system covering, among others, personnel,
physical installations, equipment, documents, and materials, including the conduct of
security investigations;

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

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

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

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

IV. Legal and Legislative Service

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

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

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

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

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

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

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

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

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

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

V. Comptrollership and Financial Management Service

a) Advise the Secretary on all matters relating to the accounting of government
expenditures and receipts, budgeting and cash management, project finances, and financial
systems and procedures;
b) Prepare budget proposals and pursue formal budget authorizations, undertake budget execution, and prepare and submit all appropriate reports to the proper offices;

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

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

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

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

VI. Resource Regulatory Service

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

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

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

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

e) Adjudicate water use conflicts; and

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

VII. Internal Audit Office

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

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

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

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

e) Perform such other related duties and responsibilities as may be assigned or delegated by the Secretary or as may be required by law.
VIII. Public Affairs Office

A. Public Awareness

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

B. Promoting Participation

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

C. Special Events

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

X. Bureau of Water Quality Management

a) Establish water quality guidelines for freshwater and coastal and marine waters as basis for classifying water bodies in the country; specifically, develop water quality
indices or composite metrics to measure the quality status and health of natural water bodies
in relation to ecological integrity and function;

b) Establish effluent standards for point sources of pollution;
c) Establish internationally accepted procedures for sampling and analysis;
d) Prepare an integrated water quality management framework;
e) Prepare 10-year water quality management plans for each water quality
management area as part of the River Basin Master Plans and in support of the National
Water Resources Management Master Plan;
f) Classify groundwater sources and prepare a national groundwater
vulnerability map;
g) Classify or reclassify all water bodies according to their beneficial usages
using the water quality guidelines established;
h) Issue permits, clearances, and similar instruments, pursuant to the Philippine
Clean Water Act of 2004;
i) Collect the wastewater discharge (EUF) fees for all permittees;
j) Monitor the compliance of water discharge permittees with the effluent
standards;
k) Regularly monitor the water quality of major water bodies in the country and
analyze the data to identify possible sources of pollution;
l) Issue notices of violation and cease and desist orders for those found in
violation;
m) Investigate cases against violators with the Water Pollution Adjudication
Board;
n) Serve as the secretariat of the Water Pollution Adjudication Board; and
o) Perform such other related duties and responsibilities as may be assigned or
delegated by the Secretary or as may be required by law.

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

SEC. 24. Water Resources Regional Offices. – The WRROs, organized per water
resources region as deemed necessary and appropriate by the Secretary, shall be
responsible for implementing the mandate, and powers and functions of the Department at
the field level, except for policy-making vested solely in the central office. For this purpose, it
shall have the following powers and functions:

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

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

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

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

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

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

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

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

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

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

a) The National Water Resources Board (NWRB);

b) The River Basin Control Office (RBCO) of the Department of Environment
and Natural Resources (DENR);
c) The Manila Bay Coordinating Office (MBCO) of the DENR;

d) The flood management planning and sediment management function of the
flood control management cluster of the Department of Public Works and Highways
(DPWH);

e) The Water Quality Management Section of the Environmental Management
Bureau (EMB) of the DENR;

f) The function of the Mines and Geosciences Bureau (MGB) of the DENR to
conduct hydrological surveys; and

g) The monitoring of stream flow and other water data collection function of the
Bureau of Design of the DPWH.

The following existing agencies are hereby attached to the Department for policy and
program coordination, and shall continue to operate and function in accordance with the
charters, laws, or orders creating them, insofar and they are not inconsistent with this Act:

a) The Local Water Utilities Administration (LWUA);

b) the Metropolitan Waterworks and Sewerage System (MWSS);

c) the National Irrigation Administration (NIA);

d) the Laguna Lake Development Authority (LLDA);

e) the Pasig River Rehabilitation Commission; and

f) any other agency exercising water resources management, conservation, and
protection functions, which may be ordered to be transferred to the Department.

The National Water Corporation, established by this Act, is hereby attached to the
Department of Water and shall function as its corporate arm. Its powers and functions are
defined in Chapter V of this Water Security Act.

The laws and rules on government reorganization as provided for in Republic Act No.
6656 or the Reorganization Law, shall govern the reorganization process of the Department.

SEC. 26. Apex Council of Advisers on Water Affairs. – An apex council of
advisers on water affairs consisting of five members, including at least one representative
from the private sector, may be called upon by the President to advise him or her on the
overall water program, especially on private sector initiatives and proposals.

CHAPTER IV

WATER REGULATORY COMMISSION

SEC. 27. Water Regulatory Commission. – There is hereby created and
established an independent, quasi-judicial regulatory body, the Water Regulatory
Commission, hereinafter referred to as the Commission. The Commission shall be an
attached agency of the Office of the President. The Commission shall have a Board of
Commissioners and shall be vested with powers and functions as defined in this Act.
SEC. 28. Regulatory Units. – The Regulatory Units of the Commission shall be
composed of the Provincial Regulatory Units and the Central Regulatory Unit.

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

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

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

The Commission shall have the following powers and functions:

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

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

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

d) Appoint central and provincial regulators;

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

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

g) Fix and determine proper and adequate rates of depreciation of properties
and equipment used in water supply and sanitation services;
h) Impose and collect annual levies determined as a percentage of gross revenue accruing in relation to the licensed activities, and reasonable fees and surcharges as may be necessary for achieving the purposes, powers, and functions of the Commission;

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

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

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

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

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

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

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

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

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

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

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

SEC. 30. Powers and Functions of the Regulatory Units. – The Regulatory Units of the Commission shall have the following powers and functions:
a) Issue licenses authorizing the operation of water supply and sanitation services in any specified area or areas within the Philippines;
b) Impose fines, charges, and other penalties upon any service provider and its officers and directors who shall fail or refuse to register and obtain a license prior to operation or commencement of business, as provided hereunder;
c) Consistent with rules, guidelines, procedures, and methodologies, which the Commission shall provide, review, determine, fix, and approve proposed water and sewerage tariffs, rates, and other charges that licensees may impose upon their customers or consumers;
d) Appraise and value property and equipment used by licensees in providing water supply and sanitation services;
e) Enforce financial, technical, and other performance standards set by the Commission for licensees;
f) Respond to consumer complaints and ensure adequate protection of consumer interests;
g) Investigate accidents directly or indirectly arising from or connected with the maintenance or operation of the service, and make such order or recommendation as the public interest may warrant;
h) Upon petition or motu proprio, where in its determination public interest so dictates, require the review and approval of contracts or agreements that may impact on the tariffs, rates, and other charges of service provision entered into by service providers;
i) Require the submission of reports, plans, and other documents that set out the performance targets of licensees;
j) Impose and collect annual levies determined as a percentage of gross revenue accruing in relation to the licensed activities, and reasonable fees and surcharges as may be necessary for achieving the purposes, powers, and functions of the regulator;
k) Conduct benchmarking and monitor the performance of licensees under their jurisdiction, and publish reports detailing the results thereof, as may be necessary or required by the Commission;
l) Amend, modify, suspend, or revoke any license issued by them, after due notice and hearing, on any of the following grounds:
   i. When the facts and circumstances on which the license was issued have been misinterpreted or has materially changed;
   ii. Where the licensee has failed to meet or comply with terms, conditions, and performance targets – including but not limited to service expansion – that may have been set in the license;
iii. Where the licensee is found to be manifestly inefficient in the
operation of or provision of water supply and sanitation services in its area; or
iv. When the holder thereof has violated or willfully refused to comply with
any order, rule, or regulation of the Commission or any provision of this Act;
m) Appoint an interim management committee to ensure continuity of service in
the event a licensee fails to meet the conditions of its license; and
n) Submit performance plans and reports as required by the Commission.

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

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

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

The Chairperson of the Commission shall exercise general executive control and
supervision of the Commission and its members, staff and personnel, and agents and
representatives. Within three months from the creation of the Commission and the appointment of all members of the Commission, the Chairperson shall submit for the approval by the President the new organizational structure and plantilla positions necessary to carry out the powers and functions of the Commission, including those of the Central Regulatory Unit and the Provincial Regulatory Units. The staff and personnel of the Commission shall be filled by regular appointments in accordance with a staffing plan to be prepared by the Commission.

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

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

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

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

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

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

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

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

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

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

SEC. 34. Compensation and Other Emoluments. – The compensation of the members of the Commission and its staff shall be exempt from the coverage of Republic Act
No. 6758 or the Salary Standardization Act: Provided, That the salaries of the Commission and its staff shall conform as closely as possible to the principles thereof.

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

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

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

SEC. 35. Registration and Licensing of Water Supply and Sanitation Services. – All water supply and sanitation service providers, including bulk water suppliers and those providing services to subdivisions and other service providers, shall register with the Commission and, subject to such rules, guidelines, procedures, and other issuances as the Commission may issue, obtain a license to operate from the appropriate Regulatory Units.

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

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

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

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

- a) Tariffs, rates, and other charges that may be imposed on its customers or consumers;

- b) Term fixing the duration of the privilege;

- c) Grounds for modification, suspension, or cancellation of the license;

- d) Minimum technical performance and service level standards;
e) Expansion targets and service level improvements over time;

f) Restrictions or conditions for transferability of the business or controlling interest in the business;

g) Reportorial requirements and obligations of the grantee; and

h) Submission to annual performance audit by the Commission or its duly authorized representatives.

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

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

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

a) Foster the maintenance and development of efficient, coordinated and viable operation of their license activities;

b) Ensure that their water supply and sanitation services are provided in a diligent, conscientious, and workmanlike manner, in accordance with applicable laws and standards and practices set by the Commission and generally accepted in the water supply and sanitation services industry;

c) Comply with drinking water quality requirements and other requirements and standards that may be set by the Commission; and

d) Not abandon its service without prior notice to and approval by the Commission.

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

Subject to any condition or any limitation laid down in the license, a license may disconnect the supply of water supply and sanitation services to a customer if such customer
defaults in the payment of such amounts due to that licensee in respect of water supplied or sanitation services provided, or for acts of pilferage pursuant to law.

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

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

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

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

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

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

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

b) Efficiency of the service;

c) Incentives for enhancement of efficiency;

d) Willingness to pay of customers or consumers;

e) Equity considerations; and

f) Administrative simplicity.

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

establish rigorous training programs for its staff for the purpose of enhancing the technical
competence of the Commission in the following areas: evaluation of technical performance
and monitoring of compliance with service and performance standards, performance-based
rate-setting reform, environmental standards, and such other areas as will enable the
Commission to adequately perform its duties and functions.

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

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

SEC. 42. Proceedings before the Commission. – For the purpose of any
investigation, inquiry, or proceeding, the Commission shall have the requisite power to:
   a) Issue subpoena duces tecum and subpoena ad testificandum;
   b) Appoint hearing officers to hear and receive evidence on behalf of the
      Commission;
   c) Cite any person or party in contempt for refusal to appear, testify, or comply
      with an order of the Commission on any matter that is the subject of investigation, inquiry, or
      proceeding before the Commission.

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

SEC. 44. Appeals Procedure and Prohibition Against Injunction. – The orders,
rulings, and decisions of the Commission are final and executory unless appealed to the
Court of Appeals within 15 days from receipt of notice of such order, ruling, or decision;
Provided, That orders, rulings, and decisions of the Commission approving tariffs shall be
immediately executory and may be suspended only upon appeal and filing of a bond, in an
amount to be fixed by the Commission, to answer for damages occasioned by the
suspension or stay of execution of such orders, rulings, and decisions.

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

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

**CHAPTER V**

**NATIONAL WATER CORPORATION**

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

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

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

**SEC. 47. Purpose and Objective.** - The main purpose of the National Water
Corporation is to accelerate the implementation of vital water supply, distribution, treatment
and sanitation projects throughout the country, either alone, or with the cooperation of the
private sector, through Joint Venture Arrangements or Public-Private Partnerships. Its
principal objective, therefore, is to institutionalize this collaboration between the Government
and the Private Sector in order to design, build, and operate as quickly and as efficiently as
possible, the critical infrastructure and governance mechanisms that will ensure Water
Security for all.

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

a) To have continuous succession under its corporate name until otherwise
   provided by law;

b) To adopt and use a corporate seal and to change, alter or modify the same, if
   necessary;

c) To sue and be sued;

d) To enter into a contract and execute any instrument necessary or convenient for
   the purpose for which it is created;

e) To borrow funds from any source, whether private or public, foreign or domestic,
   and issue bonds and other evidence of indebtedness: Provided That in the case
   of bond issues, it shall be subject to the approval of the President of the
   Philippines upon recommendation of the Secretary of Finance: Provide, further,
   That foreign loans shall be obtained in accordance with existing laws, rules and
   regulations of the Bangko Sentral ng Pilipinas;

f) To maintain a Provident Fund which consists of contributions made by both the
   NWC and its officials and employees and their earnings for the payment of
   benefits to such officials and employees or their heirs under such terms and
   conditions as it may prescribe;

g) To do any act necessary or proper to carry out their purpose for which it is
   created, or which, from time to time, may be declared by the NWC Board as
   necessary, useful, incidental or auxiliary to accomplish its purposes and
   objectives; and

h) Generally, to exercise all the powers of a corporation under the corporation law
   insofar as they are not inconsistent with this Act.

The Department of Water, through the National Water Corporation, may exercise the
power of eminent domain subject to the requirements of the Constitution and existing laws.
Except as provided herein, no person, corporation or entity other than the NWC shall own
any assets involved under its contractual obligations. Such power of eminent domain shall
be exercised solely for the attainment of Water Security for all, through the provision of clean, accessible, reliable and affordable water.

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

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

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

a) To provide strategic direction by formulating medium and long-term strategies pursuant to the vision, mission, and objectives of the NWC;

b) To establish the organizational structure and staffing patterns of NWC and to approve the compensation, allowances and benefits of its rank and file;

c) To fix the compensation of the President of NWC and to appoint and fix the compensation of the other officers;

d) For cause, to suspend or remove any corporate officer appointed by the Board;

e) To develop and adopt policies and measures for the efficient and effective management of NWC.

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

The presence of at least four (4) members of the Board shall constitute a quorum, which shall be necessary for the transaction of any business. The affirmative
vote of a majority of three (3) of the members present at a meeting where is a
quorum shall be the decision of the Board of Directors.

**SEC. 52. Powers of the President of the National Water Corporation.** The
President of NWC shall be appointed by the President of the Philippines. In the absence of
the Chairman, the President shall preside over Board meetings. The President of NWC shall
be the Chief Executive Officer of the Corporation and shall have the following powers and
responsibilities:

a) To execute and administer the policies and measures approved by the Board,
and take responsibility for the efficient discharge of management functions;

b) To vigorously pursue the attainment of Water Security by developing and
executing project plans and projects within an accelerated schedule in order to
preempt any future water shortage in any part of the country;

c) To establish close collaboration with other government agencies and with the
private sector by participating in the nationwide inventory of water resources,
identifying critical shortage areas, and packaging, financing and executing these
projects in the critical areas expeditiously;

d) To oversee the preparation of the budget of NWC;

e) To direct and supervise the operation and internal administration of NWC;

f) Subject to the guidelines and policies set up by the Board, to appoint and the
number and compensation of subordinate officials and employees of NWC; and
for cause, to remove, suspend, or otherwise discipline any subordinate employee
of NWC;

g) To submit an annual report to the Board on the activities and achievements of
NWC at the close of each fiscal year and upon approval thereof, submit a copy to
the President of the Philippines and to such other agencies as may be required
by law;

h) To represent NWC in all dealings and transactions with other offices, agencies,
and instrumentalities of the government and with all persons and other entities,
public or private, domestic or foreign; and

i) To exercise such other powers and duties as may be vested in him by the Board
from time to time.

**SEC. 53. Exemption from the Salary Standardization Law.** The salaries and
benefits of employees of NWC shall be exempt from R.A. No. 6758 and shall be fixed
by the Board.

CHAPTER VI
TRANSITORY AND FINAL PROVISIONS
SEC. 54. Interface with Other Agencies. – The Department of Health (DOH) shall continue to have the primary authority and responsibility for determining and enforcing drinking water quality and sanitation standards. The Department and the Commission shall coordinate with DOH and other appropriate agencies in this regard and shall ensure the consistency of the standards and targets that it will set for compliance with the DOH’s mandated standards.

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

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

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

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

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

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

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

SEC. 56. Appropriation. – The sum of Two Billion Three Hundred Million in Philippine Pesos (PhP2, 500,000,000) shall be set aside from available funds of the National
Treasury and is hereby appropriated and authorized to be released for the organization of the Department and the Commission to fund their initial operations. Thereafter, the Department and the Commission shall submit their annual budget to fully carry out their powers and functions and achieve the objectives of this Act to the Office of the President for approval.

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

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

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

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

Approved,